

VALUATION REPORT

Al Rajhi Capital Henaki Business Center, Jeddah
Kingdom of Saudi Arabia

Al Rajhi Capital

Valuation Date: 30 March 2023

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Please note: CBRE is to review the draft offer document before it is released to the market and CBRE reserves the right to make changes to any reference to CBRE in the offer document.

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY



Source: Google earth / CBRE site inspection

The Property

Address: Henaki Business Center, Jeddah, Kingdom of Saudi Arabia (the "Property").

Land Use: Mix use.

Tenure

CBRE has been provided by the Client with the Title Deed, which state that the Property is extends to 19,410.51 sqm. For the purpose of the valuation, we have assumed the above information to be correct, should this transpire not to be the case we reserve the right to amend our opinion of Market Value.

Tenancies

The client has provided us with a copy of the signed lease agreement as of 17.06.2020, the agreement is between the current owner (landlord) and the Ministry of Justice for the purpose of occupying it by Saudi Appeal Court and Civil Affairs (tenant) and covers the entire Property. The initial term of the agreement is 3 years with an annual payment of SAR 33,000,000 due at the beginning of each year. The agreement allows for extension as per the Saudi System of leasing and vacating real estate by the government which allows for rent escalation of up to 10% upon each extension.

Market Value:

We are of the opinion that the Market Value of the Subject Property as at 30 March 2023 is:

SAR 492,400,000

(Four Hundred Ninety-Two Million Four Hundred Thousand Saudi Arabian Riyals)

Key Valuation Factors

Strengths

- The Property is located on a major road; Prince Sultan Road.
- Proximity to crucial demand generators from which the Property can benefit, such as King Abdulaziz International Airport and Jeddah Sea Front;
- Well connected through significant thoroughfares and key arterial roads; namely Prince Sultan Road from the east and close to Hira Road from the south.

Weaknesses

- Direct accessibility, as the property can only be accessed through Prince Sultan Road coming from the north side.

Opportunities

- Expected demand for high quality office units due to the lack of supply along Prince Sultan Road;
- The Property is a mixed-use building with offices and retail components, which should help to diversify the risks.

Threats

- Office developments with a better accessibility and in more commercial areas.

Comments

This executive summary should be read in conjunction with the valuation report and should not be relied upon in isolation. It is provided subject to the assumptions, disclaimers and limitations detailed both throughout this report. This valuation is for the use only of the party to whom it is addressed and for no other purpose than that stated herein. Reliance on this report is conditional upon the reader's acknowledgement and understanding of these statements. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

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VALUATION REPORT

VALUATION REPORT



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Real Estate Valuation
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Report Date	13 April 2023
Addressee	Mr. Assem T. Raqaban Al Rajhi Capital Head Office, King Fahad Road PO Box 5561, Riyadh, KSA
The Property	Henaki Business Center, Jeddah, Kingdom of Saudi Arabia.
Property Description	The Property is a mix-use building comprising offices and retail units. The building consists of the Basement (used as parking), Ground floor (parking and retail use), Mezzanine (retail), and four administrative/office floors. The Property extends to a site area of 19,410.51 sqm and total built up area is 56,624 sqm
Instruction	To value the unencumbered freehold in the Property on the basis of Market Value as at 30 March 2023 in accordance with the terms of engagement entered into between CBRE and the addressee dated 20 March 2023.
Valuation Date	30 March 2023.
Currency	Saudi Arabian Riyal (SAR).
Capacity of Valuer	External Valuer, as defined in the current version of the RICS Valuation – Global Standards.
Purpose	Acquisition of the subject assets through Client-owned (Al Rajhi REIT fund) by rights issuance via an IPO on TADAWUL – the Saudi Stock Exchange.
Basis of Value	Market Value.

Market Value**SAR 492,400,000****(Four Hundred Ninety-Two Million Four Hundred
Thousand Saudi Arabian Riyals)****Heightened Market
Volatility**

We would draw your attention to the fact that a combination of global inflationary pressures, higher interest rates and the recent geopolitical events in Ukraine has heightened the potential for greater volatility in property markets over the short-to-medium term. Past experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. You should note that the conclusions set out in this report are only valid as at the valuation date. Where appropriate, we would recommend that the valuation is closely monitored, as we continue to track how market participants respond to current market volatility.

**Compliance with
Valuation Standards**

The valuation has been prepared in accordance with the current version of the RICS Valuation – Global Standards (“the Red Book”) which incorporate the International Valuation Standards, effective 31 January 2022, and is in line with the Saudi Authority for Accredited Valuers “Taqeem” standards.

We confirm that we have sufficient current local and national knowledge of the particular property market involved and have the skills and understanding to undertake the valuation competently. Where the knowledge and skill requirements of The Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of The Red Book.

This Valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the Property. Other valuers may reach different conclusions as to the value of the subject property. This Valuation is for the sole purpose of providing the intended user with the Valuer’s independent professional opinion of the value of the Property as at the valuation date.

Special Assumption

None.

Assumptions

The details of the Property on which the valuation is based are as set out in this report. We have made

various assumptions as to tenure, letting, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

Sustainability Considerations

For the purposes of this report, we have made enquiries to ascertain any sustainability factors which are likely to impact on value, consistent with the scope of our terms of engagement.

Sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect the value of an asset. This includes key environmental risks, such as flooding, energy efficiency and climate, as well as design, legislation and management considerations - and current and historic land use.

Sustainability has an impact on the value of an asset, even if not explicitly recognised. Valuers reflect markets, they do not lead them. Where we recognise the value impacts of sustainability, we are reflecting our understanding of how market participants include sustainability factors in their decisions and the consequential impact on market valuations.

Variation from Standard Assumptions

None.

Verification

We recommend that before any financial transaction is entered into based upon these valuations, you obtain verification of the information contained within our report and the validity of the assumptions we have adopted.

We would advise you that whilst we have valued the Property reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.

Valuer

The Property has been valued by valuers who are qualified for the purpose of the valuation in accordance with the Red Book.

Independence

The total fees, including the fee for this assignment, earned by CBRE Rowad Al-Riyadh Real Estate Valuation Company from the Addressee (or other companies forming part of the same group of companies) are less than 5.0% of the total CBRE Rowad Al-Riyadh Real Estate Valuation Company revenues.

Previous involvement and Conflicts of Interest

We confirm that we have previously valued the Property in October 2022 for the client. We confirm that we have no personal interest in the outcome of the valuation – nor are we aware of any conflicts of interest that would prevent us from exercising the required levels of independence and objectivity.

We confirm that copies of our conflict of interest checks have been retained within the working papers.

Reliance

This report is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Royal Institution of Chartered Surveyors Valuation – Professional Standards or the incorporation of the special assumptions referred to herein.

Yours faithfully



Daniel McCulloch, MRICS

Senior Director

RICS Registered Valuer

For and on behalf of
CBRE Rowad Al-Riyadh Real Estate
Valuation Company

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Yours faithfully



Ahmed Raslan, MRICS

Associate Director

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SCOPE OF WORK & SOURCES OF INFORMATION

Client	Al Rajhi Capital (Manger of Al Rajhi REIT Fund)
Other Indented user(s)	None.
Sources of Information	<p>We have carried out our work based upon information supplied to us by the Client, which we have assumed to be correct and comprehensive. Items received include:</p> <ul style="list-style-type: none">• Property Location;• Title deed;• Area program;• General property description;• Gross Floor Areas;• Copy of the property lease agreement.• Copy of occupational certificate.
The Property	Our report contains a brief summary of the details of the Property on which our valuation has been based.
Inspection	The Property was fully inspected internally and externally by Daniel McCulloch MRICS and Anmar Al-Moghrabi MRICS, FRTAQEEM ID No.1220001304 on 15 February 2023. As at the date of inspection the Property appeared to be in a good condition. The property is undergoing final stages of fit out with carpeting and cleaning works underway in some parts of the building.
Areas	We have not measured the Property but have relied upon the plot area provided to us by the Client.
Environmental Matters	We have not carried out any investigation into the past or present uses of the Property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.
Repair and Condition	We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure

which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Property. We are unable, therefore, to give any assurance that the Property are free from defect.

Town Planning

We have not undertaken planning enquiries and assume that the Property is in compliance to municipality building regulations and has the necessary planning permission permits.

Titles, Tenures and Lettings

Details of title/tenure under which the Property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

VALUATION ASSUMPTIONS

Capital Values

The valuation has been prepared on the basis of “Market Value” which is defined in the Red Book as:

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

No allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal. Acquisition costs have not been included in our valuation.

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charges.

No account has been taken of the availability or otherwise of capital-based Government or Community grants.

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

(a) the Subject Property are not contaminated and is not adversely affected by any existing or proposed environmental law;

(b) any processes which are carried out on the Subject Property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

(c) the Property is either not subject to flooding risk or, if they are, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

(a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the Property;

(b) the Property is free from rot, infestation, structural or latent defect;

(c) no currently known deleterious or hazardous materials or suspect techniques, including but not limited to Composite Panelling, have been used in the construction of, or subsequent alterations or additions to, the Property; and

(d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Property. Comments made in the Subject Plot details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

**Title, Tenure,
Planning and Lettings**

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

(a) the Property possess a good and marketable title free from any onerous or hampering restrictions or conditions;

(b) all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;

(c) the Property are not adversely affected by town planning or road proposals;

(d) all buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;

(e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of each Subject Plot to comply with the provisions of the relevant disability discrimination legislation;

(f) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

(g) tenants will meet their obligations under their leases;

(h) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

(i) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

(j) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

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PROPERTY REPORT

Property location

Location



Source: CBRE/ Google earth

The Property is located on the northern side of Jeddah City, Jeddah Province, Kingdom of Saudi Arabia.

Jeddah is located in the western part of the Kingdom and has a population of approximately four million people.

The Property is located within Al Nahdah District and can be accessed via Prince Sultan Road thoroughfare that forms part of the main road network of Jeddah.

The Property is located approximately 13 km driving distance to King Abdulaziz International Airport, 24 km to Jeddah Islamic Port and approximately 24 km to Al Haramin Railway Station.

Situation



Source: CBRE/ Google earth

The Property is situated in the northern side of Jeddah along Prince Sultan Road with four frontages (only one of which is major), it is bounded by Azhar Al Hadiqah Street from the North, Abnaa Al Berr Street from the South, Prince Sultan Road from the East and Sahil Al Khayrat Street from the West.

The Property is surrounded mainly by high density residential buildings, and several vacant land plots.

Description

The Property is a mix-use building comprising offices and retail units. The building consists of the Basement (used as parking), Ground floor (parking and retail use), Mezzanine (retail), and four administrative/office floors, "B+G+M+4". The land plot upon which the Property is erected has a total area of 19,410.51 sqm and is rectangular in shape.

The total built up area is 56,624 sqm, as per the breakdown below.

Floor	Area, sqm
Basement	13,642
Ground floor	7,059
Mezzanine	4,292
First floor	7,472
Second floor	7,472

Third floor	7,472
Fourth floor	7,472
Additional	1,743
Total Area	56,624

State of Repair

CBRE has not undertaken a structural survey, nor tested the services. We have not been supplied with a survey report prepared by any other firm. We have undertaken only a site inspection for valuation purposes. We would comment that the Property is a developed mixed-use building comprised of parking, retail and office space.

The building's age is approximately 10 years. We understand it was previously multi-let to various retail and office tenants. On June 17, 2020 a master lease agreement with a tenant to occupy the building was signed and certain works were to be completed after that to allow for tenant's operations. After a planning and approval stage the works started in mid-2022. As of the date of inspection property was undergoing final stages of fit out with carpeting and cleaning works underway in some parts of the building. An occupancy certificate dated February 1, 2023 was issued confirming the Property is ready to be occupied.

Overall the property is fitted-out to a high standard equivalent to a grade A office space. We also understand that MEP, HVAC and vertical communication systems were all replaced in the course of the renovation works and are of high standard.

Services and Amenities

It is assumed that the Property is connected to the main drainage, utilities and power systems provided by Jeddah Municipality as part of the master developers' obligations to provide services to development plots.

Lease agreement

The client has provided us with a copy of the signed lease agreement as of 17.06.2020, the agreement is between the current owner (landlord) and the Ministry of Justice for the purpose of occupying it by Saudi Appeal Court and Civil Affairs (tenant) and covers the entire Property. The initial term of the agreement is 3 years with an annual payment of SAR 33,000,000 due at the beginning of each year. The agreement allows for extension as per the Saudi System of leasing and vacating real estate by the government which allows for rent escalation of up to 10% upon each extension.

Environmental Considerations

We have not been instructed to make any investigations in relation to the presence or potential presence of contamination in land or buildings or the potential presence of other environmental risk factors and to assume that if investigations were made to an

appropriate extent, then nothing would be discovered sufficient to affect value.

We have not carried out investigation into past uses for the Property or of any adjacent lands, to establish whether there is any potential for contamination from such uses or sites, or other environmental risk factors and have therefore assumed that none exists.

Town Planning

We have assumed that the Property is acceptable to Jeddah Municipality. Should it later transpire that this assumption proves to be erroneous this would likely have a material impact on value, and we would reserve the right to re-assess.

VAT

The Value Added Tax (VAT) is not applicable in the Saudi Arabia on real estate. There is a transaction fee effective from 04 October 2020, at a rate of 5.00%.

Legal Considerations

Tenure

Freehold. We have been provided with the Title Deed, which states that the land area extends to 19,410.51 sqm.

For the purpose of the valuation, we have assumed the above information to be correct, should this transpire not to be the case we reserve the right to amend our opinion of Market Value.

Valuation Considerations

Valuation Methodology

Market Value

We have undertaken our valuation using an approved method of valuation in accordance with the RICS Valuation – Global Standards 2022 (the “Red Book”) which incorporates the International Valuation Standards and is in line with the Saudi Authority for Accredited Valuers “Taqeem” standards.

The valuation of the Subject property was undertaken under the Special assumption that the property is fully renovated with high standards of office and retail components which is required by the current tenant and the development is ready to be fully occupied, and the lease is active as at the valuation date

In order to arrive at the Market Value of the Property, we have adopted the Income Approach of valuation.

Yield Comparable Evidence

CBRE has had regard for current and historic transactional evidence, the strength of

commercial and retail markets and local market knowledge as well as the individual characteristics of the Property when determining the yield.

We are aware of commercial investment transactions in the GCC region reflecting yields between 7.50% - 9.25% depending on the location, quality and lease terms in place.

We are aware of the below retail/office transactions, which we feel offer a guide on investor appetite.

Bonyan REIT Fund acquired an office building on January 2022 for a total price of SAR 75 million. The transaction price reflected an average yield of 8.60%. The office building is located in Al Ghadeer district on Al Sail Al Kabeer Road and has a total BUA of 13,261 sq m. The property was single let on a triple-net lease with unexpired lease term of 13.5 years.

Etihad HQ, Plaza & Airways Centre in Abu Dhabi transacted in 2019 for AED 1,200,000,000 showing an initial yield of approximately 8.33%. This is a mixed use development comprising of 18,000 sq m office space, 11,000 sq m retail space and 789 apartments.

Riyadh Gallery, a super regional mall was transacted in 2019 for over SAR 1 billion. The transacted price reflected an initial yield of circa 9.23%. Although, the shopping mall is located in a primary location of Riyadh, overlooking King Fahd road, the property is considered of secondary quality.

Dubai Silicon Oasis Souq Extra transacted at the end of 2017 for AED 90,300,000 showing an initial yield of approximately 7.25% with an equivalent yield around 7.50%. This is a small community mall in Silicon Oasis district of Dubai, which is considered a secondary location, with a number of tenants including Carrefour Market, KFC, McDonald's and Starbucks. When this property traded, it was at 100% occupancy (with rental guarantees) had a WAULT of 5.66 years, and had very little competition from other retail schemes in the immediate area.

Terms of the lease agreement

The Client has provided us with a copy of the property lease agreement. As the tenant is a government entity, the lease agreement refers to the System of leasing and vacating real estate by the government (the "System"), which covers terms and conditions of property lease involving a government party. Please note that an updated System was announced in mid 2022 with an effective date of February, 2023 (the details are covered further).

The copy of the contract provided to us suggests it was signed on 17.06.2020. The lease term shall start after the landlord completes property renovation and fit-out works and conducts handover of the property to the tenant.

The client has provided the initial/preliminary handover document which has been signed on 21.09.2022 providing 90 days to complete certain fit-out works namely (carpets for the entire building, prepare the parking space and the sheds, install curtains for all windows, security cameras and corresponding systems). On 01.02.2023 the landlord received the occupancy certificate for the subject property which confirms is ready for occupation. As confirmed by the Client, the start of lease (and with that the first rental payment date) shall be considered 21.09.2022.

Other details of the contract are as follows:

1. Duration – the agreement is executed for an initial term of 3 years and provides for contract extension by the discretion of the tenant for the same period. This accords with the Saudi System of leasing and vacating real estate by the government (as issued by the Bureau of experts at the council of ministers) effective as at the date of agreement. The System provides for an overall duration of a lease agreement to be 12 years, however the recent changes in the System (covered further down), allow for government entities to lease properties for a period of up to 25 years.
2. Annual rent – SAR 33,000,000 payable in the beginning of every year of lease. The lease is assumed to be on “net” basis where all operational expenses and utility costs are covered by the tenant separately. The landlord is responsible for any major repairs such as fixing elevators, mechanical and engineering systems. The annual rent is fixed for the initial 3 years. In line with the System, rent amount review is allowable at each extension, however each rent escalation shall not exceed 10%.
3. Condition – the property to be handed to the tenant in a fully operational state, with all the fit-out and MEP works completed in line with tenant’s specification and requirements. On 01.02.2023 the landlord received the occupancy certificate for the subject property which confirms is ready for occupation.

New System for leasing and vacating real estate by the government (the “New System”)

The State Properties for General Authority announced an updated System of real estate leasing by the government, effective as of February 2, 2023. Among other changes, the new System allows the following:

1. Contract lease term duration is up to 5 years.
2. Maximum lease duration is up to 25 years.

Assessment of rental payment

We have referred to the laws of the System of leasing and vacating real estate by the government, of the allowed rental value. The System states that the rent must not exceed 10% of the property value. Exceptions are made for schools, security centres, hospitals and health centres which do not apply in case of the subject property.

In order to ensure that the 33,000,000 SAR as the annual payment does not exceed the 10% of the property value, we have conducted correspondent assessment assuming the property is vacant, thus excluding the current lease agreement. We have utilized depreciated replacement cost approach (DRC) and income approach.

Depreciated replacement cost assessment

In order to assess the value of the property assuming it is vacant utilizing the DRC approach we have estimated the value of the land component and the cost of the building.

In order to arrive at the estimated value of the subject plot we have collected comparable evidence and adjusted the comparable as necessary. As a result, the value of the land

component was estimated at the level of 5,900 SAR/sqm.

In order to assess the cost of the building we have considered the construction cost estimate as issued by TAQEEM. Please note that as the property underwent full refurbishment and renovation, therefore we have not assumed any depreciation of property internals. However, considering the age of the property (10 years) we have applied an overall depreciation at the level of 10%.

The table below summarizes the outcome of the depreciated replacement cost assessment.

Description	Area (Sqm)	Cost (SAR/Sqm)	Value (SAR)
Land Area	19,410	5,900	113,940,000
Built Up area assumptions			
Total BUA	45,839	4,500	193,420,000
Total Basement	13,642	2,500	34,110,000
Total Construction Cost			227,520,000
Incurred Depreciation 10%			-22,750,000
Total Cost After Depreciation			204,770,000
Profit on Cost 15%			30,720,000
Total Incurred Cost			235,490,000
Depreciated Replacement Cost Result			349,400,000

Income-based assessment – vacant possession basis

In order to assess the market lease rates we have collected evidence of the office and retail space from agents and brokers that reflects the current rates in the market. The details of the comparable and the relevant assumption are presented below

Office comparable evidence:

Details of the collected comparable evidence are presented within the table below:

Number	Location	Use	area (sqm)	Asking price (SAR)	Rate (SAR/sqm)	Evidence Type
1	An Nahadh	Office	165	107,250	650	Asking price
2	Al Mohamdiyah	Office	129	77,400	600	Asking price
3	Al Mohamdiyah	Office	132	72,600	550	Asking price

Number	Location	Use	area (sqm)	Asking price (SAR)	Rate (SAR/sqm)	Evidence Type
4	Al Mohamdiyah	Office	130	78,000	600	Asking price
5	Al Khaldiah	Office	150	105,000	700	Asking price



Comparable Adjustments:

Type	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Size	165	129	132	130	150
Price/sqm	650	600	550	600	700
Location Adjustment	10%	15%	15%	15%	10%
Building Class	10%	15%	20%	15%	10%
Negotiation Adjustment	0%	-5%	-5%	-5%	0%
Total Adjustments	20%	25%	30%	25%	20%

Adjusted Price SAR/sqm	780	750	715	750	840
Adopted lease rate (rounded)					770

Source: CBRE/ Market Research

In order to reach the office lease rate, we made several adjustments to the comparables of asking price based on several factors. The adjusted price of comparables reflects our opinion of the office lease rate.

■ **Adjustment for Location:**

Location adjustment takes into consideration the accessibility, the surrounding area, demand generator distance, and the density factors.

■ **Adjustment for Building Class:**

Building class adjustments reflect the overall building quality in terms of features and amenities, and the quality of finishing.

■ **Adjustment for Negotiation:**

Negotiation is the difference between the asking price and bidding price, which is negotiated between a willing tenant and a willing landlord, as such we would expect negotiation to take place between them. This adjustment is not applicable to the comparable that the landlords are not willing to negotiate.

Retail comparable evidence:

Details of the collected comparable evidence are presented within the table below:

Number	Location	Use	area (sqm)	Asking price (SAR)	Rate (SAR/sqm)	Evidence Type
1	Al Salamah	Retail	350	630,000	1,800	Asking Price
2	Al Mohamdiyah	Retail	260	320,000	1,231	Asking Price
3	Al Mohamdiyah	Retail	125	200,000	1,600	Asking Price
4	Al Mohamdiyah	Retail	85	170,000	2,000	Asking Price



Comparable Adjustments:

In order to reach the retail lease rate, we made several adjustments to the comparables of asking price based on several factors. The adjusted price of comparables reflects our opinion of the retail lease rate.

Type	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Size	350	260	125	85
Price/sqm	1,800	1,231	1,600	2,000
Location Adjustment	-5%	0%	0%	0%
Commercial Activity Adjustment	0%	20%	10%	0%
Negotiation Adjustment	-5%	-5%	-5%	-5%
Total Adjustments	-10%	15%	5%	-5%
Adjusted Price SAR/sq. m	1,620	1,415	1,680	1,900
Adopted lease rate (rounded), SAR				1,650

Source: CBRE/ Market Research

■ Adjustment for Location:

Location adjustment takes into consideration the accessibility points and the surrounding area class.

■ Adjustment for Commercial Activity:

Commercial activity adjustment takes into consideration the types of surrounding commercial activity, population density in the surrounding area, and the demand generators that have effects on the commercial activity surrounding the subject property.

■ Adjustment for Negotiation:

Negotiation is the difference between the asking price and bidding price, which is negotiated between a willing tenant and a willing landlord, as such we would expect negotiation to take place between them. This adjustment is not applicable to the comparable that the landlords are not willing to negotiate.

Market lease rates results:

Based on our estimates of the market rents presented above and our analysis of the expected occupancy level of retail and office components in the surrounding area, we believe the achievable rental income for the property is as follows:

Description	Gross Area	Efficiency	Net Area	Occupancy	Rent, SAR	Annual Rental Income, SAR
Retail	7,059	100%	7,059	95%	1,650	11,064,983
Office	31,631	80%	25,305	80%	770	15,587,757
Total	38,690		32,364			26,652,739

At an average market yield of 8.5% the level of rental income above would result in a value of SAR 313,600,000.

Assessment reconciliation

DRC and income-based assessments produced an average result of SAR 331,500,000. The suggested annual rent of SAR 33,000,000 therefore appears to be below the 10% threshold as regulated the System of leasing and vacating real estate by the government.

Discounted Cash Flow (DCF) Method

Under the DCF method the forecasted cash flow is discounted back to the valuation date, resulting in a present value of the asset.

In some circumstances for long-lived or perpetual-lived assets DCF may include a terminal value which represents the value of the asset at the end of the explicit projection period. In other circumstances the value of an asset can be calculated solely using a terminal value with no explicit projection period. This is sometimes referred to as an income

capitalisation method.

The key steps in the DCF method are:

- (a) Choose the most appropriate type of cash flow for the nature of the subject asset and the assignment (i.e. gross or net, pre-tax or post-tax, total cash flows or cash flows to equity, real or nominal, etc),
- (b) Determine the most appropriate explicit period, if any, over which the cash flow will be forecast,
- (c) Prepare cash flow forecasts for that period,
- (d) Determine whether a terminal value is appropriate for the subject asset at the end of the explicit forecast period and then determine the appropriate terminal value for the nature of the asset,
- (e) Determine the appropriate discount rate, and
- (f) Apply the discount rate to the forecasted future cash flow, including the terminal value, if any.

Cash Flow Projections

Based on the provided details and as per our inspection, condition of the property upon completion of all works would be equivalent to grade A office specification with both design of the space and its finishing tailored to the strict tenant's requirements. We understand alternative properties in Jeddah market are scarce and relocation to another property by the tenant would require a significant CAPEX to bring it to the standard of the subject property. Considering all other terms of the contract are agreed at arm's length and are in line with the market, it appears likely that the tenant will aim at a long-term occupancy of the subject property thus executing the options to renew the lease agreement.

As the agreement provides for the first extension to occur after 3 years of lease, we project that will also be the basis of the following extensions. This is in line with the updated System of government leasing which suggest extensions can be for a period not exceeding 5 years. In terms of the rent escalation, we do not forecast significant changes in the contract amount as initially it was agreed at the market level. We therefore project rent escalation in line with the inflation forecast. With recent global spike of inflation and major central banks taking measures to tackle it, there appears to be a lack of reliable long-term inflation forecasts. We forecast the inflation to be 2.50%. We believe this rate can be used for projecting rent escalations as it seems both a reasonable long-term target for the economy and an achievable amount in the circumstances.

We have built a 10-year cash flow model to reflect likely rent extensions and corresponding escalations. The exit from the property was set at the end of the holding period capitalizing the projected revenue from the current lease agreement. We believe similar rental amount can be achieved from leasing the property to another tenant with similar requirements with respect to the finishing, layout and security.

We want to draw your attention that the new system allows for 25 years of total leasing

period agreements, while considering the property is tailor-made for the tenant and finding an alternative would be challenging, we can reasonably assume the lease will be extended after the forecast period of 10 years. Hence our capitalization of projected revenue from the existing lease at the end of our forecast period.

We want to highlight that based on the information provided by the client, the agreement with the current owner includes provision for the first-year rent. The parties have agreed that upon completion of acquisition the Client will receive payment for the first year of rent on pro-rata basis. We have not received documents to verify this and suggest further verification if deemed necessary prior to relying on this report.

As the lease start date is 21 October 2022, on pro-rata basis the landlord is entitled to receive SAR 15,821,918 as at March 30, 2023 (valuation date) from the first year rent. This arrangement is reflected in our valuation.

Accordingly, the estimated rental payments in our projected cashflow are as follows:

Year	Description	Payment (SAR)
1	First year rent on pro-rata basis	15,821,918
2-3	Rent as per executed agreement	33,000,000
4-6	Projected first 3-year extension	35,019,864
7-9	Projected second 3-year extension	37,163,360
10	Projected third 3-year extension	39,438,055

As per the executed agreement, the rent is on a “net” basis where all operational expenses and utilities are covered by the tenant separately. The landlord is responsible for any major repairs such as fixing elevators, mechanical and engineering systems and so on. Accordingly, we have considered annual 1% deduction to the capital reserve fund.

In terms of the yield, considering the state of property repair, long-term nature of the executed agreement and strong position of the tenant, we have applied an exit yield of 7.00% which is consistent with what the market would pay for a similar asset.

The discount rate is estimated as the yield of 7.00% plus projected inflation/escalation of 2.50%. The table below summarizes our key inputs:

Description	Rate
Yield	7.00%
Rent escalation/inflation	2.50%
Discount Rate	9.50%
Initial Gross revenue	33,000,000
Capital Reserve	1.00%

Forecasted Discounted Cash Flow

Year	2023	2024	2025	2026	2027	
Period	1	2	3	4	5	
Gross revenue	15,821,918	33,000,000	33,000,000	35,537,391	35,537,391	
Capital Reserve	158,219	330,000	330,000	355,374	355,374	
Net income	15,663,699	32,670,000	32,670,000	35,182,017	35,182,017	
Discounting Factor	1.00	0.96	0.87	0.80	0.73	
PV	15,663,699	31,278,935	28,565,237	28,092,818	25,655,542	
Year	2028	2029	2030	2031	2032	Terminal Value
Period	6	7	8	9	10	11
Gross revenue	35,537,391	38,269,883	38,269,883	38,269,883	41,212,478	
Capital Reserve	355,374	382,699	382,699	382,699	412,125	
Net income	35,182,017	37,887,184	37,887,184	37,887,184	40,800,353	582,862,189
Discounting Factor	0.67	0.61	0.56	0.51	0.46	0.44
PV	23,429,719	23,042,232	21,043,135	19,217,474	18,899,651	257,536,513
Value (rounded)	492,400,000					

Estimation of present value and net initial yield

The cashflow above produces a net initial yield of 6.63% and gross initial yield of 6.70%. We believe the obtained results are in line with the market and reflect the risks associated with the property.

OPINION OF VALUE**Market Value:**

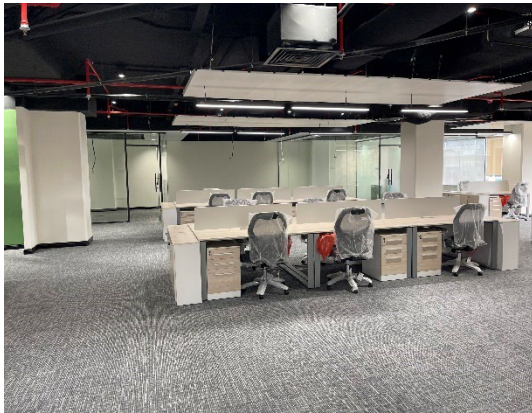
We are of the opinion that the Market Value of the Subject Property as at 30 March 2023 is:

SAR 492,400,000

(Four Hundred Ninety-Two Million Four Hundred Thousand Saudi Arabian Riyals)

A

PHOTOGRAPHS



B

**LETTER OF
INSTRUCTION**

CBRE Rowad Al-Riyadh Real Estate Valuation Co.
PO Box 5364
Riyadh 11422
Kingdom of Saudi Arabia

Al Rajhi Capital (The fund manager of
Al Rajhi REIT)
Head Office, King Fahad Road
PO Box 5561
Riyadh, KSA

15 February 2023

RIYADH AVENUE MALL, RIYADH & HENAKI BUSINESS CENTER, JEDDAH, KSA

VALUATION AS AT FEBRUARY 1, 2023

Terms of Engagement and Scope of Services

I am writing to confirm CBRE's appointment to provide a valuation of the above Properties. Our appointment is to be carried out in accordance with and subject to the attached Terms of Engagement including the CBRE Valuation Standard Terms of Business and Valuation General Principles and Assumptions (sections A and B) ("VSTOB").

Our quality of service to you as our client is of utmost importance to us. It is important therefore to cover all key aspects of the instruction at the outset, hence the detailed nature of the Terms of Engagement.

The Terms of Engagement includes an Appendix listing the information which we will require in order to complete the assignment.

I would appreciate it if you could review these documents and confirm your agreement by signing the copy Terms of Engagement including the CBRE VSTOB to me. On receipt of the signed copy we will be able to commence work on the instruction.

I look forward to working with you. If in the meantime you have any questions on any aspect of the contents please do not hesitate to contact me.

Yours sincerely,



Nicholas Maclean, FRICS, Registered Valuer

General Manager



TERMS OF ENGAGEMENT DATED 12 FEBRUARY 2023 BETWEEN CBRE AND AL RAJHI CAPITAL

RIYADH AVENUE MALL, RIYADH & HENAKI BUSINESS CENTER, JEDDAH, KSA

VALUATION AS AT FEBRUARY 1, 2023

SCOPE OF THE INSTRUCTION

We have been appointed to undertake a valuation in accordance with the current version of the RICS Valuation – Global Standards and the RICS Valuation – Professional Standards (the ‘Red Book’), incorporating the International Valuation Standards (effective January, 2022) and Saudi Authority for Accredited Valuers “Taqeem” standards, as set out in these Terms of Engagement which shall be subject to the CBRE Valuation Standard Terms of Business and Valuation General Principles and Assumptions (hereinafter referred to as the “VSTOB”).

The Properties

The Properties to be valued is the freehold interest in Riyadh Avenue Mall, Riyadh & Henaki Business Center, Jeddah, KSA.

We will value the Properties individually and no account will be taken of any discount or premium that may be negotiated in the market if all or part of the portfolio were to be marketed simultaneously, either in lots or as a whole.

For the valuation of any Property located in the Kingdom of Saudi Arabia your agreement will be with CBRE Rowad Al-Riyadh Real Estate Valuation Company, and this entity assumes the obligations and accepts the rights contained in this engagement letter.

The Valuers

The contact details for our team are as follows:

Name	Position	Phone Number	Email
Daniel McCulloch	Senior Director	966 11 277 5900	Daniel.mcculloch@cbre.com
Sergii Kekukh	Director	966 11 277 5900	Sergii.kekukh@cbre.com
Ahmed Raslan	Associate Director	966 11 277 5900	Ahmed.raslan@cbre.com
Khalil Ibrahim	Manager	966 11 277 5900	Khalil.ibrahim@cbre.com
Anmar Al-Moghrabi	Senior Valuer	966 11 277 5900	Anmar.almoghrabi@cbre.com
Abdulelah Milaat	Valuer	966 11 277 5900	Abdulelah.milaat@cbre.com
Abdulraouf Alabdullah	Valuer	966 11 277 5900	Abdulraouf.alabdullah@cbre.com
Hosam Alsehli	Valuer	966 11 277 5900	Hosam.alsehli@cbre.com
Faris Alghefari	Graduate Surveyor	966 11 277 5900	Faris.alghefari@cbre.com

We will endeavour to maintain the team as detailed above for the duration of the appointment but we reserve the right to make changes. We will nevertheless advise you of any changes in the key personnel and the reasons for the changes at the earliest opportunity.

We confirm that all of the valuers named above and allocated to the instruction are professionally qualified, suitably experienced and have the appropriate competence to carry out the valuation in accordance with the requirements of the Red Book.

Previous Involvement/Conflicts of Interest

We confirm that CBRE have had previous involvement with the Properties on behalf of the client, however we have no personal interest in the outcome of the valuation – nor are we aware of any conflicts of interest that would prevent us from exercising the required levels of independency and objectivity.

DETAILS OF INSTRUCTION**Terms of Reference**

Our terms of reference are as set out below.

You have instructed us to act as an External valuer as defined in the current version of the RICS Valuation – Global Standards.

Please note that the valuation may be investigated by the RICS for the purposes of the administration of the Institution's conduct and disciplinary regulations in order to ensure compliance with the Valuation Standards.

Purpose and Basis of Valuation

You have requested us to carry out a valuation for the purpose of:

- Acquisition of the subject assets through Client-owned Al Rajhi REIT fund by rights issuance via an IPO on TADAWUL – the Saudi Stock Exchange

The valuations will be on the basis of:

Market Value as defined in the current edition of the RICS Valuation – Global Standards (incorporating International Valuation Standards) and in the VSTOB attached to this letter

Date of Valuation

February 1, 2023

Inspections

We will carry out internal and external inspections of the Properties.

Floor Areas and Measurement

We will adopt the floor areas to be provided by Al Rajhi Capital which we will assume to be correct and comprehensive and measured in accordance with the latest edition of the RICS Property Measurement standards.

Reliance on and Verification of Information Provided

We will make reasonable endeavours to verify information which will be provided to us by you.

In addition we will use publically available sources for planning, environmental and other statutory information. These sources will be relied upon without further verification.

The Appendix to these Terms of Engagement sets out the information which we will require to carry out the valuation.

Should this information not be forthcoming or available for any reason, or is incomplete or in draft form only, we will qualify our report accordingly. We also reserve the right to amend our valuations if information comes to light after the report has been issued.

Other Investigations and Due Diligence

On receipt of the requested information, we will carry out the following:

1. Review the Title documentation
2. Review the occupational leases or summaries thereof
3. Review the Affection Plans
4. Review of key technical due diligence including environmental, building survey, mechanical and electrical survey and any other available third party reports (provided these have been shared with us).

CBRE will not carry out (unless specifically instructed at a later date):

1. Measured surveys
2. Building surveys, deleterious materials investigations or tests of services. We will however comment in the report on the apparent condition from our inspection.
3. Environmental surveys, ground condition or other site surveys
4. Energy certificate surveys
5. Detailed planning and highways enquiries
6. Detailed enquiries into covenant strength

We will make relevant enquiries of letting and selling agents in addition to using our own market databases to form our opinion of value.

We will comment where we have been unable to verify information and the extent of our reliance on this information.

Please note that in order to comply with the Red Book, we will require confirmation of the purchase price and the marketing history and will make reference to this in our report.

Unless stated otherwise within the Property section of the report, we will make specific assumptions on repair and condition, environmental matters, title, tenure, planning and statutory requirements as set out in the CBRE VSTOB appended to these Terms of Engagement.

Verification of Information

We would recommend that before any financial transaction is entered into based on the valuations, you obtain verification of any third party information provided. We also recommend that you check the validity of the assumptions we have adopted in our report (where we have been unable to verify the facts through our own observations or experience).

Liaising with Lawyers

Where it is appropriate to do so we will liaise direct with your lawyers. However they will be directly responsible to you for all legal work carried out by them. We will have no responsibility for their work. In particular we will not be liable for anything contained in the legal documentation prepared by the lawyers unless we specifically state in writing that the lawyers may rely on our advice in relation to any relevant issue.

Valuation Report and Deliverable

We will provide you with one electronic (PDF) version of the report. The report will contain the minimum required content in accordance with the RICS Red Book – Global Standards and will address all matters agreed in these Terms of Engagement.

At your request, we can provide you with a hard copy of the report. This would be provided at an additional charge to the quoted price provided within this proposal document.

The report will include the basis of valuation, assumptions set out in these Terms of Engagement and the appended CBRE VSTOB. The wording of some of the bases and assumptions, terms and conditions may be changed depending on the results of our investigations. If this occurs, then we will discuss the changes with you.

The deliverable report will include:

- Executive summary providing high level assumptions, tenure and value
- Full details of due diligence findings and recommendations (depending on receipt of the information in the appendix to these Terms of Engagement)
- Investment market commentary
- Valuation methodology adopted
- An explanation of our valuation approach together with comments on the key factors calculating the value
- Full valuation calculations
- Photographs and location / site plans

We will address our valuation report to:

Al Rajhi Capital (The fund manager of Al Rajhi REIT)
Head Office, King Fahad Road
PO Box 5561
Riyadh, KSA

If, at a later date, you require us to re-address the report to another party, we reserve the right to charge an additional fee and to require that such parties agree in writing to be bound to the limitations on liability, confidentiality obligations, and other relevant qualifications and limitations contained in these Terms of Engagement.

IPO Prospectus

The Deliverables and any part of them are intended to be included in a Rights Issue Application (the “Offering”) to be submitted to the Capital Markets Authority (‘CMA’) in Saudi Arabia.

Any further reference to CBRE within a public document shall require further express review of the content and our express consent prior to release. We will require a review of the parts of the Offering with reference to CBRE document prior to the publication being released.

Subject to final approval of the terms of inclusion in the Offering document, CBRE will provide its consent for the inclusion of the reference of the Report within the Offer Document, making recipients aware of the following liability disclaimers.

Liability Disclaimer [to be included in the Report]:

- i. This document is for the sole use of Al Rahji Capital and any other person directly provided with it by CBRE. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE, and CBRE is not liable for any loss arising from such unauthorised use or reliance.
- ii. CBRE has prepared the Report relying on and referring to information provided by third parties including financial and market information ("Information"). CBRE assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect.
- iii. CBRE has not been involved in the preparation of the Offer Document. CBRE disclaims any liability to any person in the event of false and misleading statements included in, or an omission from, the Offer Document.
- iv. References to the Property's value within the Offer Document have been extracted from CBRE's full Valuation Report. The Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. Commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times.
- v. The Report may not be reproduced in whole or in part without the prior written approval of CBRE.
- vi. Other than towards Al Rahji Capital, no responsibility is accepted for any loss or damage arising as a result of reliance upon this Report.
- vii. CBRE is not a financial advisor and this document does not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest in/with Al Rahji Capital.

Please note: CBRE is to review the draft offer document before it is released to the market and CBRE reserves the right to make changes to any reference to CBRE in the offer document.

VALUATION TIMELINE & FEES

Valuation Timeline

We will provide you with our draft report within **5 working days** subject to date of signed agreement, payment of phase one fees and receipt of all requested information.

Amount and Calculation of Fees

If we are instructed to carry out any services over and above those set out above, these will be charged on our standard hourly rates as follows with prior consent from the Client.

Level of Resource	Hourly Rates (SAR)	Daily Rates (SAR) (8hrs per day)
Executive Director	1,925	13,860
Senior Director	1,750	12,600
Director	1,575	11,340
Associate Director	1,400	10,080
Senior Surveyor/Researcher	1,225	8,820
Surveyor/Researcher	1,050	7,560

Graduate Surveyor	700	5,050
Assistant Researcher, Assistant	700	5,040

All fees stated above are exclusive of VAT.

Calculation of Fees if Appointment not Completed

Should this appointment be terminated or deferred for whatever reason, we will charge for all work carried out on the following basis:

Stage Progress	Percentage of full fee
Inspection completed	100%
Documentation reviewed	100%
Draft valuation prepared	100%
Draft report prepared	100%

Additional Services

If you require us to supply an additional copy of the valuation report, we will charge SAR 500 for the first copy, plus SAR 100 for each additional copy.

If we are instructed to carry out any services over and above those set out in the 'Details Of Instruction' section above, these will be charged on our standard hourly rates as set out above.

Review of Fees

In the event that there is an increase in the scope, a change in the project timescale or resourcing required then the parties will agree an appropriate additional fee.

Out-of-Pocket Expenses

Our fee is quoted inclusive of all out-of-pocket expenses.

VAT

All fees and expenses are exclusive of VAT, which will be charged at the applicable rate, as appropriate.

Payment of Fees and Expenses

Our fees and expenses will be due for payment in accordance with the following schedule:

- 50% - (Phase 1) upon acceptance of the instruction.
- 50% - (Phase 2) on submission of the draft report.

We will send our invoice to:

Al Rajhi Capital (The fund manager of Al Rajhi REIT)
Head Office, King Fahad Road
PO Box 5561
Riyadh, KSA

If you would prefer invoices to be sent to a different address please let me know.

Should you require us to re-issue an invoice to a different address after the invoice has been issued, we will charge an administration fee of SAR 100.

[Handwritten signature]

If you have a query about an invoice please contact me within ten days of the date of receiving the invoice.

You will be responsible for payment of our fees, irrespective of whether or not you are able to recover fees from other parties.

Proposal Validity

Our proposal shall be valid for a period of 30 days from issuance and CBRE shall have the right to extend the validity period.

Valuation Standard Terms of Business and Valuation General Principles and Assumptions ("VSTOB")

The standard assumptions upon which we will base our valuation are as set out in these Terms of Engagement and in the attached CBRE VSTOB, parts A and B.

Please ensure that you review the attached CBRE VSTOB carefully – as these form part of the contract between us. In particular, please note the exclusions and limitations of liability set out in Section A, clause 5 – including a cap on liability of USD 5,000,000 (SAR 18,750,000).

In the event of a conflict between the Terms of Engagement and the CBRE VSTOB, the Terms of Engagement shall prevail.

We would be grateful if you would acknowledge receipt and confirmation of your agreement to the contents of these Terms of Engagement, by signing and returning the enclosed copy and appended CBRE VSTOB.

For and on behalf of CBRE Rowad Al-Riyadh Real Estate Valuation Co.:



Nicholas Maclean

General Manager

I acknowledge receipt and confirmation of my agreement to the contents of the Terms of Engagement (and the attached Valuation Standard Terms of Business) dated 12 February 2023 between CBRE and Al Rajhi Capital

Signed for and on behalf of: Al Rajhi Capital

Signature:  Date:

Name:  Waleed Al Rashed

Position: CEO



Appendix - List of Information Required

You have agreed to supply us with the following information which we will rely on in our valuations as being correct and up to date:

- The purchase price and date (if applicable).
- Copy of Title Plan and confirmation of title ownership (if Leasehold copies of the main head lease terms) to include planning consent.
- Copy of Affection Plan(s).
- Location plan(s) and site or plot area(s).
- Floor plans of all units being constructed and existing.
- Details of each use / accommodation details to include breakdown of individual units and sizes, net and gross floor areas and individual plot area(s).
- Details of tenancy schedule and lease terms, if applicable.
- Copies of occupational leases and management agreements in place.
- Details of projected operational and maintenance costs (if applicable).
- Copies of master lease agreements.
- Confirmation of any additional income.

If any of the requested data and information is not available, CBRE Rowad Al-Riyadh Real Estate Valuation Company reserve the right to extend the delivery date by the amount of time it takes to receive the requested information or make other arrangements.



1. PRELIMINARY

- 1.1 In these Standard Terms of Business ("Standard Terms") CBRE Rowad Al-Riyadh Real Estate Valuation Company are jointly referred to as "we", "us" or "our" and the client with whom we contract to supply services is referred to as "you" and "your".
- 1.2 Our responsibility is solely to you and we will perform our services with the reasonable care, skill and diligence expected of competent and properly qualified persons of the relevant disciplines who are experienced in carrying out such services and will act in good faith at all times.
- 1.3 Your contract is with CBRE Rowad Al-Riyadh Real Estate Valuation Company. No CBRE Rowad Al-Riyadh Real Estate Valuation Company officer, director, employee, member or consultant contracts with you directly or assumes legal responsibility to you personally in respect of work performed on our behalf. All correspondence and other outputs sent to you in the course of our Appointment with you shall for all purposes be treated as having been sent on behalf CBRE Rowad Al-Riyadh Real Estate Valuation Company.
- 1.4 Our services and fees are as stated in our terms of engagement dated 12 February 2023 (the "Letter", and together with these Standard Terms, the "Appointment").
- 1.5 The terms of our Appointment are binding between you and us and may only be varied if mutually agreed and accepted in writing by the authorised signatories of each party.

2. CHARGES AND EXPENSES

- 2.1 If there is a material change in the scope of work from the original instructions, we will agree with you an additional or alternative fee arrangement in writing, before commencing the additional work.
- 2.2 Unless expressly stated in the Letter, in addition to our fees, you will be responsible for all reasonably incurred, out-of-pocket expenses including, but not limited to: Arabic translations, courier charges, travelling costs and overnight accommodation (subject to clause 2.3 below). Expenses may be invoiced from the CBRE entity where such expenses have been incurred.
- 2.3 If we are responsible for arranging marketing materials, including advertising, signboards, mailshots, photography or receptions, then we will obtain estimates for the costs and agree them with you before such costs are incurred.
- 2.4 All fees quoted in our Letter are exclusive of Value-Added Tax ("VAT"), withholding tax and any other government tax ("Taxes"), which will be charged to you at the applicable rate. In the event that such a tax is introduced by a country in which we are providing services, we may add such tax to the service fees detailed in the Appointment. VAT and/or other applicable tax shall also be payable by you on disbursements and other amounts due, where applicable.
- 2.5 In the event of our Appointment being terminated for any reason, we reserve the right to charge for the work carried out (even if incomplete) in accordance with the fee basis agreed for the Appointment or any subsequent agreed variations to the terms of this Appointment.

3. PAYMENT

- 3.1 Our invoices are due for payment within 30 days of receiving the corresponding invoice.
- 3.2 Should we satisfactorily fulfil the requirements within the scope of work, we are to be paid for services rendered, regardless of whether you agree or disagree with the opinions expressed in the work.
- 3.3 If the services relate to properties in multiple jurisdictions, we reserve the right to issue relevant invoices from any of the following Middle East entities: CBRE Dubai LLC, CBRE Emirates LLC, CBRE (DIFC) Ltd, CBRE Bahrain WLL, CBRE Advisory Services LLC or CBRE Rowad Al-Riyadh Real Estate Valuation Company.
- 3.4 All payments to us shall be made without any deduction, withholding, set-off or counterclaim whatsoever. We reserve the right to deduct from any monies held by us on account or otherwise on your behalf.
- 3.5 In the event that you refuse to pay our fees, or if our fees are not paid within 30 days from the date that you received the invoice, we will be entitled to suspend performance of the services by giving you 3 days' prior written notice.
- 3.6 We reserve the right to charge any reasonable debt collection costs incurred by us in the recovery of outstanding payments.

4. QUALITY CONTROL

- 4.1 Enhancing client satisfaction and continual improvement are key requirements for us and we are dedicated to providing you with a first-class professional service.
- 4.2 If you feel that we are falling short of the high standards that we set ourselves in the services we provide, please do let us know in writing so that we can try to resolve the discrepancy in good faith. We have a Complaints Procedure that involves a full investigation of any complaints that we receive and has been designed to comply with the Royal Institution of Chartered Surveyors ("RICS") Rules of Conduct. A written copy of our Complaints Procedure will be made available upon request.

5. LIABILITY

- 5.1 All information that has been or will be supplied to us by you or your representatives has been or will be accepted as being complete and correct unless otherwise stated.
- 5.2 Neither party to the Appointment shall be liable to the other party for:
- i. any indirect, special or consequential loss or damage howsoever caused, whether in contract, tort, negligence or otherwise; or
 - ii. any loss of profits, loss of contracts, loss of revenue, increased costs and expenses or wasted expenditure, whether direct or indirect.
- 5.3 Each party's maximum aggregate liability to the other party arising from or in relation to this Appointment (in contract, tort, negligence or otherwise), shall in no circumstances exceed the lower of:
- i. 25% of the value of a single property, or in the case of a claim relating to multiple properties 25% of the aggregated value of the properties to which the claim relates (such value being as at the date of this instruction and on the basis identified in the Appointment or if no basis is expressed Market Value as defined by the RICS; or
 - ii. US \$5,000,000, or equivalent SAR 18,750,000.
- 5.4 We shall have no liability for any delay or failure to provide the services in accordance with this Appointment to the extent that any such delay or failure is caused by either you or a third party for whom you are responsible. Where we are one party liable in conjunction with others, our liability shall be limited to the share of loss reasonably attributable to us on the assumption that all other parties pay the share of loss attributable to them (whether or not they do).
- 5.5 Each party agrees not to bring any claim relating to this Appointment (in contract, tort, negligence or otherwise) against any officer, director, employee, member or consultant of the other party in a personal capacity. This restriction shall not operate to limit or exclude the liability of a party as an entity for the acts or omissions of such individuals.
- 5.6 Nothing in this Appointment shall exclude or limit a party's liability for death or personal injury caused by that party's negligence, or for fraudulent misrepresentation.

6. DOCUMENTS

- 6.1 Unless expressly stated in our Letter, all intellectual property rights in all reports, drawings, accounts and other documentation created, prepared or produced by us (the "Documents") in relation to our Appointment (including without limitation spreadsheets, databases, electronic mail or any other electronically produced or stored documents) belong to us.
- 6.2 We hereby grant you an irrevocable, royalty free, worldwide licence to use, copy and reproduce the Documents. We shall not be liable for any use of the Documents for purposes other than that for which they were produced.

7. TERMINATION

- 7.1 Our services and this Appointment will terminate when any one of the following events occurs:
- i. The job is finished;
 - ii. If both parties agree that it is not in the mutual best interest for us to continue to act on your behalf;

- iii. If you do not pay our invoices as they fall due;
 - iv. With immediate effect if either party becomes subject to any sanction or order whereby it would become illegal or contrary to the other parties' interests to continue working together; or
 - v. If either party ceases trading; becomes insolvent; or has a receiver, liquidator or administrator appointed;
 - vi. By mutual agreement; or
 - vii. If the circumstances in clause 8.6.ii apply.
- 7.2 Either party may terminate this Appointment:
- i. By written notice if the other party breaches any of its material terms, and (if that breach is remediable) fails to remedy the breach within 15 days of receiving a written notice from the other party identifying that a breach has occurred.
 - ii. Without cause, by giving 45 days' written notice of termination.
- 7.3 Upon termination under any of the above clauses, you shall pay us all sums (including fees, charges and expenses) due in respect of the services provided and expenses incurred prior to termination.
- 7.4 Each party acknowledges that by entering into this Appointment it consents to the other party's entitlement to terminate the Appointment under this clause 7:
- i. In accordance with the meaning of consent and mutual consent under any applicable law; and
 - ii. Without the need to obtain a court order in accordance with applicable law.
- 8. FORCE MAJEURE**
- 8.1 A "Force Majeure Event" is defined as any event outside the reasonable control of either party affecting its ability to perform any of its obligations (other than payment) under this Appointment including without limitation: epidemic or pandemic (including any measures introduced by any government or regulatory authority in response); natural disasters; terrorist attack, civil commotion or riots, war, threat of or preparation for war; nuclear, chemical or biological contamination; law or any action taken by a government or public authority (including travel restrictions); collapse of buildings, fire, explosion or accident; and any labour or trade dispute, strikes, industrial action or lockouts.
- 8.2 A party that is prevented, hindered or delayed in or from performing any of its obligations under this Appointment as a result of a Force Majeure Event shall not be in breach of the Appointment or otherwise liable for any such failure or delay.
- 8.3 For the avoidance of doubt, this clause does not in any way limit, vary, or relieve you from your obligation to pay fees, charges, and expenses for services that we have already provided.
- 8.4 The affected party shall, as soon as reasonably practicable after the start of the Force Majeure Event, notify the other party of such Force Majeure Event and the effect of the Force Majeure Event on its ability to perform any of its obligations under the contract.
- 8.5 The affected party shall use reasonable endeavours to mitigate the effect of the Force Majeure Event on the performance of its obligations.
- 8.6 If the affected party is prevented, hindered or delayed in or from performing any of its obligations under this Appointment as a result of a Force Majeure Event for a continuous period of more than 30 days:
- i. the affected party shall be entitled to suspend performance until such time as they can reasonably be performed; or
 - ii. if such a suspension is not reasonable or practical in the circumstances, the parties may mutually agree to terminate the Appointment.
- 9. PROHIBITED TRAVEL**
- 9.1 We have a Travel Security Policy to ensure that risks associated with necessary business travel are managed appropriately. From time to time, travel to politically unstable or dangerous territories by our staff will be prohibited. Whilst we will take all actions to ensure that such travel prohibitions do not affect our work for you, we will not be liable for a breach of contract in the event that a prohibition is introduced after the date of this Appointment.
- 9.2 If such a travel prohibition is deemed in your reasonable opinion to seriously affect our performance of the Services, it shall be treated as a force majeure in accordance with clause 8 above.
- 10. ANTI-CORRUPTION & MONEY LAUNDERING REGULATIONS**
- 10.1 The parties shall provide all necessary cooperation to ensure that they each comply with the anti-corruption laws of the Kingdom of Saudi Arabia. We are unable to provide any services that would amount to a violation of applicable laws or cause us to be in breach of any sanction, prohibition or restriction under the UN Security Council Resolutions or under any other trade or economic sanctions, laws or regulations.
- 10.2 We are subject to various regulatory requirements relating to mandatory reporting, record-keeping and client identification. For this reason, we will request from you certain company information and supporting documents, relating to your parent companies, major shareholders, beneficial owners and directors. Where such information is requested, you will provide such information promptly to enable us to proceed to provide our services.
- 10.3 We shall not be liable to you or any other parties for any delay in the performance or any failure to perform the services which may be caused by our duty to comply with client verification regulatory requirements.
- 10.4 You represent, undertake and warrant that any funds paid by you pursuant to this Appointment (if any) are derived from legitimate sources and are not related to proceeds of crime, money laundering or other illegality either directly or indirectly.
- 11. RELATIONSHIP OF THE PARTIES**
- 11.1 Nothing in this Appointment shall create, or be deemed to create, a partnership, joint venture or commercial agency, nor the relationship of employer and employee between the parties.
- 11.2 Each party warrants that the authorised signatory executing this Appointment has the full power, authority and legal right to do so; and that any third-party consent required for entering into this Appointment has been obtained.
- 11.3 Neither party shall attempt to or have the authority to bind, to commit or to make representations on behalf of the other, except as expressly provided in the Appointment.
- 11.4 The parties agree that it is not intended for any term of the Appointment to be enforceable by any third party. To the extent that the law nonetheless imposes on us any responsibility to any third parties, our liability to them shall be limited in accordance with clause 5.3 and the single limit set out in that clause shall be shared between such third parties and you.
- 12. MULTIPLE REPRESENTATION**
- 12.1 On some occasions, we may be asked to represent both sides of a property transaction, for example a landlord and a potential tenant. In such cases, we will notify each party in writing of this situation. If we do not receive any objection from you within 7 days, we will assume that this arrangement is acceptable, and we will continue with the transaction on the basis that you waive any claim against us arising from a conflict of interest.
- 12.2 If we are representing you as a tenant, please note that in accordance with Saudi Arabia market practice, we may also receive an introductory fee from the landlord. However, this does not mean that we are advising the landlord or acting in its best interests. If you have any concerns regarding this, please let us know and we can discuss with you in more detail.

13. ASSIGNMENT & SUBCONTRACTING

- 13.1 We will not subcontract any part of the scope of works without your express written consent.
- 13.2 Either party may assign or transfer its rights or obligations under this Appointment:
- i. to an affiliate, by giving notice in writing to the other party; and
 - ii. to a third party, by requesting the prior written consent of the other party.

14. INSURANCE & SAFETY

- 14.1 Each party shall maintain in force at its own cost such insurance policies as are appropriate or required having regard to its obligations and liabilities under this Appointment, provided always that such policies are generally available in the insurance market on commercially reasonable rates and terms.
- 14.2 We maintain professional indemnity, public liability, office and worker's compensation insurance; details are available on request.
- 14.3 You agree to provide personal protective equipment to any of our personnel that visit, at your request, any construction sites or premises either relating to this Appointment or belonging to you.

15. CONFIDENTIALITY

- 15.1 All discussions we have with you, advice we give you and documentation provided by you to us will be kept confidential, unless we agree with you otherwise, aside from anonymised transactional data which may be shared with rating agencies and third party property data service firms for purposes including statistical reporting on industry trends.
- 15.2 If we have signed a separate non-disclosure or confidentiality agreement with you and there is a conflict between the terms of that agreement and the terms of this clause, the non-disclosure agreement shall take precedence.
- 15.3 Neither party shall make a statement or release any public material relating to the services or this Appointment without the prior written consent of the other. We may, however, include your name on our list of clients and add a short description of the instruction with a photo in our track record. This can be anonymised at your request.

16. SUPPLEMENTARY TERMS

- 16.1 Agency appointments only - Where we are acting for you on the sale or purchase of an interest in a property, please refer to the attached Supplementary Terms for Agency Appointments.
- 16.2 Valuation appointments only - Where we are acting for you on the valuation of a property or a property portfolio, please refer to the attached Supplementary Terms for Valuation Appointments.

17. APPLICABLE LAW & JURISDICTION

- 17.1 This Appointment shall be governed by and construed in accordance with the laws of the Kingdom of Saudi Arabia, without reference to conflict of law principles.
- 17.2 We will attempt to resolve any dispute between parties in good faith and through negotiation, pursuant to clause 4.2.
- Should the matter remain unresolved, any dispute, difference, controversy or claim arising out of or in connection with this Appointment, including any question regarding its existence, validity, interpretation, performance, discharge, applicable remedies or termination, shall be settled by the Courts of Saudi Arabia.

18. GENERAL

- 18.1 The provisions of this Appointment shall extend to and be binding upon each party's successors, permitted assigns, and legal representatives.
- 18.2 We will comply with our obligations under the data protection laws of the Kingdom of Saudi Arabia, the EU General Data Protection Regulation 2016/679 ("GDPR") and any legislation in force in EU member states from time to time that implement GDPR. If you require us to process any Personal Data during the course of providing the services (in circumstances where you are the Controller and we would be the Processor of the Personal Data) then the provisions of the Data Processing Appendix to these Conditions shall apply.
- 18.3 You agree that we may use the information provided under this Appointment for internal data audit and analytic purposes and to build databases and/or surveys for internal use by CBRE Group companies. Provided such data has been sufficiently anonymised, you also agree to the use of the information for external research purposes the objective of which is to improve the quality of our service offering to all of our clients. 'Group Company' means in relation to a company, each and every subsidiary or holding company from time to time of that company, and each and every subsidiary from time to time of a holding company of that company.
- 18.4 We do not give legal advice. You should seek legal advice as appropriate from your lawyers. We have no responsibility for the content of any legal advice that is obtained.
- 18.5 If at any time any part of this Appointment is held to be or becomes void or otherwise unenforceable for any reason, then that part will be deemed omitted from this Appointment. The validity or enforceability of the remaining parts of the Appointment shall not in any way be affected or impaired as a result of that omission.
- 18.6 Any failure by a party to exercise or delay in exercising a right or remedy provided by these Standard Terms, the Supplementary Terms (where applicable), or by law does not constitute a waiver of the right or remedy, or a waiver of other rights or remedies.
- 18.7 Clauses 5, 6, 7 and 15 shall survive the expiration or termination of the Appointment.
- 18.8 This Appointment may be executed in any number of counterparts, each of which shall constitute an original, but all of which, taken together shall constitute one and the same instrument.
- 18.9 The parties agree to send information and notices, and accept the provision of services and the deliverables, in electronic format. Any document signed by e-signature or having been electronically stamped, and that is sent from a party's official email address, shall be accepted as valid, unless a party has legitimate reasons to believe otherwise.
- 18.10 If these Standard Terms, the Letter, the Documents, our invoices or any other document forming part of our Appointment is translated into another language, the English language version shall take precedence and we shall only be bound by and liable for the English language version.

DATA PROCESSING APPENDIX

"Data Protection Legislation" means the regulation on the protection of natural person with regard to the processing of personal data and on the free movement of such data known as the General Data Protection Regulation (EU) 2016/679) and any national legislation related to data protection and privacy.

"Processing", "Data Subject", "Personal Data" ("Data"), "Personal Data Breach", "Supervisory Authority", "Controller" and "Processor" shall have the meaning given to it in the Data Protection Legislation.

1. Compliance with Law

Both parties shall comply with all applicable requirements of the Data Protection Legislation. This paragraph 1 is in addition to, and does not relieve, remove or replace, a party's obligations under the Data Protection Legislation.

2. Relationship of the Parties:

The parties acknowledge that you are the Controller and we are the Processor. Unless stated elsewhere in this Appointment, the details of Processing are as follows:

- 2.1. Subject matter of the Processing: To provide advisory services to you, in relation to the matter outlined in these Terms of Business.
- 2.2. Duration of the Processing: As required in order to deliver our services pursuant to this agreement, or as otherwise required by law.
- 2.3. Nature/purpose of the Processing: To provide the advice required for the Appointment. We shall review underlying documentation and information (eg. leases, transaction documents) provided by you or your advisors, inspect properties and triage data as appropriate. We may also contact third parties in relation to a property, where instructed to do so by you.
- 2.4. Types of Data being Processed: Data as reviewed for the purposes of providing the advisory services. This could include the names of individuals, their contact information and addresses, such as found in the underlying documentation provided to us. This personal data may relate to you, your employees, property owners or third parties.

3. CBRE Responsibilities

Without prejudice to the paragraph 1, in relation to any Data we process in connection with the obligations under this Appointment, we shall:

- 3.1. Process that Data only on your documented instructions and ensure that our personnel only process Data on instructions from you, unless required to do otherwise by applicable law.
- 3.2. Ensure that our personnel who are authorised to process Data have committed themselves to confidentiality or are under an appropriate statutory obligation of confidentiality.
- 3.3. Implement appropriate technical and organisational measures to ensure a level of security appropriate to the risk presented by the Processing, including unauthorised or unlawful processing, accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to the Data transmitted, stored or otherwise processed. The measures implemented shall take into account good industry practices, the costs of implementation and the nature, scope, context and purposes of the Processing as well as the risk of varying likelihood and severity for the rights and freedoms of natural persons.
- 3.4. Not appoint any additional third party, including consultant, sub-contractor, agent or professional adviser or other third party which may receive and/or have access to Data ("Sub-Processor"), without your prior general written authorisation subject to us:
 - (a) informing you of any intended replacement of a Sub-Processor, and giving you 10 business days to object to such appointment or replacement;
 - (b) putting in place written contractual obligations with each Sub-Processor which are substantially similar to the obligations imposed on us pursuant to this Appendix; and
 - (c) remaining liable to you for any failure of any such Sub-Processor to comply with such substantially similar data protection obligations.
- 3.5. Reasonably assist you with your obligations to respond to:
 - (i) any request from a data subject to exercise any of its rights under the Data Protection Legislation (including its rights of access, correction, objection, erasure and data portability, as applicable); and
 - (ii) any other correspondence, enquiry or complaint received from a data subject, regulator or other third party in connection with the processing of Data, such as these relate to the Data processed by us on your behalf under this Appointment.

In the event that any such communication is made directly to us, we shall promptly inform you and provide full details. Our assistance will take into account the nature of the Processing by us and any appropriate technical and organisational measures.
- 3.6. Provide reasonable cooperation to you in connection with any data protection impact assessment or Supervisory Authority consultation that may be required under the Data Protection Legislation. This assistance shall be limited to the processing of Data by us on your behalf, taking into account the nature of the processing and the information available to us.
- 3.7. Inform you without undue delay if we become aware of a confirmed Personal Data Breach, and provide reasonable information and cooperation to you so that you can fulfil any reporting obligations you may have under the Data Protection Legislation.
- 3.8. At your written election, and to the extent technically feasible, either:
 - (a) securely destroy the Data (including all copies of it); or
 - (b) return the Data (including all copies of it) to you in the format required by you (at your cost);

upon termination or expiry of this agreement, provided that we may retain a copy of the Data where required by applicable law; and
- a. Once in any 12 month period, having received at least 15 business days' prior written notice:
 - (a) provide all information reasonably necessary to demonstrate our and any Sub-Processor's compliance with this Appendix; and/or
 - (b) allow you reasonable access during normal business hours to any relevant premises and documents to inspect the procedures and measures referred to in this Appendix.

Such audits shall be at your cost, provided that if such audit reveals that we breached this Appendix, then we shall bear all such costs. In addition, such audits shall be carried out with the minimum disruption possible to our operations and where you or your authorised representative signs our standard confidentiality agreement. Additional access will be given if required by a Supervisory Authority or where you reasonably suspect non-compliance with this Appendix.
- 3.10. If we are aware that or of the opinion that any instruction given by you in accordance with paragraph 4.9 infringes the Data Protection Legislation or other applicable law, we shall immediately inform you and provide details of the potential infringement.

4. International Data Transfers

- 4.1. For the purposes of paragraph 4.2:
 - (a) "Europe" means (i) the Member States of the European Economic Area, and (ii) with immediate effect following its withdrawal from the European Union, the United Kingdom.
 - (b) "UK and EU Data Protection Law" means the Data Protection Legislation and any and all applicable UK data protection laws (including the Data Protection Act 2018, as may be amended or superseded following the United Kingdom's withdrawal from the European Union)
- 4.2. We shall only transfer the Data to (nor permit the Data to be processed in or from) a country other than where the Data originated from if we can ensure the transfer is in compliance with UK and EU Data Protection Law.

General Principles Adopted in the Preparation of Valuations and Reports

For your assistance, we list below the general principles upon which our Valuations and Reports are normally prepared, and they shall apply unless specifically mentioned otherwise in the body of the Report. We will be pleased to discuss specific variations to suit your particular requirements. These supplementary conditions should be read in combination with our Standard Terms of Business and our Letter of Appointment.

1. VALUATION STANDARDS

All valuations are carried out in accordance with the latest edition of the RICS Valuation - Professional Standards Guidelines (the Red Book) incorporating International Valuation Standards (IVS) published by the Royal Institution of Chartered Surveyors and are undertaken by appropriately qualified RICS Registered Valuers as defined therein. The valuation is also compliant with Saudi Authority for Accredited Valuers "Taqeem" standards.

2. VALUATION BASIS

All valuations are made on the appropriate basis as agreed with the client in accordance with the provisions and definitions of the Valuation Standards unless otherwise specifically agreed and stated.

Unless otherwise stated within the report, we have adopted 'Market Value' and its interpretative commentary as the basis of valuation in accordance with the current Practice Statement of the Valuation Standards and which is defined as:

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

No allowances are made in our valuations for any expenses of realisation that would be incurred on a sale, or to reflect the balance of any outstanding mortgages, either in respect of capital or interest accrued thereon. Nor are costs of acquisition included in our valuations.

It should be noted that our valuations are based upon the facts and evidence available at the date of valuation. It is therefore recommended that valuations be periodically reviewed.

3. INFORMATION SUPPLIED

We accept as being accurate and complete the information provided to us by the sources detailed in our report, relating to items such as tenure, tenancies, tenants' improvements and all other relevant matters.

Where valuations are carried out of properties fully equipped as an operational trading entity, we have assumed that the information received is accurate and reliable and can be substantiated by independent audit.

4. INSPECTIONS

We undertake such inspections and conduct investigations as are, in our opinion, correct, appropriate and possible in the particular circumstances applying.

5. DOCUMENTATION AND TITLE

Unless specifically instructed, we do not read title deeds and related legal documents. Where title documentation or leases are provided to us, we will have regard to the matters therein but recommend that reliance should not be placed on our interpretation thereof without prior verification by your legal advisors.

Unless notified to the contrary, we assume that each property has a good and marketable title and is free from any pending litigation. We further assume that all documentation is satisfactorily drawn and that unless disclosed to us, there are no unusual or onerous restrictions, easements, covenants or other outgoings which would adversely affect the value of the relevant interest(s).

In respect of leasehold properties, we will assume that your landlord will give any necessary consents to an assignment.

6. TENANCIES

Unless disclosed to us, it is assumed that all properties are subject to normal outgoings and that tenants are responsible for all repairs, the cost of insurance and payment of rates and other usual outgoings, either directly or by means of service charge provisions.

Unless we state otherwise, it is further assumed that rent reviews are on an upward-only basis to the open market rent and that no questions of doubt arise as to the interpretation of the rent review provisions in the lease. We assume that neither the landlord nor the tenant may terminate the lease prematurely.

7. TENANTS' COVENANT STRENGTH

Unless specifically requested, we do not make detailed enquiries into the covenant strength of occupational tenants but rely on our judgement of the market's perception of them. Any comments on covenant strength should therefore be read in this context. Furthermore, we assume, unless otherwise advised, that the tenant is capable of meeting its financial obligations under the lease and that there are no arrears of rent or other payments or undisclosed breaches of covenant.

8. MEASUREMENTS

All property measurement is carried out in accordance with the Code of Measuring Practice latest edition issued by the Royal Institution of Chartered Surveyors, unless we specifically state that we have relied upon another source of information or method.

Unless specifically instructed, we do not undertake a measured site survey but calculate site areas by reference to the identified boundaries of the property and the appropriate drawings and plans or we utilise the site areas stated on Title Deeds or Affection Plans shared with us.

9. TOWN PLANNING AND OTHER STATUTORY REGULATIONS

Wherever possible, we undertake informal enquiries to obtain town planning and highway information from the relevant local authority and we rely on such information obtained verbally. If specifically instructed, we will undertake to obtain written verification of the position, as stated in our report.

Our valuations are prepared on the assumption that the premises comply with all relevant statutory enactments and building acts and regulations and that a valid and up-to-date fire certificate has been issued. We also assume that all necessary consents, licences and authorisations for the use of the property and the process carried out therein have been obtained and will continue to subsist and are not subject to any onerous conditions.

Unless disclosed to us, we assume that there are no outstanding statutory breaches or impending litigation in respect of the property.



10. STRUCTURAL SURVEYS

Unless specifically instructed, we do not undertake structural surveys, nor do we inspect those parts that are covered, unexposed or inaccessible, or test any of the electrical, heating, drainage or other services. Any readily apparent defects or items of disrepair noted during our inspection will, unless otherwise stated, be reflected in our valuation, but no assurance is given that any property is free from defect. We assume that those parts which have not been inspected would not reveal material defects which would cause us to alter our valuation.

11. HAZARDOUS & DELETERIOUS MATERIALS

Unless specifically instructed, we do not carry out investigations to ascertain whether any building has been constructed or altered using deleterious materials or methods. Unless specifically notified, our valuation assumes that no such materials or methods have been used. Common examples include high alumina cement concrete, calcium chloride, asbestos and wood wool slabs used as permanent shuttering.

12. SITE CONDITIONS

Unless specifically instructed, we do not carry out investigations on site in order to determine the suitability of ground conditions and services, nor do we undertake environmental, archaeological, or geotechnical surveys. Unless notified to the contrary, our valuation is on the basis that these aspects are satisfactory and also that the site is clear of underground mineral or other workings, methane gas, or other noxious substances. In the case of properties that may have redevelopment potential, we assume that the site has load-bearing capacity suitable for the anticipated form of redevelopment without the need for additional and expensive foundations or drainage systems. Furthermore, we assume in such circumstances that no unusual costs will be incurred in the demolition and removal of any existing structure on the property.

13. ENVIRONMENTAL CONTAMINATION

In preparing our valuation we assume that no contaminative or potentially contaminative use is, or has been, carried out at the property. Unless specifically instructed, we do not undertake any investigation into the past or present uses of either the property or any adjoining or nearby land, to establish whether there is any potential for contamination from these uses and assume that none exists.

Should it, however, be subsequently established that such contamination exists at the property or on any adjoining land or that any premises have been or are being put to contaminative use, this may have a detrimental effect on the value reported.

14. HIGH VOLTAGE ELECTRICITY SUPPLY APPARATUS

Where there is high voltage electricity supply apparatus within close proximity to the property, unless otherwise stated we have not taken into account any likely effect on future marketability and value due to any change in public perception of the health implications.

15. PLANT AND MACHINERY

Our valuation includes those items usually regarded as forming part of the building and comprising landlord's fixtures, such as boilers, heating, lighting, sprinklers and ventilation systems and lifts but generally exclude process plant, machinery and equipment and those fixtures and fittings normally considered to be the property of the tenant.

Where the property is valued as a fully equipped operational entity our valuation includes trade fixtures and fittings and equipment necessary to generate the turnover and profit and it is assumed that these are owned and not leased.

16. TAXATION

In preparing our valuations, no allowances are made for any liability which may arise for payment of Corporation Tax or Capital Gains Tax, or any other property related tax, whether existing or which may arise on development or disposal, deemed or otherwise. We also specifically draw your attention to the fact that our valuation is exclusive of any VAT liability which may be incurred. Unless specifically instructed we have not taken into account the availability of capital allowances.

17. LANDLORD AND TENANT ACT 1987

Not applicable in this region.

18. GOVERNMENT GRANTS

All valuations are given without any adjustment for government-based capital received or potentially receivable at the date of the valuation.

19. AGGREGATION

In the valuation of portfolios, each property is valued separately and not as part of the portfolio. Accordingly, no allowance, either positive or negative, is made in the aggregate value reported to reflect the possibility of the whole or part of the portfolio being put on the market at any one time.

20. OVERSEAS PROPERTIES

Our valuations of overseas properties will be reported in the appropriate local currency unless otherwise agreed and represent our opinion of the realisable value in the country of origin, computed in accordance with local practices, with no allowance made for the transfer of funds to the client's domiciled country.

21. CONFIDENTIALITY

Our Valuations and Reports are strictly confidential to the party to whom they are addressed, or their other professional advisors, for the specific purpose to which they refer and no responsibility whatsoever is accepted to any third parties for the whole or part of their contents.

22. PUBLICATION

Neither the whole nor any part of our report, nor any reference thereto, may be included in any published document, circular or statement, nor published in any way nor disclosed orally to a third party, without our written approval of the form and context of such publication or disclosure. Such approval is required whether or not CBRE is referred to by name and whether or not the report is combined with others.

CBRE Rowad Al-Riyadh Real Estate Valuation Co.
PO Box 5364
Riyadh 11422
Kingdom of Saudi Arabia

Al Rajhi Capital (The fund manager of Al Rajhi REIT)
Head Office, King Fahad Road
PO Box 5561
Riyadh, KSA

20 March 2023

**ADDENDUM LETTER TO TERMS OF ENGAGEMENT DATED 15/02/2023 AND SIGNED
16/02/2023 – VALUATION OF RIYADH AVENUE MALL, RIYADH & HENAKI BUSINESS CENTRE,
JEDDAH, KSA (THE “PROPERTIES”).**

In reference to our Terms of Engagement dated 15/02/2023 and signed 16/02/2023 (the “Terms of Engagement”) by Al Rajhi Capital (the “Client”), we note that the Client has requested that the valuation date be amended from **01 February 2023** to **30 March 2023**.

By signing this addendum letter, the Client agrees to be bound to the Terms of Engagement in the same way that the Client is already bound.

For the avoidance of doubt, our maximum liability to the Client shall be subject to the same exclusions and limitations set out under the Terms of Engagement. We shall have no greater liability to the Client by virtue of this addendum letter.

Yours sincerely,



Nicholas Maclean, FRICS, Registered Valuer

General Manager
CBRE | Middle East Region

We hereby acknowledge and agree to be the terms of this Letter.

Al Rajhi Capital

Signed: _____

By: _____

Date: _____

VALUATION REPORT

Riyadh Avenue Mall
Al Murabba
Riyadh
Kingdom of Saudi Arabia

Al Rajhi Capital

Valuation Date: 30 March 2023

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APPENDICES

Liability Disclaimer

This document is for the sole use of Al Rahji Capital and any other person directly provided with it by CBRE. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE, and CBRE is not liable for any loss arising from such unauthorised use or reliance.

CBRE has prepared the Report relying on and referring to information provided by third parties including financial and market information ("Information"). CBRE assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect.

CBRE has not been involved in the preparation of the Offer Document. CBRE does not approve or endorse any part of the Offer Document. CBRE disclaims any liability to any person in the event of false and misleading statements included in, or an omission from, the Offer Document.

References to the Property's value within the Offer Document have been extracted from CBRE's full Valuation Report. The Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. Commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times.

The Report may not be reproduced in whole or in part without the prior written approval of CBRE.

Other than towards Al Rahji Capital, no responsibility is accepted for any loss or damage arising as a result of reliance upon this Report.

CBRE is not a financial advisor and this document does not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest in/with Al Rahji Capital.

Please note: CBRE is to review the draft offer document before it is released to the market and CBRE reserves the right to make changes to any reference to CBRE in the offer document.

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY



Source: Google earth / CBRE site inspection

The Property

Address: Riyadh Avenue Mall, Al Murabba, Riyadh, KSA (the “Property”).

Main Use: Mixed-use (Shopping Mall/Offices).

Tenure

We have been provided with the Title Deed for the Property, which states that the Property is held under a freehold title and extends to a site area of 27,842 sq m.

For the purpose of the valuation, we have assumed the above information to be correct, should this transpire not to be the case we reserve the right to amend our opinion of Market Value.

Tenancies

We have been provided with a master lease agreement, which outlines contractual lease terms.

We understand that the Property is single-let to Lulu Properties LLC on a long-term triple net lease agreement. As at the valuation date the unexpired lease term is 18 years. The rent is subject to fixed rental escalations as detailed in the table below.

Date	Annual Rent (SAR)
December 2016	34,000,000
December 2017	34,000,000
December 2018	35,700,000
December 2019	35,700,000
December 2020	35,700,000
December 2021	35,700,000
December 2022	37,485,000
December 2023	37,485,000
December 2024	37,485,000
December 2025	37,485,000

Date	Annual Rent (SAR)
December 2026	39,359,250
December 2027	39,359,250
December 2028	39,359,250
December 2029	39,359,250
December 2030	41,327,213
December 2031	41,327,213
December 2032	41,327,213
December 2033	41,327,213
December 2034	43,393,573
December 2035	43,393,573
December 2036	43,393,573
December 2037	43,393,573
December 2038	45,563,252
December 2039	45,563,252
December 2040	45,563,252

Source: Copy of the lease agreement as provided by the Client

Market Value

We are of the opinion that the Market Value of the freehold interest in the Property, as at the date of valuation, is:

498,400,000

(Four Hundred Ninety-Eight Million Four Hundred Thousand Saudi Arabian Riyals)

Yield Profile

Initial Yield	7.43%
Equivalent Yield (<i>in arrears</i>)	8.21%
Reversionary Yield	9.03%

Please refer to Appendix D for the valuation summary.

Key Valuation Factors

Strengths

- The Property is held on a freehold basis.
- The Property is let to a single tenant on a long-term lease with fixed rental escalations of 5% every four years. The unexpired lease term as at the valuation date is 18 years.
- The Property is occupied by Lulu Hypermarket, which is the largest retail chain in the Middle East. Such strong tenant covenant provides for a relatively low risk of default.
- The Property has an easy ingress/egress to the premises, fronting King Faisal Road

and Prince Faisal Bin Turki Bin Abdulaziz Street.

- The Property is a key retail offering in the surrounding neighborhood with limited competition.

Weaknesses

- The Property is positioned in a secondary location.
- Layout of the Property is irregular, lacking entrance/access points.

Comments

This executive summary should be read in conjunction with the valuation report and should not be relied upon in isolation. It is provided subject to the assumptions, disclaimers and limitations detailed both throughout this report. This valuation is for the use only of the party to whom it is addressed and for no other purpose than that stated herein. Reliance on this report is conditional upon the reader's acknowledgement and understanding of these statements. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

2

VALUATION REPORT

VALUATION REPORT



CBRE Rowad Al-Riyadh
Real Estate Valuation
PO Box 5364
Riyadh 11422
Kingdom of Saudi Arabia
Tel: +966 11 263 8666
Email: daniel.mcculloch@cbre.com

Report Date	11 April 2023
Addressee	Mr. Assem T. Raqaban Al Rajhi Capital Head Office, King Fahad Road PO Box 5561, Riyadh, KSA
The Property	Riyadh Avenue Mall, Al Murabba, Riyadh, KSA (the "Property").
Property Description	The Property, known as Riyadh Avenue Mall, comprises a Shopping Mall and an Office Building, located in Al Murabaa District, Riyadh, KSA. The Property extends to site area of 27,842 sq m and net Internal area (NIA) of 35,368 sq m.
Instruction	To value the unencumbered freehold in the Property on the basis of Market Value as at 30 March 2023 in accordance with the terms of engagement entered into between CBRE and the addressee dated 20 March 2023.
Valuation Date	30 March 2023.
Currency	Saudi Arabian Riyal (SAR).
Capacity of Valuer	External Valuer, as defined in the current version of the RICS Valuation – Global Standards
Purpose	Acquisition of the subject assets through Client-owned Al Rajhi REIT fund by rights issuance via an IPO on TADAWUL – the Saudi Stock Exchange.
Basis of Value	Market Value.

Market Value**498,400,000****(Four Hundred Ninety-Eight Million Four Hundred
Thousand Saudi Arabian Riyals)****Material Valuation
Uncertainty**

We draw your attention to a combination of global inflationary pressures (leading to higher interest rates) and recent failures/stress in banking systems which have significantly increased the potential for constrained credit markets, negative capital value movements and enhanced volatility in property markets over the short-to-medium term.

Experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility and the potential for deteriorating market conditions. Lending and Investment caution is advised in this regard.

It is important to note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how markets respond to evolving events.

Rental Income

Unless specifically requested, we do not make detailed enquiries into the covenant strength of occupational tenants but rely on our judgement of the market's perception of them. Any comments on covenant strength should therefore be read in this context. Furthermore, we assume, unless otherwise advised, that the tenant is capable of meeting its financial obligations under the lease and that there are no arrears of rent or other payments or undisclosed breaches of covenant.

The valuation we have provided reflects the rental income as at the date of valuation, as set out within this report, which you have confirmed to be correct and comprehensive. It also reflects any issues concerning the anticipated cash-flow that you have advised us of, as set out within this report.

**Compliance with
Valuation Standards**

The valuation has been prepared in accordance with the current version of the RICS Valuation – Global Standards ("the Red Book") which incorporate the International Valuation Standards, effective 31 January 2022, and is in line with the Saudi Authority for Accredited Valuers "Taqeem" standards.

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently. Where the knowledge and skill requirements of The Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of The Red Book.

This Valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property. Other valuers may reach different conclusions as to the value of the subject property. This Valuation is for the sole purpose of providing the intended user with the Valuer's independent professional opinion of the value of the subject property as at the valuation date.

Special Assumptions

None.

Assumptions

The property details on which each valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, town planning, and the condition and repair of building and site – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

Sustainability Considerations

For the purposes of this report, we have made enquiries to ascertain any sustainability factors which are likely to impact on value, consistent with the scope of our terms of engagement.

Sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect the value of an asset. This includes key environmental risks, such as flooding, energy efficiency and climate, as well as design, legislation and management considerations - and current and historic land use.

Sustainability has an impact on the value of an asset, even if not explicitly recognised. Valuers reflect markets,

they do not lead them. Where we recognise the value impacts of sustainability, we are reflecting our understanding of how market participants include sustainability factors in their decisions and the consequential impact on market valuations.

Variation from Standard Assumptions

None.

Verification

We recommend that before any financial transaction is entered into based upon these valuations, you obtain verification of any third-party information contained within our report and the validity of the assumptions we have adopted.

We would advise you that whilst we have valued the Property reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.

Valuer

The Property has been valued by a valuer who is qualified for the purpose of the valuation in accordance with the Red Book.

Independence

The total fees, including the fee for this assignment, earned by CBRE Rowad Al-Riyadh Real Estate Valuation Company from the Addressee (or other companies forming part of the same group of companies) are less than 5.0% of the total CBRE Rowad Al-Riyadh Real Estate Valuation Company revenues.

Previous involvement and Conflicts of Interest

We confirm that we have previously valued the Property in October 2022 for the client. We confirm that we have no personal interest in the outcome of the valuation – nor are we aware of any conflicts of interest that would prevent us from exercising the required levels of independence and objectivity.

We confirm that copies of our conflict of interest checks have been retained within the working papers.

Reliance

The contents of this Report may only be relied upon by Addressees of the Report for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein.

Yours faithfully



Daniel McCulloch, MRICS
Senior Director
RICS Registered Valuer

For and on behalf of
CBRE Rowad Al-Riyadh Real Estate
Valuation Company

T : +966 11 263 8666

E : daniel.mcculloch@cbre.com

Yours faithfully



Ahmed Raslan, MRICS
Associate Director
RICS Registered Valuer
Taqeem Registered Valuer

For and on behalf of
CBRE Rowad Al-Riyadh Real Estate
Valuation Company

T : +966 11 263 8666

E : ahmed.raslan@cbre.com

SCOPE OF WORK & SOURCES OF INFORMATION

Client	Al Rajhi Capital (Manger of Al Rajhi REIT Fund)
Other Indented user(s)	None.
Sources of Information	<p>We have carried out our work based upon information supplied to us by the Client, which we have assumed to be correct and comprehensive.</p> <p>Information provided by the Client include the following:</p> <ul style="list-style-type: none"> ■ Title Deed issued on 10 October 2019; ■ Master Lease Agreement between Thallal Al Yasmine Trading Company LLC (Landlord) and Lulu Saudi Hypermarkets LLC (Lessee) and Emke Group LLC (Guarantor); the lease agreement was then assigned to Lulu Properties LLC as per corresponding agreement dated 26 March 2022. ■ Safety Systems Report for Lulu Centre prapred by Emaar Suhail Engineering Consulting as of December 2021; ■ Technical Due Dilligence Report for Lulu Centre prepared by Consultancy Group as of December 2021; ■ Rent Roll as at January 2023; ■ Five copies of Subtenants' Lease Agreements (Schedules A only); ■ Service & Maintenance Contract Details (yearly charges); ■ Layout of the Property as part of the Investment Memorandum Document; ■ Utility bills (electricity and water) for 2022;
The Propertiy	Our report contains a summary of the property details on which our valuations have been based.
Inspection	The Property was fully inspected internally and externally by Daniel McCulloch on 15 February 2023.

As at the date of inspection the Property appeared to be in a good condition.

Areas

We have not measured the Property but have relied upon the floor areas provided to us by the Client, as set out in this report, which we have assumed to be correct and comprehensive. We understand the floor areas have been calculated using the Net Internal Area (NIA) measurement methodology as set out in the RICS code of measuring practice (6th edition).

Environmental Matters

We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Property and which may draw attention to any contamination or the possibility of any such contamination.

We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the properties and which may draw attention to any contamination or the possibility of any such contamination.

Services and Amenities

We understand that all main services including water, drainage, electricity and telephone are available to the properties.

None of the services has been tested by us.

Repair and Condition

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Property. We are unable, therefore, to give any assurance that the Property is free from defect.

Town Planning

We have not undertaken planning enquiries and assume that the Property is in compliance to municipality building regulations and has the necessary planning permission permits.

Titles, Tenures and Lettings

Details of title/tenure under which the Property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating

thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

VALUATION ASSUMPTIONS

Capital Values

The valuation has been prepared on the basis of "Market Value" which is defined in the Red Book as:

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

No allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal. Acquisition costs have not been included in our valuation.

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

Rental Values

Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.

The Property

Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our valuations.

Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our valuations.

All measurements, areas and ages quoted in our report

Environmental Matters

are approximate.

In the absence of any information to the contrary, we have assumed that:

- (a) the Property is not contaminated and is not adversely affected by any existing or proposed environmental law;
- (b) any processes which are carried out on the Property which are regulated by environmental legislation are properly licensed by the appropriate authorities.
- (c) the Property is either not subject to flooding risk or, if they are, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.
- (d) invasive species such as Japanese Knotweed are not present on the Property

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

- (a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;
- (b) the Property is free from rot, infestation, structural or latent defect;
- (c) no currently known deleterious or hazardous materials or suspect techniques, including but not limited to Composite Panelling, have been used in the construction of, or subsequent alterations or additions to, the Property; and
- (d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

**Title, Tenure,
Planning and
Lettings**

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

(a) the Property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;

(b) all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;

(c) the Property is not adversely affected by town planning or road proposals;

(d) all buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;

(e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of each Property to comply with the provisions of the relevant disability discrimination legislation;

(f) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

(g) tenants will meet their obligations under their leases;

(h) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

(i) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

(j) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

(k) Land Transfer Tax (or the local equivalent) will apply at the rate currently applicable.

3

PROPERTY REPORT

PROPERTY DETAILS

Location



Source: Google Earth/CBRE

The Property is located in Riyadh, which is the capital of Saudi Arabia and largest city in the Arabian Peninsula.

Riyadh is the most populous city in Saudi Arabia with a total population of approximately eight million. The city is the political and administrative centre of Saudi Arabia.

More specifically, The Property is located in the central part of the city within Al Murabba district, which is known for its historical centre, the national museum and the Palace. The district also serves several government ministries. King Khalid International Airport is located approximately 30 kilometers north of the Property.

Situation



Source: Google Earth/CBRE

The Property is well situated at the intersection of King Faisal Road and Prince Faisal Bin Turki Bin Abdulaziz Street, which provides an easy ingress/egress to the premises. The Property is located within an established and densely populated area of Riyadh. We note that a metro station is currently being constructed on King Faisal Road, which would be adjacent to the parking area of the Property.

Description

Riyadh Avenue Mall is a mixed-use development, which comprises both retail and office elements. The retail component is arranged over ground and first floor and consists of 77 shops and a number of kiosks and specialty leasing. The mall brings together a solid retail mix for location and target market, offering hypermarket, retail shops, services, banks, F&B units and food court to its customers. The mall is anchored by Lulu Hypermarket and Sparky's entertainment centre. The total leasable area for the retail component of the Property is approximately 25,956 sq m.

The office accommodation extends to six levels and sits above the shopping mall. The building accommodates 22 offices, 9 of which are occupied by Lulu's commercial divisions and remaining space is occupied by banks, ministries and other service lines. The total leasable area for the office component of the Property is approximately 9,413 sq m.

The car parking is situated at the basement level offering approximately 550 car parking spaces. Besides the parking, the basement floor also provides storage space.

We would comment that the building presents in good overall condition, suitable for purpose and in line with occupier expectations for its type and location. Photographs of the Property taken during inspection are attached at Appendix C.

Services and Amenities

We have not investigated the availability of the relevant services and amenities; however, for the purposes of our valuation, we have assumed that the property benefits from connection to the main water, drainage and electricity supply. We also assume that the capacity of these services is adequate for the ongoing use of the Property.

Accommodation

We have not undertaken any measurements of the Property and as instructed CBRE has relied on the floor areas provided, as set out below:

Property	GLA (Sq m)
Riyadh Avenue Mall	35,384

State of Repair

CBRE has not undertaken a structural survey, nor tested the services. We have been provided with the Safety Systems report as of December 2021, outlining a number of recommendations that need to be actioned upon in line with the updated Civil Defence regulations. We have also been supplied with the Technical Due Dilligence report as of December 2021, as part of annual inspection agreement between the Landlord and Main Tenant, which describes the condition of the Property and lists defects that have to be repaired, replaced or investigated.

The client has provided the Civil Defence licence approval dated October 2022 and confirmed that all recommendations and issues outlined in the Safety Systems and Civil Defence reports are complied with and fixed by the Main Tenant. The Civil Defence licncese is valid for one year.

Environmental Considerations

We have not been instructed to make any investigations in relation to the presence or potential presence of contamination in land or buildings or the potential presence of other environmental risk factors and have accordingly assumed as agreed with the client that if investigations were made to an appropriate extent then nothing would be discovered sufficient to affect value.

We have not carried out investigation into past uses, either of the Property or of any adjacent lands, to establish whether there is any potential for contamination from such uses or sites, or other environmental risk factors and have therefore assumed that none exists.

Town Planning

We have not made any verbal enquiries to the Riyadh Municipality nor have we consulted their website. We have relied upon the information provided by the Client.

In summary, we are not aware of any issues which would adversely impact upon the value of the Property.

VAT

All rents and capital values stated in this report are exclusive of VAT.

The Value Added Tax (VAT) is not applicable in the Saudi Arabia on real estate. There is a transaction fee effective from 04 October 2020, at a rate of 5.00%.

Legal considerations

Tenure

We have been provided with the Title Deed for the Property, which states that the Property is held under a freehold title and extends to a site area of 27,842 sq m.

For the purpose of the valuation, we have assumed the above information to be correct, should this transpire not to be the case we reserve the right to amend our opinion of Market Value.

Tenancies

We have been provided with a Master Lease Agreement, which outlines contractual lease terms between Landlord, Tenant and Guarantor.

We understand that the Property is single-let to Lulu Properties LLC on a long-term triple net lease agreement. As at the valuation date the unexpired lease term is 18 years. The rent is subject to fixed rental escalations as detailed in the table below.

Date	Annual Rent (SAR)
December 2016	34,000,000
December 2017	34,000,000
December 2018	35,700,000
December 2019	35,700,000
December 2020	35,700,000
December 2021	35,700,000
December 2022	37,485,000
December 2023	37,485,000
December 2024	37,485,000
December 2025	37,485,000
December 2026	39,359,250
December 2027	39,359,250
December 2028	39,359,250
December 2029	39,359,250
December 2030	41,327,213
December 2031	41,327,213
December 2032	41,327,213
December 2033	41,327,213
December 2034	43,393,573
December 2035	43,393,573
December 2036	43,393,573

December 2037	43,393,573
December 2038	45,563,252
December 2039	45,563,252
December 2040	45,563,252

Source: Copy of the lease agreement as provided by the Client

We have summarised the main clauses of the Master Lease Agreement in the table below.

Title	Description
Landlord	Thallal Al Yasmine Trading Company LLC
Main Tenant	Lulu Properties LLC
Guarantor	Emke Group LLC
Commencement Date	December 2016
Term	25 years from the initial term subject to renewal or termination
Repair, maintenance and replacement	The tenant shall maintain, repair or replace where required with new items of no lesser quality than the original ones the buildings, structures or parts thereof, fixtures, fittings, plan, equipment and machinery at the Property which at any time during the Term become missin, damaged, broked or destroyed or otherwise not fit for the purpose
Annual inspection	The tenant agrees to undertake and provide the Landlord a report annually from its technical consultant on the condiiton of the Property, bearing all costs. Tenant agrees to comply with recommendations from Technical Consultant and implement them as soon as possible.
Termination	The occurrence of an event of default shall consitute a breach under this lease.
Sub-Lease	The Tenant is permitted without the prior consent of the Landlord to sub-lease the Property to sub-lessees in parts and not in whole. At any time, the tenant shall occupy no less than 50% of the leasable space and shall not sublease more than 20% of the leasable space to a single sublessee (subject to receiving prior written consent from the landlord to the contrary)
Yielding up on determination	On determination, the tenant shall yield up the Property to the landlord with vacant possession subject to normal wear and tear.

We have also been provided with a subtenancy schedule by the Client, detailing rental levels, lease commencemenets and expiry dates applicable to individual subtenant. We have been supplied with six individual lease agreements, which comprise Schedules A only, outlining Unit No, Tenant Name, Leasable Area, Lease Term, Retal Details, Payment Terms. Below is a summary of the key subtenancy facts within the Property:

- The Property is sublet to 60 retail tenants, 11 offices and 13 kiosks, 6 storages, 3 ATMs, speciality leasing and branding.
- Lease terms range from one to sixteen years, with the majority of leases being three years term. Lulu Hypermarket has a lease term of sixteen years.

- There are currently 14 vacant main retail units and 1 vacant office units within the Property;

Valuation considerations

Income Analysis

The total income comprises of fixed rent and rental escalations at 5% every four years as per the current lease agreement. We believe that the unexpired lease term of 18 years coupled with fixed rental increase is likely to be viewed favourably from an investment perspective.

Tenant Covenant Strength

The Main Tenant of the Property is Lulu Properties LLC, and the contract is guaranteed by the mother company, the largest retail chain in the Middle East. We are of the view that the property investment market would view the tenant providing a strong security.

Yield Comparable Evidence

CBRE has had regard for current and historic transactional evidence, the strength of commercial and retail markets and local market knowledge as well as the individual characteristics of the Property when determining the yield.

We are aware of commercial investment transactions in the GCC region reflecting yields between 7.50% - 9.25% depending on the location, quality and lease terms in place.

We are aware of the below retail/office transactions, which we feel offer a guide on investor appetite.

Bonyan REIT Fund acquired an office building on January 2022 for a total price of SAR 75 million. The transaction price reflected an average yield of 8.60%. The office building is located in Al Ghadeer district on Al Sail Al Kabeer Road and has a total BUA of 13,261 sq m. The property was single let on a triple-net lease with unexpired lease term of 13.5 years.

Etihad HQ, Plaza & Airways Centre in Abu Dhabi transacted in 2019 for AED 1,200,000,000 showing an initial yield of approximately 8.33%. This is a mixed use development comprising of 18,000 sq m office space, 11,000 sq m retail space and 789 apartments.

Riyadh Gallery, a super regional mall was transacted in 2019 for over SAR 1 billion. The transacted price reflected an initial yield of circa 9.23%. Although, the shopping mall is located in a primary location of Riyadh, overlooking King Fahd road, the property is considered of secondary quality.

Dubai Silicon Oasis Souq Extra transacted at the end of 2017 for AED 90,300,000 showing an initial yield of approximately 7.25% with an equivalent yield around 7.50%. This is a small community mall in Silicon Oasis district of Dubai, which is considered a secondary location, with a number of tenants including Carrefour Market, KFC,

McDonald's and Starbucks. When this property traded, it was at 100% occupancy (with rental guarantees) had a WAULT of 5.66 years, and had very little competition from other retail schemes in the immediate area.

Valuation Methodology

Market Value

Our valuations have been undertaken using an approved method of valuation in accordance with the RICS Valuation – Global Standards which incorporate the International Valuation Standards, effective 31 January 2022, and is in line with the Saudi Authority for Accredited Valuers "Taqeem".

Investment Method

We have calculated the Market Value of the subject Property by adopting the Investment Method of valuation. Please refer to Appendix C for standard valuation methodology description.

Valuation Approach for Market Value

The following assumptions have been adopted in formulating our opinion of value:

Acquisition Costs

We have made an allowance for purchaser's costs at 1.25% of total value.

Revenue

In our valuation, we have incorporated the fixed rental income payable by the Main Tenant as per the Master Lease Agreement. We have summarised the income stream of the remaining term in the table below.

Year	Fixed Rent (SAR/year)
Year 1	37,485,000
Year 2	37,485,000
Year 3	37,485,000
Year 4	37,485,000
Year 5	39,359,250
Year 6	39,359,250
Year 7	39,359,250
Year 8	39,359,250
Year 9	41,327,213
Year 10	41,327,213
Year 11	41,327,213
Year 12	41,327,213
Year 13	43,393,573
Year 14	43,393,573
Year 15	43,393,573
Year 16	43,393,573
Year 17	45,563,252

Year 18	45,563,252
Year 19	45,563,252

Source: Copy of the lease agreement as provided by the Client

Operating Costs

Based on the Master Lease Agreement, the Main Tenant is responsible to pay and discharge all outgoings relating to the Property, maintenance and refurbishment repairs costs, utilities and services provided to or consumed by the Property. We have therefore not reflected any operational expenses in our analysis.

Void Periods

There are no expiry voids period assumed within the subject valuation due to the long-term nature of the Master Lease Agreement.

Market Rent and Revenue Assessment

The property is subject to Master Lease Agreement detailed above. Properties of this nature – large mixed-use assets – are not typically leased in the local market on a “per sq m” rent basis and accordingly market evidence for such assets is limited. In order to analyze the Master Lease rent amount we have put it the context of net operating income (NOI) generated by the property.

There are cases in the local market when large multi-tenant commercial properties are let to a master tenant on long-term basis. This provides an opportunity for the property owner to receive a secure long-term income with no-to-limited involvement in property operations and managemens. The master tenant, on the other hand, receives an opportunity to profit on the difference between the NOI generated by the lease of the property to individual tenants and the level of the master lease rent. For this to work the level of the master lease rent should be lower than actual and/or expected level of the NOI from individual leases. This difference is not a fixed amount and could vary from property to property and is linked to many factors such as expected performance of the property, compeititon in the surroundings, quality of the tenant mix, etc. With that, in line with the market practice, we would expect the master lease amount to be in the region of 80% of the stabilized NOI. This will allow the master tenant to have a short-term cushion in case NOI performance deteriorates and also to allow for an appropriate compensation over the course of the master lease.

In case of the subject property, the NOI at the end of March 2023 stood at approximately SAR 29.15 million (SAR 37.77 million of rental revenue and SAR 8.62 million of OPEX). The NOI appears to be stabilized being subject to high level of occupancy and market levels of rent. With such level of NOI we would expect market level of master lease to be in the region of SAR 23.32 million while the actual amount currently stands at SAR 37.48 million, or more than 50% above the expected market level. Based on our discussion with the Client we understand that the master tenant is also the main sub tenant within the building occupying more than 35% of the office space and more than 70% of retail space. Lulu has their headquarters within the property and also one of the largest and oldest retail outlets in the Kingdom. The master tenant therefore cannot be considered a typical profit-seeking market participant – there appears to be other factors behind the master lease arrangement.

We can therefore conclude that the level of master lease rent is above the market level. Despite the lease being secured for its duration by a guarantor (the mother company of the master tenant), we have applied higher level of yield for the rent above the estimated market level for the remainder of the master lease agreement to reflect higher potential risks associated with it.

Our forecast period has ended with the expiry of the master lease agreement. The exit value was estimated based on the projected revenue and expenses to be generated by the individual tenants. For this projection we have assumed growth of current revenue and expenses at the level of 2.5% per annum.

Yield

Our analysis above resulted in an equivalent yield of 8.21%. We consider that this is an appropriate yield for a commercial investment such as the Property, which is subject to a long unexpired lease term and fixed rental escalations, has a strong tenant covenant and strong catchment within Riyadh and is held freehold. We would also highlight that this equivalent yield is in line with the commercial comparable transactions.

Property Details

We have relied upon the information supplied to us by the Client and have assumed this information is accurate and comprehensive. Should any changes be made, this will likely have a material effect upon the value herein reported.

Key Valuation Factors

Strengths

- The Property is held on a freehold basis.
- The Property is let to a single tenant on a long-term lease with fixed rental escalations of 5% every four years. The unexpired lease term as at the valuation date is 18 years.
- The Property is occupied by Lulu Hypermarket, which is the largest retail chain in the Middle East. Such strong covenant provides for low risk of default.
- The Property has an easy ingress/egress to the premises, fronting King Faisal Road and Prince Faisal Bin Turki Bin Abdulaziz Street.
- The Property is a key retail offering in the surrounding neighborhood, providing good tenant mix for its catchment area.
- Parking at the Property is convenient and is in good condition.

Weaknesses

- The Property is located in a secondary location.
- Layout of the Property is irregular, lacking entrances/access points.
- The property starts to show some signs of wear and tears.

OPINION OF VALUE

Market Value

We are of the opinion that the Market Value of the freehold interest in the Property, as at the date of valuation is:

498,400,000

(Four Hundred Ninety-Eight Million Four Hundred Thousand Saudi Arabian Riyals)

Yield Profile

Initial Yield	7.43%
Equivalent Yield (<i>in arrears</i>)	8.21%
Reversionary Yield	9.03%

A

**DEPRECIATED
REPLACEMENT COST**

Valuation Methodology

Depreciated Replacement Cost Method

The Depreciated Replacement Cost is the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

DRC is normally used in situations where there is no directly comparable alternative to the property due to the uniqueness arising from its specialised nature, design, configuration, size and location or otherwise. Alternatively, it can be utilized as a sense-check of a market-based valuation approach. The latter is the purpose of DRC within this report.

Valuation Assumptions

The following assumptions have been adopted in formulating our opinion of value:

Land Comparable Assumptions:

There is a lack of transparency within the Riyadh property market, as such there is limited transactional evidence of large commercial plots. This lack of transactional evidence means that the valuer must assess on a notional value basis, subject to professional opinion, with the potential inherent variance that this may produce in the reported value.

Despite the lack of transparency for evidence, we have been able to collect both asking and transactional prices evidence for commercial land plots located within proximity to the Property.

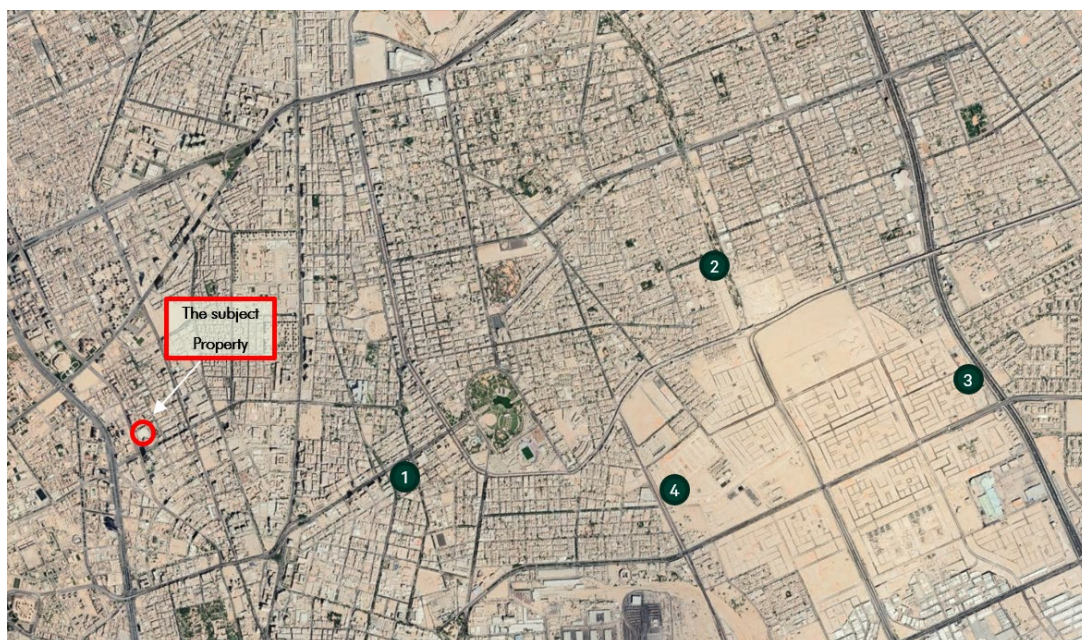
After completing the research and gathering information, we analyzed the comparables and made calculations and adjustments.

We have relied upon the information that included transactional prices extracted from Ministry of Justice (MoJ), as well as asking prices collected from local brokers. The available comparable evidence is subject to prices in the range of SAR 2,200 – 4,200. In addition to that, an evidence collected from agents is presented in which it reflects the current market price and also supports the adjusted transaction prices.

Details of the collected comparable evidence are presented within the table below:

Number	Location	Land use	Land area (sq m)	price (SAR)	Rate per sq m (SAR)	Evidence Type
1	Al Malaz	Mixed	5,319	15,957,000	3,000	Asking
2	Jarir	Mixed	10,010	42,042,000	4,200	Transaction
3	Al Safa	Mixed	20,700	55,683,000	2,690	Transaction
4	Al Safa	Mixed	20,407	45,711,680	2,240	Transaction

Comparable Evidence Map:



Source: CBRE/ Google Earth, for illustrative purposes only

Comparable Adjustments:

In order to reach the land value, we made several adjustments to the comparables based on several factors (Size, FAR, accessibility/frontage, negotiation, location, and date of transaction). The adjusted price of comparables reflects our opinion of the land value.

Type	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Size	5,319	10,010	20,700	20,407
Price/sq m	3,000	4,200	2,690	2,240
Size Adjustment	-20%	-15%	0%	0%
FAR Adjustment	10%	15%	15%	15%
Accessibility/Frontage Adjustment	5%	0%	0%	10%
Negotiation Discount	-10%	0%	0%	0%
Location Adjustmnet	20%	10%	0%	10%
Total Adjustments	5%	10%	15%	35%
Adjusted Price SAR/sq m	3,150	4,620	3,094	3,024
Weights Assigned	30%	10%	30%	30%
Adopted rate SAR/sq m	3,240			

(rounded)

Replacement Cost Assumptions:

- We have estimated the construction costs based on benchmarks such as the Saudi Authority for Accredited Valuers "Taqeem" and the Aecom Middle East Handbook. The benchmarks guide to the current costs to replace the facilities, along with the historic actual costs of construction. Together, these allow us to estimate the construction cost for a modern equivalent asset. The subject property consists of four components therefore the cost benchmark will be taken based on each. The property consists of a mall, offices, underground parking and surface parking and the range of the construction cost are (5,800), (4,150), (3,100), (90) SAR/sq m, respectively. For the purpose of the valuation, we are of the opinion that the above ranges are applicable replacement cost for the subject property.

Depreciation Assumption:

- The depreciation of a property is based on the current building condition and the age of construction. It is the reduction, or writing down, of the cost of a modern equivalent asset to reflect the subject asset's physical condition and utility together with obsolescence and relative disabilities affecting the actual asset.
- We have estimated the useful life of the property to be 40 years.
- For the structure of the building, we have estimated depreciation as age of the building over the property useful life (13 years over 40).

Estimated Depreciated Replacement Cost:

After analysing the data provided by the Client and Based on our market knowledge and the research undertaken, we have estimated the Depreciated Replacement Cost at the table below:

Description	Calculation	Unit
Land Area	27,843	sq m
Land Value	3,240	SAR/sq m
Land Value	90,200,000	SAR
Mall		
BUA	48,307	sq m
Replacement Cost, psm	5,800	SAR/sq m
Replacement Cost, total	280,180,000	SAR
Depreciation	33%	%
Depreciated Cost	189,121,500	SAR
Offices		
BUA	15,697	sq m
Replacement Cost, psm	4,150	SAR/sq m
Replacement Cost, total	65,143,900	SAR
Depreciation	33%	%
Depreciated Cost	43,972,100	SAR
Underground Parking		
BUA	25,566	sq m
Replacement Cost, psm	3,100	SAR/sq m

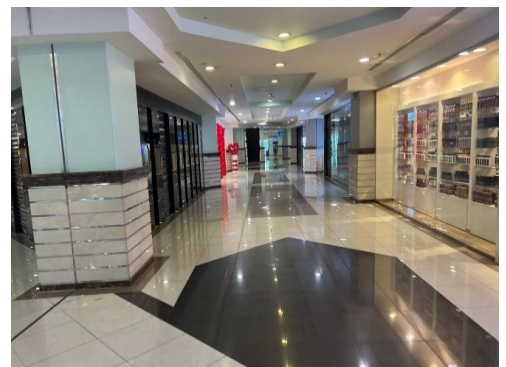
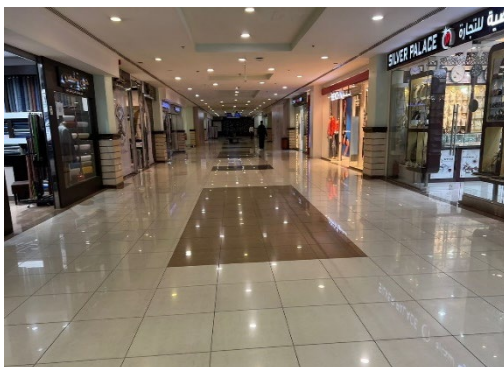
Replacement Cost, total	79,254,600	SAR
Depreciation	33%	%
Depreciated Cost	53,496,900	SAR
Surface Parking		
BUA	4,000	sq m
Replacement Cost, psm	90	SAR/sq m
Replacement Cost, total	360,000	SAR
Depreciation	33%	%
Depreciated Cost	243,000	SAR
Total Depreciated Cost	286,800,000	SAR
Developer's profit 15%	43,020,000	SAR
Total Value	420,000,000	SAR

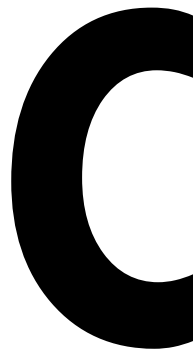
The DRC yields result some 15% below the estimated market level. Considering the DRC does not take into account some elements that create value – such as lease agreement and corresponding covenants – we believe the sense check provides a reasonable outcome supporting our opinion of market value.

B

PHOTOGRAPHS

PHOTOGRAPHS





VALUATION METHODOLOGY

INVESTMENT METHOD

The Market Value of the Property has been determined through analysis of the income flow achievable for the building and takes into account the projected annual expenditure.

The principle rests on the thesis that the capital value of real estate will relate directly to the income that it generates or can be expected to generate. Values in the market will vary with:

- The quantum of income;
- The quality of security of the income;
- The duration of the income;
- Expectation about the future trends in the income

These variables will be in part a function of the wider economy (market risk), in part a function of the local economy (expressed through demand and supply for the premises), and in part a function of the particular building under consideration.

In arriving at our Opinion of Value, we have adopted the Hardcore approach as defined below:

Hardcore Approach

The equivalent yield applied to the rental income stream is a growth implicit yield that therefore allows for natural progression in income growth. The rental income that is capitalised is divided into:-

- ✓ Core Income (Bottom Slice): Rent currently received capitalised in perpetuity.
- ✓ Top Slice Income: Incremental reversionary rent (Market Rental Value less core rent) capitalised in perpetuity but deferred until the rent review or lease renewal.
- ✓ The Gross Capital Value is the summation of Core Value (Bottom Slice Value) and Top Slice Value.

D

SUMMARY PRINT

REPORT**Summary Valuation**

Report Date 01 May 2023
Valuation Date 30 March 2023

Property

Address Riyadh Avenue Mall, Riyadh
File/Ref No

Gross Valuation SAR504,601,199
Capital Costs SAR0
Net Value Before Fees SAR504,601,199

Less Acquisition Costs @1.25% of Net Value -SAR6,229,644

Net Valuation SAR498,371,555
Say SAR498,400,000

Equivalent Yield 8.2077% True Equivalent Yield 8.6198%
Initial Yield (Deemed) 7.4286% Initial Yield (Contracted) 7.4286%
Reversion Yield 9.0296%

Total Contracted Rent SAR37,485,000 Total Current Rent SAR37,485,000
Total Rental Value SAR45,563,252 No. Tenants 1
Capital value per ft² SAR1,329.93

Running Yields

Date	Gross Rent	Net Rent	Annual	Quarterly
30-Mar-2023	SAR37,485,000	SAR37,485,000	7.4286 %	7.7868 %
01-Dec-2026	SAR39,359,250	SAR39,359,250	7.8001 %	8.1957 %
01-Dec-2030	SAR41,327,213	SAR41,327,213	8.1901 %	8.6271 %
01-Dec-2034	SAR43,393,573	SAR43,393,573	8.5996 %	9.0824 %
01-Dec-2038	SAR45,563,252	SAR45,563,252	9.0296 %	9.5631 %

Yields based on SAR504,601,199

REPORT**Summary Valuation**

Report Date 01 May 2023
Valuation Date 30 March 2023

Tenants

Tenant name	File/Ref	Next Review	Earliest Term	Cap.Group	Method	Yield 1	Yield 2	Contracted Rent	Current Rent	ERV	Gross Value
Freehold											
Lease - Master Lease	NA		01-Dec-2041	Default	Hardcore	8.208%		SAR37,485,000	SAR37,485,000	SAR45,563,252	SAR504,601,199
Total								SAR37,485,000	SAR37,485,000	SAR45,563,252	SAR504,601,199

E

**LETTER OF
INSTRUCTION**

CBRE Rowad Al-Riyadh Real Estate Valuation Co.
PO Box 5364
Riyadh 11422
Kingdom of Saudi Arabia

Al Rajhi Capital (The fund manager of
Al Rajhi REIT)
Head Office, King Fahad Road
PO Box 5561
Riyadh, KSA

15 February 2023

RIYADH AVENUE MALL, RIYADH & HENAKI BUSINESS CENTER, JEDDAH, KSA

VALUATION AS AT FEBRUARY 1, 2023

Terms of Engagement and Scope of Services

I am writing to confirm CBRE's appointment to provide a valuation of the above Properties. Our appointment is to be carried out in accordance with and subject to the attached Terms of Engagement including the CBRE Valuation Standard Terms of Business and Valuation General Principles and Assumptions (sections A and B) ("VSTOB").

Our quality of service to you as our client is of utmost importance to us. It is important therefore to cover all key aspects of the instruction at the outset, hence the detailed nature of the Terms of Engagement.

The Terms of Engagement includes an Appendix listing the information which we will require in order to complete the assignment.

I would appreciate it if you could review these documents and confirm your agreement by signing the copy Terms of Engagement including the CBRE VSTOB to me. On receipt of the signed copy we will be able to commence work on the instruction.

I look forward to working with you. If in the meantime you have any questions on any aspect of the contents please do not hesitate to contact me.

Yours sincerely,



Nicholas Maclean, FRICS, Registered Valuer

General Manager



TERMS OF ENGAGEMENT DATED 12 FEBRUARY 2023 BETWEEN CBRE AND AL RAJHI CAPITAL**RIYADH AVENUE MALL, RIYADH & HENAKI BUSINESS CENTER, JEDDAH, KSA****VALUATION AS AT FEBRUARY 1, 2023****SCOPE OF THE INSTRUCTION**

We have been appointed to undertake a valuation in accordance with the current version of the RICS Valuation – Global Standards and the RICS Valuation – Professional Standards (the ‘Red Book’), incorporating the International Valuation Standards (effective January, 2022) and Saudi Authority for Accredited Valuers “Taqeem” standards, as set out in these Terms of Engagement which shall be subject to the CBRE Valuation Standard Terms of Business and Valuation General Principles and Assumptions (hereinafter referred to as the “VSTOB”).

The Properties

The Properties to be valued is the freehold interest in Riyadh Avenue Mall, Riyadh & Henaki Business Center, Jeddah, KSA.

We will value the Properties individually and no account will be taken of any discount or premium that may be negotiated in the market if all or part of the portfolio were to be marketed simultaneously, either in lots or as a whole.

For the valuation of any Property located in the Kingdom of Saudi Arabia your agreement will be with CBRE Rowad Al-Riyadh Real Estate Valuation Company, and this entity assumes the obligations and accepts the rights contained in this engagement letter.

The Valuers

The contact details for our team are as follows:

<i>Name</i>	<i>Position</i>	<i>Phone Number</i>	<i>Email</i>
Daniel McCulloch	Senior Director	966 11 277 5900	Daniel.mcculloch@cbre.com
Sergii Kekukh	Director	966 11 277 5900	Sergii.kekukh@cbre.com
Ahmed Raslan	Associate Director	966 11 277 5900	Ahmed.raslan@cbre.com
Khalil Ibrahim	Manager	966 11 277 5900	Khalil.ibrahim@cbre.com
Anmar Al-Moghrabi	Senior Valuer	966 11 277 5900	Anmar.almoghrabi@cbre.com
Abdulelah Milaat	Valuer	966 11 277 5900	Abdulelah.milaat@cbre.com
Abdulraouf Alabdullah	Valuer	966 11 277 5900	Abdulraouf.alabdullah@cbre.com
Hosam Alsehli	Valuer	966 11 277 5900	Hosam.alsehli@cbre.com
Faris Alghefari	Graduate Surveyor	966 11 277 5900	Faris.alghefari@cbre.com

We will endeavour to maintain the team as detailed above for the duration of the appointment but we reserve the right to make changes. We will nevertheless advise you of any changes in the key personnel and the reasons for the changes at the earliest opportunity.

We confirm that all of the valuers named above and allocated to the instruction are professionally qualified, suitably experienced and have the appropriate competence to carry out the valuation in accordance with the requirements of the Red Book.

Previous Involvement/Conflicts of Interest

We confirm that CBRE have had previous involvement with the Properties on behalf of the client, however we have no personal interest in the outcome of the valuation – nor are we aware of any conflicts of interest that would prevent us from exercising the required levels of independency and objectivity.

DETAILS OF INSTRUCTION

Terms of Reference

Our terms of reference are as set out below.

You have instructed us to act as an External valuer as defined in the current version of the RICS Valuation – Global Standards.

Please note that the valuation may be investigated by the RICS for the purposes of the administration of the Institution's conduct and disciplinary regulations in order to ensure compliance with the Valuation Standards.

Purpose and Basis of Valuation

You have requested us to carry out a valuation for the purpose of:

- Acquisition of the subject assets through Client-owned Al Rajhi REIT fund by rights issuance via an IPO on TADAWUL – the Saudi Stock Exchange

The valuations will be on the basis of:

Market Value as defined in the current edition of the RICS Valuation – Global Standards (incorporating International Valuation Standards) and in the VSTOB attached to this letter

Date of Valuation

February 1, 2023

Inspections

We will carry out internal and external inspections of the Properties.

Floor Areas and Measurement

We will adopt the floor areas to be provided by Al Rajhi Capital which we will assume to be correct and comprehensive and measured in accordance with the latest edition of the RICS Property Measurement standards.

Reliance on and Verification of Information Provided

We will make reasonable endeavours to verify information which will be provided to us by you.

In addition we will use publically available sources for planning, environmental and other statutory information. These sources will be relied upon without further verification.

The Appendix to these Terms of Engagement sets out the information which we will require to carry out the valuation.

Should this information not be forthcoming or available for any reason, or is incomplete or in draft form only, we will qualify our report accordingly. We also reserve the right to amend our valuations if information comes to light after the report has been issued.

Other Investigations and Due Diligence

On receipt of the requested information, we will carry out the following:

1. Review the Title documentation
2. Review the occupational leases or summaries thereof
3. Review the Affection Plans
4. Review of key technical due diligence including environmental, building survey, mechanical and electrical survey and any other available third party reports (provided these have been shared with us).

CBRE will not carry out (unless specifically instructed at a later date):

1. Measured surveys
2. Building surveys, deleterious materials investigations or tests of services. We will however comment in the report on the apparent condition from our inspection.
3. Environmental surveys, ground condition or other site surveys
4. Energy certificate surveys
5. Detailed planning and highways enquiries
6. Detailed enquiries into covenant strength

We will make relevant enquiries of letting and selling agents in addition to using our own market databases to form our opinion of value.

We will comment where we have been unable to verify information and the extent of our reliance on this information.

Please note that in order to comply with the Red Book, we will require confirmation of the purchase price and the marketing history and will make reference to this in our report.

Unless stated otherwise within the Property section of the report, we will make specific assumptions on repair and condition, environmental matters, title, tenure, planning and statutory requirements as set out in the CBRE VSTOB appended to these Terms of Engagement.

Verification of Information

We would recommend that before any financial transaction is entered into based on the valuations, you obtain verification of any third party information provided. We also recommend that you check the validity of the assumptions we have adopted in our report (where we have been unable to verify the facts through our own observations or experience).

Liaising with Lawyers

Where it is appropriate to do so we will liaise direct with your lawyers. However they will be directly responsible to you for all legal work carried out by them. We will have no responsibility for their work. In particular we will not be liable for anything contained in the legal documentation prepared by the lawyers unless we specifically state in writing that the lawyers may rely on our advice in relation to any relevant issue.

Valuation Report and Deliverable

We will provide you with one electronic (PDF) version of the report. The report will contain the minimum required content in accordance with the RICS Red Book – Global Standards and will address all matters agreed in these Terms of Engagement.

At your request, we can provide you with a hard copy of the report. This would be provided at an additional charge to the quoted price provided within this proposal document.

The report will include the basis of valuation, assumptions set out in these Terms of Engagement and the appended CBRE VSTOB. The wording of some of the bases and assumptions, terms and conditions may be changed depending on the results of our investigations. If this occurs, then we will discuss the changes with you.

The deliverable report will include:

- Executive summary providing high level assumptions, tenure and value
- Full details of due diligence findings and recommendations (depending on receipt of the information in the appendix to these Terms of Engagement)
- Investment market commentary
- Valuation methodology adopted
- An explanation of our valuation approach together with comments on the key factors calculating the value
- Full valuation calculations
- Photographs and location / site plans

We will address our valuation report to:

Al Rajhi Capital (The fund manager of Al Rajhi REIT)
Head Office, King Fahad Road
PO Box 5561
Riyadh, KSA

If, at a later date, you require us to re-address the report to another party, we reserve the right to charge an additional fee and to require that such parties agree in writing to be bound to the limitations on liability, confidentiality obligations, and other relevant qualifications and limitations contained in these Terms of Engagement.

IPO Prospectus

The Deliverables and any part of them are intended to be included in a Rights Issue Application (the "Offering") to be submitted to the Capital Markets Authority ('CMA') in Saudi Arabia.

Any further reference to CBRE within a public document shall require further express review of the content and our express consent prior to release. We will require a review of the parts of the Offering with reference to CBRE document prior to the publication being released.

Subject to final approval of the terms of inclusion in the Offering document, CBRE will provide its consent for the inclusion of the reference of the Report within the Offer Document, making recipients aware of the following liability disclaimers.

Liability Disclaimer [to be included in the Report]:

- i. This document is for the sole use of Al Rahji Capital and any other person directly provided with it by CBRE. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE, and CBRE is not liable for any loss arising from such unauthorised use or reliance.
- ii. CBRE has prepared the Report relying on and referring to information provided by third parties including financial and market information ("Information"). CBRE assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect.
- iii. CBRE has not been involved in the preparation of the Offer Document. CBRE disclaims any liability to any person in the event of false and misleading statements included in, or an omission from, the Offer Document.
- iv. References to the Property's value within the Offer Document have been extracted from CBRE's full Valuation Report. The Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. Commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times.
- v. The Report may not be reproduced in whole or in part without the prior written approval of CBRE.
- vi. Other than towards Al Rahji Capital, no responsibility is accepted for any loss or damage arising as a result of reliance upon this Report.
- vii. CBRE is not a financial advisor and this document does not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest in/with Al Rahji Capital.

Please note: CBRE is to review the draft offer document before it is released to the market and CBRE reserves the right to make changes to any reference to CBRE in the offer document.

VALUATION TIMELINE & FEES

Valuation Timeline

We will provide you with our draft report within **5 working days** subject to date of signed agreement, payment of phase one fees and receipt of all requested information.

Amount and Calculation of Fees

If we are instructed to carry out any services over and above those set out above, these will be charged on our standard hourly rates as follows with prior consent from the Client.

Level of Resource	Hourly Rates (SAR)	Daily Rates (SAR) (8hrs per day)
Executive Director	1,925	13,860
Senior Director	1,750	12,600
Director	1,575	11,340
Associate Director	1,400	10,080
Senior Surveyor/Researcher	1,225	8,820
Surveyor/Researcher	1,050	7,560

Graduate Surveyor	700	5,050
Assistant Researcher, Assistant	700	5,040

All fees stated above are exclusive of VAT.

Calculation of Fees if Appointment not Completed

Should this appointment be terminated or deferred for whatever reason, we will charge for all work carried out on the following basis:

Stage Progress	Percentage of full fee
Inspection completed	100%
Documentation reviewed	100%
Draft valuation prepared	100%
Draft report prepared	100%

Additional Services

If you require us to supply an additional copy of the valuation report, we will charge SAR 500 for the first copy, plus SAR 100 for each additional copy.

If we are instructed to carry out any services over and above those set out in the 'Details Of Instruction' section above, these will be charged on our standard hourly rates as set out above.

Review of Fees

In the event that there is an increase in the scope, a change in the project timescale or resourcing required then the parties will agree an appropriate additional fee.

Out-of-Pocket Expenses

Our fee is quoted inclusive of all out-of-pocket expenses.

VAT

All fees and expenses are exclusive of VAT, which will be charged at the applicable rate, as appropriate.

Payment of Fees and Expenses

Our fees and expenses will be due for payment in accordance with the following schedule:

- 50% - (Phase 1) upon acceptance of the instruction.
- 50% - (Phase 2) on submission of the draft report.

We will send our invoice to:

Al Rajhi Capital (The fund manager of Al Rajhi REIT)
Head Office, King Fahad Road
PO Box 5561
Riyadh, KSA

If you would prefer invoices to be sent to a different address please let me know.

Should you require us to re-issue an invoice to a different address after the invoice has been issued, we will charge an administration fee of SAR 100.

[Handwritten signature]

If you have a query about an invoice please contact me within ten days of the date of receiving the invoice.

You will be responsible for payment of our fees, irrespective of whether or not you are able to recover fees from other parties.

Proposal Validity

Our proposal shall be valid for a period of 30 days from issuance and CBRE shall have the right to extend the validity period.

Valuation Standard Terms of Business and Valuation General Principles and Assumptions ("VSTOB")

The standard assumptions upon which we will base our valuation are as set out in these Terms of Engagement and in the attached CBRE VSTOB, parts A and B.

Please ensure that you review the attached CBRE VSTOB carefully – as these form part of the contract between us. In particular, please note the exclusions and limitations of liability set out in Section A, clause 5 – including a cap on liability of USD 5,000,000 (SAR 18,750,000).

In the event of a conflict between the Terms of Engagement and the CBRE VSTOB, the Terms of Engagement shall prevail.

We would be grateful if you would acknowledge receipt and confirmation of your agreement to the contents of these Terms of Engagement, by signing and returning the enclosed copy and appended CBRE VSTOB.

For and on behalf of CBRE Rowad Al-Riyadh Real Estate Valuation Co.:



Nicholas Maclean

General Manager

I acknowledge receipt and confirmation of my agreement to the contents of the Terms of Engagement (and the attached Valuation Standard Terms of Business) dated 12 February 2023 between CBRE and Al Rajhi Capital

Signed for and on behalf of: Al Rajhi Capital

Signature:  Date:

Name:  Waleed Al Rashed

Position: CEO



Appendix - List of Information Required

You have agreed to supply us with the following information which we will rely on in our valuations as being correct and up to date:

- The purchase price and date (if applicable).
- Copy of Title Plan and confirmation of title ownership (if Leasehold copies of the main head lease terms) to include planning consent.
- Copy of Affection Plan(s).
- Location plan(s) and site or plot area(s).
- Floor plans of all units being constructed and existing.
- Details of each use / accommodation details to include breakdown of individual units and sizes, net and gross floor areas and individual plot area(s).
- Details of tenancy schedule and lease terms, if applicable.
- Copies of occupational leases and management agreements in place.
- Details of projected operational and maintenance costs (if applicable).
- Copies of master lease agreements.
- Confirmation of any additional income.

If any of the requested data and information is not available, CBRE Rowad Al-Riyadh Real Estate Valuation Company reserve the right to extend the delivery date by the amount of time it takes to receive the requested information or make other arrangements.



1. PRELIMINARY

- 1.1 In these Standard Terms of Business ("Standard Terms") CBRE Rowad Al-Riyadh Real Estate Valuation Company are jointly referred to as "we", "us" or "our" and the client with whom we contract to supply services is referred to as "you" and "your".
- 1.2 Our responsibility is solely to you and we will perform our services with the reasonable care, skill and diligence expected of competent and properly qualified persons of the relevant disciplines who are experienced in carrying out such services and will act in good faith at all times.
- 1.3 Your contract is with CBRE Rowad Al-Riyadh Real Estate Valuation Company. No CBRE Rowad Al-Riyadh Real Estate Valuation Company officer, director, employee, member or consultant contracts with you directly or assumes legal responsibility to you personally in respect of work performed on our behalf. All correspondence and other outputs sent to you in the course of our Appointment with you shall for all purposes be treated as having been sent on behalf CBRE Rowad Al-Riyadh Real Estate Valuation Company.
- 1.4 Our services and fees are as stated in our terms of engagement dated 12 February 2023 (the "Letter", and together with these Standard Terms, the "Appointment").
- 1.5 The terms of our Appointment are binding between you and us and may only be varied if mutually agreed and accepted in writing by the authorised signatories of each party.

2. CHARGES AND EXPENSES

- 2.1 If there is a material change in the scope of work from the original instructions, we will agree with you an additional or alternative fee arrangement in writing, before commencing the additional work.
- 2.2 Unless expressly stated in the Letter, in addition to our fees, you will be responsible for all reasonably incurred, out-of-pocket expenses including, but not limited to: Arabic translations, courier charges, travelling costs and overnight accommodation (subject to clause 2.3 below). Expenses may be invoiced from the CBRE entity where such expenses have been incurred.
- 2.3 If we are responsible for arranging marketing materials, including advertising, signboards, mailshots, photography or receptions, then we will obtain estimates for the costs and agree them with you before such costs are incurred.
- 2.4 All fees quoted in our Letter are exclusive of Value-Added Tax ("VAT"), withholding tax and any other government tax ("Taxes"), which will be charged to you at the applicable rate. In the event that such a tax is introduced by a country in which we are providing services, we may add such tax to the service fees detailed in the Appointment. VAT and/or other applicable tax shall also be payable by you on disbursements and other amounts due, where applicable.
- 2.5 In the event of our Appointment being terminated for any reason, we reserve the right to charge for the work carried out (even if incomplete) in accordance with the fee basis agreed for the Appointment or any subsequent agreed variations to the terms of this Appointment.

3. PAYMENT

- 3.1 Our invoices are due for payment within 30 days of receiving the corresponding invoice.
- 3.2 Should we satisfactorily fulfil the requirements within the scope of work, we are to be paid for services rendered, regardless of whether you agree or disagree with the opinions expressed in the work.
- 3.3 If the services relate to properties in multiple jurisdictions, we reserve the right to issue relevant invoices from any of the following Middle East entities: CBRE Dubai LLC, CBRE Emirates LLC, CBRE (DIFC) Ltd, CBRE Bahrain WLL, CBRE Advisory Services LLC or CBRE Rowad Al-Riyadh Real Estate Valuation Company.
- 3.4 All payments to us shall be made without any deduction, withholding, set-off or counterclaim whatsoever. We reserve the right to deduct from any monies held by us on account or otherwise on your behalf.
- 3.5 In the event that you refuse to pay our fees, or if our fees are not paid within 30 days from the date that you received the invoice, we will be entitled to suspend performance of the services by giving you 3 days' prior written notice.
- 3.6 We reserve the right to charge any reasonable debt collection costs incurred by us in the recovery of outstanding payments.

4. QUALITY CONTROL

- 4.1 Enhancing client satisfaction and continual improvement are key requirements for us and we are dedicated to providing you with a first-class professional service.
- 4.2 If you feel that we are falling short of the high standards that we set ourselves in the services we provide, please do let us know in writing so that we can try to resolve the discrepancy in good faith. We have a Complaints Procedure that involves a full investigation of any complaints that we receive and has been designed to comply with the Royal Institution of Chartered Surveyors ("RICS") Rules of Conduct. A written copy of our Complaints Procedure will be made available upon request.

5. LIABILITY

- 5.1 All information that has been or will be supplied to us by you or your representatives has been or will be accepted as being complete and correct unless otherwise stated.
- 5.2 Neither party to the Appointment shall be liable to the other party for:
- i. any indirect, special or consequential loss or damage howsoever caused, whether in contract, tort, negligence or otherwise; or
 - ii. any loss of profits, loss of contracts, loss of revenue, increased costs and expenses or wasted expenditure, whether direct or indirect.
- 5.3 Each party's maximum aggregate liability to the other party arising from or in relation to this Appointment (in contract, tort, negligence or otherwise), shall in no circumstances exceed the lower of:
- i. 25% of the value of a single property, or in the case of a claim relating to multiple properties 25% of the aggregated value of the properties to which the claim relates (such value being as at the date of this instruction and on the basis identified in the Appointment or if no basis is expressed Market Value as defined by the RICS; or
 - ii. US \$5,000,000, or equivalent SAR 18,750,000.
- 5.4 We shall have no liability for any delay or failure to provide the services in accordance with this Appointment to the extent that any such delay or failure is caused by either you or a third party for whom you are responsible. Where we are one party liable in conjunction with others, our liability shall be limited to the share of loss reasonably attributable to us on the assumption that all other parties pay the share of loss attributable to them (whether or not they do).
- 5.5 Each party agrees not to bring any claim relating to this Appointment (in contract, tort, negligence or otherwise) against any officer, director, employee, member or consultant of the other party in a personal capacity. This restriction shall not operate to limit or exclude the liability of a party as an entity for the acts or omissions of such individuals.
- 5.6 Nothing in this Appointment shall exclude or limit a party's liability for death or personal injury caused by that party's negligence, or for fraudulent misrepresentation.

6. DOCUMENTS

- 6.1 Unless expressly stated in our Letter, all intellectual property rights in all reports, drawings, accounts and other documentation created, prepared or produced by us (the "Documents") in relation to our Appointment (including without limitation spreadsheets, databases, electronic mail or any other electronically produced or stored documents) belong to us.
- 6.2 We hereby grant you an irrevocable, royalty free, worldwide licence to use, copy and reproduce the Documents. We shall not be liable for any use of the Documents for purposes other than that for which they were produced.

7. TERMINATION

- 7.1 Our services and this Appointment will terminate when any one of the following events occurs:
- i. The job is finished;
 - ii. If both parties agree that it is not in the mutual best interest for us to continue to act on your behalf;

- iii. If you do not pay our invoices as they fall due;
 - iv. With immediate effect if either party becomes subject to any sanction or order whereby it would become illegal or contrary to the other parties' interests to continue working together; or
 - v. If either party ceases trading; becomes insolvent; or has a receiver, liquidator or administrator appointed;
 - vi. By mutual agreement; or
 - vii. If the circumstances in clause 8.6.ii apply.
- 7.2 Either party may terminate this Appointment:
- i. By written notice if the other party breaches any of its material terms, and (if that breach is remediable) fails to remedy the breach within 15 days of receiving a written notice from the other party identifying that a breach has occurred.
 - ii. Without cause, by giving 45 days' written notice of termination.
- 7.3 Upon termination under any of the above clauses, you shall pay us all sums (including fees, charges and expenses) due in respect of the services provided and expenses incurred prior to termination.
- 7.4 Each party acknowledges that by entering into this Appointment it consents to the other party's entitlement to terminate the Appointment under this clause 7:
- i. In accordance with the meaning of consent and mutual consent under any applicable law; and
 - ii. Without the need to obtain a court order in accordance with applicable law.
- 8. FORCE MAJEURE**
- 8.1 A "Force Majeure Event" is defined as any event outside the reasonable control of either party affecting its ability to perform any of its obligations (other than payment) under this Appointment including without limitation: epidemic or pandemic (including any measures introduced by any government or regulatory authority in response); natural disasters; terrorist attack, civil commotion or riots, war, threat of or preparation for war; nuclear, chemical or biological contamination; law or any action taken by a government or public authority (including travel restrictions); collapse of buildings, fire, explosion or accident; and any labour or trade dispute, strikes, industrial action or lockouts.
- 8.2 A party that is prevented, hindered or delayed in or from performing any of its obligations under this Appointment as a result of a Force Majeure Event shall not be in breach of the Appointment or otherwise liable for any such failure or delay.
- 8.3 For the avoidance of doubt, this clause does not in any way limit, vary, or relieve you from your obligation to pay fees, charges, and expenses for services that we have already provided.
- 8.4 The affected party shall, as soon as reasonably practicable after the start of the Force Majeure Event, notify the other party of such Force Majeure Event and the effect of the Force Majeure Event on its ability to perform any of its obligations under the contract.
- 8.5 The affected party shall use reasonable endeavours to mitigate the effect of the Force Majeure Event on the performance of its obligations.
- 8.6 If the affected party is prevented, hindered or delayed in or from performing any of its obligations under this Appointment as a result of a Force Majeure Event for a continuous period of more than 30 days:
- i. the affected party shall be entitled to suspend performance until such time as they can reasonably be performed; or
 - ii. if such a suspension is not reasonable or practical in the circumstances, the parties may mutually agree to terminate the Appointment.
- 9. PROHIBITED TRAVEL**
- 9.1 We have a Travel Security Policy to ensure that risks associated with necessary business travel are managed appropriately. From time to time, travel to politically unstable or dangerous territories by our staff will be prohibited. Whilst we will take all actions to ensure that such travel prohibitions do not affect our work for you, we will not be liable for a breach of contract in the event that a prohibition is introduced after the date of this Appointment.
- 9.2 If such a travel prohibition is deemed in your reasonable opinion to seriously affect our performance of the Services, it shall be treated as a force majeure in accordance with clause 8 above.
- 10. ANTI-CORRUPTION & MONEY LAUNDERING REGULATIONS**
- 10.1 The parties shall provide all necessary cooperation to ensure that they each comply with the anti-corruption laws of the Kingdom of Saudi Arabia. We are unable to provide any services that would amount to a violation of applicable laws or cause us to be in breach of any sanction, prohibition or restriction under the UN Security Council Resolutions or under any other trade or economic sanctions, laws or regulations.
- 10.2 We are subject to various regulatory requirements relating to mandatory reporting, record-keeping and client identification. For this reason, we will request from you certain company information and supporting documents, relating to your parent companies, major shareholders, beneficial owners and directors. Where such information is requested, you will provide such information promptly to enable us to proceed to provide our services.
- 10.3 We shall not be liable to you or any other parties for any delay in the performance or any failure to perform the services which may be caused by our duty to comply with client verification regulatory requirements.
- 10.4 You represent, undertake and warrant that any funds paid by you pursuant to this Appointment (if any) are derived from legitimate sources and are not related to proceeds of crime, money laundering or other illegality either directly or indirectly.
- 11. RELATIONSHIP OF THE PARTIES**
- 11.1 Nothing in this Appointment shall create, or be deemed to create, a partnership, joint venture or commercial agency, nor the relationship of employer and employee between the parties.
- 11.2 Each party warrants that the authorised signatory executing this Appointment has the full power, authority and legal right to do so; and that any third-party consent required for entering into this Appointment has been obtained.
- 11.3 Neither party shall attempt to or have the authority to bind, to commit or to make representations on behalf of the other, except as expressly provided in the Appointment.
- 11.4 The parties agree that it is not intended for any term of the Appointment to be enforceable by any third party. To the extent that the law nonetheless imposes on us any responsibility to any third parties, our liability to them shall be limited in accordance with clause 5.3 and the single limit set out in that clause shall be shared between such third parties and you.
- 12. MULTIPLE REPRESENTATION**
- 12.1 On some occasions, we may be asked to represent both sides of a property transaction, for example a landlord and a potential tenant. In such cases, we will notify each party in writing of this situation. If we do not receive any objection from you within 7 days, we will assume that this arrangement is acceptable, and we will continue with the transaction on the basis that you waive any claim against us arising from a conflict of interest.
- 12.2 If we are representing you as a tenant, please note that in accordance with Saudi Arabia market practice, we may also receive an introductory fee from the landlord. However, this does not mean that we are advising the landlord or acting in its best interests. If you have any concerns regarding this, please let us know and we can discuss with you in more detail.

13. ASSIGNMENT & SUBCONTRACTING

- 13.1 We will not subcontract any part of the scope of works without your express written consent.
- 13.2 Either party may assign or transfer its rights or obligations under this Appointment:
- to an affiliate, by giving notice in writing to the other party; and
 - to a third party, by requesting the prior written consent of the other party.

14. INSURANCE & SAFETY

- 14.1 Each party shall maintain in force at its own cost such insurance policies as are appropriate or required having regard to its obligations and liabilities under this Appointment, provided always that such policies are generally available in the insurance market on commercially reasonable rates and terms.
- 14.2 We maintain professional indemnity, public liability, office and worker's compensation insurance; details are available on request.
- 14.3 You agree to provide personal protective equipment to any of our personnel that visit, at your request, any construction sites or premises either relating to this Appointment or belonging to you.

15. CONFIDENTIALITY

- 15.1 All discussions we have with you, advice we give you and documentation provided by you to us will be kept confidential, unless we agree with you otherwise, aside from anonymised transactional data which may be shared with rating agencies and third party property data service firms for purposes including statistical reporting on industry trends.
- 15.2 If we have signed a separate non-disclosure or confidentiality agreement with you and there is a conflict between the terms of that agreement and the terms of this clause, the non-disclosure agreement shall take precedence.
- 15.3 Neither party shall make a statement or release any public material relating to the services or this Appointment without the prior written consent of the other. We may, however, include your name on our list of clients and add a short description of the instruction with a photo in our track record. This can be anonymised at your request.

16. SUPPLEMENTARY TERMS

- 16.1 Agency appointments only - Where we are acting for you on the sale or purchase of an interest in a property, please refer to the attached Supplementary Terms for Agency Appointments.
- 16.2 Valuation appointments only - Where we are acting for you on the valuation of a property or a property portfolio, please refer to the attached Supplementary Terms for Valuation Appointments.

17. APPLICABLE LAW & JURISDICTION

- 17.1 This Appointment shall be governed by and construed in accordance with the laws of the Kingdom of Saudi Arabia, without reference to conflict of law principles.
- 17.2 We will attempt to resolve any dispute between parties in good faith and through negotiation, pursuant to clause 4.2.
- Should the matter remain unresolved, any dispute, difference, controversy or claim arising out of or in connection with this Appointment, including any question regarding its existence, validity, interpretation, performance, discharge, applicable remedies or termination, shall be settled by the Courts of Saudi Arabia.

18. GENERAL

- 18.1 The provisions of this Appointment shall extend to and be binding upon each party's successors, permitted assigns, and legal representatives.
- 18.2 We will comply with our obligations under the data protection laws of the Kingdom of Saudi Arabia, the EU General Data Protection Regulation 2016/679 ("GDPR") and any legislation in force in EU member states from time to time that implement GDPR. If you require us to process any Personal Data during the course of providing the services (in circumstances where you are the Controller and we would be the Processor of the Personal Data) then the provisions of the Data Processing Appendix to these Conditions shall apply.
- 18.3 You agree that we may use the information provided under this Appointment for internal data audit and analytic purposes and to build databases and/or surveys for internal use by CBRE Group companies. Provided such data has been sufficiently anonymised, you also agree to the use of the information for external research purposes the objective of which is to improve the quality of our service offering to all of our clients. 'Group Company' means in relation to a company, each and every subsidiary or holding company from time to time of that company, and each and every subsidiary from time to time of a holding company of that company.
- 18.4 We do not give legal advice. You should seek legal advice as appropriate from your lawyers. We have no responsibility for the content of any legal advice that is obtained.
- 18.5 If at any time any part of this Appointment is held to be or becomes void or otherwise unenforceable for any reason, then that part will be deemed omitted from this Appointment. The validity or enforceability of the remaining parts of the Appointment shall not in any way be affected or impaired as a result of that omission.
- 18.6 Any failure by a party to exercise or delay in exercising a right or remedy provided by these Standard Terms, the Supplementary Terms (where applicable), or by law does not constitute a waiver of the right or remedy, or a waiver of other rights or remedies.
- 18.7 Clauses 5, 6, 7 and 15 shall survive the expiration or termination of the Appointment.
- 18.8 This Appointment may be executed in any number of counterparts, each of which shall constitute an original, but all of which, taken together shall constitute one and the same instrument.
- 18.9 The parties agree to send information and notices, and accept the provision of services and the deliverables, in electronic format. Any document signed by e-signature or having been electronically stamped, and that is sent from a party's official email address, shall be accepted as valid, unless a party has legitimate reasons to believe otherwise.
- 18.10 If these Standard Terms, the Letter, the Documents, our invoices or any other document forming part of our Appointment is translated into another language, the English language version shall take precedence and we shall only be bound by and liable for the English language version.

DATA PROCESSING APPENDIX

"Data Protection Legislation" means the regulation on the protection of natural person with regard to the processing of personal data and on the free movement of such data known as the General Data Protection Regulation (EU) 2016/679) and any national legislation related to data protection and privacy.

"Processing", "Data Subject", "Personal Data" ("Data"), "Personal Data Breach", "Supervisory Authority", "Controller" and "Processor" shall have the meaning given to it in the Data Protection Legislation.

1. Compliance with Law

Both parties shall comply with all applicable requirements of the Data Protection Legislation. This paragraph 1 is in addition to, and does not relieve, remove or replace, a party's obligations under the Data Protection Legislation.

2. Relationship of the Parties:

The parties acknowledge that you are the Controller and we are the Processor. Unless stated elsewhere in this Appointment, the details of Processing are as follows:

- | | |
|---|--|
| 2.1. <u>Subject matter of the Processing:</u> | To provide advisory services to you, in relation to the matter outlined in these Terms of Business. |
| 2.2. <u>Duration of the Processing:</u> | As required in order to deliver our services pursuant to this agreement, or as otherwise required by law. |
| 2.3. <u>Nature/purpose of the Processing:</u> | To provide the advice required for the Appointment. We shall review underlying documentation and information (eg. leases, transaction documents) provided by you or your advisors, inspect properties and triage data as appropriate. We may also contact third parties in relation to a property, where instructed to do so by you. |
| 2.4. <u>Types of Data being Processed:</u> | Data as reviewed for the purposes of providing the advisory services. This could include the names of individuals, their contact information and addresses, such as found in the underlying documentation provided to us. This personal data may relate to you, your employees, property owners or third parties. |

3. CBRE Responsibilities

Without prejudice to the paragraph 1, in relation to any Data we process in connection with the obligations under this Appointment, we shall:

- 3.1. Process that Data only on your documented instructions and ensure that our personnel only process Data on instructions from you, unless required to do otherwise by applicable law.
- 3.2. Ensure that our personnel who are authorised to process Data have committed themselves to confidentiality or are under an appropriate statutory obligation of confidentiality.
- 3.3. Implement appropriate technical and organisational measures to ensure a level of security appropriate to the risk presented by the Processing, including unauthorised or unlawful processing, accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to the Data transmitted, stored or otherwise processed. The measures implemented shall take into account good industry practices, the costs of implementation and the nature, scope, context and purposes of the Processing as well as the risk of varying likelihood and severity for the rights and freedoms of natural persons.
- 3.4. Not appoint any additional third party, including consultant, sub-contractor, agent or professional adviser or other third party which may receive and/or have access to Data ("Sub-Processor"), without your prior general written authorisation subject to us:
 - (a) informing you of any intended replacement of a Sub-Processor, and giving you 10 business days to object to such appointment or replacement;
 - (b) putting in place written contractual obligations with each Sub-Processor which are substantially similar to the obligations imposed on us pursuant to this Appendix; and
 - (c) remaining liable to you for any failure of any such Sub-Processor to comply with such substantially similar data protection obligations.
- 3.5. Reasonably assist you with your obligations to respond to:
 - (i) any request from a data subject to exercise any of its rights under the Data Protection Legislation (including its rights of access, correction, objection, erasure and data portability, as applicable); and
 - (ii) any other correspondence, enquiry or complaint received from a data subject, regulator or other third party in connection with the processing of Data, such as these relate to the Data processed by us on your behalf under this Appointment.

In the event that any such communication is made directly to us, we shall promptly inform you and provide full details. Our assistance will take into account the nature of the Processing by us and any appropriate technical and organisational measures.
- 3.6. Provide reasonable cooperation to you in connection with any data protection impact assessment or Supervisory Authority consultation that may be required under the Data Protection Legislation. This assistance shall be limited to the processing of Data by us on your behalf, taking into account the nature of the processing and the information available to us.
- 3.7. Inform you without undue delay if we become aware of a confirmed Personal Data Breach, and provide reasonable information and cooperation to you so that you can fulfil any reporting obligations you may have under the Data Protection Legislation.
- 3.8. At your written election, and to the extent technically feasible, either:
 - (a) securely destroy the Data (including all copies of it); or
 - (b) return the Data (including all copies of it) to you in the format required by you (at your cost);upon termination or expiry of this agreement, provided that we may retain a copy of the Data where required by applicable law; and
- a. Once in any 12 month period, having received at least 15 business days' prior written notice:
 - (a) provide all information reasonably necessary to demonstrate our and any Sub-Processor's compliance with this Appendix; and/or
 - (b) allow you reasonable access during normal business hours to any relevant premises and documents to inspect the procedures and measures referred to in this Appendix.

Such audits shall be at your cost, provided that if such audit reveals that we breached this Appendix, then we shall bear all such costs. In addition, such audits shall be carried out with the minimum disruption possible to our operations and where you or your authorised representative signs our standard confidentiality agreement. Additional access will be given if required by a Supervisory Authority or where you reasonably suspect non-compliance with this Appendix.
- 3.10. If we are aware that or of the opinion that any instruction given by you in accordance with paragraph 4.9 infringes the Data Protection Legislation or other applicable law, we shall immediately inform you and provide details of the potential infringement.

4. International Data Transfers

- 4.1. For the purposes of paragraph 4.2:
 - (a) "Europe" means (i) the Member States of the European Economic Area, and (ii) with immediate effect following its withdrawal from the European Union, the United Kingdom.
 - (b) "UK and EU Data Protection Law" means the Data Protection Legislation and any and all applicable UK data protection laws (including the Data Protection Act 2018, as may be amended or superseded following the United Kingdom's withdrawal from the European Union)
- 4.2. We shall only transfer the Data to (nor permit the Data to be processed in or from) a country other than where the Data originated from if we can ensure the transfer is in compliance with UK and EU Data Protection Law.

General Principles Adopted in the Preparation of Valuations and Reports

For your assistance, we list below the general principles upon which our Valuations and Reports are normally prepared, and they shall apply unless specifically mentioned otherwise in the body of the Report. We will be pleased to discuss specific variations to suit your particular requirements. These supplementary conditions should be read in combination with our Standard Terms of Business and our Letter of Appointment.

1. VALUATION STANDARDS

All valuations are carried out in accordance with the latest edition of the RICS Valuation - Professional Standards Guidelines (the Red Book) incorporating International Valuation Standards (IVS) published by the Royal Institution of Chartered Surveyors and are undertaken by appropriately qualified RICS Registered Valuers as defined therein. The valuation is also compliant with Saudi Authority for Accredited Valuers "Taqeem" standards.

2. VALUATION BASIS

All valuations are made on the appropriate basis as agreed with the client in accordance with the provisions and definitions of the Valuation Standards unless otherwise specifically agreed and stated.

Unless otherwise stated within the report, we have adopted 'Market Value' and its interpretative commentary as the basis of valuation in accordance with the current Practice Statement of the Valuation Standards and which is defined as:

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

No allowances are made in our valuations for any expenses of realisation that would be incurred on a sale, or to reflect the balance of any outstanding mortgages, either in respect of capital or interest accrued thereon. Nor are costs of acquisition included in our valuations.

It should be noted that our valuations are based upon the facts and evidence available at the date of valuation. It is therefore recommended that valuations be periodically reviewed.

3. INFORMATION SUPPLIED

We accept as being accurate and complete the information provided to us by the sources detailed in our report, relating to items such as tenure, tenancies, tenants' improvements and all other relevant matters.

Where valuations are carried out of properties fully equipped as an operational trading entity, we have assumed that the information received is accurate and reliable and can be substantiated by independent audit.

4. INSPECTIONS

We undertake such inspections and conduct investigations as are, in our opinion, correct, appropriate and possible in the particular circumstances applying.

5. DOCUMENTATION AND TITLE

Unless specifically instructed, we do not read title deeds and related legal documents. Where title documentation or leases are provided to us, we will have regard to the matters therein but recommend that reliance should not be placed on our interpretation thereof without prior verification by your legal advisors.

Unless notified to the contrary, we assume that each property has a good and marketable title and is free from any pending litigation. We further assume that all documentation is satisfactorily drawn and that unless disclosed to us, there are no unusual or onerous restrictions, easements, covenants or other outgoings which would adversely affect the value of the relevant interest(s).

In respect of leasehold properties, we will assume that your landlord will give any necessary consents to an assignment.

6. TENANCIES

Unless disclosed to us, it is assumed that all properties are subject to normal outgoings and that tenants are responsible for all repairs, the cost of insurance and payment of rates and other usual outgoings, either directly or by means of service charge provisions.

Unless we state otherwise, it is further assumed that rent reviews are on an upward-only basis to the open market rent and that no questions of doubt arise as to the interpretation of the rent review provisions in the lease. We assume that neither the landlord nor the tenant may terminate the lease prematurely.

7. TENANTS' COVENANT STRENGTH

Unless specifically requested, we do not make detailed enquiries into the covenant strength of occupational tenants but rely on our judgement of the market's perception of them. Any comments on covenant strength should therefore be read in this context. Furthermore, we assume, unless otherwise advised, that the tenant is capable of meeting its financial obligations under the lease and that there are no arrears of rent or other payments or undisclosed breaches of covenant.

8. MEASUREMENTS

All property measurement is carried out in accordance with the Code of Measuring Practice latest edition issued by the Royal Institution of Chartered Surveyors, unless we specifically state that we have relied upon another source of information or method.

Unless specifically instructed, we do not undertake a measured site survey but calculate site areas by reference to the identified boundaries of the property and the appropriate drawings and plans or we utilise the site areas stated on Title Deeds or Affection Plans shared with us.

9. TOWN PLANNING AND OTHER STATUTORY REGULATIONS

Wherever possible, we undertake informal enquiries to obtain town planning and highway information from the relevant local authority and we rely on such information obtained verbally. If specifically instructed, we will undertake to obtain written verification of the position, as stated in our report.

Our valuations are prepared on the assumption that the premises comply with all relevant statutory enactments and building acts and regulations and that a valid and up-to-date fire certificate has been issued. We also assume that all necessary consents, licences and authorisations for the use of the property and the process carried out therein have been obtained and will continue to subsist and are not subject to any onerous conditions.

Unless disclosed to us, we assume that there are no outstanding statutory breaches or impending litigation in respect of the property.



10. STRUCTURAL SURVEYS

Unless specifically instructed, we do not undertake structural surveys, nor do we inspect those parts that are covered, unexposed or inaccessible, or test any of the electrical, heating, drainage or other services. Any readily apparent defects or items of disrepair noted during our inspection will, unless otherwise stated, be reflected in our valuation, but no assurance is given that any property is free from defect. We assume that those parts which have not been inspected would not reveal material defects which would cause us to alter our valuation.

11. HAZARDOUS & DELETERIOUS MATERIALS

Unless specifically instructed, we do not carry out investigations to ascertain whether any building has been constructed or altered using deleterious materials or methods. Unless specifically notified, our valuation assumes that no such materials or methods have been used. Common examples include high alumina cement concrete, calcium chloride, asbestos and wood wool slabs used as permanent shuttering.

12. SITE CONDITIONS

Unless specifically instructed, we do not carry out investigations on site in order to determine the suitability of ground conditions and services, nor do we undertake environmental, archaeological, or geotechnical surveys. Unless notified to the contrary, our valuation is on the basis that these aspects are satisfactory and also that the site is clear of underground mineral or other workings, methane gas, or other noxious substances. In the case of properties that may have redevelopment potential, we assume that the site has load-bearing capacity suitable for the anticipated form of redevelopment without the need for additional and expensive foundations or drainage systems. Furthermore, we assume in such circumstances that no unusual costs will be incurred in the demolition and removal of any existing structure on the property.

13. ENVIRONMENTAL CONTAMINATION

In preparing our valuation we assume that no contaminative or potentially contaminative use is, or has been, carried out at the property. Unless specifically instructed, we do not undertake any investigation into the past or present uses of either the property or any adjoining or nearby land, to establish whether there is any potential for contamination from these uses and assume that none exists.

Should it, however, be subsequently established that such contamination exists at the property or on any adjoining land or that any premises have been or are being put to contaminative use, this may have a detrimental effect on the value reported.

14. HIGH VOLTAGE ELECTRICITY SUPPLY APPARATUS

Where there is high voltage electricity supply apparatus within close proximity to the property, unless otherwise stated we have not taken into account any likely effect on future marketability and value due to any change in public perception of the health implications.

15. PLANT AND MACHINERY

Our valuation includes those items usually regarded as forming part of the building and comprising landlord's fixtures, such as boilers, heating, lighting, sprinklers and ventilation systems and lifts but generally exclude process plant, machinery and equipment and those fixtures and fittings normally considered to be the property of the tenant.

Where the property is valued as a fully equipped operational entity our valuation includes trade fixtures and fittings and equipment necessary to generate the turnover and profit and it is assumed that these are owned and not leased.

16. TAXATION

In preparing our valuations, no allowances are made for any liability which may arise for payment of Corporation Tax or Capital Gains Tax, or any other property related tax, whether existing or which may arise on development or disposal, deemed or otherwise. We also specifically draw your attention to the fact that our valuation is exclusive of any VAT liability which may be incurred. Unless specifically instructed we have not taken into account the availability of capital allowances.

17. LANDLORD AND TENANT ACT 1987

Not applicable in this region.

18. GOVERNMENT GRANTS

All valuations are given without any adjustment for government-based capital received or potentially receivable at the date of the valuation.

19. AGGREGATION

In the valuation of portfolios, each property is valued separately and not as part of the portfolio. Accordingly, no allowance, either positive or negative, is made in the aggregate value reported to reflect the possibility of the whole or part of the portfolio being put on the market at any one time.

20. OVERSEAS PROPERTIES

Our valuations of overseas properties will be reported in the appropriate local currency unless otherwise agreed and represent our opinion of the realisable value in the country of origin, computed in accordance with local practices, with no allowance made for the transfer of funds to the client's domiciled country.

21. CONFIDENTIALITY

Our Valuations and Reports are strictly confidential to the party to whom they are addressed, or their other professional advisors, for the specific purpose to which they refer and no responsibility whatsoever is accepted to any third parties for the whole or part of their contents.

22. PUBLICATION

Neither the whole nor any part of our report, nor any reference thereto, may be included in any published document, circular or statement, nor published in any way nor disclosed orally to a third party, without our written approval of the form and context of such publication or disclosure. Such approval is required whether or not CBRE is referred to by name and whether or not the report is combined with others.

CBRE Rowad Al-Riyadh Real Estate Valuation Co.
PO Box 5364
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Kingdom of Saudi Arabia

Al Rajhi Capital (The fund manager of Al Rajhi REIT)
Head Office, King Fahad Road
PO Box 5561
Riyadh, KSA

20 March 2023

**ADDENDUM LETTER TO TERMS OF ENGAGEMENT DATED 15/02/2023 AND SIGNED
16/02/2023 – VALUATION OF RIYADH AVENUE MALL, RIYADH & HENAKI BUSINESS CENTRE,
JEDDAH, KSA (THE “PROPERTIES”).**

In reference to our Terms of Engagement dated 15/02/2023 and signed 16/02/2023 (the “Terms of Engagement”) by Al Rajhi Capital (the “Client”), we note that the Client has requested that the valuation date be amended from **01 February 2023** to **30 March 2023**.

By signing this addendum letter, the Client agrees to be bound to the Terms of Engagement in the same way that the Client is already bound.

For the avoidance of doubt, our maximum liability to the Client shall be subject to the same exclusions and limitations set out under the Terms of Engagement. We shall have no greater liability to the Client by virtue of this addendum letter.

Yours sincerely,



Nicholas Maclean, FRICS, Registered Valuer
General Manager
CBRE | Middle East Region

We hereby acknowledge and agree to be the terms of this Letter.

Al Rajhi Capital

Signed: _____

By: _____

Date: _____