Valuation Report.

Salama Building, Madinah Road, Salamah District, Jeddah, KSA

Prepared for SNB Capital
Valuation date: 30 June 2022

Important Notice to all readers of this report

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

**Locally expert,
globally connected.**

SNB Capital
Riyadh, Kingdom of Saudi Arabia

For the attention of Danial Mahfooz, CFA
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Tel: +966 12 690 7817/ M: +966 54 475 2329

Our ref: KFV377-2022

Date of issue: 27 July 2022

Dear Sirs

Valuation Report – Salama Building, Madinah Road, Salamah District, Jeddah, KSA

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

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

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

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

شركة نايت فرانك سبين العربية السعودية للتقييم العقاري
س.ت ١٠١٠٥٦٤٥١٦
C.R 1010564516
Knight Frank Spain Saudi Arabia Real Estate Valuations Company

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

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

Contents

Appendices

Executive summary

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

Address	Salama Building, Madinah Road, Salamah District, Jeddah, KSA
Location	The property is located on Madinah Road within the Salamah district of Jeddah, which is perceived to be a good location in central Jeddah. The property has a frontage of approximately 100 meters on Madinah Road to the east along with a frontage to the north, west and south onto secondary roads. It lies within a high-density populated area where the prevailing land use comprises mainly of residential apartment buildings. The King Abdulaziz International Airport is located some 6 km to the north of the property. The coast of the Red Sea is situated some 5 km to the west.
Description	The property comprises a good quality office building with ancillary retail. It was built in 2013 and contains 8 retail units on the ground floor and 116 office units situated across the upper 13 floors. The property's construction takes the form of a reinforced concrete frame with grey and blue exterior cladding. There are approximately 400 car parking spaces situated across the basement and mezzanine floors. The retail units on the ground floor benefit from good road frontage, all of which have double ceiling heights that allow for mezzanine accommodation. The office floors are accessed from the rear of the property through a dedicated lobby with six passenger lifts and one service lift. Internally the common area is in good condition.
Areas	The property has a total net leasable area (NLA) of 29,921 sq m, of which 5,710 sq m is zoned for retail use and 24,002 sq m is zoned for office use. The rest of the NLA comprises storage space, telecommunication antennas, sign board, etc. The land plot, which the property is built on, extends to 7,682 sq m according to the copy of the land title deed that was provided to us.
Tenure	Assumed freehold.
Planning	The client has provided us with the property's building permit, which indicates that the site has permission for a commercial development. We would advise your legal advisors to verify this.

Valuation considerations	• We have valued the property subject to the head lease that is currently in place. The head lease is for a 5-year term starting on 05 August 2019 and ending on 05 August 2024, with a fixed rental income of SAR 23,100,000 per annum and no escalations. After expiry of the head lease, we have assumed that the head lease is not renewed, and the building then becomes available to let on a multi tenanted basis and is leased to third parties on market based lease terms. • The lot size is such that this asset would prove attractive in the market given the two distinct asset classes of retail and offices. • We have assessed the market value of the property using a discounted cash flow approach, where we have modelled the cash flows generated under the head lease for the contracted lease term and upon expiration, we have assumed the building would be leased based on our assumptions of Market Rent, with allowances being made for deduction of operating expenses, leasing fees and property management fees. • We have allowed for 12% structural vacancy on revenues, annually. This has been assumed in regards to our benchmarks and our professional experience of advising in the region. • Our Estimated Rental Value for the property as at the valuation date is SAR 25,716,246 per annum (assuming 100% occupancy). We have assumed 2% annual inflation in our cash flows and adopted an 8.25% exit yield reflecting a 10.25% discount rate. • The property benefits from good road frontage along Madinah Road and provides flexible, well laid out retail accommodation on the ground floor. The common area is in good and serviceable condition. Additionally, there may be opportunities to rentalise part of this space in the future. • We understand that the municipality requires a parking ratio of 1 parking bay per 70 sq m of office space and 1 parking bay per 55 sq m of retail space which equates to a total requirement of 443 bays. The existing car parking ratio for the office space is relatively poor with c. 400 spots available, which is c 43 spaces short of the municipality standard. • Visitors currently use a vacant land opposite to the subject site for parking. This may cause inconvenience to tenants should the land be developed in the future. It may also appear to be less attractive to a number of potential buyers / investors, as lettability of the building could be adversely impacted – parking is one of the key factors that tenants look for when considering taking space in an office building.
Valuation date	30 June 2022.
Market Value	We are of the opinion that the Market Value of the freehold interest in the Property which is identified as Salama Building on Madinah Road in Jeddah, KSA, subject to the signed Head Lease and the assumptions and the caveats detailed herein, as at the valuation date is: **SAR 246,000,000** **(Two Hundred and Forty Six Million Saudi Arabian Riyals)**

Valuation Assumptions

Item	Unit	Assumption
Head Lease	Entire building	Start Date: 05 August 2019 End Date: 05 August 2024
Passing rent	SAR per annum	23,100,000
ERV	SAR per annum	25,716,246
Office NLA	sq m	24,002
Retail NLA	sq m	5,710
Estimated Office Market Rent (after the Head Lease expiry)	SAR / sq m per annum	680 to 815
Estimated Retail Market Rent (after the Head Lease expiry)	SAR / sq m per annum	1,320
Service Charge	%	10%
Telecommunications Tower income	SAR per annum	32,375
Insurance	SAR per annum	156,135
Operating Costs (after expiry of the Head Lease)	SAR / sq m per annum	90
Property Management Fee and Marketing	Percent of Revenue	1.00%
Sinking Fund	Percent of Revenue	1.00%
Exit Yield	%	8.25%
Growth	%	2.00%
Discount Rate	%	10.25%

1. Terms of engagement

Engagement of Knight Frank Spain Saudi Arabia Real Estate Valuations Company

1.1 This valuation report (the "Valuation") has been prepared in accordance with our Terms of Engagement letter and our General Terms of Business for Valuation Services (together the "Agreement"). A copy of this document is attached at Appendix 1 (along with your original instruction for reference purposes).

Client

1.2 We have been instructed to prepare the Valuation by SNB Capital (the "Client"), as manager on behalf of Al-Ahli REIT Fund, a real estate investment traded fund in the Saudi Stock Exchange (Tadawul).

Valuation standards

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

Independence and expertise

Disclosure of any conflicts of interest

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

Valuer and expertise

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

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

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

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

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

Use of this Valuation

Purpose of valuation

1.10 The client has confirmed that this valuation report is required for REIT reporting to the Saudi Capital Market Authority (CMA) for the semi-annual reporting of the market value (MV) in accordance with Taqeem regulations (the “Purpose”). This valuation has been prepared solely for the aforementioned purpose and may not be used for any other purpose without our express written consent.

Reliance

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

Disclosure & publication

1.12 The Valuation has been prepared for the Client and in accordance with the Agreement which governs its purpose and use. As stated in the Agreement, this Valuation is confidential and must not be disclosed to any person other than the Client without our express written consent. Nor may the whole nor any part of this valuation nor any reference thereto may be included in any prospectus, listing particulars, published document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.

Limitations on liability

1.13 Knight Frank Spain Saudi Arabia Real Estate Valuation Company’s total liability for any direct loss or damage (whether caused by negligence or breach of contract or otherwise) arising out of or in connection with this Valuation is limited to the amount specified in our Terms of Engagement, a copy of which is attached. Knight Frank Spain Saudi Arabia Real Estate Valuation Company accepts no liability for any indirect or consequential loss or for loss of profits.

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

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

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

Scope of work

1.17 In this report we have been provided with the following information by you, your advisors or other third parties and we have relied upon this information as being materially correct in all aspects.

1.18 In particular, we detail the following:

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

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

2. The Property

2.1 The property we have valued, including the inspection details, is as follows:

Property address	Inspected by	Inspection date
Salama Building, Madinah Road, Salamah District, Jeddah, KSA	Faris Gari	14 June 2022

Location

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

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

2.4 The King Abdulaziz International Airport is located some 6 km to the north from the property. The coast of the Red Sea is situated some 5 km to the west.

Source: Google Earth / Knight Frank Research

Site

Site area

2.5 The property occupies a broadly rectangular site of approximately 7,682 sq m (areas taken from client).

Site plan

2.6 The property is identified on the Google Earth image below, showing our understanding of the boundaries outlined in red.

Source: Google Earth / Knight Frank Research

Description

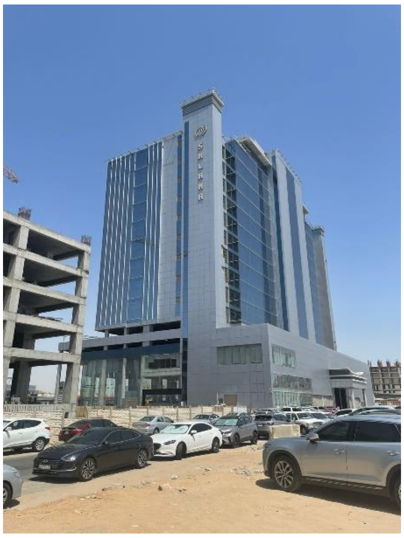
2.7 The property comprises a good quality office building with ancillary retail. It was built in 2013 and contains 8 retail units on the ground floor and 116 office units situated across the upper 13 floors.

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

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

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

2.11 A selection of photos taken during our inspection is provided below:



Accommodation

Measurement

2.12 As agreed with the client, we have relied upon the areas provided to us by them and have assumed that they have been prepared in accordance with local market practice and regulations. No further verification has been undertaken.

Areas

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

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

2.14 The rest of the floor space is comprised of common areas, storage space, telecommunications antennas, sign board, etc.

Services

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

2.16 For the purpose of this valuation, we have assumed that mains gas, water, electricity, drainage and telecommunications are all available to the subject property.

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

Legal title

Sources of Information

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

Table 1: Title deed

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

Source: Client

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

Tenure

2.20 For the purposes of this valuation, we have assumed that the property is held freehold and is free from any encumbrances and third party interests.

Covenants

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

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

Tenancies

2.23 The property is subject to a head lease. The salient terms of the lease agreement are summarised below:

Table 2: Lease terms summary

Item	Description
Landlord	Al Ahli REIT Fund (1)
Tenant	Confidential
Term	5 years
Lease Start Date	04 August 2019
Lease End Date	04 August 2024
Break option	None.
Rent	Fixed rent of SAR 23,100,000 per annum paid semi-annually in arrears.
Repair	The tenant covenants to keep the premises in good and substantial repair and condition.
Alienation	Subject to the lessor's prior written approval, the lessee shall be entitled to sublease the property.

Source: Client

Condition

Scope of inspection

2.24 We have not undertaken a site survey of the property.

2.25 During our limited inspection we did not inspect any inaccessible areas. We are unable to confirm whether the property is free from urgent or significant defects or items of disrepair.

Comments

2.26 No urgent or significant defects or items of disrepair were noted which would be likely to give rise to substantial expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance programme.

2.27 During the course of our inspection, the buildings appeared to be in a generally reasonable state of repair commensurate with their age and use.

Ground conditions

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

Environmental considerations

Contamination

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

Planning

Sources of planning information

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

Table 3: Summary of Planning Permit

	Parking (sq m)	Commercial (sq m)
Basement	7,682	-
Services Floor	6,558	-
Ground Floor	-	4,487
Mezzanine	-	-
1st	-	2,193
2nd	-	3,484
3rd	-	2,703
Recurring Floor	-	25,386
Total	**14,240**	**37,622**

Source: Client

Highways and access

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

Access

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

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

Statutory licences & certificates

2.34 We have assumed in our valuation that all regulations, statutory licences & certificates have been complied with.

Fire safety

2.35 We have not viewed any documents relating to the fire safety within the property and have assumed for the purposes of our valuation that the relevant legal requirements have been fully complied with.

3. Market analysis

Saudi Arabia market commentary

3.1 A copy of the KSA Macro Economic Overview, prepared by Knight Frank, is attached at Appendix 5.

Source of information

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

4. Valuation

Methodology

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

Investment Method

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

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

Comparable Evidence – Benchmarking

4.4 In order to form our opinion of the market rent upon the expiry of the head lease, we have had regards to comparable Grade B offices and retail in close proximity to the property. We have considered the asking lease rates per annum, and have made the necessary adjustments for location, specification, and size. A summary of our comparable evidence is provided in the tables below and corresponding map:

Table of Comparable – Office Rents

Ref.	Building	Construction Year	Condition	Grade	Occupancy	Asking Rent (SAR psm pa)	Service Charge
1	Sumou Tower Jeddah	2013	Fitted	B	85%	825	10%
2	Elite Al Shatea	2012	Fitted	B	75%	700	10%
3	Tahliya Centre	2010	Fitted	B	70%	700	10%
4	Al Mukmal Tower	2010	Fitted	B	95%	900	10%

Source: Knight Frank Research

Table of Comparable Retail Rents:

Ref.	Location	Condition	Area (sq m)	Asking Rent (SAR psm pa)
5	Prince Sultan Road, Salamah District	Good	350	1,800
6	Al Batarji Street, Al Zahraa District	New	160	1,500
7	Madinah Road, Al Nuzha District	New	350	1,800
8	Prince Sultan Road, Nahdah District	Good	125	1,600

Source: Knight Frank Research

Map of Comparables

Source: Google Earth

Comparables Commentary – Offices

4.5 As shown above, rents in comparable offices range between SAR 700 to SAR 900 per sq m per annum varying upon location, specification and quality. The rents stated in the table above are subject to a service charge.

4.6 Sumou Tower, which was completed in 2013 and offers grade B fitted space for SAR 825 per sq m per annum. Sumou Tower has two retail showrooms on the ground floor along King Abdulaziz Road and is subject to 10% service charge. The occupancy of Sumou Tower has increased from 75% to 85% over the past 6 months. We consider this benchmark superior in terms of location and specification, as such we have applied a discount to the property.

4.7 Elite Al Shatea features a mix of retail and office space. Completed in 2012, the building offers fitted out grade B office space with rents current asking rent of SAR 700 per sq m per annum. Rents at Elite Al Shatea are subject to a standard 10% service charge.

4.8 Rents at Tahliya Centre have slightly decreased over the past 6 months, while occupancy has decreased by c.19%. Headline rent is SAR 700 per sq m plus 10% service charge. The office space is considered as grade B space and the units are fitted out. This benchmark and the property have similar specifications, hence no adjustments were made. However, we applied a discount to the subject property for location since the location of Tahliya Center is better.

4.9 At 95% occupancy, comparable four (Al Mukmal Tower) has the highest occupancy in our table of comparables. Al Mukmal Tower completed construction in 2010 and commands a rent of SAR 900 per sq m per annum plus service charge. Rents have remained stable over the past 6 months, while occupancy has decreased by 3%.

4.10 Although the property is located along a primary road in Jeddah and benefits from good accessibility and visibility, we consider the location of the benchmarks above to be more suitable for office spaces. We also consider the benchmarks to have slightly better specifications / quality. We have therefore assumed that the property would command lower lease rates than the benchmarks, at SAR 615 per sq m per annum.

4.11 We note that the above benchmarks charge 10% service charge on top of the annual lease rate, therefore, after deriving our opinion of the lease rate for the property we have included a 10% service charge to the adjusted lease rate to arrive at the adopted lease rate of SAR 680 per sq m per annum.

4.12 We have then divided the office units into four groups based on the floor level, and applied a premium to upper floors due to better views.

Comparables Commentary – Retail

4.13 The comparable set above, comprises retail shops located in close proximity to the property. Although the property has good location, with it being located on Madinah Road, it is deemed less desirable when compared to King Abdulaziz Road, Prince Sultan Road, and Al Batarji street. We have therefore applied a discount to the subject property against comparable five, six, and eight.

4.14 The comparables are of various sizes, ranging between between 125 sq m to 350 sq m. Given that the average size for retail units within the property is 1,428 sq m which is larger, we have applied discounts to the property against the comparables.

4.15 Based on the adjustments above, the adjusted lease rate for retail units is SAR 1,200 per sq m per annum. We have assumed a 10% service charge to be applied on top of the annual rent, which results in an adopted rate of SAR 1,320 per sq m per annum.

Estimated Rental Values

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

Estimated Rental Values

Floor	Type	Unit	ERV (SAR psm)
1st - 3rd	Office	SAR per sq m / pa	680
4th - 8th	Office	SAR per sq m / pa	725
9th - 11th	Office	SAR per sq m / pa	770
12th and 13th	Office	SAR per sq m / pa	815
-	Retail	SAR per sq m / pa	1,320
-	Storage	SAR per annum	7,400
-	Telecom Tower	SAR per annum	32,375

Valuation Assumptions

Operating Costs (after the Head Lease)

4.17 Upon expiry of the head lease we have allowed for operating costs of SAR 90 per sq m pa for general maintenance, lift service, security, cleaning and insurance, water and electricity power for the common areas.

Service Charges

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

Market Rent

4.19 The estimated Market Rent for the property is SAR 25,716,246 per annum as at the valuation date. This amount is reflected with market growth at 2% in our valuation model after the expiry of the Head Lease.

Valuation Summary

Item	Unit	Assumption
Office NLA	sq m	24,002
Retail NLA	sq m	5,710
Estimated Office Market Rent	SAR / sq m per annum	680 to 815
Estimated Retail Market Rent	SAR / sq m per annum	1,320
Service Charge	%	10%
Telecommunications Tower income	SAR per annum	32,375
Passing Rent	SAR per annum	23,100,000
Market Rent (100% occupancy)	SAR per annum	25,716,246
Insurance	SAR per annum	156,135
Operating Costs	SAR / sq m per annum	90
Structural Vacancy	%	12%
Property Management and Marketing Fee	Percent of Revenue	1.00%
Sinking Fund	Percent of Revenue	1.00%
Exit Yield	%	8.25%
Growth	%	2.00%
Discount Rate	%	10.25%
Market Value (SAR)	**SAR**	**246,000,000**

Valuation Considerations

Subject property

4.20 We have valued the property subject to the head lease that is currently in place. The head lease is for a 5-year term starting on 05 August 2019 and ending on 05 August 2024, with a fixed rental income of SAR 23,100,000 per annum and no escalations. After expiry of the head lease, we have assumed that the head lease is not renewed and the building then becomes available to let on a multi tenanted basis, and is leased to third parties on market based lease terms.

4.21 The lot size is such that this asset would prove attractive in the market given the two distinct asset classes of retail and offices.

4.22 We have assessed the market value of the property using a discounted cash flow approach, where we have modelled the cash flows generated under the head lease for the contracted lease term and upon expiration, we have assumed the building would be leased based on our assumptions of Market Rent, with allowances being made for deduction of operating expenses, leasing fees and property management fees.

4.23 We allowed for 12% structural vacancy of on revenues, annually. This has been assumed in regards to our benchmarks and our professional experience of advising in the region.

4.24 Our Estimated Rental Value for the property as at the valuation date is SAR 25,716,246 per annum (assuming 100% occupancy). We have assumed 2% annual inflation in our cash flows and adopted an 8.25% exit yield reflecting a 10.25% discount rate.

4.25 The property benefits from good road frontage along Madinah Road and provides flexible, well laid out retail accommodation on the ground floor. The common area is in good and serviceable condition. Additionally, there may be opportunities to rentalise part of this space in the future.

4.26 We understand that the municipality requires a parking ratio of 1 parking bay per 70 sq m of office space and 1 parking bay per 55 sq m of retail space which equates to a total requirement of 443 bays. The existing car parking ratio for the office space is relatively poor with c. 400 spots available, which is c 43 spaces short of the municipality standard.

4.27 Visitors currently use a vacant land opposite to the subject site for parking. This may cause inconvenience to tenants should the land be developed in the future. It may also appear to be less attractive to a number of potential buyers / investors, as lettability of the building could be adversely impacted – parking is one of the key factors that tenants look for when considering taking space in an office building.

SWOT analysis

Strengths	Weaknesses
• Head Lease – secure short-term income. • Very good visibility and access on Madinah Road. • Additional income received from telecom towers.	• Lack of parking spaces for visitors where they currently park on a vacant land plot next to the subject property. • General signs of the building appearing to age.

Opportunities	Threats
• Tenant renegotiating leases to be long-term, with rental uplifts thus enhancing Head Lease attractiveness.	• The vacant land opposite the subject property is being used as parking for visitors, if this plot is developed, there will be a parking issue at the property. • General movement of Government entities and business to Riyadh could cause demand for offices in Jeddah to slow down further.

Valuation bases

Market Value

4.28 Market Value is defined within **RICS Valuation - Global Standards / IVS** as:

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

Valuation date

Valuation date

4.29 The valuation date is 30 June 2022.

Market Value

Assumptions

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

Market Value

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

SAR 246,000,000

(Two Hundred and Forty Six Million Saudi Arabian Riyals)

Appendix 1 Instruction documentation

AlAhli REIT Fund (1)
Riyadh
Kingdom of Saudi Arabia

For the attention of Danial Mahfooz

Our Ref: SNB Capital

11 July 2022

Dear Sirs

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

Thank you for your enquiry of 07 June 2022 requesting a valuation report in respect of the properties detailed below (the "Properties"). We are writing to set out our agreed terms of engagement for carrying out this instruction which comprise this Terms of Engagement letter (this "Letter") together with our General Terms of Business for Valuation Services (the "General Terms"). This Letter and the General Terms (together, the "Agreement") exclude any other terms which are not specifically agreed by us in writing. To the extent that there is any inconsistency between this Letter and the General Terms, this Letter shall take precedence.

1. Client

Our client for this instruction is AlAhli REIT Fund (1) (the "Client", "you", "your").

2. Properties to be valued

The Properties to be valued are as follows:

Property Address	Tenure	Occupancy
Asset 1: Al Andalus Mall (including extension land) and Staybridge Suites Hotel Apartments, Jeddah, Kingdom of Saudi Arabia	Freehold	Tenanted - subject to more than one lease or tenancy
Asset 2: Qbic Building, King Abdulaziz Road Al Ghadeer District, Riyadh, Kingdom of Saudi Arabia	Freehold	Tenanted - subject to more than one lease or tenancy
Asset 3: Salama Building, Madinah Road Salamah District, Jeddah, Kingdom of Saudi Arabia	Freehold	Tenanted - subject to more than one lease or tenancy

3. Valuation standards

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

Building WH01-04 1St Floor Al Raidah Digital City
T +966 5308 03297
knightfrank.com.sa

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

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

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

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

5. Valuer and competence disclosure

The valuer, on our behalf, with responsibility for the Valuation will be Stephen Flanagan MRICS, RICS Registered Valuer, Taqeem Fellow Valuer with Membership Number 1220001318 (the "Lead Valuer"). Parts of the Valuation may be undertaken by additional valuers within the firm.

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

6. Purpose of valuation

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

7. Limitation of liability and restrictions on use

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

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

Third party reliance

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

Disclosure

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

8. Basis of valuation

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

- Market Value.

9. Special assumptions and assumptions

Special assumptions

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

- You have not requested any valuations on special assumptions.

Assumptions

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

10. Valuation date

The valuation dates are 30 June 2022 and 31 December 2022.

11. Currency to be adopted

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

12. Extent of inspection and investigations

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

Inspection

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

13. Information to be relied upon

We will rely on information provided to us by you or a third party and will assume it to be correct. This information will be relied upon by us in the Valuation, subject only to any verification that we have agreed to undertake.

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

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

14. Report format

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

15. Fees and expenses

Payment details

Our fee for undertaking this instruction will be Saudi Riyals (SAR) 80,000 (Eighty Thousand) excluding VAT for each re-valuation, and reasonable disbursements divided into two payment, set out below.

June 2022 revaluation:

Advance Payment	Saudi Riyals (SAR) 40,000.00 (50%)
Final payment	Saudi Riyals (SAR) 40,000.00 (50%)

December 2022 revaluation:

Advance Payment	Saudi Riyals (SAR) 40,000.00 (50%)
Final payment	Saudi Riyals (SAR) 40,000.00 (50%)

Our timeframe for completion of draft reports shall be by 15 working days from receipt of the initial invoice payment and receipt of all information contained within Appendix 4. Where any additional work is undertaken by Knight Frank Spain Saudi Arabia Real Estate Valuations Company or the time period of the assignment is extended due to reasons outside our control, we reserve the right to seek additional fees charged on an as-incurred basis in agreement with the client.

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

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

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

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

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

16. Acceptance

Please sign and return a copy of this Letter signifying your acceptance of the terms of the Agreement. We reserve the right to withhold any Valuation and/or refrain from discussing it with you until this Letter has been

countersigned and returned. Your attention is drawn to the "Important Notice" in the General Terms. If you have any questions regarding this Letter and/or the terms of the Agreement between us please let us know before signing this Letter or otherwise giving us instructions to proceed.

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

Our Ref: SNB Capital

5

Yours faithfully

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

Attached - General Terms of Business for Valuation Services

....

Signed for and on behalf of AlAhli REIT Fund (1) Date

KF Ref: SNB Capital

Our Ref: SNB Capital 6

Appendix 2 Title Deed

بسم الله الرحمن الرحيم

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

٣٢٠٢١٢٠٢٤٠١٨

الرقم : ٣٢٠٢١٢٠٢٤٠١٨

التاريخ : ٣ / ١٢ / ١٤٤٠ هـ

صك

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

فإن قطعة الارض المرموز لها بحرف (ب)الواقع فى حى السلامة بمدينة جدة .

وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ١٢م بطول: (٤,٢٤) يبدأ من الجنوب الشرقى للشمال الغربى بطول ٤,٢٤م ثم غربا ٧١م ثم شطفة جنوب غرب بطول ٤,٢٤م

جنوباً: شارع عرض ١٢م بطول: (٤,٢٤) يبدأ بشطفة من الشمال الشرقى للجنوب الغربى بطول أربعة متر و أربعة و عشرون سنتمتر ثم غربا بطول ٧١م ثم شطفة شمال غرب ٤,٢٤م

شرقاً: طريق المدينة بعرض ٥٧م بطول: (٩٤) أربعة و تسعون متر

غرباً: شارع عرض ١٢م بطول: (٩٤) أربعة و تسعون متر

ومساحتها :(٧٦٨٢) سبعةآلآف و ستمائة و إثنين و ثمانون متر مربعاً فقط وبناءا على قرار دائرة التنفيذ الأولى بجدة رقم ٣٨٣٦٦٠٩٩فى ٢٤/٥/١٤٣٨

والمستند فى افراغها على الصك الصادر من هذه الإدارة برقم ٥٢٠٢١٢٠٢٣٩٦٨ في ٢٩ / ١١/ ١٤٤٠ هـ

قد انتقلت ملكيتها لـ: شركة صندوق تمكين العقارية بموجب سجل تجاري رقم ١٠١٠٩٢٨٨٩٠ وتنتهي في ٢٤ / ٣/ ١٤٤٢ هـ .،

بثمن وقدره ٢٥٥٠٠٠٠٠٠ مئتين و خمسة و خمسون مليون ريال وعليه جرى التصديق تحريراً في ٣ / ١٢/ ١٤٤٠ هـ لاعتماده ،

وصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل

بدر بن طايل بن بريك السلمي

وزارة العدل
كتابة العدل الأولى بمحافظة جدة
كاتب العدل بمكتب رقم (١٢)

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

مصلحة مطابع الحكومة - ٣٨٣٠٣٢ (هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تغليفه) نموذج رقم ١١-٠٢-٠١

Appendix 3 Building Permit

الإدارة المركزية لرخص البناء

رخصة بناء مفعلة

٢٠٠٠١٨٢٢٤

الرقم التسلسلي (٤١٧٩)

أمانة محافظة جدة

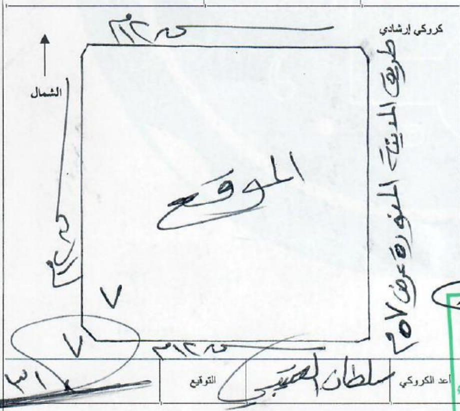
تجديد رخصة

رقم رخصة البناء	٢٧٩٨				تاريخها	١٤٣١/٠٧/٠٢	
رخصة بناء :	اداري تجاري				صالحة إلى	١٤٣٤/٠٧/٠٢	
اسم المالك :	احمد محمد عمر بامعروف						
نوع هوية :	حفيظة نفوس	رقمها	١٠٠٠٤٨٨٣١٠	تاريخها	١٣٧٨/٠٥/٢٥	مصدرها	جده
صك ملكية رقم :	٢٢٧٦			تاريخ	١٤١٣/٠٥/١٥	مصدر	جدة
رقم المبنى :		شارع		حي	السلامة		
رقم القطعة :	٠			رقم المخطط			

قد رخص للمالك ببناء عدد ١٥ دور بموجب الحدود والأبعاد والارتدادات والبروزات

المحتويات	سكن	تجاري	مواقف سيارات	وحدات أخرى	مساحة الدور
البدروم	٠	٠	٧٦٨٢	٠	٠
طابق خدمة	٠	٠	٦٥٥٨,١	٠	٠
الطابق الأرضي	٠	٤٤٨٦,٥	٠	٠	٤٤٨٦,٥
طابق الميزانيين					
الطابق الأول	٠	٢١٩٢,٥	٠	٠	٢١٩٢,٥
الطابق الثاني	٠	٣٤٨٤	٠	٠	٣٤٨٤
الطابق الثالث	٠	٢٧٠٣	٠	٠	٢٧٠٣
الطابق المتكرر	٠	٢٥٣٨٥,٦٩	٠	٠	٢٥٣٨٥,٦٩

كروكي إرشادي



أعد الكروكي سلطان الحصيني التوقيع

إجمالي طول الأسوار (م – ط)		
رقم رخصة المكتب الهندسي	مكتب المهندس مروان بدر الدين عاشور	
الرسوم	رقم الإيصال	تاريخ الإيصال
٤٣،٥٠٣,٦٠	٣١٠١١٣٧٩١٧	١٤٣١/٠٦/٢٢

* تم إحضار العقود المطلوبة حسب النظام

عدد الوحدات السكنية : ١.١.٦

رئيس القسم	التوقيع
م/تيسير محمد السكني	
مدير الإدارة المركزية لرخص البناء	التوقيع
م/ عبد الرزاق عبد الرحمن شيخ عمر	١٤٣١/٧/٧
الختم	أمانة محافظة جدة الإدارة العامة لرخص واشتراطات البناء إدارة المشاريع الخدمية والتجارية
رمز التشغيل	

يجب على صاحب الرخصة إلقاء مخلفات البناء/الهدم/الترميم في المردم المعتمد من الأمانة باستخدام البطاقات الممغنطة الممنوحة له عند إصدار الرخصة.

وأن أمانة محافظة جدة في حال تقاعس صاحب الرخصة في توريد الدمارات المقررة ستطبق الجزاءات والعقوبات اللازمة لضمان إزالة المخلفات.

002-01-F09; V 3.0

جدة أمانة.. خلنؤد الأمانة

Appendix 4 Cash Flow

Cash Flow Report

Salamah Jeddah Head Lease - Semi Annual discounting (Amounts in SAR)

Jun, 2022 through May, 2033

02/07/2022 17:41:15

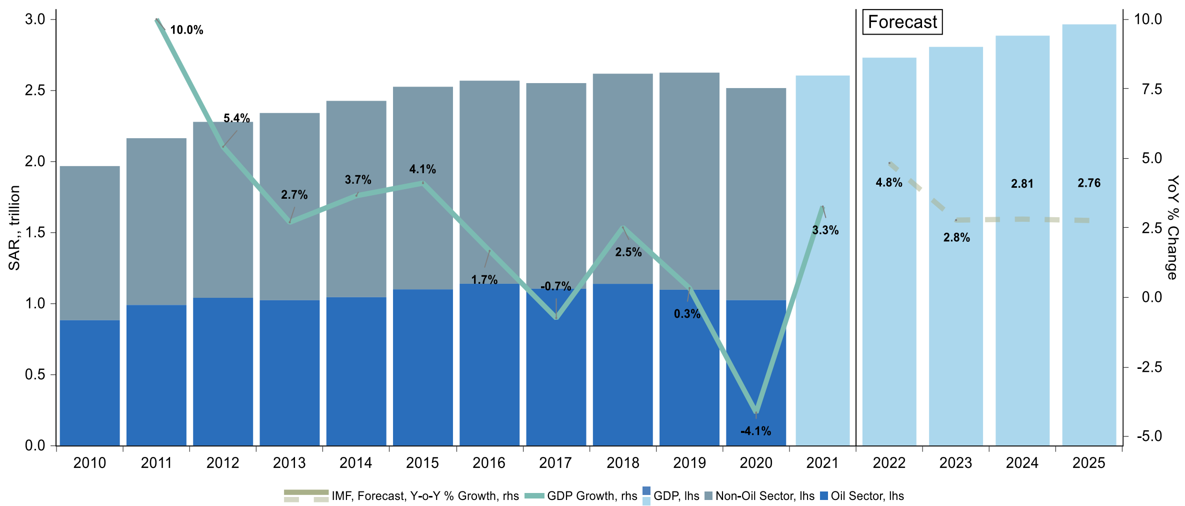
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	
For the Years Ending	May-2023	May-2024	May-2025	May-2026	May-2027	May-2028	May-2029	May-2030	May-2031	May-2032	May-2033	Total
Rental Revenue												
Headline Rent	48,816,247	49,330,572	30,124,361	27,290,287	27,836,093	28,392,815	28,960,671	29,539,884	30,130,682	30,733,296	31,347,962	362,502,868
Void Loss	-25,716,247	-26,230,572	-4,764,622	0	0	0	0	0	0	0	0	-56,711,440
Passing Rent	23,100,000	23,100,000	25,359,739	27,290,287	27,836,093	28,392,815	28,960,671	29,539,884	30,130,682	30,733,296	31,347,962	305,791,427
Total Rental Revenue	23,100,000	23,100,000	25,359,739	27,290,287	27,836,093	28,392,815	28,960,671	29,539,884	30,130,682	30,733,296	31,347,962	305,791,427
Total Tenant Revenue	23,100,000	23,100,000	25,359,739	27,290,287	27,836,093	28,392,815	28,960,671	29,539,884	30,130,682	30,733,296	31,347,962	305,791,427
Potential Gross Revenue	23,100,000	23,100,000	25,359,739	27,290,287	27,836,093	28,392,815	28,960,671	29,539,884	30,130,682	30,733,296	31,347,962	305,791,427
Vacancy & Credit Loss												
Vacancy Allowance	0	0	-2,282,377	-3,233,732	-3,328,711	-3,395,285	-3,463,191	-3,532,454	-3,603,104	-3,675,166	-3,748,669	-30,262,688
Total Vacancy & Credit Loss	0	0	-2,282,377	-3,233,732	-3,328,711	-3,395,285	-3,463,191	-3,532,454	-3,603,104	-3,675,166	-3,748,669	-30,262,688
Effective Gross Revenue	23,100,000	23,100,000	23,077,362	24,056,555	24,507,382	24,997,530	25,497,480	26,007,430	26,527,578	27,058,130	27,599,293	275,528,739
Revenue Costs												
Property Management	0	0	251,492	272,695	278,302	283,868	289,546	295,337	301,243	307,268	313,414	2,593,164
Sinking Fund	231,000	231,000	249,588	269,478	277,393	282,940	288,599	294,371	300,259	306,264	312,389	3,043,281
Op Ex	0	0	2,771,932	2,850,281	2,907,286	2,965,432	3,024,741	3,085,236	3,146,940	3,209,879	3,274,077	27,235,804
Insurance	156,135	159,258	162,443	165,692	169,006	172,386	175,833	179,350	182,937	186,596	190,328	1,899,962
Total Revenue Costs	387,135	390,258	3,435,455	3,558,145	3,631,987	3,704,626	3,778,719	3,854,293	3,931,379	4,010,007	4,090,207	34,772,211
Net Operating Income	22,712,865	22,709,742	19,641,908	20,498,409	20,875,395	21,292,903	21,718,761	22,153,136	22,596,199	23,048,123	23,509,086	240,756,528
Cash Flow Before Debt Service	22,712,865	22,709,742	19,641,908	20,498,409	20,875,395	21,292,903	21,718,761	22,153,136	22,596,199	23,048,123	23,509,086	240,756,528
Cash Flow Available for Distribution	22,712,865	22,709,742	19,641,908	20,498,409	20,875,395	21,292,903	21,718,761	22,153,136	22,596,199	23,048,123	23,509,086	240,756,528

Appendix 5 Market Research Report

Saudi Arabia GDP Growth, 2011 - 2023

- After a year of contraction due to the pandemic, Saudi Arabia's economy resumed growth in 2021. According to preliminary full-year data from the General Authority for Statistics (GaStat), Saudi Arabia's real GDP grew by 3.3% in 2021, compared to a 4.2% drop in 2020, when the pandemic slowed down most economic activities.
- Saudi Arabia’s real GDP increased by 6.8% year-on-year in the fourth quarter, owing to strong growth in non-oil activities which registered a growth of 6.6% over the same period.
- Looking ahead, the rise in oil prices appears to be supporting an increase in government oil-related revenue, which underpins Saudi Arabia's 4.8% GDP growth forecast for 2022, the highest in the region.

Saudi Arabia GDP, YoY % change



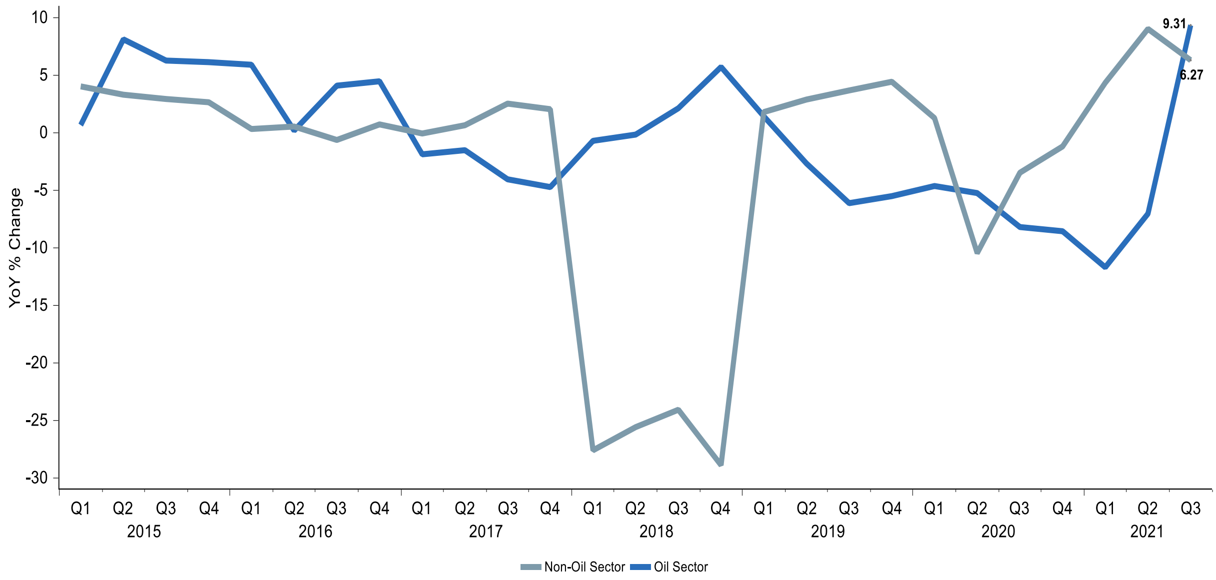
Source: Knight Frank Research, Macrobond

Saudi Arabia Oil & Non-Oil GDP and GDP Growth

- Even with this rate of economic growth, Saudi Arabia will remain below the average growth rate of c. 5% which was recorded between 2011 and 2015.
- While due to concerns around the new variants of COVID-19, there are material downside risks that may still impact economic activity in Saudi Arabia, most are unlikely to come to fruition and few are exogenous in nature.

According to quarterly figures issued by the General Department of Statistics, Saudi Arabia's GDP climbed 7% year-on-year in Q3 2021, This expansion was mostly fuelled by the oil sector, which climbed by 9.3% year-on-year, while the non-oil sector expanded by 6.2% over the same period.

Saudi Arabia Oil & Non-Oil GDP Growth

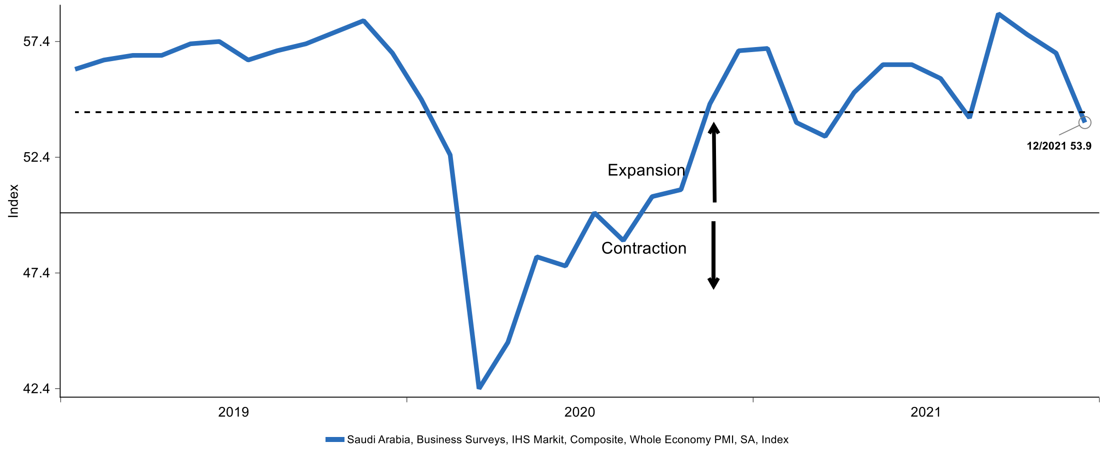


Source: Knight Frank Research, Macrobond

Saudi Arabia, Purchasing Manager Index (PMI)

- The non-oil private sectors are at the centre of Saudi Arabia's Vision 2030, and the reforms launched to bolster these sectors are already being felt widely across the economy. Indeed, Saudi Arabia's Purchasing Manager Index (PMI), which tracks the country's private non-oil economy, registered a reading of 53.9% in December 2021, representing the 16th month of expansion and business growth.
- However, Saudi Arabia's PMI fell on a monthly basis to 53.9 in December 2021 from 56.9 in November, the lowest figure since March. A trend underpinned by a decline in business activity amid concerns about the spread of the new Omicron strain that has impacted customer spending.

Saudi Arabia PMI

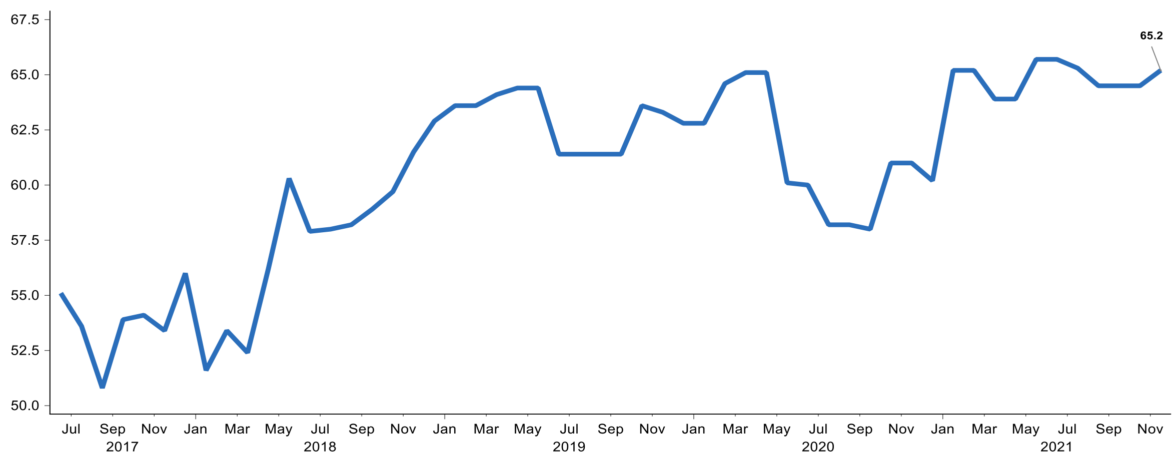


Source: Knight Frank Research, Macrobond

Saudi Arabia Primary Consumer Sentiment Index by Thomson Reuters / IPSOS

- Saudi Arabia's Primary Consumer Sentiment Index (PCSI) is a national survey of consumer attitudes toward the current and future state of the local economy, personal financial situation, as well as confidence in making large investments and ability to save.
- The latest reading in November 2021 of the Primary Consumer Sentiment Index (PCSI) in Saudi Arabia, released by IPSOS, reveals a stagnant performance from the previous month, leaving it at 65.2.
- Saudi Arabia came in first, ahead of China, in terms of the present status of its economy, with 56% believing it is robust. The Kingdom also ranks second internationally, with consumers (86%) saying the country is on the right track, a 4% decrease since October 2021.

PCSI, by Thomson Reuters / IPSOS

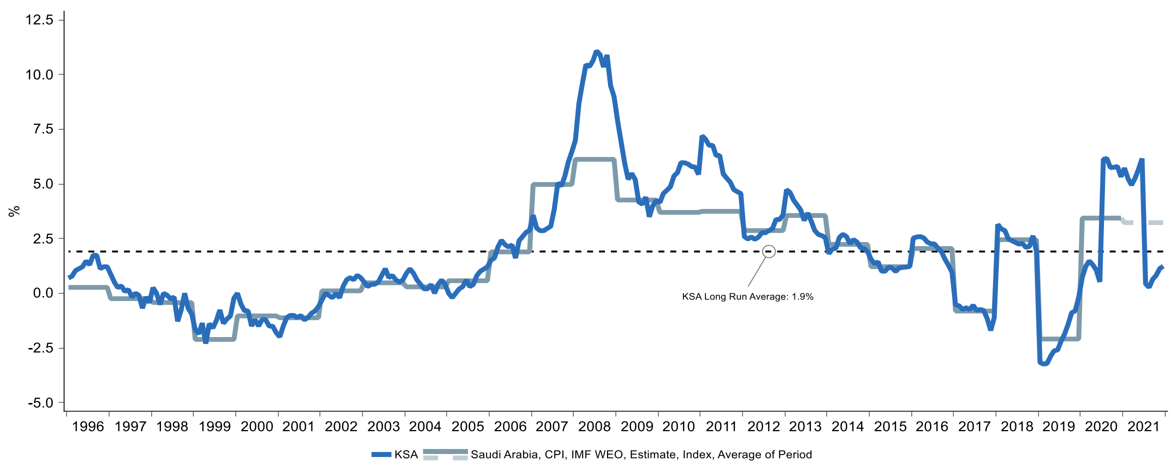


Source: Knight Frank Research, Macrobond

Saudi Arabia Consumer Price Index, YoY Change %

- The Consumer Price Index (CPI) increased by 1.24% in December 2021, compared to December 2020, higher than November 2021 (1.1%). The increase in the CPI was mostly due to higher prices for transportation (7.2%) and food and beverages (1.1%).
- Transport prices climbed by 7.2%, mostly owing to increasing fuel prices, which increased by 50%. Because of their significant relative importance in the Saudi consumer basket (13.0%), transportation expenses were the major driver of the inflation rate in December 2021. Food and beverage costs climbed by 1.1%, owing mostly due to rise in vegetable prices (6.3%).

CPI, YoY % Change

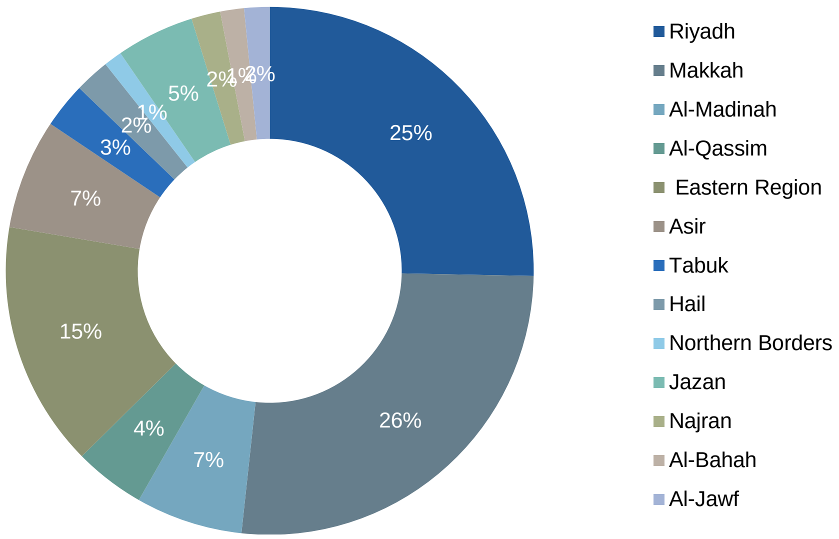


Source: Knight Frank Research, Macrobond

Saudi Arabia Population Segmentation by Province - 2019

- Saudi Arabia accounts for more than half of the GCC's total population and has a larger population than any other GCC country. According to official statistics, the population count was registered at 35 million in 2020.
- The population segmentation by regions for 2019 shows that nearly 65% of the population of the Kingdom is concentrated in three provinces, namely Makkah Al Mokarramah, Riyadh, and the Eastern Province, which account for 26%, 25% and 15% of the country’s population respectively. Beyond the year 2019, the breakdown of the KSA population by region is not available.

Saudi Arabia Population Segmentation by Province - 2019

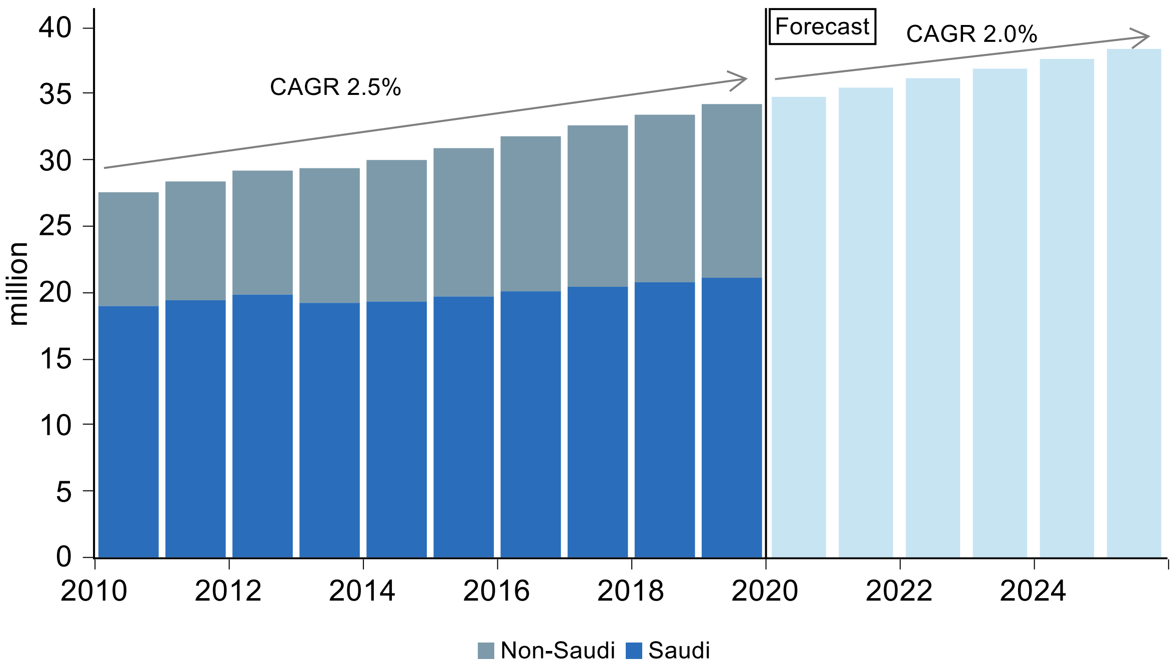


Source: Knight Frank Research, GASTAT

Saudi Arabia Population Forecasts

- According to official statistics, the population of Saudi Arabia is estimated to have reached 35.4 million in 2021. The Saudi/Non-Saudi breakdown of the population for 2020 stands at 21.6 million/13.4 million according to the same source.
- Based on the IMF forecasts, the population of Saudi Arabia is expected to grow at a constant 2% annual growth rate from 2020 onwards, reaching 38.3 million in 2025. A large and growing population, albeit at a slower pace than previous years, will continue to drive demand for goods and services in the short to medium term.
- Saudi Arabia's population is dominated by Saudi nationals, accounting for 62% of the population. This implies that aggregate demand for products and services does not primarily stem from the expatriate workforce.

Saudi Arabia Population Evolution

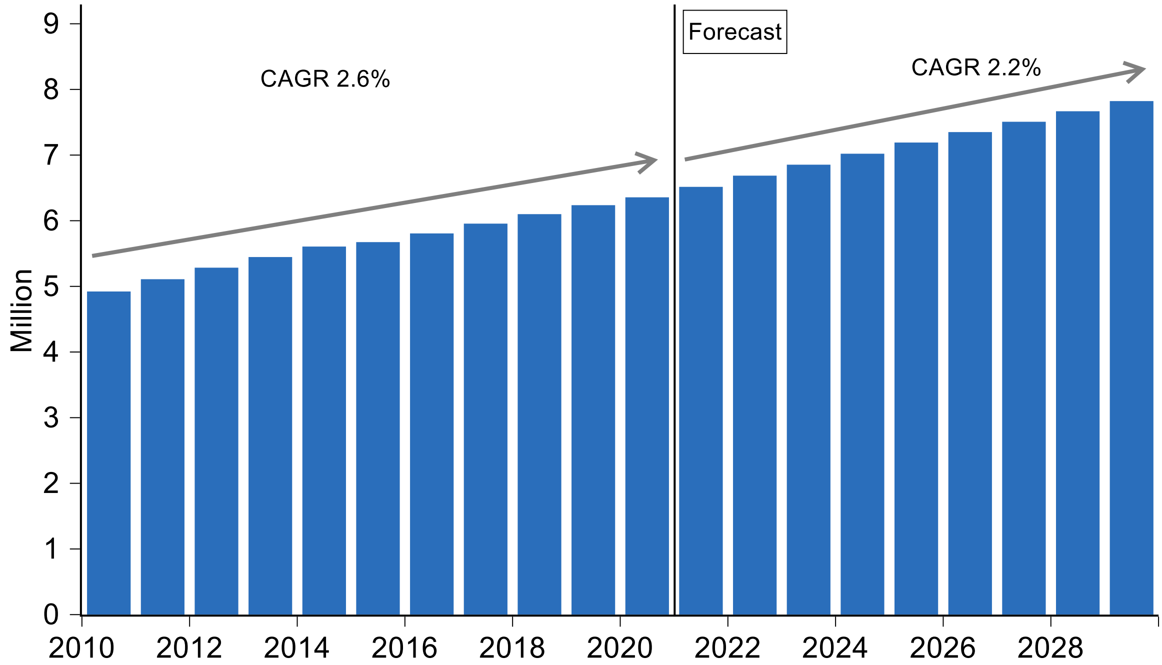


Source: Knight Frank Research, IMF

Total Number of Households

- Total number of households in Saudi Arabia is estimated at roughly 6.5 million in 2021, according to Oxford Economics. The yearly average growth in the number of households is set to slow to 2.2% per annum between 2021 and 2030, according to Oxford Economics, down from 2.6% between 2010 and 2021.
- The average household size in Saudi Arabia stood at 5.51 individuals in 2021, according to Oxford Economics. While the average household size for Saudi households stands at just over 6.0, the average household size for non-Saudis is closer to 4 individuals. The overall average household size is set to slightly decrease over the next years reaching 5.46 in 2030.
- Regarding the local population, it was not unusual historically for generations of the same family to be living in a sizeable family home. The younger generation now exhibits a desire to move away from multi-generational household structure. Over the next decades, falling household sizes will underpin demand for higher density development which provides smaller and more efficient units.

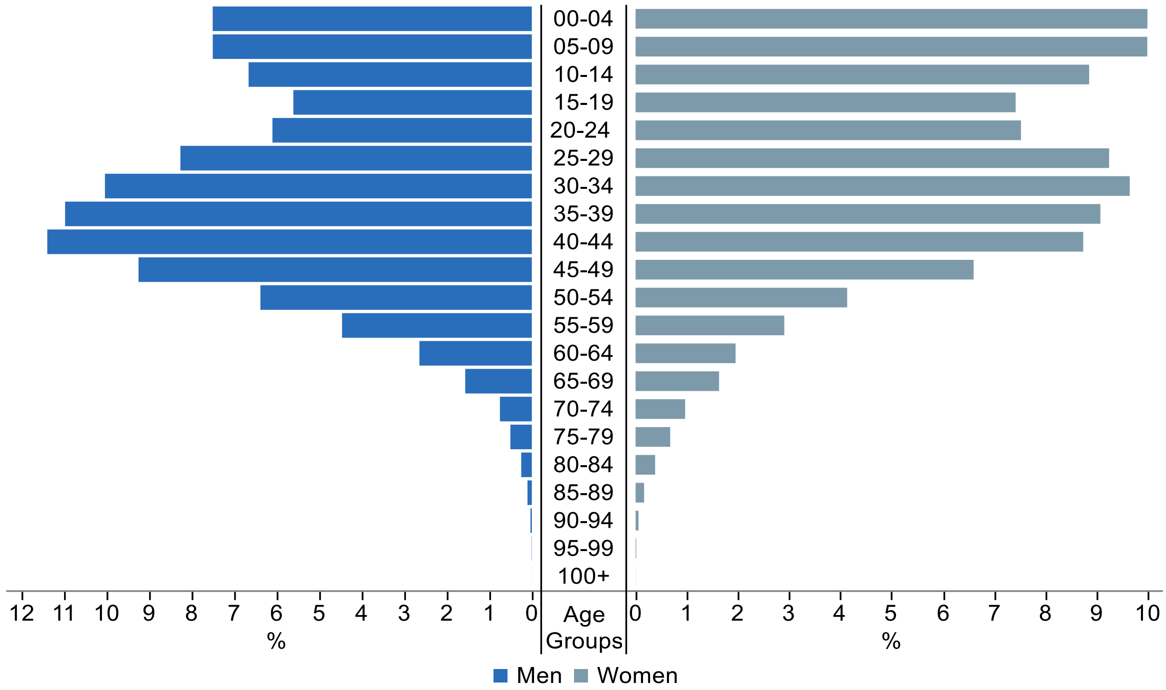
Number of Households



Source: Knight Frank Research/ Macrobond, Oxford Economics

Population by Age, Nationality, and Gender

- The population pyramid of Saudi Arabia that depicts the age structure of the Saudi population based on the preliminary 2021 data, highlights the fact that approximately 37.6% of the population were aged between 0 and 24 years, about 58.8% were aged between 25 and 64 years and 3.6% were aged above 65 years.
- It is expected that population dynamics are expected to shift in Saudi Arabia over the next decades, which will entail a significant increase in the population over 40. The over 60s age cohorts are expected to increase by 3 times between 2021 and 2035. Despite these changing demographic profile, Saudi Arabia will remain amongst the youngest countries in the GCC in 2030.

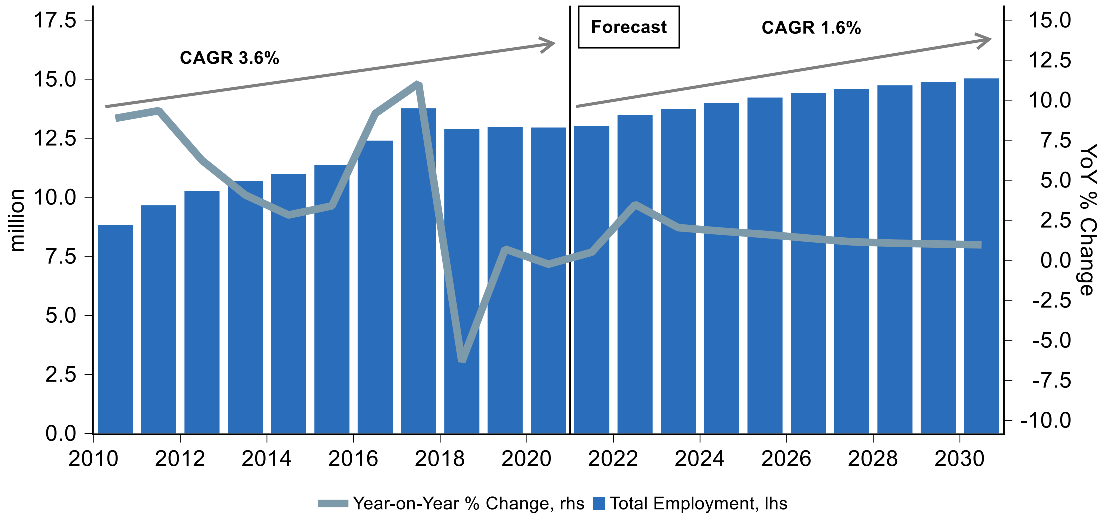


Source: Knight Frank Research, Macrobond

Total Employment - KSA

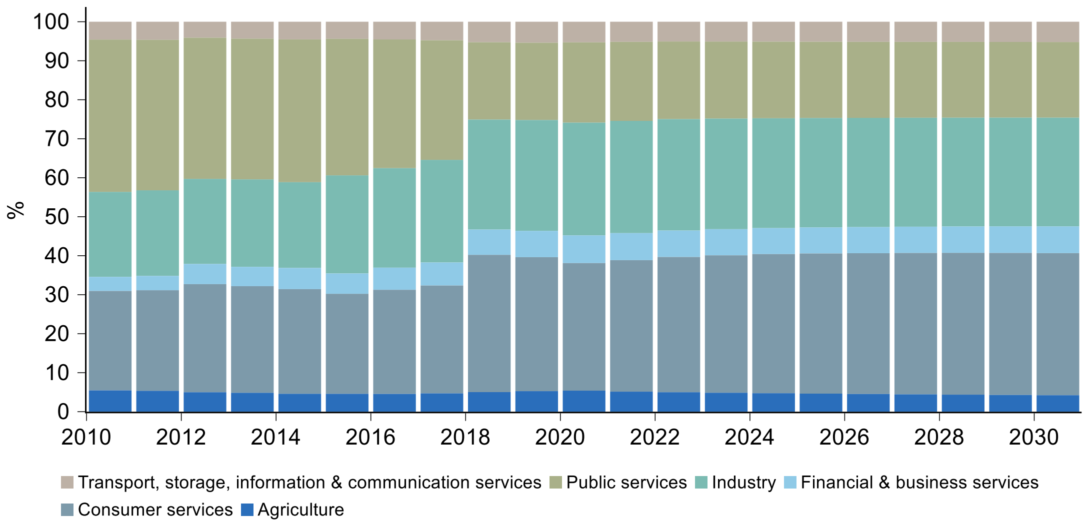
- Saudi Arabia's total workforce was estimated at 13-Million employees in 2021, down from 13.8-Million employees in 2017. The decrease is mostly as a result of the departure c. 750,000 expatriates from the workforce during this period.
- This outflow of expatriates from the workforce was triggered by a challenging macroeconomic environment, the introduction of levies on expats in the form of fees on dependents (set to increase every year on an incremental basis until 2020), and the implementation of a plan restricting employment in certain sectors to Saudi Nationals in order to promote and increase Saudization.
- Saudi Arabia's employment CAGR is set to slow to 1.6% per annum between 2021 and 2030, according to Oxford Economics, down from a CARG of 3.6% between 2010 and 2021.

KSA, Employment



Breakdown of Employment by Economic Sector – KSA

- Currently, the consumer services, industrial sectors and public services are the largest employment sectors in Saudi Arabia, accounting for 33.7%, 28.8% and 20.3% of total employment in 2021, respectively. This is expected to remain roughly unchanged over the coming ten years.

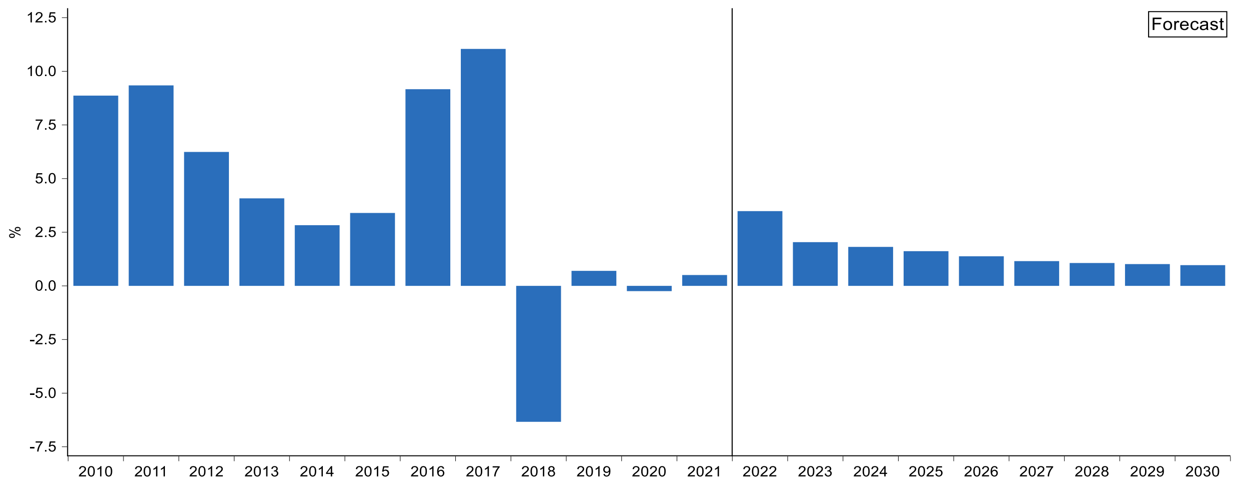


Source: Knight Frank Research, Macrobond

Employment YoY Change%

- Employment growth in Saudi Arabia is set to decelerate to 1.6% per annum between 2021 and 2030 down from 3.6% between 2010 and 2021 according to Oxford Economics estimates.
- Total employment declined by -6.34% in 2018 due to outflows of expatriates from the workforce. However, this trend has reversed in 2019 where total employment increased marginally by 1.31%.
- The exodus of expat workers from Saudi Arabia in 2020, due to the economic fallout from COVID-19 and the oil price shock, has accelerated a shift in the labour market, resulting in a 0.2% decline in employment growth in 2020. However, this trend has reversed again in 2021 where total employment increased marginally by 0.5%.
- Looking forward, employment growth is expected to remain supported by the various initiatives aimed at boosting youth, women and Saudi nationals' participation in the workforce. In the short to medium term, this will be balanced by rising pressures on the expat labour market resulting from the impact of government fees and Saudization plans on non-Saudi employment figure.

Employment, YoY % Change

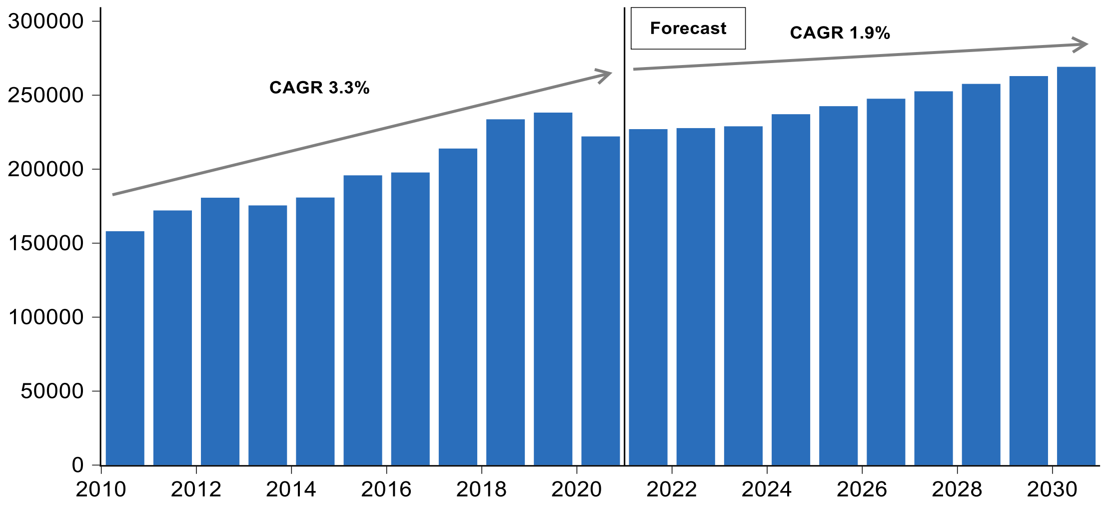


Source: Oxford Economics, Macrobond

KSA average household disposable Income in SAR

- Household income is a key determinant of affordability and consumer spending patterns.
- Average household personal disposable income in Saudi Arabia stood at c. SAR 227,000 in 2021. Between 2010 and 2021, the average household personal disposable income increased at a CAGR of 3.3%. It is expected that this growth momentum will slowdown to 1.9% between 2021 and 2030, as highlighted in the adjacent graph.

Household Disposable Income

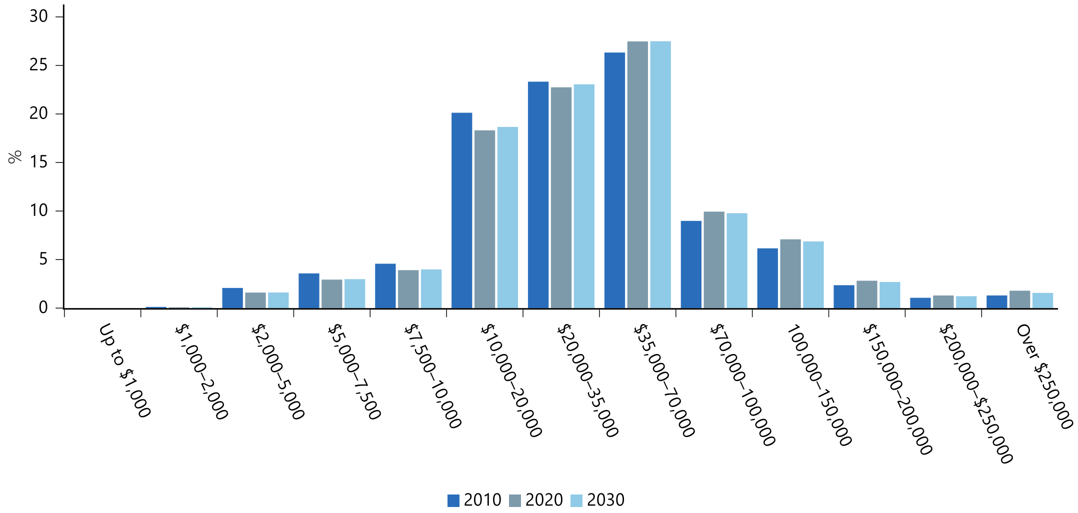


Source: Oxford Economics, Macrobond

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

- The number of households in Saudi Arabia currently (2021) stands at approximately 6.5 million and is expected to grow to 8 million by 2030.
- In 2021, 49.6% of households in KSA were within income bands above USD 35,000 and this share is expected to marginally decrease going forward, reaching 49.4% in 2030.
- 50.6% of households had incomes less than USD 35,000, and this share is likely to stay largely stable over the next decade.

Household, By Income Band



Source: Oxford Economics, Macrobond

Valuation Report.

Qbic Building, Al Ghadeer District, Riyadh, KSA

Prepared for SNB Capital
Valuation date: 30 June 2022

Important Notice to all readers of this report

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

Locally expert, globally connected.

SNB Capital
Riyadh, Kingdom of Saudi Arabia

For the attention of Danial Mahfooz, CFA
Email: d.mahfooz@alahlicapital.com
Tel: +966 12 690 7817/ M: +966 54 475 2329

Our ref: KFV377-2022

Date of issue: 27 July 2022

Dear Sirs

Valuation Report – Qbic Building, Al Ghadeer District, Riyadh, KSA

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

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

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

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

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

Contents

Appendices

Executive summary

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

Address

Qbic Building, King Abdulaziz Road, Al Ghadeer District, Riyadh, KSA

Location

The property is located just 170 meters north of the junction of King Abdulaziz Road with the Northern Ring Branch Road in Al Ghadeer District in Riyadh. More specifically, it is situated just across from Tala Mall and it is bounded by King Abdulaziz Road from the east, by Tanmar Road to the north, by Wadi Rikham Road to the west and Tanduf Road to the south. The King Abdullah Financial District (KAFD) is just 2 km to the west and the King Khalid International Airport is 20 km north.
The wider area is mainly residential comprising local villas and apartment buildings while commercial uses prevail on King Abdulaziz Road and Northern Ring Branch Road.

Description

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

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

Areas

The built up area (BUA) and the net leasable area (NLA) of the property are 42,145 sq m and 21,253 sq m, respectively, on a land plot of 17,444.21 square meters.

Level	Built Up Area (sq m)
Basement Parking	18,744
Ground Floor	7,560
Mezzanine Floor	1,584
First Floor	8,412
Roof Floor	5,678
Standalone Building	168
Total	**42,145**

Tenure	Freehold
Tenancies	The property is leased in its entirety to the Ministry of Housing for a term of 3 years from 25 February 2020 for a rent of SAR 21,613,000 per annum with no escalations.
Planning	We have been provided with a Building Permit for the property which indicates that the property has approval to accommodate restaurants, showrooms and offices.
Valuation considerations	• The main benefits the subject property has are the fact it is newly constructed, and thus should not require substantial repairs and maintenance for a few years, and the fact that it is leased to the Ministry of Housing, which is a blue chip covenant and very low credit risk. • The fact that the Ministry are spending substantial capital on fitting out the space suggests there will be a high probability of the initial 3 year term being extended for a further 3 years (6 years total) and thus we believe this is reasonable to reflect in our valuation analysis under the special assumption scenario. • The blend of retail and commercial office space in this type of development does not typically attract true blue chip covenants, as tenants such as large financial companies, banks, lawyers, and corporates typically are bound by a corporate identity and must take space in a prescribed central office tower. Therefore, we could expect to see second tier international occupiers, local companies looking for a good profile and able to pay a strong rent. • The property is well located, well designed and the format has proved popular with tenants, retailers, and customers. • We consider that the head lease underwritten by the Government entity provides security of income in difficult trading conditions. We have adopted an exit yield of 8.00% for the property. • We have assessed the market value of the property using a discounted cash flow approach, where we have reflected the contracted triple net rent for the initial lease term with a renewal of further 3 years, then modelled our assumption of the Market Rent of the property assuming the Ministry vacate and the property is then available to lease with vacant possession. • In this scenario, we have assumed a phased lease up period of 18 months on market terms and have allowed for 5% annual structural vacancy. We have also allowed for deduction of operating expenses. Our Estimated Rental Value is SAR 30,247,626 per annum. • We have assumed 2.00% annual inflation in our cash flows and adopted an 8.00% exit yield and 10.00% discount rate. • There is no historical evidence regarding service charges / costs for FM per annum, therefore we have reflected an OPEX provision of SAR 200 per sq m of net leasable area in our valuation analysis upon expiry of the head lease to the Ministry of Housing.

	• Should the head lease of the building not be renewed, this valuation might be impacted due to allowing for void periods and structural vacancy.
Valuation date	30 June 2022
Market Rent	SAR 30,247,626 per annum.
Special Assumption	The property is currently leased to the Ministry of Housing for a term of 3 years. We have also made a Special Assumption that this lease is renewed for a similar term.
Market Value on Special Assumption	We are of the opinion that the Market Value of the freehold interest in the property, on the special assumption that the head lease is renewed for an additional 3-years at a rent of SAR 20,532,350 to the Ministry of Housing, at the valuation date, is: **SAR 266,800,000** **(Two Hundred and Sixty Six Million, Eight Hundred Thousand Saudi Arabian Riyals)**

1. Terms of engagement

Engagement of Knight Frank Spain Saudi Arabia Real Estate Valuations Company

1.1 This valuation report (the "Valuation") has been prepared in accordance with our Terms of Engagement letter date and our General Terms of Business for Valuation Services (together the "Agreement"). A copy of this document is attached at Appendix 1 (along with your original instruction for reference purposes).

Client

1.2 We have been instructed to prepare the Valuation by SNB Capital (the "Client"), as manager on behalf of Al-Ahli REIT Fund, a real estate investment traded fund in the Saudi Stock Exchange (Tadawul).

Valuation standards

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

Independence and expertise

Disclosure of any conflicts of interest

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

Valuer and expertise

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

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

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

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

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

Use of this Valuation

Purpose of valuation

1.10 The client has confirmed that this valuation report is required for REIT reporting to the Saudi Capital Market Authority (CMA) for the semi-annual reporting of the market value (MV) in accordance with Taqeem regulations (the "Purpose"). This valuation has been prepared solely for the aforementioned purpose and may not be used for any other purpose without our express written consent.

Reliance

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

Disclosure & publication

1.12 The Valuation has been prepared for the Client and in accordance with the Agreement which governs its purpose and use. As stated in the Agreement, this Valuation is confidential and must not be disclosed to any person other than the Client without our express written consent. Nor may the whole nor any part of this valuation nor any reference thereto may be included in any prospectus, listing particulars, published document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.

Limitations on liability

1.13 Knight Frank Spain Saudi Arabia Real Estate Valuation Company's total liability for any direct loss or damage (whether caused by negligence or breach of contract or otherwise) arising out of or in connection with this Valuation is limited the amount specified in our Terms of Engagement, a copy of which is attached. Knight Frank Spain Saudi Arabia Real Estate Valuation Company accepts no liability for any indirect or consequential loss or for loss of profits.

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

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

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

Scope of work

1.17 In this report we have been provided with the following information by you, your advisors or other third parties and we have relied upon this information as being materially correct in all aspects.

1.18 In particular, we detail the following:

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

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

2. The Property

2.1 The property we have valued, including the inspection details, is as follows:

Property address	Inspected by	Inspection date
Qbic Building, King Abdulaziz Road, Al Ghadeer District, Riyadh, KSA	Raoudah Albakri	23 June 2022

Location

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

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

Source: Google Earth / Knight Frank Research

Site

Site area

2.4 The property occupies a flat and rectangular site of approximately 17,444.21 sq m (areas taken from client).

Site plan

2.5 The property is identified on the Google Earth map below, showing our understanding of the boundary outlined in red as per the building permit attached in appendix 2.

Source: Google Earth / Knight Frank Research

Description

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

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

2.8 A selection of photos taken during our inspection is provided below:

Accommodation

Measurement

2.9 As agreed with the client, we have relied upon floor areas provided to us by them. No further verification has been undertaken. This is as follows:

Floor areas

Table 1: Built Up Area (BUA)

Description	BUA (sq m)
Basement Parking	18,744
Ground Floor	7,560
Mezzanine Floor	1,584
First Floor	8,412
Roof Floor	5,678
Standalone Building	168
Total	**42,145**

Table 2: Net Leasable Area (NLA)

QBIC Strip Mall - Floor Areas				
Shop No	**Floor**	**Type**	**Building**	**Area (sq m)**
Restaurant 001	Ground	Restaurant	C	448
Terrace (Restaurant 001)	Ground	Restaurant	C	528
Restaurant 002	Ground	Restaurant	C	146
Restaurant 003	Ground	Restaurant	C	223
Restaurant 004	Ground	Restaurant	C	66
Restaurant 005	Ground	Restaurant	C	66
Restaurant 006	Ground	Restaurant	C	75
Restaurant 007	Ground	Restaurant	C	222
Restaurant 008	First	Restaurant	C	414
Terrace (Restaurant 008)	First	Rest Terrace	C	495
Restaurant 009	First	Restaurant	C	455
Terrace (Restaurant 009)	First	Rest Terrace	C	204
Restaurant 10	First	Restaurant	C	455
Terrace (Restaurant 10)	First	Rest Terrace	C	161
Shop No. 01	Ground	Shop	C	148
Shop No. 02	Ground	Shop	C	148
Shop No. 03	Ground	Shop	C	224
Showroom 001	Ground	Showroom	A	355
Mezzanine 001	Ground	SR, Mezzanine	A	146
Show Rm 002	Ground	Showroom	A	226
Mezzanine 002	Ground	SR, Mezzanine	A	116
Show Rm 003	Ground	Showroom	A	226
Mezzanine 003	Ground	SR, Mezzanine	A	116
Show Rm 004	Ground	Showroom	A	226
Mezzanine 004	Ground	SR, Mezzanine	A	116
Show Rm 005	Ground	Showroom	A	199
Mezzanine 005	Ground	SR, Mezzanine	A	100
Show Rm 006	Ground	Showroom	A	283
Mezzanine 006	Ground	SR, Mezzanine	A	173
Show Rm 007	Ground	Showroom	A	281
Mezzanine 007	Ground	SR, Mezzanine	A	173
Show Rm 008	Ground	Showroom	A	199
Mezzanine 008	Ground	SR, Mezzanine	A	100

Show Rm 009	Ground	Showroom	A	226
Mezzanine 009	Ground	SR, Mezzanine	A	116
Show Rm 10	Ground	Showroom	A	224
Mezzanine 10	Ground	SR, Mezzanine	A	116
Show Rm 11	Ground	Showroom	A	586
Mezzanine 11	Ground	SR, Mezzanine	A	310
Shop No. 04	Ground	Shop	B	148
Shop No. 05	Ground	Shop	B	148
Shop No. 06	Ground	Shop	B	224
Restaurant 13	Ground	Rest	B	449
Restaurant 14	Ground	Rest	B	146
Restaurant 15	Ground	Rest	B	184
Restaurant 16	Ground	Rest	B	184
Restaurant 17	Ground	Rest	B	146
Restaurant 18	Ground	Rest	B	75
Restaurant 19	Ground	Rest	B	222
Restaurant 20	First	Rest	B	510
Terrace (Restaurant 20)	First	Rest Terrace	B	504
Restaurant 21	First	Restaurant	B	550
Terrace (Restaurant 21)	First	Rest Terrace	B	202
Restaurant 22	First	Restaurant	B	498
Terrace (Restaurant 22)	First	Rest Terrace	B	156
Stand Alone (1)	Ground	Stand Alone	SA	196
Restaurant 11	Second	Restaurant	C	307
Terrace (Restaurant 11)	Second	Rest Terrace	C	342
Restaurant 12	Second	Restaurant	C	225
Terrace (Restaurant 12)	Second	Rest Terrace	C	297
Restaurant 23	Second	Restaurant	B	396
Terrace (Restaurant 23)	Second	Rest Terrace	B	411
Restaurant 24	Second	Restaurant	B	297
Terrace (Restaurant 24)	Second	Rest Terrace	B	354
Office 001	First	Office	A	182
Office 002	First	Office	A	182
Office 003	First	Office	A	236
Terrace (Office 003)	First	Office, Terrace	A	75
Office 004	First	Office	A	160
Terrace (Office 004)	First	Office, Terrace	A	75
Office 005	First	Office	A	179
Office 006	First	Office	A	196

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

Source: Client

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

2.11 Copies of floor plans provided are attached at Appendix 4 and for the sake of convenience we would list the accommodation as follows. There are three buildings – A, B and C – that are arranged in a U shape. Building A includes a ground floor, a mezzanine level, first and second floors. Building B and C include a ground floor, first and second floors. There is also a ground floor standalone building in the middle of the development.

Services

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

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

Legal title

Sources of Information

2.14 We have been provided by the client with a copy of the title deed of the property, details as shown below:

Table 3: Title deed

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

Source: Client

2.15 A copy of the title deed is attached in Appendix 3.

Tenure

2.16 As per information provided by the client, we understand that the property is held freehold by Abdulaziz Bin Abdullah Bin Abdulaziz Almousa & Abdulaziz Bin Hamad Bin Ibrahim Almesheal.

Covenants

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

Tenancies

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

Table 4: Lease agreement summary

Item	Description
Demise	Commercial building and two basement floors
Lease Date	25/02/2020 (1441/07/01 Hijri)
Tenant	Ministry of Housing
Term	3 years
Land Area (sq m)	17,444.21 sq m

Current Passing Rent	SAR 21,613,000 per annum
Rent Review	Fixed Rent
Use	Office

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

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

Condition

Scope of inspection

2.21 We have not undertaken a site survey of the property.

2.22 During our limited inspection we did not inspect any inaccessible areas. We are unable to confirm whether the property is free from urgent or significant defects or items of disrepair.

Comments

2.23 No urgent or significant defects or items of disrepair were noted which would be likely to give rise to substantial expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance programme. We have assumed that the building has been completed in accordance with its planning consent to a good standard.

2.24 During the course of our inspection, the buildings appeared to be in a generally reasonable state of repair commensurate with their age and use.

Ground conditions

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

Environmental considerations

Contamination

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

Planning

Sources of planning information

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

Table 5: Summary of Building Permit

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

Source: Client

Highways and access

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

Access

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

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

Statutory licences & certificates

2.31 We have assumed in our valuation that all regulations, statutory licences & certificates have been complied with.

Fire safety

2.32 We have not viewed any documents relating to the fire safety within the property and have assumed for the purposes of our valuation that the relevant legal requirements have been fully complied with.

3. Market analysis

Saudi Arabia market commentary

3.1 A copy of the KSA Macro Economic Overview, prepared by Knight Frank, is attached at Appendix 6.

Source of information

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

4. Valuation

Methodology

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

Comparative method

4.2 In undertaking our valuation of the property, we have made our assessment on the basis of a collation and analysis of appropriate comparable transactions, together with evidence of demand within the vicinity of the subject property. With the benefit of such transactions we have then applied these to the property, taking into account size, location, aspect and other material factors.

Investment Method

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

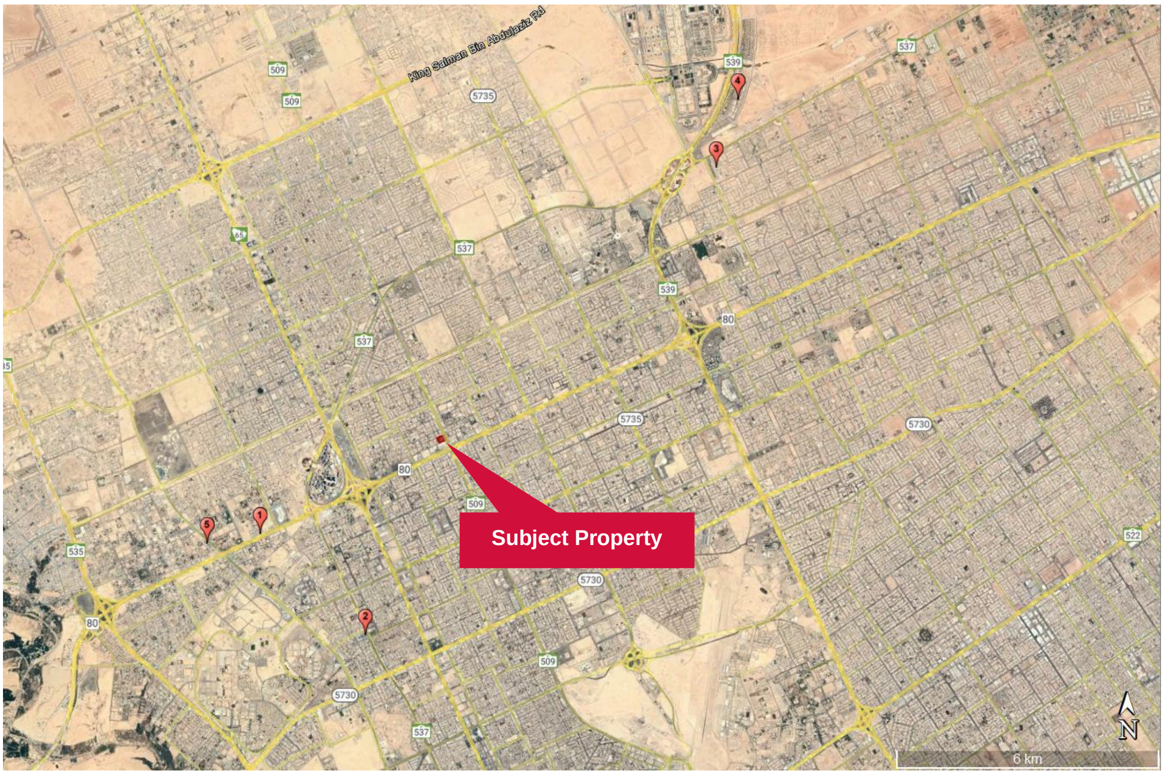
4.4 We have undertaken the valuation of the property via a discounted cash flow approach, whereby we reflect current and potential future revenues and operational costs explicitly. We have applied rental growth, occupancy assumptions, sinking fund provision and operating expenses in our cash flow.

Comparable Evidence – Benchmarking

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

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

4.7 We provide a summary of our comparable evidence in the map and corresponding table below.



Source: Google Earth / Knight Frank Research

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

Comparable Evidence

Ref.	Development Name	Opening	Service Charges	Occupancy%	Min (SAR per sq m)	Max (SAR per sq m)
1	Rubeen Plaza	Q4 2015	Inclusive	100%	1,500	2,800
2	The Zone	Q2 2019	15%	96%	2,500	3,000
3	Cordoba Boulevard	Q2 2019	10%	98%	1,500	3,000
4	Riyadh Front	Q3 2019	Inclusive	95%	1,200	3,000
5	The Boulevard	Q2 2017	Inclusive	95%	1,500	2,500

Source: Knight Frank Research

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

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

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

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

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

4.14 We have then adjusted each unit compared to the base unit rate of each category. We have applied a base rate of SAR 2,025 per sq m for the ground floor retail spaces, SAR 1,823 per sq m for the first floor retail (10% discount compared to the ground floor) and SAR 1,721 per sq m for the retail on the second floor (15% discount compared to the ground floor).

4.15 For the office component, Knight Frank has focused on properties that include non-high rise good quality office buildings. A summary of our comparable evidence for the office component is provided in the map and corresponding table below:

Source: Google Earth / Knight Frank Research

Comparable Evidence

Ref.	Development Name	Service Charges	Occupancy%	Rent SAR Per sq m
1	Raidah Digital City	15%	100%	1,500
2	Business Gate	10%	95%	1,700
3	Granada Business Park	10%	95%	1,600
4	Riyadh Business Front	10%	96%	1,650
5	The Boulevard	-	98%	1,300 – 1,500

Source: Knight Frank Research

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

4.17 Quoting rents at Raidah Digital City are SAR 1,500 per sq m per annum, and the space offered is prime grade A space. Raidah Digital City commands a premium to the property due to specification, being situated in an integrated masterplan, and that there is good provision for parking with exceptional security.

4.18 Business Gate is a low rise business park which tenanted mainly by mid to large sized businesses. Current asking rents at Business Gate are SAR 1,700 per sq m per annum. We consider that when comparing Business Gate to the property a discount for specification is applicable. Although the location of the property is a better, we consider that the overall adjustment would be negative due to grade of space, aspect, access, and that Qbic is not situated in a business park.

4.19 Granada Business Gate is a business park themed grade A office development, with headline rents standing at SAR 1,600 per sq m per annum. The development is situated beside Granada Mall and sits near the Eastern Ring Road. We consider that an premium for location would be applicable against the property, although a discount for facilities, specification, access, and grade of space is applicable.

4.20 Riyadh Business Front is situated along Airport Road, opposite Princess Noura University in a fairly undeveloped area. Riyadh Business Front benefits from great visibility and accessibility off Airport Road. The space offered is considered better than that offered in the property due to specification. Overall we consider that the property would lease at a discount to Riyadh Business Front.

4.21 At the lower end of the range is The Boulevard, with headline rents ranging at SAR 1,300 to SAR 1,500 per sq m per annum. The Boulevard sits on the west side of Prince Turki Ibn Abdulaziz Al Awwal Road and is known for its lifestyle retail offering. We consider that the office space would command a discount for location and accessibility.

4.22 Overall Knight Frank's research data shows that similar developments would lease at a discount to the benchmarks shown above due to specification, location, access, and positioning.

4.23 When forming our opinion of the base lease rates for the office space within the property, we have made the necessary adjustments for location, accessibility, specification, and we have also allowed for a negotiation element. We have then adjusted the base rate and have adopted a rate of SAR 1,110 per sq m for first floor offices, and SAR 1,235 per sq m for second floor offices. Further adjustments have been made to reflect the unique size of each unit.

SWOT analysis

Strengths	Weaknesses
• New modern construction. • Very good visibility and access on King Abdulaziz Road. • Very good design/layout. • Adequate number of parking spaces. • No market risk, and very limited credit risk for the initial 3 year lease period.	• Property is located across from Tala Mall, a 22,711 sq m community mall on the north Ring Branch (exit 5) crossing King Abdulaziz Road. • Hayat Mall is located just 3.2km to the south on King Abdulaziz Road.
Opportunities	**Threats**
• Tenant mix to compliment competitive schemes in the wider area, e.g. fine dining restaurants. • Subject to a head lease agreement there is an opportunity of steady rental income for a number of years.	• Similar developments on vacant / undeveloped plots in the wider area. • Retail sector performance / Saudi population spending power.

Valuation Considerations

4.24 The main benefits the subject property has are the fact it is newly constructed, and thus should not require substantial repairs and maintenance for a few years, and the fact that it is leased to the Ministry of Housing, which is a blue chip covenant and very low credit risk.

4.25 The fact that the Ministry are spending substantial capital on fitting out the space suggests there will be a high probability of the initial 3 year term being extended for a further 3 years (6 years total) and thus we believe this is reasonable to reflect in our valuation analysis under the special assumption scenario.

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

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

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

4.29 We have assessed the market value of the property using a discounted cash flow approach, where we have reflected the contracted triple net rent for the initial lease term with a renewal of further 3 years, then modelled our assumption of the Market Rent of the property assuming the Ministry vacate and the property is then available to lease with vacant possession.

4.30 In this scenario, we have assumed a phased lease up period of 18 months on market terms and have allowed for 5% annual structural vacancy. We have also allowed for deduction of operating expenses. Our Estimated Rental Value is SAR 30,247,626 per annum.

4.31 We have assumed 2.00% annual inflation in our cash flows and adopted an 8.00% exit yield and 10.00% discount rate.

4.32 There is no historical evidence regarding service charges / costs for FM per annum, therefore we have reflected an OPEX provision of SAR 200 per sq m of net leasable area in our valuation analysis upon expiry of the head lease to the Ministry of Housing.

4.33 Should the head lease of the building not be renewed, this valuation might be impacted due to allowing for void periods and structural vacancy.

Valuation Assumptions

4.34 We provide our valuation assumptions in the table below:

Table 6: Valuation Assumptions

Item	Unit	Assumption
Net Leasable Area (sq m)	Sq m	21,253
Built Up Area (sq m)	Sq m	42,145
Service Charge	% of Rental Value	10%
Management Fee	% of Revenue	2%
Sinking Fund	% of Revenue	1%
Operating Costs	SAR per sq m of NLA per annum	200
Structural Vacancy	%	5%
Lease Up Period upon lease expiry	Months	18 Months
Passing Rent	SAR per annum	21,613,000
Head Lease Renewal Year 1 - 3	SAR per annum	20,532,350
Market Rent	SAR per annum	30,247,626
Market Rent Year 4+	SAR per sq m per annum	1,423

Item	Unit	Assumption
Terminal Yield	%	8%
Discount Rate	%	10%
Growth rate	%	2%
Market Value (SAR)	**SAR**	**266,800,000**

Valuation bases

Market Value

4.35 Market Value is defined within **RICS Valuation - Global Standards / IVS** as:

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

Market Rent

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

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

Valuation date

Valuation date

4.37 The valuation date is 30 June 2022.

Market Value

Assumptions

4.38 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our Terms of Engagement letter and within this report.

Key Assumption

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

Special Assumption

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

Market Value on Special Assumption

4.41 We are of the opinion that the Market Value of the freehold interest in the property, on the special assumption that the head lease is renewed for an additional 3-years at a rent of SAR 20,532,350 to the Ministry of Housing, at the valuation date, is:

SAR 266,800,000

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

Appendix 1 Instruction documentation

AlAhli REIT Fund (1)
Riyadh
Kingdom of Saudi Arabia

For the attention of Danial Mahfooz

Our Ref: SNB Capital

11 July 2022

Dear Sirs

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

Thank you for your enquiry of 07 June 2022 requesting a valuation report in respect of the properties detailed below (the "Properties"). We are writing to set out our agreed terms of engagement for carrying out this instruction which comprise this Terms of Engagement letter (this "Letter") together with our General Terms of Business for Valuation Services (the "General Terms"). This Letter and the General Terms (together, the "Agreement") exclude any other terms which are not specifically agreed by us in writing. To the extent that there is any inconsistency between this Letter and the General Terms, this Letter shall take precedence.

1. Client

Our client for this instruction is AlAhli REIT Fund (1) (the "Client", "you", "your").

2. Properties to be valued

The Properties to be valued are as follows:

Property Address	Tenure	Occupancy
Asset 1: Al Andalus Mall (including extension land) and Staybridge Suites Hotel Apartments, Jeddah, Kingdom of Saudi Arabia	Freehold	Tenanted - subject to more than one lease or tenancy
Asset 2: Qbic Building, King Abdulaziz Road Al Ghadeer District, Riyadh, Kingdom of Saudi Arabia	Freehold	Tenanted - subject to more than one lease or tenancy
Asset 3: Salama Building, Madinah Road Salamah District, Jeddah, Kingdom of Saudi Arabia	Freehold	Tenanted - subject to more than one lease or tenancy

3. Valuation standards

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

Building WH01-04 1St Floor Al Raidah Digital City
T +966 5308 03297
knightfrank.com.sa

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

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

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

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

5. Valuer and competence disclosure

The valuer, on our behalf, with responsibility for the Valuation will be Stephen Flanagan MRICS, RICS Registered Valuer, Taqeem Fellow Valuer with Membership Number 1220001318 (the "Lead Valuer"). Parts of the Valuation may be undertaken by additional valuers within the firm.

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

6. Purpose of valuation

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

7. Limitation of liability and restrictions on use

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

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

Third party reliance

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

Disclosure

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

8. Basis of valuation

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

- Market Value.

9. Special assumptions and assumptions

Special assumptions

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

- You have not requested any valuations on special assumptions.

Assumptions

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

10. Valuation date

The valuation dates are 30 June 2022 and 31 December 2022.

11. Currency to be adopted

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

12. Extent of inspection and investigations

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

Inspection

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

13. Information to be relied upon

We will rely on information provided to us by you or a third party and will assume it to be correct. This information will be relied upon by us in the Valuation, subject only to any verification that we have agreed to undertake.

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

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

14. Report format

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

15. Fees and expenses

Payment details

Our fee for undertaking this instruction will be Saudi Riyals (SAR) 80,000 (Eighty Thousand) excluding VAT for each re-valuation, and reasonable disbursements divided into two payment, set out below.

June 2022 revaluation:

Advance Payment	Saudi Riyals (SAR) 40,000.00 (50%)
Final payment	Saudi Riyals (SAR) 40,000.00 (50%)

December 2022 revaluation:

Advance Payment	Saudi Riyals (SAR) 40,000.00 (50%)
Final payment	Saudi Riyals (SAR) 40,000.00 (50%)

Our timeframe for completion of draft reports shall be by 15 working days from receipt of the initial invoice payment and receipt of all information contained within Appendix 4. Where any additional work is undertaken by Knight Frank Spain Saudi Arabia Real Estate Valuations Company or the time period of the assignment is extended due to reasons outside our control, we reserve the right to seek additional fees charged on an as-incurred basis in agreement with the client.

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

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

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

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

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

16. Acceptance

Please sign and return a copy of this Letter signifying your acceptance of the terms of the Agreement. We reserve the right to withhold any Valuation and/or refrain from discussing it with you until this Letter has been

countersigned and returned. Your attention is drawn to the "Important Notice" in the General Terms. If you have any questions regarding this Letter and/or the terms of the Agreement between us please let us know before signing this Letter or otherwise giving us instructions to proceed.

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

Yours faithfully

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

Attached - General Terms of Business for Valuation Services

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Signed for and on behalf of AlAhli REIT Fund (1) Date

KF Ref: SNB Capital

Our Ref: SNB Capital 6

Appendix 2 Building Permit

أمانة منطقة الرياض
إدارة رخص البناء
نوع المعاملة: صادر
التاريخ: ١٤٣٩/١٢/١٩ هـ
المرفقات: بدون
الرقم الموحد: ٣٩٠٠١٥٠٤٢٩٤
www.alriyadh.gov.sa

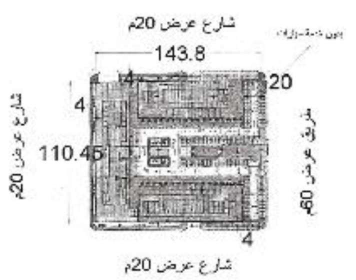
رقم الرخصة: ١١٣٦/١٩٤٥٣
تاريخ الرخصة: ١٤٣٦-١١-٢٩
تاريخ الإنتهاء: ١١٣٩-١١-٢٩
نوع الرخصة: تعديل مخططات البناء

رخصة بناء معارض تجارية ومكاتب

اسم المالك: عبدالعزيز عبدالله عبدالعزيز الموسى	الرخصة الفورية
رقم الإثبات: ١٠١٤٣٢٢٥٧٩ / تاريخه:	مصدره:
رقم الصك: ٧١٠١٢٠٠٣٢٢٣١	تاريخه: ١٤٣٦-٠١-٠٢
رقم القطعة: ٢٤و٢٥و٢٦و٢٧	رقم المخطط التنظيمي: ٢٧٧٢٦
الشارع:	رقم العقار:
الحي: حي الغدير	نوع البناء: مسلح
مساحة الأرض: ١٧٤٦٦.٢١ م٢ / محيط الأسوار: م/ط	النطاق العمراني: مرحلة ١

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

مكونات البناء	عدد الوحدات	المساحة	الإستخدام
قبو	٠	٥١٦٧.٧٩	مواقف
دور أول	٦	٢٦٩١.٤٠	مطعم
ميزانين	٠	١٥٥٢.٣٧	معارض
دور أرضي	٣٥	٧٨٢٢.٢٢	معارض
قبو ثاني	٠	١٤٤٩٢.٩٨	مواقف
دور أول	١٢	٣٠٥٠.٠٠	مكاتب
غرفة كهرباء	٠	١٥٩.٢٥	غرفة كهرباء
ملاحق علوية	٦	١٦٠٩.٠٠	مكاتب
ملاحق علوية	٤	١٢٣١.٥٧	مطعم
أسوار	١	٢٥٥.٠٠	خدمات
[redacted]			



* المستند الذي يجب الالتزام به عند تنفيذ المنشأة هو رخصة البناء وان اختلفت المخططات المعتمدة
* يجب الالتزام بتنفيذ العزل الحراري المنصوص عليه وفق كود البناء السعودي
* يلزم توفير غرفة كهرباء بأبعاد 4*5م اذا تجاوزت مسطحات البناء عن 1000م2

المكتب المصمم: عبدالمحسن ذياب الذياب للاستشارات الهندسة المعمارية

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

سدد الرسوم مبلغ وقدره: ١٤٩١٣ ريال بموجب الإيصال رقم: ٣٦٠٣٢٢٨٧٠٤ وتاريخ: ١٤٣٦-١٢-٢٥ هـ

ملاحظات:

رئيس قسم الرخص — م/ ميشر سعيد آل خرصان
مدير إدارة الرخص — م/ سعد عبدالله الدوسري
مدير عام رخص البناء — م/ عبدالعزيز محمد الطبيشي
الختم الرسمي — بلدية شمال الرياض

أي كشط أو شطب يلغي هذه الرخصة. يجب الإلتزام بالشروط الموضحة خلف الرخصة

Appendix 3 Title Deed

وزارة العدل
[٢٧٧]

الرقم : ٧١٠١٢٠٠٣٣٣٣١
التاريخ : ٣ / ١ / ١٤٣٦ هـ

وزارة العدل

كتابة العدل الاولى بالرياض

صك

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

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

وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ٢٠م	بطول: (١٤٩,٨) مائة و تسعة و أربعون متر و ثمانون سنتمتر
جنوباً: شارع عرض ٢٠م	بطول: (١٤٩,٨) مائة و تسعة و أربعون متر و ثمانون سنتمتر
شرقاً: طريق عرض ٦٠م	بطول: (١١٦,٤٥) مائة و ستة عشر متر و خمسة و أربعون سنتمتر
غرباً: شارع عرض ٢٠م	بطول: (١١٦,٤٥) مائة و ستة عشر متر و خمسة و أربعون سنتمتر

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

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

هي في ملك عبد العزيز بن عبد الله بن عبد العزيز الموسى سعودي الجنسية بموجب سجل مدني رقم ١٠١٤٣٣٢٥٧٩ و عبدالعزيز بن حمد بن ابراهيم المشعل سعودي الجنسية بموجب سجل مدني رقم ١٠١٠٦٢٥٩٧٦ ،وعليه جرى تحريره في٣ / ١/ ١٤٣٦ هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل

مصعب بن محمد بن احمد الخنين

وزارة العدل
الختم الرسمي
كتابة العدل الأولى بالرياض

صفحة ١ من ١

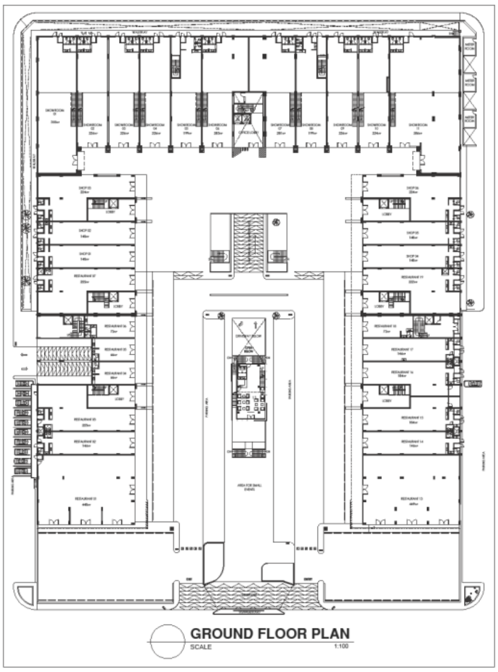
مطابع الحكومة - ٣٥٢٥٢٨

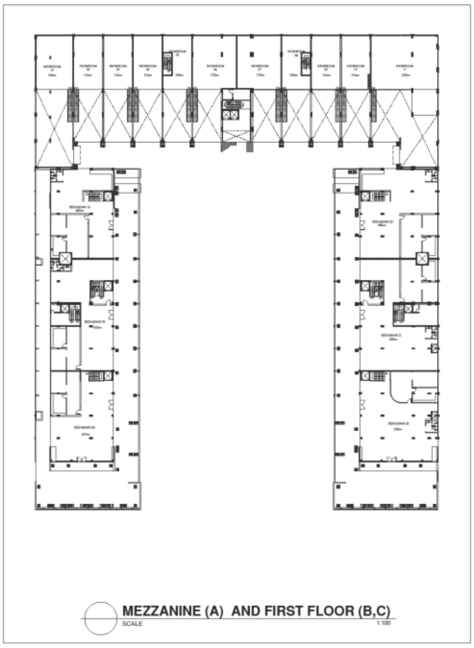
(هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تغليفه)

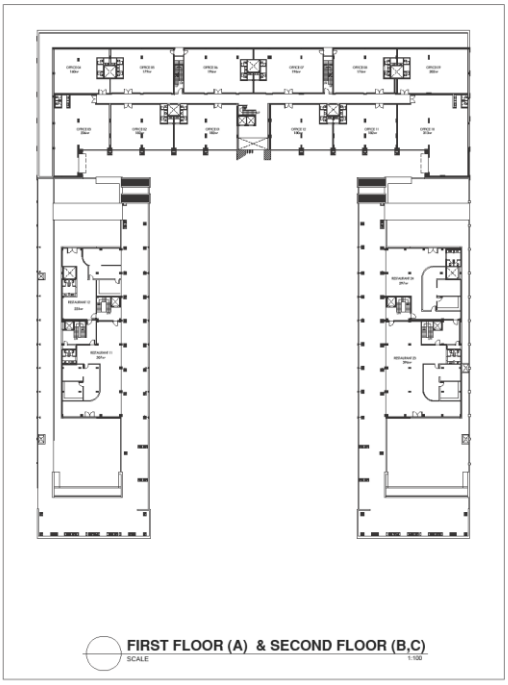
نموذج رقم (١٢-٠٣-١)

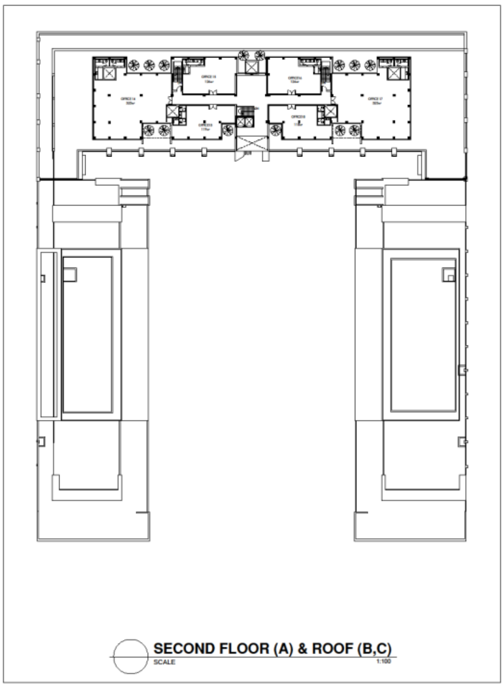
هذا المستند وحدة متكاملة، وضياع أو تلف صفحة منه يؤدي إلى عدم صلاحية المستند .

Appendix 4 Floor Plans









Appendix 5 Cash Flow

Cash Flow Report

Qbic Special Assumption (Amounts in SAR)
Jun, 2022 through May, 2033
02/07/2022 17:17:23

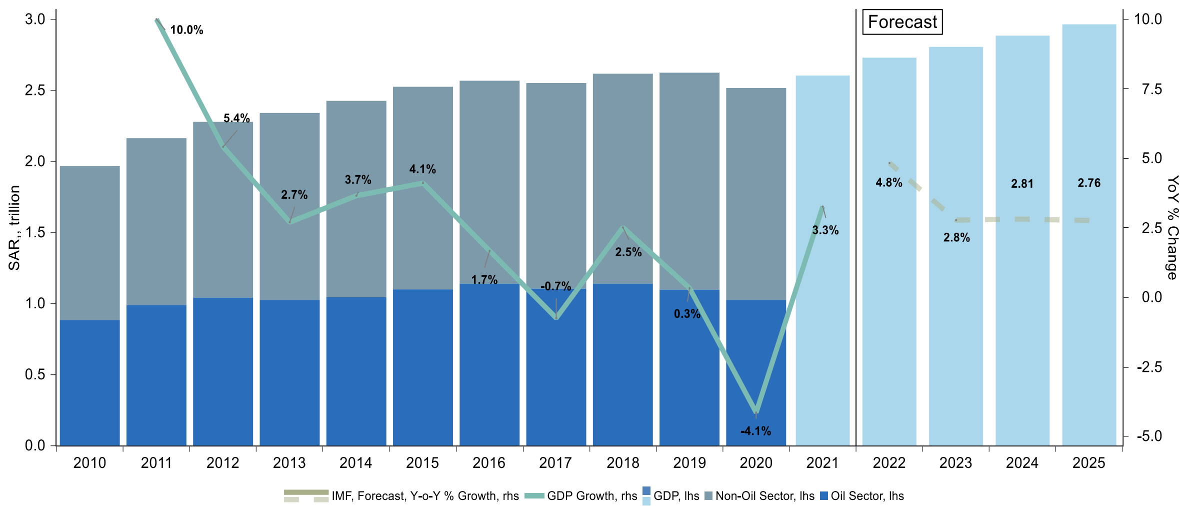
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	
For the Years Ending	May-2023	May-2024	May-2025	May-2026	May-2027	May-2028	May-2029	May-2030	May-2031	May-2032	May-2033	Total
Rental Revenue												
Headline Rent	20,532,350	20,532,350	20,532,350	8,406,887	32,632,259	32,850,800	32,898,782	33,659,372	34,620,862	34,912,683	35,719,594	307,298,290
Void Loss	0	0	0	-7,622,963	-19,422,029	-3,931,937	0	0	0	0	0	-30,976,930
Passing Rent	20,532,350	20,532,350	20,532,350	783,923	13,210,230	28,918,863	32,898,782	33,659,372	34,620,862	34,912,683	35,719,594	276,321,360
Total Rental Revenue	20,532,350	20,532,350	20,532,350	783,923	13,210,230	28,918,863	32,898,782	33,659,372	34,620,862	34,912,683	35,719,594	276,321,360
Total Tenant Revenue	20,532,350	20,532,350	20,532,350	783,923	13,210,230	28,918,863	32,898,782	33,659,372	34,620,862	34,912,683	35,719,594	276,321,360
Potential Gross Revenue	20,532,350	20,532,350	20,532,350	783,923	13,210,230	28,918,863	32,898,782	33,659,372	34,620,862	34,912,683	35,719,594	276,321,360
Vacancy & Credit Loss												
Vacancy Allowance	0	0	0	0	0	-596,124	-1,644,939	-1,682,969	-1,731,043	-1,745,634	-1,785,980	-9,186,688
Total Vacancy & Credit Loss	0	0	0	0	0	-596,124	-1,644,939	-1,682,969	-1,731,043	-1,745,634	-1,785,980	-9,186,688
Effective Gross Revenue	20,532,350	20,532,350	20,532,350	783,923	13,210,230	28,322,739	31,253,843	31,976,403	32,889,819	33,167,049	33,933,615	267,134,671
Revenue Costs												
Op Ex	0	0	0	1,103,360	3,454,800	4,755,381	4,850,691	4,947,705	5,046,659	5,147,592	5,250,544	34,556,732
Sinking Fund	0	0	0	77,791	241,851	328,494	333,269	343,311	348,614	353,671	364,325	2,391,326
Property Management	0	0	0	155,582	483,701	656,988	666,539	686,622	697,229	707,341	728,649	4,782,651
Total Revenue Costs	0	0	0	1,336,733	4,180,352	5,740,863	5,850,499	5,977,638	6,092,502	6,208,603	6,343,518	41,730,708
Net Operating Income	20,532,350	20,532,350	20,532,350	-552,810	9,029,878	22,581,876	25,403,344	25,998,765	26,797,317	26,958,445	27,590,097	225,403,963
Cash Flow Before Debt Service	20,532,350	20,532,350	20,532,350	-552,810	9,029,878	22,581,876	25,403,344	25,998,765	26,797,317	26,958,445	27,590,097	225,403,963
Cash Flow Available for Distribution	20,532,350	20,532,350	20,532,350	-552,810	9,029,878	22,581,876	25,403,344	25,998,765	26,797,317	26,958,445	27,590,097	225,403,963

Appendix 6 Market Research Report

Saudi Arabia GDP Growth, 2011 - 2023

- After a year of contraction due to the pandemic, Saudi Arabia's economy resumed growth in 2021. According to preliminary full-year data from the General Authority for Statistics (GaStat), Saudi Arabia's real GDP grew by 3.3% in 2021, compared to a 4.2% drop in 2020, when the pandemic slowed down most economic activities.
- Saudi Arabia’s real GDP increased by 6.8% year-on-year in the fourth quarter, owing to strong growth in non-oil activities which registered a growth of 6.6% over the same period.
- Looking ahead, the rise in oil prices appears to be supporting an increase in government oil-related revenue, which underpins Saudi Arabia's 4.8% GDP growth forecast for 2022, the highest in the region.

Saudi Arabia GDP, YoY % change



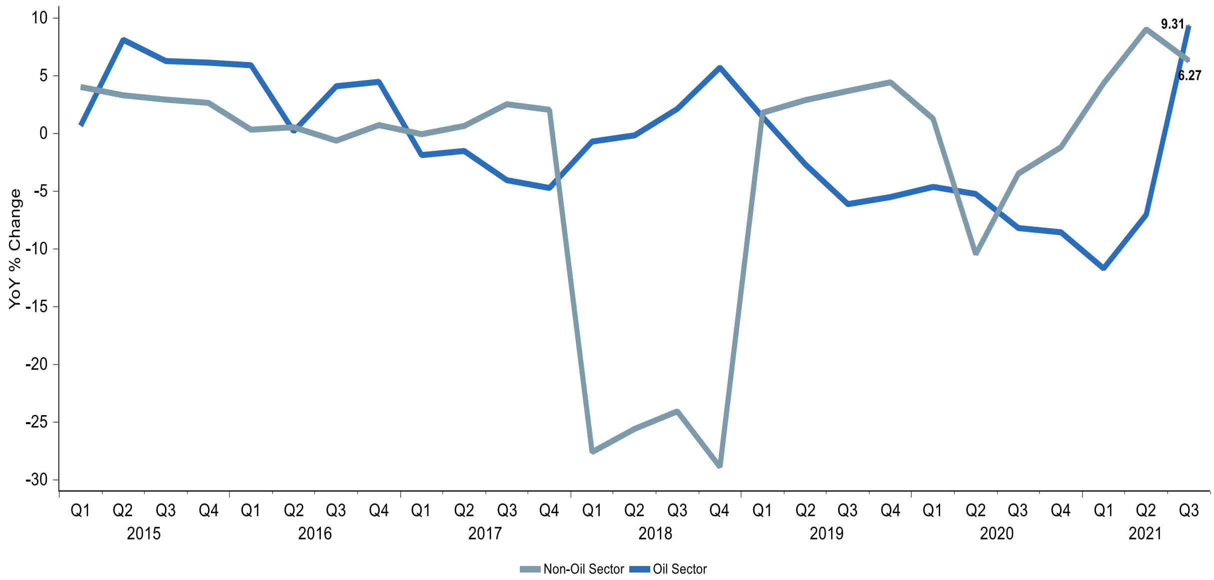
Source: Knight Frank Research, Macrobond

Saudi Arabia Oil & Non-Oil GDP and GDP Growth

- Even with this rate of economic growth, Saudi Arabia will remain below the average growth rate of c. 5% which was recorded between 2011 and 2015.
- While due to concerns around the new variants of COVID-19, there are material downside risks that may still impact economic activity in Saudi Arabia, most are unlikely to come to fruition and few are exogenous in nature.

- According to quarterly figures issued by the General Department of Statistics, Saudi Arabia's GDP climbed 7% year-on-year in Q3 2021, This expansion was mostly fuelled by the oil sector, which climbed by 9.3% year-on-year, while the non-oil sector expanded by 6.2% over the same period.

Saudi Arabia Oil & Non-Oil GDP Growth



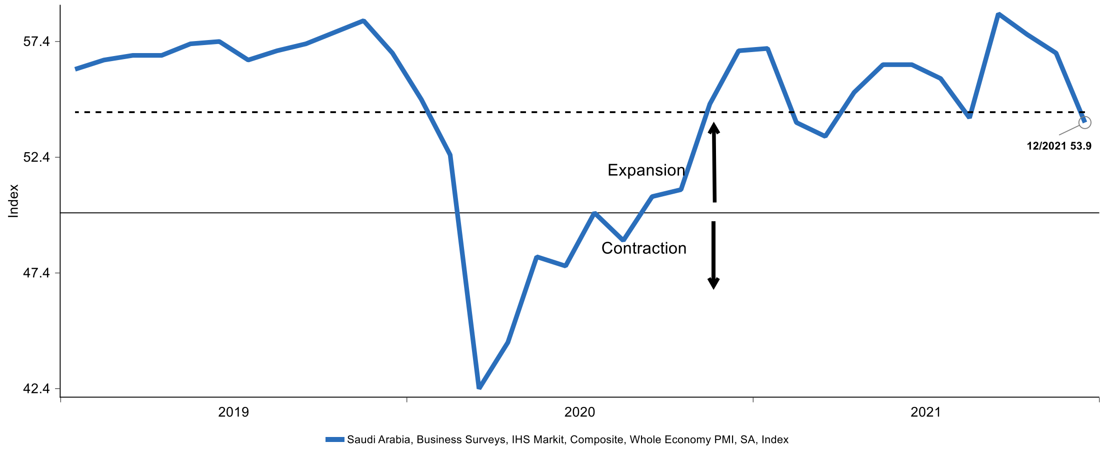
Source: Knight Frank Research, Macrobond

Saudi Arabia, Purchasing Manager Index (PMI)

- The non-oil private sectors are at the centre of Saudi Arabia’s Vision 2030, and the reforms launched to bolster these sectors are already being felt widely across the economy. Indeed, Saudi Arabia’s Purchasing Manager Index (PMI), which tracks the country’s private non-oil economy, registered a reading of 53.9% in December 2021, representing the 16th month of expansion and business growth.

- However, Saudi Arabia's PMI fell on a monthly basis to 53.9 in December 2021 from 56.9 in November, the lowest figure since March. A trend underpinned by a decline in business activity amid concerns about the spread of the new Omicron strain that has impacted customer spending.

Saudi Arabia PMI

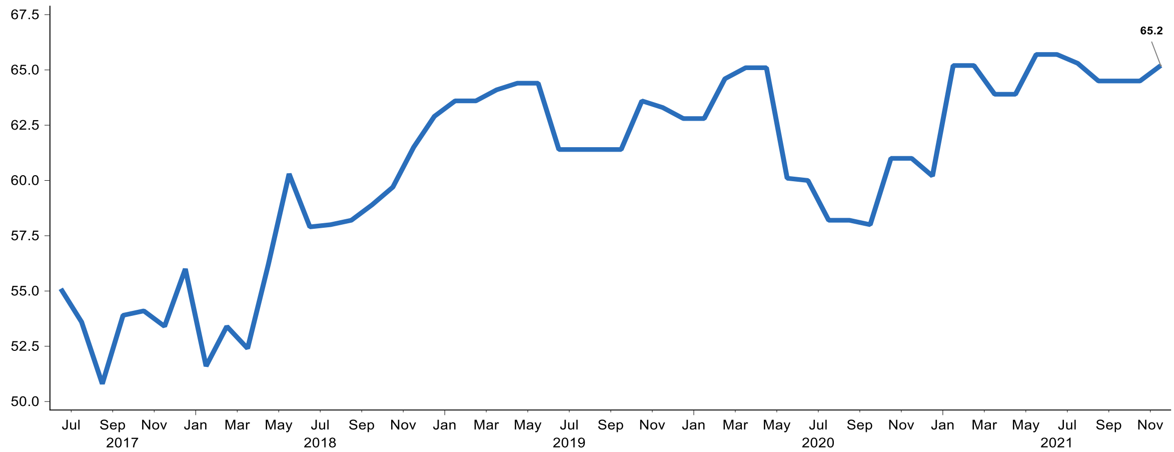


Source: Knight Frank Research, Macrobond

Saudi Arabia Primary Consumer Sentiment Index by Thomson Reuters / IPSOS

- Saudi Arabia's Primary Consumer Sentiment Index (PCSI) is a national survey of consumer attitudes toward the current and future state of the local economy, personal financial situation, as well as confidence in making large investments and ability to save.
- The latest reading in November 2021 of the Primary Consumer Sentiment Index (PCSI) in Saudi Arabia, released by IPSOS, reveals a stagnant performance from the previous month, leaving it at 65.2.
- Saudi Arabia came in first, ahead of China, in terms of the present status of its economy, with 56% believing it is robust. The Kingdom also ranks second internationally, with consumers (86%) saying the country is on the right track, a 4% decrease since October 2021.

PCSI, by Thomson Reuters / IPSOS

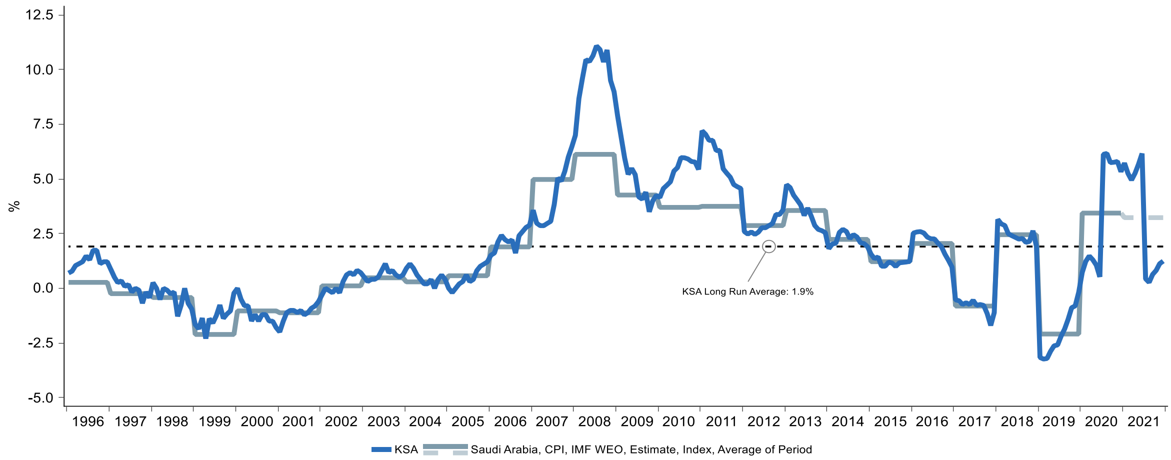


Source: Knight Frank Research, Macrobond

Saudi Arabia Consumer Price Index, YoY Change %

- The Consumer Price Index (CPI) increased by 1.24% in December 2021, compared to December 2020, higher than November 2021 (1.1%). The increase in the CPI was mostly due to higher prices for transportation (7.2%) and food and beverages (1.1%).
- Transport prices climbed by 7.2%, mostly owing to increasing fuel prices, which increased by 50%. Because of their significant relative importance in the Saudi consumer basket (13.0%), transportation expenses were the major driver of the inflation rate in December 2021. Food and beverage costs climbed by 1.1%, owing mostly due to rise in vegetable prices (6.3%).

CPI, YoY % Change

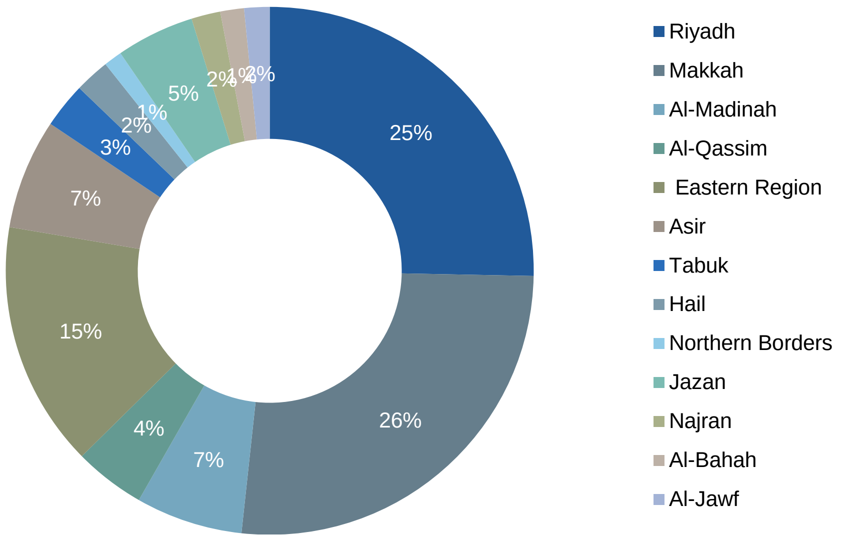


Source: Knight Frank Research, Macrobond

Saudi Arabia Population Segmentation by Province - 2019

- Saudi Arabia accounts for more than half of the GCC's total population and has a larger population than any other GCC country. According to official statistics, the population count was registered at 35 million in 2020.
- The population segmentation by regions for 2019 shows that nearly 65% of the population of the Kingdom is concentrated in three provinces, namely Makkah Al Mokarramah, Riyadh, and the Eastern Province, which account for 26%, 25% and 15% of the country's population respectively. Beyond the year 2019, the breakdown of the KSA population by region is not available.

Saudi Arabia Population Segmentation by Province - 2019

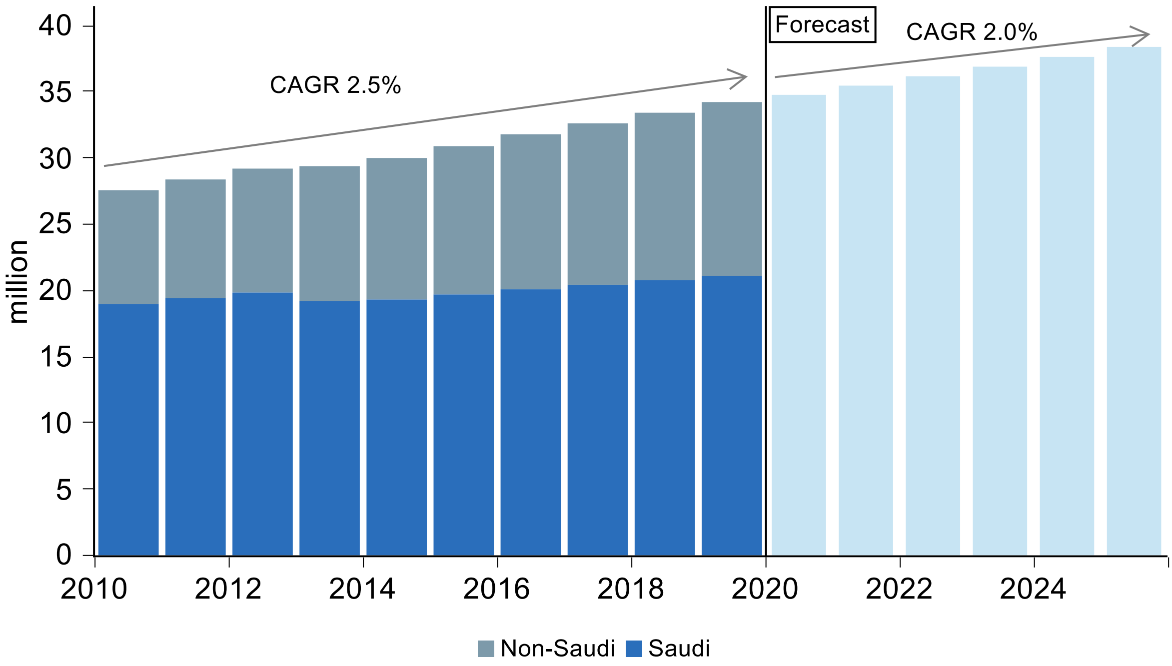


Source: Knight Frank Research, GASTAT

Saudi Arabia Population Forecasts

- According to official statistics, the population of Saudi Arabia is estimated to have reached 35.4 million in 2021. The Saudi/Non-Saudi breakdown of the population for 2020 stands at 21.6 million/13.4 million according to the same source.
- Based on the IMF forecasts, the population of Saudi Arabia is expected to grow at a constant 2% annual growth rate from 2020 onwards, reaching 38.3 million in 2025. A large and growing population, albeit at a slower pace than previous years, will continue to drive demand for goods and services in the short to medium term.
- Saudi Arabia's population is dominated by Saudi nationals, accounting for 62% of the population. This implies that aggregate demand for products and services does not primarily stem from the expatriate workforce.

Saudi Arabia Population Evolution

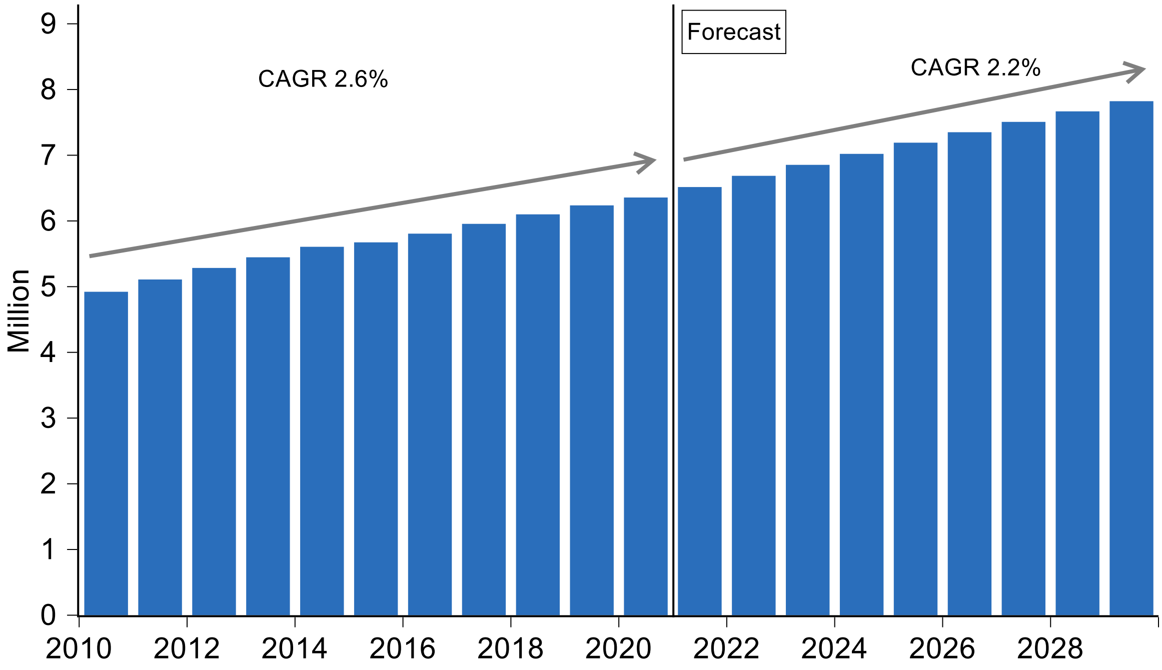


Source: Knight Frank Research, IMF

Total Number of Households

- Total number of households in Saudi Arabia is estimated at roughly 6.5 million in 2021, according to Oxford Economics. The yearly average growth in the number of households is set to slow to 2.2% per annum between 2021 and 2030, according to Oxford Economics, down from 2.6% between 2010 and 2021.
- The average household size in Saudi Arabia stood at 5.51 individuals in 2021, according to Oxford Economics. While the average household size for Saudi households stands at just over 6.0, the average household size for non-Saudis is closer to 4 individuals. The overall average household size is set to slightly decrease over the next years reaching 5.46 in 2030.
- Regarding the local population, it was not unusual historically for generations of the same family to be living in a sizeable family home. The younger generation now exhibits a desire to move away from multi-generational household structure. Over the next decades, falling household sizes will underpin demand for higher density development which provides smaller and more efficient units.

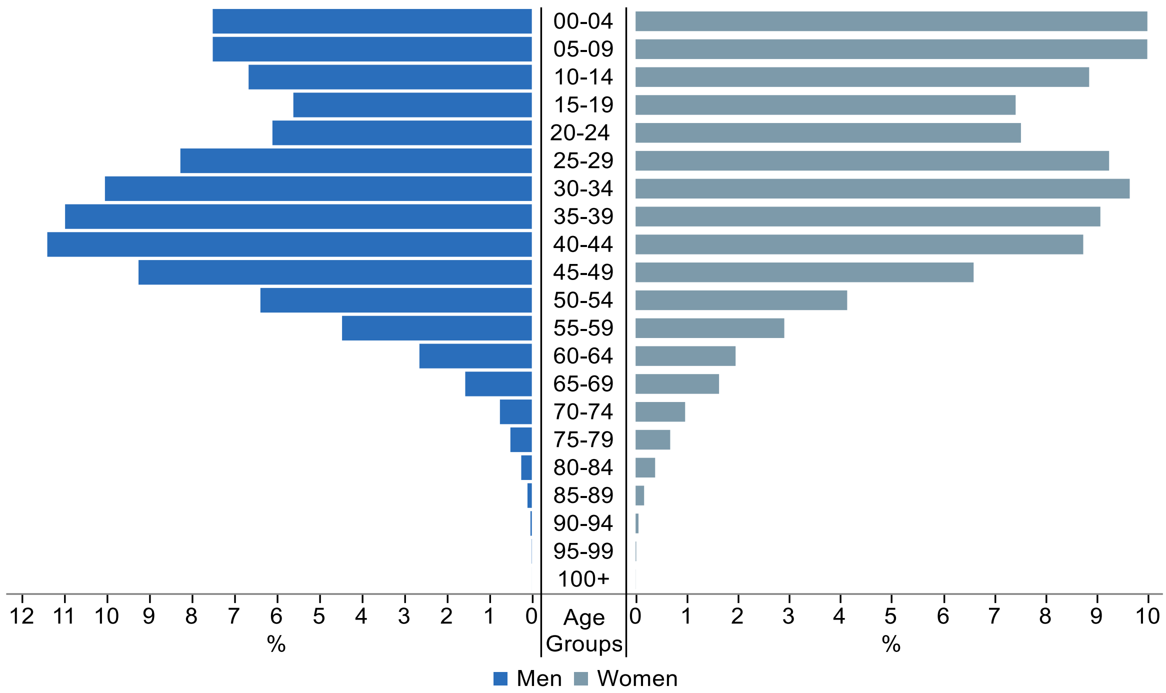
Number of Households



Source: Knight Frank Research/ Macrobond, Oxford Economics

Population by Age, Nationality, and Gender

- The population pyramid of Saudi Arabia that depicts the age structure of the Saudi population based on the preliminary 2021 data, highlights the fact that approximately 37.6% of the population were aged between 0 and 24 years, about 58.8% were aged between 25 and 64 years and 3.6% were aged above 65 years.
- It is expected that population dynamics are expected to shift in Saudi Arabia over the next decades, which will entail a significant increase in the population over 40. The over 60s age cohorts are expected to increase by 3 times between 2021 and 2035. Despite these changing demographic profile, Saudi Arabia will remain amongst the youngest countries in the GCC in 2030.

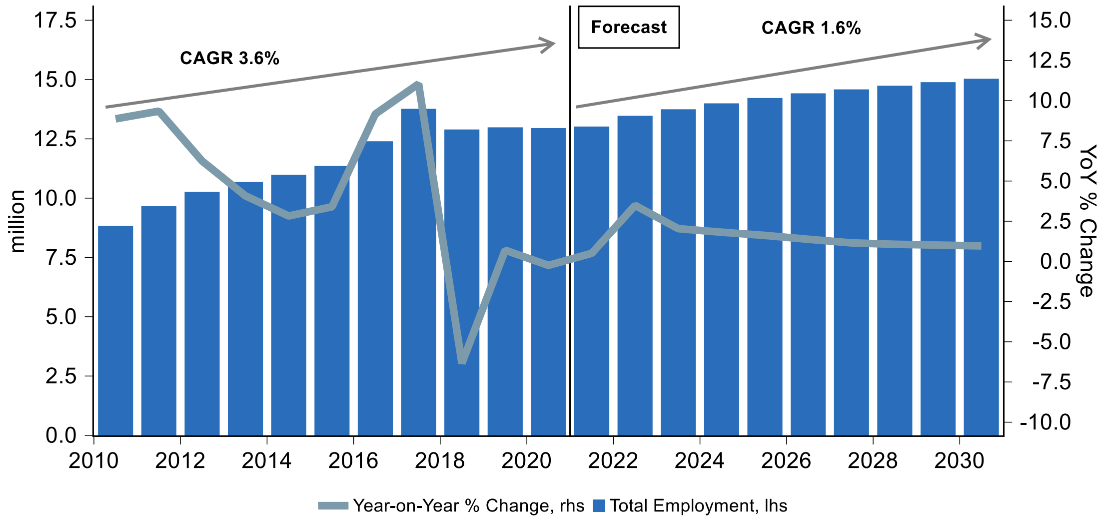


Source: Knight Frank Research, Macrobond

Total Employment - KSA

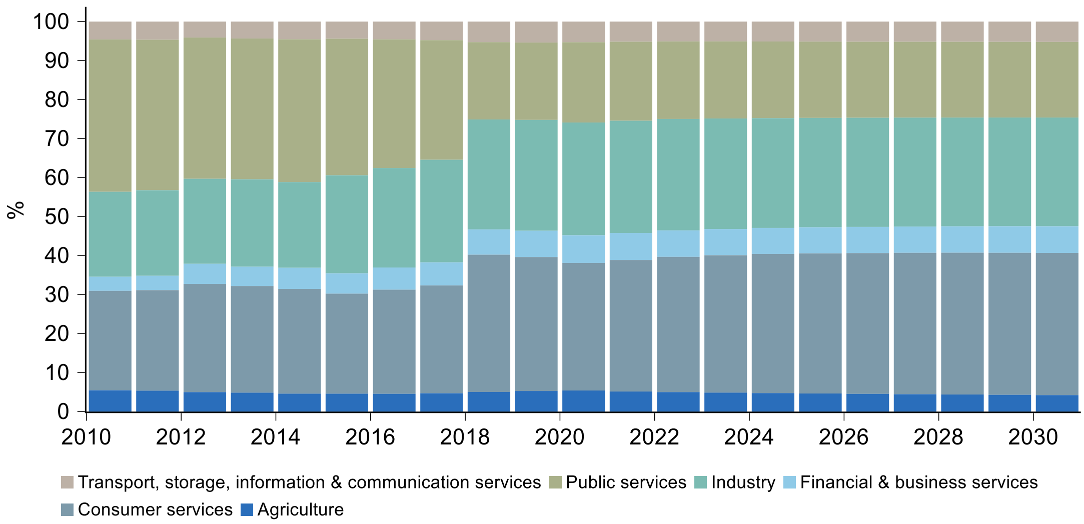
- Saudi Arabia's total workforce was estimated at 13-Million employees in 2021, down from 13.8-Million employees in 2017. The decrease is mostly as a result of the departure c. 750,000 expatriates from the workforce during this period.
- This outflow of expatriates from the workforce was triggered by a challenging macroeconomic environment, the introduction of levies on expats in the form of fees on dependents (set to increase every year on an incremental basis until 2020), and the implementation of a plan restricting employment in certain sectors to Saudi Nationals in order to promote and increase Saudization.
- Saudi Arabia's employment CAGR is set to slow to 1.6% per annum between 2021 and 2030, according to Oxford Economics, down from a CARG of 3.6% between 2010 and 2021.

KSA, Employment



Breakdown of Employment by Economic Sector – KSA

- Currently, the consumer services, industrial sectors and public services are the largest employment sectors in Saudi Arabia, accounting for 33.7%, 28.8% and 20.3% of total employment in 2021, respectively. This is expected to remain roughly unchanged over the coming ten years.

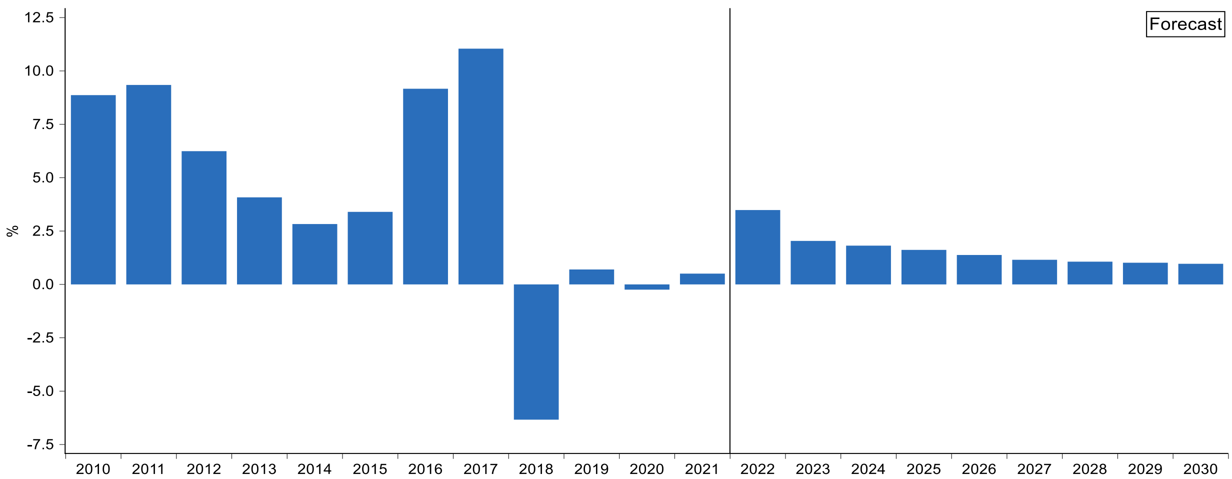


Source: Knight Frank Research, Macrobond

Employment YoY Change%

- Employment growth in Saudi Arabia is set to decelerate to 1.6% per annum between 2021 and 2030 down from 3.6% between 2010 and 2021 according to Oxford Economics estimates.
- Total employment declined by -6.34% in 2018 due to outflows of expatriates from the workforce. However, this trend has reversed in 2019 where total employment increased marginally by 1.31%.
- The exodus of expat workers from Saudi Arabia in 2020, due to the economic fallout from COVID-19 and the oil price shock, has accelerated a shift in the labour market, resulting in a 0.2% decline in employment growth in 2020. However, this trend has reversed again in 2021 where total employment increased marginally by 0.5%.
- Looking forward, employment growth is expected to remain supported by the various initiatives aimed at boosting youth, women and Saudi nationals' participation in the workforce. In the short to medium term, this will be balanced by rising pressures on the expat labour market resulting from the impact of government fees and Saudization plans on non-Saudi employment figure.

Employment, YoY % Change

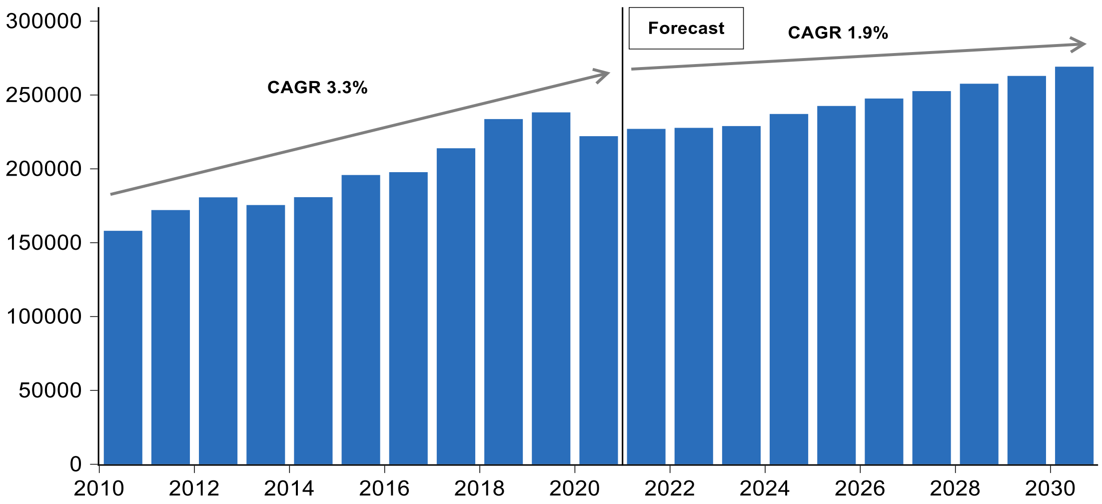


Source: Oxford Economics, Macrobond

KSA average household disposable Income in SAR

- Household income is a key determinant of affordability and consumer spending patterns.
- Average household personal disposable income in Saudi Arabia stood at c. SAR 227,000 in 2021. Between 2010 and 2021, the average household personal disposable income increased at a CAGR of 3.3%. It is expected that this growth momentum will slowdown to 1.9% between 2021 and 2030, as highlighted in the adjacent graph.

Household Disposable Income

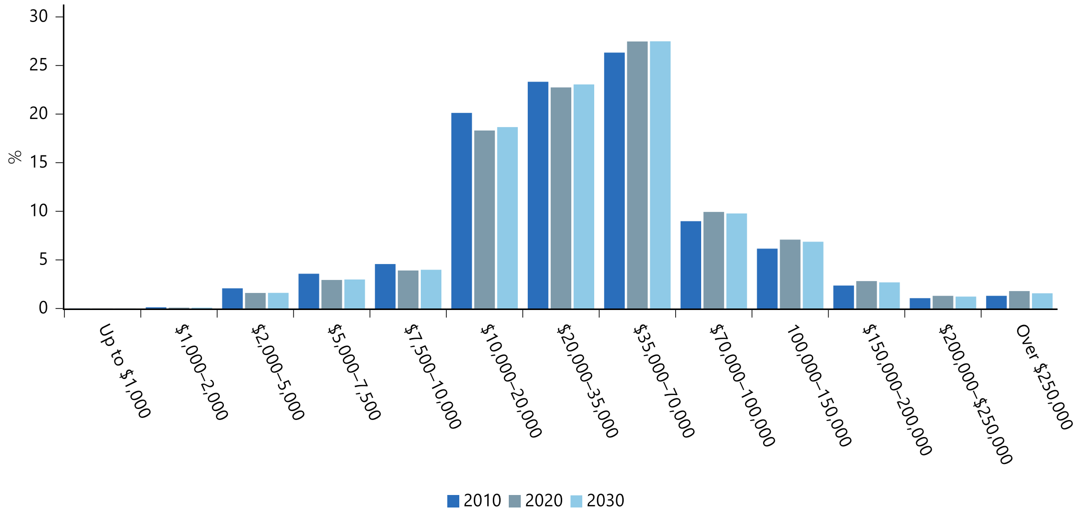


Source: Oxford Economics, Macrobond

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

- The number of households in Saudi Arabia currently (2021) stands at approximately 6.5 million and is expected to grow to 8 million by 2030.
- In 2021, 49.6% of households in KSA were within income bands above USD 35,000 and this share is expected to marginally decrease going forward, reaching 49.4% in 2030.
- 50.6% of households had incomes less than USD 35,000, and this share is likely to stay largely stable over the next decade.

Household, By Income Band



Source: Oxford Economics, Macrobond

Valuation Report.

Al Andalus Mall and Hotel, Jeddah, KSA

Prepared for **SNB Capital.**
Valuation date: 30 June 2022

Important Notice to all readers of this report

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

Locally expert,
globally connected.

SNB Capital
Riyadh, Kingdom of Saudi Arabia

For the attention of Danial Mahfooz, CFA
Email: d.mahfooz@alahlicapital.com
Tel: +966 12 690 7817/ M: +966 54 475 2329

Our ref: KFV377-2022

Date of issue: 27 July 2022

Dear Sirs

Valuation Report – Al Andalus Mall and Hotel, Jeddah, KSA

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

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

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

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

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

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Contents

Appendices

Executive summary

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

Address	Al Andalus Mall and Hotel, Old Airport, Al Fayha District, Jeddah, Kingdom of Saudi Arabia. GPS Coordinates: 21°30'25.7"N 39°13'04.7"E
Location	The property is located in the Al Fayhaa district of Jeddah in the Western Province of the Kingdom of Saudi Arabia (KSA). The property is located at the junction of Prince Majid Road (Highway 70) and King Abdullah Road (Highway 45), just south of a large roundabout / interchange. The site is bounded by the districts of Al Worood and Al Naseem to the north of the subject and Jeddah Gate to the west. Prince Majid Road is one of the major north – south arterial highways linking the north of Jeddah and the international airport with the south of Jeddah. The King Abdulaziz International Airport is located some 18 km to the north, with a driving time of 30-40 minutes depending on traffic conditions. Jeddah Islamic Port is located some 6 km to the west of the subject.
Description	The property comprises a large retail shopping mall known as Al Andalus Mall, together with Al Andalus Mall Hotel, a deluxe serviced apartment. The hotel establishment was previously operated by InterContinental Hotels Group (IHG) under the Staybridge Suites brand with a 5-Star classification certificate, which opened to the public on the 23rd May 2017. The mall is a well-established super-regional mall which has over 3,000 car parking spaces and is anchored by Hyper Panda. Built over two principal shopping floors, the main anchor tenant is located on the First Floor level, underneath which is substantial covered parking below at ground level. The mall has a number of entrances on both sides of the mall allowing effective pedestrian circulation. The serviced apartment building consists of B+G+16 floors and extends to 164 guest rooms, also accommodating extensive parking at podium level. The unit inventory comprises studios, 1 bed and 2 bed suites, with the majority (90 keys) being 1 bed suites. The mall is currently undergoing an expansion project on the mall's front side, which will introduce lifestyle retail and provide additional parking spaces to the mall. We have been informed by the client, that the mall extension will be developed into F&B outlets and leased for an average size of 310 sq m per unit. The mall extension will be arranged over ground, first, and mezzanine floors. Upon completion, the expansion will provide additional 15,822 sq m of gross leasable area to the mall.

	The mall expansion will also comprise a 3-storey parking building with c. 1502 parking spaces which appeared to be near completion during our inspection.
Tenure	Freehold.
Tenancies and Occupancy	As at the valuation date, Al Andalus Mall is 94% occupied based on GLA. The lease terms generally range in length from 1 year to 15 years, with the majority of leases being 1-3 years in length. The exceptions to the above include the lease for the Hyper Panda supermarket which has a 20-year lease term.

Valuation Key Assumptions - Al Andalus Mall

Item	Unit	Assumption
Passing Rent	SAR per annum	126,907,608
Market Rent	SAR per annum	137,408,183
Operating Costs	SAR per annum	25,690,796
Sinking Fund	% of Total Revenue	1.00%
Bad Debts	% of Total Revenue	1.00%
Structural Vacancy	%	5%
Stabilised Occupancy	%	95%
Exit Yield	%	8.75%
Growth	%	2.00%
Discount Rate	%	10.75%
Rounded	**SAR**	**1,167,770,000**

Valuation Key Assumptions - Mall

- We have assessed the Market Value of the Shopping Mall using a discounted cash flow approach, where we have had regards to the current and potential future income. Given that the leases are for various different terms, there is some income that is contracted well into the future and secure, and there are also a number of leases which are short and therefore less secure (i.e. terms of 1 year being common for certain units). Where income is contracted for the next few years, we have reflected that contracted income in our cash flow along with fixed rental increases. Upon lease expiry we have assumed they revert to Market Rent.
- We have adopted a rental growth and expense inflation rate of 2% in our cash flow, in line with the long term standing average for the Kingdom.
- The current mall occupancy is 94%, this is aligned with the occupancy of other malls in the competitive set as detailed in the report. Having regard to future supply and the age of the mall, we have assumed a structural occupancy level of 95% (stabilised).

- Few malls of this size openly transact and we feel this offers a good option, being well let, firmly anchored and with a diverse offering of F&B and leisure to attract families. Ongoing works are to enhance the food court and entertainment offering further.
- Due to the large lot size of the asset, the able pool of buyers for an asset of this type and size is limited, typically to sovereigns, large funds or big development companies. The large lot size limits the buyer pool, when considered against smaller assets that have a wider potential buyer base. Few malls of this size openly transact and we feel this offers a good option, being pitched at the mid income bracket, which is the demographic of the local area.

Valuation Key Assumptions - Hotel

Our projections are prepared in accordance with the Uniform System of Accounts for the Lodging Industry (USALI) as used by the hotel and leisure industry worldwide.
We have made a number of assumptions within our valuation which we have listed below:

- The valuation is based on the EBITDA of the serviced apartment, with an allowance for the terms and fees included in the hotel management agreement.
- The valuation given includes furniture, fittings, equipment and operational supplies that are necessary for the hotel as a going concern.
- We were not provided with the classification certificate for the operating hotel and therefore we have assumed that the hotel would continue to acquire an operating classification certificate as a 5-Star hotel.
- Unless otherwise stated, ADR (Average Daily Rate) in our calculations is inclusive of service charges, but exclusive of tax and municipality fees.
- Our cash flow is prepared on the basis of a calendar year. Year 1 of the cash flow starts from the date of valuation.
- The client has terminated the hotel management agreement with Holiday Inns Middle East under the Staybridge Suites brand and as per the client, is in an advanced discussion with another reputable international operator. Therefore, we have assumed that the operator / brand appointed would be similar to that of Staybridge Suites. We have assumed that this new operator would continue to manage the subject property effectively and efficiently under a 5-Star deluxe serviced apartment positioning.
- We were not provided with the revised commercial terms under the new management agreement and therefore have had to rely on industry standard fee structures that are typically offered by hotel operators for the Jeddah market. These terms are assumed to prevail over a 15-year term and come into effect by the end of 2022.
- During the transition of operators, we have assumed that the property will continue to remain open for business and be owner operated. Furthermore, our projections take into account that the new operator would be appointed and running the operations of the hotel by the end of 2022. A delay in appointing the new operator would impact the projections.

- Typically, when a new hotel operator takes over an existing branded operational hotel, there are costs associated with re-branding, FF&E upgrades, etc. Typically, these costs are borne by the owner; however, we have been informed by the client that the costs related to re-branding and the costs related to any minor FF&E upgrades will be covered by the accrued FF&E reserve from the previous years.
- The subject hotel has all relevant documentation and permissions required from the relevant planning and trading authorities in Jeddah, KSA.
- We have assumed the rate of inflation to be 2 percent per annum.
- We have adopted a discount rate of 11.25 percent and a terminal capitalisation rate of 9.25 percent for the hotel cash flow.
- We have adopted the 9.25 percent capitalisation rate to show the subject property as a deluxe, internationally branded asset, located in the area of Al Fayha District, an emerging international leisure and corporate destination in the city of Jeddah.

Valuation Assumptions – Mall Expansion

When valuing the mall expansion, we have incorporated the GDV of the mall expansion in our residual model, where we have modelled our assumption of the market rent on a 10-year discounted cash flow and have allowed for deductions for expenses and other allowances such as sinking fund and bad debt.

	Item	Unit	Assumption
Cost Assumptions	GLA (sq m)	Sq m	15,822
	Construction period	Months	21
	Remaining Construction Period	Months	14
	Total Construction Costs	SAR	131,123,158
	Paid Construction Costs	SAR	43,092,074
	Remaining Construction Costs	SAR	88,031,083
Revenue Assumptions	Commencement of Leasing Activities	Starts on Month	14
	GDV	SAR	335,400,000
Development Discount Rate			13.25%
NPV			**204,633,976**

Details on our valuation assumptions on the mall expansion are provided in later sections within the report.

Valuation date

30 June 2022

Market Value (aggregate)

We are of the opinion that the (aggregate) Market Value of the properties subject to the caveats and assumptions detailed herein as at the valuation date is:

SAR 1,513,905,000

(One Billion, Five Hundred and Thirteen Million, Nine Hundred and Five Thousand Saudi Arabian Riyals)

Market Value Analysis	Split on values between the two component parts is as follows: • Al Andalus Mall – SAR 1,167,770,000 (One Billion, One Hundred and Sixty Seven Million, Seven Hundred and Seventy Thousand Saudi Arabian Riyals) • Al Andalus Mall Expansion – SAR 204,635,000 (Two Hundred and Four Million, Six Hundred and Thirty Five Thousand Saudi Arabian Riyals) • Al Andalus Mall Hotel – SAR 141,500,000 (One Hundred and Forty One Million, Five Hundred Thousand Saudi Arabian Riyals)

1. Terms of engagement

Engagement of Knight Frank Spain Saudi Arabia Real Estate Valuations Company

1.1 This valuation report (the "Valuation") has been prepared in accordance with our Terms of Engagement letter and our General Terms of Business for Valuation Services (together the "Agreement"). A copy of this document is attached at Appendix 1 (along with your original instruction for reference purposes).

Client

1.2 We have been instructed to prepare the Valuation by SNB Capital (the "Client"), as manager on behalf of Al-Ahli REIT Fund, a real estate investment traded fund in the Saudi Stock Exchange (Tadawul).

Valuation standards

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

Independence and expertise

Disclosure of any conflicts of interest

1.4 We have valued the property for the same client in 2017, 2018, 2019, 2020 and 2021. We confirm that we do not have any material connection or involvement giving rise to a conflict of interest and are providing an objective and unbiased valuation.

1.5 This has been disclosed to you and you have given your consent to us proceeding with this instruction. We confirm that we are not aware of any undisclosed matter giving rise to a potential conflict of interest and that we are providing an objective and unbiased valuation.

Valuer and expertise

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

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

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

1.9 For the purposes of the Red Book / IVS, we are acting as External Valuers.

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

Use of this Valuation

Purpose of valuation

1.11 The client has confirmed that this valuation report is required for REIT reporting to the Saudi Capital Market Authority (CMA) for the semi-annual reporting of the market value (MV) in accordance with Taqeem regulations (the "Purpose"). This valuation has been prepared solely for the aforementioned purpose and may not be used for any other purpose without our express written consent.

Reliance

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

Disclosure & publication

1.13 The Valuation has been prepared for the Client and in accordance with the Agreement which governs its purpose and use. As stated in the Agreement, this Valuation is confidential and must not be disclosed to any person other than the Client without our express written consent. Nor may the whole nor any part of this valuation nor any reference thereto may be included in any prospectus, listing particulars, published document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.

Limitations on liability

1.14 Knight Frank Spain Saudi Arabia Real Estate Valuation Company's total liability for any direct loss or damage (whether caused by negligence or breach of contract or otherwise) arising out of or in connection with this Valuation is limited to the amount specified in our Terms of Engagement, a copy of which is attached. Knight Frank Spain Saudi Arabia Real Estate Valuation Company accepts no liability for any indirect or consequential loss or for loss of profits.

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

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

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

Scope of work

1.18 In this report we have been provided with the following information by you, your advisors or other third parties and we have relied upon this information as being materially correct in all aspects.

1.19 In particular, we detail the following:

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

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

Valuation Bases

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

Market Value (MV)

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

Market Rent (MR)

1.23 The Market Rent of the property. Our letting assumptions are set out in the Valuation Section of this report.

Valuation Date

1.24 The valuation date is 30 June 2022.

2. The Property

2.1 The property we have valued, including the inspection details, is as follows:

Property address	Inspected by	Inspection date
Al Andalus Mall and Al Andalus Hotel, Old Airport, Al Fayhaa District, Jeddah, KSA	Faris Gari	14 June 2022

Location

2.2 As can be seen from the map below, the property is located in the Al Fayhaa district of Jeddah in the Western Province of the Kingdom of Saudi Arabia. The property is located at the junction of Prince Majid Road (Highway 70) and King Abdullah Road (Highway 45), just south of King Abdulaziz roundabout. The site is bounded by the districts of Al Worood and Al Naseem to the north of the subject property and Jeddah New City / Jeddah Gate to the west. Prince Majid Road is one of the major north – south arterial highways linking the north of Jeddah and the international airport with the south of Jeddah.

2.3 The King Abdulaziz International Airport is located some 20 km to the north of the property, with a driving time of 30 – 40 minutes depending on traffic conditions. Jeddah Islamic Port is located some 6 km to the west of the property.

Source: Google Earth / Knight Frank Research

Site

Site area

2.4 We have been provided with a copy of the title deed, from which we understand that the mall and hotel have been developed over 159,133.96 sq m of land. The additional land being developed into a parking structure extends to 9,668.92 sq m.

Site plan

2.5 The property is identified on the Google earth below, showing our understanding of the boundary outlined in red.

Source: Google Earth / Knight Frank Research

Description

Al Andalus Mall

2.6 The property comprises a super-regional retail shopping mall known as Al Andalus Mall, together with an attached serviced apartment tower which opened on 23rd May 2017 and was until recently branded and operated by Staybridge Suites (part of the Intercontinental Hotels Group), and is physically connected into the north west corner of the mall. The mall opened in July 2007 and is therefore around 15 years old at the date of this report. A small extension was added to the mall and completed in 2016.

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

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

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

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

Ground Floor

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

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

First Floor

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

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

Other

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

Al Andalus Mall Expansion

2.16 The mall is currently undergoing an expansion project on the mall's front side, which will introduce lifestyle retail and provide additional parking spaces to the mall. We have been informed by the client, that the mall extension will be developed to F&B outlets and leased for an average size of 310 sq m per unit. The mall extension will be arranged over ground, first, and mezzanine floors. Upon completion, the expansion will provide additional 15,822 sq m of gross leasable area to the mall.

2.17 The mall expansion will also comprise a 3-storey parking building with c. 1502 parking spaces which appeared to be near completion during our inspection. A copy of the site plan for the mall expansion is attached at appendix 5.

2.18 A selection of photos taken during our inspection is provided below:

Al Andalus Mall Hotel

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

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

Guest Rooms

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

2.22 The units are fitted to a deluxe serviced apartment specification. All guest rooms comprise a fitted kitchen with working white units, bedroom, living room and bathroom fixtures and fittings.

Table 1: Room Breakdown

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

Food and Beverage Outlets

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

- The all-day dining option accommodating 75 covers and offering breakfast, lunch and dinner.
- The Lobby Café is a healthy option located on the ground floor, offering no covers, with a stronger focus on a 'grab and go' concept for passing trade from guests entering and exiting the building.
- It should be noted there are numerous F&B options provided in Al Andalus Mall and as the property is positioned as a serviced apartment, the F&B offering is typically limited, as the concept of the accommodation offers kitchens and kitchenettes in the guest rooms.

Table 2: F&B Breakdown by type and location

F&B Outlets	Type	Level
Lobby café	Grab and go	Ground Floor
All Day Dining	Breakfast, Lunch, Dinner	1st Floor

Leisure Facilities

2.24 The leisure facilities comprise:

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

Meeting and Conference Facilities

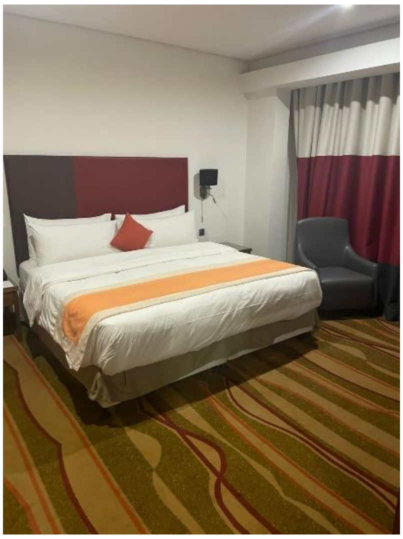
2.25 The meeting and business facilities are located on the first and second floors. There are 2 meeting rooms on the ground floor ranging in size from 62 sq m to 72 sq m Meeting room 3 measuring 785 sq m in total and is situated on the 2nd floor which can be used as a ballroom or split into 5 separate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

Table 3: Meeting Room breakdown

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

Source: Client

2.26 A selection of photos taken during our inspection is provided below:



Accommodation

Retail Mall

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

Hotel

2.28 The building has been purpose-built as a serviced apartment by the master developer. It has been fitted and furnished to the standards of a deluxe serviced apartment.

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

Services

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

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

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

Legal Title Deed – Overall Property

Land ownership

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

Table 4: Title Deed Summary

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

Source: Client

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

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

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

Covenants

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

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

Tenure – Hotel

Commercial Register

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

Table 5: Ownership Licence

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

Source: Client

Classification

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

Covenants

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

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

Hotel Management Agreement

2.43 The hotel started operating three years back under a 15 year management agreement under the Staybridge Suites brand, part of InterContinental Hotels Group (IHG). The agreement was dated 17th June 2013 and made between Alandalus Property Company (owner) and Holiday Inns Middle East Limited (Operator). However, the client has informed us that they have terminated the agreement with Holiday Inns Middle East Limited (Operator) and are in advanced discussions with another reputable international hotel operator, which will take over the subject property with the same positioning as a deluxe 5-Star serviced apartment. During this transition, the property remains open and is owner operated until the new international operator is appointed.

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

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

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

Table 6: Hotel Management Agreement

Property:	164 key 5 star serviced apartments located adjacent to Al-Andalus Mall in Jeddah
Name:	To be determined; however, it is assumed to be an international operator and brand that is equivalent or more superior to that of Staybridge Suites.
Term:	15 years from HMA signature
License Fee:	• 1.5% of Gross Revenues in years 1-3. • 1.75% of Gross Revenues in year 4 and thereafter.
Incentive Management Fee:	7.0% of Adjusted Gross Operating Profit (AGOP) AGOP is defined as Gross Operating Profit minus License Fee.
Marketing Contribution:	2.0% of Gross Rooms Revenue
Reservation Contribution:	1.0% of Gross Rooms Revenue
FF&E Reserve:	• 2% of Gross Revenues – first year of operations under new management • 3% of Gross Revenues – second year of operations and thereafter

Source: Client

2.47 When a new hotel operator takes over an existing branded operational hotel, there are costs associated with re-branding, FF&E upgrades, etc. Typically, these costs are borne by the owner; however, we have been informed by the client that the costs related to re-branding and the costs related to any minor FF&E upgrades will be covered by the accrued FF&E reserve from the previous years.

2.48 Because of the appointment of a new operator and anticipated new furnishings that will be included in the hotel, we have included an FF&E Reserve for the first year of our projections at 2 percent, and 3 percent from the second year and thereafter.

Hotel Competition

Hotels of Competitive Relevance

Competition

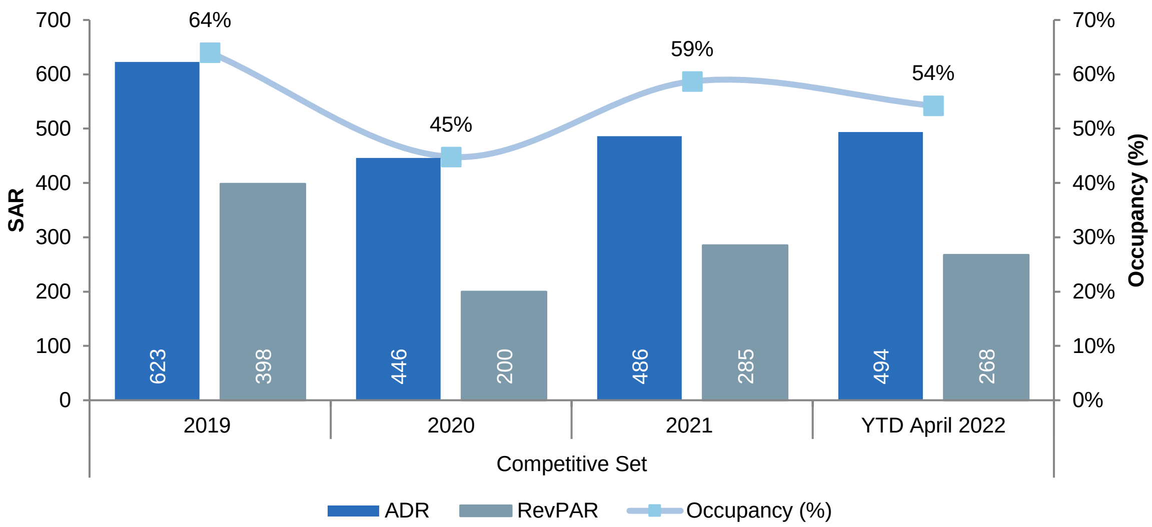
2.49 We have been provided with an analysis of the competitiveness of the subject property against a selection of similar serviced apartments, that the previous operator and owner feels most relevant to the subject property, Jeddah, in terms of location, facilities & rooms offered, guest profile etc.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

Competitive set

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

2.50 The performance of the competitive set is showcased in the next exhibit.

Exhibit: Competitive Set Performance



2.51 Over the periods observed (full year 2019, 2020, 2021 and April YTD 2022), the competitive set performance saw a decline in occupancy and a pressure on ADR during COVID-19 outbroke in 2020. This can be seen in occupancy dropping by 19% and ADR dropping by SAR 176 which equates to c. 28% drop. In the following year (2021), occupancy has started to heal reaching a level of 59% while the ADR movement was rather minimal. This resulted in a slightly enhanced RevPAR.

2.52 We note that we have not been provided with the Key Performance Indicators for the property, however, we have been provided with the consolidated P&L which we have analysed thoroughly. It is evident that the subject property is preforming rather softly when compared to the competitive set, and this can be attributed to the delays in closing an HMA agreement with an international operator.

2.53 We however understand that discussions are currently on-going, and have therefore assumed the property performance to improve on the following years to become of great similarity to the competitive set.

Business Commentary

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

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

2.56 In addition, the client has informed us that the property would remain open during the transition of operators and that the property would be owner operated until the new international hotel operator is appointed. Furthermore, our assumptions take into account that the new operator would be appointed and running the hotel operations by the end of 2022.

Average room occupancy (ARO)

2.57 Projections of occupancy are dependent on the current and future supply of new hotels of similar category and location, estimated room nights demanded, the historical performance of the property.

2.58 As of April YTD 2022 the competitive set achieved an occupancy of 54 percent, which is 3 percentage points lower compared to the same period in 2021.

2.59 Given that a reputable international operator similar to that of IHG is anticipated to manage the property's operations, we have assumed that the property would have to re-stabilise operations, which we have assumed to be year 3 (2025/2026) of operations. We have estimated the subject property to achieve an occupancy of 48 percent in the first year of operations, which is conservative when compared to the competitive set. The presence of an international operator would likely drive occupancy levels higher (due to their global distribution system capabilities).

2.60 We remain optimistic that vaccines will be rolled out effectively, and therefore projected an occupancy of 60 and 68 percent in the second and third years of operations, respectively.

2.61 Furthermore, we have estimated the subject property to recover and re-stabilise at an occupancy of 74 percent in year 4 of our projections.

Average daily room rate (ADR)

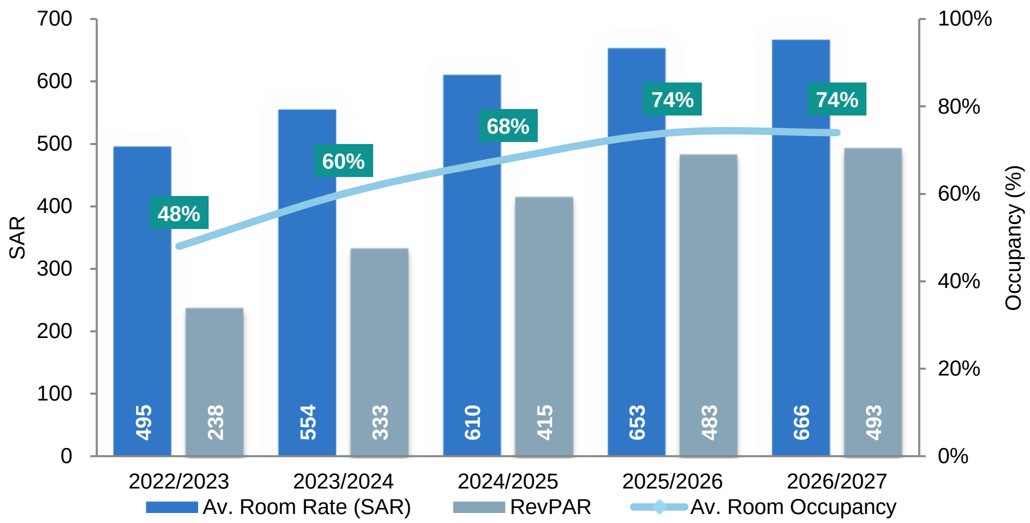
2.62 Forecasting the average daily room rate for the subject property, we have assumed that the property would achieve an ADR of SAR 495, which is in line with the competitive set of the property.

2.63 Upon re-stabilising operations in year 4 of operations (2025/2026), we have estimated the subject property to achieve a stabilised ADR of SAR 653. This accounts for a rate premium of 30 percent over the competitive set performance ADR in 2021. This premium factors in the stabilisation ramp-up to year 4 as well as the fact that an international operator similar to that of IHG would be appointed to manage the property's operations. Additionally, it reflects our views of the performance of the market to revert to pre-covid levels as time passes. However, in the event that the owner appoints an operator that differs significantly from IHG, then it is unlikely that the property would achieve these rates.

2.64 Subsequent to year 4, we expect ADR to be in line with inflation at 2.0 percent.

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

Exhibit: Hotel Forecast Room Performance

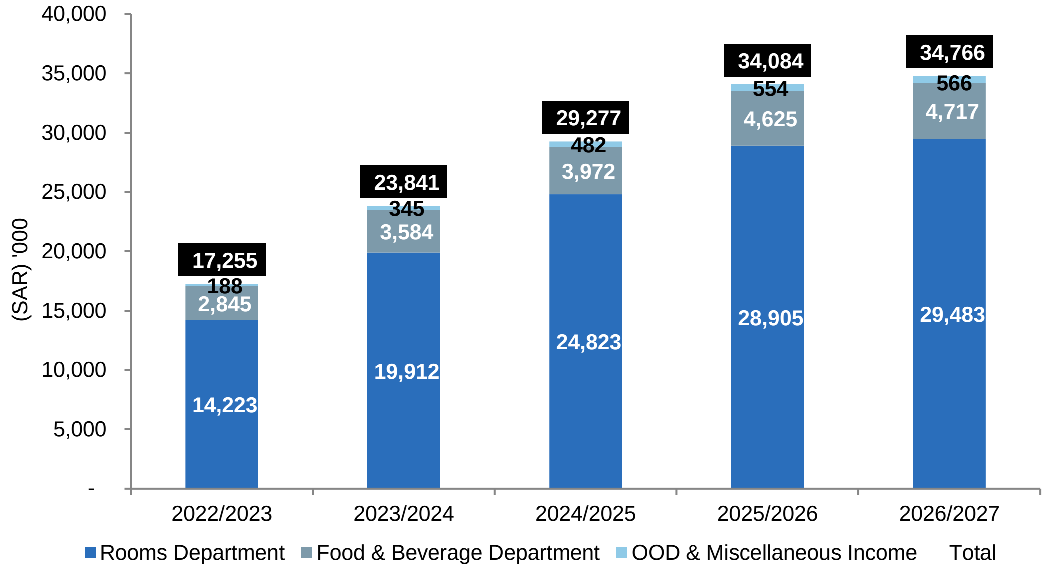


Total Revenue

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

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

Exhibit: Hotel Forecast Split of Revenue



Gross Operating Income

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

Undistributed Expenses

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

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

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

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

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

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

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

Table 7: Undistributed expenses for the subject hotel (SAR Thousands)

(SAR) '000s	2022/2023		2023/2024		2024/2025		2025/2026	
Administration & General	2,847	16.5%	2,801	11.8%	3,074	10.5%	3,579	10.5%
IT Systems	733	4.3%	691	2.9%	732	2.5%	852	2.5%
Sales and Marketing	776	4.5%	1,001	4.2%	1,171	4.0%	1,363	4.0%
Property Operation and Maintenance	863	5.0%	834	3.5%	878	3.0%	1,023	3.0%
Utilities	2,243	13.0%	1,931	8.1%	2,049	7.0%	2,386	7.0%
Total Undistributed Expenses	**7,463**	**43.3%**	**7,260**	**30.5%**	**7,905**	**27.0%**	**9,203**	**27.0%**

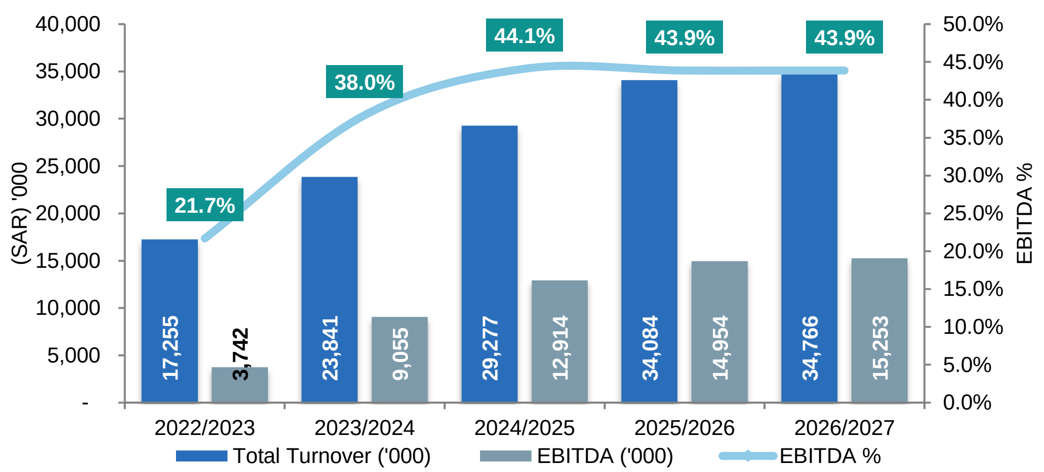
2.76 As an international operator is expected to be appointed by the end of 2022, we have not reduced Sales & Marketing Costs in line with the historical savings rate of approximately 60 percent. We have only applied two thirds of these savings at approximately 40 percent.

2.77 We expect once the new operator has stabilised the property, sales and marketing expenses are to be in line with the norm seen in the market, and we have therefore accounted for it to be at 4 percent.

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

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

Exhibit: Hotel Forecast Revenue and EBITDA



Tenancies – Al Andalus Mall

Tenancy information

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

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

- Landlord and Tenant are stated
- Lease fully dated and operating as per the Gregorian calendar
- Units / Demise is identified
- User clause is incorporated
- Term is stated
- Rents and payment terms for the rents are stated (2 payment per year)
- Provision are made for vacation of the store
- Tenants and obligations are set out
- Approvals to be made by the owner are set out
- Provisions are set out for contract termination
- First and second party rights are provided for
- Provision is made for store design and approvals required
- Provisions are made for subletting / assignment
- Provision are made for payment of repairs / maintenance charges

Covenant information

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

Tenancy Schedules

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

Table 8: Occupancy Summary – Al Andalus Mall

Status	Percentage of area	GLA (sq m)	Total Passing rent (SAR pa)
Occupied	94%	85,351	126,907,608
Vacant	6%	5,029	-
Total	100%	90,379	126,907,608

Source: Client

Summary

2.83 The current rent passing as at the date of valuation is SAR 126,907,608 per annum. The property is currently 94% occupied.

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

Condition – Overall Property

Scope of inspection

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

2.86 During our limited inspection we did not inspect any inaccessible areas. We are unable to confirm whether the property is free from urgent or significant defects or items of disrepair.

Comments

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

Ground conditions

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

Environmental considerations

Contamination

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

Planning

Sources of planning information

2.90 We have been provided with a one page document that sets out the permission to build on the site, which is dated 26/2/04 and provides for a commercial centre licensed to build 2 floors, including parking, commercial content, ground and first floors and 220 commercial units. This is in Arabic and has been translated to provide details. (This is attached at Appendix 3).

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

Highways and access

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

Access

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

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

Statutory licences & certificates

2.95 We have assumed in our valuation that all regulations, statutory licences & certificates have been complied with.

Fire safety

2.96 We have not viewed any documents relating to the fire safety within the property and have assumed for the purposes of our valuation that the relevant legal requirements have been fully complied with.

3. Market analysis

Saudi Arabia Market Commentary

3.1 A copy of the KSA Macro Economic and Retail Market Overview, prepared by Knight Frank, is attached at Appendix 8.

Source of information

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

Investment Overview - Hospitality

3.3 There have been more published residential investment transactions for real estate transactions in the Kingdom of Saudi Arabia recently with the transparency of the REITS when they acquire assets. The following relate to some compounds that have transacted in recent times:

Name	Location	Type	Initial Yield	Commentary
Burj Rafal	Riyadh	Hotel	7.28%	The tower comprises 2 floor of retail, 25 floor hotel of 349 keys, conference hall, and 21 meeting rooms. Acquired by Riyadh REIT for SAR 677,000,000 of an NOI of SAR 49,300,000, reflecting an initial yield of 7.28%.
Ascott Hotel - Altahliyah	Jeddah	Hotel	7.70%	Luxury serviced apartments located along Tahliyah Street in Jeddah. It comprises two floors of retail, the ground floor and mezzanine floor, and 17 floors for hotel. The hotel apartments come in various sizes, ranging from studios to three-bedroom penthouses that come fitted with a well-equipped kitchenette. Acquired by Riyadh REIT for SAR 135,000,000 and an NOI of SAR 10,400,000 pa reflecting an initial yield of 7.70%.
Ascott Tower	Khobar	Hotel	10.86%	Tower of 18 floors located on Prince Turki Street in Khobar. The NOI at the time of the transaction was SAR 18,900,000 pa. The Tower was acquired by Riyadh REIT at SAR 174,000,000, reflecting an initial yield of 10.86%
Radisson Blu hotel apts.	Khobar	Hotel	8.50%	Hotel apartments of 92 units, acquired by al Musharaka REIT for SAR 85,000,000 of a NOI of SAR 7,225,000 pa reflecting an initial yield of 8.50%.
Burj Alhayat for Serviced Apts	Riyadh	Hotel	7.76%	SEDCO REIT acquired the hotel for SAR 41,260,000 off an NOI of SAR 3.2 million which reflects an initial yield of 7.76%.

Tolan Hotel Suites	Khobar	Hotel	10.50%	In 2019, Al Maather REIT signed an agreement to acquire the hotel for SAR 22,000,000. Furthermore, the REIT has signed a 10-years leasing contract on Tolan Hotel Suites with an annual expected rent of SAR 2,310,000 reflecting a yield of 10.50%
Aber Al Yasmeen Hotel	Riyadh	Hotel	9.12%	The hotel is leased to Boudl Trading Company at SAR 2.2 million per year, with a 10.00% increase every six years. In addition, it comprises six retail showrooms with an expected lease of SAR 900,000 per year. Jadwa II REIT acquired the hotel at an initial acquisition yield of 9.12%

Investment Overview – Retail

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

Asset	Location	Acquisition Price SAR	NOI	Cap rate	Notes
	Al Makan Mall, Tabuk	219,417,197	17,820,000	8.12%	Acquired by Wabel REIT in 2018. 3 yrs old mall, 75 tenants, 97% occupancy, freehold title. Anchored by HyperPanda and H&M.
	Al Makan Mall, Dawadmi	166,820,000	21,390,000	12.82%	Acquired by Wabel REIT in 2018. 4 yrs old mall. 114 tenants, 97% occupancy, leasehold title. Anchored by HyperPanda and Centrepoint.
	Al Makan Mall,Hafr Al Batin	470,206,000	42,800,000	9.10%	Acquired by Wabel REIT in 2018. 3 yr old mall, 171 tenants, 97.5% occupancy, freehold title. Anchored by Hyper Panda, Asateer, Home Centre.
	Al Makan Mall, Riyadh	232,560,000	19,920,000	8.57%	Acquired by Wabel REIT in 2018. 3 yr old mall, 63 tenants, 93% occupancy, freehold title. Anchored by Centrepoint, Panda, H&M, City Max.

	Ahlan Court Centre	70,000,000	7,000,000	10%	Acquired by AlKhabeer REIT in 2019. Head lease in place for the entire asset at an annual rent of SAR 7m, which appears over rented. 9 showrooms and an office.
	Al Rashid Mall, Jizan	206,000,000	15,646,293	7.60%	Built in 2010, 3 storeys,
	Al Rashid Mall, Abha	372,000,000	34,583,966	15.49%	Acquired by Bonyan REIT, initial SAR 233 m plus SAR 148 m payable upon 90% occupancy, total SAR 372m. 20 year leasehold title, newly built in 2017/2018.
	Al Rashid Mega Mall, Madinah	505,500,000	32,824,933	6.49%	Acquired by Bonyan REIT, built in 2009, freehold title, 4 storeys.
	Al Andalus Mall, Jeddah	1,147,279,000	92,396,115	8.05%	Acquired by Al Ahli REIT in 2017, 10 year old+ mall, central location, occupancy 95%, anchored by HyperPanda, freehold title. Connected to Staybridge Suites.
	Ajdan Walk, Khobar	345,000,000	25,000,000	7.25%	Acquired by Sedco REIT in 2018, newly constructed retail development on Khobar corniche, occupancy, anchored by Cheesecake Factory and other Al Shaya brands. Freehold title, headlease to Al Fozan / Al Oula for 5 years.
	Boulevard Riyadh	320,000,000	29,300,000	9.16%	Acquired by Jadwa REIT Saudi in 2021, well constructed retail development on Prince Turki Al Awal Road, 97% occupancy, anchored by Sultan's Steakhouse, Kyokusen sushi boutique, Papillon and Arena Fitness Innovation.

Yield Conclusions

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

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

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

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

4. Valuation

Methodology

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

Investment Method – Al Andalus Mall

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

4.3 We have undertaken the valuation of the mall via a discounted cash flow approach, whereby we can reflect current and potential future revenues and costs explicitly. We have applied rental growth, occupancy percentages, and operating expenses in our cash flow based on our discussions with the client.

Residual Method – Al Andalus Mall Expansion

4.4 The subject to valuation asset is a project, which is currently under development. The adopted valuation approach is the residual approach, via a discounted cash flow methodology, where the output is a Net Present Value (NPV), which equates to the Market Value of the project as it stands at the date of the valuation.

4.5 Through the residual method of valuation we have assessed the Market Value of the project once various inputs such as the end product; construction costs and development phasing have been assumed. Firstly, we have calculated the GDV (often referred to as the "Gross Development Value") using the comparative and investment method (cash flow), which involves comparison of the subject scheme with sales and/or lease evidence from other comparable schemes and other sales/leases within the local market and making adjustments using our professional judgement.

4.6 Gross Development Value is the value of the scheme as if complete and operating at the valuation date. RICS Valuation – Professional Standards refer to a valuation on this basis as being the Market Value on the special assumption that "a building or other proposed development has been completed in accordance with a defined plan and specification". This is colloquially known as the Gross Development Value (GDV).

4.7 Gross Development Value (GDV) is defined by Knight Frank as the aggregate Market Value(s) for the proposed scheme at the property, on the special assumption that the proposed scheme has obtained all necessary permissions and been fully completed and operating.

4.8 The GDV of the development components upon completion have been assessed based on the Investment and Comparative methods (described above).

Profits Method (DCF) – Al Andalus Mall Hotel

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

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

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

Benchmarking – Al Andalus Mall

4.12 In forming our opinion of the Market Rent for the Shopping Mall, we have sourced key performance metrics of super-regional and regional malls in Jeddah, to understand how the below malls perform in relation to the subject, and what they offer as competition.

Table 9: Mall Comparable Evidence

Benchmark	Total NLA (sq. m)	Opening	Grade*	Owner/agent	Lease Rate (SAR / sq m / annum)	Occupancy
Hera'a International Mall	52,000	1982	Regional Mall	SKAB Group	2,100	85%
Aziz Mall	70,954	2005	Regional Mall	Arabian Centers Real Estate	2,680	96%
Roshan Mall	36,305	2006	Regional Mall	Kinan International for Real Estate Development Co.	2,150	91%
Haifaa Mall	32,111	2013	Regional Mall	Arabian Centers Real Estate	2,487	79%
Mall of Arabia	102,097	2008	Super-Regional Mall	Arabian Centers Real Estate	3,600	96%
Red Sea Mall	144,707	2008	Super-Regional Mall	SEDCO Development	3,150	93%
Al Salaam Mall	111,914	2012	Super-Regional Mall	Arabian Centers Real Estate	2,300	88%
Yasmeen Mall	58,311	2016	Regional Mall	Arabian Centers Real Estate	2,680	93%

Source: Knight Frank Research

4.13 The comparable set of shopping malls above, show occupancy ranging between 79% to 96% and a total net leasable area ranging between 32,111 sq m to 144,707 sq m.

Valuation Assumptions – Al Andalus Mall

4.14 We have assessed the Market Value of the Shopping Mall using a discounted cash flow approach, where we have had regards to the current and potential future income. Given that the leases are for various different terms, there is some income that is contracted well into the future and secure, and there are also a number of leases which are short and therefore less secure (i.e. terms of 1 year being common for certain units). Where income is contracted for the next few years, we have reflected that contracted income in our cash flow along with fixed rental increases. Upon lease expiry we have assumed they revert to Market Rent.

Inflation

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

Occupancy

4.16 The current mall occupancy is 94%, this is aligned with the occupancy of other malls in the competitive set above. Having regard to future supply and the age of the mall, we have assumed a stabilised occupancy level of 95%, allowing for a 5% structural vacancy.

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

Table 10: Al Andalus Mall Estimated Rental Values

Item	Ground Floor (SAR per sq m)	First Floor (SAR per sq m / unit)
0 to 49	3,050	2,500
50 to 100	2,250	2,000
101 to 150	2,350	1,950
151 to 250	2,125	1,500
251 to 500	1,700	1,500
501+	1,000	550
Food Court	-	3,000
GF Kiosk	-	172,500
FF Kiosk		117,800
Cinema	-	1,100
ATM	-	125,000
Supermarket	-	550
Warehouse	-	850
Advertisement	-	2,250,000

4.18 The above are the adopted market rents having regard to the recent deals achieved in the mall.

Operating Expenses

4.19 We have been provided with the breakdown of the operating costs for the property by the Client which amounts to SAR 25,690,796 per annum. This have been adopted in our valuation.

4.20 A summary of out valuation assumptions is provided in the table below:

Table 11: Valuation Summary

Item	Unit	Assumption
Passing Rent	SAR per annum	126,907,608
Market Rent	SAR per annum	137,408,183
Operating Costs	SAR per annum	25,690,796
Sinking Fund	% of Total Revenue	1.00%
Bad Debts	% of Total Revenue	1.00%
Structural Vacancy	%	5%
Stabilised Occupancy	%	95%
Exit Yield	%	8.75%
Growth	%	2.00%
Discount Rate	%	10.75%
Market Value	SAR	1,167,773,286
Rounded	**SAR**	**1,167,770,000**

Benchmarking – Mall Expansion

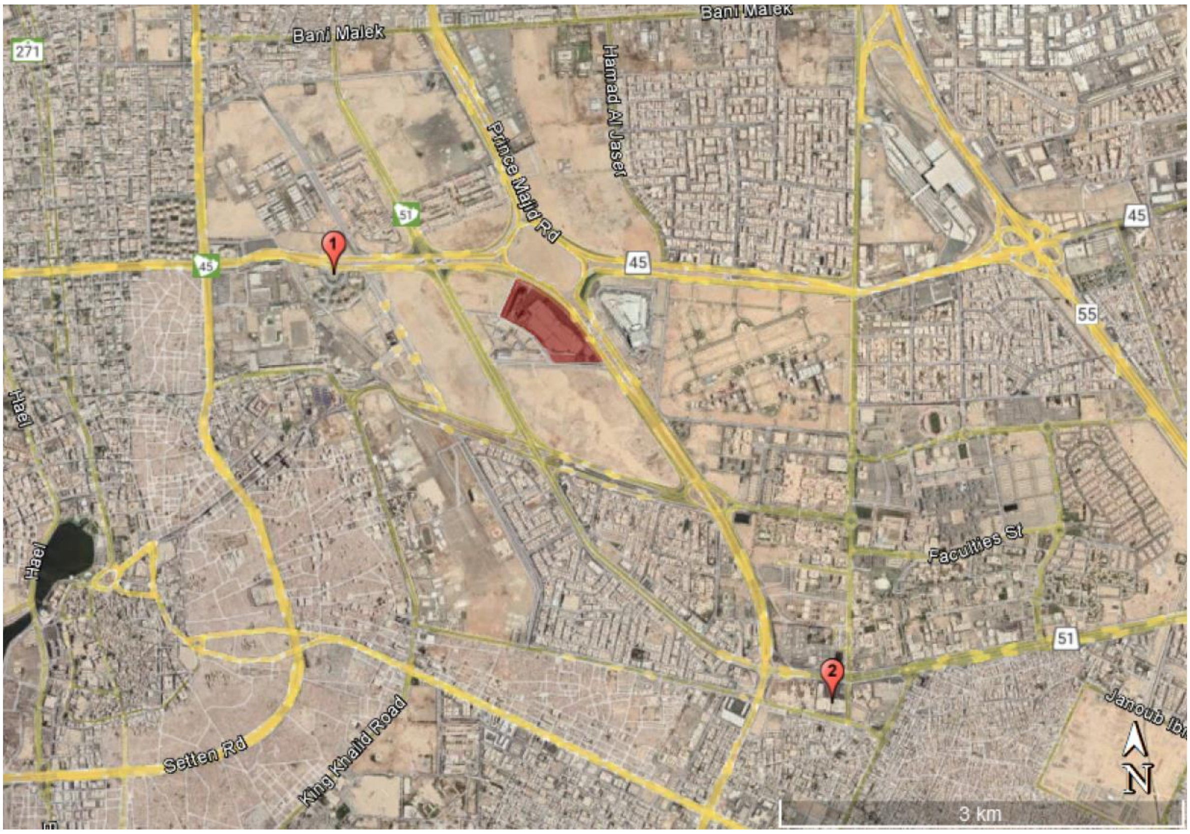
4.21 In order to form our opinion of the lease rates for the mall expansion, we have benchmarked the property against lifestyle centers within the surrounding area of the property. We have considered the asking lease rates per sq m per annum for F&B units within the benchmarks and have made the necessary adjustments for location, access, specification, and quality.

4.22 We provide a summary of our comparable evidence in the table and corresponding map below:

Table 12: Comparable Evidence – Lifestyle Centers

Ref.	Benchmark	Opening	Unit Size (sq m)	Total GLA (sq m)	Occupancy	Lease rate (SAR per sq m pa)	Service Charge
1	Town Square	2020	150 – 200	27,197	99%	2,000	10%
2	Jeddah Gate	2019	150 – 200	3,589	92%	1,800 – 2,200	10%

Source: Knight Frank Research



Source: Google Earth

Comparables Commentary

4.23 The benchmarks noted above have been included as a result of their location, quality, and positioning. These benchmarks form the foundation of our analysis of the mall expansion expected performance in terms of lease rates, absorption, and occupancy.

4.24 In forming our opinion of lease rates for the mall expansion, we have had regards to the lease rates of the F&B units within the benchmarks. As shown in the table above, F&B units are currently being leased at quoted rents of SAR 1,800 to SAR 2,200 per sq m per annum.

4.25 Town Square is a newly developed outdoor lifestyle center located west of the intersection of Abdullah Sulayman Street and Haramain Road. Town Square offers various type of units to let to cater to different tenant requirements, such as anchor stores, retail, and F&B. Units in Town Square vary in size between 150 sq m to 200 sq m. We consider the subjecto command a premium against Town Square due to better location and accessibility, with it being located on prince Majid Road. We have assumed that the subject will be developed in similar standards to town square, hence we have not made any adjustments for specification.

4.26 Jeddah Gate is located on King Abdullah Road in Al Fayha district, it comprises of three office buildings, residential buildings, and a ground level retail plaza with a wide range of F&B units. We consider the subject property to command a premium against Jeddah Gate for location, accessibility, and specification.

4.27 Our professional judgement, derived from the above benchmarks, and subject to adjustments for premiums and discounts we have arrived at an adopted lease rate of SAR 2,145 per sq m per annum. We have assumed a 10% service charge to be applied on top of the annual rent, in line with the benchmarks.

Valuation Assumptions – Mall Expansion

Investment Method

4.28 We understand that the mall is currently undergoing an expansion project which will introduce lifestyle retail and additional parking spaces. The lifestyle component is to be developed to F&B standards and leased for an average size of 310 sq m per unit, which have been taken into consideration when valuing the property.

4.29 In forming our opinion of Market Rent for the mall expansion, we have had regard to the quoted lease rates of lifestyle retail located in close proximity to the subject property. We have been informed by the client, that units of the mall expansion are to be developed and leased for F&B tenants. Therefore, we have relied on lease rates of F&B within the benchmarks and reflected the necessary adjustments.

4.30 When valuing the mall expansion, we have incorporated the GDV of the mall expansion in our residual model, where we have modelled our assumption of the market rent on a 10 year discounted cash flow and have allowed for deductions for expenses and other allowences such as sinking fund and bad debt. Out estimated rental value for the mall expansion is SAR 38,985,408 per annum.

4.31 We have not been provided by the operating costs budget for the project. We have therefore assumed that the operating cost for the project is SAR 150 per sq m of gross leasable area. We have also allowed for deductions for sinking fund provision and bad debt on the total effective revenue.

4.32 Based on our professional experience and previous engagements, we have allowed for a lease up period of three years, followed by stabilised occupancy of 85% on the fourth year.

4.33 We have assumed a 2% annual inflation on revenues and costs in our cash flow, and have adopted 8.75% exit yield and 10.00% discount rate.

4.34 We provide a summary of our key valuation assumptions adopted in the investment method in the table below:

Table 13: Valuation Summary – Investment Method

Item	Unit	Assumption
Gross Leasable Area (GLA)	Sq m	15,822
Market Rent (at 100% occupancy)	SAR per annum	37,332,009
Market Rent (inclusive of service charge)	SAR per sq m per per annum	2,360
Operating Cost	SAR per sq m	150
Stabilised Occupancy	%	85%
Service Charge	%	10%
Bad Debt	%	1%
Sinking Fund	%	1%
Capitalization Rate	%	8.75%
Operational Discount Rate	%	10.75%

Item	Unit	Assumption
Growth Rate	%	2%
GDV	**SAR**	**335,400,000**

Residual Method – Vertical Development

4.35 In forming our opinion of value, we have relied on information provided to us by the client. If any of the assumptions upon which the valuation is based on have subsequently changed, then the figures presented in this report may also need revision and should be referred back to the valuer.

4.36 As per information provided by the client, it is noted that the construction of the mall expansion has started in December 2021 and is expected to be completed by August 2023, implemented in phases.

4.37 We note that valuation of the mall extension on the vertical development utilises the residual method of valuation, which is sensitive to multiple inputs, including the phasing strategy. We have been provided with a generic phasing strategy of the subject, where information provided on the total area to be developed and construction costs for each phase are insufficient. Therefore, we have assumed that the entire site is developed in one go over a period of 21 months from December 2021 until August 2023.

4.38 We have been provided with the gross leasable area of the mall expansion, which equates to 15,822 sq m.

4.39 In forming our opinion of value, we have relied on the total construction costs provided by the client, which is SAR 131,123,158 – this is inclusive of consultancy and utilities fees, as well as 15% contingency. We have not accounted for inflation on construction costs and have only relied upon costs provided by the client.

4.40 We highlight that the project is currently under construction and actual payments have been made by the client. Therefore, we have only reflected the remaining construction costs of SAR 88,031,083 and the remaining construction period of 14 months, in our cash flows,

4.41 Leasing activities are assumed to commence after the development is completed on month 14.

4.42 A development discount rate of 13.25% has been adopted. Our discount rate takes into account the capex required as well as the perceived risk profile of the property.

4.43 We provide a summary of our valuation in the table below:

Table 14: Mall Expansion Valuation Summary – Vertical Development

	Item	Unit	Assumption
Cost Assumptions	GLA	Sq m	15,822
	Construction period	Months	21
	Remaining Construction Period	Months	14
	Total Construction Costs	SAR	131,123,158
	Paid Construction Costs	SAR	43,092,074
	Remaining Construction Costs	SAR	88,031,083
Revenue Assumptions	Commencement of Leasing Activities	Starts on Month	14
	GDV	SAR	335,400,000
Development Discount Rate			13.25%
NPV			**204,633,976**

Valuation Assumptions – Al Andalus Mall Hotel

Assumptions

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

Key Assumptions

4.45 Our projections are prepared in accordance with the Uniform System of Accounts for the Lodging Industry (USALI) as used by the hotel and leisure industry worldwide. We have made a number of assumptions within our valuation which we have listed below:

4.46 The valuation is based on the EBITDA of the serviced apartment, with an allowance for the terms and fees included in the hotel management agreement.

4.47 The valuation given includes furniture, fittings, equipment and operational supplies that are necessary for the hotel as a going concern.

4.48 We were not provided with the classification certificate for the operating hotel and therefore we have assumed that the hotel would continue to acquire an operating classification certificate as a 5-Star hotel.

4.49 Unless otherwise stated, ADR (Average Daily Rate) in our calculations is inclusive of service charges, but exclusive of tax and municipality fees.

4.50 Our cash flow is prepared on the basis of a calendar year. Year 1 of the cash flow starts from the date of valuation.

4.51 The client has terminated the hotel management agreement with Holiday Inns Middle East under the Staybridge Suites brand and as per the client, is in an advanced discussion with another reputable international operator. Therefore, we have assumed that the operator / brand appointed would be similar to that of Staybridge Suites. We have assumed that this new operator would continue to manage the subject property effectively and efficiently under a 5-Star deluxe serviced apartment positioning.

4.52 We were not provided with the revised commercial terms under the new management agreement and therefore have had to rely on industry standard fee structures that are typically offered by hotel operators for the Jeddah market. These terms are assumed to prevail over a 15-year term and come into effect by the end of 2022.

4.53 During the transition of operators, we have assumed that the property will continue to remain open for business and be owner operated. Furthermore, our projections take into account that the new operator would be appointed and running the operations of the hotel by the end of 2022. A delay in appointing the new operator would impact the projections.

4.54 Typically, when a new hotel operator takes over an existing branded operational hotel, there are costs associated with re-branding, FF&E upgrades, etc. Typically, these costs are borne by the owner; however, we have been informed by the client that the costs related to re-branding and the costs related to any minor FF&E upgrades will be covered by the accrued FF&E reserve from the previous years.

4.55 The subject hotel has all relevant documentation and permissions required from the relevant planning and trading authorities in Jeddah, KSA.

4.56 We have assumed the rate of inflation to be 2 percent per annum.

4.57 We have adopted a discount rate of 11.25 percent and a terminal capitalisation rate of 9.25 percent for the hotel cash flow.

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

SWOT analysis

Strengths	Weaknesses
• Located within the Al Woroud district – prime location on the cross roads of Prince Majid Road and King Abdullah Road. • Immediately adjacent to Al Andalus Mall, a prestigious mall in Jeddah. • Large room sizes, which are well maintained to a high specification; • Diversity of room inventory providing guests with more choice. • Variety of meeting space capitalising on exposure towards MICE segmentation.	• Traffic congestion area • Poor vehicular accessibility • Limited F&B facilities • Trajectory of growth in the city of Jeddah is shifting north, with developments such as Jeddah Economic City (JEC) and the development surrounding the Jeddah Creek.
Opportunities	**Threats**
• Large masterplan development in place where Al Andalus Mall and Hotel are one of the first phases of development to be constructed – potential to leverage on corporate guest and VFR market share from proposed hospital currently under construction. • Lack of internationally branded serviced apartments in the Jeddah market.	• Future supply pipeline will heavily influence the market share of the serviced apartments. • Several vacant land plots which may be developed into competing properties.

Valuation bases

Market Value

4.59 Market Value is defined within **RICS Valuation - Global Standards / IVS** as:

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

Market Rent

4.60 Market Rent is defined in **RICS Valuation – Professional Standards as:**

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

Valuation date

Valuation date

4.61 The valuation date is 30 June 2022.

Market Value

Assumptions

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

Key Assumptions

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

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

Market Value (Aggregate)

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

SAR 1,513,905,000

(One Billion, Five Hundred and Thirteen Million, Nine Hundred and Five Thousand Saudi Arabian Riyals)

4.65 The split between the components is as follows:

Market Value (Al Andalus Mall)

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

SAR 1,167,770,000

(One Billion, One Hundred and Sixty Seven Million, Seven Hundred and Seventy Thousand Saudi Arabian Riyals)

Market Value (Al Andalus Mall Expansion)

4.67 We are of the opinion that the Market Value of the freehold interest in the mall expansion, subject to the assumptions and caveats detailed herein, at the valuation date is:

SAR 204,635,000

(Two Hundred and Four Million, Six Hundred and Thirty Five Thousand Saudi Arabian Riyals)

Market Value (Al Andalus Mall Hotel)

4.68 We are of the opinion that the Market Value of the freehold interest in the Hotel, subject to the assumptions and caveats detailed herein, as at the valuation date is:

SAR 141,500,000
(One Hundred and Forty One Million, Five Hundred Thousand Saudi Arabian Riyals)

4.69 Our opinion of Market Value (Hotel) above equates to a capital value of approximately USD 230,000 per key.

5. Risk analysis

General comments

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

Risks relating to the property

Location

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

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

Condition

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

Income Risks

Leases

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

Hotels

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

Economic & property market risks

Demand from occupiers

5.7 Based on the fact that the mall is at 94% occupancy which is aligned with its peers, this suggests there is still a good level of demand from the type of tenant that would be attracted to this mall and it's positioning in the retail market.

Supply of similar properties

5.8 One of the key malls to note is Al Salam Mall, located opposite the property. Like the property this is a super-regional mall, but is it slightly larger as it extends to 121,113 sq m. The risk of tenants moving to Salam Mall may be a possibility, however it is worth mentioning that Al Salam Mall has occupancy above 88% therefore the space available would be limited. Nonetheless the property was built in 2007 and has shown strong performance in terms of retaining tenants, rental growth and has high occupancy.

Investor

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

Liquidity of the property type / Time to sell

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

Appendix 1 Instruction documentation

AlAhli REIT Fund (1)
Riyadh
Kingdom of Saudi Arabia

For the attention of Danial Mahfooz

Our Ref: SNB Capital

11 July 2022

Dear Sirs

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

Thank you for your enquiry of 07 June 2022 requesting a valuation report in respect of the properties detailed below (the "Properties"). We are writing to set out our agreed terms of engagement for carrying out this instruction which comprise this Terms of Engagement letter (this "Letter") together with our General Terms of Business for Valuation Services (the "General Terms"). This Letter and the General Terms (together, the "Agreement") exclude any other terms which are not specifically agreed by us in writing. To the extent that there is any inconsistency between this Letter and the General Terms, this Letter shall take precedence.

1. Client

Our client for this instruction is AlAhli REIT Fund (1) (the "Client", "you", "your").

2. Properties to be valued

The Properties to be valued are as follows:

Property Address	Tenure	Occupancy
Asset 1: Al Andalus Mall (including extension land) and Staybridge Suites Hotel Apartments, Jeddah, Kingdom of Saudi Arabia	Freehold	Tenanted - subject to more than one lease or tenancy
Asset 2: Qbic Building, King Abdulaziz Road Al Ghadeer District, Riyadh, Kingdom of Saudi Arabia	Freehold	Tenanted - subject to more than one lease or tenancy
Asset 3: Salama Building, Madinah Road Salamah District, Jeddah, Kingdom of Saudi Arabia	Freehold	Tenanted - subject to more than one lease or tenancy

3. Valuation standards

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

Building WH01-04 1St Floor Al Raidah Digital City
T +966 5308 03297
knightfrank.com.sa

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

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

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

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

5. Valuer and competence disclosure

The valuer, on our behalf, with responsibility for the Valuation will be Stephen Flanagan MRICS, RICS Registered Valuer, Taqeem Fellow Valuer with Membership Number 1220001318 (the "Lead Valuer"). Parts of the Valuation may be undertaken by additional valuers within the firm.

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

6. Purpose of valuation

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

7. Limitation of liability and restrictions on use

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

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

Third party reliance

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

Disclosure

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

8. Basis of valuation

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

- Market Value.

9. Special assumptions and assumptions

Special assumptions

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

- You have not requested any valuations on special assumptions.

Assumptions

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

10. Valuation date

The valuation dates are 30 June 2022 and 31 December 2022.

11. Currency to be adopted

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

12. Extent of inspection and investigations

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

Inspection

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

13. Information to be relied upon

We will rely on information provided to us by you or a third party and will assume it to be correct. This information will be relied upon by us in the Valuation, subject only to any verification that we have agreed to undertake.

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

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

14. Report format

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

15. Fees and expenses

Payment details

Our fee for undertaking this instruction will be Saudi Riyals (SAR) 80,000 (Eighty Thousand) excluding VAT for each re-valuation, and reasonable disbursements divided into two payment, set out below.

June 2022 revaluation:

Advance Payment	Saudi Riyals (SAR) 40,000.00 (50%)
Final payment	Saudi Riyals (SAR) 40,000.00 (50%)

December 2022 revaluation:

Advance Payment	Saudi Riyals (SAR) 40,000.00 (50%)
Final payment	Saudi Riyals (SAR) 40,000.00 (50%)

Our timeframe for completion of draft reports shall be by 15 working days from receipt of the initial invoice payment and receipt of all information contained within Appendix 4. Where any additional work is undertaken by Knight Frank Spain Saudi Arabia Real Estate Valuations Company or the time period of the assignment is extended due to reasons outside our control, we reserve the right to seek additional fees charged on an as-incurred basis in agreement with the client.

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

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

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

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

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

16. Acceptance

Please sign and return a copy of this Letter signifying your acceptance of the terms of the Agreement. We reserve the right to withhold any Valuation and/or refrain from discussing it with you until this Letter has been

countersigned and returned. Your attention is drawn to the "Important Notice" in the General Terms. If you have any questions regarding this Letter and/or the terms of the Agreement between us please let us know before signing this Letter or otherwise giving us instructions to proceed.

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

Yours faithfully

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

Attached - General Terms of Business for Valuation Services

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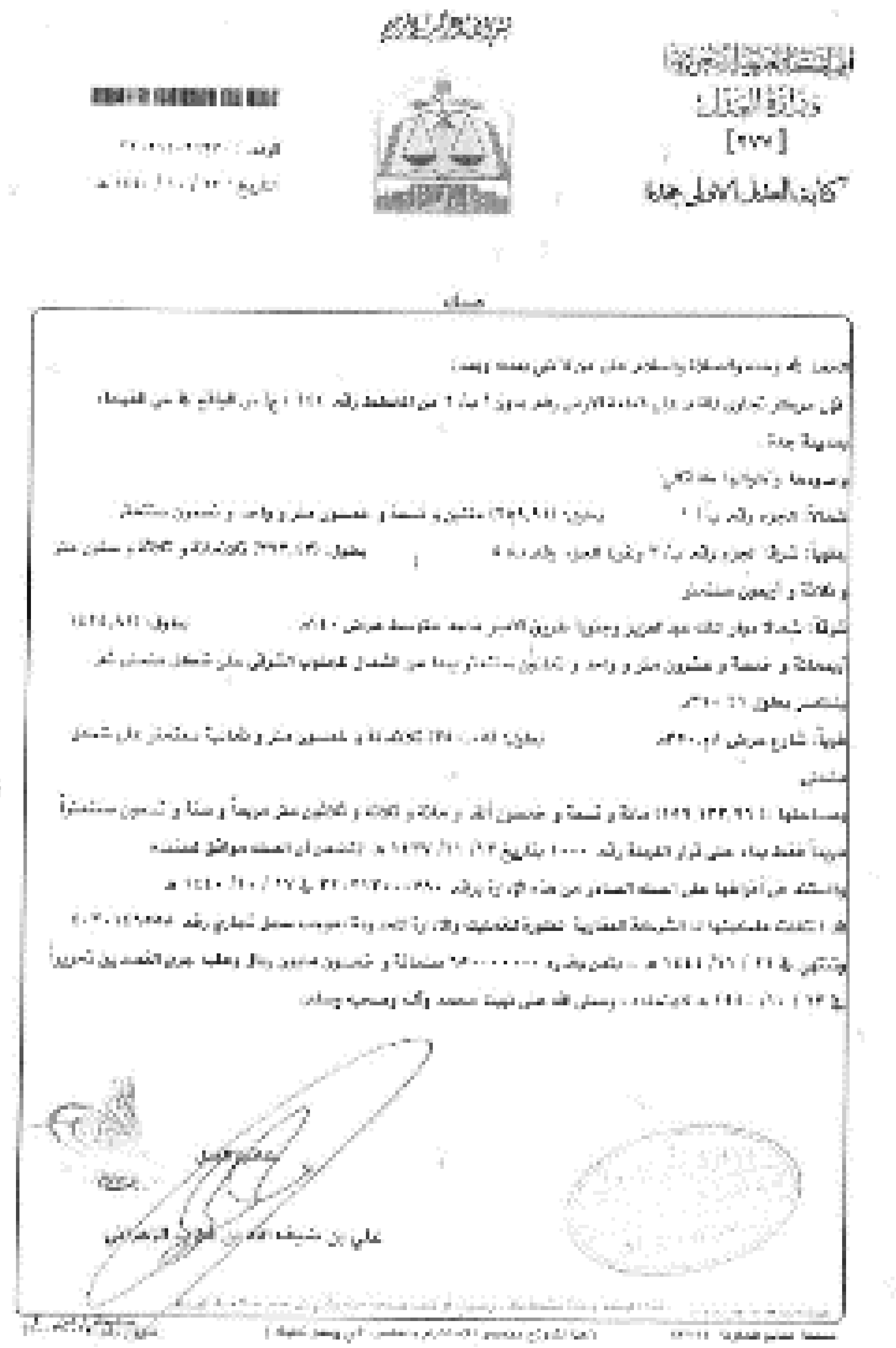
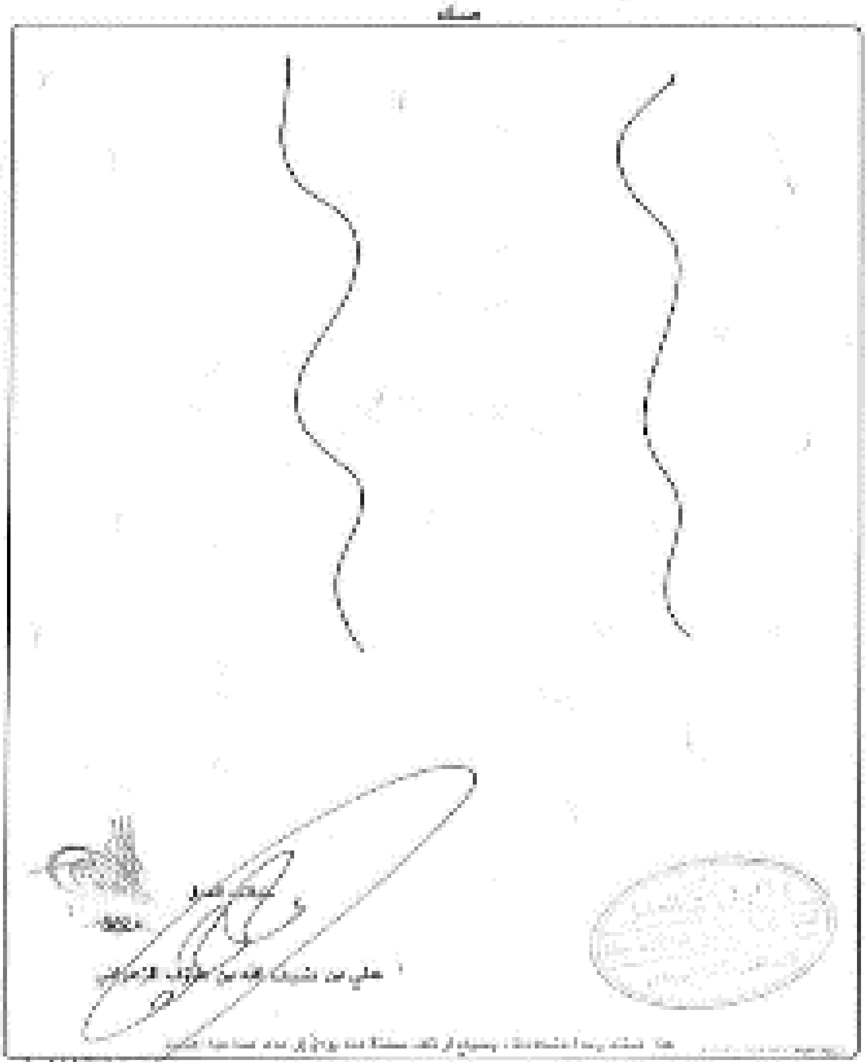
Signed for and on behalf of AlAhli REIT Fund (1) Date

KF Ref: SNB Capital

Appendix 2 Title Deed





المملكة العربية السعودية
وزارة العدل
[٢٧٣]
كتابة العدل الأولى بجدة

Appendix 3 Building Permit

المملكة العربية السعودية
وزارة الشؤون البلدية والقروية
أمانة محافظة جده

التاريخ : ٢٦ ٠٢ ٠٤
الرقم : ٠٠٠١٠٣

رخصة بناء

بلدية : الجامعة
رخصة بناء : مركز تجاري — لمدة ثلاث سنوات تبدأ من تاريخه
اسم مالك : محمد بن عبدالعزيز الحبيب وشركاه
نوع هوية : حفيظة نفوس رقم ٠١ — ت ٠١ ٠١ ١٤٢٥ مصدر جده
صك ملكية : ٤٦٧ تاريخه ٣٠ ٠٤ ١٤٢٤
رقم مبنى : ٠٠٠٠ شارع غير مسمى (٩٩٩٩) حي الثغر
رقم قطعة : ٠٠٠ رقم المخطط التنظيمي تاريخ المخطط ٠٠ ٠٠٠٠
قد رخص للمالك ببناء عدد ٠٢ دور بموجب الحدود والابعاد والارتدادات والبروزات

الاتجاه : محيط خارجي	الارتداد	البروزات	المساحة
شمال : ١٤ ٠٠٢٩١	٩٠ ٧١	٠٠ ٠٠٠٠	وفق الصك : ١٠٠٠
شرق : ٣٧ ٠٠٧٦٣	٤٠ ٧١	٠٠ ٠٠٠٠	وفق الطبيعة : ١٠٠٠
جنوب : ٠٤ ٠٠٣٦٨	٠٠ ١٣٢	٠٠ ٠٠٠٠	وفق التنظيم : ١٠٠٠
غرب : ١٠ ٠٠٤٨٧	٨٢ ١٠٦	٠٠ ٠٠٠٠	

المحتويات	سكن	تجاري	مواقف سيارات	وحدات اخرى	مساحة
دور ارضي	٠٠ ٠٠٠٠٠٠٠٠	٠٠ ٠٠٤١٤٧٧	٠٠ ٠٠٣٨٠٠٠٠	٠٠ ٠٠٠٠٠٠٠٠	٠٠ ١٧
دور اول	٠٠ ٠٠٠٠٠٠٠٠	٠٠ ٠٠٧٥٢٩١	٠٠ ٠٠٠٠٠٠٠٠	٠٠ ٠٠٠٠٠٠٠٠	٠٠ ١١

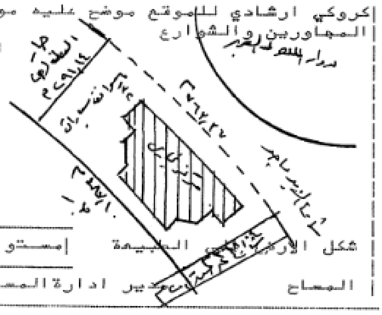
اجمالي طول الاسوار (م - ط) ٠٠ ٠٠٠٠٠
نسبة الدور الارضي ٠٦٠٠
رقم رخصة المعماري
الاسم
رقم رخصة الانشائي
الاسم
رقم رخصة المصمم ١٠٠٧٢
الاسم مروان بدرالدين عاشور
أجريت دراسة التربة بمعرفة
المكتب المصمم

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

البيارة طول	عرض	عمق
٠٠ ٠٠٠٠٠	٠٠ ٠٠٠٠٠	٠٠ ٠٠٠٠٠

مكان وجودها

كروكي ارشادي للموقع موضح عليه موقع المجاورين والشوارع



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

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

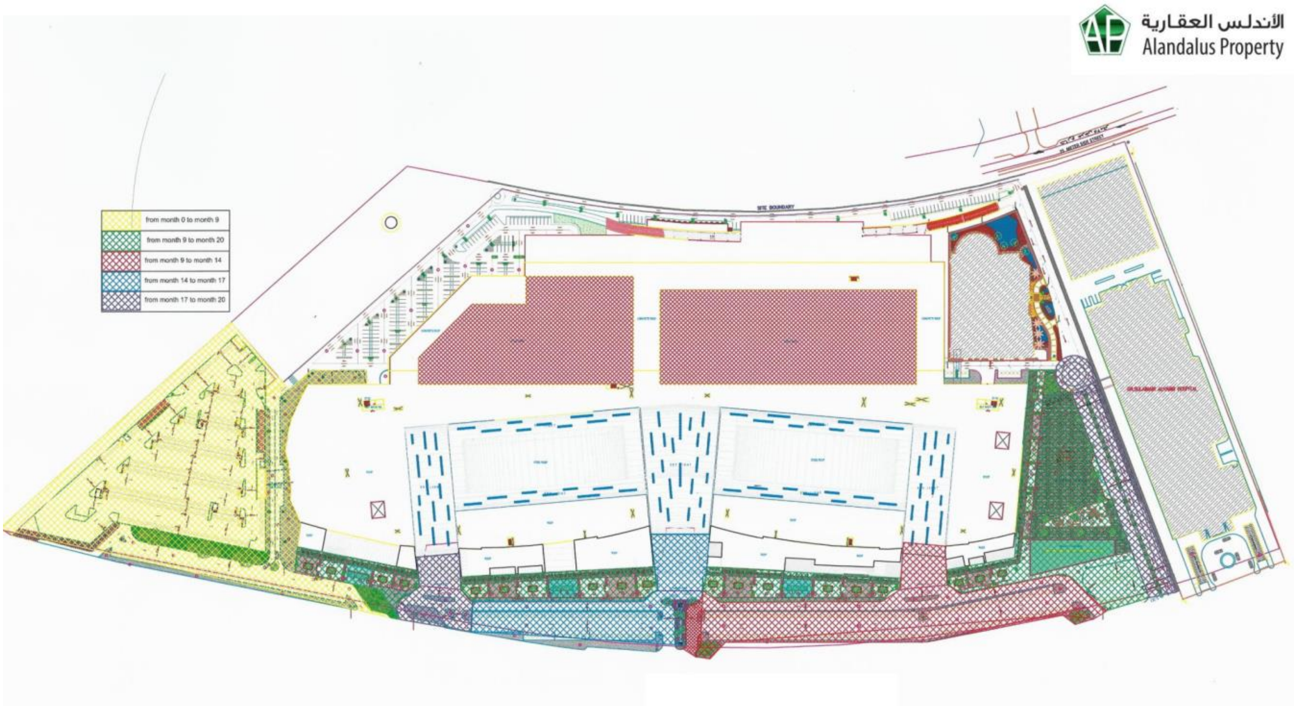
مهندس الرخص — مدير ادارة التراخيص — رئيس البلدية

Appendix 4 Floor Plans

Ground Floor

First Floor

Appendix 5 Andalus Expansion Project



Appendix 6 Profit & Loss – Hotel

Currency (SAR) '000	Forecast									
	Year 1 2022/2023		Year 2 2023/2024		Year 3 2024/2025		Year 4 2025/2026		Year 5 2026/2027	
Av. Room Occupancy	48%		60%		68%		74%		74%	
Av. Room Rate (SAR)	495		554		610		653		666	
RevPAR	238		333		415		483		493	
Operations Revenue										
Rooms Department	14,223	82.4%	19,912	83.5%	24,823	84.8%	28,905	84.8%	29,483	84.8%
Food & Beverage Department	2,845	16.5%	3,584	15.0%	3,972	13.6%	4,625	13.6%	4,717	13.6%
Other Operating Department	142	0.8%	299	1.3%	434	1.5%	506	1.5%	516	1.5%
Miscellaneous Income	46	0.3%	47	0.2%	48	0.2%	49	0.1%	50	0.1%
Total Sales / Operation Revenue ('000)	**17,255**	**100%**	**23,841**	**100%**	**29,277**	**100%**	**34,084**	**100%**	**34,766**	**100%**
Departmental Expenses ('000)										
Rooms Department	2,845	20.0%	3,186	16.0%	3,475	14.0%	4,047	14.0%	4,128	14.0%
Food & Beverage Department	2,162	76.0%	2,330	65.0%	2,383	60.0%	2,775	60.0%	2,830	60.0%
Other Operating Department	39	27.5%	75	25.0%	87	20.0%	101	20.0%	103	20.0%
Miscellaneous Income	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total Departmental Expenses	5,046	29.2%	5,590	23.4%	5,945	20.3%	6,923	20.3%	7,061	20.3%
Gross Operating Income ('000)	**12,210**	**71%**	**18,251**	**77%**	**23,332**	**80%**	**27,161**	**80%**	**27,704**	**80%**
Undistributed Operating Expenses										
Administration & General	2,847	16.5%	2,801	11.8%	3,074	10.5%	3,579	10.5%	3,650	10.5%
IT Systems	733	4.3%	691	2.9%	732	2.5%	852	2.5%	869	2.5%
Sales and Marketing	776	4.5%	1,001	4.2%	1,171	4.0%	1,363	4.0%	1,391	4.0%
Property Operation and Maintenance	863	5.0%	834	3.5%	878	3.0%	1,023	3.0%	1,043	3.0%
Utilities	2,243	13.0%	1,931	8.1%	2,049	7.0%	2,386	7.0%	2,434	7.0%
Total Undistributed Expenses ('000)	7,463	43.3%	7,260	30.5%	7,905	27.0%	9,203	27.0%	9,387	27.0%
Gross Operating Profit ('000)	**4,747**	**28%**	**10,991**	**46%**	**15,427**	**53%**	**17,959**	**53%**	**18,318**	**53%**
Management Fee	259	1.5%	358	1.5%	439	1.5%	596	1.8%	608	1.8%
Adjusted Gross Operating Profit ('000)	**4,488**	**26%**	**10,634**	**45%**	**14,988**	**51%**	**17,362**	**51%**	**17,709**	**51%**
Incentive Fee	314	1.8%	744	3.1%	1,049	3.6%	1,215	3.6%	1,240	3.6%
Non-Operating Income and Expenses	86	0.5%	119	0.5%	146	0.5%	170	0.5%	174	0.5%
Replacement Reserve	345	2.0%	715	3.0%	878	3.0%	1,023	3.0%	1,043	3.0%
EBITDA - Net Cash Flow ('000)	**3,742**	**21.7%**	**9,055**	**38.0%**	**12,914**	**44.1%**	**14,954**	**43.9%**	**15,253**	**43.9%**
% Profit Ratio	21.7%		38.0%		44.1%		43.9%		43.9%	

Currency (SAR) '000	Forecast									
	Year 6 2027/2028		Year 7 2028/2029		Year 8 2029/2030		Year 9 2030/2031		Year 10 2031/2032	
Av. Room Occupancy	74%		74%		74%		74%		74%	
Av. Room Rate (SAR)	679		692		706		720		735	
RevPAR	502		512		523		533		544	
Operations Revenue										
Rooms Department	30,072	84.8%	30,674	84.8%	31,287	84.8%	31,913	84.8%	32,551	84.8%
Food & Beverage Department	4,812	13.6%	4,908	13.6%	5,006	13.6%	5,106	13.6%	5,208	13.6%
Other Operating Department	526	1.5%	537	1.5%	548	1.5%	558	1.5%	570	1.5%
Miscellaneous Income	51	0.1%	52	0.1%	53	0.1%	54	0.1%	55	0.1%
Total Sales / Operation Revenue ('000)	**35,461**	**100%**	**36,170**	**100%**	**36,893**	**100%**	**37,631**	**100%**	**38,384**	**100%**
Departmental Expenses ('000)										
Rooms Department	4,210	14.0%	4,294	14.0%	4,380	14.0%	4,468	14.0%	4,557	14.0%
Food & Beverage Department	2,887	60.0%	2,945	60.0%	3,004	60.0%	3,064	60.0%	3,125	60.0%
Other Operating Department	105	20.0%	107	20.0%	110	20.0%	112	20.0%	114	20.0%
Miscellaneous Income	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total Departmental Expenses	7,202	20.3%	7,346	20.3%	7,493	20.3%	7,643	20.3%	7,796	20.3%
Gross Operating Income ('000)	**28,258**	**80%**	**28,824**	**80%**	**29,400**	**80%**	**29,988**	**80%**	**30,588**	**80%**
Undistributed Operating Expenses										
Administration & General	3,723	10.5%	3,798	10.5%	3,874	10.5%	3,951	10.5%	4,030	10.5%
IT Systems	887	2.5%	904	2.5%	922	2.5%	941	2.5%	960	2.5%
Sales and Marketing	1,418	4.0%	1,447	4.0%	1,476	4.0%	1,505	4.0%	1,535	4.0%
Property Operation and Maintenance	1,064	3.0%	1,085	3.0%	1,107	3.0%	1,129	3.0%	1,152	3.0%
Utilities	2,482	7.0%	2,532	7.0%	2,583	7.0%	2,634	7.0%	2,687	7.0%
Total Undistributed Expenses ('000)	9,574	27.0%	9,766	27.0%	9,961	27.0%	10,160	27.0%	10,364	27.0%
Gross Operating Profit ('000)	**18,684**	**53%**	**19,058**	**53%**	**19,439**	**53%**	**19,828**	**53%**	**20,224**	**53%**
Management Fee	621	1.8%	633	1.8%	646	1.8%	659	1.8%	672	1.8%
Adjusted Gross Operating Profit ('000)	**18,063**	**51%**	**18,425**	**51%**	**18,793**	**51%**	**19,169**	**51%**	**19,553**	**51%**
Incentive Fee	1,264	3.6%	1,290	3.6%	1,316	3.6%	1,342	3.6%	1,369	3.6%
Non-Operating Income and Expenses	177	0.5%	181	0.5%	184	0.5%	188	0.5%	192	0.5%
Replacement Reserve	1,064	3.0%	1,085	3.0%	1,107	3.0%	1,129	3.0%	1,152	3.0%
EBITDA - Net Cash Flow ('000)	**15,558**	**43.9%**	**15,869**	**43.9%**	**16,186**	**43.9%**	**16,510**	**43.9%**	**16,840**	**43.9%**
% Profit Ratio	43.9%		43.9%		43.9%		43.9%		43.9%	

Appendix 7 Andalus Mall Cash Flow

Cash Flow Report

Al Andalus Mall (Amounts in SAR)

Jun, 2022 through May, 2033

	Forecast Year 1	Forecast Year 2	Forecast Year 3	Forecast Year 4	Forecast Year 5	Forecast Year 6	Forecast Year 7	Forecast Year 8	Forecast Year 9	Forecast Year 10	Forecast Year 11	Forecast
For the Years Ending	May-2023	May-2024	May-2025	May-2026	May-2027	May-2028	May-2029	May-2030	May-2031	May-2032	May-2033	Total
Rental Revenue												
Headline Rent	136,782,062	137,049,205	141,073,705	145,158,253	147,787,925	152,668,736	155,547,436	158,421,731	159,977,312	161,505,756	164,608,954	1,660,581,074
Void Loss	-239,046	0	0	0	0	0	0	0	0	0	0	-239,046
Passing Rent	136,543,016	137,049,205	141,073,705	145,158,253	147,787,925	152,668,736	155,547,436	158,421,731	159,977,312	161,505,756	164,608,954	1,660,342,029
Total Rental Revenue	136,543,016	137,049,205	141,073,705	145,158,253	147,787,925	152,668,736	155,547,436	158,421,731	159,977,312	161,505,756	164,608,954	1,660,342,029
Total Tenant Revenue	136,543,016	137,049,205	141,073,705	145,158,253	147,787,925	152,668,736	155,547,436	158,421,731	159,977,312	161,505,756	164,608,954	1,660,342,029
Potential Gross Revenue	136,543,016	137,049,205	141,073,705	145,158,253	147,787,925	152,668,736	155,547,436	158,421,731	159,977,312	161,505,756	164,608,954	1,660,342,029
Vacancy & Credit Loss												
Vacancy Allowance	-6,589,359	-6,844,068	-7,044,280	-7,249,976	-7,381,475	-7,620,830	-7,768,389	-7,911,924	-7,998,668	-8,065,583	-8,220,552	-82,695,103
Total Vacancy & Credit Loss	-6,589,359	-6,844,068	-7,044,280	-7,249,976	-7,381,475	-7,620,830	-7,768,389	-7,911,924	-7,998,668	-8,065,583	-8,220,552	-82,695,103
Effective Gross Revenue	129,953,657	130,205,137	134,029,424	137,908,277	140,406,450	145,047,906	147,779,047	150,509,807	151,978,645	153,440,173	156,388,402	1,577,646,925
Revenue Costs												
Sinking fund	1,367,058	1,368,814	1,408,856	1,449,995	1,476,295	1,524,166	1,553,678	1,582,385	1,599,734	1,613,117	1,644,110	16,588,207
Bad debts	1,367,058	1,368,814	1,408,856	1,449,995	1,476,295	1,524,166	1,553,678	1,582,385	1,599,734	1,613,117	1,644,110	16,588,207
Opex	25,690,796	26,204,612	26,728,704	27,263,278	27,808,544	28,364,715	28,932,009	29,510,649	30,100,862	30,702,879	31,316,937	312,623,985
Total Revenue Costs	28,424,912	28,942,239	29,546,416	30,163,269	30,761,134	31,413,047	32,039,364	32,675,419	33,300,329	33,929,113	34,605,158	345,800,400
Net Operating Income	101,528,745	101,262,898	104,483,008	107,745,009	109,645,317	113,634,859	115,739,683	117,834,388	118,678,315	119,511,060	121,783,244	1,231,846,526
Cash Flow Before Debt Service	101,528,745	101,262,898	104,483,008	107,745,009	109,645,317	113,634,859	115,739,683	117,834,388	118,678,315	119,511,060	121,783,244	1,231,846,526
Cash Flow Available for Distribution	101,528,745	101,262,898	104,483,008	107,745,009	109,645,317	113,634,859	115,739,683	117,834,388	118,678,315	119,511,060	121,783,244	1,231,846,526

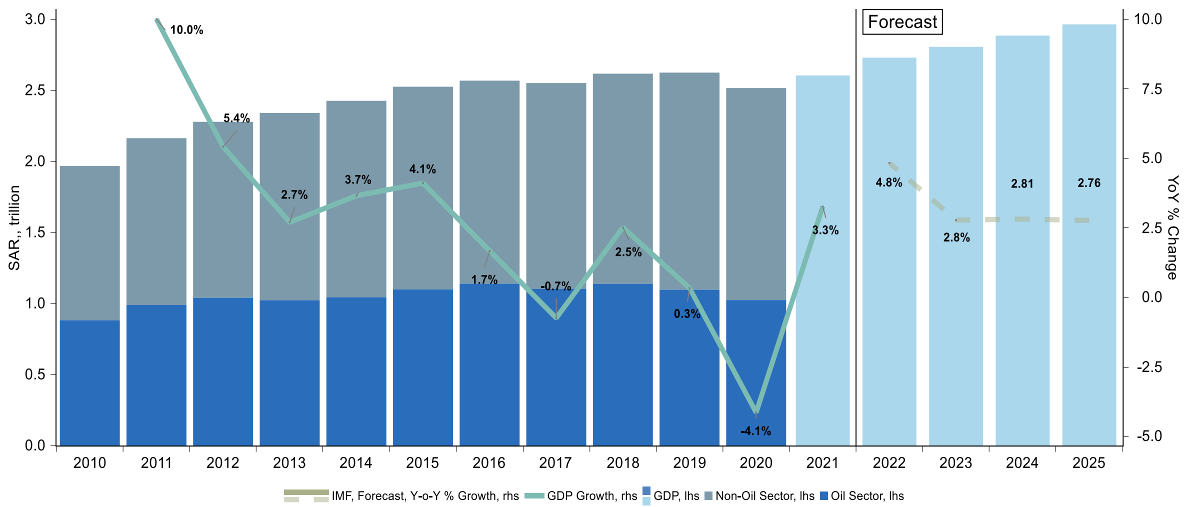
Appendix 8 Market research report

KSA Macroeconomic Overview

Saudi Arabia GDP Growth, 2011 - 2023

- After a year of contraction due to the pandemic, Saudi Arabia's economy resumed growth in 2021. According to preliminary full-year data from the General Authority for Statistics (GaStat), Saudi Arabia's real GDP grew by 3.3% in 2021, compared to a 4.2% drop in 2020, when the pandemic slowed down most economic activities.
- Saudi Arabia's real GDP increased by 6.8% year-on-year in the fourth quarter, owing to strong growth in non-oil activities which registered a growth of 6.6% over the same period.
- Looking ahead, the rise in oil prices appears to be supporting an increase in government oil-related revenue, which underpins Saudi Arabia's 4.8% GDP growth forecast for 2022, the highest in the region.

Saudi Arabia GDP, YoY % change



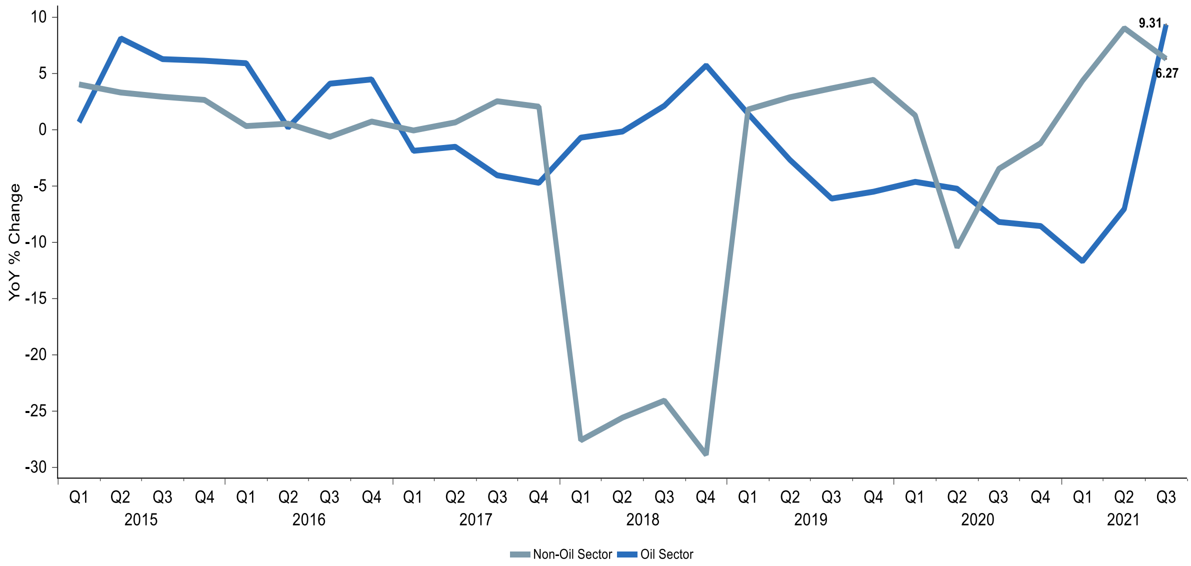
Source: Knight Frank Research, Macrobond

Saudi Arabia Oil & Non-Oil GDP and GDP Growth

- Even with this rate of economic growth, Saudi Arabia will remain below the average growth rate of c. 5% which was recorded between 2011 and 2015.
- While due to concerns around the new variants of COVID-19, there are material downside risks that may still impact economic activity in Saudi Arabia, most are unlikely to come to fruition and few are exogenous in nature.

- According to quarterly figures issued by the General Department of Statistics, Saudi Arabia's GDP climbed 7% year-on-year in Q3 2021, This expansion was mostly fuelled by the oil sector, which climbed by 9.3% year-on-year, while the non-oil sector expanded by 6.2% over the same period.

Saudi Arabia Oil & Non-Oil GDP Growth



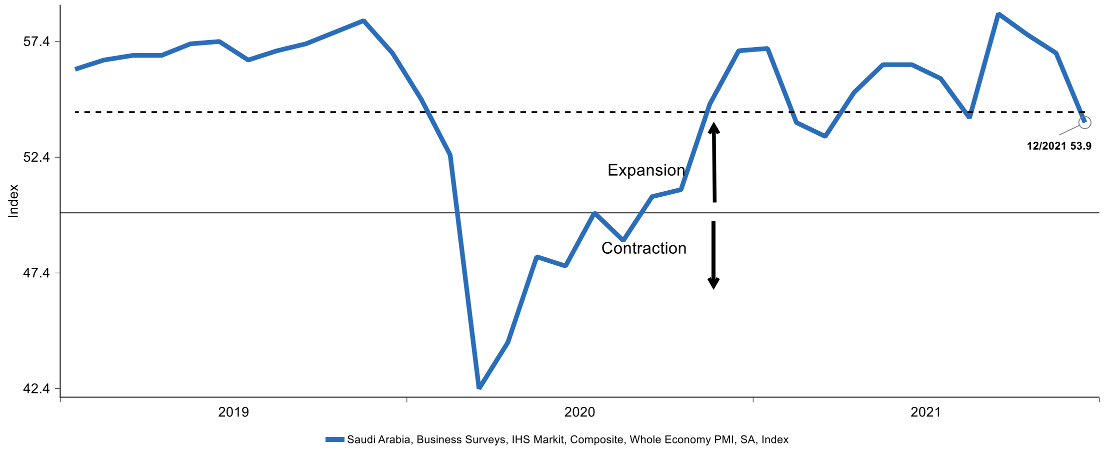
Source: Knight Frank Research, Macrobond

Saudi Arabia, Purchasing Manager Index (PMI)

- The non-oil private sectors are at the centre of Saudi Arabia’s Vision 2030, and the reforms launched to bolster these sectors are already being felt widely across the economy. Indeed, Saudi Arabia’s Purchasing Manager Index (PMI), which tracks the country’s private non-oil economy, registered a reading of 53.9% in December 2021, representing the 16th month of expansion and business growth.

- However, Saudi Arabia's PMI fell on a monthly basis to 53.9 in December 2021 from 56.9 in November, the lowest figure since March. A trend underpinned by a decline in business activity amid concerns about the spread of the new Omicron strain that has impacted customer spending.

Saudi Arabia PMI

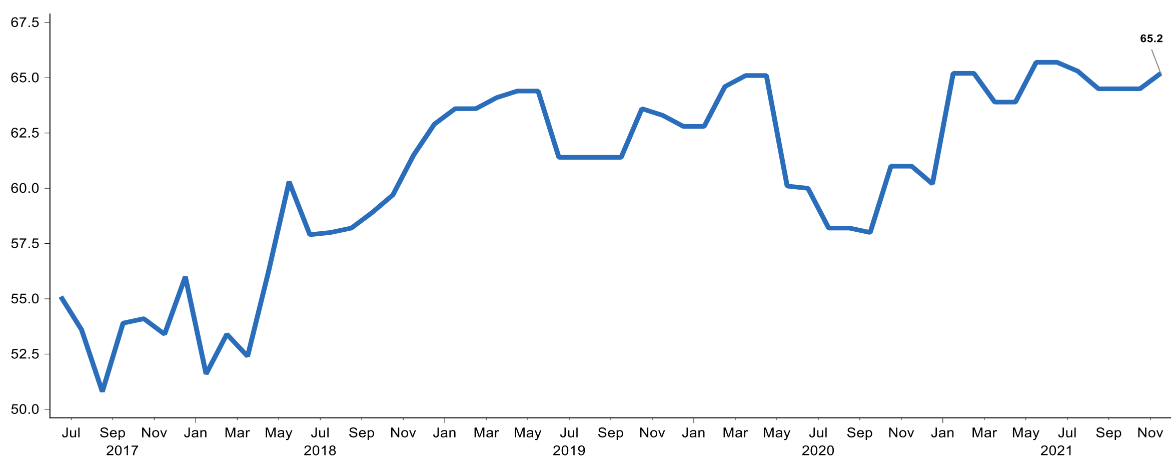


Source: Knight Frank Research, Macrobond

Saudi Arabia Primary Consumer Sentiment Index by Thomson Reuters / IPSOS

- Saudi Arabia's Primary Consumer Sentiment Index (PCSI) is a national survey of consumer attitudes toward the current and future state of the local economy, personal financial situation, as well as confidence in making large investments and ability to save.
- The latest reading in November 2021 of the Primary Consumer Sentiment Index (PCSI) in Saudi Arabia, released by IPSOS, reveals a stagnant performance from the previous month, leaving it at 65.2.
- Saudi Arabia came in first, ahead of China, in terms of the present status of its economy, with 56% believing it is robust. The Kingdom also ranks second internationally, with consumers (86%) saying the country is on the right track, a 4% decrease since October 2021.

PCSI, by Thomson Reuters / IPSOS

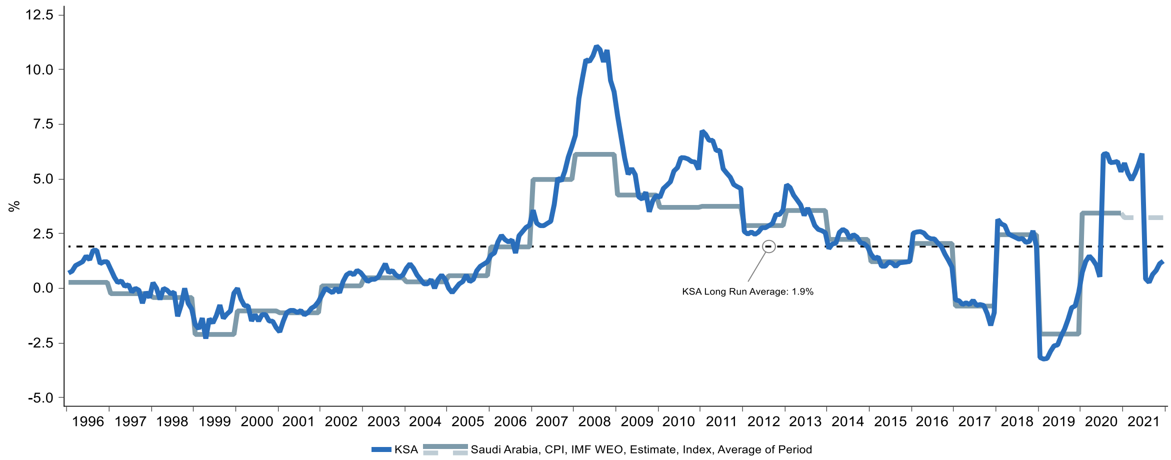


Source: Knight Frank Research, Macrobond

Saudi Arabia Consumer Price Index, YoY Change %

- The Consumer Price Index (CPI) increased by 1.24% in December 2021, compared to December 2020, higher than November 2021 (1.1%). The increase in the CPI was mostly due to higher prices for transportation (7.2%) and food and beverages (1.1%).
- Transport prices climbed by 7.2%, mostly owing to increasing fuel prices, which increased by 50%. Because of their significant relative importance in the Saudi consumer basket (13.0%), transportation expenses were the major driver of the inflation rate in December 2021. Food and beverage costs climbed by 1.1%, owing mostly due to rise in vegetable prices (6.3%).

CPI, YoY % Change

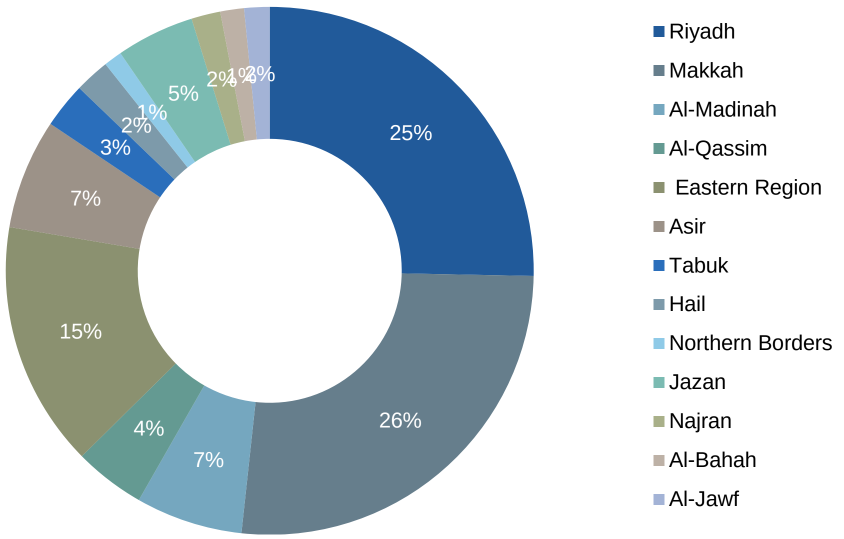


Source: Knight Frank Research, Macrobond

Saudi Arabia Population Segmentation by Province - 2019

- Saudi Arabia accounts for more than half of the GCC's total population and has a larger population than any other GCC country. According to official statistics, the population count was registered at 35 million in 2020.
- The population segmentation by regions for 2019 shows that nearly 65% of the population of the Kingdom is concentrated in three provinces, namely Makkah Al Mokarramah, Riyadh, and the Eastern Province, which account for 26%, 25% and 15% of the country’s population respectively. Beyond the year 2019, the breakdown of the KSA population by region is not available.

Saudi Arabia Population Segmentation by Province - 2019

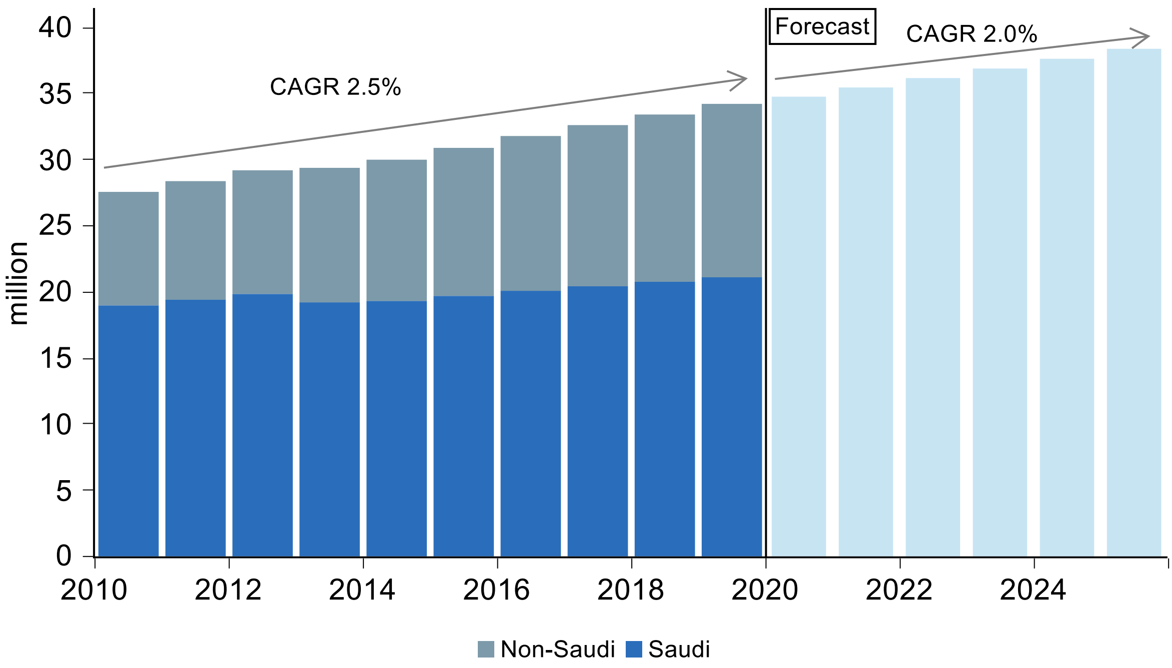


Source: Knight Frank Research, GASTAT

Saudi Arabia Population Forecasts

- According to official statistics, the population of Saudi Arabia is estimated to have reached 35.4 million in 2021. The Saudi/Non-Saudi breakdown of the population for 2020 stands at 21.6 million/13.4 million according to the same source.
- Based on the IMF forecasts, the population of Saudi Arabia is expected to grow at a constant 2% annual growth rate from 2020 onwards, reaching 38.3 million in 2025. A large and growing population, albeit at a slower pace than previous years, will continue to drive demand for goods and services in the short to medium term.
- Saudi Arabia's population is dominated by Saudi nationals, accounting for 62% of the population. This implies that aggregate demand for products and services does not primarily stem from the expatriate workforce.

Saudi Arabia Population Evolution

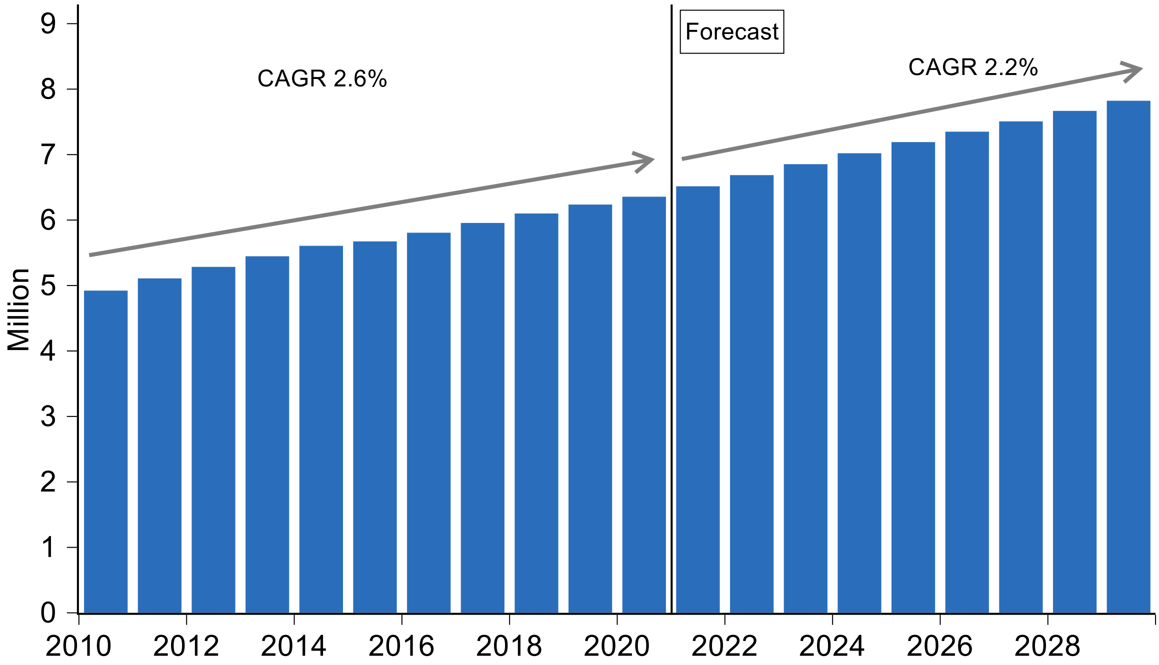


Source: Knight Frank Research, IMF

Total Number of Households

- Total number of households in Saudi Arabia is estimated at roughly 6.5 million in 2021, according to Oxford Economics. The yearly average growth in the number of households is set to slow to 2.2% per annum between 2021 and 2030, according to Oxford Economics, down from 2.6% between 2010 and 2021.
- The average household size in Saudi Arabia stood at 5.51 individuals in 2021, according to Oxford Economics. While the average household size for Saudi households stands at just over 6.0, the average household size for non-Saudis is closer to 4 individuals. The overall average household size is set to slightly decrease over the next years reaching 5.46 in 2030.
- Regarding the local population, it was not unusual historically for generations of the same family to be living in a sizeable family home. The younger generation now exhibits a desire to move away from multi-generational household structure. Over the next decades, falling household sizes will underpin demand for higher density development which provides smaller and more efficient units.

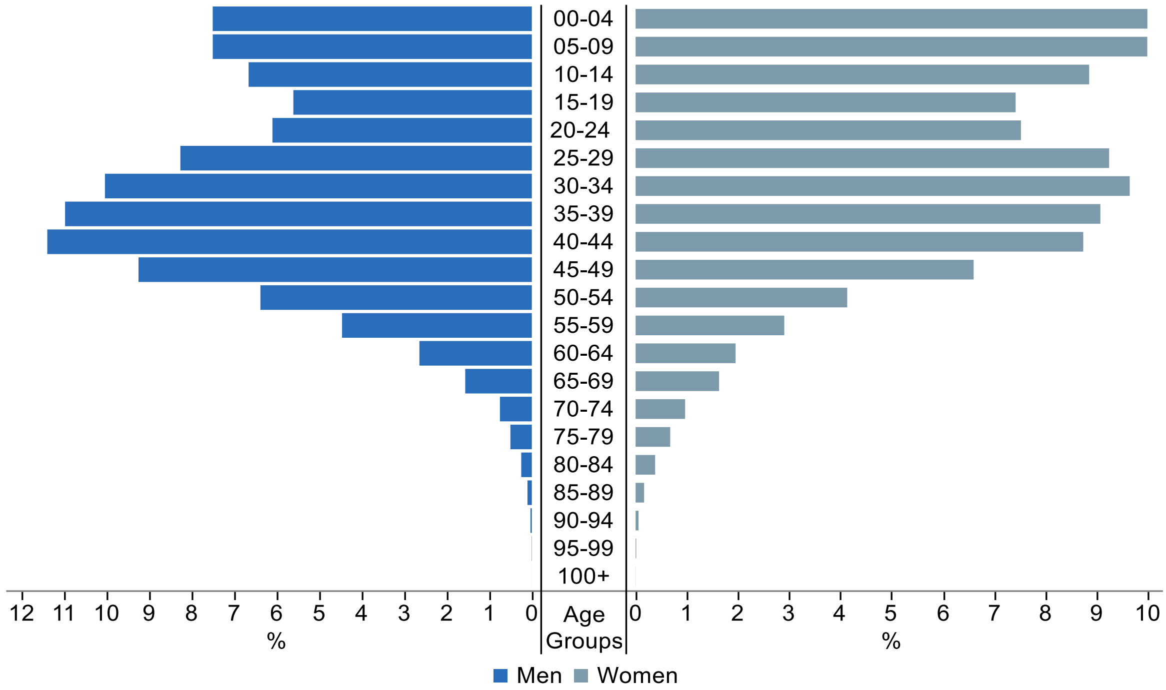
Number of Households



Source: Knight Frank Research/ Macrobond, Oxford Economics

Population by Age, Nationality, and Gender

- The population pyramid of Saudi Arabia that depicts the age structure of the Saudi population based on the preliminary 2021 data, highlights the fact that approximately 37.6% of the population were aged between 0 and 24 years, about 58.8% were aged between 25 and 64 years and 3.6% were aged above 65 years.
- It is expected that population dynamics are expected to shift in Saudi Arabia over the next decades, which will entail a significant increase in the population over 40. The over 60s age cohorts are expected to increase by 3 times between 2021 and 2035. Despite these changing demographic profile, Saudi Arabia will remain amongst the youngest countries in the GCC in 2030.

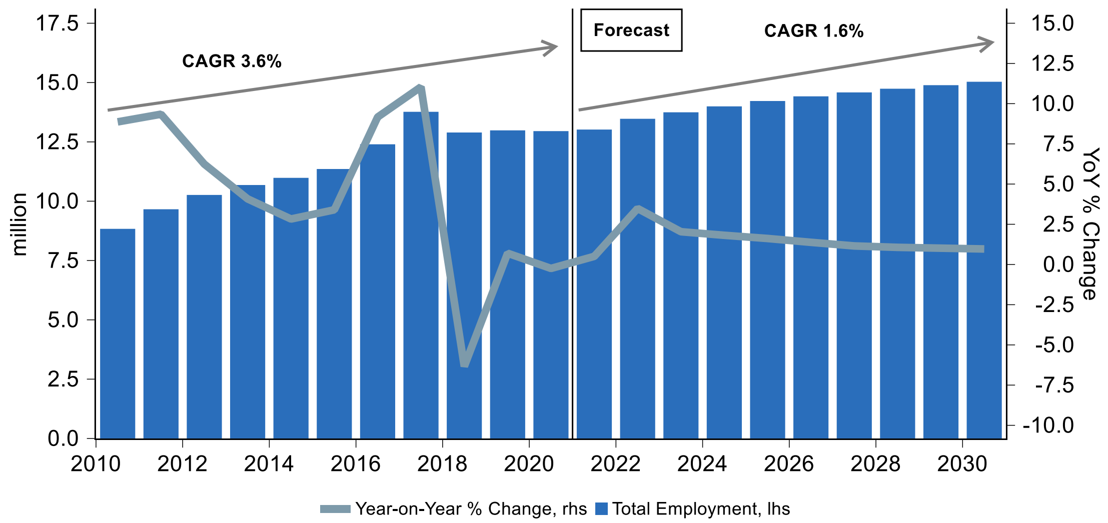


Source: Knight Frank Research, Macrobond

Total Employment - KSA

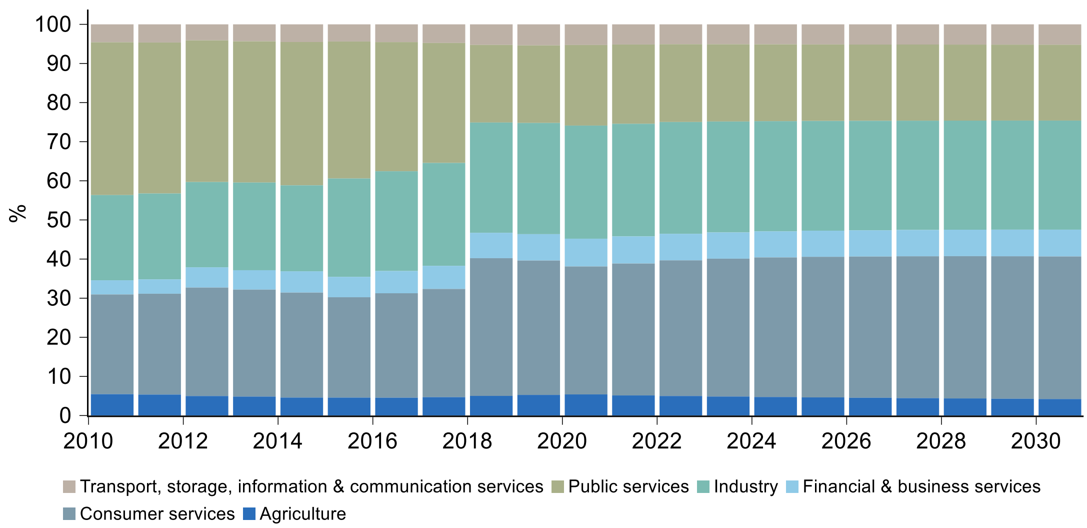
- Saudi Arabia's total workforce was estimated at 13-Million employees in 2021, down from 13.8-Million employees in 2017. The decrease is mostly as a result of the departure c. 750,000 expatriates from the workforce during this period.
- This outflow of expatriates from the workforce was triggered by a challenging macroeconomic environment, the introduction of levies on expats in the form of fees on dependents (set to increase every year on an incremental basis until 2020), and the implementation of a plan restricting employment in certain sectors to Saudi Nationals in order to promote and increase Saudization.
- Saudi Arabia's employment CAGR is set to slow to 1.6% per annum between 2021 and 2030, according to Oxford Economics, down from a CARG of 3.6% between 2010 and 2021.

KSA, Employment



Breakdown of Employment by Economic Sector – KSA

- Currently, the consumer services, industrial sectors and public services are the largest employment sectors in Saudi Arabia, accounting for 33.7%, 28.8% and 20.3% of total employment in 2021, respectively. This is expected to remain roughly unchanged over the coming ten years.

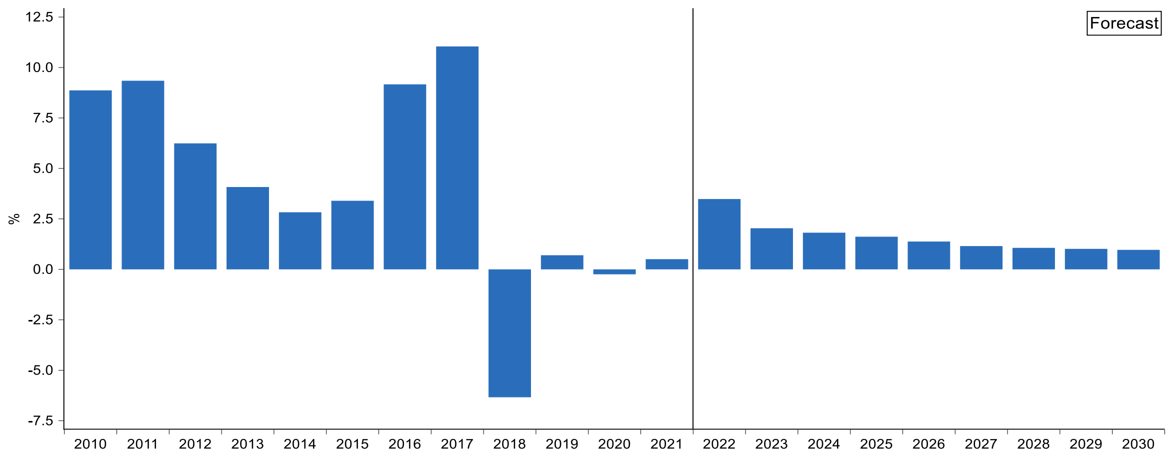


Source: Knight Frank Research, Macrobond

Employment YoY Change%

- Employment growth in Saudi Arabia is set to decelerate to 1.6% per annum between 2021 and 2030 down from 3.6% between 2010 and 2021 according to Oxford Economics estimates.
- Total employment declined by -6.34% in 2018 due to outflows of expatriates from the workforce. However, this trend has reversed in 2019 where total employment increased marginally by 1.31%.
- The exodus of expat workers from Saudi Arabia in 2020, due to the economic fallout from COVID-19 and the oil price shock, has accelerated a shift in the labour market, resulting in a 0.2% decline in employment growth in 2020. However, this trend has reversed again in 2021 where total employment increased marginally by 0.5%.
- Looking forward, employment growth is expected to remain supported by the various initiatives aimed at boosting youth, women and Saudi nationals' participation in the workforce. In the short to medium term, this will be balanced by rising pressures on the expat labour market resulting from the impact of government fees and Saudization plans on non-Saudi employment figure.

Employment, YoY % Change

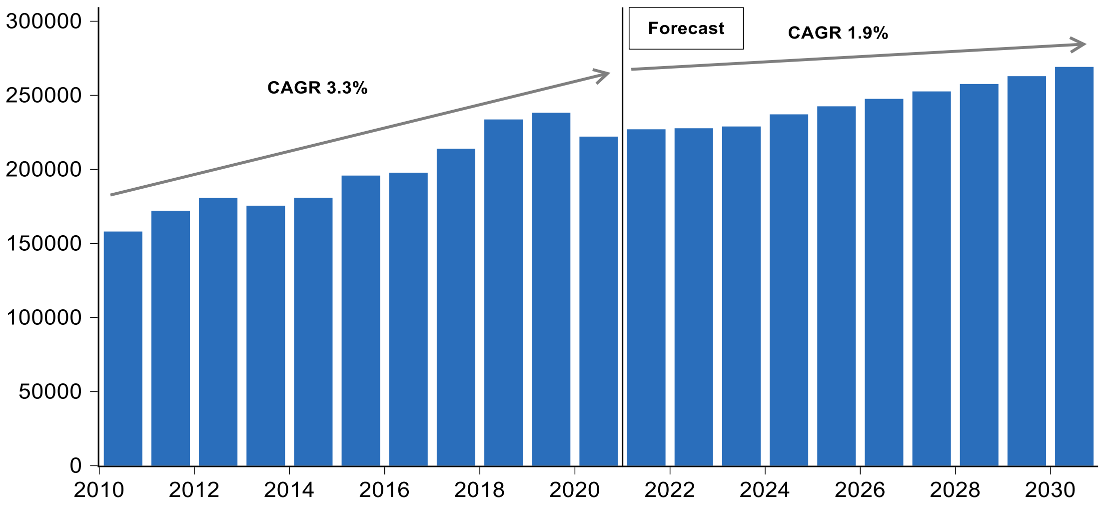


Source: Oxford Economics, Macrobond

KSA average household disposable Income in SAR

- Household income is a key determinant of affordability and consumer spending patterns.
- Average household personal disposable income in Saudi Arabia stood at c. SAR 227,000 in 2021. Between 2010 and 2021, the average household personal disposable income increased at a CAGR of 3.3%. It is expected that this growth momentum will slowdown to 1.9% between 2021 and 2030, as highlighted in the adjacent graph.

Household Disposable Income

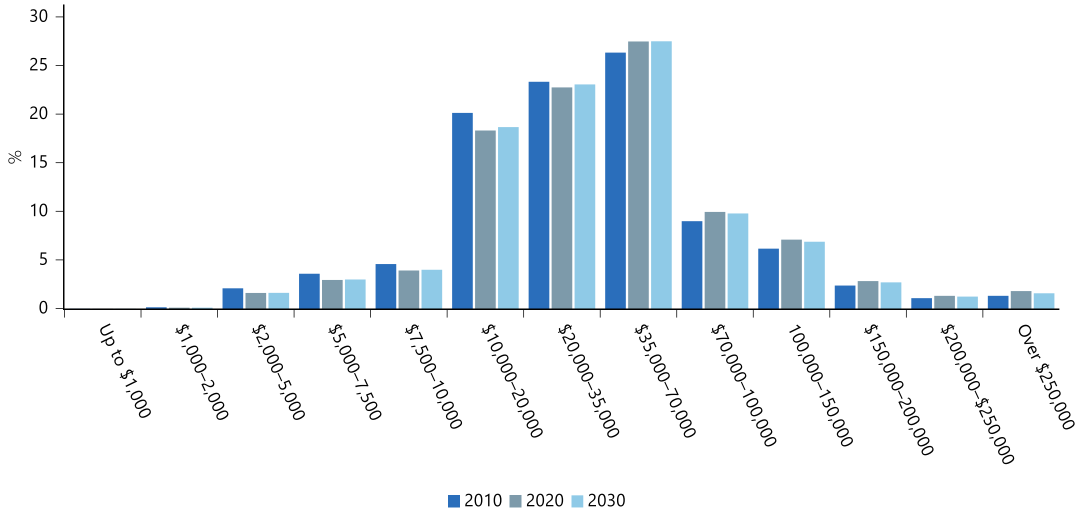


Source: Oxford Economics, Macrobond

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

- The number of households in Saudi Arabia currently (2021) stands at approximately 6.5 million and is expected to grow to 8 million by 2030.
- In 2021, 49.6% of households in KSA were within income bands above USD 35,000 and this share is expected to marginally decrease going forward, reaching 49.4% in 2030.
- 50.6% of households had incomes less than USD 35,000, and this share is likely to stay largely stable over the next decade.

Household, By Income Band



Source: Oxford Economics, Macrobond

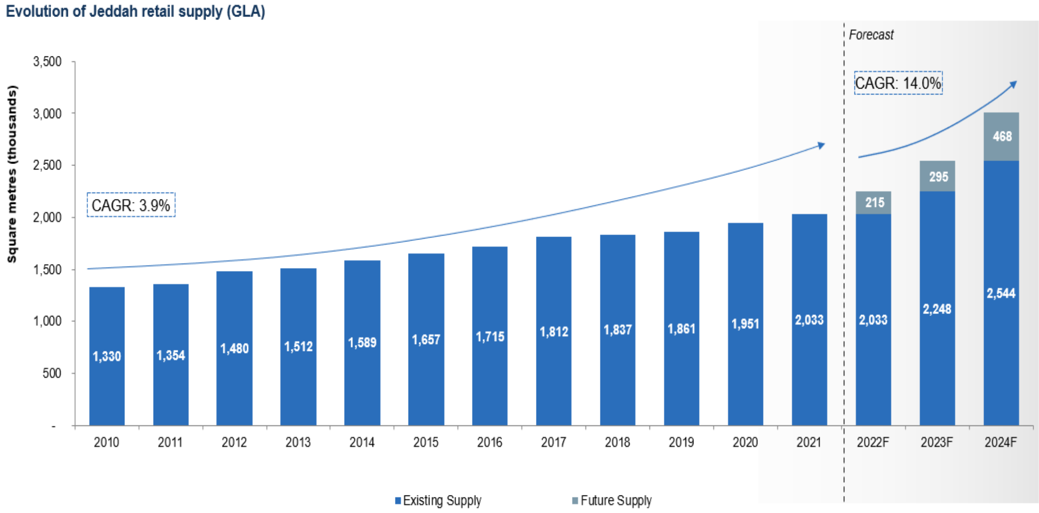
Jeddah Retail market

Evolution of quality Organised Retail Supply

- Retail supply in Jeddah between 2010 and 2021 grew at a compounded annual growth rate of 3.9%. The supply of quality organised retail reached 2.03 million square metres of GLA by the end of 2021. There were six new developments that opened in 2021, which added approximately 58,000 square meters of retail GLA to the market.

- A total of eleven other developments are anticipated to reach completion in 2022, this includes two regional malls, five community centres and four neighbourhood centres, bringing the total GLA to 2.24 million square metres by the end of 2022.

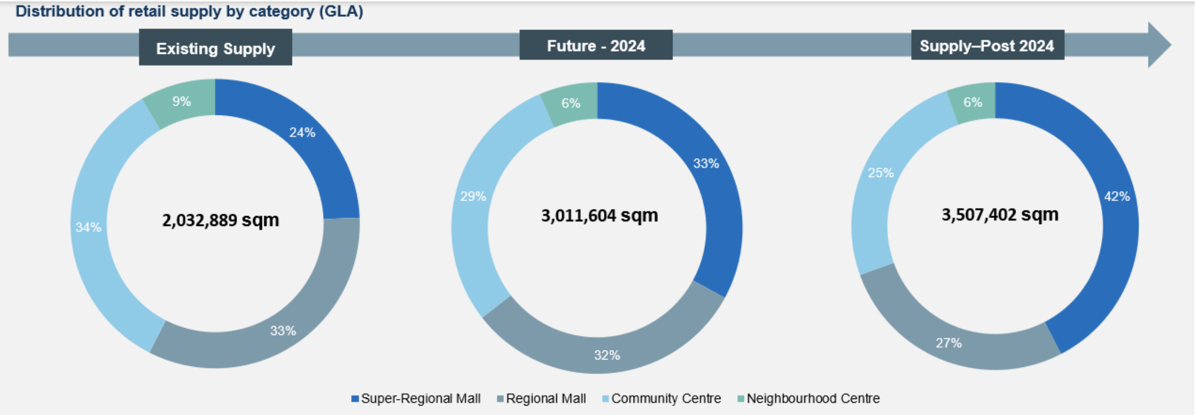
- A total of 978,716 square metres of retail space is anticipated to be added into the market between 2022 and 2024, resulting in a total retail supply of 3.01 million square metres, which equates to a compounded annual growth rate of 14.0%, substantially higher than historical growth rates.



Source: MECSC; Knight Frank

Quality Organised Retail supply Characteristics

- As at the end of 2021, the total GLA of quality organised retail stands at over 2.03 million square metres. Community centres comprised the largest share, accounting for 34%, while regional malls accounted for 33% of the total supply. Super-regional and neighbourhood centres account for 24% and 9%, respectively.
- The quality existing retail supply is distributed over 84 organised retail developments, 4 of which are super-regional malls and 15 are regional malls. In addition, there are 41 community centres and 24 neighbourhood centres.
- Taking into account the retail pipeline, the supply composition of super-regional malls is set to increase to 33% of the total retail supply by the end of 2024. In contrast, the share of the other three categories including neighbourhood centres, community centres and regional malls is expected to decrease to 6, 29 and 32% of the total supply respectively.
- Some super-regional and regional malls have been announced, but these malls have not yet broken the ground. If we take these malls into account and analyse the post-2024 supply composition, super-regional malls share is set to increase to 42%, while regional malls, community centres and neighbourhood centres share is expected to decrease to 27%, 25% and 6% respectively.
- As the retail market continues to evolve, developers are seeking to provide more experience based concepts looking to increase shoppers' time spent at the malls to combat an ever growing e-commerce threat. Entertainment and F & B-led destinations have therefore become essential components for all future developments.

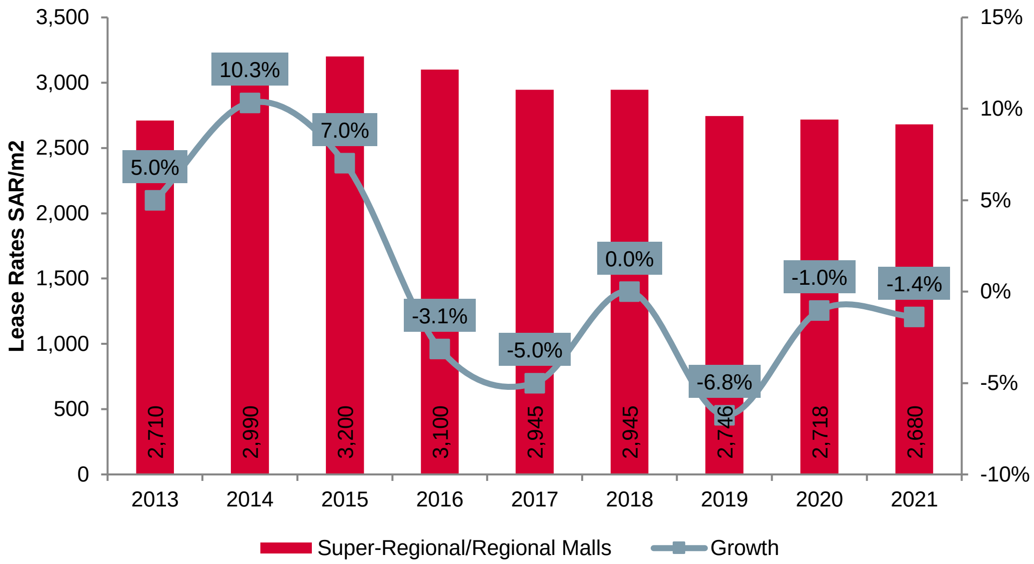


Source: Knight Frank

Quality organised retail: average annual lease rates

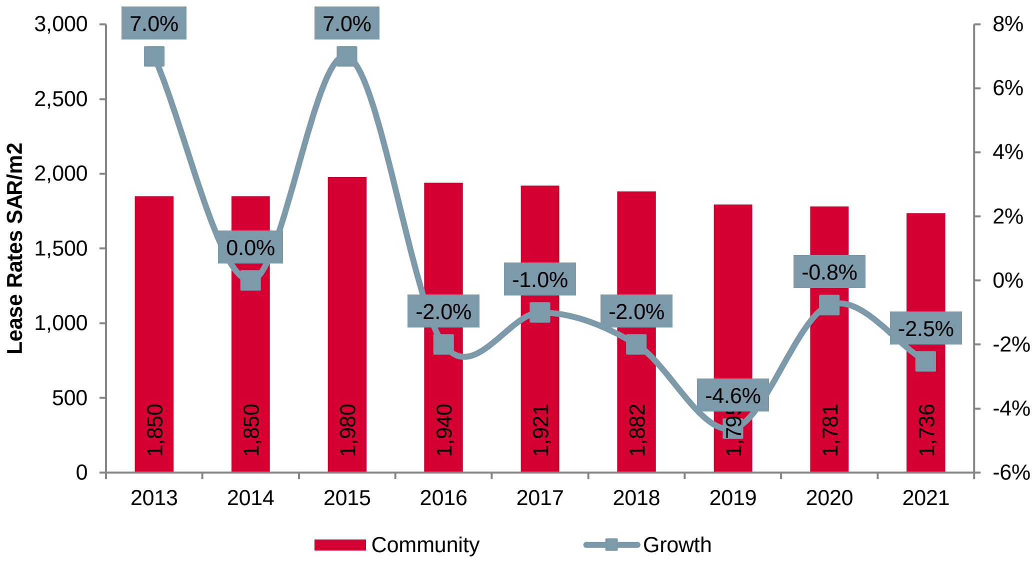
- Average lease rates per square metre for super-regional and regional malls increased from 2013 to 2015 from SAR 2,710 to SAR 3,200. Subsequently, lease rates per square metre began to decline; 2016 recorded a 3.1% decrease to SAR 3,100, and 2017 recorded a 5% decrease to SAR 2,945. 2018 lease rates experienced no change, while 2019, 2020 and 2021 lease rates have further recorded a 6.8%, 1.0% and 1.4% decrease respectively. A number of factors have contributed to this including:
- Stricter Saudisation policies meaning that spending from expatriates has declined due to the exodus. In addition, retailers are having to employ a larger share of Saudi nationals and as a result payroll figures have increased squeezing retailers margins;
- Saudi national social benefits – in particular within the public sector – have been reduced and therefore impacting disposable income levels;
- E-commerce is progressively gaining a larger market share as the years go by.

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



- Community centres also witnessed a similar pattern with average lease rates per square metre, recording a marginal increase between 2013 and 2015 from SAR 1,850 to SAR 1,980. This was followed by six consecutive years of declining lease rates. Community malls lease rates registered an average 9.8% over the last six year from SAR 1940 to SAR 1750 per square meter in 2021.
- As the Jeddah retail market matures and new supply is delivered, lease rates are expected to be pushed downwards marginally in the short term as retailers will continue to demand better lease rates reflecting diminished consumer spending.

Jeddah community malls lease rates (SAR/m2)



Source: Knight Frank

Super regional and regional malls vacancy

- From 2013 to 2021, market-wide vacancy levels for super-regional and regional malls witnessed an increase from 8% to 15%.
- 2018 witnessed the addition of a few retail developments, namely Canana Mall, Rovan Plaza Al Marwah Plaza and Red Sea Mall extension, which marked a turning point as vacancy rates edged up higher to 13%.
- Between 2013 and 2021, the average vacancy rate across Jeddah super-regional and regional malls stood at 11%.
- Taking into account the supply pipeline coupled with a slowdown in economic conditions, vacancy rates are expected to increase marginally over the short-term. However, this can be mitigated in the event of developing a well-designed lifestyle retail development.

Jeddah super regional & regional mall vacancy rates