



Private & Confidential

Valuation Report

JADWA REIT SAUDI FUND

6 REAL ESTATE ASSETS, KSA (ON-LINE VERSION)

04 JULY 2019

ValuStrat Consulting

703 Palace Towers
Dubai Silicon Oasis
Dubai
United Arab Emirates
Tel.: +971 4 326 2233
Fax: +971 4 326 2223
www.valustrat.com

خبير التقييم العقاري

6th floor, South tower
Al Faisaliah Complex
Riyadh
Saudi Arabia
Tel.: +966 11 2935127
Fax: +966 11 2933683

111, Jameel square
Tahlia Road
Jeddah
Saudi Arabia
Tel.: +966 12 2831455
Fax: +966 12 2831530



TABLE OF CONTENTS

1	Executive Summary	4
1.1	THE CLIENT	4
1.2	THE PURPOSE OF VALUATION	4
1.3	INTEREST TO BE VALUED	4
1.4	VALUATION APPROACH	4
1.5	DATE OF VALUATION	5
1.6	OPINION OF VALUE	5
1.7	SALIENT POINTS (General Comments)	5
2	Valuation Report	7
2.1	INTRODUCTION	7
2.2	VALUATION INSTRUCTIONS/INTEREST TO BE VALUED	6
2.3	PURPOSE OF VALUATION	7
2.4	VALUATION REPORTING COMPLIANCE	7
2.5	BASIS OF VALUATION	8
2.6	EXTENT OF INVESTIGATION	10
2.7	SOURCES OF INFORMATION	10
2.8	PRIVACY/LIMITATION ON DISCLOSURE OF VALUATION	11
2.9	DETAILS AND GENERAL DESCRIPTION	12
2.10	ENVIRONMENT MATTERS	21
2.11	TENURE/TITLE	22
2.12	VALUATION METHODOLOGY & RATIONALE	24
2.13	VALUATION	28
2.14	MARKET CONDITIONS & MARKET ANALYSIS	32
2.15	VALUATION UNCERTAINTY	36
2.16	DISCLAIMER	41
2.17	CONCLUSION	41

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

Ms. Nora Alkahtani

Alternative Investment & Product Development
Jadwa Investment, Riyadh, KSA

1.2 THE PURPOSE OF VALUATION

This valuation exercise is for the Public Listing Offering (REIT) and semi-annual update.

1.3 INTEREST TO BE VALUED

The below-mentioned (6) properties located within the Kingdom of Saudi Arabia are the scope of this valuation exercise:

S/N	Property Name	Property Type	Land Area (m ²)	Location	Interest
1	Al Sulay Warehouses	Industrial	218,925	Riyadh	Freehold
2	Al Fanar Complex	Retail & Res'l.	62,462	Al Khobar	Freehold
3	Marvella Compound	Residential	73,198.17	Riyadh	Freehold
4	Al Yaum Tower	Office	4,800	Dammam	Freehold
5	Al Maarefah Colleges	Educational	18,117.22	Riyadh	Freehold
6	Rawd Aljinan School	Educational	3,000	Riyadh	Freehold

Source: Client 2019

1.4 VALUATION APPROACH

Income Capitalization Approach to valuation.

1.5 DATE OF VALUATION

Unless stated to the contrary, our valuations have been assessed as at the date of our report based on 30 June 2019.

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

S/N	Property Name	Location	Type	Income (SAR)	Initial Yield	Property Value (SAR)
1	Al Sulay Warehouses	Riyadh	Industrial	20,000,000	8.5%	235,300,000
2	Al Fanar Complex	Al Khobar	Retail & Res'l.	20,125,000	7.75%	259,700,000
3	Marvella Compound	Riyadh	Residential	50,000,000	7.75%	645,200,000
4	Al Yaum Tower	Dammam	Office	23,833,200	8.25%	288,900,000
5	Al Maarefah Colleges	Riyadh	Educational	16,000,000	7.25%	220,700,000
6	Rawd Aljinan School	Riyadh	Educational	2,500,000	8%	31,000,000
Total Portfolio Value (SAR) [Rounded]						1,680,800,000

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

1.7 SALIENT POINTS (GENERAL COMMENTS)

This is an online version of the report whereby confidential information has not been published such as tenancy contracts, tenancy schedules and other legal documents possibly. We advise investors to request full copies from the appointed 'Fund Manager'.

The Saudi REIT assets hold a distinct market position with a low/moderate risk profile due to the strong market dynamics. We appreciate general market risks; however, in this case (Saudi REIT), the risks are mitigated by strong covenant (leases) and with the commentary referred at section 2.13.2 in the main part of the report. Correspondingly, we have been informed by the client each property is backed by the following too:

1. Marvella Complex, Sulai Industrial Facility and Al Fanar Complex:

- Revolving Corporate Guarantee
- Promissory Note
- Bank Guarantee

2. Al Maarefa College:

- Assignment of Dividend Proceed
- Pledge of Unit

3. Al Yaum Tower:

- Pledge of Unit



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 properties are 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 properties.

It is assumed that the subject properties are freehold and are 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.

Please 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 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.

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 **Jadwa Investment** ('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

S/N	Property Name	Property Type	Land Area (m ²)	Location	Interest
1	Al Sulay Warehouses	Industrial	218,925	Riyadh	Freehold
2	Al Fanar Complex	Retail & Res'l.	62,462	Al Khobar	Freehold
3	Marvella Compound	Residential	73,198.17	Riyadh	Freehold
4	Al Yaum Tower	Office	4,800	Dammam	Freehold
5	Al Maarefah Colleges	Educational	18,117.22	Riyadh	Freehold
6	Rawd Aljinan School	Educational	3,000	Riyadh	Freehold

Source: Client 2019

2.3 PURPOSE OF VALUATION

This valuation exercise is for the Public Listing Offering (REIT) and the semi-annual update.

2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Taaqem Regulations (Saudi Authority for Accredited Valuers) in conformity with International Valuation Standards Council (IVSCs') and International Valuations Standards (January 2017).

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(s)	Valuation Date
External Valuer	Within June 2019	30 June 2019

2.6 EXTENT OF INVESTIGATION

In accordance to 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 site inspection was limited to the visual assessment of the exterior & interior finishes of the subject properties including some of its facilities & amenities. 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 properties are 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 properties comply 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 properties 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

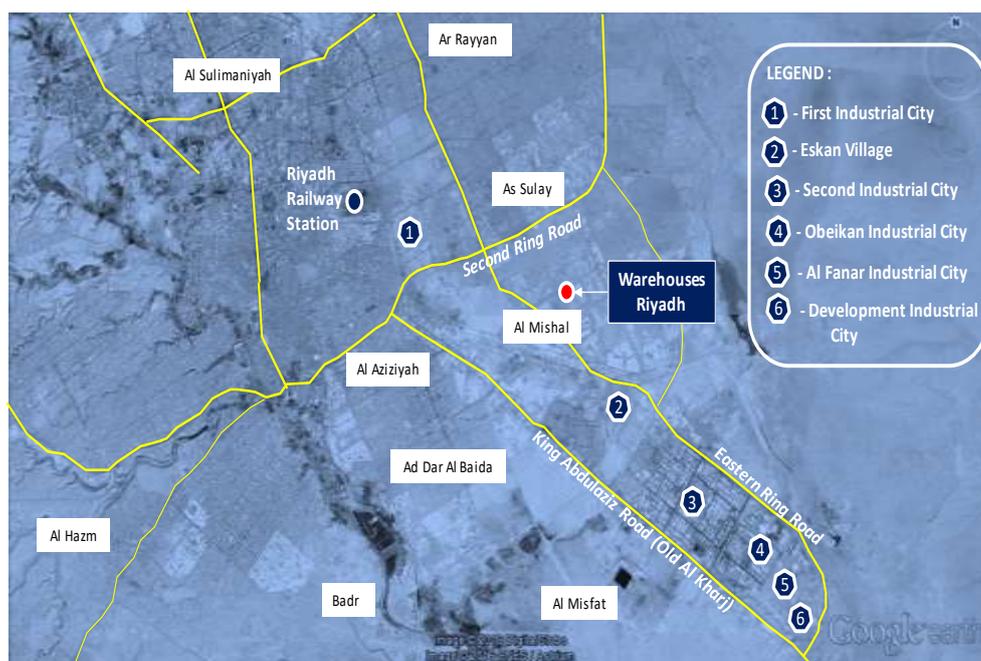
2.9.1 LOCATION OF THE PROPERTIES

The subject portfolio consists of (5) real estate assets of various types and uses, located within the Kingdom of Saudi Arabia. Their locations are described individually as follows:

1. Al Sulay Warehouses - Riyadh

The subject property is an industrial compound located at the east corner of Haroon Al Rashid Road and Alsafa Street, within Al Sulay District, Riyadh, Kingdom of Saudi Arabia. It is situated about 4 kilometers & 9 kilometers northwest of Eskan Village & Second Industrial City, respectively; and approximately 7 kilometers & 10 kilometers southeast of First Industrial City & Riyadh Railway Station, respectively.

Additionally, the property is situated about 26 kilometers and 40 kilometers southeast of King Abdullah Financial District and King Khalid International Airport, respectively. The property is located within an industrial area characterized mostly of warehouses. It is well accessible thru the fronting Haroon Al Rashid Road and Alsafa Street which links the district to Second Ring Road and Eastern Ring Road extension, respectively. For ease of reference, refer to the illustration below.



Source: Google Extract 2019 - For Illustrative Purposes Only

2. Al Fanar Complex – Al Khobar

The subject property is a mixed-use development located at the southwest corner of King Faisal Road and 1 Street, within Ar Rawabi District, Al Khobar, Kingdom of Saudi Arabia. It is situated about 550 meters southwest of Centerpoint, some 1.50 kilometers west of Corniche Area or Arabian Gulf seashores and approximately 1.60 kilometers southeast of Dhahran Tower.

Likewise, it is situated about 12 kilometers north of King Fahd Causeway and approximately 16 kilometers south of King Abdulaziz seaport. Al Fanar Complex is situated in a neighbourhood recognised for its mixed-use commercial and residential use. Some notable establishments in the immediate vicinity of the subject property includes – Park Inn by Radisson Al Khobar, CityW, Gulf Pearl-1 compound, Centerpoint, Tamimi Camp, Prince Sultan Bin Abdulaziz Mosque, etc.

It is accessible to the rest of the Eastern Province cities thru the fronting King Faisal Road, linking the area to Dammam on the northwest and King Fahd Causeway on the south. For ease of reference, refer to the illustration below.



Source: Google Extract 2019 - For Illustrative Purposes Only

3. Marvella Compound - Riyadh

The subject property is mixed-use development located along the southeast side of King Abdullah Road, within King Faisal District, Riyadh, Kingdom of Saudi Arabia.

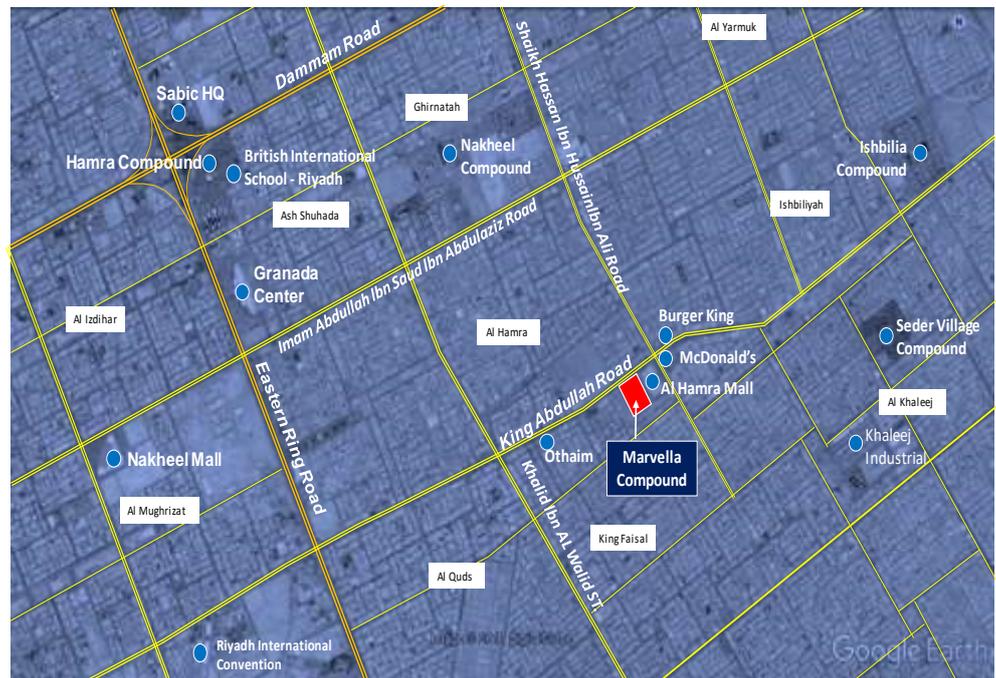
It is situated adjacent to Al Hamra Mall, about 4.5 kilometers & 5 kilometers southeast of Granada Center & British International School – Riyadh, respectively; some 13.5 kilometers east of King Abdullah Financial District; and approximately 9.5 kilometers & 22 kilometers south of Princess Noura University and King Khalid International Airport, respectively.

Marvella Compound is situated in an area where dominant land utilization is generally for commercial and residential use.

Some notable establishments in the vicinity of the subject property includes the Al Hamra Mall, McDonald's, Brurger King, Domino Pizza, Othaim Markets, etc.

The property is well accessible to the rest of the Riyadh thru the fronting King Abdullah Road linking the district to the city center on the southwest.

Additionally, King Abdullah Road intersects to the Eastern Ring Road, a major road leading to King Khalid International Airport on the north. For ease of reference, refer to the illustration below.



Source: Google Extract 2019 - For Illustrative Purposes Only

4. Al Yaum Tower - Dammam

The subject property is located along the northeast side of King Fahd Road, within Al Hussam District, Dammam, Kingdom of Saudi Arabia. It is situated adjacent to Worley Parsons Engineering Building, about 130 meters & 300 meters northwest of the Ministry of Foreign Affairs & Asharqiyah Chamber of Commerce buildings, respectively; and approximately 600 meters southeast of Saudi Aramco – Dammam Office Building.

Moreover, the abovementioned property is situated about 3.70 kilometers west of Corniche Area or Arabian Gulf seashores, some 11 kilometers southwest of King Abdulaziz Seaport, and approximately 38 kilometers southeast of King Fahd International Airport.

Al Yaum Tower is situated in a mainly commercial development area consisting of government office buildings, a few office towers and commercial showrooms. Some of the prominent establishments within close proximity of the subject property

includes the Ministry of Foreign Affairs, Asharqiyah Chamber of Commerce, Saudi Aramco – Dammam Office, Kifah Tower, Abdullah Fouad Building, among others.

The property is easily accessible thru the fronting King Fahd Road, a major thoroughfare in the Eastern Province, connecting the district to King Fahd International Airport on the northwest and Al Khobar City on the south.

For ease of reference, refer to the illustration below.



Source: Google Extract 2019 - For Illustrative Purposes Only

5. Al Maarefah Colleges - Riyadh

The subject property is located along the west side of King Khalid Road, within Al Khalidiyah District, Riyadh, Kingdom of Saudi Arabia.

It is situated about 1 kilometer southeast of Alrabia Community, some 6 kilometers northwest of King Saud University, and approximately 6.2 kilometers west of King Abdullah Financial District.

Al Maarefah Colleges is situated in a mainly residential area with few residential compounds.

Prominent establishments in the vicinity of the subject property includes the Alrabia Community, Al Basateen Compound, Rehab Pearl Compound, etc.

The property is well accessible thru the fronting King Khalid Road which intersects to two major roads in Riyadh such as the King Salman Road on the north which leads eastward to King Khalid International Airport; and Northern Ring Road on the south which also directly link eastward to King Abdullah Financial District and the City Center.

For ease of reference, refer to the illustration below.



Source: Google Extract 2019 - For Illustrative Purposes Only

6. Rawd Aljnan School – Riyadh

The subject property is located along the northwest side of Prince Abdulaziz Ibn Thunayyan Street, within An-Nakheel District, Riyadh, Kingdom of Saudi Arabia.

It is situated adjacent to a newly developed commercial plaza and just across King Saud University compound, about 130 meters southwest of Salim Ibn Maqil street and approximately 1.2 kilometers northeast of King Khalid Road.

For ease of reference, refer to the illustration below



Source: Google Extract 2019 - For Illustrative Purposes Only.



Moreover, the said property is located about 2 kilometers southwest of The Boulevard and approximately 3.4 kilometers southeast of Al Thagr Plaza & The Residence.

Its immediate neighborhood comprises of commercial buildings along the main street and residential buildings on interior plots. It is accessible via the fronting Prince Abdulaziz Ibn Thunayyan street and the nearby Salim Ibn Maqil street. The former links the district to King Khalid Road, while the latter connects to Northern Ring Road.

The illustration below further shows the location of the subject property in relation to some known landmarks in the vicinity.



Source: Google Extract 2019 - For Illustrative Purposes Only.

2.9.2 DESCRIPTION OF THE SUBJECT PROPERTY(S)

As mentioned above, the subject portfolio consists of (5) real estate properties, of various types, all located within the Kingdom of Saudi Arabia. These properties are individually described in detail as follows:

1. Al Sulay Warehouses - Riyadh

The subject property is an industrial complex with 42-warehouse, office & accommodation building, guardhouses, concrete perimeter wall and asphalt-paved open area. The warehouses are mainly used as dry storage for grains.

They are built of steel-frame structure with concrete block & galvanized iron wall, plain cement finishes flooring, galvanized iron on steel frame sliding doors and galvanized iron long-span roofing. The total built-up area is 140,000 sq. m.



The Office & Accommodation Building is a two-storey, concrete structure with glass & concrete exterior wall, granite tiles flooring, painted interior wall, acoustic tiles ceiling, glass windows and wooden doors. The ground floor is used for offices while the first floor is for labor accommodation. The total built-up area is 3,400 sq. m. The industrial compound is equipped with firefighting system. At the time of inspection, the complex is operational and in good condition.



2. Al Fanar Complex – Al Khobar

The subject property is a mixed-use commercial, office and residential complex development which includes the Al Fanar Mall and 6 residential apartment buildings.



Al Fanar Mall is a two - level retail and office building constructed mainly of concrete structure. Interior finishes consist of granite tiles flooring, painted and acoustic tiles ceiling, painted wall and glass main entrance doors. The ground floor is mainly the mall area which consists of 42 retail shops, 30 kiosks and 43 office units; while, the first floor serves as the office spaces. Accordingly, it has a total built-up area of 30,651 sq. m. At the time of inspection, the mall is operational and in good condition.

The Residential Apartment has 6 identical, 6-storey buildings with a total of 162 apartment units. It was constructed mainly of concrete structures with granite & porcelain tiles flooring, painted wall, painted ceiling, glass on aluminum windows and wooden doors. The ground floor serves as parking area while the 1st to 5th floor is the apartment units. Facilities & amenities includes a children's playing area, swimming pool and fitness gym. The apartments are equipped with elevator, split type air-condition and firefighting system with alarm and sprinkler. The buildings are new and has a total built-up area of 32,523 sq. m. The table below shows the details of the apartment buildings:



Apartment Type	No. of Units	Net Leasable Area (m ²)
Type A	60	165
Type B	90	135
Type C	12	140
Total Apartment Unit	162	

Source: Client 2019

3. Marvella Compound - Riyadh

The subject property is a mixed-use development compound comprising of 594 residential apartments and 21 retail shops. It consists of several 5-storey with basement parking buildings, built mainly of concrete structure. Architectural building finishes consist of plastered and painted exterior and interior wall, granite tiles flooring, painted ceiling, glass on aluminum frame windows and wooden room doors.



Compound facilities include swimming pool, kid's playground, basketball court, fitness gym and a club house. Each apartment buildings are equipped with elevator, split type air condition and firefighting system. At the time of inspection, the said compound is fairly new and in good condition.

Based on the construction permits provided to us, the compound consists of three types of residential buildings (A, B & C), a commercial building and a mosque, with a total built-up area of 154,282.52 sq. m., as detailed on the table below.

Floor Level	Type A Bldg.	Type B Bldg.	Type C Bldg.	Commercial	Mosque	Total BUA (m ²)
Basement	9,830.00	12,000.00	5,553.80			27,383.80
Mezzanine	-	-	1,841.70			1,841.70
Ground Floor	8,330.00	9,770.30	4,487.00	586.00	491.00	23,664.30
First Floor	8,206.00	9,512.50	4,443.18	596.00		22,757.68
Second Floor	8,256.00	9,657.10	4,483.78	298.00		22,694.88
Third Floor	8,296.00	9,512.50	4,530.68			22,339.18
Fourth Floor	8,296.00	9,617.60	4,483.78			22,397.38
Roof Floor	4,148.00	4,808.80	2,246.80			11,203.60
Total (m²)	55,362.00	64,878.80	32,070.72	1,480.00	491.00	154,282.52

Source: Client 2019

4. Al Yaum Tower – Dammam

The subject property is a 16-storey with 3-level basement, office building built mainly of concrete structure.

Architectural finishes consist of glass with Musharabia and aluminum cladding exterior wall, granite tiles and carpet interior flooring, painted interior wall, glass partitions, painted and acoustic tiles ceiling and glass main entrance door.

The office tower is equipped with elevators, centralized air-conditioning system and firefighting system with alarm, sprinkler, fire hose cabinet and emergency exit stair.

It is newly constructed and in good condition. As provided by the client, the net leasable area is 19,861 square meters.



The table below details the leasable areas per floor of the afore-mentioned office tower.

Leasable Area for Al Yaum Tower															
No. of Floor	Size of office 1			Size of office 2			Size of office 3			Size of office 4			General Area (m ²)	GLA (m ²)	NLA (m ²)
	Office	Service	Total												
1F	299.91	26.59	326.50	219.21	25.56	244.77	196.07	30.73	226.80	237.01	29.97	266.98	250.54	1,315.59	1,065.05
2F	299.91	26.59	326.50	219.21	25.56	244.77	196.07	30.73	226.80	237.01	29.97	266.98	250.54	1,315.59	1,065.05
3F	307.03	26.59	333.62	219.29	25.56	244.85	196.07	30.73	226.80	237.01	29.97	266.98	250.54	1,322.79	1,072.25
4F	310.48	26.59	337.07	219.29	25.56	244.85	196.07	30.73	226.80	237.01	29.97	266.98	250.54	1,326.24	1,075.70
5F	314.16	26.59	340.75	219.29	25.56	244.85	196.07	30.73	226.80	237.01	29.97	266.98	250.54	1,329.92	1,079.38
6F	317.87	26.59	344.46	219.29	25.56	244.85	196.07	30.73	226.80	237.01	29.97	266.98	250.54	1,333.63	1,083.09
7F	321.68	26.59	348.27	219.29	25.56	244.85	196.07	30.73	226.80	237.01	29.97	266.98	250.54	1,337.44	1,086.90
8F	325.56	26.59	352.15	219.29	25.56	244.85	196.07	30.73	226.80	237.01	29.97	266.98	250.54	1,341.32	1,090.78
9F	329.51	26.59	356.10	219.29	25.56	244.85	196.07	30.73	226.80	237.01	29.97	266.98	250.54	1,345.27	1,094.73
10F	333.69	26.59	360.28	219.29	25.56	244.85	196.07	30.73	226.80	237.01	29.97	266.98	250.54	1,349.45	1,098.91
11F	337.80	26.59	364.39	219.29	25.56	244.85	196.07	30.73	226.80	237.01	29.97	266.98	250.54	1,353.56	1,103.02
12F	341.84	26.59	368.43	219.29	25.56	244.85	196.07	30.73	226.80	237.01	29.97	266.98	250.54	1,357.60	1,107.06
13F	307.18	26.59	333.77	219.29	25.56	244.85	196.07	30.73	226.80	237.01	29.97	266.98	250.54	1,322.94	1,072.40
14F	350.58	26.59	377.17	219.29	25.56	244.85	196.07	30.73	226.80	237.01	29.97	266.98	250.54	1,366.34	1,115.80
15F	354.84	26.59	381.43	219.29	25.56	244.85	196.07	30.73	226.80	237.01	29.97	266.98	250.54	1,370.60	1,120.06
16F	359.33	26.59	385.92	219.29	25.56	244.85	196.07	30.73	226.80	237.01	29.97	266.98	250.54	1,375.09	1,124.55
Total	5,211.37	425.44	5,636.81	3,508.48	408.96	3,917.44	3,137.12	491.68	3,628.80	3,792.16	479.52	4,271.68	4,008.64	21,463.37	17,454.73

Location	Cafeteria	Store	Toilet	Space for Rent 1	Space for Rent 2	Space for Rent 3	Total
Ground Floor	113.32		26.14		424.77	539.82	
Store		673					673.00
Mezzanine	108.84		47.83	452.56			609.23
Total	242.16	673	73.97	452.56	424.77	539.82	2,406.28

Total Net Leasable Area for the Building (m²) **19,861.01**

Source: Client 2019

5. Al Maarefah Colleges - Riyadh

The subject property is a 4-storey with 2-level basement, mezzanine and roof floor school building built mainly of concrete structure of approximately 41,830 sq. m.

Architectural finishes consist of painted concrete exterior wall, painted with partially wooden panel & marble tiles interior wall, painted drywall partitions, granite tiles and carpet flooring at offices & school rooms, porcelain & ceramic tiles floor & wall at wet areas, acoustic tiles and painted ceiling, glass on aluminum frame windows and wooden/pvc/glass on aluminum frame doors. The compound is secured with concrete & steel bars perimeter fence with steel gate. The school building is equipped with elevators, centralized air-conditioning system, CCTV security cameras and firefighting system with emergency exit stairs. Facilities includes a parking area, an auditorium, gymnasium, library, meeting rooms, mosque, kitchen, restaurants and stores. It is fairly new and in good condition.



6. Rawd Aljnan School – Riyadh

As mentioned above, the subject property is an educational property specifically known as “Rawd Aljnan Schools”. It is a three storey with basement and roof floor, mainly reinforced concrete structure with glass and aluminum cladding façade and painted exterior wall, partly marble cladding and painted interior wall, marble/granite/porcelain tiles flooring at school areas and plain cement finish flooring





at basement parking, painted suspended ceiling, wooden room doors and glass main entrance door. The building is equipped with firefighting system, elevator and stair, and air-conditioning system.

The said building was built on a rectangular land with a land area of 3,000 square meters. It was reportedly constructed circa 1430 with a total built-up area of 23,286.25 square meters (refer to details below). It was observed to be in good condition and well maintained.

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 areas of the subject properties are – 218,925 sq. m. (Al Sulay Warehouse -Riyadh); 62,462 sq. m. (Al Fanar Complex – Al Khobar); 73,198.17 sq. m. (Marvella Compound – Riyadh); 4,800 sq. m. (Al Yaum Tower – Dammam); and 18,117.22 sq. m. (Al Maarefah Colleges – Riyadh).
Topography	Generally, the properties are mostly 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 the areas where the properties are located.
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(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

We have assumed that the subject properties referred within this report are 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. The subject properties were registered under the below-mentioned title deeds which we had assumed it to be on freehold basis.

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



Property Name	Title Deed No.	Land Area (m ²)	Location	Owner
Al Sulay Warehouses	210106054050	218,925	Riyadh	Real Estate Development Area Company
Al Fanar Complex	630205014976	54,951	Al Khobar	
	30205014977	7,511		
Marvella Compound	310123032848	73,198.17	Riyadh	Real Estate Development Area Company
Al Yaum Tower	430105020014	4,800	Dammam	Real Estate Development Area Company
Al Maarefah Colleges	711606001758	18,117.22	Riyadh	Jadwa Al Mashaer Real Estate Company
Rawd Aljinan School	610106054668	3,000	Riyadh	Khalid Saleh Suliman Al Hathal

Source: Client 2019

The above properties are all located in the Kingdom of Saudi Arabia and the interest valued are freehold basis reflecting the leasehold interests as follows:

Al Mareefa College		<p>The property is leased to Al Maarefa College:</p> <ul style="list-style-type: none"> Lease terms: 20 years Rent review: 3% every 3 years (3 reviews only) Payment frequency: quarterly in arrears. 	<ul style="list-style-type: none"> Assignment of dividend proceeds applicable to REIT units owned by Al Maarefa Pledge of Al Maarefa units in the Fund for 4 years, commencing with the pledge of 4.8 million units.
Marvella Complex		<p>The property is under a 5-year management agreement with Al Muhaidib Group (AMG), where AMG will guarantee a Net Effective Rent of SAR 50 million per annum, paid quarterly in arrears.</p>	<ul style="list-style-type: none"> Revolving corporate guarantee Bank guarantee or promissory note from AMG
Sulay Industrial Facility		<p>The property is under a 5-year management agreement with AMG, where AMG will guarantee a Net Effective Rent of SAR 20 million per annum, paid quarterly in arrears.</p>	<ul style="list-style-type: none"> Revolving corporate guarantee Bank guarantee or promissory note from AMG
Al Yaum Tower		<p>The property is leased to Worley Parsons, a blue-chip tenant locally and internationally:</p> <ul style="list-style-type: none"> Lease term: 3 years, extending for two terms of 3 years each Rent review: 6% every three years Payment frequency: quarterly in-advance 	<p>Pledge of Al Yaum units in the Fund, whereby the value of the pledged units shall commence with a value equal to 5-years rent, as per the terms agreed with Worley Parsons.</p>
Al Fanar Complex		<p>The property is under a management agreement with AMG, where AMG will guarantee a Net Effective Rent of:</p> <ul style="list-style-type: none"> SAR 12 million per annum for 5 years for the commercial element, paid quarterly in arrears. SAR 7.5 million per annum for 8 years for the residential element, paid quarterly in arrears. 	<ul style="list-style-type: none"> Revolving corporate guarantee Bank guarantee or promissory note from AMG

Source: Client 2019

For the purpose of this valuation exercise, we have assumed unencumbered leasehold interests with no onerous terms and conditions within each of lease contracts for each of properties referred above. No copies of the leases were provided, legal advisors to check and advise.

2.11.1 RAWD ALJINAN SCHOOL - LEASE CONTRACT AGREEMENT

We were provided with the lease contract agreement for the subject property (unable to attached to confidentiality – contact the fund manager) with the following salient details.

1. The lease contract agreement was executed by and between Khalid Saleh Suliman Al Hathal (Lessor) and Rawd Aljina Schools (Lessee), on 2018/5/17.
2. The term of the contract is for a period of 10 years.
3. The annual lease amount was SAR 2,500,000 for year 1 – year 5 and SAR 2,625,000 for year 6 – year 10.

For the purpose of this valuation, we have assumed that the lease contract agreement provided is complete, accurate and updated. Should this not be the case, we reserve the right to amend our valuation and this 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 Income Capitalization Approach for income generating properties taking into consideration the annual rent income provided by the Client.

2.12.1 INCOME CAPITALIZATION 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 an Income Capitalization Approach to Valuation

Income producing real estate is typically purchased as an investment essentially exchanging present money for the right to receive future income. The indication of value using the income capitalization approach requires consideration of market-oriented assumptions and data. This method requires a market derived projection of economic annual net operating income (NOI) for a subject property based on the current and expected lease or other arrangements and occupant profile.

This NOI is then capitalized in perpetuity (or to lease expiry in the case of leasehold property) using a market derived capitalization rate to give the Market Value estimate. Allowance is made for any capital expenditure costs required as well as making provision for a vacancy factor with reference to historic letting experience.

2.12.2 MARKET RENTS, VALUATION ASSUMPTIONS & COMMENTARY

Sales or rental evidence for similar properties within K.S.A. 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 similar properties within the vicinity of the subject properties.

Residential Compounds in Riyadh				
Name of Compound	Location	Area	Details	Rent/Year (SAR)
Al Rabia Community	New Ad Diriyah	284	3BR unfurnished	120,000
		284	3BR furnished	160,000
		422	4BR unfurnished	210,000
		422	4BR furnished	250,000
Carolina Palms Compound	Al Mutha'ar District	342	4 Bedroom	245,000
		260	3 Bedroom	180,000
		180	3 Bedroom	125,000
Del Mar Compound	Al Thumamah street	496	3BR furnished	215,000
		198	2BR furnished	85,000
Palm Estate Compound	Khozama District	220	3BR furnished	200,000
		180	2BR furnished	170,000
		165	2BR furnished	150,000
Cecil Compound	An Nasim Ash Sharqi	166	3BR furnished	100,000
		161	3BR furnished	90,000
		115	2BR furnished	75,000
		112	2BR furnished	65,000
Office Towers within Al Khobar				
Building Name	Location	Floor Area (m ²)	Rent/m ² (SAR)	
Othman Towers	King Saud Road	1,140 - 1,275	1,400 - 1,800	
Skyline Tower	King Saud Road	985 - 1,000	1,400 - 1,600	
Tuwairqi Tower	King Fahd Road	375	1,200	
Suwaidi Tower	King Saud Road	870	1,000 - 1,200	
Shahad Tower	King Saud Road	380	850 - 1,000	
Al Sauah Building	King Khalid Road	1,000	650	
Al Oasis Building	King Faisal Road	1,000	800	
Letoile Building	Prince Faisal Road	660	800	
Al Raja Building	King Abdul Aziz	500 - 1,000	800	
Apartment Compounds within Al Khobar				
Name of Compound	Location	Details	Area (m ²)	Rent/Year (SAR)
Al Mohamadia Compound	As Sadafah	2-Bedroom	115	150,000
		2-Bedroom	103	130,000
		Studio	79	90,000
Ar Rawabi Pearl Complex	Ar Rawabi	3-Bedroom	180	111,000
		2-Bedroom	140	90,000

Private & Confidential

Jadwa REIT Saudi Fund – June 2019 – Online Version

Gulf Homes Compound	Ar Rawabi	3-Bedroom	170	80,000
		2-Bedroom	130	65,000
Al Ansari Compound 2	Al Hizam Al Thahabi	3-Bedroom	215	150,000
		2-Bedroom	178	135,000
		2-Bedroom	137.5	125,000
		1-Bedroom	96	105,000
Rima Residence	Bustan District	3-BR Executive	140	138,000
		2-BR Executive	110	102,000
		2-BR Standard	90	90,000
		1-BR Executive	70	67,000
		1-BR Standard	60	60,000
Gulf Pearl Compound 2	Aziziyah District	2-Bedroom	120	70,000
Murcia Compound	Al Hamra	3-Bedroom	234	75,000

Some Retail Stores for rent in Al Khobar			
NLA (m ²)	Annual Rent (SAR)	Rent/m ² (SAR)	Location
36	90,000	2,500	Thuqbah
30	45,000	1,500	Thuqbah
40	50,000	1,250	Thuqbah
289	400,000	1,384	Madinat Al Umal
60	70,000	1,167	Al Andalus
40	30,000	750	Al Aqrabiyah

Property Type	Location	BUA (m ²)	Rent/Year (SAR)	Rent/m ² (SAR)
Educational	Ar Rabi District	30,345.98	12,000,000	395.44
Educational	Al Khalidiyah District	41,830.00	16,000,000	382.50
Educational	Al Mursalat District	34,067.80	10,500,000	308.21
Educational	An Narjis District	12,314.00	4,360,000	354.07

Likewise, the Client has provided us the One Year Net Rental Income of the 5 properties subject of this valuation exercise. Lease Agreements were provided for some of the properties.

We are unable to publish the lease agreements with this version of the report due confidentiality reasons. Investors are requested to obtain copies from the 'Fund Manager'.

We have assumed that the information provided are complete, correct and updated. Should this not be the case, we reserve the right to amend our valuation and this report.

The table below shows the summary of the above-mentioned 1-year net rental income of the 6 properties as provided by the client:



Private & Confidential

Jadwa REIT Saudi Fund – June 2019 – Online Version

S/N	Property Name	Location	Property Type	Net Income (SAR)
1	Al Sulay Warehouses	Riyadh	Industrial	20,000,000
2	Al Fanar Complex	Al Khobar	Retail & Res'l.	20,125,000
3	Marvella Compound	Riyadh	Residential	50,000,000
4	Al Yaum Tower	Dammam	Office	23,833,200
5	Al Maarefah Colleges	Riyadh	Educational	16,000,000
6	Rawd Aljinan School	Riyadh	Educational	2,500,000

Source: Client 2019

2.12.3 MARKET MASTER LEASE/RENTAL ANALYSIS

The subject properties referred below appear to be within market rental benchmarks and we can provide table analysis as follows:

The Rawd Aljinan School appears well below market levels.

No.	Property Name	Property Type	Net Income (SAR)	BUA/NLA (sq. m)	Passing Rent per sq. m	Market Rental Ranges per sq. m
1	Al Sulay Warehouses	Industrial	20,000,000	140,000	143	SAR 120 to SAR 150
2	Al Fanar Complex	Retail +Res'l.	20,125,000	63,174	319	SAR 300 to SAR 350
3	Marvella Compound	Residential	50,000,000	154,283	324	SAR 300 to SAR 350
4	Al Yaum Tower	Office	23,833,200	39,242 / 19,861	1,200	SAR 1,150 to SAR 1,250
5	Al Maarefah Colleges	Educational	16,000,000	38,329	417.44	SAR 380 to 450
6	Rawd Aljinan School	Educational	2,500,000	23,286.25	107.36	SAR 300 to 400

In this instance, we have adopted the following rates:

Operational Cost

The operation cost for all the 6 subject properties shall be the responsibility of their respective Lessees.

Yield

Based upon our experience and discussions in the market; we assume that investors would consider a net initial yield between 7% to 9% to be an acceptable range of return given the subject properties are mostly operational and in good condition.

Furthermore, the subject properties are considered to be attractive to investors as they are mostly strategically located in close proximity to the CBDs and are well accessible holding strong covenants, with bank guarantees and promissory notes etc.

For these reasons, we have adopted the following below net initial yields for each property for this valuation exercise.



S/N	Property Name	Location	Property Type	Net Initial Yield
1	Al Sulay Warehouses	Riyadh	Industrial	8.5%
2	Al Fanar Complex	Al Khobar	Retail & Res'l.	7.75%
3	Marvella Compound	Riyadh	Residential	7.75%
4	Al Yaum Tower	Dammam	Office	8.25%
5	Al Maarefah Colleges	Riyadh	Educational	7.25%
6	Rawd Aljinan School	Riyadh	Educational	8%

2.12.4 SUMMARY OF MARKET VALUES

The resultant values based upon the above variables/assumptions for the subject properties are as follows:

S/N	Property Name	Location	Type	Income (SAR)	Initial Yield	Property Value (SAR)
1	Al Sulay Warehouses	Riyadh	Industrial	20,000,000	8.5%	235,300,000
2	Al Fanar Complex	Al Khobar	Retail & Res'l.	20,125,000	7.75%	259,700,000
3	Marvella Compound	Riyadh	Residential	50,000,000	7.75%	645,200,000
4	Al Yaum Tower	Dammam	Office	23,833,200	8.25%	288,900,000
5	Al Maarefah Colleges	Riyadh	Educational	16,000,000	7.25%	220,700,000
6	Rawd Aljinan School	Riyadh	Educational	2,500,000	8%	31,000,000
Total Portfolio Value (SAR) [Rounded]						1,680,800,000

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 Income Capitalization Approach assumptions expressed within this report, may be fairly stated as follows;

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

SAR 1,680,800,000 (One Billion, Six Hundred Eighty Million, Eight 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.

This is an online version of the report whereby confidential information has not been published such as tenancy contracts, tenancy schedules and other legal documents possibly. We advise investors to request full copies from the appointed 'Fund Manager'.



2.13.2 PRINCIPAL GAINS AND RISK ASSESSMENT

The continued volatility in the Middle East and Global markets along with regional political qualms can affect land and property market(s) locally and nationally. Recent research coverage shows that slowdown in many sectors of the KSA real estate market is about to implode.

Despite the subdued conditions of the investment sector and the previous low levels of liquidity in the market, it appears transaction levels have improved marginally, although are well below previous levels in 2008-2012.

Equally, with all the steady but reduced development across all sectors of current and future supply results in uncertainty as to future pricing levels and market drivers.

Nevertheless, we expect to see occupiers, purchasers and investors review their positions as they attempt to assess where KSA is in the property rotation. 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 have undertaken all reasonable efforts to understand the prevailing real estate market conditions and analysis. We bring to attention the following principal gains and risks:

- Away from the city centre and traffic congestion;
- Growing infrastructure in surrounding areas;
- Good visibility of the subject site provides good exposure for any potential development;
- The subject properties referred in this report and surrounding infrastructure, along with future plans will allow for easy connectivity with city centre(s) and upcoming surrounding areas for each of the location(s).
- Continued investment in the economy by the government will help maintain growth and business;
- 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;
- the current low liquidity levels in real estate markets combined with low levels of transparency and the consequent difficulty of verifying reported transactions;
- the evolving real estate laws, regulations and planning controls relating to property and property transactions;
- the volatility of real estate investment and development markets;
- the restricted investor mass together with the significant influence of state sponsored developers and operators, in relatively small markets;



- Threat of further KSA market decline and recession in 2019;
- From our previous exercise back in June 2018, it appears that the contracted rents are holding up net value(s). The market is constantly changing along with subdued market conditions and contracted rents are in many cases higher than the market rents. It is likely that upon expiry of the existing leases the agreements will be renegotiated at lower rental levels.
- 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.

2.13.3 COMBINED 5 PROPERTY PRINCIPAL GAINS AND RISKS (SWOT ANALYSIS)

Strengths	Weaknesses
<ul style="list-style-type: none"> • All 5 properties referred in this report are in good location(s) for their respective type and use; • Good infrastructure and amenities in surrounding areas; • Good visibility of the subject properties provides good exposure for any potential development; • Each property referred with their surrounding infrastructure, and future plans will allow for easy connectivity with the rest of each of the cities, Riyadh, Khobar and Dammam; • Each property is supported by either one or two of the following: <ul style="list-style-type: none"> ◦ Promissory note ◦ Revolving corporate guarantee ◦ Bank guarantee ◦ Pledge of Share 	<ul style="list-style-type: none"> • The private sector is dependent on expat labour, reflecting a shortage of marketable skills among nationals and a fairly high unemployment rate among locals; • Subdued market conditions hardening rental(s) and yields; • Future supply pipeline will heavily influence market share of sectors such as retail, compounds, and office sectors.
Opportunities	Threats
<ul style="list-style-type: none"> • Each property referred in this report contains a moderate/strong lease covenant making them a strong 'institutional asset class'; • Due to the great number of upcoming developments in the area, the subject property 	<ul style="list-style-type: none"> • New supply and upcoming property can always be a threat; • Value added Tax (VAT) can impact tenant OPEX leading to rent being negotiation downwards;



- location(s) can be developed to benefit from an uplift and establishment in the market;
- Continued investment in the economy by the government will help maintain growth and business;
 - Limited operational costs and anticipated increased demand will enhance the returns on educational, industrial and residential property.
 - Competition from under construction projects close-by in around the subject location(s) and adjacent districts;
 - 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;
 - Threat of further KSA market decline and recession in 2019/20.

2.13.4 GENERAL SUPPLY AND DEMAND FACTORS

The increased supply across all sectors will always affect markets at a local level. Equally sectors such as educational, industrial show individual resilience due to type of business models in the sector class. Also, on the other hand, the supply of good quality stock(s) are not available and buyers hold on to stock due to stable income generating property. Investors have also chosen to consider the Real Estate Investment Trust (REIT) route as a way to divest and obtain liquidity. The subject property(s) referred in this report are part of balanced mixed portfolio of assets which currently are secure long-term incomes based upon their age, type and locations.

In summary, the Saudi REIT assets hold a distinct market position with a low/moderate risk profile due to the strong market dynamics. We appreciate general market risks; however, in this case (Saudi REIT), the risks are mitigated by strong covenant (leases) and with above commentary referred. Correspondingly, we have been informed by the client each property is backed by the following too:

1. Marvella Complex, Sulai Industrial Facility and Al Fanar Complex:

- Revolving Corporate Guarantee
- Promissory Note
- Bank Guarantee

2. Al Maarefa College:

- Assignment of Dividend Proceed
- Pledge of Unit

3. Al Yaum Tower:

- Pledge of Unit



2.14 MARKET CONDITIONS SNAPSHOT

The Kingdom of Saudi Arabia (KSA) - world's largest exporter of crude oil, embarked three years ago (2016) 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 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 2018 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 are starting to surge again around 80 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 (2019-2020), 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 this year 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 non-oil economy is growing, but at a slow pace. Analysts are forecasting non-oil GDP to grow by 1.4% this year, compared to 1% in 2017. Even here, the non-government sector is coping relatively poorly. Analysts are forecasting non-oil private sector growth of 1.1%, this year, up from 0.7% last year. 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 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 from 1st January 2018. The government is also striving to get women to play a greater role in the economy including recently allowing them to drive. 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 PIF have initiated plans to bolster the entertainment industry by forming ambitious plans such as the following:

Red Sea Tourism Project

To transform 50 islands consisting of 34,000 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

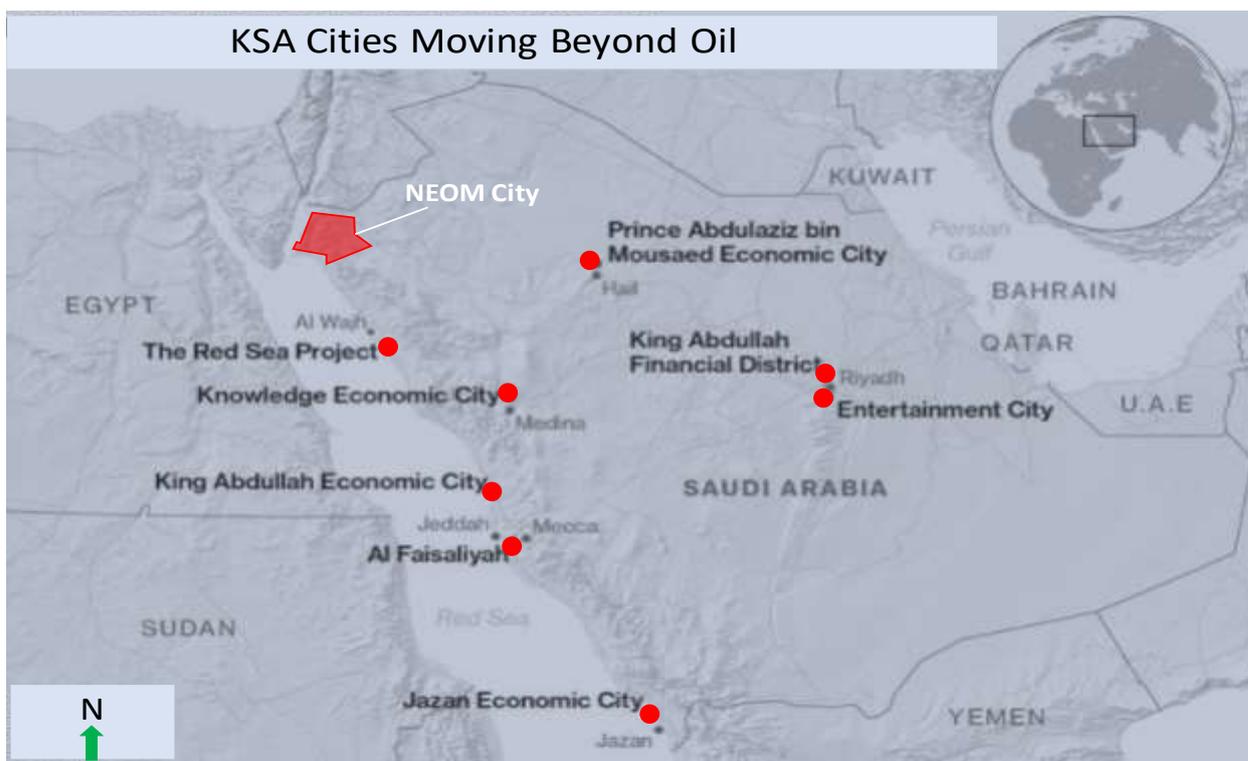
The project will consist of 2,450 square kilometres of residential units, entertainment facilities, an airport and a seaport. Refer to the below illustration for the location.

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 2018; hence the main driver of the recovery remains oil. Over 2018 we envisage the Kingdom's consumer outlook to be more favorable in economic conditions.

Moreover, tax on development land implemented in 2017 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 2018 and the general trend in KSA for most sectors have remained subdued given lower activity levels and 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. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2020.

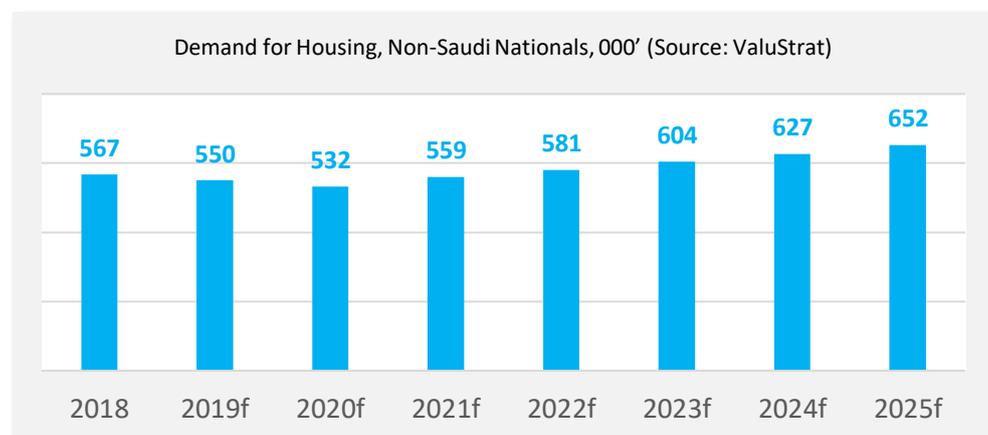
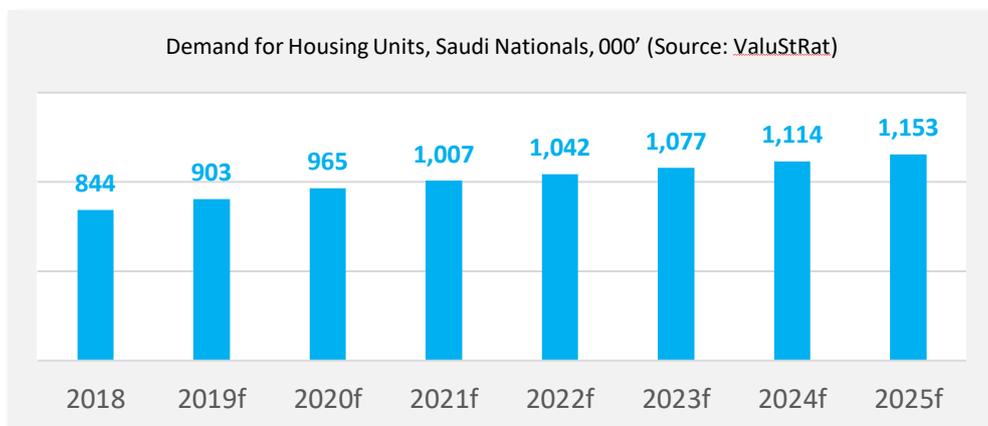
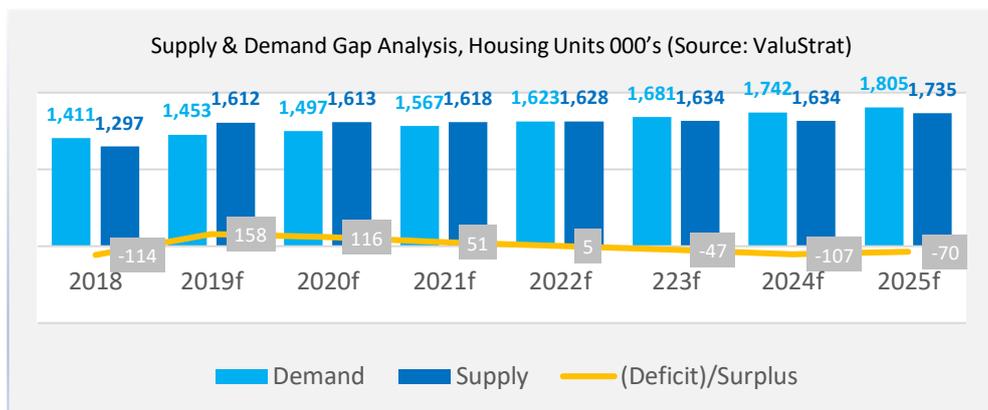
Property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. It must be borne in mind that both rental and capital values can fall as well as rise.



2.14.1 REAL ESTATE SECTOR OVERVIEW

Riyadh Residential Sector Overview (Supply & Demand Gap Analysis)

The expatriate exodus is expected to create a temporary oversupply in the overall residential market in Riyadh. This will have a higher impact in the apartments market, while villas will also be affected. Though young Saudis discovering career prospects and opportunities; hence securing good jobs are able consider purchasing homes. Therefore, this oversupply is expected to turn into a deficit of 70,000 units by 2025. It should be noted that young Saudis are open to living in spacious apartments, which provide requisite privacy and other amenities (gym, pool etc.).

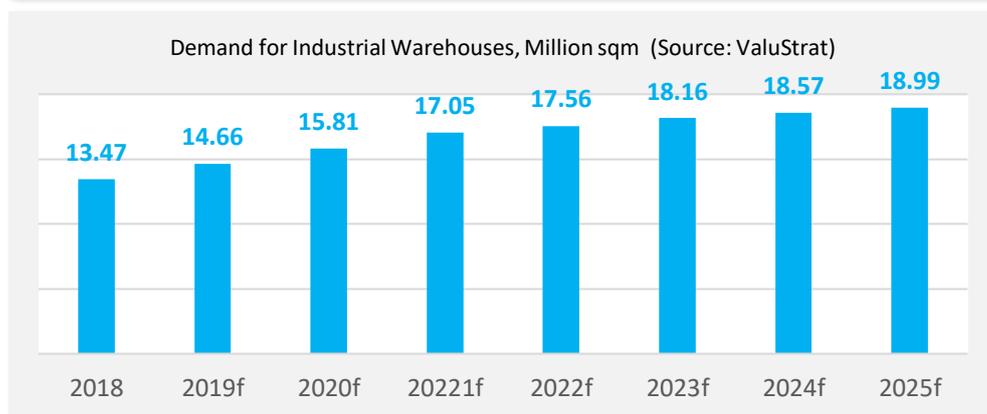
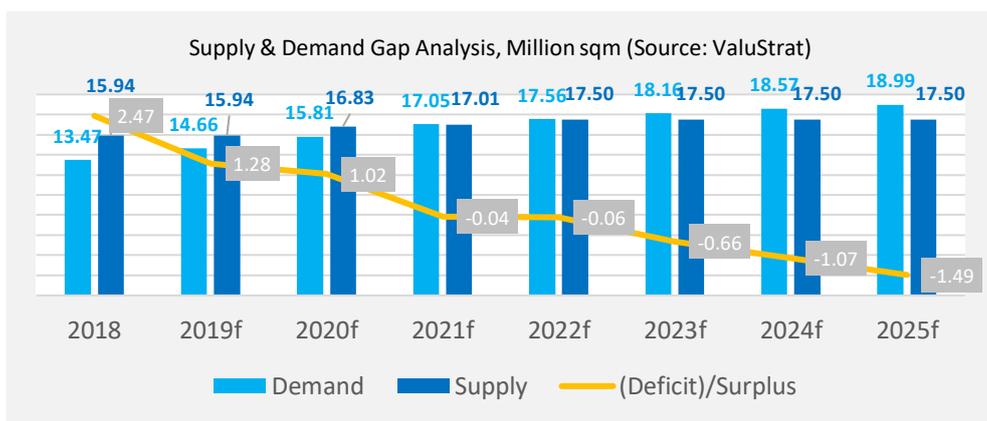


Riyadh Industrial Sector Overview (Supply & Demand Gap Analysis)

Gap Analysis of Industrial/Warehousing sector indicates a surplus of 2.47 million sqm in 2018.

Warehousing and Logistics demand is expected to grow significantly in the future as e-commerce expands and government encourages industrial expansion.

Our channel checks indicate an underlying demand for high quality warehousing and logistics parks still exists. Refer to the illustrations below.

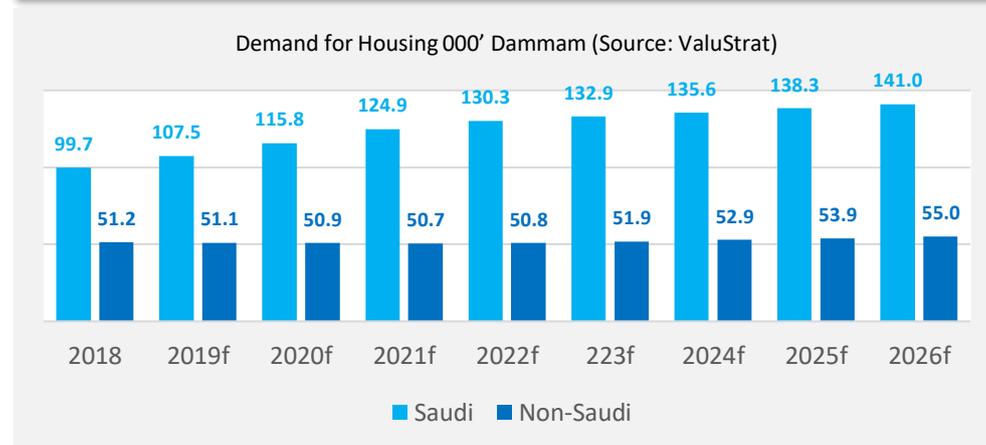
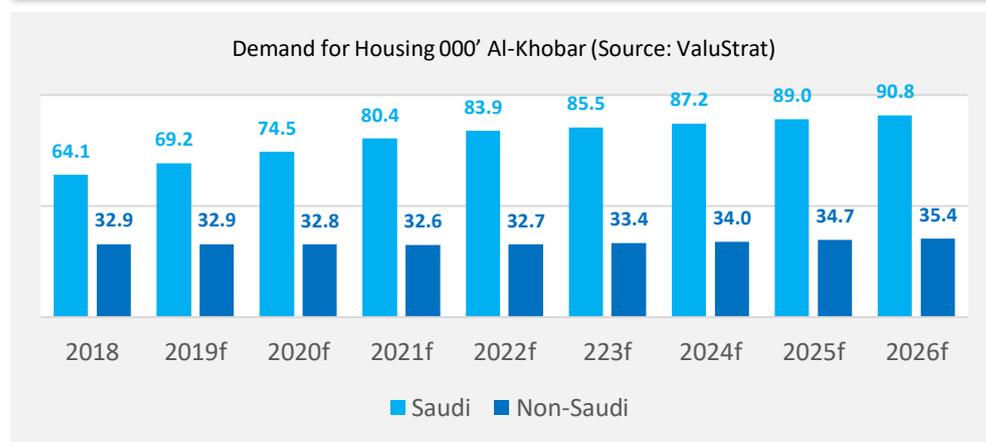
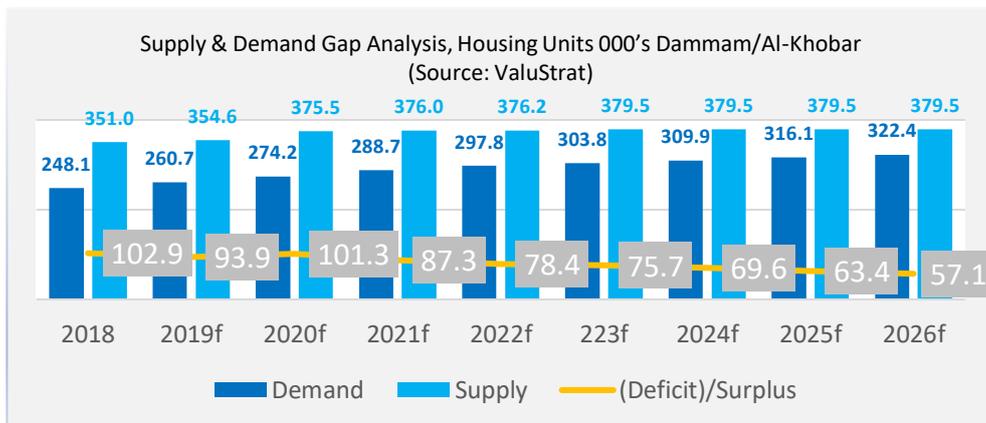


Dammam Metropolitan Area (DMA) Residential Sector Overview (Supply & Demand Gap Analysis)

The Dammam Metropolitan Area (DMA) residential market is oversupplied, mainly due to the expatriate exodus, which has led to decreased demand in mid to low-end residential areas.

On the other hand, demand for community living housing is high from Saudi nationals. We expect the oversupply to persist across the forecast horizon, while niche opportunities may exist in young-Saudi focused community housing projects.



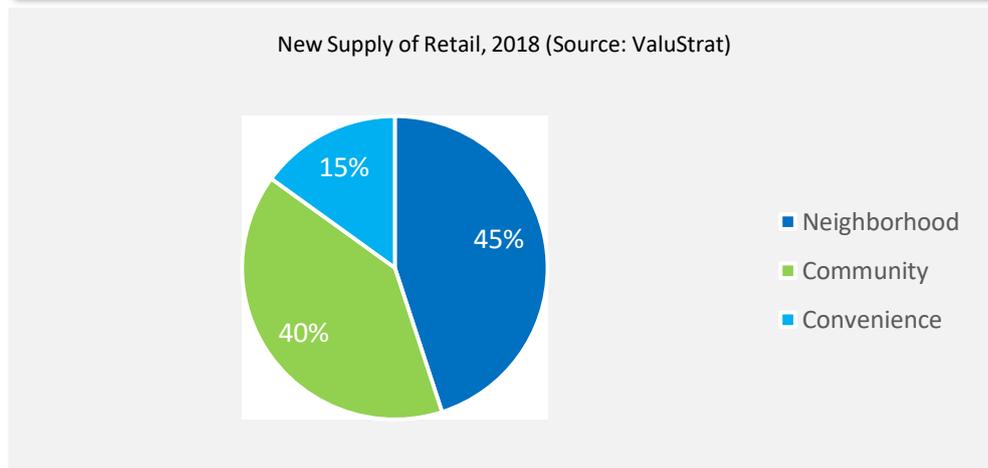
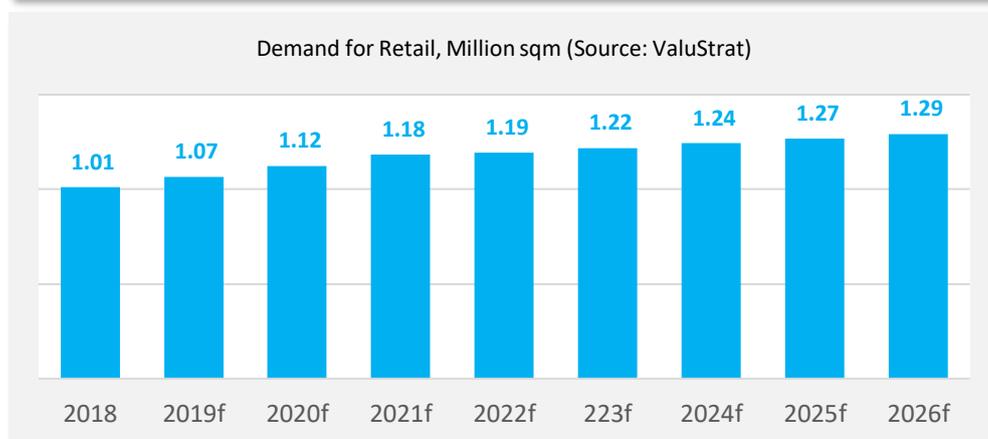
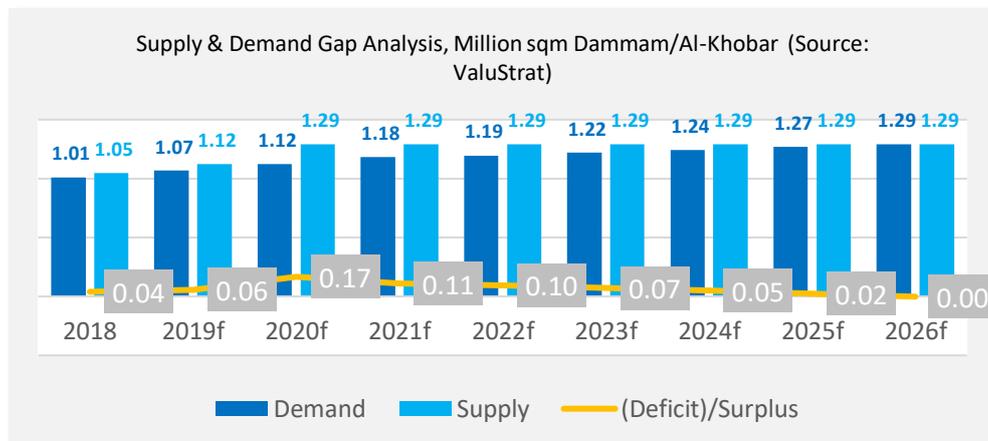


Dammam Metropolitan Area (DMA) Retail Sector Overview (Supply & Demand Gap Analysis)

The DMA retail sector remains oversupplied, as retail developments compete with Bahrain and elsewhere. Bahrain’s shopping centres offer more entertainment and higher quality facilities.

This is particularly evident during Bahrain’s shopping festivals, school and Eid holidays. With new entertainment avenues opening up; though we expect DMA retail to become more competitive in coming years.





Dammam Metropolitan Area (DMA) Office Sector Overview (Supply & Demand Gap Analysis)

DMA’s proximity to Bahrain effects office demand as many multi-nationals choose to locate in Bahrain and then do business in the Eastern Province.

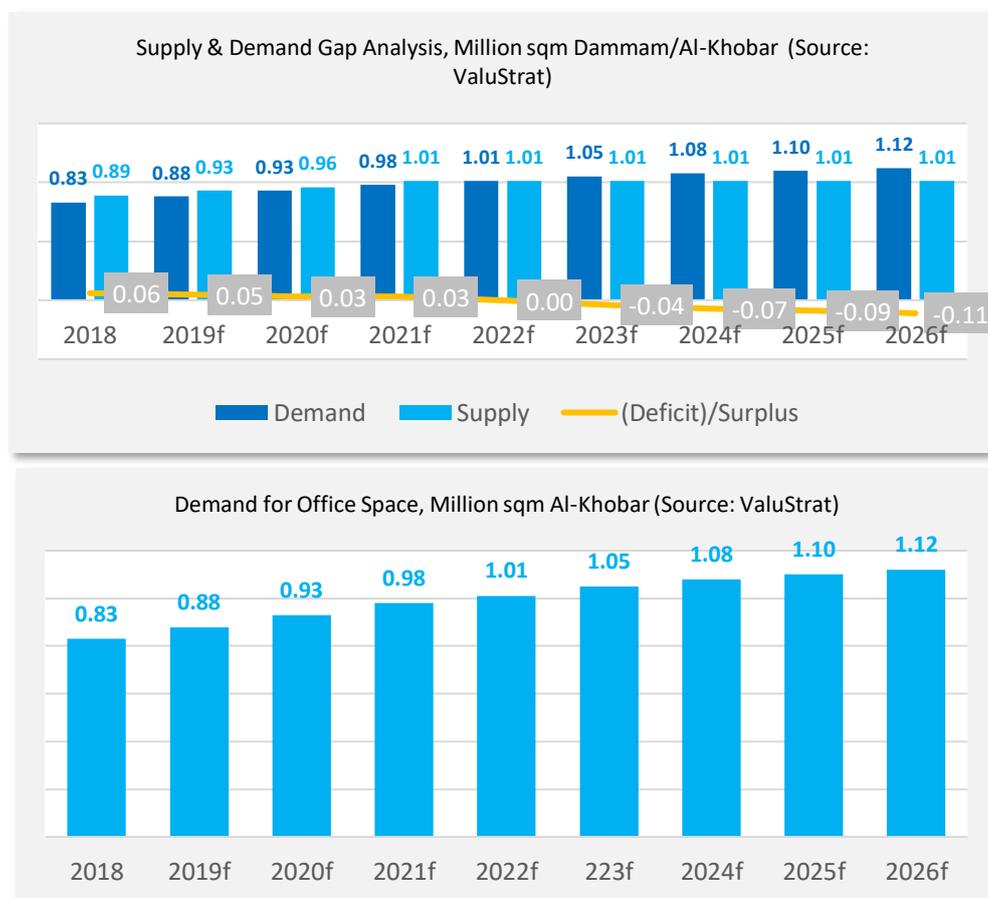
Office market remains oversupplied in the short-term, due to the economic downturn and current subdued market conditions; however, we expect the demand for office space to increase as Industrial projects have been announced by the government



such as SPARK. DMA does not have a defined CBD, while majority of the supply continues to be focused in the Khobar area with the corniche being a key commercial area.

It is worth noting that the demand for office space in Al-Khobar and Dammam comes from hydrocarbon companies, Industrial companies and family groups. Consultancies and Multi-national firms prefer to locate themselves in Bahrain and work in the Eastern Province as mentioned previously.

We expect the office market to boom from 2022, onwards as government’s industrial projects in Dhahran, Dammam and Al-Khobar are completed.



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.**



Ramez Al Medlaj (Taqeem Member No.1210000320)
Senior Associate, Real Estate KSA

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

Private & Confidential

Jadwa REIT Saudi Fund – June 2019 – Online Version

APPENDIX 1 - PHOTOGRAPHS

Al Sulay Warehouses - Riyadh



Private & Confidential

Jadwa REIT Saudi Fund – June 2019 – Online Version

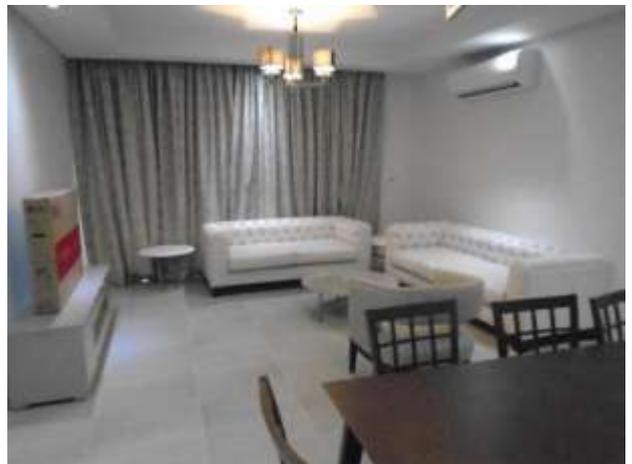
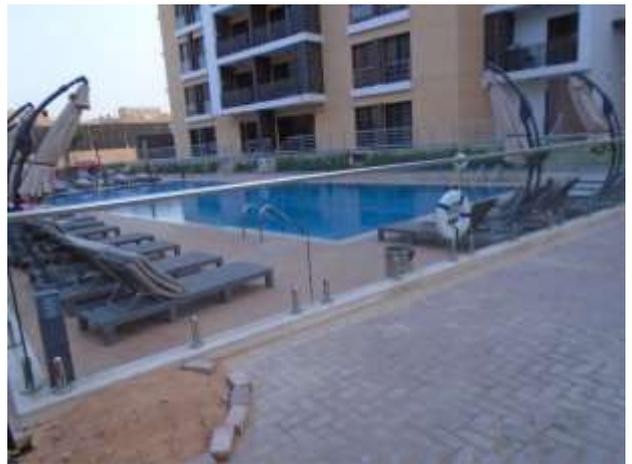
Al Fanar Complex – Al Khobar



Private & Confidential

Jadwa REIT Saudi Fund – June 2019 – Online Version

Marvella Compound - Riyadh



Private & Confidential

Jadwa REIT Saudi Fund – June 2019 – Online Version

Al Yaum Tower - Dammam



Private & Confidential

Jadwa REIT Saudi Fund – June 2019 – Online Version

Al Maarefah Colleges - Riyadh



Private & Confidential

Jadwa REIT Saudi Fund – June 2019 – Online Version

Rawd Aljina School – Riyadh





Dubai, United Arab Emirates
Office 703, Palace Towers
Dubai Silicon Oasis, Emirates Road
P.O.Box 341234
Dubai, United Arab Emirates

Phone +971 4 326 2233
Fax +971 4 326 2223
email Dubai@valustrat.com

Riyadh, Saudi Arabia
6th floor, South Tower,
King Faisal Foundation,
Faisaliah Complex, King Fahad Rd,
Riyadh, Kingdom of Saudi Arabia

Phone + 966 1 293 5127
Fax +966 1 293 3683
email Riyadh@valustrat.com

Jeddah, Saudi Arabia
Office 105, Jameel Square
Tahlia Road
Jeddah, Kingdom of Saudi Arabia

Phone +966 12 2831455
Fax +966 12 2831530
email jeddah@valustrat.com

Doha, Qatar
Office 404, QFC Tower 2
West Bay
Doha
Qatar

Phone +974 4 496 8121
email Doha@valustrat.com

