

Executive Summary – Valuation of 69 Residential Apartment Units in Building – 2B, City Walk, Plot No. 343-9449, Makani No. 25215 88923, Dubai, United Arab Emirates.

The executive summary below must be read in conjunction with the full valuation report which it forms part of, and which report includes the explanation of the concept, basis of valuation, valuation assumptions, reasoning, limitations, and findings applied in arriving at the valuation conclusion, and for which this valuation executive summary must therefore not be read in isolation.

Valuation report date	24 th July 2022															
Property Interest	Freehold Interest – superior, perpetual, legally un-encumbered and transferable ownership title (UAE/GCC/Non-GCC Nationals).															
Client and intended users	Saudi Fransi Capital															
Purpose of the valuation	The subject valuation assignment is being produced strictly for M/s. Saudi Fransi Capital (Client) and for their advisors.															
Valuer	Ms. Cheryl McAdam															
Surveyor	Mr. Shahid Nazir															
Location	The subject 69 Residential Apartments are located over levels 1 to 6 in the building identified as 2B in The City Walk residential development which is conveniently situated at the junction of Al Wasel Road and Safa Road, and within easy walking distance of the Dubai Mall metro station. Ease of access to the subject property is from Sheikh Zayed Road via Interchange 1.															
Property Description	<table><tr><th>Project name</th><th>Count of Units</th><th>Type of Units</th></tr><tr><td rowspan="4">Building – 2B, City Walk, Dubai</td><td>12</td><td>One bedroom</td></tr><tr><td>28</td><td>Two-bedroom</td></tr><tr><td>27</td><td>Three-bedroom</td></tr><tr><td>2</td><td>Four-bedroom</td></tr><tr><td>Grand Total</td><td>69</td><td></td></tr></table>	Project name	Count of Units	Type of Units	Building – 2B, City Walk, Dubai	12	One bedroom	28	Two-bedroom	27	Three-bedroom	2	Four-bedroom	Grand Total	69	
Project name	Count of Units	Type of Units														
Building – 2B, City Walk, Dubai	12	One bedroom														
	28	Two-bedroom														
	27	Three-bedroom														
	2	Four-bedroom														
Grand Total	69															
Valuation Assumptions / Special Assumptions applied	Freehold Interest – superior, perpetual, legally un-encumbered and transferable ownership title (UAE/GCC/Non-GCC Nationals). No valuation Special Assumptions have been applied.															
Basis of valuation	Market Value															
Valuation Approaches & Reasoning	Direct comparable method of valuation given type and nature of the assets.															

**Inspection date - (As per
historic report on file)**

Thursday, 22nd June 2017

Valuation date

Thursday 30th June 2022

**Aggregate Market Value
(MV)**

Market Value: AED 240,260,000

***In Words (UAE Dirhams – Two Hundred Forty Million Two Hundred
Sixty Thousand)***

24th July 2022

Saudi Fransi Capital
Muhammad Raza Rawjani, CFA
Vice President
Product Development | Asset Management Division
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Dear Sir,

DESK-TOP RE-VALUATION REPORT OF SIXTY-NINE (69) RESIDENTIAL APARTMENTS

69 Residential Apartment in Building – 2B, City Walk, Plot No. 343-9449, Makani No. 25215 88923, Dubai, United Arab Emirates.

In accordance with your e-mail instructions, dated 7 June 2022, we have undertaken the desk-top re-valuation of the subject properties as at **30th June 2022** (the 'date of valuation') and described hereunder is our report and findings.

VALUATION INSTRUCTION / PROPERTY INTERESTS TO BE VALUED

Our instruction is to carry out a valuation of the *Freehold Interest – superior, perpetual, legally un-encumbered and transferable ownership title* with vacant possession in the subject properties.

CLIENT AND OTHER INTENDED USERS

The subject valuation assignment is being produced strictly for **M/s. Saudi Fransi Capital (Client)** and for their advisors.

RE-VALUATION PURPOSE

The desk-top re-valuation is specifically prepared for internal management decision / audit purpose and secured finance and serves as an update to the report **based on inspection** dated 22nd June 2017.

CLIENT

M/s. Saudi Fransi Capital

VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards (Edition 2022) and the International Valuation Standards Council (IVSC) International Valuations Standards (Edition 2022). It should be further noted that this valuation is undertaken in compliance with generally accepted valuation concepts, principles and definitions as promulgated in the IVSC International Valuation Standards (IVS) as set out in the IVS General Standards and IVS Asset Standards

VALUATION REPORTING RESTRICTIONS

This re-valuation is based on information provided by the Client and from our previous valuation report undertaken on the same property on 22nd June 2017, 1st October 2017, 7th April 2018, 31st December 2018, 30th June 2019, 19th December 2019, 20th June 2020 and 21st November 2020 and 7th June 2021 **and 30th December 2021**. The subject properties have not been re-inspected due to the limitations / restrictions arising from the instructions received from the client, and hence this report is based on information provided and on which we have relied. We have further assumed that, for the purpose of this valuation, the various information / data provided and relied upon by us in this instance is fairly accurate, and any deviation from this will mean that our reported valuation will be materially affected, and we reserve the right to re-assess.

BASIS OF VALUATION:

Market Value

The valuation of the subject properties, and for the above stated valuation purpose, has been undertaken on the **Market Value** basis of valuation in compliance with the mentioned *Valuation Standards* as promulgated by the IVSC and adopted by the RICS. **Market Value** is defined as: -

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

The definition of **Market Value** is applied in accordance with the following conceptual framework:

"The estimated amount" refers to a price expressed in terms of money payable for the asset in an arm's-length market transaction. Market Value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the Market Value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser;

"an asset or liability should exchange" refers to the fact that the value of an asset or liability is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the Market Value definition at the valuation date;

"on the valuation date" requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the *valuation date*, not those at any other date;

“between a willing buyer” refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute “the market”;

“and a willing seller” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

“in an arm’s-length transaction” is one between parties who do not have a particular or special relationship e.g. Parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated. The Market Value transaction is presumed to be between unrelated parties each acting independently;

“after proper marketing” Means that the asset would be exposed to the market in the most appropriate manner to affect its disposal at the best price reasonably obtainable in accordance with the Market Value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;

“where the parties had each acted knowledgeably, prudently” presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the *valuation date*. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the *valuation date*, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

“and without compulsion” establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

Market value is the basis of value that is most commonly required, being an internationally recognised definition. It describes an exchange between parties that are unconnected (acting at arm’s length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their

bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible, and financially feasible.

Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:

1. The subject properties are valued under the assumption of being held under *Freehold Interest – superior, perpetual, legally un-encumbered and transferable ownership title (UAE/GCC/Non-GCC Nationals)* with vacant possession;
2. The written and verbal information provided to us by the Client is up to date, complete and correct in relation to issues such as title, and other relevant matters that are set out in the report.
3. That no contaminative or potentially contaminative use has ever been carried out on the sites;
4. We assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoings, restrictions or other encumbrances;
5. This subject is a valuation report and not a structural/building survey, and hence a building and structural survey is outside the scope of the subject assignment. We have not carried out any structural survey, nor have we tested any services, checked fittings or any parts of the buildings and, therefore, the buildings are assumed to be in good repair and condition and the services are assumed to be in full working order;
6. We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation we have assumed that such investigations would not disclose the presence of any such material to any significant extent;
7. We have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building. We would recommend that the client makes their own enquiries in this regard, and
8. The market value conclusion arrived at for the property reflect the full contract value and no account is taken of any liability to taxation on sale or of the costs involved in effecting the sale.
9. This re-valuation is based on our **inspection of the properties dated 22nd June 2017** and we assume there have been no material changes since then.

SURVEYOR

This is a desktop valuation prepared by Mr. Shahid Nazir.

VALUER

The Valuer on behalf of ValuStrat Management Consultancies, with responsibility of this report is **Ms. Cheryl McAdam MRICS (RICS Registered Valuer), SACPVP**. We confirm that the Valuer meets the requirements of RICS Valuation – Global Standard, having sufficient and current knowledge of the UAE market and the skills and understanding to undertake an objective and unbiased valuation competently.

We further confirm that the proportion of total fees payable by the client during the preceding year relative to the total fee income of ValuStrat Management Consultancies during that year was minimal (less than 5%).

DATE OF INSPECTION (As per historic report on file)

Thursday, 22nd June 2017

DATE OF RE-VALUATION

30th June 2022

STATUS OF VALUER

External Valuer

EXTENT OF INVESTIGATION

In accordance with instructions received we have carried out a DESKTOP re-assessment of the subject properties.

DOCUMENTS PROVIDED

We have relied upon previous evidence and documents submitted to us which have been of prime importance to us in forming our opinion:

- Unit details.
- Floor Plan for all units.
- Rental details of each unit.

Copies of the above documents are attached in the appendix below.

SOURCES OF INFORMATION

For the purpose of this report, it is assumed that the written and verbal information provided to us by the Client is up to date, complete and correct in relation to title, planning consent, tenancies and other relevant matters as set out in the report. In addition, the area quoted within this valuation report has been provided by the client and we assumed that it has been arrived at using the RICS Code of Measuring practice. We have assumed that the area provided

to us is fairly accurate, and any deviation from this will mean that our reported valuation will be materially affected, and we reserve the right to re-assess.

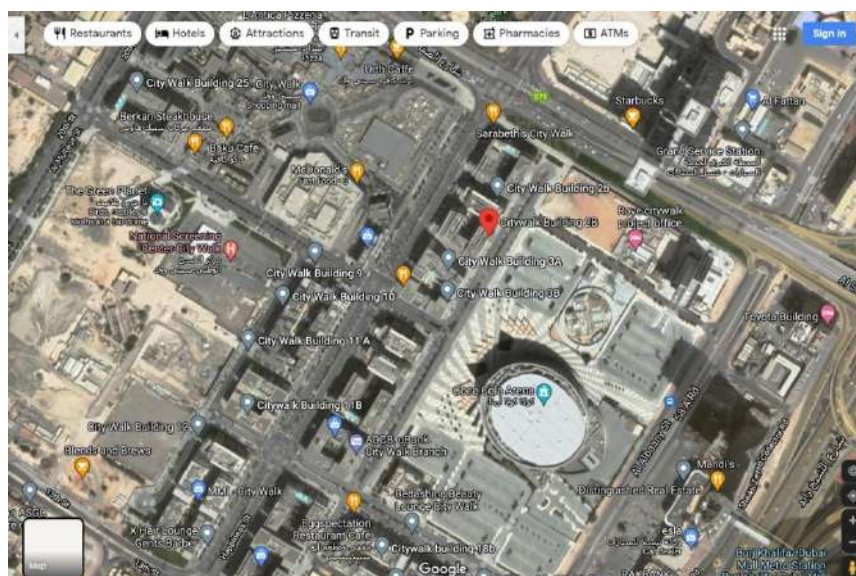
ADDRESS/ LOCATION

Property Numbers:	69 residential units
Plot Number:	343-9449 (As indicated on the proposal)
Community:	Al Wasl
Building Number:	2B
Property Type:	Residential Apartments
Floor Number:	1 to 6 (for all units)
Locality:	City Walk
Dubai	
United Arab Emirates	

The subject **69 Residential Apartments** are located over **levels 1 to 6** in the building identified as 2B in The City Walk residential development which is conveniently situated at the junction of Al Wasel Road and Safa Road, and within easy walking distance of the Dubai Mall metro station. Ease of access to the subject property is from Sheikh Zayed Road via Interchange 1.

The community area is located close to other well-known landmarks including *Trade Centre, Burj Khalifa, Dubai Mall and recreational areas such as Saffa Park*. Nearby precincts include DIFC, Downtown and Jumeirah. City Walk is located approximately 14 kilometers from Dubai International Airport. Coca-Cola Arena and The Green Planet which are at a short distance from this property.

The aerial satellite map below shows the general location of the area and Building-2B in City Walk.



Source: Google earth maps



City Walk Master Plan (For illustrative purposes only)



Source – Makani.ae

FLOOR AREA DEFINITION AS PER RICS – PROPERTY MEASUREMENT (2ND EDITION 2018)

IPMS 1 – (Former GEA)

‘The sum of the areas of each floor level of a building measured to the outer perimeter of external construction features, which may be reported on a component basis for each floor of a building’

Source IPMS 3.1.2 -Copyright 2016 International Property Measurement Standards Coalition. All rights reserved.

IPMS 2 – Residential (Former GIA) (gross internal area and net sales area (NSA))

‘the sum of the areas of each floor level of a residential building measured to the internal dominant face, which may be reported on a component-by-component basis for each floor of a building’

Source IPMS 3.2.2 – Copyright International Property Measurement Standards Coalition. All rights reserved

IPMS 3 (a) Residential Former GEA (gross external area)

IPMS 3 (b) Residential Former GIA (gross internal area)

IPMS 3 (c) Residential Former EFA (effective floor area)

‘The floor area available on an exclusive basis to an occupier’

Source IPMS 3.3.2 - Copyright International Property Measurement Standards Coalition. All rights reserved

As this is a desktop report, we have not measured the subject properties as per the recommended IPMS Residential 3 (b) requirement.

FLOOR AREA MEASUREMENT AS STATED ON THE UNIT TITLE DEEDS

The floor area for the subject property (as indicated on the provided Title Deeds) mentioned below on page No. 10.

FLOOR AREA MEASUREMENT AS PER RICS – PROPERTY MEASUREMENT (2nd Edition 2018)

The occupation area of the subject residential property which is available on an exclusive basis as based on the IPMS 1,2,3 – Residential definition in the *RICS Professional statement: Residential measurement / IPMS: Residential* standards and which floor area is based on our site measurements taken of the units are as follows: -

Note: In accordance with instructions received we have carried out a desk-top valuation report of the subject properties hence IPMS is not applicable.

For the purpose of this valuation, we have elected to adopt the measurement as stated on the Title Deeds.

TITLE:

Freehold Interest – superior, perpetual, legally un-encumbered and transferable ownership title (UAE/GCC/Non-GCC Nationals).

TYPE OF PROPERTY

The subject properties consist of twelve (12) by one-bedroom residential units, twenty-eight (28) by two-bedroom apartments, twenty-seven (27) by three-bedroom units and two (2) by four-bedroom units culminating in a total of 69 residential units which are situated in a multi-storied low-rise building.

ACCOMMODATION

The accommodation detail of each apartment is as mentioned below:

One-bedroom Apartments

Entry foyer, integrated living/dining area, open kitchen, one bedroom with built in cupboard and attached bathroom, powder room and a balcony.

Two-bedroom Apartments

Entry foyer, integrated living/dining area, open kitchen, one master bedroom with built in cupboard and attached bathroom, one additional bedroom with attached bathroom, staff room with attached bathroom, powder room, laundry, storeroom, and a balcony.

Three bedroom Apartments

Entry foyer, integrated living/dining area, open kitchen, one master bedroom with built in cupboard and attached bathroom, two additional bedrooms each with attached bathroom staff room with attached bathroom, powder room, laundry, storeroom, and a balcony.

Four-bedroom Apartments

Entry foyer, integrated living/dining area, open kitchen, one master bedroom with dressing area and attached bathroom, three additional bedrooms each with attached bathroom, staff room with attached bathroom, powder room, laundry, storeroom and three balconies.

AGE AND CONDITION

The age of the building is approx. 6 years, and the estimated remaining life expectancy of the building is approximately 34 to 39 years.

The occupancy of the building is approx. 100% - as per rental schedule provided by the client.

We have relied upon the observations in our previous report in that the units were vacant and in a new condition with no visible evidence of defects and that from the 22nd June 2017 to current re-assessment date there have been no material changes to the properties under valuation.

We have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building. We would recommend that the client makes their own enquiries in this regard.

ABOUT CITY WALK

Developed and managed by Meraas, CITY WALK is a well-defined residential and commercial development comprising shopping, entertainment, hospitality, wellness and living options.

The residential offering of CITY WALK consists of 34 five and six storey low-rise architecturally appointed buildings which are complete and operational.

The retail component within CITY WALK is set to include some 200 tenants.

REMARKS AND OBSERVATION

The subject building known as 2B is located in City Walk which is a branded development by MERAAS and comprises of a completed multi-storied residential/commercial mixed-use building extending over 8 levels (1 basement plus ground plus 6 upper floors).

These apartments have a fully fitted kitchen scheme with fitted hob, oven, fridge freezer, microwave oven and dish washer. Additional features include timber floor finishes to the apartments.

Featured amenities include.



SERVICES

All Services (**DEWA – Dubai Electricity and Water Authority**) are available (none tested). As this is a desktop valuation, we have assumed that once occupation takes place these services will be connected. Central duct A/C.



ENVIRONMENT MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present use, either of the property or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject property from its use or site and have therefore assumed that none exist.

However, should it be established subsequently that contamination exists at the property or on any neighboring land, or that the property has been or is being put to any contaminative use, then this might reduce the value now reported.

LEGAL NOTICE

We are not aware of, nor have we been informed of any legal notices served on this property outstanding or pending in the court of law.

FROM HISTORIC INFORMATION ON FILE, WE CONFIRM THE BRIEF DETAIL OF APARTMENTS AND SIZES

The following are the unit type, and size details (rounded) of each unit according to information provided by the owner: -

Sr. No.	Apt No.	Type	Unit Net Size (SQ.M)	Unit Net Size (SQ.FT.)	Unit Balcony Area Sq.m	Unit Balcony Area Sq.ft	Total Unit Size (SQ.M)	Total Unit Size (SQ. FT)
1	101	2 BR	152.67	1,643	22.01	237	175.00	1,880
2	102	2 BR	152.02	1,636	22.01	237	174.03	1,873
3	103	3 BR	210.26	2,263	26.78	288	237.04	2,551
4	104	3 BR	218.83	2,355	33.69	363	252.52	2,718
5	105	3 BR	187.70	2,020	19.63	211	207.33	2,232
6	106	3 BR	204.46	2,201	13.67	147	218.13	2,348
7	107	3 BR	203.92	2,195	59.86	644	263.78	2,839
8	108	2 BR	187.06	2,013	57.69	621	244.75	2,634
9	109	1 BR	105.75	1,138	31.16	335	136.91	1,474
10	110	1 BR	100.46	1,081	31.16	335	131.62	1,417
11	111	2 BR	187.07	2,014	43.12	464	230.19	2,478
12	201	2 BR	152.67	1,643	22.01	237	174.68	1,880
13	202	2 BR	152.02	1,636	22.01	237	174.03	1,873
14	203	3 BR	210.26	2,263	26.77	288	237.04	2,551
15	204	3 BR	218.83	2,355	33.69	363	252.52	2,718
16	205	3 BR	187.70	2,020	19.63	211	207.33	2,232
17	206	3 BR	204.46	2,201	13.67	147	218.13	2,348
18	207	3 BR	203.92	2,195	14.3	154	218.22	2,349
19	208	2 BR	187.06	2,013	17.29	186	204.35	2,200
20	209	1 BR	105.75	1,138	19.85	214	125.60	1,352
21	210	2 BR	152.47	1,641	22.01	237	174.48	1,878
22	211	1 BR	100.46	1,081	19.85	214	120.31	1,295
23	212	2 BR	187.07	2,014	17.29	186	204.36	2,200
24	301	2 BR	152.67	1,643	22.01	237	174.68	1,880
25	302	2 BR	152.02	1,636	22.01	237	174.03	1,873
26	303	3 BR	210.26	2,263	26.77	288	237.04	2,551
27	304	3 BR	218.83	2,355	33.69	363	252.52	2,718
28	305	3 BR	187.70	2,020	19.63	211	207.33	2,232
29	306	3 BR	204.46	2,201	13.67	147	218.13	2,348
30	307	3 BR	203.92	2,195	14.30	154	218.22	2,349
31	308	2 BR	187.06	2,013	17.80	192	204.86	2,205

Sr. No.	Apt No.	Type	Unit Net Size (SQ.M)	Unit Net Size (SQ.FT.)	Unit Balcony Area Sq.m	Unit Balcony Area Sq.ft	Total Unit Size (SQ.M)	Total Unit Size (SQ. FT)
32	309	1 BR	105.75	1,138	17.84	192	123.59	1,330
33	310	2 BR	152.47	1,641	22.01	237	174.48	1,878
34	311	1 BR	100.46	1,081	17.84	192	118.30	1,273
35	312	2 BR	187.07	2,014	17.80	192	204.87	2,205
36	401	2 BR	152.67	1,643	22.01	237	174.68	1,880
37	402	2 BR	152.02	1,636	22.01	237	174.03	1,873
38	403	3 BR	210.26	2,263	26.77	288	237.04	2,551
39	404	3 BR	218.83	2,355	33.69	363	252.52	2,718
40	405	3 BR	187.70	2,020	19.63	211	207.33	2,232
41	406	3 BR	204.46	2,201	13.67	147	218.13	2,348
42	407	3 BR	203.92	2,195	14.3	154	218.22	2,349
43	408	2 BR	187.06	2,013	17.29	186	204.35	2,200
44	409	1 BR	105.75	1,138	19.85	214	125.60	1,352
45	410	2 BR	152.47	1,641	22.01	237	174.48	1,878
46	411	1 BR	100.46	1,081	19.85	214	120.31	1,295
47	412	2 BR	187.07	2,014	17.29	186	204.36	2,200
48	501	2 BR	152.67	1,643	22.01	237	174.68	1,880
49	502	2 BR	152.02	1,636	22.01	237	174.03	1,873
50	503	3 BR	210.26	2,263	26.77	288	237.04	2,551
51	504	3 BR	218.83	2,355	33.69	363	252.52	2,718
52	505	3 BR	187.70	2,020	19.63	211	207.33	2,232
53	506	3 BR	204.46	2,201	13.67	147	218.13	2,348
54	507	3 BR	203.92	2,195	14.30	154	218.22	2,349
55	508	2 BR	187.06	2,013	17.80	192	204.86	2,205
56	509	1 BR	105.75	1,138	17.84	192	123.59	1,330
57	510	2 BR	152.47	1,641	22.01	237	174.48	1,878
58	511	1 BR	100.46	1,081	17.84	192	118.30	1,273
59	512	2 BR	187.07	2,014	17.80	192	204.87	2,205
60	601	2 BR	152.78	1,645	22.84	246	175.62	1,890
61	602	4 BR	315.90	3,400	92.11	991	408.01	4,392
62	603	3 BR	218.83	2,355	34.97	376	253.80	2,732
63	604	3 BR	188.04	2,024	12.10	130	200.14	2,154
64	605	4 BR	313.36	3,373	127.22	1,369	440.57	4,742
65	606	2 BR	187.06	2,013	17.25	186	204.31	2,199
66	607	1 BR	105.75	1,138	19.80	213	125.55	1,351
67	608	2 BR	152.47	1,641	21.95	236	174.42	1,877

Sr. No.	Apt No.	Type	Unit Net Size (SQ.M)	Unit Net Size (SQ.FT.)	Unit Balcony Area Sq.m	Unit Balcony Area Sq.ft	Total Unit Size (SQ.M)	Total Unit Size (SQ. FT)
68	609	1 BR	100.46	1,081	19.80	213	120.26	1,294
69	610	2 BR	187.07	2,014	17.25	186	204.32	2,199

VALUATION APPROACH AND REASONING

We have used the Direct Comparison Valuation Approach to ascertain the market value estimate of the subject properties.

The Direct Comparison Approach

The Direct Comparison Approach involves making adjustments to the sale price of comparable properties to account for differences in location, plot area and shape, potential built-up area allowance, height allowance, date of sale, potential views and other individual characteristics. Comparison of transactional evidence of similar properties which have traded in the open market in arm's length transactions, provide the most accurate means of assessing value.

In use of this valuation approach, we have had regard of sale transactional evidence (from Dubai Land Department's sales property registry data base) and as well as observations of property price listings (from property firms, agents and brokers) of similar apartments that are trading in the area. It should be further noted that properties in this community generally trade at varying prices ranges reflecting on the property's location, site and situation, type, floor, view, desirability and finishing specifications.

From Dubai Land Department's sales registry database, we have noted that there have been minimal sales transactions of similar type apartments in City Walk. Units which have sold, during the period from March 2022 to 13th June 2022, are at prices ranging between AED 13,014 to 20,042 per sq. metre (**AED 1,209 to AED 1,862 per square foot**) of gross floor area depending upon influencing factors such as type (1BR, 2BR, 3BR and 4 BR), location / position within the building, unit size (net/gross), condition, accommodation and views offered.

Recorded transactions of similar apartments in City Walk developments were the following:

One-bedroom units

Sale Registered Date	Building Name	GFA (Gross Floor Area)		Sale Price (AED)	Sale Price per on GFA (AED)	
		SQ M	SQ FT		SQ M	SQ FT
2022.05.17	City Walk Residential Building 22	108.05	1,163	1,925,000	17,814	1,655
2022.03.23	City Walk Residential Building 22	110.65	1,191	2,100,000	18,977	1,763
2022.03.11	City Walk Residential Building 1	111.02	1,195	2,200,000	19,816	1,841

Source: REIDIN

Two-bedroom units

Sale Registered Date	Building Name	GFA (Gross Floor Area)		Sale Price (AED)	Sale Price per on GFA (AED)	
		SQ M	SQ FT		SQ M	SQ FT
2022.05.24	City Walk Residential Building 6B	174.56	1,879	3,500,000	20,042	1,862
2022.03.31	City Walk Residential Building 1	210.61	2,267	3,342,500	15,866	1,474
2022.03.23	City Walk Residential Building 7	203.92	2,195	3,750,000	18,385	1,708
2022.03.02	City Walk Residential Building 6A	177.35	1,909	3,200,000	18,040	1,676

Source: REIDIN

Three-bedroom units

Sale Registered Date	Building Name	GFA (Gross Floor Area)		Sale Price (AED)	Sale Price per on GFA (AED)	
		SQ M	SQ FT		SQ M	SQ FT
2022.06.13	City Walk Residential Building 13B	223.25	2,403	4,150,000	18,589	1,727
2022.05.09	City Walk Residential Building 10	208.66	2,246	3,600,000	17,255	1,603
2022.05.09	City Walk Residential Building 16	210.98	2,271	3,900,000	18,492	1,718

Source: REIDIN

Four-bedroom units

Sale Registered Date	Building Name	GFA (Gross Floor Area)		Sale Price (AED)	Sale Price per on GFA (AED)	
		SQ M	SQ FT		SQ M	SQ FT
2022.04.27	City Walk Residential Building 22	415.65	4,474	5,410,000	13,014	1,209

Source: REIDIN

From recent property listings, we have observed that units similar to the subject properties in **City Walk Buildings** are ranging as follows: -

One-bedroom Apartments

Community	Type	GFA (Gross Floor Area)		Asking Price (AED)	Asking Price per on GFA (AED)		Listed Date
		SQ M	SQ FT		SQ M	SQ FT	
City Walk	1BR	134.80	1,451	2,389,000	17,717	1,646	Jun'22
City Walk	1BR	134.90	1,452	2,470,000	18,309	1,701	Jun'22
City Walk	1BR	124.12	1,336	2,275,000	18,331	1,703	Jun'22
City Walk	1BR	119.66	1,288	2,250,000	18,805	1,747	Jun'22
City Walk	1BR	138.05	1,486	2,526,000	18,299	1,700	Jun'22

Source: Property Finder, Bayut and Dubizzle

Two-bedroom Apartments

Building Name	Type	GFA (Gross Floor Area)		Asking Price (AED)	Asking Price per on GFA (AED)		Listed Date
		SQ M	SQ FT		SQ M	SQ FT	
City Walk	2BR	192.77	2,075	3,600,000	18,675	1,735	Jun'22
City Walk	2BR	209.03	2,250	3,499,000	16,738	1,555	Jun'22
City Walk	2BR	216.74	2,333	3,700,000	17,072	1,586	Jun'22
City Walk	2BR	179.77	1,935	3,300,000	18,352	1,705	Jun'22
City Walk	2BR	171.03	1,841	3,150,000	18,417	1,711	Jun'22

Source: Property Finder, Bayut and Dubizzle

Three-bedroom Apartments

Building Name	Type	GFA (Gross Floor Area)		Asking Price (AED)	Asking Price per on GFA (AED)		Listed Date
		SQ M	SQ FT		SQ M	SQ FT	
City Walk	3BR	215.91	2,324	3,947,500	18,277	1,698	Jun'22
City Walk	3BR	199.74	2,150	3,700,000	18,525	1,721	Jun'22
City Walk	3BR	227.98	2,454	3,750,000	16,447	1,528	Jun'22
City Walk	3BR	239.13	2,574	4,026,880	16,835	1,564	Jun'22
City Walk	3BR	215.26	2,317	4,000,000	18,578	1,726	Jun'22
City Walk	3BR	217.11	2,337	3,950,000	18,191	1,690	Jun'22

Source: Property Finder, Bayut and Dubizzle

Four-bedroom Apartments

Building Name	Type	GFA (Gross Floor Area)		Asking Price (AED)	Asking Price per on GFA (AED)		Listed Date
		SQ M	SQ FT		SQ M	SQ FT	
City Walk	4BR- simplex	415.56	4,473	10,000,000	24,057	2,235	Jun'22
City Walk	4BR- duplex penthouse	411.84	4,433	8,134,555	19,752	1,835	Jun'22

City Walk	4BR- duplex penthouse	411.84	4,433	7,600,000	18,449	1,714	Jun'22

Source: Property Finder, Bayut and Dubizzle

From analysis of the current market offerings we note the price range of between AED 16,447 to 24,057 per sq. meter (**AED 1,528 to 2,235/sq. foot**) of gross floor area depending on the properties features, type (1BR, 2BR, 3BR & 4BR), accommodation, location, position, age, GFA (net/gross), and view offered of the properties. ***It is to be noted that the current offerings will be subject to negotiation between a willing and able buyer and a willing seller and are likely to transact slightly below from the above listing price.***

From observations of the above current property listings and taking into account that these units would be subject to price negotiations between willing buyers and sellers, we are of the opinion that the value of the subject properties would be in the price range between **AED 16,415 to 18,299 per sq. metre (AED 1,500 to AED 1,700 per square foot)** on gross unit floor area given the apartment's features, type – 1BR, 2BR, 3BR & 4BR, location, position, age, and offered views.

In our consideration of this rate, we have also taken the opinion of reputable brokers trading in the area.

CALCULATIONS

For the purpose of calculation, the input of unit sizes has been rounded in some instances.

Sr. No.	Unit Nos.	Total Unit Size in Sq. Ft	Rate PSF on Total Unit Size in AED	MV in AED	Rounded MV in AED
1	101	1,880	1,630	3,064,400	3,064,000
2	102	1,873	1,630	3,052,990	3,053,000
3	103	2,551	1,600	4,081,600	4,082,000
4	104	2,718	1,600	4,348,800	4,350,000
5	105	2,232	1,600	3,571,200	3,571,000
6	106	2,348	1,600	3,756,800	3,757,000
7	107	2,839	1,600	4,542,400	4,542,000
8	108	2,634	1,595	4,201,230	4,200,000
9	109	1,474	1,650	2,432,100	2,432,000
10	110	1,417	1,650	2,338,050	2,338,000
11	111	2,478	1,595	3,952,410	3,952,000
12	201	1,880	1,630	3,064,400	3,064,000
13	202	1,873	1,630	3,052,990	3,053,000
14	203	2,551	1,600	4,081,600	4,082,000
15	204	2,718	1,600	4,348,800	4,350,000
16	205	2,232	1,600	3,571,200	3,571,000
17	206	2,348	1,600	3,756,800	3,757,000
18	207	2,349	1,600	3,758,400	3,758,000
19	208	2,200	1,630	3,586,000	3,586,000
20	209	1,352	1,675	2,264,600	2,265,000

Sr. No.	Unit Nos.	Total Unit Size in Sq. Ft	Rate PSF on Total Unit Size in AED	MV in AED	Rounded MV in AED
21	210	1,878	1,630	3,061,140	3,061,000
22	211	1,295	1,675	2,169,125	2,170,000
23	212	2,200	1,630	3,586,000	3,586,000
24	301	1,880	1,630	3,064,400	3,064,000
25	302	1,873	1,630	3,052,990	3,053,000
26	303	2,551	1,600	4,081,600	4,082,000
27	304	2,718	1,600	4,348,800	4,350,000
28	305	2,232	1,600	3,571,200	3,571,000
29	306	2,348	1,600	3,756,800	3,757,000
30	307	2,349	1,600	3,758,400	3,758,000
31	308	2,205	1,630	3,594,150	3,594,000
32	309	1,330	1,675	2,227,750	2,228,000
33	310	1,878	1,630	3,061,140	3,061,000
34	311	1,273	1,675	2,132,275	2,132,000
35	312	2,205	1,630	3,594,150	3,594,000
36	401	1,880	1,630	3,064,400	3,064,000
37	402	1,873	1,630	3,052,990	3,053,000
38	403	2,551	1,600	4,081,600	4,082,000
39	404	2,718	1,600	4,348,800	4,350,000
40	405	2,232	1,600	3,571,200	3,571,000
41	406	2,348	1,600	3,756,800	3,757,000
42	407	2,349	1,600	3,758,400	3,758,000
43	408	2,200	1,630	3,586,000	3,586,000
44	409	1,352	1,675	2,264,600	2,265,000
45	410	1,878	1,630	3,061,140	3,061,000
46	411	1,295	1,675	2,169,125	2,170,000
47	412	2,200	1,630	3,586,000	3,586,000
48	501	1,880	1,630	3,064,400	3,064,000
49	502	1,873	1,630	3,052,990	3,053,000
50	503	2,551	1,600	4,081,600	4,082,000
51	504	2,718	1,600	4,348,800	4,350,000
52	505	2,232	1,600	3,571,200	3,571,000
53	506	2,348	1,600	3,756,800	3,757,000
54	507	2,349	1,600	3,758,400	3,758,000
55	508	2,205	1,630	3,594,150	3,594,000
56	509	1,330	1,675	2,227,750	2,228,000
57	510	1,878	1,630	3,061,140	3,061,000
58	511	1,273	1,675	2,132,275	2,132,000
59	512	2,205	1,630	3,594,150	3,594,000
60	601	1,890	1,630	3,080,700	3,080,000
61	602	4,392	1,548	6,798,816	6,799,000
62	603	2,732	1,620	4,425,840	4,425,000
63	604	2,154	1,620	3,489,480	3,490,000
64	605	4,742	1,545	7,326,390	7,326,000

Sr. No.	Unit Nos.	Total Unit Size in Sq. Ft	Rate PSF on Total Unit Size in AED	MV in AED	Rounded MV in AED
65	606	2,199	1,637	3,599,763	3,600,000
66	607	1,351	1,675	2,262,925	2,263,000
67	608	1,877	1,637	3,072,649	3,075,000
68	609	1,294	1,675	2,167,450	2,167,000
69	610	2,199	1,637	3,599,763	3,600,000
			Aggregate Market Value		240,260,000

VALUATION

MARKET VALUE

It is our considered opinion that the aggregate Market Value estimate for the subject properties are valued under the assumption of being Freehold Interest – superior, perpetual, legally un-encumbered and transferable ownership title (UAE/GCC/Non-GCC Nationals) with vacant possession in the subject properties subject to the contents herein and valued using the Direct Comparison Valuation Approach considering particulars/features of the property, prevailing market conditions/sentiments, and other relevant factors as at the date of valuation (30th June 2022) is:

Market Value: AED 240,260,000

In Words (UAE Dirhams – Two Hundred Forty Million Two Hundred Sixty Thousand)

The above aggregate Market Value estimate for the subject properties represents the total of the market values for each individual apartment unit, and this figure should not be taken as being a representation of a portfolio valuation as one grouping value for the properties. The individual units are held on individual titles which can be sold separately, and the above valuation figure takes into account this assumption as the possibility of selling of the entire group of properties at once on the market may result in a flooding effect which may likely affect the value / sale price of the properties.

VALIDITY

This valuation report will be valid for a period of no longer than 3 months from date of this report, assuming stable economic market conditions.

Estimated Rental Range

It is our considered opinion that the Market Rents (*annual rental income*) of the subject various units, as at the date of valuation (30th June 2022), is estimated as follows: -

Type of Unit	Estimated Rental Range (AED)
1BR apartment	97,000 p.a. to 135,000 p.a.
2BR apartment plus staff room	150,000 p.a. to 190,000 p.a.
3BR apartment plus staff room	200,000 p.a. to 245,000 p.a.
4BR apartment plus staff room	330,000 p.a. to 390,000 p.a.

MARKET COMMENTARY

Dubai

Dubai is a member of the seven emirates federation forming the United Arab Emirates. The emirate is located on the south-east coast of the Arabian Gulf. It is the most populous city within the UAE reaching more than 3.48 million residents by end of 2021. The current growth rate is below the long-term historical trend, growing at approximately 5.3% on average during the last five years. It occupies the second-largest land territory (4,114 sq km) after the capital, Abu Dhabi. The city of Dubai shares borders with Sharjah in the northeast, Abu Dhabi to the south, and Sultanate of Oman in the southeast.

Residential

Total estimated completions as of the fourth quarter stood at 24,196 apartments and 5,767 villas, equivalent to 53% of preliminary estimates for this year. Notable apartment completions were DAMAC Hills Bellavista (1,555 units), Sunrise Bay Emaar Beachfront (879 units), Hera Tower Dubai Sports City (529 units) and Creek Gate Dubai Creek Harbour (490 units). For villas, Villanova Amaranta 1 (565 units), Akoya Oxygen Zinnia (499 units) and Casa Via Serena 3 (494 units). For 2021, completed apartments were mostly in Dubailand with 26%, Jumeirah Village Circle took 17%, and 12% in Business Bay. More than 82% of villas finishing construction this year were in Dubailand specifically in Akoya Oxygen, Serena, Town Square and Villanova. Key off-plan projects announced during Q4 included Waves Grande The Waterfront District Sobha Hartland (432 units), Skyz Tower Arjan (808 units), Riveria Beachfront (420 units), Prime Residency 3 Al Furjan (292 units) and Jebel Ali Village (274 units).

Q4 2021 recorded the highest residential quarterly transaction sales volume in history, 7,107 off-plan sales, up 112.3% YoY totalling AED 15 billion and 8,129 ready sales growing 55.2% YoY with a total value of AED 20.6 billion. Demand for larger living space continued as average areas of homes purchased in 2021 increased to 191 sq m (2,056 sq ft), that's compared with 177 sq m (1,905 sq ft) in 2020, and 142 sq m (1,528) sq ft in 2019. Ticket sizes of off-plan homes leaped 68.3% YoY to AED 2.1 million, ready-to-move-in properties grew 16.8% YoY to AED 2.5 million. The citywide average transacted price during 2021 was AED 11,334 per sq m (1,053 per sq ft).

Total estimated completions as of the third quarter stood at 16,654 apartments and 3,397 villas, equivalent to 49% of preliminary estimates for this year. Notable apartment completions were Bloom Heights JVC (686 units), Miraclz Arjan (591 units), 52-42 Dubai Marina (530 units), Bayz Tower Business Bay (456 units). For villas, Mimosa in Akoya Oxygen (338 units), Villanova La Quinta (249 units) and Club Villas Dubai Hills Estates (150 units) were delivered. Approximately 14,775 apartments were under construction with majority located in Dubailand (32%), Mohammed Bin Rashid City (13%) and Dubai Creek Harbour (9%). More than 80% of the 6,084 new build villas will be located in Dubailand, Dubai South and MBR City. Key off-plan projects announced during Q3 included Cavalli Tower Dubai Marina (485 units), Motor City Views (873 units), Regalia Tower Business Bay (900 units), and Aura at Tilal Al Ghaf (268 units).

Exceeding previous forecasts, the valuation-based house price index VPI, expanded 16.6% annually to 76.3 points. However, on a quarterly basis it sustained a similar rate as seen during Q3 with an increase of 5.1%. On the submarket level, villas and townhouses soared 31.6% YoY, 8.3% QoQ. Apartments improved just 6.9% YoY, 2.7% QoQ. Highest villa price gains were registered in Arabian Ranches (34.1%), Jumeirah Islands (33.9%), The Lakes (31.2%) and Palm Jumeirah villas (27.6%), the latter exceeding mid-2014 peak levels. Highest performing apartment areas in terms of capital gains were Palm Jumeirah apartments (17.3%), Jumeirah Beach Residence (14.6%) and Burj Khalifa (8.7%).

Dubai residential rents witnessed the highest increases since 2014. The VPI for residential rental values grew 18.9% YoY, 6.7% QoQ, to reach 67.3 points, as compared to 100 points during the base year 2014. As expected, villas and townhouses lead the growth up 26.8% YoY, 6.3% QoQ. Apartments lagged with improvements of 14.3% YoY, 6.9% QoQ. Dubai's citywide residential net yields fell slightly to an average of 5.9%, apartments with 6.2% and villas at 3.7%.

VALUATION UNCERTAINTY

In line with the RICS Valuation - Global Standards 2020 Valuation Practice Guidance Application 10 (VPGA 10): we believe that a reasonable period in which to negotiate a sale at our opinion of Market Value is 12 - 15 months. It should be noted, however, that if credit conditions substantially worsen or any other change were to occur to the investment market then the liquidity of the investment and the value, may change. We do not consider there to be a special prospective purchaser in the market for the Subject Property who would pay more than our opinion of Market Value.

Property reported with No Valuation Uncertainty

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel restrictions have been implemented by many countries and "lockdowns" applied to varying degrees. Whilst restrictions have now been lifted in some cases, local lockdowns may continue to be deployed as necessary and the emergence of significant further outbreaks is possible.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. The Sharjah Residential sector is a case in point, where transaction volumes are currently increasing and comparable evidence readily available. Accordingly, and for the avoidance of doubt, our valuation in regard to the Subject Property valued is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

RESTRICTIONS ON USE, DISTRIBUTION OR PUBLICATION

This valuation is for the sole use of the named Client. This report is confidential to the Client, and that of their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorised.

DISCLAIMER

In undertaking and executing this assignment, extreme care, precaution and due diligence has been exercised based on the information supplied by the Client, however, values may fluctuate or differ due to varying scenarios in the property market (demand and supply), maintenance, wear and tear, quality of tenants, micro and macro-economic factors, etc. It is beyond the scope of our services to ensure the consistency in value due to changing scenarios / property influencing factors.

CONCLUSION

This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the Client.

No part of this report may be reproduced either electronically or otherwise for further distribution without our prior and written consent. We trust that this report and valuation fulfills the requirement of your instruction.

This report is issued without any prejudice and personal liability.

For and on behalf of **ValuStrat Management Consultancies**,



Shahid Nazir
Head of Freehold Residential Valuation



Cheryl McAdam MRICS
MRICS Registered Valuer – Reg.
No.1285594
Director- Residential Valuations



Vismer Mulenga, BSc (Hon), MRICS, IRRV
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Director Commercial Valuations



HISTORICAL PICTURES ON OUR FILES
(As per previous inspection on 22nd June 2017)



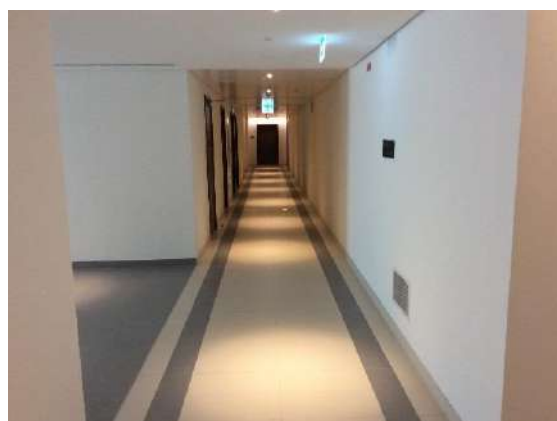
Building No- 2B



Subject Building – elevation



Integrated living/dining area



Common Corridor



Kitchen



Bedroom



View -1 – partial Burj Khalifa/community



Bathroom



View -2 – Boulevard



View -3 – Boulevard / Mall



View-4 – Surrounding areas – Skyline



Neighbouring buildings



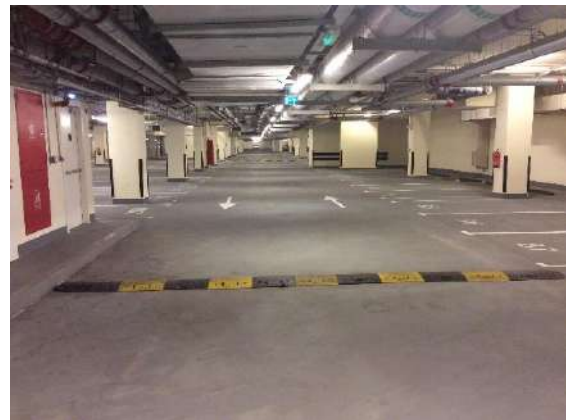
Communal facility – pool



Communal facility – gym



Building Lobby



Building – Basement for car parking



Subject Property – Rear Elevation



Subject property – Side Elevation



Subject Property – Front Elevation



Subject Property – Front Elevation



View from Balcony



Subject Property – Rear Elevation



Subject Property – Front Elevation



Subject Property – Side Elevation



Private & Confidential

Valuation Report

AL RASHID RESIDENCES, MADINAH, KSA

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REPORT ISSUED 24 JULY 2022

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APPENDIX 1 – PHOTOGRAPHS



1 EXECUTIVE SUMMARY

THE EXECUTIVE SUMMARY AND VALUATION SHOULD NOT BE CONSIDERED OTHER THAN AS PART OF THE ENTIRE REPORT.

1.1 THE CLIENT

Saudi Fransi Capital
Muhammad Raza Rawjani, CFA
Product Development | Asset Management Division
mrawjani@FransiCapital.com.sa

1.2 THE PURPOSE OF VALUATION

The valuation is required for Saudi Bonyan REIT.

1.3 INTEREST TO BE VALUED

The below-mentioned property is the scope of this valuation exercise.

Description	Property Details
Name of Property	Al Rashid Residences, Madinah
No. of Keys	66 fully furnished serviced apartments
Land Title Deed No.	940110018381
Title Deed Date	1/4/1439
BUA (Built Up Area)	25,316.51 sq. m
Land Area	Part of 63,531.92 sq. m
Owner	Bonyan Real Estate Fund Company
Location	Shadhah District, Madinah, KSA
Interest	Assumed Freehold Interest

Source: Client 2022

1.4 VALUATION APPROACH

We have undertaken the trading performance - Discounted Cash Flow (DCF) approach to Valuation.

1.5 DATE OF VALUATION

Unless stated to the contrary, our valuations have been assessed as at the date of 30 June 2022.

The valuation reflects our opinion of value as at this date. Property values are subject to fluctuation over time as market conditions may change.



1.6 OPINION OF VALUE

Property Name	Keys	Property Value	Value per Key
Al Rashid Residences, Madinah	66	SAR 53,000,000	SAR 803,030

The executive summary and valuation should not be considered other than as part of the entire report. The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's marketplace.

1.7 SALIENT POINTS (GENERAL COMMENTS)

Whilst most global markets remain disrupted along with the effects of the extraordinary market conditions over the past two plus years through the COVID-19 pandemic, it appears the KSA economy appears stable and strong within a recovery mode on the back of higher oil demand and private consumption along with KSA's Vision 2030 looks to diversify the economy away from oil through focusing on direct foreign investment, tourism and the increase of locals in the workforce.

The cost of risk is also likely to stay elevated in 2022 reflecting the volatile global health situation, high inflation and rising interest rates, etc.

The real estate traditional determinants of location and value for money continue to be a key success influencing property and accommodation preference though investors in KSA are also no less sensitive to asset classes and the location of property providing investor expectations and stable long-term income for portfolios and funds. Equally, strong investor appetite remains for 'best in class' / 'Institutional Asset Class – Grade A' / good quality property providing long term income.

With all positive activity and investment by the government creating opportunities through projects across the Kingdom's Vision 2030 and through the creation of the Giga projects has meant a stable KSA economy with positive outlook going forward throughout 2022 and beyond.

We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect.

We confirm that on-site measurement exercise was not conducted by ValuStrat, and we have relied on the data provided by the Client. In the event that the areas of the property and site boundary prove erroneous, our opinion of Market Value may be materially affected, and we reserve the right to amend our valuation and report.

We have assumed that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and good title can be shown. For the avoidance of doubt, these items should be ascertained by the client's legal representatives. ValuStrat draws your attention to any assumptions made within this



report. We consider that the assumptions we have made accord with those that would be reasonable to expect a purchaser to make.

We are unaware of any adverse conditions which may affect future marketability for the subject property/aparthotel. It is assumed that the subject property is freehold and is not subject to any rights, obligations, restrictions and covenants.

This report should be read in conjunction with all the information set out in this report, we would point out that we have made various assumptions as to tenure, town planning and associated valuation opinions. If any of the assumptions on which the valuation is based is subsequently found to be incorrect, then the figures presented in this report may also need revision and should be referred back to the valuer.

Note that property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale.

It should be noted that the valuation provided is of the property (excluding any element of value attributable to furnishings, removable fittings and sales incentives) as new. It is possible that the valuation figure will not be subsequently attainable on a resale as a second-hand hotel building especially if comparable new property is on offer at the same time.

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

This executive summary and valuation should not be considered other than as part of the entire report.

2 VALUATION REPORT

2.1 INTRODUCTION

Thank you for the instruction regarding the subject valuation services.

We ('ValuStrat', which implies our relevant legal entities) would be pleased to undertake this assignment for Bonyan REIT / Saudi Fransi Capital ('the client') of providing valuation services for the property mentioned in this report subject to valuation assumptions, reporting conditions and restrictions as stated hereunder.

2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

Description	Property Details
Name of Property	Al Rashid Residences, Madinah
No. of Keys	66 fully furnished serviced apartments
Land Title Deed No.	940110018381
Title Deed Date	1/4/1439
BUA (Built Up Area)	25,316.51 sq. m
Land Area	Part of 63,531.92 sq. m
Owner	Bonyan Real Estate Fund Company
Location	Shadhah District, Madinah, KSA
Interest	Assumed Freehold Interest

Source: Client 2022

2.3 PURPOSE OF VALUATION

The valuation is required for Saudi Bonyan REIT.

2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Taaqem Regulations (Saudi Authority for Accredited Valuers) in conformity with International Valuations Standards (IVS) 2022.

It should be further noted that this valuation is undertaken in compliance with generally accepted valuation concepts, principles and definitions as promulgated in the IVSCs International Valuation Standards (IVS) as set out in the IVS General Standards, IVS Asset Standards, and IVS Valuation Applications.



2.5 BASIS OF VALUATION

2.5.1 MARKET VALUE

The valuation of the subject property, and for the above stated purpose, has been undertaken on the **Market Value** basis of valuation in compliance with the above-mentioned *Valuation Standards* as promulgated by the IVSC and adopted by the RICS. **Market Value** is defined as: -

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

The definition of **Market Value** is applied in accordance with the following conceptual framework:

“The estimated amount” refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. *Market value* is the most probable price reasonably obtainable in the market on the *valuation date* in keeping with the *market value* definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of *special value*;

“an asset should exchange” refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the *valuation date*;

“on the valuation date” requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the *valuation date*, not those at any other date;

“between a willing buyer” refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute “the market”;

“and a willing seller” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for



the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

“in an arm’s-length transaction” is one between parties who do not have a particular or special relationship, e.g. parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of *special value*. The *market value* transaction is presumed to be between unrelated parties, each acting independently;

“after proper marketing” means that the asset would be exposed to the market in the most appropriate manner to affect its disposal at the best price reasonably obtainable in accordance with the *market value* definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the *valuation date*;

‘where the parties had each acted knowledgeably, prudently’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the *valuation date*. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction.

Prudence is assessed by referring to the state of the market at the *valuation date*, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

‘and without compulsion’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm’s length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset.

The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible.



Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

It should be further noted that the subject property is best described as a trade related property that is a property that is trading and is commonly sold in the market as an operating asset with trading potential, and for which ownership of such a property normally passes with the sale of the business as an operational entity.

2.5.2 VALUER(S)

The Valuer on behalf of ValuStrat, with responsibility of this report is Mr. Ramez Al Medlaj (Taqeem Member), having sufficient and current knowledge of the Saudi market and the skills and understanding to undertake the valuation competently.

Also Mr. Ramez Al Medlaj (Taqeem Member) who is a local Arabic specialist having knowledge, skills and understanding of the market and valuation.

We further confirm that either the Valuer or ValuStrat have no previous material connection or involvement with the subject of the valuation assignment apart from this same assignment undertaken.

2.5.3 STATUS OF VALUER

Status of Valuer	Survey Date	Valuation Date
External Valuer	*28 June 2022	30 June 2022

**The inspection was external and visual in nature only*

2.6 EXTENT OF INVESTIGATION

In accordance with instructions received we have carried out an external and internal inspection of the property. The subject of this valuation assignment is to produce a valuation report and not a structural / building or building services survey, and hence structural survey and detailed investigation of the services are outside the scope of this assignment.

We have not carried out any structural survey, nor tested any services, checked fittings of any parts of the property.

Our previous inspection was limited to the common areas of the property including the aparthotel lobby, meeting rooms, hotel facilities & amenities and representative apartments.

For the purpose of our report, we have expressly assumed that the condition of any un-seen areas is commensurate with those which were seen. We reserve the right to amend our report should this prove not to be the case.



2.7 SOURCES OF INFORMATION

For the purpose of this report, it is assumed that written information provided to us by the Client is up to date, complete and correct in relation to title, planning consent and other relevant matters as set out in the report. Should this not be the case, we reserve the right to amend our valuation and report.

2.7.1 VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:

The subject property is valued under the assumption of property held on a *Private interest* with the benefit of trading potential of existing operational entity in possession;

Written information provided to us by the Client is up to date, complete and correct in relation to issues such as title, tenure, details of the operating entity, and other relevant matters that are set out in the report;

That no contaminative or potentially contaminative use has ever been carried out on the site;

We assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoings, restrictions or other encumbrances. Information regarding tenure and tenancy must be checked by your legal advisors;

This subject is a valuation report and not a structural/building survey, and hence a building and structural survey is outside the scope of the subject assignment. We have not carried out any structural survey, nor have we tested any services, checked fittings or any parts of the structures which are covered, exposed or inaccessible, and, therefore, such parts are assumed to be in good repair and condition and the services are assumed to be in full working order;

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that such investigations would not disclose the presence of any such material to any significant extent;

That, unless we have been informed otherwise, the property complies with all relevant statutory requirements (including, but not limited to, those of Fire Regulations, By-Laws, Health and Safety at work);

We have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building. We would recommend that the client makes their own enquiries in this regard; and the market value conclusion arrived at for the property



reflect the full contract value and no account is taken of any liability to taxation on sale or of the costs involved in effecting the sale.

2.8 PRIVACY/LIMITATION ON DISCLOSURE OF VALUATION

This valuation is for the sole use of the named Client. This report is confidential to the Client, and that of their advisors, and we accept no responsibility whatsoever to any third party.

No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report.

It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorised.

2.9 DETAILS AND GENERAL DESCRIPTION

2.9.1 DESCRIPTION OF THE HOTEL BUILDING

The subject property, identified as Al Rashid Residences, is a four-star apartment hotel with 66 fully furnished apartment units classified as follows:

Hotel Room Type	No. of Rooms
Studio	32
1 Bedroom	21
2 Bedroom	13
Total Hotel Rooms	66

Source: Client 2022

Al Rashid Residences is a three-storey building mainly built of reinforced concrete structures with glass and aluminum cladding exterior wall finishes. Interior finishes consist of painted wall and ceiling, granite & carpet tiles flooring, glass main entrance door and wooden room doors.

It is equipped with elevators, centralized air conditioning, firefighting with alarm system & emergency exit stairs, 24/7 monitored security with CCTV cameras and parking slots for its patrons.

The subject hotel apartment's facilities consist of indoor swimming pool, fitness gym & billiard hall, two meeting rooms, jacuzzi, steam bath, restaurants, lounge and coffee shops.

Room amenities includes refrigerators, ovens, microwaves, dishwashers, coffee makers, flat TV screens, free internet, etc.

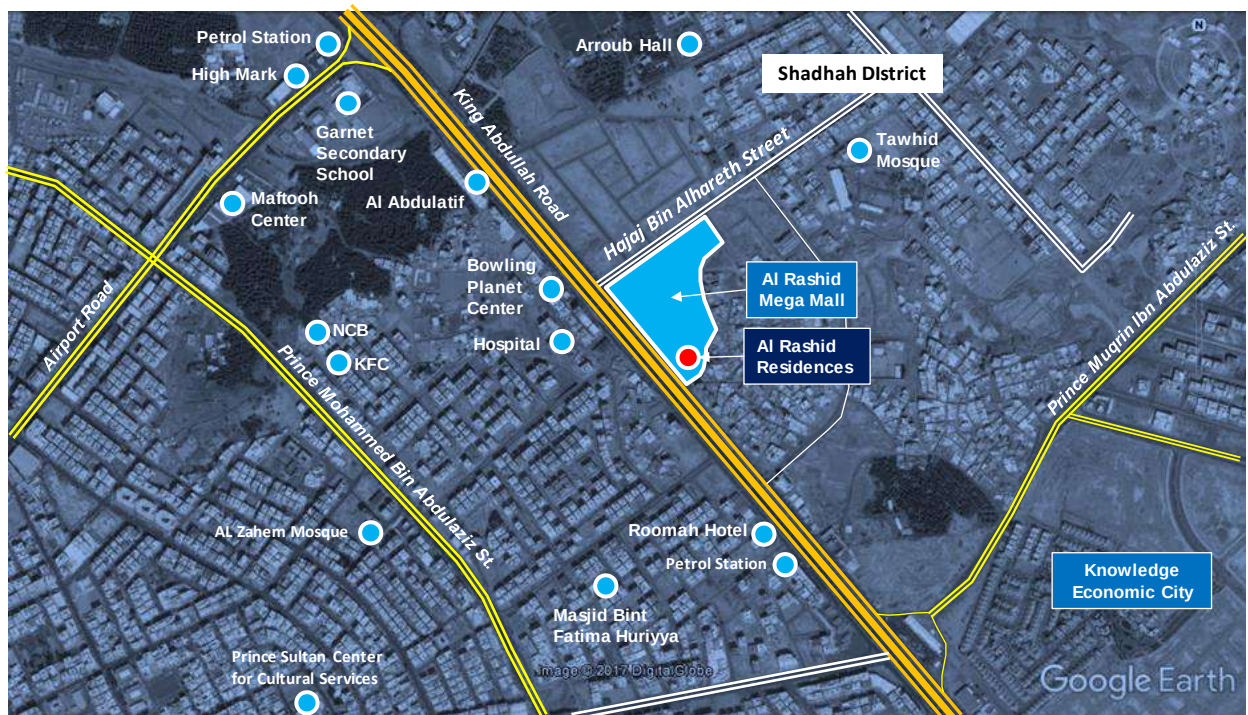


2.9.2 LOCATION OF PROPERTY

The subject property is a serviced apartment hotel building known as “Al Rashid Residences”, located within Shadhah District, Madinah, Kingdom of Saudi Arabia.

It has direct access to the Al Rashid Mega Mall on its southern-most portion. It is situated along the southeast side of King Abdullah Road and approximately 1.20 kilometers northwest of Knowledge Economic City.

The illustration below shows the location of the property in relation to its immediate neighborhood and environs.



Source: Google Extract 2022 - For Illustrative Purposes Only

Additionally, Al Rashid Residences is also located about 4.40 kilometers northeast of Al Masjid An Nabawi and approximately 10 kilometers southwest of Prince Mohammed Bin Abdulaziz International Airport.

It is situated in an area where land utilization is a mix of commercial and residential use especially with the planned development of the nearby Knowledge Economic City.

The property is easily accessible to the rest of Madinah City thru the fronting King Abdullah Road, a major circumferential road in Madinah which intersects to other major city thoroughfares thereby connecting to important landmarks such as the Al Masjid an Nabawi, Prince Mohammed Bin Abdulaziz International Airport, bus stations, train stations, etc.

For ease of reference, refer to the illustration below.



Source: Google Extract 2022 - For Illustrative Purposes Only.

2.9.3 MADINAH CITY

Madinah is a city in western Saudi Arabia. In the city center, the vast Al-Masjid an-Nabawi (Prophet's Mosque) is a major Islamic pilgrimage site.

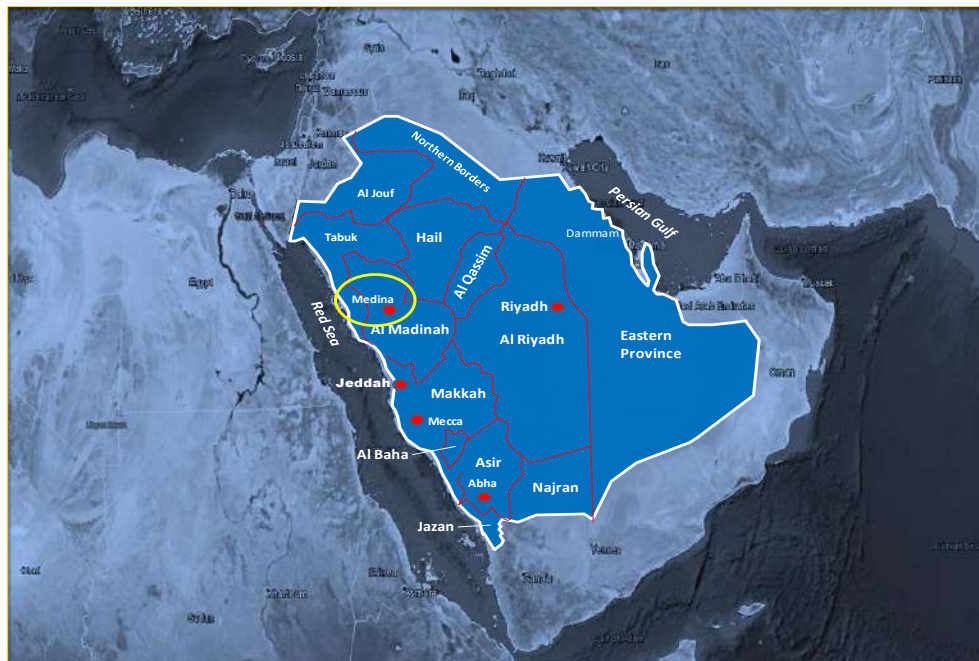
Its striking Green Dome rises above the tombs of the Prophet Muhammad and early Islamic leaders Abu Bakr and Umar.

The Masjid al-Qiblatain (Qiblatain Mosque) is known as the site where the Prophet Muhammad received the command to change the direction of prayer to Makkah.

Madinah is situated about 150 kilometers east of the Red Sea; approximately 700 kilometers west of Riyadh, the Capital City of the Kingdom of Saudi Arabia; and about 330 kilometers & 340 kilometers north of Jeddah & the holy city of Makkah, respectively.



Below showing Madinah in relation to the Kingdom of Saudi Arabia.



Source: Google 2022 - For Illustrative Purposes Only.

2.10 ENVIRONMENT MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination.

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property.

We have not carried out any investigation into past or present use, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject property from the use or site and have therefore assumed that none exists.

‘However, should it be established subsequently that contamination exists at the property or on any neighbouring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.

Details	
Area	Based on the document supplied by the client, the total land area of the property is part of 63,531.92 sq. m with a built-up area of 25,316.51 sq. m.
Topography	Generally, appears to be irregular in shape and a level terrain.
Drainage	Assumed available and connected.
Flooding	ValuStrat's verbal inquiries with local authorities were unable to confirm whether flooding is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not flood prone. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known flooding in this area.
Landslip	ValuStrat's verbal inquiries with local authorities were unable to confirm whether land slip is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not within a landslip designated area. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known landslip in this area.

2.10.1 TOWN PLANNING

Neither from our knowledge nor as a result of our inspection are, we aware of any planning proposals which are likely to directly adversely affect this property.

In the absence of any information to the contrary, it is assumed that the existing use is lawful, has valid planning consent and the planning consent is not personal to the existing occupiers and there are no particular onerous or adverse conditions which would affect our valuation.

In arriving at our valuation, it has been assumed that each and every building enjoys permanent planning consent for their existing use or enjoys, or would be entitled to enjoy, the benefit of a "Lawful Development" Certificate under the Town & Country Planning Acts, or where it is reasonable to make such an assumption with continuing user rights for their existing use purposes, subject to specific comments. We are not aware of any potential development or change of use of the property or properties in the locality which would materially affect our valuation.

For the purpose of this valuation, we have assumed that all necessary consents have been obtained for the subject residences (serviced apartments) referred within this report. Should this not be the case, we reserve the right to amend our valuation and report.

2.10.2 SERVICES

The property referred within this report is connected to mains electricity, water, drainage, and other municipality services. We assume all consents are in place.

It should be borne in mind that electrical requirements and testing standards have become more stringent in recent years and that the system requires annual inspection, testing and upgrading according to Saudi Electrical Standards. We have not been provided a test certificate and a valid certificate from the owners and should



be requested by the client or owners need to satisfy themselves they are complying with Saudi Electrical Standards.

According to Civil Defence regulations in Saudi Arabia known as the Civil Defence system released by Royal Decree No. M/10 on 05-10-1406, corresponding to 20-01-1986]; firefighting system(s) must be in place providing protection to both people, public and private properties.

For the purpose of this valuation exercise, we assume all necessary consents are in place for Civil Defence regulations.

2.11 TENURE/TITLE

Unless otherwise stated we have assumed the freehold title is free from encumbrances and that Solicitors' local searches and usual enquiries would not reveal the existence of statutory notices or other matters which would materially affect our valuation. We are unaware of any rights of way, easements or restrictive covenants which affect the property; however, we would recommend that the solicitors investigate the title in order to ensure this is correct.

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

The property subject of this report is assumed to be on freehold basis. Should this not be the case we reserve the right to amend our valuation and this report.

Description	Property Details
Name of Property	Al Rashid Residences
Land Title Deed No.	940110018381
Title Deed Date	1/4/1439
BUA (Built Up Area)	25,316.51 sq. m
Land Area	Part of 63,531.92 sq. m
Owner	Bonyan Real Estate Fund Company
Location	Shadhah District, Madinah, KSA
Interest	Assumed Freehold Interest

Source: Client 2022

We understand that that all licenses are in place for the continued operation of the hotel. Should this not be the case, we reserve the right to amend our valuation and report.

NB: All aspects of tenure/title should be checked by the client's legal representatives prior to exchange of contract/drawdown and insofar as any assumption made within the body of this report is proved to be incorrect then the matter should be referred back to the valuer in order to ensure the valuation is not adversely affected.



2.12 METHODOLOGY & APPROACH

In determining our opinion of Market Value for the freehold interest in the subject property, we have utilized the Discounted Cash Flow (DCF).

2.12.1 DISCOUNTED CASH FLOW (DCF) APPROACH

The subject property is a property that is known / classified as a 'trade related property'. A 'trade related property' is defined as:

“Any type of real property designed for a specific type of business where the property value reflects the trading potential for that business” (RICS Red Book Edition 2014 – VPGA 4: Valuation of individual trade related properties)

The essential characteristic of such a type of property is that it has been designed or adapted for a specific use, and the resulting lack of flexibility usually means that the value of the property interest is intrinsically linked to the returns that an owner can generate from that use. The value therefore reflects the trading potential of the property, and in the market such properties are normally bought and sold on the basis of their trading potential. Taking into consideration the above-mentioned nature and characteristics of the subject property, our opinion of the Market Value for the subject property has been arrived at by using the Income approach (or also known as the trade 'profits' method), which is a market-based valuation approach taking into account the expectations of market participants. The valuation and all key assumptions used in the valuation reflect market conditions as at the valuation date. This valuation approach is also the preferred method of valuation by which private and institutional investors are analysing trade related properties. In the use of the Income Valuation approach, we have adopted a Discounted Cash Flow (DCF) method explained below.

In the valuation, we have also taken into consideration that this is an operating trade entity, and our valuation takes into account the valuation principle of a reasonably efficient operator. Reasonably efficient operator is the market-based concept whereby a potential purchaser, and thus the valuer, estimates the maintainable level of trade and future profitability that can be achieved by a competent operator of the business conducted on the premises, acting in an efficient manner. The concept involves the trading potential rather than the actual level of trade under the existing ownership, so it excludes personal goodwill. In forming our opinion of the maintainable level of trade and future profitability that can be achieved we have had regard and analysis of the previous past performance of the existing trade entity.

2.12.2 VALUATION ANALYSIS

The client has provided us some information and projections for the subject Al Rashid Residences – Madinah, which we have considered in our analysis. Equally, we have also looked into current hotel rates in Madinah based on *booking.com*. The table below shows the average daily room rates of some hotels in Madinah.



Hotel Name	Rating	ADR (SAR)	Location
Madinah Hilton Hotel	5-Star	550	King Fahd Street, Central Area
Anwar Al Madinah Movenpick	5-Star	440	King Fahd Street, Central Area
Millennium Madinah Airport	5-Star	700	Airport Road
Taiba Madinah Hotel	4-Star	700	Omar Ibn Al Khataab Rd
Taiba Arc Suites	3-4 Star	600	Northern Central Area
Hayah Al Taqwa Hotel	4-Star	550	Northern Central Area, Madinah
Diyar Al Taqwa Hotel	4-Star	550	Abu Ayyub Al Ansari Street
Madinah Movenpick Hotel	4-Star	569	Shariyah Court Road, Madinah

Source: Booking.com 2021-22

2.12.3 ASSUMPTIONS AND COMMENTARY

The apartment hotel has been assessed as a “going concern” subject to the forecast and inputs provided by the client and any assumptions made by ValuStrat within market benchmarks.

ValuStrat has made certain assumptions and adjustments based on their experience in valuing typical hotel properties in Madinah, KSA taking cognizance of the surrounding developments within which the property will ultimately form part of.

This was done in an attempt to forecast our interpretation of performance of the hotel over the 10-year explicit cash flow period.

Note for the purpose of this valuation we have included the retail (F&B) and the meeting rooms/function halls within the hotel component.

In this instance, we have adopted the following rates:

Components	Comments
Average Daily Rate	*SAR 630
Occupancy	*40% (Year 1), 43% (Year 2) and 45% in stabilized year 3.

**We have estimated the hotel projections with an annual occupancy rate(s) starting at 40% (1st Year), 43% (Year 2), and 45% (2nd Year), the stabilized year of operation; and an average room rate of SAR 630 in the first year of operation and then increases as follows:*

SAR 650 (Year 2) and stabilised at SAR 680 in year 3.

2.12.4 EXIT YIELD, DISCOUNT RATE AND COMMENTARY

Components	Comments
Exit Yield	9%
Discount Rate	11.5%
Tax Fees	5%
Finance Cost	Excluded from our calculations



Finance Cost & Debt

If debt is unavailable, then both the liquidity and value of the property would be affected.

Inflation

Given the current state of market conditions we applied an average inflation rate of 2.5% per annum based on previous years assuming normal hospitality market conditions for Madinah.

Discount Rate and Exit Yield

Research conducted collated from developers and investors indicate that the discount rate is dependent on the scale of the development and the inherent risk associated.

This risk takes into account the extent of the proposed development, location, economic conditions and investor sentiment. ValuStrat is of the opinion that as the development nears completion the inherent risk is reduced, and we have adopted 9% yield and the discount rate at 11.5%.

Supplementary Hotel Assumptions

We have assumed that the classification certificate for the operating hotel will be renewed successfully. Should this not be the case, we reserve the right to amend our valuation and report.

For the purpose of this valuation, we assume that the hotel has all necessary permission from the relevant planning and trading authorities in the Kingdom of Saudi Arabia.

The analysis of trading performance cash flow referred in our report is prepared on the basis of a fiscal year. Accordingly, year 1 of the cash flow starts from the date of valuation.

The valuation is based on the EBITDA of the hotels, with an allowance for the fees included in the hotel management agreement. The valuation assumes and reflects the furniture, fittings, equipment and operational supplies that are necessary for the hotel as a trading performance - going concern.

2.12.5 TRADING SUMMARY

AI Rashid Residences - Madinah					
	Trading Projections				
	1	2	3	4	5
Year	2022	2023	2024	2025	2026
	Projected	Projected	Projected	Projected	Projected
Rooms	66	66	66	66	66
Occupancy	40.0%	43.0%	45.0%	45.0%	45.0%



Private & Confidential

Saudi Bonyan Company, Riyadh, KSA – July 2021

ADR	630.00	650.00	680.00	680.00	680.00
RevPAR	252.00	279.50	306.00	306.00	306.00
Total Revenue	7,449	8,262	9,045	9,045	9,045
Departmental Expenses	1,714	1,901	2,082	2,045	2,045
Departmental Profit	5,734	6,360	6,963	7,000	7,000
Undistributed Expenses	931	1,033	1,131	1,131	1,131
Gross Operating Profit	4,803	5,327	5,833	5,869	5,869
Management Fees	594	660	722	725	725
Fixed Charges	37	41	45	45	45
FF&E Reserve	186	207	226	271	271
EBITDA	3,986	4,420	4,839	4,828	4,828
Net Profit % (EBITDA of Total Revenue)	53.5%	53.5%	53.5%	53.4%	53.4%
Capital Expenditure					
Net Cashflow	3,986	4,420	4,839	4,828	4,828

2.12.6 VALUATION COMMENTARY

In valuing the subject property, we have considered the following:

1. The coming year will remain volatile as global economic conditions harden with rising inflation, rising energy prices and the conflict in Ukraine. Also, air travel is expensive post Pandemic 2020 one of the reasons causing the high inflation and it is likely market rates/prices/occupancy will be affected going forward. The client is also recommended to consider the benefits in such a market, of having more frequent valuations to monitor the value of the subject property.
2. Many businesses are affected due to the previous disrupted period (Pandemic 2020); we assume all information provided by the client is correct and accurate. Should this not be the case, we reserve the right to amend our valuation and report.
3. We have been made aware there is no rent arrears (debt) and all tenants/operators are up to date with rental/management obligations. Should this not be the case, we reserve the right to amend our valuation and report.
4. The occupancy rates and rents at newly completed property or new acquisitions may fluctuate depending on a number of factors, including market and economic conditions resulting in the investment not being profitable.
5. The KSA's oil production and business are a major contributor to Saudi income and strong economic conditions. Therefore, any major fluctuations



in oil prices can have a similar effect on the local economy impacting commercial investments and the overall long-term development of the economy in volatile and uncertain times.

6. The growth of the economy is also subject to numerous other external factors, including continuing population growth, increased direct and foreign investment in the local economy and Government and private sector investment in infrastructure, all of which could have a significant impact on the economy and business profitability.
7. It should be noted that the valuation provided is of the property (excluding any element of value attributable to furnishings, removable fittings and sales incentives) as new. It is possible that the valuation figure may not be subsequently attainable on a resale as a second-hand villa especially if comparable new property is on offer at the same time.
8. As regards property, which are retained, or to retain an ownership interest in, such competition may affect the ability to attract and retain tenants and reduce the rents impacting the property/investment.
9. Any retained or owned property will face competing property/development leading to high vacancy/occupancy rates resulting in lower rental/hospitality rates. It is imperative for leasing obligations / hotel management agreements to be preserved and to keep-up high standard of landlord & tenant (property management) or management/operator relationship and so it will necessitate that the property be maintained to a good standard to maintain its value.
10. The subject property referred in this report is considered as full figure(s) and may not be easily achievable in the event of an early re-sale in the short term due to volatile and uncertain times. Refer to our market conditions section below.
11. Property values are subject to fluctuation over time as market conditions may change.
12. We have assumed that the land is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing and good title can be shown. For the avoidance of doubt, these items should be ascertained by the client's legal representatives.

We have equally made assumptions as part of this valuation exercise as follows:

- We have assumed the luxury classification certificate for the hotel is in place, although we have not seen a copy of the certificate.
- The valuation includes furniture, fittings, equipment and operational supplies that are essential for the hotel as a going concern.



It should be further noted that the subject property is best described as a trade related property that is a property that is trading and is commonly sold in the market as an operating asset with trading potential, and for which ownership of such a property normally passes with the sale of the business as an operational entity.

- The referred Average Daily Rate (ADR) in our analysis is inclusive of service charges, but not exclusive of tax and municipality fees.
- Our analysis and Discounted Cash Flow (DCF) is formulated on the basis of a fiscal year, therefore the year 1 of the DCF commences from the date of valuation.
- Given the extraordinary period H1 2020 (year of the pandemic lockdown) and the disruptive 2021-22, it has meant both travel and hospitality has suffered significantly in relation to the ADR rates and occupancy.

The subject hotel's occupancy is slowly creeping to previous levels; however overall, 2021-22 year has been an unusual disruptive year post pandemic 2020. Accordingly, we have partially flouted the temporary disruption given that this is not the true element of the business trading for the subject hotel. We have heavily considered the strong historic trading of the hotel and the high luxury upgrade and renovation to the hotel.

- We have assumed all contracts, agreements and all local authority consents are in place for the subject hotel. We have also assumed the hotel has all the required licences for its continued operation and that there are no outstanding issues with the local Fire or Environmental Health Authorities. Should this not be the case, we reserve the right to amend our valuation and report.
- We have assumed an inflation rate of 2.5 per cent (%).
- We understand that that all licenses are in place for the continued operation of the hotel. Should this not be the case, we reserve the right to amend our valuation and report.
- This valuation exercise makes no allowance for expenses of sale, which may be considerable or liabilities to taxation including VAT, which may arise on a disposal.

2.12.7 SUMMARY OF VALUE

The resultant value based upon the above variables for the subject property is as follows:

Property Name	Room Count	Market Value (Rounded)	Value per Key
Al Rashid Residences, Madinah	66	SAR 53,000,000	SAR 803,030



2.13 VALUATION

2.13.1 MARKET VALUE

ValuStrat is of the opinion that the Market Value of the freehold interest in the subject property referred within this report, as of the date of valuation, based upon the Discounted Cash Flow (DCF) and assumptions expressed within this report, may be fairly stated as follows;

Market Value (rounded and subject to details in the full report):

SAR 53,000,000 (Fifty-Three Million, Saudi Arabian Riyals.)

The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations. Due to this shortage, it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature.'

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

Property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. It must be borne in mind that capital values can fall as well as rise.

The value provided in this report is at the top end of the range for properties of this location and character and will necessitate that the property be maintained to a good standard to maintain its value.

2.14 MARKET CONDITIONS SNAPSHOT

2.14.1 MARKET ASSESSMENT, TIMES OF UNCERTAINTY (COVID-19 PANDEMIC) & VALUATION COMMENTARY OVERVIEW

The past two plus years of extraordinary market conditions have made it difficult for investors to confidently assess changes in property prices. The COVID-19 recovery has meant higher energy prices, supply chain disruptions mean 2022 will be the year to repair global economy if possible.

The world is rapidly changing with ongoing structural shifts, population growth, urbanization, climate change and the digital revolution continue to profoundly impact our world and societies.

Though KSA has shown resilience with high oil price revenues and current budget of Q1 – 2022 showing surplus of SAR 57 billion and Public Investment Fund (PIF) – sovereign wealth fund going from strength to strength.

Since the lifting of travel bans, the KSA real estate market is in a healthy position with many analysts predicting a strong 2022 for real estate (vision 2023) with the positive activity and investment by the government unveiling a number of reforms, including recent facilitation of the tourism visa, where citizens of 49 countries are



now able to apply e-visas and holders of Schengen, UK or US visas are eligible for visas on arrival.

Also, the government has now allowed the full foreign ownership of retail and wholesale operations along with previously opening up of the Tadawul Stock Market to foreign investment supported by current energy reforms, cutting subsidies, creating jobs, privatizing state-controlled assets and increasing private sector contribution to the country's economy, etc. With all the opportunities throughout the Kingdom and the creation of the Giga projects, there was an ambitious resilience which was suddenly shutdown overnight due to the initial lockdown period. With all the current uncertainty, market stagnation and short-term challenges whereby force majeure (as a result of the pandemic's cause beyond anyone's reasonable control) had created inactivity. As mentioned above the KSA market's ambitions and resilience, we understand investor sentiment remains strong as it was prior to the pandemic and the KSA was on an upward course showing growth in the last quarter of 2019 after a period of subdued market conditions.

The current global crushing of liquidity in economies will have impact on markets and real estate market and this maybe the case with many economies across the globe; however, the KSA market has shown resilience in previous years through a period of downward trend (2016-18), a correction allowing for the market to bottom out with 2019 experiencing growth in the first quarter and subdued market conditions throughout 2019. The latter part of Q4 – 2019 saw positive growth with strong investor appetite, though the market lacking good quality stock. Now with the Saudi government confirming a stimulus package of SR 120 billion plus, we understand the market will bounce back with investors underlying strong appetite. This will delay any evidence in the short term of declining prices and with the government stimulus will assist any short-term losses on transactions, private and public funds, although will need to be sustained in the short-term.

The KSA real estate sector generally follows the fortunes of the greater economy and while the oil reserves were left off prior to the pandemic fairly strong, although currently a price war between major producers is adding to a growing supply glut, though this will help KSA once markets start normalizing again. The KSA economy remains stable and backed-by strong fundamentals of the KSA market (i.e. young growing population) and also the economic transformation plan transforming the Kingdom towards a service economy post-oil era.

In short, the pandemic was expected to be a short-term shock wave with an eventual surge of business activity leading to a rapid recovery either in the form of a "V-shape" or a more gradual recovery in the form of a "U-shape" bounce back. Accordingly, we expected the KSA market to surge in business over the course of 2021 and now 2022 allowing for markets to start flourishing towards long term sustainability in social trends and patterns along with socio-economic distancing in a growing cycle. On the other hand, should the global economic impact of the Coronavirus pandemic (COVID-19) outbreak persist and will be dependent on how long the virus lasts, how

far it spreads and how much lock-down, public organizations quarantines disrupt the market. Indeed, the current response to COVID-19 means that we are faced with unprecedented set of circumstances on which to base judgement(s). There is strong evidence that real estate markets have sprung back to strong activity and growth fairly quickly as we are experiencing in the Kingdom of Saudi Arabia.

Equally, the short-term generally speaking we do not expect the current real estate market to show any small adjustment in prices/rates. The KSA real estate market is a developing market with much invested by the government in infrastructure projects, so we expect the government's latest stimulus to preserve liquidity and for demand to hold having limited / no bearing on prices / rates.

2.14.2 MARKET CONDITIONS PRIOR TO THE PANDEMIC & THE KSA LOCKDOWN

Despite a new wave of infections (Variant Viruses) this year (2021), the roll out of vaccinations offers hope in controlling this disease and provide a path of recovery in sight along with recovery in oil price provides further impetus.

The Kingdom of Saudi Arabia (KSA) - world's largest exporter of crude oil, embarked four years (2016) ago on an ambitious economic transformation plan, "Saudi Arabia Vision 2030". In a hope to reduce its reliance on revenue from hydrocarbons, given the plummeting oil price revenues from 2014.

Through the current vision 2030 and in a post oil economy, KSA is adapting to times of both austerity measures and a grand ambitious strategy. With an overdue diversification plan Saudi Arabia's economic remodelling is about fiscal sustainability to become a non-dependent nation of oil. This is supported by current energy reforms, cutting subsidies, creating jobs, privatising state-controlled assets and increasing private sector contribution to the country's economy.

Despite economic headwinds, across the region, KSA has shown resilience through a period of subdued real estate market activity. The real estate sector generally follows the fortunes of the greater economy and whilst Saudi Arabia is undergoing structural reforms politically, economically and socially will transform the Kingdom towards a service economy post-oil era.

These changes along with significant amounts of investment - estimated to soon be over 1 trillion US dollars will create vast amounts of opportunities for the public and private sectors across all businesses segments.

The KSA economy in the first quarter of 2019 has relied on the current oil price rise to pull it out of recession; however, the previous 18-24 months, KSA faced a protracted spell of economic stress, much of which can be attributed to the falling oil prices coupled with regional political issues.

Oil prices starting to surge again around 65 dollars a barrel currently from under 30 dollars a barrel in early in 2016 which resulted in a crash in prices and the economy



dipped into negative territory in 2017 for the first time since 2009, a year after the global financial crisis.

General consensus anticipates a piercing improvement in the Saudi economy in the period ahead (2021-2022), supported by both the oil and non-oil sector. So ultimately it appears the economy will still need to rely on oil revenues to bridge the gap in the short term with a budget deficit over the past 3 years and the Kingdom borrowing from domestic and international markets along with hiking fuel and energy prices to finance the shortfall. The economy slipped into recession in 2018 but returned to growth in 2019, albeit at the fairly modest level of 1.7%, according to estimates from the International Monetary Fund (IMF). However, the return to growth is mainly due to a return to increase in oil prices again and output which, in turn, is enabling an increase in government spending.

Accordingly, in the short term needs to rely on the oil revenue and this reliance is being channelled into public spending. The reforms that have been pushed through to date have led to important changes aiding the economy. The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce. Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars. A due enactment of law will encourage public-private partnerships to herald more foreign investment.

The economic transformation that the KSA has embarked upon is complex and multidimensional and will certainly take time to turn around a non-oil serviced economy, although there have been recent positive signs, but it will remain in the short term with the support of oil revenues.

On the other hand, the KSA was resilient in the previous recession in 2007/2008 on strong oil reserves and not only can the Saudi government be relied upon to step in to rescue troubled lenders, reliable institutions for procedural reasons but crucially, it can also afford to do so, although has suffered due to previous oil price declines and it has meant increased spending.

Vision 2030 to diversify the economy from reliance on oil, has only just commenced in previous years and with a young and increasingly well-educated population, together with its own sovereign wealth fund, the Kingdom has many favourable factors to become a leading service sector economy in the region. Reform efforts include a reduction of subsidies on fuel and electricity and the implementation of a 5 per cent VAT back on 01 January 2018 which increased to 15 per cent VAT as of 01 July 2020. The government is also striving to get women to play a greater role in the economy including recently allowing them to drive back in 2019. Wider reforms have been initiated by the government allowing for the entertainment industry to flourish with the opening of the first cinema in King Abdullah Financial District (KAFFD) along with 4 VOX screens opening at Riyadh Park Mall. The cinema entertainment is spurred on by Public Investment Fund (PIF) in collaboration with AMC Cinemas and



led by the Development and Investment Entertainment Company (DIEC), a wholly owned subsidiary of PIF. With an objective of 30 to 40 cinemas in approximately 15 cities in Saudi Arabia over the next five years, and 50 to 100 cinemas in about 25 Saudi cities by 2030.

As part of wider reforms to overhaul the economy and to allow for deep rooted diversification, the Public Investment Fund (PIF) have initiated plans to bolster the tourism / entertainment industry by forming ambitious plans such as the following:

Red Sea Tourism Project

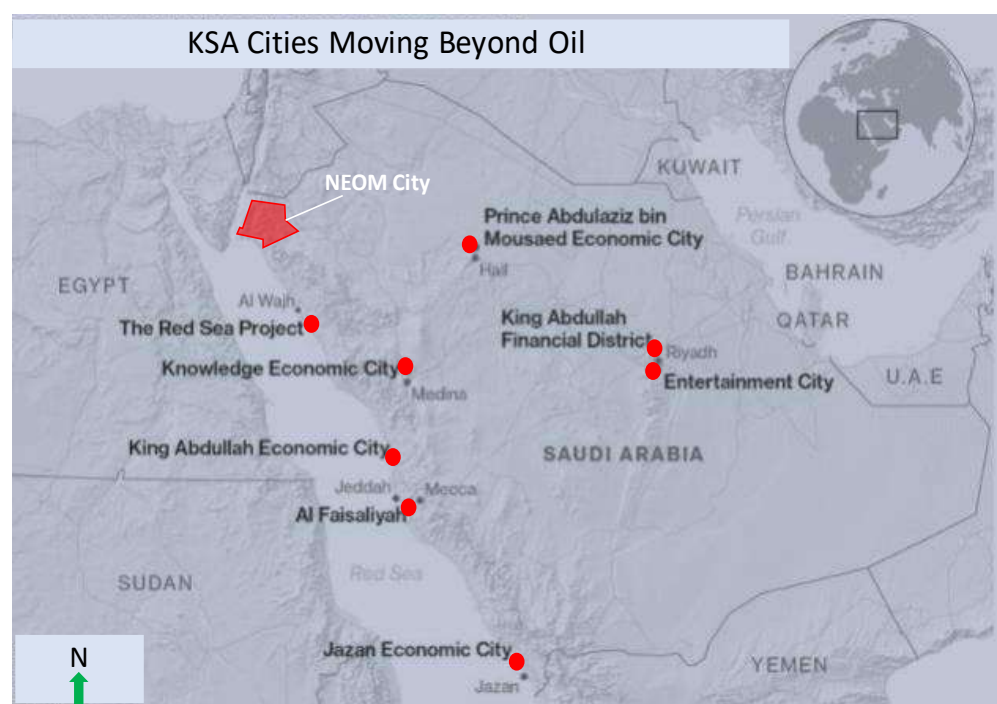
To transform 50 islands consisting of 28,000 square kilometres along the Red Sea coastline into a global tourism destination. For ease of reference to illustration below showing the location in relation to the Kingdom of Saudi Arabia.

Al Faisaliyah Project

The project will consist of 2,450 square kilometres of residential units, entertainment facilities, an airport and a seaport. Refer to the below illustration for the location.

Qiddiya Entertainment City

Qiddiya Entertainment City will be a key project within the Kingdom's entertainment sector located 40 kilometres away from the center of Riyadh. Currently alleged for "The First Six Flags-branded theme park". The 334 square kilometre entertainment city will include a Safari Park too. The project will be mixed use facility with parks, adventure, sports, events and wild-life activities in addition to shopping malls, restaurants and hotels. The project will also consist around 4,000 vacation houses to be built by 2025 and up to 11,000 units by 2030. Again, for ease of reference refer to the below illustration for the location.



The NEOM city project will operate independently from the “existing governmental framework” backed by Saudi government along with local and international investors. The project will be part of a ‘new generation of cities’ powered by clean energy. The ambitious plan includes a bridge spanning the Red Sea, connecting the proposed city to Egypt and stretch into Jordan too.

Economic Cities

The overall progress with the Economic Cities has been slow and projects on hold over the past 7-10 years, although KAFD has recently given the go ahead to complete by 2020. Within the Saudi Vision 2030 the government referenced that they will work to “salvage” and “revamp”.

Real Estate Growth

Overall ValuStrat research reveals that real estate sectors have continued to decline in both sales and rental values. We expect demand to remain stable due to fundamentals of a growing young population, reducing family size, increasing middle-class and a sizeable affluent population – all of which keeps the long-term growth potential intact.

Despite short term challenges, both investors and buyers remaining cautious, the Saudi economy has shown signs of ambition with the government unveiling a number of reforms, including full foreign ownership of retail and wholesale operations along with opening up of the Tadawul Stock Market to foreign investment as well as the reforms mentioned in the previous section referred above. As mentioned earlier, KSA experienced positive growth by oil price rise in the first quarter of 2021; hence the main driver of the recovery remains oil. Over 2021 we envisage the Kingdom’s consumer outlook to be more favourable in economic conditions.

Moreover, tax on development land implemented in 2017/18 has kept the construction sector afloat, encouraging real estate developers. Adapting to a new KSA economic reality has been inevitable, although the Kingdom’s oil dynamics remain pivotal for future development within the KSA 2030 economic vision plan. In latter part of 2017, the Public Investment Fund (PIF), Saudi Arabia’s sovereign wealth fund set up a real estate refinancing company aimed at advancing home ownership in the Kingdom, which suffers from a shortage of affordable housing. This initiative will create stability and growth in the Kingdom’s housing sector by injecting liquidity and capital into the market. Another plan to help kick start the real estate market by boosting the contribution of real estate finance to the non-oil GDP part.

The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016). The close ties with the construction, financing institutions and many others have provided crucial resources that contributed to the development of the Saudi economy. The real estate market performance in 2019/20 and the general trend in KSA for most sectors have remained subdued given lower activity levels, while prices have been

under pressure across most asset classes leading to a gradual softening of rental and sale prices.

The real estate sector remains subdued, and prices may have bottomed out across sectors, and we expect in the medium to long term for the market to pick-up further growth given the reforms and transformation in KSA, although we expect the growth to be slow and steady subject to a stable political environment in KSA and across the region.

The outlook remains optimistic for the longer term due to the various KSA initiatives aimed at stimulating the real estate market whilst encouraging the private sector to play a key role in the transformation.

All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. Since the issuing of this report the KSA lockdown for the COVID-19 health crisis was lifted back on 21 June 2020 and the economy is now trying to get back to normalcy. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2022.

Property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. It must be borne in mind that both rental and capital values can fall as well as rise.

2.15 VALUATION UNCERTAINTY

This valuation has been undertaken against a background of significant levels of Market volatility is one of the main reasons of Valuation uncertainty in the real estate market in the Kingdom and within the GCC region given the dramatic changes in markets in current oil price slump and other factors too.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations. Given the current uncertainties it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature.

The current shortage of transaction, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis.

The RICS valuation standards consider it essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.

We further state that given the valuation uncertainty stated above our valuation represents our impartial calculated opinion / judgement of the properties, based on relevant market data and perceptions as at the date of valuation.



The client is advised that whilst all reasonable measures have been taken to supply as accurate a valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place

The client is also recommended to consider the benefits in such a market, of having more frequent valuations to monitor the value of the subject property.

2.16 DISCLAIMER

In undertaking and executing this assignment, an extreme care and precaution has been exercised.

This report is based on information provided by the Client. Values will differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc.

It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.

2.17 CONCLUSION

This report is compiled based on the information received to the best of our belief, knowledge and understanding.

The information revealed in this report is strictly confidential and issued for the consideration of the Client.

No part of this report may be reproduced either electronically or otherwise for further distribution without our prior and written consent.

We trust that this report and valuation fulfils the requirement of your instruction. This report is issued without any prejudice and personal liability.

For and on Behalf of, **ValuStrat**

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Saudi Bonyan Company, Riyadh, KSA – July 2021

APPENDIX 1 - PHOTOGRAPHS



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Saudi Bonyan Company, Riyadh, KSA – July 2021



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Valuation Report

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1 EXECUTIVE SUMMARY

THE EXECUTIVE SUMMARY AND VALUATION SHOULD NOT BE CONSIDERED OTHER THAN AS PART OF THE ENTIRE REPORT.

1.1 THE CLIENT

Saudi Fransi Capital

Muhammad Raza Rawjani, CFA

Product Development | Asset Management Division

mrawjani@FransiCapital.com.sa

1.2 THE PURPOSE OF VALUATION

The valuation is for Saudi Bonyan REIT.

1.3 INTEREST TO BE VALUED

The below-mentioned property is the scope of this valuation exercise:

Description	Property Details
Name of Property	Al Rashid Mall - Abha
Total BUA	139,355.45 sq. m.
Land Title Deed No.	571402000852
Title Deed Date	23/12/1438H
Land Area	78,602.12 sq. m
Owner	Bonyan Real Estate Fund Company
Location	Al Mozvin District, Abha, KSA
Interest	Assumed Unencumbered Freehold Interest

Source: Client 2022

1.4 VALUATION APPROACH

We have undertaken the Discounted Cash Flow (DCF) analysis taking into consideration the latest tenancy schedule provided by the client.

1.5 DATE OF VALUATION

Unless stated to the contrary, our valuations have been assessed as at the date of 30 June 2022.

The valuation reflects our opinion of value as at this date. Property values are subject to fluctuation over time as market conditions may change.



1.6 OPINION OF VALUE

Property Name	Full Rental Value	Growth Rate	Exit Yield	Disc. Rate	Property Value
Al Rashid Mall - Abha	*SAR 87,537,700 p.a.	2.5%	8.5%	11%	SAR 605,000,000

**Provided by client – assumed to be correct and accurate (refer to the tenancy schedule at the appendices section). Should this not be the case, we reserve the right to amend our valuation and this report.*

The executive summary and valuation should not be considered other than as part of the entire report. The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's marketplace.

1.7 SALIENT POINTS (GENERAL COMMENTS)

Whilst most global markets remain disrupted along with the effects of the extraordinary market conditions over the past two plus years through the COVID-19 pandemic, it appears the KSA economy appears stable and strong within a recovery mode on the back of higher oil demand and private consumption along with KSA's Vision 2030 looks to diversify the economy away from oil through focusing on direct foreign investment, tourism and the increase of locals in the workforce.

The cost of risk is also likely to stay elevated in 2022 reflecting the volatile global health situation, high inflation and rising interest rates, etc.

The real estate traditional determinants of location and value for money continue to be a key success influencing property and accommodation preference though investors in KSA are also no less sensitive to asset classes and the location of property providing investor expectations and stable long-term income for portfolios and funds. Equally, strong investor appetite remains for 'best in class' / 'Institutional Asset Class – Grade A' / good quality property providing long term income.

With all positive activity and investment by the government creating opportunities through projects across the Kingdom's Vision 2030 and through the creation of the Giga projects has meant a stable KSA economy with positive outlook going forward throughout 2022 and beyond.

We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect.

We confirm that on-site measurement exercise was not conducted by ValuStrat, and we have relied on the site areas provided by the Client. In the event that the areas of the property and site boundary prove erroneous, our opinion of Market Value may be materially affected, and we reserve the right to amend our valuation and report.

We have assumed that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and good title can be shown. For



the avoidance of doubt, these items should be ascertained by the client's legal representatives. ValuStrat draws your attention to any assumptions made within this report.

We consider that the assumptions we have made accord with those that would be reasonable to expect a purchaser to make. We are unaware of any adverse conditions which may affect future marketability of the subject commercial property. It is assumed that the subject property is freehold and is not subject to any rights, obligations, restrictions and covenants.

This report should be read in conjunction with all the information set out in this report, we would point out that we have made various assumptions as to tenure, town planning and associated valuation opinions. If any of the assumptions on which the valuation is based is subsequently found to be incorrect, then the figures presented in this report may also need revision and should be referred back to the valuer.

Note that property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale.

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

This executive summary and valuation should not be considered other than as part of the entire report.

2 VALUATION REPORT

2.1 INTRODUCTION

Thank you for the instruction regarding the subject valuation services.

We ('ValuStrat', which implies our relevant legal entities) would be pleased to undertake this assignment for Bonyan REIT / Saudi Fransi Capital ('the client') of providing valuation services for the property mentioned in this report subject to valuation assumptions, reporting conditions and restrictions as stated hereunder.

2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

Description	Property Details
Name of Property	Al Rashid Mall - Abha
Total BUA	139,355.45 sq. m.
Land Title Deed No.	571402000852
Title Deed Date	23/12/1438H
Land Area	78,602.12 sq. m
Owner	Bonyan Real Estate Fund Company
Location	Al Mozvin District, Abha, KSA
Interest	Assumed Unencumbered Freehold Interest

Source: Client 2022

2.3 PURPOSE OF VALUATION

The valuation is for Saudi Bonyan REIT.

2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Taseem Regulations (Saudi Authority for Accredited Valuers) in conformity with the International Valuation Standards Council (IVSCs') and International Valuations Standards (IVS) 2022.

It should be further noted that this valuation is undertaken in compliance with generally accepted valuation concepts, principles and definitions as promulgated in the IVSCs International Valuation Standards (IVS) as set out in the IVS General Standards, IVS Asset Standards, and IVS Valuation Applications.



2.5 BASIS OF VALUATION

2.5.1 MARKET VALUE

The valuation of the subject property, and for the above stated purpose, has been undertaken on the **Market Value** basis of valuation in compliance with the above-mentioned *Valuation Standards* as promulgated by the IVSC and adopted by the RICS. **Market Value** is defined as: -

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

The definition of **Market Value** is applied in accordance with the following conceptual framework:

“The estimated amount” refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. *Market value* is the most probable price reasonably obtainable in the market on the *valuation date* in keeping with the *market value* definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of *special value*;

“an asset should exchange” refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the *valuation date*;

“on the valuation date” requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the *valuation date*, not those at any other date;

“between a willing buyer” refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute “the market”;

“and a willing seller” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for



the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

“in an arm’s-length transaction” is one between parties who do not have a particular or special relationship, e.g. parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of *special value*. The *market value* transaction is presumed to be between unrelated parties, each acting independently;

“after proper marketing” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the *market value* definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the *valuation date*;

‘where the parties had each acted knowledgeably, prudently’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the *valuation date*. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the *valuation date*, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

‘and without compulsion’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm’s length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible.



Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

2.5.2 VALUER(S)

The Valuer on behalf of ValuStrat, with responsibility of this report is Mr. Ramez Al Medlaj (Taqeem Member) having sufficient and current knowledge of the Saudi market and the skills and understanding to undertake the valuation competently.

Also Mr. Ramez Al Medlaj (Taqeem Member) who is a local Arabic specialist having knowledge, skills and understanding of the market and valuation.

We further confirm that either the Valuer or ValuStrat have no previous material connection or involvement with the subject of the valuation assignment apart from this same assignment undertaken on the previous exercise.

2.5.3 STATUS OF VALUER

Status of Valuer	Survey Date	Valuation Date
External Valuer	*17 June 2022	30 June 2022

**The inspection was external and visual in nature only.*

2.6 EXTENT OF INVESTIGATION

In accordance with instructions received we have carried out an external and internal inspection of the property. The subject of this valuation assignment is to produce a valuation report and not a structural / building or building services survey, and hence structural survey and detailed investigation of the services are outside the scope of this assignment.

We have not carried out any structural survey, nor tested any services, checked fittings of any parts of the property.

Our previous inspection was limited to the visual assessment of the subject property's basement, ground floor, first floor & roof floor areas including its shops/stores, supermarket, entertainment hall, restaurants and coffee shops.

For the purpose of our report, we have expressly assumed that the condition of any un-seen areas is commensurate with those which were seen. We reserve the right to amend our report should this prove not to be the case.

2.7 SOURCES OF INFORMATION

For the purpose of this report, it is assumed that written information provided to us by the Client is up to date, complete and correct in relation to title, planning consent



and other relevant matters as set out in the report. Should this not be the case, we reserve the right to amend our valuation and report.

2.7.1 VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:

The subject property is valued under the assumption of property held on a *Private interest* with the benefit of trading potential of existing operational entity in possession;

Written information provided to us by the Client is up to date, complete and correct in relation to issues such as title, tenure, details of the operating entity, and other relevant matters that are set out in the report;

That no contaminative or potentially contaminative use has ever been carried out on the site;

We assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoings, restrictions or other encumbrances. Information regarding tenure and tenancy must be checked by your legal advisors;

This subject is a valuation report and not a structural/building survey, and hence a building and structural survey is outside the scope of the subject assignment. We have not carried out any structural survey, nor have we tested any services, checked fittings or any parts of the structures which are covered, exposed or inaccessible, and, therefore, such parts are assumed to be in good repair and condition and the services are assumed to be in full working order;

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that such investigations would not disclose the presence of any such material to any significant extent;

That, unless we have been informed otherwise, the property complies with all relevant statutory requirements (including, but not limited to, those of Fire Regulations, By-Laws, Health and Safety at work);

We have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building. We would recommend that the client makes their own enquiries in this regard; and,

The market value conclusion arrived at for the property reflect the full contract value and no account is taken of any liability to taxation on sale or of the costs involved in effecting the sale.



2.8 PRIVACY/LIMITATION ON DISCLOSURE OF VALUATION

This valuation is for the sole use of the named Client. This report is confidential to the Client, and that of their advisors, and we accept no responsibility whatsoever to any third party.

No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorised.

2.9 DETAILS AND GENERAL DESCRIPTION

2.9.1 LOCATION OF PROPERTY

The subject property, identified as Al Rashid Mall – Abha, opened in October 2017, is located within Al Mozvin District, Abha, Kingdom of Saudi Arabia.

It is situated along the southwest side of King Fahd Road, adjacent to Saudi Electricity Company, about 650 meters southeast of Abha Chamber of Commerce and Industry and approximately 900 meters west of King Khalid University – Academic Complex.

For ease of reference, refer to the illustration below showing the subject property and its immediate neighborhood & environs.

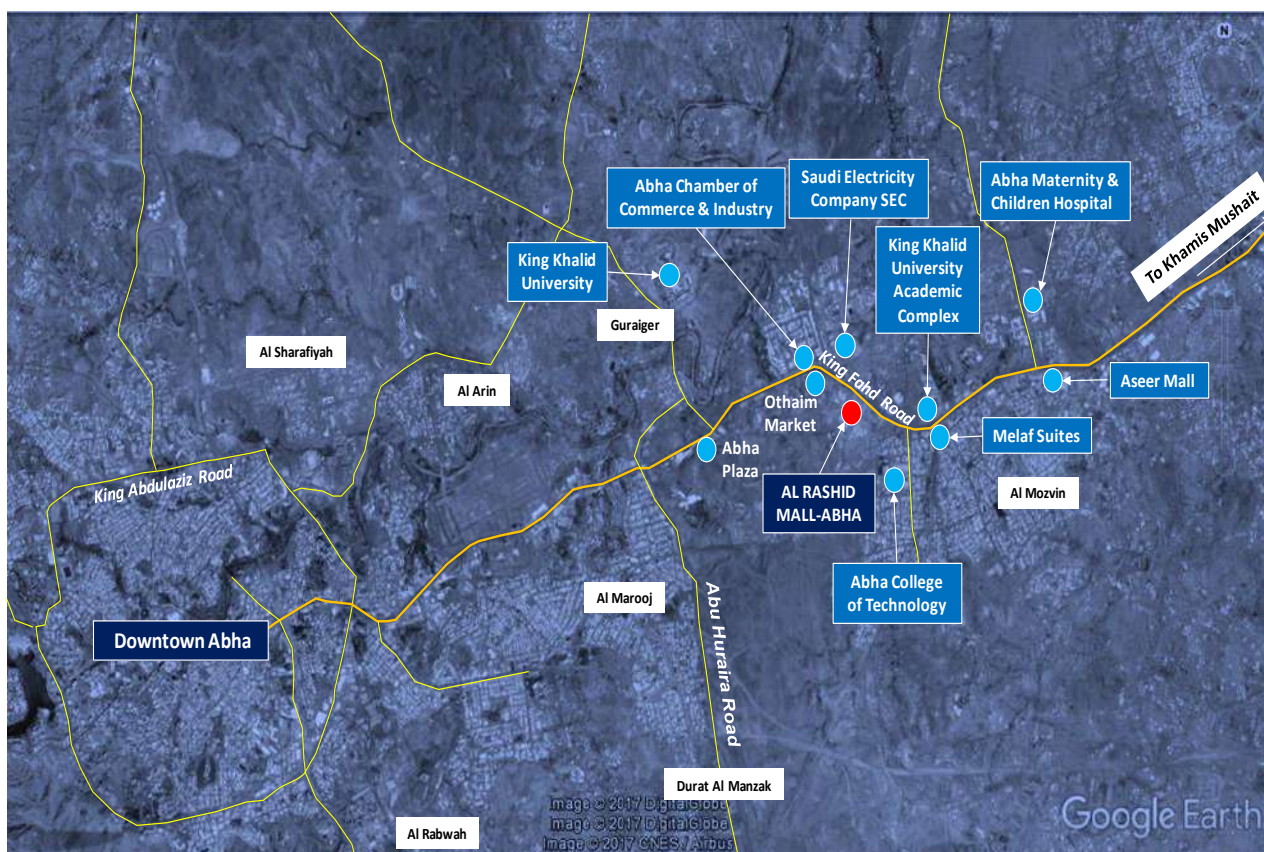


Source: Google Extract 2022 - For Illustrative Purposes Only

Additionally, Al Rashid Mall - Abha is also situated about 8.20 kilometers northeast of Downtown Abha and approximately 8 kilometers west of Abha Regional Airport.

The said mall is located within a mixed land use of commercial, industrial and institutional development with some government offices and educational institutions are noticeably situated.

The property is easily accessible to the rest of Asir Region thru the fronting King Fahd Road connecting the area to downtown Abha on the west and the town of Khamis Mushait on the east.



Source: Google Extract 2022 - For Illustrative Purposes Only

2.9.2 ABHA CITY



Abha is the capital city of Asir Province near the Red Sea. It is situated 2,200 meters above sea level in southwest Saudi Arabia. It's known for the craggy mountains of Asir National Park, which is home to birds, dense juniper forests and the towering Jabal Soodah peak.

At the heart of downtown Abha is the restored mud walled Shada Castle, now a handicrafts museum. Nearby, the Al-Muftaha district has stone houses and a weekly market with crafts and curios.

Abha is situated about 145 kilometers north of Jazan, approximately 500 kilometers southeast of Jeddah and about 830 kilometers southwest of Riyadh.

Below is a map of Saudi Arabia showing the location of Abha.



Source: Google Map Extract 2022 - For Illustrative Purposes Only.

2.9.3 DESCRIPTION

As mentioned above, the property is a newly opened commercial shopping center known as “Al Rashid Mall - Abha” located along King Fahd Road, within Al Mozvin District, Abha, Saudi Arabia. It is a two-level with basement structure built mainly of reinforced concrete and steel frame.

Architectural finishes consist of glass and aluminum cladding exterior wall, plastered and painted interior walls, glass partition wall, acoustic and painted ceiling and mostly granite tiles flooring.

The mall facilities consist of escalators, elevators, centralized air conditioning system, firefighting with sprinklers & alarm system, and security system with CCTV cameras.

The aforesaid mall has a total of 300 shops which includes a hypermarket; several internationally branded anchor stores & shops and entertainment halls (fun city). Its food court will consist of more than 30 restaurants and various coffee shops. Al Rashid Mall - Abha has a total built-up area of 139,355.45 square meters with about 1,000 parking spaces.

2.10 ENVIRONMENT MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination.

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property.

We have not carried out any investigation into past or present use, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject property from the use or site and have therefore assumed that none exists.

However, should it be established subsequently that contamination exists at the property or on any neighbouring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.

Details	
Area	Based on the document supplied by the client, the total land area of the property is 78,602.12 sq. m. with a total built-up area of 139,355.45 sq. m..
Topography	Generally, the property is irregular in shape and slightly sloping terrain.
Drainage	Assumed available and can be connected.
Flooding	ValuStrat's verbal inquiries with local authorities were unable to confirm whether flooding is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not flood prone. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known flooding in this area.
Landslip	ValuStrat's verbal inquiries with local authorities were unable to confirm whether land slip is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not within a landslip designated area. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known landslip in this area.

2.10.1 TOWN PLANNING

Neither from our knowledge nor as a result of our inspection are, we aware of any planning proposals which are likely to directly adversely affect this property.

In the absence of any information to the contrary, it is assumed that the existing use is lawful, has valid planning consent and the planning consent is not personal to the existing occupiers and there are no particular onerous or adverse conditions which would affect our valuation.

In arriving at our valuation, it has been assumed that each and every building enjoys permanent planning consent for their existing use or enjoys, or would be entitled to enjoy, the benefit of a "Lawful Development" Certificate under the Town & Country Planning Acts, or where it is reasonable to make such an assumption with continuing user rights for their existing use purposes, subject to specific comments.



We are not aware of any potential development or change of use of the property or properties in the locality which would materially affect our valuation.

For the purpose of this valuation, we have assumed that all necessary consents have been obtained for the subject property referred within this report. Should this not be the case, we reserve the right to amend our valuation and report.

2.10.2 SERVICES

The property referred within this report is connected to mains electricity, water, drainage, and other municipality services.

It should be borne in mind that electrical requirements and testing standards have become more stringent in recent years and that the system requires annual inspection, testing and upgrading according to Saudi Electrical Standards.

We have not been provided a test certificate and a valid certificate from the owners and should be requested by the client or owners need to satisfy themselves they are complying with Saudi Electrical Standards.

According to Civil Defence regulations in Saudi Arabia known as the Civil Defence system released by Royal Decree No. M/10 on 05-10-1406, corresponding to 20-01-1986]; firefighting system(s) must be in place providing protection to both people, public and private properties.

For the purpose of this valuation exercise, we assume all necessary consents are in place for Civil Defence regulations.

2.11 TENURE/TITLE

Unless otherwise stated we have assumed the freehold title is free from encumbrances and that Solicitors' local searches and usual enquiries would not reveal the existence of statutory notices or other matters which would materially affect our valuation.

We are unaware of any rights of way, easements or restrictive covenants which affect the property; however, we would recommend that the solicitors investigate the title in order to ensure this is correct.

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation.

This should be confirmed by your legal advisers. We were provided a copy of the title deed for the subject property (refer to copy in the appendices section) which we assumed on freehold basis.

Should this not be the case we reserve the right to amend our valuation and this report.



Description	Property Details
Name of Property	Al Rashid Mall - Abha
Total BUA	139,355.45 sq. m.
Land Title Deed No.	571402000852
Title Deed Date	23/12/1438H
Land Area	78,602.12 sq. m
Owner	Bonyan Real Estate Fund Company
Location	Al Mozvin District, Abha, KSA
Interest	Assumed Unencumbered Freehold Interest

Source: Client 2022

NB: All aspects of tenure/title should be checked by the client's legal representatives prior to exchange of contract/drawdown and insofar as any assumption made within the body of this report is proved to be incorrect then the matter should be referred back to the valuer in order to ensure the valuation is not adversely affected.

It is assumed that the subject property has good marketable title and that it is free from onerous restrictions, covenants and encumbrances. For the purpose of this valuation exercise, we have assumed that the freehold interest is unencumbered with no onerous term and conditions and any management agreements containing any adverse conditions which will affect the valuation. In the event of any leases and agreements containing onerous terms and conditions, this could affect our valuation provided and accordingly we reserve the right to amend our valuation and this report.

2.11.1 OCCUPATIONAL TENANCY(S)

We have been provided the details of the tenancy schedule of the subject property indicating unit types, tenants, lease duration and annual rentals, etc. The table below is a summary of the said tenancy schedule.

Summary of the Rent Roll for Al Rashid Mall - Abha	Amount (SAR)
Current Active Contracts includes cinema	68,344,850 p.a.
Recently Terminated Contracts (New Vacancies) & Vacancies	19,192,850 p.a.
Total Gross Rental	87,537,700 p.a.
Total GLA (square meters)	57,882

Source: Client 2022

Likewise, we have been provided a sample of the individual lease documentation in respect of the occupational interests within the subject property which appear to be standard lease agreements. For the purpose of this valuation, we have assumed that no onerous conditions exist in these agreements. Should legal advisers discover adverse matters, we reserve the right to review our valuation and this report.

For the purpose of this valuation, we have explicitly assumed that the tenancy schedule provided by the client is correct and accurate. Should this not be the case, we reserve the right to amend our valuation and report.



2.12 METHODOLOGY & APPROACH

In determining our opinion of Market Value for the freehold interest in the subject property we have utilized the Discounted Cash Flow (DCF) analysis taking into consideration the latest tenancy schedule provided by the Client.

2.12.1 DISCOUNTED CASH FLOW (DCF) APPROACH

The subject property falls into a broad category of investment property with the prime value determinant being the property's ability to generate rentals and rental growth through the ongoing letting and reasonable maintenance.

In determining our opinion of Market Value of the subject property we have utilized the Investment Approach utilizing a Discounted Cash Flow technique.

Discounting Cash Flow analysis is defined in the International Valuation Standards as a financial modelling technique based on explicit assumptions regarding the prospective cash flow of the property.

This analysis involves the projection of a series of periodic cash flows a property is anticipated to generate, additionally giving regard to the frequency and timing of associated development costs, contingency allowances etc.

To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the property. The DCF approach involves the discounting of the projected net cash flow on a yearly basis over the explicit cash flow period. In the case of the subject compounds the cash flow has been projected over a 10-year period reflecting a market practice for cash flows reflecting the property. The cash flow is discounted back to the date of valuation at an appropriate rate to reflect risk in order to determine the Market Value of both properties. The rental income being capitalised and discounted in the cash flow refers to net rental income, that is, the income stream. A contractual agreed growth rate of a fixed rental income per annum has been agreed for both leases and has reflected with no growth within the DCF calculations.

The future values quoted for property, rents and costs are projections only formed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date.

2.12.2 MARKET RENTS

Sales or rental evidence for similar properties within Abha are not readily available or transparent due to the nature of the property market within the Kingdom of Saudi Arabia. Much if not all of the evidence is anecdotal, and this limitation may place on the non-reliability of such information and impact on values reported.

The Client has provided us a copy of the current Tenancy Schedule of the aforesaid Al Rashid Mall - Abha (refer to details in the appendices section) and *refer to section 2.11.1 – Occupancy Tenancy*. We have assumed the said information is complete,

accurate and updated. Should this not be the case, we reserve the right to amend our valuation and this report.

2.12.3 CURRENT MALL RENTAL VALUES

Rental rates for shops located inside malls observe different dynamics influenced by various factors. The shop's accessibility, visibility, proximity to high trade area (anchors), size and the brand reputation are some of the factors.

Retail Type	Range (SAR per sq. m) [Annually]
Anchor	200 - 850
Line Retail	1,000 – 4,500
Kiosks (Fixed Rate Range)	80,000 – 200,000
ATM (Fixed Rate Range)	85,000 – 300,000
F&B Food Court	990 – 7,000
Entertainment	300 – 1,000

Source: Client & ValuStrat Analysis 2021-22

2.12.4 ASSUMPTIONS & COMMENTARY

The commercial shopping mall has been assessed as an investment property subject to the tenancy schedule provided by the client and any assumptions made by ValuStrat within market benchmarks.

ValuStrat has made certain assumptions and adjustments based on their experience in valuing typical commercial mall in southern and western region of Saudi Arabia, taking cognisance of the surrounding developments within the property which will ultimately form part of. This was done in an attempt to forecast our interpretation of performance of the commercial mall over the 10-year explicit cash flow period. In this instance, we have adopted the following rates:

Components	Comments/Assumptions
Lease/Rental Income	We have assumed that each tenancy agreement contains no onerous terms & conditions. Your legal advisers should check and advise. Consequently, should there be onerous conditions, we reserve the right to amend our valuation and this report.
Occupancy	78% (1 st Yr.), 85% (Yr.2-8), and 75% (Yr. 9-10).
Void Costs	15% – refer to cash flow extract at the appendices section.
Operational Cost	Refer to the table below provided by the client and is increased by 2.5% year on year.
Average Growth Rate	2.5% (In line with market benchmarks).

Operational Cost

The information below was provided by the Client which we assumed to be updated, complete and correct. Should this not be the case, we reserve the right to amend our valuation and this report.

<i>Details of Operational Cost</i>	<i>Amount (SAR)</i>
Payroll & Employee Benefits	4,480,153
General & Administration	1,187,904
Utilities	2,497,569
Security	4,660,548
Marketing Expenses	792,874
Repair & Maintenance	1,034,800
Total (SAR)	14,653,849

Growth Rate

We applied an average growth rate of 2.5% per annum in line with market benchmarks. Despite the current subdued market conditions, it appears the retail sector is considered to be attractive to investors in the current market conditions considering the retail sector is generally thriving in KSA.

The historic strength of retail and significant growth in the past few years has meant fairly attractive yields and with the continuance of current stable retail demand but slower growth, it has meant in the short-term mild hardening of yields with a medium-term period of slightly softening of yields; hence providing a stable investor expectation.

Accordingly, in the foreseeable future the subject property appears to provide a stable investment subject to ongoing maintenance, upkeep of the property and to provide yield stability with the Real Estate sector generally follows the fortunes of the greater economy.

Discount Rate and Exit Yield

The discount rate reflects the return required to mitigate the risk associated with the particular investment type in question; therefore, echoes the opportunity cost of capital. To this we have to add elements of market risk and property specific risk. The market risk comes in the form of; inter alia, potential competition from existing and latent supply.

Market risk will also reflect where we are in the property cycle and more importantly the location. The subject property is in growing area and city of Abha. Hence and for the purpose of our valuation calculations, we have adopted a discount rate of 11%.

The exit yield is a resultant extracted from transactional evidence in the market; however, due to anecdotal evidence and limited market activity we have had to rely



on anticipated investor expectations from typical property investments. These typically vary between 8.25% to 8.75%, depending on the quality of the property, length of the leases and the location.

Based on the above criteria we are of the opinion that a fair exit yield for the subject property is 8.5%.

2.12.5 SUPPLEMENTARY ASSUMPTIONS

In valuing the subject property, we have considered the following:

1. We have been made aware there is no rent arrears (debt), and all tenants are up to date with rental obligations. Should this not be the case, we reserve the right to amend our valuation and report.
2. The occupancy rates and rents at newly completed property or new acquisitions may fluctuate depending on a number of factors, including market and economic conditions resulting in the investment not being profitable.
3. The KSA's oil production and business is a major contributor to Saudi income and strong economic conditions. Therefore, any major fluctuations in oil prices can have a similar effect on the local economy impacting commercial investments and the overall long-term development of the economy in volatile and uncertain times.
4. The growth of the economy is also subject to numerous other external factors, including continuing population growth, increased direct and foreign investment in the local economy and Government and private sector investment in infrastructure, all of which could have a significant impact on the economy and business profitability.
5. It should be noted that the valuation provided is of the property (excluding any element of value attributable to furnishings, removable fittings and sales incentives) as new. It is possible that the valuation figure may not be subsequently attainable on a resale as a 'second-hand villa especially if comparable new property is on offer at the same time.
6. Any retained or owned property will face competing properties leading to high vacancy rates resulting in lower rental rates. It is imperative for leasing obligations to preserve and keep-up high standard of landlord & tenant (property management) and so it will necessitate that the property be maintained to a good standard to maintain its value.
7. The subject property referred in this report is considered as full figure(s) and may not be easily achievable in the event of an early re-sale in the short term due to volatile and uncertain times. Refer to our market conditions section below.



8. Property values are subject to fluctuation over time as market conditions may change.
9. We have assumed that the land is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and good title can be shown. For the avoidance of doubt, these items should be ascertained by the client's legal representatives.

2.12.6 VALUATION COMMENTARY

Whilst referring to this section, reference should also be made to the remainder part of this report collectively. For the purpose of this valuation exercise, we have determined the tenancy schedule provided by the client as referred within this report at the appendices section. Accordingly, the gross combined rental as at date of valuation is SAR 87,537,700 per annum excluding operational expenses. We have assumed all tenancies will be renewed successfully in successive years.

All other assumptions refer above and have determined any tenancy agreements not all agreements were provided. It appears the contracted rents are broadly in line with the prevailing market conditions. Both discount rate and exit yield in this case show a marginal difference between each other due to the low risk even in time of uncertainty in KSA. The subject mall dominates a strong status in Riyadh securing a high percentage of the market share due to its brand names in the mall and good tenant mix and within a densely populated area. We no doubt this status will continue and as well owners / management company will maintain the whole professional image of the mall. Many International markets around the globe rely on good strong covenant strength which has a significant impact on value. The local market does not rely or analyse records to the same extent as per international practices on company financial records.

The company structures in KSA are backed by high-net-worth individuals who could be liable in the case of default. Given the circumstances, we would anticipate that investors would accept the current covenant strength of the present tenants and reflect any level of risk into an appropriate bid.

The subject mall is considered to be attractive to investors in the current market conditions considering the retail sector is generally stable currently and historically shown in the past few years quick growth. Whilst in KSA currently market conditions showing uncertainties and limited/no growth and generally plummeting market conditions in other sectors.

The subject mall is a premier grade A mall with apparently as relayed by the client that there is waiting list to occupy the retail pitches which may result in rental in growth; hence allowing for investors to bid more aggressively on the initial yield. The historic strength of the mall and the current strong demand, we consider that investors would offer in the region of 8% to 8.75% net initial yield for the mall. From the analysis and market due diligence, it appears and is assumed that exit yields will



be the same as the current initial yields. We anticipate this is a reasonable assumption to adopt as the market is a normal state (depressed) and would be expected to be considerably stronger at the point of exit.

Moreover, transactions of large shopping malls rarely are exposed to the market and are usually determined via private treaty negotiations. Equally, we are aware of some smaller transactions of retail centres/malls but cannot disclose details due to privacy and confidentiality reasons. We understand a number of small retail centres/malls have achieved net initial yields between 8.25% to 8.75%. Factors such as occupational demand, liquidity, lot size and covenant strength are important verdicts for potential investors who consider purchasing Hayat Mall. Investors are often attracted to retail due to the high yields offered. This is great for investors wanting an income-stream based investment over a long period. Global retail trends show investors in retail property accept the lowest yields. The report is based upon the information provided by the client, and we have assumed that the information with which we have been provided is substantially true, accurate and complete.

We have not independently verified the accuracy of the information supplied to us, although we have analysed the locations, tenancy schedule and limited management data.

We have concluded that, within the limits of our investigations, the information proved by the client is within reasonable expectations of retail property at the subject property location referred within this report.

We have undertaken inspections of the subject property and location in connection with this valuation and we have had regard to the property, location, trading style, performance and the local demographic and competitive environment plus key performance indices compared with other mall in the area and region.

The subject mall referred within this report is subject to individual compliance requirements based on KSA regulations and we have assumed its compliance with current government legislation and all other local municipality registration requirements.

In reaching our opinion of the value, we have assumed that the subject property referred within this report will be professionally operated in perpetuity. In particular, we have assumed the owner will be able to professionally manage, repair and upgrade in heightened market competition.

We have also assumed that the trading position, financial and market conditions will not vary significantly during the stated cash flow period. In the event of future change, in the trading potential or actual level of trade from that indicated, the values reported can vary. Accordingly, we provide our valuation referred in the below section(s):



2.12.7 SUMMARY OF MARKET VALUE

The resultant value based upon the above variables/assumptions for the subject property is as follows (refer to DCF analysis on appendices section):

Property Name	Full Rental Value	Growth Rate	Exit Yield	Disc. Rate	Property Value
Al Rashid Mall - Abha	*SAR 87,537,700 p.a.	2.5%	8.5%	11%	SAR 605,000,000

**Provided by client – assumed to be correct and accurate. Refer to the tenancy schedule roll at the appendices section.*

2.13 VALUATION

2.13.1 MARKET VALUE

ValuStrat is of the opinion that the Market Value of the freehold interest in the subject property referred within this report, as of the date of valuation, based upon the Discounted Cash Flow (DCF) Approach and assumptions expressed within this report, may be fairly stated as follows;

Market Value (rounded and subject to details in the full report):

SAR 605,000,000 (Six Hundred Five Million Saudi Arabian Riyals)

The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations. Due to this shortage, it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature.'

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

Property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. It must be borne in mind that capital values can fall as well as rise.

The value provided in this report is at the top end of the range for properties of this location and character and will necessitate that the property be maintained to a good standard to maintain its value.

2.14 MARKET CONDITIONS SNAPSHOT

2.14.1 MARKET ASSESSMENT, TIMES OF UNCERTAINTY (COVID-19 PANDEMIC) & VALUATION COMMENTARY OVERVIEW

The past two plus years of extraordinary market conditions have made it difficult for investors to confidently assess changes in property prices. The COVID-19 recovery has meant higher energy prices, supply chain disruptions mean 2022 will be the year to repair global economy if possible.



The world is rapidly changing with ongoing structural shifts, population growth, urbanization, climate change and the digital revolution continue to profoundly impact our world and societies.

Though KSA has shown resilience with high oil price revenues and current budget of Q1 – 2022 showing surplus of SAR 57 billion and Public Investment Fund (PIF) – sovereign wealth fund going from strength to strength.

Since the lifting of travel bans, the KSA real estate market is in a healthy position with many analysts predicting a strong 2022 for real estate (vision 2023) with the positive activity and investment by the government unveiling a number of reforms, including recent facilitation of the tourism visa, where citizens of 49 countries are now able to apply e-visas and holders of Schengen, UK or US visas are eligible for visas on arrival.

Also, the government has now allowed the full foreign ownership of retail and wholesale operations along with previously opening up of the Tadawul Stock Market to foreign investment supported by current energy reforms, cutting subsidies, creating jobs, privatizing state-controlled assets and increasing private sector contribution to the country's economy, etc. With all the opportunities throughout the Kingdom and the creation of the Giga projects, there was an ambitious resilience which was suddenly shutdown overnight due to the initial lockdown period. With all the current uncertainty, market stagnation and short-term challenges whereby force majeure (as a result of the pandemic's cause beyond anyone's reasonable control) had created inactivity. As mentioned above the KSA market's ambitions and resilience, we understand investor sentiment remains strong as it was prior to the pandemic and the KSA was on an upward course showing growth in the last quarter of 2019 after a period of subdued market conditions.

The current global crushing of liquidity in economies will have impact on markets and real estate market and this maybe the case with many economies across the globe; however, the KSA market has shown resilience in previous years through a period of downward trend (2016-18), a correction allowing for the market to bottom out with 2019 experiencing growth in the first quarter and subdued market conditions throughout 2019. The latter part of Q4 – 2019 saw positive growth with strong investor appetite, though the market lacking good quality stock. Now with the Saudi government confirming a stimulus package of SR 120 billion plus, we understand the market will bounce back with investors underlying strong appetite. This will delay any evidence in the short term of declining prices and with the government stimulus will assist any short-term losses on transactions, private and public funds, although will need to be sustained in the short-term.

The KSA real estate sector generally follows the fortunes of the greater economy and while the oil reserves were left off prior to the pandemic fairly strong, although currently a price war between major producers is adding to a growing supply glut, though this will help KSA once markets start normalizing again. The KSA economy remains stable and backed-by strong fundamentals of the KSA market (i.e. young



growing population) and also the economic transformation plan transforming the Kingdom towards a service economy post-oil era.

In short, the pandemic was expected to be a short-term shock wave with an eventual surge of business activity leading to a rapid recovery either in the form of a “V-shape” or a more gradual recovery in the form of a “U-shape” bounce back. Accordingly, we expected the KSA market to surge in business over the course of 2021 and now 2022 allowing for markets to start flourishing towards long term sustainability in social trends and patterns along with socio-economic distancing in a growing cycle. On the other hand, should the global economic impact of the Coronavirus pandemic (COVID-19) outbreak persist and will be dependent on how long the virus lasts, how far it spreads and how much lock-down, public organizations quarantines disrupt the market. Indeed, the current response to COVID-19 means that we are faced with unprecedented set of circumstances on which to base judgement(s). There is strong evidence that real estate markets have sprung back to strong activity and growth fairly quickly as we are experiencing in the Kingdom of Saudi Arabia.

Equally, the short-term generally speaking we do not expect the current real estate market to show any small adjustment in prices/rates. The KSA real estate market is a developing market with much invested by the government in infrastructure projects, so we expect the government’s latest stimulus to preserve liquidity and for demand to hold having limited / no bearing on prices / rates.

2.14.2 MARKET CONDITIONS PRIOR TO THE PANDEMIC & THE KSA LOCKDOWN

Despite a new wave of infections (Variant Viruses) this year (2021), the roll out of vaccinations offers hope in controlling this disease and provide a path of recovery in sight along with recovery in oil price provides further impetus.

The Kingdom of Saudi Arabia (KSA) - world's largest exporter of crude oil, embarked four years (2016) ago on an ambitious economic transformation plan, “Saudi Arabia Vision 2030”. In a hope to reduce its reliance on revenue from hydrocarbons, given the plummeting oil price revenues from 2014.

Through the current vision 2030 and in a post oil economy, KSA is adapting to times of both austerity measures and a grand ambitious strategy. With an overdue diversification plan Saudi Arabia’s economic remodelling is about fiscal sustainability to become a non-dependent nation of oil. This is supported by current energy reforms, cutting subsidies, creating jobs, privatising state-controlled assets and increasing private sector contribution to the country’s economy.

Despite economic headwinds, across the region, KSA has shown resilience through a period of subdued real estate market activity. The real estate sector generally follows the fortunes of the greater economy and whilst Saudi Arabia is undergoing structural reforms politically, economically and socially will transform the Kingdom towards a service economy post-oil era.



These changes along with significant amounts of investment - estimated to soon be over 1 trillion US dollars will create vast amounts of opportunities for the public and private sectors across all businesses segments.

The KSA economy in the first quarter of 2019 has relied on the current oil price rise to pull it out of recession; however, the previous 18-24 months, KSA faced a protracted spell of economic stress, much of which can be attributed to the falling oil prices coupled with regional political issues.

Oil prices starting to surge again around 65 dollars a barrel currently from under 30 dollars a barrel in early in 2016 which resulted in a crash in prices and the economy dipped into negative territory in 2017 for the first time since 2009, a year after the global financial crisis.

General consensus anticipates a piercing improvement in the Saudi economy in the period ahead (2021-2022), supported by both the oil and non-oil sector. So ultimately it appears the economy will still need to rely on oil revenues to bridge the gap in the short term with a budget deficit over the past 3 years and the Kingdom borrowing from domestic and international markets along with hiking fuel and energy prices to finance the shortfall. The economy slipped into recession in 2018 but returned to growth in 2019, albeit at the fairly modest level of 1.7%, according to estimates from the International Monetary Fund (IMF). However, the return to growth is mainly due to a return to increase in oil prices again and output which, in turn, is enabling an increase in government spending.

Accordingly, in the short term needs to rely on the oil revenue and this reliance is being channelled into public spending. The reforms that have been pushed through to date have led to important changes aiding the economy. The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce. Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars. A due enactment of law will encourage public-private partnerships to herald more foreign investment.

The economic transformation that the KSA has embarked upon is complex and multidimensional and will certainly take time to turn around a non-oil serviced economy, although there have been recent positive signs, but it will remain in the short term with the support of oil revenues.

On the other hand, the KSA was resilient in the previous recession in 2007/2008 on strong oil reserves and not only can the Saudi government be relied upon to step in to rescue troubled lenders, reliable institutions for procedural reasons but crucially, it can also afford to do so, although has suffered due to previous oil price declines and it has meant increased spending.

Vision 2030 to diversify the economy from reliance on oil, has only just commenced in previous years and with a young and increasingly well-educated population,



together with its own sovereign wealth fund, the Kingdom has many favourable factors to become a leading service sector economy in the region. Reform efforts include a reduction of subsidies on fuel and electricity and the implementation of a 5 per cent VAT back on 01 January 2018 which increased to 15 per cent VAT as of 01 July 2020.

The government is also striving to get women to play a greater role in the economy including recently allowing them to drive back in 2019. Wider reforms have been initiated by the government allowing for the entertainment industry to flourish with the opening of the first cinema in King Abdullah Financial District (KAFFD) along with 4 VOX screens opening at Riyadh Park Mall.

The cinema entertainment is spurred on by Public Investment Fund (PIF) in collaboration with AMC Cinemas and led by the Development and Investment Entertainment Company (DIEC), a wholly owned subsidiary of PIF.

With an objective of 30 to 40 cinemas in approximately 15 cities in Saudi Arabia over the next five years, and 50 to 100 cinemas in about 25 Saudi cities by 2030.

As part of wider reforms to overhaul the economy and to allow for deep rooted diversification, the Public Investment Fund (PIF) have initiated plans to bolster the tourism / entertainment industry by forming ambitious plans such as the following:

Red Sea Tourism Project

To transform 50 islands consisting of 28,000 square kilometres along the Red Sea coastline into a global tourism destination. For ease of reference to illustration below showing the location in relation to the Kingdom of Saudi Arabia.

Al Faisaliyah Project

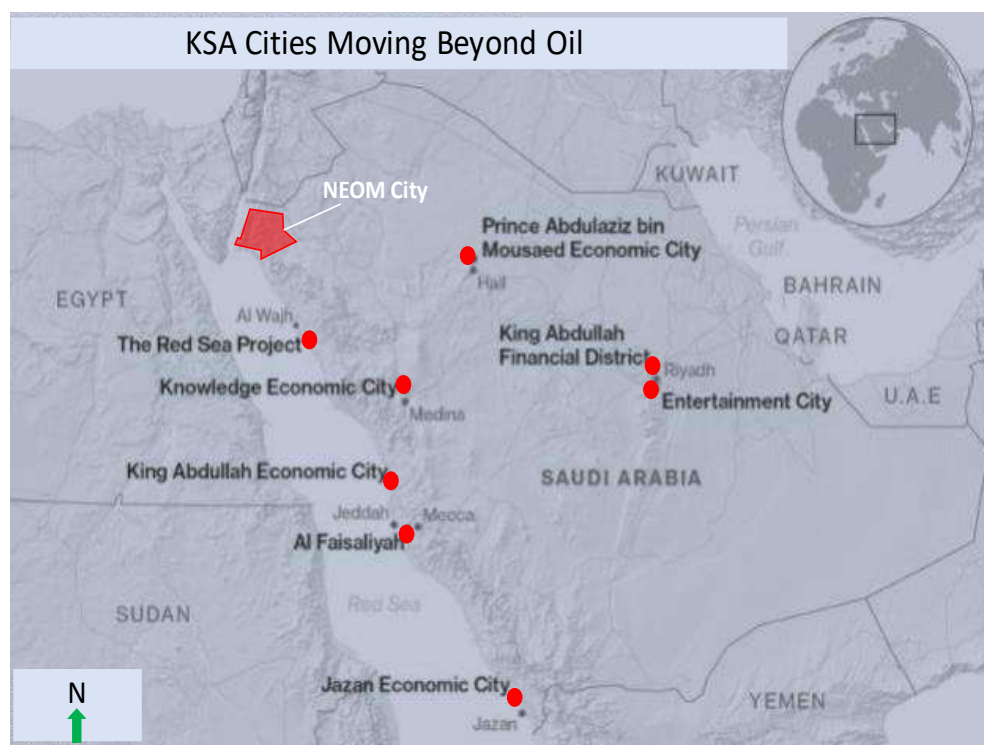
The project will consist of 2,450 square kilometres of residential units, entertainment facilities, an airport and a seaport. Refer to the below illustration for the location.

Qiddiya Entertainment City

Qiddiya Entertainment City will be a key project within the Kingdom's entertainment sector located 40 kilometres away from the center of Riyadh. Currently alleged for "The First Six Flags-branded theme park".

The 334 square kilometre entertainment city will include a Safari Park too. The project will be mixed use facility with parks, adventure, sports, events and wild-life activities in addition to shopping malls, restaurants and hotels.

The project will also consist around 4,000 vacation houses to be built by 2025 and up to 11,000 units by 2030. Again, for ease of reference refer to the below illustration for the location.



Neom City

The NEOM city project will operate independently from the “existing governmental framework” backed by Saudi government along with local and international investors. The project will be part of a ‘new generation of cities’ powered by clean energy. The ambitious plan includes a bridge spanning the Red Sea, connecting the proposed city to Egypt and stretch into Jordan too.

Economic Cities

The overall progress with the Economic Cities has been slow and projects on hold over the past 7-10 years, although KAFD has recently given the go ahead to complete by 2020. Within the Saudi Vision 2030 the government referenced that they will work to “salvage” and “revamp”.

Real Estate Growth

Overall ValuStrat research reveals that real estate sectors have continued to decline in both sales and rental values. We expect demand to remain stable due to fundamentals of a growing young population, reducing family size, increasing middle-class and a sizeable affluent population – all of which keeps the long-term growth potential intact.

Despite short term challenges, both investors and buyers remaining cautious, the Saudi economy has shown signs of ambition with the government unveiling a number of reforms, including full foreign ownership of retail and wholesale operations along with opening up of the Tadawul Stock Market to foreign investment as well as the reforms mentioned in the previous section referred above. As mentioned earlier,

KSA experienced positive growth by oil price rise in the first quarter of 2021; hence the main driver of the recovery remains oil. Over 2021 we envisage the Kingdom's consumer outlook to be more favourable in economic conditions.

Moreover, tax on development land implemented in 2017/18 has kept the construction sector afloat, encouraging real estate developers. Adapting to a new KSA economic reality has been inevitable, although the Kingdom's oil dynamics remain pivotal for future development within the KSA 2030 economic vision plan. In latter part of 2017, the Public Investment Fund (PIF), Saudi Arabia's sovereign wealth fund set up a real estate refinancing company aimed at advancing home ownership in the Kingdom, which suffers from a shortage of affordable housing. This initiative will create stability and growth in the Kingdom's housing sector by injecting liquidity and capital into the market. Another plan to help kick start the real estate market by boosting the contribution of real estate finance to the non-oil GDP part.

The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016). The close ties with the construction, financing institutions and many others have provided crucial resources that contributed to the development of the Saudi economy. The real estate market performance in 2019/20 and the general trend in KSA for most sectors have remained subdued given lower activity levels, while prices have been under pressure across most asset classes leading to a gradual softening of rental and sale prices.

The real estate sector remains subdued, and prices may have bottomed out across sectors, and we expect in the medium to long term for the market to pick-up further growth given the reforms and transformation in KSA, although we expect the growth to be slow and steady subject to a stable political environment in KSA and across the region.

The outlook remains optimistic for the longer term due to the various KSA initiatives aimed at stimulating the real estate market whilst encouraging the private sector to play a key role in the transformation.

All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. Since the issuing of this report the KSA lockdown for the COVID-19 health crisis was lifted back on 21 June 2020 and the economy is now trying to get back to normalcy. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2022.

Property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. It must be borne in mind that both rental and capital values can fall as well as rise.

2.14.3 GENERAL RETAIL SUMMARY

The Kingdom of Saudi Arabia has experienced strong performance in retailing over the past few years and is expected to be stable over the next few years too. The strong performance is due to a number of factors:

- The country benefits from a high degree of affluence and saw good economic performance, avoiding recession during the global economic downturn in 2009 showing the country's resilience. Presently through the current COVID-19 pandemic and oil price decline volatility, the retail performance has resumed after the easing of the lockdown period and retail has picked up immediately. There has been a short-term standstill of business; however, we assume so long as the pandemic does not persist, that retail will remain strong as it was prior to the pandemic.
- Retailing also benefited from the country's young population, with majority of indigenous Saudis being aged below 25-35 years old.
- Due to the conservative nature of Saudi society, there are few entertainment options, with many consumers thus opting to socialise in shopping areas and regard shopping as a leisure pursuit.

A major factor driving growth for retailing was the strong development of shopping areas, with air-conditioned outlets housing a wide range of grocery and non-grocery items and offering comfortable shopping environments. The strong expansion of modern retailing formats meant that hypermarkets, convenience stores and supermarkets continue to expand. In rural areas/open areas, there was a strong demand for chained forecourt retailers. These channels offer air conditioning, parking and a wide range of products alongside frequent price promotions. There continues to be a marked shift from traditional to modern grocery retailing. Retailers will continue to focus on their market share and will be highly selective when opening new stores and it appears the successful developments will continue their lofty status and it may be fair to say there will continue to be a large gap between prime retail and secondary retail locations.

In summary, the KSA retail sector in the short-to-medium term subject to the quantified easing of the lockdown and flexibility, we may witness a protracted period of lower consumer appetite for shopping due to the health concerns and social distancing rules. It appears market performance in retail market remains disjointed in the Q1 - 2021, where regional/ super-regional mall average rents remained stable along with the vacancy rates remained stable too. Whilst average community malls/Grade B rents fell by 4-6% due to the competition and the further excessive supply due on the market in the period ahead and the trend for vacancy rate appears to increase too.

Accordingly, the retail sector looks set to continue its stable performance as mentioned previously so long as KSA overcomes the current health crisis, although



should the COVID-19 crisis persist, then the retail sector will be affected and therefore a review needs to take place in the near future.

Equally should KSA overcome the current health crisis successfully in the short term, then we expect strong sales and turnover is expected to steadily rise.

It appears that there is undoubtedly a stable appetite for commercial retail property investment which provides a relatively secure, stable and good yielding asset for investors, although the market volatility remains high due to extraordinary times the world is facing. As mentioned above, a watching brief should be kept on the economy due to uncertain and strange times.

2.15 VALUATION UNCERTAINTY

This valuation has been undertaken against a background of significant levels of Market volatility is one of the main reasons of Valuation uncertainty in the real estate market in the Kingdom and within the GCC region given the dramatic changes in markets in current oil price slump and other factors too.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations.

Given the current uncertainties it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature. The current shortage of transaction, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis.

It is essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.

We further state that given the valuation uncertainty stated above our valuation represents our impartial calculated opinion / judgement of the properties, based on relevant market data and perceptions as at the date of valuation.

The client is advised that whilst all reasonable measures have been taken to supply as accurate a valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place.

The client is also recommended to consider the benefits in such a market, of having more frequent valuations to monitor the value of the subject property.

2.16 DISCLAIMER

In undertaking and executing this assignment, an extreme care and precaution has been exercised.

This report is based on information provided by the Client. Values will differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc.

It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.

2.17 CONCLUSION

This report is compiled based on the information received to the best of our belief, knowledge and understanding.

The information revealed in this report is strictly confidential and issued for the consideration of the Client.

No part of this report may be reproduced either electronically or otherwise for further distribution without our prior and written consent.

We trust that this report and valuation fulfils the requirement of your instruction.

This report is issued without any prejudice and personal liability.

For and on Behalf of, **ValuStrat.**



Mr. Ramez Al Medlaj (Taqeem
Member No. 1210000320)
Valuation Manager - Real Estate



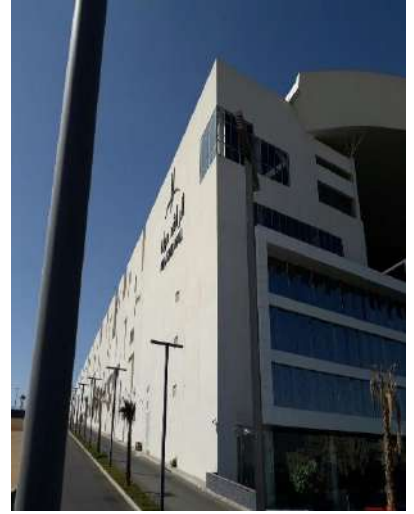
Mr. Yousuf Siddiki (Taqeem Member
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Director – Real Estate, KSA



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Saudi Fransi Capital, Riyadh, KSA – June 2022

APPENDIX 1 - PHOTOGRAPHS



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Saudi Fransi Capital, Riyadh, KSA – June 2022

Appendix - 3: DCF Extract

DISCOUNTED CASH FLOW (DCF) ANALYSIS											
AL RASHID MALL - ABHA						Valuation Date: 30 June 2022					
King Fahd Road, Abha, KSA											
Tenure:	Freehold										
Growth Rate	2.5%										
Void Costs	15% of all Voids										
Year	1	2	3	4	5	6	7	8	9	10	Exit Value
Gross Revenue (Rental)	87,537,700	89,726,143	91,969,296	94,268,528	96,625,242	99,040,873	101,516,895	104,054,817	106,656,187	109,322,592	
Occupancy	78%	85%	85%	85%	85%	85%	85%	85%	75%	75%	
Gross Current Rent	68,344,850	76,267,221	78,173,902	80,128,249	82,131,455	84,184,742	86,289,360	88,446,594	79,992,140	81,991,944	
Less : Operational Expenses											
Payroll & Employee Benefits	2.5%	4,480,153	4,592,157	4,706,961	4,824,635	4,945,250	5,068,882	5,195,604	5,325,494	5,458,631	5,595,097
General & Administration	2.5%	1,187,904	1,217,601	1,248,041	1,279,243	1,311,224	1,344,004	1,377,604	1,412,044	1,447,346	1,483,529
Utilities	2.5%	2,497,569	2,560,008	2,624,008	2,689,608	2,756,849	2,825,770	2,896,414	2,968,825	3,043,045	3,119,121
Security	2.5%	4,660,548	4,777,062	4,896,489	5,018,901	5,144,373	5,272,983	5,404,807	5,539,927	5,678,426	5,820,386
Marketing Expenses	2.5%	792,874	812,696	833,013	853,839	875,185	897,064	919,491	942,478	966,040	990,191
Repair & Maintenance	2.5%	1,034,800	1,060,670	1,087,187	1,114,367	1,142,226	1,170,782	1,200,051	1,230,053	1,260,804	1,292,324
Total Operational Expenses	15.0%	14,653,849	15,020,195	15,395,700	15,780,592	16,175,107	16,579,485	16,993,972	17,418,821	17,854,292	18,300,649
Void Costs		2,878,928	2,018,838	2,069,309	2,121,042	2,174,068	2,228,420	2,284,130	2,341,233	3,999,607	4,099,597
Present Value of Net Rent		45,776,643	48,070,926	44,389,819	40,990,599	37,851,679	34,953,127	32,276,536	29,804,910	22,727,679	20,987,271
											246,909,071.7



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Valuation Report

AL RASHID MALL – JIZAN, KSA

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REPORT ISSUED 24 JULY 2022

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APPENDIX 1 – PHOTOGRAPHS

APPENDIX 2 – DCF EXTRACT



1 EXECUTIVE SUMMARY

THE EXECUTIVE SUMMARY AND VALUATION SHOULD NOT BE CONSIDERED OTHER THAN AS PART OF THE ENTIRE REPORT.

1.1 THE CLIENT

Saudi Fransi Capital
Muhammad Raza Rawjani, CFA
mrawjani@FransiCapital.com.sa

1.2 THE PURPOSE OF VALUATION

The valuation is for Saudi Bonyan REIT.

1.3 INTEREST TO BE VALUED

The below-mentioned property is the scope of this valuation exercise:

Description	Property Details
Name of Property	Al Rashid Mall - Jizan
Total BUA	67,997 sq. m (inclusive of 2 hotels but excluded from this mall valuation)
Land Title Deed No.	672003004051
Title Deed Date	4/3/1439
Land Area	Part of 39,975 sq. m
Owner	Bonyan Real Estate Fund Company
Location	Jizan, KSA
Interest	Assumed Freehold Interest

Source: Client 2022

1.4 VALUATION APPROACH

We have undertaken the Discounted Cash Flow (DCF) analysis taking into consideration the latest tenancy schedule provided by the client.

1.5 DATE OF VALUATION

Unless stated to the contrary, our valuations have been assessed as at the date of 30 June 2022.

The valuation reflects our opinion of value as at this date. Property values are subject to fluctuation over time as market conditions may change.



1.6 OPINION OF VALUE

Property Name	Full Rental Value	Growth Rate	Exit Yield	Disc. Rate	Property Value (Rounded)
Al Rashid Mall - Jizan	*SAR 37,764,971 p.a.	2.5%	9.0%	11.5%	SAR 216,000,000

**Provide by the client – assumed accurate and correct. Should this not be the case, we reserve the right to amend valuation and report.*

The executive summary and valuation should not be considered other than as part of the entire report. The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's marketplace.

1.7 SALIENT POINTS (GENERAL COMMENTS)

Whilst most global markets remain disrupted along with the effects of the extraordinary market conditions over the past two plus years through the COVID-19 pandemic, it appears the KSA economy appears stable and strong within a recovery mode on the back of higher oil demand and private consumption along with KSA's Vision 2030 looks to diversify the economy away from oil through focusing on direct foreign investment, tourism and the increase of locals in the workforce.

The cost of risk is also likely to stay elevated in 2022 reflecting the volatile global health situation, high inflation and rising interest rates, etc.

The real estate traditional determinants of location and value for money continue to be a key success influencing property and accommodation preference though investors in KSA are also no less sensitive to asset classes and the location of property providing investor expectations and stable long-term income for portfolios and funds. Equally, strong investor appetite remains for 'best in class' / 'Institutional Asset Class – Grade A' / good quality property providing long term income.

With all positive activity and investment by the government creating opportunities through projects across the Kingdom's Vision 2030 and through the creation of the Giga projects has meant a stable KSA economy with positive outlook going forward throughout 2022 and beyond.

We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect.

We confirm that on-site measurement exercise was not conducted by ValuStrat International, and we have relied on the site areas provided by the Client. In the event that the areas of the property and site boundary prove erroneous, our opinion of Market Value may be materially affected, and we reserve the right to amend our valuation and report.



We have assumed that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and good title can be shown. For the avoidance of doubt, these items should be ascertained by the client's legal representatives.

ValuStrat draws your attention to any assumptions made within this report. We consider that the assumptions we have made accord with those that would be reasonable to expect a purchaser to make. We are unaware of any adverse conditions which may affect future marketability of the subject commercial property. It is assumed that the subject property is freehold and is not subject to any rights, obligations, restrictions and covenants.

This report should be read in conjunction with all the information set out in this report, we would point out that we have made various assumptions as to tenure, town planning and associated valuation opinions. If any of the assumptions on which the valuation is based is subsequently found to be incorrect, then the figures presented in this report may also need revision and should be referred back to the valuer.

Note that property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale.

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

This executive summary and valuation should not be considered other than as part of the entire report.

2 VALUATION REPORT

2.1 INTRODUCTION

Thank you for the instruction regarding the subject valuation services.

We ('ValuStrat', which implies our relevant legal entities) would be pleased to undertake this assignment for Bonyan REIT and Saudi Fransi Capital ('the client') of providing valuation services for the property mentioned in this report subject to valuation assumptions, reporting conditions and restrictions as stated hereunder.

2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

Description	Property Details
Name of Property	Al Rashid Mall - Jizan
Total BUA	67,997 sq. m (inclusive of 2 hotels but excluded from this mall valuation)
Land Title Deed No.	672003004051
Title Deed Date	4/3/1439
Land Area	Part of 39,975 sq. m
Owner	Bonyan Real Estate Fund Company
Location	Jizan, KSA
Interest	Assumed Unencumbered Freehold Interest

Source: Client 2022

2.3 PURPOSE OF VALUATION

The valuation is for Saudi Bonyan REIT.

2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Taaqem Regulations (Saudi Authority for Accredited Valuers) in conformity with International Valuations Standards (IVS) 2022.

It should be further noted that this valuation is undertaken in compliance with generally accepted valuation concepts, principles and definitions as promulgated in the IVSCs International Valuation Standards (IVS) as set out in the IVS General Standards, IVS Asset Standards, and IVS Valuation Applications.



2.5 BASIS OF VALUATION

2.5.1 MARKET VALUE

The valuation of the subject property, and for the above stated purpose, has been undertaken on the **Market Value** basis of valuation in compliance with the above-mentioned *Valuation Standards* as promulgated by the IVSC and adopted by the RICS. **Market Value** is defined as: -

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

The definition of **Market Value** is applied in accordance with the following conceptual framework:

“The estimated amount” refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. *Market value* is the most probable price reasonably obtainable in the market on the *valuation date* in keeping with the *market value* definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of *special value*;

“an asset should exchange” refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the *valuation date*;

“on the valuation date” requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the *valuation date*, not those at any other date;

“between a willing buyer” refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute “the market”;

“and a willing seller” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for



the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

“in an arm’s-length transaction” is one between parties who do not have a particular or special relationship, e.g. parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of *special value*. The *market value* transaction is presumed to be between unrelated parties, each acting independently;

“after proper marketing” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the *market value* definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the *valuation date*;

‘where the parties had each acted knowledgeably, prudently’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the *valuation date*. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the *valuation date*, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

‘and without compulsion’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm’s length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible.



Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

2.5.2 VALUER(S)

The Valuer on behalf of ValuStrat, with responsibility of this report is Mr. Ramez Al Medlaj (Taqeem Member) having sufficient and current knowledge of the Saudi market and the skills and understanding to undertake the valuation competently.

Also Mr. Ramez Al Medlaj (Taqeem Member) who is a local Arabic specialist having knowledge, skills and understanding of the market and valuation.

We further confirm that either the Valuer or ValuStrat have no previous material connection or involvement with the subject of the valuation assignment apart from this same assignment undertaken in the last exercise December 2021.

2.5.3 STATUS OF VALUER

Status of Valuer	Survey Date	Valuation Date
External Valuer	*26 June 2022	30 June 2022

**The inspection was external and visual in nature only*

2.6 EXTENT OF INVESTIGATION

In accordance with instructions received we have carried out an external and internal inspection of the property. The subject of this valuation assignment is to produce a valuation report and not a structural / building or building services survey, and hence structural survey and detailed investigation of the services are outside the scope of this assignment. We have not carried out any structural survey, nor tested any services, checked fittings of any parts of the property.

Our previous inspection was limited to the visual assessment of the subject property from ground to second floor areas including the atrium, supermarket, shops, restaurants, coffee shops, etc.

For the purpose of our report, we have expressly assumed that the condition of any un-seen areas is commensurate with those which were seen. We reserve the right to amend our report should this prove not to be the case.

2.7 SOURCES OF INFORMATION

For the purpose of this report, it is assumed that written information provided to us by the Client is up to date, complete and correct in relation to title, planning consent and other relevant matters as set out in the report. Should this not be the case, we reserve the right to amend our valuation and report.



2.7.1 VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:

The subject property is valued under the assumption of property held on a *Private interest* with the benefit of trading potential of existing operational entity in possession;

Written information provided to us by the Client is up to date, complete and correct in relation to issues such as title, tenure, details of the operating entity, and other relevant matters that are set out in the report;

That no contaminative or potentially contaminative use has ever been carried out on the site;

We assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoings, restrictions or other encumbrances. Information regarding tenure and tenancy must be checked by your legal advisors;

This subject is a valuation report and not a structural/building survey, and hence a building and structural survey is outside the scope of the subject assignment. We have not carried out any structural survey, nor have we tested any services, checked fittings or any parts of the structures which are covered, exposed or inaccessible, and, therefore, such parts are assumed to be in good repair and condition and the services are assumed to be in full working order;

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that such investigations would not disclose the presence of any such material to any significant extent;

That, unless we have been informed otherwise, the property complies with all relevant statutory requirements (including, but not limited to, those of Fire Regulations, By-Laws, Health and Safety at work);

We have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building.

We would recommend that the client makes their own enquiries in this regard; and the market value conclusion arrived at for the property reflect the full contract value and no account is taken of any liability to taxation on sale or of the costs involved in effecting the sale.



2.8 PRIVACY/LIMITATION ON DISCLOSURE OF VALUATION

This valuation is for the sole use of the named Client. This report is confidential to the Client, and that of their advisors, and we accept no responsibility whatsoever to any third party.

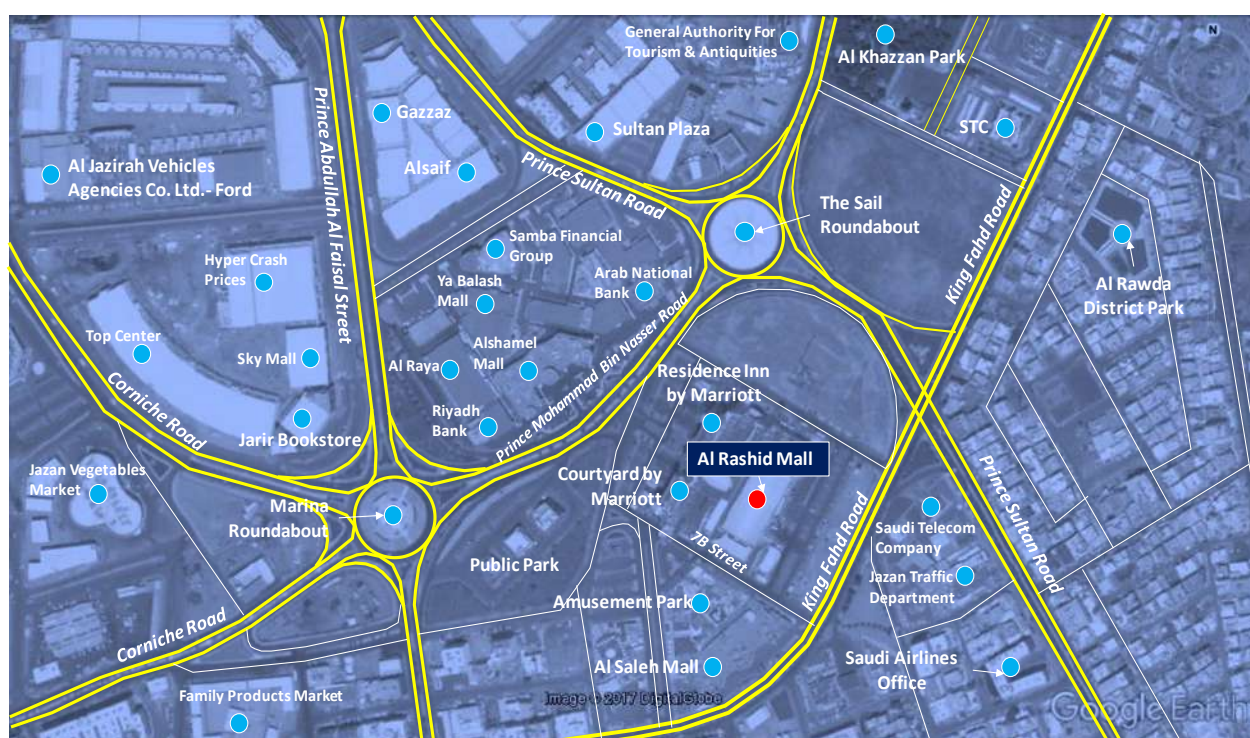
No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorised.

2.9 DETAILS AND GENERAL DESCRIPTION

2.9.1 LOCATION OF PROPERTY

The subject property is Al Rashid Mall, Jizan", located within Al Rawdah District Jazan City, Kingdom of Saudi Arabia. It is situated between Prince Mohammad bin Nasser Road and King Fahd Road, about 300 meters south of The Sail Roundabout and approximately 430 meters east of Marina Roundabout.

For ease of reference, refer to the illustration below showing the subject property and its immediate neighborhood & environs.



Source: Google Extract 2022 - For Illustrative Purposes Only

Moreover, the property is situated about 2.5 kilometers northeast of Jizan Port and approximately 3 kilometers west of King Abdullah Bin Abdulaziz International Airport. It is located in an area where land development is mainly for commercial use such as malls, hotels, bank offices, restaurants, etc. Some of the notable establishment

in the vicinity of the subject property includes – Al Rashid Mall, Alshamel Mall, Al Dheba Mall, Ya Balash Mall, Aloshra Mall, Al Raya, Riyadh Bank, Arab National Bank, Samba Financial, Max, Jizan Royal Suites, etc.

The property is well accessible to the rest of Jizan thru the nearby Prince Mohammad bin Nasser, Prince Sultan Bin Abdulaziz and King Fahd Roads.

For ease of reference, refer to the illustration below.



Source: Google Extract 2022 - For Illustrative Purposes Only

2.9.2 JIZAN CITY

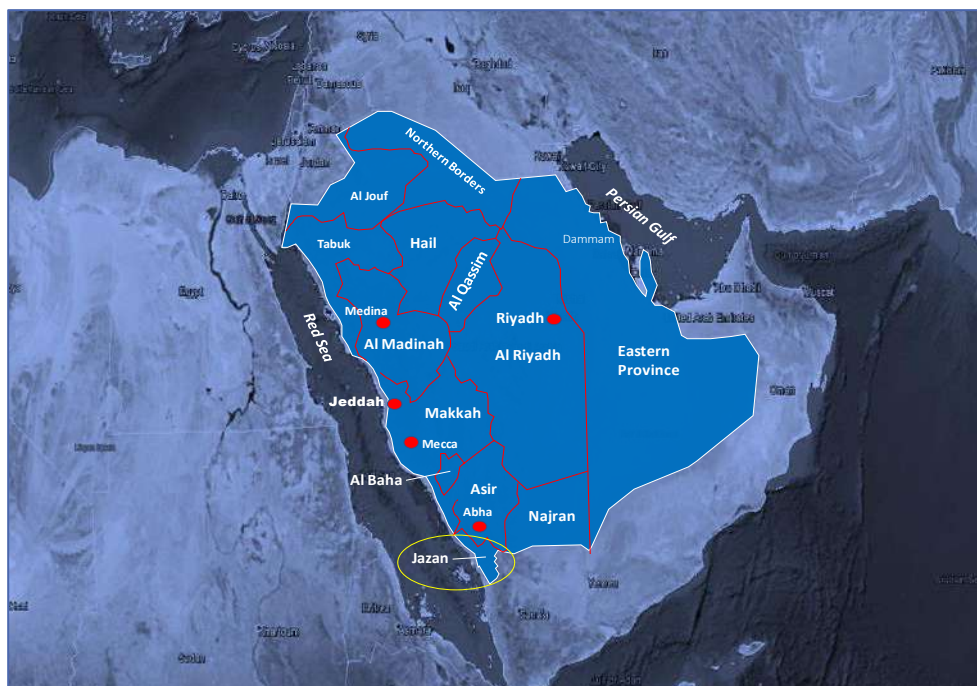


Jizan City is a port city and capital of the Jizan Region which lies in the southwest corner of Saudi Arabia and directly north of the border with Yemen.

It is situated on the coast of the Red Sea and serves a large agricultural heartland that has a population of 1.5 million, according to a 2010 census.

It is approximately 578 kilometres and 625 kilometres south of the City of Jeddah and the Holy City of Makkah, respectively, and about 960 kilometres southwest of Riyadh City, the capital of the Kingdom of Saudi Arabia.

The below shows the location of Jizan in relation to the other major cities of Saudi Arabia.



Source: Google 2022 - For Illustrative Purposes Only

2.9.3 DESCRIPTION

As mentioned, the subject property is a grade A shopping mall known as “Al Rashid Mall - Jizan” located within Al Rawdah District, Jizan, Saudi Arabia. It is a three-level structure built mainly of reinforced concrete and steel frame.

Architectural finishes consist of glass and aluminum cladding exterior wall, plastered and painted interior walls, glass partition wall, acoustic and painted ceiling and mostly granite tiles flooring. Mall facilities includes escalators, elevators, centralized air conditioning system, firefighting with sprinklers & alarm system, and security system with CCTV cameras.

The aforesaid mall has a total of 250 shops which includes a Panda Supermarket; international branded anchor stores such as H&M, Victoria Secrets, Mango, etc.; and entertainment hall (fun city). Moreover, it has also more than 20 restaurants, various coffee shops, ATM machines and a satellite office of the Civil Affairs.

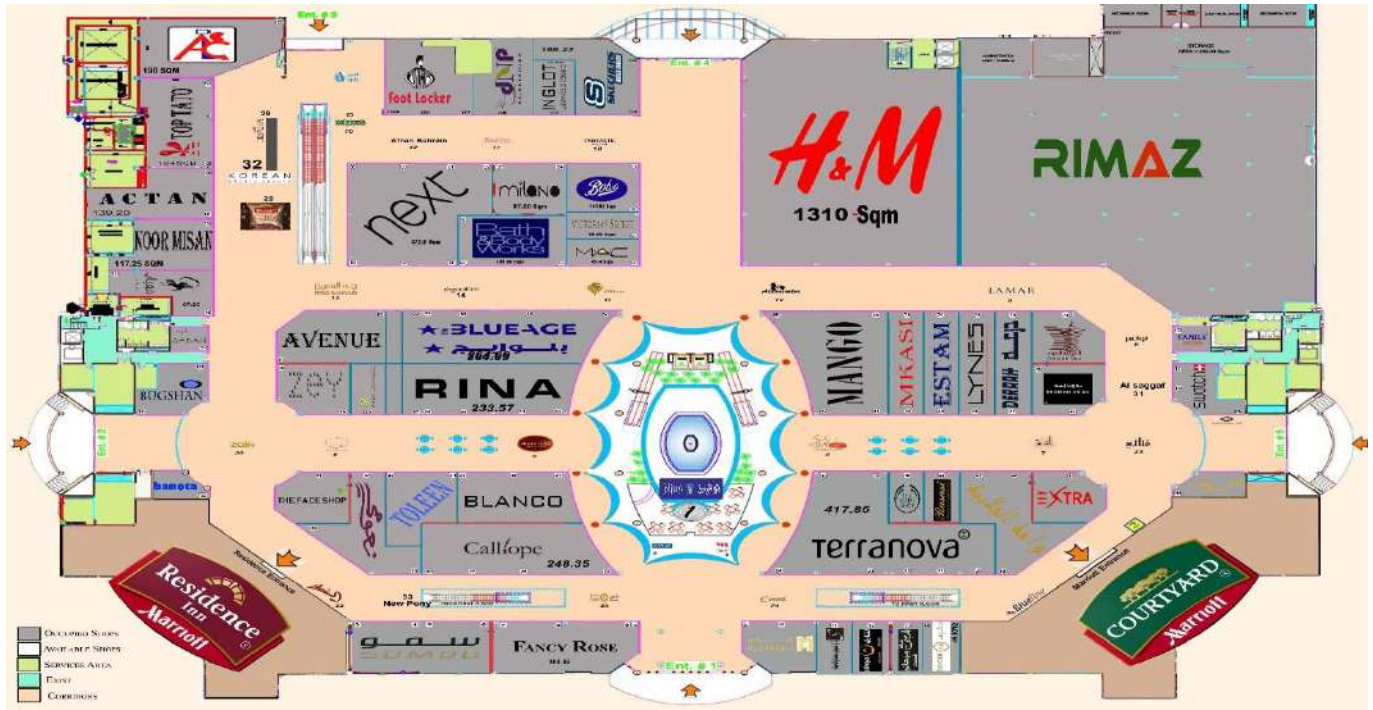
Al Rashid Mall has a total built-up area of 67,997 square meters with about 700 parking slots. Based on information provided, it was built sometime in year 2010.

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Saudi Fransi Capital, Riyadh, KSA – June 2022

2.9.4 TENANCY MIX & MALL LAYOUT (PROVIDED BY CLIENT)

The below may not be the latest tenant mix and therefore provided as guide only.



The mall is well represented with the following strong brands (amongst others):

Anchors & Sub-anchors		
Rimaz	Extra	Splash
Mango	Foot locker	Blanco
H&M	NEXT	Swatch
Panda	Fancy Rose	Sketchers

Food Court occupiers include:

F & B		
McDonalds	Pizza Hut	Buskin Robbins
Herfy	KFC	Movenpick
Shawarmer	Kudu	Tako Hut
Burger King	Canton	Fire House

We have been provided the Tenancy Schedule (refer to details in the appendices section). Also provided was a sample tenancy agreement of an anchor, sub-anchor and line shop which appear to be lease standard agreements. The table below shows the summary of the said tenancy schedule.

For the purpose of this valuation, we have assumed no onerous conditions exist in other agreements. Should legal advisers discover adverse matters, we reserve the right to review our valuation and report.



2.10 ENVIRONMENT MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property.

We have not carried out any investigation into past or present use, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject property from the use or site and have therefore assumed that none exists. However, should it be established subsequently that contamination exists at the property or on any neighbouring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.

Details	
Area	Based on the document supplied by the client, the total land area of the property is 39,975 sq. m. with a total built-up area of 67,997 sq. m.
Topography	Generally, the property is rectangular in shape and on level terrain.
Drainage	Assumed available and connected.
Flooding	ValuStrat's verbal inquiries with local authorities were unable to confirm whether flooding is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not flood prone. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known flooding in this area.
Landslip	ValuStrat's verbal inquiries with local authorities were unable to confirm whether land slip is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not within a landslip designated area. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known landslip in this area.

2.10.1 TOWN PLANNING

Neither from our knowledge nor as a result of our inspection are, we aware of any planning proposals which are likely to directly adversely affect this property.

In the absence of any information to the contrary, it is assumed that the existing use is lawful, has valid planning consent and the planning consent is not personal to the existing occupiers and there are no particular onerous or adverse conditions which would affect our valuation.

In arriving at our valuation, it has been assumed that each and every building enjoys permanent planning consent for their existing use or enjoys, or would be entitled to enjoy, the benefit of a "Lawful Development" Certificate under the Town & Country Planning Acts, or where it is reasonable to make such an assumption with continuing



user rights for their existing use purposes, subject to specific comments. We are not aware of any potential development or change of use of the property or properties in the locality which would materially affect our valuation.

For the purpose of this valuation, we have assumed that all necessary consents have been obtained for the subject property referred within this report. Should this not be the case, we reserve the right to amend our valuation and report.

2.10.2 SERVICES

The property referred within this report is connected to mains electricity, water, drainage, and other municipality services.

2.11 TENURE/TITLE

Unless otherwise stated we have assumed the freehold title is free from encumbrances and that Solicitors' local searches and usual enquiries would not reveal the existence of statutory notices or other matters which would materially affect our valuation. We are unaware of any rights of way, easements or restrictive covenants which affect the property; however, we would recommend that the solicitors investigate the title in order to ensure this is correct.

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

We had assumed that the subject property is on freehold basis. Should this not be the case we reserve the right to amend our valuation and this report.

Description	Property Details
Name of Property	Al Rashid Mall - Jizan
Total BUA	67,997 sq. m (inclusive of 2 hotels but excluded from this mall valuation)
Land Title Deed No.	672003004051
Title Deed Date	4/3/1439
Land Area	Part of 39,975 sq. m
Owner	Bonyan Real Estate Fund Company
Location	Jizan, KSA
Interest	Assumed Unencumbered Freehold Interest

Source: Client 2022

NB: All aspects of tenure/title should be checked by the client's legal representatives prior to exchange of contract/drawdown and insofar as any assumption made within the body of this report is proved to be incorrect then the matter should be referred back to the valuer in order to ensure the valuation is not adversely affected.



It is assumed that the subject property has good marketable title and that it is free from onerous restrictions, covenants and encumbrances.

For the purpose of this valuation exercise, we have assumed that the freehold interest is unencumbered with no onerous term and conditions and any management agreements containing any adverse conditions which will affect the valuation.

In the event of any leases and agreements containing onerous terms and conditions, this could affect our valuation provided and accordingly we reserve the right to amend our valuation.

2.11.1 OCCUPATIONAL TENANCY

We have been provided the tenancy schedule of the subject property indicating unit types, tenants, lease duration and annual rents, etc. The table below provides the summary of the aforesaid tenancy schedule:

Summary of Rent Roll	Amount (SAR)
Current Active Contracts (2020)	37,764,971
Recently Terminated Contracts (New Vacancies) & Vacancies	12,988,331
Total Gross Rental (per annum)	24,776,640
Total GLA (square meters)	30,500

Source: Client 2022

We have also been provided a sample of the individual lease documentation in respect of the occupational interests within the subject property which appears to be standard lease agreement. For the purpose of this valuation, we have assumed that no onerous conditions exist in these agreements. Should legal advisers discover adverse matters, we reserve the right to review our valuation and this report.

We have cross referenced the lease documentation with the tenancy schedules provided and confirm that the majority of the information contained with the lease schedules concurs with the lease agreement documentation provided.

For the purpose of this valuation, we have explicitly assumed that the tenancy schedule provided is correct and accurate. Should this not be the case, we reserve the right to amend our valuation and report.

2.12 METHODOLOGY & APPROACH

In determining our opinion of Market Value for the freehold interest in the subject property we have utilized the Discounted Cash Flow (DCF) analysis for income generating property taking into consideration the latest Tenancy Schedule provided by the Client.



2.12.1 DISCOUNTED CASH FLOW (DCF) APPROACH

The subject property falls into a broad category of investment property with the prime value determinant being the property's ability to generate rentals and rental growth through the ongoing letting and reasonable maintenance.

In determining our opinion of Market Value of the subject property we have utilized the Investment Approach utilizing a Discounted Cash Flow technique.

Discounting Cash Flow analysis is defined in the International Valuation Standards as a financial modelling technique based on explicit assumptions regarding the prospective cash flow of the property.

This analysis involves the projection of a series of periodic cash flows a property is anticipated to generate, additionally giving regard to the frequency and timing of associated development costs, contingency allowances etc. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the property.

The DCF approach involves the discounting of the projected net cash flow on a yearly basis over the explicit cash flow period. In the case of the subject compounds the cash flow has been projected over a 10-year period reflecting a market practice for cash flows reflecting the property.

The cash flow is discounted back to the date of valuation at an appropriate rate to reflect risk in order to determine the Market Value of both properties. The rental income being capitalised and discounted in the cash flow refers to net rental income, that is, the income stream. A contractual agreed growth rate of a fixed rental income per annum has been agreed for both leases and has reflected with no growth within the DCF calculations.

The future values quoted for property, rents and costs are projections only formed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date.

2.12.2 MARKET RENTS

Sales or rental evidence for similar properties within Jizan are not readily available or transparent due to the nature of the property market within the Kingdom of Saudi Arabia. Much if not all of the evidence is anecdotal, and this limitation may place on the non-reliability of such information and impact on values reported.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations. Due to this shortage, it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature.

Commercial/Retail shops within Jizan are achieving a rental rate that ranges between SAR 600 to SAR 1,500 per square meter, dependent on its location & size.



Floor Area (m ²)	Rent per annum (SAR)	Rent/m ² (SAR)	Remarks
48	70,000	1,458.33	Retail Shop
28	30,000	1,071.42	Retail Shop
20	18,000	900	Retail Shop
200	120,000	600	Retail Shop

Likewise, the client has provided us a copy of the Tenancy Schedule of the aforesaid Al Rashid Mall - Jizan which we assumed to be complete, accurate and updated. Should this not be the case, we reserve the right to amend our valuation and this report.

Referring to the aforesaid tenancy schedule, it shows a rental rate that ranges from SAR 330 per sq. m. to SAR 5,333 per sq. m. depending on the store/shops type, use, location and size. Hence, considering that the subject property is a grade-A development and situated in a primarily commercial area, its existing rental rates is reasonable and within prevailing market rental rates.

Based on the tenancy schedule, the Gross annual rent is SAR 37,764,971 per annum (refer to summary in section 2.11.1 – Occupational Tenancy). We have also assumed that the existing tenants are in a position to renew on their renewal dates.

We have also assumed the said information is complete, accurate and updated. Should this not be the case, we reserve the right to amend our valuation and this report.

2.12.3 CURRENT MALL RENTAL VALUES

Rental rates for shops located inside malls observe different dynamics influenced by various factors.

The shop's accessibility, visibility, proximity to high trade area (anchors), size and the brand reputation are some of the factors.

Retail Type	Range (SAR per sq. m)
Anchor	200 - 850
*Line Retail	1000 - 3,500
^Kiosks (Fixed Rate Range)	80,000 – 200,000
ATM (Fixed Rate Range)	85,000 - 150,000
F&B Food Court	990 – 5,500
Entertainment	300 – 1,000

Source: Client & ValuStrat Analysis 2021-22

The overall average rent of Al Rashid Mall Jizan (excluding kiosks, ATM, etc.) is SAR 1,144 per sq. m which is in line with current market conditions.

2.12.4 ASSUMPTIONS & COMMENTARY

The commercial mall has been assessed as an investment property subject to the tenancy schedule provided by the client and any assumptions made by ValuStrat within market benchmarks.

ValuStrat has made certain assumptions and adjustments based on their experience in valuing typical shopping mall in Jizan, KSA taking cognisance of the surrounding developments within the property which will ultimately form part of.

This was done in an attempt to forecast our interpretation of performance of the shopping mall over the 10-year explicit cash flow period. In this instance, we have adopted the following rates:

Components	Comments/Assumptions
Lease/Rental Income	Refer to details provided by the client on Appendix-3. We have assumed that each tenancy agreement contains no onerous terms & conditions. Your legal advisers should check and advise. Consequently, should there be onerous conditions, we reserve the right to amend our valuation and this report.
Occupancy	66% (Yr.1), 80% (Yr.2) and 85% throughout the cash flow.
Void Costs	Reflected – refer to cash flow at appendices section.
Operational Cost	Refer to the table below provided by the client and is increased by 2% yearly in line with market benchmarks.
Growth Rate	2.5% (in line with market benchmarks).

Operational Cost

The actual data below was provided by the client which we assumed to be updated, complete and accurate. Should this not be the case, we reserve the right to amend our valuation and this report.

Details of Operational Cost	Amount (SAR)
- Payroll & Employee Benefits	2,853,086
- General & Administration	937,155
- Utilities Expenses	1,739,634
- Security Expenses	3,488,385
- Marketing Expenses	423,449
- Repair & Maintenance Expenses	1,669,601
Total (SAR)	11,111,310

Growth Rate

We applied an average growth rate of 2.5% per annum in line with tenancy schedules provided by the client. Despite the current market subdued market condition, it appears the retail sector is considered to be attractive to investors in the current market conditions considering the retail sector is generally booming in KSA. The historic strength of retail and significant growth in the past few years has meant fairly attractive yields and with the continuance of current stable retail demand but slower



growth, it has meant in the short-term mild hardening of yields with a medium-term period of slightly softening of yields; hence providing a stable investor expectation.

Accordingly, in the foreseeable future the subject appears to provide a stable investment subject to ongoing maintenance, upkeep of the property and to provide yield stability with the Real Estate sector generally follows the fortunes of the greater economy.

Discount Rate and Exit Yield

The discount rate reflects the return required to mitigate the risk associated with the particular investment type in question; therefore, echoes the opportunity cost of capital. To this we have to add elements of market risk and property specific risk. The market risk comes in the form of; inter alia, potential competition from existing and latent supply. Market risk will also reflect where we are in the property cycle and more importantly the location. The subject property is located in a largely commercial area. Hence and for the purpose of our valuation calculations, we have adopted a discount rate of 11.5%. The exit yield is a resultant extracted from transactional evidence in the market; however, due to anecdotal evidence and limited market activity we have had to rely on anticipated investor expectations from typical property investments. These typically vary between 8.5% to 9.5%, depending on the quality of the property, length of the leases and the location. Based on the above criteria we are of the opinion that a fair exit yield for the subject property is 9%.

2.12.5 SUPPLEMENTARY ASSUMPTIONS

In valuing the subject property, we have considered the following:

1. The coming year will remain volatile as global economic conditions harden with rising inflation, rising energy prices and the conflict in Ukraine. Also, air travel is expensive post Pandemic 2020 one of the reasons causing the high inflation and it is likely market rates/prices/occupancy will be affected going forward. The client is also recommended to consider the benefits in such a market, of having more frequent valuations to monitor the value of the subject property.
2. Many businesses are affected due to the previous disrupted period (Pandemic 2020); we assume all information provided by the client is correct and accurate. Should this not be the case, we reserve the right to amend our valuation and report.
3. We have been made aware there is no rent arrears (debt), and all tenants are up to date with rental obligations. Should this not be the case, we reserve the right to amend our valuation and report.
4. The occupancy rates and rents at newly completed property or new acquisitions may fluctuate depending on a number of factors, including



market and economic conditions resulting in the investment not being profitable.

5. The KSA's oil production and business is a major contributor to Saudi income and strong economic conditions. Therefore, any major fluctuations in oil prices can have a similar effect on the local economy impacting commercial investments and the overall long-term development of the economy in volatile and uncertain times.
6. The growth of the economy is also subject to numerous other external factors, including continuing population growth, increased direct and foreign investment in the local economy and Government and private sector investment in infrastructure, all of which could have a significant impact on the economy and business profitability.
7. It should be noted that the valuation provided is of the property (excluding any element of value attributable to furnishings, removable fittings and sales incentives) as new. It is possible that the valuation figure may not be subsequently attainable on a resale as a second-hand villa especially if comparable new property is on offer at the same time.
8. Any retained or owned property will face competing properties leading to high vacancy rates resulting in lower rental rates. It is imperative for leasing obligations to preserve and keep-up high standard of landlord & tenant (property management) and so it will necessitate that the property be maintained to a good standard to maintain its value.
9. The subject property referred in this report is considered as full figure(s) and may not be easily achievable in the event of an early re-sale in the short term due to volatile and uncertain times. Refer to our market conditions section below.
10. Property values are subject to fluctuation over time as market conditions may change.
11. We have assumed that the land is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and good title can be shown. For the avoidance of doubt, these items should be ascertained by the client's legal representatives.

2.12.6 VALUATION COMMENTARY

Whilst referring to this section, reference should also be made to the remainder part of this report collectively.

For the purpose of this valuation exercise, we have determined the tenancy schedule provided by the client as referred within this report at the appendices section. Accordingly, the gross combined rental as at date of valuation is SAR 35,917,420



per annum excluding operational expenses. We have assumed all tenancies will be renewed successfully in successive years.

All other assumptions refer above and have determined any tenancy agreements not all agreements were provided. It appears the contracted rents are broadly in line with the prevailing market conditions. Both discount rate and exit yield in this case show a marginal difference between each other due to the low risk even in time of uncertainty in KSA. The subject mall dominates a fairly strong status in Jizan securing a high percentage of the market share due to its brand names in the mall and good tenant mix and within a densely populated area.

We no doubt this status will continue and as well owners / management company will maintain the whole professional image of the mall. Many International markets around the globe rely on good strong covenant strength which has a significant impact on value. The local market does not rely or analyse records to the same extent as per international practices on company financial records.

The company structures in KSA are backed by high-net-worth individuals who could be liable in the case of default. Given the circumstances, we would anticipate that investors would accept the current covenant strength of the present tenants and reflect any level of risk into an appropriate bid.

The subject mall is considered to be attractive to investors in the current market conditions considering the retail sector is generally stable currently and historically shown in the past few years quick growth. Whilst in KSA currently market conditions showing uncertainties and limited/no growth and generally plummeting market conditions in other sectors.

The subject mall is a premier grade A mall with apparently as relayed by the client that there is waiting list to occupy the retail pitches which may result in rental in growth; hence allowing for investors to bid more aggressively on the initial yield. The historic strength of the mall and the current strong demand, we consider that investors would offer in the region of 7.5% to 8.5% net initial yield for the mall. From the analysis and market due diligence, it appears and is assumed that exit yields will be the same as the current initial yields. We anticipate this is a reasonable assumption to adopt as the market is a normal state (depressed) and would be expected to be considerably stronger at the point of exit.

Moreover, transactions of large shopping malls rarely are exposed to the market and are usually determined via private treaty negotiations. Equally, we are aware of some smaller transactions of retail centres/malls but cannot disclose details due to privacy and confidentiality reasons. We understand a number of small retails centres/malls have achieved a net initial yield between 7.5% to 8.5%.

Factors such as occupational demand, liquidity, lot size and covenant strength are important verdicts for potential investors who consider purchasing Hayat Mall. Investors are often attracted to retail due to the high yields offered.



This is great for investors wanting an income-stream based investment over a long period. Global retail trends show investors in retail property accept the lowest yields. The report is based upon the information provided by the client, and we have assumed that the information with which we have been provided is substantially true, accurate and complete.

We have not independently verified the accuracy of the information supplied to us, although we have analysed the locations, tenancy schedule and limited management data.

We have concluded that, within the limits of our investigations, the information proved by the client is within reasonable expectations of retail property at the subject property location referred within this report.

We have undertaken inspections of the subject property and location in connection with this valuation and we have had regard to the property, location, trading style, performance and the local demographic and competitive environment plus key performance indices compared with other mall in the area and region. The subject mall referred within this report is subject to individual compliance requirements based on KSA regulations and we have assumed its compliance with current government legislation and all other local municipality registration requirements.

In reaching our opinion of the value, we have assumed that the subject property referred within this report will be professionally operated in perpetuity. In particular, we have assumed the owner will be able to professionally manage, repair and upgrade in heightened market competition.

We have also assumed that the trading position, financial and market conditions will not vary significantly during the stated cash flow period. In the event of future change, in the trading potential or actual level of trade from that indicated, the values reported can vary. Accordingly, we provide our valuation referred in the below section 2.12.6 and at the Valuation section 2.13:

2.12.7 SUMMARY OF MARKET VALUE

The resultant value based upon the above variables/assumptions for the subject property is as follows (refer to DCF analysis on appendices section):

Property Name	Full Rental Value	Growth Rate	Exit Yield	Disc. Rate	Property Value (Rounded)
Al Rashid Mall - Jizan	*SAR 37,764,971 p.a.	2.5%	9.0%	11.5%	SAR 216,000,000

**Provide by the client – assumed accurate and correct. Should this not be the case, we reserve the right to amend valuation and report.*



2.13 VALUATION

2.13.1 MARKET VALUE

ValuStrat is of the opinion that the Market Value of the freehold interest in the subject property referred within this report, as of the date of valuation, based upon the Discounted Cash Flow (DCF) Approach and assumptions expressed within this report, may be fairly stated as follows;

Market Value (rounded and subject to details in the full report):

SAR 216,000,000 (Two Hundred Sixteen Million, Saudi Arabian Riyals).

The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's marketplace.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations. Due to this shortage, it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature.'

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

Property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. It must be borne in mind that capital values can fall as well as rise.

The value provided in this report is at the top end of the range for properties of this location and character and will necessitate that the property be maintained to a good standard to maintain its value.

2.14 MARKET CONDITIONS SNAPSHOT

2.14.1 MARKET ASSESSMENT, TIMES OF UNCERTAINTY (COVID-19 PANDEMIC) & VALUATION COMMENTARY OVERVIEW

The past two plus years of extraordinary market conditions have made it difficult for investors to confidently assess changes in property prices. The COVID-19 recovery has meant higher energy prices, supply chain disruptions mean 2022 will be the year to repair global economy if possible.

The world is rapidly changing with ongoing structural shifts, population growth, urbanization, climate change and the digital revolution continue to profoundly impact our world and societies.

Though KSA has shown resilience with high oil price revenues and current budget of Q1 – 2022 showing surplus of SAR 57 billion and Public Investment Fund (PIF) – sovereign wealth fund going from strength to strength.

Since the lifting of travel bans, the KSA real estate market is in a healthy position with many analysts predicting a strong 2022 for real estate (vision 2023) with the positive activity and investment by the government unveiling a number of reforms, including recent facilitation of the tourism visa, where citizens of 49 countries are



now able to apply e-visas and holders of Schengen, UK or US visas are eligible for visas on arrival.

Also, the government has now allowed the full foreign ownership of retail and wholesale operations along with previously opening up of the Tadawul Stock Market to foreign investment supported by current energy reforms, cutting subsidies, creating jobs, privatizing state-controlled assets and increasing private sector contribution to the country's economy, etc. With all the opportunities throughout the Kingdom and the creation of the Giga projects, there was an ambitious resilience which was suddenly shutdown overnight due to the initial lockdown period. With all the current uncertainty, market stagnation and short-term challenges whereby force majeure (as a result of the pandemic's cause beyond anyone's reasonable control) had created inactivity. As mentioned above the KSA market's ambitions and resilience, we understand investor sentiment remains strong as it was prior to the pandemic and the KSA was on an upward course showing growth in the last quarter of 2019 after a period of subdued market conditions.

The current global crushing of liquidity in economies will have impact on markets and real estate market and this maybe the case with many economies across the globe; however, the KSA market has shown resilience in previous years through a period of downward trend (2016-18), a correction allowing for the market to bottom out with 2019 experiencing growth in the first quarter and subdued market conditions throughout 2019. The latter part of Q4 – 2019 saw positive growth with strong investor appetite, though the market lacking good quality stock. Now with the Saudi government confirming a stimulus package of SR 120 billion plus, we understand the market will bounce back with investors underlying strong appetite. This will delay any evidence in the short term of declining prices and with the government stimulus will assist any short-term losses on transactions, private and public funds, although will need to be sustained in the short-term.

The KSA real estate sector generally follows the fortunes of the greater economy and while the oil reserves were left off prior to the pandemic fairly strong, although currently a price war between major producers is adding to a growing supply glut, though this will help KSA once markets start normalizing again. The KSA economy remains stable and backed-by strong fundamentals of the KSA market (i.e. young growing population) and also the economic transformation plan transforming the Kingdom towards a service economy post-oil era.

In short, the pandemic was expected to be a short-term shock wave with an eventual surge of business activity leading to a rapid recovery either in the form of a "V-shape" or a more gradual recovery in the form of a "U-shape" bounce back. Accordingly, we expected the KSA market to surge in business over the course of 2021 and now 2022 allowing for markets to start flourishing towards long term sustainability in social trends and patterns along with socio-economic distancing in a growing cycle. On the other hand, should the global economic impact of the Coronavirus pandemic (COVID-19) outbreak persist and will be dependent on how long the virus lasts, how

far it spreads and how much lock-down, public organizations quarantines disrupt the market. Indeed, the current response to COVID-19 means that we are faced with unprecedented set of circumstances on which to base judgement(s). There is strong evidence that real estate markets have sprung back to strong activity and growth fairly quickly as we are experiencing in the Kingdom of Saudi Arabia.

Equally, the short-term generally speaking we do not expect the current real estate market to show any small adjustment in prices/rates. The KSA real estate market is a developing market with much invested by the government in infrastructure projects, so we expect the government's latest stimulus to preserve liquidity and for demand to hold having limited / no bearing on prices / rates.

2.14.2 MARKET CONDITIONS PRIOR TO THE PANDEMIC & THE KSA LOCKDOWN

Despite a new wave of infections (Variant Viruses) this year (2021), the roll out of vaccinations offers hope in controlling this disease and provide a path of recovery in sight along with recovery in oil price provides further impetus.

The Kingdom of Saudi Arabia (KSA) - world's largest exporter of crude oil, embarked four years (2016) ago on an ambitious economic transformation plan, "Saudi Arabia Vision 2030". In a hope to reduce its reliance on revenue from hydrocarbons, given the plummeting oil price revenues from 2014.

Through the current vision 2030 and in a post oil economy, KSA is adapting to times of both austerity measures and a grand ambitious strategy. With an overdue diversification plan Saudi Arabia's economic remodelling is about fiscal sustainability to become a non-dependent nation of oil. This is supported by current energy reforms, cutting subsidies, creating jobs, privatising state-controlled assets and increasing private sector contribution to the country's economy.

Despite economic headwinds, across the region, KSA has shown resilience through a period of subdued real estate market activity. The real estate sector generally follows the fortunes of the greater economy and whilst Saudi Arabia is undergoing structural reforms politically, economically and socially will transform the Kingdom towards a service economy post-oil era.

These changes along with significant amounts of investment - estimated to soon be over 1 trillion US dollars will create vast amounts of opportunities for the public and private sectors across all businesses segments.

The KSA economy in the first quarter of 2019 has relied on the current oil price rise to pull it out of recession; however, the previous 18-24 months, KSA faced a protracted spell of economic stress, much of which can be attributed to the falling oil prices coupled with regional political issues.

Oil prices starting to surge again around 65 dollars a barrel currently from under 30 dollars a barrel in early in 2016 which resulted in a crash in prices and the economy



dipped into negative territory in 2017 for the first time since 2009, a year after the global financial crisis.

General consensus anticipates a piercing improvement in the Saudi economy in the period ahead (2021-2022), supported by both the oil and non-oil sector. So ultimately it appears the economy will still need to rely on oil revenues to bridge the gap in the short term with a budget deficit over the past 3 years and the Kingdom borrowing from domestic and international markets along with hiking fuel and energy prices to finance the shortfall. The economy slipped into recession in 2018 but returned to growth in 2019, albeit at the fairly modest level of 1.7%, according to estimates from the International Monetary Fund (IMF). However, the return to growth is mainly due to a return to increase in oil prices again and output which, in turn, is enabling an increase in government spending.

Accordingly, in the short term needs to rely on the oil revenue and this reliance is being channelled into public spending. The reforms that have been pushed through to date have led to important changes aiding the economy. The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce. Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars. A due enactment of law will encourage public-private partnerships to herald more foreign investment.

The economic transformation that the KSA has embarked upon is complex and multidimensional and will certainly take time to turn around a non-oil serviced economy, although there have been recent positive signs, but it will remain in the short term with the support of oil revenues.

On the other hand, the KSA was resilient in the previous recession in 2007/2008 on strong oil reserves and not only can the Saudi government be relied upon to step in to rescue troubled lenders, reliable institutions for procedural reasons but crucially, it can also afford to do so, although has suffered due to previous oil price declines and it has meant increased spending.

Vision 2030 to diversify the economy from reliance on oil, has only just commenced in previous years and with a young and increasingly well-educated population, together with its own sovereign wealth fund, the Kingdom has many favourable factors to become a leading service sector economy in the region. Reform efforts include a reduction of subsidies on fuel and electricity and the implementation of a 5 per cent VAT back on 01 January 2018 which increased to 15 per cent VAT as of 01 July 2020. The government is also striving to get women to play a greater role in the economy including recently allowing them to drive back in 2019. Wider reforms have been initiated by the government allowing for the entertainment industry to flourish with the opening of the first cinema in King Abdullah Financial District (KAFFD) along with 4 VOX screens opening at Riyadh Park Mall. The cinema entertainment is spurred on by Public Investment Fund (PIF) in collaboration with AMC Cinemas and

led by the Development and Investment Entertainment Company (DIEC), a wholly owned subsidiary of PIF. With an objective of 30 to 40 cinemas in approximately 15 cities in Saudi Arabia over the next five years, and 50 to 100 cinemas in about 25 Saudi cities by 2030.

As part of wider reforms to overhaul the economy and to allow for deep rooted diversification, the Public Investment Fund (PIF) have initiated plans to bolster the tourism / entertainment industry by forming ambitious plans such as the following:

Red Sea Tourism Project

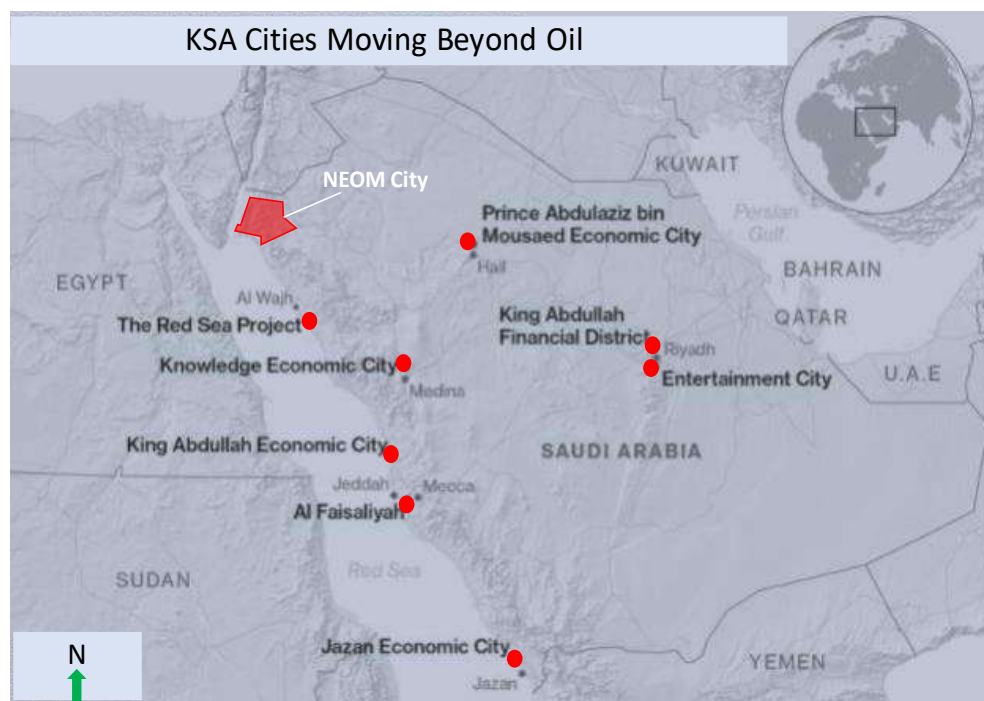
To transform 50 islands consisting of 28,000 square kilometres along the Red Sea coastline into a global tourism destination. For ease of reference to illustration below showing the location in relation to the Kingdom of Saudi Arabia.

Al Faisaliyah Project

The project will consist of 2,450 square kilometres of residential units, entertainment facilities, an airport and a seaport. Refer to the below illustration for the location.

Qiddiya Entertainment City

Qiddiya Entertainment City will be a key project within the Kingdom's entertainment sector located 40 kilometres away from the center of Riyadh. Currently alleged for "The First Six Flags-branded theme park". The 334 square kilometre entertainment city will include a Safari Park too. The project will be mixed use facility with parks, adventure, sports, events and wild-life activities in addition to shopping malls, restaurants and hotels. The project will also consist around 4,000 vacation houses to be built by 2025 and up to 11,000 units by 2030. Again, for ease of reference refer to the below illustration for the location.



Neom City

The NEOM city project will operate independently from the “existing governmental framework” backed by Saudi government along with local and international investors. The project will be part of a ‘new generation of cities’ powered by clean energy. The ambitious plan includes a bridge spanning the Red Sea, connecting the proposed city to Egypt and stretch into Jordan too.

Economic Cities

The overall progress with the Economic Cities has been slow and projects on hold over the past 7-10 years, although KAFD has recently given the go ahead to complete by 2020. Within the Saudi Vision 2030 the government referenced that they will work to “salvage” and “revamp”.

Real Estate Growth

Overall ValuStrat research reveals that real estate sectors have continued to decline in both sales and rental values. We expect demand to remain stable due to fundamentals of a growing young population, reducing family size, increasing middle-class and a sizeable affluent population – all of which keeps the long-term growth potential intact.

Despite short term challenges, both investors and buyers remaining cautious, the Saudi economy has shown signs of ambition with the government unveiling a number of reforms, including full foreign ownership of retail and wholesale operations along with opening up of the Tadawul Stock Market to foreign investment as well as the reforms mentioned in the previous section referred above. As mentioned earlier, KSA experienced positive growth by oil price rise in the first quarter of 2021; hence the main driver of the recovery remains oil. Over 2021 we envisage the Kingdom’s consumer outlook to be more favourable in economic conditions.

Moreover, tax on development land implemented in 2017/18 has kept the construction sector afloat, encouraging real estate developers. Adapting to a new KSA economic reality has been inevitable, although the Kingdom’s oil dynamics remain pivotal for future development within the KSA 2030 economic vision plan. In latter part of 2017, the Public Investment Fund (PIF), Saudi Arabia’s sovereign wealth fund set up a real estate refinancing company aimed at advancing home ownership in the Kingdom, which suffers from a shortage of affordable housing. This initiative will create stability and growth in the Kingdom’s housing sector by injecting liquidity and capital into the market. Another plan to help kick start the real estate market by boosting the contribution of real estate finance to the non-oil GDP part.

The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016). The close ties with the construction, financing institutions and many others have provided crucial resources that contributed to the development of the Saudi economy. The



real estate market performance in 2019/20 and the general trend in KSA for most sectors have remained subdued given lower activity levels, while prices have been under pressure across most asset classes leading to a gradual softening of rental and sale prices.

The real estate sector remains subdued, and prices may have bottomed out across sectors, and we expect in the medium to long term for the market to pick-up further growth given the reforms and transformation in KSA, although we expect the growth to be slow and steady subject to a stable political environment in KSA and across the region.

The outlook remains optimistic for the longer term due to the various KSA initiatives aimed at stimulating the real estate market whilst encouraging the private sector to play a key role in the transformation.

All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. Since the issuing of this report the KSA lockdown for the COVID-19 health crisis was lifted back on 21 June 2020 and the economy is now trying to get back to normalcy. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2022.

Property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. It must be borne in mind that both rental and capital values can fall as well as rise.

2.14.3 GENERAL RETAIL SUMMARY

The Kingdom of Saudi Arabia has experienced strong performance in retailing over the past few years and is expected to be stable over the next few years too. The strong performance is due to a number of factors:

- The country benefits from a high degree of affluence and saw good economic performance, avoiding recession during the global economic downturn in 2009 showing the country's resilience. Presently through the current COVID-19 pandemic and oil price decline volatility, the retail performance has resumed after the easing of the lockdown period and retail has picked up immediately. There has been a short-term standstill of business; however, we assume so long as the pandemic does not persist, that retail will remain strong as it was prior to the pandemic.
- Retailing also benefited from the country's young population, with majority of indigenous Saudis being aged below 25-35 years old.
- Due to the conservative nature of Saudi society, there are few entertainment options, with many consumers thus opting to socialise in shopping areas and regard shopping as a leisure pursuit.



A major factor driving growth for retailing was the strong development of shopping areas, with air-conditioned outlets housing a wide range of grocery and non-grocery items and offering comfortable shopping environments. The strong expansion of modern retailing formats meant that hypermarkets, convenience stores and supermarkets continue to expand. In rural areas/open areas, there was a strong demand for chained forecourt retailers. These channels offer air conditioning, parking and a wide range of products alongside frequent price promotions. There continues to be a marked shift from traditional to modern grocery retailing.

Retailers will continue to focus on their market share and will be highly selective when opening new stores and it appears the successful developments will continue their lofty status and it may be fair to say there will continue to be a large gap between prime retail and secondary retail locations.

In summary, the KSA retail sector in the short-to-medium term subject to the quantified easing of the lockdown and flexibility, we may witness a protracted period of lower consumer appetite for shopping due to the health concerns and social distancing rules. It appears market performance in retail market remains disjointed in the year to Q4 2019, where regional/ super-regional mall average rents remained stable along with the vacancy rates remained stable too. Whilst average community malls/Grade B rents fell by 4-6% due to the competition and the further excessive supply due on the market in the period ahead and the trend for vacancy rate appears to increase too.

Accordingly, the retail sector looks set to continue its strong performance as mentioned previously so long as KSA overcomes the current health crisis, although should the COVID-19 crisis persist, then the retail sector will be affected and therefore a review needs to take place in the near future. Equally should KSA overcome the current health crisis successfully in the short term, then we expect strong sales and turnover is expected to steadily rise. It appears that there is undoubtedly a stable appetite for commercial retail property investment which provides a relatively secure, stable and good yielding asset for investors, although the market volatility remains high due to extraordinary times the world is facing. As mentioned above too a watching brief should be kept on the economy due to uncertain and strange times.

2.15 VALUATION UNCERTAINTY

This valuation has been undertaken against a background of significant levels of Market volatility is one of the main reasons of Valuation uncertainty in the real estate market in the Kingdom and within the GCC region given the dramatic changes in markets in current oil price slump and other factors too. We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations. Given the current uncertainties it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature. The current shortage of

transaction, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis. The RICS valuation standards consider it essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations. We further state that given the valuation uncertainty stated above our valuation represents our impartial calculated opinion / judgement of the properties, based on relevant market data and perceptions as at the date of valuation.

The client is advised that whilst all reasonable measures have been taken to supply as accurate a valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place

The client is also recommended to consider the benefits in such a market, of having more frequent valuations to monitor the value of the subject property.

2.16 DISCLAIMER

In undertaking and executing this assignment, an extreme care and precaution has been exercised. This report is based on information provided by the Client. Values will differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc. It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.

2.17 CONCLUSION

This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the Client.

No part of this report may be reproduced either electronically or otherwise for further distribution without our prior and written consent. We trust that this report and valuation fulfils the requirement of your instruction. This report is issued without any prejudice and personal liability.

For and on Behalf of, **ValuStrat.**



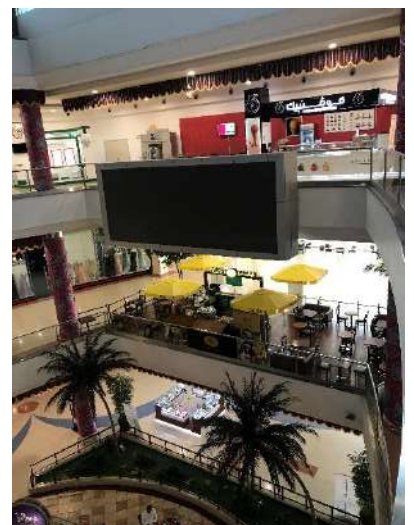
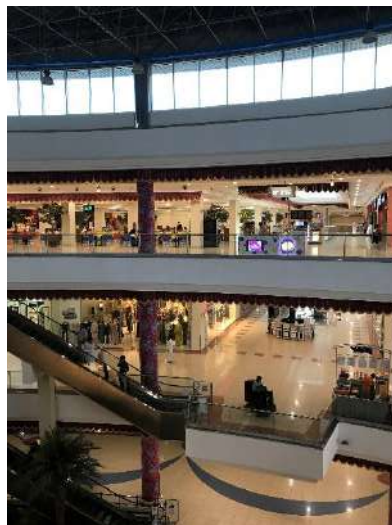
Mr. Ramez Al Medlaj (Taqeem
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Valuation Manager - Real Estate

Mr. Yousuf Siddiki (Taqeem Member
No. 1210001039)
Director - Real Estate, KSA

Private & Confidential

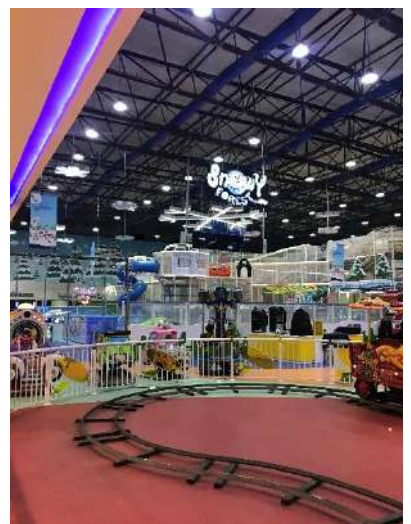
Saudi Bonyan Company, Riyadh, KSA – December 2021

APPENDIX 1 - PHOTOGRAPHS



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Saudi Bonyan Company, Riyadh, KSA – December 2021



Appendix - 2: DCF Extract

DISCOUNTED CASH FLOW (DCF) - EXTRACT											
AL RASHID MALL - JIZAN				Valuation Date: 30 June 2022							
Al Rawdah District, Jizan, KSA											
Tenure:	Freehold										
Growth Rate	2.5%										
Void Costs	10% of All Voids										
Year	1	2	3	4	5	6	7	8	9	10	Exit Value
Gross Revenue (Rental)	37,764,971	38,709,095	39,676,823	40,668,743	41,685,462	42,727,598	43,795,788	44,890,683	46,012,950	47,163,274	
Full Rental Value	37,764,971	38,709,095	39,676,823	40,668,743	41,685,462	42,727,598	43,795,788	44,890,683	46,012,950	47,163,274	
Occupancy	66%	80%	85%	85%	85%	85%	85%	85%	85%	85%	
Gross Current Rent	24,776,640	30,967,276	33,725,299	34,568,432	35,432,643	36,318,459	37,226,420	38,157,081	39,111,008	40,088,783	
Less : Operational Expenses											
Payroll & Employee Benefits	2.5%	2,853,086	2,924,413	2,997,523	3,072,461	3,149,273	3,228,005	3,308,705	3,391,423	3,476,208	3,563,113
General & Administration	2.5%	937,155	960,583	984,598	1,009,213	1,034,443	1,060,304	1,086,812	1,113,982	1,141,832	1,170,378
Utilities	2.5%	1,739,634	1,783,125	1,827,703	1,873,396	1,920,231	1,968,237	2,017,443	2,067,879	2,119,576	2,172,565
Security	2.5%	3,488,385	3,575,594	3,664,984	3,756,609	3,850,524	3,946,787	4,045,457	4,146,593	4,250,258	4,356,514
Marketing Expenses	2.5%	423,449	434,035	444,886	456,008	467,408	479,094	491,071	503,348	515,931	528,830
Repair & Maintenance	2.5%	1,669,601	1,711,341	1,754,125	1,797,978	1,842,927	1,889,001	1,936,226	1,984,631	2,034,247	2,085,103
Total Operational Expenses	15.0%	11,111,310	11,389,093	11,673,820	11,965,665	12,264,807	12,571,427	12,885,713	13,207,856	13,538,052	13,876,503
Void Costs		1,298,833	774,182	595,152	610,031	625,282	640,914	656,937	673,360	690,194	707,449
Net Current Rent		12,366,497	18,804,002	21,456,327	21,992,735	22,542,554	23,106,117	23,683,770	24,275,865	24,882,761	25,504,830
Present Value of Net Rent		11,091,029	15,125,180	15,478,568	14,229,177	13,080,633	12,024,798	11,054,186	10,161,920	9,341,675	8,587,639
											95,418,208

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Valuation Report

AL RASHID MEGA MALL, MADINAH, KSA

SAUDI BONYAN REIT / SAUDI FRANSI CAPITAL

REPORT ISSUED 24 JULY 2022

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1 EXECUTIVE SUMMARY

THE EXECUTIVE SUMMARY AND VALUATION SHOULD NOT BE CONSIDERED OTHER THAN AS PART OF THE ENTIRE REPORT.

1.1 THE CLIENT

Saudi Fransi Capital
Muhammad Raza Rawjani, CFA
mrawjani@FransiCapital.com.sa

1.2 THE PURPOSE OF VALUATION

The valuation is for Saudi Bonyan REIT.

1.3 INTEREST TO BE VALUED

The below-mentioned property is the scope of this valuation exercise.

Description	Property Details
Name of Property	Al Rashid Mega Mall, Madinah
Total BUA	115,795.49 square meters
Land Title Deed No.	940110018381
Title Deed Date	1/4/1439
Land Area	63,531.92 sq. m
Owner	Bonyan Real Estate Fund Company
Location	Shadhah District, Madinah, KSA
Interest	Assumed Freehold Interest

Source: Client 2022

1.4 VALUATION APPROACH

We have undertaken the Discounted Cash Flow (DCF) analysis taking into consideration the latest tenancy schedule provided by the Client.

1.5 DATE OF VALUATION

Unless stated to the contrary, our valuations have been assessed as at the date of 30 June 2022.

The valuation reflects our opinion of value as at this date. Property values are subject to fluctuation over time as market conditions may change.



1.6 OPINION OF VALUE

Property Name	Full Rental Value	Exit Yield	Disc. Rate	Property Value (Rounded)
Al Rashid Mall - Madinah	*56,237,685 per annum	8.5%	10.5%	SAR 415,000,000

**Provided by client – assumed to be correct and accurate (refer to the tenancy schedule at the appendices section). Should this not be the case, we reserve the right to amend our valuation and this report.*

The executive summary and valuation should not be considered other than as part of the entire report. The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's marketplace.

1.7 SALIENT POINTS (GENERAL COMMENTS)

Whilst most global markets remain disrupted along with the effects of the extraordinary market conditions over the past two plus years through the COVID-19 pandemic, it appears the KSA economy appears stable and strong within a recovery mode on the back of higher oil demand and private consumption along with KSA's Vision 2030 looks to diversify the economy away from oil through focusing on direct foreign investment, tourism and the increase of locals in the workforce.

The cost of risk is also likely to stay elevated in 2022 reflecting the volatile global health situation, high inflation and rising interest rates, etc.

The real estate traditional determinants of location and value for money continue to be a key success influencing property and accommodation preference though investors in KSA are also no less sensitive to asset classes and the location of property providing investor expectations and stable long-term income for portfolios and funds. Equally, strong investor appetite remains for 'best in class / 'Institutional Asset Class – Grade A' / good quality property providing long term income.

With all positive activity and investment by the government creating opportunities through projects across the Kingdom's Vision 2030 and through the creation of the Giga projects has meant a stable KSA economy with positive outlook going forward throughout 2022 and beyond.

We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect.

We confirm that on-site measurement exercise was not conducted by ValuStrat, and we have relied on the site areas provided by the Client. In the event that the areas of the property and site boundary prove erroneous, our opinion of Market Value may be materially affected, and we reserve the right to amend our valuation and report.

We have assumed that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and good title can be shown. For



the avoidance of doubt, these items should be ascertained by the client's legal representatives.

ValuStrat draws your attention to any assumptions made within this report. We consider that the assumptions we have made accord with those that would be reasonable to expect a purchaser to make.

We are unaware of any adverse conditions which may affect future marketability of the subject commercial property. It is assumed that the subject property is freehold and is not subject to any rights, obligations, restrictions and covenants.

This report should be read in conjunction with all the information set out in this report, we would point out that we have made various assumptions as to tenure, town planning and associated valuation opinions. If any of the assumptions on which the valuation is based is subsequently found to be incorrect, then the figures presented in this report may also need revision and should be referred back to the valuer.

Note that property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale.

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

This executive summary and valuation should not be considered other than as part of the entire report.

2 VALUATION REPORT

2.1 INTRODUCTION

Thank you for the instruction regarding the subject valuation services.

We ('ValuStrat', which implies our relevant legal entities) would be pleased to undertake this assignment for Bonyan REIT / Saudi Fransi Capital ('the client') of providing valuation services for the property mentioned in this report subject to valuation assumptions, reporting conditions and restrictions as stated hereunder.

2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

Description	Property Details
Name of Property	Al Rashid Mega Mall, Madinah
Total BUA	115,795.49 square meters
Land Title Deed No.	940110018381
Title Deed Date	1/4/1439
Land Area	Part of 63,531.92 sq. m
Owner	Bonyan Real Estate Fund Company
Location	Shadhah District, Madinah, KSA
Interest	Assumed Freehold Interest

Source: Client 2022

2.3 PURPOSE OF VALUATION

The valuation is for Saudi Bonyan REIT.

2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Taaqem Regulations (Saudi Authority for Accredited Valuers) in conforming with International Valuations Standards (IVS) 2022.

It should be further noted that this valuation is undertaken in compliance with generally accepted valuation concepts, principles and definitions as promulgated in the IVSCs International Valuation Standards (IVS) as set out in the IVS General Standards, IVS Asset Standards, and IVS Valuation Applications.



2.5 BASIS OF VALUATION

2.5.1 MARKET VALUE

The valuation of the subject property, and for the above stated purpose, has been undertaken on the **Market Value** basis of valuation in compliance with the above-mentioned *Valuation Standards* as promulgated by the IVSC and adopted by the RICS. **Market Value** is defined as: -

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

The definition of **Market Value** is applied in accordance with the following conceptual framework:

“The estimated amount” refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. *Market value* is the most probable price reasonably obtainable in the market on the *valuation date* in keeping with the *market value* definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of *special value*;

“an asset should exchange” refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the *valuation date*;

“on the valuation date” requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the *valuation date*, not those at any other date;

“between a willing buyer” refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute “the market”;

“and a willing seller” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for



the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

“in an arm’s-length transaction” is one between parties who do not have a particular or special relationship, e.g. parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of *special value*. The *market value* transaction is presumed to be between unrelated parties, each acting independently;

“after proper marketing” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the *market value* definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the *valuation date*;

‘where the parties had each acted knowledgeably, prudently’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the *valuation date*. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the *valuation date*, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

‘and without compulsion’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm’s length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible.



Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

2.5.2 VALUER(S)

The Valuer on behalf of ValuStrat, with responsibility of this report is Mr. Ramez Al Medlaj (Taqeem Member) having sufficient and current knowledge of the Saudi market and the skills and understanding to undertake the valuation competently.

Also Mr. Ramez Al Medlaj (Taqeem Member) who is a local Arabic specialist having knowledge, skills and understanding of the market and valuation.

We further confirm that either the Valuer or ValuStrat have no previous material connection or involvement with the subject of the valuation assignment apart from this same assignment undertaken.

2.5.3 STATUS OF VALUER

Status of Valuer	Survey Date	Valuation Date
External Valuer	*28 June 2022	30 June 2022

**The inspection was external and visual in nature only.*

2.6 EXTENT OF INVESTIGATION

In accordance with instructions received we have carried out an external and internal inspection of the property. The subject of this valuation assignment is to produce a valuation report and not a structural / building or building services survey, and hence structural survey and detailed investigation of the services are outside the scope of this assignment. We have not carried out any structural survey, nor tested any services, checked fittings of any parts of the property.

Our previous inspection was limited to the visual assessment of the subject property's basement, ground floor, first floor & second floor areas including its stores/shops, supermarket, entertainment halls, restaurants, coffee shops and facilities.

For the purpose of our report, we have expressly assumed that the condition of any un-seen areas is commensurate with those which were seen. We reserve the right to amend our report should this prove not to be the case.

2.7 SOURCES OF INFORMATION

For the purpose of this report, it is assumed that written information provided to us by the Client is up to date, complete and correct in relation to title, planning consent



and other relevant matters as set out in the report. Should this not be the case, we reserve the right to amend our valuation and report.

2.7.1 VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:

The subject property is valued under the assumption of property held on a *Private interest* with the benefit of trading potential of existing operational entity in possession;

Written information provided to us by the Client is up to date, complete and correct in relation to issues such as title, tenure, details of the operating entity, and other relevant matters that are set out in the report;

That no contaminative or potentially contaminative use has ever been carried out on the site;

We assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoings, restrictions or other encumbrances. Information regarding tenure and tenancy must be checked by your legal advisors;

This subject is a valuation report and not a structural/building survey, and hence a building and structural survey is outside the scope of the subject assignment. We have not carried out any structural survey, nor have we tested any services, checked fittings or any parts of the structures which are covered, exposed or inaccessible, and, therefore, such parts are assumed to be in good repair and condition and the services are assumed to be in full working order;

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that such investigations would not disclose the presence of any such material to any significant extent;

That, unless we have been informed otherwise, the property complies with all relevant statutory requirements (including, but not limited to, those of Fire Regulations, By-Laws, Health and Safety at work);

We have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building. We would recommend that the client makes their own enquiries in this regard; and the market value conclusion arrived at for the property reflect the full contract value and no account is taken of any liability to taxation on sale or of the costs involved in effecting the sale.



2.8 PRIVACY/LIMITATION ON DISCLOSURE OF VALUATION

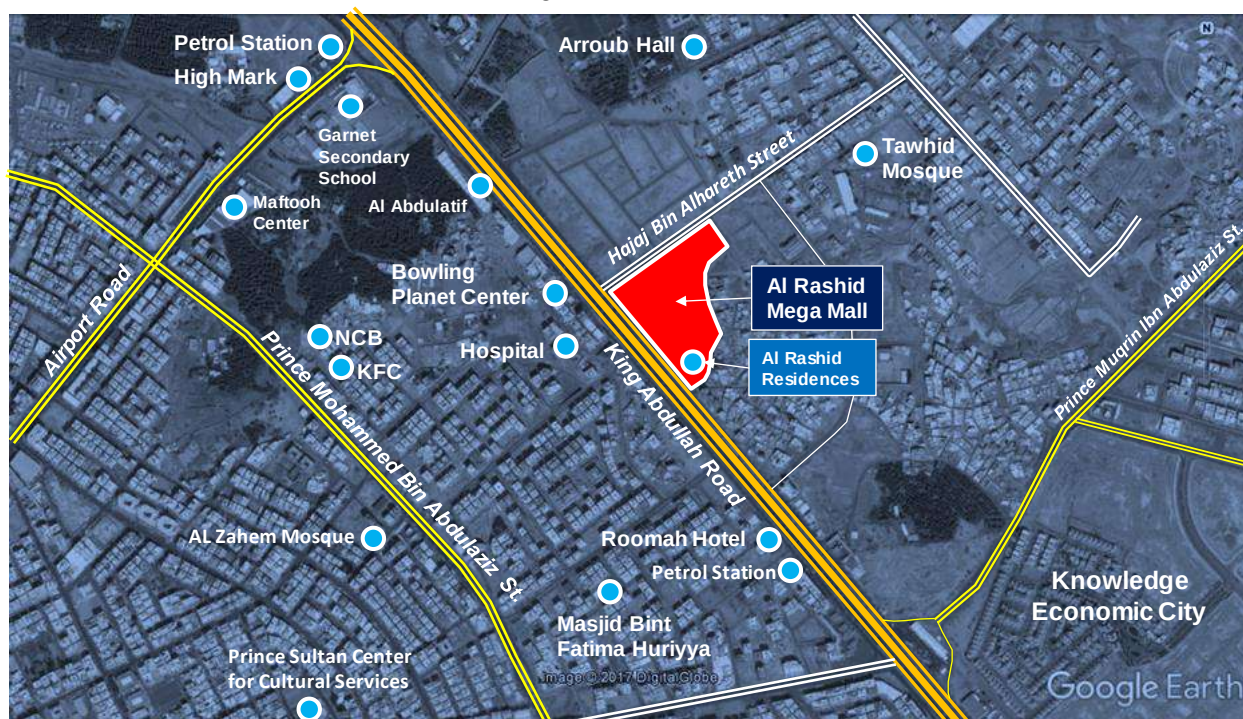
This valuation is for the sole use of the named Client. This report is confidential to the Client, and that of their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorised.

2.9 DETAILS AND GENERAL DESCRIPTION

2.9.1 LOCATION OF PROPERTY

The subject property, commonly known as “Al Rashid Mega Mall”, is located within Shadhah District, Madinah, Kingdom of Saudi Arabia. It is situated at the east corner of King Abdullah Road and Hajaj Bin Alhareth Street and approximately 1.20 kilometers northwest of Knowledge Economic City.

For ease of reference, refer to the illustration below showing the subject property and its immediate neighborhood & environs.



Source: Google Extract 2022 - For Illustrative Purposes Only

Furthermore, Al Rashid Mega Mall is also situated about 4.40 kilometers northeast of Al Masjid An-Nabawi and approximately 10 kilometers southwest of Prince Mohammed Bin Abdulaziz International Airport.

It is located in an area where land utilization is a mix of commercial and residential use especially with the planned development of the nearby Knowledge Economic City.

The property is easily accessible to the rest of Madinah City thru the fronting King Abdullah Road, a major circumferential road in Madinah which intersects to other major city thoroughfares thereby connecting to important landmarks such as the Al Masjid An-Nabawi, Prince Mohammed Bin Abdulaziz International Airport, bus stations, train stations, etc.

For ease of reference, refer to the illustration below.



Source: Google Extract 2022 - For Illustrative Purposes Only

2.9.2 MADINAH CITY

Madinah is a city in western Saudi Arabia. In the city center, the vast Al-Masjid an-Nabawi (Prophet's Mosque) is a major Islamic pilgrimage site.

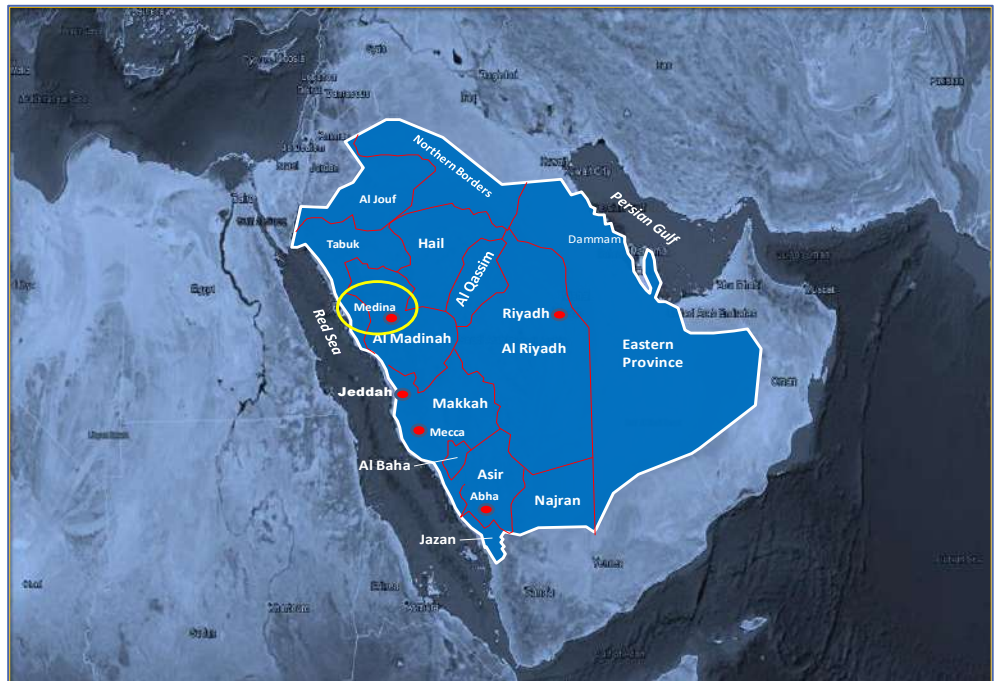


Its striking Green Dome rises above the tombs of the Prophet Muhammad and early Islamic leaders Abu Bakr and Umar.

The Masjid al-Qiblatain (Qiblatain Mosque) is known as the site where the Prophet Muhammad received the command to change the direction of prayer to Mecca.

Madinah is situated about 150 kilometers east of the Red Sea; approximately 700 kilometers west of Riyadh, the Capital City of the Kingdom of Saudi Arabia; and about 330 kilometers & 340 kilometers north of Jeddah & the holy city of Mecca, respectively.

The below map of Saudi Arabia (on the succeeding page) shows the location of Madinah in relation to the Kingdom.



Source: Google Map Extract 2022 - For Illustrative Purposes Only.

2.9.3 DESCRIPTION & SHOPPING MALL COMPONENTS

The shopping mall consists of 311 retail line shops, anchors and sub-anchors along with a combination of ATM's & Kiosks.

As mentioned above, the property is a commercial shopping mall known as "Al Rashid Mega Mall" located within Shadhash District, Madinah, Saudi Arabia.

It is a three-level with basement structure built mainly of reinforced concrete and steel frame. Architectural finishes consist of glass and aluminum cladding exterior wall, plastered and painted interior walls, glass partition wall, acoustic and painted ceiling and mostly granite tiles flooring.

Mall facilities consist of escalators, elevators, centralized air conditioning system, firefighting with sprinklers & alarm system, and security with CCTV cameras. The aforesaid mega mall has a total of 311 shops which includes a Carrefour hyper market; international branded anchor stores such as H&M, Paris Gallery, Iconic, Home Center, Home Box, Center Point etc.; and diverse entertainment halls like fun city, ice-skating, kids' theater, and football playground.

Likewise, it has more than 30 restaurants, various coffee shops and ATM machines. Al Rashid Mega Mall has a total built-up area of 115,795.49 square meters with about 2,000 parking spaces. Based on information provided, it was built circa year 1435H.

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2.9.4 TENANCY MIX & MALL LAYOUT (PROVIDED BY CLIENT)

Basement



Ground Floor



The mall is well represented with the following strong brands (amongst others):

Anchors & Sub-anchors		
Home Centre	City Max	Splash
Defacto	Paris Gallery	Blanco
H&M	NEXT	Starbucks
Carrefour	ICONIC	Lifestyle

Food Court occupiers include:

F & B		
McDonalds	Pizza Hut	Texus
Subway	Applebee's	AlBaik
Steak house	Kudu	Cinnabon
Hardees	Canton	Cone Zone
Burger King	KFC	Buskin Robbins

2.10 ENVIRONMENT MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination.

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property.

We have not carried out any investigation into past or present use, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject property from the use or site and have therefore assumed that none exists.

However, should it be established subsequently that contamination exists at the property or on any neighbouring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.



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Details	
Area	Based on the document supplied by the client, the total land area of the property is 63,531.92 sq. m with a total built-up area of 115,795.49 sq. m.
Topography	Generally, the property is regular in shape and on a level terrain.
Drainage	Assumed available and connected.
Flooding	ValuStrat's verbal inquiries with local authorities were unable to confirm whether flooding is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not flood prone. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known flooding in this area.
Landslip	ValuStrat's verbal inquiries with local authorities were unable to confirm whether land slip is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not within a landslip designated area. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known landslip in this area.

2.10.1 TOWN PLANNING

Neither from our knowledge nor as a result of our inspection are, we aware of any planning proposals which are likely to directly adversely affect this property.

In the absence of any information to the contrary, it is assumed that the existing use is lawful, has valid planning consent and the planning consent is not personal to the existing occupiers and there are no particular onerous or adverse conditions which would affect our valuation.

In arriving at our valuation, it has been assumed that each and every building enjoys permanent planning consent for their existing use or enjoys, or would be entitled to enjoy, the benefit of a "Lawful Development" Certificate under the Town & Country Planning Acts, or where it is reasonable to make such an assumption with continuing user rights for their existing use purposes, subject to specific comments.

We are not aware of any potential development or change of use of the property or properties in the locality which would materially affect our valuation.

For the purpose of this valuation, we have assumed that all necessary consents have been obtained for the subject property referred within this report. Should this not be the case, we reserve the right to amend our valuation and report.

2.10.2 SERVICES

The property referred within this report is connected to mains electricity, water, drainage, and other municipality services.

It should be borne in mind that electrical requirements and testing standards have become more stringent in recent years and that the system requires annual inspection, testing and upgrading according to Saudi Electrical Standards. We have not been provided a test certificate and a valid certificate from the owners and should



be requested by the client or owners need to satisfy themselves they are complying with Saudi Electrical Standards.

According to Civil Defence regulations in Saudi Arabia known as the Civil Defence system released by Royal Decree No. M/10 on 05-10-1406, corresponding to 20-01-1986]; firefighting system(s) must be in place providing protection to both people, public and private properties.

For the purpose of this valuation exercise, we assume all necessary consents are in place for Civil Defence regulations.

2.11 TENURE/TITLE

Unless otherwise stated we have assumed the freehold title is free from encumbrances and that Solicitors' local searches and usual enquiries would not reveal the existence of statutory notices or other matters which would materially affect our valuation.

We are unaware of any rights of way, easements or restrictive covenants which affect the property; however, we would recommend that the solicitors investigate the title in order to ensure this is correct.

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation.

This should be confirmed by your legal advisers. We have assumed the subject property is on freehold basis. Should this not be the case we reserve the right to amend our valuation and this report.

Description	Property Details
Name of Property	Al Rashid Mall, Madinah
Total BUA	115,795.49 square meters
Land Title Deed No.	940110018381
Title Deed Date	1/4/1439
Land Area	Part of 63,531.92 sq. m
Owner	Bonyan Real Estate Fund Company
Location	Shadhah District, Madinah, KSA
Interest	Assumed Unencumbered Freehold Interest

Source: Client 2022

NB: All aspects of tenure/title should be checked by the client's legal representatives prior to exchange of contract/drawdown and insofar as any assumption made within the body of this report is proved to be incorrect then the matter should be referred back to the valuer in order to ensure the valuation is not adversely affected.



2.11.1 OCCUPATIONAL TENANCY(S)

We have been provided the tenancy schedule for the subject property indicating unit types, tenants, lease duration, annual rents, etc. Below is a summary of the said tenancy schedule:

Summary of Rent Roll	Amount (SAR)
Current Active Contracts (2020)	47,573,905 p.a.
Recently Terminated Contracts (New Vacancies) & Vacancies	8,663,780
Total Gross Rental	56,237,685 p.a.
Total GLA (square meters)	48,500

Source: Client 2022

Likewise, we have also been provided with a sample of the individual lease documentation in respect of the occupational interests within the subject property which appear to be standard lease agreements.

For the purpose of this valuation, we have assumed that no onerous conditions exist in these agreements. Should legal advisers discover adverse matters, we reserve the right to review our valuation and this report. We have cross referenced the lease documentation with the tenancy schedules provided and confirm that the majority of the information contained with the lease schedules concurs with the lease agreement documentation provided.

For the purpose of this valuation, we have explicitly assumed that the tenancy schedule provided is correct and the actual data. Should this not be the case, we reserve the right to amend our valuation and report.

2.12 METHODOLOGY & APPROACH

In determining our opinion of Market Value for the freehold interest in the subject property we have utilized the Discounted Cash Flow (DCF) analysis for income generating property taking into consideration the existing tenancy schedule provided by the client.

2.12.1 DISCOUNTED CASH FLOW (DCF) APPROACH

The subject property falls into a broad category of investment property with the prime value determinant being the property's ability to generate rentals and rental growth through the ongoing letting and reasonable maintenance.

In determining our opinion of Market Value of the subject property we have utilized the Investment Approach utilizing a Discounted Cash Flow technique.

Discounting Cash Flow analysis is defined in the International Valuation Standards as a financial modelling technique based on explicit assumptions regarding the prospective cash flow of the property.



This analysis involves the projection of a series of periodic cash flows a property is anticipated to generate, additionally giving regard to the frequency and timing of associated development costs, contingency allowances etc. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the property.

The DCF approach involves the discounting of the projected net cash flow on a yearly basis over the explicit cash flow period. In the case of the subject compounds the cash flow has been projected over a 10-year period reflecting a market practice for cash flows reflecting the property.

The cash flow is discounted back to the date of valuation at an appropriate rate to reflect risk in order to determine the Market Value of both properties. The rental income being capitalised and discounted in the cash flow refers to net rental income, that is, the income stream.

The future values quoted for property, rents and costs are projections only formed on the basis of information currently available to us on the date of valuation and are not representations of what the value of the property will be as at a future date.

2.12.2 MARKET RENTS

Sales or rental evidence for similar properties within Madinah are not readily available or transparent due to the nature of the property market within the Kingdom of Saudi Arabia.

Much if not all of the evidence is anecdotal, and this limitation may place on the non-reliability of such information and impact on values reported.

The Client has provided us a copy of the latest Tenancy Schedule of the Al Rashid Mall - Madinah showing a Gross Rental Revenue of SAR 53,868,642 per annum. We have assumed the said information complete, accurate and updated Should this not be the case, we reserve the right to amend our valuation and this report. We have further assumed that the tenants are in a position to renew on their renewal dates.

2.12.3 CURRENT MALL RENTAL VALUES

Rental rates for shops located inside malls observe different dynamics influenced by various factors. The shop's accessibility, visibility, proximity to high trade area (anchors), size and the brand reputation are some of the factors.



Retail Type	Range (SAR per sq. m)
Anchor	200 - 800
*Line Retail	1000 – 4,000
^Kiosks (Fixed Rate Range)	80,000 – 200,000
ATM (Fixed Rate Range)	85,000 – 300,000
F&B Food Court	990 – 7,000
Entertainment	300 - 550

Source: Client & ValuStrat Analysis 2021-22

*Line Retail – divided by normal, mid and low retail.

^Kiosks – divided by entrance, lower and upper areas

The above-mentioned rates appear to be within market benchmarks given the status of Al Rashid Mega Mall, Madinah of a super-regional mall status.

2.12.4 ASSUMPTIONS & COMMENTARY

The commercial shopping mall has been assessed as an investment property subject to the tenancy schedule provided by the client and any assumptions made by ValuStrat within market benchmarks.

ValuStrat has made certain assumptions and adjustments based on their experience in valuing typical shopping malls in Madinah and KSA taking cognisance of the surrounding developments within the property which will ultimately form part of.

This was done in an attempt to forecast our interpretation of performance of the shopping mall over the 10-year explicit cash flow period.

In this instance, we have adopted the following rates:

Components	Comments/Assumptions
Lease/Rental Income	We have assumed that each tenancy agreement contains no onerous terms & conditions and are easily renewable. No copies of leases were provided; however, your legal advisers should check and advise. Consequently, should there be onerous conditions, we reserve the right to amend our valuation and this report.
Occupancy	85% (Yr. 1), and 95% throughout the cash flow period but 85% in Yr.10.
Operational Cost	Refer to the table below provided by the Client and is increased by 2.5% yearly in line with market benchmarks.
Growth Rate	2.5% (In line with agreed tenancy schedules provided). We assume information provided is correct and accurate.

2.12.5 OPERATIONAL COST

The below information was provided by the client which we assumed to be complete, correct and updated. Should this not be the case, we reserve the right to amend our valuation and this report. In line with market benchmark the operational cost has been increased by 2.5% year on year:



Details of Operational Cost	Amount (SAR)
- Salaries & Payroll Benefits	4,549,828
- G & A Expenses	968,142
- Utilities Expenses	2,079,314
- Security Expenses	5,324,921
- Marketing Expenses	230,044
- Maintenance Expenses	1,936,071
Total (SAR)	15,088,320

2.12.6 GROWTH RATE

We applied an average growth rate of 2.5% per annum in line with tenancy schedules provided by the client. Despite the current subdued market conditions, it appears the retail sector is considered to be attractive to investors in the current market conditions considering the retail sector is generally booming in KSA.

The historic strength of retail and significant growth in the past few years has meant fairly attractive yields and with the continuance of current stable retail demand but slower growth, it has meant in the short-term mild hardening of yields with a medium-term period of slightly softening of yields; hence providing a stable investor expectation.

Accordingly, in the foreseeable future the subject appears to provide a stable investment subject to ongoing maintenance, upkeep of the property and to provide yield stability with the Real Estate sector generally follows the fortunes of the greater economy.

2.12.7 DISCOUNT RATE, EXIT YIELD & VALUATION COMMENTARY

The discount rate reflects the return required to mitigate the risk associated with the particular investment type in question; therefore, echoes the opportunity cost of capital. To this we have to add elements of market risk and property specific risk. The market risk comes in the form of; inter alia, potential competition from existing and latent supply.

Market risk will also reflect where we are in the property cycle and more importantly the location. The subject property is located in a commercial area which will eventually be highly urbanized due to the development of the nearby Knowledge Economic City. Hence and for the purpose of our valuation calculations, we have adopted a discount rate of 10.5%.

The exit yield is a resultant extracted from transactional evidence in the market; however, due to anecdotal evidence and limited market activity we have had to rely on anticipated investor expectations from typical property investments. These typically vary between 8.25% to 8.75%, depending on the quality of the property,



length of the leases and the location. Based on the above criteria we are of the opinion that a fair exit yield for the subject property is 8.5%.

Both discount rate & exit yield in this case show a marginal difference between each other due to the low risk even though large of property. The subject mall dominates a strong status in Madinah securing a high percentage of the market share due to its brand name as well as the high status of the Al Rashid family in Saudi Arabia. We have no doubt this status will continue and as well maintain the whole professional image of the mall. Al Hokair Group Entertainment have a strong bargaining position who is a strong branded owner in KSA and in order for a mall to operate successfully, it is generally accepted that Al Hokair must be located within KSA malls.

Many International markets around the globe rely on good strong covenant strength which has a significant impact on value. The local market does not rely or analyse records to the same extent as per international practices on company financial records. The company structures in KSA are backed by high-net-worth individuals who could be liable in the case of default. Given the circumstances, we would anticipate that investors would accept the current covenant strength of the present tenants and reflect any level of risk into an appropriate bid.

The subject mall is considered to be attractive to investors in the current market conditions considering the retail sector is generally booming previously and currently in KSA given the current plummeting market conditions in other sectors.

The subject mall is a premier mall with apparently waiting list to occupy the retail pitches which may result in rental in growth; hence allowing for investors to bid more aggressively on the initial yield.

The historic strength of the mall and the current strong demand, we consider that investors would offer in the region of 7% to 8% net initial yield for the mall.

2.12.8 VALUATION COMMENTARY

Whilst referring to this section, reference should also be made to the remainder part of this report collectively.

For the purpose of this valuation exercise, we have determined the tenancy schedule provided by the client as referred within this report at the appendices section. Accordingly, the gross combined rental as at date of valuation is SAR 56,237,685 per annum excluding operational expenses. We have assumed all tenancies will be renewed successfully in successive years.

All other assumptions refer above and have determined any tenancy agreements not all agreements were provided. It appears the contracted rents are broadly in line with the prevailing market conditions. Both discount rate and exit yield in this case show a marginal difference between each other due to the low risk even in time of uncertainty in KSA. The subject mall dominates a strong status in Madinah securing



a high percentage of the market share due to its brand names in the mall and good tenant mix and within a densely populated area.

We no doubt this status will continue and as well owners / management company will maintain the whole professional image of the mall. Many International markets around the globe rely on good strong covenant strength which has a significant impact on value. The local market does not rely or analyse records to the same extent as per international practices on company financial records.

The company structures in KSA are backed by high-net-worth individuals who could be liable in the case of default. Given the circumstances, we would anticipate that investors would accept the current covenant strength of the present tenants and reflect any level of risk into an appropriate bid.

The subject mall is considered to be attractive to investors in the current market conditions considering the retail sector is generally stable currently and historically shown in the past few years quick growth. Whilst in KSA currently market conditions showing uncertainties and limited/no growth and generally plummeting market conditions in other sectors.

The subject mall is a premier grade A mall with apparently as relayed by the client that there is waiting list to occupy the retail pitches which may result in rental in growth; hence allowing for investors to bid more aggressively on the initial yield. The historic strength of the mall and the current strong demand, we consider that investors would offer in the region of 7% to 8% net initial yield for the mall. From the analysis and market due diligence, it appears and is assumed that exit yields will be the same as the current initial yields. We anticipate this is a reasonable assumption to adopt as the market is a normal state (depressed) and would be expected to be considerably stronger at the point of exit.

Moreover, transactions of large shopping malls rarely are exposed to the market and are usually determined via private treaty negotiations. Equally, we are aware of some smaller transactions of retail centres/malls but cannot disclose details due to privacy and confidentiality reasons. We understand a number of small retails centres/malls have achieved net initial yields between 7% to 8%.

Factors such as occupational demand, liquidity, lot size and covenant strength are important verdicts for potential investors who consider purchasing Hayat Mall. Investors are often attracted to retail due to the high yields offered.

This is great for investors wanting an income-stream based investment over a long period. Global retail trends show investors in retail property accept the lowest yields. The report is based upon the information provided by the client, and we have assumed that the information with which we have been provided is substantially true, accurate and complete.

We have not independently verified the accuracy of the information supplied to us, although we have analysed the locations, tenancy schedule and limited management data.

We have concluded that, within the limits of our investigations, the information proved by the client is within reasonable expectations of retail property at the subject property location referred within this report.

We have undertaken inspections of the subject property and location in connection with this valuation and we have had regard to the property, location, trading style, performance and the local demographic and competitive environment plus key performance indices compared with other mall in the area and region. The subject mall referred within this report is subject to individual compliance requirements based on KSA regulations and we have assumed its compliance with current government legislation and all other local municipality registration requirements.

In reaching our opinion of the value, we have assumed that the subject property referred within this report will be professionally operated in perpetuity. In particular, we have assumed the owner will be able to professionally manage, repair and upgrade in heightened market competition.

We have also assumed that the trading position, financial and market conditions will not vary significantly during the stated cash flow period. In the event of future change, in the trading potential or actual level of trade from that indicated, the values reported can vary. Accordingly, we provide our valuation referred in the below section:

2.12.9 SUMMARY OF MARKET VALUE

The resultant value based upon the above variables/assumptions for the subject property is as follows (refer to DCF extract in the appendices section):

Property Name	Full Rental Value	Exit Yield	Disc. Rate	Property Value (Rounded)
Al Rashid Mall - Madinah	*56,237,685 per annum	8.5%	10.5%	SAR 415,000,000

**Provided by client. Refer to summary above at section 2.11.1.*

2.13 VALUATION

2.13.1 MARKET VALUE

ValuStrat is of the opinion that the Market Value of the freehold interest in the subject property referred within this report, as of the date of valuation, based upon the Discounted Cash Flow (DCF) Approach and assumptions expressed within this report, may be fairly stated as follows; Market Value (rounded and subject to details in the full report):

SAR 415,000,000 (Four Hundred Fifteen Million Saudi Arabian Riyals)

The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place.



We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations. Due to this shortage, it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature.'

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

Property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. It must be borne in mind that capital values can fall as well as rise.

The value provided in this report is at the top end of the range for properties of this location and character and will necessitate that the property be maintained to a good standard to maintain its value.

2.14 MARKET CONDITIONS SNAPSHOT

2.14.1 MARKET ASSESSMENT, TIMES OF UNCERTAINTY (COVID-19 PANDEMIC) & VALUATION COMMENTARY OVERVIEW

The past two plus years of extraordinary market conditions have made it difficult for investors to confidently assess changes in property prices. The COVID-19 recovery has meant higher energy prices, supply chain disruptions mean 2022 will be the year to repair global economy if possible.

The world is rapidly changing with ongoing structural shifts, population growth, urbanization, climate change and the digital revolution continue to profoundly impact our world and societies.

Though KSA has shown resilience with high oil price revenues and current budget of Q1 – 2022 showing surplus of SAR 57 billion and Public Investment Fund (PIF) – sovereign wealth fund going from strength to strength.

Since the lifting of travel bans, the KSA real estate market is in a healthy position with many analysts predicting a strong 2022 for real estate (vision 2023) with the positive activity and investment by the government unveiling a number of reforms, including recent facilitation of the tourism visa, where citizens of 49 countries are now able to apply e-visas and holders of Schengen, UK or US visas are eligible for visas on arrival.

Also, the government has now allowed the full foreign ownership of retail and wholesale operations along with previously opening up of the Tadawul Stock Market to foreign investment supported by current energy reforms, cutting subsidies, creating jobs, privatizing state-controlled assets and increasing private sector contribution to the country's economy, etc. With all the opportunities throughout the Kingdom and the creation of the Giga projects, there was an ambitious resilience which was suddenly shutdown overnight due to the initial lockdown period. With all the current uncertainty, market stagnation and short-term challenges whereby force majeure (as a result of the pandemic's cause beyond anyone's reasonable control) had created inactivity. As mentioned above the KSA market's ambitions and resilience, we understand investor sentiment remains strong as it was prior to the



pandemic and the KSA was on an upward course showing growth in the last quarter of 2019 after a period of subdued market conditions.

The current global crushing of liquidity in economies will have impact on markets and real estate market and this maybe the case with many economies across the globe; however, the KSA market has shown resilience in previous years through a period of downward trend (2016-18), a correction allowing for the market to bottom out with 2019 experiencing growth in the first quarter and subdued market conditions throughout 2019. The latter part of Q4 – 2019 saw positive growth with strong investor appetite, though the market lacking good quality stock. Now with the Saudi government confirming a stimulus package of SR 120 billion plus, we understand the market will bounce back with investors underlying strong appetite. This will delay any evidence in the short term of declining prices and with the government stimulus will assist any short-term losses on transactions, private and public funds, although will need to be sustained in the short-term.

The KSA real estate sector generally follows the fortunes of the greater economy and while the oil reserves were left off prior to the pandemic fairly strong, although currently a price war between major producers is adding to a growing supply glut, though this will help KSA once markets start normalizing again. The KSA economy remains stable and backed-by strong fundamentals of the KSA market (i.e. young growing population) and also the economic transformation plan transforming the Kingdom towards a service economy post-oil era.

In short, the pandemic was expected to be a short-term shock wave with an eventual surge of business activity leading to a rapid recovery either in the form of a “V-shape” or a more gradual recovery in the form of a “U-shape” bounce back. Accordingly, we expected the KSA market to surge in business over the course of 2021 and now 2022 allowing for markets to start flourishing towards long term sustainability in social trends and patterns along with socio-economic distancing in a growing cycle. On the other hand, should the global economic impact of the Coronavirus pandemic (COVID-19) outbreak persist and will be dependent on how long the virus lasts, how far it spreads and how much lock-down, public organizations quarantines disrupt the market. Indeed, the current response to COVID-19 means that we are faced with unprecedented set of circumstances on which to base judgement(s). There is strong evidence that real estate markets have sprung back to strong activity and growth fairly quickly as we are experiencing in the Kingdom of Saudi Arabia.

Equally, the short-term generally speaking we do not expect the current real estate market to show any small adjustment in prices/rates. The KSA real estate market is a developing market with much invested by the government in infrastructure projects, so we expect the government’s latest stimulus to preserve liquidity and for demand to hold having limited / no bearing on prices / rates.



2.14.2 MARKET CONDITIONS PRIOR TO THE PANDEMIC & THE KSA LOCKDOWN

Despite a new wave of infections (Variant Viruses) this year (2021), the roll out of vaccinations offers hope in controlling this disease and provide a path of recovery in sight along with recovery in oil price provides further impetus.

The Kingdom of Saudi Arabia (KSA) - world's largest exporter of crude oil, embarked four years (2016) ago on an ambitious economic transformation plan, "Saudi Arabia Vision 2030". In a hope to reduce its reliance on revenue from hydrocarbons, given the plummeting oil price revenues from 2014.

Through the current vision 2030 and in a post oil economy, KSA is adapting to times of both austerity measures and a grand ambitious strategy. With an overdue diversification plan Saudi Arabia's economic remodelling is about fiscal sustainability to become a non-dependent nation of oil. This is supported by current energy reforms, cutting subsidies, creating jobs, privatising state-controlled assets and increasing private sector contribution to the country's economy.

Despite economic headwinds, across the region, KSA has shown resilience through a period of subdued real estate market activity. The real estate sector generally follows the fortunes of the greater economy and whilst Saudi Arabia is undergoing structural reforms politically, economically and socially will transform the Kingdom towards a service economy post-oil era.

These changes along with significant amounts of investment - estimated to soon be over 1 trillion US dollars will create vast amounts of opportunities for the public and private sectors across all businesses segments.

The KSA economy in the first quarter of 2019 has relied on the current oil price rise to pull it out of recession; however, the previous 18-24 months, KSA faced a protracted spell of economic stress, much of which can be attributed to the falling oil prices coupled with regional political issues.

Oil prices starting to surge again around 65 dollars a barrel currently from under 30 dollars a barrel in early in 2016 which resulted in a crash in prices and the economy dipped into negative territory in 2017 for the first time since 2009, a year after the global financial crisis.

General consensus anticipates a piercing improvement in the Saudi economy in the period ahead (2021-2022), supported by both the oil and non-oil sector. So ultimately it appears the economy will still need to rely on oil revenues to bridge the gap in the short term with a budget deficit over the past 3 years and the Kingdom borrowing from domestic and international markets along with hiking fuel and energy prices to finance the shortfall. The economy slipped into recession in 2018 but returned to growth in 2019, albeit at the fairly modest level of 1.7%, according to estimates from the International Monetary Fund (IMF). However, the return to growth is mainly due to a return to increase in oil prices again and output which, in turn, is enabling an increase in government spending.



Accordingly, in the short term needs to rely on the oil revenue and this reliance is being channelled into public spending. The reforms that have been pushed through to date have led to important changes aiding the economy. The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce. Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars. A due enactment of law will encourage public-private partnerships to herald more foreign investment.

The economic transformation that the KSA has embarked upon is complex and multidimensional and will certainly take time to turn around a non-oil serviced economy, although there have been recent positive signs, but it will remain in the short term with the support of oil revenues.

On the other hand, the KSA was resilient in the previous recession in 2007/2008 on strong oil reserves and not only can the Saudi government be relied upon to step in to rescue troubled lenders, reliable institutions for procedural reasons but crucially, it can also afford to do so, although has suffered due to previous oil price declines and it has meant increased spending.

Vision 2030 to diversify the economy from reliance on oil, has only just commenced in previous years and with a young and increasingly well-educated population, together with its own sovereign wealth fund, the Kingdom has many favourable factors to become a leading service sector economy in the region. Reform efforts include a reduction of subsidies on fuel and electricity and the implementation of a 5 per cent VAT back on 01 January 2018 which increased to 15 per cent VAT as of 01 July 2020. The government is also striving to get women to play a greater role in the economy including recently allowing them to drive back in 2019. Wider reforms have been initiated by the government allowing for the entertainment industry to flourish with the opening of the first cinema in King Abdullah Financial District (KAFD) along with 4 VOX screens opening at Riyadh Park Mall. The cinema entertainment is spurred on by Public Investment Fund (PIF) in collaboration with AMC Cinemas and led by the Development and Investment Entertainment Company (DIEC), a wholly owned subsidiary of PIF. With an objective of 30 to 40 cinemas in approximately 15 cities in Saudi Arabia over the next five years, and 50 to 100 cinemas in about 25 Saudi cities by 2030.

As part of wider reforms to overhaul the economy and to allow for deep rooted diversification, the Public Investment Fund (PIF) have initiated plans to bolster the tourism / entertainment industry by forming ambitious plans such as the following:

Red Sea Tourism Project

To transform 50 islands consisting of 28,000 square kilometres along the Red Sea coastline into a global tourism destination. For ease of reference to illustration below showing the location in relation to the Kingdom of Saudi Arabia.

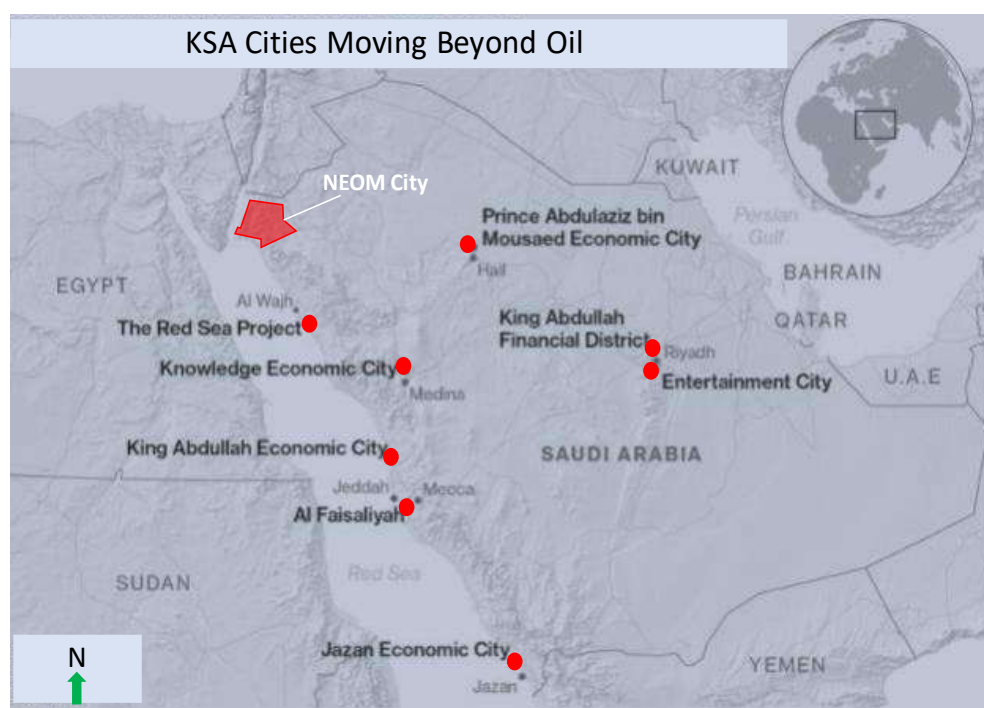


Al Faisaliyah Project

The project will consist of 2,450 square kilometres of residential units, entertainment facilities, an airport and a seaport. Refer to the below illustration for the location.

Qiddiya Entertainment City

Qiddiya Entertainment City will be a key project within the Kingdom's entertainment sector located 40 kilometres away from the center of Riyadh. Currently alleged for "The First Six Flags-branded theme park". The 334 square kilometre entertainment city will include a Safari Park too. The project will be mixed use facility with parks, adventure, sports, events and wild-life activities in addition to shopping malls, restaurants and hotels. The project will also consist around 4,000 vacation houses to be built by 2025 and up to 11,000 units by 2030. Again, for ease of reference refer to the below illustration for the location.

Neom City

The NEOM city project will operate independently from the "existing governmental framework" backed by Saudi government along with local and international investors. The project will be part of a 'new generation of cities' powered by clean energy. The ambitious plan includes a bridge spanning the Red Sea, connecting the proposed city to Egypt and stretch into Jordan too.

Economic Cities

The overall progress with the Economic Cities has been slow and projects on hold over the past 7-10 years, although KAFD has recently given the go ahead to complete by 2020. Within the Saudi Vision 2030 the governed referenced that they will work to "salvage" and "revamp".

Real Estate Growth

Overall ValuStrat research reveals that real estate sectors have continued to decline in both sales and rental values. We expect demand to remain stable due to fundamentals of a growing young population, reducing family size, increasing middle-class and a sizeable affluent population – all of which keeps the long-term growth potential intact.

Despite short term challenges, both investors and buyers remaining cautious, the Saudi economy has shown signs of ambition with the government unveiling a number of reforms, including full foreign ownership of retail and wholesale operations along with opening up of the Tadawul Stock Market to foreign investment as well as the reforms mentioned in the previous section referred above. As mentioned earlier, KSA experienced positive growth by oil price rise in the first quarter of 2021; hence the main driver of the recovery remains oil. Over 2021 we envisage the Kingdom's consumer outlook to be more favourable in economic conditions.

Moreover, tax on development land implemented in 2017/18 has kept the construction sector afloat, encouraging real estate developers. Adapting to a new KSA economic reality has been inevitable, although the Kingdom's oil dynamics remain pivotal for future development within the KSA 2030 economic vision plan. In latter part of 2017, the Public Investment Fund (PIF), Saudi Arabia's sovereign wealth fund set up a real estate refinancing company aimed at advancing home ownership in the Kingdom, which suffers from a shortage of affordable housing. This initiative will create stability and growth in the Kingdom's housing sector by injecting liquidity and capital into the market. Another plan to help kick start the real estate market by boosting the contribution of real estate finance to the non-oil GDP part.

The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016). The close ties with the construction, financing institutions and many others have provided crucial resources that contributed to the development of the Saudi economy. The real estate market performance in 2019/20 and the general trend in KSA for most sectors have remained subdued given lower activity levels, while prices have been under pressure across most asset classes leading to a gradual softening of rental and sale prices.

The real estate sector remains subdued, and prices may have bottomed out across sectors, and we expect in the medium to long term for the market to pick-up further growth given the reforms and transformation in KSA, although we expect the growth to be slow and steady subject to a stable political environment in KSA and across the region.

The outlook remains optimistic for the longer term due to the various KSA initiatives aimed at stimulating the real estate market whilst encouraging the private sector to play a key role in the transformation.



All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. Since the issuing of this report the KSA lockdown for the COVID-19 health crisis was lifted back on 21 June 2020 and the economy is now trying to get back to normalcy. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2022.

Property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. It must be borne in mind that both rental and capital values can fall as well as rise.

2.14.3 GENERAL RETAIL SUMMARY

The Kingdom of Saudi Arabia has experienced strong performance in retailing over the past few years and is expected to be stable over the next few years too. The strong performance is due to a number of factors:

- The country benefits from a high degree of affluence and saw good economic performance, avoiding recession during the global economic downturn in 2009 showing the country's resilience. Presently through the current COVID-19 pandemic and oil price decline volatility, the retail performance has resumed after the easing of the lockdown period and retail has picked up immediately. There has been a short-term standstill of business; however, we assume so long as the pandemic does not persist, that retail will remain strong as it was prior to the pandemic.
- Retailing also benefited from the country's young population, with majority of indigenous Saudis being aged below 25-35 years old.
- Due to the conservative nature of Saudi society, there are few entertainment options, with many consumers thus opting to socialise in shopping areas and regard shopping as a leisure pursuit.

A major factor driving growth for retailing was the strong development of shopping areas, with air-conditioned outlets housing a wide range of grocery and non-grocery items and offering comfortable shopping environments.

The strong expansion of modern retailing formats meant that hypermarkets, convenience stores and supermarkets continue to expand. In rural areas/open areas, there was a strong demand for chained forecourt retailers.

These channels offer air conditioning, parking and a wide range of products alongside frequent price promotions. There continues to be a marked shift from traditional to modern grocery retailing.

Retailers will continue to focus on their market share and will be highly selective when opening new stores and it appears the successful developments will continue their lofty status and it may be fair to say there will continue to be a large gap between prime retail and secondary retail locations.



In summary, the KSA retail sector in the short-to-medium term subject to the quantified easing of the lockdown and flexibility, we may witness a protracted period of lower consumer appetite for shopping due to the health concerns and social distancing rules.

It appears market performance in retail market remains disjointed in the year to Q4 2019, where regional/ super-regional mall average rents remained stable along with the vacancy rates remained stable too.

Whilst average community malls/Grade B rents fell by 4-6% due to the competition and the further excessive supply due on the market in the period ahead and the trend for vacancy rate appears to increase too.

Accordingly, the retail sector looks set to continue its strong performance as mentioned previously so long as KSA overcomes the current health crisis, although should the COVID-19 crisis persist, then the retail sector will be affected and therefore a review needs to take place in the near future. Equally should KSA overcome the current health crisis successfully in the short term, then we expect strong sales and turnover is expected to steadily rise.

It appears that there is undoubtedly a stable appetite for commercial retail property investment which provides a relatively secure, stable and good yielding asset for investors, although the market volatility remains high due to extraordinary times the world is facing. As mentioned above too a watching brief should be kept on the economy due to uncertain and strange times.

2.15 VALUATION UNCERTAINTY

This valuation has been undertaken against a background of significant levels of Market volatility is one of the main reasons of Valuation uncertainty in the real estate market in the Kingdom and within the GCC region given the dramatic changes in markets in current oil price slump and other factors too.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations.

Given the current uncertainties it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature. The current shortage of transaction, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis.

The RICS valuation standards consider it essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.



We further state that given the valuation uncertainty stated above our valuation represents our impartial calculated opinion / judgement of the properties, based on relevant market data and perceptions as at the date of valuation.

The client is advised that whilst all reasonable measures have been taken to supply as accurate a valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place.

The client is also recommended to consider the benefits in such a market, of having more frequent valuations to monitor the value of the subject property.

2.16 DISCLAIMER

In undertaking and executing this assignment, an extreme care and precaution has been exercised.

This report is based on information provided by the Client. Values will differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc.

It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.

2.17 CONCLUSION

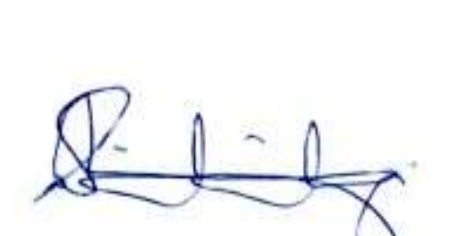
This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the Client.

No part of this report may be reproduced either electronically or otherwise for further distribution without our prior and written consent. We trust that this report and valuation fulfils the requirement of your instruction.

This report is issued without any prejudice and personal liability.

For and on Behalf of, **ValuStrat**.


Mr. Ramez Al Medlaj (Taqeem
Member No. 1210000320)
Valuation Manager – Real Estate


Mr. Yousuf Siddiki (Taqeem Member
No. 1210001039)
Director – Real Estate, KSA



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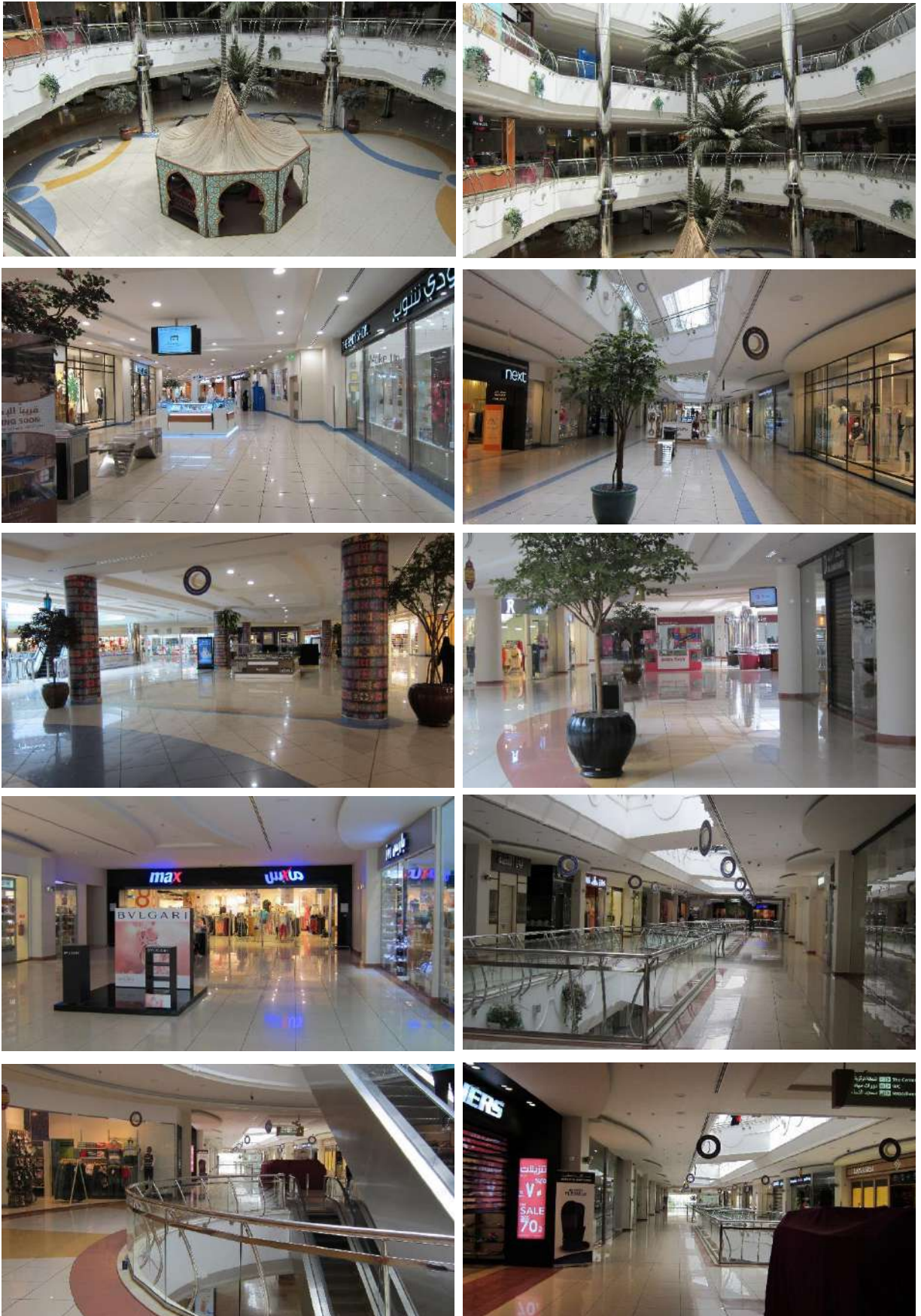
Saudi Fransi Capital, Riyadh, KSA – June 2022

APPENDIX 1 - PHOTOGRAPHS



Private & Confidential

Saudi Fransi Capital, Riyadh, KSA – June 2022



Appendix 2: DCF Summary Extract

DISCOUNTED CASH FLOW (DCF) EXTRACT											
AL RASHID MALL - MADINAH				Valuation Date: 30 June 2022							
Al Shadhah District, Madinah, KSA											
Tenure:	Freehold										
Growth Rate	2.5%										
Void Costs	10% of All Voids										
Year	1	2	3	4	5	6	7	8	9	10	Exit Value
Gross Revenue (Rental)	56,237,685	57,643,627	59,084,718	60,561,836	62,075,882	63,627,779	65,218,473	66,848,935	68,520,158	70,233,162	
Occupancy	85%	95%	95%	95%	95%	95%	95%	95%	95%	85%	
Gross Current Rent	47,573,905	54,761,446	56,130,482	57,533,744	58,972,088	60,446,390	61,957,549	63,506,488	65,094,150	59,698,188	
Less : Operational Expenses											
Payroll & Employee Benefits	2.5%	4,549,828	4,663,574	4,780,163	4,899,667	5,022,159	5,147,713	5,276,406	5,408,316	5,543,524	5,682,112
General & Administration	2.5%	968,142	992,346	1,017,154	1,042,583	1,068,648	1,095,364	1,122,748	1,150,817	1,179,587	1,209,077
Utilities	2.5%	2,079,314	2,131,297	2,184,579	2,239,194	2,295,173	2,352,553	2,411,367	2,471,651	2,533,442	2,596,778
Security	2.5%	5,324,921	5,458,044	5,594,495	5,734,358	5,877,717	6,024,660	6,175,276	6,329,658	6,487,899	6,650,097
Marketing Expenses	2.5%	230,044	235,795	241,690	247,732	253,925	260,273	266,780	273,450	280,286	287,293
Repair & Maintenance	2.5%	1,936,071	1,984,473	2,034,085	2,084,937	2,137,060	2,190,487	2,245,249	2,301,380	2,358,915	2,417,888
Total Operational Expenses	15.0%	15,088,320	15,465,528	15,852,167	16,248,471	16,654,683	17,071,050	17,497,826	17,935,272	18,383,653	18,843,245
Void Costs		866,378	288,218	295,424	302,809	310,379	318,139	326,092	334,245	342,601	1,053,497
Net Current Rent		31,619,207	39,007,699	39,982,892	40,982,464	42,007,026	43,057,201	44,133,631	45,236,972	46,367,896	39,801,446
Present Value of Net Rent		28,614,667	31,946,683	29,633,801	27,488,368	25,498,260	23,652,232	21,939,853	20,351,447	18,878,040	14,664,797
											172,527,028.8



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Private & Confidential

Valuation Report

AL RASHID STRIP MALL, RIYADH, KSA

Saudi Fransi Capital

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APPENDIX 1 – PHOTOGRAPHS

APPENDIX 2 – DCF EXTRACT



1 EXECUTIVE SUMMARY

THE EXECUTIVE SUMMARY AND VALUATION SHOULD NOT BE CONSIDERED OTHER THAN AS PART OF THE ENTIRE REPORT.

1.1 THE CLIENT

Saudi Fransi Capital
Muhammad Raza Rawjani, CFA
 E-mail. mrawjani@FransiCapital.com.sa

1.2 THE PURPOSE OF VALUATION

The valuation is required for Saudi Bonyan REIT.

1.3 INTEREST TO BE VALUED

The below-mentioned property is the scope of this valuation exercise:

Description	Property Details	
Property Name	Al Rashid Strip Mall	
No. of Commercial Shop(s)	7	
Built-up Area	4,595 sq. m	
Land Title Deed Number	310114039546	310114039547
Title Deed Date	5/3/1439	5/3/1439
Land Area	2,550 sq. m	2,550 sq. m
Total Land Area	5,100 sq. m	
Owner	Bonyan Real Estate Fund Company	
Location	An Narjis District, Riyadh, KSA	
Interest	Freehold	

Source: Client 2022

1.4 VALUATION APPROACH

We have undertaken the Discounted Cash Flow (DCF) analysis taking into consideration the rental income provided by the client.

1.5 DATE OF VALUATION

Unless stated to the contrary, our valuations have been assessed as at the date of 30 June 2022.

The valuation reflects our opinion of value as at this date. Property values are subject to fluctuation over time as market conditions may change.



1.6 OPINION OF VALUE

Property Name	Gross Rent	Exit Yield	Disc. Rate	Property Value (Rounded)
Al Rashid Strip Mall, Riyadh	*SAR 1,202,500 per annum	9.0%	11%	SAR 12,200,000

**Provided by client – assumed to be correct and accurate (refer to details in section 2.11.1 of this report). Should this not be the case, we reserve the right to amend our valuation and this report.*

The executive summary and valuation should not be considered other than as part of the entire report. The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's marketplace.

1.7 SALIENT POINTS (GENERAL COMMENTS)

Whilst most global markets remain disrupted along with the effects of the extraordinary market conditions over the past two plus years through the COVID-19 pandemic, it appears the KSA economy appears stable and strong within a recovery mode on the back of higher oil demand and private consumption along with KSA's Vision 2030 looks to diversify the economy away from oil through focusing on direct foreign investment, tourism and the increase of locals in the workforce.

The cost of risk is also likely to stay elevated in 2022 reflecting the volatile global health situation, high inflation and rising interest rates, etc.

The real estate traditional determinants of location and value for money continue to be a key success influencing property and accommodation preference though investors in KSA are also no less sensitive to asset classes and the location of property providing investor expectations and stable long-term income for portfolios and funds. Equally, strong investor appetite remains for 'best in class' / 'Institutional Asset Class – Grade A' / good quality property providing long term income.

With all positive activity and investment by the government creating opportunities through projects across the Kingdom's Vision 2030 and through the creation of the Giga projects has meant a stable KSA economy with positive outlook going forward throughout 2022 and beyond.

We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect.

We confirm that on-site measurement exercise was not conducted by ValuStrat, and we have relied on the site areas provided by the Client. In the event that the areas of the property and site boundary prove erroneous, our opinion of Market Value may be materially affected, and we reserve the right to amend our valuation and report.

We have assumed that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and good title can be shown. For



the avoidance of doubt, these items should be ascertained by the client's legal representatives. ValuStrat draws your attention to any assumptions made within this report. We consider that the assumptions we have made accord with those that would be reasonable to expect a purchaser to make.

We are unaware of any adverse conditions which may affect future marketability of the subject commercial property. It is assumed that the subject property is freehold and is not subject to any rights, obligations, restrictions and covenants. This report should be read in conjunction with all the information set out in this report, we would point out that we have made various assumptions as to tenure, town planning and associated valuation opinions. If any of the assumptions on which the valuation is based is subsequently found to be incorrect, then the figures presented in this report may also need revision and should be referred back to the valuer.

Note that property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale.

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

This executive summary and valuation should not be considered other than as part of the entire report.

2 VALUATION REPORT

2.1 INTRODUCTION

Thank you for the instruction regarding the subject valuation services.

We ('ValuStrat', which implies our relevant legal entities) would be pleased to undertake this assignment for Bonyan REIT / Saudi Fransi Capital ('the client') of providing valuation services for the property mentioned in this report subject to valuation assumptions, reporting conditions and restrictions as stated hereunder.

2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

Description	Property Details	
Property Name	Al Rashid Strip Mall	
No. of Commercial Shop(s)	7	
Built-up Area	4,595 sq. m	
Land Title Deed Number	310114039546	310114039547
Title Deed Date	5/3/1439	5/3/1439
Land Area	2,550 sq. m	2,550 sq. m
Total Land Area	5,100 sq. m	
Owner	Bonyan Real Estate Fund Company	
Location	An Narjis District, Riyadh, KSA	
Interest	Freehold	

Source: Client 2022

2.3 PURPOSE OF VALUATION

The valuation is required for Saudi Bonyan REIT.

2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Taaqum Regulations (Saudi Authority for Accredited Valuers) in conforming with International Valuations Standards (IVS) 2022.

It should be further noted that this valuation is undertaken in compliance with generally accepted valuation concepts, principles and definitions as promulgated in the IVSCs International Valuation Standards (IVS) as set out in the IVS General Standards, IVS Asset Standards, and IVS Valuation Applications.



2.5 BASIS OF VALUATION

2.5.1 MARKET VALUE

The valuation of the subject property, and for the above stated purpose, has been undertaken on the **Market Value** basis of valuation in compliance with the above-mentioned *Valuation Standards* as promulgated by the IVSC and adopted by the RICS. **Market Value** is defined as: -

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

The definition of **Market Value** is applied in accordance with the following conceptual framework:

“The estimated amount” refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. *Market value* is the most probable price reasonably obtainable in the market on the *valuation date* in keeping with the *market value* definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of *special value*;

“an asset should exchange” refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the *valuation date*;

“on the valuation date” requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the *valuation date*, not those at any other date;

“between a willing buyer” refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute “the market”;

“and a willing seller” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for



the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

“in an arm’s-length transaction” is one between parties who do not have a particular or special relationship, e.g. parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of *special value*. The *market value* transaction is presumed to be between unrelated parties, each acting independently;

“after proper marketing” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the *market value* definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the *valuation date*;

‘where the parties had each acted knowledgeably, prudently’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the *valuation date*. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the *valuation date*, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

‘and without compulsion’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm’s length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible.



Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

2.5.2 VALUER(S)

The Valuer on behalf of ValuStrat, with responsibility of this report is Mr. Ramez Al Medlaj (Taqeem Member) having sufficient and current knowledge of the Saudi market and the skills and understanding to undertake the valuation competently.

Also Mr. Ramez Al Medlaj (Taqeem Member) who is a local Arabic specialist having knowledge, skills and understanding of the market and valuation.

We further confirm that either the Valuer or ValuStrat have no previous material connection or involvement with the subject of the valuation assignment apart from this same assignment undertaken back in December 2021.

2.5.3 STATUS OF VALUER

Status of Valuer	Survey Date	Valuation Date
External Valuer	*30 June 2022	30 June 2022

**The inspection was external and visual in nature only.*

2.6 EXTENT OF INVESTIGATION

In accordance with instructions received we have carried out an external and internal inspection of the property. The subject of this valuation assignment is to produce a valuation report and not a structural / building or building services survey, and hence structural survey and detailed investigation of the services are outside the scope of this assignment. We have not carried out any structural survey, nor tested any services, checked fittings of any parts of the property.

Our inspection was limited to the visual assessment of the exterior conditions of the subject property.

For the purpose of our report, we have expressly assumed that the condition of any un-seen areas is commensurate with those which were seen. We reserve the right to amend our report should this prove not to be the case.

2.7 SOURCES OF INFORMATION

For the purpose of this report, it is assumed that written information provided to us by the Client is up to date, complete and correct in relation to title, planning consent and other relevant matters as set out in the report.

Should this not be the case, we reserve the right to amend our valuation and report.



2.7.1 VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:

The subject property is valued under the assumption of property held on a *Private interest* with the benefit of trading potential of existing operational entity in possession;

Written information provided to us by the Client is up to date, complete and correct in relation to issues such as title, tenure, details of the operating entity, and other relevant matters that are set out in the report;

That no contaminative or potentially contaminative use has ever been carried out on the site;

We assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoing, restrictions or other encumbrances. Information regarding tenure and tenancy must be checked by your legal advisors;

This subject is a valuation report and not a structural/building survey, and hence a building and structural survey is outside the scope of the subject assignment.

We have not carried out any structural survey, nor have we tested any services, checked fittings or any parts of the structures which are covered, exposed or inaccessible, and, therefore, such parts are assumed to be in good repair and condition and the services are assumed to be in full working order;

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that such investigations would not disclose the presence of any such material to any significant extent;

That, unless we have been informed otherwise, the property complies with all relevant statutory requirements (including, but not limited to, those of Fire Regulations, By-Laws, Health and Safety at work);

We have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building.

We would recommend that the client makes their own enquiries in this regard; and the market value conclusion arrived at for the property reflect the full contract value and no account is taken of any liability to taxation on sale or of the costs involved in effecting the sale.



2.8 PRIVACY/LIMITATION ON DISCLOSURE OF VALUATION

This valuation is for the sole use of the named Client. This report is confidential to the Client, and that of their advisors, and we accept no responsibility whatsoever to any third party.

No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorised.

2.9 DETAILS AND GENERAL DESCRIPTION

2.9.1 DESCRIPTION OF SUBJECT PROPERTY (24°49'31.30"N 46°40'59.49"E)

The subject property is a commercial complex located within Al Narjis District, Riyadh, Kingdom of Saudi Arabia.

It consists of 7 commercial shops and one ATM machine booth. It has a total built-up area of 4,595 sq. m and 40 parking slots based on building construction permit provided. It a single storey with mezzanine building constructed of steel frame structure and concrete walls.

Architectural finishes consist of concrete, glass and aluminum cladding exterior wall; rough concrete flooring, hollow blocks partition wall without plaster, bare ceiling and glass entrance doors.

2.9.2 LOCATION OF PROPERTY

The aforesaid property is located along the southwest side of Uthman Bin Affan Road, within Al Narjis District, Riyadh, Kingdom of Saudi Arabia.

It is situated opposite of Institute of Public Information Center, about 750 meters north of Tamimi Market and approximately a kilometer east of King Fahd Children Cancer Center.

Additionally, the property is situated about 3 kilometers south of King Salman Road and approximately 4.5 kilometers & 15 kilometers southwest of Princess Noura Bint Abdul Rahman University & King Khalid International Airport, respectively.

For ease of reference, refer to the illustration on the succeeding page, which shows the subject property and its immediate neighborhood & environs.



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Saudi Fransi Capital – June 2022



Source: Google Extract 2022 - For Illustrative Purposes Only

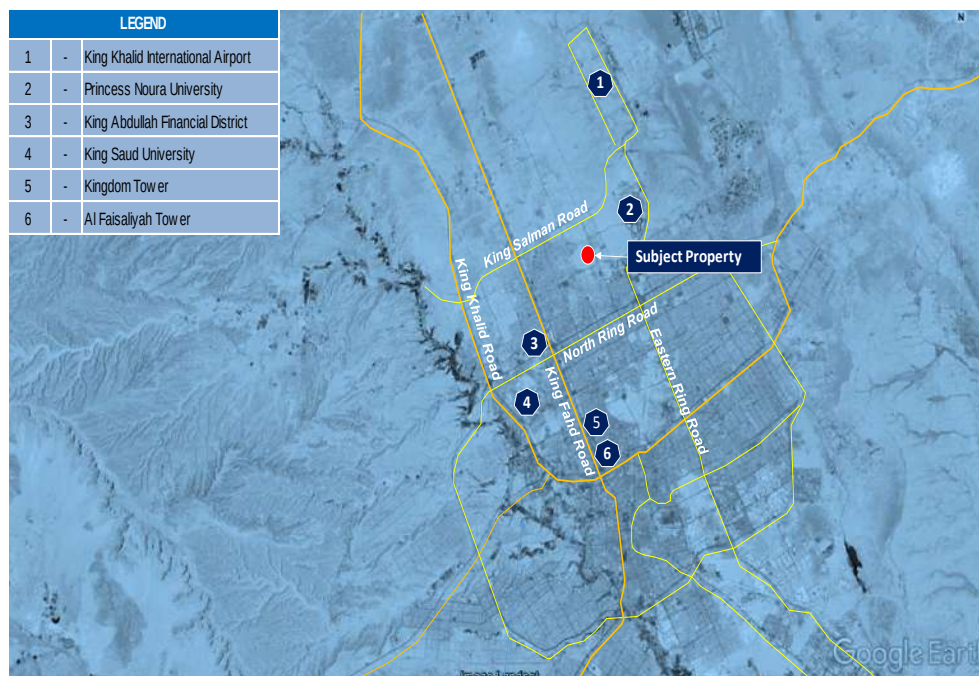
The property is within an area where land development along the main road is generally for commercial use while interior plots are for residential use. It is accessible thru the fronting Uthman Bin Affan Road which connects the district to King Salman Road to the north and Dammam Road to the south, both are major thoroughfares in Riyadh.

For ease of reference, refer to the illustration below.



Source: Google Extract 2022 - For Illustrative Purposes Only

Furthermore, the illustration below further shows the subject property and its proximity to known and important landmarks in the city such as the King Khalid International Airport, Princess Noura Bint Abdul Rahman University, King Saud University, King Abdullah Financial District, Kingdom Tower and Faisaliyah Tower.



Source: Google Extract 2022 - For Illustrative Purposes Only

2.9.3 THE RIYADH METRO

The new City Metro of Riyadh is a rapid transit system under construction to be completed circa. 2022-23, which will be of benefit to Riyadh's population, business and future growth of Riyadh, etc.

The Metro will help in many ways for the day to day life activities of the people such as traffic control, school journeys, shopping journey and business commuting, etc.

The city metro project is one of the world's largest infrastructure projects currently under-construction. It consists of trains and buses, which includes 6 railway lines stretching 176 kilometers with 85 stations, penetrating the capital of Saudi Arabia, Riyadh, from all directions.

It is expected that the capacity of the project is estimated at 1.16 million passengers daily in the beginning of the operation and will reach to as high as 3.6 million passengers after a decade.

Other expected benefits from the project includes the reduction of the number of car trips by nearly 250 thousand trips a day and to provide the equivalent of 400 thousand liters of fuel per day and thus reduce air pollutant emissions.

The Metro Project comprises the following six lines.



- **Line 1** (Blue Line) runs in the north-south direction along Olaya and Batha streets, starting from slightly north of King Salman Bin Abdul Aziz Street and ending at in the south. The Metro will be mostly underground in a tunnel along Olaya and King Faisal Streets, and elevated on a viaduct along Batha Street and at the northern and southern ends. Line 1 extends over a length of approximately 38 km (24 mi) and features 22 stations, in addition to 4 transfer stations with Lines 2, 3, 5, and 4&6.
- **Line 2** (Red Line) runs in the east-west direction along King Abdullah Road, between King Saud University and the eastern sub-center, mostly on a raised strip in the median of a planned freeway. This Line extends over a length of about 25.3 km (15.7 mi) and features 13 stations, in addition to 3 transfer stations with Lines 1, 5 and 6.
- **Line 3** (Orange Line) runs in the east-west direction along Al-Madinah Al Munawwarah and Prince Saad Bin Abdulrahman Al Awal Roads, starting at the west near Jeddah Expressway and ending at the east near the National Guard camp of Khashm El Aan. The metro will be mostly elevated along the western part of Al-Madinah Al Munawwarah Road, then underground in tunnels in the central section of the line, and generally at grade along Prince Saad Ibn Abdulrahman Road. The length of the line is approximately 40.7 km (25.3 mi) and it features 20 stations, in addition to 2 transfer stations with Lines 1 and 6.
- **Line 4** (Yellow Line) reaches to King Khalid International Airport from King Abdullah Financial District, mainly on a mix of elevated and at-grade alignment. The length of the line is around 29.6 km (18.4 mi) and it features 8 stations (3 common with Line 6), in addition to 1 transfer station with Lines 1 and 6.
- **Line 5** (Green Line) runs underground in a tunnel along King Abdulaziz Street, between King Abdul Aziz Historical Centre and the Riyadh Airbase, before connecting with King Abdullah Road. The length of the line is about 12.9 km (8.0 mi) and it features 10 stations, in addition to 2 transfer stations with Lines 1 and 2.
- **Line 6** (Purple Line) follows a half-ring starting at King Abdullah Financial District, passing by Imam Mohamed Bin Saud University and ending at Prince Saad Ibn Abdulrahman Al Awal Road.

It runs mostly elevated except along Sheikh Hasan Bin Husein Bin Ali Street. The length of the line is approximately 29.9 km (18.6 mi) and it features 8 stations (3 common with Line 4), in addition to 3 transfer stations with Lines 1, 2 and 3.

2.10 ENVIRONMENT MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination.

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present use, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject property from the use or site and have therefore assumed that none exists. However, should it be established subsequently that contamination exists at the property or on any neighbouring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.

Details	
Area	Based on the document supplied by the client, the total land area of the 2 plots is 5,100 sq. m. with a total built-up area of 4,595 sq. m.
Topography	Generally, the property is rectangular in shape and on a level terrain.
Drainage	Assumed available and connected.
Flooding	ValuStrat's verbal inquiries with local authorities were unable to confirm whether flooding is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not flood prone. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known flooding in this area.
Landslip	ValuStrat's verbal inquiries with local authorities were unable to confirm whether land slip is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not within a landslip designated area. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known landslip in this area.

2.10.1 TOWN PLANNING

Neither from our knowledge nor as a result of our inspection are, we aware of any planning proposals which are likely to directly adversely affect this property. In the absence of any information to the contrary, it is assumed that the existing use is lawful, has valid planning consent and the planning consent is not personal to the existing occupiers and there are no particular onerous or adverse conditions which would affect our valuation.

In arriving at our valuation, it has been assumed that each and every building enjoys permanent planning consent for their existing use or enjoys, or would be entitled to enjoy, the benefit of a "Lawful Development" Certificate under the Town & Country Planning Acts, or where it is reasonable to make such an assumption with continuing user rights for their existing use purposes, subject to specific comments.

We are not aware of any potential development or change of use of the property or properties in the locality which would materially affect our valuation.

For the purpose of this valuation, we have assumed that all necessary consents have been obtained for the subject property referred within this report. Should this not be the case, we reserve the right to amend our valuation and report.

2.10.2 SERVICES

The property referred within this report is connected to mains electricity, water, drainage, and other municipality services.

It should be borne in mind that electrical requirements and testing standards have become more stringent in recent years and that the system requires annual inspection, testing and upgrading according to Saudi Electrical Standards.

We have not been provided a test certificate and a valid certificate from the owners and should be requested by the client or owners need to satisfy themselves they are complying with Saudi Electrical Standards.

According to Civil Defence regulations in Saudi Arabia known as the Civil Defence system released by Royal Decree No. M/10 on 05-10-1406, corresponding to 20-01-1986]; firefighting system(s) must be in place providing protection to both people, public and private properties.

For the purpose of this valuation exercise, we assume all necessary consents are in place for Civil Defence regulations.

2.11 TENURE/TITLE

Unless otherwise stated we have assumed the freehold title is free from encumbrances and that Solicitors' local searches and usual enquiries would not reveal the existence of statutory notices or other matters which would materially affect our valuation.

We are unaware of any rights of way, easements or restrictive covenants which affect the property; however, we would recommend that the solicitors investigate the title in order to ensure this is correct.

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation.

This should be confirmed by your legal advisers. We have assumed that the subject property is on freehold basis. Should this not be the case we reserve the right to amend our valuation and this report.

Description	Property Details	
Property Name	Al Rashid Strip Mall	
No. of Commercial Shop(s)	7	
Built-up Area	4,595 sq. m	
Land Title Deed Number	310114039546	310114039547
Title Deed Date	5/3/1439	5/3/1439
Land Area	2,550 sq. m	2,550 sq. m
Total Land Area	5,100 sq. m	
Owner	Bonyan Real Estate Fund Company	
Location	An Narjis District, Riyadh, KSA	
Interest	Freehold	

Source: Client 2022

NB: All aspects of tenure/title should be checked by the client's legal representatives prior to exchange of contract/drawdown and insofar as any assumption made within the body of this report is proved to be incorrect then the matter should be referred back to the valuer in order to ensure the valuation is not adversely affected.

2.11.1 OCCUPATIONAL TENANCY(S)

We have been provided the tenancy schedule of the subject property indicating unit types, tenants, lease duration and annual rentals.

We have also been provided with a sample of the individual lease documentation in respect of the occupational interests within the subject property.

We have cross referenced the lease documentation with the tenancy schedules provided and confirm that the majority of the information contained with the lease schedules concurs with the lease agreement documentation provided.

For the purpose of this valuation, we have explicitly assumed that the tenancy schedule provided is accurate and correct. We are unable to attach the corresponding contracts due to size; however, the summary is as follows:

- I. Restaurant - 2-year contract at SAR 150,000 per annum
- II. ATM – 1-year contract at a rent of SAR 45,000 per annum
- III. Café – 5-year contract at a rent of SAR 300,000 per annum
- IV. Entertainment – 5-year contract at a rent of SAR 157,500 per annum
- V. Entertainment 1 – 5-year contract at a rent of SAR 550,000 per annum

This provides a total combined occupational rent of SAR 1,202,500 per annum which we assumed is correct and accurate.

Should this not be the case, we reserve the right to amend our valuation and report.



2.12 METHODOLOGY & APPROACH

In determining our opinion of Market Value for the freehold interest in the subject property we have utilized the Discounted Cash Flow (DCF) analysis for income generating property taking into consideration the latest annual rental income provided by the Client.

2.12.1 DISCOUNTED CASH FLOW (DCF) APPROACH

The subject property falls into a broad category of investment property with the prime value determinant being the properties' ability to generate rentals and rental growth through the ongoing letting and reasonable maintenance.

In determining our opinion of Market Value of the subject property we have utilized the Investment Approach utilizing a Discounted Cash Flow technique.

Discounting Cash Flow analysis is defined in the International Valuation Standards as a financial modelling technique based on explicit assumptions regarding the prospective cash flow of the property.

This analysis involves the projection of a series of periodic cash flows a property is anticipated to generate, additionally giving regard to the frequency and timing of associated development costs, contingency allowances etc. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the property.

The DCF approach involves the discounting of the projected net cash flow on a yearly basis over the explicit cash flow period. In the case of the subject compounds the cash flow has been projected over a 10-year period reflecting a market practice for cash flows reflecting the property.

The cash flow is discounted back to the date of valuation at an appropriate rate to reflect risk in order to determine the Market Value of both properties.

The rental income being capitalised and discounted in the cash flow refers to net rental income, that is, the income stream. A contractual agreed growth rate of a fixed rental income per annum has been agreed for both leases and has reflected with no growth within the DCF calculations.

The future values quoted for property, rents and costs are projections only formed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date.

2.12.2 MARKET RENTS

Sales or rental evidence for similar properties within Riyadh are not readily available or transparent due to the nature of the property market within the Kingdom of Saudi Arabia.



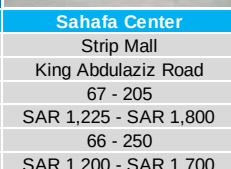
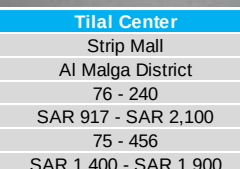
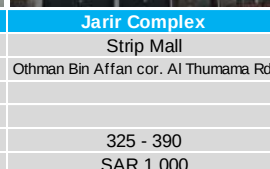
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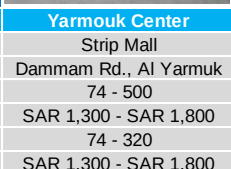
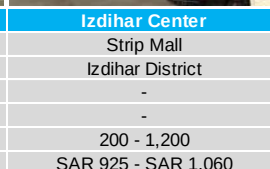
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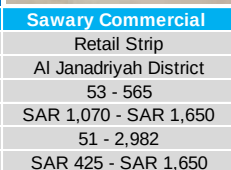
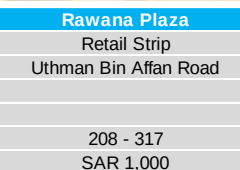
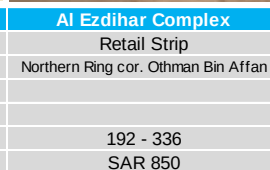
Much if not all of the evidence is anecdotal, and this limitation may place on the non-reliability of such information and impact on values reported.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations. Due to this shortage, it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature. This evidence shortage, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis.

Shown below are some of the retail strips within Riyadh which we have used in our analysis of the subject property.

Some Strip Malls, F&B Plazas and Commercial Centers in Riyadh			
			
Details	Sahafa Center	Tilal Center	Jarir Complex
Type	Strip Mall	Strip Mall	Strip Mall
Location	King Abdulaziz Road	Al Malga District	Othman Bin Affan cor. Al Thumama Rd.
F&B Space Area (m ²)	67 - 205	76 - 240	
F&B Rental Rate per m ²	SAR 1,225 - SAR 1,800	SAR 917 - SAR 2,100	
Retail Space Area (m ²)	66 - 250	75 - 456	325 - 390
Retail Rental Rate per m ²	SAR 1,200 - SAR 1,700	SAR 1,400 - SAR 1,900	SAR 1,000

Some Strip Malls, F&B Plazas and Commercial Centers in Riyadh			
			
Details	Yarmouk Center	Tijan Plaza	Izdihar Center
Type	Strip Mall	Strip Mall	Strip Mall
Location	Dammam Rd., Al Yarmuk	King Khalid Road	Izdihar District
F&B Space Area (m ²)	74 - 500	140 - 600	-
F&B Rental Rate per m ²	SAR 1,300 - SAR 1,800	SAR 500 - SAR 890	-
Retail Space Area (m ²)	74 - 320	114 - 144	200 - 1,200
Retail Rental Rate per m ²	SAR 1,300 - SAR 1,800	SAR 690 - SAR 950	SAR 925 - SAR 1,060

Some Strip Malls, F&B Plazas and Commercial Centers in Riyadh			
			
Details	Sawary Commercial	Rawana Plaza	Al Ezdihar Complex
Type	Retail Strip	Retail Strip	Retail Strip
Location	Al Janadriyah District	Uthman Bin Affan Road	Northern Ring cor. Othman Bin Affan
F&B Space Area (m ²)	53 - 565		
F&B Rental Rate per m ²	SAR 1,070 - SAR 1,650		
Retail Space Area (m ²)	51 - 2,982	208 - 317	192 - 336
Retail Rental Rate per m ²	SAR 425 - SAR 1,650	SAR 1,000	SAR 850

Source: ValuStrat Research 2021-22

For the subject property, there is passing rent of SAR 1,202,500 per annum equivalent to rental rate of SAR 284 per square meter per year.

We have assumed that the information provided by the client is updated, complete and correct. Should this not be the case we reserve the right to amend our valuation and this report.

Referring to the above foregoing information, we believed that the subject property's existing rental rate as provided by the Client is reasonable and within prevailing market rent in the area.

2.12.3 ASSUMPTIONS & COMMENTARY

The commercial complex has been assessed as an investment property subject to the tenancy schedule provided by the client and any assumptions made by ValuStrat within market benchmarks.

ValuStrat has made certain assumptions and adjustments based on their experience in valuing typical commercial property in Riyadh taking cognisance of the surrounding developments within the property which will ultimately form part of.

This was done in an attempt to forecast our interpretation of performance of the commercial complex over the 10-year explicit cash flow period. In this instance, we have adopted the following rates:

Components	Comments/Assumptions
Rental Income	SAR 1,202,500 per annum – refer to brief details at section 2.11.1 above.
Occupancy (%)	100% (Yr.1-2) 95% (Yr.3-15) and 90% (Yr.6-10)
Operational Cost	4% by landlord and all remainder by individual tenants.
Growth Rate	2.5% per annum

Operational Cost

The data below were provided by the Client which we assumed to be updated, complete and correct. Should this not be the case, we reserve the right to amend our valuation and this report.

Details of Operational Cost	Amount (SAR)
- G & A Expenses	26,535
- Utilities Expenses	6,835
- Marketing Expenses	953
- Repair & Maintenance Expenses	7628
Total (SAR)	41,951

Growth Rate

Given the current state of market condition, we applied an average growth rate of 2.5% per annum.



Discount Rate and Exit Yield

The discount rate reflects the return required to mitigate the risk associated with the particular investment type in question; therefore, echoes the opportunity cost of capital.

To this we have to add elements of market risk and property specific risk. The market risk comes in the form of; inter alia, potential competition from existing and latent supply.

Market risk will also reflect where we are in the property cycle and more importantly the location. The subject property is located along a main road though the development in this area is still in progress. Hence and for the purpose of our valuation calculations, we have adopted a discount rate of 11%.

The exit yield is a resultant extracted from transactional evidence in the market; however, due to anecdotal evidence and limited market activity we have had to rely on anticipated investor expectations from typical property investments.

These typically vary between 8.5% to 9.5%, depending on the quality of the property, length of the leases and the location. Based on the above criteria we are of the opinion that a fair exit yield for the subject property is 9%.

2.12.4 SUMMARY OF MARKET VALUE

The resultant value based upon the above variables/assumptions for the subject property is as follows (refer to DCF analysis in the appendices section):

Property Name	Gross Rent p.a.	Exit Yield	Disc. Rate	Property Value (Rounded)
Al Rashid Strip Mall, Riyadh	*SAR 1,202,500	9.0%	11%	SAR 12,200,000

**Provided by client – assumed to be correct and accurate (refer to details in section 2.11.1 of this report). Should this not be the case, we reserve the right to amend our valuation and this report.*

2.13 VALUATION**2.13.1 MARKET VALUE**

ValuStrat is of the opinion that the Market Value of the freehold interest in the subject property referred within this report, as of the date of valuation, based upon the Discounted Cash Flow (DCF) Approach and assumptions expressed within this report, may be fairly stated as follows;

Market Value (rounded and subject to details in the full report):

SAR 12,200,000 (Twelve Million Two Hundred Thousand Saudi Arabian Riyals)

Since our last exercise in June 2020, the value has been adjusted slightly for the subject property despite the continuing subdued market conditions. Any potential investors need to consider current market conditions and the large supply retail shops / line expected in the forthcoming periods along with all the existing stock currently in and around the subject area. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. we cannot guarantee the same value due to fluctuation market conditions.



The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations. Due to this shortage, it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature.'

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

Property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. It must be borne in mind that capital values can fall as well as rise.

The value provided in this report is at the top end of the range for properties of this location and character and will necessitate that the property be maintained to a good standard to maintain its value.

2.14 MARKET CONDITIONS SNAPSHOT

2.14.1 MARKET ASSESSMENT, TIMES OF UNCERTAINTY (COVID-19 PANDEMIC) & VALUATION COMMENTARY OVERVIEW

The past two plus years of extraordinary market conditions have made it difficult for investors to confidently assess changes in property prices. The COVID-19 recovery has meant higher energy prices, supply chain disruptions mean 2022 will be the year to repair global economy if possible.

The world is rapidly changing with ongoing structural shifts, population growth, urbanization, climate change and the digital revolution continue to profoundly impact our world and societies.

Though KSA has shown resilience with high oil price revenues and current budget of Q1 – 2022 showing surplus of SAR 57 billion and Public Investment Fund (PIF) – sovereign wealth fund going from strength to strength.

Since the lifting of travel bans, the KSA real estate market is in a healthy position with many analysts predicting a strong 2022 for real estate (vision 2023) with the positive activity and investment by the government unveiling a number of reforms, including recent facilitation of the tourism visa, where citizens of 49 countries are now able to apply e-visas and holders of Schengen, UK or US visas are eligible for visas on arrival.

Also, the government has now allowed the full foreign ownership of retail and wholesale operations along with previously opening up of the Tadawul Stock Market to foreign investment supported by current energy reforms, cutting subsidies, creating jobs, privatizing state-controlled assets and increasing private sector contribution to the country's economy, etc. With all the opportunities throughout the Kingdom and the creation of the Giga projects, there was an ambitious resilience which was suddenly shutdown overnight due to the initial lockdown period. With all the current uncertainty, market stagnation and short-term challenges whereby force majeure (as a result of the pandemic's cause beyond anyone's reasonable control)



had created inactivity. As mentioned above the KSA market's ambitions and resilience, we understand investor sentiment remains strong as it was prior to the pandemic and the KSA was on an upward course showing growth in the last quarter of 2019 after a period of subdued market conditions.

The current global crushing of liquidity in economies will have impact on markets and real estate market and this maybe the case with many economies across the globe; however, the KSA market has shown resilience in previous years through a period of downward trend (2016-18), a correction allowing for the market to bottom out with 2019 experiencing growth in the first quarter and subdued market conditions throughout 2019. The latter part of Q4 – 2019 saw positive growth with strong investor appetite, though the market lacking good quality stock. Now with the Saudi government confirming a stimulus package of SR 120 billion plus, we understand the market will bounce back with investors underlying strong appetite. This will delay any evidence in the short term of declining prices and with the government stimulus will assist any short-term losses on transactions, private and public funds, although will need to be sustained in the short-term.

The KSA real estate sector generally follows the fortunes of the greater economy and while the oil reserves were left off prior to the pandemic fairly strong, although currently a price war between major producers is adding to a growing supply glut, though this will help KSA once markets start normalizing again. The KSA economy remains stable and backed-by strong fundamentals of the KSA market (i.e. young growing population) and also the economic transformation plan transforming the Kingdom towards a service economy post-oil era.

In short, the pandemic was expected to be a short-term shock wave with an eventual surge of business activity leading to a rapid recovery either in the form of a "V-shape" or a more gradual recovery in the form of a "U-shape" bounce back. Accordingly, we expected the KSA market to surge in business over the course of 2021 and now 2022 allowing for markets to start flourishing towards long term sustainability in social trends and patterns along with socio-economic distancing in a growing cycle. On the other hand, should the global economic impact of the Coronavirus pandemic (COVID-19) outbreak persist and will be dependent on how long the virus lasts, how far it spreads and how much lock-down, public organizations quarantines disrupt the market. Indeed, the current response to COVID-19 means that we are faced with unprecedented set of circumstances on which to base judgement(s). There is strong evidence that real estate markets have sprung back to strong activity and growth fairly quickly as we are experiencing in the Kingdom of Saudi Arabia.

Equally, the short-term generally speaking we do not expect the current real estate market to show any small adjustment in prices/rates. The KSA real estate market is a developing market with much invested by the government in infrastructure projects, so we expect the government's latest stimulus to preserve liquidity and for demand to hold having limited / no bearing on prices / rates.



2.14.2 MARKET CONDITIONS PRIOR TO THE PANDEMIC & THE KSA LOCKDOWN

Despite a new wave of infections (Variant Viruses) this year (2021-22), the roll out of vaccinations offers hope in controlling this disease and provide a path of recovery in sight along with recovery in oil price provides further impetus.

The Kingdom of Saudi Arabia (KSA) - world's largest exporter of crude oil, embarked four years (2016) ago on an ambitious economic transformation plan, "Saudi Arabia Vision 2030". In a hope to reduce its reliance on revenue from hydrocarbons, given the plummeting oil price revenues from 2014.

Through the current vision 2030 and in a post oil economy, KSA is adapting to times of both austerity measures and a grand ambitious strategy. With an overdue diversification plan Saudi Arabia's economic remodelling is about fiscal sustainability to become a non-dependent nation of oil. This is supported by current energy reforms, cutting subsidies, creating jobs, privatising state-controlled assets and increasing private sector contribution to the country's economy.

Despite economic headwinds, across the region, KSA has shown resilience through a period of subdued real estate market activity. The real estate sector generally follows the fortunes of the greater economy and whilst Saudi Arabia is undergoing structural reforms politically, economically and socially will transform the Kingdom towards a service economy post-oil era.

These changes along with significant amounts of investment - estimated to soon be over 1 trillion US dollars will create vast amounts of opportunities for the public and private sectors across all businesses segments.

The KSA economy in the first quarter of 2019 has relied on the current oil price rise to pull it out of recession; however, the previous 18-24 months, KSA faced a protracted spell of economic stress, much of which can be attributed to the falling oil prices coupled with regional political issues.

Oil prices starting to surge again around 65 dollars a barrel currently from under 30 dollars a barrel in early in 2016 which resulted in a crash in prices and the economy dipped into negative territory in 2017 for the first time since 2009, a year after the global financial crisis.

General consensus anticipates a piercing improvement in the Saudi economy in the period ahead (2021-2022), supported by both the oil and non-oil sector. So ultimately it appears the economy will still need to rely on oil revenues to bridge the gap in the short term with a budget deficit over the past 3 years and the Kingdom borrowing from domestic and international markets along with hiking fuel and energy prices to finance the shortfall. The economy slipped into recession in 2018 but returned to growth in 2019, albeit at the fairly modest level of 1.7%, according to estimates from the International Monetary Fund (IMF). However, the return to growth is mainly due to a return to increase in oil prices again and output which, in turn, is enabling an increase in government spending.

Accordingly, in the short term needs to rely on the oil revenue and this reliance is being channelled into public spending. The reforms that have been pushed through to date have led to important changes aiding the economy.

The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce. Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars. A due enactment of law will encourage public-private partnerships to herald more foreign investment.

The economic transformation that the KSA has embarked upon is complex and multidimensional and will certainly take time to turn around a non-oil serviced economy, although there have been recent positive signs, but it will remain in the short term with the support of oil revenues.

On the other hand, the KSA was resilient in the previous recession in 2007/2008 on strong oil reserves and not only can the Saudi government be relied upon to step in to rescue troubled lenders, reliable institutions for procedural reasons but crucially, it can also afford to do so, although has suffered due to previous oil price declines and it has meant increased spending.

Vision 2030 to diversify the economy from reliance on oil, has only just commenced in previous years and with a young and increasingly well-educated population, together with its own sovereign wealth fund, the Kingdom has many favourable factors to become a leading service sector economy in the region.

Reform efforts include a reduction of subsidies on fuel and electricity and the implementation of a 5 per cent VAT back on 01 January 2018 which increased to 15 per cent VAT as of 01 July 2020.

The government is also striving to get women to play a greater role in the economy including recently allowing them to drive back in 2019. Wider reforms have been initiated by the government allowing for the entertainment industry to flourish with the opening of the first cinema in King Abdullah Financial District (KAJD) along with 4 VOX screens opening at Riyadh Park Mall.

The cinema entertainment is spurred on by Public Investment Fund (PIF) in collaboration with AMC Cinemas and led by the Development and Investment Entertainment Company (DIEC), a wholly owned subsidiary of PIF.

With an objective of 30 to 40 cinemas in approximately 15 cities in Saudi Arabia over the next five years, and 50 to 100 cinemas in about 25 Saudi cities by 2030.

As part of wider reforms to overhaul the economy and to allow for deep rooted diversification, the Public Investment Fund (PIF) have initiated plans to bolster the tourism / entertainment industry by forming ambitious plans such as the following:



Red Sea Tourism Project

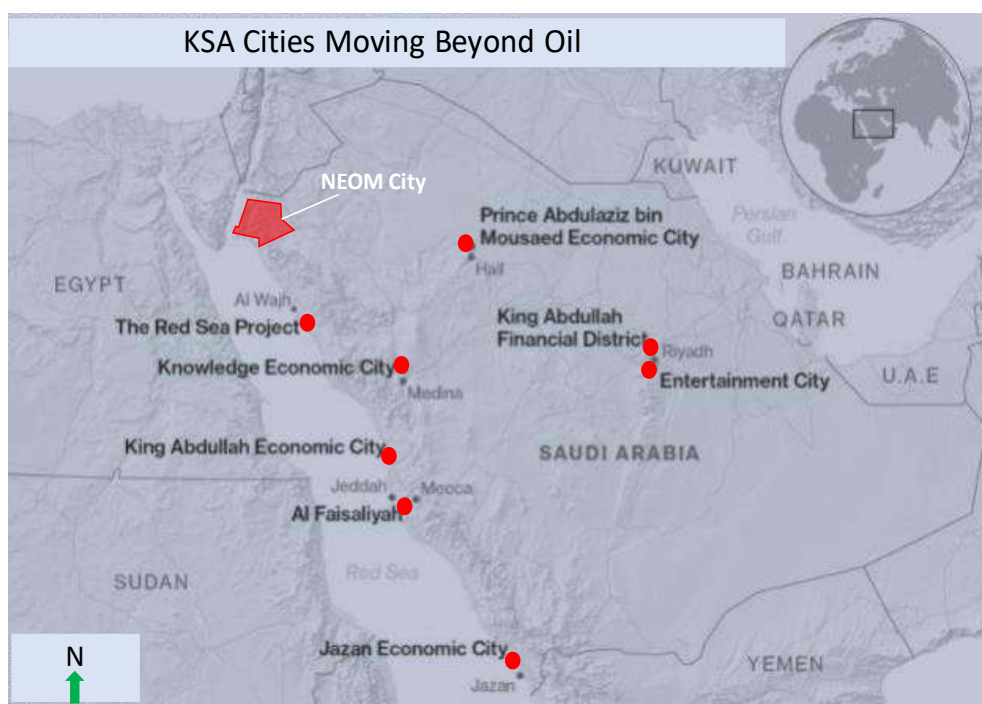
To transform 50 islands consisting of 28,000 square kilometres along the Red Sea coastline into a global tourism destination. For ease of reference to illustration below showing the location in relation to the Kingdom of Saudi Arabia.

Al Faisaliyah Project

The project will consist of 2,450 square kilometres of residential units, entertainment facilities, an airport and a seaport. Refer to the below illustration for the location.

Qiddiya Entertainment City

Qiddiya Entertainment City will be a key project within the Kingdom's entertainment sector located 40 kilometres away from the center of Riyadh. Currently alleged for "The First Six Flags-branded theme park". The 334 square kilometre entertainment city will include a Safari Park too. The project will be mixed use facility with parks, adventure, sports, events and wild-life activities in addition to shopping malls, restaurants and hotels. The project will also consist around 4,000 vacation houses to be built by 2025 and up to 11,000 units by 2030. Again, for ease of reference refer to the below illustration for the location.

Neom City

The NEOM city project will operate independently from the "existing governmental framework" backed by Saudi government along with local and international investors. The project will be part of a 'new generation of cities' powered by clean energy. The ambitious plan includes a bridge spanning the Red Sea, connecting the proposed city to Egypt and stretch into Jordan too.

Economic Cities

The overall progress with the Economic Cities has been slow and projects on hold over the past 7-10 years, although KAFD has recently given the go ahead to complete by 2020. Within the Saudi Vision 2030 the government referenced that they will work to “salvage” and “revamp”.

Real Estate Growth

Overall ValuStrat research reveals that real estate sectors have continued to decline in both sales and rental values. We expect demand to remain stable due to fundamentals of a growing young population, reducing family size, increasing middle-class and a sizeable affluent population – all of which keeps the long-term growth potential intact.

Despite short term challenges, both investors and buyers remaining cautious, the Saudi economy has shown signs of ambition with the government unveiling a number of reforms, including full foreign ownership of retail and wholesale operations along with opening up of the Tadawul Stock Market to foreign investment as well as the reforms mentioned in the previous section referred above. As mentioned earlier, KSA experienced positive growth by oil price rise in the first quarter of 2021; hence the main driver of the recovery remains oil. Over 2021 we envisage the Kingdom's consumer outlook to be more favourable in economic conditions.

Moreover, tax on development land implemented in 2017/18 has kept the construction sector afloat, encouraging real estate developers. Adapting to a new KSA economic reality has been inevitable, although the Kingdom's oil dynamics remain pivotal for future development within the KSA 2030 economic vision plan. In latter part of 2017, the Public Investment Fund (PIF), Saudi Arabia's sovereign wealth fund set up a real estate refinancing company aimed at advancing home ownership in the Kingdom, which suffers from a shortage of affordable housing. This initiative will create stability and growth in the Kingdom's housing sector by injecting liquidity and capital into the market. Another plan to help kick start the real estate market by boosting the contribution of real estate finance to the non-oil GDP part.

The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016). The close ties with the construction, financing institutions and many others have provided crucial resources that contributed to the development of the Saudi economy. The real estate market performance in 2019/20 and the general trend in KSA for most sectors have remained subdued given lower activity levels, while prices have been under pressure across most asset classes leading to a gradual softening of rental and sale prices.

The real estate sector remains subdued, and prices may have bottomed out across sectors, and we expect in the medium to long term for the market to pick-up further growth given the reforms and transformation in KSA, although we expect the growth



to be slow and steady subject to a stable political environment in KSA and across the region.

The outlook remains optimistic for the longer term due to the various KSA initiatives aimed at stimulating the real estate market whilst encouraging the private sector to play a key role in the transformation.

All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. Since the issuing of this report the KSA lockdown for the COVID-19 health crisis was lifted back on 21 June 2020 and the economy is now trying to get back to normalcy. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2022.

Property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. It must be borne in mind that both rental and capital values can fall as well as rise.

2.15 VALUATION UNCERTAINTY

This valuation has been undertaken against a background of significant levels of Market volatility is one of the main reasons of Valuation uncertainty in the real estate market in the Kingdom and within the GCC region given the dramatic changes in markets in current oil price slump and other factors too.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations. Given the current uncertainties it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature.

The current shortage of transaction, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis.

The RICS valuation standards consider it essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.

We further state that given the valuation uncertainty stated above our valuation represents our impartial calculated opinion / judgement of the properties, based on relevant market data and perceptions as at the date of valuation.

The client is advised that whilst all reasonable measures have been taken to supply as accurate a valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place

The client is also recommended to consider the benefits in such a market, of having more frequent valuations to monitor the value of the subject property.

2.16 DISCLAIMER

In undertaking and executing this assignment, an extreme care and precaution has been exercised.

This report is based on information provided by the Client. Values will differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc.

It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.

2.17 CONCLUSION

This report is compiled based on the information received to the best of our belief, knowledge and understanding.

The information revealed in this report is strictly confidential and issued for the consideration of the Client.

No part of this report may be reproduced either electronically or otherwise for further distribution without our prior and written consent.

We trust that this report and valuation fulfils the requirement of your instruction. This report is issued without any prejudice and personal liability.

For and on Behalf of, **ValuStrat.**

Mr. Ramez Al Medlaj (Taqeem
Member No. 1210000320)
Valuation Manager – Real Estate

Mr. Yousuf Siddiki (Taqeem Member
No. 1210001039)
Director – Real Estate, KSA



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Saudi Fransi Capital – June 2022

APPENDIX 1 - PHOTOGRAPHS



Appendix - 2: DCF Extract

DISCOUNTED CASH FLOW (DCF) ANALYSIS											
Al Rashid Strip Mall, Riyadh						Valuation Date: 30 June 2022					
Al Narjis District, Riyadh, KSA											
Tenure:	Freehold										
Growth Rate	2.50%										
Void Costs	0.00% Of All Voids										
Year	1	2	3	4	5	6	7	8	9	10	Exit Value
Gross Revenue (Rental)	1,202,500	1,232,563	1,263,377	1,294,961	1,327,335	1,360,518	1,394,531	1,429,395	1,465,129	1,501,758	
Total Rent (Full Rental Value)	1,202,500	1,232,563	1,263,377	1,294,961	1,327,335	1,360,518	1,394,531	1,429,395	1,465,129	1,501,758	
Occupancy	100%	100%	95%	95%	95%	90%	90%	90%	90%	90%	
Gross Current Rent	1,202,500	1,232,563	1,200,208	1,230,213	1,260,968	1,224,467	1,255,078	1,286,455	1,318,617	1,351,582	
Less : Operational Expenses											
Payroll & Employee Benefits	0.0%	-	-	-	-	-	-	-	-	-	-
General & Administration	1.0%	26,535	26,800	27,068	27,339	27,612	27,889	28,167	28,449	28,734	29,021
Utilities	1.0%	6,835	6,903	6,972	7,042	7,113	7,184	7,255	7,328	7,401	7,475
Security	0.0%	-	-	-	-	-	-	-	-	-	-
Marketing Expenses	1.0%	953	963	972	982	992	1,002	1,012	1,022	1,032	1,042
Repair & Maintenance	1.0%	7,628	7,704	7,781	7,859	7,938	8,017	8,097	8,178	8,260	8,343
Total Operational Expenses	4.0%	41,951	42,371	42,794	43,222	43,654	44,091	44,532	44,977	45,427	45,881
Void Costs		-	-	-	-	-	-	-	-	-	-
Net Current Rent		1,160,549	1,190,192	1,157,414	1,186,991	1,217,314	1,180,376	1,210,546	1,241,478	1,273,190	1,305,701
Present Value of Net Rent		1,045,540	965,987	846,291	781,908	722,417	631,077	583,070	538,710	497,721	459,848
											5,109,417



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Valuation Report

COURTYARD BY MARRIOTT & RESIDENCE INN BY
MARRIOTT, AL RAWDAH DISTRICT, JIZAN, KSA

SAUIDI BONYAN REIT / SAUDI FRANSI CAPITAL

REPORT ISSUED 24 JULY 2022

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APPENDIX 1 – PHOTOGRAPHS



1 EXECUTIVE SUMMARY

THE EXECUTIVE SUMMARY AND VALUATION SHOULD NOT BE CONSIDERED OTHER THAN AS PART OF THE ENTIRE REPORT.

1.1 THE CLIENT

Saudi Fransi Capital
Muhammad Raza Rawjani, CFA
mrawjani@FransiCapital.com.sa

1.2 THE PURPOSE OF VALUATION

The valuation is required for Saudi Bonyan REIT.

1.3 INTEREST TO BE VALUED

The below-mentioned properties are the scope of this valuation exercise:

Description	Property Details	
Name of Property	Courtyard by Marriott	Residence Inn by Marriott
No. of Keys	129	79
Land Title Deed No.	672003004051	
Title Deed Date	4/3/1439	
Land Area (sq. m)	Part of 39,975 square meters	
Built Up Area (sq. m)	50,000	
Owner	Bonyan Real Estate Fund Company	
Location	AL Rawdah District, Jizan, KSA	
Interest	Assumed Freehold Interest	

Source: Client 2022

1.4 VALUATION APPROACH

We have undertaken the trading performance - Discounted Cash Flow (DCF).

1.5 DATE OF VALUATION

Unless stated to the contrary, our valuations have been assessed as at the date of 30 June 2022.

The valuation reflects our opinion of value as at this date. Property values are subject to fluctuation over time as market conditions may change.



1.6 OPINION OF VALUE

Property Name	Keys	Exit Yield	Disc. Rate	Property Value	Value per Key
Courtyard by Marriott	129	10.5%	13%	SAR 55,000,000	SAR 426,357
Residence Inn by Marriott	79	10.5%	12.5%	SAR 44,000,000	SAR 556,962

The executive summary and valuation should not be considered other than as part of the entire report. The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's marketplace.

1.7 SALIENT POINTS (GENERAL COMMENTS)

Whilst most global markets remain disrupted along with the effects of the extraordinary market conditions over the past two plus years through the COVID-19 pandemic, it appears the KSA economy appears stable and strong within a recovery mode on the back of higher oil demand and private consumption along with KSA's Vision 2030 looks to diversify the economy away from oil through focusing on direct foreign investment, tourism and the increase of locals in the workforce.

The cost of risk is also likely to stay elevated in 2022 reflecting the volatile global health situation, high inflation and rising interest rates, etc.

The real estate traditional determinants of location and value for money continue to be a key success influencing property and accommodation preference though investors in KSA are also no less sensitive to asset classes and the location of property providing investor expectations and stable long-term income for portfolios and funds. Equally, strong investor appetite remains for 'best in class' / 'Institutional Asset Class – Grade A' / good quality property providing long term income.

With all positive activity and investment by the government creating opportunities through projects across the Kingdom's Vision 2030 and through the creation of the Giga projects has meant a stable KSA economy with positive outlook going forward throughout 2022 and beyond.

Any potential investors need to consider current market conditions and the large supply of hospitality in the forthcoming periods along with all the existing stock currently in and around the subject area. Also, Jizan is a southern eastern city close to the Yemen border suffering from the threat of war spilling over from the Yemen border. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. We cannot guarantee the same value due to fluctuation market conditions.

We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect.



We confirm that on-site measurement exercise was not conducted by ValuStrat, and we have relied on the data provided by the Client. In the event that the areas of the property and site boundary prove erroneous, our opinion of Market Value may be materially affected, and we reserve the right to amend our valuation and report.

We have assumed that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and good title can be shown. For the avoidance of doubt, these items should be ascertained by the client's legal representatives.

ValuStrat draws your attention to any assumptions made within this report. We consider that the assumptions we have made accord with those that would be reasonable to expect a purchaser to make.

We are unaware of any adverse conditions which may affect future marketability for the subject property.

It is assumed that the subject property is freehold and is not subject to any rights, obligations, restrictions and covenants.

This report should be read in conjunction with all the information set out in this report, we would point out that we have made various assumptions as to tenure, town planning and associated valuation opinions. If any of the assumptions on which the valuation is based is subsequently found to be incorrect, then the figures presented in this report may also need revision and should be referred back to the valuer.

Note that property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale.

It should be noted that the valuation provided is of the property (excluding any element of value attributable to furnishings, removable fittings and sales incentives) as new. It is possible that the valuation figure will not be subsequently attainable on a resale as a second-hand hotel building especially if comparable new property is on offer at the same time.

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

This executive summary and valuation should not be considered other than as part of the entire report.

2 VALUATION REPORT

2.1 INTRODUCTION

Thank you for the instruction regarding the subject valuation services.

We ('ValuStrat', which implies our relevant legal entities) would be pleased to undertake this assignment for Bonyan REIT / Saudi Fransi Capital ('the client') of providing valuation services for the properties mentioned in this report subject to valuation assumptions, reporting conditions and restrictions as stated hereunder.

2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

Description	Property Details	
Name of Property	Courtyard by Marriott	Residence Inn by Marriott
No. of Keys	129	79
Land Title Deed No.	672003004051	
Title Deed Date	4/3/1439	
Land Area (sq. m)	Part of 39,975 square meters	
Built Up Area (sq. m)	50,000	
Owner	Bonyan Real Estate Fund Company	
Location	Al Rawdah District, Jizan, KSA	
Interest	Assumed Freehold Interest	

Source: Client 2022

2.3 PURPOSE OF VALUATION

The valuation is required for Saudi Bonyan REIT.

2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with the Taseem Regulations (Saudi Authority for Accredited Valuers) in conformity with International Valuations Standards (IVS) 2022.

It should be further noted that this valuation is undertaken in compliance with generally accepted valuation concepts, principles and definitions as promulgated in the IVSCs International Valuation Standards (IVS) as set out in the IVS General Standards, IVS Asset Standards, and IVS Valuation Applications.



2.5 BASIS OF VALUATION

2.5.1 MARKET VALUE

The valuation of the subject property, and for the above stated purpose, has been undertaken on the **Market Value** basis of valuation in compliance with the above-mentioned *Valuation Standards* as promulgated by the IVSC and adopted by the RICS. **Market Value** is defined as: -

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

The definition of **Market Value** is applied in accordance with the following conceptual framework:

“The estimated amount” refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. *Market value* is the most probable price reasonably obtainable in the market on the *valuation date* in keeping with the *market value* definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of *special value*;

“an asset should exchange” refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the *valuation date*;

“on the valuation date” requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the *valuation date*, not those at any other date;

“between a willing buyer” refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute “the market”;

“and a willing seller” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for



the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

“in an arm’s-length transaction” is one between parties who do not have a particular or special relationship, e.g. parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of *special value*. The *market value* transaction is presumed to be between unrelated parties, each acting independently;

“after proper marketing” means that the asset would be exposed to the market in the most appropriate manner to affect its disposal at the best price reasonably obtainable in accordance with the *market value* definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the *valuation date*;

‘where the parties had each acted knowledgeably, prudently’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the *valuation date*. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the *valuation date*, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

‘and without compulsion’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm’s length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible.



Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

It should be further noted that the subject property is best described as a trade related property that is a property that is trading and is commonly sold in the market as an operating asset with trading potential, and for which ownership of such a property normally passes with the sale of the business as an operational entity.

2.5.2 VALUER(S)

The Valuer on behalf of ValuStrat, with responsibility of this report is Mr. Ramez Al Medlaj (Taqeem Member), having sufficient and current knowledge of the Saudi market and the skills and understanding to undertake the valuation competently.

Also Mr. Ramez Al Medlaj (Taqeem Member) who is a local Arabic specialist having knowledge, skills and understanding of the market and valuation.

We further confirm that either the Valuer or ValuStrat have no previous material connection or involvement with the subject of the valuation assignment apart from this same assignment undertaken in December 2021.

2.5.3 STATUS OF VALUER

Status of Valuer	Survey Date	Valuation Date
External Valuer	*20 June 2022	30 June 2022

**The inspection was external and visual in nature only.*

2.6 EXTENT OF INVESTIGATION

In accordance with instructions received we have carried out an external and internal inspection of the property. The subject of this valuation assignment is to produce a valuation report and not a structural / building or building services survey, and hence structural survey and detailed investigation of the services are outside the scope of this assignment.

We have not carried out any structural survey, nor tested any services, checked fittings of any parts of the property.

Our internal inspection was limited to common areas of the property including the hotel lobby, meeting rooms, hotel facilities & amenities and representative guest rooms.

For the purpose of our report, we have expressly assumed that the condition of any un-seen areas is commensurate with those which were seen. We reserve the right to amend our report should this prove not to be the case.



2.7 SOURCES OF INFORMATION

For the purpose of this report, it is assumed that written information provided to us by the Client is up to date, complete and correct in relation to title, planning consent and other relevant matters as set out in the report. Should this not be the case, we reserve the right to amend our valuation and report.

2.7.1 VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:

The subject property is valued under the assumption of property held on a *Private interest* with the benefit of trading potential of existing operational entity in possession;

Written information provided to us by the Client is up to date, complete and correct in relation to issues such as title, tenure, details of the operating entity, and other relevant matters that are set out in the report;

That no contaminative or potentially contaminative use has ever been carried out on the site;

We assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoings, restrictions or other encumbrances. Information regarding tenure and tenancy must be checked by your legal advisors;

This subject is a valuation report and not a structural/building survey, and hence a building and structural survey is outside the scope of the subject assignment. We have not carried out any structural survey, nor have we tested any services, checked fittings or any parts of the structures which are covered, exposed or inaccessible, and, therefore, such parts are assumed to be in good repair and condition and the services are assumed to be in full working order;

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that such investigations would not disclose the presence of any such material to any significant extent;

That, unless we have been informed otherwise, the property complies with all relevant statutory requirements (including, but not limited to, those of Fire Regulations, By-Laws, Health and Safety at work);

We have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building. We would recommend that the client makes their own enquiries in this regard; and the market value conclusion arrived at for the property



reflect the full contract value and no account is taken of any liability to taxation on sale or of the costs involved in effecting the sale.

2.8 PRIVACY/LIMITATION ON DISCLOSURE OF VALUATION

This valuation is for the sole use of the named Client. This report is confidential to the Client, and that of their advisors, and we accept no responsibility whatsoever to any third party.

No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorised.

2.9 DETAILS AND GENERAL DESCRIPTION

2.9.1 DESCRIPTION OF THE HOTEL BUILDINGS

The subject properties are identified as Courtyard by Marriot and Residence Inn by Marriot, both hospitality buildings situated in Jizan, Saudi Arabia.

Courtyard by Marriott is a four-star hotel consisting of 129 guest rooms classified as follows:

<i>Courtyard Hotel Room Type</i>	<i>No. of Rooms</i>
Deluxe Rooms	74
Superior Family Rooms	39
Studio Suite	14
Razan Suite	1
Fayfa Royal Suite	1
Total Guest Rooms	129

Source: Client 2022

Residence Inn by Marriott is a three-star apartment hotel comprising of 79 apart hotel rooms classified as follows:

<i>Residence Inn Hotel Room Type</i>	<i>No. of Rooms</i>
Studio Room	20
1 Bedroom	19
Executive 1 Bedroom	36
2 Bedroom	4
Total Apart Hotel Rooms	79

Source: Client 2022

The above hospitality buildings are six storey structures built of concrete frame with glass and aluminum cladding exterior wall finishes.



Interior finishes consist of painted wall and ceiling, granite/laminated/carpet tiles flooring, glass main door and wooden room doors.

Each hotel is equipped with 4 elevators (2-guest & 2-service), centralized air conditioning, firefighting system with alarm & sprinkler, emergency exit doors & stairs, 24/7 monitored security with CCTV cameras and parking slots for its patrons.

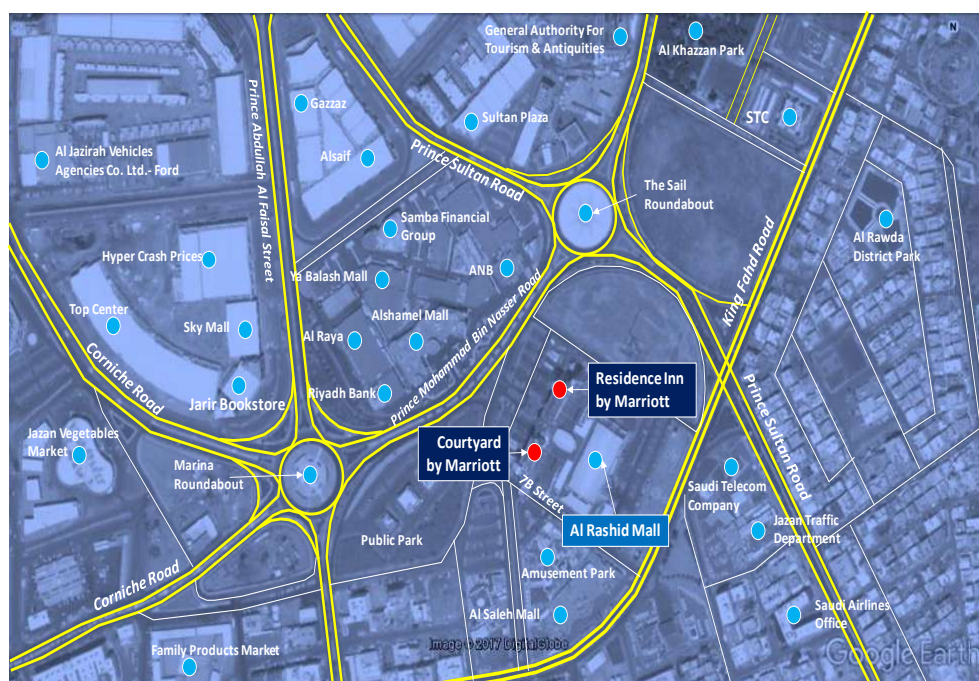
Likewise, the subject hotel & a part hotel have common facilities and amenities which consist of 7 meeting halls, fitness center, indoor swimming pool, healthy club, restaurants, laundry, coffee lobby, concierge desk, full-service spa and massage area. The hotels have direct access to Al Rashid Mall. As per information provided, the said hotels started operations sometime in 2013.

2.9.2 LOCATION OF PROPERTY

The subject property consists of two hospitality buildings known as “Courtyard by Marriott” & “Residence Inn by Marriott”, both located in Jizan, Kingdom of Saudi Arabia.

Courtyard by Marriott is located on the left side of Al Rashid Mall and approximately 350 meters east of Marina Roundabout, while Residence Inn by Marriott is situated on the right side of Al Rashid Mall and about 230 meters south of The Sail Roundabout. Both properties are situated about 100 meters southeast of Prince Mohammad bin Nasser Road and approximately 230 meters northwest of King Fahd Road, within Ar Rawdah District, Jizan City.

The illustration below shows the location of the subject properties in relation to their immediate neighborhood and environs.



Source: Google Extract 2022 - For Illustrative Purposes Only

Additionally, the aforesaid hotels are situated about 2.30 kilometers northeast of Jizan Port and approximately 3.10 kilometers west of King Abdullah Bin Abdulaziz International Airport.

They are located in a mainly commercial area comprising of malls, hotels, bank offices, restaurants, etc.

Some of the notable establishment in the vicinity of the subject property includes – Al Rashid Mall, Alshamel Mall, Al Dheba Mall, Ya Balash Mall, Aloshra Mall, Al Raya, Riyadh Bank, Arab National Bank, Samba Financial, Max, Jizan Royal Suites, etc.

The hotels are accessible to the rest of Jizan City thru the nearby Prince Mohammad bin Nasser and Prince Sultan Bin Abdulaziz and King Fahd Road.

For ease of reference, refer to the illustration below.



Source: Google Extract 2022 - For Illustrative Purposes Only.

2.9.3 JIZAN CITY

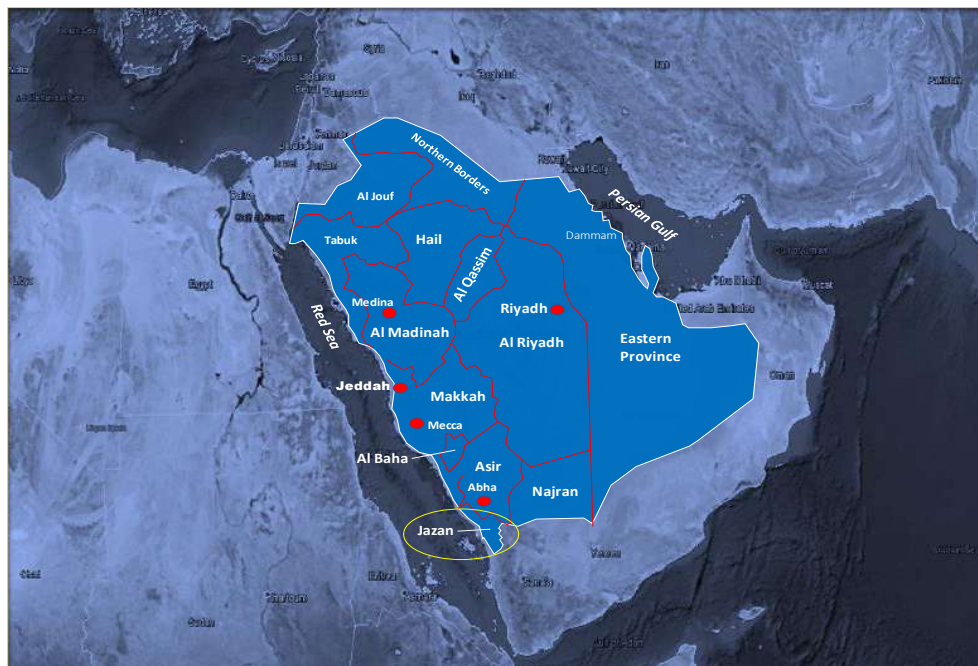
Jizan City is a port city and capital of the Jizan Region which lies in the southwest corner of Saudi Arabia and directly north of the border with Yemen.



It is situated on the coast of the Red Sea and serves a large agricultural heartland that has a population of 1.5 million, according to a 2010 census.

It is approximately 578 kilometres and 625 kilometres south of the City of Jeddah and the Holy City of Mecca, respectively, and about 960 kilometres southwest of Riyadh City, the capital of the Kingdom of Saudi Arabia.

Below is a map of Saudi Arabia showing the location of Jizan in relation to the other major cities of Saudi Arabia.



Source: Google Map 2022 - For Illustrative Purposes Only.

2.10 ENVIRONMENT MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination.

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present use, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject property from the use or site and have therefore assumed that none exists.

However, should it be established subsequently that contamination exists at the property or on any neighbouring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.

Details	
Area	Based on the document supplied by the client, the total land area of the property is 39,975 sq. m.
Topography	Generally, appears to be regular in shape and level terrain.
Drainage	Assumed available and connected.

Flooding	ValuStrat's verbal inquiries with local authorities were unable to confirm whether flooding is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not flood prone. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known flooding in this area.
Landslip	ValuStrat's verbal inquiries with local authorities were unable to confirm whether land slip is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not within a landslip designated area. A formal written submission will be required for any further investigation which is outside of this report's scope of work.

2.10.1 TOWN PLANNING

Neither from our knowledge nor as a result of our inspection are, we aware of any planning proposals which are likely to directly adversely affect this property.

In the absence of any information to the contrary, it is assumed that the existing use is lawful, has valid planning consent and the planning consent is not personal to the existing occupiers and there are no particular onerous or adverse conditions which would affect our valuation.

In arriving at our valuation, it has been assumed that each and every building enjoys permanent planning consent for their existing use or enjoys, or would be entitled to enjoy, the benefit of a "Lawful Development" Certificate under the Town & Country Planning Acts, or where it is reasonable to make such an assumption with continuing user rights for their existing use purposes, subject to specific comments.

We are not aware of any potential development or change of use of the property or properties in the locality which would materially affect our valuation.

For the purpose of this valuation, we have assumed that all necessary consents have been obtained for the subject property referred within this report. Should this not be the case, we reserve the right to amend our valuation and report.

2.10.2 SERVICES

The property referred within this report is connected to mains electricity, water, drainage, and other municipality services.

It should be borne in mind that electrical requirements and testing standards have become more stringent in recent years and that the system requires annual inspection, testing and upgrading according to Saudi Electrical Standards. We have not been provided a test certificate and a valid certificate from the owners and should be requested by the client or owners need to satisfy themselves they are complying with Saudi Electrical Standards.

According to Civil Defence regulations in Saudi Arabia known as the Civil Defence system released by Royal Decree No. M/10 on 05-10-1406, corresponding to 20-01-

1986]; firefighting system(s) must be in place providing protection to both people, public and private properties.

For the purpose of this valuation exercise, we assume all necessary consents are in place for Civil Defence regulations.

2.11 TENURE/TITLE

Unless otherwise stated we have assumed the freehold title is free from encumbrances and that Solicitors' local searches and usual enquiries would not reveal the existence of statutory notices or other matters which would materially affect our valuation.

We are unaware of any rights of way, easements or restrictive covenants which affect the property; however, we would recommend that the solicitors investigate the title in order to ensure this is correct.

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

The subject properties are assumed to be on freehold basis. Should this not be the case, we reserve the right to amend our valuation and this report.

Description	Property Details	
Name of Property	Courtyard by Marriott	Residence Inn by Marriott
No. of Keys	129	79
Land Title Deed No.	672003004051	
Title Deed Date	4/3/1439	
Land Area (sq. m)	Part of 39,975 square meters	
Owner	Bonyan Real Estate Fund Company	
Location	Al Rawdah District, Jizan, KSA	
Interest	Assumed Freehold Interest	

Source: Client 2022

We understand that that all licenses are in place for the continued operation of the hotel. Should this not be the case, we reserve the right to amend our valuation and report.

NB: All aspects of tenure/title should be checked by the client's legal representatives prior to exchange of contract/drawdown and insofar as any assumption made within the body of this report is proved to be incorrect then the matter should be referred back to the valuer in order to ensure the valuation is not adversely affected.



2.12 METHODOLOGY & APPROACH

In determining our opinion of Market Value for the freehold interest in the subject properties, we have utilized the Discounted Cash Flow (DCF) analysis.

2.12.1 DISCOUNTED CASH FLOW (DCF) APPROACH

The subject property is a property that is known / classified as a 'trade related property'. A 'trade related property' is defined as:

“Any type of real property designed for a specific type of business where the property value reflects the trading potential for that business” (RICS Red Book Edition 2014 – VPGA 4: Valuation of individual trade related properties)

The essential characteristic of such a type of property is that it has been designed or adapted for a specific use, and the resulting lack of flexibility usually means that the value of the property interest is intrinsically linked to the returns that an owner can generate from that use. The value therefore reflects the trading potential of the property, and in the market such properties are normally bought and sold on the basis of their trading potential. Taking into consideration the above-mentioned nature and characteristics of the subject property, our opinion of the Market Value for the subject property has been arrived at by using the Income approach (or also known as the trade 'profits' method), which is a market-based valuation approach taking into account the expectations of market participants. The valuation and all key assumptions used in the valuation reflect market conditions as at the valuation date. This valuation approach is also the preferred method of valuation by which private and institutional investors are analysing trade related properties. In the use of the Income Valuation approach, we have adopted a Discounted Cash Flow (DCF) method explained below.

In the valuation, we have also taken into consideration that this is an operating trade entity, and our valuation takes into account the valuation principle of a reasonably efficient operator. Reasonably efficient operator is the market-based concept whereby a potential purchaser, and thus the valuer, estimates the maintainable level of trade and future profitability that can be achieved by a competent operator of the business conducted on the premises, acting in an efficient manner. The concept involves the trading potential rather than the actual level of trade under the existing ownership, so it excludes personal goodwill.

In forming our opinion of the maintainable level of trade and future profitability that can be achieved we have had regard and analysis of the previous past performance of the existing trade entity.

2.12.2 VALUATION ANALYSIS

The table below shows the average daily room rates of the two hospitality buildings as provided by the client.

Courtyard by Marriott:

Hotel Room Type	No. of Rooms	Ave. Daily Room Rate (SAR)
Deluxe Rooms	74	650
Superior Family Rooms	39	750
Studio Suite	14	850
Razan Suite	1	1,050
Fayfa Royal Suite	1	1,600
Total Guest Rooms	129	

Source: Client 2021

Residence Inn by Marriott:

Aparthotel Room Type	No. of Rooms	Ave. Daily Room Rate (SAR)
Studio Room	20	750
1 Bedroom	19	850
Executive 1 Bedroom	36	950
2 Bedroom	4	2,000
Total Aparthotel Rooms	79	

Source: Client 2021

We have assumed the foregoing information is correct and accurate. Should this not be the case, we reserve the right to amend our valuation and this report. The table below likewise provides the current average daily rates for some prominent and branded hotels in Jizan published from *booking.com*.

Hotel Name	Grade	ADR (SAR)	Location
Radisson Blu Resort Jizan	5-Star	509	Corniche Road, Al Shatea District
Novotel Jazan	5-Star	505	King Fahd Road, South Corniche
Rfaya Hotel	4-Star	404	King Fahd Road, Jazan
Holiday Jazan Hotel	4-Star	381	Prince Mohammed Bin Naser Street
Al Maali Hotel Jazan	4-Star	370	Khalid Bin Al Walid Street
AWJ Jazan Hotel Suites	4-Star	350	Prince Metibb Bin Abdul Aziz Road
Intour Jazan Hotel	4-Star	316	Prince Mohammed Bin Naser Street
Maysan Apart Hotel	3-Star	400	Prince Sultan Bin Abdul Aziz Road
Nawaress Hotel	3-Star	350	Cairo Street, Al Shatea District
Swiss Blue	3-Star	350	King Faisal Road, Jazan
Viola Hotel	3-Star	330	Ash Shati District, Jazan
Armada Hotel Jazan	3-Star	268	Prince Nasser Bin Abdul Aziz Road

Source: ValuStrat Research & Booking.com – 2021-22



2.12.3 ASSUMPTIONS AND COMMENTARY

The hotels have been assessed as a “going concern” subject to the forecast and inputs provided by the client and any assumptions made by ValuStrat within market benchmarks.

ValuStrat has made certain assumptions and adjustments based on their experience in valuing typical hotel properties in Jizan taking cognizance of the surrounding developments within which the property will ultimately form part of. This was done in an attempt to forecast our interpretation of performance of the hotel over the 10-year explicit cash flow period.

Note for the purpose of this valuation we have included the retail (F&B) and the meeting rooms/function halls within the hotel component. In this instance, we have adopted the following rates:

Courtyard by Marriott	
Components	Comments
Average Daily Rate	*SAR 500 - year 1
Occupancy	*40%, 45%, 50%, 60% in stabilized year (yr.4)

**We have estimated the hotel projections with an annual occupancy rate at 40% (1st Year), 45% (2nd Year), 55% (3rd Year), and 60% (4th Year) the stabilized year of operation; and an average room rate of SAR 500 in the first year of operation and then year on year increases as follows: SAR 505, SAR 512, SAR 520, SAR 532, SAR 545, SAR 559, SAR 573, SAR 587 and SAR 602.*

Residence Inn by Marriott	
Components	Comments
Average Daily Rate	*SAR 480 - year 1
Occupancy	*45%, 55% to 65% in stabilized year 3.

**We have estimated the hotel projections with an annual occupancy rate at 45% (1st Year), 55% (2nd Year), 55% & 60% (3rd Year), the stabilized year of operation; and an average room rate of SAR 480 in the first year of operation and increases as follows: SAR 490, and then stabilized in year 3 at SAR 540.*

2.12.4 EXIT YIELD, DISCOUNT RATE AND COMMENTARY

Courtyard by Marriott

Components	Comments
Exit Yield	10.5%
Discount Rate	13%
Tax Fees	5%
Finance Cost	Excluded from our calculations



Residence Inn by Marriott

Components	Comments
Exit Yield	10%
Discount Rate	12.5%
Tax Fees	5%
Finance Cost	Excluded from our calculations

Finance Cost & Debt

If debt is unavailable, then both the liquidity and value of the property would be affected.

Growth Rates

Given the current state of market conditions we applied an average growth rate of 2.5% per annum for Courtyard by Marriott and for Residence Inn by Marriott.

Discount Rate and Exit Yield

Research conducted collated from developers and investors indicate that the discount rate is dependent on the scale of the development and the inherent risk associated. This risk takes into account the extent of the proposed development, location, economic conditions and investor sentiment. ValuStrat is of the opinion that as the development nears completion the inherent risk is reduced, and we have adopted

- Courtyard by Marriott - 10.5% yield and the discount rate at 13%. The perceived risk appears to be more in this hotel due to more keys.*
- Residence Inn by Marriott – 10% yield and the discount rate 12.5%.*

Supplementary Hotel Assumptions

We have assumed that the classification certificate for the operating hotel will be renewed successfully.

Should this not be the case, we reserve the right to amend our valuation and report. For the purpose of this valuation, we assume that the hotel has all necessary permission from the relevant planning and trading authorities in the Kingdom of Saudi Arabia.

The analysis of trading performance cash flow referred in our report is prepared on the basis of a fiscal year. Accordingly, year 1 of the cash flow starts from the date of valuation.

The valuation is based on the EBITDA of the hotels, with an allowance for the fees included in the hotel management agreement. The valuation assumes and reflects the furniture, fittings, equipment and operational supplies that are necessary for the hotel as a trading performance - going concern.



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2.12.5 TRADING SUMMARY

Courtyard by Marriott - Jizan					
Trading Projections					
	1	2	3	4	5
Year	2022	2023	2024	2025	2026
	Projected	Projected	Projected	Projected	Projected
Rooms	129	129	129	129	129
Occupancy	40.0%	45.0%	55.0%	60.0%	60.0%
ADR	500.00	505.00	512.00	520.00	532.00
RevPAR	200.00	227.25	281.60	312.00	319.20
Total Revenue	11,555	13,129	16,269	18,025	18,441
Departmental Expenses	2,623	2,980	3,626	4,018	4,111
Departmental Profit	8,932	10,149	12,643	14,007	14,331
Undistributed Expenses	2,369	2,691	3,335	3,695	3,780
Gross Operating Profit	6,563	7,458	9,307	10,312	10,550
Management Fees	847	962	1,198	1,328	1,358
Fixed Charges	58	66	81	90	92
FF&E Reserve	231	263	325	541	553
EBITDA	5,428	6,167	7,703	8,354	8,547
Net Profit % (EBITDA of Total Revenue)	47.0%	47.0%	47.3%	46.3%	46.3%
Capital Expenditure					
Net Cashflow	5,428	6,167	7,703	8,354	8,547

Residence Inn by Marriott - Jizan					
Trading Projections					
	1	2	3	4	5
Year	2022	2023	2024	2025	2026
	Projected	Projected	Projected	Projected	Projected
Rooms	79	79	79	79	79
Occupancy	45.0%	55.0%	60.0%	60.0%	60.0%
ADR	480.00	490.00	540.00	540.00	540.00
RevPAR	216.00	269.50	324.00	324.00	324.00
Total Revenue	7,642	9,535	11,463	11,463	11,463
Departmental Expenses	1,672	2,086	2,462	2,462	2,462
Departmental Profit	5,970	7,449	9,002	9,002	9,002
Undistributed Expenses	1,146	1,430	1,719	1,719	1,719
Gross Operating Profit	4,824	6,018	7,282	7,282	7,282
Management Fees	601	750	906	906	906
Fixed Charges	38	48	57	57	57



FF&E Reserve	153	191	344	344	344
EBITDA	4,031	5,030	5,975	5,975	5,975
Net Profit % (EBITDA of Total Revenue)	52.8%	52.7%	52.1%	52.1%	52.1%
Capital Expenditure					
Net Cashflow	4,031	5,030	5,975	5,975	5,975

2.12.6 VALUATION COMMENTARY

In valuing the subject property referred in this report, we have considered the following:

1. In reaching our opinion of the value, we have assumed that the subject property referred within this report are professionally operated and managed complying with all government legislation. Should this not be the case, we reserve the right to amend our valuation and report.
1. In times of disruption - travel and hospitality is volatile and any dip in the economy, it is likely the market rates/prices will be affected. The client is also recommended to consider the benefits in such a market, of having more frequent valuations to monitor the value of the subject property.
2. In times of uncertainty with restricted travel due to ongoing concerns of pandemic 2020 with volatility across many sectors; hence many businesses are affected due to the closure and loss of business, we assume all rentals, lease(s) and landlord & tenant information provided by the client is correct and accurate. Should this not be the case, we reserve the right to amend our valuation and report.
3. We have been made aware there is no rent arrears (debt) and all tenants are up to date with rental obligations. Should this not be the case, we reserve the right to amend our valuation and report.
4. The occupancy rates and rents may fluctuate depending on a number of factors, including market and economic conditions resulting in the property/investment not being profitable.
5. KSA's oil production and business is a major contributor to Saudi income and strong economic conditions. Therefore, any major fluctuations in oil prices can have a similar effect on the local economy impacting commercial investments and the overall long-term development of the economy in volatile and uncertain times.
6. The growth of the economy is also subject to numerous other external factors, including continuing population growth, increased direct and foreign investment in the local economy and Government and private sector



investment in infrastructure, all of which could have a significant impact on the economy and business profitability.

7. It should be noted that the valuation provided is of the property (excluding any element of value attributable to furnishings, removable fittings and sales incentives) as new. It is possible that the valuation figure may not be subsequently attainable on a resale as a second-hand villa especially if comparable new property is on offer at the same time.
8. As regards properties, which are retained, or to retain an ownership interest in, such competition may affect the Funds ability to attract and retain tenants and reduce the rents impacting the property/investment.
9. Any retained or owned property will face competing property/development leading to high vacancy/occupancy rates resulting in lower rental/hospitality rates. It is imperative for leasing obligations / hotel management agreements to be preserved and to keep-up high standard of landlord & tenant (property management) or management/operator relationship and so it will necessitate that the property be maintained to a good standard to maintain its value.
10. The subject property referred in this report is considered as full figure(s) and may not be easily achievable in the event of an early re-sale in the short term due to volatile and uncertain times. Refer to our market conditions section below.
11. Property values are subject to fluctuation over time as market conditions may change.
12. We have assumed that the land is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing and good title can be shown. For the avoidance of doubt, these items should be ascertained by the client's legal representatives.

We have equally made assumptions as part of this valuation exercise as follows:

- We have assumed the 4-star classification certificate for the hotel is in place, although we have not seen a copy of the certificate.
- The valuation includes furniture, fittings, equipment and operational supplies that are essential for the hotel as a going concern.

It should be further noted that the subject property is best described as a trade related property that is a property that is trading and is commonly sold in the market as an operating asset with trading potential, and for which ownership of such a property normally passes with the sale of the business as an operational entity.

- The referred Average Daily Rate (ADR) in our analysis is inclusive of service charges, but not exclusive of tax and municipality fees.



- Our analysis and Discounted Cash Flow (DCF) is formulated on the basis of a fiscal year, therefore the year 1 of the DCF commences from the date of valuation.
- Given the extraordinary period H1 2020 (year of the pandemic lockdown) and the disruptive 2021-22, it has meant both travel and hospitality has suffered significantly in relation to the ADR rates and occupancy.

The subject hotel's occupancy is slowly creeping to previous levels; however overall, 2021-22 year has been an unusual disruptive year post pandemic 2020. Accordingly, we have partially flouted the temporary disruption given that this is not the true element of the business trading for the subject hotel. We have heavily considered the strong historic trading of the hotel and the high luxury upgrade and renovation to the hotel.

- We have assumed all contracts, agreements and all local authority consents are in place for the subject hotel. We have also assumed the hotel has all the required licences for its continued operation and that there are no outstanding issues with the local Fire or Environmental Health Authorities. Should this not be the case, we reserve the right to amend our valuation and report.
- We have assumed an inflation rate of 2.5 per cent (%).
- We understand that that all licenses are in place for the continued operation of the hotel. Should this not be the case, we reserve the right to amend our valuation and report.
- This valuation exercise makes no allowance for expenses of sale, which may be considerable or liabilities to taxation including VAT, which may arise on a disposal.

2.12.7 SUMMARY OF VALUES

The resultant value based upon the above variables for the subject properties are as follows:

Property Name	Keys	Exit Yield	Disc. Rate	Property Value	Value per Key
Courtyard by Marriott	129	10.5%	13%	SAR 55,000,000	SAR 426,357
Residence Inn by Marriott	79	10.5%	12.5%	SAR 44,000,000	SAR 556,962



2.13 VALUATION

2.13.1 MARKET VALUE

ValuStrat is of the opinion that the Market Value of the freehold interest in the subject property(s) referred within this report, as of the date of valuation, based upon the Discounted Cash Flow (DCF) and assumptions expressed within this report, may be fairly stated as follows;

Market Value (rounded and subject to details in the full report):

Courtyard by Marriott - SAR 55,000,000 (Fifty-Five Million, Saudi Arabian Riyals)

Residence Inn by Marriott - SAR 44,000,000 (Forty-Four Million, Saudi Arabian Riyals)

The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations. Due to this shortage, it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature.'

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

Property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. It must be borne in mind that capital values can fall as well as rise.

The value provided in this report is at the top end of the range for properties of this location and character and will necessitate that the property be maintained to a good standard to maintain its value.

2.14 MARKET CONDITIONS SNAPSHOT

2.14.1 MARKET ASSESSMENT, TIMES OF UNCERTAINTY (COVID-19 PANDEMIC) & VALUATION COMMENTARY OVERVIEW

The past two plus years of extraordinary market conditions have made it difficult for investors to confidently assess changes in property prices. The COVID-19 recovery has meant higher energy prices, supply chain disruptions mean 2022 will be the year to repair global economy if possible.

The world is rapidly changing with ongoing structural shifts, population growth, urbanization, climate change and the digital revolution continue to profoundly impact our world and societies.

Though KSA has shown resilience with high oil price revenues and current budget of Q1 – 2022 showing surplus of SAR 57 billion and Public Investment Fund (PIF) – sovereign wealth fund going from strength to strength.



Since the lifting of travel bans, the KSA real estate market is in a healthy position with many analysts predicting a strong 2022 for real estate (vision 2023) with the positive activity and investment by the government unveiling a number of reforms, including recent facilitation of the tourism visa, where citizens of 49 countries are now able to apply e-visas and holders of Schengen, UK or US visas are eligible for visas on arrival.

Also, the government has now allowed the full foreign ownership of retail and wholesale operations along with previously opening up of the Tadawul Stock Market to foreign investment supported by current energy reforms, cutting subsidies, creating jobs, privatizing state-controlled assets and increasing private sector contribution to the country's economy, etc. With all the opportunities throughout the Kingdom and the creation of the Giga projects, there was an ambitious resilience which was suddenly shutdown overnight due to the initial lockdown period. With all the current uncertainty, market stagnation and short-term challenges whereby force majeure (as a result of the pandemic's cause beyond anyone's reasonable control) had created inactivity. As mentioned above the KSA market's ambitions and resilience, we understand investor sentiment remains strong as it was prior to the pandemic and the KSA was on an upward course showing growth in the last quarter of 2019 after a period of subdued market conditions.

The current global crushing of liquidity in economies will have impact on markets and real estate market and this maybe the case with many economies across the globe; however, the KSA market has shown resilience in previous years through a period of downward trend (2016-18), a correction allowing for the market to bottom out with 2019 experiencing growth in the first quarter and subdued market conditions throughout 2019. The latter part of Q4 – 2019 saw positive growth with strong investor appetite, though the market lacking good quality stock. Now with the Saudi government confirming a stimulus package of SR 120 billion plus, we understand the market will bounce back with investors underlying strong appetite. This will delay any evidence in the short term of declining prices and with the government stimulus will assist any short-term losses on transactions, private and public funds, although will need to be sustained in the short-term.

The KSA real estate sector generally follows the fortunes of the greater economy and while the oil reserves were left off prior to the pandemic fairly strong, although currently a price war between major producers is adding to a growing supply glut, though this will help KSA once markets start normalizing again. The KSA economy remains stable and backed-by strong fundamentals of the KSA market (i.e. young growing population) and also the economic transformation plan transforming the Kingdom towards a service economy post-oil era.

In short, the pandemic was expected to be a short-term shock wave with an eventual surge of business activity leading to a rapid recovery either in the form of a "V-shape" or a more gradual recovery in the form of a "U-shape" bounce back. Accordingly, we expected the KSA market to surge in business over the course of 2021 and now

2022 allowing for markets to start flourishing towards long term sustainability in social trends and patterns along with socio-economic distancing in a growing cycle. On the other hand, should the global economic impact of the Coronavirus pandemic (COVID-19) outbreak persist and will be dependent on how long the virus lasts, how far it spreads and how much lock-down, public organizations quarantines disrupt the market. Indeed, the current response to COVID-19 means that we are faced with unprecedented set of circumstances on which to base judgement(s). There is strong evidence that real estate markets have sprung back to strong activity and growth fairly quickly as we are experiencing in the Kingdom of Saudi Arabia.

Equally, the short-term generally speaking we do not expect the current real estate market to show any small adjustment in prices/rates. The KSA real estate market is a developing market with much invested by the government in infrastructure projects, so we expect the government's latest stimulus to preserve liquidity and for demand to hold having limited / no bearing on prices / rates.

2.14.2 MARKET CONDITIONS PRIOR TO THE PANDEMIC & THE KSA LOCKDOWN

Despite a new wave of infections (Variant Viruses) this year (2021), the roll out of vaccinations offers hope in controlling this disease and provide a path of recovery in sight along with recovery in oil price provides further impetus.

The Kingdom of Saudi Arabia (KSA) - world's largest exporter of crude oil, embarked four years (2016) ago on an ambitious economic transformation plan, "Saudi Arabia Vision 2030". In a hope to reduce its reliance on revenue from hydrocarbons, given the plummeting oil price revenues from 2014.

Through the current vision 2030 and in a post oil economy, KSA is adapting to times of both austerity measures and a grand ambitious strategy. With an overdue diversification plan Saudi Arabia's economic remodelling is about fiscal sustainability to become a non-dependent nation of oil. This is supported by current energy reforms, cutting subsidies, creating jobs, privatising state-controlled assets and increasing private sector contribution to the country's economy.

Despite economic headwinds, across the region, KSA has shown resilience through a period of subdued real estate market activity. The real estate sector generally follows the fortunes of the greater economy and whilst Saudi Arabia is undergoing structural reforms politically, economically and socially will transform the Kingdom towards a service economy post-oil era.

These changes along with significant amounts of investment - estimated to soon be over 1 trillion US dollars will create vast amounts of opportunities for the public and private sectors across all businesses segments.

The KSA economy in the first quarter of 2019 has relied on the current oil price rise to pull it out of recession; however, the previous 18-24 months, KSA faced a protracted spell of economic stress, much of which can be attributed to the falling oil prices coupled with regional political issues.



Oil prices starting to surge again around 65 dollars a barrel currently from under 30 dollars a barrel in early in 2016 which resulted in a crash in prices and the economy dipped into negative territory in 2017 for the first time since 2009, a year after the global financial crisis.

General consensus anticipates a piercing improvement in the Saudi economy in the period ahead (2021-2022), supported by both the oil and non-oil sector. So ultimately it appears the economy will still need to rely on oil revenues to bridge the gap in the short term with a budget deficit over the past 3 years and the Kingdom borrowing from domestic and international markets along with hiking fuel and energy prices to finance the shortfall. The economy slipped into recession in 2018 but returned to growth in 2019, albeit at the fairly modest level of 1.7%, according to estimates from the International Monetary Fund (IMF). However, the return to growth is mainly due to a return to increase in oil prices again and output which, in turn, is enabling an increase in government spending.

Accordingly, in the short term needs to rely on the oil revenue and this reliance is being channelled into public spending. The reforms that have been pushed through to date have led to important changes aiding the economy. The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce. Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars. A due enactment of law will encourage public-private partnerships to herald more foreign investment.

The economic transformation that the KSA has embarked upon is complex and multidimensional and will certainly take time to turn around a non-oil serviced economy, although there have been recent positive signs, but it will remain in the short term with the support of oil revenues.

On the other hand, the KSA was resilient in the previous recession in 2007/2008 on strong oil reserves and not only can the Saudi government be relied upon to step in to rescue troubled lenders, reliable institutions for procedural reasons but crucially, it can also afford to do so, although has suffered due to previous oil price declines and it has meant increased spending.

Vision 2030 to diversify the economy from reliance on oil, has only just commenced in previous years and with a young and increasingly well-educated population, together with its own sovereign wealth fund, the Kingdom has many favourable factors to become a leading service sector economy in the region. Reform efforts include a reduction of subsidies on fuel and electricity and the implementation of a 5 per cent VAT back on 01 January 2018 which increased to 15 per cent VAT as of 01 July 2020. The government is also striving to get women to play a greater role in the economy including recently allowing them to drive back in 2019. Wider reforms have been initiated by the government allowing for the entertainment industry to flourish with the opening of the first cinema in King Abdullah Financial District (KAFD) along

with 4 VOX screens opening at Riyadh Park Mall. The cinema entertainment is spurred on by Public Investment Fund (PIF) in collaboration with AMC Cinemas and led by the Development and Investment Entertainment Company (DIEC), a wholly owned subsidiary of PIF. With an objective of 30 to 40 cinemas in approximately 15 cities in Saudi Arabia over the next five years, and 50 to 100 cinemas in about 25 Saudi cities by 2030. As part of wider reforms to overhaul the economy and to allow for deep rooted diversification, the Public Investment Fund (PIF) have initiated plans to bolster the tourism / entertainment industry by forming ambitious plans such as the following:

Red Sea Tourism Project

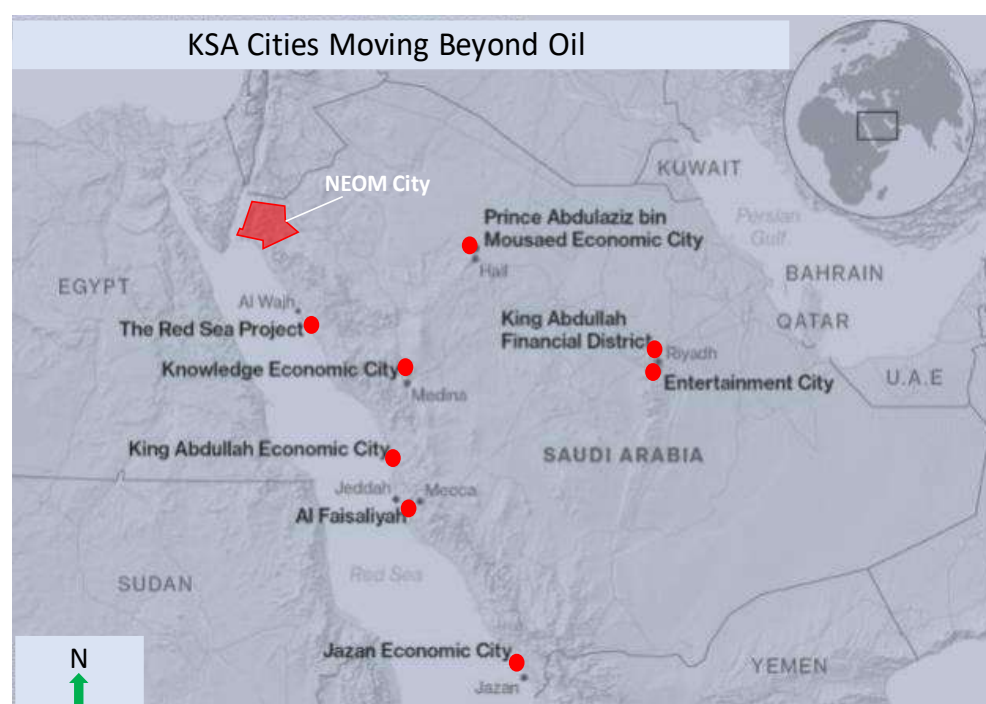
To transform 50 islands consisting of 28,000 square kilometres along the Red Sea coastline into a global tourism destination. For ease of reference to illustration below showing the location in relation to the Kingdom of Saudi Arabia.

Al Faisaliyah Project

The project will consist of 2,450 square kilometres of residential units, entertainment facilities, an airport and a seaport. Refer to the below illustration for the location.

Qiddiya Entertainment City

Qiddiya Entertainment City will be a key project within the Kingdom's entertainment sector located 40 kilometres away from the center of Riyadh. Currently alleged for “The First Six Flags-branded theme park”. The 334 square kilometre entertainment city will include a Safari Park too. The project will be mixed use facility with parks, adventure, sports, events and wild-life activities in addition to shopping malls, restaurants and hotels. The project will also consist around 4,000 vacation houses to be built by 2025 and up to 11,000 units by 2030. Again, for ease of reference refer to the below illustration for the location.



Neom City

The NEOM city project will operate independently from the “existing governmental framework” backed by Saudi government along with local and international investors. The project will be part of a ‘new generation of cities’ powered by clean energy. The ambitious plan includes a bridge spanning the Red Sea, connecting the proposed city to Egypt and stretch into Jordan too.

Economic Cities

The overall progress with the Economic Cities has been slow and projects on hold over the past 7-10 years, although KAFD has recently given the go ahead to complete by 2020. Within the Saudi Vision 2030 the government referenced that they will work to “salvage” and “revamp”.

Real Estate Growth

Overall ValuStrat research reveals that real estate sectors have continued to decline in both sales and rental values. We expect demand to remain stable due to fundamentals of a growing young population, reducing family size, increasing middle-class and a sizeable affluent population – all of which keeps the long-term growth potential intact.

Despite short term challenges, both investors and buyers remaining cautious, the Saudi economy has shown signs of ambition with the government unveiling a number of reforms, including full foreign ownership of retail and wholesale operations along with opening up of the Tadawul Stock Market to foreign investment as well as the reforms mentioned in the previous section referred above. As mentioned earlier, KSA experienced positive growth by oil price rise in the first quarter of 2021; hence the main driver of the recovery remains oil. Over 2021 we envisage the Kingdom’s consumer outlook to be more favourable in economic conditions.

Moreover, tax on development land implemented in 2017/18 has kept the construction sector afloat, encouraging real estate developers. Adapting to a new KSA economic reality has been inevitable, although the Kingdom’s oil dynamics remain pivotal for future development within the KSA 2030 economic vision plan. In latter part of 2017, the Public Investment Fund (PIF), Saudi Arabia’s sovereign wealth fund set up a real estate refinancing company aimed at advancing home ownership in the Kingdom, which suffers from a shortage of affordable housing. This initiative will create stability and growth in the Kingdom’s housing sector by injecting liquidity and capital into the market. Another plan to help kick start the real estate market by boosting the contribution of real estate finance to the non-oil GDP part.

The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016). The close ties with the construction, financing institutions and many others have provided crucial resources that contributed to the development of the Saudi economy. The



real estate market performance in 2019/20 and the general trend in KSA for most sectors have remained subdued given lower activity levels, while prices have been under pressure across most asset classes leading to a gradual softening of rental and sale prices.

The real estate sector remains subdued, and prices may have bottomed out across sectors, and we expect in the medium to long term for the market to pick-up further growth given the reforms and transformation in KSA, although we expect the growth to be slow and steady subject to a stable political environment in KSA and across the region.

The outlook remains optimistic for the longer term due to the various KSA initiatives aimed at stimulating the real estate market whilst encouraging the private sector to play a key role in the transformation.

All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. Since the issuing of this report the KSA lockdown for the COVID-19 health crisis was lifted back on 21 June 2020 and the economy is now trying to get back to normalcy. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2022.

Property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. It must be borne in mind that both rental and capital values can fall as well as rise.

2.15 VALUATION UNCERTAINTY

This valuation has been undertaken against a background of significant levels of Market volatility is one of the main reasons of Valuation uncertainty in the real estate market in the Kingdom and within the GCC region given the dramatic changes in markets in current oil price slump and other factors too. We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations.

Given the current uncertainties it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature. The current shortage of transaction, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis. The RICS valuation standards consider it essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations. We further state that given the valuation uncertainty stated above our valuation represents our impartial calculated opinion / judgement of the properties, based on relevant market data and perceptions as at the date of valuation.



The client is advised that whilst all reasonable measures have been taken to supply as accurate a valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place

The client is also recommended to consider the benefits in such a market, of having more frequent valuations to monitor the value of the subject property.

2.16 DISCLAIMER

In undertaking and executing this assignment, an extreme care and precaution has been exercised. This report is based on information provided by the Client. Values will differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc.

It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.

2.17 CONCLUSION

This report is compiled based on the information received to the best of our belief, knowledge and understanding.

The information revealed in this report is strictly confidential and issued for the consideration of the Client.

No part of this report may be reproduced either electronically or otherwise for further distribution without our prior and written consent.

We trust that this report and valuation fulfils the requirement of your instruction. This report is issued without any prejudice and personal liability.

For and on Behalf of, **ValuStrat**

Mr. Ramez Al Medlaj (Taqeem
Member No. 1210000320)
Valuation Manager – Real Estate

Mr. Yousuf Siddiki (Taqeem Member
No. 1210001039)
Director – Real Estate, KSA

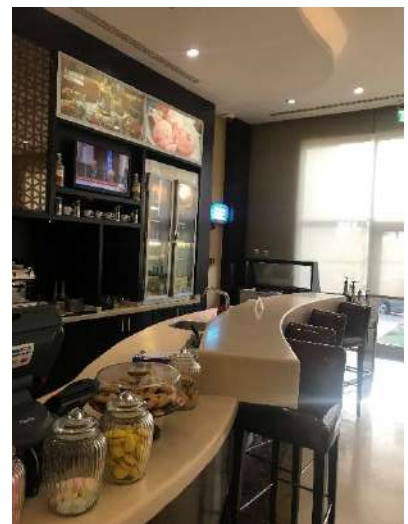


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Saudi Bonyan Company, Riyadh, KSA – June 2022

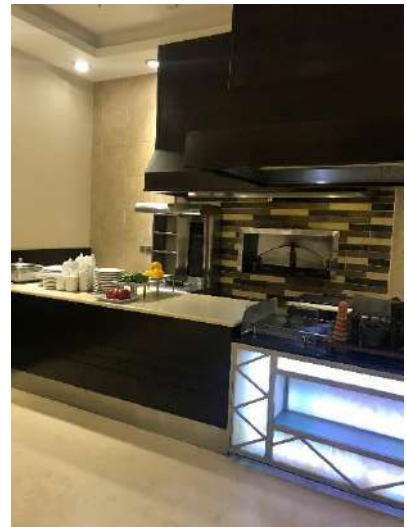
APPENDIX 1 - PHOTOGRAPHS

Courtyard by Marriott Hotel



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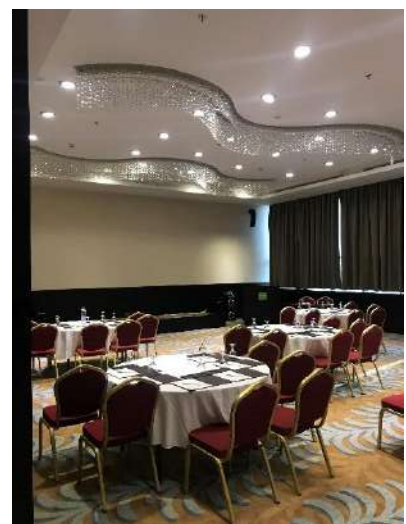
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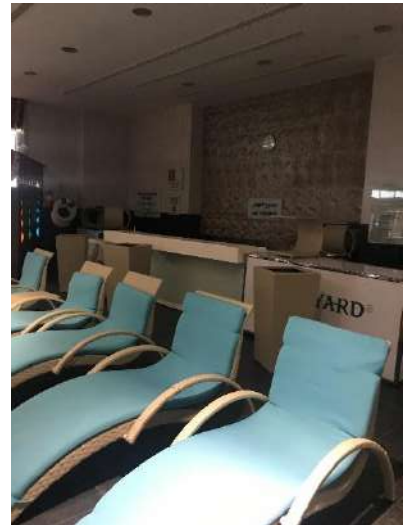
Saudi Bonyan Company, Riyadh, KSA – June 2022

Residence Inn by Marriott



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Saudi Bonyan Company, Riyadh, KSA – June 2022



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Valuation Report

AL MA'THER VILLAGE, RIYADH, KSA

SAUDI BONYAN REIT / SAUDI FRANSI CAPITAL

REPORT ISSUED 24 JULY 2022

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APPENDIX 1 – PHOTOGRAPHS

APPENDIX 2 – DCF EXTRACT



1 EXECUTIVE SUMMARY

THE EXECUTIVE SUMMARY AND VALUATION SHOULD NOT BE CONSIDERED OTHER THAN AS PART OF THE ENTIRE REPORT.

1.1 THE CLIENT

Saudi Fransi Capital
Muhammad Raza Rawjani, CFA
mrawjani@FransiCapital.com.sa

1.2 THE PURPOSE OF VALUATION

The valuation is required for Saudi Bonyan REIT.

1.3 INTEREST TO BE VALUED

The below-mentioned property is the scope of this valuation exercise:

Description	Property Details
Name of Compound	Al Ma'ther Village
No. of Villas	7 Units
Land Title Deed No.	310123032117
Title Deed Date	5/3/1439
Land Area	1,923.6 sq. m
Owner	Bonyan Real Estate Fund Company
Location	Al Olaya District, Riyadh, KSA
Interest	Freehold (reflecting rental contract(s) – refer to sample contract of a typical villa at appendix 2).

Source: Client 2022

1.4 VALUATION APPROACH

We have undertaken the Discounted Cash Flow (DCF) analysis taking into consideration the rental income provided by the Client.

1.5 DATE OF VALUATION

Unless stated to the contrary, our valuations have been assessed as at the date of 30 June 2022.

The valuation reflects our opinion of value as at this date. Property values are subject to fluctuation over time as market conditions may change.



1.6 OPINION OF VALUE

Property Name	Full Rental Value (SAR)	Exit Yield	Discount Rate	Property Value (SAR) [Rounded]
Al Ma'ther Village (Al Mazraa Compound)	*SAR 610,000 p.a.	8%	10%	SAR 5,200,000

**Provided by client – assumed to be correct and accurate (refer to details in section 2.11 of this report). Should this not be the case, we reserve the right to amend our valuation and this report.*

The executive summary and valuation should not be considered other than as part of the entire report. The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's marketplace.

1.7 SALIENT POINTS (GENERAL COMMENTS)

Whilst most global markets remain disrupted along with the effects of the extraordinary market conditions over the past two plus years through the COVID-19 pandemic, it appears the KSA economy appears stable and strong within a recovery mode on the back of higher oil demand and private consumption along with KSA's Vision 2030 looks to diversify the economy away from oil through focusing on direct foreign investment, tourism and the increase of locals in the workforce.

The cost of risk is also likely to stay elevated in 2022 reflecting the volatile global health situation, high inflation and rising interest rates, etc.

The real estate traditional determinants of location and value for money continue to be a key success influencing property and accommodation preference though investors in KSA are also no less sensitive to asset classes and the location of property providing investor expectations and stable long-term income for portfolios and funds. Equally, strong investor appetite remains for 'best in class' / 'Institutional Asset Class – Grade A' / good quality property providing long term income.

With all positive activity and investment by the government creating opportunities through projects across the Kingdom's Vision 2030 and through the creation of the Giga projects has meant a stable KSA economy with positive outlook going forward throughout 2022 and beyond.

We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect.

We confirm that on-site measurement exercise was not conducted by ValuStrat, and we have relied on the site areas provided by the Client. In the event that the areas of the property and site boundary prove erroneous, our opinion of Market Value may be materially affected, and we reserve the right to amend our valuation and report.

We have assumed that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and good title can be shown. For



the avoidance of doubt, these items should be ascertained by the client's legal representatives. ValuStrat draws your attention to any assumptions made within this report. We consider that the assumptions we have made accord with those that would be reasonable to expect a purchaser to make.

We are unaware of any adverse conditions which may affect future marketability of the subject properties. It is assumed that the subject property is freehold and is not subject to any rights, obligations, restrictions and covenants.

This report should be read in conjunction with all the information set out in this report, we would point out that we have made various assumptions as to tenure, town planning and associated valuation opinions. If any of the assumptions on which the valuation is based is subsequently found to be incorrect, then the figures presented in this report may also need revision and should be referred back to the valuer.

Note that property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale.

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

This executive summary and valuation should not be considered other than as part of the entire report.

2 VALUATION REPORT

2.1 INTRODUCTION

Thank you for the instruction regarding the subject valuation services.

We ('ValuStrat', which implies our relevant legal entities) would be pleased to undertake this assignment for Bonyan REIT / Saudi Fransi Capital ('the client') of providing valuation services for the properties mentioned in this report subject to valuation assumptions, reporting conditions and restrictions as stated hereunder.

2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

Description	Property Details
Name of Compound	Al Ma'ther Village (Al Mazraa Compound)
No. of Villa	7 Units
Land Title Deed No.	310116037501
Title Deed Date	21/04/1438
Plot / Land No.	1343/199
Land Area	1,923.60 square meters
Owner	Bonyan Real Estate Fund Company
Location	Al Olaya District, Riyadh, KSA
Interest	Freehold (reflecting rental contract(s) – refer to sample contract of a typical villa at appendix 2).

Source: Client 2022

2.3 PURPOSE OF VALUATION

The valuation is required for Saudi Bonyan REIT.

2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Taaqem Regulations (Saudi Authority for Accredited Valuers) in conforming with the International Valuation Standards Council (IVSCs') incorporating International Valuations Standards (IVS) 2022.

It should be further noted that this valuation is undertaken in compliance with generally accepted valuation concepts, principles and definitions as promulgated in the IVSCs International Valuation Standards (IVS) as set out in the IVS General Standards, IVS Asset Standards, and IVS Valuation Applications.



2.5 BASIS OF VALUATION

2.5.1 MARKET VALUE

The valuation of the subject property, and for the above stated purpose, has been undertaken on the **Market Value** basis of valuation in compliance with the above-mentioned *Valuation Standards* as promulgated by the IVSC and adopted by the RICS. **Market Value** is defined as: -

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

The definition of **Market Value** is applied in accordance with the following conceptual framework:

"The estimated amount" refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. *Market value* is the most probable price reasonably obtainable in the market on the *valuation date* in keeping with the *market value* definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of *special value*;

"an asset should exchange" refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the *valuation date*;

"on the valuation date" requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the *valuation date*, not those at any other date;

"between a willing buyer" refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";

"and a willing seller" is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for



the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

“in an arm’s-length transaction” is one between parties who do not have a particular or special relationship, e.g. parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of *special value*. The *market value* transaction is presumed to be between unrelated parties, each acting independently;

“after proper marketing” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the *market value* definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the *valuation date*;

‘where the parties had each acted knowledgeably, prudently’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the *valuation date*. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the *valuation date*, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

‘and without compulsion’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm’s length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible.



Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

2.5.2 VALUER(S)

The Valuer on behalf of ValuStrat, with responsibility of this report is Mr. Ramez Al Medlaj (Taqeem Member) having sufficient and current knowledge of the Saudi market and the skills and understanding to undertake the valuation competently.

Also Mr. Ramez Al Medlaj (Taqeem Member) who is a local Arabic specialist having knowledge, skills and understanding of the market and valuation. We further confirm that either the Valuer or ValuStrat have no previous material connection or involvement with the subject of the valuation assignment apart from this same assignment undertaken.

2.5.3 STATUS OF VALUER

Status of Valuer	Survey Date	Valuation Date
External Valuer	*30 June 2022	30 June 2022

**The inspection was external and visual in nature only.*

2.6 EXTENT OF INVESTIGATION

In accordance with instructions received we have carried out an external and internal inspection of the property. The subject of this valuation assignment is to produce a valuation report and not a structural / building or building services survey, and hence structural survey and detailed investigation of the services are outside the scope of this assignment.

We have not carried out any structural survey, nor tested any services, checked fittings of any parts of the property.

Our previous inspection was limited to the general view of the residential compounds including the compound land developments and facilities such as swimming pool, fitness gym, restaurant, etc., and an exterior view of the villas.

For the purpose of our report, we have expressly assumed that the condition of any un-seen areas is commensurate with those which were seen. We reserve the right to amend our report should this prove not to be the case.

2.7 SOURCES OF INFORMATION

For the purpose of this report, it is assumed that written information provided to us by the Client is up to date, complete and correct in relation to title, planning consent



and other relevant matters as set out in the report. Should this not be the case, we reserve the right to amend our valuation and report.

2.7.1 VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:

The subject property is valued under the assumption of property held on a *Private interest* with the benefit of trading potential of existing operational entity in possession; written information provided to us by the Client is up to date, complete and correct in relation to issues such as title, tenure, details of the operating entity, and other relevant matters that are set out in the report; that no contaminative or potentially contaminative use has ever been carried out on the site; we assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoings, restrictions or other encumbrances. Information regarding tenure and tenancy must be checked by your legal advisors; this subject is a valuation report and not a structural/building survey, and hence a building and structural survey is outside the scope of the subject assignment.

We have not carried out any structural survey, nor have we tested any services, checked fittings or any parts of the structures which are covered, exposed or inaccessible, and, therefore, such parts are assumed to be in good repair and condition and the services are assumed to be in full working order; we have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect.

For the purpose of this valuation, we have assumed that such investigations would not disclose the presence of any such material to any significant extent; that, unless we have been informed otherwise, the property complies with all relevant statutory requirements (including, but not limited to, those of Fire Regulations, By-Laws, Health and Safety at work);

We have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building.

We would recommend that the client makes their own enquiries in this regard; and the market value conclusion arrived at for the property reflect the full contract value and no account is taken of any liability to taxation on sale or of the costs involved in effecting the sale.

2.8 PRIVACY/LIMITATION ON DISCLOSURE OF VALUATION

This valuation is for the sole use of the named Client. This report is confidential to the Client, and that of their advisors, and we accept no responsibility whatsoever to any third party.

No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorised.

2.9 DETAILS AND GENERAL DESCRIPTION

2.9.1 DESCRIPTION & LOCATION

The subject property consists of 7-villa residential compound situated within Riyadh, Saudi Arabia, with the following details:

Villa Type	Al Ma'ther Village
4 Bedroom Villa's	7 units

Source: Client 2022

Al Ma'ther Village is situated in the City Center neighboring residential areas. It is secured with a perimeter fence.

It has a total of 7-units, two-storey mainly concrete residential villas with covered parking space. Compound facilities consist of a swimming pool and function hall.

The subject property, known as "Al Ma'ther Village (Al Mazraa Compound)", consists of a 7-villa compound situated within Al Olaya District, Riyadh, Kingdom of Saudi Arabia.

It is located at the west corner of Abi Al Mudhaffar Al Mubarak and Wadi Hajar streets, about 100 meters southeast of Olaya Park, some 250 meters north of Makkah Al Mukarramah Road (Khurais Road) and approximately 400 meters southwest of King Fahd Road.

It is situated in a predominantly residential area mostly constructed of two storey residential villas.

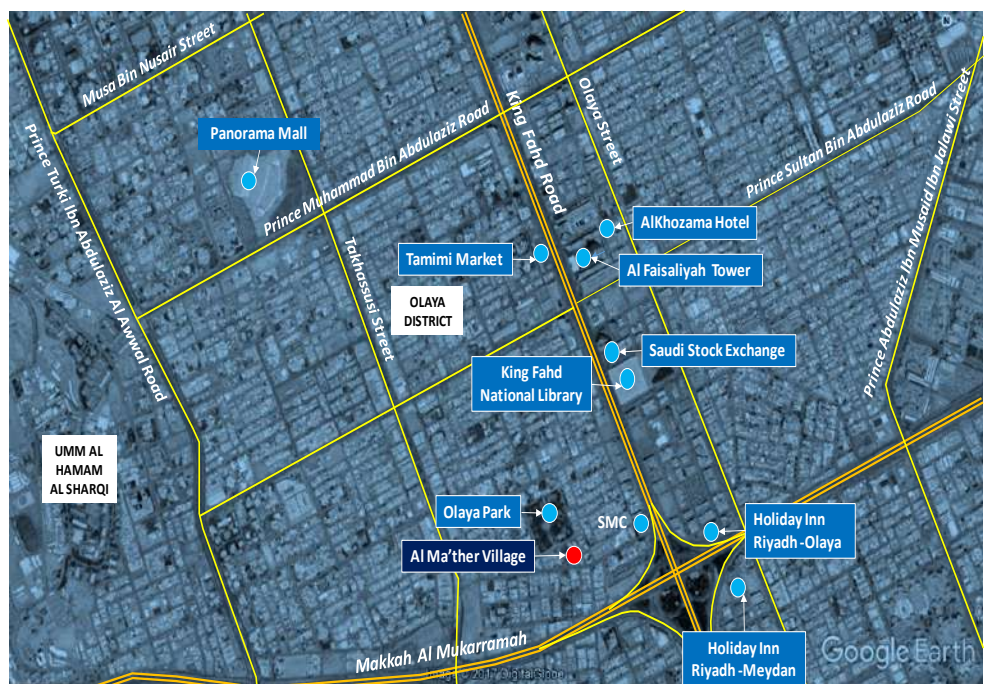
It is very accessible to the City Center through the nearby King Fahd and Makkah Al Mukarramah Roads, both major roads in Riyadh connecting the district to most common destinations and prominent landmarks.

For ease of reference, refer to the succeeding illustrations showing the subject property relative to their immediate neighborhood & environs.



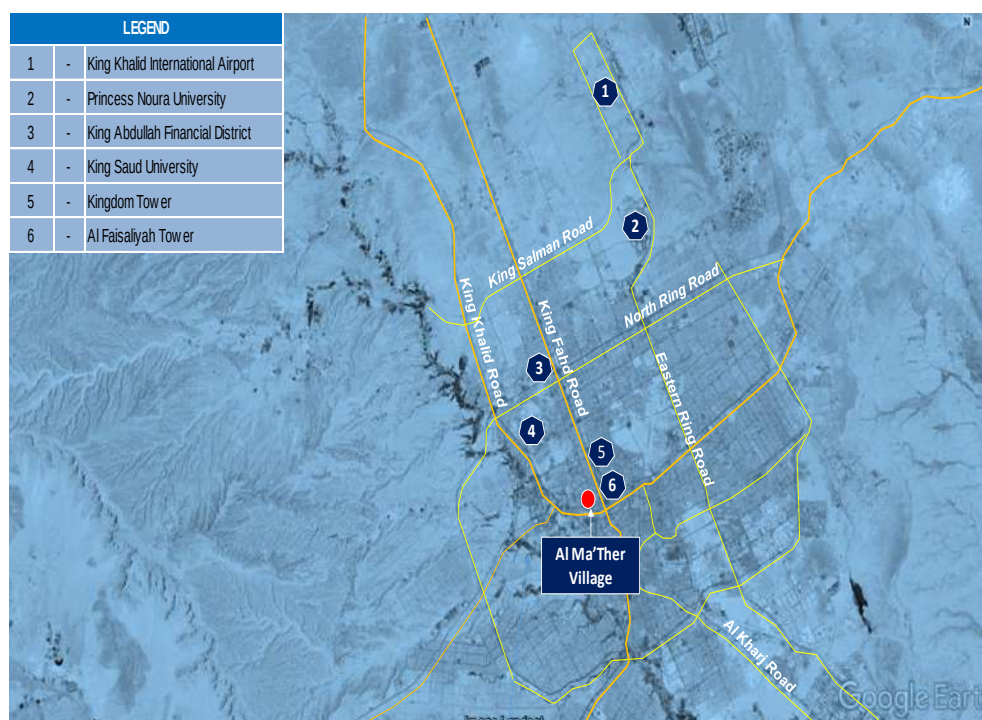


Source: Google Extract 2022 - For Illustrative Purposes Only



Source: Google Extract 2022 - For Illustrative Purposes Only

Furthermore, the illustration below is map of Riyadh City identifying the subject property and their proximity to known and important landmarks in the city such as the King Khalid International Airport, Princess Noura University, King Saud University, King Abdullah Financial District, the iconic Kingdom Tower and Faisaliyah Tower, malls, supermarkets, medical facilities, residential compounds, etc.



Source: Google Extract 2022 - For Illustrative Purposes Only

2.9.2 THE RIYADH METRO

The new City Metro of Riyadh is a rapid transit system under construction to be completed circa. 2022-23, which will be of benefit to Riyadh's population, business and future growth of Riyadh, etc. The Metro will help in many ways for the day to day life activities of the people such as traffic control, school journeys, shopping journey and business commuting, etc.

The city metro project is one of the world's largest infrastructure projects currently under-construction. It consists of trains and buses, which includes 6 railway lines stretching 176 kilometers with 85 stations, penetrating the capital of Saudi Arabia, Riyadh, from all directions.

It is expected that the capacity of the project is estimated at 1.16 million passengers daily in the beginning of the operation and will reach to as high as 3.6 million passengers after a decade. Other expected benefits from the project includes the reduction of the number of car trips by nearly 250 thousand trips a day and to provide the equivalent of 400 thousand liters of fuel per day and thus reduce air pollutant emissions.

The Metro Project comprises the following six lines.

- **Line 1** (Blue Line) runs in the north-south direction along Olaya and Batha streets, starting from slightly north of King Salman Bin Abdul Aziz Street and ending at in the south.



The Metro will be mostly underground in a tunnel along Olaya and King Faisal Streets, and elevated on a viaduct along Batha Street and at the northern and southern ends. Line 1 extends over a length of approximately 38 km (24 mi) and features 22 stations, in addition to 4 transfer stations with Lines 2, 3, 5, and 4&6.



- **Line 2** (Red Line) runs in the east-west direction along King Abdullah Road, between King Saud University and the eastern sub-center, mostly on a raised strip in the median of a planned freeway. This Line extends over a length of about 25.3 km (15.7 mi) and features 13 stations, in addition to 3 transfer stations with Lines 1, 5 and 6.
- **Line 3** (Orange Line) runs in the east-west direction along Al-Madinah Al Munawwarah and Prince Saad Bin Abdulrahman Al Awal Roads, starting at the west near Jeddah Expressway and ending at the east near the National Guard camp of Khashm El Aan.

The metro will be mostly elevated along the western part of Al-Madinah Al Munawwarah Road, then underground in tunnels in the central section of the line, and generally at grade along Prince Saad ibn Abdulrahman Road.

The length of the line is approximately 40.7 km (25.3 mi) and it features 20 stations, in addition to 2 transfer stations with Lines 1 and 6.



- **Line 4** (Yellow Line) reaches to King Khalid International Airport from King Abdullah Financial District, mainly on a mix of elevated and at-grade alignment. The length of the line is around 29.6 km (18.4 mi) and it features 8 stations (3 common with Line 6), in addition to 1 transfer station with Lines 1 and 6.
- **Line 5** (Green Line) runs underground in a tunnel along King Abdulaziz Street, between King Abdul Aziz Historical Centre and the Riyadh Airbase, before connecting with King Abdullah Road.



The length of the line is about 12.9 km (8.0 mi) and it features 10 stations, in addition to 2 transfer stations with Lines 1 and 2.

- **Line 6** (Purple Line) follows a half-ring starting at King Abdullah Financial District, passing by Imam Mohamed Bin Saud University and ending at Prince Saad Ibn Abdulrahman Al Awal Road. It runs mostly elevated except along Sheikh Hasan Bin Husein bin Ali Street.

The length of the line is approximately 29.9 km (18.6 mi) and it features 8 stations (3 common with Line 4), in addition to 3 transfer stations with Lines 1, 2 and 3.

2.10 ENVIRONMENT MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property.

We have not carried out any investigation into past or present use, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject property from the use or site and have therefore assumed that none exists. However, should it be established subsequently that contamination exists at the property or on any neighbouring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.

Details	
Area	Based on the document supplied by the client, the land area of Al Ma'ther Village is 1,923.6 sq. m.
Topography	Generally, the land is trapezoidal in shape and on relatively level terrain.
Drainage	Assumed available and connected.
Flooding	ValuStrat's verbal inquiries with local authorities were unable to confirm whether flooding is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not flood prone. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known flooding in this area.
Landslip	ValuStrat's verbal inquiries with local authorities were unable to confirm whether land slip is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not within a landslip designated area. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known landslip in this area.

2.10.1 TOWN PLANNING

Neither from our knowledge nor as a result of our inspection are, we aware of any planning proposals which are likely to directly adversely affect this property.

In the absence of any information to the contrary, it is assumed that the existing use is lawful, has valid planning consent and the planning consent is not personal to the existing occupiers and there are no particular onerous or adverse conditions which would affect our valuation.

In arriving at our valuation, it has been assumed that each and every building enjoys permanent planning consent for their existing use or enjoys, or would be entitled to enjoy, the benefit of a "Lawful Development" Certificate under the Town & Country Planning Acts, or where it is reasonable to make such an assumption with continuing user rights for their existing use purposes, subject to specific comments.



We are not aware of any potential development or change of use of the property or properties in the locality which would materially affect our valuation. For the purpose of this valuation, we have assumed that all necessary consents have been obtained for the subject property(s) referred within this report. Should this not be the case, we reserve the right to amend our valuation and report.

2.10.2 SERVICES

The property referred within this report is connected to mains electricity, water, drainage, and other municipality services.

It should be borne in mind that electrical requirements and testing standards have become more stringent in recent years and that the system requires annual inspection, testing and upgrading according to Saudi Electrical Standards. We have not been provided a test certificate and a valid certificate from the owners and should be requested by the client or owners need to satisfy themselves they are complying with Saudi Electrical Standards.

According to Civil Defence regulations in Saudi Arabia known as the Civil Defence system released by Royal Decree No. M/10 on 05-10-1406, corresponding to 20-01-1986]; firefighting system(s) must be in place providing protection to both people, public and private properties.

For the purpose of this valuation exercise, we assume all necessary consents are in place for Civil Defence regulations.

2.11 TENURE/TITLE

Unless otherwise stated we have assumed the freehold title is free from encumbrances and that Solicitors' local searches and usual enquiries would not reveal the existence of statutory notices or other matters which would materially affect our valuation.

We are unaware of any rights of way, easements or restrictive covenants which affect the property; however, we would recommend that the solicitors investigate the title in order to ensure this is correct. The valuation assumes that the freehold title should confirm arrangements for future management of the properties and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

We had assumed that the subject property is on a freehold basis. Should this not be the case we reserve the right to amend our valuation and this report.

Based on latest information provided by the client, all 7 (seven) villas are occupied. We have assumed the information provided are correct and accurate. Should this not be the case, we reserve the right to amend our valuation and report.

Details of the rents per villa is as follows:

Private & Confidential

Saudi Fransi Capital, Riyadh, KSA – June 2022

Villa 1 (MCV1) – SAR 90,000 per annum

Villa 2 (MCV5) – SAR 85,000 per annum

Villa 3 (MCV7) – SAR 80,000 per annum

Villa 4 (MCV7) – SAR 85,000 per annum

Villa 5 (MCV2) – SAR 90,000 per annum

Villa 6 (MCV3) – SAR 85,000 per annum

Villa 7 (MCV6) – SAR 95,000 per annum

The total aggregate rental is SAR 610,000 per annum.

Description	Property Details
Name of Compound	Al Ma'ther Village (Al Mazraa Compound)
No. of Villa	7 Units
Land Title Deed No.	310123032117
Title Deed Date	5/3/1439
Land Area	1,923.6 sq. m
Owner	Bonyan Real Estate Fund Company
Location	Al Olaya District, Riyadh, KSA
Interest	Freehold (reflecting rental contract – refer to appendix 2).

NB: All aspects of tenure/title should be checked by the client's legal representatives prior to exchange of contract/drawdown and insofar as any assumption made within the body of this report is proved to be incorrect then the matter should be referred back to the valuer in order to ensure the valuation is not adversely affected.

2.12 METHODOLOGY & APPROACH

In determining our opinion of Market Value for the freehold interest in the subject property, we have utilized the Discounted Cash Flow (DCF) analysis for income generating property taking into consideration the latest tenancy schedule provided by the client.

2.12.1 DISCOUNTED CASH FLOW (DCF) APPROACH

The subject properties fall into a broad category of investment property with the prime value determinant being the properties' ability to generate rentals and rental growth through the ongoing letting and reasonable maintenance.

In determining our opinion of Market Value of the subject property we have utilized the Investment Approach utilizing a Discounted Cash Flow technique.



Discounting Cash Flow analysis is defined in the International Valuation Standards as a financial modelling technique based on explicit assumptions regarding the prospective cash flow of the property. This analysis involves the projection of a series of periodic cash flows a property is anticipated to generate, additionally giving regard to the frequency and timing of associated development costs, contingency allowances etc.

To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the property. The DCF approach involves the discounting of the projected net cash flow on a yearly basis over the explicit cash flow period. In the case of the subject compounds the cash flow has been projected over a 10-year period reflecting a market practice for cash flows reflecting the property. The cash flow is discounted back to the date of valuation at an appropriate rate to reflect risk in order to determine the Market Value of both properties. The rental income being capitalised and discounted in the cash flow refers to net rental income, that is, the income stream. The future values quoted for property, rents and costs are projections only formed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date.

2.12.2 MARKET RENTS

Sales or rental evidence for similar properties within Riyadh are not readily available or transparent due to the nature of the property market within the Kingdom of Saudi Arabia.

Much if not all of the evidence is anecdotal, and this limitation may place on the non-reliability of such information and impact on values reported.

Research into market rentals for typical villas within the vicinity of the subject properties states the following:

<i>Ar Rafiah Area</i>	<i>Area (m²)</i>	<i>inclusive</i>	<i>Rental Rates per Year</i>
4 Bedroom	325	5 T&B, Car Park	SAR 130,000
4 Bedroom	400	5 T&B, Car Park	SAR 150,000
<i>Al Olaya Area</i>	<i>Area (m²)</i>	<i>inclusive</i>	<i>Rental Rates per Year</i>
4 Bedroom	300	4 T&B, Car Park	SAR 90,000
5 Bedroom	450	4 T&B, Car Park	SAR 90,000
5 Bedroom	300	4 T&B, Car Park	SAR 110,000
4 Bedroom	350	5 T&B, Car Park	SAR 120,000

2.12.3 CENTRAL REGION RESIDENTIAL COMPOUNDS ANALYSIS

The following tables illustrate the Central Region compounds analysis:

Private & Confidential

Saudi Fransi Capital, Riyadh, KSA – June 2022

Cordoba Oasis Compound, Riyadh	Product Type	Average Rent – 2020-21	Average Unit Rent – 2020-21
Product Type	Area (sq m)		
Malaga Two Bedroom Villa	188	200,000	1,064
Three Bedroom Villa	267	220,000	824
Marbella VIP Four Bedroom Villa	451	350,000	776

Al Hamra Compound, Riyadh	Product Type	Average Rent – 2020-21	Average Unit Rent - 2020
Product Type	Area (sq m)		
Villa Three Bedroom	295	340,000	1,153
VIP Villa Four Bedroom	550	475,000	864
Executive Villa B Five Bedroom	856	600,000	701
Executive Villa A Six Bedroom	1,078	700,000	649

Al-Yamamah Village 2, Riyadh	Product Type	Average Rent of 2020-21	Average Unit Rent – 2020-21
Product Type	Area (sq m)		
Two Bedroom Villa	206	120,000.00	583
Three Bedroom Villa	260	140,000.00	538
Four Bedroom Villa	404	160,000.00	396

Source: ValuStrat Research 2021-22

Kingdom City Compound, Riyadh	Product Type	Average Rent of 2020-21	Average Unit Rent – 2020-21
Product Type	Area (sq m)	Average Rents	
Two Bedroom Villa	c.120	130,000	1,072
Three Bedroom Villa	c.253	215,000	843
Four Bedroom Villa	c.392	327500	833
1-Bed apartment F-type	97	120,000	1,165

ValuStrat Research 2020-21

Arizona Golf Resort Compound, Riyadh	Product Type	2020-21	Average Unit
Product Type	Area (sq m)	Average Rents	
Three Bedroom Villa	233	285,000	1,209
Three Bedroom Villa with Golf Course View	233	294,000	1,266
Two Bedroom Condo (Apartment)	198	270,000	1,212

ValuStrat Research 2020-21

Al-Yamamah Village 2, Riyadh	Product Type	2020-21	Average Unit
Product Type	Area (sq m)	Average Rent	
One Bedroom Apartment	78	140,000	1,667
Two Bedroom Villa	c.206	275000	1,294
Three Bedroom Villa	c.260	350,000	1,218
Four Bedroom Villa	404	425,000	965

ValuStrat Research 2021-22



Likewise, the client also provided us below the current annual rent of the compound. We have assumed that the information provided by the client is complete, accurate and updated. Should this not be the case we reserve the right to amend our valuation and this report.

Property Name	Land Area (m ²)	No. of Units	Gross Rent (SAR)	Ave Rent/Villa (SAR)
Al Ma'ther Village	1,923.60	7	610,000 per annum	87,142 per annum

Source: Client 2022

Referring to the above information, the current average rental rates of villas at Al Ma'ther Village appears reasonable and within prevailing market rent.

2.12.4 ASSUMPTIONS & COMMENTARY

The residential compound has been assessed as an investment property subject to the lease amount provided by the client and any assumptions made by ValuStrat within market benchmarks. ValuStrat has made certain assumptions and adjustments based on their experience in valuing typical villa compound properties in Riyadh, KSA taking cognisance of the surrounding developments within the property which will ultimately form part of. This was done in an attempt to forecast our interpretation of performance of the residential compound over the 10-year explicit cash flow period.

In this instance, we have adopted the following rates:

Components	Comments/Assumptions
Passing Income (SAR)	610,000 per annum
Occupancy	100%
Operational Cost	Refer to the table below provided by the client
Growth Rate	2.5%

Operational Cost

The data below were provided by the Client which we assumed to be updated, complete and correct.

Should this not be the case, we reserve the right to amend our valuation and this report.

Details of Operational Cost	Amount (SAR)
- Salaries & Payroll Benefits	3,345
- G & A Expenses	14,467
- Utilities Expenses	26,954
- Security Expenses	28,102
- Marketing Expenses	461
- Repair & Maintenance Expenses	90,723
Total (SAR)	164,052



Growth Rate

Given the current state of market condition, we applied an average growth rate of 2.5% per annum for Al Ma'ther Village.

Discount Rate and Exit Yield

Research conducted and collated from developers and investors indicate that the discount rate is dependent on the scale of the development and the inherent risk associated. This risk takes into account the extent of the development, location, economic conditions and investor sentiment. We have adopted an exit yield and discounted rate as follows:

- Al Ma'ther Village (Al Mazraa Compound) – 8% exit yield; 10% discount rate

2.12.5 SUMMARY OF MARKET VALUE

The resultant value based upon the above variables/assumptions for the subject properties are as follows (refer to DCF analysis in the appendices section):

Property Name	Gross Rent	Exit Yield	Disc. Rate	Property Value
Al Ma'ther Complex	*SAR 610,000 p.a.	8%	10%	SAR 5,200,000

**Provided by client – assumed to be correct and accurate (refer section 2.11 of this report). Should this not be the case, we reserve the right to amend our valuation and this report.*

2.13 VALUATION**2.13.1 MARKET VALUE**

ValuStrat is of the opinion that the Market Value of the freehold interest in the subject property, referred within this report, as of the date of valuation, based upon the Discounted Cash Flow (DCF) Approach and assumptions expressed within this report, may be fairly stated as follows;

Market Value (rounded and subject to details in the full report):

Aggregate Value: SAR 5,200,000 (Five Million Two Hundred Thousand Saudi Arabian Riyals)

The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations. Due to this shortage, it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature.'

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

Property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. It must be borne in mind that capital values can fall as well as rise.



The value provided in this report is at the top end of the range for properties of this location and character and will necessitate that the property be maintained to a good standard to maintain its value.

2.14 MARKET CONDITIONS SNAPSHOT

2.14.1 MARKET ASSESSMENT, TIMES OF UNCERTAINTY (COVID-19 PANDEMIC) & VALUATION COMMENTARY OVERVIEW

The past two plus years of extraordinary market conditions have made it difficult for investors to confidently assess changes in property prices. The COVID-19 recovery has meant higher energy prices, supply chain disruptions mean 2022 will be the year to repair global economy if possible.

The world is rapidly changing with ongoing structural shifts, population growth, urbanization, climate change and the digital revolution continue to profoundly impact our world and societies.

Though KSA has shown resilience with high oil price revenues and current budget of Q1 – 2022 showing surplus of SAR 57 billion and Public Investment Fund (PIF) – sovereign wealth fund going from strength to strength.

Since the lifting of travel bans, the KSA real estate market is in a healthy position with many analysts predicting a strong 2022 for real estate (vision 2023) with the positive activity and investment by the government unveiling a number of reforms, including recent facilitation of the tourism visa, where citizens of 49 countries are now able to apply e-visas and holders of Schengen, UK or US visas are eligible for visas on arrival.

Also, the government has now allowed the full foreign ownership of retail and wholesale operations along with previously opening up of the Tadawul Stock Market to foreign investment supported by current energy reforms, cutting subsidies, creating jobs, privatizing state-controlled assets and increasing private sector contribution to the country's economy, etc. With all the opportunities throughout the Kingdom and the creation of the Giga projects, there was an ambitious resilience which was suddenly shutdown overnight due to the initial lockdown period. With all the current uncertainty, market stagnation and short-term challenges whereby force majeure (as a result of the pandemic's cause beyond anyone's reasonable control) had created inactivity. As mentioned above the KSA market's ambitions and resilience, we understand investor sentiment remains strong as it was prior to the pandemic and the KSA was on an upward course showing growth in the last quarter of 2019 after a period of subdued market conditions.

The current global crushing of liquidity in economies will have impact on markets and real estate market and this maybe the case with many economies across the globe; however, the KSA market has shown resilience in previous years through a period of downward trend (2016-18), a correction allowing for the market to bottom out with 2019 experiencing growth in the first quarter and subdued market conditions



throughout 2019. The latter part of Q4 – 2019 saw positive growth with strong investor appetite, though the market lacking good quality stock. Now with the Saudi government confirming a stimulus package of SR 120 billion plus, we understand the market will bounce back with investors underlying strong appetite. This will delay any evidence in the short term of declining prices and with the government stimulus will assist any short-term losses on transactions, private and public funds, although will need to be sustained in the short-term.

The KSA real estate sector generally follows the fortunes of the greater economy and while the oil reserves were left off prior to the pandemic fairly strong, although currently a price war between major producers is adding to a growing supply glut, though this will help KSA once markets start normalizing again. The KSA economy remains stable and backed-by strong fundamentals of the KSA market (i.e. young growing population) and also the economic transformation plan transforming the Kingdom towards a service economy post-oil era.

In short, the pandemic was expected to be a short-term shock wave with an eventual surge of business activity leading to a rapid recovery either in the form of a “V-shape” or a more gradual recovery in the form of a “U-shape” bounce back. Accordingly, we expected the KSA market to surge in business over the course of 2021 and now 2022 allowing for markets to start flourishing towards long term sustainability in social trends and patterns along with socio-economic distancing in a growing cycle. On the other hand, should the global economic impact of the Coronavirus pandemic (COVID-19) outbreak persist and will be dependent on how long the virus lasts, how far it spreads and how much lock-down, public organizations quarantines disrupt the market. Indeed, the current response to COVID-19 means that we are faced with unprecedented set of circumstances on which to base judgement(s). There is strong evidence that real estate markets have sprung back to strong activity and growth fairly quickly as we are experiencing in the Kingdom of Saudi Arabia.

Equally, the short-term generally speaking we do not expect the current real estate market to show any small adjustment in prices/rates. The KSA real estate market is a developing market with much invested by the government in infrastructure projects, so we expect the government’s latest stimulus to preserve liquidity and for demand to hold having limited / no bearing on prices / rates.

2.14.2 MARKET CONDITIONS PRIOR TO THE PANDEMIC & THE KSA LOCKDOWN

Despite a new wave of infections (Variant Viruses) this year (2021), the roll out of vaccinations offers hope in controlling this disease and provide a path of recovery in sight along with recovery in oil price provides further impetus.

The Kingdom of Saudi Arabia (KSA) - world's largest exporter of crude oil, embarked four years (2016) ago on an ambitious economic transformation plan, “Saudi Arabia Vision 2030”. In a hope to reduce its reliance on revenue from hydrocarbons, given the plummeting oil price revenues from 2014.

Through the current vision 2030 and in a post oil economy, KSA is adapting to times of both austerity measures and a grand ambitious strategy. With an overdue diversification plan Saudi Arabia's economic remodelling is about fiscal sustainability to become a non-dependent nation of oil. This is supported by current energy reforms, cutting subsidies, creating jobs, privatising state-controlled assets and increasing private sector contribution to the country's economy.

Despite economic headwinds, across the region, KSA has shown resilience through a period of subdued real estate market activity. The real estate sector generally follows the fortunes of the greater economy and whilst Saudi Arabia is undergoing structural reforms politically, economically and socially will transform the Kingdom towards a service economy post-oil era.

These changes along with significant amounts of investment - estimated to soon be over 1 trillion US dollars will create vast amounts of opportunities for the public and private sectors across all businesses segments.

The KSA economy in the first quarter of 2019 has relied on the current oil price rise to pull it out of recession; however, the previous 18-24 months, KSA faced a protracted spell of economic stress, much of which can be attributed to the falling oil prices coupled with regional political issues.

Oil prices starting to surge again around 65 dollars a barrel currently from under 30 dollars a barrel in early in 2016 which resulted in a crash in prices and the economy dipped into negative territory in 2017 for the first time since 2009, a year after the global financial crisis.

General consensus anticipates a piercing improvement in the Saudi economy in the period ahead (2021-2022), supported by both the oil and non-oil sector. So ultimately it appears the economy will still need to rely on oil revenues to bridge the gap in the short term with a budget deficit over the past 3 years and the Kingdom borrowing from domestic and international markets along with hiking fuel and energy prices to finance the shortfall. The economy slipped into recession in 2018 but returned to growth in 2019, albeit at the fairly modest level of 1.7%, according to estimates from the International Monetary Fund (IMF). However, the return to growth is mainly due to a return to increase in oil prices again and output which, in turn, is enabling an increase in government spending.

Accordingly, in the short term needs to rely on the oil revenue and this reliance is being channelled into public spending. The reforms that have been pushed through to date have led to important changes aiding the economy. The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce. Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars. A due enactment of law will encourage public-private partnerships to herald more foreign investment.



The economic transformation that the KSA has embarked upon is complex and multidimensional and will certainly take time to turn around a non-oil serviced economy, although there have been recent positive signs, but it will remain in the short term with the support of oil revenues.

On the other hand, the KSA was resilient in the previous recession in 2007/2008 on strong oil reserves and not only can the Saudi government be relied upon to step in to rescue troubled lenders, reliable institutions for procedural reasons but crucially, it can also afford to do so, although has suffered due to previous oil price declines and it has meant increased spending.

Vision 2030 to diversify the economy from reliance on oil, has only just commenced in previous years and with a young and increasingly well-educated population, together with its own sovereign wealth fund, the Kingdom has many favourable factors to become a leading service sector economy in the region. Reform efforts include a reduction of subsidies on fuel and electricity and the implementation of a 5 per cent VAT back on 01 January 2018 which increased to 15 per cent VAT as of 01 July 2020. The government is also striving to get women to play a greater role in the economy including recently allowing them to drive back in 2019. Wider reforms have been initiated by the government allowing for the entertainment industry to flourish with the opening of the first cinema in King Abdullah Financial District (KAFD) along with 4 VOX screens opening at Riyadh Park Mall. The cinema entertainment is spurred on by Public Investment Fund (PIF) in collaboration with AMC Cinemas and led by the Development and Investment Entertainment Company (DIEC), a wholly owned subsidiary of PIF. With an objective of 30 to 40 cinemas in approximately 15 cities in Saudi Arabia over the next five years, and 50 to 100 cinemas in about 25 Saudi cities by 2030.

As part of wider reforms to overhaul the economy and to allow for deep rooted diversification, the Public Investment Fund (PIF) have initiated plans to bolster the tourism / entertainment industry by forming ambitious plans such as the following:

Red Sea Tourism Project

To transform 50 islands consisting of 28,000 square kilometres along the Red Sea coastline into a global tourism destination. For ease of reference to illustration below showing the location in relation to the Kingdom of Saudi Arabia.

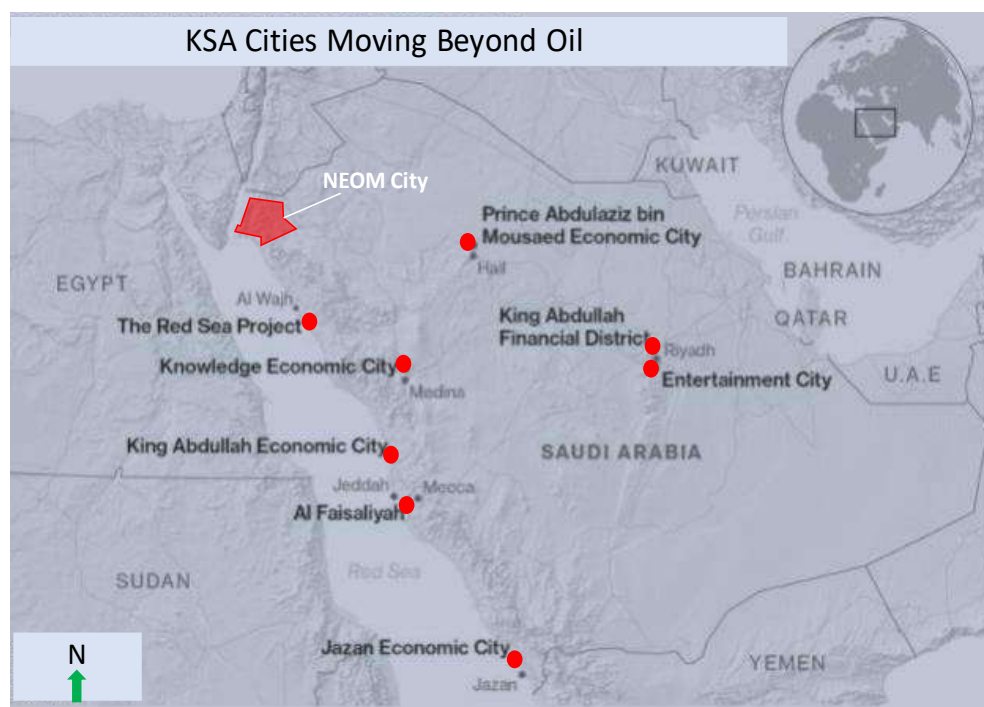
Al Faisaliyah Project

The project will consist of 2,450 square kilometres of residential units, entertainment facilities, an airport and a seaport. Refer to the below illustration for the location.

Qiddiya Entertainment City

Qiddiya Entertainment City will be a key project within the Kingdom's entertainment sector located 40 kilometres away from the center of Riyadh. Currently alleged for "The First Six Flags-branded theme park". The 334 square kilometre entertainment city will include a Safari Park too. The project will be mixed use facility with parks,

adventure, sports, events and wild-life activities in addition to shopping malls, restaurants and hotels. The project will also consist around 4,000 vacation houses to be built by 2025 and up to 11,000 units by 2030. Again, for ease of reference refer to the below illustration for the location.



Neom City

The NEOM city project will operate independently from the “existing governmental framework” backed by Saudi government along with local and international investors. The project will be part of a ‘new generation of cities’ powered by clean energy. The ambitious plan includes a bridge spanning the Red Sea, connecting the proposed city to Egypt and stretch into Jordan too.

Economic Cities

The overall progress with the Economic Cities has been slow and projects on hold over the past 7-10 years, although KAFD has recently given the go ahead to complete by 2020. Within the Saudi Vision 2030 the government referenced that they will work to “salvage” and “revamp”.

Real Estate Growth

Overall ValuStrat research reveals that real estate sectors have continued to decline in both sales and rental values. We expect demand to remain stable due to fundamentals of a growing young population, reducing family size, increasing middle-class and a sizeable affluent population – all of which keeps the long-term growth potential intact.

Despite short term challenges, both investors and buyers remaining cautious, the Saudi economy has shown signs of ambition with the government unveiling a

number of reforms, including full foreign ownership of retail and wholesale operations along with opening up of the Tadawul Stock Market to foreign investment as well as the reforms mentioned in the previous section referred above. As mentioned earlier, KSA experienced positive growth by oil price rise in the first quarter of 2021; hence the main driver of the recovery remains oil. Over 2021 we envisage the Kingdom's consumer outlook to be more favourable in economic conditions.

Moreover, tax on development land implemented in 2017/18 has kept the construction sector afloat, encouraging real estate developers. Adapting to a new KSA economic reality has been inevitable, although the Kingdom's oil dynamics remain pivotal for future development within the KSA 2030 economic vision plan. In latter part of 2017, the Public Investment Fund (PIF), Saudi Arabia's sovereign wealth fund set up a real estate refinancing company aimed at advancing home ownership in the Kingdom, which suffers from a shortage of affordable housing. This initiative will create stability and growth in the Kingdom's housing sector by injecting liquidity and capital into the market. Another plan to help kick start the real estate market by boosting the contribution of real estate finance to the non-oil GDP part.

The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016). The close ties with the construction, financing institutions and many others have provided crucial resources that contributed to the development of the Saudi economy. The real estate market performance in 2019/20 and the general trend in KSA for most sectors have remained subdued given lower activity levels, while prices have been under pressure across most asset classes leading to a gradual softening of rental and sale prices.

The real estate sector remains subdued, and prices may have bottomed out across sectors, and we expect in the medium to long term for the market to pick-up further growth given the reforms and transformation in KSA, although we expect the growth to be slow and steady subject to a stable political environment in KSA and across the region. The outlook remains optimistic for the longer term due to the various KSA initiatives aimed at stimulating the real estate market whilst encouraging the private sector to play a key role in the transformation.

All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. Since the issuing of this report the KSA lockdown for the COVID-19 health crisis was lifted back on 21 June 2020 and the economy is now trying to get back to normalcy. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2022.

Property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. It must be borne in mind that both rental and capital values can fall as well as rise.

2.14.3 PRINCIPAL GAINS AND RISKS (SWOT ANALYSIS)

Strengths	Weaknesses
• The subject compound is located in an established; • Away from the city centre and traffic congestion • Good infrastructure in surrounding areas. • Strategically located in close proximity to the central area of area and south & west areas of Riyadh which have grown quickly over the past few years • Good visibility of the subject site provides good exposure for any potential development; • The site's surrounding infrastructure, and future plans will allow for easy connectivity with the rest of Riyadh city and upcoming sub-centres.	• The private sector is dependent on expat labour, reflecting a shortage of marketable skills among nationals and a fairly high unemployment rate among locals.
Opportunities	Threats
• Due to the great number of upcoming developments in the area, the subject development can be developed to benefit from this uplift and establishment in the market. • Continued investment in the economy by the government will help maintain growth and business. • Various regulatory efforts by the government aimed to ease accessibility and affordability of real estate assets.	• There are numerous competitors in the area offering similar land and property for sale due to the recent land tax scare. • Perceptions of high security risks deter some investors and the possibility of change in governmental procedures causing an effect on investment value and general business activity. • Vacant Lands/Undeveloped land have the threat of land tax. • Lower family disposable income due to the effects of the government's subsidy reform and impending VAT implementation. • Threat of a potential Global recession impacting the KSA economy later in 2022. Rising inflation, rising energy prices and conflict in Ukraine creating volatility in markets across the Globe.



2.15 VALUATION UNCERTAINTY

This valuation has been undertaken against a background of significant levels of Market volatility is one of the main reasons of Valuation uncertainty in the real estate market in the Kingdom and within the GCC region given the dramatic changes in markets in current oil price slump and other factors too.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations. Given the current uncertainties it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature.

The current shortage of transaction, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis. The RICS valuation standards consider it essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.

We further state that given the valuation uncertainty stated above our valuation represents our impartial calculated opinion / judgement of the properties, based on relevant market data and perceptions as at the date of valuation.

The client is advised that whilst all reasonable measures have been taken to supply as accurate a valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place

The client is also recommended to consider the benefits in such a market, of having more frequent valuations to monitor the value of the subject property.

2.16 DISCLAIMER

In undertaking and executing this assignment, an extreme care and precaution has been exercised.

This report is based on information provided by the Client. Values will differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc.

It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.



2.17 CONCLUSION

This report is compiled based on the information received to the best of our belief, knowledge and understanding.

The information revealed in this report is strictly confidential and issued for the consideration of the Client.

No part of this report may be reproduced either electronically or otherwise for further distribution without our prior and written consent.

We trust that this report and valuation fulfils the requirement of your instruction. This report is issued without any prejudice and personal liability.

For and on Behalf of, **ValuStrat**



Mr. Ramez Al Medlaj (Taqeem
Member No. 1210000320)
Valuation Manager – Real Estate



Mr. Yousuf Siddiki (Taqeem Member
No. 1210001039)
Director – Real Estate, KSA



Private & Confidential

Saudi Fransi Capital, Riyadh, KSA – June 2022

APPENDIX 1 - PHOTOGRAPHS



Appendix - 2: DCF Extract

DISCOUNTED CASH FLOW (DCF) ANALYSIS											
AL MAATHER VILLAGE						Valuation Date: 30 June 2022					
Al Olaya District, Riyadh, KSA											
Tenure:	Freehold										
Growth Rate	2.50%										
Void Costs	0% of all voids										
Year	1	2	3	4	5	6	7	8	9	10	Exit Value
Gross Revenue (Rental)	610,000	625,250	640,881	656,903	673,326	690,159	707,413	725,098	743,226	761,806	
Full Rental Value	610,000	625,250	640,881	656,903	673,326	690,159	707,413	725,098	743,226	761,806	
Occupancy	100%	100%	100%	100%	100%	90%	90%	90%	90%	90%	
Gross Passing Rent	595,000	625,250	640,881	656,903	673,326	621,143	636,672	652,588	668,903	685,626	
Less : Operational Expenses											
Payroll & Employee Benefits	2%	3,345	3,412	3,480	3,550	3,621	3,693	3,767	3,842	3,919	3,998
General & Administration	2%	14,467	14,756	15,051	15,352	15,660	15,973	16,292	16,618	16,950	17,289
Utilities	2%	26,954	27,493	28,043	28,604	29,176	29,759	30,355	30,962	31,581	32,213
Security	2%	28,102	28,664	29,237	29,822	30,419	31,027	31,647	32,280	32,926	33,584
Marketing Expenses	2%	461	470	480	489	499	509	519	530	540	551
Repair & Maintenance	2%	90,723	92,537	94,388	96,276	98,201	100,166	102,169	104,212	106,296	108,422
Total Operational Expenses	12%	164,052	167,333	170,680	174,093	177,575	181,127	184,749	188,444	192,213	196,057
Void Costs		-	-	-	-	-	-	-	-	-	-
Net Current Rent		430,948	457,917	470,202	482,810	495,751	440,016	451,922	464,144	476,690	489,568
Present Value of Net Rent		391,771	378,444	353,269	329,766	307,822	248,378	231,908	216,527	202,163	188,750
											2,359,373



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Valuation Report

OFFICE ADMINISTRATION BUILDING, AL GHADEER
DISTRICT, RIYADH, KSA

SAUDI BONYAN REIT / SAUDI FRANSI CAPITAL

REPORT ISSUED 24 JULY 2022

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1 EXECUTIVE SUMMARY

THE EXECUTIVE SUMMARY AND VALUATION SHOULD NOT BE CONSIDERED OTHER THAN AS PART OF THE ENTIRE REPORT.

1.1 THE CLIENT

Muhammad Raza Rawjani, CFA
Saudi Fransi Capital
Riyadh KSA
mrawjani@FransiCapital.com.sa

1.2 THE PURPOSE OF VALUATION

The valuation is required for internal purposes.

1.3 INTEREST TO BE VALUED

The below-mentioned property is the scope of this valuation exercise:

Description	Property Details
Property Name	Office Building, Riyadh
Land Area (sq. m.)	4,355.5
Building GLA (sq. m.)	8,796
Owner	Bonyan REIT/ Bonyan Real Estate Fund Company
Location	Al Ghadeer District, North Riyadh KSA
GPS Co-ordinates	24°46'24.39"N 46°39'22.99"E
Interest Valued	Assumed Freehold

Source: Client 2022

Note: we have been informed by the client the gross leasable area is 13,260 sq. m. We assume this is correct and accurate. Should this not be the case, we reserve the right to amend our valuation and report.

1.4 VALUATION APPROACH

We have undertaken the Discounted Cash Flow (DCF) approach to valuation.

1.5 DATE OF VALUATION

Unless stated to the contrary, our valuation has been assessed as at the date of our report based on 30 June 2022.

The valuation reflects our opinion of value as at this date. Property values are subject to fluctuation over time as market conditions may change.



1.6 OPINION OF VALUE

Freehold Interest

Property Name	Passing Rent (SAR)	OpEx	Exit Yield	Discount Rate	Value (SAR) [Rounded]
Office Building, Riyadh	6,103,105 p.a.	To be borne by tenant	8%	8.75%	77,000,000

The executive summary and valuation should not be considered other than as part of the entire report. The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's marketplace.

1.7 SALIENT POINTS (GENERAL COMMENTS)

Whilst most global markets remain disrupted along with the effects of the extraordinary market conditions over the past two plus years through the COVID-19 pandemic, it appears the KSA economy appears stable and strong within a recovery mode on the back of higher oil demand and private consumption along with KSA's Vision 2030 looks to diversify the economy away from oil through focusing on direct foreign investment, tourism and the increase of locals in the workforce.

The cost of risk is also likely to stay elevated in 2022 reflecting the volatile global health situation, high inflation and rising interest rates, etc.

The real estate traditional determinants of location and value for money continue to be a key success influencing property and accommodation preference though investors in KSA are also no less sensitive to asset classes and the location of property providing investor expectations and stable long-term income for portfolios and funds. Equally, strong investor appetite remains for 'best in class' / 'Institutional Asset Class – Grade A' / good quality property providing long term income.

With all positive activity and investment by the government creating opportunities through projects across the Kingdom's Vision 2030 and through the creation of the Giga projects has meant a stable KSA economy with positive outlook going forward throughout 2022 and beyond.

We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect.

We confirm that on-site measurement exercise was not conducted by ValuStrat, and we have relied on the site areas provided by the Client. In the event that the areas of the property and site boundary prove erroneous, our opinion of Market Value may be materially affected, and we reserve the right to amend our valuation and report.

We have assumed that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing and good title can be shown. For

the avoidance of doubt, these items should be ascertained by the client's legal representatives. ValuStrat draws your attention to any assumptions made within this report. We consider that the assumptions we have made accord with those that would be reasonable to expect a purchaser to make.

We are unaware of any adverse conditions which may affect future marketability for the subject property. It is assumed that the subject property is freehold and is not subject to any rights, obligations, restrictions and covenants. This report should be read in conjunction with all the information set out in this report, we would point out that we have made various assumptions as to tenure, town planning and associated valuation opinions. If any of the assumptions on which the valuation is based is subsequently found to be incorrect, then the figures presented in this report may also need revision and should be referred back to the valuer.

Note that property values are subject to fluctuation over time as market conditions may change. The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's marketplace. Valuation considered full figure and may not be achievable in the event of an early re-sale.

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

This executive summary and valuation should not be considered other than as part of the entire report.

2 VALUATION REPORT

2.1 INTRODUCTION

Thank you for the instruction regarding the subject valuation services.

We ('ValuStrat', which implies our relevant legal entities) would be pleased to undertake this assignment for Saudi Bonyan REIT / Saudi Fransi Capital ('the client') of providing valuation services for the property mentioned in this report subject to valuation assumptions, reporting conditions and restrictions as stated hereunder.

2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

Description	Property Details
Property Name	Office Building, Riyadh
Land Area (sq. m.)	4,355.5
Building GLA (sq. m.)	8,796
Owner	Bonyan REIT/ Bonyan Real Estate Fund Company
Location	Al Ghadeer District, North Riyadh KSA
GPS Co-ordinates	24°46'24.39"N 46°39'22.99"E
Interest Valued	Assumed Freehold

Source: Client 2022

2.3 PURPOSE OF VALUATION

The valuation is required for internal purposes.

2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Taqueem Regulations (Saudi Authority for Accredited Valuers) and the International Valuation Standards Council (IVSCs') incorporating International Valuations Standards (IVS) 2022.

It should be further noted that this valuation is undertaken in compliance with generally accepted valuation concepts, principles and definitions as promulgated in the IVSCs International Valuation Standards (IVS) as set out in the IVS General Standards, IVS Asset Standards, and IVS Valuation Applications.



2.5 BASIS OF VALUATION

2.5.1 MARKET VALUE

The valuation of the subject property, and for the above stated purpose, has been undertaken on the **Market Value** basis of valuation in compliance with the above-mentioned *Valuation Standards* as promulgated by the IVSC and adopted by the RICS. **Market Value** is defined as: -

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

The definition of **Market Value** is applied in accordance with the following conceptual framework:

“The estimated amount” refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. *Market value* is the most probable price reasonably obtainable in the market on the *valuation date* in keeping with the *market value* definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of *special value*;

“an asset should exchange” refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the *valuation date*;

“on the valuation date” requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the *valuation date*, not those at any other date;

“between a willing buyer” refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute “the market”;

“and a willing seller” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for



the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

“in an arm’s-length transaction” is one between parties who do not have a particular or special relationship, e.g. parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of *special value*. The *market value* transaction is presumed to be between unrelated parties, each acting independently;

“after proper marketing” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the *market value* definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the *valuation date*;

‘where the parties had each acted knowledgeably, prudently’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the *valuation date*. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the *valuation date*, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

‘and without compulsion’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm’s length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible.



Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

2.5.2 VALUER(S)

The Valuer on behalf of ValuStrat, with responsibility of this report is Mr. Ramez Al Medlaj (Taqeem Member) who has sufficient and current knowledge of the Saudi market and the skills and understanding to undertake the valuation competently.

We further confirm that either the Valuer or ValuStrat have no previous material connection or involvement with the subject of the valuation assignment apart from this same assignment undertaken.

2.5.3 STATUS OF VALUER

Status of Valuer	Survey Date	Valuation Date
External Valuer	*19 June 2022	30 June 2022

**The inspection was external and visual in nature only.*

2.6 EXTENT OF INVESTIGATION

In accordance with instructions received we have carried out an external and internal inspection of the property.

The subject of this valuation assignment is to produce a valuation report and not a structural / building or building services survey, and hence structural survey and detailed investigation of the services are outside the scope of this assignment.

We have not carried out any structural survey, nor tested any services, checked fittings of any parts of the property.

Our inspection was limited to the internal and external visual assessment of the subject property including its basement parking, ground floor retail/showrooms and upper floor hotel & offices.

For the purpose of our report, we have expressly assumed that the condition of any un-seen areas is commensurate with those which were seen. We reserve the right to amend our report should this prove not to be the case.

2.7 SOURCES OF INFORMATION

For the purpose of this report, it is assumed that written information provided to us by the Client is up to date, complete and correct in relation to title, planning consent and other relevant matters as set out in the report.

Should this not be the case, we reserve the right to amend our valuation and report.



2.7.1 VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:

The subject property is valued under the assumption of property held on a *Private interest* with the benefit of trading potential of existing operational entity in possession;

Written information provided to us by the Client is up to date, complete and correct in relation to issues such as title, tenure, details of the operating entity, and other relevant matters that are set out in the report; that no contaminative or potentially contaminative use has ever been carried out on the site;

We assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoings, restrictions or other encumbrances. Information regarding tenure and tenancy must be checked by your legal advisors;

This subject is a valuation report and not a structural/building survey, and hence a building and structural survey is outside the scope of the subject assignment.

We have not carried out any structural survey, nor have we tested any services, checked fittings or any parts of the structures which are covered, exposed or inaccessible, and, therefore, such parts are assumed to be in good repair and condition and the services are assumed to be in full working order;

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect.

For the purpose of this valuation, we have assumed that such investigations would not disclose the presence of any such material to any significant extent; that, unless we have been informed otherwise, the property complies with all relevant statutory requirements (including, but not limited to, those of Fire Regulations, By-Laws, Health and Safety at work);

We have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building.

We would recommend that the client makes their own enquiries in this regard; and the market value conclusion arrived at for the property reflect the full contract value and no account is taken of any liability to taxation on sale or of the costs involved in effecting the sale.



2.8 PRIVACY/LIMITATION ON DISCLOSURE OF VALUATION

This valuation is for the sole use of the named Client. This report is confidential to the Client, and that of their advisors, and we accept no responsibility whatsoever to any third party.

No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report.

It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorised.

2.9 DETAILS AND GENERAL DESCRIPTION

2.9.1 LOCATION OF THE PROPERTY (GPS - 24°46'24.39"N 46°39'22.99"E)

The subject property an office building approximately 10 years old on the corner fronting the junction of Mohammed Al Yamami Street and Alsail Alkhabeer Street within Al Ghadeer District of north Riyadh.

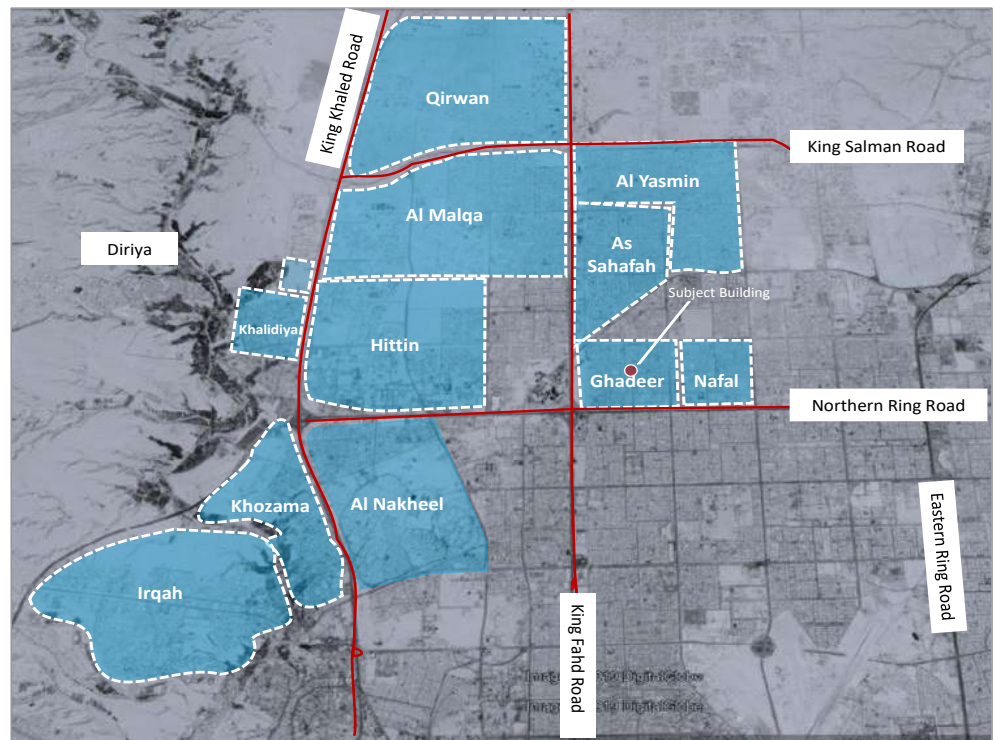
There is a large masjid across from the subject property (Princess Al-Anod bint Mohammad Masjid). As mentioned, the subject is within Al Ghadeer District which high-end established district of north Riyadh.

The subject is located conveniently at the junction of North Ring Road and King Fahd Road with 1.5kms away and the Riyadh CBD is approximately 7kms away (Kingdom Centre). For ease of reference, refer to the illustration below



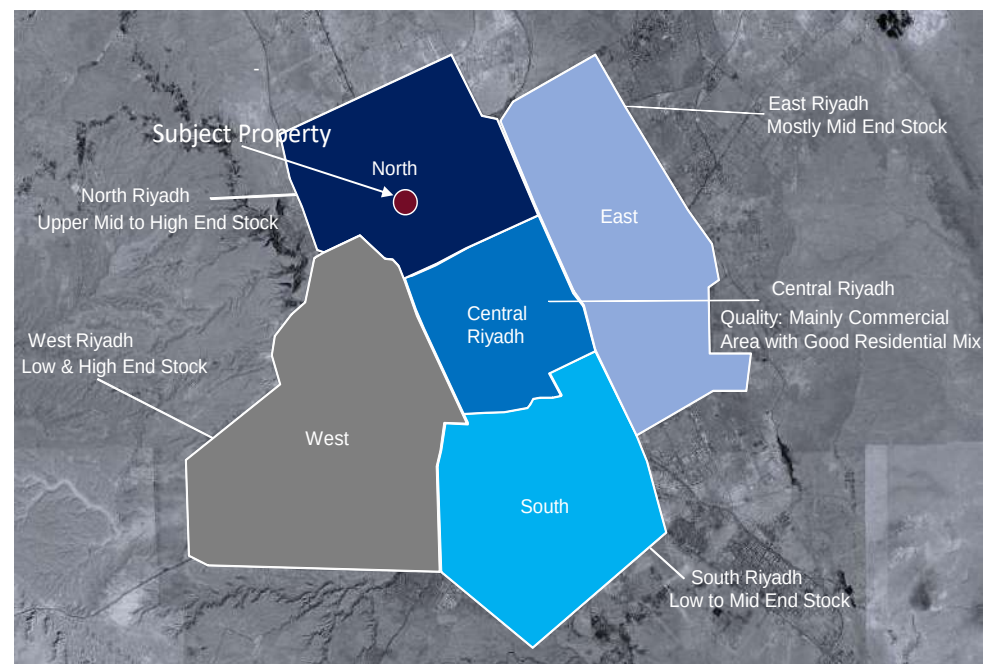
Source: Google Extract 2022 - For Illustrative Purposes Only

Further illustration providing the subject property location in North Riyadh (Ghadeer District) with surrounding high-end districts.



Source: Google Extract 2022 - For Illustrative Purposes Only

2.9.2 RIYADH'S ZONAL AREA



Source: Google Extract 2022 - For Illustrative Purposes Only

An analysis of the historic expansion of Riyadh indicates that the city has been rapidly expanding since the early 1900's. The city boundaries have been shifted numerous times over the past century, and Riyadh's current land area is several

hundred times larger than the original city. As shown above the upcoming King Abdullah Financial District Sub-centre will be in close proximity to the CBD south of King Fahad Road and will be the most significant competitor in the area.

The above referred illustration depicts that the subject property is within a high-income area within the North Riyadh surrounded by high-end districts.

2.9.3 DESCRIPTION OF THE PROPERTY

The subject property comprises a 3 storey office building (grade B stock), with 2 basement level parking areas.

The subject property's structure is of reinforced concrete frame with a modern tinted glass façade finish which is part of a building structure completed circa 2015.

The subject property is equipped with centralized air-conditioning system, elevator and firefighting system.

The built-up area is in line with building permit which we assume are correct and accurate (copy at the appendices section). We have summarised the areas in the below table:



Floor level	Area (sq. m.)	Use
Basement Floor	4,355.5	Services & Parking
Ground Floor	2,605.31	Offices
First Floor	2,692.11	Offices
Second Floor	2,308.18	Offices
Roof	1,190	Services
Electricity Room	30	Services
Walls	90	Boundary
Total Built Up Area (sq. m.)	13,271	

Source: Client & ValuStrat

We have been informed by the client the gross leasable area is 13,260 sq. m. We assume this is correct and accurate. Should this not be the case, we reserve the right to amend our valuation and report.

2.9.4 RIYADH'S METRO SYSTEM



The new City Metro of Riyadh is a rapid transit system under construction to be completed circa. 2022-23. The city metro project is one of the world's largest infrastructure projects currently under-construction.

AS SAHAFAH METRO STATION

The city metro, which is designed as a world-class transportation system includes 756 metro cars, 85 stations, six metro lines and 176-km network line. The below-mentioned table lists the six metro lines along their estimated length.

Riyadh City Metro System Lines

Line	Length (Km)
Line 1 – Blue	38.0
Line 2 – Green	25.3
Line 3 – Red	40.7
Line 4 – Orange	29.6
Line 5 – Yellow	12.9
Line 6 - Purple	29.90

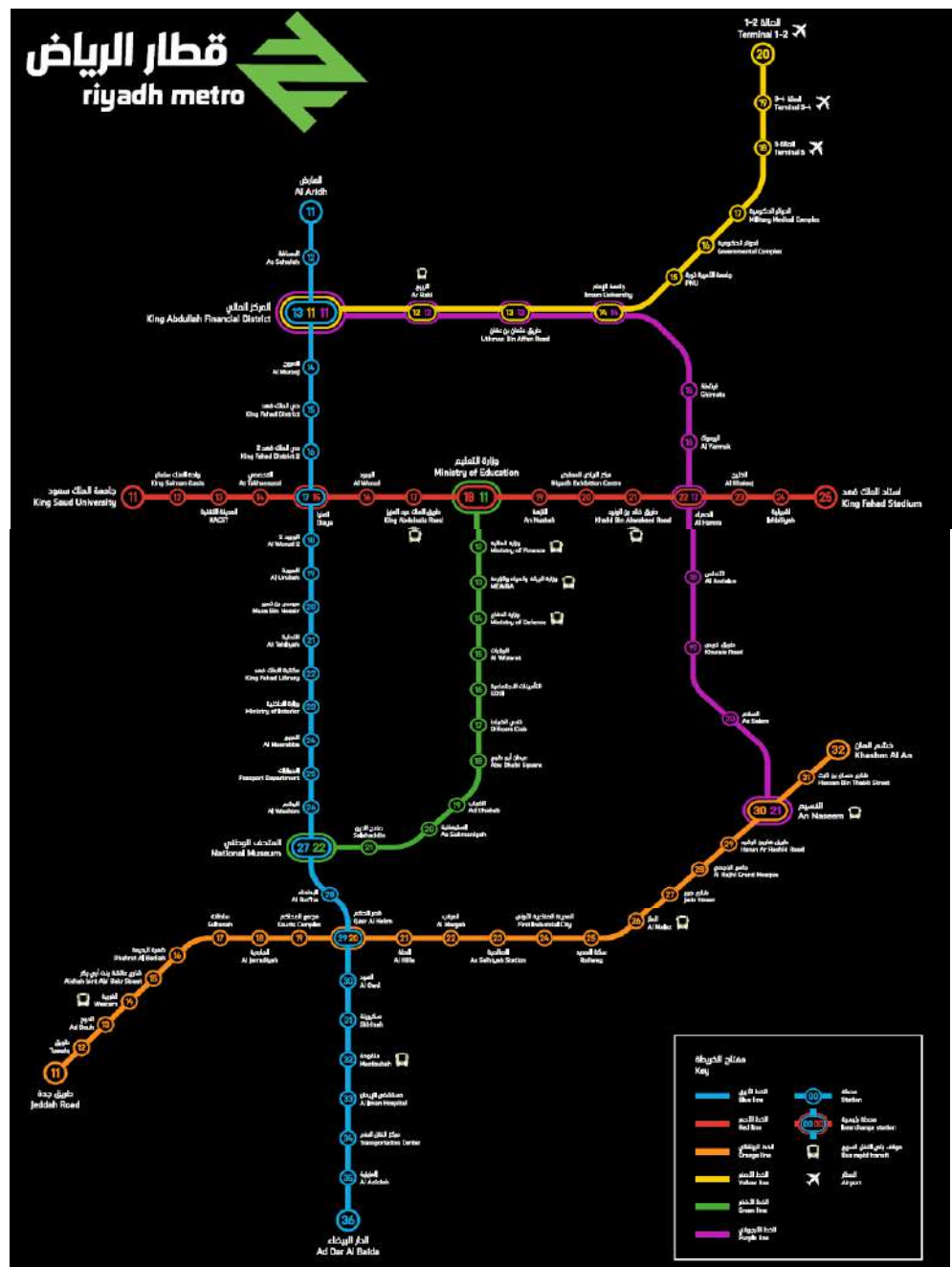
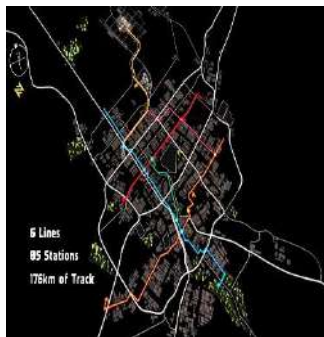


The Riyadh metro will span over 178 km including underground, elevated and at-grade sections.

The three major metro stations (intersection of the lines) KAFD, Olaya and downtown will be designed by world renowned architectural firms to include Gerber Architekten, Snohetta and Zaha Hadid.

Three leading consortia, including the US Construction company Bechtel Group Inc., Spain's FCC and Italy's Ansaldo STS have been awarded contracts to build the project. The below-mentioned indicators and map out the metro system lines.

RIYADH METRO LINES



Source: Research 2022

2.10 ENVIRONMENT MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination.

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property.

We have not carried out any investigation into past or present use, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject property from the use or site and have therefore assumed that none exists.

However, should it be established subsequently that contamination exists at the property or on any neighbouring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.

Details	
Area	Based on the document supplied by the client, the total land area of the property is 4,355.5 square meters and the building's built-up area is 13,271 sq. m.
Topography	Generally, the property is in regular in shape and on level terrain.
Drainage	Assumed available and connected.
Flooding	ValuStrat's verbal inquiries with local authorities were unable to confirm whether flooding is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not flood prone. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known flooding in this area.
Landslip	ValuStrat's verbal inquiries with local authorities were unable to confirm whether land slip is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not within a landslip designated area. A formal written submission will be required for any further investigation which is outside of this report's scope of work.

2.10.1 TOWN PLANNING

Neither from our knowledge nor as a result of our inspection are, we aware of any planning proposals which are likely to directly adversely affect this property.

In the absence of any information to the contrary, it is assumed that the existing use is lawful, has valid planning consent and the planning consent is not personal to the existing occupiers and there are no particular onerous or adverse conditions which would affect our valuation.

In arriving at our valuation, it has been assumed that each and every building enjoys permanent planning consent for their existing use or enjoys, or would be entitled to enjoy, the benefit of a "Lawful Development" Certificate under the Town & Country Planning Acts, or where it is reasonable to make such an assumption with continuing



user rights for their existing use purposes, subject to specific comments. We are not aware of any potential development or change of use of the property or properties in the locality which would materially affect our valuation.

For the purpose of this valuation, we have assumed that all necessary consents have been obtained for the subject property referred within this report. Should this not be the case, we reserve the right to amend our valuation and report.

2.10.2 SERVICES

We have assumed that the subject property referred within this report is connected to mains electricity, water, drainage, and other municipality services.

It should be borne in mind that electrical requirements and testing standards have become more stringent in recent years and that the system requires annual inspection, testing and upgrading according to Saudi Electrical Standards. We have not been provided a test certificate and a valid certificate from the owners and should be requested by the client or owners need to satisfy themselves they are complying with Saudi Electrical Standards.

According to Civil Defence regulations in Saudi Arabia known as the Civil Defence system released by Royal Decree No. M/10 on 05-10-1406, corresponding to 20-01-1986]; firefighting system(s) must be in place providing protection to both people, public and private properties.

For the purpose of this valuation exercise, we assume all necessary consents are in place for Civil Defence regulations.

2.11 TENURE/TITLE

Unless otherwise stated we have assumed the freehold title is free from encumbrances and that Solicitors' local searches and usual enquiries would not reveal the existence of statutory notices or other matters which would materially affect our valuation.

We are unaware of any rights of way, easements or restrictive covenants which affect the property; however, we would recommend that the solicitors investigate the title in order to ensure this is correct.

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

We have been provided the title deed (copy at the appendices section) and we have assumed a freehold basis. Should this not be the case, we reserve the right to amend our valuation and this report.



Description	Property Details
Property Name	Office Building
Title Deed No.	917807004147
Title Deed Date	27/6/1443
Land Area (sq. m.)	4,355.5
Gross Leasable Area (sq. m)	8,796
Built Up Area (sq. m)	13,261
Owner	Bonyan REIT/ Bonyan Real Estate Fund Company
Location	Al Ghadeer District, Riyadh
Interest Valued	Assumed Freehold

Source: Client 2022

Note: we have been informed by the client the gross leasable area is 8,796 sq. m. We assume this is correct and accurate. Should this not be the case, we reserve the right to amend our valuation and report.

NB: All aspects of tenure/title should be checked by the client's legal representatives prior to exchange of contract/drawdown and insofar as any assumption made within the body of this report is proved to be incorrect then the matter should be referred back to the valuer in order to ensure the valuation is not adversely affected.

2.11.1 OCCUPANCY LEASE & TENANCY DETAILS

The client has provided us below the details of the property single tenant details. Refer to summary details below:

- Triple Net lease 20-year term from 16 June 2015.
- Unexpired term 13.5 years.
- Single tenant - Alkhaleej Training and Education Company (Admin Building)
- Passing Rent – 6,103,125 per annum
- Escalations generally 2.5% annually.

Source: Client 2021-22

For the purpose of this valuation, we have explicitly assumed that the tenancy provided is correct, accurate and actual. Should this not be the case, we reserve the right to amend our valuation and report.

2.11.2 MANAGEMENT AGREEMENT

We understand that the subject property is managed by an external legal entity however a related party of a shareholder.

For the purpose of this valuation assignment, we assume that no onerous terms exist in the agreement.



We have also made assumptions as to the staff costs and incorporated these into the total operational costs for the different elements, on the basis that any external investor would incur the same.

We understand that all operational expenses are taken directly from income revenue of the mall.

2.12 METHODOLOGY & APPROACH

In determining our opinion of Market Value for the freehold interest in the subject property, we have utilized the Discounted Cash Flow (DCF) approach to valuation taking into consideration the tenancy schedule and other information provided by the client.

2.12.1 DISCOUNTED CASH FLOW (DCF) APPROACH – OFFICE TOWER, RIYADH, (FREEHOLD INTEREST)

The subject property falls into a broad category of investment property with the prime value determinant being the property's ability to generate rentals and rental growth through the ongoing letting and reasonable maintenance.

In determining our opinion of Market Value of the subject property, we have utilized the Investment Approach utilizing a Discounted Cash Flow technique.

The Discounting Cash Flow (DCF) analysis is defined in the International Valuation Standards as a financial modelling technique based on explicit assumptions regarding the prospective cash flow of the property.

This analysis involves the projection of a series of periodic cash flows a property is anticipated to generate, additionally giving regard to the frequency and timing of associated development costs, contingency allowances etc.

To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the property.

The DCF approach involves the discounting of the projected net cash flow on a yearly basis over the explicit cash flow period. In the case of the subject property the cash flow has been projected over a 5-year period reflecting a market practice for cash flows reflecting the property. The cash flow is discounted back to the date of valuation at an appropriate rate to reflect risk in order to determine the Market Value of the property.

The rental income being capitalised and discounted in the cash flow refers to net rental income, that is, the income stream. A contractual agreed growth rate of a fixed rental income per annum has been agreed for the lease and has reflected with a growth rate within the DCF calculations.



The future values quoted for property, rents and costs are projections only formed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date.

2.12.2 MARKET RENTS

Sales or rental evidence for similar property within Riyadh are not readily available or transparent due to the nature of the property market within the Kingdom of Saudi Arabia. Much if not all of the evidence is anecdotal, and this limitation may place on the non-reliability of such information and impact on values reported.

In forming our opinion of Market Rent for the subject property, we have looked at the following market rental rates for office space in the within Riyadh, as follows:

Office Buildings	Location	Grade	Ave. Rent/sqm (SAR)
Tatweer Tower	King Fahd Road, Central Riyadh	B	950
Grand Tower	King Fahd Road, Central Riyadh	B	950

Sn	Property type	Area (m ²)	Price/m ² (SAR)	Location
1	Office Space	2,650	800	Olaya Street
2	Office Space	133	950	King Fahd Road
3	Office Space	162	950	Imam Saud Bin Faisal Rd.
4	Office Space	133	900	Imam Saud Bin Faisal Rd.
5	Office Building	17,100	807	Ath Thumamah Road
6	Office Space	220	750	Near Olaya Street
7	Office Space	2,520	600	Anas Bin Malik Road

Source: ValuStrat Research 2021-22

2.12.3 ASSUMPTIONS & COMMENTARY

The subject office tower has been assessed as an investment property subject to the tenancy details provided by the client and any assumptions made by ValuStrat within market benchmarks.

It appears the subject office tower is within prevailing office rentals in the north Riyadh area for good grade B office towers in the subject location given the subject is situated within a secondary office location within a high-end district area.

The above comparable information forms part of the main drag of commercial areas and therefore the prices appear to be in the range for good grade A and good Grade B stock. Generally, reasonable grade B office stock rental range is from SAR 400 to SAR 750 per sq. m.

ValuStrat has made certain assumptions and adjustments based on their experience in valuing similar commercial property in Riyadh, KSA, taking cognisance of the surrounding developments within the property which will ultimately form part of. This was done in an attempt to forecast our interpretation of performance of the subject property over the 5-year explicit cash flow period.



In this instance, we have adopted the following:

Components	Comments/Assumptions
Passing Rent (SAR)	6,103,105 per annum
Leasable Area (sq. m.)	8,796
Overall Rent per sq. m (SAR)	694 per sq. m (in line with market conditions)
Operational Cost	To be borne by the tenant due to triple net lease terms.
Growth Rate (yearly)	2.5%
Void Cost	0%
Occupancy Rate	Triple net lease – single tenant

Operational Costs & Service Charge(s)

The operational cost is to be borne by the ingoing tenant due to the triple net lease agreement,

The operating costs shows reflection of common area services (power, lighting, general maintenance, lift servicing, cleaning), property management & security and building insurance.

Growth Rate

Growth Rate is assumed at 2.5% annually in line with current market conditions.

Void Cost

We have reflected 0% void costs throughout the cash flow period. Void allowance to reflect lost income and incentives and reflecting any marketing and advertising costs.

Discount Rate and Exit Yield

The discount rate reflects the return required to mitigate the risk associated with the particular investment type in question; therefore, echoes the opportunity cost of capital. To this we have to add elements of market risk and property specific risk. The market risk comes in the form of; inter alia, potential competition from existing and latent supply.

Market risk will also reflect where we are in the property cycle and more importantly the location. The subject property is located in a popular district in north Riyadh. Hence, we have adopted a discount rate of 8.75%.

The exit yield is a resultant extracted from transactional evidence in the market; however, due to anecdotal evidence and limited market activity we have had to rely on anticipated investor expectations from typical property investments.

These typically vary between 7.75% to 8.25%, depending on the quality of the property, length and condition of the leases, the lessee's reputation and the location

of the property. Based on the above criteria, we are of the opinion that a fair exit yield for the subject property is 8%.

2.12.4 VALUATION COMMENTARY & CONSIDERATIONS

While uncertainty remains across the globe; KSA has been resilient against the challenging times and a disrupted period of 2020-22, and we expect the same resilience and effort allowing for the economy to keep growing in 2022 under Vision 2030 with all the seeds sowed by the Sovereign Wealth – Public Investment Fund (PIF). The entertainment sector has risen to the head of the economic revolution within KSA with a key objective on focusing on increasing household expenditure related to entertainment and leisure. The government has been supporting the growth of this important sector through the implementation of key initiatives and regulations, including the lift of the cinema ban as well as the introduction of new tourism visas.

Also, this and other measures of support, the industry has expanded in line with demand for new and innovative experiences among the significant young population, resulting in new opportunities for private sector participants, and more specifically, real estate development and enhancement across the Kingdom's wide characteristics and topography.

The office market is likely to remain favoured towards occupiers in the year ahead where rents are likely to trend down. Though, we are likely to witness a breakup in relative performance in key commercial centres and asset classes / grades. In Riyadh, where strong rates of employment growth are being witnessed, we expect the vacancy rates in the Grade A segment to continue to decline at the expense of increased vacancy in the Grade B segment of the market. As additional Grade A stock is delivered, we are likely to see a flight to quality.

We expect challenging market conditions to continue as occupiers consolidate and as additional supply enters the market. These trends are likely to put sustained pressure on average rents and occupancy rates in the short term. Equally, King Abdullah Financial District (KAJD) is currently marketing ample office space and once fully complete will bring 810,000 sq. m plus of office space impacting the office sector supply and pricing levels.

Retail Sector - due to KSA's economic diversification strategies and the drive to boost nationals' and female workforce participation rates, we have witnessed growth in disposable incomes, which has in turn underpinned stability in the KSA retail sector. Accordingly, we expect rental rates in regional and super-regional malls to remain stable in the short run across all key commercial centres. Though, Grade B stock is likely to continue softening given the flood of quality retail supply especially new strip malls / community commercial centres, etc.



Overall, all sectors the outlook remains optimistic for the longer term due to the various KSA initiatives aimed at stimulating the real estate market whilst encouraging the private sector to play a key role in the transformation.

In the short term it is difficult to assess the impact over the COVID-19 pandemic and the KSA lockdown should the health crisis persist affecting the economy in 2021, it is likely the market rates/prices will be affected. The client is also recommended to consider the benefits in such a market, of having more frequent valuations to monitor the value of the subject property.

Whilst the KSA lockdown period earlier in 2020 has taken place due to the COVID-19 pandemic, many businesses were affected due to the closure; we assume all rentals, lease(s) and landlord & tenant information provided by the client is correct and accurate. Should this not be the case, we reserve the right to amend our valuation and report.

We have been made aware there is no rent arrears (debt), and all tenants are up to date with rental obligations. Should this not be the case, we reserve the right to amend our valuation and report.

Occupancy rates and rents at newly completed property or new acquisitions may fluctuate depending on a number of factors, including market and economic conditions resulting in the investment not being profitable.

KSA's oil production and business is a major contributor to Saudi income and strong economic conditions. Therefore, any major fluctuations in oil prices can have a similar effect on the local economy impacting commercial investments and the overall long-term development of the economy in volatile and uncertain times.

The growth of the economy is also subject to numerous other external factors, including continuing population growth, increased direct and foreign investment in the local economy and Government and private sector investment in infrastructure, all of which could have a significant impact on the economy and business profitability.

It should be noted that the valuation provided is of the property (excluding any element of value attributable to furnishings, removable fittings and sales incentives) as new. It is possible that the valuation figure may not be subsequently attainable on a resale as a 'second-hand villa especially if comparable new property is on offer at the same time.

As regards properties, which are retained, or to retain an ownership interest in, such competition may affect the Funds ability to attract and retain tenants and reduce the rents impacting the property/investment.

Any retained or owned property by fund will face competing properties leading to high vacancy rates resulting in lower rental rates.

It is imperative for leasing obligations to preserve and keep-up high standard of landlord & tenant (property management) and so it will necessitate that the property

be maintained to a good standard to maintain its value. The subject property referred in this report is considered as a full figure and may not be easily achievable in the event of an early re-sale in the short term due to volatile and uncertain times. Refer to our market conditions section below.

Property values are subject to fluctuation over time as market conditions may change. We have assumed that the land is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing and good title can be shown. For the avoidance of doubt, these items should be ascertained by the client's legal representatives.

All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2022 so long as the current the rise of the Coronavirus does not have a major impact on the KSA economy.

Property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. It must be borne in mind that both rental and capital values can fall as well as rise.

In arriving at our opinion of the value, we adopted an exit yield of 8% with discount rate of 8.75% reflecting the strong single tenant occupier in the education sector and in a high-end area of north Riyadh with the professional consensus of opinion of the exit yield and discount rate of the nature referred is justifiable for solely investment purposes in current market conditions.

We are therefore of the opinion that the current market value of the subject property in its present condition with the income revenue information provided by the client is assumed to be correct and accurate.

2.12.5 SUMMARY OF MARKET VALUE

The resultant value based upon the above variables/assumptions for the subject property is as follows:

Property Name	Passing Rent (SAR)	OpEx	Exit Yield	Discount Rate	Property Value (SAR) [Rounded]
Office Building, Riyadh	6,103,105 p.a.	To be borne by tenant	8%	8.75%	77,000,000



2.13 VALUATION

2.13.1 MARKET VALUE

ValuStrat is of the opinion that the Market Value of the freehold interest in the subject property referred within this report, as of the date of valuation, based upon the Discounted Cash Flow (DCF) Approach and assumptions expressed within this report, may be fairly stated as follows;

Aggregate Market Value (rounded and subject to details in the full report):

SAR 77,000,000 (Seventy-Seven Million Saudi Arabian Riyals).

The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's marketplace.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations. Due to this shortage, it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature.'

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

The value provided in this report is at the top end of the range for properties of this location and character and will necessitate that the property be maintained to a good standard to maintain its value.

2.14 MARKET CONDITIONS SNAPSHOT

2.14.1 MARKET ASSESSMENT, TIMES OF UNCERTAINTY (COVID-19 PANDEMIC) & VALUATION COMMENTARY OVERVIEW

The past two plus years of extraordinary market conditions have made it difficult for investors to confidently assess changes in property prices. The COVID-19 recovery has meant higher energy prices, supply chain disruptions mean 2022 will be the year to repair global economy if possible.

The world is rapidly changing with ongoing structural shifts, population growth, urbanization, climate change and the digital revolution continue to profoundly impact our world and societies.

Though KSA has shown resilience with high oil price revenues and current budget of Q1 – 2022 showing surplus of SAR 57 billion and Public Investment Fund (PIF) – sovereign wealth fund going from strength to strength.

Since the lifting of travel bans, the KSA real estate market is in a healthy position with many analysts predicting a strong 2022 for real estate (vision 2023) with the positive activity and investment by the government unveiling a number of reforms, including recent facilitation of the tourism visa, where citizens of 49 countries are now able to apply e-visas and holders of Schengen, UK or US visas are eligible for visas on arrival.



Also, the government has now allowed the full foreign ownership of retail and wholesale operations along with previously opening up of the Tadawul Stock Market to foreign investment supported by current energy reforms, cutting subsidies, creating jobs, privatizing state-controlled assets and increasing private sector contribution to the country's economy, etc. With all the opportunities throughout the Kingdom and the creation of the Giga projects, there was an ambitious resilience which was suddenly shutdown overnight due to the initial lockdown period. With all the current uncertainty, market stagnation and short-term challenges whereby force majeure (as a result of the pandemic's cause beyond anyone's reasonable control) had created inactivity. As mentioned above the KSA market's ambitions and resilience, we understand investor sentiment remains strong as it was prior to the pandemic and the KSA was on an upward course showing growth in the last quarter of 2019 after a period of subdued market conditions.

The current global crushing of liquidity in economies will have impact on markets and real estate market and this maybe the case with many economies across the globe; however, the KSA market has shown resilience in previous years through a period of downward trend (2016-18), a correction allowing for the market to bottom out with 2019 experiencing growth in the first quarter and subdued market conditions throughout 2019. The latter part of Q4 – 2019 saw positive growth with strong investor appetite, though the market lacking good quality stock. Now with the Saudi government confirming a stimulus package of SR 120 billion plus, we understand the market will bounce back with investors underlying strong appetite. This will delay any evidence in the short term of declining prices and with the government stimulus will assist any short-term losses on transactions, private and public funds, although will need to be sustained in the short-term.

The KSA real estate sector generally follows the fortunes of the greater economy and while the oil reserves were left off prior to the pandemic fairly strong, although currently a price war between major producers is adding to a growing supply glut, though this will help KSA once markets start normalizing again. The KSA economy remains stable and backed-by strong fundamentals of the KSA market (i.e. young growing population) and also the economic transformation plan transforming the Kingdom towards a service economy post-oil era.

In short, the pandemic was expected to be a short-term shock wave with an eventual surge of business activity leading to a rapid recovery either in the form of a "V-shape" or a more gradual recovery in the form of a "U-shape" bounce back. Accordingly, we expected the KSA market to surge in business over the course of 2021 and now 2022 allowing for markets to start flourishing towards long term sustainability in social trends and patterns along with socio-economic distancing in a growing cycle. On the other hand, should the global economic impact of the Coronavirus pandemic (COVID-19) outbreak persist and will be dependent on how long the virus lasts, how far it spreads and how much lock-down, public organizations quarantines disrupt the market. Indeed, the current response to COVID-19 means that we are faced with unprecedented set of circumstances on which to base judgement(s). There is strong

evidence that real estate markets have sprung back to strong activity and growth fairly quickly as we are experiencing in the Kingdom of Saudi Arabia.

Equally, the short-term generally speaking we do not expect the current real estate market to show any small adjustment in prices/rates. The KSA real estate market is a developing market with much invested by the government in infrastructure projects, so we expect the government's latest stimulus to preserve liquidity and for demand to hold having limited / no bearing on prices / rates.

2.14.2 MARKET CONDITIONS PRIOR TO THE PANDEMIC & THE KSA LOCKDOWN

Despite a new wave of infections (Variant Viruses) this year (2021), the roll out of vaccinations offers hope in controlling this disease and provide a path of recovery in sight along with recovery in oil price provides further impetus.

The Kingdom of Saudi Arabia (KSA) - world's largest exporter of crude oil, embarked four years (2016) ago on an ambitious economic transformation plan, "Saudi Arabia Vision 2030". In a hope to reduce its reliance on revenue from hydrocarbons, given the plummeting oil price revenues from 2014.

Through the current vision 2030 and in a post oil economy, KSA is adapting to times of both austerity measures and a grand ambitious strategy. With an overdue diversification plan Saudi Arabia's economic remodelling is about fiscal sustainability to become a non-dependent nation of oil. This is supported by current energy reforms, cutting subsidies, creating jobs, privatising state-controlled assets and increasing private sector contribution to the country's economy.

Despite economic headwinds, across the region, KSA has shown resilience through a period of subdued real estate market activity. The real estate sector generally follows the fortunes of the greater economy and whilst Saudi Arabia is undergoing structural reforms politically, economically and socially will transform the Kingdom towards a service economy post-oil era.

These changes along with significant amounts of investment - estimated to soon be over 1 trillion US dollars will create vast amounts of opportunities for the public and private sectors across all businesses segments.

The KSA economy in the first quarter of 2019 has relied on the current oil price rise to pull it out of recession; however, the previous 18-24 months, KSA faced a protracted spell of economic stress, much of which can be attributed to the falling oil prices coupled with regional political issues.

Oil prices starting to surge again around 65 dollars a barrel currently from under 30 dollars a barrel in early in 2016 which resulted in a crash in prices and the economy dipped into negative territory in 2017 for the first time since 2009, a year after the global financial crisis.

General consensus anticipates a piercing improvement in the Saudi economy in the period ahead (2021-2022), supported by both the oil and non-oil sector. So ultimately



it appears the economy will still need to rely on oil revenues to bridge the gap in the short term with a budget deficit over the past 3 years and the Kingdom borrowing from domestic and international markets along with hiking fuel and energy prices to finance the shortfall. The economy slipped into recession in 2018 but returned to growth in 2019, albeit at the fairly modest level of 1.7%, according to estimates from the International Monetary Fund (IMF). However, the return to growth is mainly due to a return to increase in oil prices again and output which, in turn, is enabling an increase in government spending.

Accordingly, in the short term needs to rely on the oil revenue and this reliance is being channelled into public spending. The reforms that have been pushed through to date have led to important changes aiding the economy. The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce. Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars. A due enactment of law will encourage public-private partnerships to herald more foreign investment.

The economic transformation that the KSA has embarked upon is complex and multidimensional and will certainly take time to turn around a non-oil serviced economy, although there have been recent positive signs, but it will remain in the short term with the support of oil revenues.

On the other hand, the KSA was resilient in the previous recession in 2007/2008 on strong oil reserves and not only can the Saudi government be relied upon to step in to rescue troubled lenders, reliable institutions for procedural reasons but crucially, it can also afford to do so, although has suffered due to previous oil price declines and it has meant increased spending.

Vision 2030 to diversify the economy from reliance on oil, has only just commenced in previous years and with a young and increasingly well-educated population, together with its own sovereign wealth fund, the Kingdom has many favourable factors to become a leading service sector economy in the region. Reform efforts include a reduction of subsidies on fuel and electricity and the implementation of a 5 per cent VAT back on 01 January 2018 which increased to 15 per cent VAT as of 01 July 2020. The government is also striving to get women to play a greater role in the economy including recently allowing them to drive back in 2019. Wider reforms have been initiated by the government allowing for the entertainment industry to flourish with the opening of the first cinema in King Abdullah Financial District (KAFD) along with 4 VOX screens opening at Riyadh Park Mall. The cinema entertainment is spurred on by Public Investment Fund (PIF) in collaboration with AMC Cinemas and led by the Development and Investment Entertainment Company (DIEC), a wholly owned subsidiary of PIF. With an objective of 30 to 40 cinemas in approximately 15 cities in Saudi Arabia over the next five years, and 50 to 100 cinemas in about 25 Saudi cities by 2030.

As part of wider reforms to overhaul the economy and to allow for deep rooted diversification, the Public Investment Fund (PIF) have initiated plans to bolster the tourism / entertainment industry by forming ambitious plans such as the following:

Red Sea Tourism Project

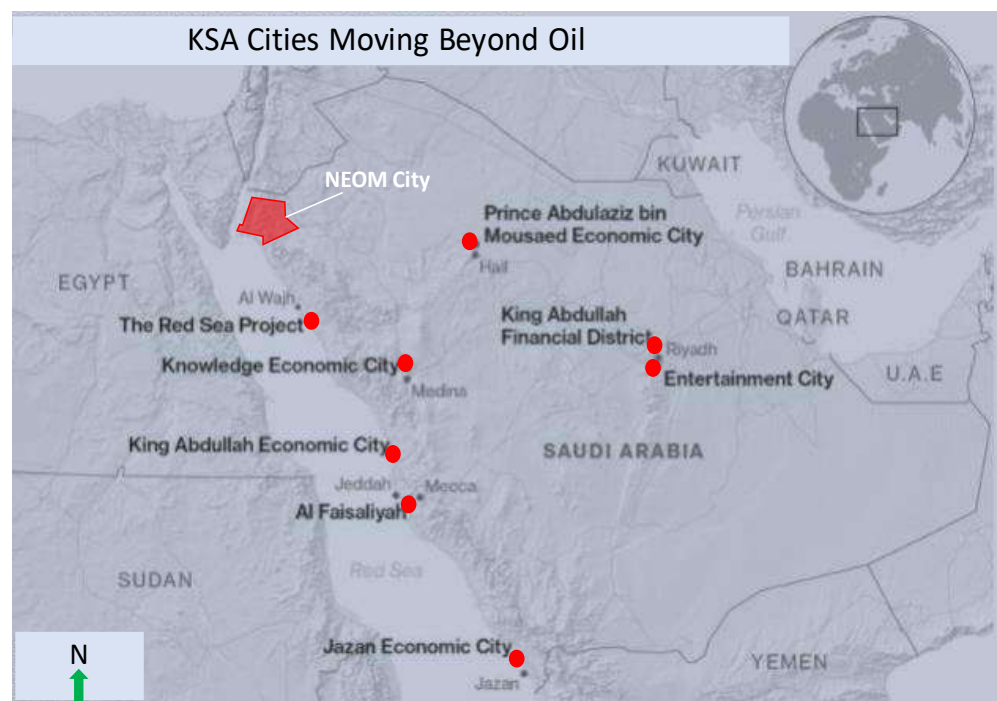
To transform 50 islands consisting of 28,000 square kilometres along the Red Sea coastline into a global tourism destination. For ease of reference to illustration below showing the location in relation to the Kingdom of Saudi Arabia.

Al Faisaliyah Project

The project will consist of 2,450 square kilometres of residential units, entertainment facilities, an airport and a seaport. Refer to the below illustration for the location.

Qiddiya Entertainment City

Qiddiya Entertainment City will be a key project within the Kingdom's entertainment sector located 40 kilometres away from the center of Riyadh. Currently alleged for “The First Six Flags-branded theme park”. The 334 square kilometre entertainment city will include a Safari Park too. The project will be mixed use facility with parks, adventure, sports, events and wild-life activities in addition to shopping malls, restaurants and hotels. The project will also consist around 4,000 vacation houses to be built by 2025 and up to 11,000 units by 2030. Again, for ease of reference refer to the below illustration for the location.



Neom City

The NEOM city project will operate independently from the “existing governmental framework” backed by Saudi government along with local and international

investors. The project will be part of a ‘new generation of cities’ powered by clean energy. The ambitious plan includes a bridge spanning the Red Sea, connecting the proposed city to Egypt and stretch into Jordan too.

Economic Cities

The overall progress with the Economic Cities has been slow and projects on hold over the past 7-10 years, although KAFD has recently given the go ahead to complete by 2020. Within the Saudi Vision 2030 the government referenced that they will work to “salvage” and “revamp”.

Real Estate Growth

Overall ValuStrat research reveals that real estate sectors have continued to decline in both sales and rental values. We expect demand to remain stable due to fundamentals of a growing young population, reducing family size, increasing middle-class and a sizeable affluent population – all of which keeps the long-term growth potential intact.

Despite short term challenges, both investors and buyers remaining cautious, the Saudi economy has shown signs of ambition with the government unveiling a number of reforms, including full foreign ownership of retail and wholesale operations along with opening up of the Tadawul Stock Market to foreign investment as well as the reforms mentioned in the previous section referred above. As mentioned earlier, KSA experienced positive growth by oil price rise in the first quarter of 2021; hence the main driver of the recovery remains oil. Over 2021 we envisage the Kingdom’s consumer outlook to be more favourable in economic conditions.

Moreover, tax on development land implemented in 2017/18 has kept the construction sector afloat, encouraging real estate developers. Adapting to a new KSA economic reality has been inevitable, although the Kingdom’s oil dynamics remain pivotal for future development within the KSA 2030 economic vision plan. In latter part of 2017, the Public Investment Fund (PIF), Saudi Arabia’s sovereign wealth fund set up a real estate refinancing company aimed at advancing home ownership in the Kingdom, which suffers from a shortage of affordable housing. This initiative will create stability and growth in the Kingdom’s housing sector by injecting liquidity and capital into the market. Another plan to help kick start the real estate market by boosting the contribution of real estate finance to the non-oil GDP part.

The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016). The close ties with the construction, financing institutions and many others have provided crucial resources that contributed to the development of the Saudi economy. The real estate market performance in 2019/20 and the general trend in KSA for most sectors have remained subdued given lower activity levels, while prices have been under pressure across most asset classes leading to a gradual softening of rental and sale prices.



The real estate sector remains subdued, and prices may have bottomed out across sectors, and we expect in the medium to long term for the market to pick-up further growth given the reforms and transformation in KSA, although we expect the growth to be slow and steady subject to a stable political environment in KSA and across the region.

The outlook remains optimistic for the longer term due to the various KSA initiatives aimed at stimulating the real estate market whilst encouraging the private sector to play a key role in the transformation.

All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. Since the issuing of this report the KSA lockdown for the COVID-19 health crisis was lifted back on 21 June 2020 and the economy is now trying to get back to normalcy. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2022.

Property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. It must be borne in mind that both rental and capital values can fall as well as rise.

2.15 VALUATION UNCERTAINTY

This valuation has been undertaken against a background of significant levels of Market volatility is one of the main reasons of Valuation uncertainty in the real estate market in the Kingdom and within the GCC region given the dramatic changes in markets in current oil price slump and other factors too.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations.

Given the current uncertainties it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature. The current shortage of transaction, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis.

The RICS valuation standards consider it essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.

We further state that given the valuation uncertainty stated above our valuation represents our impartial calculated opinion / judgement of the properties, based on relevant market data and perceptions as at the date of valuation.

The client is advised that whilst all reasonable measures have been taken to supply as accurate a valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place.

The client is also recommended to consider the benefits in such a market, of having more frequent valuations to monitor the value of the subject property.

2.16 DISCLAIMER

In undertaking and executing this assignment, an extreme care and precaution has been exercised.

This report is based on information provided by the Client. Values will differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc.

It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.

2.17 CONCLUSION

This report is compiled based on the information received to the best of our belief, knowledge and understanding.

The information revealed in this report is strictly confidential and issued for the consideration of the Client.

No part of this report may be reproduced either electronically or otherwise for further distribution without our prior and written consent.

We trust that this report and valuation fulfils the requirement of your instruction.

This report is issued without any prejudice and personal liability.

For and on Behalf of, **ValuStrat**.



Mr. Ramez Al Medlaj (Taqeem
Member No. 1210000320)
Valuation Manager, Real Estate



Mr. Yousuf Siddiki (Taqeem Member
1210001039)
Director - Real Estate, KSA



Private & Confidential

Saudi Fransi Capital, Riyadh, KSA – June 2022

APPENDIX 1 – PHOTOGRAPHS



APPENDIX 2 – TITLE DEED

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الجمهورية العربية السعودية
وزارة العدل
[٢٧٧]

تاريخ الصك: ١٤٤٢/٦/٢٧ هـ
رقم الصك: ٩١٧٨٠٧٠٠٤٦٤٧

صك

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

فإن قطعة الأرض 1021 / 1013 و قطعة الأرض 1 / 1014 و قطعة الأرض 1 / 1022 من البلك رقم 125 من المخطط رقم 2726 الواقع في حي الغدير بمدينة الرياض .

وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض 36 متر بطول: (56) ستة و خمسون متر + 28.28 م

جنوباً: شارع عرض 20 متر بطول: (76) ستة و سبعون متر

شرقاً: شارع عرض 36 متر بطول: (40) اربعون متر

غرباً: قطعة رقم 1 / 1015 والقطعة رقم 1 / 1023 بطول: (60) ستون متراً

ومساحتها: (4360) اربعة آلاف و ثلاثمائة و ستون متر مربعاً فقط حسب محضر رقم 2037 في 1423 / 10 / 28 هـ.

والمستند في اقرارها على الصك الصادر من كتابة العدل الاولى بالرياض برقم 910104043706 في 1440 / 4 / 25 هـ.

قد انتقلت ملكيتها لـ شركة صندوق بنيان للعقارات بموجب سجل تجاري رقم 1010901003 في 1439 / 2 / 26 هـ وتنتهي في 1538 / 2 / 26 هـ .. بثمن وقدره 75000000 خمسة و سبعون مليون ريال وعليه جرى التصديق تحريراً في 1443 / 6 / 27 هـ لاعتقاده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

صدرت هذه الوثيقة من وزارة العدل ، ويجب التحقق من بياناتها وسرياتها عبر الخدمات الإلكترونية لوزارة العدل
(نوع رقم ٢٧-٢٢-٢١)
(٥٨ الشوايح تبين من الاستعداد بالقبول التي ويمنح بقطعة)
تسليمه من تاريخ التوقيع ١٤٤٢/٠٦/٢٧
صفحة رقم 1 من 1

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Private & Confidential

Valuation Report

SAHAFA OFFICE TOWER, OLAYA STREET, RIYADH

SAUDI BONYAN REIT / SAUDI FRANSI CAPITAL

REPORT ISSUED 24 JULY 2022

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APPENDIX 1 – PHOTOGRAPHS

APPENDIX 2 – BUILDING PERMIT



1 EXECUTIVE SUMMARY

THE EXECUTIVE SUMMARY AND VALUATION SHOULD NOT BE CONSIDERED OTHER THAN AS PART OF THE ENTIRE REPORT.

1.1 THE CLIENT

Saudi Fransi Capital
Riyadh KSA
Muhammad Raza Rawjani, CFA
mrawjani@FransiCapital.com.sa

1.2 THE PURPOSE OF VALUATION

The valuation is required for internal purposes and submission to the Capital Market Authority (CMA).

1.3 INTEREST TO BE VALUED

The below-mentioned property is the scope of this valuation exercise:

Description	Property Details
Property Name	Office Tower, Riyadh
Land Area (sq. m.)	3,330
Building Area (sq. m.)	Built Up Area (BUA) – 16,643.96 and Gross Leasable Area (GLA) – 9,260
Parking	240 Car spaces (over 2 basement areas)
Owner	Bonyan REIT/ Bonyan Real Estate Fund Company
Location	Olaya Street, North Riyadh KSA
GPS Co-ordinates	24°47'31.15"N 46°38'9.09"E
Interest Valued	Assumed Freehold

Source: Client 2022

1.4 VALUATION APPROACH

We have undertaken the Discounted Cash Flow (DCF) approach for valuation.

1.5 DATE OF VALUATION

Unless stated to the contrary, our valuation has been assessed as at the date of our report based on 30 June 2022.

The valuation reflects our opinion of value as at this date. Property values are subject to fluctuation over time as market conditions may change.



1.6 OPINION OF VALUE

Freehold Interest

Property Name	Passing Rent (SAR)	OpEx	Exit Yield	Discount Rate	Value (SAR) [Rounded]
Office Tower, Riyadh	9,000,000 p.a.	5%	8%	9.5%	110,500,000

The executive summary and valuation should not be considered other than as part of the entire report. The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's marketplace.

1.7 SALIENT POINTS (GENERAL COMMENTS)

Whilst most global markets remain disrupted along with the effects of the extraordinary market conditions over the past two plus years through the COVID-19 pandemic, it appears the KSA economy appears stable and strong within a recovery mode on the back of higher oil demand and private consumption along with KSA's Vision 2030 looks to diversify the economy away from oil through focusing on direct foreign investment, tourism and the increase of locals in the workforce.

The cost of risk is also likely to stay elevated in 2022 reflecting the volatile global health situation, high inflation and rising interest rates, etc.

The real estate traditional determinants of location and value for money continue to be a key success influencing property and accommodation preference though investors in KSA are also no less sensitive to asset classes and the location of property providing investor expectations and stable long-term income for portfolios and funds. Equally, strong investor appetite remains for 'best in class' / 'Institutional Asset Class – Grade A' / good quality property providing long term income.

With all positive activity and investment by the government creating opportunities through projects across the Kingdom's Vision 2030 and through the creation of the Giga projects has meant a stable KSA economy with positive outlook going forward throughout 2022 and beyond.

We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect.

We confirm that on-site measurement exercise was not conducted by ValuStrat, and we have relied on the site areas provided by the Client. In the event that the areas of the property and site boundary prove erroneous, our opinion of Market Value may be materially affected, and we reserve the right to amend our valuation and report.

We have assumed that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and good title can be shown. For the avoidance of doubt, these items should be ascertained by the client's legal representatives. ValuStrat draws your attention to any assumptions made within this

report. We consider that the assumptions we have made accord with those that would be reasonable to expect a purchaser to make.

We are unaware of any adverse conditions which may affect future marketability for the subject property. It is assumed that the subject property is freehold and is not subject to any rights, obligations, restrictions and covenants. This report should be read in conjunction with all the information set out in this report, we would point out that we have made various assumptions as to tenure, town planning and associated valuation opinions. If any of the assumptions on which the valuation is based is subsequently found to be incorrect, then the figures presented in this report may also need revision and should be referred back to the valuer.

Note that property values are subject to fluctuation over time as market conditions may change. The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's marketplace. Valuation considered full figure and may not be achievable in the event of an early re-sale.

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

This executive summary and valuation should not be considered other than as part of the entire report.

2 VALUATION REPORT

2.1 INTRODUCTION

Thank you for the instruction regarding the subject valuation services.

We ('ValuStrat', which implies our relevant legal entities) would be pleased to undertake this assignment for Saudi Bonyan REIT / Saudi Fransi Capital ('the client') of providing valuation services for the property mentioned in this report subject to valuation assumptions, reporting conditions and restrictions as stated hereunder.

2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

Description	Property Details
Property Name	Office Tower, Riyadh
Land Area (sq. m.)	3,330
Building Area (sq. m.)	Built Up Area (BUA) – 16,643.96 and Gross Leasable Area (GLA) – 9,260
Parking	240 Car spaces (over 2 basement areas)
Owner	Bonyan REIT/ Bonyan Real Estate Fund Company
Location	Olaya Street, North Riyadh KSA
GPS Co-ordinates	24°47'31.15"N 46°38'9.09"E
Interest Valued	Assumed Freehold

Source: Client 2022

2.3 PURPOSE OF VALUATION

The valuation is required for internal purposes and submission to the Capital Market Authority (CMA).

2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Taaqum Regulations (Saudi Authority for Accredited Valuers) and the International Valuation Standards Council (IVSCs') incorporating International Valuations Standards (IVS) 2022.

It should be further noted that this valuation is undertaken in compliance with generally accepted valuation concepts, principles and definitions as promulgated in the IVSCs International Valuation Standards (IVS) as set out in the IVS General Standards, IVS Asset Standards, and IVS Valuation Applications.



2.5 BASIS OF VALUATION

2.5.1 MARKET VALUE

The valuation of the subject property, and for the above stated purpose, has been undertaken on the **Market Value** basis of valuation in compliance with the above-mentioned *Valuation Standards* as promulgated by the IVSC and adopted by the RICS. **Market Value** is defined as: -

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

The definition of **Market Value** is applied in accordance with the following conceptual framework:

“The estimated amount” refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. *Market value* is the most probable price reasonably obtainable in the market on the *valuation date* in keeping with the *market value* definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of *special value*;

“an asset should exchange” refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the *valuation date*;

“on the valuation date” requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the *valuation date*, not those at any other date;

“between a willing buyer” refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute “the market”;

“and a willing seller” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for



the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

“in an arm’s-length transaction” is one between parties who do not have a particular or special relationship, e.g. parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of *special value*. The *market value* transaction is presumed to be between unrelated parties, each acting independently;

“after proper marketing” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the *market value* definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the *valuation date*;

‘where the parties had each acted knowledgeably, prudently’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the *valuation date*. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the *valuation date*, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

‘and without compulsion’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm’s length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible.



Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

2.5.2 VALUER(S)

The Valuer on behalf of ValuStrat, with responsibility of this report is Mr. Ramez Al Medlaj (Taqeem Member) who has sufficient and current knowledge of the Saudi market and the skills and understanding to undertake the valuation competently.

We further confirm that either the Valuer or ValuStrat have no previous material connection or involvement with the subject of the valuation assignment apart from this same assignment undertaken back in December 2021.

2.5.3 STATUS OF VALUER

Status of Valuer	Survey Date	Valuation Date
External Valuer	28 June 2022	30 June 2022

2.6 EXTENT OF INVESTIGATION

In accordance with instructions received we have carried out an external and internal inspection of the property. The subject of this valuation assignment is to produce a valuation report and not a structural / building or building services survey, and hence structural survey and detailed investigation of the services are outside the scope of this assignment. We have not carried out any structural survey, nor tested any services, checked fittings of any parts of the property.

Our inspection was limited to the internal and external visual assessment of the subject property including its basement parking, ground floor retail/showrooms and upper floor hotel & offices.

For the purpose of our report, we have expressly assumed that the condition of any un-seen areas is commensurate with those which were seen. We reserve the right to amend our report should this prove not to be the case.

2.7 SOURCES OF INFORMATION

For the purpose of this report, it is assumed that written information provided to us by the Client is up to date, complete and correct in relation to title, planning consent and other relevant matters as set out in the report. Should this not be the case, we reserve the right to amend our valuation and report.

2.7.1 VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:



The subject property is valued under the assumption of property held on a *Private interest* with the benefit of trading potential of existing operational entity in possession;

Written information provided to us by the Client is up to date, complete and correct in relation to issues such as title, tenure, details of the operating entity, and other relevant matters that are set out in the report; that no contaminative or potentially contaminative use has ever been carried out on the site;

We assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoings, restrictions or other encumbrances. Information regarding tenure and tenancy must be checked by your legal advisors;

This subject is a valuation report and not a structural/building survey, and hence a building and structural survey is outside the scope of the subject assignment. We have not carried out any structural survey, nor have we tested any services, checked fittings or any parts of the structures which are covered, exposed or inaccessible, and, therefore, such parts are assumed to be in good repair and condition and the services are assumed to be in full working order;

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that such investigations would not disclose the presence of any such material to any significant extent; that, unless we have been informed otherwise, the property complies with all relevant statutory requirements (including, but not limited to, those of Fire Regulations, By-Laws, Health and Safety at work);

We have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building. We would recommend that the client makes their own enquiries in this regard; and the market value conclusion arrived at for the property reflect the full contract value and no account is taken of any liability to taxation on sale or of the costs involved in effecting the sale.

2.8 PRIVACY/LIMITATION ON DISCLOSURE OF VALUATION

This valuation is for the sole use of the named Client. This report is confidential to the Client, and that of their advisors, and we accept no responsibility whatsoever to any third party.

No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report.

It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorised.



2.9 DETAILS AND GENERAL DESCRIPTION

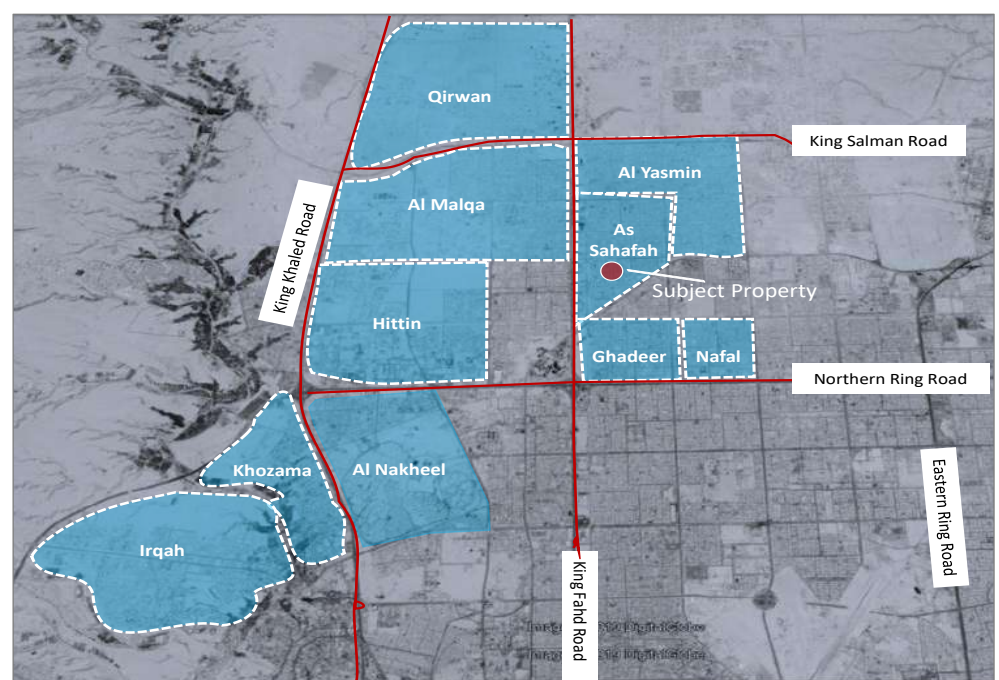
2.9.1 LOCATION OF THE PROPERTY (GPS - 24°47'31.15"N 46°38'9.09"E)

The subject property a newly built office tower completed circa. 2021 fronting onto Al Olaya Street close to the junction of Al Imam Saud Ibn Faysal Rd to the north and to the south at the junction of Prince Salman Bin Mohammed Bin Saud Road. The subject is within Al Sahafa District of North Riyadh. For ease of reference, refer to the illustration below.

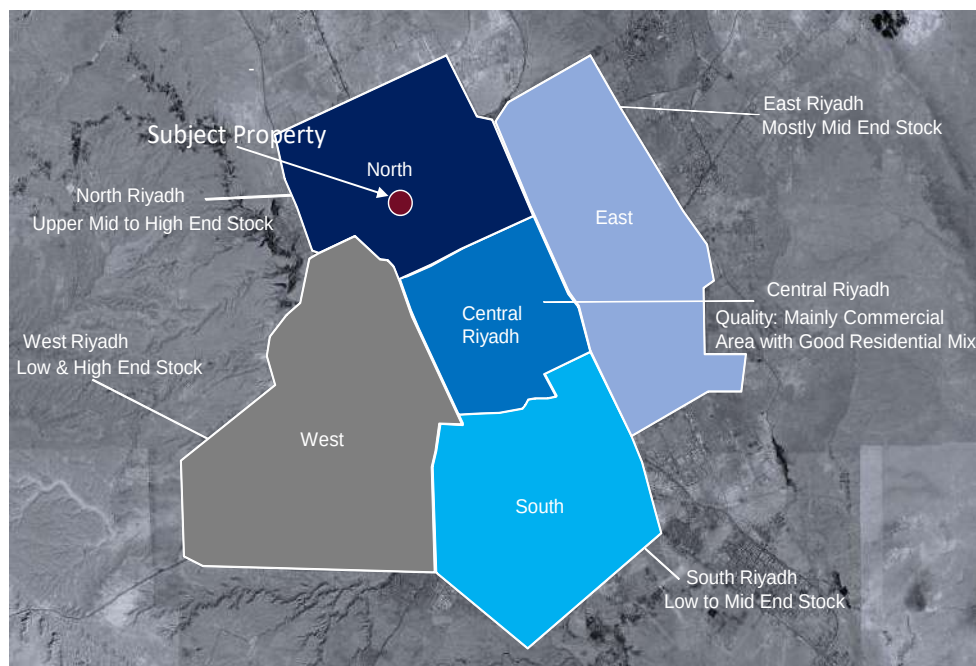


Source: Google Extract 2022 - For Illustrative Purposes Only

Further illustration providing the subject property location in North Riyadh (Sahafa District) with surrounding high-end districts.



2.9.2 RIYADH'S ZONAL AREA



Source: Google Extract 2022 - For Illustrative Purposes Only

An analysis of the historic expansion of Riyadh indicates that the city has been rapidly expanding since the early 1900's. The city boundaries have been shifted numerous times over the past century, and Riyadh's current land area is several hundred times larger than the original city. As shown above the upcoming King Abdullah Financial District Sub-centre will be in close proximity to the CBD south of King Fahad Road and will be the most significant competitor in the area. The above referred illustration depicts that the subject property is within a high-income area within the North Riyadh surrounded by high-end districts.

2.9.3 DESCRIPTION OF THE PROPERTY

The subject property comprises 8 storey (G+7) office tower (grade B stock), with 2 basement level parking areas consisting of 240 parking bays. The subject property's structure is of reinforced concrete frame with a modern tinted golden glass façade finish which is part of new building structure completed circa 2021. The subject property is equipped with centralized air-conditioning system, elevator and firefighting system. The leasable areas below are provided by the client which we assume are correct and accurate:

Floor level	Leasable Area (sq. m.)	Use
2 Basement Floor	-	Services & Parking
Ground Floor	9,260	Office Units
First Floor		Office Units
2 nd to 7 th floor		Office Units
Total Leasable Area (sq. m.)	9,260	

Source: Client 2022

2.9.4 RIYADH'S METRO SYSTEM



The new City Metro of Riyadh is a rapid transit system under construction to be completed circa. 2022-23. The city metro project is one of the world's largest infrastructure projects currently under-construction.

The city metro, which is designed as a world-class transportation system includes 756 metro cars, 85 stations, six metro lines and 176-km network line. The below-mentioned table lists the six metro lines along their estimated length.

AS SAHAFAH METRO STATION



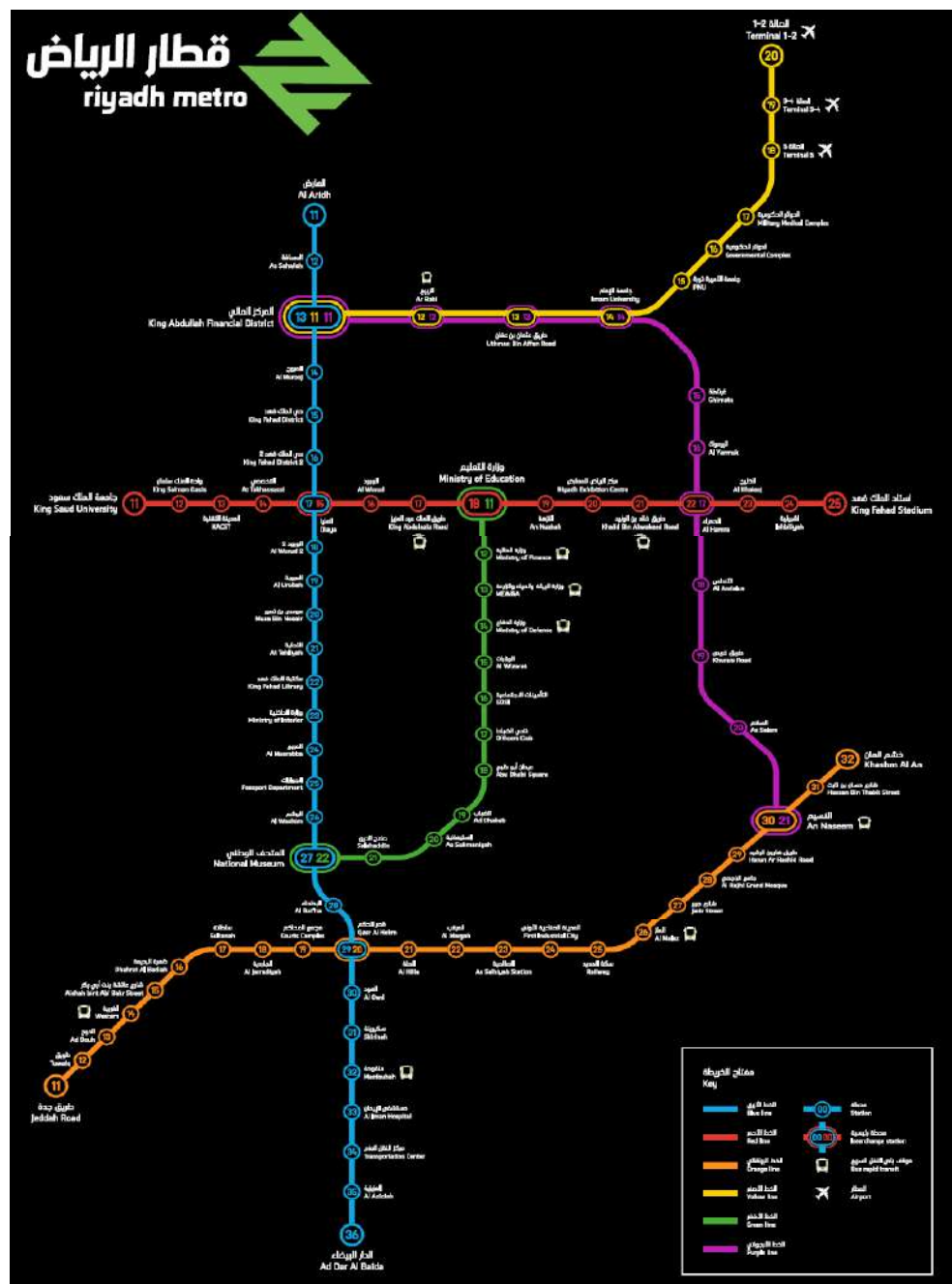
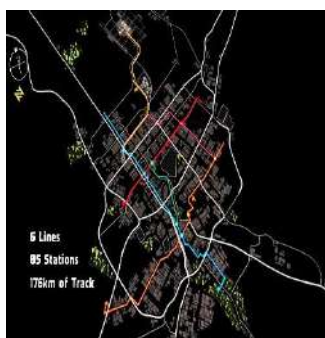
Riyadh City Metro System Lines

Line	Length (Km)
Line 1 – Blue	38.0
Line 2 – Green	25.3
Line 3 – Red	40.7
Line 4 – Orange	29.6
Line 5 – Yellow	12.9
Line 6 - Purple	29.90



The Riyadh metro will span over 178 km including underground, elevated and at-grade sections. The three major metro stations (intersection of the lines) KAFD, Olaya and downtown will be designed by world renowned architectural firms to include Gerber Architekten, Snohetta and Zaha Hadid. Three leading consortia, including the US Construction company Bechtel Group Inc., Spain's FCC and Italy's Ansaldo STS have been awarded contracts to build the project. The below-mentioned indicators and map out the metro system lines.

RIYADH METRO LINES



Source: Research 2021-22

2.10 ENVIRONMENT MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination.

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property.

We have not carried out any investigation into past or present use, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject property from the use or site and have therefore assumed that none exists.

However, should it be established subsequently that contamination exists at the property or on any neighbouring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.

Details	
Area	Based on the document supplied by the client, the total land area of the property is 3,330 square meters and the building's total leasable area is 9,260 sq. m.
Topography	Generally, the property is in regular in shape and on level terrain.
Drainage	Assumed available and connected.
Flooding	ValuStrat's verbal inquiries with local authorities were unable to confirm whether flooding is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not flood prone. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known flooding in this area.
Landslip	ValuStrat's verbal inquiries with local authorities were unable to confirm whether land slip is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not within a landslip designated area. A formal written submission will be required for any further investigation which is outside of this report's scope of work.

2.10.1 TOWN PLANNING

Neither from our knowledge nor as a result of our inspection are, we aware of any planning proposals which are likely to directly adversely affect this property.

In the absence of any information to the contrary, it is assumed that the existing use is lawful, has valid planning consent and the planning consent is not personal to the existing occupiers and there are no particular onerous or adverse conditions which would affect our valuation.

In arriving at our valuation, it has been assumed that each and every building enjoys permanent planning consent for their existing use or enjoys, or would be entitled to enjoy, the benefit of a "Lawful Development" Certificate under the Town & Country



Planning Acts, or where it is reasonable to make such an assumption with continuing user rights for their existing use purposes, subject to specific comments.

We are not aware of any potential development or change of use of the property or properties in the locality which would materially affect our valuation.

For the purpose of this valuation, we have assumed that all necessary consents have been obtained for the subject property referred within this report. Should this not be the case, we reserve the right to amend our valuation and report.

2.10.2 SERVICES

We have assumed that the subject property referred within this report is connected to mains electricity, water, drainage, and other municipality services.

It should be borne in mind that electrical requirements and testing standards have become more stringent in recent years and that the system requires annual inspection, testing and upgrading according to Saudi Electrical Standards. We have not been provided a test certificate and a valid certificate from the owners and should be requested by the client or owners need to satisfy themselves they are complying with Saudi Electrical Standards.

According to Civil Defence regulations in Saudi Arabia known as the Civil Defence system released by Royal Decree No. M/10 on 05-10-1406, corresponding to 20-01-1986]; firefighting system(s) must be in place providing protection to both people, public and private properties. For the purpose of this valuation exercise, we assume all necessary consents are in place for Civil Defence regulations.

2.11 TENURE/TITLE

Unless otherwise stated we have assumed the freehold title is free from encumbrances and that Solicitors' local searches and usual enquiries would not reveal the existence of statutory notices or other matters which would materially affect our valuation.

We are unaware of any rights of way, easements or restrictive covenants which affect the property; however, we would recommend that the solicitors investigate the title in order to ensure this is correct.

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

The subject property is registered under the below-mentioned title deed (refer to copy in the appendices section) which we assumed on freehold basis. Should this not be the case, we reserve the right to amend our valuation and this report.



Description	Property Details
Property Name	Office Tower
Title Deed No.	318501000339
Title Deed Date	15/9/1442
Land Area (sq. m.)	3,330
Owner	Bonyan REIT/ Bonyan Real Estate Fund Company
Location	Al Olaya Street, As Sahafa District, Riyadh
Interest Valued	Assumed Freehold

Source: Client 2022

NB: All aspects of tenure/title should be checked by the client's legal representatives prior to exchange of contract/drawdown and insofar as any assumption made within the body of this report is proved to be incorrect then the matter should be referred back to the valuer in order to ensure the valuation is not adversely affected.

2.11.1 OCCUPANCY LEASES & TENANCY DETAILS

The client has provided us below the details of the property single tenant details. Refer to summary details below:

- Triple Net lease for 3 years from April 2020
- Single tenant
- Passing Rent – SAR 9 million per annum
- Binding 3-year WAULT

Source: Client 2022

For the purpose of this valuation, we have explicitly assumed that the tenancy provided is correct, accurate and actual. Should this not be the case, we reserve the right to amend our valuation and report.

2.11.2 MANAGEMENT AGREEMENT

We understand that the subject property is managed by an external legal entity however a related party of a shareholder. For the purpose of this valuation assignment, we assume that no onerous terms exist in the agreement.

We have also made assumptions as to the staff costs and incorporated these into the total operational costs for the different elements, on the basis that any external investor would incur the same. We understand that all operational expenses are taken directly from income revenue of the mall.



2.12 METHODOLOGY & APPROACH

In determining our opinion of Market Value for the freehold interest in the subject property, we have utilized the Discounted Cash Flow (DCF) approach to valuation taking into consideration the tenancy schedule and other information provided by the client.

2.12.1 DISCOUNTED CASH FLOW (DCF) APPROACH – OFFICE TOWER, RIYADH, (FREEHOLD INTEREST)

The subject property falls into a broad category of investment property with the prime value determinant being the property's ability to generate rentals and rental growth through the ongoing letting and reasonable maintenance.

In determining our opinion of Market Value of the subject property, we have utilized the Investment Approach utilizing a Discounted Cash Flow technique.

Discounting Cash Flow analysis is defined in the International Valuation Standards as a financial modelling technique based on explicit assumptions regarding the prospective cash flow of the property. This analysis involves the projection of a series of periodic cash flows a property is anticipated to generate, additionally giving regard to the frequency and timing of associated development costs, contingency allowances etc. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the property. The DCF approach involves the discounting of the projected net cash flow on a yearly basis over the explicit cash flow period. In the case of the subject property the cash flow has been projected over a 5-year period reflecting a market practice for cash flows reflecting the property. The cash flow is discounted back to the date of valuation at an appropriate rate to reflect risk in order to determine the Market Value of the property.

The rental income being capitalised and discounted in the cash flow refers to net rental income, that is, the income stream. A contractual agreed growth rate of a fixed rental income per annum has been agreed for the lease and has reflected with a growth rate within the DCF calculations. The future values quoted for property, rents and costs are projections only formed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date.

2.12.2 MARKET RENTS

Sales or rental evidence for similar property within Riyadh are not readily available or transparent due to the nature of the property market within the Kingdom of Saudi Arabia. Much if not all of the evidence is anecdotal, and this limitation may place on the non-reliability of such information and impact on values reported.

In forming our opinion of Market Rent for the subject property, we have looked at the following market rental rates for office space in the within Riyadh, as follows:



Office Buildings	Location	Grade	Ave. Rent/sqm (SAR)
Tatweer Tower	King Fahd Road, Central Riyadh	B	950
Grand Tower	King Fahd Road, Central Riyadh	B	950

Sn	Property type	Area (m ²)	Price/m ² (SAR)	Location
1	Office Space	2,650	800	Olaya Street
2	Office Space	133	950	King Fahd Road
3	Office Space	162	950	Imam Saud Bin Faisal Rd.
4	Office Space	133	900	Imam Saud Bin Faisal Rd.
5	Office Building	17,100	807	Ath Thumamah Road
6	Office Space	220	750	Near Olaya Street
7	Office Space	2,520	600	Anas Bin Malik Road

Source: ValuStrat Research 2021-22

2.12.3 ASSUMPTIONS & COMMENTARY

The subject office tower has been assessed as an investment property subject to the tenancy details provided by the client and any assumptions made by ValuStrat within market benchmarks.

It appears the subject office tower is within prevailing office rentals in the north Riyadh area for good grade B office towers in the subject location.

ValuStrat has made certain assumptions and adjustments based on their experience in valuing similar commercial property in Riyadh, KSA, taking cognisance of the surrounding developments within the property which will ultimately form part of.

This was done in an attempt to forecast our interpretation of performance of the subject property over the 5-year explicit cash flow period.

In this instance, we have adopted the following:

Components	Comments/Assumptions
Passing Rent (SAR)	9,000,000 per annum
Net Leasable Area (sq. m.)	9,260
Overall Rent per sq. m (SAR)	972 per sq. m (in line with market conditions)
Operational Cost	5% (years 4-5 of the cash flow), refer note below.
Growth Rate (yearly)	2.5%
Void Cost	0%
Occupancy Rate	100% (triple net lease)

Operational Costs & Service Charge(s)

The operational cost is to be borne by the ingoing tenant due to the triple net lease agreement, although we have reflected a 5% - OPEX after the 3 years in the 4th and 5th year of the cash flow. We have also been informed that there is a tenants



leasehold CAPEX estimated of SAR 27 million. The operating costs shows reflection of common area services (power, lighting, general maintenance, lift servicing, cleaning), property management & security and building insurance.

In addition, the gross income includes 10% service charge for the occupation of the leasable area reflecting contribution towards (services – water, electricity, utilities), and maintenance towards cleaning, security and landscaping.

Growth Rate

Growth Rate is assumed at 2.5% annually in line with current market conditions.

Void Cost

We have reflected 0% void costs throughout the cash flow period. Void allowance to reflect lost income and incentives and reflecting any marketing and advertising costs.

Discount Rate and Exit Yield

The discount rate reflects the return required to mitigate the risk associated with the particular investment type in question; therefore, echoes the opportunity cost of capital. To this we have to add elements of market risk and property specific risk. The market risk comes in the form of; inter alia, potential competition from existing and latent supply.

Market risk will also reflect where we are in the property cycle and more importantly the location. The subject property is located in a popular district in north Riyadh. Hence, we have adopted a discount rate of 9.5%.

The exit yield is a resultant extracted from transactional evidence in the market; however, due to anecdotal evidence and limited market activity we have had to rely on anticipated investor expectations from typical property investments.

These typically vary between 7.75% to 8.25%, depending on the quality of the property, length and condition of the leases, the lessee's reputation and the location of the property. Based on the above criteria, we are of the opinion that a fair exit yield for the subject property is 8%.

2.12.4 VALUATION COMMENTARY & CONSIDERATIONS

While uncertainty remains across the globe; KSA has been resilient against the recent times of disruption, and we expect the same resilience and effort allowing for the economy to keep growing in 2022 under Vision 2030 with all the seeds sowed by the Sovereign Wealth – Public Investment Fund (PIF). The entertainment sector has risen to the head of the economic revolution within KSA with a key objective on focusing on increasing household expenditure related to entertainment and leisure. The government has been supporting the growth of this important sector through the implementation of key initiatives and regulations, including the lift of the cinema ban as well as the introduction of new tourism visas.



Also, this and other measures of support, the industry has expanded in line with demand for new and innovative experiences among the significant young population, resulting in new opportunities for private sector participants, and more specifically, real estate development and enhancement across the Kingdom's wide characteristics and topography.

The office market is likely to remain favoured towards occupiers in the year ahead where rents are likely to trend down. Though, we are likely to witness a breakup in relative performance in key commercial centres and asset classes / grades. In Riyadh, where strong rates of employment growth are being witnessed, we expect the vacancy rates in the Grade A segment to continue to decline at the expense of increased vacancy in the Grade B segment of the market. As additional Grade A stock is delivered, we are likely to see a flight to quality.

We expect challenging market conditions to continue as occupiers consolidate and as additional supply enters the market. These trends are likely to put sustained pressure on average rents and occupancy rates in the short term. Equally, King Abdullah Financial District (KAFFD) is currently marketing ample office space and once fully complete will bring 810,000 sq. m plus of office space impacting the office sector supply and pricing levels.

Retail Sector - due to KSA's economic diversification strategies and the drive to boost nationals' and female workforce participation rates, we have witnessed growth in disposable incomes, which has in turn underpinned stability in the KSA retail sector. Accordingly, we expect rental rates in regional and super-regional malls to remain stable in the short run across all key commercial centres. Though, Grade B stock is likely to continue softening given the flood of quality retail supply especially new strip malls / community commercial centres, etc.

Overall, all sectors the outlook remains optimistic for the longer term due to the various KSA initiatives aimed at stimulating the real estate market whilst encouraging the private sector to play a key role in the transformation.

In the short term it is difficult to assess the impact over the COVID-19 pandemic and the KSA lockdown should the health crisis persist affecting the economy in 2021, it is likely the market rates/prices will be affected. The client is also recommended to consider the benefits in such a market, of having more frequent valuations to monitor the value of the subject property.

Whilst the KSA lockdown period earlier in 2020 has taken place due to the COVID-19 pandemic, many businesses were affected due to the closure; we assume all rentals, lease(s) and landlord & tenant information provided by the client is correct and accurate. Should this not be the case, we reserve the right to amend our valuation and report.

We have been made aware there is no rent arrears (debt), and all tenants are up to date with rental obligations. Should this not be the case, we reserve the right to amend our valuation and report.



Occupancy rates and rents at newly completed property or new acquisitions may fluctuate depending on a number of factors, including market and economic conditions resulting in the investment not being profitable.

KSA's oil production and business is a major contributor to Saudi income and strong economic conditions. Therefore, any major fluctuations in oil prices can have a similar effect on the local economy impacting commercial investments and the overall long-term development of the economy in volatile and uncertain times. The growth of the economy is also subject to numerous other external factors, including continuing population growth, increased direct and foreign investment in the local economy and Government and private sector investment in infrastructure, all of which could have a significant impact on the economy and business profitability.

It should be noted that the valuation provided is of the property (excluding any element of value attributable to furnishings, removable fittings and sales incentives) as new. It is possible that the valuation figure may not be subsequently attainable on a resale as a 'second-hand villa especially if comparable new property is on offer at the same time.

As regards properties, which are retained, or to retain an ownership interest in, such competition may affect the Funds ability to attract and retain tenants and reduce the rents impacting the property/investment.

Any retained or owned property by fund will face competing properties leading to high vacancy rates resulting in lower rental rates. It is imperative for leasing obligations to preserve and keep-up high standard of landlord & tenant (property management) and so it will necessitate that the property be maintained to a good standard to maintain its value. The subject property referred in this report is considered as a full figure and may not be easily achievable in the event of an early re-sale in the short term due to volatile and uncertain times. Refer to our market conditions section below.

Property values are subject to fluctuation over time as market conditions may change.

We have assumed that the land is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and good title can be shown. For the avoidance of doubt, these items should be ascertained by the client's legal representatives.

All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2022.

Property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. It must be borne in mind that both rental and capital values can fall as well as rise.

In arriving at our opinion of the value, we adopted an exit yield of 8% with discount rate of 9.5% reflecting the strong value(s) in high-end areas of Riyadh with the professional consensus of opinion of the exit yield and discount rate of the nature referred is justifiable for solely investment purposes in current market conditions.

We are therefore of the opinion that the current market value of the subject property in its present condition with the income revenue information provided by the client is assumed to be correct and accurate and therefore is in the region of SAR 110.5 million.

2.12.5 SUMMARY OF MARKET VALUE

The resultant value based upon the above variables/assumptions for the subject property is as follows:

Property Name	Passing Rent (SAR)	OpEx	Exit Yield	Discount Rate	Value (SAR) [Rounded]
Office Tower, Riyadh	9,000,000 p.a.	5%	8%	9.5%	110,500,000

2.13 VALUATION

2.13.1 MARKET VALUE

ValuStrat is of the opinion that the Market Value of the freehold interest in the subject property referred within this report, as of the date of valuation, based upon the Discounted Cash Flow (DCF) Approach and assumptions expressed within this report, may be fairly stated as follows;

Aggregate Market Value (rounded and subject to details in the full report):

SAR 110,500,000 (One Hundred Ten Million Five Hundred Thousand, Saudi Arabian Riyals).

The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's marketplace.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations. Due to this shortage, it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature.'

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

The value provided in this report is at the top end of the range for properties of this location and character and will necessitate that the property be maintained to a good standard to maintain its value.



2.14 MARKET CONDITIONS SNAPSHOT

2.14.1 MARKET ASSESSMENT, TIMES OF UNCERTAINTY (COVID-19 PANDEMIC) & VALUATION COMMENTARY OVERVIEW

The past two plus years of extraordinary market conditions have made it difficult for investors to confidently assess changes in property prices. The COVID-19 recovery has meant higher energy prices, supply chain disruptions mean 2022 will be the year to repair global economy if possible.

The world is rapidly changing with ongoing structural shifts, population growth, urbanization, climate change and the digital revolution continue to profoundly impact our world and societies.

Though KSA has shown resilience with high oil price revenues and current budget of Q1 – 2022 showing surplus of SAR 57 billion and Public Investment Fund (PIF) – sovereign wealth fund going from strength to strength.

Since the lifting of travel bans, the KSA real estate market is in a healthy position with many analysts predicting a strong 2022 for real estate (vision 2023) with the positive activity and investment by the government unveiling a number of reforms, including recent facilitation of the tourism visa, where citizens of 49 countries are now able to apply e-visas and holders of Schengen, UK or US visas are eligible for visas on arrival.

Also, the government has now allowed the full foreign ownership of retail and wholesale operations along with previously opening up of the Tadawul Stock Market to foreign investment supported by current energy reforms, cutting subsidies, creating jobs, privatizing state-controlled assets and increasing private sector contribution to the country's economy, etc. With all the opportunities throughout the Kingdom and the creation of the Giga projects, there was an ambitious resilience which was suddenly shutdown overnight due to the initial lockdown period. With all the current uncertainty, market stagnation and short-term challenges whereby force majeure (as a result of the pandemic's cause beyond anyone's reasonable control) had created inactivity. As mentioned above the KSA market's ambitions and resilience, we understand investor sentiment remains strong as it was prior to the pandemic and the KSA was on an upward course showing growth in the last quarter of 2019 after a period of subdued market conditions.

The current global crushing of liquidity in economies will have impact on markets and real estate market and this maybe the case with many economies across the globe; however, the KSA market has shown resilience in previous years through a period of downward trend (2016-18), a correction allowing for the market to bottom out with 2019 experiencing growth in the first quarter and subdued market conditions throughout 2019. The latter part of Q4 – 2019 saw positive growth with strong investor appetite, though the market lacking good quality stock. Now with the Saudi government confirming a stimulus package of SR 120 billion plus, we understand

the market will bounce back with investors underlying strong appetite. This will delay any evidence in the short term of declining prices and with the government stimulus will assist any short-term losses on transactions, private and public funds, although will need to be sustained in the short-term.

The KSA real estate sector generally follows the fortunes of the greater economy and while the oil reserves were left off prior to the pandemic fairly strong, although currently a price war between major producers is adding to a growing supply glut, though this will help KSA once markets start normalizing again. The KSA economy remains stable and backed-by strong fundamentals of the KSA market (i.e. young growing population) and also the economic transformation plan transforming the Kingdom towards a service economy post-oil era.

In short, the pandemic was expected to be a short-term shock wave with an eventual surge of business activity leading to a rapid recovery either in the form of a “V-shape” or a more gradual recovery in the form of a “U-shape” bounce back. Accordingly, we expected the KSA market to surge in business over the course of 2021 and now 2022 allowing for markets to start flourishing towards long term sustainability in social trends and patterns along with socio-economic distancing in a growing cycle. On the other hand, should the global economic impact of the Coronavirus pandemic (COVID-19) outbreak persist and will be dependent on how long the virus lasts, how far it spreads and how much lock-down, public organizations quarantines disrupt the market. Indeed, the current response to COVID-19 means that we are faced with unprecedented set of circumstances on which to base judgement(s). There is strong evidence that real estate markets have sprung back to strong activity and growth fairly quickly as we are experiencing in the Kingdom of Saudi Arabia.

Equally, the short-term generally speaking we do not expect the current real estate market to show any small adjustment in prices/rates. The KSA real estate market is a developing market with much invested by the government in infrastructure projects, so we expect the government's latest stimulus to preserve liquidity and for demand to hold having limited / no bearing on prices / rates.

2.14.2 MARKET CONDITIONS PRIOR TO THE PANDEMIC & THE KSA LOCKDOWN

Despite a new wave of infections (Variant Viruses) this year (2021), the roll out of vaccinations offers hope in controlling this disease and provide a path of recovery in sight along with recovery in oil price provides further impetus.

The Kingdom of Saudi Arabia (KSA) - world's largest exporter of crude oil, embarked four years (2016) ago on an ambitious economic transformation plan, “Saudi Arabia Vision 2030”. In a hope to reduce its reliance on revenue from hydrocarbons, given the plummeting oil price revenues from 2014.

Through the current vision 2030 and in a post oil economy, KSA is adapting to times of both austerity measures and a grand ambitious strategy. With an overdue diversification plan Saudi Arabia's economic remodelling is about fiscal sustainability



to become a non-dependent nation of oil. This is supported by current energy reforms, cutting subsidies, creating jobs, privatising state-controlled assets and increasing private sector contribution to the country's economy.

Despite economic headwinds, across the region, KSA has shown resilience through a period of subdued real estate market activity. The real estate sector generally follows the fortunes of the greater economy and whilst Saudi Arabia is undergoing structural reforms politically, economically and socially will transform the Kingdom towards a service economy post-oil era.

These changes along with significant amounts of investment - estimated to soon be over 1 trillion US dollars will create vast amounts of opportunities for the public and private sectors across all businesses segments. The KSA economy in the first quarter of 2019 has relied on the current oil price rise to pull it out of recession; however, the previous 18-24 months, KSA faced a protracted spell of economic stress, much of which can be attributed to the falling oil prices coupled with regional political issues. Oil prices starting to surge again around 65 dollars a barrel currently from under 30 dollars a barrel in early in 2016 which resulted in a crash in prices and the economy dipped into negative territory in 2017 for the first time since 2009, a year after the global financial crisis.

General consensus anticipates a piercing improvement in the Saudi economy in the period ahead (2021-2022), supported by both the oil and non-oil sector. So ultimately it appears the economy will still need to rely on oil revenues to bridge the gap in the short term with a budget deficit over the past 3 years and the Kingdom borrowing from domestic and international markets along with hiking fuel and energy prices to finance the shortfall. The economy slipped into recession in 2018 but returned to growth in 2019, albeit at the fairly modest level of 1.7%, according to estimates from the International Monetary Fund (IMF). However, the return to growth is mainly due to a return to increase in oil prices again and output which, in turn, is enabling an increase in government spending.

Accordingly, in the short term needs to rely on the oil revenue and this reliance is being channelled into public spending. The reforms that have been pushed through to date have led to important changes aiding the economy. The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce. Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars. A due enactment of law will encourage public-private partnerships to herald more foreign investment.

The economic transformation that the KSA has embarked upon is complex and multidimensional and will certainly take time to turn around a non-oil serviced economy, although there have been recent positive signs, but it will remain in the short term with the support of oil revenues.



On the other hand, the KSA was resilient in the previous recession in 2007/2008 on strong oil reserves and not only can the Saudi government be relied upon to step in to rescue troubled lenders, reliable institutions for procedural reasons but crucially, it can also afford to do so, although has suffered due to previous oil price declines and it has meant increased spending.

Vision 2030 to diversify the economy from reliance on oil, has only just commenced in previous years and with a young and increasingly well-educated population, together with its own sovereign wealth fund, the Kingdom has many favourable factors to become a leading service sector economy in the region. Reform efforts include a reduction of subsidies on fuel and electricity and the implementation of a 5 per cent VAT back on 01 January 2018 which increased to 15 per cent VAT as of 01 July 2020. The government is also striving to get women to play a greater role in the economy including recently allowing them to drive back in 2019. Wider reforms have been initiated by the government allowing for the entertainment industry to flourish with the opening of the first cinema in King Abdullah Financial District (KAFD) along with 4 VOX screens opening at Riyadh Park Mall. The cinema entertainment is spurred on by Public Investment Fund (PIF) in collaboration with AMC Cinemas and led by the Development and Investment Entertainment Company (DIEC), a wholly owned subsidiary of PIF. With an objective of 30 to 40 cinemas in approximately 15 cities in Saudi Arabia over the next five years, and 50 to 100 cinemas in about 25 Saudi cities by 2030.

As part of wider reforms to overhaul the economy and to allow for deep rooted diversification, the Public Investment Fund (PIF) have initiated plans to bolster the tourism / entertainment industry by forming ambitious plans such as the following:

Red Sea Tourism Project

To transform 50 islands consisting of 28,000 square kilometres along the Red Sea coastline into a global tourism destination. For ease of reference to illustration below showing the location in relation to the Kingdom of Saudi Arabia.

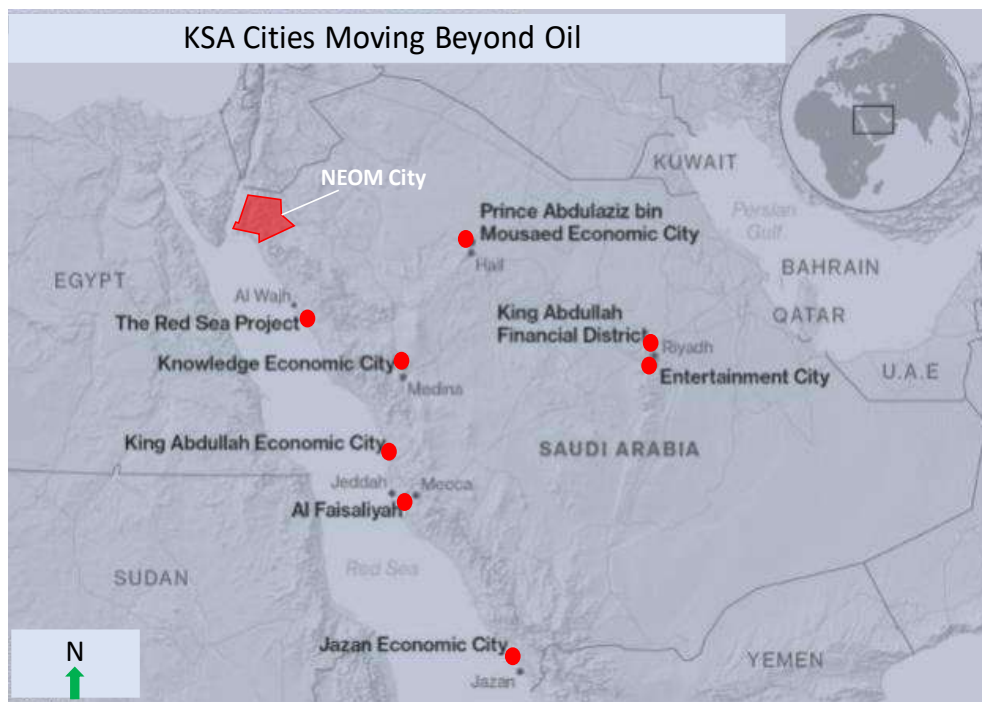
Al Faisaliyah Project

The project will consist of 2,450 square kilometres of residential units, entertainment facilities, an airport and a seaport. Refer to the below illustration for the location.

Qiddiya Entertainment City

Qiddiya Entertainment City will be a key project within the Kingdom's entertainment sector located 40 kilometres away from the center of Riyadh. Currently alleged for "The First Six Flags-branded theme park". The 334 square kilometre entertainment city will include a Safari Park too. The project will be mixed use facility with parks, adventure, sports, events and wild-life activities in addition to shopping malls, restaurants and hotels. The project will also consist around 4,000 vacation houses to be built by 2025 and up to 11,000 units by 2030. Again, for ease of reference refer to the below illustration for the location.





Neom City

The NEOM city project will operate independently from the “existing governmental framework” backed by Saudi government along with local and international investors. The project will be part of a ‘new generation of cities’ powered by clean energy. The ambitious plan includes a bridge spanning the Red Sea, connecting the proposed city to Egypt and stretch into Jordan too.

Economic Cities

The overall progress with the Economic Cities has been slow and projects on hold over the past 7-10 years, although KAFD has recently given the go ahead to complete by 2020. Within the Saudi Vision 2030 the government referenced that they will work to “salvage” and “revamp”.

Real Estate Growth

Overall ValuStrat research reveals that real estate sectors have continued to decline in both sales and rental values. We expect demand to remain stable due to fundamentals of a growing young population, reducing family size, increasing middle-class and a sizeable affluent population – all of which keeps the long-term growth potential intact.

Despite short term challenges, both investors and buyers remaining cautious, the Saudi economy has shown signs of ambition with the government unveiling a number of reforms, including full foreign ownership of retail and wholesale operations along with opening up of the Tadawul Stock Market to foreign investment as well as the reforms mentioned in the previous section referred above. As mentioned earlier,

KSA experienced positive growth by oil price rise in the first quarter of 2021; hence the main driver of the recovery remains oil. Over 2021 we envisage the Kingdom's consumer outlook to be more favourable in economic conditions.

Moreover, tax on development land implemented in 2017/18 has kept the construction sector afloat, encouraging real estate developers. Adapting to a new KSA economic reality has been inevitable, although the Kingdom's oil dynamics remain pivotal for future development within the KSA 2030 economic vision plan. In latter part of 2017, the Public Investment Fund (PIF), Saudi Arabia's sovereign wealth fund set up a real estate refinancing company aimed at advancing home ownership in the Kingdom, which suffers from a shortage of affordable housing. This initiative will create stability and growth in the Kingdom's housing sector by injecting liquidity and capital into the market. Another plan to help kick start the real estate market by boosting the contribution of real estate finance to the non-oil GDP part.

The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016). The close ties with the construction, financing institutions and many others have provided crucial resources that contributed to the development of the Saudi economy. The real estate market performance in 2019/20 and the general trend in KSA for most sectors have remained subdued given lower activity levels, while prices have been under pressure across most asset classes leading to a gradual softening of rental and sale prices.

The real estate sector remains subdued, and prices may have bottomed out across sectors, and we expect in the medium to long term for the market to pick-up further growth given the reforms and transformation in KSA, although we expect the growth to be slow and steady subject to a stable political environment in KSA and across the region. The outlook remains optimistic for the longer term due to the various KSA initiatives aimed at stimulating the real estate market whilst encouraging the private sector to play a key role in the transformation.

All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. Since the issuing of this report the KSA lockdown for the COVID-19 health crisis was lifted back on 21 June 2020 and the economy is now trying to get back to normalcy. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2022.

Property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. It must be borne in mind that both rental and capital values can fall as well as rise.



2.15 VALUATION UNCERTAINTY

This valuation has been undertaken against a background of significant levels of Market volatility is one of the main reasons of Valuation uncertainty in the real estate market in the Kingdom and within the GCC region given the dramatic changes in markets in current oil price slump and other factors too.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations.

Given the current uncertainties it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature. The current shortage of transaction, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis.

The RICS valuation standards consider it essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.

We further state that given the valuation uncertainty stated above our valuation represents our impartial calculated opinion / judgement of the properties, based on relevant market data and perceptions as at the date of valuation.

The client is advised that whilst all reasonable measures have been taken to supply as accurate a valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place.

The client is also recommended to consider the benefits in such a market, of having more frequent valuations to monitor the value of the subject property.

2.16 DISCLAIMER

In undertaking and executing this assignment, an extreme care and precaution has been exercised.

This report is based on information provided by the Client. Values will differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc.

It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.



2.17 CONCLUSION

This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the Client.

No part of this report may be reproduced either electronically or otherwise for further distribution without our prior and written consent. We trust that this report and valuation fulfils the requirement of your instruction.

This report is issued without any prejudice and personal liability.

For and on Behalf of, **ValuStrat**.

Mr. Ramez Al Medlaj (Taqeem
Member No. 1210000320)
Valuation Manager, Real Estate

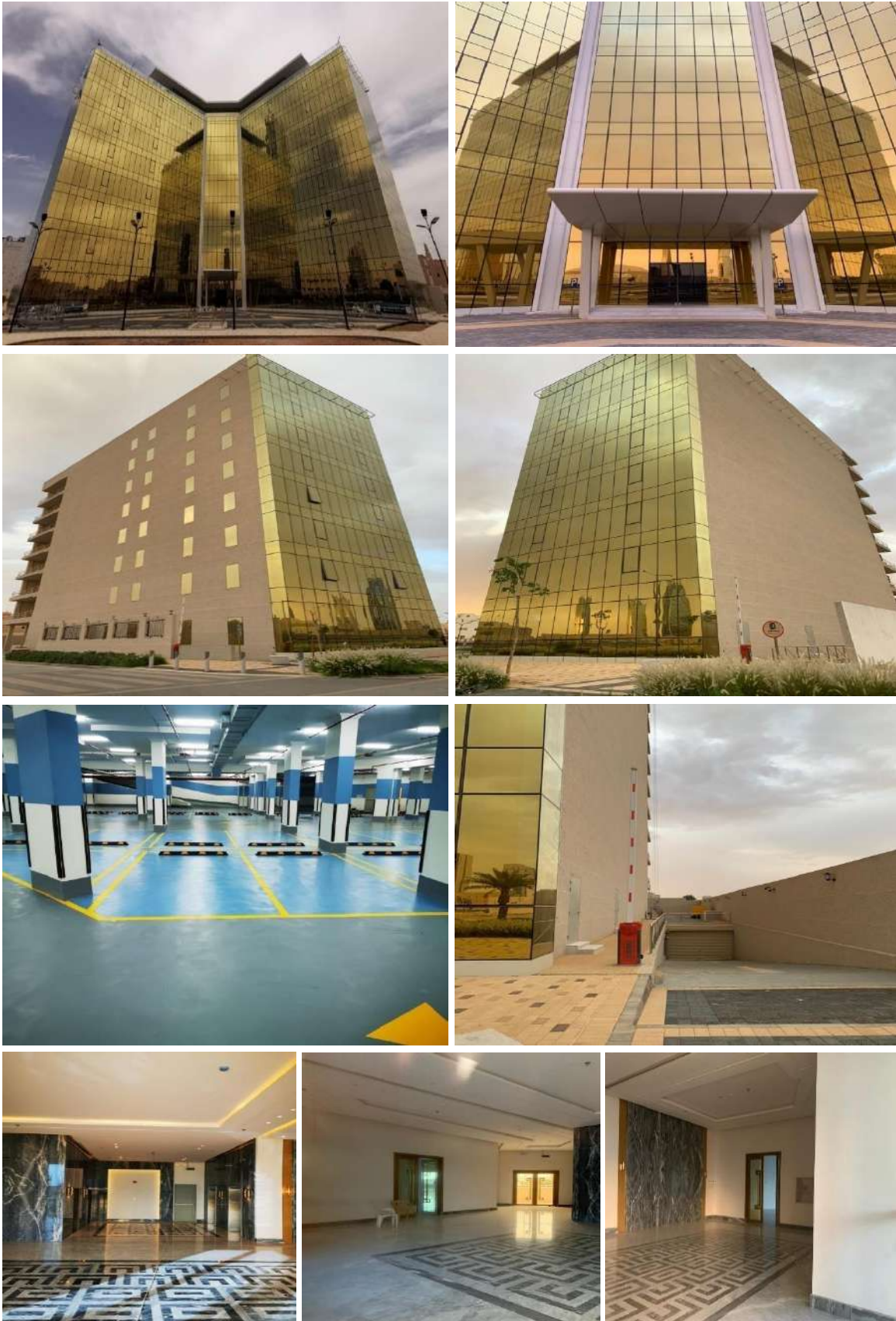
Mr. Yousuf Siddiki (Taqeem Member
1210001039)
Director - Real Estate, KSA



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Saudi Fransi Capital, Riyadh, KSA – June 2022

APPENDIX 1 – PHOTOGRAPHS



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Valuation Report

AL RAFIAH RESIDENTIAL VILLAGE, RIYADH

BONYAN REIT / SAUDI FRANSI CAPTIAL

REPORT ISSUED 24 JULY 2022

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APPENDIX 1 – PHOTOGRAPHS

APPENDIX 2 – DCF EXTRACT



1 EXECUTIVE SUMMARY

THE EXECUTIVE SUMMARY AND VALUATION SHOULD NOT BE CONSIDERED OTHER THAN AS PART OF THE ENTIRE REPORT.

1.1 THE CLIENT

Saudi Fransi Capital
Muhammad Raza Rawjani, CFA
mrawjani@FransiCapital.com.sa

1.2 THE PURPOSE OF VALUATION

The valuation is required for Saudi Bonyan REIT.

1.3 INTEREST TO BE VALUED

The below-mentioned property is the scope of this valuation exercise.

Description	Property Details
Name of Compound	Al Rafiah Residential Village
No. of Villa	102 Units
Land Title Deed No.	310110038095
Title Deed Date	8/3/1439
Land Area	61,390.81 sq. m
Owner	Bonyan Real Estate Fund Company
Location	Al Rafiah District, Riyadh, KSA
Interest	Freehold (reflecting rental contract – refer to appendix 2).

Source: Client 2022

1.4 VALUATION APPROACH

We have undertaken the Discounted Cash Flow (DCF) analysis taking into consideration the rental income provided by the Client.

1.5 DATE OF VALUATION

Unless stated to the contrary, our valuations have been assessed as at the date of 30 June 2022.

The valuation reflects our opinion of value as at this date. Property values are subject to fluctuation over time as market conditions may change.



1.6 OPINION OF VALUE

Property Name	Passing Rent (SAR)	Units	Exit Yield	Disc. Rate	Property Value (Rounded)
Al Rafiah Village	*19,332,627 per annum	102	8.5%	11%	SAR 170,000,000

**Provided by client – assumed to be correct and accurate. Should this not be the case, we reserve the right to amend our valuation and this report.*

The executive summary and valuation should not be considered other than as part of the entire report. The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's marketplace.

1.7 SALIENT POINTS (GENERAL COMMENTS)

Whilst most global markets remain disrupted along with the effects of the extraordinary market conditions over the past two plus years through the COVID-19 pandemic, it appears the KSA economy appears stable and strong within a recovery mode on the back of higher oil demand and private consumption along with KSA's Vision 2030 looks to diversify the economy away from oil through focusing on direct foreign investment, tourism and the increase of locals in the workforce.

The cost of risk is also likely to stay elevated in 2022 reflecting the volatile global health situation, high inflation and rising interest rates, etc.

The real estate traditional determinants of location and value for money continue to be a key success influencing property and accommodation preference though investors in KSA are also no less sensitive to asset classes and the location of property providing investor expectations and stable long-term income for portfolios and funds. Equally, strong investor appetite remains for 'best in class' / 'Institutional Asset Class – Grade A' / good quality property providing long term income.

With all positive activity and investment by the government creating opportunities through projects across the Kingdom's Vision 2030 and through the creation of the Giga projects has meant a stable KSA economy with positive outlook going forward throughout 2022 and beyond.

We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect.

We confirm that on-site measurement exercise was not conducted by ValuStrat, and we have relied on the site areas provided by the Client. In the event that the areas of the property and site boundary prove erroneous, our opinion of Market Value may be materially affected, and we reserve the right to amend our valuation and report.

We have assumed that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and good title can be shown. For the avoidance of doubt, these items should be ascertained by the client's legal

representatives. ValuStrat draws your attention to any assumptions made within this report. We consider that the assumptions we have made accord with those that would be reasonable to expect a purchaser to make.

We are unaware of any adverse conditions which may affect future marketability of the subject properties. It is assumed that the subject property is freehold and is not subject to any rights, obligations, restrictions and covenants. This report should be read in conjunction with all the information set out in this report, we would point out that we have made various assumptions as to tenure, town planning and associated valuation opinions. If any of the assumptions on which the valuation is based is subsequently found to be incorrect, then the figures presented in this report may also need revision and should be referred back to the valuer.

Note that property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale.

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

This executive summary and valuation should not be considered other than as part of the entire report.

2 VALUATION REPORT

2.1 INTRODUCTION

Thank you for the instruction regarding the subject valuation services.

We ('ValuStrat', which implies our relevant legal entities) would be pleased to undertake this assignment for Bonyan REIT / Saudi Fransi Capital ('the client') of providing valuation services for the properties mentioned in this report subject to valuation assumptions, reporting conditions and restrictions as stated hereunder.

2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

Description	Property Details
Name of Compound	Al Rafiah Village
No. of Villa	102 Units
Land Title Deed No.	310110038095
Title Deed Date	8/3/1439
Land Area	61,390.81 square meters
Owner	Bonyan Real Estate Fund Company
Location	Al Rafiah District, Riyadh, KSA
Interest	Freehold (reflecting rental contract (refer to appendix 2)).

Source: Client 2022

2.3 PURPOSE OF VALUATION

The valuation is required for Saudi Bonyan REIT.

2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Taqueem Regulations (Saudi Authority for Accredited Valuers) in conforming with the International Valuations Standards (IVS) 2022.

It should be further noted that this valuation is undertaken in compliance with generally accepted valuation concepts, principles and definitions as promulgated in the IVSCs International Valuation Standards (IVS) as set out in the IVS General Standards, IVS Asset Standards, and IVS Valuation Applications.



2.5 BASIS OF VALUATION

2.5.1 MARKET VALUE

The valuation of the subject property, and for the above stated purpose, has been undertaken on the **Market Value** basis of valuation in compliance with the above-mentioned *Valuation Standards* as promulgated by the IVSC and adopted by the RICS. **Market Value** is defined as: -

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

The definition of **Market Value** is applied in accordance with the following conceptual framework:

“The estimated amount” refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. *Market value* is the most probable price reasonably obtainable in the market on the *valuation date* in keeping with the *market value* definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of *special value*;

“an asset should exchange” refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the *valuation date*;

“on the valuation date” requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the *valuation date*, not those at any other date;

“between a willing buyer” refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute “the market”;

“and a willing seller” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for



the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

“in an arm’s-length transaction” is one between parties who do not have a particular or special relationship, e.g. parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of *special value*. The *market value* transaction is presumed to be between unrelated parties, each acting independently;

“after proper marketing” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the *market value* definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the *valuation date*;

‘where the parties had each acted knowledgeably, prudently’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the *valuation date*. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the *valuation date*, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

‘and without compulsion’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm’s length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible.

Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

2.5.2 VALUER(S)

The Valuer on behalf of ValuStrat, with responsibility of this report is Mr. Ramez Al Medlaj (Taqeem Member) having sufficient and current knowledge of the Saudi market and the skills and understanding to undertake the valuation competently.

Also Mr. Ramez Al Medlaj (Taqeem Member) who is a local Arabic specialist having knowledge, skills and understanding of the market and valuation.

We further confirm that either the Valuer or ValuStrat have no previous material connection or involvement with the subject of the valuation assignment apart from this same assignment undertaken.

2.5.3 STATUS OF VALUER

Status of Valuer	Survey Date	Valuation Date
External Valuer	*28 June 2022	30 June 2022

**The inspection was external and visual in nature only.*

2.6 EXTENT OF INVESTIGATION

In accordance with instructions received we have carried out an external and internal inspection of the property. The subject of this valuation assignment is to produce a valuation report and not a structural / building or building services survey, and hence structural survey and detailed investigation of the services are outside the scope of this assignment.

We have not carried out any structural survey, nor tested any services, checked fittings of any parts of the property.

Our previous inspection was limited to the general view of the residential compounds including the compound land developments and facilities such as swimming pool, fitness gym, restaurant, etc., and an exterior view of the villas.

For the purpose of our report, we have expressly assumed that the condition of any un-seen areas is commensurate with those which were seen. We reserve the right to amend our report should this prove not to be the case.

2.7 SOURCES OF INFORMATION

For the purpose of this report, it is assumed that written information provided to us by the Client is up to date, complete and correct in relation to title, planning consent



and other relevant matters as set out in the report. Should this not be the case, we reserve the right to amend our valuation and report.

2.7.1 VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:

The subject property is valued under the assumption of property held on a *Private interest* with the benefit of trading potential of existing operational entity in possession;

Written information provided to us by the Client is up to date, complete and correct in relation to issues such as title, tenure, details of the operating entity, and other relevant matters that are set out in the report; that no contaminative or potentially contaminative use has ever been carried out on the site;

We assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoings, restrictions or other encumbrances. Information regarding tenure and tenancy must be checked by your legal advisors;

This subject is a valuation report and not a structural/building survey, and hence a building and structural survey is outside the scope of the subject assignment. We have not carried out any structural survey, nor have we tested any services, checked fittings or any parts of the structures which are covered, exposed or inaccessible, and, therefore, such parts are assumed to be in good repair and condition and the services are assumed to be in full working order; we have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that such investigations would not disclose the presence of any such material to any significant extent;

That, unless we have been informed otherwise, the property complies with all relevant statutory requirements (including, but not limited to, those of Fire Regulations, By-Laws, Health and Safety at work);

We have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building. We would recommend that the client makes their own enquiries in this regard; and the market value conclusion arrived at for the property reflect the full contract value and no account is taken of any liability to taxation on sale or of the costs involved in effecting the sale.

2.8 PRIVACY/LIMITATION ON DISCLOSURE OF VALUATION

This valuation is for the sole use of the named Client. This report is confidential to the Client, and that of their advisors, and we accept no responsibility whatsoever to any third party.

No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorised.

2.9 DETAILS AND GENERAL DESCRIPTION

2.9.1 DESCRIPTION

The subject property, known as Al Rafiah Residential Village, is a gated residential compound located within Al Rafiah District, Riyadh, Kingdom of Saudi Arabia. It consists of 102 different types of villas with the following details:

Villa Type	No. of Unit
1 Bedroom	16
2 Bedroom	50
3 Bedroom	30
4 Bedroom	6
Total Unit(s)	102

Source: Client 2022

Al Rafiah Residential Village is situated near the City Center of Riyadh.

It is well developed with concrete roads, painted concrete curb & gutters, electrical post lightings, gardens & green landscapes and secured with concrete perimeter fence and guard house.

It has a total of relatively new 102 two-storey villas built mainly of reinforced concrete framed structures with covered parking area. Compound facilities & amenities consist of fitness gym, outdoor swimming pool, hot & cold jacuzzi, sauna, steam bathroom, aerobic room, squash court, tennis court, basketball court, football court, massage room, beauty salon, indoor & outdoor kids play area, multipurpose room, restaurant and a mini market. Additionally, village services include a 24-hour security information desk, laundry & dry cleaning, mail and internet services.

2.9.2 LOCATION OF PROPERTY

Al Rafiah Residential Village is situated in Ar Rafiah District, Riyadh, Kingdom of Saudi Arabia. It is located approximately 400 meters west of Prince Satam Bin Abdulaziz Road and about 900 meters northwest of King Saud University for Girls. The aforesaid compound is located in an area characterized by farmhouses and



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vacant lands though highest and best use of these lands would eventually be for a residential use due to its proximity to the City Center. It is accessible through the fronting unnamed road connecting to the nearby Prince Satam Bin Abdulaziz Road. For ease of reference, refer to the illustrations below.

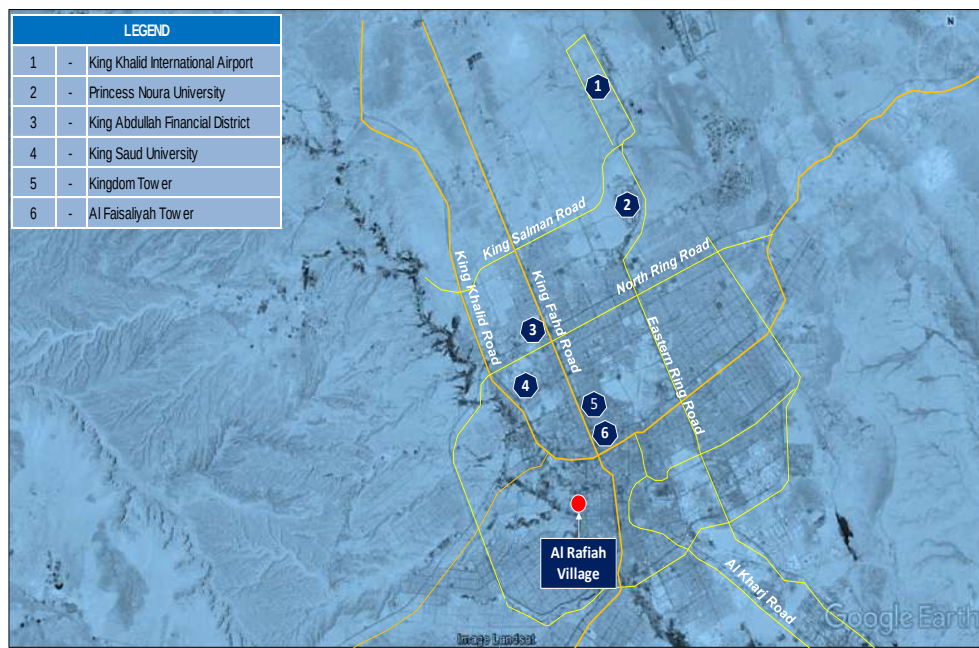


Source: Google Extract 2022 - For Illustrative Purposes Only



Source: Google Extract 2022 - For Illustrative Purposes Only

Furthermore, the illustration below shows Riyadh City identifying subject property and their proximity to known and important landmarks in the city such as the King Khalid International Airport, Princess Noura University, King Saud University, King Abdullah Financial District, the iconic Kingdom Tower and Faisaliyah Tower, malls, supermarkets, medical facilities, schools, residential compounds, etc.



Source: Google Extract 2022 - For Illustrative Purposes Only

2.9.3 THE RIYADH METRO

The new City Metro of Riyadh is a rapid transit system under construction to be completed circa. 2022-23, which will be of benefit to Riyadh's population, business and future growth of Riyadh, etc.

The Metro will help in many ways for the day to day life activities of the people such as traffic control, school journeys, shopping journey and business commuting, etc. The city metro project is one of the world's largest infrastructure projects currently under-construction.

It consists of trains and buses, which includes 6 railway lines stretching 176 kilometers with 85 stations, penetrating the capital of Saudi Arabia, Riyadh, from all directions.

It is expected that the capacity of the project is estimated at 1.16 million passengers daily in the beginning of the operation and will reach to as high as 3.6 million passengers after a decade.

Other expected benefits from the project includes the reduction of the number of car trips by nearly 250 thousand trips a day and to provide the equivalent of 400 thousand liters of fuel per day and thus reduce air pollutant emissions.

The Metro Project comprises the following six lines.



- **Line 1** (Blue Line) runs in the north-south direction along Olaya and Batha streets, starting from slightly north of King Salman Bin Abdul Aziz Street and ending at in the south. The Metro will be mostly underground in a tunnel along Olaya and King Faisal Streets, and elevated on a viaduct along Batha Street and at the northern and southern ends. Line 1 extends over a length of approximately 38 km (24 mi) and features 22 stations, in addition to 4 transfer stations with Lines 2, 3, 5, and 4&6.
- **Line 2** (Red Line) runs in the east-west direction along King Abdullah Road, between King Saud University and the eastern sub-center, mostly on a raised strip in the median of a planned freeway. This Line extends over a length of about 25.3 km (15.7 mi) and features 13 stations, in addition to 3 transfer stations with Lines 1, 5 and 6.
- **Line 3** (Orange Line) runs in the east-west direction along Al-Madinah Al Munawwarah and Prince Saad Bin Abdulrahman Al Awal Roads, starting at the west near Jeddah Expressway and ending at the east near the National Guard camp of Khashm El Aan. The metro will be mostly elevated along the western part of Al-Madinah Al Munawwarah Road, then underground in tunnels in the central section of the line, and generally at grade along Prince Saad Ibn Abdulrahman Road.

The length of the line is approximately 40.7 km (25.3 mi) and it features 20 stations, in addition to 2 transfer stations with Lines 1 and 6.



- **Line 4** (Yellow Line) reaches to King Khalid International Airport from King Abdullah Financial District, mainly on a mix of elevated and at-grade alignment. The length of the line is around 29.6 km (18.4 mi) and it features 8 stations (3 common with Line 6), in addition to 1 transfer station with Lines 1 and 6.
- **Line 5** (Green Line) runs underground in a tunnel along King Abdulaziz Street, between King Abdul Aziz Historical Centre and the Riyadh Airbase, before connecting with King Abdullah Road.

The length of the line is about 12.9 km (8.0 mi) and it features 10 stations, in addition to 2 transfer stations with Lines 1 and 2.

- **Line 6** (Purple Line) follows a half-ring starting at King Abdullah Financial District, passing by Imam Mohamed Bin Saud University and ending at Prince Saad Ibn Abdulrahman Al Awal Road. It runs mostly elevated except along Sheikh Hasan Bin Husein Bin Ali Street.

The length of the line is approximately 29.9 km (18.6 mi) and it features 8 stations (3 common with Line 4), in addition to 3 transfer stations with Lines 1, 2 and 3.



2.10 ENVIRONMENT MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property.

We have not carried out any investigation into past or present use, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject property from the use or site and have therefore assumed that none exists.

However, should it be established subsequently that contamination exists at the property or on any neighbouring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.

Details	
Area	Based on the document supplied by the client, the total land area of Al Rafiah Residential Village is 61,390.81 sq. m.
Topography	Generally, the compound is irregular shaped and on relatively level in terrain.
Drainage	Assumed available and connected.
Flooding	ValuStrat's verbal inquiries with local authorities were unable to confirm whether flooding is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not flood prone. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known flooding in this area.
Landslip	ValuStrat's verbal inquiries with local authorities were unable to confirm whether land slip is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not within a landslip designated area. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known landslip in this area.

2.10.1 TOWN PLANNING

Neither from our knowledge nor as a result of our inspection are, we aware of any planning proposals which are likely to directly adversely affect this property. In the absence of any information to the contrary, it is assumed that the existing use is lawful, has valid planning consent and the planning consent is not personal to the existing occupiers and there are no particular onerous or adverse conditions which would affect our valuation.

In arriving at our valuation, it has been assumed that each and every building enjoys permanent planning consent for their existing use or enjoys, or would be entitled to enjoy, the benefit of a "Lawful Development" Certificate under the Town & Country Planning Acts, or where it is reasonable to make such an assumption with continuing



user rights for their existing use purposes, subject to specific comments. We are not aware of any potential development or change of use of the property or properties in the locality which would materially affect our valuation.

For the purpose of this valuation, we have assumed that all necessary consents have been obtained for the subject property referred within this report. Should this not be the case, we reserve the right to amend our valuation and report.

2.10.2 SERVICES

The property referred within this report is connected to mains electricity, water, drainage, and other municipality services.

It should be borne in mind that electrical requirements and testing standards have become more stringent in recent years and that the system requires annual inspection, testing and upgrading according to Saudi Electrical Standards. We have not been provided a test certificate and a valid certificate from the owners and should be requested by the client or owners need to satisfy themselves they are complying with Saudi Electrical Standards.

According to Civil Defence regulations in Saudi Arabia known as the Civil Defence system released by Royal Decree No. M/10 on 05-10-1406, corresponding to 20-01-1986]; firefighting system(s) must be in place providing protection to both people, public and private properties.

For the purpose of this valuation exercise, we assume all necessary consents are in place for Civil Defence regulations.

2.11 TENURE/TITLE

Unless otherwise stated we have assumed the freehold title is free from encumbrances and that Solicitors' local searches and usual enquiries would not reveal the existence of statutory notices or other matters which would materially affect our valuation.

We are unaware of any rights of way, easements or restrictive covenants which affect the property; however, we would recommend that the solicitors investigate the title in order to ensure this is correct.

The valuation assumes that the freehold title should confirm arrangements for future management of the properties and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

We had assumed that the subject property is on a freehold basis. Should this not be the case we reserve the right to amend our valuation and this report.

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Saudi Fransi Capital, Riyadh, KSA – June 2022

Description	Property Details
Name of Compound	Al Rafiah Village
No. of Villa	102 Units
Land Title Deed No.	310110038095
Title Deed Date	8/3/1439
Land Area	61,390.81 square meters
Owner	Bonyan Real Estate Fund Company
Location	Al Rafiah District, Riyadh, KSA
Interest	Freehold (reflecting rental contract – refer to appendix 2). Should the attached contract not be complete and accurate, we reserve the right to amend our valuation and report.

Source: Client 2022

NB: All aspects of tenure/title should be checked by the client's legal representatives prior to exchange of contract/drawdown and insofar as any assumption made within the body of this report is proved to be incorrect then the matter should be referred back to the valuer in order to ensure the valuation is not adversely affected.

2.11.1 OCCUPATIONAL TENANCY(S)

We were informed that the subject property is under lease contract with a single tenant in the total amount of SAR 19,332,627 per annum, although we were not furnished a copy of the lease contract agreement. We also understand from the client that lease has been renewed successfully from May 2021 for a further 3 years.

We have assumed the information provided is correct and accurate. Should this not be the case, we reserve the right to amend our valuation and this report.

2.12 METHODOLOGY & APPROACH

In determining our opinion of Market Value for the freehold interest in the subject property we have utilized the Discounted Cash Flow (DCF) analysis for income generating property taking into consideration the latest rental income provided by the client.

2.12.1 DISCOUNTED CASH FLOW (DCF) APPROACH

The subject property falls into a broad category of investment property with the prime value determinant being the property's ability to generate rentals and rental growth through the ongoing letting and reasonable maintenance.

In determining our opinion of Market Value of the subject property we have utilized the Investment Approach utilizing a Discounted Cash Flow technique.

The Discounting Cash Flow analysis is defined in the International Valuation Standards as a financial modelling technique based on explicit assumptions



regarding the prospective cash flow of the property. This analysis involves the projection of a series of periodic cash flows a property is anticipated to generate, additionally giving regard to the frequency and timing of associated development costs, contingency allowances etc. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the property.

The DCF approach involves the discounting of the projected net cash flow on a yearly basis over the explicit cash flow period. In the case of the subject compounds the cash flow has been projected over a 10-year period reflecting a market practice for cash flows reflecting the property.

The cash flow is discounted back to the date of valuation at an appropriate rate to reflect risk in order to determine the Market Value of both properties. The rental income being capitalised and discounted in the cash flow refers to net rental income, that is, the income stream.

The future values quoted for property, rents and costs are projections only formed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date.

2.12.2 MARKET RENTS

Sales or rental evidence for similar properties within Riyadh are not readily available or transparent due to the nature of the property market within the Kingdom of Saudi Arabia. Much if not all of the evidence is anecdotal, and this limitation may place on the non-reliability of such information and impact on values reported.

Research into market rentals for typical villas within the vicinity of the subject property states the following:

<i>Ar Rafiah Area</i>	<i>Area (m²)</i>	<i>inclusive</i>	<i>Rental Rates per Year</i>
4 Bedroom	325	5 T&B, Car Park	SAR 130,000
4 Bedroom	400	5 T&B, Car Park	SAR 150,000
<i>Al Olaya Area</i>	<i>Area (m²)</i>	<i>inclusive</i>	<i>Rental Rates per Year</i>
4 Bedroom	300	4 T&B, Car Park	SAR 90,000
5 Bedroom	450	4 T&B, Car Park	SAR 90,000
5 Bedroom	300	4 T&B, Car Park	SAR 110,000
4 Bedroom	350	5 T&B, Car Park	SAR 120,000



2.12.3 CENTRAL REGION RESIDENTIAL COMPOUNDS ANALYSIS

The following tables illustrate the Central Region compounds analysis:

Cordoba Oasis Compound, Riyadh	Product Type	Average Rent – 2020-21	Average Unit Rent – 2020-21
Product Type	Area (sq m)		
Malaga Two Bedroom Villa	188	200,000	1,064
Three Bedroom Villa	267	220,000	824
Marbella VIP Four Bedroom Villa	451	350,000	776

Al Hamra Compound, Riyadh	Product Type	Average Rent – 2020-21	Average Unit Rent – 2020
Product Type	Area (sq m)		
Villa Three Bedroom	295	340,000	1,153
VIP Villa Four Bedroom	550	475,000	864
Executive Villa B Five Bedroom	856	600,000	701
Executive Villa A Six Bedroom	1,078	700,000	649

Al-Yamamah Village 2, Riyadh	Product Type	Average Rent of 2020-21	Average Unit Rent – 2020-21
Product Type	Area (sq m)		
Two Bedroom Villa	206	120,000.00	583
Three Bedroom Villa	260	140,000.00	538
Four Bedroom Villa	404	160,000.00	396

Source: ValuStrat Research 2021-22

Kingdom City Compound, Riyadh	Product Type	Average Rent of 2020-21	Average Unit Rent – 2020-21
Product Type	Area (sq m)	Average Rents	
Two Bedroom Villa	c.120	130,000	1,072
Three Bedroom Villa	c.253	215,000	843
Four Bedroom Villa	c.392	327,500	833
1-Bed apartment F-type	97	120,000	1,165

ValuStrat Research 2021-22

Arizona Golf Resort Compound, Riyadh	Product Type	2020-21	Average Unit
Product Type	Area (sq m)	Average Rents	
Three Bedroom Villa	233	285,000	1,209
Three Bedroom Villa with Golf Course View	233	294,000	1,266
Two Bedroom Condo (Apartment)	198	270,000	1,212

ValuStrat Research 2021-22



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Al-Yamamah Village 2, Riyadh	Product Type	2020-21	Average Unit
Product Type	Area (sq m)	Average Rent	
One Bedroom Apartment	78	140,000	1,667
Two Bedroom Villa	c.206	275,000	1,294
Three Bedroom Villa	c.260	350,000	1,218
Four Bedroom Villa	404	425,000	965

ValuStrat Research 2021-22

Equally, the client has provided us below the latest annual rent for the subject residential compound.

We have assumed that the information complete, accurate and updated. Should this not be the case we reserve the right to amend our valuation and this report.

Property Name	Land Area (m ²)	No. of Units	Annual Rent (SAR)	Ave Rent/Villa (SAR)
Al Rafiah Village	61,390.81	102	19,332,627 p.a.	189,536

Source: Client 2022

The average rental rate for Al Rafiah Residential Village is higher than the comparable market villa rates in the area, although this is due the fact that the subject village is a highly secured compound with complete facilities and amenities.

Also, there is an agreement with Ministry of Health as part of corporate letting agreement.

We have likewise assumed that this is correct and accurate, should this not be the case, we reserve the right to amend our valuation and this report.

2.12.4 ASSUMPTIONS & COMMENTARY

The residential compound has been assessed as an investment property subject to the lease amount provided by the client and any assumptions made by ValuStrat within market benchmarks.

ValuStrat has made certain assumptions and adjustments based on their experience in valuing typical villa compound properties in Riyadh, KSA taking cognisance of the surrounding developments within the property which will ultimately form part of.

This was done in an attempt to forecast our interpretation of performance of the residential compound over the 10-year explicit cash flow period. In this instance, we have adopted the following rates:

Components	Comments/Assumptions
Lease/Rental Income	Ministry of Health have agreed to rent subject at SAR 19,332,627 per annum for a further 3 years from May 2021.
Occupancy	100%
Operational Cost	Refer to the table below provided by the client
Growth Rate	3.33% (approx. 10% every 3 years as per agreement)



Operational Cost

The data below were provided by the Client which we assumed to be updated, complete and correct. Should this not be the case, we reserve the right to amend our valuation and this report.

Details of Operational Cost	Amount (SAR)
- Salaries & Employee Benefits	1,144,384
- G & A Expenses	487,660
- Utilities Expenses	687,360
- Security Expenses	545,966
- Marketing Expenses	153,579
- Repair & Maintenance Expenses	454,939
Total (SAR)	3,473,888

Growth Rate

Given the current state of market condition, we applied an average growth rate of 3.33%, which is also in line tenancy agreement referred appendix 2 (10% every 3 years).

Discount Rate and Exit Yield

Research conducted and collated from developers and investors indicate that the discount rate is dependent on the scale of the development and the inherent risk associated.

This risk takes into account the extent of the development, location, economic conditions and investor sentiment.

The residential sector is experiencing significant growth due to current demand along with the occupation and absorption residential compound is reasonably strong. We have adopted an exit yield and discount rate as follows:

- Al Rafiah Village – 8.5% exit yield; 11% discount rate

2.12.5 SUMMARY OF MARKET VALUE

The resultant value based upon the above variables/assumptions for the subject properties are as follows (refer to DCF analysis in the appendices section):

Property Name	Passing Rent (SAR)	Units	Exit Yield	Disc. Rate	Property Value (Rounded)
Al Rafiah Village	*19,332,627 per annum	102	8.5%	11%	SAR 170,000,000

**Provided by client – assumed to be correct and accurate. Should this not be the case, we reserve the right to amend our valuation and this report.*



2.13 VALUATION

2.13.1 MARKET VALUE

ValuStrat is of the opinion that the Market Value of the freehold interest in the subject property referred within this report, as of the date of valuation, based upon the Discounted Cash Flow (DCF) Approach and assumptions expressed within this report, may be fairly stated as follows;

Market Value (rounded and subject to details in the full report):

SAR 170,000,000 (One Hundred Seventy Million, Saudi Arabian Riyals)

The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place.

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

Property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. It must be borne in mind that capital values can fall as well as rise.

The value provided in this report is at the top end of the range for properties of this location and character and will necessitate that the property be maintained to a good standard to maintain its value.

2.14 MARKET CONDITIONS SNAPSHOT

2.14.1 MARKET ASSESSMENT, TIMES OF UNCERTAINTY (COVID-19 PANDEMIC) & VALUATION COMMENTARY OVERVIEW

The past two plus years of extraordinary market conditions have made it difficult for investors to confidently assess changes in property prices. The COVID-19 recovery has meant higher energy prices, supply chain disruptions mean 2022 will be the year to repair global economy if possible.

The world is rapidly changing with ongoing structural shifts, population growth, urbanization, climate change and the digital revolution continue to profoundly impact our world and societies.

Though KSA has shown resilience with high oil price revenues and current budget of Q1 – 2022 showing surplus of SAR 57 billion and Public Investment Fund (PIF) – sovereign wealth fund going from strength to strength.

Since the lifting of travel bans, the KSA real estate market is in a healthy position with many analysts predicting a strong 2022 for real estate (vision 2023) with the positive activity and investment by the government unveiling a number of reforms, including recent facilitation of the tourism visa, where citizens of 49 countries are now able to apply e-visas and holders of Schengen, UK or US visas are eligible for visas on arrival.



Also, the government has now allowed the full foreign ownership of retail and wholesale operations along with previously opening up of the Tadawul Stock Market to foreign investment supported by current energy reforms, cutting subsidies, creating jobs, privatizing state-controlled assets and increasing private sector contribution to the country's economy, etc. With all the opportunities throughout the Kingdom and the creation of the Giga projects, there was an ambitious resilience which was suddenly shutdown overnight due to the initial lockdown period. With all the current uncertainty, market stagnation and short-term challenges whereby force majeure (as a result of the pandemic's cause beyond anyone's reasonable control) had created inactivity. As mentioned above the KSA market's ambitions and resilience, we understand investor sentiment remains strong as it was prior to the pandemic and the KSA was on an upward course showing growth in the last quarter of 2019 after a period of subdued market conditions.

The current global crushing of liquidity in economies will have impact on markets and real estate market and this maybe the case with many economies across the globe; however, the KSA market has shown resilience in previous years through a period of downward trend (2016-18), a correction allowing for the market to bottom out with 2019 experiencing growth in the first quarter and subdued market conditions throughout 2019. The latter part of Q4 – 2019 saw positive growth with strong investor appetite, though the market lacking good quality stock. Now with the Saudi government confirming a stimulus package of SR 120 billion plus, we understand the market will bounce back with investors underlying strong appetite. This will delay any evidence in the short term of declining prices and with the government stimulus will assist any short-term losses on transactions, private and public funds, although will need to be sustained in the short-term.

The KSA real estate sector generally follows the fortunes of the greater economy and while the oil reserves were left off prior to the pandemic fairly strong, although currently a price war between major producers is adding to a growing supply glut, though this will help KSA once markets start normalizing again. The KSA economy remains stable and backed-by strong fundamentals of the KSA market (i.e. young growing population) and also the economic transformation plan transforming the Kingdom towards a service economy post-oil era.

In short, the pandemic was expected to be a short-term shock wave with an eventual surge of business activity leading to a rapid recovery either in the form of a "V-shape" or a more gradual recovery in the form of a "U-shape" bounce back. Accordingly, we expected the KSA market to surge in business over the course of 2021 and now 2022 allowing for markets to start flourishing towards long term sustainability in social trends and patterns along with socio-economic distancing in a growing cycle. On the other hand, should the global economic impact of the Coronavirus pandemic (COVID-19) outbreak persist and will be dependent on how long the virus lasts, how far it spreads and how much lock-down, public organizations quarantines disrupt the market. Indeed, the current response to COVID-19 means that we are faced with unprecedented set of circumstances on which to base judgement(s). There is strong

evidence that real estate markets have sprung back to strong activity and growth fairly quickly as we are experiencing in the Kingdom of Saudi Arabia.

Equally, the short-term generally speaking we do not expect the current real estate market to show any small adjustment in prices/rates. The KSA real estate market is a developing market with much invested by the government in infrastructure projects, so we expect the government's latest stimulus to preserve liquidity and for demand to hold having limited / no bearing on prices / rates.

2.14.2 MARKET CONDITIONS PRIOR TO THE PANDEMIC & THE KSA LOCKDOWN

Despite a new wave of infections (Variant Viruses) this year (2021), the roll out of vaccinations offers hope in controlling this disease and provide a path of recovery in sight along with recovery in oil price provides further impetus.

The Kingdom of Saudi Arabia (KSA) - world's largest exporter of crude oil, embarked four years (2016) ago on an ambitious economic transformation plan, "Saudi Arabia Vision 2030". In a hope to reduce its reliance on revenue from hydrocarbons, given the plummeting oil price revenues from 2014.

Through the current vision 2030 and in a post oil economy, KSA is adapting to times of both austerity measures and a grand ambitious strategy. With an overdue diversification plan Saudi Arabia's economic remodelling is about fiscal sustainability to become a non-dependent nation of oil. This is supported by current energy reforms, cutting subsidies, creating jobs, privatising state-controlled assets and increasing private sector contribution to the country's economy.

Despite economic headwinds, across the region, KSA has shown resilience through a period of subdued real estate market activity. The real estate sector generally follows the fortunes of the greater economy and whilst Saudi Arabia is undergoing structural reforms politically, economically and socially will transform the Kingdom towards a service economy post-oil era.

These changes along with significant amounts of investment - estimated to soon be over 1 trillion US dollars will create vast amounts of opportunities for the public and private sectors across all businesses segments.

The KSA economy in the first quarter of 2019 has relied on the current oil price rise to pull it out of recession; however, the previous 18-24 months, KSA faced a protracted spell of economic stress, much of which can be attributed to the falling oil prices coupled with regional political issues.

Oil prices starting to surge again around 65 dollars a barrel currently from under 30 dollars a barrel in early in 2016 which resulted in a crash in prices and the economy dipped into negative territory in 2017 for the first time since 2009, a year after the global financial crisis.

General consensus anticipates a piercing improvement in the Saudi economy in the period ahead (2021-2022), supported by both the oil and non-oil sector. So ultimately



it appears the economy will still need to rely on oil revenues to bridge the gap in the short term with a budget deficit over the past 3 years and the Kingdom borrowing from domestic and international markets along with hiking fuel and energy prices to finance the shortfall. The economy slipped into recession in 2018 but returned to growth in 2019, albeit at the fairly modest level of 1.7%, according to estimates from the International Monetary Fund (IMF). However, the return to growth is mainly due to a return to increase in oil prices again and output which, in turn, is enabling an increase in government spending.

Accordingly, in the short term needs to rely on the oil revenue and this reliance is being channelled into public spending. The reforms that have been pushed through to date have led to important changes aiding the economy. The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce. Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars. A due enactment of law will encourage public-private partnerships to herald more foreign investment.

The economic transformation that the KSA has embarked upon is complex and multidimensional and will certainly take time to turn around a non-oil serviced economy, although there have been recent positive signs, but it will remain in the short term with the support of oil revenues.

On the other hand, the KSA was resilient in the previous recession in 2007/2008 on strong oil reserves and not only can the Saudi government be relied upon to step in to rescue troubled lenders, reliable institutions for procedural reasons but crucially, it can also afford to do so, although has suffered due to previous oil price declines and it has meant increased spending.

Vision 2030 to diversify the economy from reliance on oil, has only just commenced in previous years and with a young and increasingly well-educated population, together with its own sovereign wealth fund, the Kingdom has many favourable factors to become a leading service sector economy in the region. Reform efforts include a reduction of subsidies on fuel and electricity and the implementation of a 5 per cent VAT back on 01 January 2018 which increased to 15 per cent VAT as of 01 July 2020. The government is also striving to get women to play a greater role in the economy including recently allowing them to drive back in 2019. Wider reforms have been initiated by the government allowing for the entertainment industry to flourish with the opening of the first cinema in King Abdullah Financial District (KAFD) along with 4 VOX screens opening at Riyadh Park Mall. The cinema entertainment is spurred on by Public Investment Fund (PIF) in collaboration with AMC Cinemas and led by the Development and Investment Entertainment Company (DIEC), a wholly owned subsidiary of PIF. With an objective of 30 to 40 cinemas in approximately 15 cities in Saudi Arabia over the next five years, and 50 to 100 cinemas in about 25 Saudi cities by 2030.

As part of wider reforms to overhaul the economy and to allow for deep rooted diversification, the Public Investment Fund (PIF) have initiated plans to bolster the tourism / entertainment industry by forming ambitious plans such as the following:

Red Sea Tourism Project

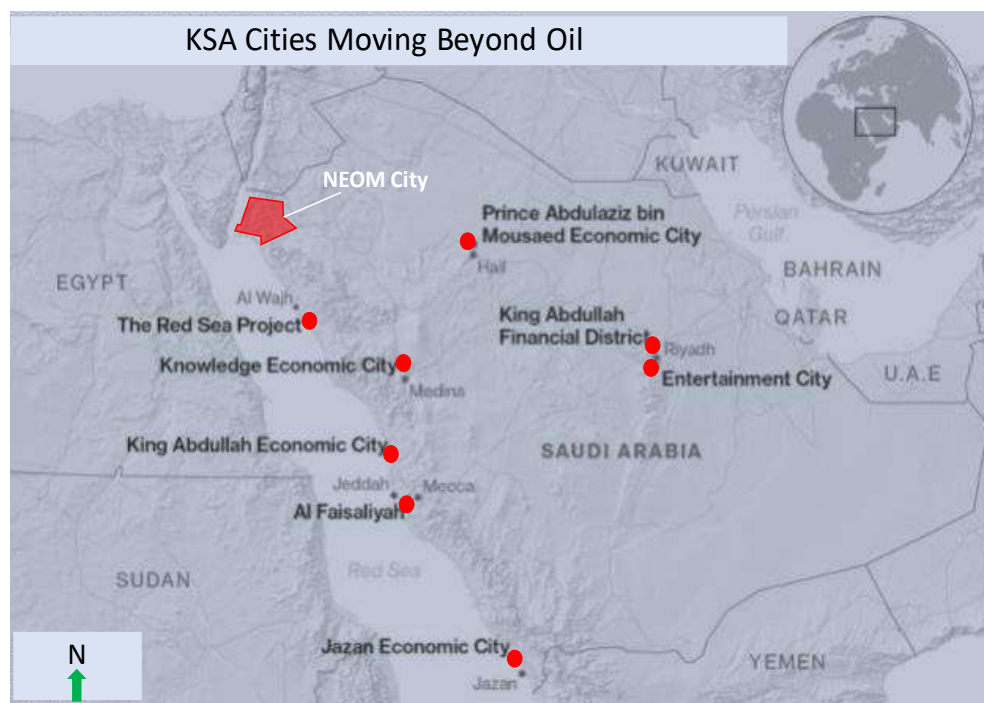
To transform 50 islands consisting of 28,000 square kilometres along the Red Sea coastline into a global tourism destination. For ease of reference to illustration below showing the location in relation to the Kingdom of Saudi Arabia.

Al Faisaliyah Project

The project will consist of 2,450 square kilometres of residential units, entertainment facilities, an airport and a seaport. Refer to the below illustration for the location.

Qiddiya Entertainment City

Qiddiya Entertainment City will be a key project within the Kingdom's entertainment sector located 40 kilometres away from the center of Riyadh. Currently alleged for “The First Six Flags-branded theme park”. The 334 square kilometre entertainment city will include a Safari Park too. The project will be mixed use facility with parks, adventure, sports, events and wild-life activities in addition to shopping malls, restaurants and hotels. The project will also consist around 4,000 vacation houses to be built by 2025 and up to 11,000 units by 2030. Again, for ease of reference refer to the below illustration for the location.



Neom City

The NEOM city project will operate independently from the “existing governmental framework” backed by Saudi government along with local and international

investors. The project will be part of a ‘new generation of cities’ powered by clean energy. The ambitious plan includes a bridge spanning the Red Sea, connecting the proposed city to Egypt and stretch into Jordan too.

Economic Cities

The overall progress with the Economic Cities has been slow and projects on hold over the past 7-10 years, although KAFD has recently given the go ahead to complete by 2020. Within the Saudi Vision 2030 the government referenced that they will work to “salvage” and “revamp”.

Real Estate Growth

Overall ValuStrat research reveals that real estate sectors have continued to decline in both sales and rental values. We expect demand to remain stable due to fundamentals of a growing young population, reducing family size, increasing middle-class and a sizeable affluent population – all of which keeps the long-term growth potential intact.

Despite short term challenges, both investors and buyers remaining cautious, the Saudi economy has shown signs of ambition with the government unveiling a number of reforms, including full foreign ownership of retail and wholesale operations along with opening up of the Tadawul Stock Market to foreign investment as well as the reforms mentioned in the previous section referred above. As mentioned earlier, KSA experienced positive growth by oil price rise in the first quarter of 2021; hence the main driver of the recovery remains oil. Over 2021 we envisage the Kingdom’s consumer outlook to be more favourable in economic conditions.

Moreover, tax on development land implemented in 2017/18 has kept the construction sector afloat, encouraging real estate developers. Adapting to a new KSA economic reality has been inevitable, although the Kingdom’s oil dynamics remain pivotal for future development within the KSA 2030 economic vision plan.

In latter part of 2017, the Public Investment Fund (PIF), Saudi Arabia’s sovereign wealth fund set up a real estate refinancing company aimed at advancing home ownership in the Kingdom, which suffers from a shortage of affordable housing.

This initiative will create stability and growth in the Kingdom’s housing sector by injecting liquidity and capital into the market. Another plan to help kick start the real estate market by boosting the contribution of real estate finance to the non-oil GDP part.

The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016). The close ties with the construction, financing institutions and many others have provided crucial resources that contributed to the development of the Saudi economy. The real estate market performance in 2019/20 and the general trend in KSA for most sectors have remained subdued given lower activity levels, while prices have been

under pressure across most asset classes leading to a gradual softening of rental and sale prices.

The real estate sector remains subdued, and prices may have bottomed out across sectors, and we expect in the medium to long term for the market to pick-up further growth given the reforms and transformation in KSA, although we expect the growth to be slow and steady subject to a stable political environment in KSA and across the region.

The outlook remains optimistic for the longer term due to the various KSA initiatives aimed at stimulating the real estate market whilst encouraging the private sector to play a key role in the transformation.

All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. Since the issuing of this report the KSA lockdown for the COVID-19 health crisis was lifted back on 21 June 2020 and the economy is now trying to get back to normalcy. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2022.

Property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. It must be borne in mind that both rental and capital values can fall as well as rise.

2.14.3 PRINCIPAL GAINS AND RISKS (SWOT ANALYSIS)

Strengths	Weaknesses
- The subject compound is located in a comparatively low-density area comprising an established district; - Away from the city centre and traffic congestion - Good growing infrastructure in surrounding areas. - Strategically located in close proximity to the central area of area and south & west areas of Riyadh which have grown quickly over the past few years - Good visibility of the subject site provides good exposure for any potential development; - The site's surrounding infrastructure, and future plans will allow for easy connectivity with Riyadh's city centre and upcoming sub-centres.	The private sector is dependent on expat labour, reflecting a shortage of marketable skills among nationals and a fairly high unemployment rate among locals.

Opportunities	Threats
• Due to the great number of upcoming developments in the area, the subject development can be developed to benefit from this uplift and establishment in the market. • Continued investment in the economy by the government will help maintain growth and business. • Various regulatory efforts by the government aimed to ease accessibility and affordability of real estate assets.	• There are numerous competitors in the area offering similar land and property for sale due to the recent land tax scare. • Perceptions of high security risks deter some investors and the possibility of change in governmental procedures causing an effect on investment value and general business activity. • Vacant Lands/Undeveloped land have the threat of land tax. • Lower family disposable income due to the effects of the government's subsidy reform and impending VAT implementation. • Threat of a potential Global recession impacting the KSA economy recession in 2022. Rising inflation, rising energy prices and conflict in Ukraine is causing uncertainty and volatility across the Globe.

2.15 VALUATION UNCERTAINTY

This valuation has been undertaken against a background of significant levels of Market volatility is one of the main reasons of Valuation uncertainty in the real estate market in the Kingdom and within the GCC region given the dramatic changes in markets in current oil price slump and other factors too.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations.

Given the current uncertainties it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature. The current shortage of transaction, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis.

The RICS valuation standards consider it essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.



We further state that given the valuation uncertainty stated above our valuation represents our impartial calculated opinion / judgement of the properties, based on relevant market data and perceptions as at the date of valuation.

The client is advised that whilst all reasonable measures have been taken to supply as accurate a valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place

The client is also recommended to consider the benefits in such a market, of having more frequent valuations to monitor the value of the subject property.

2.16 DISCLAIMER

In undertaking and executing this assignment, an extreme care and precaution has been exercised. This report is based on information provided by the Client.

Values will differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc.

It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.

2.17 CONCLUSION

This report is compiled based on the information received to the best of our belief, knowledge and understanding.

The information revealed in this report is strictly confidential and issued for the consideration of the Client.

No part of this report may be reproduced either electronically or otherwise for further distribution without our prior and written consent. We trust that this report and valuation fulfils the requirement of your instruction.

This report is issued without any prejudice and personal liability.

For and on Behalf of, **ValuStrat**.


Mr. Ramez Al Medlaj (Taqeem
Member No. 1210000320)
Valuation Manager – Real Estate


Mr. Yousuf Siddiki (Taqeem Member
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Director – Real Estate, KSA



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Saudi Fransi Capital, Riyadh, KSA – June 2022

APPENDIX 1 - PHOTOGRAPHS



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Saudi Fransi Capital, Riyadh, KSA – June 2022



Appendix - 2: DCF Extract

DISCOUNTED CASH FLOW (DCF) ANALYSIS											
AL RAFIAH RESIDENTIAL VILLAGE						Valuation Date: 30 June 2022					
Al Rafiah District, Riyadh, KSA											
Tenure:	Freehold										
Growth Rate	2.5%										
Void Costs	1.0% of all voids										
Year	1	2	3	4	5	6	7	8	9	10	Exit Value
Gross Revenue (Rental)	19,332,627	19,815,943	20,311,341	20,819,125	21,339,603	21,873,093	22,419,920	22,980,418	23,554,929	24,143,802	
Total Rent (Full Rental Value)	19,332,627	19,815,943	20,311,341	20,819,125	21,339,603	21,873,093	22,419,920	22,980,418	23,554,929	24,143,802	
Occupancy	100%	100%	100%	100%	95%	95%	95%	90%	90%	90%	
Gross Current Rent	19,332,627	19,815,943	20,311,341	20,819,125	20,272,623	20,779,438	21,298,924	20,682,376	21,199,436	21,729,422	
Less : Operational Expenses											
Payroll & Employee Benefits	2.5%	1,144,384	1,172,994	1,202,318	1,232,376	1,263,186	1,294,765	1,327,135	1,360,313	1,394,321	1,429,179
General & Administration	2.5%	487,660	499,852	512,348	525,156	538,285	551,743	565,536	579,674	594,166	609,021
Utilities	2.5%	687,360	704,544	722,158	740,212	758,717	777,685	797,127	817,055	837,481	858,418
Security	2.5%	545,966	559,615	573,606	587,946	602,644	617,710	633,153	648,982	665,207	681,837
Marketing Expenses	2.5%	153,579	157,418	161,354	165,388	169,522	173,761	178,105	182,557	187,121	191,799
Repair & Maintenance	2.5%	454,939	466,312	477,970	489,920	502,168	514,722	527,590	540,780	554,299	568,156
Total Operational Expenses	15.0%	3,473,888	3,560,735	3,649,754	3,740,997	3,834,522	3,930,385	4,028,645	4,129,361	4,232,595	4,338,410
Void Costs		-	-	-	-	10,670	10,937	11,210	22,980	23,555	24,144
Net Current Rent		15,858,739	16,255,207	16,661,588	17,078,127	16,427,431	16,838,116	17,259,069	16,530,035	16,943,286	204,316,093
Present Value of Net Rent		14,287,152	13,193,091	12,182,809	11,249,891	9,748,881	9,002,345	8,312,976	7,172,820	6,623,550	71,956,957



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