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Final Valuation Report

Ahlan Center in Al Andalus District, Jeddah

Client/ Alkhabeer Capital

09 January 2024

V230275

P230352

الخبير المالية
Alkhabeer Capital



Introduction



Dear Alkhabeer Capital,
RE: Ahlan Center in Al Andalus District-Jeddah

Further to your request, Abaad thank you for inviting us to complete and submit a valuation report with respect to the aforementioned property.

We have prepared our valuation on the basis of Fair Value for Financial Statements Purposes.

We confirm that the valuation has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as "Taqeem."

We confirm that the valuation has been undertaken by us as external valuers and we possess the required knowledge, skills, and understanding to undertake the valuation competently.

We confirm that we are not aware of any existing or potential conflict of interest with respect to this engagement.

Eng. Ammar Abdulaziz Sindi
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Registration Certificate



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Property Overview

- The Subject Property is a commercial office center comprised of 9 commercial showrooms and an administration office. The area of the land is 4,342 square meters, featuring a total built-up area of 2,758 square meters.
- The Subject Property is located in Al-Andalus District on Prince Mohammed bin Abdulaziz Road, Jeddah.
- The Subject Property is located approximately 12 kilometers to the north of the City Center, and about 18 kilometers from King Abdulaziz International Airport at Al-Andalus District, Jeddah.
- The Subject Property is located in Jeddah, a governorate of the Makkah Region and it's located in the western part of the Kingdom of Saudi Arabia on the Red Sea coast, 79 kilometers from Makkah and 420 kilometers from Medina. It's considered the economic and touristic capital of the Kingdom of Saudi Arabia.

Property Details

Site Details	Information
District	Al-Andalus
Permitted Use	Commercial Center
Tenure	Restricted Ownership
Deed Number	920210027006
Deed Date	17/8/1440H
Total Land Area (sqm)	4,342
Gross Leasable (sqm)	2,758
Owner	Awwal Al Malqa Real Estate Company



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Subject Property Pictures



Valuation Summary

Site Details	Information
Report Type	Detailed Report
Other independent Users	Alkhabeer Capital- Fund Manager & Investors - Report Reviewers - CMA
Purpose of Valuation	Financial Statement
Valuation Approach	Income Approach
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Adopted Currency	Saudi Riyal
Property fair value	68,790,000

Executive Summary

Terms and Conditions

- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the Property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the Property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the Property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.

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Introduction

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the fair value by the required date.

Subject to Valuation

- The subject of the valuation is the assessment of the Fair Value of Ahlan Center in Al Andalus District-Jeddah for Financial statements purposes.

Applicable Standards

- We confirm that this valuation report has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as “Taqeem”.

Status of Valuer

- This report has been compiled and verified by Ammar Qutub and Ammar Sindi, who have the necessary qualifications, ability and relevant experience to conduct a valuation of the Subject Property. They have also acted in the capacity of external valuers.

Conflict of Interest

- We confirm that we are not aware of any conflict of interest in acting on your behalf on this exercise.

Purpose of Valuation

- We have prepared our valuation for Financial Statements purpose.

Date of Inspection

- We confirm that the Property was inspected by Abaad Team on 15 November 2023.

Date of Valuation

- We confirm that the date of valuation is 31 December 2023.

Basis of Valuation

- Our valuation will be presented on the basis of Fair Value, which is defined in accordance with the International Valuation Standards (IVS) in 2022 as follows:
- International Accounting Standard No. (13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Sources of Information

- We have relied upon the information provided to us by the Client with respect to the Subject Property, which is outlined below:
 - Title Deed.
 - Lease Contract Document
 - Alkhabeer REIT Fund Prospectus.

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General Disclaimers

Liability and Publication

- This report is issued for your use, and that of your professional advisers, for the specific purpose to which it refers. Abaad does not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference to it, may be included in any published document, circular, or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

Confidentiality

- This report is confidential to the Client and their advisors, and we accept no responsibility 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 to it will only be notified to the Client to whom it is authorized.

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as a fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.
- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.
- Some of the land areas were calculated internally by abaad team for the unavailability of the exact plot areas in the title deeds.
- We have based our valuation on the assumption that the entire plots have commercial using scenario 1.

Fair Value Disclaimers

Fair Value Hierarchy

- In accordance with the Fair Value Hierarchy prescribed by IFRS 13, our real estate valuation process adheres to three distinct levels of inputs to ensure transparency and reliability in the determination of fair value.
 - **Level 1 Inputs:** Quoted prices for identical properties in an active market represent the most reliable and transparent inputs. However, due to the unique characteristics of our real estate assets, the availability of Level 1 inputs may be limited.
 - **Level 2 Inputs:** Observable inputs other than quoted prices, such as recent transactions or prices for similar properties, are considered in the absence of Level 1 inputs. These inputs contribute to the valuation process and enhance the robustness of our fair value measurements.
 - **Level 3 Inputs:** The valuation of certain real estate assets relies significantly on Level 3 inputs, which are unobservable and require management judgment. This involves the use of proprietary valuation models, assumptions, and estimates tailored to the specific attributes of our properties. Level 3 inputs are particularly relevant when market activity is limited or absent.
- The choice of input level is determined by the nature of each asset and the availability of observable market data. Our commitment to providing a comprehensive and accurate representation of fair value includes detailed disclosures regarding the methods, assumptions, and risks associated with each valuation.
- This disclosure aims to communicate the approach taken in the real estate valuation process, highlighting the reliance on different levels of inputs and emphasizing transparency for stakeholders.

Fair Value Measurement Disclosure

- In accordance with the Fair Value Hierarchy outlined in IFRS 13, our real estate valuation primarily relies on Level 3 inputs. Level 3 inputs involve unobservable data and require significant management judgment. This is due to the unique characteristics of our properties and the absence of readily available market prices for identical or similar assets. Our valuation approach includes the use of appropriate and relevant valuation methodologies, and the fair value estimates are sensitive to changes in key assumptions. For a detailed understanding of our valuation methodologies and the associated risks, please refer to the comprehensive disclosures provided in through out the report and the valuation methodology section
- This disclosure communicates to stakeholders that Level 3 inputs are a key component of the real estate valuation process, emphasizes the reliance on unobservable data, and encourages users to review the detailed disclosures for a more thorough understanding of the valuation methodologies and associated risks. Providing transparency in this way helps stakeholders make informed decisions based on the unique circumstances of the real estate being valued.



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Title Information

Title Information

ID	Description
Owner	Awwal Al Malqa Real Estate Company
Property Name	Ahlan Center
Plot No.	1
Masterplan No.	T / S / 860
District	Al-Andalus District
Street Name	Prince Mohammed bin Abdulaziz
Coordinates	<u>21°32'51.2"N 39°08'23.6"E</u>
City	Jeddah
Ownership Type	Restricted Ownership
Title Deed Info	Deed No. 920210027006
	Deed Date 17/08/1440H

Sources: Title Deed



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Dimensions and street widths

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	47	Prince Mohammed bin Abdulaziz	Main	40	1
South	47	Unnamed	Local	15	3
East	81.25	Unnamed	Local	15	2
West	86.8	-	Neighbor	-	4

Sources: Title Deed

Contract Details

Lease Contract Summary

ID	Description	Details
1	First Party (Owner)	Awwal Al Malqa Real Estate Company
2	Second Party (Lessee)	Nadd Al Arabia Real Estate Marketing Company
3	Contract Term	15 Hijri Years
4	Contract Effective Date	24/02/2019
6	First Party's Obligations	Property Annual insurance of SAR 17,540
7	Second Party's Obligations	The Lessee shall bear all of the Property maintenance and management costs

According to an agreement between the landlord and tenant, the lease rate was subject to a discount over four years starting in 2021, and the reduction was applied to the cash flow schedule in the following pages of this report. The table below shows the details of the payments:

Year	Income (SAR)
Years 1-2	7,000,000
Years 3-5	5,040,000
Year 6	5,390,000
Years 7-10	7,350,000
Years 11-15	7,717,500

Sources: Title Deed



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Lease Agreement Details

- After examining the current lease agreement provided by the client, we have determined that the Tenant has leased the whole property, land, and building.
- The contract is binding for the leasing period of 15 years and can't be terminated unless the period is over.
- The tenant is an independent entity with no relationship with the landlord.
- According to the conducted market research about the rental prices, we have concluded that the current lease rate is within the market range.

Sources: Title Deed

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Development Projects at City Level

Jeddah City

- Jeddah, a jewel on the Red Sea coast, serves as a key governorate in the Makkah Al-Mukarramah region of Saudi Arabia. Positioned at a distance of **900 km** from Riyadh, **75 km** from Mecca, and **400 km** from the bustling city of Medina, Jeddah holds a strategic geographical significance. It not only attracts tourists from within and beyond the Kingdom but also takes pride in spearheading innovative tower and skyscraper projects.
- With a population exceeding **3.4 million**, Jeddah ranks as the second-largest city in Saudi Arabia, second only to the capital, Riyadh. As the largest city in the Makkah Al-Mukarramah region, Jeddah serves as the principal gateway to the Two Holy Mosques, embodying a rich blend of tradition and modernity.
- Jeddah's economic importance is underscored by its possession of the largest seaport on the Red Sea, making it a vital financial and business hub in Saudi Arabia. The city plays a pivotal role in the import and export sectors, facilitating the flow of goods and meeting local needs.
- The skyline of Jeddah is a testament to its rapid development, with around **135** skyscrapers currently in various stages of construction. This dynamic growth reflects the city's commitment to modernization and economic prosperity.
- The property under evaluation, strategically located approximately **12 kilometers** north of downtown and **18 kilometers** from King Abdulaziz International Airport, sits at the nexus of Jeddah's economic and urban vitality. As illustrated on the map, the property's placement within the cityscape aligns with Jeddah's vision for sustained growth, further solidifying its role as a dynamic and influential force in the Kingdom's landscape.

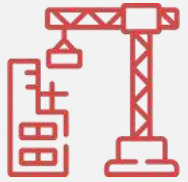


Site Location Analysis



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Local Infrastructure Projects



Current Status

Operational



Completion Date

2018



No. Stations

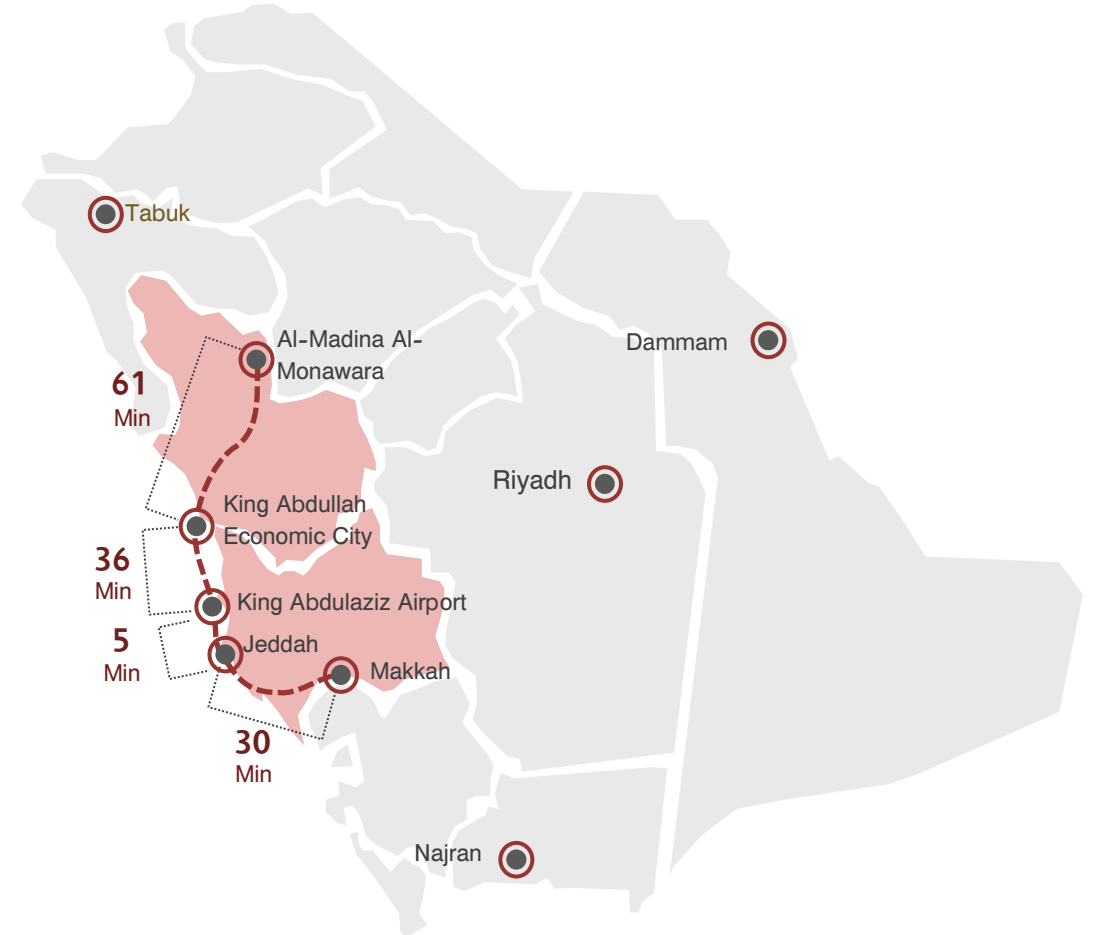
5 Stations



Total Capacity

60 Million
Per Annum

- The Haramain High-Speed Railway (HHSR) runs for approximately 450km, connecting the two holy cities of Makkah and Madinah, via the Central Jeddah Station, King Abdulaziz International Airport (KAIA), and King Abdullah Economic City Station (KAEC).
- The railway is expected to carry around 60 million passengers per annum, onboard a fleet of 35 trains, each consisting of 417 seats.
- Currently, the train line goes by five stations, located as follows:
 - Makkah
 - Jeddah Naseem Station.
 - Jeddah King Abdulaziz Int' Airport Station.
 - King Abdullah Economic City Station.
 - Madinah Station.



Site Location Analysis

Local Infrastructure Projects



- King Abdulaziz International Airport is presently undergoing a comprehensive expansion initiative, strategically segmented into three distinct phases. The operational Phase 1, though not yet at its full handling capacity, is set to elevate the annual passenger capacity from 13 Million Annual Passengers (MAP) to an impressive 30 MAP.
- While the project initially aimed for completion by 2035, focusing on achieving an ambitious 80 MAP, uncertainties surround the timelines for Phases 2 and 3 due to project delays. Presently, attention is concentrated on optimizing Phase 1 to meet immediate demands.
- The expansive KAIA project encompasses a substantial Gross Floor Area of 670,000 sqm, presenting a dynamic blend of functionality and comfort. Boasting 120 retail outlets and 120 hospitality keys, the new facilities promise a harmonious convergence of travel efficiency and passenger experience enhancement, marking a significant milestone in the airport's evolution.



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120 Room Keys



46 Gates



120 Retail Stores



21.6K parking Bays



Hajj and Umrah Terminal Complex

Site Location Analysis



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Development Projects at the District Level

- Nestled at the heart of Jeddah, the Subject Property is strategically positioned, bordered to the north by Prince Muhammad bin Abdulaziz (Tahlia) Road, the west and south by Andalus Road, and the east by Prince Sultan Road, creating a central nexus in the city's bustling landscape.
- Situated in a vibrant and densely populated residential enclave, the property finds itself surrounded by Al-Andalus neighborhood. To the north lie the districts of Al-Rawda, Al-Khalidiya, and Al-Shati, while to the south, it is flanked by Al-Hamra and the Red Sea. Al-Azizia, Mishref, and Al-Faisaliah delineate the eastern boundaries, with the western side opening up to the expanse of the Red Sea.
- The property's accessibility is further underscored by its proximity to key thoroughfares, including Al-Andalus Road and Prince Muhammad bin Abdulaziz Road, ensuring convenient connectivity to the broader cityscape. This central location not only enhances its appeal but also positions it as a focal point within the dynamic urban fabric of Jeddah.



Site Location Analysis

Property Description



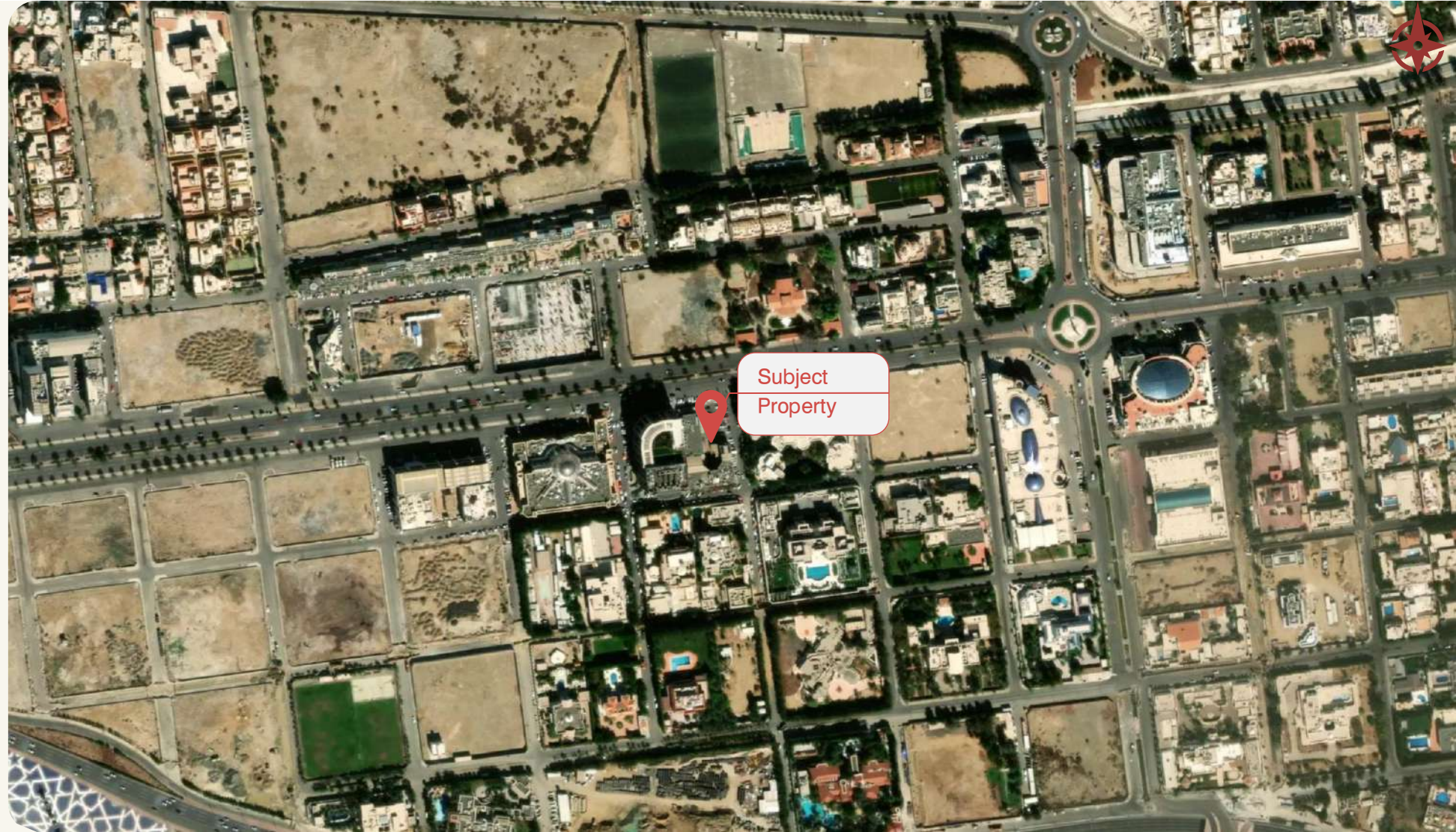
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- The Subject Property comprises nine commercial showrooms and an administration office on 4,342 square meters of constructed land. With a regular shape and level terrain, the building spans 2,758 square meters, aligning rental and building areas due to its single-floor design for exhibitions.

- Spread across two floors, the Property includes nine showrooms, an administration office, and 42 parking spaces. External facades feature aluminum cladding and glass, while internal spaces boast basic yet refined finishings. Utility services are seamlessly integrated into each unit, enhancing operational efficiency.

- Positioned for prominence, the Property's regular shape provides a direct view of Prince Mohammed bin Abdulaziz Road. With 14 years of existence, the Center underwent a comprehensive renovation in 2018, ensuring it stands as a testament to enduring quality and contemporary standards.



Site Location Analysis

Property Photographs



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Income Valuation Methodology - DCF

Income Valuation Approach

- In determining our opinion of [Market Value] for the Subject Properties and based on the fact that they are all multi-tenanted income producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modelling technique based on explicit assumptions regarding the prospective cashflow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. 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 a property.
- With regard to the subject properties, the cashflow has been calculated on an annual basis. With respect to the growth rate applied throughout our cashflow, we have adopted the long-term average inflation rate for Saudi Arabia at 2.8%.
- The cashflow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the [Market Value]. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be as at a future date.

Valuation Steps Using Income Approach - DCF

01

Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

02

Cost Assumptions

The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.8 %/annum.

03

Property Income

The property income represents the revenue derived from the rent payments received during a year.

04

Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance, maintenance, and marketing costs. The costs are typically calculated on an annual basis.

Property Risk Analysis

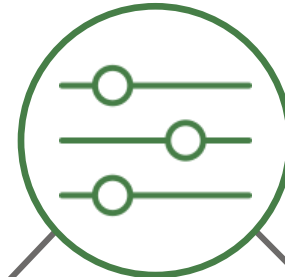
Long-term contract risks

The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.



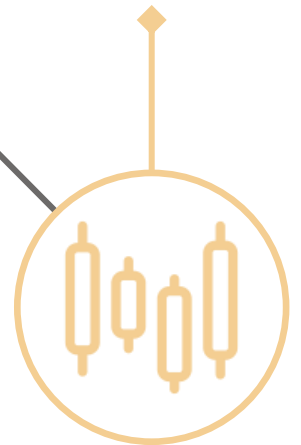
Regulatory and legislative risks

The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property.



Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



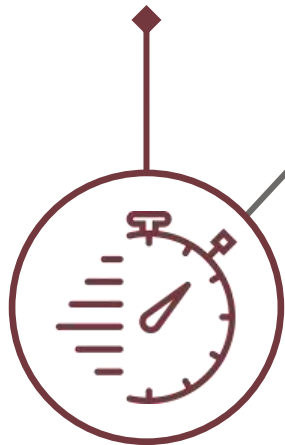
Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property.



Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property, any change in revenues as a result of different market conditions will affect the value of the Property.



Market Study - Demand and Supply

Office

- In the first three months of **2023**, around **50,000** sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately **4.9** million sq. m. in the capital and **1.2** million sq. m. in Jeddah. Over the remainder of this year, an additional **61,000** sq. m. and **583,000** sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to **1%** in **Q1 2023**. As a result, average Grade A rents increased by **19%** year-on-year (Y-o-Y) to reach **SAR 1,764** per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by **15%** Y-o-Y to reach **SAR 1,199** per sq. m. per annum in the first quarter of **2023**. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at **8%** in **Q1 2023**.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Source of Info: JLI

Residential

- Riyadh witnessed the completion of close to **7,800** residential units in **Q1 2023**, pushing up the total stock to **1.4** million residential units. Over the same period, **4,400** units were handed over in Jeddah to bring the city's residential inventory to **864,000** units. In the remaining months of this year, **45,000** units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, **100** million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of **2023**, average sale prices and rents in Riyadh increased by **7%** and **2%**, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by **11%** annually, and average rents climbed by **9%**.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of **6%** in the capital and **17%** in Jeddah, in **Q1 2023**. Over the same period, rents for apartments grew by **4%** in Riyadh and **13%** in Jeddah.

Source of Info: JLI

Market Study - Demand and Supply

Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately **84,000** sq. m. of retail space and increasing the total supply to **3.4** million sq. m. Over the same period, Jeddah's retail stock increased by roughly **46,000** sq. m. to **1.8** million sq. m. In the remaining nine months of this year, **478,000** sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about **105,000** sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between **8** to **120** sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by **11%** and **8%**, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by **6%** across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: JII

Hospitality

- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at **21,000** keys. During the same period, Jeddah saw the delivery of **300** keys, increasing the total existing supply to **16,000** keys. An additional **3,000** keys are scheduled to enter the market in 2023 in both cities combined. Of this, around **2,000** keys are expected to enter Riyadh, and the remaining **1,000** keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of **100** million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to **76%**, and the average daily rate (ADR) increased to USD **212** for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached **54%** and ADR was recorded at USD **147**. The Saudi hospitality market is expected to sustain its positive drive and improve further.

Source of Info: JII

Valuation

Valuation Approach - Valuation Input

Total Income Estimation

According to the information provided by the client, The total annual income of the subject property is 7,000,000 Riyals, starting on 24/02/2019 for a period of 15 years. A four-year reduction has been made starting from the beginning of 2021. The table below shows the details of the payments:

Year	Income (SAR)
Years 1-2	7,000,000
Years 3-5	5,040,000
Year 6	5,390,000
Years 7-10	7,350,000
Years 11-15	7,717,500

Total Costs Estimation

- As per the lease contract, the building insurance is about 17,540 SAR annually.
- This amount will be expressed in Discounted Cash Flow table semi-annually.

Inflation Rate

- Inflation Rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate in the domestic product of the Kingdom of Saudi Arabia for the past 12 years as per the Central Bank of Saudi Arabia.

Capitalization Rate

- we have conducted market research about properties with similar usage to the subject property in the retail and office sector, which serve as a benchmark to determine the appropriate cap rate for the subject.

Property	City	Type	Cap Rate (%)
Atelier La vie Mall	Jeddah	Retail	7.0%
Red Sea Mall	Jeddah	Retail/Offices	7.5%
11 West	Jeddah	Retail	8.0%
Jeddah Boulevard	Jeddah	Retail	8.0%
Screen Tower	Jeddah	Offices	8.0%
Signature	Jeddah	Offices	8.0%

- Comparing to these properties and taking into consideration that the head lease underwritten through a binding contract provides income security in difficult trading conditions over a 15 years period, We have adopted a cap rate of 9.0% for the property.

Discount Rate

- We have used the build-up method to calculate the discount rate, which considers inflation, cap rate, and market risk.
- The property is subject to a risk premium of 1.0%. Hence, the discount rate is set as 12.80%.



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Valuation



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Valuation Approach - DCF

- Given the previous info, cash flows were calculated to reach the value of the subject Property. The cash flow covers 10.5 years (the remaining lease term).
- Since this is a mid-year valuation, the following table will be on a semi-annual basis.

Cash Flow Calculations:

Period (Semi-annual)	1	2	3	4	5	6	7	8	9	10
Discount Period (y)	0.15	0.65	1.15	1.65	2.15	2.65	3.15	3.65	4.15	4.65
Inflation	1.00	1.02	1.03	1.05	1.06	1.08	1.09	1.11	1.12	1.14
Gross Income (SAR)	2,695,000	2,695,000	3,675,000	3,675,000	3,675,000	3,675,000	3,675,000	3,675,000	3,675,000	3,675,000
Property Insurance Costs (SAR)	8,770	8,770	8,770	8,770	8,770	8,770	8,770	8,770	8,770	8,770
Net Income (SAR)	2,686,230	2,686,230	3,666,230	3,666,230	3,666,230	3,666,230	3,666,230	3,666,230	3,666,230	3,666,230
PV Factor	0.98	0.92	0.87	0.82	0.77	0.73	0.68	0.64	0.61	0.57
NPV (SAR)	2,638,134	2,483,947	3,192,010	3,005,451	2,829,796	2,664,407	2,508,684	2,362,063	2,224,011	2,094,028

Period (Semi-annual)	11	12	13	14	15	16	17	18	19	20
Discount Period (y)	5.15	5.65	6.15	6.65	7.15	7.65	8.15	8.65	9.15	9.65
Inflation	1.15	1.17	1.19	1.20	1.22	1.24	1.25	1.27	1.29	1.31
Gross Income (SAR)	3,858,750	3,858,750	3,858,750	3,858,750	3,858,750	3,858,750	3,858,750	3,858,750	3,858,750	3,858,750
Property Insurance Costs (SAR)	8,770	8,770	8,770	8,770	8,770	8,770	8,770	8,770	8,770	8,770
Net Income (SAR)	3,849,980	3,849,980	3,849,980	3,849,980	3,849,980	3,849,980	3,849,980	3,849,980	3,849,980	3,849,980
TV (SAR)										85,555,111
PV Factor	0.54	0.51	0.48	0.45	0.42	0.40	0.37	0.35	0.33	0.31
NPV (SAR)	2,070,459	1,949,450	1,835,513	1,728,236	1,627,228	1,532,124	1,442,578	1,358,266	1,278,881	27,962,722
Property Value (SAR)	68,790,000									

Valuation Summary

Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions and detail within this report, may be fairly stated as follows:

Fair Value of Subject Property Using Income Approach as of 31 December 2023

- **68,790,000 SAR (Sixty-Eight Million Seven Hundred Ninety Thousand Saudi Riyal)**

Signatures & Authorizations

Eng. Yousuf Abdullah Khan

Taqeem ID: 1220001989

Membership Type: Provisional Member

Sector: Real Estate Sector

Membership Date: 17/09/2020

Contribution: Inspector, Valuer and Report Creator

Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 24/01/2016

Contribution: Valuation & Report Reviewer

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 22/12/2015

Contribution: Report Reviewer & Authorizer

Company Stamp

Company Name: **Abaad & Partner for Real Estate Valuation**

Company No. 11000111

CR No: 4030297686

CL No: 323/18/781



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Appendix 1: Property Documents



شركة العدل العقارية
بمقرها الرئيسي في الرياض
وزارة العدل
وإدارة العدل
[٢٧٧]
كتابة العدل الأولى بجدة

رقم: ٢٧٠٠٢٧٠٠٦
التاريخ: ١٤٤٠/٨/١٧ هـ

٢٧٧

صك رهن وتملك عقار

السيد: فهد وحده والصلاة والسلام على من لا نبي بعده، وبعد:

فإن قطعة الأرض رقم ١ من المخطط رقم ٨٦٠ / من ذات الواقع في حي الأندلس بمدينة جدة وحدودها وأطرافها كالتالي:

شمالاً: شارع الأمير محمد بن عبدالعزيز بطول ٤٠ ميتر (٤٧) سبعة و أربعون متر
جنوباً: شارع عرض ١٥ ميتر (١٧) سبعة و أربعون متر يبدأ من الغرب للشرق ثم شططة شعاع شرق بطول ٤٠.٢٤ متر
شرقاً: شارع عرض ١٥ ميتر (٨١,٢٥) واحد و ثمانون متر و خمسة و عشرون سنتيمتر يبدأ من الجنوب للشمال ثم شططة شمال غرب بطول ٤٠.٢٤ متر
غرباً: شططة رقم ٠ بطول: (٨٦,٨) ستة و ثمانون متر و ثمانون سنتيمتر

ومنهاقتها: (٤٠,٣٤٢,٢٥) أربعة آلاف و ثلاثمائة و اثنين و أربعون متر مربعاً و خمسة و عشرون سنتيمتر مربعاً فقط المملوكة لـ شركة أول المظا المقارية بموجب سجل تجاري رقم ١٠٠٨٤٣٨٠٢ وتنتهي في ١٩ / ١٠ / ١٤٤٤ هـ بالملك الصادر من هذه الإدارة برفق ٢٧٣٨٠٠٠٢٣٣٨٠ في ١١ / ١١ / ١٤٤٠ هـ قد تم رهنها وما أقيم أو سيقام عليها من بناء اصالح / شركة كراجص المصرفية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ في ٢٥ / ١٠ / ١٣٦٦ هـ ضمنها لرقابه في مبلغ ٣٨١٨٠١٨٠١٩ ثمانية و ثلاثون مليوناً و مائة و واحد و ثمانون ألفاً و ثمانمائة و ثمانية عشر ريالاً و تسعة عشر هللة على ان يتم سداد المديونية على أقساط كل ٦ أشهر من تاريخ صرف التمويل بقيمة كل قسط ٩٠١٠٠٠٠ تسعة مليون و عشرون ألف ريال في نهاية مدة اعتباراً من تاريخ ٢٧/٧/١٤١٩ وفي حالة عدم سداد كل قسط فكل قسط يبيع المصارف بالقيمة التي تنتهي عندها الرهناء ويستفاد ما لا يقل عن ثلثه من مبلغ وما نقص يروح فيه عليه بعد اكتمال ما يلزم شرعاً وعليه جرى التسمييق بتاريخ ١٧ / ٨ / ١٤٤٠ هـ وصال الله على نبينا محمداً وآله وصحبه وسلم.

وزارة العدل

الحقبة الرسمية
وزارة العدل
كتابة العدل الأولى بجدة
كتاب العدل رقم ١١٧

عبدالله بن عثمان بن فاضل الزهراني

هذا الصك واحد مستطاعاً، وطباع أو تكاف سبعة منه يؤدي الى عدم ملاءمة الأصلية
سبعة من أصل ١١
تاريخ: ١٤٤٠ / ٨ / ١٧ هـ

سجله
٢٧٠٠٢٧٠٠٦
١٤٤٠ / ٨ / ١٧ هـ

Appendix 2: Valuation Glossary

Saudi Authority

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

Asset or Assets

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

Client

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

Intended Use

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

Intended User

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

Jurisdiction

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

May

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

Appendix 2: Valuation Glossary

Must

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

Participant

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Fair Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

Purpose

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

Should

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

Appendix 2: Valuation Glossary

Significant and/or Material

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

Valuation

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.
- Valuation Purpose or Purpose of Valuation:
- See “Purpose”.

Valuation Reviewer

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

Value (n)

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

Valuer

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

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Appendix 2: Valuation Glossary

Weight

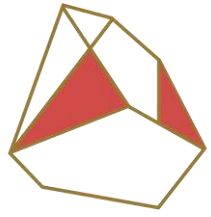
- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

Weighting

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.



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Abaad & Partner For Real Estate Valuation Co.

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Director

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أبجد
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Final Valuation Report

BIN II Plaza, Al-Amwaj District, Jeddah

Client/ Alkhabeer Capital

09 January 2024

V230275

P230352

الخبير المالية
Alkhabeer Capital



Introduction



Dear Alkhabeer Capital,

RE: Valuation of BIN 2 Plaza, Al-Amwaj District, Jeddah.

Further to your request, Abaad thank you for inviting us to complete and submit a valuation report with respect to the aforementioned property.

We have prepared our valuation on the basis of Fair Value for Financial Statements Purposes.

We confirm that the valuation has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as "Taqeem."

We confirm that the valuation has been undertaken by us as external valuers and we possess the required knowledge, skills, and understanding to undertake the valuation competently.

We confirm that we are not aware of any existing or potential conflict of interest with respect to this engagement.

Eng. Ammar Abdulaziz Sindi

Chief Executive Officer

Kingdom of Saudi Arabia

Mobile: +966 (50) 730 0500

Email: asindi@sa-abaad.com

Registration Certificate



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Property Overview

- The Subject Property is comprised of three-story commercial office buildings. The area of the land is **20,642.74** square meters, featuring a total built-up area of **21,305** square meters.
- The Property is located in Al-Amwaj District between Prince Abdulmajeed Road and Prince Naif Road, Jeddah.
- The Subject Property is located approximately **33** kilometers north of King Abdulaziz International Airport and **11** kilometers from Jeddah Economic Tower in Al-Amwaj District, Jeddah.
- The Subject Property is located in Jeddah, a governorate of Makkah, and located in the western part of the Kingdom of Saudi Arabia on the Red Sea coast. It's **79** kilometers from Makkah and **420** kilometers from Medina. It is viewed as the economic and tourism capital of the Kingdom of Saudi Arabia.

Property Details

Site Details	Information
District	Al-Amwaj
Permitted Use	Commercial Office Center
Tenure	Restricted Ownership
Deed Number	420210027007
Deed Date	1440/08/17H
Total Land Area (sqm)	20,642.74
Gross Leasable (sqm)	14,798
Owner	Awwal Al Malqa Real Estate Company

Subject Property Pictures



Valuation Summary

Site Details	Information
Report Type	Detailed Report
Other independent Users	Alkhabeer Capital- Fund Manager & Investors - Report Reviewers - CMA
Purpose of Valuation	Financial Statement
Valuation Approach	Income Approach
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Adopted Currency	Saudi Riyal
Property fair value	88,980,000

Executive Summary

Terms and Conditions

- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the Property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the Property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the Property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.

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Introduction

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the fair value by the required date.
- The subject of the valuation is the assessment of the Fair Value of BIN II Plaza, Al-Amwaj District, Jeddah, for Financial Statement Purposes.

Applicable Standards

- We confirm that this valuation report has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as “Taqeem”.

Status of Valuer

- This report has been compiled and verified by Ammar Qutub and Ammar Sindi, who have the necessary qualifications, ability and relevant experience to conduct a valuation of the Subject Property. They have also acted in the capacity of external valuers.

Conflict of Interest

- We confirm that we are not aware of any conflict of interest in acting on your behalf on this exercise.

Purpose of Valuation

- We have prepared our valuation for Financial Statements purpose.

Date of Inspection

- We confirm that the Property was inspected by Abaad Team on 15 November 2023.

Date of Valuation

- We confirm that the date of valuation is 31 December 2023.

Basis of Valuation

- We have prepared our valuation on the basis of Fair Value, which is defined in IVS 2022 as per the below:
“International Accounting Standard No. (13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

Sources of Information

- We have relied upon the information provided to us by the Client with respect to the Subject Property, which is outlined below:
 - Title Deed.
 - Lease Contract Document
 - Alkhabeer REIT Fund Prospectus.

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Fair Value Valuation Disclaimers

Liability and Publication

- This report is issued for your use, and that of your professional advisers, for the specific purpose to which it refers. Abaad does not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference to it, may be included in any published document, circular, or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

Confidentiality

- This report is confidential to the Client and their advisors, and we accept no responsibility 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 to it will only be notified to the Client to whom it is authorized.

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as a fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.
- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.
- **No important assumptions or any special assumptions were applied.**

Disclaimers

General Disclaimers

Fair Value Hierarchy

- In accordance with the Fair Value Hierarchy prescribed by IFRS 13, our real estate valuation process adheres to three distinct levels of inputs to ensure transparency and reliability in the determination of fair value.
 - **Level 1 Inputs:** Quoted prices for identical properties in an active market represent the most reliable and transparent inputs. However, due to the unique characteristics of our real estate assets, the availability of Level 1 inputs may be limited.
 - **Level 2 Inputs:** Observable inputs other than quoted prices, such as recent transactions or prices for similar properties, are considered in the absence of Level 1 inputs. These inputs contribute to the valuation process and enhance the robustness of our fair value measurements.
 - **Level 3 Inputs:** The valuation of certain real estate assets relies significantly on Level 3 inputs, which are unobservable and require management judgment. This involves the use of proprietary valuation models, assumptions, and estimates tailored to the specific attributes of our properties. Level 3 inputs are particularly relevant when market activity is limited or absent.
- The choice of input level is determined by the nature of each asset and the availability of observable market data. Our commitment to providing a comprehensive and accurate representation of fair value includes detailed disclosures regarding the methods, assumptions, and risks associated with each valuation.
- This disclosure aims to communicate the approach taken in the real estate valuation process, highlighting the reliance on different levels of inputs and emphasizing transparency for stakeholders.

Fair Value Measurement Disclosure

- In accordance with the Fair Value Hierarchy outlined in IFRS 13, our real estate valuation primarily relies on Level 3 inputs. Level 3 inputs involve unobservable data and require significant management judgment. This is due to the unique characteristics of our properties and the absence of readily available market prices for identical or similar assets. Our valuation approach includes the use of appropriate and relevant valuation methodologies, and the fair value estimates are sensitive to changes in key assumptions. For a detailed understanding of our valuation methodologies and the associated risks, please refer to the comprehensive disclosures provided in through out the report and the valuation methodology section
- This disclosure communicates to stakeholders that Level 3 inputs are a key component of the real estate valuation process, emphasizes the reliance on unobservable data, and encourages users to review the detailed disclosures for a more thorough understanding of the valuation methodologies and associated risks. Providing transparency in this way helps stakeholders make informed decisions based on the unique circumstances of the real estate being valued.

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Tenure

Title Information
Contract Details

Tenure

Title Information



Title Information

ID	Description
Owner	Awwal Al Malqa Real Estate Company
Property Name	Bin 2 Plaza
Plot No.	From 35 to 63 (29 plots)
Masterplan No.	S / G / 420
District	Al-Amwaj District
Street Name	-
Coordinates	21° 45.672'N 39° 4.712'E
City	Jeddah
Ownership Type	Restricted Ownership
Title Deed Info	Deed No. 420210027007
	Deed Date 1440/08/17H

Dimensions and street widths

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	49.02	Unnamed	Local	15	3
South	49.11	Unnamed	Local	15	4
East	70	Unnamed	Sub-street	32	1
West	70	Unnamed	Local	15	2

Sources: Title Deed

Sources: Title Deed

Tenure

Contract Details

Lease Contract Summary

Description	Details
First Party (Owner)	Awwal Al Malqa Real Estate Company
Second Party (Lessee)	Nadd Al Arabia Real Estate Marketing Company
Contract Term	15 Hijri Years
Contract Effective Date	19/6/1440
First Party's Obligations	Property Annual insurance of SAR 31,540
Second Party's Obligations	The Lessee shall bear all of the Property maintenance and management costs

According to an agreement between the landlord and tenant, the lease rate was subject to a discount over four years starting in 2021, and the reduction was applied to the cash flow schedule in the following pages of this report. The table below shows the details of the payments:

Year	Income (SAR)
Years 1-2	9,000,000
Years 3-5	6,480,000
Year 6	6,930,000
Years 7-10	9,450,000
Years 11-15	9,922,500

Sources: Title Deed

Lease Agreement Details

- After examining the current lease agreement provided by the client, we have determined that the Tenant has leased the whole property, land, and building.
- The contract is binding for the leasing period of 15 years and can't be terminated unless the period is over.
- The tenant is an independent entity with no relationship with the landlord.
- According to the conducted market research about the rental prices, we have concluded that the current lease rate is within the market range.

Sources: Title Deed

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Site Location Analysis

Macro Location – infrastructure projects
Development Projects at City Level
Development Projects at District Level
Property Description
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Development Projects at City Level

Jeddah City

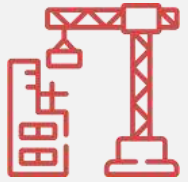
- Jeddah, a jewel on the Red Sea coast, serves as a key governorate in the Makkah Al-Mukarramah region of Saudi Arabia. Positioned at a distance of **900 km** from Riyadh, **75 km** from Mecca, and **400 km** from the bustling city of Medina, Jeddah holds a strategic geographical significance. It not only attracts tourists from within and beyond the Kingdom but also takes pride in spearheading innovative tower and skyscraper projects.
- With a population exceeding **3.4 million**, Jeddah ranks as the second-largest city in Saudi Arabia, second only to the capital, Riyadh. As the largest city in the Makkah Al-Mukarramah region, Jeddah serves as the principal gateway to the Two Holy Mosques, embodying a rich blend of tradition and modernity.
- Jeddah's economic importance is underscored by its possession of the largest seaport on the Red Sea, making it a vital financial and business hub in Saudi Arabia. The city plays a pivotal role in the import and export sectors, facilitating the flow of goods and meeting local needs.
- The skyline of Jeddah is a testament to its rapid development, with around **135** skyscrapers currently in various stages of construction. This dynamic growth reflects the city's commitment to modernization and economic prosperity.
- The property under evaluation, strategically located approximately **33 kilometers** north of downtown and **11 kilometers** from King Abdulaziz International Airport, sits at the nexus of Jeddah's economic and urban vitality. As illustrated on the map, the property's placement within the cityscape aligns with Jeddah's vision for sustained growth, further solidifying its role as a dynamic and influential force in the Kingdom's landscape.



Site Location Analysis



Local Infrastructure Projects



Current Status

Operational



Completion Date

2018



No. Stations

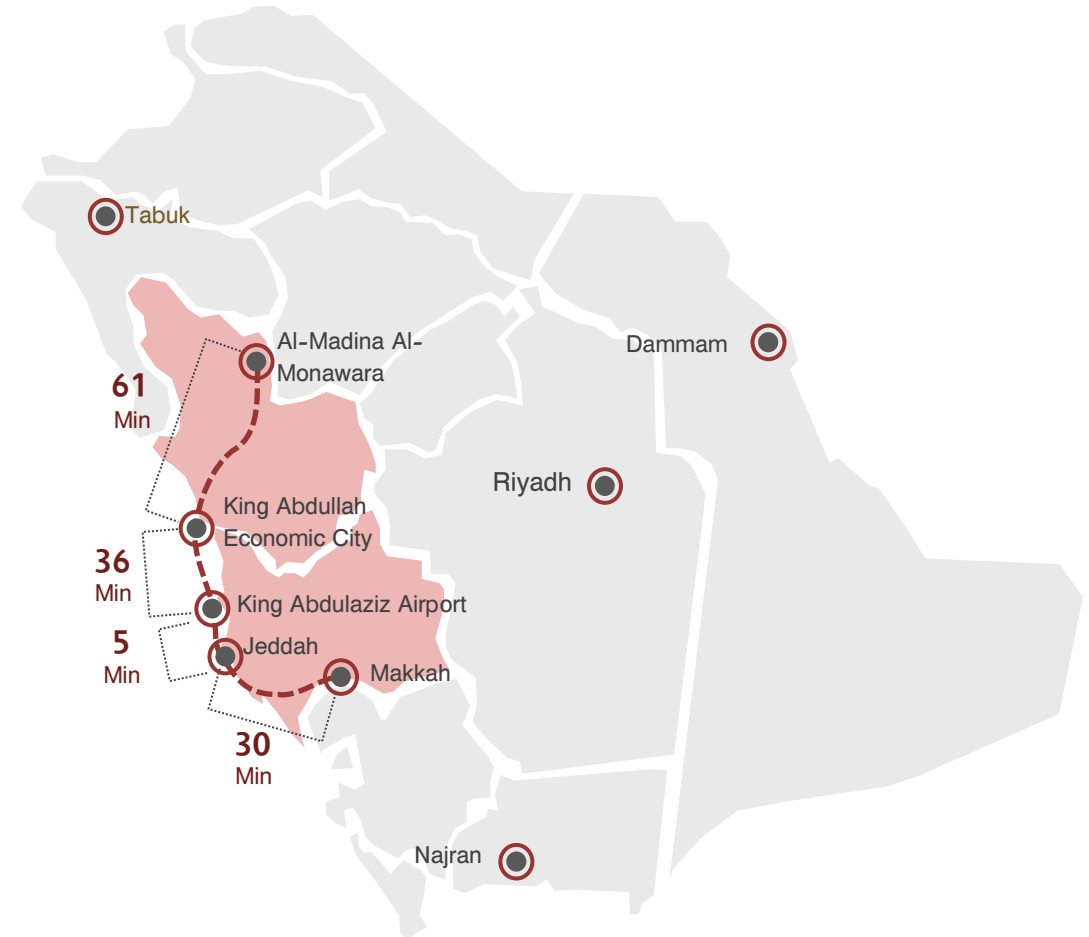
5 Stations



Total Capacity

60 Million
Per Annum

- The Haramain High-Speed Railway (HHSR) runs for approximately 450km, connecting the two holy cities of Makkah and Madinah, via the Central Jeddah Station, King Abdulaziz International Airport (KAIA), and King Abdullah Economic City Station (KAEC).
- The railway is expected to carry around 60 million passengers per annum, onboard a fleet of 35 trains, each consisting of 417 seats.
- Currently, the train line goes by five stations, located as follows:
 - Makkah
 - Jeddah Naseem Station.
 - Jeddah King Abdulaziz Int' Airport Station.
 - King Abdullah Economic City Station.
 - Madinah Station.



Site Location Analysis

Local Infrastructure Projects



- King Abdulaziz International Airport is presently undergoing a comprehensive expansion initiative, strategically segmented into three distinct phases. The operational Phase 1, though not yet at its full handling capacity, is set to elevate the annual passenger capacity from 13 Million Annual Passengers (MAP) to an impressive 30 MAP.
- While the project initially aimed for completion by 2035, focusing on achieving an ambitious 80 MAP, uncertainties surround the timelines for Phases 2 and 3 due to project delays. Presently, attention is concentrated on optimizing Phase 1 to meet immediate demands.
- The expansive KAIA project encompasses a substantial Gross Floor Area of 670,000 sqm, presenting a dynamic blend of functionality and comfort. Boasting 120 retail outlets and 120 hospitality keys, the new facilities promise a harmonious convergence of travel efficiency and passenger experience enhancement, marking a significant milestone in the airport's evolution.



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120 Room Keys



46 Gates



120 Retail Stores



21.6K parking Bays



Hajj and Umrah Terminal Complex

Site Location Analysis



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Development Projects at District Level

- The Subject property is strategically positioned in the northern sector of Jeddah, with Prince Abdul Majeed Road marking its northern border, Obhur Road on the west, and Prince Nayef Road on the south. Additionally, it offers a direct view from the west, facilitated by an unnamed road connecting Prince Abdul Majeed Road and Prince Nayef Road.
- Nestled in a densely populated residential enclave, the property is situated within the vibrant Al-Amwaj district. This district is intricately bordered, with Al-Yaqout to the north, Obhur Al-Shamaliyah to the south, Al-Shiraa to the east, and the Red Sea gracing its western side.
- Ensuring accessibility, the property's surroundings can be reached via pivotal city-level roads, including the prominent Prince Abdul Majeed Road and Prince Nayef Road, further solidifying its centrality in the dynamic urban fabric of Jeddah.



Site Location Analysis

Property Description



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- The Subject Property comprises three commercial office buildings, each spanning three floors, situated on a substantial land area of 20,642.74 square meters. With a generous building area of 21,305 square meters, it offers a total leasable space of 14,967 square meters, ensuring versatility and ample accommodation.
- Comprising three buildings, the property houses 21 offices and 42 showrooms, accompanied by a thoughtfully designed parking layout—186 front parking spaces, 32 side parking spaces, and 150 rear parking spaces, enhancing accessibility for occupants and visitors alike.
- Externally, the facades showcase a blend of stone and glass finishes, projecting sophistication. Internally, the galleries boast basic (bone) finishes, complemented by essential services seamlessly integrated into each unit, exemplifying a commitment to modern functionality.
- With a regular shape enhancing its visual appeal, the property commands a direct view of the Mosul road, positioned strategically between Prince Nayef Road and Prince Abdul Majeed Road. Despite its 8.5 age, the property remains contemporary, contributing to its enduring appeal in the dynamic commercial landscape.



Site Location Analysis

Property Photographs



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Site Location Analysis

Property Photographs



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Income Valuation Methodology - DCF

Income Valuation Approach

- In determining our opinion of [Market Value] for the Subject Properties and based on the fact that they are all multi-tenanted income producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modelling technique based on explicit assumptions regarding the prospective cashflow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. 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 a property.
- With regard to the subject properties, the cashflow has been calculated on an annual basis. With respect to the growth rate applied throughout our cashflow, we have adopted the long-term average inflation rate for Saudi Arabia at 2.8%.
- The cashflow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the [Market Value]. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be as at a future date.

Valuation Steps Using Income Approach - DCF

01

Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

02

Cost Assumptions

The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.8 %/annum.

03

Property Income

The property income represents the revenue derived from the rent payments received during a year.

04

Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance, maintenance, and marketing costs. The costs are typically calculated on an annual basis.

Property Risk Analysis

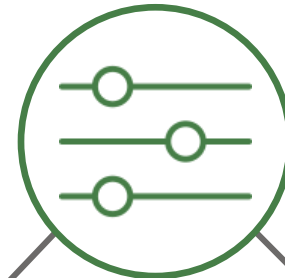
Long-term contract risks

The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.



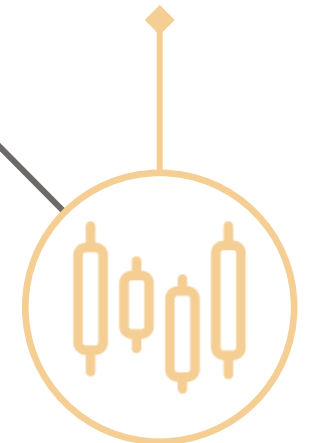
Regulatory and legislative risks

The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property.



Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



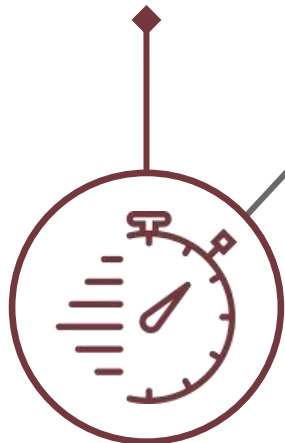
Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property.



Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property, any change in revenues as a result of different market conditions will affect the value of the Property.



Market Study-Demand and Supply

Office

- In the first three months of **2023**, around **50,000** sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately **4.9** million sq. m. in the capital and **1.2** million sq. m. in Jeddah. Over the remainder of this year, an additional **61,000** sq. m. and **583,000** sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to **1%** in **Q1 2023**. As a result, average Grade A rents increased by **19%** year-on-year (Y-o-Y) to reach **SAR 1,764** per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by **15%** Y-o-Y to reach **SAR 1,199** per sq. m. per annum in the first quarter of **2023**. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at **8%** in **Q1 2023**.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Source of Info: JII

Residential

- Riyadh witnessed the completion of close to **7,800** residential units in **Q1 2023**, pushing up the total stock to **1.4** million residential units. Over the same period, **4,400** units were handed over in Jeddah to bring the city's residential inventory to **864,000** units. In the remaining months of this year, **45,000** units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, **100** million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of **2023**, average sale prices and rents in Riyadh increased by **7%** and **2%**, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by **11%** annually, and average rents climbed by **9%**.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of **6%** in the capital and **17%** in Jeddah, in **Q1 2023**. Over the same period, rents for apartments grew by **4%** in Riyadh and **13%** in Jeddah.

Source of Info: JII

Market Study-Demand and Supply

Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately 84,000 sq. m. of retail space and increasing the total supply to 3.4 million sq. m. Over the same period, Jeddah's retail stock increased by roughly 46,000 sq. m. to 1.8 million sq. m. In the remaining nine months of this year, 478,000 sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about 105,000 sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between 8 to 120 sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by 11% and 8%, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by 6% across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: JII

Hospitality

- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at 21,000 keys. During the same period, Jeddah saw the delivery of 300 keys, increasing the total existing supply to 16,000 keys. An additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter Riyadh, and the remaining 1,000 keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of 100 million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to 76%, and the average daily rate (ADR) increased to USD 212 for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached 54% and ADR was recorded at USD 147. The Saudi hospitality market is expected to sustain its positive drive and improve further.

Source of Info: JII

Valuation

Valuation Approach

Key Assumptions in the Discounted Cash Flow Method:

Income Estimation

- According to the information provided by the Client, The total annual income of the Subject property is 9,000,000 Riyals, starting on 19/6/1440 for a period of 15 years. A four-year reduction has been made starting from the beginning of 2021, and the income for the remaining years will be estimated based on the following income table:

Year	Income (SAR)
2019-2020	9,000,000
2021-2023	6,480,000
2024	6,930,000
2025-2028	9,450,000
2029-2033	9,922,500

Expenses Estimation

- As per the lease contract, the building insurance is about 31,540 SAR annually.
- This amount will be expressed in Discounted Cash Flow table semi-annually.

Inflation Rate

- Inflation Rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate in the domestic product of the Kingdom of Saudi Arabia for the past 12 years as per the Central Bank of Saudi Arabia.



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Capitalization Rate

- we have conducted market research about properties with similar usage to the subject property in the retail and office sector, which serve as a benchmark to determine the appropriate cap rate for the subject.

Property	City	Type	Cap Rate (%)
Atelier La vie Mall	Jeddah	Retail	7.0%
Red Sea Mall	Jeddah	Retail/Offices	7.5%
11 West	Jeddah	Retail	8.0%
Jeddah Boulevard	Jeddah	Retail	8.0%
Screen Tower	Jeddah	Offices	8.0%
Signature	Jeddah	Offices	8.0%

- Comparing the location and neighborhood of these properties with the subject property and considering that the head lease underwritten through a binding contract provides income security over a 15 years period, We have adopted a cap rate of 9.50% for the property.

Discount Rate

- We have used the build-up method to calculate the discount rate, which considers inflation, cap rate, and market risk.
- Since the subject property enjoys a long-term binding lease securing income, market risk is null. Hence, the discount rate is set as 12.30%.

Valuation



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Valuation Approach

- Given the previous info, cash flows were calculated to reach the value of the subject Property. The cash flow covers 10 years (the remaining lease term).
- Since this is a mid-year valuation, the following table will be on a semi-annual basis.

Cash Flow Calculations:

Period (Semi-annual)	1	2	3	4	5	6	7	8	9	10
Discount Period (y)	0.15	0.7	1.2	1.7	2.2	2.7	3.2	3.7	4.2	4.7
Inflation	1.00	1.02	1.03	1.05	1.06	1.08	1.09	1.11	1.12	1.14
Gross Income (SAR)	3,465,000	3,465,000	4,725,000	4,725,000	4,725,000	4,725,000	4,725,000	4,725,000	4,725,000	4,725,000
Property Insurance Costs (SAR)	15,770	15,770	15,770	15,770	15,770	15,770	15,770	15,770	15,770	15,770
Net Income (SAR)	3,449,230	3,449,230	4,709,230	4,709,230	4,709,230	4,709,230	4,709,230	4,709,230	4,709,230	4,709,230
PV Factor	0.98	0.93	0.88	0.83	0.78	0.74	0.69	0.65	0.62	0.58
NPV (SAR)	3,389,731	3,198,713	4,121,100	3,888,869	3,669,724	3,462,929	3,267,786	3,083,641	2,909,872	2,745,896

Period (Semi-annual)	11	12	13	14	15	16	17	18	19	20
Discount Period (y)	5.2	5.7	6.2	6.7	7.2	7.7	8.2	8.7	9.2	9.7
Inflation	1.15	1.17	1.19	1.20	1.22	1.24	1.25	1.27	1.29	1.31
Gross Income (SAR)	4,961,250	4,961,250	4,961,250	4,961,250	4,961,250	4,961,250	4,961,250	4,961,250	4,961,250	4,961,250
Property Insurance Costs (SAR)	15,770	15,770	15,770	15,770	15,770	15,770	15,770	15,770	15,770	15,770
Net Income (SAR)	4,945,480	4,945,480	4,945,480	4,945,480	4,945,480	4,945,480	4,945,480	4,945,480	4,945,480	4,945,480
TV (SAR)										104,115,368
PV Factor	0.55	0.52	0.49	0.46	0.44	0.41	0.39	0.37	0.35	0.33
NPV (SAR)	2,721,151	2,567,810	2,423,109	2,286,562	2,157,711	2,036,120	1,921,381	1,813,108	1,710,936	35,604,445
Property Value (SAR)	88,980,000									

Valuation Summary

Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions and detail within this report, may be fairly stated as follows:

Fair Value of Subject Property Using Income Approach as of 31 December 2023

- 88,980,000 SAR (Eighty-Eight Million Nine Hundred Eighty Saudi Riyal).

Signatures & Authorizations

Eng. Yousef Abdullah Khan

Taqeem ID: 1220001989

Membership Type: Provisional Member

Sector: Real Estate Sector

Membership Date: 17/09/2020

Contribution: Inspector, Valuer and Report Creator

Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 24/01/2016

Contribution: Valuation & Report Reviewer

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 22/12/2015

Contribution: Report Reviewer & Authorizer

Company Stamp

Company Name: **Abaad & Partner for Real Estate Valuation**

Company No. 11000111

CR No: 4030297686

CL No: 323/18/781



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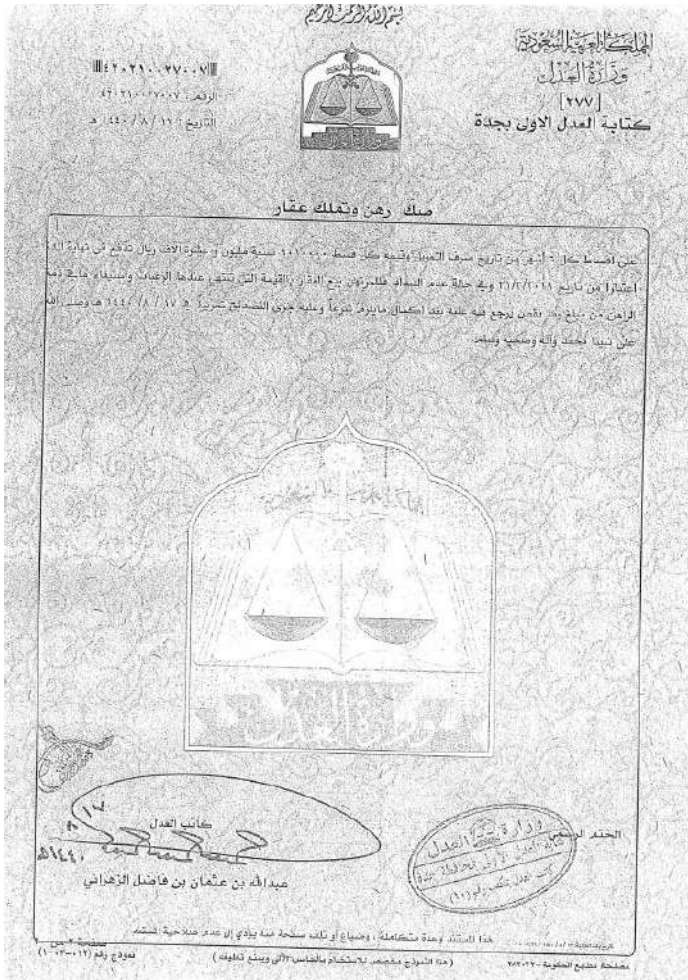
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Appendix 1: Subject Property Documents
Appendix 2: Valuation Glossary



Appendix 1: Property Documents



Appendix 2: Valuation Glossary

Saudi Authority

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

Asset or Assets

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

Client

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

Intended Use

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

Intended User

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

Jurisdiction

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

May

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

Appendix 2: Valuation Glossary

Must

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

Participant

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Fair Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

Purpose

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

Should

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

Appendix 2: Valuation Glossary

Significant and/or Material

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

Valuation

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.
- Valuation Purpose or Purpose of Valuation:
- See “Purpose”.

Valuation Reviewer

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

Value (n)

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

Valuer

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

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Appendix 2: Valuation Glossary

Weight

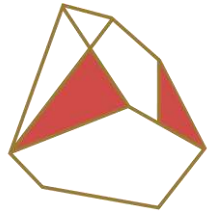
- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

Weighting

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.



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Abaad & Partner For Real Estate Valuation Co.

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Al-Salama District
Oash Offices Building, 5th Floor, suite 21
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Director

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Final Valuation Report

Elite Commercial Center in Al-Andalus District, Jeddah

Client/ Alkhabeer Capital

09 January 2024

V230275

P230352

الخبير المالية
Alkhabeer Capital



Introduction



Dear Alkhabeer Capital,

RE: Valuation of Elite Commercial Center in Al-Andalus District, Jeddah.

Further to your request, Abaad thank you for inviting us to complete and submit a valuation report with respect to the aforementioned property.

We have prepared our valuation on the basis of Fair Value for Financial Statements Purposes.

We confirm that the valuation has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as "Taqeem."

We confirm that the valuation has been undertaken by us as external valuers and we possess the required knowledge, skills, and understanding to undertake the valuation competently.

We confirm that we are not aware of any existing or potential conflict of interest with respect to this engagement.

Eng. Ammar Abdulaziz Sindi

Chief Executive Officer

Kingdom of Saudi Arabia

Mobile: +966 (50) 730 0500

Email: asindi@sa-abaad.com

Registration Certificate



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Property Overview

- The Subject Property is a commercial office center comprised of five floors and a mezzanine. The area of the land is **4,320** square meters, with a built-up area of **15,712** square meters.
- The property is located in Al-Andalus District on Prince Mohammed bin Abdulaziz Road, Jeddah.
- The Subject Property is located approximately **12** kilometers north of the City Centre and about **18** kilometers from King Abdulaziz International Airport in Al-Andalus District, Jeddah.
- The Subject Property is located in Jeddah, a governorate of Makkah and is located in the western part of the Kingdom of Saudi Arabia on the Red Sea coast, **79** kilometers from Makkah and **420** kilometers from Medina. It is viewed as the economic and tourism capital of the Kingdom of Saudi Arabia.

Property Details

Site Details	Information
District	Al-Andalus
Permitted Use	Commercial Office Center
Tenure	Restricted Ownership
Deed Number	420221011608
Deed Date	17/08/1440
Total Land Area (sqm)	4,320
Gross Leasable (sqm)	13,220
Owner	Awwal Al Malqa Real Estate Company



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Subject Property Pictures



Valuation Summary

Site Details	Information
Report Type	Detailed Report
Other independent Users	Alkhabeer Capital- Fund Manager & Investors - Report Reviewers - CMA
Purpose of Valuation	Financial Statement
Valuation Approach	Income Approach
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Adopted Currency	Saudi Riyal
Property fair value	164,430,000

Executive Summary

Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the Property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the Property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the Property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.

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Introduction

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the fair value by the required date.
- The subject of the valuation is the assessment of the Fair Value of Elite Center in Al Andalus District-Jeddah, for Financial Statements Purposes.

Applicable Standards

- We confirm that this valuation report has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as “Taqeem”.

Status of Valuer

- This report has been compiled and verified by Ammar Qutub and Ammar Sindi, who have the necessary qualifications, ability and relevant experience to conduct a valuation of the Subject Property. They have also acted in the capacity of external valuers.

Conflict of Interest

- We confirm that we are not aware of any conflict of interest in acting on your behalf on this exercise.

Purpose of Valuation

- We have prepared our valuation for Financial Statements purpose.

Date of Inspection

- We confirm that the Property was inspected by Abaad Team on 15 November 2023.

Date of Valuation

- We confirm that the date of valuation is 31 December 2023.

Basis of Valuation

- Our valuation will be presented on the basis of fair value, which is defined in accordance with the International Valuation Standards (IVS) in 2022 as follows:
- International Accounting Standard No. (13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Sources of Information

- We have relied upon the information provided to us by the Client with respect to the Subject Property, which is outlined below:
 - Title Deed.
 - Lease Contract Document
 - Alkhabeer REIT Fund Prospectus.

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General Disclaimers

Liability and Publication

- This report is issued for your use, and that of your professional advisers, for the specific purpose to which it refers. Abaad does not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference to it, may be included in any published document, circular, or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

Confidentiality

- This report is confidential to the Client and their advisors, and we accept no responsibility 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 to it will only be notified to the Client to whom it is authorized.

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as a fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.
- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.
- **No important assumptions or any special assumptions were applied.**

Fair Value Valuation Disclaimers

Fair Value Hierarchy

- In accordance with the Fair Value Hierarchy prescribed by IFRS 13, our real estate valuation process adheres to three distinct levels of inputs to ensure transparency and reliability in the determination of fair value.
 - **Level 1 Inputs:** Quoted prices for identical properties in an active market represent the most reliable and transparent inputs. However, due to the unique characteristics of our real estate assets, the availability of Level 1 inputs may be limited.
 - **Level 2 Inputs:** Observable inputs other than quoted prices, such as recent transactions or prices for similar properties, are considered in the absence of Level 1 inputs. These inputs contribute to the valuation process and enhance the robustness of our fair value measurements.
 - **Level 3 Inputs:** The valuation of certain real estate assets relies significantly on Level 3 inputs, which are unobservable and require management judgment. This involves the use of proprietary valuation models, assumptions, and estimates tailored to the specific attributes of our properties. Level 3 inputs are particularly relevant when market activity is limited or absent.
- The choice of input level is determined by the nature of each asset and the availability of observable market data. Our commitment to providing a comprehensive and accurate representation of fair value includes detailed disclosures regarding the methods, assumptions, and risks associated with each valuation.
- This disclosure aims to communicate the approach taken in the real estate valuation process, highlighting the reliance on different levels of inputs and emphasizing transparency for stakeholders.

Fair Value Measurement Disclosure

- In accordance with the Fair Value Hierarchy outlined in IFRS 13, our real estate valuation primarily relies on Level 3 inputs. Level 3 inputs involve unobservable data and require significant management judgment. This is due to the unique characteristics of our properties and the absence of readily available market prices for identical or similar assets. Our valuation approach includes the use of appropriate and relevant valuation methodologies, and the fair value estimates are sensitive to changes in key assumptions. For a detailed understanding of our valuation methodologies and the associated risks, please refer to the comprehensive disclosures provided in through out the report and the valuation methodology section
- This disclosure communicates to stakeholders that Level 3 inputs are a key component of the real estate valuation process, emphasizes the reliance on unobservable data, and encourages users to review the detailed disclosures for a more thorough understanding of the valuation methodologies and associated risks. Providing transparency in this way helps stakeholders make informed decisions based on the unique circumstances of the real estate being valued.

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Tenure

Title Information

Title Information

ID	Description
Owner	Awwal Al Malqa Real Estate Company
Property Name	Elite Commercial Center
Plot No.	2
Masterplan No.	860 / س / ت
District	Al-Andalus District
Street Name	Prince Mohammed bin Abdulaziz
Coordinates	21° 32.843'N 39° 8.361'E
City	Jeddah
Ownership Type	Restricted Ownership
Title Deed Info	Deed No. 420221011608
	Deed Date 17/08/1440 H

Sources: Title Deed

Dimensions and street widths

Side	Dimension (m)	Street Name	Type	Width (m)	Frontage
North	47	Prince Mohammed bin Abdulaziz	Main	40	1
South	47	Unnamed	Local	15	3
East	86.8	-	Neighbor	-	4
West	80.35	Unnamed	Local	15	2

Sources: Title Deed

Tenure

Contract Details

Lease Contract Summary

Description	Details
First Party (Owner)	Awwal Al Malqa Real Estate Company
Second Party (Lessee)	Nadd Al Arabia Real Estate Marketing Company
Contract Term	15 Hijri Years
Contract Effective Date	19/6/1440
First Party's Obligations	Property Annual insurance of SAR 43,540
Second Party's Obligations	The Lessee shall bear all of the property maintenance and management costs

Based on an agreement between the landlord and lessee, the lease was subject to a discount starting in 2021 for four years. The following table shows in detail the schedule of the lease payment.

Year	Income (SAR)
Years 1-2	16,000,000
Years 3-5	11,520,000
Year 6	12,320,000
Years 7-10	16,800,000
Years 11-15	17,640,000

Sources: Title Deed

Lease Agreement Details

- After examining the current lease agreement provided by the client, we have determined that the Tenant has leased the whole property, land, and building.
- The contract is binding for the leasing period of 15 years and can't be terminated unless the period is over.
- The tenant is an independent entity with no relationship with the landlord.
- According to the conducted market research about the rental prices, we have concluded that the current lease rate is within the market range.

Sources: Title Deed

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Development Projects at City Level

Jeddah City

- Jeddah, a jewel on the Red Sea coast, serves as a key governorate in the Makkah Al-Mukarramah region of Saudi Arabia. Positioned at a distance of **900 km** from Riyadh, **75 km** from Mecca, and **400 km** from the bustling city of Medina, Jeddah holds a strategic geographical significance. It not only attracts tourists from within and beyond the Kingdom but also takes pride in spearheading innovative tower and skyscraper projects.
- With a population exceeding 3.4 million, Jeddah ranks as the second-largest city in Saudi Arabia, second only to the capital, Riyadh. As the largest city in the Makkah Al-Mukarramah region, Jeddah serves as the principal gateway to the Two Holy Mosques, embodying a rich blend of tradition and modernity.
- Jeddah's economic importance is underscored by its possession of the largest seaport on the Red Sea, making it a vital financial and business hub in Saudi Arabia. The city plays a pivotal role in the import and export sectors, facilitating the flow of goods and meeting local needs.
- The skyline of Jeddah is a testament to its rapid development, with around **135** skyscrapers currently in various stages of construction. This dynamic growth reflects the city's commitment to modernization and economic prosperity.
- The property under evaluation, strategically located approximately **12 kilometers** north of downtown and **18 kilometers** from King Abdulaziz International Airport, sits at the nexus of Jeddah's economic and urban vitality. As illustrated on the map, the property's placement within the cityscape aligns with Jeddah's vision for sustained growth, further solidifying its role as a dynamic and influential force in the Kingdom's landscape.

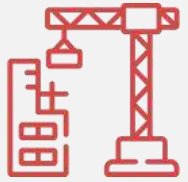


Site Location Analysis



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Local Infrastructure Projects



Current Status

Operational



Completion Date

2018



No. Stations

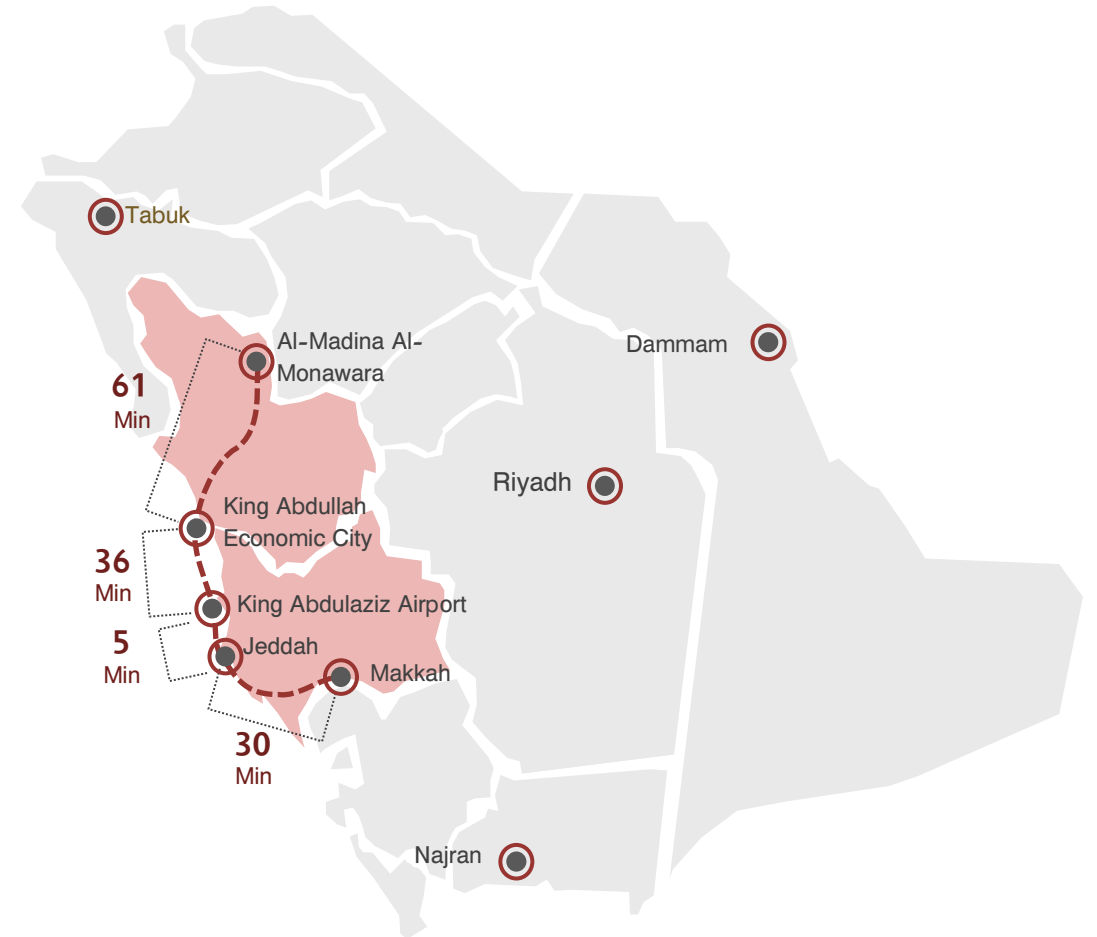
5 Stations



Total Capacity

60 Million
Per Annum

- The Haramain High-Speed Railway (HHSR) runs for approximately 450km, connecting the two holy cities of Makkah and Madinah, via the Central Jeddah Station, King Abdulaziz International Airport (KAIA), and King Abdullah Economic City Station (KAEC).
- The railway is expected to carry around 60 million passengers per annum, onboard a fleet of 35 trains, each consisting of 417 seats.
- Currently, the train line goes by five stations, located as follows:
 - Makkah
 - Jeddah Naseem Station.
 - Jeddah King Abdulaziz Int' Airport Station.
 - King Abdullah Economic City Station.
 - Madinah Station.



Site Location Analysis

Local Infrastructure Projects



- King Abdulaziz International Airport is presently undergoing a comprehensive expansion initiative, strategically segmented into three distinct phases. The operational Phase 1, though not yet at its full handling capacity, is set to elevate the annual passenger capacity from 13 Million Annual Passengers (MAP) to an impressive 30 MAP.
- While the project initially aimed for completion by 2035, focusing on achieving an ambitious 80 MAP, uncertainties surround the timelines for Phases 2 and 3 due to project delays. Presently, attention is concentrated on optimizing Phase 1 to meet immediate demands.
- The expansive KAIA project encompasses a substantial Gross Floor Area of 670,000 sqm, presenting a dynamic blend of functionality and comfort. Boasting 120 retail outlets and 120 hospitality keys, the new facilities promise a harmonious convergence of travel efficiency and passenger experience enhancement, marking a significant milestone in the airport's evolution.



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120 Room Keys



46 Gates



120 Retail Stores



21.6K parking Bays



Hajj and Umrah Terminal Complex

Site Location Analysis



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Development Projects at District Level

- Nestled at the heart of Jeddah, the Subject Property is strategically positioned, bordered to the north by Prince Muhammad bin Abdulaziz (Tahlia) Road, the west and south by Andalus Road, and the east by Prince Sultan Road, creating a central nexus in the city's bustling landscape.
- Situated in a vibrant and densely populated residential enclave, the property finds itself surrounded by Al-Andalus neighborhood. To the north lie the districts of Al-Rawda, Al-Khalidiya, and Al-Shati, while to the south, it is flanked by Al-Hamra and the Red Sea. Al-Azizia, Mishref, and Al-Faisaliah delineate the eastern boundaries, with the western side opening up to the expanse of the Red Sea.
- The property's accessibility is further underscored by its proximity to key thoroughfares, including Al-Andalus Road and Prince Muhammad bin Abdulaziz Road, ensuring convenient connectivity to the broader cityscape. This central location not only enhances its appeal but also positions it as a focal point within the dynamic urban fabric of Jeddah.



Site Location Analysis

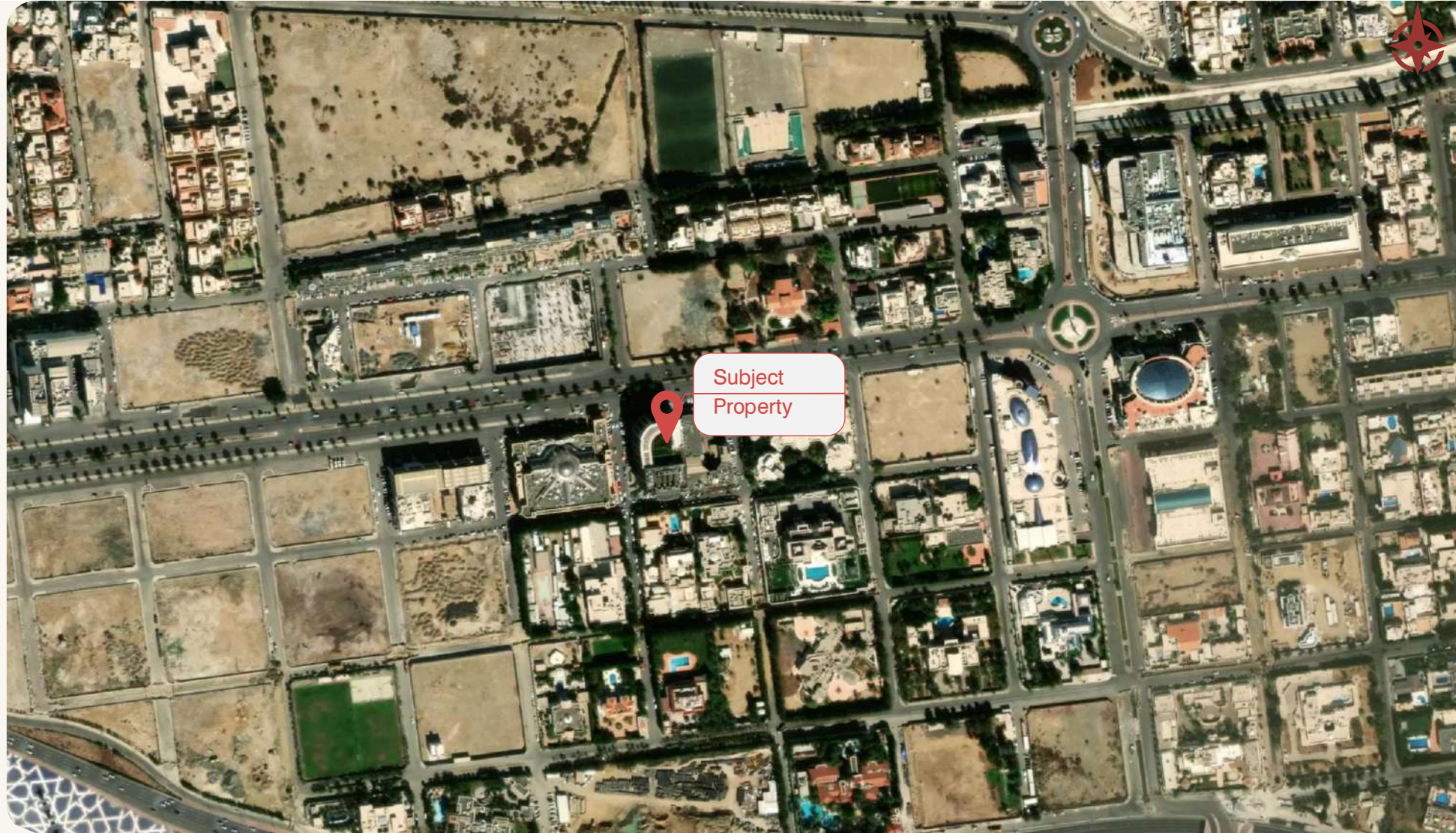
Property Description



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- The Subject property stands as a distinguished office center, encompassing five floors and a mezzanine, situated on a sprawling land area of 4,320 square meters. With a generous building area of 15,712 square meters, the property offers a total leasable space of 13,220 square meters, ensuring versatility and functionality.
- Comprising 6 commercial showrooms, 7 rental spaces in the mezzanine, and 45 administrative offices, the property caters to diverse business needs. External and basement parking facilities enhance convenience for occupants and visitors alike.
- Externally, the facades exude sophistication with a blend of stone and glass, while the interior galleries boast basic (bone) finishes, delivering a clean and professional aesthetic. Essential services are seamlessly integrated into each unit, reflecting a commitment to modern functionality.
- The property's regular shape contributes to its visual appeal, with a commanding view of Prince Mohammed bin Abdulaziz Road enhancing its strategic location. At 10 years old, the property has maintained its modernity, making it an attractive and enduring asset in the commercial landscape.

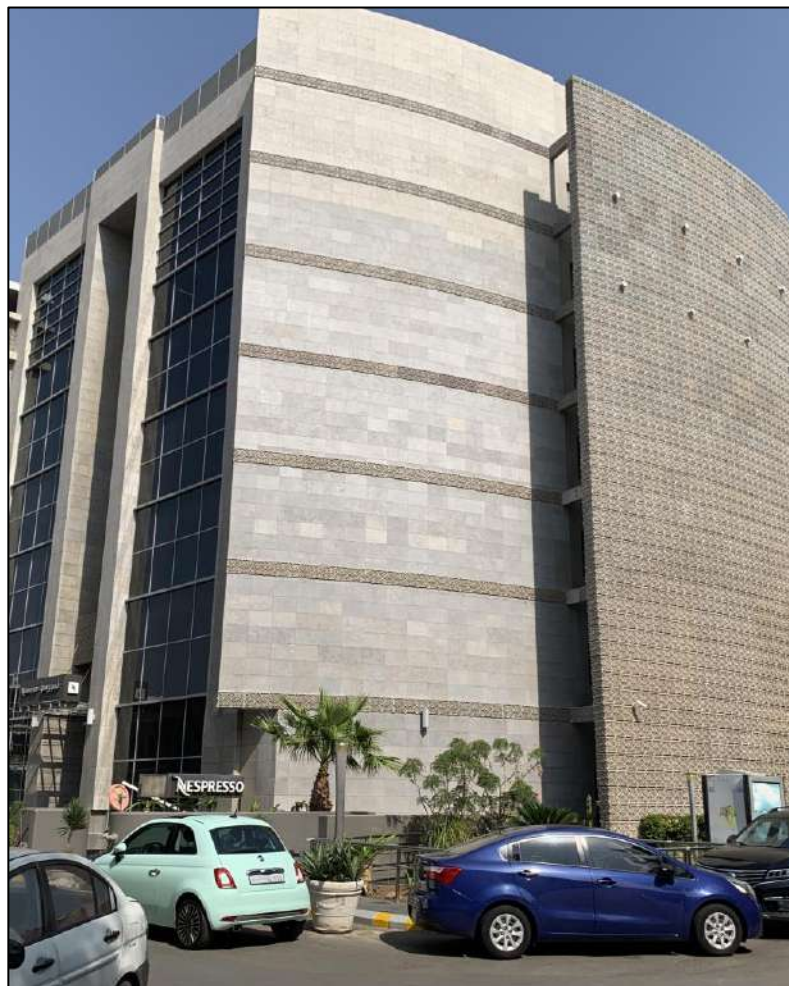


Site Location Analysis

Property Photographs



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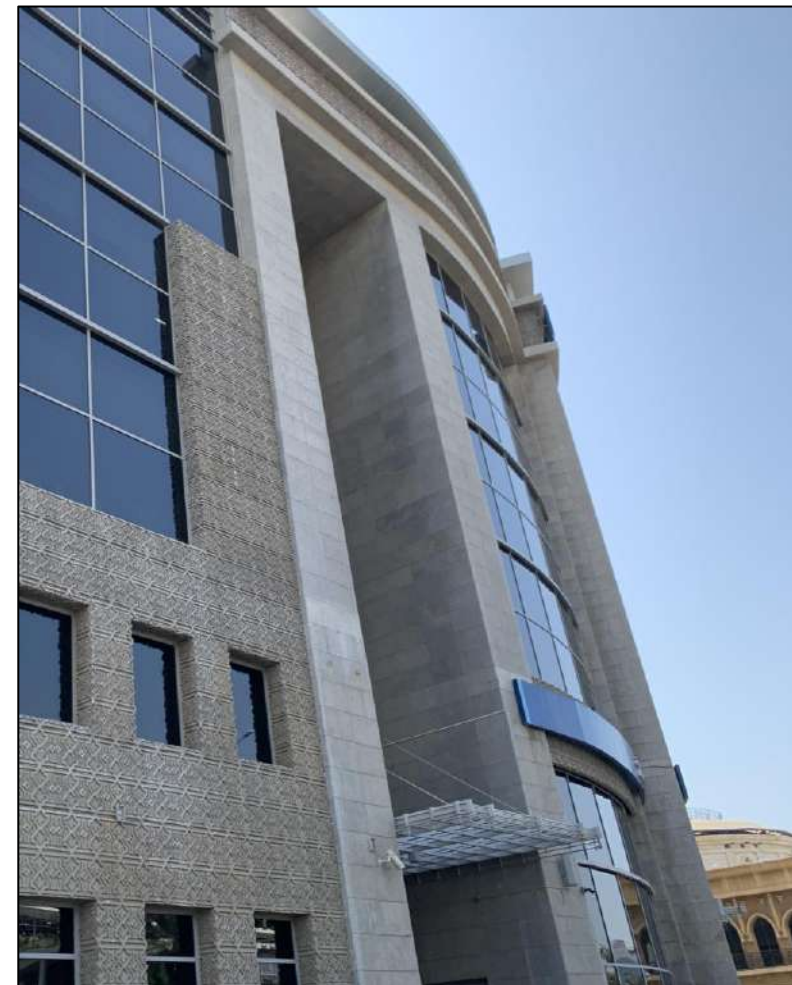


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Income Valuation Methodology - DCF

Income Valuation Approach

- In determining our opinion of [Market Value] for the Subject Properties and based on the fact that they are all multi-tenanted income producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modelling technique based on explicit assumptions regarding the prospective cashflow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. 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 a property.
- With regard to the subject properties, the cashflow has been calculated on an annual basis. With respect to the growth rate applied throughout our cashflow, we have adopted the long-term average inflation rate for Saudi Arabia at 2.8%.
- The cashflow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the [Market Value]. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be as at a future date.

Valuation Steps Using Income Approach - DCF

01

Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

02

Cost Assumptions

The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.8 %/annum.

03

Property Income

The property income represents the revenue derived from the rent payments received during a year.

04

Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance, maintenance, and marketing costs. The costs are typically calculated on an annual basis.

Property Risk Analysis

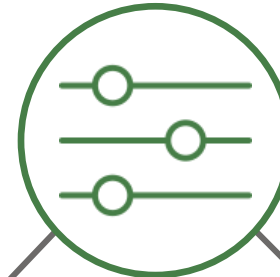
Long-term contract risks

The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.



Regulatory and legislative risks

The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property.



Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



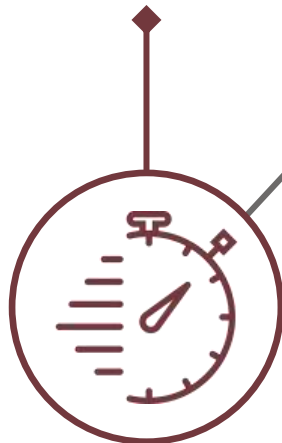
Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property.



Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property, any change in revenues as a result of different market conditions will affect the value of the Property.



Market Study-Demand and Supply

Office

- In the first three months of **2023**, around **50,000** sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately **4.9** million sq. m. in the capital and **1.2** million sq. m. in Jeddah. Over the remainder of this year, an additional **61,000** sq. m. and **583,000** sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to **1%** in **Q1 2023**. As a result, average Grade A rents increased by **19%** year-on-year (Y-o-Y) to reach **SAR 1,764** per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by **15%** Y-o-Y to reach **SAR 1,199** per sq. m. per annum in the first quarter of **2023**. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at **8%** in **Q1 2023**.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Source of Info: JII

Residential

- Riyadh witnessed the completion of close to **7,800** residential units in **Q1 2023**, pushing up the total stock to **1.4** million residential units. Over the same period, **4,400** units were handed over in Jeddah to bring the city's residential inventory to **864,000** units. In the remaining months of this year, **45,000** units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, **100** million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of **2023**, average sale prices and rents in Riyadh increased by **7%** and **2%**, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by **11%** annually, and average rents climbed by **9%**.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of **6%** in the capital and **17%** in Jeddah, in **Q1 2023**. Over the same period, rents for apartments grew by **4%** in Riyadh and **13%** in Jeddah.

Source of Info: JII

Market Study-Demand and Supply

Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately 84,000 sq. m. of retail space and increasing the total supply to 3.4 million sq. m. Over the same period, Jeddah's retail stock increased by roughly 46,000 sq. m. to 1.8 million sq. m. In the remaining nine months of this year, 478,000 sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about 105,000 sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between 8 to 120 sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by 11% and 8%, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by 6% across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: JII

Hospitality

- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at 21,000 keys. During the same period, Jeddah saw the delivery of 300 keys, increasing the total existing supply to 16,000 keys. An additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter Riyadh, and the remaining 1,000 keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of 100 million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to 76%, and the average daily rate (ADR) increased to USD 212 for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached 54% and ADR was recorded at USD 147. The Saudi hospitality market is expected to sustain its positive drive and improve further.

Source of Info: JII

Valuation

Valuation Approach - Valuation Input

Key Assumptions in the Discounted Cash Flow Method:

Income Estimation

- According to the information provided by the Client, The total annual income of the Subject property is 16,000,000 SAR, starting on 24/02/2019 for a period of 15 years. A four-year reduction has been made starting from the beginning of 2021, and the income for the remaining years will be estimated based on the following income table:

Year	Income (SAR)
Years 1-2	16,000,000
Years 3-5	11,520,000
Year 6	12,320,000
Years 7-10	16,800,000
Years 11-15	17,640,000

Expenses Estimation

- As per the lease contract, the building insurance is about 43,540 SAR annually.
- This amount will be expressed semi-annually in Discounted Cash Flow table.

Inflation Rate

- Inflation Rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate in the domestic product of the Kingdom of Saudi Arabia for the past 12 years as per the Central Bank of Saudi Arabia.

Capitalization Rate

- we have conducted market research about properties with similar usage to the subject property in the retail and office sector, which serve as a benchmark to determine the appropriate cap rate for the subject.

Property	City	Type	Cap Rate (%)
Atelier La vie Mall	Jeddah	Retail	7.0%
Red Sea Mall	Jeddah	Retail/Offices	7.5%
11 West	Jeddah	Retail	8.0%
Jeddah Boulevard	Jeddah	Retail	8.0%
Screen Tower	Jeddah	Offices	8.0%
Signature	Jeddah	Offices	8.0%

- Comparing the location and neighborhood of these properties with the subject property and considering that the head lease underwritten through a binding contract provides income security over a 15 years period, We have adopted a cap rate of 9.0% for the property.

Discount Rate

- We have used the build-up method to calculate the discount rate, which considers inflation, cap rate, and market risk.
- Market risk of 0.2% is applied. Hence, the discount rate is set as 12.0%.

Valuation



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Valuation Approach

- Given the previous info, cash flows were calculated to reach the value of the subject Property. The cash flow covers 10 years (the remaining lease term).
- Since this is a mid-year valuation, the following table will be on a semi-annual basis.

Cash Flow Calculations:

Period (Semi-annual)	1	2	3	4	5	6	7	8	9	10
Discount Period (y)	0.15	0.7	1.2	1.7	2.2	2.7	3.2	3.7	4.2	4.7
Inflation	1.00	1.02	1.03	1.05	1.06	1.08	1.09	1.11	1.12	1.14
Gross Income (SAR)	6,160,000	6,160,000	8,400,000	8,400,000	8,400,000	8,400,000	8,400,000	8,400,000	8,400,000	8,400,000
Property Insurance Costs (SAR)	21,770	21,770	21,770	21,770	21,770	21,770	21,770	21,770	21,770	21,770
Net Income (SAR)	6,138,230	6,138,230	8,378,230	8,378,230	8,378,230	8,378,230	8,378,230	8,378,230	8,378,230	8,378,230
PV Factor	0.98	0.93	0.88	0.83	0.78	0.74	0.70	0.66	0.62	0.59
NPV (SAR)	6,034,766	5,702,318	7,354,473	6,949,324	6,566,494	6,204,753	5,862,941	5,539,958	5,234,769	4,946,391

Period (Semi-annual)	11	12	13	14	15	16	17	18	19	20
Discount Period (y)	5.2	5.7	6.2	6.7	7.2	7.7	8.2	8.7	9.2	9.7
Inflation	1.15	1.17	1.19	1.20	1.22	1.24	1.25	1.27	1.29	1.31
Gross Income (SAR)	8,820,000	8,820,000	8,820,000	8,820,000	8,820,000	8,820,000	8,820,000	8,820,000	8,820,000	8,820,000
Property Insurance Costs (SAR)	21,770	21,770	21,770	21,770	21,770	21,770	21,770	21,770	21,770	21,770
Net Income (SAR)	8,798,230	8,798,230	8,798,230	8,798,230	8,798,230	8,798,230	8,798,230	8,798,230	8,798,230	8,798,230
TV (SAR)										195,516,222
PV Factor	0.56	0.53	0.50	0.47	0.44	0.42	0.40	0.38	0.35	0.34
NPV (SAR)	4,908,203	4,637,816	4,382,324	4,140,907	3,912,789	3,697,238	3,493,562	3,301,106	3,119,252	68,445,542
Property Value (SAR)	164,430,000									

Valuation Summary

Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions and detail within this report, may be fairly stated as follows:

Fair Value of Subject Property Using Income Approach as of 31 December 2023

- 164,430,000 SAR (One Hundred Sixty-Four Million Four Hundred Thirty Thousand Saudi Riyal)

Signatures & Authorizations

Eng. Yousuf Abdullah Khan

Taqeem ID: 1220001989

Membership Type: Provisional Member

Sector: Real Estate Sector

Membership Date: 17/09/2020

Contribution: Inspector, Valuer and Report Creator

Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 24/01/2016

Contribution: Valuation & Report Reviewer

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 22/12/2015

Contribution: Report Reviewer & Authorizer

Company Stamp

Company Name: **Abaad & Partner for Real Estate Valuation**

Company No. 11000111

CR No: 4030297686

CL No: 323/18/781



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Appendix 1: Property Documents



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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
الجمهورية العربية السورية
وزارة العدل
[٢٧٧]
كتابة العدل الأولى بجدة

الرقم: ٢٧٧٧٤٠٢٨١١٥٠
التاريخ: ١٥ / ٦ / ١٤٤٠ هـ

صك

الحمد لله وحده والسلاة والسلام على من لا نبي بعده، وبعد:
فإن قطعة الأرض رقم ٢ من المخطط رقم ٨٦٠ / س/ت الواقع في حي الاندلس بمدينة جدة،
وجنوبها وأطرافها كالتالي:
شمالاً: شارع الأمير محمد بن عبد العزيز عرض ٤٠ متر بطول: (٤٧) سبعة و أربعون متر يبدأ من الشرق للغرب ثم
شماله جنوبي غرب ٢٤ متر
جنوباً: شارع عرض ٤ متر بطول: (١٧) سبعة و أربعون متر يبدأ من الشرق للغرب ثم شماله شمال غرب ٢٤ متر
شرقاً: قطعة رقم ١ بطول: (٨٦,٨) ستة و ثمانون متر و ثمانون سنتيمتر
غرباً: شارع عرض ١٥ متر بطول: (٨٠,٣٥) ثمانون متر و خمسة و ثلاثون سنتيمتر
ومساحتها: (٤٢٩٩,٧٥) أربعة آلاف و الألف و تسعة عشر متر مربعاً و خمسة و سبعون سنتيمتراً مربعاً فقط
والمستند في الفراغها على الصك الصادر من هذه الإدارة برقم ١٣٥٩٩ / ٥٠١٣٠٢ / ٢٧ في ١٤٣٥ هـ / ٦ / ١٤٣٥ هـ
قد انتقلت ملكيتها لـ شريفة أول الملقا العقارية بموجب سجل تجاري رقم ١٠٠٨٩٣٨٠٢ وتنتهي في ١٩ / ١٠ / ١٤٤٤ هـ، بل من
وقدره ١٦٠٠٠٠٠٠٠ مائة و ستون مليون ريال و ٦٠٠٠٠٠٠٠٠ ستون مليوناً و خمسمائة ألف ريال مسئلة بموجب الشيك الموضحة ببنائه
و تسعة و تسعون مليوناً و خمسمائة ألف ريال مقايضة بما يعادلها كحجرات استثمارية معينة تلك العقار بموجب خطاب هيئة
سوق المال رقم ص/ ١٨ / ٨٠٦٧ / ١٥ في ١٤٤٠ هـ والمقيد لدينا برقم ١٠١٣٨٦٨٠٠ في ١٤٤٠ هـ وعليه جرى التصديق بتاريخ
في ١٥ / ٦ / ١٤٤٠ هـ لا اعتماداً - وسلي الله على نيتنا محمد وآله وصحبه وسلم -

وزارة العدل

مكتاب العدل
محمد بن يوسف بن عبد الحكيم الخضر

وزارة العدل
كتابة العدل الأولى بجدة
الختم الإلكتروني
١٥ / ٦ / ١٤٤٠ هـ

مصلحة بطابع الحكومة - ٢٨٢٢٢ (هذا النموذج مخصص للاستخدام بالكمبيوتر ولاي وضع خط اليد) - نموذج جمهورية ٨٠ - من ١١

Appendix 2: Valuation Glossary

Saudi Authority

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

Asset or Assets

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

Client

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

Intended Use

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

Intended User

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

Jurisdiction

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

May

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

Appendix 2: Valuation Glossary

Must

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

Participant

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Fair Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

Purpose

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

Should

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

Appendix 2: Valuation Glossary

Significant and/or Material

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

Valuation

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.
- Valuation Purpose or Purpose of Valuation:
- See “Purpose”.

Valuation Reviewer

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

Value (n)

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

Valuer

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

Appendices

Appendix 2: Valuation Glossary

Weight

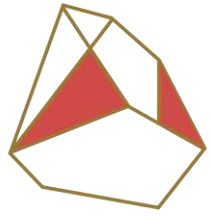
- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

Weighting

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.



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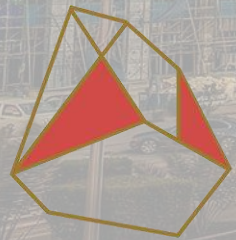
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Final Valuation Report

B&Q Commercial Centre in King Fahd District, Riyadh

Client/ Alkhabeer Capital

09 January 2024

V230275

P230352

الخبير المالية
Alkhabeer Capital



Introduction



Dear Alkhabeer Capital,

RE: Valuation of B&Q Commercial Centre in King Fahd District, Riyadh.

Further to your request, Abaad thank you for inviting us to complete and submit a valuation report with respect to the aforementioned property.

We have prepared our valuation on the basis of Fair Value for Financial Statements Purposes.

We confirm that the valuation has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as "Taqeem."

We confirm that the valuation has been undertaken by us as external valuers and we possess the required knowledge, skills, and understanding to undertake the valuation competently.

We confirm that we are not aware of any existing or potential conflict of interest with respect to this engagement.

Eng. Ammar Abdulaziz Sindi

Chief Executive Officer

Kingdom of Saudi Arabia

Mobile: +966 (50) 730 0500

Email: asindi@sa-abaad.com

Registration Certificate



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Property Overview

- The subject property stands as a distinguished commercial center featuring a single floor and a basement, situated on a sprawling land expanse measuring **7,000** square meters. Its expansive built-up area spans an impressive **9,181** square meters, showcasing a commitment to spacious and purposeful design.
- Conveniently positioned in the vibrant King Fahd District along King Abdullah Road in Riyadh, this property offers prime accessibility. Situated approximately **7** kilometers from the City Center and a mere **30** kilometers from the bustling King Khalid International Airport, it strategically bridges commercial and logistical convenience.
- As a part of Riyadh, the capital of the Kingdom of Saudi Arabia, the property resides in the heart of the largest Saudi city, boasting a substantial population of **6.9** million as of **1440/2018**. This prime location not only underscores its strategic importance within the city but also aligns with the dynamic and expansive nature of the capital, positioning it as a significant commercial hub in Riyadh's vibrant landscape.

Property Details

Site Details	Information		
District	King Fahad		
Permitted Use	Commercial		
Tenure	Restricted Ownership		
Deed Number	314004005870	314009006126	214002002199
Deed Date	14/9/1440H-15/9/1440H		
Total Land Area (sqm)	7,000		
Gross Leasable (sqm)	5,275		
Owner	Awwal Al Malqa Real Estate Company		



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Subject Property Pictures



Valuation Summary

Site Details	Information
Report Type	Detailed Report
Other independent Users	Alkhabeer Capital- Fund Manager & Investors - Report Reviewers - CMA
Purpose of Valuation	Financial Statement
Valuation Approach	Income Approach
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Adopted Currency	Saudi Riyal
Property Fair Value	62,600,000

Executive Summary

Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the Property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the Property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the Property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.

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Introduction

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the fair value by the required date.
- The subject of the valuation is the assessment of the fair value of B&Q Commercial Centre in King Fahd District, Riyadh, for Financial statements purposes.

Applicable Standards

- We confirm that this valuation report has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as “Taqeem”.

Status of Valuer

- This report has been compiled and verified by Ammar Qutub and Ammar Sindi, who have the necessary qualifications, ability and relevant experience to conduct a valuation of the Subject Property. They have also acted in the capacity of external valuers.

Conflict of Interest

- We confirm that we are not aware of any conflict of interest in acting on your behalf on this exercise.

Purpose of Valuation

- We have prepared our valuation for Financial Statements purpose.

Date of Inspection

- We confirm that the Property was inspected by Abaad Team on 15 November 2023.

Date of Valuation

- We confirm that the date of valuation is 31 December 2023.

Basis of Valuation

- Our valuation will be presented on the basis of fair value, which is defined in accordance with the International Valuation Standards (IVS) in 2022 as follows:
- International Accounting Standard No. (13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Sources of Information

- We have relied upon the information provided to us by the Client with respect to the Subject Property, which is outlined below:
 - Title Deed.
 - Lease Contract Document
 - Alkhabeer REIT Fund Prospectus.

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General Disclaimers

Liability and Publication

- This report is issued for your use, and that of your professional advisers, for the specific purpose to which it refers. Abaad does not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference to it, may be included in any published document, circular, or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

Confidentiality

- This report is confidential to the Client and their advisors, and we accept no responsibility 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 to it will only be notified to the Client to whom it is authorized.

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as a fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.
- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.
- **No important assumptions or any special assumptions were applied.**

Fair Value Disclaimers

Fair Value Hierarchy

- In accordance with the Fair Value Hierarchy prescribed by IFRS 13, our real estate valuation process adheres to three distinct levels of inputs to ensure transparency and reliability in the determination of fair value.
 - **Level 1 Inputs:** Quoted prices for identical properties in an active market represent the most reliable and transparent inputs. However, due to the unique characteristics of our real estate assets, the availability of Level 1 inputs may be limited.
 - **Level 2 Inputs:** Observable inputs other than quoted prices, such as recent transactions or prices for similar properties, are considered in the absence of Level 1 inputs. These inputs contribute to the valuation process and enhance the robustness of our fair value measurements.
 - **Level 3 Inputs:** The valuation of certain real estate assets relies significantly on Level 3 inputs, which are unobservable and require management judgment. This involves the use of proprietary valuation models, assumptions, and estimates tailored to the specific attributes of our properties. Level 3 inputs are particularly relevant when market activity is limited or absent.
- The choice of input level is determined by the nature of each asset and the availability of observable market data. Our commitment to providing a comprehensive and accurate representation of fair value includes detailed disclosures regarding the methods, assumptions, and risks associated with each valuation.
- This disclosure aims to communicate the approach taken in the real estate valuation process, highlighting the reliance on different levels of inputs and emphasizing transparency for stakeholders.

Fair Value Measurement Disclosure

- In accordance with the Fair Value Hierarchy outlined in IFRS 13, our real estate valuation primarily relies on Level 3 inputs. Level 3 inputs involve unobservable data and require significant management judgment. This is due to the unique characteristics of our properties and the absence of readily available market prices for identical or similar assets. Our valuation approach includes the use of appropriate and relevant valuation methodologies, and the fair value estimates are sensitive to changes in key assumptions. For a detailed understanding of our valuation methodologies and the associated risks, please refer to the comprehensive disclosures provided in through out the report and the valuation methodology section
- This disclosure communicates to stakeholders that Level 3 inputs are a key component of the real estate valuation process, emphasizes the reliance on unobservable data, and encourages users to review the detailed disclosures for a more thorough understanding of the valuation methodologies and associated risks. Providing transparency in this way helps stakeholders make informed decisions based on the unique circumstances of the real estate being valued.



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Title Information
Contract Details

Tenure

Title Information

Title Information

ID	Description	
Owner	Awwal Almalga Real Estate Company	
Property Name	B&Q Center	
Plot No.	37 + 38 + 39 + 40 + 41 + 42 + 43 + 44	
District	King Fahad District	
Street Name	King Abdullah Road	
Coordinates	46°40'17.2"E	24°43'53.6"N
City	Riyadh	
Ownership Type	Restricted Ownership	
Title Deed Info	Deed No.	314004005870
	Deed Date	15/9/1440
	Deed No.	314009006126
	Deed Date	14/9/1440
	Deed No.	214002002199
	Deed Date	14/9/1440

Sources: Title Deed



Dimensions and street widths for Plot N. 37 + 38 + 39 + Part of N.40

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	37.5 m	Sheikh Othman bin Al brahim	Local	12 m	2
South	37.5 m	King Abdullah Road	Commercial	80 m	1
East	70 m	Neighbor	-	-	3
West	70 m	Neighbor	-	-	4

Dimensions and street widths for Part of Plot N.39 + Part of N.40 + 41 + 42

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	37.5 m	Sheikh Othman bin Al brahim	Local	12 m	2
South	37.5 m	King Abdullah Road	Commercial	80 m	1
East	70 m	Neighbor	-	-	3
West	70 m	Neighbor	-	-	4

Dimensions and street widths for Plot N.43 + 44

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	25 m	Sheikh Othman bin Al brahim	Local	12 m	3
South	25 m	King Abdullah Road	Commercial	80 m	1
East	70 m	Abi Ishaq Al-Harbi	Local	20 m	2
West	70 m	Neighbor	-	-	4

Sources: Title Deed

Tenure

Contract Details

Lease Contract Summary for the Remain of the Contract:

Date of Payment	Number of Payments	Payment (SAR)
3/4/2022 – 7/15/2026	10 Payments	2,375,000
1/9/2027 – 5/22/2031	10 Payments	2,500,000

Lease Agreement Details

- After examining the current lease agreement provided by the client, we have determined that the Tenant has leased the whole property, land, and building.
- The contract is a binding contract for the leasing period of **10** years and can't be terminated unless the period is over.
- The tenant is an independent entity with no relationship with the landlord.
- According to the conducted market research about the rental prices, we have concluded that the current lease rate is within the market range.

Sources (Lease Contract Copy).



Operation and Maintenance Contract Summary:

- After examining the current lease agreement provided by the client, we have determined that the Tenant has leased the whole property, land, and building.
- The contract is a binding contract for the leasing period of **15** years and can't be terminated unless the period is over.
- The tenant is an independent entity with no relationship with the landlord.
- According to the conducted market research about the rental prices, we have concluded that the current lease rate is within the market range.

Description	Details
First Party (Owner)	Awwal Almalga Real Estate Company
Second Party (Tenant)	Al Futtaim Global Trading Company
Contract Term	15 Years
Contract Effective Date	27/4/2017
First Party's Obligations	Property Annual Insurance of SAR 23,540
Second Party's Obligations	The Tenant shall bear all of the property maintenance and management costs

Sources (Lease Contract Copy).

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Public Transport – Riyadh Metro
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Development Projects at District Level
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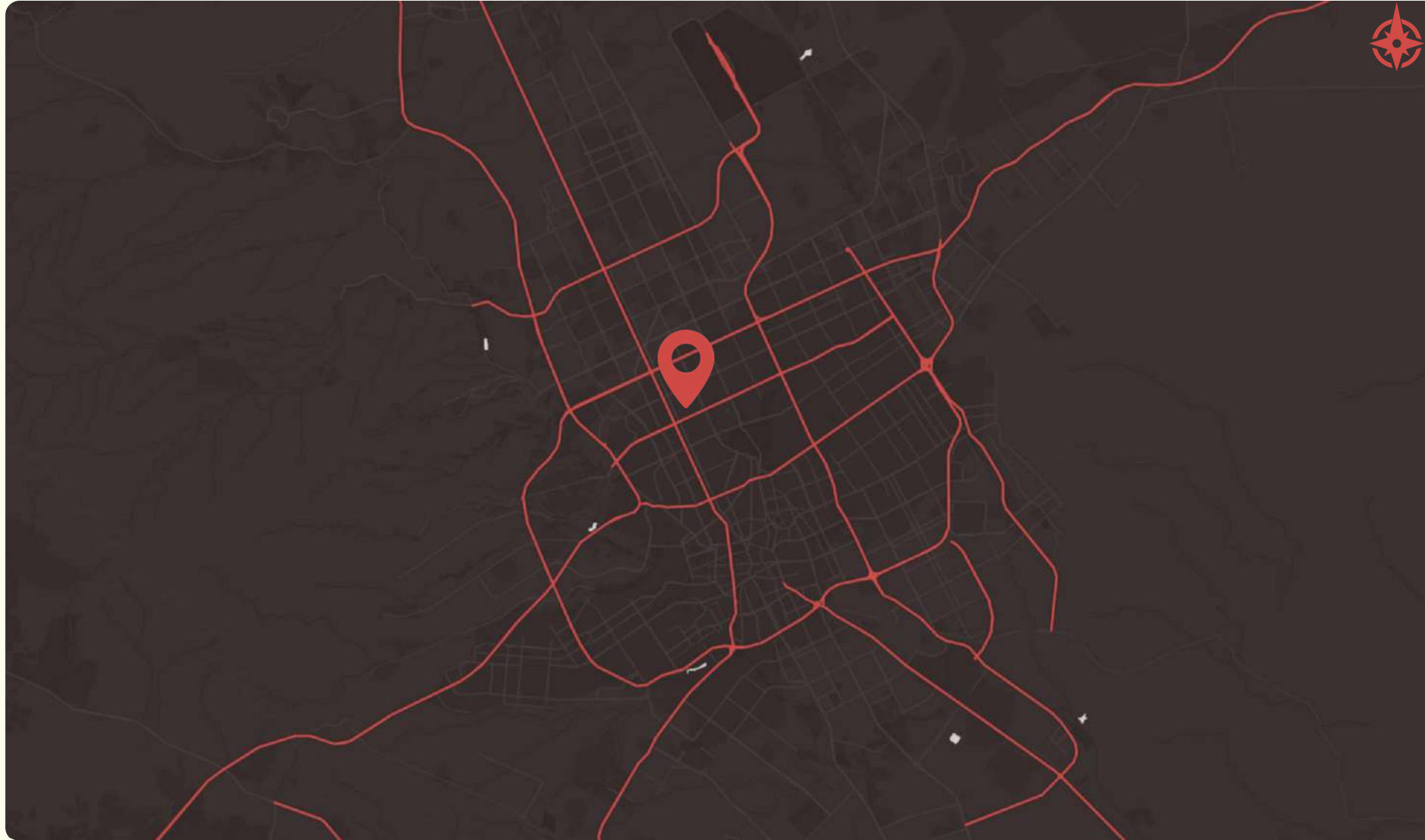
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Macro Location



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- The subject property is strategically situated in Riyadh, the capital of Saudi Arabia and the largest among its cities, serving as the central hub of the Riyadh Region.
- Renowned as the foremost Saudi city, Riyadh boasts a substantial population of 7.5 million as of 1442/2022, solidifying its pivotal role in the nation's landscape. In terms of geographical expanse, Riyadh stands as one of the largest cities in the Arab World, covering an impressive developed area of approximately 1,973 square kilometers.
- Riyadh is currently undergoing transformative development, with a strong focus on infrastructure and public transport. The ongoing Riyadh Metro Project and Public Transport Project are testament to the city's commitment to modernization and efficient urban mobility.
- The subject properties are specifically located in Al Malaz and Al Faisaliyyah Dist., Riyadh. The closest one is strategically positioned approximately 36 kilometers from King Fahd International Airport, ensuring convenient connectivity, and approximately 23 kilometers from the dynamic King Abdullah Financial District, reflecting their prime location within the evolving landscape of Riyadh.

Site Location Analysis

Development Projects at City Level



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The Royal Commission for the City of Riyadh carries out many programs and development projects which are strategic in nature with multiple objectives and dimensions and different requirements for execution over time.

هيئة تطوير بوابة الدرعية
Dariyah Gate Development
Authority



Between the architectural, cultural, economic and social features and the environmental development requirements of Wadi Hanifa, it provides a model for the development of the oasis.

The program adopted the principle of integration with the City of Riyadh, making Diriya a world class cultural, tourism and promotional suburb.

Riyadh Art Project



Includes the performance of over 1000 artworks by local and international artists in front of audiences in the various parts of the City of Riyadh, as part of 10 programs covering residential neighborhoods, public parks, natural promenades, public squares, public transport stations, bridges, pedestrian crossings, city entrances and all tourism destinations of the city.

Riyadh Boulevard

المسار
الرياضي
Sports Boulevard



Extends 135 kilometers, penetrating the City of Riyadh to connect Wadi Hanifa in the west of the City with Wadi Al Sulay in its east. It includes sports, cultural, recreational and environmental activities, including bicycle tracks, horse tracks, pedestrian sidewalks, a number of gates, stations and rest areas for bikers and hikers. Along the Boulevard inside the City and at Wadi Hanifa and Wadi Al Sulay, recreational services are provided to bikers and hikers, including coffee shops and diverse retail outlets.

Green Riyadh

الرياض الخضراء
GREEN RIYADH

The program aims at planting over 7.5 million trees in all parts of the city, including public parks, community parks, promenades, mosques, schools, academic, health and public installations and facilities, green belts along the spans of public utility lines, in addition to King Khalid International Airport, a roads and streets network, in addition to public transport routes, car parking spaces, vacant lands, valleys and river tributaries.

King Salman Park:

حديقة الملك سلمان
King Salman Park

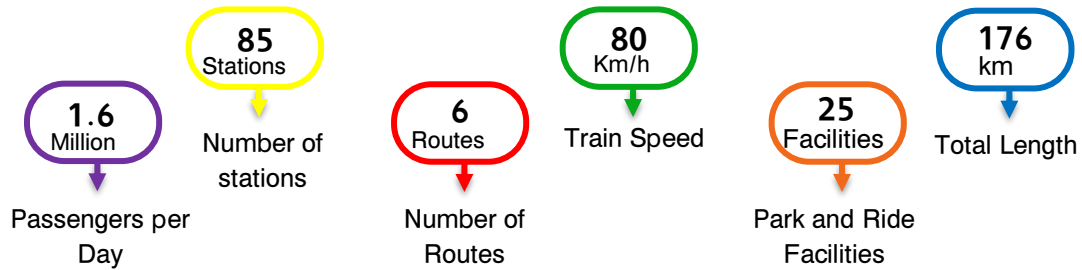
The largest city park in the World with an area exceeding 13 square kilometers. It is considered to be an environmental, cultural, sports and recreational project which contributes to the changing lifestyle in the city.

Site Location Analysis



Public Transport – Riyadh Metro

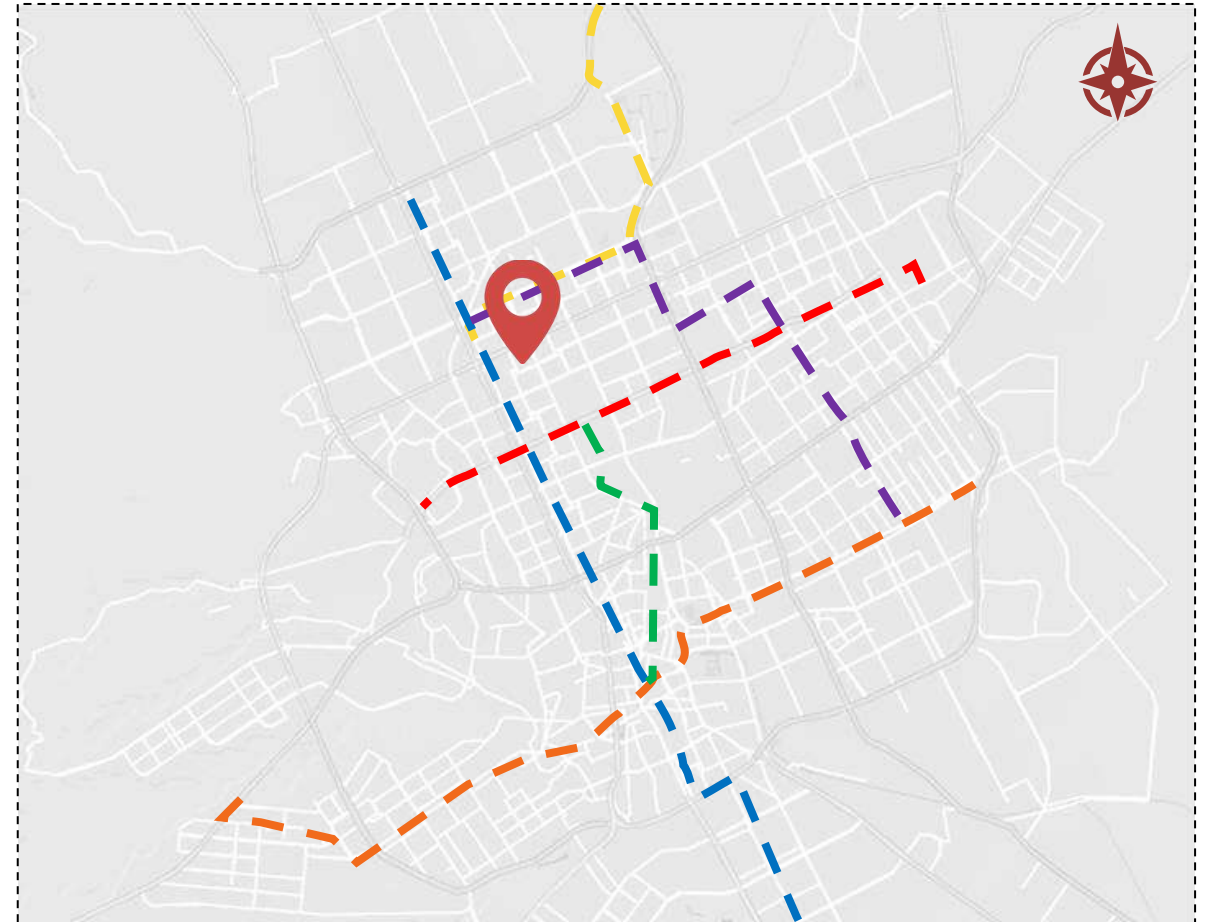
- Metro Riyadh is a high-speed transport system. It is currently under construction. It is one of the largest infrastructure projects in the City of Riyadh.
- The Metro is designed as a world-class transport system, including 756 metro cars, 85 stations, six metro lines, and a network spanning 176 kilometers.
- The construction of the metro system has resulted in several road closures which affected traffic in various parts of the city.



Length of Riyadh Metro Routes

Route	Route Length (Km)
First Route (Blue)	38.0
Second Route (Red)	25.3
Third Route (Orange)	40.7
Fourth Route (Yellow)	29.6
Fifth Route (Green)	12.9
Sixth Route (Purple)	29.5

Riyadh Metro Route Map:



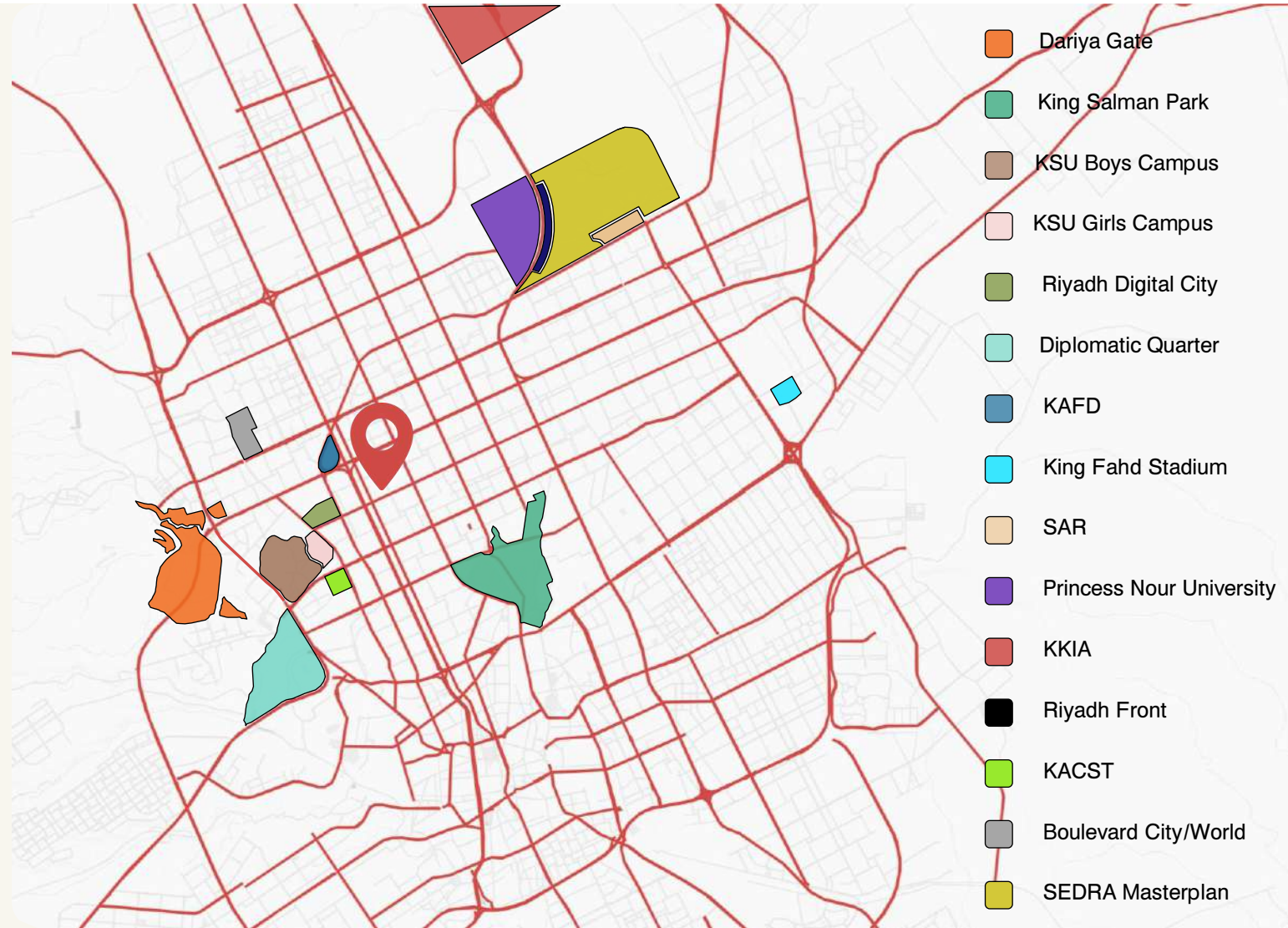
Site Location Analysis



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Development Projects at District Level

- Riyadh City has many known local destinations that shapes the urban life. The subject property is close to some of these destinations, giving the subject property some advantage.
- Riyadh View forma common place that hosts commercial and food & Beverage activity. Nevertheless, SAR is next to subject property. SAR connects Saudi Arabia different cities in the north, eastern and south of Riyadh with a complexe and modern railway network.
- King Khalid Airport is one of the iconic construction of Riyadh city, easing and connecting local and international travelers with the Capital of Saudi Arabia.
- The existence of several educational institutions in the city is like PNU, that has the capacity of 70,000 student, KSU and KACST, would elevate the educational standers, create better future for generations, and compete with local and international educational systems.
- One of the main district, is the Diplomatic Quarter that taloir all the geopolitical plans and draws international relationships.
- Riyadh has kept an on itself by having two of the most important districts, the financial and digital ones, allowing Saudi Arabia to expand the growth capacity regionally and internationally on both tech and financial sectors.
- As part of the Vision 2030, The development of Diriyah Gate would return significant impact by attracting tourists, encouraging cultural exchange, exposing the history of Saudi Arabia and hundreds of years of legacy.
- On the Entertainment side, Riyadh has very known and diversified entertainment place, the Boulevard as a city inside of a city and a world inside a city. Also, the Stadium.
- Riyadh Also is waiting of the biggest urban park in the region, King Salman Park, that will achieve Saudi Arabia sustainability goal addressed in Vision 2030.



Site Location Analysis



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Development Projects at District Level

- The property is strategically situated at the heart of Riyadh, ensuring a central and accessible location within the city.
- Bordered by prominent roadways, the property area is defined by Imam Saud bin Abdulaziz Road to the north, King Fahd Road to the west, a direct view along King Abdullah Road to the south, and King Abdulaziz Road to the east, providing comprehensive connectivity and exposure.
- In the King Fahd district, the property's surroundings are characterized by Al-Morouj to the north, Al-Wurud to the south, Al-Mursalat to the east, and the Muhammadiyah district to the west, contributing to a dynamic and diverse urban context.
- The Subject property benefits from accessibility through key city-level axes, with notable roads such as King Abdulaziz Road and King Fahad Road facilitating seamless connections to and from the surrounding areas, further enhancing its significance within the urban fabric of Riyadh.



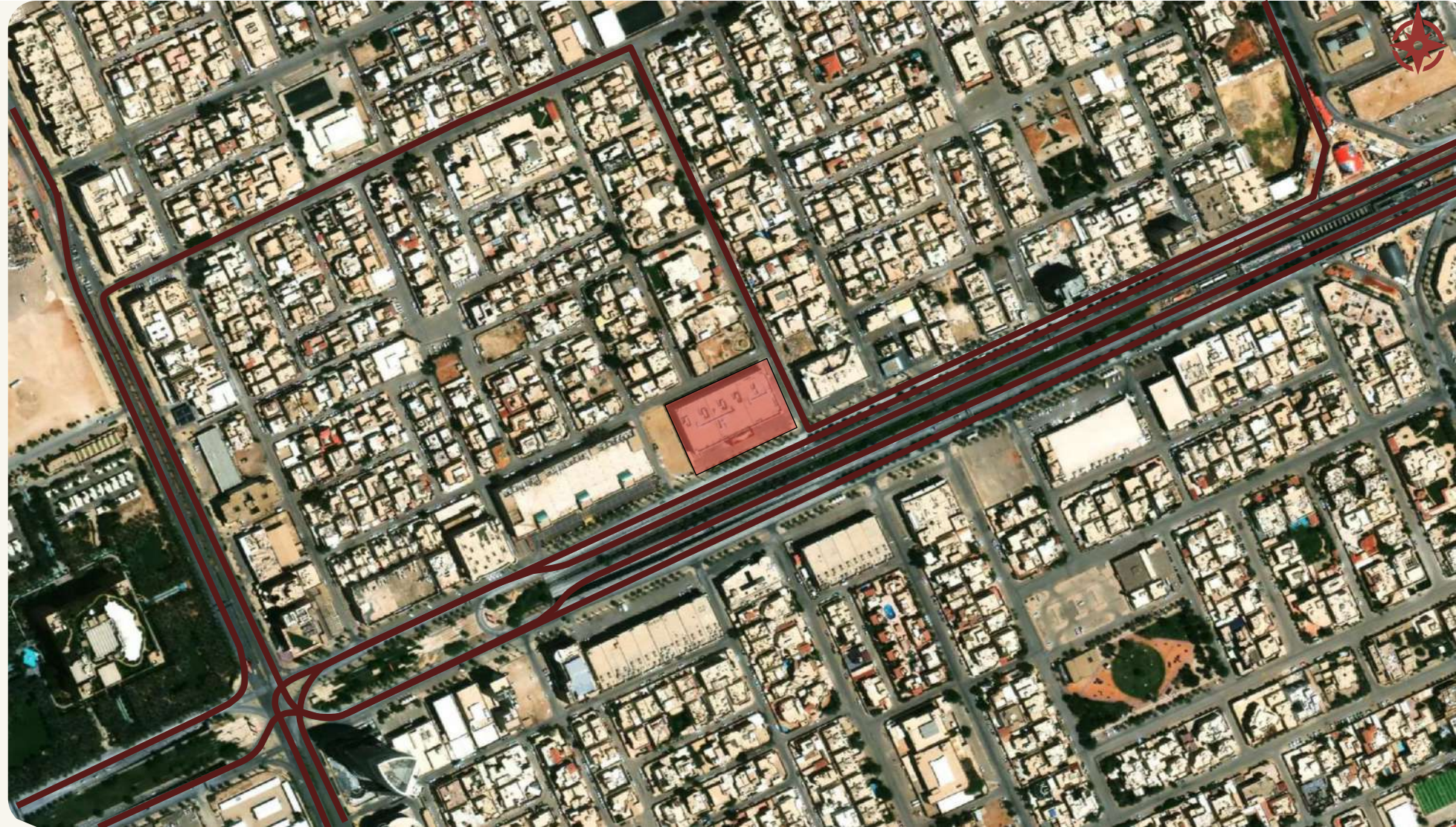
Site Location Analysis



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Development Projects at District Level

- The Subject property, operating as a commercial center under the distinguished brand name B & Q, stands as a prominent establishment in the urban landscape.
- Spanning a generous land area of 7,000 square meters, the building impressively covers 9,181 square meters, with a leasable space of 5,275 square meters, ensuring a versatile and expansive layout.
- Designed with practicality in mind, the property features one floor and a basement, where parking is conveniently accommodated both within the basement and in the external vicinity. The exterior boasts sleek aluminum cladding, while the interior exhibits tasteful normal finishes, combining durability with a polished aesthetic.
- Strategically positioned on King Abdullah Road, the property enjoys proximity to the Riyadh Metro Station, contributing to its accessibility and visibility. Notably, its regular shape enhances its visual appeal and functionality.
- With an age of 23 years, the property has undergone tenant-initiated renovations, rejuvenating its overall appeal. Operational since late 2018, it stands as a testament to adaptability and contemporary standards in the commercial landscape.



Site Location Analysis

Property Photographs



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Income Valuation Methodology - DCF

Income Valuation Approach

- In determining our opinion of [Market Value] for the Subject Properties and based on the fact that they are all multi-tenanted income producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modelling technique based on explicit assumptions regarding the prospective cashflow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. 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 a property.
- With regard to the subject properties, the cashflow has been calculated on an annual basis. With respect to the growth rate applied throughout our cashflow, we have adopted the long-term average inflation rate for Saudi Arabia at 2.8%.
- The cashflow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the [Market Value]. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be as at a future date.

Valuation Steps Using Income Approach - DCF

01

Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

02

Cost Assumptions

The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.8 %/annum.

03

Property Income

The property income represents the revenue derived from the rent payments received during a year.

04

Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance, maintenance, and marketing costs. The costs are typically calculated on an annual basis.

Property Risk Analysis

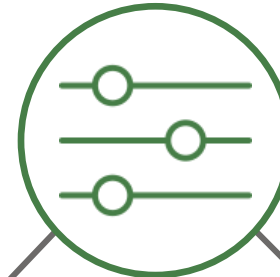
Long-term contract risks

The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.



Regulatory and legislative risks

The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property.



Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



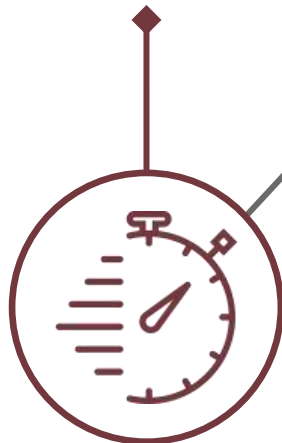
Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property.



Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property, any change in revenues as a result of different market conditions will affect the value of the Property.



Market Study - Demand and Supply

Office

- In the first three months of **2023**, around **50,000** sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately **4.9** million sq. m. in the capital and **1.2** million sq. m. in Jeddah. Over the remainder of this year, an additional **61,000** sq. m. and **583,000** sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to **1%** in **Q1 2023**. As a result, average Grade A rents increased by **19%** year-on-year (Y-o-Y) to reach **SAR 1,764** per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by **15%** Y-o-Y to reach **SAR 1,199** per sq. m. per annum in the first quarter of **2023**. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at **8%** in **Q1 2023**.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Residential

- Riyadh witnessed the completion of close to **7,800** residential units in **Q1 2023**, pushing up the total stock to **1.4** million residential units. Over the same period, **4,400** units were handed over in Jeddah to bring the city's residential inventory to **864,000** units. In the remaining months of this year, **45,000** units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, **100** million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of **2023**, average sale prices and rents in Riyadh increased by **7%** and **2%**, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by **11%** annually, and average rents climbed by **9%**.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of **6%** in the capital and **17%** in Jeddah, in **Q1 2023**. Over the same period, rents for apartments grew by **4%** in Riyadh and **13%** in Jeddah.

Market Study - Demand and Supply

Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately 84,000 sq. m. of retail space and increasing the total supply to 3.4 million sq. m. Over the same period, Jeddah's retail stock increased by roughly 46,000 sq. m. to 1.8 million sq. m. In the remaining nine months of this year, 478,000 sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about 105,000 sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between 8 to 120 sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by 11% and 8%, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by 6% across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: JII

Hospitality

- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at 21,000 keys. During the same period, Jeddah saw the delivery of 300 keys, increasing the total existing supply to 16,000 keys. An additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter Riyadh, and the remaining 1,000 keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of 100 million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to 76%, and the average daily rate (ADR) increased to USD 212 for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached 54% and ADR was recorded at USD 147. The Saudi hospitality market is expected to sustain its positive drive and improve further.

Source of Info: JII

Valuation

Valuation Approach - Valuation Input

Key Assumptions in the Discounted Cash Flow Method:

Income Estimation

- According to the information provided by the Client, the lease term is 10 years starting 3/4/2022. For the remaining contract period is 8.5 years, income will be calculated based on the lease agreement as shown in the following table:

Payments Date	Number of Payments	Value of Payment (SAR)
4 March 2022 to 15 July 2026	10 Payments	2,375,000
9 January 2027 to 22 April 2031	10 Payment	2,500,000

Expanses Estimation

- As per the lease contract, the building insurance is about 23,540 SAR annually.
- This amount will be expressed in Discounted Cash Flow table semi-annually.

Inflation Rate

- Inflation Rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate in the domestic product of the Kingdom of Saudi Arabia for the past 12 years as per the Central Bank of Saudi Arabia.



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Capitalization Rate

- we have conducted market research about properties with similar usage to the subject property in the retail and office sector, which serve as a benchmark to determine the appropriate cap rate for the subject.

Property	City	Type	Cap Rate (%)
Al Ouruba Plaza	Riyadh	Retail	8.0%
Localizer Mall	Riyadh	Retail	8.5%
Al Wadi Square	Riyadh	Retail	7.5%
City Life Plaza	Riyadh	Retail	8.0%

- Comparing these properties' cap rates with the subject property while taking into factor the current binding lease that provides a secured income for 10 years, we conclude that the cap rate should be 7.00%.

Discount Rate

- We have used the build-up method to calculate the discount rate, which considers inflation, cap rate, and market risk.
- Since the subject property enjoys a long-term binding lease securing income, market risk is null. Hence, the discount rate is set as 9.80%.

Valuation

Income Approach - DCF



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- As a result of the prior information, cash flows were calculated to reach the value of the subject property covering a period of 8.5 years, which is the remaining period of the lease agreement.
- Since this is a mid-year valuation, the following table will be on a semi-annual basis.

Summary of Cash Flow Calculations:

Period (Semi-annual)	1	2	3	4	5	6	7	8
Discount Period (Y)	0.1	0.6	1.1	1.6	2.1	2.6	3.1	3.6
Inflation	1.00	1.02	1.03	1.05	1.06	1.07	1.09	1.11
Gross Income (SAR)	2,375,000	2,375,000	2,375,000	2,375,000	2,375,000	2,375,000	2,500,000	2,500,000
Property Insurance Costs (SAR)	11,770	11,770	11,770	11,770	11,770	11,770	11,770	11,770
Net Income (SAR)	2,363,230	2,363,230	2,363,230	2,363,230	2,363,230	2,363,230	2,488,230	2,488,230
PV Factor	0.99	0.94	0.90	0.86	0.82	0.78	0.75	0.71
NPV (SAR)	2,337,594	2,230,837	2,128,956	2,031,728	1,938,940	1,850,390	1,859,288	1,774,375

Period (Semi-annual)	9	10	11	12	13	14	15	16
Discount Period (Y)	4.1	4.6	5.1	5.6	6.1	6.6	7.1	7.6
Inflation	1.12	1.14	1.15	1.17	1.18	1.20	1.22	1.23
Gross Income (SAR)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Property Insurance Costs (SAR)	11,770	11,770	11,770	11,770	11,770	11,770	11,770	11,770
Net Income (SAR)	2,488,230	2,488,230	2,488,230	2,488,230	2,488,230	2,488,230	2,488,230	2,488,230
TV (SAR)								71,092,286
PV Factor	0.68	0.65	0.62	0.59	0.56	0.54	0.51	0.49
NPV (SAR)	1,693,340	1,616,006	1,542,204	1,471,773	1,404,558	1,340,412	1,279,196	36,100,094
Property Value (SAR)	62,600,000							

Valuation Summary

Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions and detail within this report, may be fairly stated as follows:

Fair Value of Subject Property Using Income Approach as of 31 December 2023

- 62,600,000 SAR (Sixty-Two Million Six Hundred Thousand Saudi Riyal).

Signatures & Authorizations

Eng. Yousuf Abdullah Khan

Taqeem ID: 1220001989

Membership Type: Provisional Member

Sector: Real Estate Sector

Membership Date: 17/09/2020

Contribution: Inspector, Valuer and Report Creator

Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 24/01/2016

Contribution: Valuation & Report Reviewer

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 22/12/2015

Contribution: Report Reviewer & Authorizer

Company Stamp

Company Name: **Abaad & Partner for Real Estate Valuation**

Company No. 11000111

CR No: 4030297686

CL No: 323/18/781



أبعاد
للتقييم العقاري

Appendices

Executive Summary

Site Location Analysis

Valuation Terms

Valuation

Disclaimers

Tenure

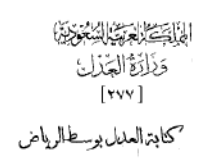
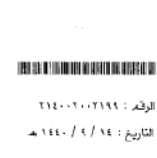
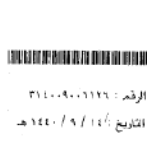
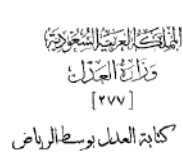
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Appendices

Appendix 1: Subject Property Documents

Appendix 2: Valuation Glossary

Appendix 1: Property Documents



صك رهن وتملك عقار

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

فإن قطعة الأرض ٢٧ وقطعة الأرض ٣٨ وجزء من قطعة الأرض ٣٩ وجزء من قطعة الأرض ٤٠ من البلك رقم ٤ من المخطط رقم ١٣٢٤ الواقع في حي الملك فهد بمدينة الرياض . وحدودها وأطولها كالتالي:

شمالاً: شارع عرض ١٢م بطول: (٢٧,٥) سبعة و ثلاثون متر و خمسون سنتيمتر
جنوبياً: شارع عرض ٨٠م بطول: (٢٧,٥) سبعة و ثلاثون متر و خمسون سنتيمتر
شرقاً: قطعة رقم ٤١ ورقم ٤٢ بطول: (٧٠) سبعون متر
غرباً: قطعة رقم ٣٩ و رقم ٣٥ بطول: (٧٠) سبعون متر

ومساحتها: (٢٦٢٥) ألفان و ستمائة و خمسة و عشرون متر مربعاً فقط

المملوكة لـ/ شركة أول الميثاق العقارية بموجب سجل تجاري رقم ١٠١٠٨٩٣٨٠٢ وتنتهي في ١٩ / ١٠ / ١٤٤٤ هـ بالصك الصادر من كتابة العدل الأول بالرياض برقم ٣١٠١١١٠٥٢١١٢ في ٢٧ / ٤ / ١٤٤٠ هـ. قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركة لراحي المصرفية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ في ٢٥ / ١٠ / ١٤٢٦ هـ ضماناً لوفائه / بما عليه من مستحقات مالية لصالح مصرف الراجحي بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ بمبلغ وقدره (٣٨١٨١٨١٨,١٩) ريال ثمانية و ثلاثون مليوناً ومائة و واحد و ثمانون ألفاً و ثمانمائة و ثمانية عشر ريال و تسعة عشر هلاله لاجاز من الهيئة الشرعية برقم ١٨٠٧٢ في ٣ / ٧ / ١٤٢٩ هـ، على أن يتم سداد الميوتية على أقساط كل ستة أشهر من تاريخ صرف التمويل بقيمة كل قسط (١٠٠٠٠٠٠) ريال، مليون ريال، تدفع اعتباراً من تاريخ ٣١ / ٣ / ٢٠١٩ هـ وبه حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرهنات واستيفاء ما به ذمة الرهن من مبلغ وما ننس يرجع فيه عليه بعد اكتمال ما ياتر شرعاً وعليه جرى التصديق تحريراً في ١٤ / ٩ / ١٤٤٠ هـ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

عبد العزيز بن محمد بن عبد العزيز بن طياب
مكتب العدل

هذه الوثيقة وحدة مستقلة، وصياح أو تلف ضلحه منه يؤدي إلى عدم صلاحية الوثيقة
معلمة مطبع المحكمة - ٢٢١٩١٦ (ما الشوايح مختص لاستخدام بالمحابس التي يمنع تلفها)
تدويع رقم (١١-٢٢-٢٠١٧)

صك رهن وتملك عقار

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

فإن قطعة الأرض ٤٣ وقطعة الأرض ٤٤ من المخطط رقم ١٣٢٤ الواقع في حي الملك فهد بمدينة الرياض . وحدودها وأطولها كالتالي:

شمالاً: شارع عرض ١٢م بطول: (٢٤) خمسة و عشرون متر
جنوبياً: شارع عرض ٨٠م بطول: (٢٤) خمسة و عشرون متر
شرقاً: شارع عرض ٢٠م بطول: (٧٠) سبعون متر
غرباً: قطعة رقم ٤١ وقطعة رقم ٤٢ بطول: (٧٠) سبعون متر

ومساحتها: (١٧٥٠) ألفاً و سبعمائة و خمسون متر مربعاً فقط

المملوكة لـ/ شركة أول الميثاق العقارية بموجب سجل تجاري رقم ١٠١٠٨٩٣٨٠٢ وتنتهي في ١٩ / ١٠ / ١٤٤٤ هـ بالصك الصادر من كتابة العدل الأول بالرياض برقم ٤١٠١٠٦٠٤٠٠٧ في ٢٧ / ٤ / ١٤٤٠ هـ. قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركة لراحي المصرفية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ في ٢٥ / ١٠ / ١٤٢٦ هـ ضماناً لوفائه / بما عليه من مستحقات مالية لصالح مصرف الراجحي بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ بمبلغ وقدره (٣٨١٨١٨١٨,١٩) ريال ثمانية و ثلاثون مليوناً ومائة و واحد و ثمانون ألفاً و ثمانمائة و ثمانية عشر ريال و تسعة عشر هلاله لاجاز من الهيئة الشرعية برقم ١٨٠٧٢ في ٣ / ٧ / ١٤٢٩ هـ، على أن يتم سداد الميوتية على أقساط كل ستة أشهر من تاريخ صرف التمويل بقيمة كل قسط (١٠٠٠٠٠٠) ريال، مليون ريال، تدفع اعتباراً من تاريخ ٣١ / ٣ / ٢٠١٩ هـ وبه حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرهنات واستيفاء ما به ذمة الرهن من مبلغ وما ننس يرجع فيه عليه بعد اكتمال ما ياتر شرعاً وعليه جرى التصديق تحريراً في ١٤ / ٩ / ١٤٤٠ هـ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

عبد الرحمن بن محمد بن رشيد الحزري
مكتب العدل

هذه الوثيقة وحدة مستقلة، وصياح أو تلف ضلحه منه يؤدي إلى عدم صلاحية الوثيقة
معلمة مطبع المحكمة - ٢٢١٩١٦ (ما الشوايح مختص لاستخدام بالمحابس التي يمنع تلفها)
تدويع رقم (١١-٢٢-٢٠١٧)

صك رهن وتملك عقار

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

فإن نصف القطعة قطعة الأرض ٣٩ ونصف القطعة قطعة الأرض ٤٠ وقطعة الأرض ٤١ وقطعة الأرض ٤٢ من البلك رقم ٤ من المخطط رقم ١٣٢٤ الواقع في حي الملك فهد بمدينة الرياض . وحدودها وأطولها كالتالي:

شمالاً: شارع عرض ١٢م بطول: (٢٧,٥) سبعة و ثلاثون متر و خمسون سنتيمتر
جنوبياً: شارع عرض ٨٠م بطول: (٢٧,٥) سبعة و ثلاثون متر و خمسون سنتيمتر
شرقاً: قطعة رقم ٤١ و٤٢ بطول: (٧٠) سبعون متر
غرباً: جزء من القطعتين رقم ٣٩ و٣٥ بطول: (٧٠) سبعون متر

ومساحتها: (٢٦٢٥) ألفان و ستمائة و خمسة و عشرون متر مربعاً فقط

المملوكة لـ/ شركة أول الميثاق العقارية بموجب سجل تجاري رقم ١٠١٠٨٩٣٨٠٢ وتنتهي في ١٩ / ١٠ / ١٤٤٤ هـ بالصك الصادر من كتابة العدل الأول بالرياض برقم ٥١٠١٠٨٠٤٨٥٠٧ في ٢٧ / ٤ / ١٤٤٠ هـ. قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركة لراحي المصرفية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ في ٢٥ / ١٠ / ١٤٢٦ هـ ضماناً لوفائه / بما عليه من مستحقات مالية لصالح مصرف الراجحي بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ بمبلغ وقدره (٣٨١٨١٨١٨,١٩) ريال ثمانية و ثلاثون مليوناً ومائة و واحد و ثمانون ألفاً و ثمانمائة و ثمانية عشر ريال و تسعة عشر هلاله لاجاز من الهيئة الشرعية برقم ١٨٠٧٢ في ٣ / ٧ / ١٤٢٩ هـ، على أن يتم سداد الميوتية على أقساط كل ستة أشهر من تاريخ صرف التمويل بقيمة كل قسط (١٠٠٠٠٠٠) ريال، مليون ريال، تدفع اعتباراً من تاريخ ٣١ / ٣ / ٢٠١٩ هـ وبه حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرهنات واستيفاء ما به ذمة الرهن من مبلغ وما ننس يرجع فيه عليه بعد اكتمال ما ياتر شرعاً وعليه جرى التصديق تحريراً في ١٤ / ٩ / ١٤٤٠ هـ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

صالح بن ضيف الله بن أحمد العمري
رئيس كتابة العدل المساعد
مكتب العدل بوسط الرياض
مكتب العدل بوسط الرياض

هذه الوثيقة وحدة مستقلة، وصياح أو تلف ضلحه منه يؤدي إلى عدم صلاحية الوثيقة
معلمة مطبع المحكمة - ٢٢١٩١٦ (ما الشوايح مختص لاستخدام بالمحابس التي يمنع تلفها)
تدويع رقم (١١-٢٢-٢٠١٧)

Appendix 2: Valuation Glossary

Saudi Authority

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

Asset or Assets

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

Client

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

Intended Use

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

Intended User

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

Jurisdiction

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

May

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

Appendix 2: Valuation Glossary

Must

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

Participant

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Fair Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

Purpose

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

Should

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

Appendix 2: Valuation Glossary

Significant and/or Material

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

Valuation

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.
- Valuation Purpose or Purpose of Valuation:
- See “Purpose”.

Valuation Reviewer

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

Value (n)

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

Valuer

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

Appendices

Appendix 2: Valuation Glossary

Weight

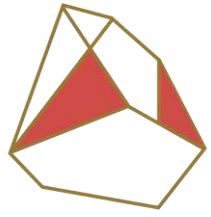
- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

Weighting

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.



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للتقييم العقاري



أبعاد
للتقييم العقاري

Abaad & Partner For Real Estate Valuation Co.

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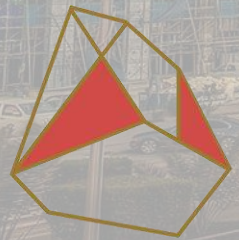
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Director

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أبجد
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Final Valuation Report

Al-Malqa Compound in Al-Malqa Dist., Riyadh

Client/ Alkhabeer Capital

15 January 2024

V230275

P230352

الخبير المالية
Alkhabeer Capital



Introduction



Dear Alkhabeer Capital,

RE: Al-Malqa Compound in Al-Malqa District-Riyadh.

Further to your request, Abaad thank you for inviting us to complete and submit a valuation report with respect to the aforementioned property.

We have prepared our valuation on the basis of Fair Value for Financial Statements Purposes.

We confirm that the valuation has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as "Taqeem."

We confirm that the valuation has been undertaken by us as external valuers and we possess the required knowledge, skills, and understanding to undertake the valuation competently.

We confirm that we are not aware of any existing or potential conflict of interest with respect to this engagement.

Eng. Ammar Abdulaziz Sindi

Chief Executive Officer

Kingdom of Saudi Arabia

Mobile: +966 (50) 730 0500

Email: asindi@sa-abaad.com

Registration Certificate



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Property Overview

- Nestled within the vibrant landscape of Al Malqa District, the Subject Property stands as a distinguished residential compound, showcasing a harmonious blend of modern living and architectural elegance. Comprising **18** meticulously designed buildings, the property boasts a total of **250** housing units, each thoughtfully crafted for comfort and convenience.
- Spanning an expansive **15,925** square meters of prime land, the compound unfolds across a meticulously planned layout, featuring a total built-up area of **41,361** square meters. This impressive expanse is a testament to thoughtful urban planning and a commitment to providing residents with a spacious and inviting environment.
- Strategically situated along Wadi Hajar Street, a picturesque thoroughfare branching from the renowned King Fahd Road in Riyadh, the Subject Property enjoys a prestigious location within the heart of the city. A mere **17** kilometers from the dynamic City Center and **25** kilometers from the bustling King Khalid International Airport, residents benefit from both accessibility and connectivity.

Property Details

Site Details	Information			
District	Al Malqa			
Permitted Use	Residential			
Tenure	Restricted Ownership			
Deed Number	814009006124	814009006125	314002002198	614004005871
Deed Date	14/9/1440H-15/9/1440H			
Total Land Area (sqm)	15,925			
Gross Leasable (sqm)	39,734			
Owner	Awwal Al Malqa Real Estate Company			

Subject Property Pictures



Valuation Summary

Site Details	Information
Report Type	Detailed Report
Other independent Users	Alkhabeer Capital- Fund Manager & Investors - Report Reviewers - CMA
Purpose of Valuation	Financial Statement
Valuation Approach	Income Approach
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Adopted Currency	Saudi Riyal
Property Fair Value	276,610,000

Executive Summary

Terms and Conditions

- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the Property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the Property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the Property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.

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Introduction

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the fair value by the required date.
- The subject of the valuation is the assessment of the fair value of Al-Malqa Compound, in Al-Malqa District, Riyadh, for Financial Statements Purposes.

Applicable Standards

- We confirm that this valuation report has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as “Taqeem”.

Status of Valuer

- This report has been compiled and verified by Ammar Qutub and Ammar Sindi, who have the necessary qualifications, ability and relevant experience to conduct a valuation of the Subject Property. They have also acted in the capacity of external valuers.

Conflict of Interest

- We confirm that we are not aware of any conflict of interest in acting on your behalf on this exercise.

Purpose of Valuation

- We have prepared our valuation for Financial Statements purpose.

Date of Inspection

- We confirm that the Property was inspected by Abaad Team on 23 November 2023.

Date of Valuation

- We confirm that the date of valuation is 31 December 2023.

Basis of Valuation

- We have prepared our valuation on the basis of Fair Value, which is defined in IVS 2022 as per the below:
“International Accounting Standard No. (13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

Sources of Information

- We have relied upon the information provided to us by the Client with respect to the Subject Property, which is outlined below:
 - Title Deed.
 - Lease Contract Document
 - Alkhabeer REIT Fund Prospectus.

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General Disclaimers

Liability and Publication

- This report is issued for your use, and that of your professional advisers, for the specific purpose to which it refers. Abaad does not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference to it, may be included in any published document, circular, or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

Confidentiality

- This report is confidential to the Client and their advisors, and we accept no responsibility 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 to it will only be notified to the Client to whom it is authorized.

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as a fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.
- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.
- **No important assumptions or any special assumptions were applied.**

Fair Value Disclaimers

Fair Value Hierarchy

- In accordance with the Fair Value Hierarchy prescribed by IFRS 13, our real estate valuation process adheres to three distinct levels of inputs to ensure transparency and reliability in the determination of fair value.
 - **Level 1 Inputs:** Quoted prices for identical properties in an active market represent the most reliable and transparent inputs. However, due to the unique characteristics of our real estate assets, the availability of Level 1 inputs may be limited.
 - **Level 2 Inputs:** Observable inputs other than quoted prices, such as recent transactions or prices for similar properties, are considered in the absence of Level 1 inputs. These inputs contribute to the valuation process and enhance the robustness of our fair value measurements.
 - **Level 3 Inputs:** The valuation of certain real estate assets relies significantly on Level 3 inputs, which are unobservable and require management judgment. This involves the use of proprietary valuation models, assumptions, and estimates tailored to the specific attributes of our properties. Level 3 inputs are particularly relevant when market activity is limited or absent.
- The choice of input level is determined by the nature of each asset and the availability of observable market data. Our commitment to providing a comprehensive and accurate representation of fair value includes detailed disclosures regarding the methods, assumptions, and risks associated with each valuation.
- This disclosure aims to communicate the approach taken in the real estate valuation process, highlighting the reliance on different levels of inputs and emphasizing transparency for stakeholders.

Fair Value Measurement Disclosure

- In accordance with the Fair Value Hierarchy outlined in IFRS 13, our real estate valuation primarily relies on Level 3 inputs. Level 3 inputs involve unobservable data and require significant management judgment. This is due to the unique characteristics of our properties and the absence of readily available market prices for identical or similar assets. Our valuation approach includes the use of appropriate and relevant valuation methodologies, and the fair value estimates are sensitive to changes in key assumptions. For a detailed understanding of our valuation methodologies and the associated risks, please refer to the comprehensive disclosures provided in through out the report and the valuation methodology section
- This disclosure communicates to stakeholders that Level 3 inputs are a key component of the real estate valuation process, emphasizes the reliance on unobservable data, and encourages users to review the detailed disclosures for a more thorough understanding of the valuation methodologies and associated risks. Providing transparency in this way helps stakeholders make informed decisions based on the unique circumstances of the real estate being valued.



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Title Information

Title Information

ID	Description	
Owner	Awwal Almalga Real Estate Company	
Property Name	Al-Malqa Compound	
Plot No.	1/2337 + 1/2336 + 1/2335 + 2333/2334	
District	Al Malqa District	
Street Name	Wadi Hajar	
Coordinates	<u>46°36'51.2"E 24°48'54.9"N</u>	
City	Riyadh	
Ownership Type	Restricted Ownership	
Title Deed Info	Deed No.	614004005871
	Deed Date	1440/9/15
	Deed No.	314002002198
	Deed Date	1440/9/14
	Deed No.	814009006125
	Deed Date	1440/9/14
	Deed No.	814009006124
	Deed Date	1440/9/14

Sources: Title Deed



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Dimensions and street width for Plot N. 1/2334

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	53 m	Wadi Hajar	Commercial	36 m	1
South	53 m	Unnamed	Local	20 m	2
East	65.6 m	Unnamed	Local	-	3
West	65.7 m	Adjacent	-	-	4

Dimensions and street width Plot N. 1/2335

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	53 m	Wadi Hajar	Commercial	36 m	1
South	53 m	Unnamed	Local	20 m	2
East	65.7 m	Adjacent	-	-	3
West	65.7 m	Adjacent	-	-	4

Dimensions and street width for Plot N. 1/2336

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	53 m	Wadi Hajar	Commercial	36 m	1
South	53 m	Unnamed	Local	20 m	2
East	65.7 m	Adjacent	-	-	3
West	65.7 m	Adjacent	-	-	4

Dimensions and street width for Plot N. 2333/2337

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	53 m	Wadi Hajar	Commercial	36 m	1
South	53 m	Unnamed	Local	20 m	2
East	65.7 m	Adjacent	-	-	4
West	65.7 m	Unnamed	Local	15 m	3

Sources: Title Deed

Tenure

Contract Details

Lease Contract Summary

- The rent of the remaining period of the lease contract with Rana company will be used in the DCF table later on in the valuation section.
- After examining the current lease agreement provided by the client, we have determined that the Tenant has leased the whole property, land, and building.
- The contract is a binding contract for the leasing period of 5 years and can't be terminated unless the period is over.
- The tenant is an independent entity with no relationship with the landlord.
- According to the conducted market research about the rental prices, we have concluded that the current lease rate is within the market range.

Lessee	Leased Buildings	Rent (SAR/year)	End Date
Rana Company	3 Buildings	1,899,996	2025

Sources (Lease Contract Copy)

Operation and Maintenance Contract Summary:

- On 18 March 2019, the Landlord signed an operation and maintenance contract with Bennett Operation and Maintenance Company to Provide to Maintain and Operate Buildings 9-18.
- The rent of the remaining period of the lease contract with Bennett Company will be used in the DCF table later on in the valuation section.
- After examining the current lease agreement provided by the client, we have determined that the Tenant has leased the whole property, land, and building.
- The contract is a binding contract for the leasing period of 4 years and can't be terminated unless the period is over.
- The tenant is an independent entity with no relationship with the landlord.
- According to the conducted market research about the rental prices, we have concluded that the current lease rate is within the market range.

Description	Buildings	Duration	Amount (SAR/year)
Bennett Operation and Maintenance Company	9-18	4 years	2,200,000

Sources (Lease Contract Copy)

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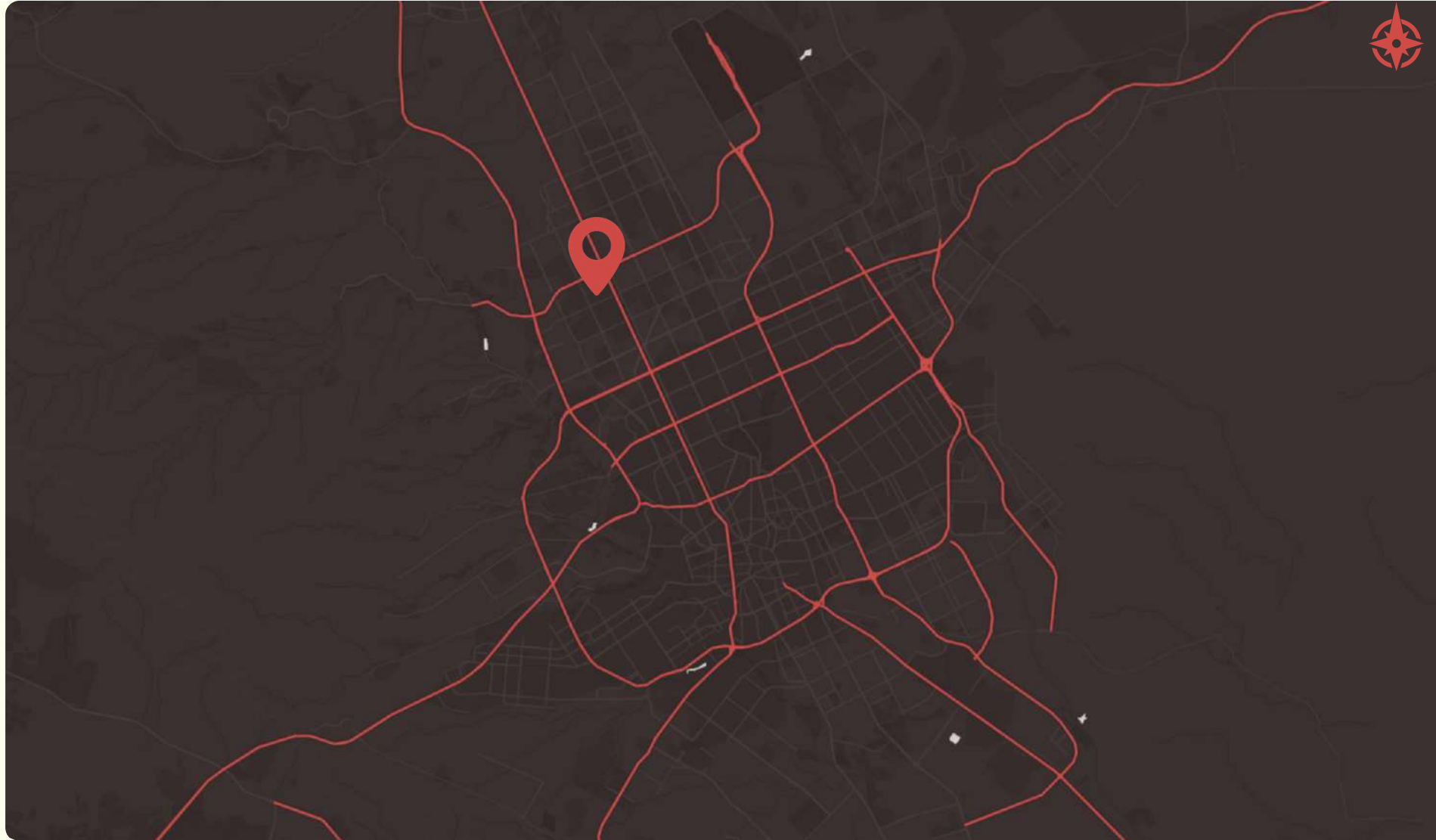
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Site Location Analysis

Macro Location



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- The subject property is strategically situated in Riyadh, the capital of Saudi Arabia and the largest among its cities, serving as the central hub of the Riyadh Region.
- Renowned as the foremost Saudi city, Riyadh boasts a substantial population of 7.5 million as of 1442/2022, solidifying its pivotal role in the nation's landscape. In terms of geographical expanse, Riyadh stands as one of the largest cities in the Arab World, covering an impressive developed area of approximately 1,973 square kilometers.
- Riyadh is currently undergoing transformative development, with a strong focus on infrastructure and public transport. The ongoing Riyadh Metro Project and Public Transport Project are testament to the city's commitment to modernization and efficient urban mobility.
- The subject properties are specifically located in Al Malaz and Al Faisaliyyah Dist., Riyadh. The closest one is strategically positioned approximately 36 kilometers from King Fahd International Airport, ensuring convenient connectivity, and approximately 23 kilometers from the dynamic King Abdullah Financial District, reflecting their prime location within the evolving landscape of Riyadh.

Site Location Analysis

Development Projects at City Level



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The Royal Commission for the City of Riyadh carries out many programs and development projects which are strategic in nature with multiple objectives and dimensions and different requirements for execution over time.

هيئة تطوير بوابة الدرعية
Dariyah Gate Development
Authority



Between the architectural, cultural, economic and social features and the environmental development requirements of Wadi Hanifa, it provides a model for the development of the oasis.

The program adopted the principle of integration with the City of Riyadh, making Diriya a world class cultural, tourism and promotional suburb.

Riyadh Art Project



Includes the performance of over 1000 artworks by local and international artists in front of audiences in the various parts of the City of Riyadh, as part of 10 programs covering residential neighborhoods, public parks, natural promenades, public squares, public transport stations, bridges, pedestrian crossings, city entrances and all tourism destinations of the city.

Riyadh Boulevard

المسار
الرياضي
Sports Boulevard



Extends 135 kilometers, penetrating the City of Riyadh to connect Wadi Hanifa in the west of the City with Wadi Al Sulay in its east. It includes sports, cultural, recreational and environmental activities, including bicycle tracks, horse tracks, pedestrian sidewalks, a number of gates, stations and rest areas for bikers and hikers. Along the Boulevard inside the City and at Wadi Hanifa and Wadi Al Sulay, recreational services are provided to bikers and hikers, including coffee shops and diverse retail outlets.

Green Riyadh

الرياض الخضراء
GREEN RIYADH

The program aims at planting over 7.5 million trees in all parts of the city, including public parks, community parks, promenades, mosques, schools, academic, health and public installations and facilities, green belts along the spans of public utility lines, in addition to King Khalid International Airport, a roads and streets network, in addition to public transport routes, car parking spaces, vacant lands, valleys and river tributaries.

King Salman Park:

حديقة الملك سلمان
King Salman Park

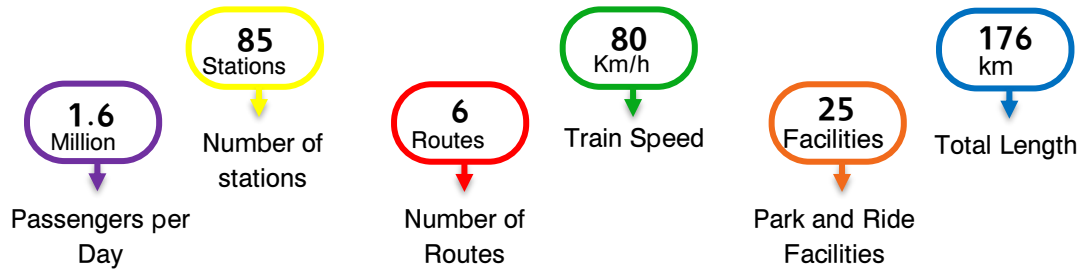
The largest city park in the World with an area exceeding 13 square kilometers. It is considered to be an environmental, cultural, sports and recreational project which contributes to the changing lifestyle in the city.

Site Location Analysis



Public Transport – Riyadh Metro

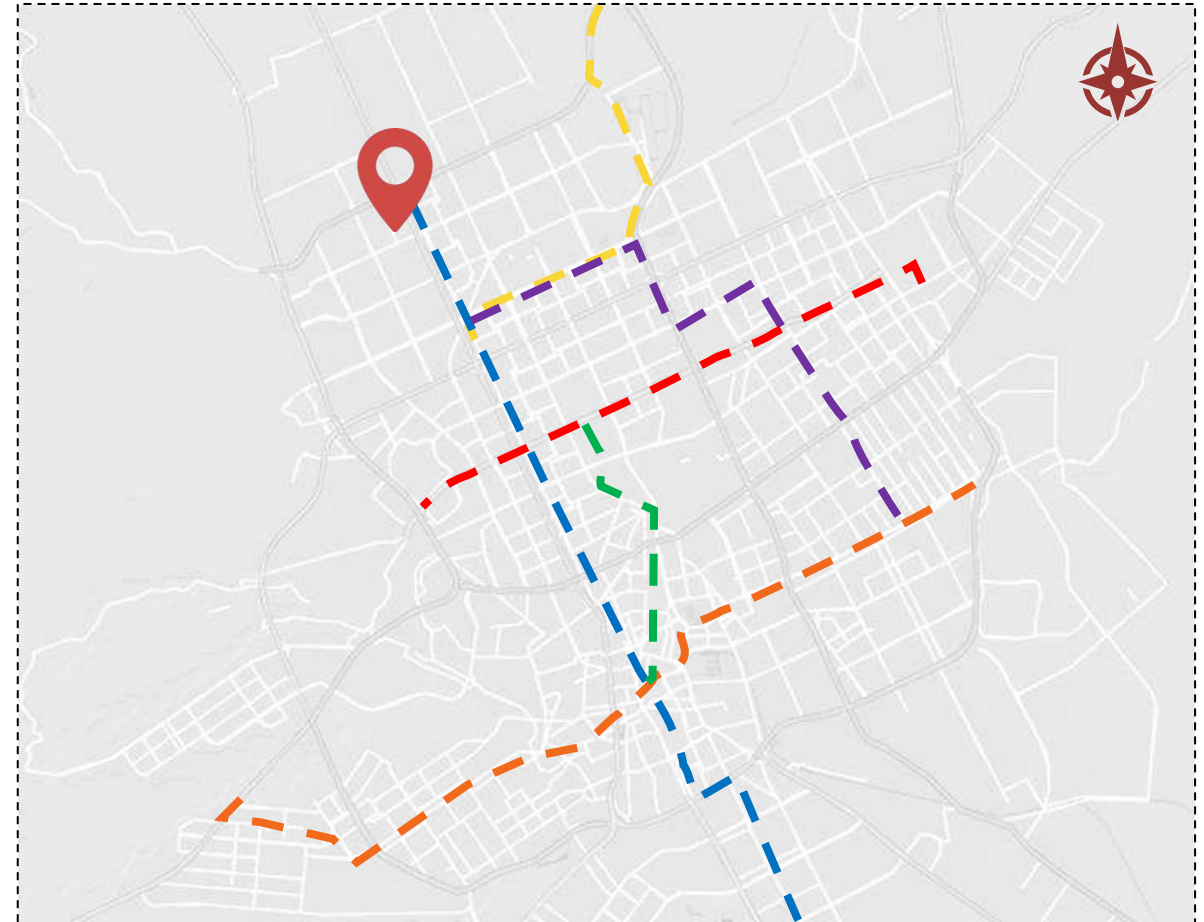
- Metro Riyadh is a high-speed transport system. It is currently under construction. It is one of the largest infrastructure projects in the City of Riyadh.
- The Metro is designed as a world-class transport system, including 756 metro cars, 85 stations, six metro lines, and a network spanning 176 kilometers.
- The construction of the metro system has resulted in several road closures which affected traffic in various parts of the city.



Length of Riyadh Metro Routes

Route	Route Length (Km)
First Route (Blue)	38.0
Second Route (Red)	25.3
Third Route (Orange)	40.7
Fourth Route (Yellow)	29.6
Fifth Route (Green)	12.9
Sixth Route (Purple)	29.5

Riyadh Metro Route Map:



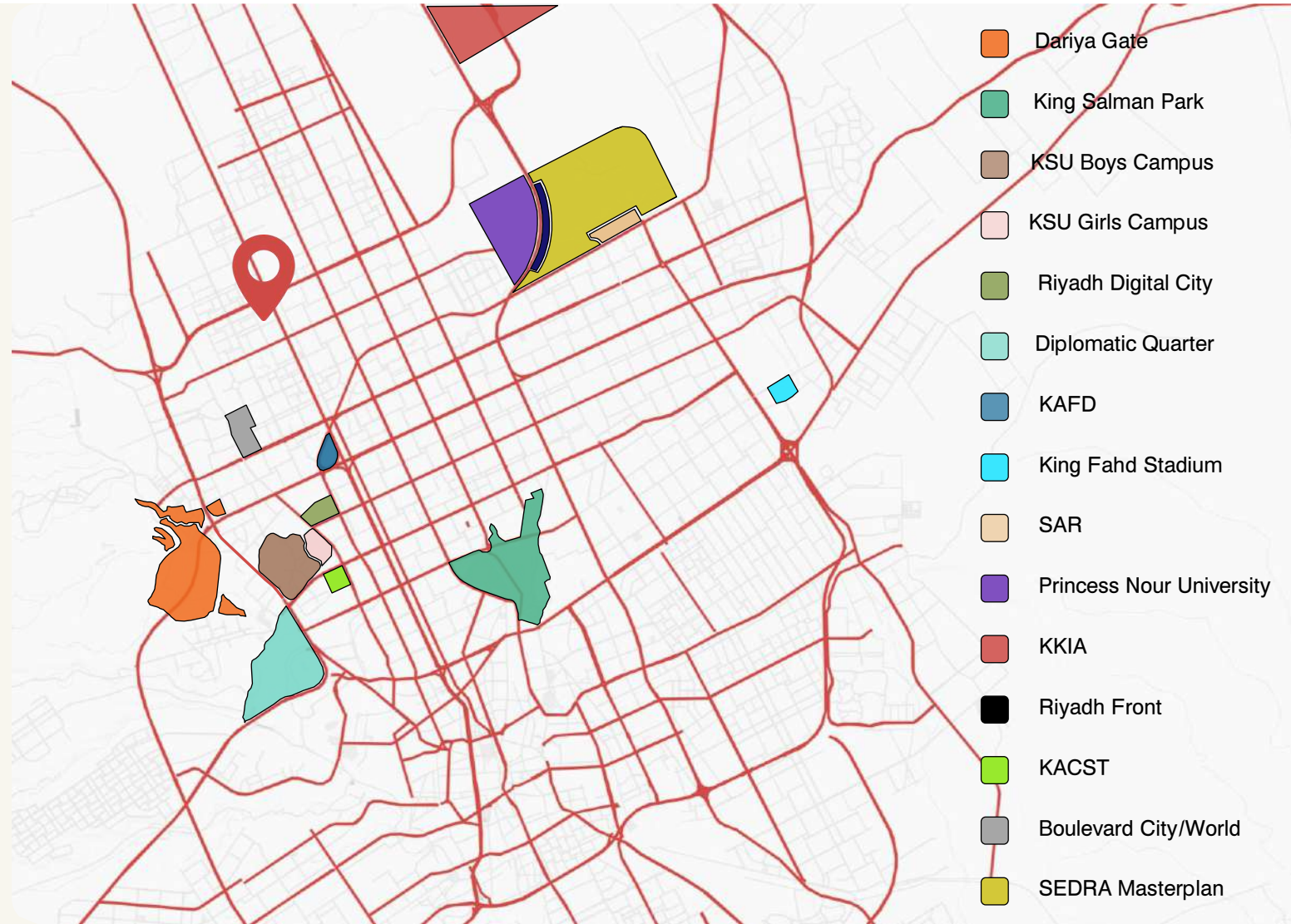
Site Location Analysis

Macro Location



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- Riyadh City has many known local destinations that shapes the urban life. The subject property is close to some of these destinations, giving the subject property some advantage.
- Riyadh View forma common place that hosts commercial and food & Beverage activity. Nevertheless, SAR is next to subject property. SAR connects Saudi Arabia different cities in the north, eastern and south of Riyadh with a complexe and modern railway network.
- King Khalid Airport is one of the iconic construction of Riyadh city, easing and connecting local and international travelers with the Capital of Saudi Arabia.
- The existence of several educational institutions in the city is like PNU, that has the capacity of 70,000 student, KSU and KACST, would elevate the educational standers, create better future for generations, and compete with local and international educational systems.
- One of the main district, is the Diplomatic Quarter that taloir all the geopolitical plans and draws international relationships.
- Riyadh has kept an on itself by having two of the most important districts, the financial and digital ones, allowing Saudi Arabia to expand the growth capacity regionally and internationally on both tech and financial sectors.
- As part of the Vision 2030, The development of Diriyah Gate would return significant impact by attracting tourists, encouraging cultural exchange, exposing the history of Saudi Arabia and hundreds of years of legacy.
- On the Entertainment side, Riyadh has very known and diversified entertainment place, the Boulevard as a city inside of a city and a world inside a city. Also, the Stadium.
- Riyadh Also is waiting of the biggest urban park in the region, King Salman Park, that will achieve Saudi Arabia sustainability goal addressed in Vision 2030.



Site Location Analysis



Development Projects at District Level

- The subject property, centrally located in Riyadh City Center, stands as a prime asset with meticulously defined boundaries. To the North, it is embraced by the bustling King Salman Road, while the Southern boundary is marked by the prestigious Anas Ibn Malik Road, affording a captivating panorama of King Fahad Road to the East.
- Nestled within the vibrant Al-Malqa District, the property enjoys a harmonious relationship with its neighboring districts. To the North lies the distinguished Qairawan district, while the Southern borders extend to the Al-Aqiq and Hittin districts. To the East, the property is flanked by the dynamic Al-Yasmin and Al-Sahafa districts, and to the West, it is in proximity to the historical Al-Diriyah area.
- The subject property's appeal is further enhanced by its seamless connectivity, as it is accessible from several major city-level axes, including the prominent King Fahad Road and King Salman Road. The property, characterized by its well-defined and regular shape, offers a picturesque vista of Wadi Hajar Street as it gracefully branches from King Fahd Road, adding a touch of scenic charm to its urban setting.



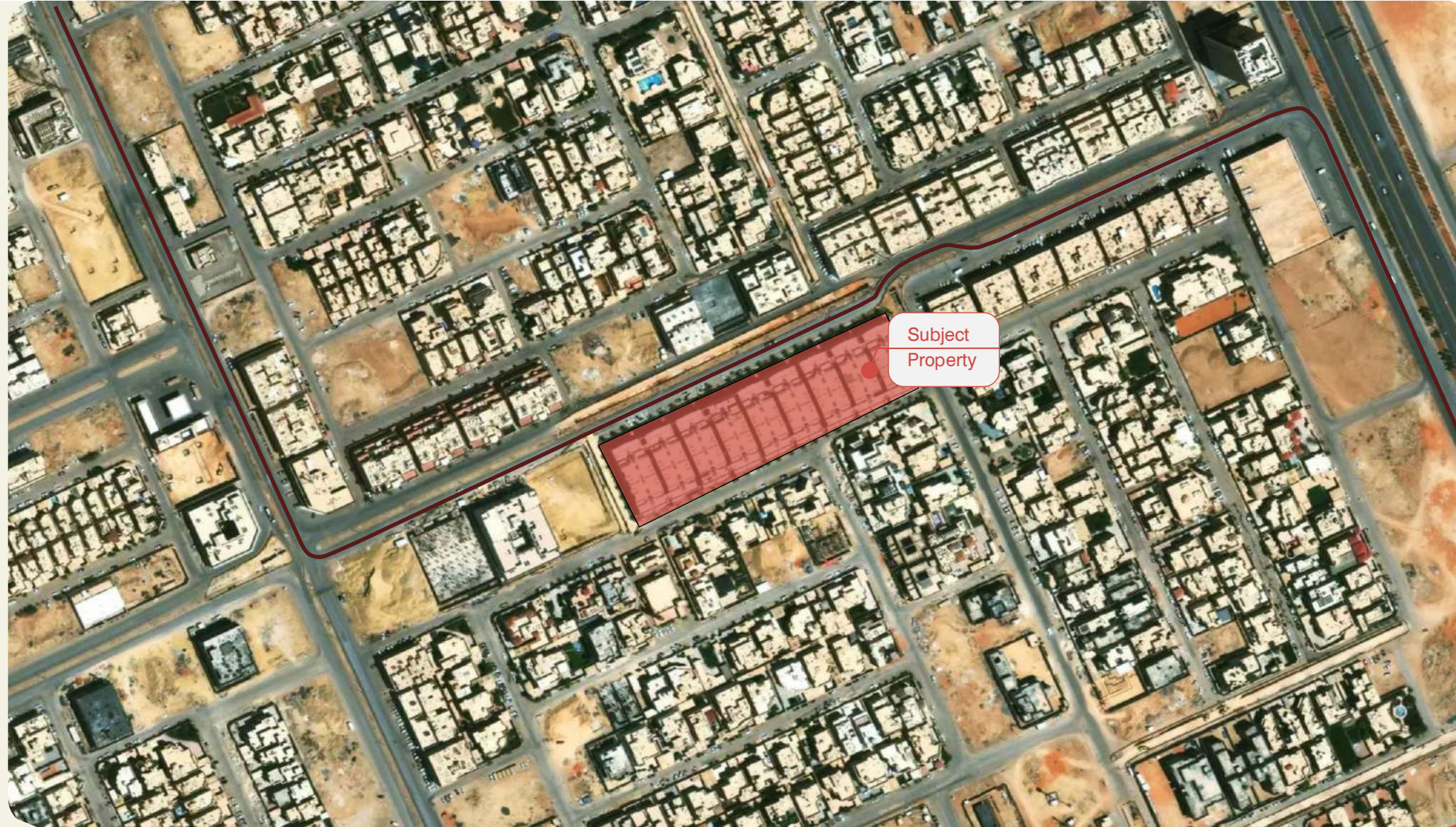
Site Location Analysis

Property Description



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- The Property unfolds as an exclusive residential haven, encompassing 18 three-story buildings, an annex, and a total of 250 thoughtfully designed housing units on a spacious 15,925 square meters of land. The architectural footprint spans an impressive 41,361 square meters, showcasing a meticulous blend of space and functionality.
- Comprising a diverse array of residences, the property boasts 224 three-bedroom units, 10 two-bedroom units, and 18 one-bedroom units, offering a tailored living experience to meet varying lifestyle needs.
- The complex further elevates resident living with a host of amenities, featuring a sprawling 10,000-square-meter underground car parking area, two inviting swimming pools, two dedicated playground areas, and a modern health club. These facilities create an enriching environment that seamlessly combines recreation and well-being.
- Nestled in the thriving Al Malqa District, along the scenic Wadi Hajar Street branching from Riyadh's prominent King Fahd Road, the Property enjoys a strategic location with convenient access to key city routes.
- With a youthful age of 6.5 years, the Property stands as a testament to contemporary design and construction standards, providing residents with a modern, well-maintained, and harmonious living space.

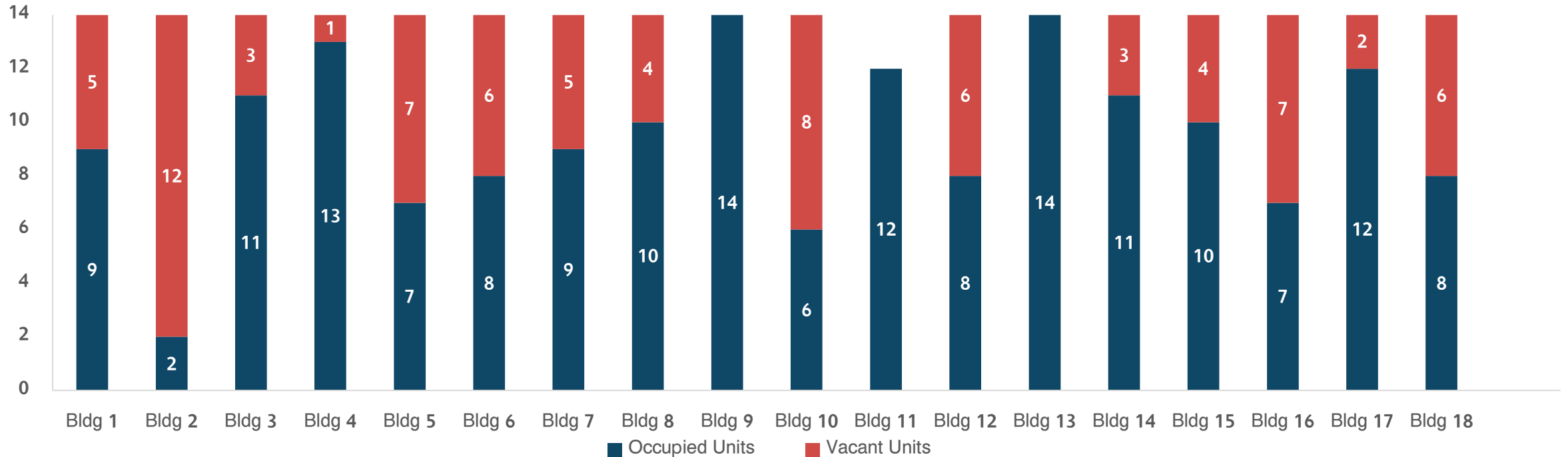


Site Location Analysis

Property Description - Unit Details

Property Buildings Details

- Rana Medical Services Company has leased 3 buildings (9, 11, and 13) with a total of 40 units. These 40 units represent 16% of the total units of the compound.
- The rest of the compound consists of 210 units of which 131 units are leased and distributed over 15 buildings.
- That said, the total occupancy in the compound is 68% where Rana MS Co. is responsible alone for 16% of occupancy, and the individually leased units are 52%.
- As for the rest of the building that forms 84% of the total leasable area, 111 units were rented of the 210 units
- The chart demonstrates the leasing status of all 18 buildings in the compound.



Site Location Analysis

Property Photographs



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Site Location Analysis

Property Photographs



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Income Valuation Methodology - DCF

Income Valuation Approach

- In determining our opinion of [Market Value] for the Subject Properties and based on the fact that they are all multi-tenanted income producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modelling technique based on explicit assumptions regarding the prospective cashflow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. 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 a property.
- With regard to the subject properties, the cashflow has been calculated on an annual basis. With respect to the growth rate applied throughout our cashflow, we have adopted the long-term average inflation rate for Saudi Arabia at 2.8%.
- The cashflow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the [Market Value]. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be as at a future date.

Valuation Steps Using Income Approach - DCF

01

Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

02

Cost Assumptions

The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.8 %/annum.

03

Property Income

The property income represents the revenue derived from the rent payments received during a year.

04

Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance, maintenance, and marketing costs. The costs are typically calculated on an annual basis.



Property Risk Analysis

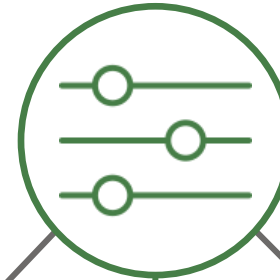
Long-term contract risks

The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.



Regulatory and legislative risks

The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property.



Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



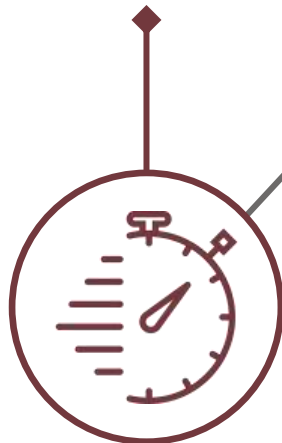
Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property.



Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property, any change in revenues as a result of different market conditions will affect the value of the Property.



Market Study - Demand and Supply

Office

- In the first three months of **2023**, around **50,000** sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately **4.9** million sq. m. in the capital and **1.2** million sq. m. in Jeddah. Over the remainder of this year, an additional **61,000** sq. m. and **583,000** sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to **1%** in **Q1 2023**. As a result, average Grade A rents increased by **19%** year-on-year (Y-o-Y) to reach **SAR 1,764** per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by **15%** Y-o-Y to reach **SAR 1,199** per sq. m. per annum in the first quarter of **2023**. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at **8%** in **Q1 2023**.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Residential

- Riyadh witnessed the completion of close to **7,800** residential units in **Q1 2023**, pushing up the total stock to **1.4** million residential units. Over the same period, **4,400** units were handed over in Jeddah to bring the city's residential inventory to **864,000** units. In the remaining months of this year, **45,000** units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, **100** million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of **2023**, average sale prices and rents in Riyadh increased by **7%** and **2%**, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by **11%** annually, and average rents climbed by **9%**.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of **6%** in the capital and **17%** in Jeddah, in **Q1 2023**. Over the same period, rents for apartments grew by **4%** in Riyadh and **13%** in Jeddah.

Market Study-Demand and Supply

Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately 84,000 sq. m. of retail space and increasing the total supply to 3.4 million sq. m. Over the same period, Jeddah's retail stock increased by roughly 46,000 sq. m. to 1.8 million sq. m. In the remaining nine months of this year, 478,000 sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about 105,000 sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between 8 to 120 sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by 11% and 8%, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by 6% across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: JII

Hospitality

- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at 21,000 keys. During the same period, Jeddah saw the delivery of 300 keys, increasing the total existing supply to 16,000 keys. An additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter Riyadh, and the remaining 1,000 keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of 100 million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to 76%, and the average daily rate (ADR) increased to USD 212 for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached 54% and ADR was recorded at USD 147. The Saudi hospitality market is expected to sustain its positive drive and improve further.

Source of Info: JII

Site Location Map



information source (field research)



Viola Compound

Type of Units	Area (sqm_	Number of Units	Rental Rate (SAR)	Rental Rate (SAR)
1 Room	75	44	40,000	533
2 Rooms	126	74	50,000	397
3 Rooms	150	30	60,000	429

Services and Facilities

- The project is a complex of luxury apartments designed to ensure privacy and complete security. The complex consists of **10** adjacent buildings with **148** apartments and one elevator, and each floor is on two levels, and there are only two apartments on each level. The apartments are easily accessed from the parking. The limited entrances to the complex ensure complete security and control of movement. The units are not furnished. Occupancy is **85%**.

Swimming Pool	Security	Maintenance	Gardens	Parking
✓	✓	✓	✓	✓
Promenade	Drivers Room	Courts	Playing Area	Health Club
✓	✓	✓	✓	✓

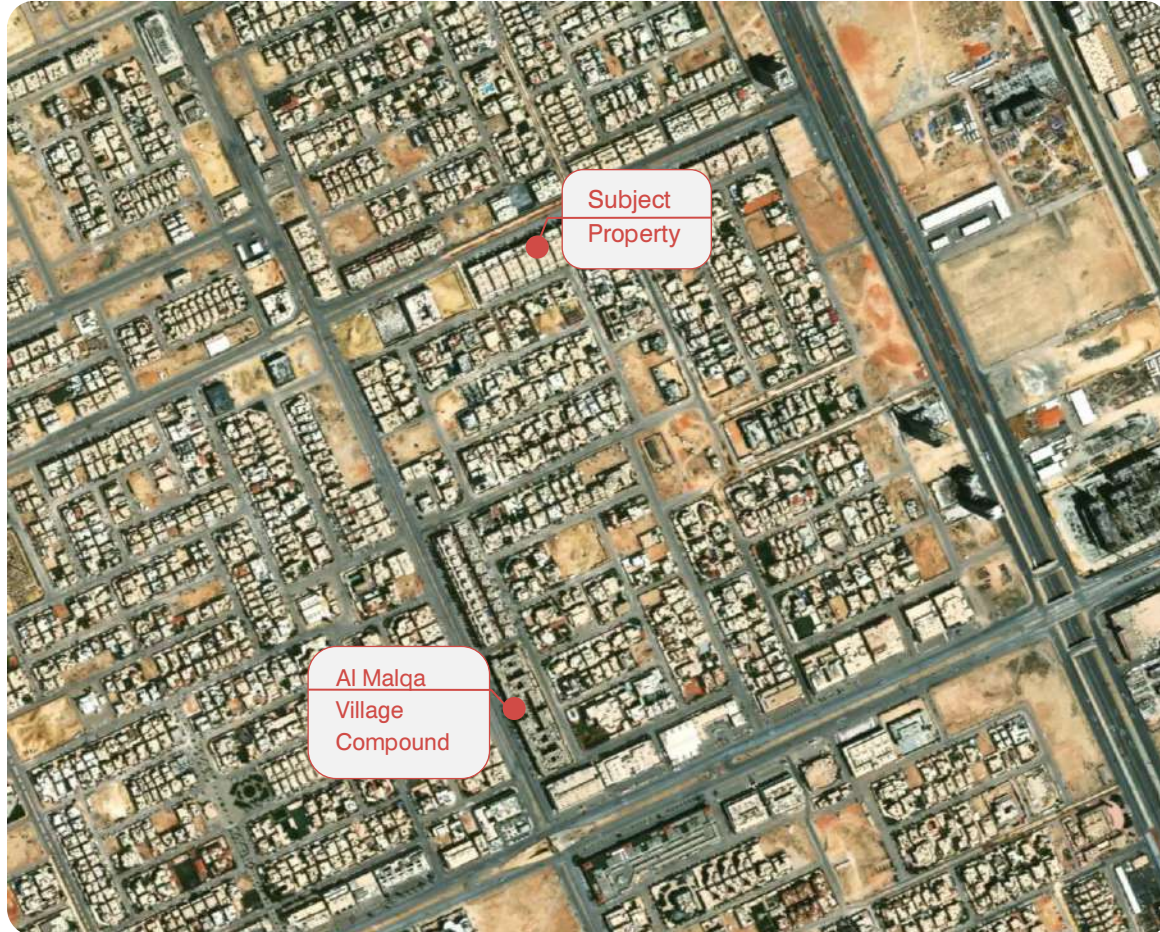
Compound Photographs



Valuation

Market Research - Case Study

Residential Compound Map



information source (field research)



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Al Malqa Village Compound

Type of Units	Area (m ²)	Rental Rate (SAR)	Rental Rate (SAR)
2 Rooms	120	85,000	708
2 Rooms	140	95,000	679
3 Rooms	170	118,500	700

The project is comprised of a high-end apartment complex, designed to ensure total privacy and security. It contains 16 buildings with open spaces between the buildings. The limited entrances of the compound guarantee full security and control over movement. The units are fully furnished. Occupancy 95%.

Services and Facilities

Swimming Pool	Security	Maintenance	Gardens	Parking
✓	✓	✓	✓	✓
Promenade	Drivers Room	Courts	Playing Area	Health Club
✓	✓	✓	✓	✓

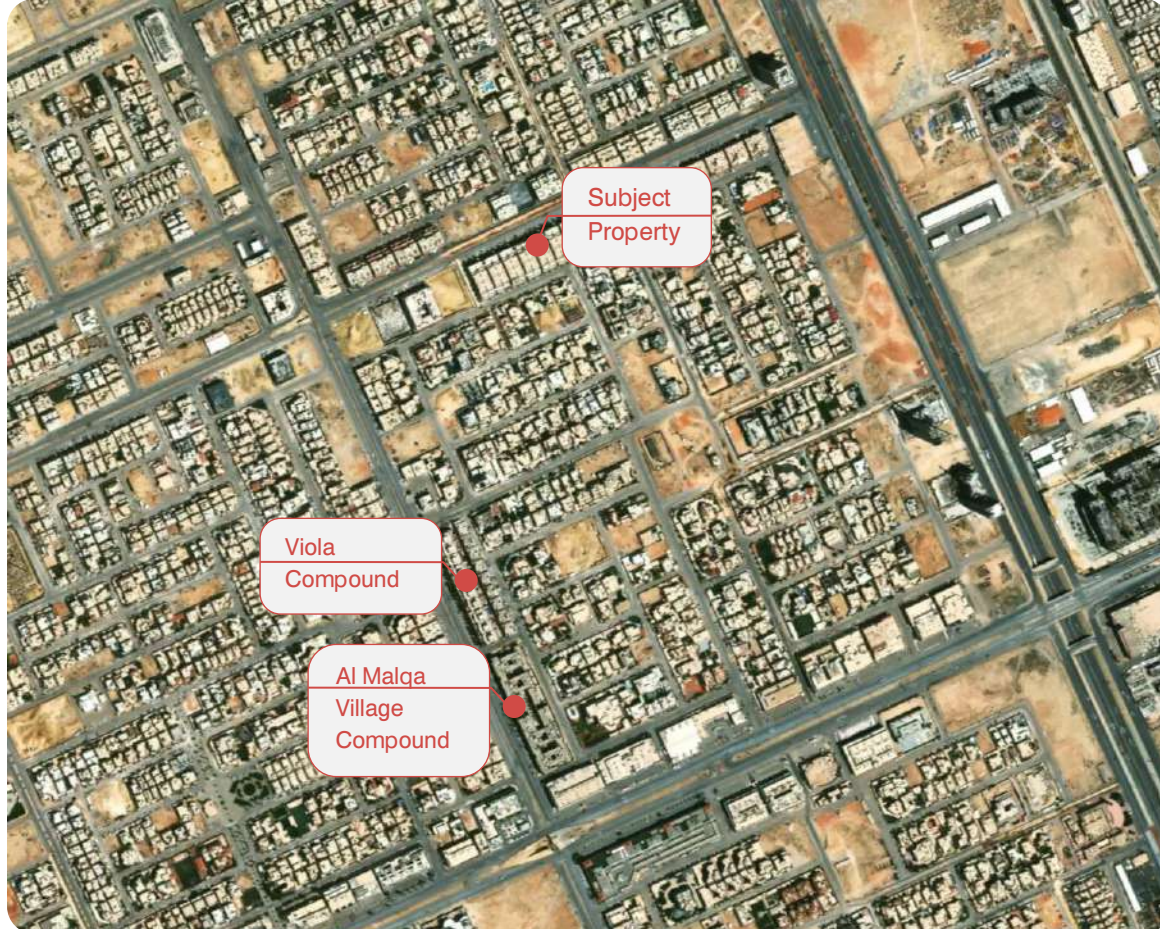
Compound Photographs



Valuation

Valuation Input

Residential Compound Map



information source (field research)

Lease Rate Estimation

Upon completion of the research and collection of information, we have analyzed the following comparables and made calculations and adjustments to reach the average lease value (SAR/sqm). The below schedule shows changes and adjustments made to the valuation matrix.

Valuation Matrix

Description	Viola Compound	Al Malqa Village
Land Area (sqm)	150	170
Lease Rate (SAR/sqm)	429	700
Adjustment Factors		
Open Spaces	0.0%	-5.0%
Design of Units	-5.0%	-5.0%
Ease of Access	0.0%	2.5%
Area	0.0%	2.5%
Facilities and Services	0.0%	-2.5%
Compound Category	0.0%	-22.5%
Furniture	20.0%	0.0%
Negotiation	-7.5%	-5.0%
Total Percentage (%)	7.50%	-37.50%
Final Value After Adjustments	461	455
Weightage (%)	50%	50%
Lease Rate (SAR/m ²)	458	

Occupancy Rate

Based on the Occupancy rate in the case studies, we have adopted a stable occupancy rate up to 90%.

Valuation

Income Approach - Valuation Approach

Key Assumptions in the Discounted Cash Flow Method:

Revenues

- According to the Tenancy Schedule provided by the client, the total annual income of 3 buildings leased for Rana Medical Services Company is 1,900,000 SAR. Also, the annual income of the 131 units rented for individuals is 9,958,810 SAR. After the contractual lease period of Rana Medical Services Company, income will be estimated based on market leasing rates for the remaining years of the DCF table.

Costs

- The building insurance is about 117,540 SAR annually. This amount will be expressed semi-annually in the Discounted Cash Flow table.
- The other buildings, 1-8, have no operation contracts, but the landlord has provided the operation costs as 10%, semi-annually, of total income.

Leasing Period

- The remaining period of the leasing contract of Rana Medical Company is 2 years.
- The renewal of the leasing contract is still vague, so it won't be considered to be renewed.
- After the expiry of the leasing contract, the leased units of building 9, 10, and 11 will be offered back in the market. Thus, occupancy and income will be market-based, similar to the units in 1-8 buildings. Hence, overall occupancy will decrease because the available leasable units increased in the market.

Inflation Rate.

- Inflation Rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate in the domestic product of the Kingdom of Saudi Arabia for the past 12 years as per the Central Bank of Saudi Arabia.

Capitalization Rate

- we have conducted market research about properties with similar usage to the subject property in the residential sector, which serve as a benchmark to determine the appropriate cap rate for the subject.

Property	City	Type	Cap Rate (%)
Mena Compound	Riyadh	Residential	7.5%
La Casa Compound	Riyadh	Residential	8.0%
Akaria Compound	Riyadh	Residential	8.5%
DQ Coumpound	Riyadh	Residential	8.0%
Rabwa Compound	Riyadh	Residential	7.5%
Yamama Compound	Riyadh	Residential	7.25%
Wadi al Hoda Compound	Riyadh	Residential	7.0%

- Comparing these properties with our subject property considering location, finishing, class, type, accessibility, and the area it belongs to, alongside the current binding lease contracts, we conclude that the cap rate should be 7.75%.

Discount Rate

- We have used the build-up method to calculate the discount rate, which considers inflation, cap rate, and market risk.
- Since the subject property enjoys a long-term binding lease securing income, market risk is null. Hence, the discount rate is set as 10.55%.

Valuation

Income Approach - DCF

- As a result of the prior information, cash flows were calculated to reach the value of the subject property over 5 years.
- Since the first 2 years of cash flow are based on the lease contract of the leased units (Rana Company Contract), the remaining 2 years will be market-based.
- The income and occupancy of the remaining units during the 5 years period of the DCF are based on market research explained in previous pages.
- Occupancy rates start with the actual occupancy and increase chronologically until it reaches the market stable occupancy.

Summary of Cash Flow Calculations:

Period (semi-annual)	1	2	3	4	5	6	7	8		
Discount Period (y)	0.5	1	1.5	2	2.5	3	3.5	4	4.5	5
Inflation Factor	1.01	1.03	1.04	1.06	1.07	1.09	1.10	1.12	1.13	1.15
Income from Rana Medical Company										
Occupancy (16% of total units) (%)	100.0%	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Revenue (SAR)	949,998	949,998	949,998	0	0	0	0	0	0	0
Income from the remaining units										
Rental price (SAR/sqm)	464	471	477	484	491	498	504	511	519	526
Leasable Area (sqm)	27,340	27,340	27,340	32,546	32,546	32,546	32,546	32,546	32,546	32,546
Occupancy rate (84% of total units) (%)	62.4%	72.4%	82.4%	74.0%	84.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Income (SAR)	7,919,770	9,317,114	10,751,782	11,656,738	13,415,942	14,574,073	14,776,702	14,982,147	15,190,449	15,401,647
Costs										
Bennett maintenance contract costs	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Building 1-8 Costs (%)	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Building 1-8 Costs (SAR)	791,977	931,711	1,075,178	1,165,674	1,341,594	1,457,407	1,477,670	1,498,215	1,519,045	1,540,165
Property Insurance Costs (SAR)	58,770	58,770	58,770	58,770	58,770	58,770	58,770	58,770	58,770	58,770
Total Costs (SAR)	1,950,747	2,090,481	2,233,948	2,324,444	2,500,364	2,616,177	2,636,440	2,656,985	2,677,815	2,698,935
Net Income (SAR)	6,919,021	8,176,630	9,467,832	9,332,294	10,915,578	11,957,896	12,140,262	12,325,163	12,512,634	12,702,713
TV (SAR)										325,359,317
PV Factor	0.95	0.90	0.86	0.82	0.78	0.74	0.70	0.67	0.64	0.61
NPV (SAR)	6,580,596	7,396,319	8,145,400	7,636,088	8,494,735	8,850,719	8,546,188	8,251,971	7,967,726	204,739,982
Property Fair Value (SAR)	276,610,000									



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للتقييم العقاري

Valuation Summary

Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions and detail within this report, may be fairly stated as follows:

Fair Value of Subject Property Using Income Approach as of 31 December 2023

- 276,610,000 SAR (Two Hundred Seventy-Six Million Six Hundred Ten Thousand Saudi Riyal).

Signatures & Authorizations

Eng. Yousef Abdullah Khan

Taqeem ID: 1220001989

Membership Type: Provisional Member

Sector: Real Estate Sector

Membership Date: 17/09/2020

Contribution: Inspector, Valuer and Report Creator

Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 24/01/2016

Contribution: Valuation & Report Reviewer

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 22/12/2015

Contribution: Report Reviewer & Authorizer

Company Stamp

Company Name: **Abaad & Partner for Real Estate Valuation**

Company No. 11000111

CR No: 4030297686

CL No: 323/18/781



أبعاد
للتقييم العقاري

Appendices

Executive Summary

Site Location Analysis

Valuation Terms

Valuation

Disclaimers

Tenure

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Appendices

Appendix 1: Subject Property Documents

Appendix 2: Valuation Glossary

Appendix 1: Property Documents



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للتقييم العقاري



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

الرقم : ٨٤٤٠٩٠٠١١٤٤
 التاريخ : ١٤٤٠ / ٩ / ١٤ هـ

صك رهن وتملك عقار

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

فإن قطعة الأرض رقم ٢٢٣٢ / ٢٢٣٤ من المخطط رقم ٣١١٤ الواقع في حي الملقا بمدينة الرياض - وحدودها وأطرافها كالتالي:


شمالاً: شارع عرض ٢٣٦ بطول: (٨٢,٥) ثلاثة وثمانون متر و خمسون سنتيمتر	جنوباً: شارع عرض ٢٠٠ بطول: (٨٢,٥) ثلاثة وثمانون متر و خمسون سنتيمتر
شرقاً: شارع عرض ٢٢٥ بطول: (٦٥,٦٥) خمسة وستون متر و ثلاثة وستون سنتيمتر	غرباً: قطعة رقم ٢٢٣٥ / ١ بطول: (٦٥,٦٥) خمسة وستون متر و خمسة وستون سنتيمتر

ومساحتها : (٥,٤٨١,١٥) خمسلالاف وأربعمئة و واحد و ثمانون متر مربعاً و خمسة و أربعون سنتيمتر مربعاً فقط والمقام عليها مجمع سكني

المالكة / شركة أول الملقا العقارية بموجب سجل تجاري رقم ١٠١٠٨٩٣٨٠٢ وتنتهي في ١٩ / ١٠ / ١٤٤٤ هـ بالصك الصادر من كتابة العدل الأول بالرياض برقم ٣١٠١٢١٠٤٥١٦٧ برقم ٢٢ / ٦ / ١٤٤٠ هـ قد تم رهنها وما أقيم أو سيقام عليها من بناء لمصالح / شركةالراجحي المصرفية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ في ٢٥ / ١٠ / ١٣٧٦ هـ ضماناتاً لوفائه / بما عليه من مستحقات مالية لمصالح مصرف الراجحي بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ بمبلغ قدره (٣٨١٨١٨١٨,١٩) ريال ثمانية وثلاثون مليون ومائة وثمانون الف وثمانمئة وثمانية عشر ريال وتسعة عشرة هلة الجاز من الهيئة الشرعية برقم ١٨٠٧٢ في ٣ / ٧ / ١٤٣٩ هـ ، على أن يتم سداد المبنية على أقساط كل سنة أشهر من تاريخ صرف التمويل بقيمة كل قسط (١٠٠٠٠٠٠) ريال مليون ريال ، تدفع اعتباراً من تاريخ ٢١ / ٣ / ٢٠١٩ م وفي حالة عدم السداد فللمقرض بيع العقار بالقيمة التي تنتهي عندها الرضيات واستيفاء ما ية ذمة الراهن من مبلغ وما تنص فيه عليه بعد اكتمال مايلزم شرعاً وعليه جرى التصديق تحريراً في ١٤ / ٩ / ١٤٤٠ هـ، ووصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل
 عبد الرحمن بن محمد بن رشيد الحريري

هذا المستند وحدة متكاملة ، وضياح أو ثلث نسخة منه يؤدي إلى عدم صلاحية المستند .
 نسخة ١ من
 (هذا النموذج مخمس للاستخدام بالحاسب الآلي ويمنع تعديله)
 نسخة مطابع الحكومة : ٢٢٣١١٥



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

الرقم : ٢١٤٠٠٢٠٠٢١٩٨
 التاريخ : ١٤٤٠ / ٩ / ١٤ هـ

صك رهن وتملك عقار

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

فإن قطعة الأرض رقم ٢٢٣٥ / ١ من المخطط رقم ٣١١٤ الواقع في حي الملقا بمدينة الرياض - وحدودها وأطرافها كالتالي:

شمالاً: شارع عرض ٣٦ بطول: (٥٢) ثلاثة و خمسون متر	جنوباً: شارع عرض ٢٠ بطول: (٥٢) ثلاثة و خمسون متر
شرقاً: قطعة رقم ٢٢٣٤ / ٢٢٣٢ بطول: (٦٥,٦٥) خمسة وستون متر و خمسة وستون سنتيمتر	غرباً: قطعة رقم ٢٢٣٢ / ١ بطول: (٦٥,٦٥) خمسة وستون متر و سبعة وستون سنتيمتر

ومساحتها : (٣,١٨٠,٢٣) ثلاثلالاف وأربعمئة و ثمانون متر مربعاً و ثلاثة و عشرون سنتيمتر مربعاً فقط والمقام عليها مجمع سكني

المالكة / شركة أول الملقا العقارية بموجب سجل تجاري رقم ١٠١٠٨٩٣٨٠٢ وتنتهي في ١٩ / ١٠ / ١٤٤٤ هـ بالصك الصادر من كتابة العدل الأول بالرياض برقم ٣١٠١٢١٠٤٥١٦٧ برقم ٢٢ / ٦ / ١٤٤٠ هـ قد تم رهنها وما أقيم أو سيقام عليها من بناء لمصالح / شركةالراجحي المصرفية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ في ٢٥ / ١٠ / ١٣٧٦ هـ ضماناتاً لوفائه / بما عليه من مستحقات مالية لمصالح مصرف الراجحي بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ بمبلغ قدره (٣٨١٨١٨١٨,١٩) ريال ثمانية وثلاثون مليون ومائة وثمانون ألفاً وثمانمئة وثمانية عشر ريال و تسعة عشر هلة الجاز من الهيئة الشرعية برقم ١٨٠٧٢ في ٣ / ٧ / ١٤٣٩ هـ ، على أن يتم سداد المبنية على أقساط كل سنة أشهر من تاريخ صرف التمويل بقيمة كل قسط (١٠٠٠٠٠٠) ريال مليون ريال ، تدفع اعتباراً من تاريخ ٢١ / ٣ / ٢٠١٩ م وفي حالة عدم السداد فللمقرض بيع العقار بالقيمة التي تنتهي عندها الرضيات واستيفاء ما ية ذمة الراهن من مبلغ وما تنص فيه عليه بعد اكتمال مايلزم شرعاً وعليه جرى التصديق تحريراً في ١٤ / ٩ / ١٤٤٠ هـ، ووصلى الله على نبينا محمد وآله وصحبه وسلم.

رئيس كتابة العدل للمساعد
 صالح بن صيف الله بن أحمد العمري

هذا المستند وحدة متكاملة ، وضياح أو ثلث نسخة منه يؤدي إلى عدم صلاحية المستند .
 نسخة ١ من
 (هذا النموذج مخمس للاستخدام بالحاسب الآلي ويمنع تعديله)
 نسخة مطابع الحكومة : ٢٢٣١١٥



Appendix 1: Property Documents




الرقم : ١٤٤٠-٩٠-٨٨٧١
 التاريخ : ١٥ / ١ / ١٤٤٠ هـ

وزارة العدل
 [٢٧٧]
 كتابة العدل بوسط الرياض




الرقم : ١٤٤٠-٩٠-٩٦٥٠
 التاريخ : ١٤ / ١ / ١٤٤٠ هـ

وزارة العدل
 [٢٧٧]
 كتابة العدل بوسط الرياض

صك رهن وتملك عقار

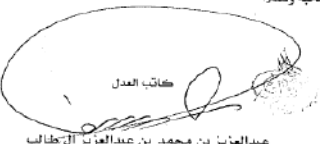

الحمد لله وحده والسلامة والسلام على من لا نبي بعده، وبعد:

فإن قطعة الأرض رقم ٢٢٣٧ / ١ من المخطط رقم ٣١١٤ الواقع في حي الملقا بمدينة الرياض . وحدودها وأصولها كالتالي:

شمالاً: شارع عرض ٣٦ م	بطول: (٥٣) ثلاثة وخمسون متر
جنوباً: شارع عرض ٢٠ م	بطول: (٥٣) ثلاثة وخمسون متر
شرقاً: قطعة رقم ١ / ٢٢٣٧	بطول: (٦٥,٦٩) خمسة وستون متر وتسعة وستون سنتيمتر
غرباً: شارع عرض ٨١٥ م	بطول: (٦٥,٧) خمسة وستون متر وسبعون سنتيمتر

ومساحتها : (٣,٤٨١,٩١) ثلاثة آلاف وأربعمائة وواحد وثمانون متراً مربعاً وتسعون سنتيمتراً مربعاً فقط والمقام عليها مجمع سكني

المملوكة لـ شركة أول الملقا العقارية بموجب سجل تجاري رقم ١٠١٠٨٩٣٨٠٢ وتنتهي في ١٩ / ١٠ / ١٤٤٤ هـ بالصلح الصادر من كتابة العدل الأول بالرياض برقم ٣١٠١٢١٠٥١٦٦ في ١٢ / ١ / ١٤٤٠ هـ. قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركة تراجي المصرفية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ في ٢٥ / ١٠ / ١٣٧٦ هـ منماتا لوفاتك يا بما عليه من مستحقات مالية لصالح مصرف الراجحي بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ بهيئته وقدره (٣٨١٨١٨١,١٩) ريال ثمانية وثلاثون مليوناً ومائة وواحد وثمانون ألفاً وثمانمائة وثمانية عشر ريالاً وتسعة عشر هلالاً الجاز من الهيئة الشرعية برقم ١٨٠٧٢ في ٧ / ٧ / ١٤٣٩ هـ، على أن يتم سداد الأيوية على أقساط كل ستة أشهر من تاريخ صرف التمويل بقيمة كل قسط (١٠٠٠٠٠٠) ريال مليون ريال تدفع اعتباراً من تاريخ ٣ / ٣ / ٢٠١٩ م وبه حالة عدم السداد فلتعثرن بيع العقار بالقيمة التي تنتهي عندها الرغبات واستيفاء ما في ذمة الراهن من مبلغ وما تقص برجع فيه عليه بعد اضمال مايلزم شرعاً وعليه جرى التصديق تحريراً في ١٤٤٠ / ٩ / ١٥ هـ وصادق الله على نبينا محمد وآله وصحبه وسلم.

عبد العزيز بن محمد بن عبد العزيز آل حطاب

هذا المستند وحدة متكاملة ، وضماناً إلى كلف صفة منه يؤدي إلى عدم صلاحية المستند
 معصفه مطابع الحكومة - ٢٩١٩١٤ (هذا النموذج مخصص للاستخدام بالتحاسب الآلي ويعتق تعقيده)
 نموذج رقم (١٠-٣٢-١١)

صك رهن وتملك عقار



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

فإن قطعة الأرض رقم ٢٢٣٦ / ١ من المخطط رقم ٣١١٤ الواقع في حي الملقا بمدينة الرياض . وحدودها وأصولها كالتالي:

شمالاً: شارع عرض ٣٦ م	بطول: (٥٣) ثلاثة وخمسون متر
جنوباً: شارع عرض ٢٠ م	بطول: (٥٣) ثلاثة وخمسون متر
شرقاً: قطعة رقم ١ / ٢٢٣٥	بطول: (٦٥,٧٧) خمسة وستون متر وسبعة وستون سنتيمتر
غرباً: قطعة رقم ١ / ٢٢٣٧	بطول: (٦٥,٧٩) خمسة وستون متر وتسعة وستون سنتيمتر

ومساحتها : (٣,٤٨١,٩١) ثلاثة آلاف وأربعمائة وواحد وثمانون متراً مربعاً وعشرة سنتيمتراً مربعاً فقط والمقام عليها مجمع سكني

المملوكة لـ شركة أول الملقا العقارية بموجب سجل تجاري رقم ١٠١٠٨٩٣٨٠٢ وتنتهي في ١٩ / ١٠ / ١٤٤٤ هـ بالصلح الصادر من كتابة العدل الأول بالرياض برقم ٣١٠١٢١٠٥١٦٦ في ١٢ / ١ / ١٤٤٠ هـ. قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركة تراجي المصرفية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ في ٢٥ / ١٠ / ١٣٧٦ هـ منماتا لوفاتك يا بما عليه من مستحقات مالية لصالح مصرف الراجحي بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ بهيئته وقدره (٣٨١٨١٨١,١٩) ريال ثمانية وثلاثون مليوناً ومائة وواحد وثمانون ألفاً وثمانمائة وثمانية عشر ريالاً وتسعة عشر هلالاً الجاز من الهيئة الشرعية برقم ١٨٠٧٢ في ٧ / ٧ / ١٤٣٩ هـ، على أن يتم سداد الأيوية على أقساط كل ستة أشهر من تاريخ صرف التمويل بقيمة كل قسط (١٠٠٠٠٠٠) ريال مليون ريال تدفع اعتباراً من تاريخ ٣ / ٣ / ٢٠١٩ م وبه حالة عدم السداد فلتعثرن بيع العقار بالقيمة التي تنتهي عندها الرغبات واستيفاء ما في ذمة الراهن من مبلغ وما تقص برجع فيه عليه بعد اكمال مايلزم شرعاً وعليه جرى التصديق تحريراً في ١٤٤٠ / ٩ / ١٥ هـ وصادق الله على نبينا محمد وآله وصحبه وسلم.

عبد الرحمن بن محمد بن رشيد الحربي

هذا المستند وحدة متكاملة ، وضماناً إلى كلف صفة منه يؤدي إلى عدم صلاحية المستند
 معصفه مطابع الحكومة - ٢٩١٩١٤ (هذا النموذج مخصص للاستخدام بالتحاسب الآلي ويعتق تعقيده)
 نموذج رقم (١٠-٣٢-١١)

Appendix 2: Valuation Glossary

Saudi Authority

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

Asset or Assets

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

Client

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

Intended Use

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

Intended User

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

Jurisdiction

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

May

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

Appendix 2: Valuation Glossary

Must

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

Participant

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Fair Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

Purpose

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

Should

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

Appendix 2: Valuation Glossary

Significant and/or Material

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

Valuation

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.
- Valuation Purpose or Purpose of Valuation:
- See “Purpose”.

Valuation Reviewer

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

Value (n)

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

Valuer

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

Appendices

Appendix 2: Valuation Glossary

Weight

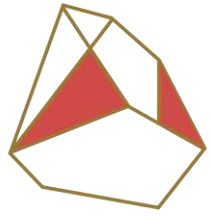
- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

Weighting

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.



أبجد
للتقييم العقاري



أبعاد
للتقييم العقاري

Abaad & Partner For Real Estate Valuation Co.

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Riyadh, Kingdom of Saudi Arabia

For more information, please contact us at:
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CEO

Mobile: +966 (50) 730 0500

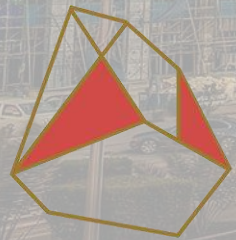
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Eng. Ammar Qutub

Director

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Email: ammarq@sa-abaad.com



أبجد
للتقييم العقاري

Final Valuation Report

Pallazzo Commercial Center, Al Sulaimaniya District, Riyadh

Client/ Alkhabeer Capital

09 January 2024

V230275

P230352

الخبير المالية
Alkhabeer Capital



Introduction



Dear Alkhabeer Capital,

RE: Valuation of Pallazzo Commercial Center, Al Sulaimaniya District, Riyadh.

Further to your request, Abaad thank you for inviting us to complete and submit a valuation report with respect to the aforementioned property.

We have prepared our valuation on the basis of Fair Value for Financial Statement Purposes.

We confirm that the valuation has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as "Taqeem."

We confirm that the valuation has been undertaken by us as external valuers and we possess the required knowledge, skills, and understanding to undertake the valuation competently.

We confirm that we are not aware of any existing or potential conflict of interest with respect to this engagement.

Eng. Ammar Abdulaziz Sindi

Chief Executive Officer

Kingdom of Saudi Arabia

Mobile: +966 (50) 730 0500

Email: asindi@sa-abaad.com

Registration Certificate



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Executive Summary

Property Overview

- The subject property is a commercial building comprised of 15 showrooms. The area of the land is 6,050 square meters, with a built-up area of 5,819 square meters.
- The property is located at Al Sulaimaniya District, on King Mohammed V Road, Riyadh.
- The subject property is approximately five kilometers from the City Center, and about 37 kilometers from King Khalid International Airport.
- The subject property is in the city of Riyadh, the capital of the Kingdom of Saudi Arabia. It is the largest Saudi city, with a population of 6.9 million in 1440/2018.

Property Details

Site Details	Information
District	Al Sulimaniyah
Permitted Use	Commercial
Tenure	Restricted Ownership
Deed Number	214002002200
Deed Date	14/9/1440
Total Land Area (sqm)	6,050
Total Built-Up Area (sqm)	5,941
Owner	Awwal Al Malqa Real Estate Company



أبجد
للتقييم العقاري

Subject Property Pictures



Valuation Summary

Site Details	Information
Report Type	Detailed Report
Other independent Users	Fund Manager and Investors – Report Reviewers
Purpose of Valuation	Financial Statement
Valuation Approach	Income Approach
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Adopted Currency	Saudi Riyal
Property Fair Value	69,230,000

Executive Summary

Terms and Conditions

- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the Property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the Property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the Property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.

Valuation Terms

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Valuation Terms



أبعاد
للتقييم العقاري

Introduction

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the fair value by the required date.
- The subject of the valuation is the assessment of the Fair Value of the Palazzo Commercial Center Property at Al Sulaimaniya District, Riyadh, for Financial Statement Purposes.

Applicable Standards

- We confirm that this valuation report has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as “Taqeem”.

Status of Valuer

- This report has been compiled and verified by Ammar Qutub and Ammar Sindi, who have the necessary qualifications, ability and relevant experience to conduct a valuation of the Subject Property. They have also acted in the capacity of external valuers.

Conflict of Interest

- We confirm that we are not aware of any conflict of interest in acting on your behalf on this exercise.

Purpose of Valuation

- We have prepared our valuation for Financial Statements purpose.

Date of Inspection

- We confirm that the Property was inspected by Abaad Team on 22 November 2023.

Date of Valuation

- We confirm that the date of valuation is 31 December 2023.

Basis of Valuation

- We have prepared our valuation on the basis of Fair Value, which is defined in IVS 2022 as per the below:

“International Accounting Standard No. (13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

Sources of Information

- We have relied upon the information provided to us by the Client with respect to the Subject Property, which is outlined below:
 - Title deed
 - Lease agreements and details
 - Alkhabeer REIT Fund Prospectus

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General Disclaimers

Liability and Publication

- This report is issued for your use, and that of your professional advisers, for the specific purpose to which it refers. Abaad does not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference to it, may be included in any published document, circular, or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

Confidentiality

- This report is confidential to the Client and their advisors, and we accept no responsibility 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 to it will only be notified to the Client to whom it is authorized.

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as a fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.
- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.
- **No important assumptions or any special assumptions were applied.**

Disclaimers

Fair Value Disclaimers

Fair Value Hierarchy

- In accordance with the Fair Value Hierarchy prescribed by IFRS 13, our real estate valuation process adheres to three distinct levels of inputs to ensure transparency and reliability in the determination of fair value.
 - **Level 1 Inputs:** Quoted prices for identical properties in an active market represent the most reliable and transparent inputs. However, due to the unique characteristics of our real estate assets, the availability of Level 1 inputs may be limited.
 - **Level 2 Inputs:** Observable inputs other than quoted prices, such as recent transactions or prices for similar properties, are considered in the absence of Level 1 inputs. These inputs contribute to the valuation process and enhance the robustness of our fair value measurements.
 - **Level 3 Inputs:** The valuation of certain real estate assets relies significantly on Level 3 inputs, which are unobservable and require management judgment. This involves the use of proprietary valuation models, assumptions, and estimates tailored to the specific attributes of our properties. Level 3 inputs are particularly relevant when market activity is limited or absent.
- The choice of input level is determined by the nature of each asset and the availability of observable market data. Our commitment to providing a comprehensive and accurate representation of fair value includes detailed disclosures regarding the methods, assumptions, and risks associated with each valuation.
- This disclosure aims to communicate the approach taken in the real estate valuation process, highlighting the reliance on different levels of inputs and emphasizing transparency for stakeholders.

Fair Value Measurement Disclosure

- In accordance with the Fair Value Hierarchy outlined in IFRS 13, our real estate valuation primarily relies on Level 3 inputs. Level 3 inputs involve unobservable data and require significant management judgment. This is due to the unique characteristics of our properties and the absence of readily available market prices for identical or similar assets. Our valuation approach includes the use of appropriate and relevant valuation methodologies, and the fair value estimates are sensitive to changes in key assumptions. For a detailed understanding of our valuation methodologies and the associated risks, please refer to the comprehensive disclosures provided in through out the report and the valuation methodology section
- This disclosure communicates to stakeholders that Level 3 inputs are a key component of the real estate valuation process, emphasizes the reliance on unobservable data, and encourages users to review the detailed disclosures for a more thorough understanding of the valuation methodologies and associated risks. Providing transparency in this way helps stakeholders make informed decisions based on the unique circumstances of the real estate being valued.

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Tenure

Title Information
Contract Details

Tenure

Title Information

Title Information

ID	Description	
Owner	Awal Al Malqa Real Estate Company	
Property Name	Pallazzo Center	
Plot No.	333-342	
Sub-Division	690	
District	Al Sulimaniyah	
Street Name	King Mohammad V	
Coordinates	24° 42.022'N	46° 42.126'E
City	Riyadh	
Ownership Type	Restricted Ownership	
Title Deed Info	Dees No.	214002002200
	Deed Date	14/9/1440

Dimensions and street widths

Side	Dimension (m)	Street Name	Type	Width (m)	Frontage
North	50 m	Al Ayinah	Local	20 m	2
South	50 m	Rawifa bin Thabet	Local	15 m	3
East	121 m	King Mohammad V	Commercial	30 m	1
West	121 m	Ibn Rayyan	Pathway	10 m	4

Sources: Title Deed

Leased Units Summary

Unit #	Contract Period (Years)	Contract Expiry Date (Year)
1		Vacant
2		Vacant
3		Vacant
4	4	2027
5	5	2028
6		Vacant
7	2	2025
8	1	2024
9	1	2024
10	5	2028
11	5	2028
12	4	2027
13	2	2025
14	1	2024
15	1	2024

- After examining the Leasing contract, we have found that the tenants and the landlord are independent entities, and the contract is a binding contract.
- The contract lease rate is within the market range.

Information Sources (Lease Contract Copy).

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Site Location Analysis

Public Transport – Riyadh Metro
Development Projects at City Level
Development Projects at District Level
Property Description
Property Photographs

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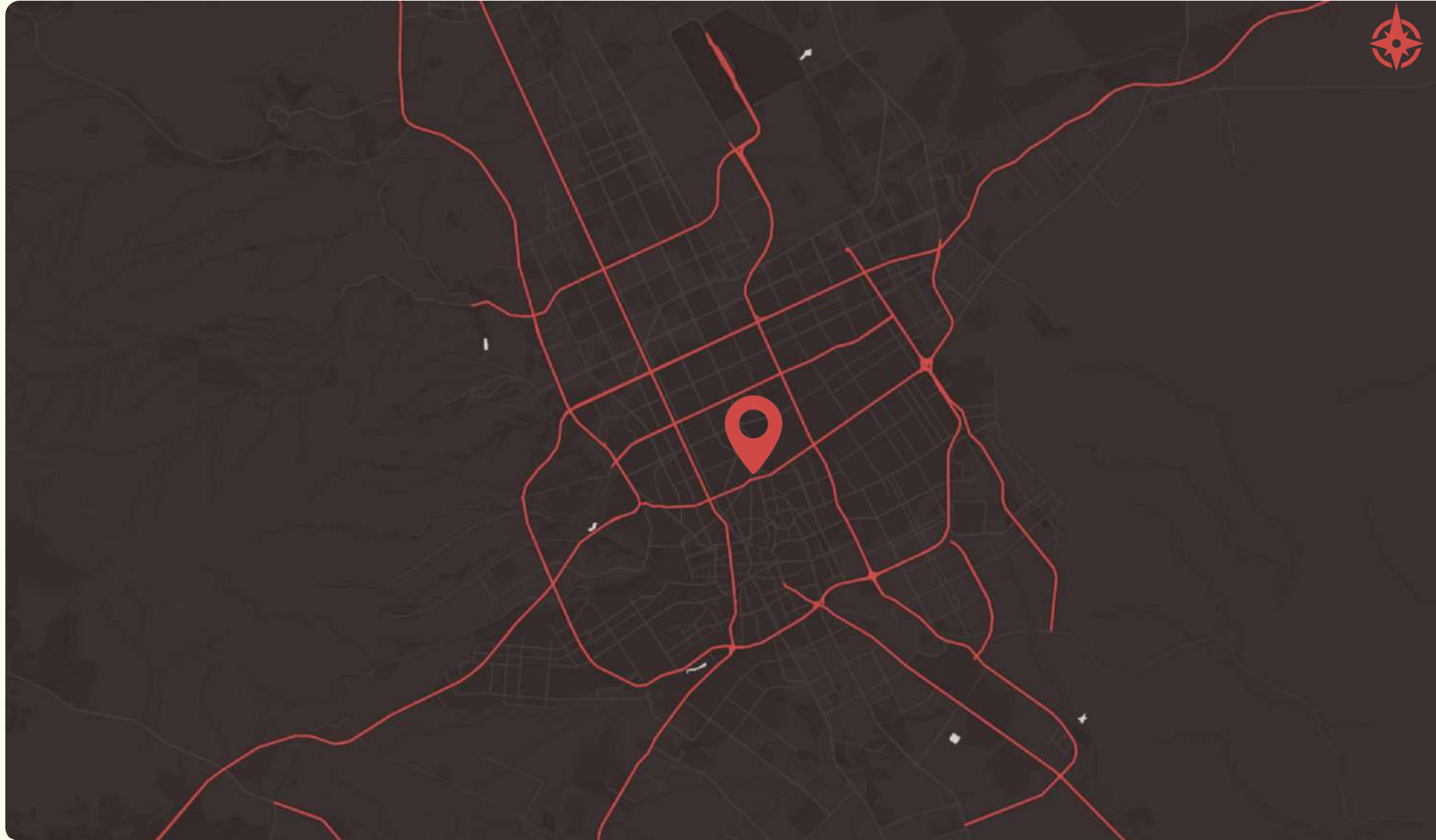
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Site Location Analysis

Macro Location



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- The subject property is strategically situated in Riyadh, the capital of Saudi Arabia and the largest among its cities, serving as the central hub of the Riyadh Region.
- Renowned as the foremost Saudi city, Riyadh boasts a substantial population of 7.5 million as of 1442/2022, solidifying its pivotal role in the nation's landscape. In terms of geographical expanse, Riyadh stands as one of the largest cities in the Arab World, covering an impressive developed area of approximately 1,973 square kilometers.
- Riyadh is currently undergoing transformative development, with a strong focus on infrastructure and public transport. The ongoing Riyadh Metro Project and Public Transport Project are testament to the city's commitment to modernization and efficient urban mobility.
- The subject properties are specifically located in Al Malaz and Al Faisaliyyah Dist., Riyadh. The closest one is strategically positioned approximately 36 kilometers from King Fahd International Airport, ensuring convenient connectivity, and approximately 23 kilometers from the dynamic King Abdullah Financial District, reflecting their prime location within the evolving landscape of Riyadh.

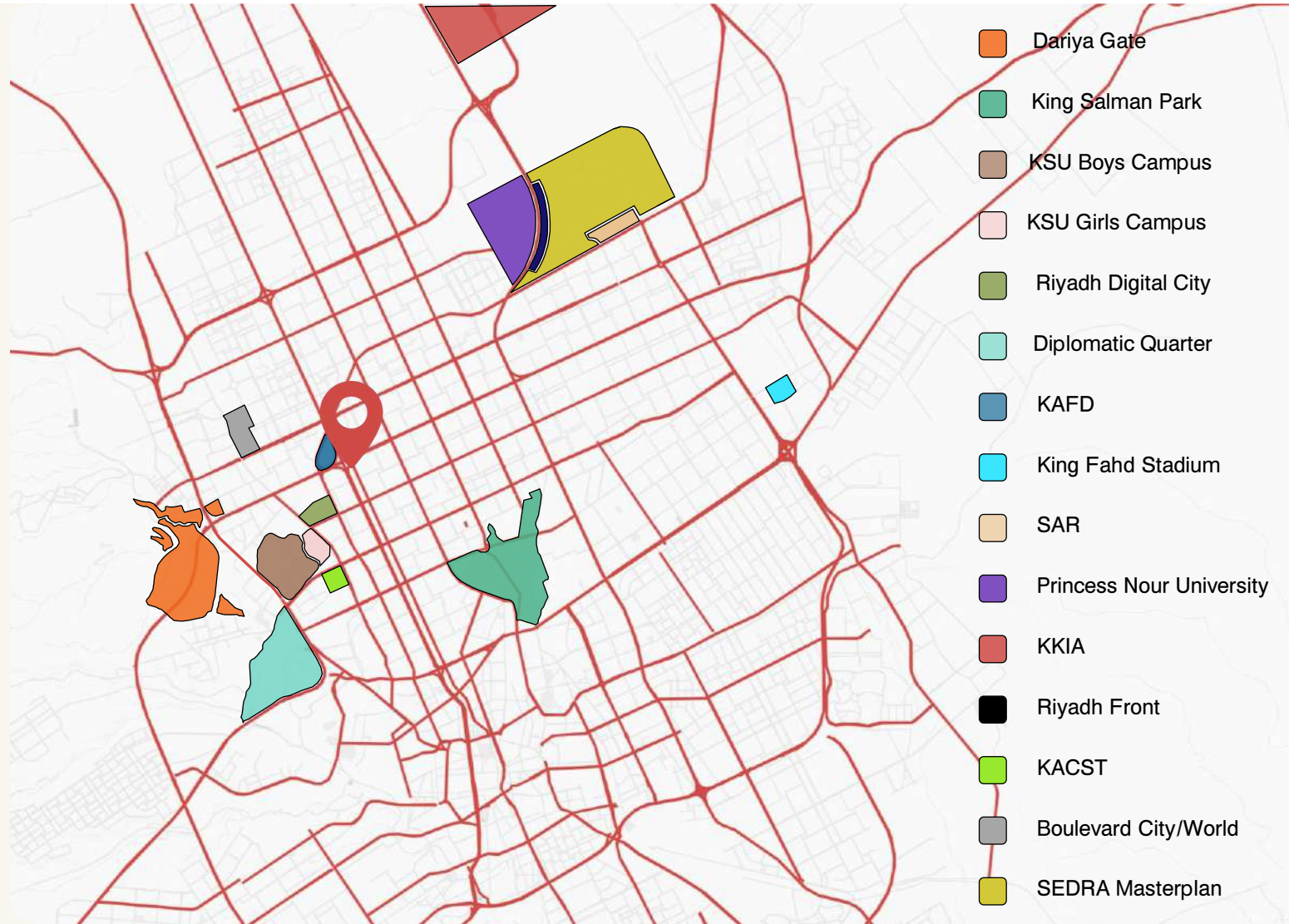
Site Location Analysis

Macro Location



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- Riyadh City has many known local destinations that shapes the urban life. The subject property is close to some of these destinations, giving the subject property some advantage.
- Riyadh View forma common place that hosts commercial and food & Beverage activity. Nevertheless, SAR is next to subject property. SAR connects Saudi Arabia different cities in the north, eastern and south of Riyadh with a complexe and modern railway network.
- King Khalid Airport is one of the iconic construction of Riyadh city, easing and connecting local and international travelers with the Capital of Saudi Arabia.
- The existence of several educational institutions in the city is like PNU, that has the capacity of 70,000 student, KSU and KACST, would elevate the educational standers, create better future for generations, and compete with local and international educational systems.
- One of the main district, is the Diplomatic Quarter that taloir all the geopolitical plans and draws international relationships.
- Riyadh has kept an on itself by having two of the most important districts, the financial and digital ones, allowing Saudi Arabia to expand the growth capacity regionally and internationally on both tech and financial sectors.
- As part of the Vision 2030, The development of Diriyah Gate would return significant impact by attracting tourists, encouraging cultural exchange, exposing the history of Saudi Arabia and hundreds of years of legacy.
- On the Entertainment side, Riyadh has very known and diversified entertainment place, the Boulevard as a city inside of a city and a world inside a city. Also, the Stadium.
- Riyadh Also is waiting of the biggest urban park in the region, King Salman Park, that will achieve Saudi Arabia sustainability goal addressed in Vision 2030.



Site Location Analysis

Development Projects at City Level



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The Royal Commission for the City of Riyadh carries out many programs and development projects which are strategic in nature with multiple objectives and dimensions and different requirements for execution over time.

هيئة تطوير بوابة الدرعية
Dariyah Gate Development
Authority



Between the architectural, cultural, economic and social features and the environmental development requirements of Wadi Hanifa, it provides a model for the development of the oasis.

The program adopted the principle of integration with the City of Riyadh, making Diriya a world class cultural, tourism and promotional suburb.

Riyadh Art Project



Includes the performance of over 1000 artworks by local and international artists in front of audiences in the various parts of the City of Riyadh, as part of 10 programs covering residential neighborhoods, public parks, natural promenades, public squares, public transport stations, bridges, pedestrian crossings, city entrances and all tourism destinations of the city.

Riyadh Boulevard

المسار
الرياضي
Sports Boulevard



Extends 135 kilometers, penetrating the City of Riyadh to connect Wadi Hanifa in the west of the City with Wadi Al Sulay in its east. It includes sports, cultural, recreational and environmental activities, including bicycle tracks, horse tracks, pedestrian sidewalks, a number of gates, stations and rest areas for bikers and hikers. Along the Boulevard inside the City and at Wadi Hanifa and Wadi Al Sulay, recreational services are provided to bikers and hikers, including coffee shops and diverse retail outlets.

Green Riyadh

الرياض الخضراء
GREEN RIYADH

The program aims at planting over 7.5 million trees in all parts of the city, including public parks, community parks, promenades, mosques, schools, academic, health and public installations and facilities, green belts along the spans of public utility lines, in addition to King Khalid International Airport, a roads and streets network, in addition to public transport routes, car parking spaces, vacant lands, valleys and river tributaries.

King Salman Park:

حديقة الملك سلمان
King Salman Park

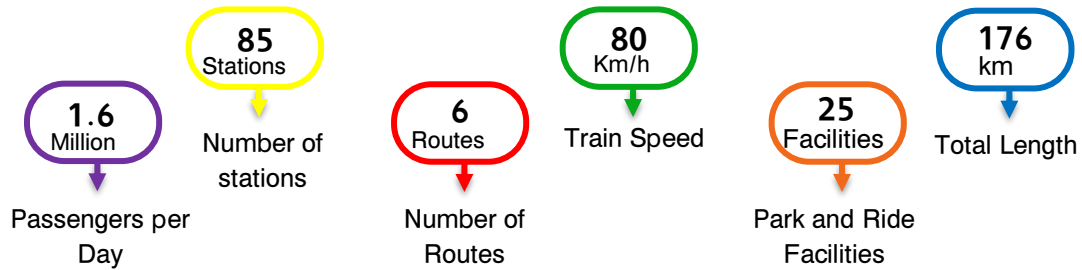
The largest city park in the World with an area exceeding 13 square kilometers. It is considered to be an environmental, cultural, sports and recreational project which contributes to the changing lifestyle in the city.

Site Location Analysis



Public Transport – Riyadh Metro

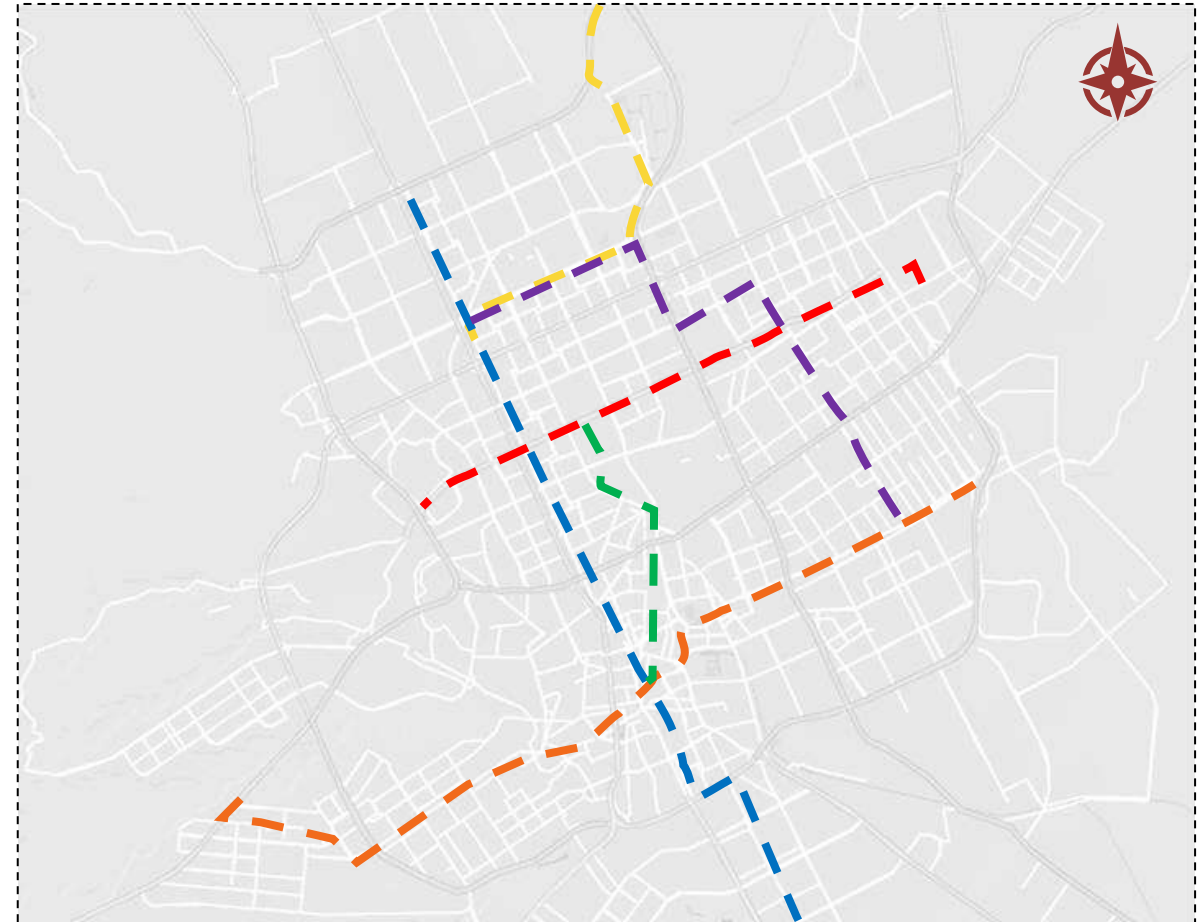
- Metro Riyadh is a high-speed transport system. It is currently under construction. It is one of the largest infrastructure projects in the City of Riyadh.
- The Metro is designed as a world-class transport system, including 756 metro cars, 85 stations, six metro lines, and a network spanning 176 kilometers.
- The construction of the metro system has resulted in several road closures which affected traffic in various parts of the city.



Length of Riyadh Metro Routes

Route	Route Length (Km)
First Route (Blue)	38.0
Second Route (Red)	25.3
Third Route (Orange)	40.7
Fourth Route (Yellow)	29.6
Fifth Route (Green)	12.9
Sixth Route (Purple)	29.5

Riyadh Metro Route Map:



Site Location Analysis



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Development Projects at District Level

- The Subject property is strategically situated in the heart of Riyadh City Center, offering unparalleled accessibility and connectivity. The property's expansive area is delineated by prominent thoroughfares, with Prince Mohammed bin Abdulaziz Road to the North, Prince Sultan bin Abdulaziz Road to the South, King Mohammed V Road to the East, and King Fahd Road to the West, providing a direct and panoramic view.
- As Sulaimaniyah District, in which the property is located, is surrounded by key landmarks, with Al Wurood District to the North, Ministries, Muraba, and Dubbat Districts to the South, King Salman Air Base to the East, and Olaya District to the West, creating a dynamic and vibrant neighborhood.
- The subject property enjoys connectivity to vital city axes and roads, including the prominent King Abdulaziz Road and King Mohammed bin Abdulaziz Road, ensuring convenient access for residents and visitors alike. This prime location not only enhances the property's desirability but also positions it as a focal point within the dynamic urban landscape of Riyadh.



Site Location Analysis

Property Photographs



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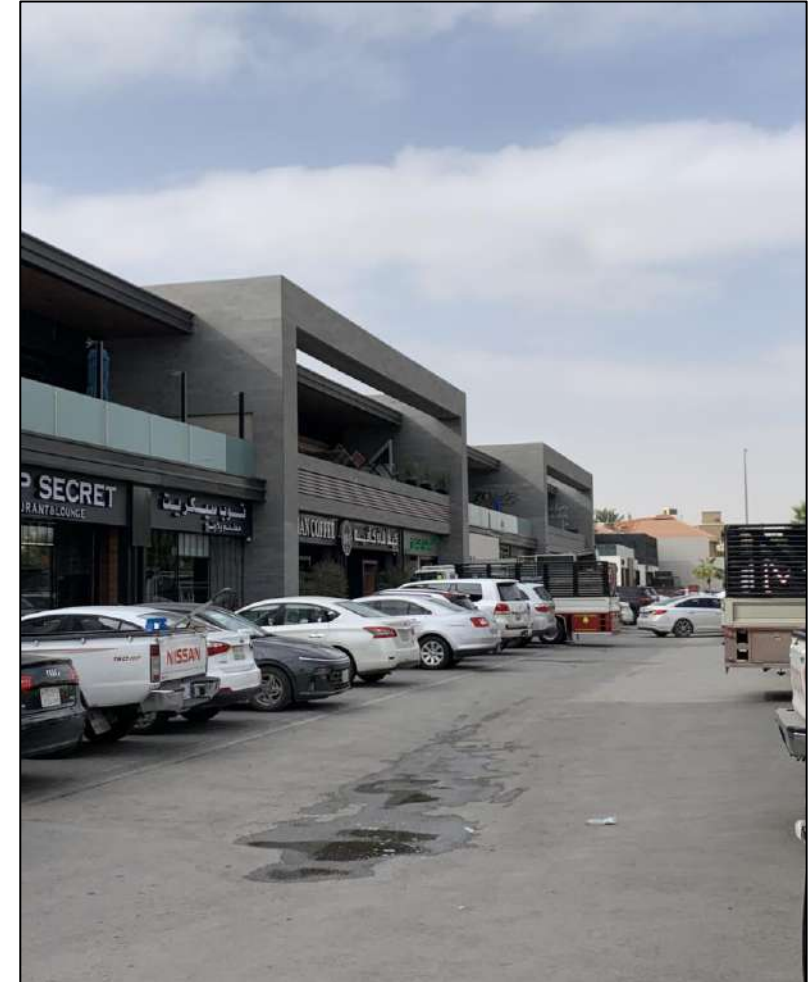


Site Location Analysis

Property Photographs



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Valuation Methodology
Analysis of Property Risks
Income Approach
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Income Valuation Methodology - DCF

Income Valuation Approach

- In determining our opinion of [Fair Value] for the Subject Properties and based on the fact that they are all multi-tenanted income producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modelling technique based on explicit assumptions regarding the prospective cashflow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. 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 a property.
- With regard to the subject properties, the cashflow has been calculated on an annual basis. With respect to the growth rate applied throughout our cashflow, we have adopted the long-term average inflation rate for Saudi Arabia at 2.8%.
- The cashflow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the [Fair Value]. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be as at a future date.

Valuation Steps Using Income Approach - DCF

01

Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

02

Cost Assumptions

The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.8 %/annum.

03

Property Income

The property income represents the revenue derived from the rent payments received during a year.

04

Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance, maintenance, and marketing costs. The costs are typically calculated on an annual basis.



Property Risk Analysis

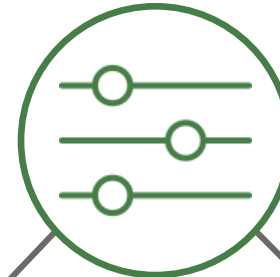
Long-term contract risks

The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.



Regulatory and legislative risks

The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property.



Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



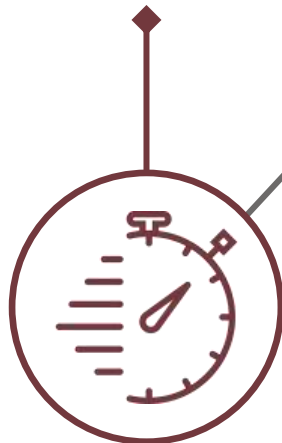
Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property.



Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property, any change in revenues as a result of different market conditions will affect the value of the Property.



Market Study - Demand and Supply

Office

- In the first three months of **2023**, around **50,000** sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately **4.9** million sq. m. in the capital and **1.2** million sq. m. in Jeddah. Over the remainder of this year, an additional **61,000** sq. m. and **583,000** sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to **1%** in **Q1 2023**. As a result, average Grade A rents increased by **19%** year-on-year (Y-o-Y) to reach **SAR 1,764** per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by **15%** Y-o-Y to reach **SAR 1,199** per sq. m. per annum in the first quarter of **2023**. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at **8%** in **Q1 2023**.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Source of Info: JII

Residential

- Riyadh witnessed the completion of close to **7,800** residential units in **Q1 2023**, pushing up the total stock to **1.4** million residential units. Over the same period, **4,400** units were handed over in Jeddah to bring the city's residential inventory to **864,000** units. In the remaining months of this year, **45,000** units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, **100** million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of **2023**, average sale prices and rents in Riyadh increased by **7%** and **2%**, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by **11%** annually, and average rents climbed by **9%**.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of **6%** in the capital and **17%** in Jeddah, in **Q1 2023**. Over the same period, rents for apartments grew by **4%** in Riyadh and **13%** in Jeddah.

Source of Info: JII

Market Study - Demand and Supply

Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately 84,000 sq. m. of retail space and increasing the total supply to 3.4 million sq. m. Over the same period, Jeddah's retail stock increased by roughly 46,000 sq. m. to 1.8 million sq. m. In the remaining nine months of this year, 478,000 sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about 105,000 sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between 8 to 120 sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by 11% and 8%, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by 6% across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: JII

Hospitality

- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at 21,000 keys. During the same period, Jeddah saw the delivery of 300 keys, increasing the total existing supply to 16,000 keys. An additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter Riyadh, and the remaining 1,000 keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of 100 million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to 76%, and the average daily rate (ADR) increased to USD 212 for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached 54% and ADR was recorded at USD 147. The Saudi hospitality market is expected to sustain its positive drive and improve further.

Source of Info: JII

Valuation

Valuation Inputs

Key Factors in the Discounted Cash Flow Method:

Inflation Rate

- Inflation Rate: Discounted cash flows are calculated at an annual inflation rate of **2.8%** per annum by taking the average rate of inflation in the domestic product of the Kingdom of Saudi Arabia for the past **12** years as per the Central Bank of Saudi Arabia.

Capitalization Rate

- we have conducted market research about properties with similar usage to the subject property in the office sector, which serves as a benchmark to determine the appropriate cap rate for the subject.

Property	City	Type	Cap Rate (%)
Al Ouruba Plaza	Riyadh	Retail	8.0%
Localizer Mall	Riyadh	Retail	8.5%
Al Wadi Square	Riyadh	Retail	7.5%
City Life Plaza	Riyadh	Retail	8.0%

- Comparing these properties with our subject property taking into consideration location, finishing, class, type, accessibility, and the area it belongs to, we conclude that the cap rate should be **8.00%**.

Discount Rate

- We have used the build-up method to calculate the discount rate, which considers inflation, cap rate, and market risk.
- Since the subject property enjoys a long-term binding lease securing income, market risk is null. Hence, the discount rate is set as **10.80%**.

Valuation

Comparable Sites

Al Bani 8144:

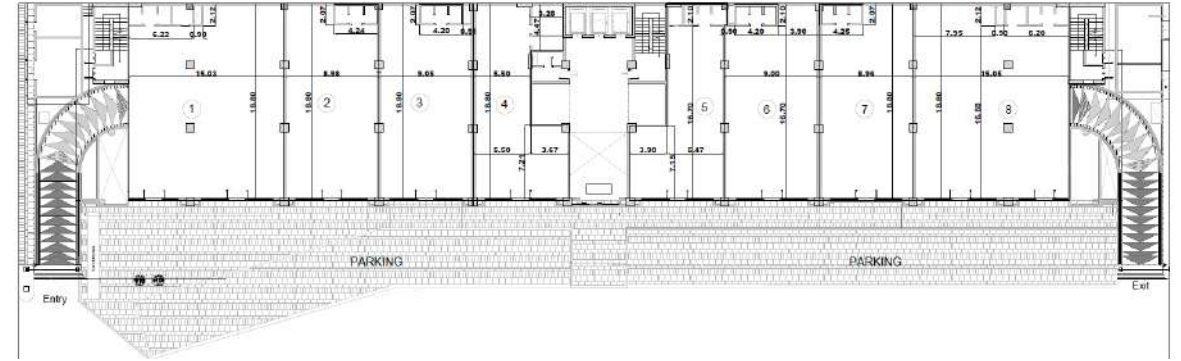


Information Source: Field Research



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Horizontal Projection for the Commercial Showrooms:



Location



Al Sulimaniyah District

Showrooms



8 Showrooms

Floors



Ground Floor Only

Average Rent



1,400 SAR/m²

Street



King Mohammad V

Parking Lots



Limited Parking Spaces

Completion Date



2019

Distance to Property



12 Meters

Valuation

Revenues Estimation



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Revenues

- According to the tenant schedule provided by the Client, the property's total annual revenue is SAR 4,060,567, thus, the average rent is 1,010 SAR/sqm. The Abaad team has conducted market research in the relevant area to verify these numbers.

Valuation Matrix

Description	Al Bani 8146
Land Area (m2)	225.5
Price per Meter (SAR/m2)	1300
Adjustments	
Location	0.0%
Area	-5.0%
Facades	0.0%
Streets	0.0%
Ease of Access	0.0%
Development Type	5.0%
Negotiation	0.0%
Total Adjustments (-/)	0.0%
Adjusted Rent (SAR/m2)	1,300
Weightage (-/)	100%
Lease Rate (Showrooms) (SAR/sqm)	1,300

- Based on the market study, we have found that rent is about 1,150 SAR/sqm.
- This market-based rent value will be applied to units that are vacant to conclude the property's Gross Potential Income.



Valuation

Revenues Estimation



Income Estimation

Lease agreements of the subject property were reviewed. Following the completion of the review of the lease agreements, the income of the subject property will be calculated based on market rates to reach the average rental value per square meter of the subject property. The table below shows **the income of the property by lease agreement in black**, and **the income of the property based on market rates in blue**.

Unit #	Area (sqm)	2024	2025	2026	2027	2028	2029
1	367	477,555	477,555	477,555	477,555	477,555	477,555
2	366	476,034	476,034	476,034	476,034	476,034	476,034
3	415	539,500	539,500	539,500	539,500	539,500	539,500
4	415	415,000	415,000	415,000	415,000	539,825	539,825
5	415	433,675	433,675	433,675	433,675	433,675	539,825
6	415	539,500	539,500	539,500	539,500	539,500	539,500
7	473	348,810	348,810	539,825	539,825	539,825	539,825
8	415	302,588	269,750	269,750	269,750	269,750	269,750
9	415	302,588	269,750	269,750	269,750	269,750	269,750
10	415	378,908	378,908	378,908	378,908	378,908	539,500
11	415	378,908	378,908	378,908	378,908	378,908	539,500
12	415	415,000	415,000	415,000	415,000	539,825	539,825
13	366	403,201	403,201	476,034	476,034	476,034	476,034
14	366	340,945	487,071	487,071	487,071	487,071	487,071
15	383	340,945	487,071	487,071	487,071	487,071	487,071
Total Income (SAR)		6,093,156	6,319,732	6,583,580	6,583,580	6,833,230	7,260,565

Valuation

Income Approach - DCF



As a result of the prior information, cash flows were calculated to reach the value of the subject property covering a period of 8 years, where the GPI is **6,093,156 SAR** for the first trading year.

Cash Flow Calculations:

Period (Semi-annual)	1	2	3	4	5	6	7	8
Discount Period (Y)	1	2	3	4	5	6	7	8
Inflation Factor	1.03	1.06	1.09	1.12	1.15	1.18	1.21	1.25
Contract Area (sqm)	4,022	2,857	2,491	2,491	1,245	0	0	0
Contract Income (SAR)	4,060,567	2,773,501	2,021,490	2,021,490	1,191,490	0	0	0
Other Units Income (SAR)	1,564	2,728	3,094	3,094	4,340	5,585	5,585	5,585
Occupancy (%)	28.0%	48.8%	55.4%	55.4%	77.7%	87.7%	95.0%	95.0%
Other Units Income (SAR)	584,954	1,830,416	2,420,752	2,488,533	5,032,935	7,515,327	8,368,465	8,602,782
Total GEI (SAR)	4,645,521	4,603,917	4,442,242	4,510,023	6,224,425	7,515,327	8,368,465	8,602,782
OpEx (%)	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
OpEx (SAR)	464,552	460,392	444,224	451,002	622,442	751,533	836,847	860,278
Insurance (SAR)	23,540	23,540	23,540	23,540	23,540	23,540	23,540	23,540
Total Expenses (SAR)	488,092	483,932	467,764	474,542	645,982	775,073	860,387	883,818
Net Income (SAR)	4,157,429	4,119,985	3,974,478	4,035,481	5,578,442	6,740,254	7,508,079	7,718,964
Exit (SAR)								96,487,053
PV Factor	0.90	0.81	0.74	0.66	0.60	0.54	0.49	0.44
NPV (SAR)	3,752,193	3,355,955	2,921,869	2,677,542	3,340,520	3,642,820	3,662,271	45,874,856
Property Fair Value (SAR) (rounded)	69,230,000							

Valuation Summary

Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions and detail within this report, may be fairly stated as follows:

Fair Value of Subject Property Using Income Approach as of 31 December 2023

- **69,230,000 SAR (Sixty-Nine Million Two Hundred Thirty Thousand Saudi Riyal)**

Signatures & Authorizations

Eng. Yousuf Abdullah Khan

Taqeem ID: 1220001989

Membership Type: Provisional Member

Sector: Real Estate Sector

Membership Date: 17/09/2020

Contribution: Inspector, Valuer and Report Creator

Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 24/01/2016

Contribution: Valuation & Report Reviewer

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 22/12/2015

Contribution: Report Reviewer & Authorizer

Company Stamp

Company Name: **Abaad & Partner for Real Estate Valuation**

Company No. 11000111

CR No: 4030297686

CL No: 323/18/781



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Appendix 1: Property Documents



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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الجمهورية العربية السورية
وزارة العدل
[٢٧٧]

كاتب العدل بوسط الرياض

الرقم: ٢١١٠٠٢٠٠٢٢٠٠
التاريخ: ١٤٤٠ / ٩ / ١٤ هـ

مسك رهن وتملك عقار

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

فإن قطعة الأرض ٣٣٣ و قطعة الأرض ٣٣٤ و قطعة الأرض ٣٣٥ و قطعة الأرض ٣٣٦ و قطعة الأرض ٣٣٧ و قطعة الأرض ٣٣٨ و قطعة الأرض ٣٣٩ و قطعة الأرض ٣٤٠ و قطعة الأرض ٣٤١ و قطعة الأرض ٣٤٢ من البلوك رقم ٣٥ من المخطط رقم ١٦٠ الواقع في حي السليمانية بمدينة الرياض - وحدودها وأطرافها كالتالي:

شمالاً: شارع عرض ١٠ متر بطول: (٥٠) خمسون متر
جنوباً: شارع عرض ٥ متر بطول: (٥٠) خمسون متر
شرقاً: شارع عرض ٣٠ متر بطول: (١٢١) مائة و واحد و عشرون متر
غرباً: ممر مشاه عرض ١٠ متر بطول: (١٢١) مائة و واحد و عشرون متر
ومساحتها: (٦٠٥٠) ستة آلاف و خمسون متر مربعاً فقط.

المملوكة لـ / شركة أول الخفا العقارية بموجب سجل تجاري رقم ١٠١٠٨٩٣٨٠٢ وتنتهي في ١٤ / ١٠ / ١٤٤٤ هـ بالصك الصادر من كتابة العدل الأولى بالرياض برقم ٧١٠١١٦٠٤٥١٢٤ في ١٧ / ٤ / ١٤٤٠ هـ قد نر رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركة كوالاجي المصرفية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ في ٢٥ / ١٠ / ١٣٢٦ هـ ضمانات الوفاء بما عليه من مستحقات مالية لصالح مصرف الراجحي بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ بمبلغ وقدره (٣٨١٨١٨١٨.١٩) ريالاً ثمانية و ثلاثون مليوناً و مائة و واحد و ثمانون ألفاً و ثمانمائة و ثمانية عشر ريالاً و تسعة عشر هللة المجاز من الهيئة الشرعية برقم ١٨٠٧٢ في ٢٤ / ٧ / ١٤٣٩ هـ، على أن يتم سداد الموفية على أقساط كل ستة أشهر من تاريخ صرف التمويل بقيمة كل قسط (١٠٠٠٠٠٠) ريال مليون ريال، تنبع اعتباراً من تاريخ ٢٠١٩ / ٠٣ / ٢٠ م وفي حالة عدم السداد فلعرضه بيع العقار بالقيمة التي تنتهي عندها الرغبات واستيفاء ما بقى الرهن من مبلغ وما نقص يرجع فيه عليه بعد اكتمال مايلزم شرعاً وعليه جرى التصديق تحريراً في ١٤ / ٩ / ١٤٤٠ هـ وصلى الله على نبيينا محمد وآله وصحبه وسلّم.

رئيس كتابة العدل المساعد
صالح بن حنيف الله بن أحمد الععري

وزارة العدل
كتابة العدل بوسط الرياض
كاتب العدل محمد دود

صفحة مطابع الحكومة - ٢٠١٤ (٥٨) النموذج مخصص للاستخدام بالعماس (الذي يمنع تالفه) - تواج بهيئة ١ - ٢٠١٤

Appendix 2: Valuation Glossary

Saudi Authority

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

Asset or Assets

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

Client

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

Intended Use

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

Intended User

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

Jurisdiction

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

May

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

Appendix 2: Valuation Glossary

Must

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

Participant

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Fair Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

Purpose

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

Should

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

Appendix 2: Valuation Glossary

Significant and/or Material

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

Valuation

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.
- Valuation Purpose or Purpose of Valuation:
- See “Purpose”.

Valuation Reviewer

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

Value (n)

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

Valuer

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

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Appendix 2: Valuation Glossary

Weight

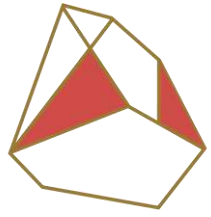
- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

Weighting

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.



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Abaad & Partner For Real Estate Valuation Co.

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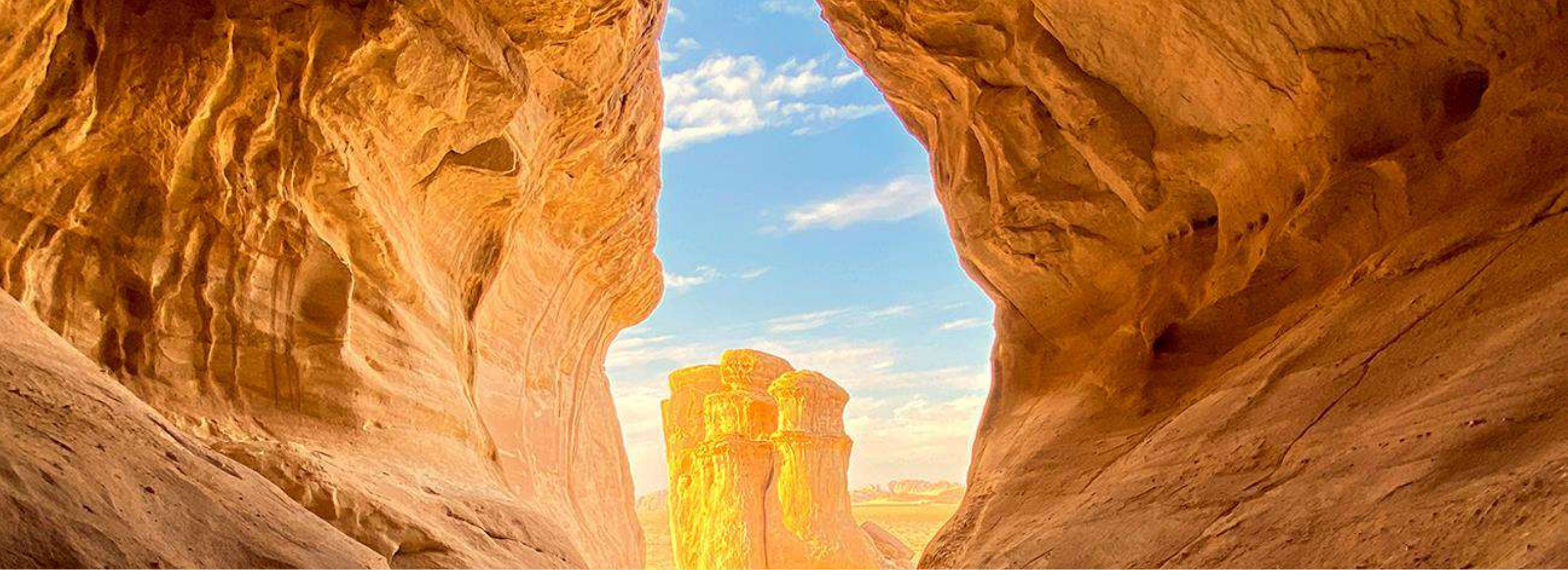
Email: asindi@sa-abaad.com

Eng. Ammar Qutub

Director

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Final Valuation Report

Gallery Mall, Al-Salihiyah District, Tabuk

Client/ Alkhabeer Capital

09 January 2024

V230275

P230352

الخبير المالية
Alkhabeer Capital



Introduction



Dear Alkhabeer Capital,

RE: Valuation of Gallery Mall, Al-Salihiyah District, Tabuk

Further to your request, Abaad thank you for inviting us to complete and submit a valuation report with respect to the aforementioned property.

We have prepared our valuation on the basis of Fair Value for Financial Statements Purposes.

We confirm that the valuation has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as "Taqeem."

We confirm that the valuation has been undertaken by us as external valuers and we possess the required knowledge, skills, and understanding to undertake the valuation competently.

We confirm that we are not aware of any existing or potential conflict of interest with respect to this engagement.

Eng. Ammar Abdulaziz Sindi

Chief Executive Officer

Kingdom of Saudi Arabia

Mobile: +966 (50) 730 0500

Email: asindi@sa-abaad.com

Registration Certificate



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Property Overview

- The Subject property is a closed commercial center consisting of two floors and a basement, the land area is **41,630** square meters and the total rental area is **35,868** square meters.
- The property is located in Al-Salhiya district on King Khalid Road in Tabuk.
- The subject property is approximately **4** km north of downtown, and about **7** km from Prince Sultan bin Abdulaziz International Airport in the Salhiya district of Tabuk.
- The Subject property is located in Tabuk, which is the base for the Principality of Tabuk Province and the largest northern city of Saudi Arabia, and around it are some of the most important monuments in the Arabian Peninsula and It is considered one of the important agricultural areas in the Kingdom. It has a population of approximately **551,124** people.

Property Details

Site Details	Information
District	Al-Salihyah
Use	Commercial Office Center
Ownership	Usufruct
Land Area (m ²)	41,630
Total Built-Up Area (m ²)	43,625
Gross Leasable Area (m ²)	35,868
Current Property Owner (Usufruct)	Sulaiman Al-Qudaibi & Sons Company
Original Property Owner	State Property Represented by Madinah Municipality



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Subject Property Pictures



Valuation Summary

Site Details	Information
Report Type	Detailed Report
Other independent Users	Alkhabeer Capital- Fund Manager & Investors - Report Reviewers - CMA
Purpose of Valuation	Financial Statement
Valuation Approach	Income Approach
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Adopted Currency	Saudi Riyal
Property Fair Value	151,690,000

Executive Summary

Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the Property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the Property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the Property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.

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Introduction

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the Fair Value by the required date.
- The subject of the valuation is the assessment of the Fair Value of Gallery Mall Property at Al-Salihyah District, Tabuk, for Financial statements Purposes.

Applicable Standards

- We confirm that this valuation report has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as “Taqeem”.

Status of Valuer

- This report has been compiled and verified by Ammar Qutub and Ammar Sindi, who have the necessary qualifications, ability and relevant experience to conduct a valuation of the Subject Property. They have also acted in the capacity of external valuers.

Conflict of Interest

- We confirm that we are not aware of any conflict of interest in acting on your behalf on this exercise.

Purpose of Valuation

- We have prepared our valuation for Financial Statements purpose.

Date of Inspection

- We confirm that the Property was inspected by Abaad Team on 22 November 2023.

Date of Valuation

- We confirm that the date of valuation is 31 December 2023.

Basis of Valuation

- We have prepared our valuation on the basis of Fair Value, which is defined in IVS 2022 as per the below:
“International Accounting Standard No. (13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

Sources of Information

- We have relied upon the information provided to us by the Client with respect to the Subject Property, which is outlined below:
 - Title Deed.
 - Lease Contract Document
 - Alkhabeer REIT Fund Prospectus.

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General Disclaimers

Liability and Publication

- This report is issued for your use, and that of your professional advisers, for the specific purpose to which it refers. Abaad does not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference to it, may be included in any published document, circular, or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

Confidentiality

- This report is confidential to the Client and their advisors, and we accept no responsibility 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 to it will only be notified to the Client to whom it is authorized.

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as a fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.
- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.
- **No important assumptions or any special assumptions were applied.**

Fair Value Disclaimers

Fair Value Hierarchy

- In accordance with the Fair Value Hierarchy prescribed by IFRS 13, our real estate valuation process adheres to three distinct levels of inputs to ensure transparency and reliability in the determination of fair value.
 - **Level 1 Inputs:** Quoted prices for identical properties in an active market represent the most reliable and transparent inputs. However, due to the unique characteristics of our real estate assets, the availability of Level 1 inputs may be limited.
 - **Level 2 Inputs:** Observable inputs other than quoted prices, such as recent transactions or prices for similar properties, are considered in the absence of Level 1 inputs. These inputs contribute to the valuation process and enhance the robustness of our fair value measurements.
 - **Level 3 Inputs:** The valuation of certain real estate assets relies significantly on Level 3 inputs, which are unobservable and require management judgment. This involves the use of proprietary valuation models, assumptions, and estimates tailored to the specific attributes of our properties. Level 3 inputs are particularly relevant when market activity is limited or absent.
- The choice of input level is determined by the nature of each asset and the availability of observable market data. Our commitment to providing a comprehensive and accurate representation of fair value includes detailed disclosures regarding the methods, assumptions, and risks associated with each valuation.
- This disclosure aims to communicate the approach taken in the real estate valuation process, highlighting the reliance on different levels of inputs and emphasizing transparency for stakeholders.

Fair Value Measurement Disclosure

- In accordance with the Fair Value Hierarchy outlined in IFRS 13, our real estate valuation primarily relies on Level 3 inputs. Level 3 inputs involve unobservable data and require significant management judgment. This is due to the unique characteristics of our properties and the absence of readily available market prices for identical or similar assets. Our valuation approach includes the use of appropriate and relevant valuation methodologies, and the fair value estimates are sensitive to changes in key assumptions. For a detailed understanding of our valuation methodologies and the associated risks, please refer to the comprehensive disclosures provided in through out the report and the valuation methodology section
- This disclosure communicates to stakeholders that Level 3 inputs are a key component of the real estate valuation process, emphasizes the reliance on unobservable data, and encourages users to review the detailed disclosures for a more thorough understanding of the valuation methodologies and associated risks. Providing transparency in this way helps stakeholders make informed decisions based on the unique circumstances of the real estate being valued.



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Tenure

Title Information
Contract Details

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Title Information

Title Information

Description	Details
Owner's Name	Tabuk Municipality
Property Name	Gallery Mall
Lease Contract Number	143000123
Lease Contract Date	15/03/1434
Area (Property's Address)	Al-Salihyah District
Street Name	King Khalid
Location Coordinates	28° 23.642'N 36° 33.638'E
City	Tabuk
Ownership Information	Usufruct

Sources: Title Deed



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Dimensions and street widths

Side	Dimension (m)	Street Name	Type	Width (m)	Frontage
North	253	King Khalid	Main	30	1
South	253	Unnamed	Sub-Street	20	2
East	180	Unnamed	Sub-Street	18	4
West	180	Unnamed	Sub-Street	18	3

Sources: Title Deed



Contract Details

Land Lease Contract Summary

Description	Details
Landlord	Tabuk Municipality
Land Tenant	Awwal Al Malqa Real Estate Company
Contract Term	25 Years (binding)
Contract Effective Date	15/03/1434
Land Annual Lease	SAR 1,579,000

Management Service Contract

Description	Details
1 st Party	Al Mahmal Facilities Services Company
2 nd Party	Awwal Al Malqa Real Estate Company
Contract Term	3 Years
Contract Effective Date	31/03/2024
1 st Party Obligations	Maintenance, Cleaning and Security
Management Service Fees	4,749,324 SAR

- After examining the current management service agreement provided by the client, we have found it's a binding contract for a period of 3 years.
- The contract automatically renews for the same period.
- Both parties are independent, and there are no common interests that would make the contract suspicious.
- 1st Party is obliged to hire a 3rd Party to provide the security service.

Information Sources (Contracts Copy).

Operation Contract Summary

Description	Details
1 st Party	Awwal Al Malqa Real Estate Company
2 nd Party	Gulf Growth Media Company
Contract Term	1 Year
Contract Effective Date	10/04/2021
2 nd party Obligations	Operating, leasing, and advertising
1 st Party Obligations	Management Salary and Operation Service Costs
Management salary	4% of Gross Rent Income
Lease Service Fees	1% of Gross Rent Income
New Tenants Commission	6% of new unit lease contracts

- After examining the current operation agreement provided by the client, we have found it's a binding contract for a period of 1 year. The contract doesn't automatically renew every year unless it was asked by the 1st party to do so.
- Both parties are independent, and there are no common interests that would make the contract suspicious
- According to the client, the management service contract will remain valid with the same conditions until the expiry date of the land lease contract. Abaad will be updated once any changes to contract details and conditions occur.
- The operating company takes a cut of 6% of every new lease contract(s) is signed with the new tenant(s) and to be paid only once.

Information Sources (Contract Copy).

Site Location Analysis

Executive Summary

Valuation Terms

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Site Location Analysis

- Development Projects at City Level
- Development Projects at District Level
- Property Description
- Property Photographs

Valuation

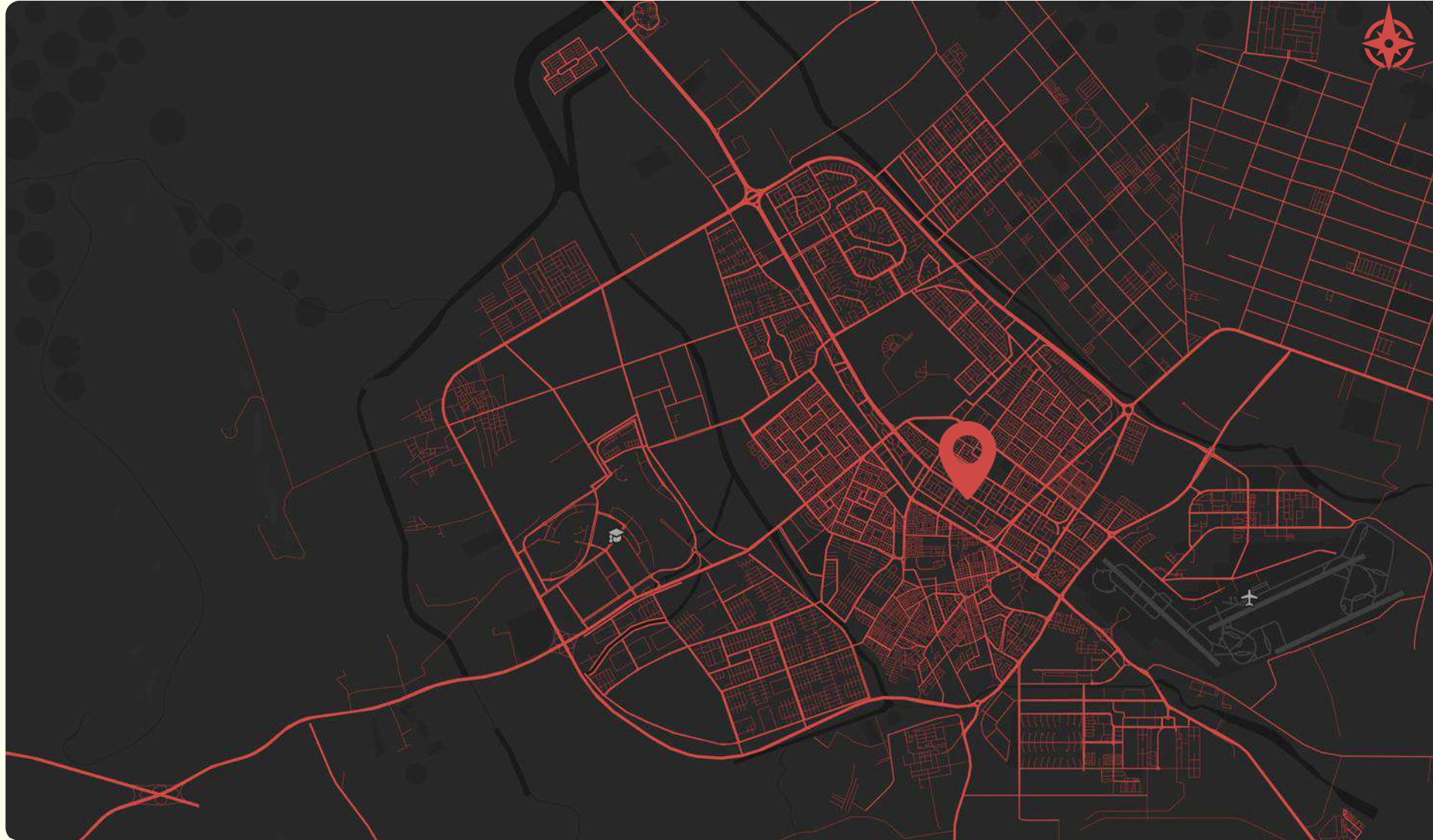
Appendices

Site Location Analysis

Development Projects at City Level



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- The subject property is located in the City of Tabuk, the headquarters of the Principality of Tabuk Province and the largest northern city in the Kingdom of Saudi Arabia. The City is surrounded by some of the most important archeological sites in the Arabian Peninsula.
- Tabuk Province is the northern gate of the Arabian Peninsula, and a vital road for trade , Hajj and Umrah pilgrims from outside the Arabian Peninsula. It is one of the important agricultural areas in the Kingdom.
- As per the **2017** population survey, the City has a population of approximately **551,124**.
- Tabuk existed before **500 B.C.E**, as evidenced by the historical monuments found there. It was named (Tabou) or (Tabawa). Ruins indicate that Tabuk Province was the home for many nations before Islam, such as the original Arab tribes, for example the Thamud people and the Nabataens. Historians mention that Tabuk was a home for the Jadhham Tribe.
- The property is located approximately four kilometers to the north of the City Center, and approximately seven kilometers from Prince Sultan bin Abdulaziz International Airport at Al-Salihiyah District, Tabuk.

Site Location Analysis



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Development Projects at District Level

- The property is prominently situated in the bustling Tabuk City Center, offering a strategic location characterized by well-defined borders. To the north lies the dynamic King Khalid Road, while the southern boundary is marked by the influential King Abdulaziz Road. Prince Sultan Road bounds the property to the east, and the western outlook is framed by the distinctive King Abdullah Road, providing the property with a well-connected and dynamic setting.
- Al-Salihyah District, enveloping the property, is intricately surrounded by noteworthy districts, with the Northern Al-Faisaliyah District to the north, Saada District to the south, Ancient Aziziyah District to the east, and Al Rajhi Plan District to the west, creating a rich tapestry of diverse neighborhoods.
- Ease of accessibility defines the surroundings of the subject property, with key junctions and roads at the city level facilitating seamless movement. Notable thoroughfares such as King Abdulaziz Road and King Khalid Road play a pivotal role in connecting the property to the broader cityscape, making it a well-positioned and highly accessible hub within Tabuk's urban fabric.



Site Location Analysis

Property Description



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- The featured property stands as a distinguished closed commercial center, showcasing a meticulously designed structure comprising two floors and a basement, all situated on a sprawling land area spanning 41,630 square meters. Within this expansive layout, the built-up area measures an impressive 43,625 square meters, with a gross leasable area of 35,868 square meters, underscoring its substantial and versatile spatial offerings.
- Comprising a total of 139 commercial stores, 15 restaurants, 39 kiosks, and four cafes, the property caters to a diverse range of businesses. For the convenience of patrons, it boasts outdoor parking lots and an underground parking facility accommodating over 900 cars. Navigating the commercial center is made seamless through the inclusion of three electric lifts, six escalators, service elevators, and an entertainment hall, enhancing both accessibility and overall visitor experience.
- The exterior of the property exudes a modern aesthetic, characterized by aluminum cladding and glass facades, while the internal corridors boast sophisticated finishes with porcelain floors and aluminum marble columns. In contrast, the stores are designed with a practical yet elegant finishing touch. Moreover, utility services are seamlessly integrated, ensuring each store is equipped with essential amenities, further solidifying the property's status as a comprehensive and well-appointed commercial hub.

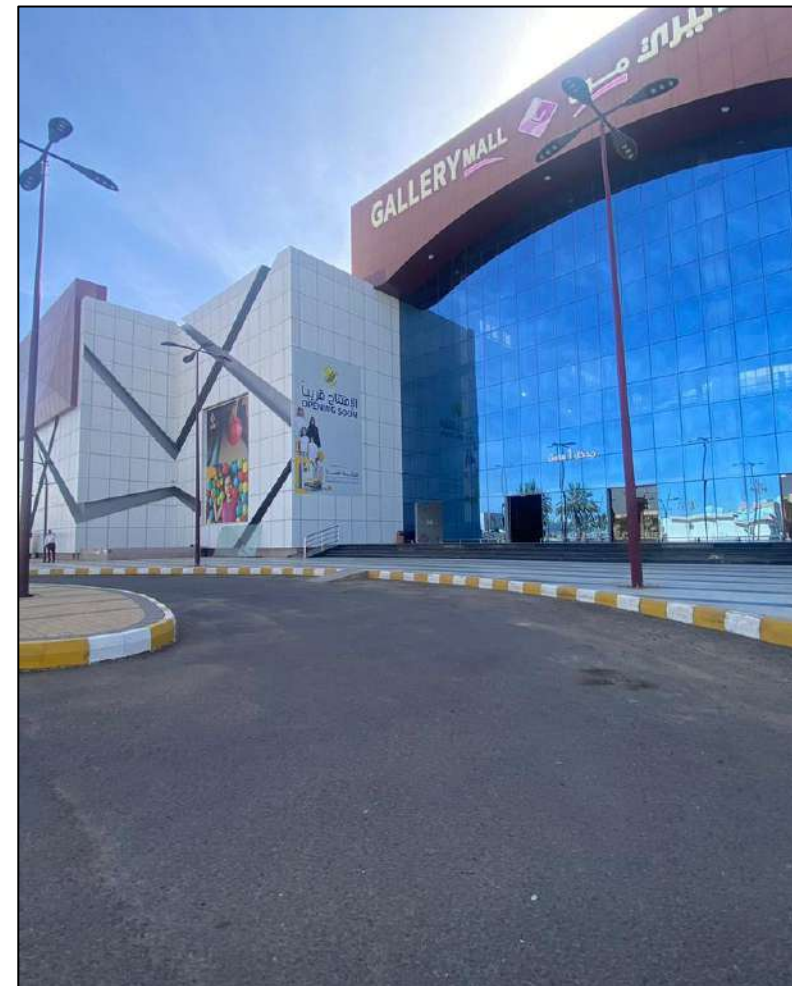
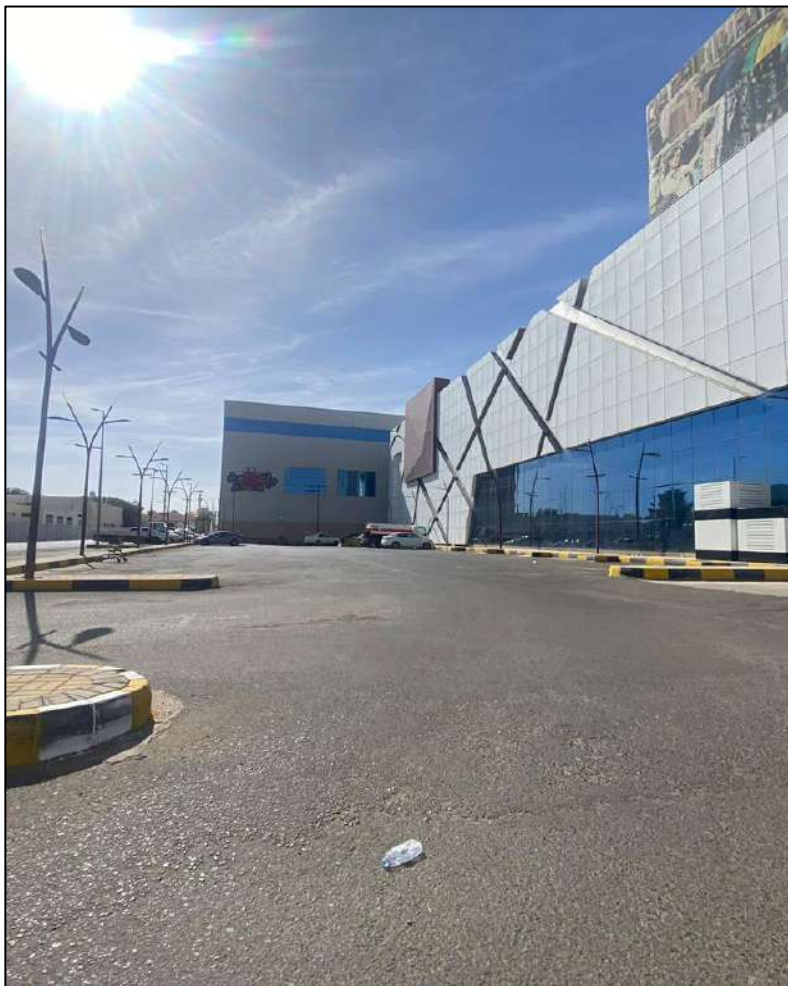


Site Location Analysis

Property Photographs



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Site Location Analysis

Property Photographs



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Valuation

Valuation Methodology
Analysis of Property Risks
Income Approach
Valuation Summary

Appendices

Income Valuation Methodology - DCF

Income Valuation Approach

- In determining our opinion of [Fair Value] for the Subject Properties and based on the fact that they are all multi-tenanted income producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modelling technique based on explicit assumptions regarding the prospective cashflow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. 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 a property.
- With regard to the subject properties, the cashflow has been calculated on an annual basis. With respect to the growth rate applied throughout our cashflow, we have adopted the long-term average inflation rate for Saudi Arabia at 2.8%.
- The cashflow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the [Fair Value]. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be as at a future date.

Valuation Steps Using Income Approach - DCF

01

Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

02

Cost Assumptions

The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.8 %/annum.

03

Property Income

The property income represents the revenue derived from the rent payments received during a year.

04

Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance, maintenance, and marketing costs. The costs are typically calculated on an annual basis.



Property Risk Analysis

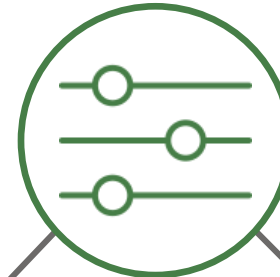
Long-term contract risks

The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.



Regulatory and legislative risks

The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property.



Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



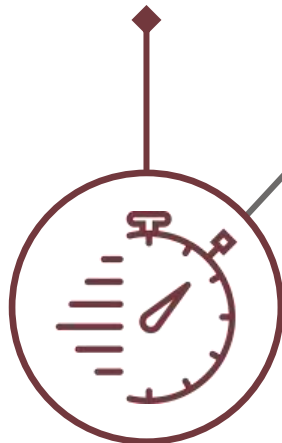
Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property.



Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property, any change in revenues as a result of different market conditions will affect the value of the Property.



Market Study-Demand and Supply

Office

- In the first three months of **2023**, around **50,000** sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately **4.9** million sq. m. in the capital and **1.2** million sq. m. in Jeddah. Over the remainder of this year, an additional **61,000** sq. m. and **583,000** sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to **1%** in **Q1 2023**. As a result, average Grade A rents increased by **19%** year-on-year (Y-o-Y) to reach **SAR 1,764** per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by **15%** Y-o-Y to reach **SAR 1,199** per sq. m. per annum in the first quarter of **2023**. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at **8%** in **Q1 2023**.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Source of Info: JII

Residential

- Riyadh witnessed the completion of close to **7,800** residential units in **Q1 2023**, pushing up the total stock to **1.4** million residential units. Over the same period, **4,400** units were handed over in Jeddah to bring the city's residential inventory to **864,000** units. In the remaining months of this year, **45,000** units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, **100** million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of **2023**, average sale prices and rents in Riyadh increased by **7%** and **2%**, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by **11%** annually, and average rents climbed by **9%**.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of **6%** in the capital and **17%** in Jeddah, in **Q1 2023**. Over the same period, rents for apartments grew by **4%** in Riyadh and **13%** in Jeddah.

Source of Info: JII

Market Study-Demand and Supply

Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately 84,000 sq. m. of retail space and increasing the total supply to 3.4 million sq. m. Over the same period, Jeddah's retail stock increased by roughly 46,000 sq. m. to 1.8 million sq. m. In the remaining nine months of this year, 478,000 sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about 105,000 sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between 8 to 120 sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by 11% and 8%, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by 6% across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: JII

Hospitality

- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at 21,000 keys. During the same period, Jeddah saw the delivery of 300 keys, increasing the total existing supply to 16,000 keys. An additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter Riyadh, and the remaining 1,000 keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of 100 million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to 76%, and the average daily rate (ADR) increased to USD 212 for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached 54% and ADR was recorded at USD 147. The Saudi hospitality market is expected to sustain its positive drive and improve further.

Source of Info: JII

Valuation

Valuation Approach

Key Assumptions in the Discounted Cash Flow Method:

Inflation Rate

- Inflation Rate: Discounted cash flows are calculated at an annual inflation rate of **2.8%** per annum by taking the average rate of inflation in the domestic product of the Kingdom of Saudi Arabia for the past **12** years, as per the Central Bank of Saudi Arabia.

Capitalization Rate

- Comparing the Al Makan Mall to the subject property considering the location, performance, capacity, and facilities, we have adopted a cap rate of **9.00%** for the subject property.

Discount Rate

- We have used the build-up method to calculate the discount rate, which considers inflation, cap rate, and market risk.
- Since the subject property enjoys a long-term binding lease securing income, market risk is null. Hence, the discount rate is set as **11.05%**.

Occupancy

- the subject property has a current occupancy of **50%**. Abaar's team has conducted market research to conclude the stable occupancy rate for the subject property. Thus, the market study shows a stable occupancy rate of about **83%**.
- Occupancy will increase by **5%** annually starting the mid **2024**.

Building Insurance

- The client has provided the annual Building Insurance of **60,040 SAR**.

Valuation

Comparable Sites

Tabuk Park

Type of Units	AVG Size (sqm)	AVG Rent (SAR/sqm)
Kiosk	9	10,222
Generic Retail	110	1,763
Anchor	227	650
Other Income	4% of total Income	

- The project is a commercial entertainment compound, which is considered one of the largest markets in Tabuk and a significant tourism landmark in the region. It is located on King Faisal Road alongside Prince Fahad bin Sultan Park, and was built on an area of **180,000 m2**. It includes many brands, and is comprised of two huge floors, in addition to an outdoor garden area designed to enrich the users' shopping experience. It is one of the best touristic places in Tabuk, with a group of domestic and global brand stores. Tabuk Park has a leasable area of **80,000 m2**.

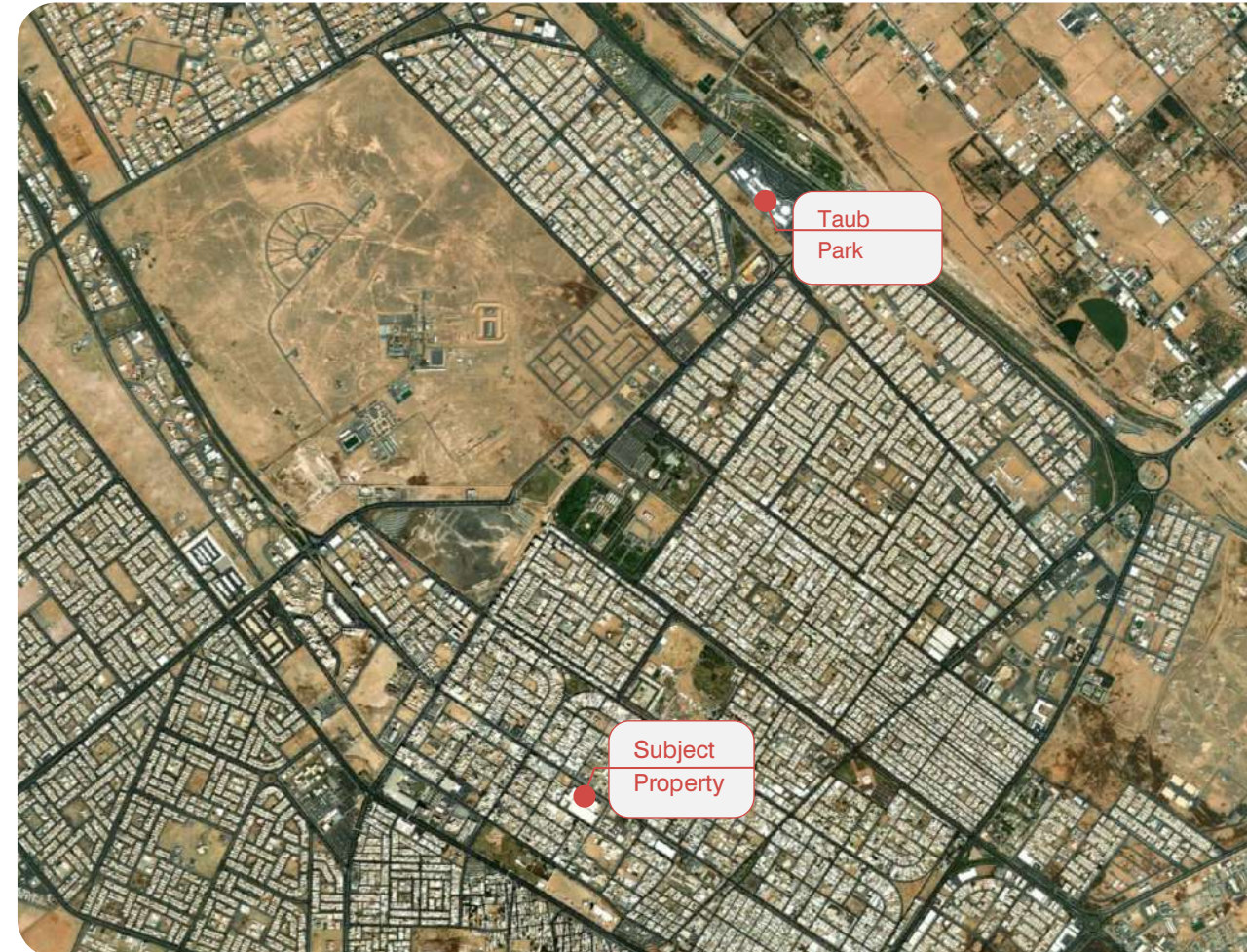
Entertainment	Security	Restaurant	Showrooms	Parking
✓	✓	✓	✓	✓
Global Brands	Escalators	Elevators	Cinema	Hypermarket
✓	✓	✓	✓	✓



Information Source (Field Research)



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Revenues Estimation

Revenues

- The client has provided the current tenant schedule and analyzed the lease rate status and performance of the subject property.

#	Unit Code	Floor	Type	Size (sqm)	Rent (SAR/unit)	Service (SAR/unit)	Total Income (SAR)	Rent (SAR/sqm)
1	G022	Retail Shop	Ground Floor	136	136	34,000	194,000	1,426
2	G46A	Retail Shop	Ground Floor	66	66	16,500	122,100	1,850
3	G27-28	Retail Shop	Ground Floor	266	266	66,500	438,900	1,650
4	G046	Retail Shop	Ground Floor	67	67	16,750	123,950	1,850
5	F011	Retail Shop	First Floor	48	48	12,000	88,800	1,850
6	GK09	Kiosk	Ground Floor	9	9	10,000	110,000	12,222
7	FF25	Retail Shop	First Floor	84	84	21,000	105,000	1,250
8	FF25A	Retail Shop	First Floor	84	84	21,000	105,000	1,250
9	GAS7	Anchor	Ground Floor	4,810	4,810	0	2,044,250	425
10	FSA3	Anchor	First Floor	5,900	5,900	0	2,212,500	375
11	FK12	Kiosk	First Floor	9	9	0	75,000	8,333
12	FS12	Retail Shop	First Floor	75	75	21,150	92,400	1,232
13	FS04	Retail Shop	First Floor	75	75	21,150	97,400	1,299
14	FS11	Retail Shop	First Floor	75	75	21,150	97,400	1,299
15	FS10	Retail Shop	First Floor	75	75	21,150	96,150	1,282
16	FK19	Kiosk	First Floor	6	6	21,150	96,150	1,282
17	FO01	Kiosk	First Floor	0	0	5,000	75,000	12,500
18	GK22	Kiosk	Ground Floor	9	9	0	40,000	40,000
19	GKS7	Retail Shop	Ground Floor	120	120	10,000	100,000	11,111
20	FS14	Retail Shop	First Floor	75	75	13,000	143,000	1,192
21	F18	Retail Shop	First Floor	50	50	0	300,000	375
22	GK25	Kiosk	Ground Floor	9	9	12,500	97,500	1,950
23	FAS1	Anchor	First Floor	800	800	10,000	100,000	11,111
24	FK21	Kiosk	First Floor	9	9	0	300,000	375
25	FK20	Kiosk	First Floor	6	6	5,000	75,000	8,333
26	GAS6-6A	Anchor	Ground Floor	800	800	5,000	75,000	12,500
27	GAS8	Anchor	Ground Floor	9,681	9,681	0	2,275,035	235
28	GK14	Kiosk	Ground Floor	6	6	0	50,000	8,333



Revenues Estimation – Ground Floor

- We have analyzed the prices of shops, kiosks, and anchors on the ground floor

Shops

#	Unit Code	Floor	Type	Size (sqm)	Total Income (SAR)	Rent (SAR/sqm)
1	G022	Ground Floor	Shop	136	160,000	1,176
2	G46A	Ground Floor	Shop	66	105,600	1,600
3	G27-28	Ground Floor	Shop	266	372,400	1,400
4	G046	Ground Floor	Shop	67	107,200	1,600
19	GKS7	Ground Floor	Shop	120	130,000	1,083
AVG Rent (SAR/sqm) (<85 sqm)				133	212,800	1,600
AVG Rent (SAR/sqm) (>85 sqm)				522	662,400	1,284

Kiosks

#	Unit Code	Floor	Type	Size (sqm)	Total Income (SAR)	Rent (SAR/sqm)
6	GK09	Ground Floor	Kiosk	9	100,000	11,111
18	GK22	Ground Floor	Kiosk	9	90,000	10,000
22	GK25	Ground Floor	Kiosk	9	100,000	11,111
28	GK14	Ground Floor	Kiosk	6	50,000	8,333
AVG Rent (SAR/sqm)				33	340,000	10,408

Anchors

#	Unit Code	Floor	Type	Size (sqm)	Total Income (SAR)	Rent (SAR/sqm)
9	GAS7	Ground Floor	Anchor	4,810	2,044,250	425
26	GAS6-6A	Ground Floor	Anchor	800	300,000	375
27	GAS8	Ground Floor	Anchor	9,681	2,275,035	235
Primary Anchor Rent (SAR/sqm)						325
Secondary Anchor Rent (SAR/sqm)						375



Revenues Estimation – First Floor

- We have analyzed the prices of shops, kiosks, and anchors on the ground floor

Shops

#	Unit Code	Floor	Type	Size (sqm)	Total Income (SAR)	Rent (SAR/sqm)
5	F011	First Floor	Shop	48	76,800	1,600
7	FF25	First Floor	Shop	84	84,000	1,000
8	FF25A	First Floor	Shop	84	84,000	1,000
12	FS12	First Floor	Shop	75	71,250	950
13	FS04	First Floor	Shop	75	76,250	1,017
14	FS11	First Floor	Shop	75	76,250	1,017
15	FS10	First Floor	Shop	75	75,000	1,000
20	FS14	First Floor	Shop	75	75,000	1,000
21	F18	First Floor	Shop	50	85,000	1,700
AVG Rent (SAR/sqm) (<85 sqm)				641	703,550	1,149
AVG Rent (SAR/sqm) (>85 sqm)						957

Kiosks

#	Unit Code	Floor	Type	Size (sqm)	Total Income (SAR)	Rent (SAR/sqm)
11	FK12	First Floor	Kiosk	9	75,000	8,333
16	FK19	First Floor	Kiosk	6	70,000	11,667
24	FK21	First Floor	Kiosk	9	75,000	8,333
25	FK20	First Floor	Kiosk	6	75,000	12,500
AVG Rent (SAR/sqm)				30	295,000	10,184

Anchors

#	Unit Code	Floor	Type	Size (sqm)	Total Income (SAR)	Rent (SAR/sqm)
10	FSA3	First Floor	Anchor	5,900	2,212,500	375
23	FAS1	First Floor	Anchor	800	300,000	375
Primary Anchor Rent (SAR/sqm)				6,700	2,512,500	375
Secondary Anchor Rent (SAR/sqm)						375

Revenues Estimation – Gross Potential Income

Income Estimation

- After analyzing the actual rent, we have found that Primary Anchor lease rates are within the market range. However, the Retail lease rate alongside the kiosks falls under the market range.
- Therefore, the current leased units will remain on the actual lease rates based on their contract and the vacant units that will be leased, will follow the market.
- As for the other income, the market study shows that the market range is 3-4%, and the subject property is no more likely similar to Tabuk Park. Therefore, we will adopt other income rate of 4% for the subject property.

Type	GF Rent (SAR/sqm)	FF Rent (SAR/sqm)	GF GLA (sqm/type)	FF GLA (sqm/type)	GF Income (SAR)	FF Income (SAR)
Showrooms (45-85 sqm)	1,973	1,480	1,403	1,818	2,767,954	2,690,025
Showrooms (86-500 sqm)	1,565	1,174	5,713	5,578	8,939,131	6,545,922
Kiosk	11,456	10,310	1,025	198	11,741,944	2,041,380
Secondary Anchor	573	401	2,113	1,645	1,211,259	660,087
Primary Anchor	425	300	19,548	7,416	8,307,900	2,224,800
Gross Potential Income (SAR)					47,130,404	



Units Income Details (1/7)

#	Status	Unit Code	Floor	Type	Size (sqm)	Rent (SAR/sqm)	Income (SAR/unit)
1	Vacant	G01	Ground Floor	Showroom	124	1,565	194,023
2	Vacant	G02	Ground Floor	Showroom	132	1,565	206,540
3	Vacant	G03	Ground Floor	Showroom	165	1,565	258,176
4	Vacant	G04	Ground Floor	Showroom	167	1,565	261,305
5	Vacant	G05	Ground Floor	Showroom	166	1,565	259,740
6	Vacant	G05A	Ground Floor	Showroom	142	1,565	222,187
7	Vacant	G06	Ground Floor	Showroom	128	1,565	200,282
8	Vacant	G07	Ground Floor	Showroom	129	1,565	201,846
9	Vacant	G08	Ground Floor	Showroom	128	1,565	200,282
10	Vacant	G09	Ground Floor	Showroom	65	1,973	128,237
11	Vacant	G10	Ground Floor	Showroom	50	1,973	98,644
12	Vacant	G11	Ground Floor	Showroom	60	1,973	118,373
13	Vacant	G12	Ground Floor	Showroom	55	1,973	108,509
14	Vacant	G13	Ground Floor	Showroom	40	1,973	78,915
15	Vacant	G14	Ground Floor	Showroom	40	1,973	78,915
16	Vacant	G15	Ground Floor	Showroom	40	1,973	78,915
17	Vacant	G16	Ground Floor	Showroom	40	1,973	78,915
18	Vacant	G17	Ground Floor	Showroom	40	1,973	78,915
19	Vacant	G18	Ground Floor	Showroom	40	1,973	78,915
20	Vacant	G19	Ground Floor	Showroom	40	1,973	78,915
21	Vacant	G20	Ground Floor	Showroom	40	1,973	78,915
22	Vacant	G21	Ground Floor	Showroom	130	1,565	203,411
23	Occupied	G22	Ground Floor	Showroom	136	1,284	174,605
24	Vacant	G23	Ground Floor	Showroom	127	1,565	198,717
25	Vacant	G24	Ground Floor	Showroom	128	1,565	200,282
26	Vacant	G25	Ground Floor	Showroom	128	1,565	200,282
27	Vacant	G26	Ground Floor	Showroom	60	1,973	118,373
28	Occupied	G27	Ground Floor	Showroom	133	1,284	170,753
29	Occupied	G28	Ground Floor	Showroom	133	1,284	170,753
30	Vacant	G29	Ground Floor	Showroom	130	1,565	203,411
31	Vacant	G30	Ground Floor	Showroom	130	1,565	203,411
32	Vacant	G31	Ground Floor	Showroom	58	1,973	114,427
33	Vacant	G32	Ground Floor	Showroom	129	1,565	201,846
34	Vacant	G33	Ground Floor	Showroom	129	1,565	201,846
35	Vacant	G34	Ground Floor	Showroom	129	1,565	201,846
36	Vacant	G35	Ground Floor	Showroom	132	1,565	206,540



Units Income Details (2/7)

#	Status	Unit Code	Floor	Type	Size (sqm)	Rent (SAR/sqm)	Income (SAR/unit)
37	Vacant	G36	Ground Floor	Showroom	130	1,565	203,411
38	Vacant	G37	Ground Floor	Showroom	132	1,565	206,540
39	Vacant	G38	Ground Floor	Showroom	66	1,973	130,210
40	Vacant	G39	Ground Floor	Showroom	191	1,565	298,858
41	Vacant	G40	Ground Floor	Showroom	129	1,565	201,846
42	Vacant	G41	Ground Floor	Showroom	129	1,565	201,846
43	Vacant	G42	Ground Floor	Showroom	83	1,973	163,749
44	Vacant	G43	Ground Floor	Showroom	134	1,565	209,670
45	Vacant	G44	Ground Floor	Showroom	133	1,565	208,105
46	Vacant	G45	Ground Floor	Showroom	127	1,565	198,717
47	Occupied	G46	Ground Floor	Showroom	67	1,600	107,200
48	Occupied	G46A	Ground Floor	Showroom	66	1,600	105,600
49	Vacant	G47	Ground Floor	Showroom	79	1,973	155,858
50	Vacant	G48	Ground Floor	Showroom	127	1,565	198,717
51	Vacant	G49	Ground Floor	Showroom	128	1,565	200,282
52	Vacant	G50	Ground Floor	Showroom	126	1,565	197,152
53	Vacant	G51	Ground Floor	Showroom	129	1,565	201,846
54	Vacant	G52	Ground Floor	Showroom	69	1,973	136,129
55	Vacant	G52A	Ground Floor	Showroom	65	1,973	128,237
56	Vacant	G53	Ground Floor	Showroom	132	1,565	206,540
57	Vacant	G54	Ground Floor	Showroom	136	1,565	212,799
58	Vacant	G55	Ground Floor	Showroom	120	1,565	187,764
59	Vacant	G56	Ground Floor	Showroom	166	1,565	259,740
60	Vacant	G57	Ground Floor	Showroom	167	1,565	261,305
61	Vacant	G58	Ground Floor	Showroom	165	1,565	258,176
62	Vacant	G59	Ground Floor	Showroom	133	1,565	208,105
63	Vacant	G60	Ground Floor	Showroom	104	1,565	162,729
64	Vacant	G61	Ground Floor	Showroom	40	1,973	78,915
65	Vacant	G62	Ground Floor	Showroom	40	1,973	78,915
66	Vacant	G63	Ground Floor	Showroom	40	1,973	78,915
67	Vacant	G64	Ground Floor	Showroom	40	1,973	78,915
68	Vacant	G65	Ground Floor	Showroom	40	1,973	78,915
69	Vacant	G66	Ground Floor	Showroom	40	1,973	78,915
70	Vacant	F01	First Floor	Showroom	104	1,174	122,047
71	Vacant	F02	First Floor	Showroom	118	1,174	138,476
72	Vacant	F03	First Floor	Showroom	181	1,174	212,408



Units Income Details (3/7)

#	Status	Unit Code	Floor	Type	Size (sqm)	Rent (SAR/sqm)	Income (SAR/unit)
73	Vacant	GK14	Ground Floor	Kiosk	8	10,909	81,818
74	Vacant	GK15	Ground Floor	Kiosk	8	10,909	81,818
75	Vacant	GK16	Ground Floor	Kiosk	8	10,909	81,818
76	Vacant	GK17	Ground Floor	Kiosk	8	10,909	81,818
77	Vacant	GK18	Ground Floor	Kiosk	8	10,909	81,818
78	Vacant	GK19	Ground Floor	Kiosk	8	10,909	81,818
79	Vacant	GK20	Ground Floor	Kiosk	8	10,909	81,818
80	Occupied	GK21	Ground Floor	Kiosk	8	10,909	81,818
81	Vacant	GK22	Ground Floor	Kiosk	8	10,909	81,818
82	Vacant	GK23	Ground Floor	Kiosk	8	10,909	81,818
83	Vacant	GK24	Ground Floor	Kiosk	8	10,909	81,818
84	Vacant	GK25	Ground Floor	Kiosk	8	10,909	81,818
85	Vacant	F001	First Floor	Shop	104	1,175	122,232
86	Vacant	F002	First Floor	Shop	133	1,175	156,316
87	Occupied	F003	First Floor	Shop	168	1,175	197,452
88	Vacant	F004	First Floor	Shop	165	1,175	193,926
89	Vacant	F005	First Floor	Shop	166	1,175	195,101
90	Vacant	F006/AS1	First Floor	Shop	886	823	728,926
91	Vacant	F007	First Floor	Shop	130	1,175	152,790
92	Vacant	F008	First Floor	Shop	126	1,175	148,089
93	Vacant	F009	First Floor	Shop	100	1,175	117,531
94	Occupied	F010	First Floor	Shop	45	1,410	63,467
95	Occupied	F011/012	First Floor	Shop	98	1,175	115,180
96	Vacant	F013	First Floor	Shop	133	1,175	156,316
97	Vacant	F014	First Floor	Shop	129	1,175	151,615
98	Vacant	F015	First Floor	Shop	127	1,175	149,264
99	Vacant	F016	First Floor	Shop	129	1,175	151,615
100	Vacant	F017	First Floor	Shop	129	1,175	151,615
101	Vacant	F018	First Floor	Shop	50	1,410	70,519
102	Vacant	F019	First Floor	Shop	135	1,175	158,667
103	Vacant	F020	First Floor	Shop	131	1,175	153,965
104	Vacant	F021	First Floor	Shop	132	1,175	155,141
105	Vacant	F022	First Floor	Shop	132	1,175	155,141
106	Vacant	F023	First Floor	Shop	60	1,410	84,622
107	Vacant	F024/025	First Floor	Shop	257	1,175	302,054
108	Vacant	F026	First Floor	Shop	126	1,175	148,089



Units Income Details (4/7)

#	Status	Unit Code	Floor	Type	Size (sqm)	Rent (SAR/sqm)	Income (SAR/unit)
73	Vacant	F04	First Floor	Showroom	165	1,174	193,632
74	Vacant	F05	First Floor	Showroom	163	1,174	191,285
75	Vacant	F06	First Floor	Showroom	106	1,174	124,394
76	Vacant	F07	First Floor	Showroom	129	1,174	151,385
77	Vacant	F08	First Floor	Showroom	126	1,174	147,864
78	Vacant	F09	First Floor	Showroom	100	1,174	117,353
79	Vacant	F10	First Floor	Showroom	45	1,480	66,585
80	Occupied	F11	First Floor	Showroom	48	1,149	55,134
81	Vacant	F12	First Floor	Showroom	50	1,480	73,983
82	Vacant	F13	First Floor	Showroom	133	1,174	156,079
83	Vacant	F14	First Floor	Showroom	129	1,174	151,385
84	Vacant	F15	First Floor	Showroom	129	1,174	151,385
85	Vacant	F16	First Floor	Showroom	129	1,174	151,385
86	Vacant	F17	First Floor	Showroom	129	1,174	151,385
87	Occupied	F18	First Floor	Showroom	50	1,149	57,431
88	Vacant	F19	First Floor	Showroom	132	1,174	154,905
89	Vacant	F20	First Floor	Showroom	132	1,174	154,905
90	Vacant	F21	First Floor	Showroom	138	1,174	161,946
91	Vacant	F22	First Floor	Showroom	128	1,174	150,211
92	Vacant	F23	First Floor	Showroom	60	1,480	88,780
93	Vacant	F24	First Floor	Showroom	128	1,174	150,211
94	Occupied	F25	First Floor	Showroom	84	1,149	96,484
95	Occupied	F25A	First Floor	Showroom	84	1,149	96,484
96	Vacant	F26	First Floor	Showroom	85	1,174	99,750
97	Vacant	F27	First Floor	Showroom	131	1,174	153,732
98	Vacant	F28	First Floor	Showroom	131	1,174	153,732
99	Vacant	F29	First Floor	Showroom	133	1,174	156,079
100	Vacant	F30	First Floor	Showroom	125	1,174	146,691
101	Vacant	F31	First Floor	Showroom	110	1,174	129,088
102	Vacant	F32	First Floor	Showroom	127	1,174	149,038
103	Vacant	F33	First Floor	Showroom	129	1,174	151,385
104	Vacant	F34	First Floor	Showroom	81	1,480	119,853
105	Vacant	F35	First Floor	Showroom	133	1,174	156,079
106	Vacant	F36	First Floor	Showroom	131	1,174	153,732
107	Vacant	F37	First Floor	Showroom	128	1,174	150,211
108	Vacant	F38	First Floor	Showroom	64	1,480	94,698



Units Income Details (5/7)

#	Status	Unit Code	Floor	Type	Size (sqm)	Rent (SAR/sqm)	Income (SAR/unit)
109	Vacant	F38A	First Floor	Showroom	69	1,480	102,097
110	Vacant	F39	First Floor	Showroom	83	1,480	122,812
111	Vacant	F40	First Floor	Showroom	129	1,174	151,385
112	Vacant	F41	First Floor	Showroom	127	1,174	149,038
113	Vacant	F42	First Floor	Showroom	110	1,174	129,088
114	Vacant	F43	First Floor	Showroom	125	1,174	146,691
115	Vacant	F44	First Floor	Showroom	133	1,174	156,079
116	Vacant	F45	First Floor	Showroom	124	1,174	145,517
117	Vacant	F46	First Floor	Showroom	129	1,174	151,385
118	Vacant	F47	First Floor	Showroom	106	1,174	124,394
119	Vacant	F48	First Floor	Showroom	166	1,174	194,805
120	Vacant	F49	First Floor	Showroom	165	1,174	193,632
121	Vacant	F50	First Floor	Showroom	165	1,174	193,632
122	Vacant	F51	First Floor	Showroom	119	1,174	139,649
123	Vacant	F52	First Floor	Showroom	118	1,174	138,476
124	Vacant	FS01	First Floor	Showroom	75	1,480	110,975
125	Vacant	FS02	First Floor	Showroom	75	1,480	110,975
126	Vacant	FS03	First Floor	Showroom	75	1,480	110,975
127	Occupied	FS04	First Floor	Showroom	75	1,149	86,146
128	Vacant	FS05	First Floor	Showroom	75	1,480	110,975
129	Vacant	FS06	First Floor	Showroom	50	1,480	73,983
130	Vacant	FS07	First Floor	Showroom	75	1,480	110,975
131	Vacant	FS08	First Floor	Showroom	75	1,480	110,975
132	Vacant	FS09	First Floor	Showroom	75	1,480	110,975
133	Occupied	FS10	First Floor	Showroom	75	1,149	86,146
134	Occupied	FS11	First Floor	Showroom	75	1,149	86,146
135	Occupied	FS12	First Floor	Showroom	75	1,149	86,146
136	Vacant	FS13	First Floor	Showroom	75	1,480	110,975
137	Occupied	FS14	First Floor	Showroom	75	1,149	86,146
138	Vacant	FS15	First Floor	Showroom	75	1,480	110,975
139	Vacant	GAS1	Ground Floor	Secondary Anchor	641	573	367,448
140	Vacant	GAS2	Ground Floor	Primary Anchor	1,292	425	549,100
141	Vacant	GAS3	Ground Floor	Primary Anchor	1,191	425	506,175
142	Vacant	GAS3-1	Ground Floor	Secondary Anchor	672	573	385,218
143	Vacant	GAS4	Ground Floor	Primary Anchor	1,290	425	548,250
144	Vacant	GAS5	Ground Floor	Primary Anchor	1,284	425	545,700



Units Income Details (6/7)

#	Status	Unit Code	Floor	Type	Size (sqm)	Rent (SAR/sqm)	Income (SAR/unit)
145	Occupied	GAS8	Ground Floor	Primary Anchor	9,681	425	4,114,425
146	Occupied	GAS6-6A	Ground Floor	Secondary Anchor	800	553	442,000
147	Occupied	FAS1	First Floor	Secondary Anchor	866	375	324,750
148	Vacant	FAS2	First Floor	Secondary Anchor	486	401	195,017
149	Vacant	FAS-2A	First Floor	Secondary Anchor	293	401	117,572
150	Vacant	FAS4	First Floor	Primary Anchor	1,516	300	454,800
151	Occupied	FAS3	First Floor	Primary Anchor	5,900	300	1,770,000
152	Occupied	GAS7	Ground Floor	Primary Anchor	4,810	425	2,044,250
153	Vacant	GKS01	Ground Floor	Kiosk	100	1,174	117,353
154	Vacant	GKS02	Ground Floor	Kiosk	100	1,480	147,966
155	Vacant	GKS03	Ground Floor	Kiosk	100	1,174	117,353
156	Vacant	GKS04	Ground Floor	Kiosk	100	1,174	117,353
157	Vacant	GKS05	Ground Floor	Kiosk	100	1,174	117,353
158	Vacant	GKS06	Ground Floor	Kiosk	100	1,174	117,353
159	Occupied	GKS07	Ground Floor	Kiosk	100	1,174	117,353
160	Vacant	GKS08	Ground Floor	Kiosk	100	1,174	117,353
161	Vacant	GFK01	Ground Floor	Kiosk	9	1,480	13,317
162	Vacant	GFK02	Ground Floor	Kiosk	9	1,174	10,562
163	Vacant	GFK03	Ground Floor	Kiosk	9	1,174	10,562
164	Vacant	GFK04	Ground Floor	Kiosk	9	1,174	10,562
165	Vacant	GFK05	Ground Floor	Kiosk	9	1,174	10,562
166	Vacant	GFK06	Ground Floor	Kiosk	9	1,480	13,317
167	Vacant	GFK07	Ground Floor	Kiosk	9	1,174	10,562
168	Vacant	GFK08	Ground Floor	Kiosk	9	1,174	10,562
169	Occupied	GFK09	Ground Floor	Kiosk	9	1,174	10,562
170	Vacant	GFK10	Ground Floor	Kiosk	9	1,174	10,562
171	Vacant	GFK11	Ground Floor	Kiosk	9	1,174	10,562
172	Vacant	GFK12	Ground Floor	Kiosk	9	1,174	10,562
173	Vacant	GFK13	Ground Floor	Kiosk	9	1,174	10,562
174	Occupied	GFK14	Ground Floor	Kiosk	9	1,174	10,562
175	Vacant	GFK15	Ground Floor	Kiosk	9	1,480	13,317
176	Vacant	GFK16	Ground Floor	Kiosk	9	1,174	10,562
177	Vacant	GFK17	Ground Floor	Kiosk	9	1,174	10,562
178	Vacant	GFK18	Ground Floor	Kiosk	9	1,480	13,317
179	Vacant	GFK19	Ground Floor	Kiosk	9	1,480	13,317
180	Vacant	GFK20	Ground Floor	Kiosk	9	1,480	13,317



Units Income Details (7/7)

#	Status	Unit Code	Floor	Type	Size (sqm)	Rent (SAR/sqm)	Income (SAR/unit)
181	Vacant	GFK21	Ground Floor	Kiosk	9	1,174	10,562
182	Occupied	GFK22	Ground Floor	Kiosk	9	1,174	10,562
183	Vacant	GFK23	Ground Floor	Kiosk	9	1,174	10,562
184	Vacant	GFK24	Ground Floor	Kiosk	9	1,174	10,562
185	Occupied	GFK25	Ground Floor	Kiosk	9	1,174	10,562
186	Vacant	FFK01	First Floor	Kiosk	9	10,310	92,790
187	Vacant	FFK02	First Floor	Kiosk	9	10,310	92,790
188	Vacant	FFK03	First Floor	Kiosk	9	10,310	92,790
189	Vacant	FFK04	First Floor	Kiosk	9	10,310	92,790
190	Vacant	FFK05	First Floor	Kiosk	9	10,310	92,790
191	Vacant	FFK06	First Floor	Kiosk	9	10,310	92,790
192	Vacant	FFK07	First Floor	Kiosk	9	10,310	92,790
193	Vacant	FFK08	First Floor	Kiosk	9	10,310	92,790
194	Vacant	FFK09	First Floor	Kiosk	9	10,310	92,790
195	Vacant	FFK10	First Floor	Kiosk	9	10,310	92,790
196	Vacant	FFK11	First Floor	Kiosk	9	10,310	92,790
197	Occupied	FFK12	First Floor	Kiosk	9	10,184	91,653
198	Vacant	FFK13	First Floor	Kiosk	9	10,310	92,790
199	Vacant	FFK14	First Floor	Kiosk	9	10,310	92,790
200	Vacant	FFK15	First Floor	Kiosk	9	10,310	92,790
201	Vacant	FFK16	First Floor	Kiosk	9	10,310	92,790
202	Vacant	FFK17	First Floor	Kiosk	9	10,310	92,790
203	Vacant	FFK18	First Floor	Kiosk	9	10,310	92,790
204	Occupied	FFK19	First Floor	Kiosk	9	10,184	91,653
205	Occupied	FFK20	First Floor	Kiosk	9	10,184	91,653
206	Occupied	FFK21	First Floor	Kiosk	9	10,184	91,653
207	Vacant	FFK22	First Floor	Kiosk	9	10,310	92,790
Total					46,457		36,219,885

Valuation

Income Approach



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Valuation Using the Income Method

Given the prior information, cash flows were calculated over 14 years to reach the value of the subject property, with an income of SAR 36,219,885 based on the actual of leased units and market for vacant units.

Cash Flow Calculations:

Period (semi-annual)	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Discount Period (Y)	0.5	1	1.5	2	2.5	3	3.5	4	4.5	5	5.5	6	6.5	7
Inflation Factor	1.01	1.03	1.04	1.06	1.07	1.09	1.10	1.12	1.13	1.15	1.16	1.18	1.20	1.21
GPI (SAR)	18,361,731	18,617,021	18,875,860	19,138,297	19,404,384	19,674,170	19,947,707	20,225,046	20,506,242	20,791,348	21,080,417	21,373,506	21,670,669	21,971,964
Occupancy Rate (%)	50.4%	52.9%	55.4%	57.9%	60.4%	62.9%	65.4%	67.9%	70.4%	70.4%	72.9%	75.4%	75.4%	75.4%
GEI (SAR)	9,250,626	9,844,666	10,453,436	11,077,231	11,716,352	12,371,102	13,041,795	13,728,746	14,432,277	14,632,934	15,363,391	16,111,332	16,335,333	16,562,449
Additional Income (SAR)	370,025	393,787	418,137	443,089	468,654	494,844	521,672	549,150	577,291	585,317	614,536	644,453	653,413	662,498
Gross Income (SAR)	9,620,651	10,238,453	10,871,574	11,520,321	12,185,006	12,865,947	13,563,467	14,277,895	15,009,568	15,218,252	15,977,927	16,755,785	16,988,746	17,224,947
Management Fees (%)	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Management Fees (SAR)	384,826	409,538	434,863	460,813	487,400	514,638	542,539	571,116	600,383	608,730	639,117	670,231	679,550	688,998
Lease Service Fees (%)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Lease Service Fees (SAR)	96,207	102,385	108,716	115,203	121,850	128,659	135,635	142,779	150,096	152,183	159,779	167,558	169,887	172,249
New Tenants Commission (%)	0.0%	6.0%	6.0%	6.0%	6.0%	6.0%	0.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
New Tenants Commission (SAR)	0	35,642	36,526	37,428	38,347	39,285	0	41,217	42,212	12,039	43,827	44,876	13,440	13,627
Operating Costs (SAR)	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962
Insurance (SAR)	30,020	30,020	30,020	30,020	30,020	30,020	30,020	30,020	30,020	30,020	30,020	30,020	30,020	30,020
Land Lease (SAR)	789,500	789,500	789,500	789,500	789,500	789,500	789,500	789,500	789,500	789,500	789,500	789,500	789,500	789,500
Total Costs (SAR)	3,675,515	3,742,047	3,774,587	3,807,926	3,842,079	3,877,064	3,872,655	3,949,594	3,987,172	3,967,434	4,037,206	4,077,148	4,057,359	4,069,356
Net Income	5,945,136	6,496,406	7,096,987	7,712,395	8,342,926	8,988,882	9,690,811	10,328,302	11,022,396	11,250,818	11,940,721	12,678,637	12,931,387	13,155,591
PV Factor	0.95	0.89	0.85	0.80	0.76	0.72	0.68	0.64	0.61	0.57	0.54	0.51	0.48	0.46
NPV (SAR)	5,622,648	5,810,738	6,003,594	6,170,291	6,312,682	6,432,507	6,558,640	6,610,917	6,672,489	6,441,323	6,465,478	6,492,646	6,262,870	6,025,842

Valuation

Income Approach



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Cash Flow Calculations:

Period (semi-annual)	15	16	17	18	19	20	21	22	23	24	25	26	27	28
Discount Period (Y)	7.5	8	8.5	9	9.5	10	10.5	11	11.5	12	12.5	13	13.5	14
Inflation Factor	1.23	1.25	1.26	1.28	1.30	1.32	1.34	1.35	1.37	1.39	1.41	1.43	1.45	1.47
GPI (SAR)	22,277,448	22,587,179	22,901,216	23,219,620	23,542,450	23,869,769	24,201,639	24,538,123	24,879,285	25,225,190	25,575,905	25,931,495	26,292,030	26,657,577
Vacancy Rate (%)	75.4%	75.4%	75.4%	75.4%	75.4%	75.4%	75.4%	75.4%	75.4%	75.4%	75.4%	75.4%	75.4%	75.4%
Vacancy Costs (SAR)	16,792,722	17,026,197	17,262,919	17,502,931	17,746,280	17,993,013	18,243,176	18,496,817	18,753,985	19,014,728	19,279,097	19,547,141	19,818,911	20,094,461
Additional Income (SAR)	671,709	681,048	690,517	700,117	709,851	719,721	729,727	739,873	750,159	760,589	771,164	781,886	792,756	803,778
Net Income (SAR)	17,464,431	17,707,245	17,953,435	18,203,048	18,456,132	18,712,734	18,972,903	19,236,690	19,504,145	19,775,317	20,050,261	20,329,026	20,611,668	20,898,239
Management Fees (%)	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Management Fees (SAR)	698,577	708,290	718,137	728,122	738,245	748,509	758,916	769,468	780,166	791,013	802,010	813,161	824,467	835,930
Lease Service Fees (%)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Lease Service Fees (SAR)	174,644	177,072	179,534	182,030	184,561	187,127	189,729	192,367	195,041	197,753	200,503	203,290	206,117	208,982
New Tenants Commission (%)	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
New Tenants Commission (SAR)	13,816	14,009	14,203	14,401	14,601	14,804	15,010	15,218	15,430	15,645	15,862	16,083	16,306	16,533
Operating Costs (SAR)	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962
Insurance (SAR)	30,020	30,020	30,020	30,020	30,020	30,020	30,020	30,020	30,020	30,020	30,020	30,020	30,020	30,020
Land Lease (SAR)	789,500	789,500	789,500	789,500	789,500	789,500	789,500	789,500	789,500	789,500	789,500	789,500	789,500	789,500
Total Costs (SAR)	4,081,520	4,093,853	4,106,357	4,119,035	4,131,890	4,144,923	4,158,137	4,171,535	4,185,119	4,198,892	4,212,857	4,227,016	4,241,372	4,255,927
Net Income	13,382,911	13,613,393	13,847,078	14,084,013	14,324,242	14,567,811	14,814,766	15,065,155	15,319,025	15,576,425	15,837,403	16,102,010	16,370,296	16,642,312
PV Factor	0.43	0.41	0.39	0.37	0.35	0.33	0.31	0.29	0.28	0.26	0.25	0.23	0.22	0.21
NPV (SAR)	5,797,451	5,577,402	5,365,409	5,161,194	4,964,489	4,775,032	4,592,571	4,416,861	4,247,666	4,084,756	3,927,909	3,776,910	3,631,551	3,491,632
Fair Value (SAR) (rounded)	151,690,000													

Valuation Summary

Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions and detail within this report, may be fairly stated as follows:

Fair Value of Subject Property Using Income Approach as of 31 December 2023

- 151,690,000 SAR (One Hundred Fifty-One Million Six Hundred Ninety Thousand Saudi Riyal)

Signatures & Authorizations

Eng. Yousuf Abdullah Khan

Taqeem ID: 1220001989

Membership Type: Provisional Member

Sector: Real Estate Sector

Membership Date: 17/09/2020

Contribution: Inspector, Valuer and Report Creator

Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 24/01/2016

Contribution: Valuation & Report Reviewer

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 22/12/2015

Contribution: Report Reviewer & Authorizer

Company Stamp

Company Name: **Abaad & Partner for Real Estate Valuation**

Company No. 11000111

CR No: 4030297686

CL No: 323/18/781



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Appendix 2: Valuation Glossary

Appendix : Valuation Glossary

Saudi Authority

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

Asset or Assets

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

Client

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

Intended Use

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

Intended User

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

Jurisdiction

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

May

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

Appendix : Valuation Glossary

Must

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

Participant

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Fair Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

Purpose

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

Should

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

Appendix : Valuation Glossary

Significant and/or Material

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

Valuation

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.
- Valuation Purpose or Purpose of Valuation:
- See “Purpose”.

Valuation Reviewer

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

Value (n)

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

Valuer

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

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Appendix : Valuation Glossary

Weight

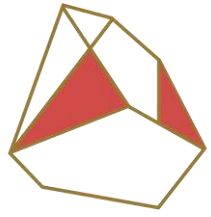
- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

Weighting

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.



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Abaad & Partner For Real Estate Valuation Co.

Jeddah Branch (Head Office):

Mohamed Ibrahim Masoud Street,
Al-Salama District
Oash Offices Building, 5th Floor, suite 21
Jeddah, Kingdom of Saudi Arabia

Riyadh Branch:

Imam Saud bin Faisal Road,
Al-Sahafa District
Al-Difaa Office, 2nd Floor, suite 106
Riyadh, Kingdom of Saudi Arabia

For more information, please contact us at:
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Eng. Ammar Sindi

CEO

Mobile: +966 (50) 730 0500

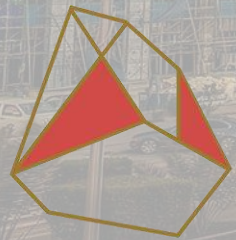
Email: asindi@sa-abaad.com

Eng. Ammar Qutub

Director

Mobile: +966 (55) 556 2500

Email: ammarq@sa-abaad.com



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Final Valuation Report

Elegance Office Tower, Al Murooj District, Riyadh

Client/ Alkhabeer Capital

09 January 2024

V230275

P230352

الخبير المالية
Alkhabeer Capital



Introduction



Dear Alkhabeer Capital,

RE: Valuation of Elegance Office Tower, Al Murooj District, Riyadh.

Further to your request, Abaad thank you for inviting us to complete and submit a valuation report with respect to the aforementioned property.

We have prepared our valuation on the basis of Fair Value for Financial Statement Purposes.

We confirm that the valuation has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as "Taqeem."

We confirm that the valuation has been undertaken by us as external valuers and we possess the required knowledge, skills, and understanding to undertake the valuation competently.

We confirm that we are not aware of any existing or potential conflict of interest with respect to this engagement.

Eng. Ammar Abdulaziz Sindi

Chief Executive Officer

Kingdom of Saudi Arabia

Mobile: +966 (50) 730 0500

Email: asindi@sa-abaad.com

Registration Certificate



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Property Overview

- The Subject Property is an office tower located in the Riyadh City Center in Al Murooj District, at the intersection of Olaya Road and King Fahd Road. The area of the land is 5,695 square meters, with a built-up area of 58,163 square meters and a total leasable area of 24,322 square meters.
- The Property comprises 27 floors, 130 meters above sea level, with a direct view of King Abdullah Financial Center, the Tower has two separate entrances. The Tower has several uses, including offices, a restaurant, and a health club. It includes five underground parking levels.
- The Property is located in Al Murooj District, North Central Riyadh, with a direct view of King Abdullah Financial District and easy accessibility.
- Riyadh is the capital of the Kingdom of Saudi Arabia. It is the largest Saudi city and one of the largest cities in the region, with a population of 6.9 million in 1440/2018.

Property Details

Site Details	Information
District	Al Murooj
Permitted Use	Office
Tenure	Restricted Ownership
Deed Number	393318001500
Deed Date	1442/03/02 H
Total Land Area (sqm)	5,695
Total Built-Up Area (sqm)	58,163
Owner	Awwal Al Malqa Real Estate Company



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Subject Property Pictures



Valuation Summary

Site Details	Information
Report Type	Detailed Report
Other independent Users	Alkhabeer Capital- Fund Manager & Investors - Report Reviewers - CMA
Purpose of Valuation	Financial Statement
Valuation Approach	Income Approach
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Adopted Currency	Saudi Riyal
Property Fair Value	484,050,000

Executive Summary

Terms and Conditions

- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the Property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the Property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the Property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.

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Introduction

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the fair value by the required date.
- The subject of the valuation is the assessment of the fair value of Elegance Office Tower, Al Muroj District, Riyadh, for Financial statements purposes.

Applicable Standards

- We confirm that this valuation report has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as “Taqeem”.

Status of Valuer

- This report has been compiled and verified by Ammar Qutub and Ammar Sindi, who have the necessary qualifications, ability and relevant experience to conduct a valuation of the Subject Property. They have also acted in the capacity of external valuers.

Conflict of Interest

- We confirm that we are not aware of any conflict of interest in acting on your behalf on this exercise.

Purpose of Valuation

- We have prepared our valuation for Financial Statements purposes.

Date of Inspection

- We confirm that the Property was inspected by Abaad Team on 22 November 2023.

Date of Valuation

- We confirm that the date of valuation is 31 December 2023.

Basis of Valuation

- We have prepared our valuation on the basis of Fair Value, which is defined in IVS 2022 as per the below:
“International Accounting Standard No. (13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

Sources of Information

- We have relied upon the information provided to us by the Client with respect to the Subject Property, which is outlined below:
 - Title deed
 - Lease agreements and details
 - Approved Masterplan
 - Property Sale Contract
 - Property Lease Contract / Ministry of Transport Contract
 - Handover report to the Ministry’s Contractor/ Projected Costs Report.

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General Disclaimers

Liability and Publication

- This report is issued for your use, and that of your professional advisers, for the specific purpose to which it refers. Abaad does not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference to it, may be included in any published document, circular, or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

Confidentiality

- This report is confidential to the Client and their advisors, and we accept no responsibility 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 to it will only be notified to the Client to whom it is authorized.

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as a fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.
- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.
- **No important assumptions or any special assumptions were applied.**

Fair Value Disclaimers

Fair Value Hierarchy

- In accordance with the Fair Value Hierarchy prescribed by IFRS 13, our real estate valuation process adheres to three distinct levels of inputs to ensure transparency and reliability in the determination of fair value.
 - **Level 1 Inputs:** Quoted prices for identical properties in an active market represent the most reliable and transparent inputs. However, due to the unique characteristics of our real estate assets, the availability of Level 1 inputs may be limited.
 - **Level 2 Inputs:** Observable inputs other than quoted prices, such as recent transactions or prices for similar properties, are considered in the absence of Level 1 inputs. These inputs contribute to the valuation process and enhance the robustness of our fair value measurements.
 - **Level 3 Inputs:** The valuation of certain real estate assets relies significantly on Level 3 inputs, which are unobservable and require management judgment. This involves the use of proprietary valuation models, assumptions, and estimates tailored to the specific attributes of our properties. Level 3 inputs are particularly relevant when market activity is limited or absent.
- The choice of input level is determined by the nature of each asset and the availability of observable market data. Our commitment to providing a comprehensive and accurate representation of fair value includes detailed disclosures regarding the methods, assumptions, and risks associated with each valuation.
- This disclosure aims to communicate the approach taken in the real estate valuation process, highlighting the reliance on different levels of inputs and emphasizing transparency for stakeholders.

Fair Value Measurement Disclosure

- In accordance with the Fair Value Hierarchy outlined in IFRS 13, our real estate valuation primarily relies on Level 3 inputs. Level 3 inputs involve unobservable data and require significant management judgment. This is due to the unique characteristics of our properties and the absence of readily available market prices for identical or similar assets. Our valuation approach includes the use of appropriate and relevant valuation methodologies, and the fair value estimates are sensitive to changes in key assumptions. For a detailed understanding of our valuation methodologies and the associated risks, please refer to the comprehensive disclosures provided in through out the report and the valuation methodology section
- This disclosure communicates to stakeholders that Level 3 inputs are a key component of the real estate valuation process, emphasizes the reliance on unobservable data, and encourages users to review the detailed disclosures for a more thorough understanding of the valuation methodologies and associated risks. Providing transparency in this way helps stakeholders make informed decisions based on the unique circumstances of the real estate being valued.

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Tenure

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Title Information

Title Information

ID	Description
Owner	Awal Al Malqa Real Estate Company
Property Name	Elegance Office Tower
Plot No.	25-26-27-28
Sub-Division	2593
District	Al Murooj
Street Name	-
Coordinates	46°39.053'E 24°45.468'N
City	Riyadh
Ownership Type	Restricted Ownership
Title Deed Info	Dees No. 393318001500
	Deed Date 02/03/1442

Sources: Title Deed



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Dimensions and street widths

Side	Dimension (m)	Street Name	Type	Width (m)	Frontage
North	85	-	Pedestrian Walkway	10	3
South	85	-	Sidewalk	-	4
East	67	-	Parking Spaces	20	1
West	67	-	Parking Spaces	20	2

Sources: Title Deed

Tenure

Contract Details

Usufruct Contract Summary

ID	Description	Details
1	First Party (Owner)	Awwal Al Malqa Real Estate Company
2	Second Party (Lessee)	Al Saedan Real Estate Company
3	Contract Term	5 Years
4	Contract Effective Date	16/09/2020
A	Lease Rate	30,000,000 SAR
7	First Party's Obligations	Triple Net Lease
8	Second Party's Obligations	The Lessee shall bear all of the Property maintenance and management costs

- After examining the current lease agreement provided by the client, we have determined that the Tenant has leased the property to operate and maintain.
- The contract is binding for the leasing period of 5 years and can't be terminated unless the period is over.
- The tenant is an independent entity with no relationship with the landlord.
- According to the conducted market research about the rental prices, we have concluded that the current lease rate is within the market range.
- The tenant has the right to usufruct from the property and rent and benefits from the leasable areas.
- The lease of units is unaffected by the expiry of the main usufruct contract with Al Saedan Real Estate Company.

Sources: Lease Agreement



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Contract Payments

According to the contract, the tenant shall pay the lease at the beginning of each year. The following table will demonstrate the contract payment schedule.

Year	Income (SAR)
9/16/2021	30,000,000
9/16/2022	30,000,000
9/16/2023	30,000,000
9/15/2024	30,000,000
9/15/2025	30,000,000

Sources: Lease Agreement

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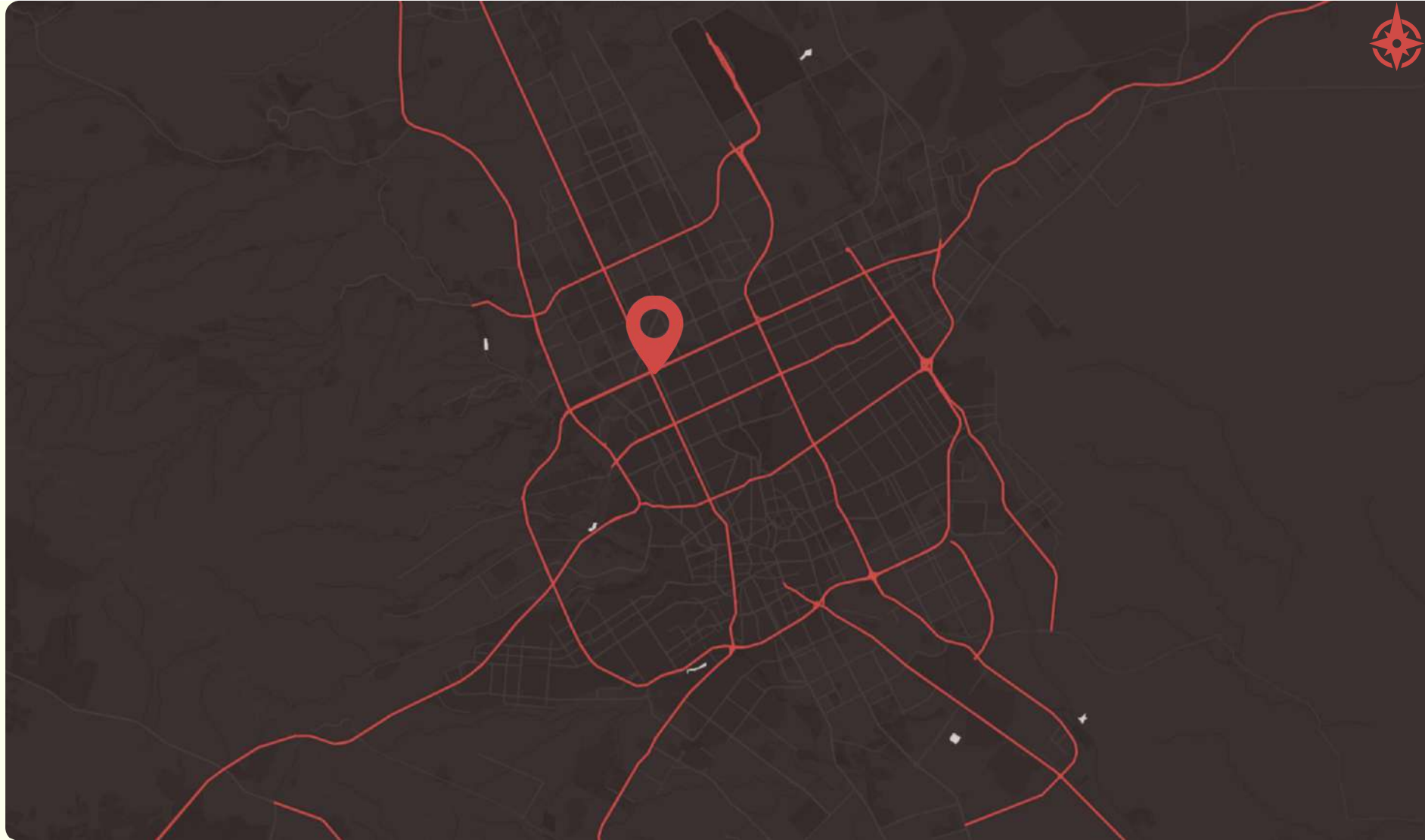
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Macro Location



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- The subject property is strategically situated in Riyadh, the capital of Saudi Arabia and the largest among its cities, serving as the central hub of the Riyadh Region.
- Renowned as the foremost Saudi city, Riyadh boasts a substantial population of 7.5 million as of 1442/2022, solidifying its pivotal role in the nation's landscape. In terms of geographical expanse, Riyadh stands as one of the largest cities in the Arab World, covering an impressive developed area of approximately 1,973 square kilometers.
- Riyadh is currently undergoing transformative development, with a strong focus on infrastructure and public transport. The ongoing Riyadh Metro Project and Public Transport Project are testament to the city's commitment to modernization and efficient urban mobility.
- The subject properties are specifically located in Al Malaz and Al Faisaliyyah Dist., Riyadh. The closest one is strategically positioned approximately 36 kilometers from King Fahd International Airport, ensuring convenient connectivity, and approximately 23 kilometers from the dynamic King Abdullah Financial District, reflecting their prime location within the evolving landscape of Riyadh.

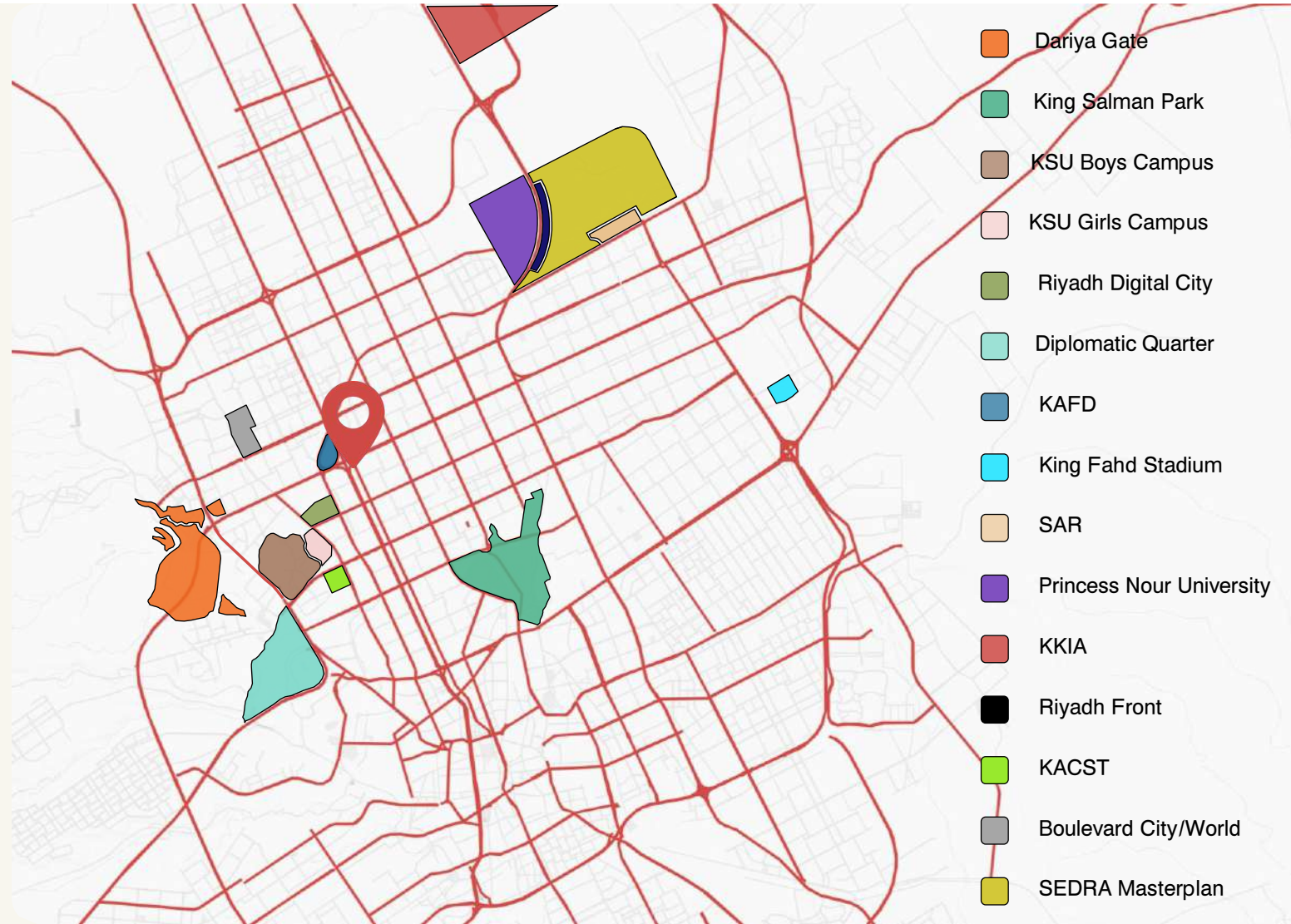
Site Location Analysis

Macro Location



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- Riyadh City has many known local destinations that shapes the urban life. The subject property is close to some of these destinations, giving the subject property some advantage.
- Riyadh View forma common place that hosts commercial and food & Beverage activity. Nevertheless, SAR is next to subject property. SAR connects Saudi Arabia different cities in the north, eastern and south of Riyadh with a complexe and modern railway network.
- King Khalid Airport is one of the iconic construction of Riyadh city, easing and connecting local and international travelers with the Capital of Saudi Arabia.
- The existence of several educational institutions in the city is like PNU, that has the capacity of 70,000 student, KSU and KACST, would elevate the educational standers, create better future for generations, and compete with local and international educational systems.
- One of the main district, is the Diplomatic Quarter that taloir all the geopolitical plans and draws international relationships.
- Riyadh has kept an on itself by having two of the most important districts, the financial and digital ones, allowing Saudi Arabia to expand the growth capacity regionally and internationally on both tech and financial sectors.
- As part of the Vision 2030, The development of Diriyah Gate would return significant impact by attracting tourists, encouraging cultural exchange, exposing the history of Saudi Arabia and hundreds of years of legacy.
- On the Entertainment side, Riyadh has very known and diversified entertainment place, the Boulevard as a city inside of a city and a world inside a city. Also, the Stadium.
- Riyadh Also is waiting of the biggest urban park in the region, King Salman Park, that will achieve Saudi Arabia sustainability goal addressed in Vision 2030.



Site Location Analysis

Development Projects at City Level



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The Royal Commission for the City of Riyadh carries out many programs and development projects which are strategic in nature with multiple objectives and dimensions and different requirements for execution over time.

هيئة تطوير بوابة الدرعية
Dariyah Gate Development
Authority



Between the architectural, cultural, economic and social features and the environmental development requirements of Wadi Hanifa, it provides a model for the development of the oasis.

The program adopted the principle of integration with the City of Riyadh, making Diriya a world class cultural, tourism and promotional suburb.

Riyadh Art Project



Includes the performance of over 1000 artworks by local and international artists in front of audiences in the various parts of the City of Riyadh, as part of 10 programs covering residential neighborhoods, public parks, natural promenades, public squares, public transport stations, bridges, pedestrian crossings, city entrances and all tourism destinations of the city.

Riyadh Boulevard

المسار
الرياضي
Sports Boulevard



Extends 135 kilometers, penetrating the City of Riyadh to connect Wadi Hanifa in the west of the City with Wadi Al Sulay in its east. It includes sports, cultural, recreational and environmental activities, including bicycle tracks, horse tracks, pedestrian sidewalks, a number of gates, stations and rest areas for bikers and hikers. Along the Boulevard inside the City and at Wadi Hanifa and Wadi Al Sulay, recreational services are provided to bikers and hikers, including coffee shops and diverse retail outlets.

Green Riyadh

الرياض الخضراء
GREEN RIYADH

The program aims at planting over 7.5 million trees in all parts of the city, including public parks, community parks, promenades, mosques, schools, academic, health and public installations and facilities, green belts along the spans of public utility lines, in addition to King Khalid International Airport, a roads and streets network, in addition to public transport routes, car parking spaces, vacant lands, valleys and river tributaries.

King Salman Park:

حديقة الملك سلمان
King Salman Park

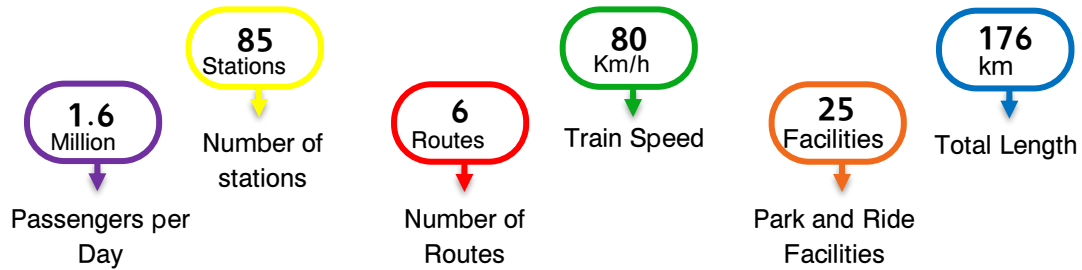
The largest city park in the World with an area exceeding 13 square kilometers. It is considered to be an environmental, cultural, sports and recreational project which contributes to the changing lifestyle in the city.

Site Location Analysis



Public Transport – Riyadh Metro

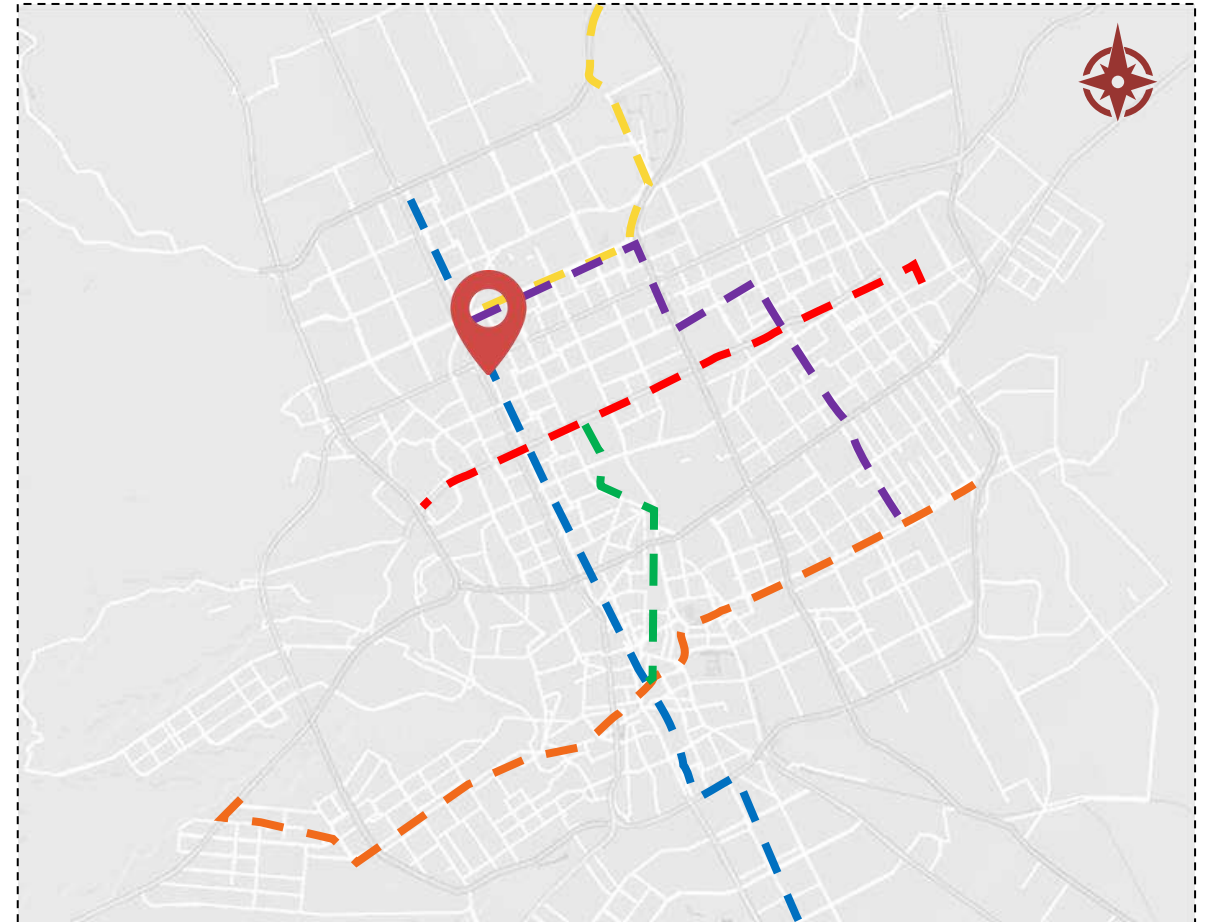
- Metro Riyadh is a high-speed transport system. It is currently under construction. It is one of the largest infrastructure projects in the City of Riyadh.
- The Metro is designed as a world-class transport system, including 756 metro cars, 85 stations, six metro lines, and a network spanning 176 kilometers.
- The construction of the metro system has resulted in several road closures which affected traffic in various parts of the city.



Length of Riyadh Metro Routes

Route	Route Length (Km)
First Route (Blue)	38.0
Second Route (Red)	25.3
Third Route (Orange)	40.7
Fourth Route (Yellow)	29.6
Fifth Route (Green)	12.9
Sixth Route (Purple)	29.5

Riyadh Metro Route Map:



Site Location Analysis



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Development Projects at District Level

- Situated in the vibrant Al-Morouj district, this property boasts a strategic location with the Northern Ring Road to the north, Al-Ghadeer District to the northeast, Imam Saud Road to the south, King Fahd District to the southwest, King Abdulaziz Road to the east, Al-Masif District to the southeast, and King Fahd Road to the west, bordering Al-Nakhil District.
- Access to the property is facilitated by key thoroughfares, including the Northern Ring Road, King Abdullah Road, and King Fahd Road, enhancing connectivity to various parts of Riyadh.
- The property's well-defined shape adds to its appeal, and it enjoys direct access to the prominent King Fahd Road, ensuring convenient transportation links.
- A noteworthy feature is the passage of the Riyadh Metro Road (blue) through the Al-Morouj neighborhood, establishing a vital connection between the northern and southern regions of Riyadh while traversing the dynamic landscape of the King Abdullah Financial District. This not only enhances accessibility but also contributes to the property's prominence within the broader urban framework of Riyadh.



Site Location Analysis

Property Description



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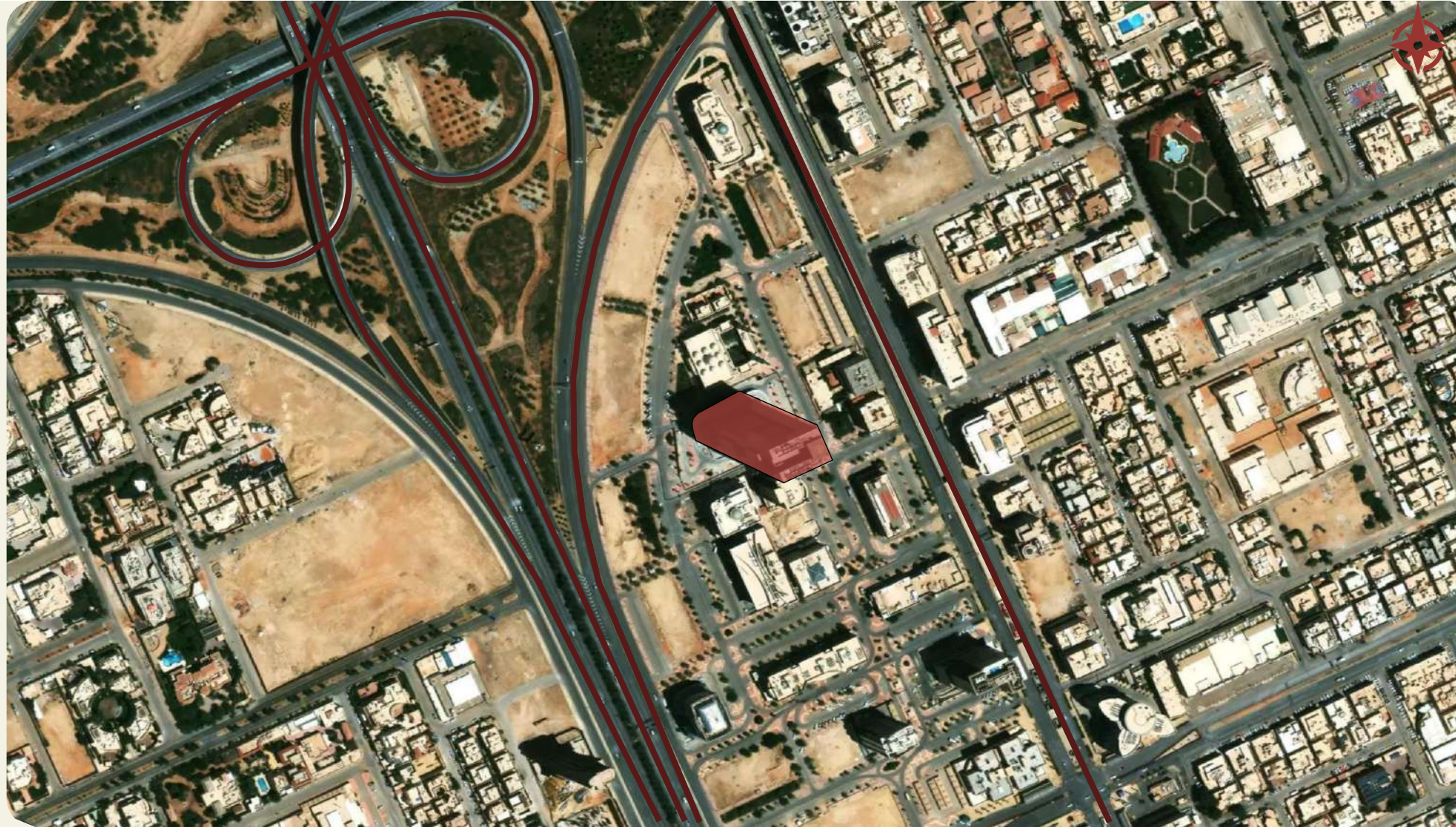


The Subject Property stands tall as an impressive office tower, boasting a remarkable architectural presence with its 27 floors above ground and an additional 5 below ground. Occupying a generous land area of 5,695 square meters, the building's expansive footprint culminates in a total built-up area of 58,163 square meters. Within this substantial space, the leasable area spans an impressive 24,322 square meters.

The exterior of the tower is adorned with sleek glass facades, offering a contemporary aesthetic that speaks to modern design sensibilities. As one enters, the internal finishings exude sophistication, with entrances and common spaces adorned in luxurious marble and porcelain, creating an inviting ambiance. The remaining areas feature tasteful basic finishes in a neutral tone, providing a versatile backdrop for customization based on the specific requirements of the tenant.

Functionality is a key consideration, with the lower floors thoughtfully designed to accommodate 720 positions, ensuring a dynamic and efficient use of space. The meticulous attention to detail is evident throughout the property, from the refined finishes to the tailored approach in unit specifications, allowing tenants to craft their spaces to align seamlessly with their unique needs.

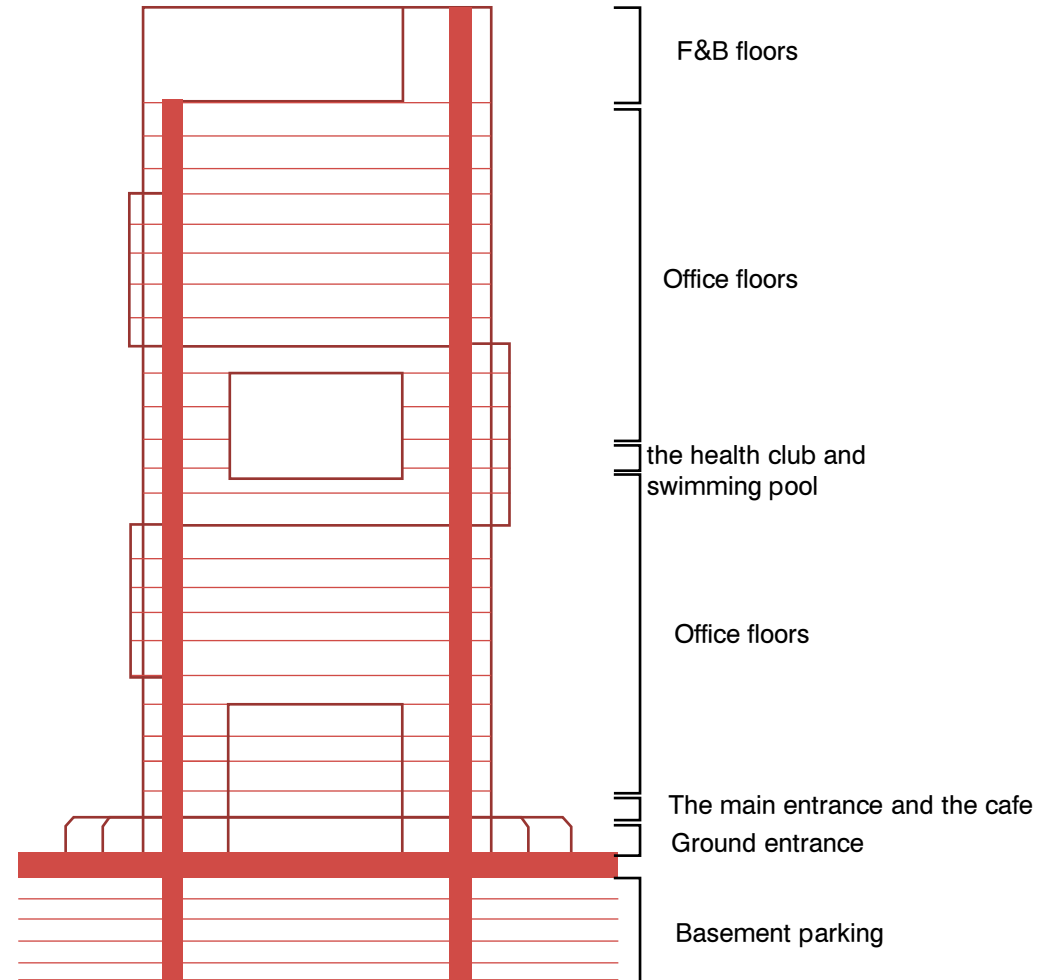
With a construction age of 5.5 years, the property stands as a testament to enduring quality and contemporary design, offering a workspace that harmonizes both form and function.



Site Location Analysis

Property Description

- The Property is an office tower with 27 floors above the ground and 5 floors of underground parkings with a total built up area of 58,163 square meters.
- The tower includes an area designated for the use of a café and an entire floor dedicated to a health club and a swimming pool at a height of 50 meters.
- The floor space varies between 827-1,665 square meters
- Underground parking can accommodate up to 720 cars.
- The front of the tower has four interactive screens.
- The main entrance contains a space designated for the reception in addition to a space designated for a café.
- The tower has 12 electric elevators divided into 6 main elevators, 4 external panoramic elevators, a service elevator and a civil defense elevator.
- The tower contains a helipad.
- The tower is equipped with central communication systems, a fire fighting system and an integrated monitoring system.
- The tower is equipped with a central air conditioning system.
- The tower contains 4 interactive screens.



Site Location Analysis

Property Description



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Details of the Leasable Areas:

Floor	Use	Floors	Leasable Area
Basement	Parking Spaces + storage	5	809.01
Lower Entrance	Entrance of the Restaurant and the Health Club	1	108.10
Upper Entrance	Reception + Cafe	1	207.47
Mezzanine	-	3	1,410.18
Service Floor	-	1	478.20
Floors 6-10	Offices	5	5,696.00
Service Floor	Health Club	1	1,136.05
Service Floor	Swimming Pool	1	1,064.00
Floors 13-15	Offices	3	1,614.36
Floors 16-21	Offices	6	6,835.20
Floors 22-23	Offices	2	2,158.90
Floor 24	Offices	1	1,051.72
Floor 25	Restaurant	1	1,336.10
Floor 26	Restaurant	1	417.10
Total		32	24,322

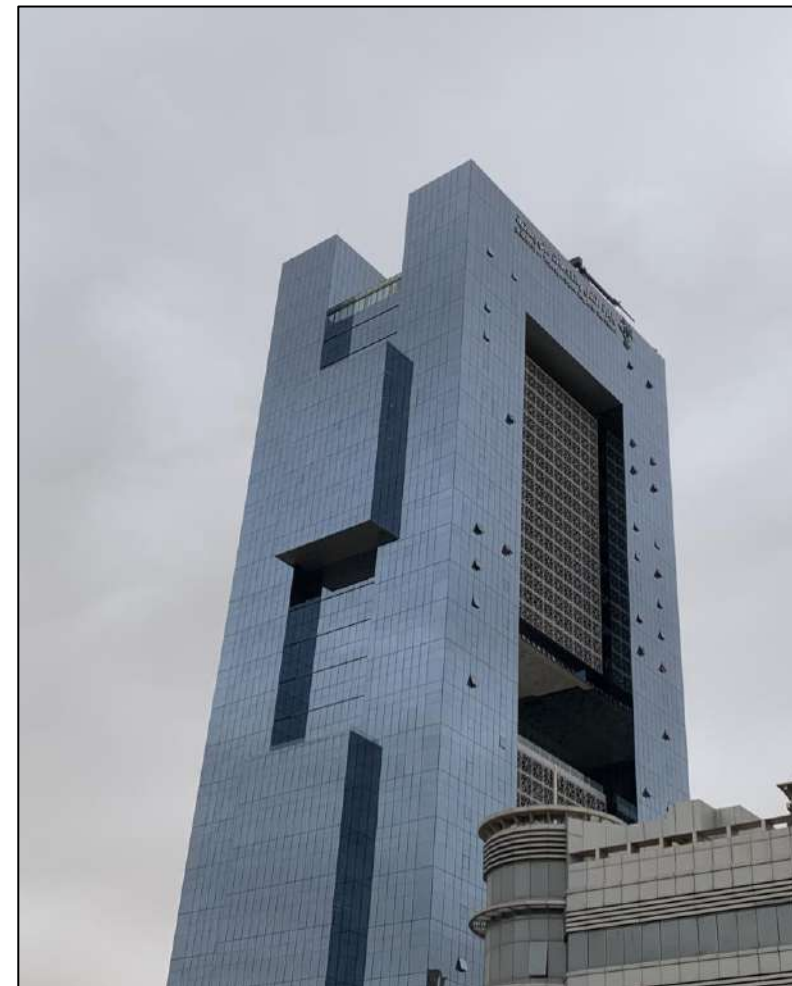


Site Location Analysis

Property Photographs



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Valuation

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Tenure

Site Location Analysis

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Valuation

Valuation Methodology
Analysis of Property Risks
Income Approach
Valuation Summary

Appendices

Income Valuation Methodology - DCF

Income Valuation Approach

- In determining our opinion of [Market Value] for the Subject Properties and based on the fact that they are all multi-tenanted income producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modelling technique based on explicit assumptions regarding the prospective cashflow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. 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 a property.
- With regard to the subject properties, the cashflow has been calculated on an annual basis. With respect to the growth rate applied throughout our cashflow, we have adopted the long-term average inflation rate for Saudi Arabia at 2.8%.
- The cashflow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the [Market Value]. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be as at a future date.

Valuation Steps Using Income Approach - DCF

01

Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

02

Cost Assumptions

The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.8 %/annum.

03

Property Income

The property income represents the revenue derived from the rent payments received during a year.

04

Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance, maintenance, and marketing costs. The costs are typically calculated on an annual basis.



Property Risk Analysis

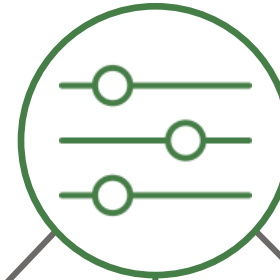
Long-term contract risks

The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.



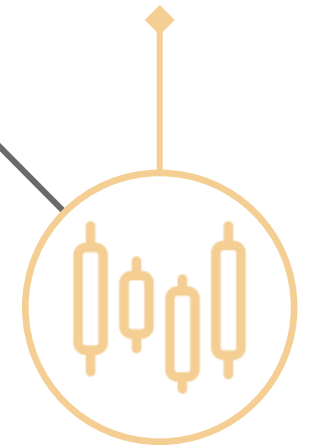
Regulatory and legislative risks

The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property.



Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



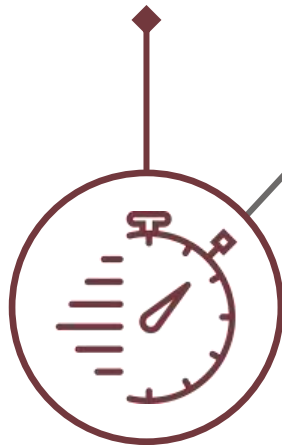
Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property.



Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property, any change in revenues as a result of different market conditions will affect the value of the Property.



Market Study - Demand and Supply

Office

- In the first three months of **2023**, around **50,000** sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately **4.9** million sq. m. in the capital and **1.2** million sq. m. in Jeddah. Over the remainder of this year, an additional **61,000** sq. m. and **583,000** sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to **1%** in **Q1 2023**. As a result, average Grade A rents increased by **19%** year-on-year (Y-o-Y) to reach **SAR 1,764** per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by **15%** Y-o-Y to reach **SAR 1,199** per sq. m. per annum in the first quarter of **2023**. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at **8%** in **Q1 2023**.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Source of Info: JII

Residential

- Riyadh witnessed the completion of close to **7,800** residential units in **Q1 2023**, pushing up the total stock to **1.4** million residential units. Over the same period, **4,400** units were handed over in Jeddah to bring the city's residential inventory to **864,000** units. In the remaining months of this year, **45,000** units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, **100** million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of **2023**, average sale prices and rents in Riyadh increased by **7%** and **2%**, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by **11%** annually, and average rents climbed by **9%**.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of **6%** in the capital and **17%** in Jeddah, in **Q1 2023**. Over the same period, rents for apartments grew by **4%** in Riyadh and **13%** in Jeddah.

Source of Info: JII

Market Study - Demand and Supply

Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately 84,000 sq. m. of retail space and increasing the total supply to 3.4 million sq. m. Over the same period, Jeddah's retail stock increased by roughly 46,000 sq. m. to 1.8 million sq. m. In the remaining nine months of this year, 478,000 sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about 105,000 sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between 8 to 120 sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by 11% and 8%, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by 6% across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: JII

Hospitality

- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at 21,000 keys. During the same period, Jeddah saw the delivery of 300 keys, increasing the total existing supply to 16,000 keys. An additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter Riyadh, and the remaining 1,000 keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of 100 million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to 76%, and the average daily rate (ADR) increased to USD 212 for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached 54% and ADR was recorded at USD 147. The Saudi hospitality market is expected to sustain its positive drive and improve further.

Source of Info: JII

Valuation

Valuation Approach

Key Factors in the Discounted Cash Flow Method:

Inflation Rate

- Inflation Rate: Discounted cash flows are calculated at an annual inflation rate of **2.8%** per annum by taking the average rate of inflation in the domestic product of the Kingdom of Saudi Arabia for the past **12** years as per the Central Bank of Saudi Arabia.

Capitalization Rate

- we have conducted market research about properties with similar usage to the subject property in the office sector, which serves as a benchmark to determine the appropriate cap rate for the subject.

Property	City	Type	Cap Rate (%)
Verdun Tower	Riyadh	Offices	7.5%
Takween Tower	Riyadh	Offices	8.0%
Hamad Tower	Riyadh	Offices	7.0%
La Plaza Bldg	Riyadh	Offices	8.5%
Thiqah Twin Bldg	Riyadh	Offices	8.0%

- Comparing these properties with our subject property taking into consideration location, finishing, class, type, accessibility, and the area it belongs to, we conclude that the cap rate should be **7.00%**.

Discount Rate

- We have used the build-up method to calculate the discount rate, which considers inflation, cap rate, and market risk.
- Since the subject property enjoys a long-term binding lease securing income, market risk is null. Hence, the discount rate is set as **9.80%**.

Valuation



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Comparable Sites - Raden Center

Retail



64 Showrooms

Offices



54 Offices

Office Rent



1,500 SAR/Sqm

Total GLA



15,613 Sqm

Street



Olya Street

District



Al Morooj

Parking



351 Bays

Distance from
Subject Site



1.5 Km

Location



About Raden Center

- Ground & first floor terrace areas, panorama elevators, escalators, 351 parking spaces including 227 underground, new modern design, fire alarm system for the whole building, and flexible spaces.
- Raden Center is one of the latest Real Estate commercial projects.
- Commercial and office building with a unique design and concept.
- Beautiful view and amazing outdoor seating areas.
- Provides perfect and comfortable environment for relaxing and enjoyment.
- The building has four floors including ground. The ground and first floors contains retail, second and third contain offices.



Valuation

Revenues Estimation

Occupancy

- The lease of units is unaffected by the expiry of the main Lease Contract with Al Saedan Real Estate Company and only expires when the units' lease contracts expire. Thus, Occupancy is stable at the current rate, **90%**, provided by the client.

Lease Rate

- Based on the current contract, the tower's total annual income is **30,000,000 SAR** for five years.
- We haven't considered that the current lease contract will be renewed. Thus, the lease rate and operation expenses, after the contract period ends, will be market-based.
- On the previous page of this report, after studying Raden Center, we have analyzed and applied adjustments to renting prices, considering several factors such as type, location, street, and frontage to reach the average rental value.
- The following table shows the concluded rental prices alongside the income if fully leased.

Type	AVG Lease (SAR/Sqm)	GLA (sqm)	Income (SAR)
Offices	1,680	21,259	35,715,590
Health Club	850	2,254	1,915,985
Warehouses	250	809	202,253
Total			37,833,828



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Other Income

The property has additional sources of income represented in the following table.

Type	GLA (sqm)
Coffee Shop	207
Restaurant	1,753

Based on the market study conducted about similar properties, we have found that the other income range is **10-15%** of the total income. Based on the size of the restaurant and the coffee shop, location, and building type, we will adopt **15%** as additional income of total income.

Operation Expenses

- we have conducted market research about properties with similar usage to the subject property in the office sector, which serves as a benchmark to determine the appropriate cap rate for the subject.

Property	City	Type	OpEx (%)
Verdun Tower	Riyadh	Offices	13.0%
Thiqah Twin Bldg.	Riyadh	Offices	13.0%

- These OpEx are inclusive of all expenses of the property.
- Comparing the up-mentioned properties taking into consideration the location, building type, and activity types, we have adopted OpEx of **13.0%** for the subject property

Valuation

Income Approach



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As a result of the prior information, cash flows were calculated to reach the value of the subject property. The contract between Al Khabeer Capital and Al Saedan Company was considered for the remaining 2 years. After that, the rental was assumed in accordance with market rates.

Summary of Cash Flow Calculations

Period	1	2	3	4	5	6	7	8	9	10
Discount Period (Y)	0.7	1.7	2.7	3.7	4.7	5.7	6.7	7.7	8.7	9.7
Inflation Factor	1.02	1.05	1.08	1.10	1.13	1.16	1.19	1.22	1.24	1.27
Renting Gross Potential Income (SAR)	30,000,000	30,000,000	40,714,664	41,774,011	42,833,358	43,892,705	44,952,052	46,011,400	47,070,747	48,130,094
Vacancy (%)	0.0%	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Vacancy (SAR)	0	0	4,071,466	4,177,401	4,283,336	4,389,271	4,495,205	4,601,140	4,707,075	4,813,009
Renting Gross Effective Income (SAR)	30,000,000	30,000,000	36,643,197	37,596,610	38,550,022	39,503,435	40,456,847	41,410,260	42,363,672	43,317,085
Additional Income (%)	0%	0%	15%	15%	15%	15%	15%	15%	15%	15%
Additional Income (SAR)	0	0	5,496,480	5,639,491	5,782,503	5,925,515	6,068,527	6,211,539	6,354,551	6,497,563
Gross Effective Income (SAR)	30,000,000	30,000,000	42,139,677	43,236,101	44,332,526	45,428,950	46,525,374	47,621,799	48,718,223	49,814,647
Operation Expenses (%)	0.0%	0.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%
Operation Expenses (SAR)	0	0	5,478,158	5,620,693	5,763,228	5,905,763	6,048,299	6,190,834	6,333,369	6,475,904
Net Operation Income (SAR)	30,000,000	30,000,000	36,661,519	37,615,408	38,569,297	39,523,186	40,477,076	41,430,965	42,384,854	43,338,743
TV (SAR)										619,124,902
PV Factor	0.93	0.85	0.78	0.71	0.64	0.59	0.53	0.49	0.44	0.40
PV (SAR)	28,048,531	25,545,111	28,431,164	26,567,313	24,809,684	23,154,165	21,596,529	20,132,492	18,757,754	267,011,435
Property Fair Value (SAR)	484,050,000									

Valuation Summary

Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions and detail within this report, may be fairly stated as follows:

Fair Value of Subject Property Using Income Approach as of 31 December 2023

- 484,050,000 SAR (Four Hundred Eighty-Four Million Fifty Thousand Saudi Riyal).

Signatures & Authorizations

Eng. Yousuf Abdullah Khan

Taqeem ID: 1220001989

Membership Type: Provisional Member

Sector: Real Estate Sector

Membership Date: 17/09/2020

Contribution: Inspector, Valuer and Report Creator

Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 24/01/2016

Contribution: Valuation & Report Reviewer

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 22/12/2015

Contribution: Report Reviewer & Authorizer

Company Stamp

Company Name: **Abaad & Partner for Real Estate Valuation**

Company No. 11000111

CR No: 4030297686

CL No: 323/18/781



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Appendix 2: Valuation Glossary

Saudi Authority

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

Asset or Assets

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

Client

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

Intended Use

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

Intended User

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

Jurisdiction

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

May

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.



Appendix 2: Valuation Glossary

Must

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

Participant

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Fair Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

Purpose

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

Should

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

Appendix 2: Valuation Glossary

Significant and/or Material

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

Valuation

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.
- Valuation Purpose or Purpose of Valuation:
- See “Purpose”.

Valuation Reviewer

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

Value (n)

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

Valuer

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

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Weight

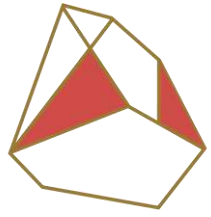
- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

Weighting

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.



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Abaad & Partner For Real Estate Valuation Co.

Jeddah Branch (Head Office):

Mohamed Ibrahim Masoud Street,
Al-Salama District
Oash Offices Building, 5th Floor, suite 21
Jeddah, Kingdom of Saudi Arabia

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Imam Saud bin Faisal Road,
Al-Sahafa District
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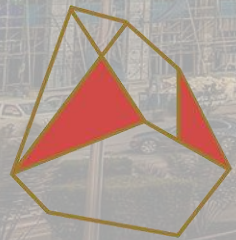
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Director

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Final Valuation Report

Vision Colleges in Ishbilyah Dist, Riyadh

Client/ Alkhabeer Capital

09 January 2024

V230275

P230352

الخبير المالية
Alkhabeer Capital



Introduction



Dear Alkhabeer Capital,

RE: Valuation of Vision Colleges in Ishbilyah Dist, Riyadh.

Further to your request, Abaad thank you for inviting us to complete and submit a valuation report with respect to the aforementioned property.

We have prepared our valuation on the basis of Fair Value for Financial Statements Purposes.

We confirm that the valuation has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as "Taqeem."

We confirm that the valuation has been undertaken by us as external valuers and we possess the required knowledge, skills, and understanding to undertake the valuation competently.

We confirm that we are not aware of any existing or potential conflict of interest with respect to this engagement.

Eng. Ammar Abdulaziz Sindi

Chief Executive Officer

Kingdom of Saudi Arabia

Mobile: +966 (50) 730 0500

Email: asindi@sa-abaad.com

Registration Certificate



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Property Overview

- The Subject Property is a medical college for three majors, dental, nursing, and the College of Medicine. The college extends over a land area of **17,046** square meters with a building area of **44,113.54** sqm.
- The college consists of five floors, including two underground parking floors with a capacity of up to **480** parking spaces and three service floors.
- The three floors consist of **52** educational rooms, **24** laboratories, laboratories and training rooms, **52** dental clinics, a library, and two gyms. In addition to offices, **3** restrooms, cafes, and **2** playgrounds.
- The college is located on Bahr Al Arab Street in Ishbilyah district, in Riyadh.
- The Subject Property is **11** y/o and no renovation took place.

Property Details

Site Details	Information
District	Ishbilyah
Permitted Use	Mixed
Tenure	Restricted Ownership
Deed Number	498507005691
Deed Date	04/06/1442H
Total Land Area (sqm)	17,046
Total Built-Up Area (sqm)	44.113.54
Owner	Awwal Al Malqa Real Estate Company



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Subject Property Pictures



Valuation Summary

Site Details	Information
Report Type	Detailed Report
Other independent Users	Alkhabeer Capital- Fund Manager & Investors - Report Reviewers - CMA
Purpose of Valuation	Financial Statement
Valuation Approach	Income Approach
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Adopted Currency	Saudi Riyal
Property Fair Value	203,534,000

Executive Summary

Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the Property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the Property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the Property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.

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Introduction

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the fair value by the required date.
- The subject of the valuation is the assessment of the Fair Value of Vision Colleges in Ishbilyah Dist., Riyadh, for Financial statements Purposes.

Applicable Standards

- We confirm that this valuation report has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as “Taqeem”.

Status of Valuer

- This report has been compiled and verified by Ammar Qutub and Ammar Sindi, who have the necessary qualifications, ability and relevant experience to conduct a valuation of the Subject Property. They have also acted in the capacity of external valuers.

Conflict of Interest

- We confirm that we are not aware of any conflict of interest in acting on your behalf on this exercise.

Purpose of Valuation

- We have prepared our valuation for Financial Statements purpose.

Date of Inspection

- We confirm that the Property was inspected by Abaad Team on 25 November 2023.

Date of Valuation

- We confirm that the date of valuation is 31 December 2023.

Basis of Valuation

- Our valuation will be presented on the basis of fair value, which is defined in accordance with the International Valuation Standards (IVS) in 2022 as follows:
- International Accounting Standard No. (13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Sources of Information

- We have relied upon the information provided to us by the Client with respect to the Subject Property, which is outlined below:
 - Title deed
 - Lease agreements and details

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General Disclaimers

Liability and Publication

- This report is issued for your use, and that of your professional advisers, for the specific purpose to which it refers. Abaad does not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference to it, may be included in any published document, circular, or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

Confidentiality

- This report is confidential to the Client and their advisors, and we accept no responsibility 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 to it will only be notified to the Client to whom it is authorized.

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as a fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.
- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.
- **No important assumptions or any special assumptions were applied.**

Disclaimers

Fair Value Disclaimers

Fair Value Hierarchy

- In accordance with the Fair Value Hierarchy prescribed by IFRS 13, our real estate valuation process adheres to three distinct levels of inputs to ensure transparency and reliability in the determination of fair value.
 - **Level 1 Inputs:** Quoted prices for identical properties in an active market represent the most reliable and transparent inputs. However, due to the unique characteristics of our real estate assets, the availability of Level 1 inputs may be limited.
 - **Level 2 Inputs:** Observable inputs other than quoted prices, such as recent transactions or prices for similar properties, are considered in the absence of Level 1 inputs. These inputs contribute to the valuation process and enhance the robustness of our fair value measurements.
 - **Level 3 Inputs:** The valuation of certain real estate assets relies significantly on Level 3 inputs, which are unobservable and require management judgment. This involves the use of proprietary valuation models, assumptions, and estimates tailored to the specific attributes of our properties. Level 3 inputs are particularly relevant when market activity is limited or absent.
- The choice of input level is determined by the nature of each asset and the availability of observable market data. Our commitment to providing a comprehensive and accurate representation of fair value includes detailed disclosures regarding the methods, assumptions, and risks associated with each valuation.
- This disclosure aims to communicate the approach taken in the real estate valuation process, highlighting the reliance on different levels of inputs and emphasizing transparency for stakeholders.

Fair Value Measurement Disclosure

- In accordance with the Fair Value Hierarchy outlined in IFRS 13, our real estate valuation primarily relies on Level 3 inputs. Level 3 inputs involve unobservable data and require significant management judgment. This is due to the unique characteristics of our properties and the absence of readily available market prices for identical or similar assets. Our valuation approach includes the use of appropriate and relevant valuation methodologies, and the fair value estimates are sensitive to changes in key assumptions. For a detailed understanding of our valuation methodologies and the associated risks, please refer to the comprehensive disclosures provided in through out the report and the valuation methodology section
- This disclosure communicates to stakeholders that Level 3 inputs are a key component of the real estate valuation process, emphasizes the reliance on unobservable data, and encourages users to review the detailed disclosures for a more thorough understanding of the valuation methodologies and associated risks. Providing transparency in this way helps stakeholders make informed decisions based on the unique circumstances of the real estate being valued.

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Title Information

ID	Description
Owner	Awwal Almalga Real Estate Company
Property Name	Al-Malqa Compound
Plot No.	4
District	Ishbilyah
Street Name	Bahr Al Arab St.
Coordinates	<u>24°47'30.5"N</u> <u>46°48'08.3"E</u>
City	Riyadh
Ownership Type	Restricted Ownership
Title Deed Info	Dees No. 498507005691
	Deed Date 04/06/1442H

Sources: Title Deed



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Dimensions and street widths

Side	Dimension (m)	Street Name	Type	Width (m)	Frontage
North	180	-	Local	15	1
South	180	-	Neighbor	-	1
East	94.7	-	Neighbor	-	1
West	94.7	Bahr Al Arab St.	Commercial	40	1

Sources: Title Deed

Tenure

Contract Details

Lease Contract Summary

Description	Details
Landlord	Awwal Al Malqa Real Estate Company
Tenant	Al Farabi College Company
Contract Term	25 Years
Contract Effective Date	17/01/1442
Annual Lease	16,000,000 SAR
Lease Growth	5% every 5 years

- After examining the current lease agreement provided by the client, we have determined that the Tenant has leased the whole property, land, and building.
- The contract is a binding contract for the leasing period of 25 years and can't be terminated unless the period is over.
- The tenant is an independent entity with no relationship with the landlord.
- According to the conducted market research about the rental prices, we have concluded that the current lease rate is within the market range.
- The payments are paid every 6 months.

Sources: Contract Copy



Contracts Payments Schedule

Payments Date	No. of Payments	Lease (SAR/Payment)
9/15/2020 to 3/15/2025	10 Payments	8,000,000
9/14/2025 to 3/14/2030	10 Payments	8,400,000
9/13/2030 to 3/13/2035	10 Payments	8,820,000
9/12/2035 to 3/11/2040	10 Payments	9,261,000
9/10/2040 to 3/8/2045	10 Payments	9,724,050

Sources: Contract Copy

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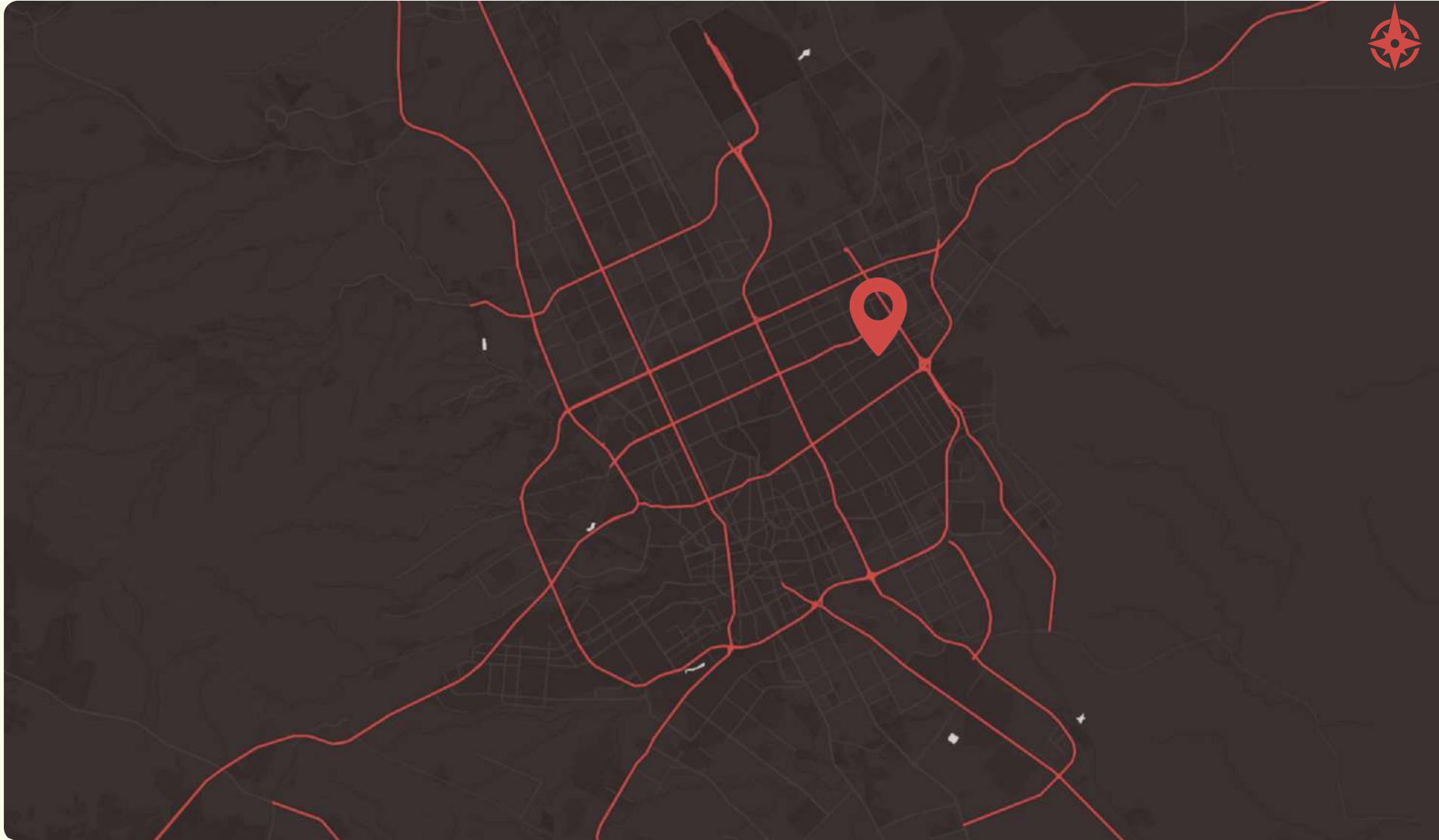
Macro Location



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- The subject property is strategically situated in Riyadh, the capital of Saudi Arabia and the largest among its cities, serving as the central hub of the Riyadh Region.
- Renowned as the foremost Saudi city, Riyadh boasts a substantial population of 7.5 million as of 1442/2022, solidifying its pivotal role in the nation's landscape. In terms of geographical expanse, Riyadh stands as one of the largest cities in the Arab World, covering an impressive developed area of approximately 1,973 square kilometers.
- Riyadh is currently undergoing transformative development, with a strong focus on infrastructure and public transport. The ongoing Riyadh Metro Project and Public Transport Project are testament to the city's commitment to modernization and efficient urban mobility.
- The subject properties are specifically located in Al Malaz and Al Faisaliyyah Dist., Riyadh. The closest one is strategically positioned approximately 36 kilometers from King Fahd International Airport, ensuring convenient connectivity, and approximately 23 kilometers from the dynamic King Abdullah Financial District, reflecting their prime location within the evolving landscape of Riyadh.



Site Location Analysis

Development Projects at City Level



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The Royal Commission for the City of Riyadh carries out many programs and development projects which are strategic in nature with multiple objectives and dimensions and different requirements for execution over time.

هيئة تطوير بوابة الدرعية
Dariyah Gate Development
Authority



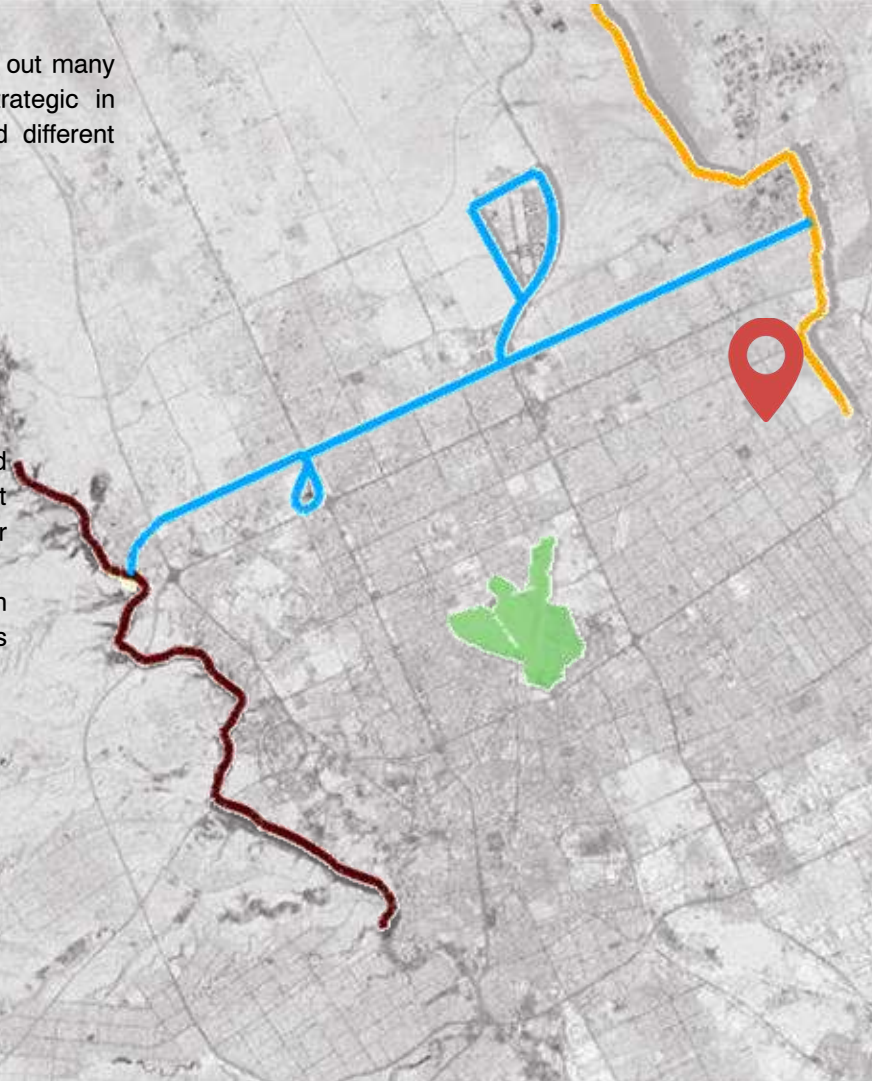
Between the architectural, cultural, economic and social features and the environmental development requirements of Wadi Hanifa, it provides a model for the development of the oasis.

The program adopted the principle of integration with the City of Riyadh, making Diriya a world class cultural, tourism and promotional suburb.

Riyadh Art Project



Includes the performance of over 1000 artworks by local and international artists in front of audiences in the various parts of the City of Riyadh, as part of 10 programs covering residential neighborhoods, public parks, natural promenades, public squares, public transport stations, bridges, pedestrian crossings, city entrances and all tourism destinations of the city.



Riyadh Boulevard

المسار
الرياضي
Sports Boulevard



Extends 135 kilometers, penetrating the City of Riyadh to connect Wadi Hanifa in the west of the City with Wadi Al Sulay in its east. It includes sports, cultural, recreational and environmental activities, including bicycle tracks, horse tracks, pedestrian sidewalks, a number of gates, stations and rest areas for bikers and hikers. Along the Boulevard inside the City and at Wadi Hanifa and Wadi Al Sulay, recreational services are provided to bikers and hikers, including coffee shops and diverse retail outlets.

Green Riyadh

الرياض الخضراء
GREEN RIYADH

The program aims at planting over 7.5 million trees in all parts of the city, including public parks, community parks, promenades, mosques, schools, academic, health and public installations and facilities, green belts along the spans of public utility lines, in addition to King Khalid International Airport, a roads and streets network, in addition to public transport routes, car parking spaces, vacant lands, valleys and river tributaries.

King Salman Park:

حديقة الملك سلمان
King Salman Park

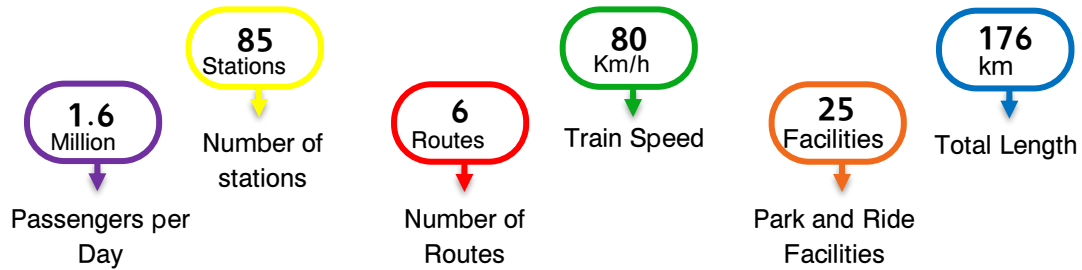
The largest city park in the World with an area exceeding 13 square kilometers. It is considered to be an environmental, cultural, sports and recreational project which contributes to the changing lifestyle in the city.

Site Location Analysis



Public Transport – Riyadh Metro

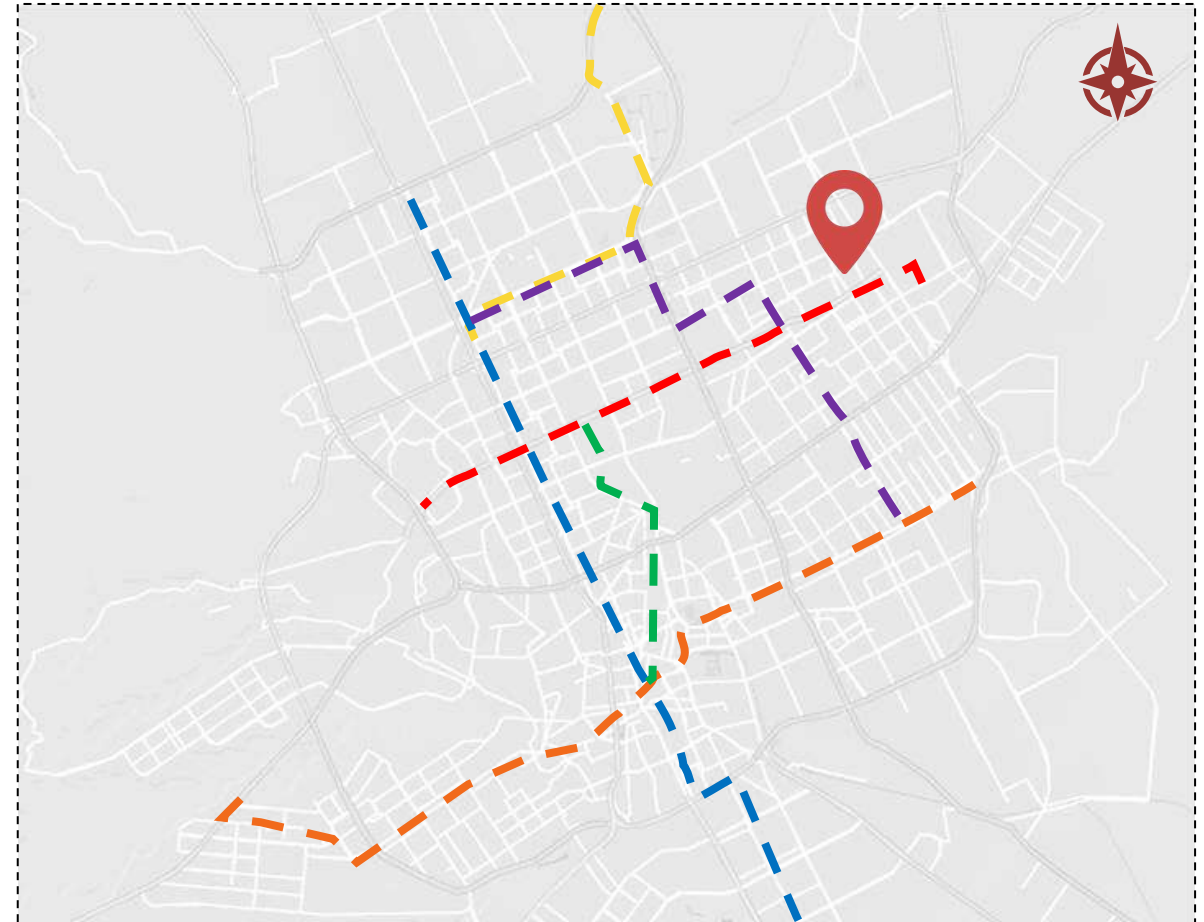
- Metro Riyadh is a high-speed transport system. It is currently under construction. It is one of the largest infrastructure projects in the City of Riyadh.
- The Metro is designed as a world-class transport system, including 756 metro cars, 85 stations, six metro lines, and a network spanning 176 kilometers.
- The construction of the metro system has resulted in several road closures which affected traffic in various parts of the city.



Length of Riyadh Metro Routes

Route	Route Length (Km)
First Route (Blue)	38.0
Second Route (Red)	25.3
Third Route (Orange)	40.7
Fourth Route (Yellow)	29.6
Fifth Route (Green)	12.9
Sixth Route (Purple)	29.5

Riyadh Metro Route Map:



Site Location Analysis



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Development Projects at City Level

- Riyadh City has many known local destinations that shapes the urban life. The subject property is close to some of these destinations, giving the subject property some advantage.
- Riyadh View forma common place that hosts commercial and food & Beverage activity. Nevertheless, SAR is next to subject property. SAR connects Saudi Arabia different cities in the north, eastern and south of Riyadh with a complexe and modern railway network.
- King Khalid Airport is one of the iconic construction of Riyadh city, easing and connecting local and international travelers with the Capital of Saudi Arabia.
- The existence of several educational institutions in the city is like PNU, that has the capacity of 70,000 student, KSU and KACST, would elevate the educational standers, create better future for generations, and compete with local and international educational systems.
- One of the main district, is the Diplomatic Quarter that taloir all the geopolitical plans and draws international relationships.
- Riyadh has kept an on itself by having two of the most important districts, the financial and digital ones, allowing Saudi Arabia to expand the growth capacity regionally and internationally on both tech and financial sectors.
- As part of the Vision 2030, The development of Diriyah Gate would return significant impact by attracting tourists, encouraging cultural exchange, exposing the history of Saudi Arabia and hundreds of years of legacy.
- On the Entertainment side, Riyadh has very known and diversified entertainment place, the Boulevard as a city inside of a city and a world inside a city. Also, the Stadium.
- Riyadh Also is waiting of the biggest urban park in the region, King Salman Park, that will achieve Saudi Arabia sustainability goal addressed in Vision 2030.



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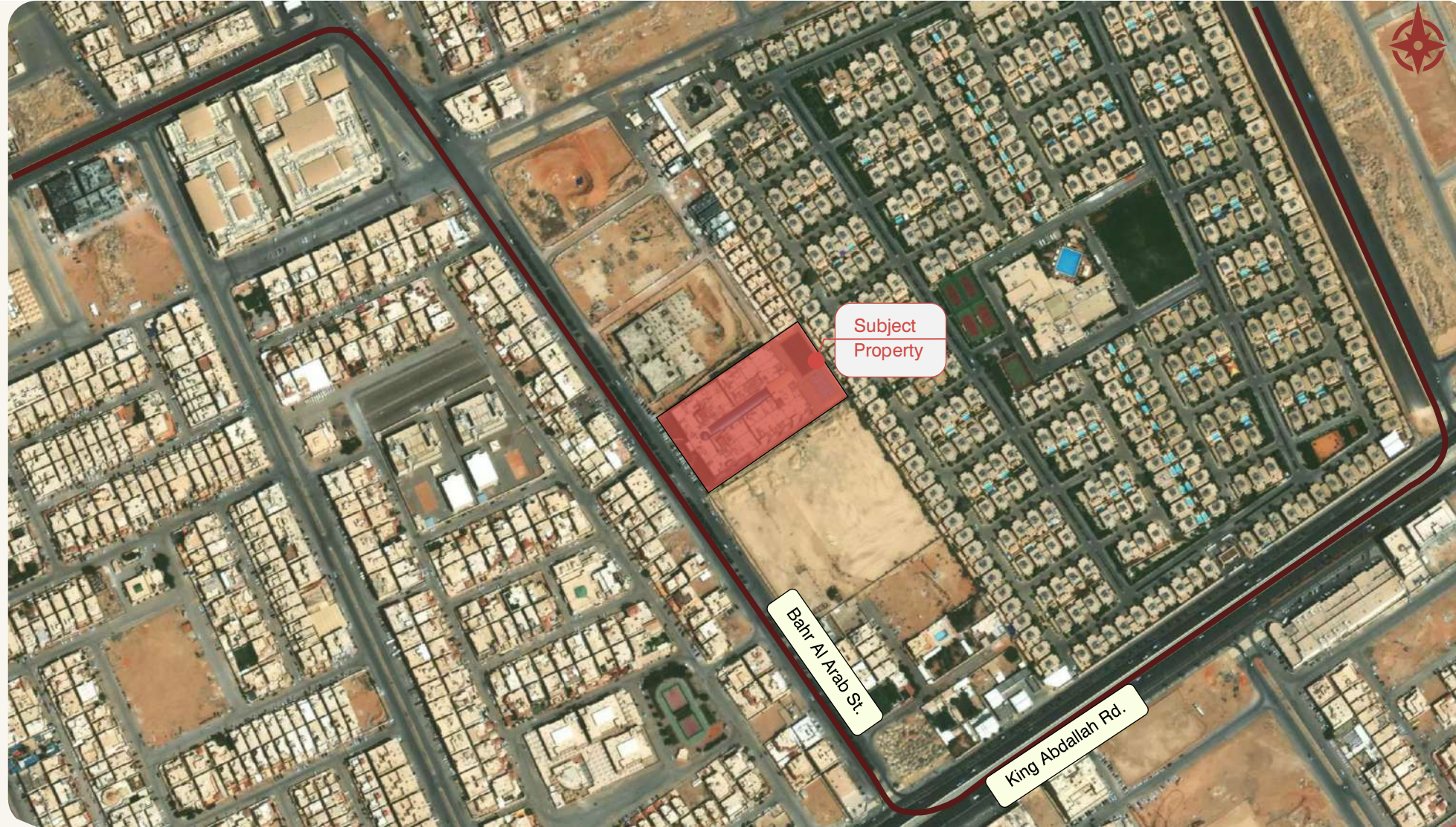
Property Description



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- The Subject Property stands as a distinguished medical college, offering programs in dental, nursing, and the College of Medicine. Encompassing a vast land area of 17,046 square meters, the college boasts an impressive building area of 44,113.54 sqm.
- Structured across five floors, inclusive of two underground parking levels with a capacity of 480 parking spaces and three service floors, the college is a comprehensive educational institution. The three primary floors host 52 educational rooms, 24 laboratories and training rooms, 52 dental clinics, a well-equipped library, and two gyms. Additional amenities include offices, three restrooms, cafes, and two playgrounds, contributing to a conducive learning environment.
- Nestled on Bahr Al Arab Street in the Ishbiliyah district of Riyadh, the college enjoys a strategic location. The Subject Property, at 12 years old, retains its original structure as no renovation has taken place, a testament to its enduring design and functionality. This longevity underscores its reliability as a beacon of medical education in the vibrant city of Riyadh.

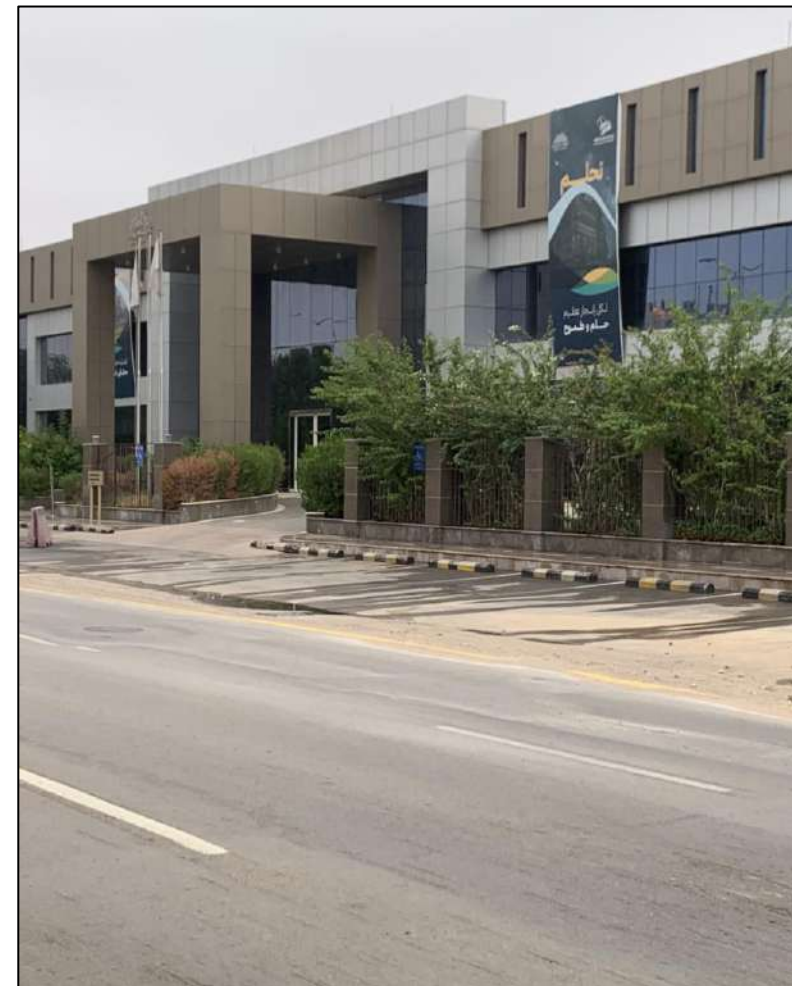


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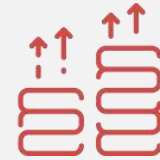
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Income Approach - Capitalization Method

- When determining our opinion about the market value of the properties subject to evaluation, and considering that they are income-generating, we have used the income method for evaluation and using the income capitalization method.
- This method relies on analyzing the property's annual income, after deducting all operating and maintenance costs and other expenses, to arrive at the net income.
- After reaching the net income, the required rate of return is applied to the investment by the investors.
- In the process of determining the rate of return, sales and acquisitions of similar properties that were implemented close to the date of appraisal with known rental values are used.
- Where a reverse assessment is made to reach the rate of return by knowing the type of income, its value, the purchase price, and other properties of the property.
- Noting that in the absence of direct real estate transactions, adjustments and adjustments are made from known transactions for different real estate, in order to reach the appropriate rate of return for the real estate under evaluation.
- The capitalization method is usually used when the value of the property is highly dependent on the profits from the business rather than the value of the land and buildings.
- Moreover, it is more likely to use the capitalization method when there are insufficient data available, which precludes the application of the comparison method (market method) or the cash flow method (income method).

Capitalization Method



**Property Net
Income**



**Capitalization
Rate**



**Property Fair
Value**



Property Risk Analysis

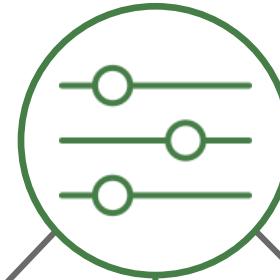
Long-term contract risks

The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.



Regulatory and legislative risks

The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property.



Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



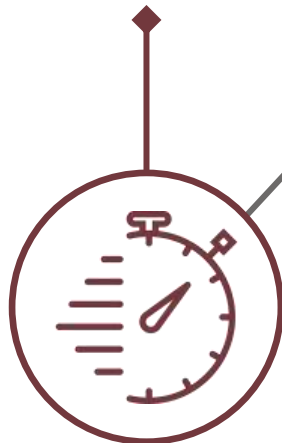
Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property.



Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property, any change in revenues as a result of different market conditions will affect the value of the Property.



Market Study - Demand and Supply

Office

- In the first three months of **2023**, around **50,000** sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately **4.9** million sq. m. in the capital and **1.2** million sq. m. in Jeddah. Over the remainder of this year, an additional **61,000** sq. m. and **583,000** sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to **1%** in **Q1 2023**. As a result, average Grade A rents increased by **19%** year-on-year (Y-o-Y) to reach **SAR 1,764** per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by **15%** Y-o-Y to reach **SAR 1,199** per sq. m. per annum in the first quarter of **2023**. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at **8%** in **Q1 2023**.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Residential

- Riyadh witnessed the completion of close to **7,800** residential units in **Q1 2023**, pushing up the total stock to **1.4** million residential units. Over the same period, **4,400** units were handed over in Jeddah to bring the city's residential inventory to **864,000** units. In the remaining months of this year, **45,000** units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, **100** million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of **2023**, average sale prices and rents in Riyadh increased by **7%** and **2%**, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by **11%** annually, and average rents climbed by **9%**.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of **6%** in the capital and **17%** in Jeddah, in **Q1 2023**. Over the same period, rents for apartments grew by **4%** in Riyadh and **13%** in Jeddah.

Market Study - Demand and Supply

Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately 84,000 sq. m. of retail space and increasing the total supply to 3.4 million sq. m. Over the same period, Jeddah's retail stock increased by roughly 46,000 sq. m. to 1.8 million sq. m. In the remaining nine months of this year, 478,000 sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about 105,000 sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between 8 to 120 sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by 11% and 8%, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by 6% across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: JII

Hospitality

- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at 21,000 keys. During the same period, Jeddah saw the delivery of 300 keys, increasing the total existing supply to 16,000 keys. An additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter Riyadh, and the remaining 1,000 keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of 100 million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to 76%, and the average daily rate (ADR) increased to USD 212 for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached 54% and ADR was recorded at USD 147. The Saudi hospitality market is expected to sustain its positive drive and improve further.

Source of Info: JII

Valuation

Valuation Approach - Valuation Input

Capitalization Rate

- we have conducted market research about properties with similar usage to the subject property in the retail and office sector, which serve as a benchmark to determine the appropriate cap rate for the subject.

Property	City	Type	Cap Rate (%)
Al Ouruba Plaza	Riyadh	Retail	8.0%
Localizer Mall	Riyadh	Retail	8.5%
Al Wadi Square	Riyadh	Retail	7.5%
City Life Plaza	Riyadh	Retail	8.0%
Verdun Tower	Riyadh	Offices	7.5%
Takween Tower	Riyadh	Offices	8.0%
Hamad Tower	Riyadh	Offices	7.0%
La Plaza Bldg	Riyadh	Offices	8.5%
Thiqah Twin Bldg	Riyadh	Offices	8.0%

- Comparable to these properties, our subject property is currently under educational usage, but the building permit is mainly for commercial. The location is relatively not better than the comparable. As for the finishing and tenant commitments, it is considerably better in the subject property.
- Although we consider that the head lease underwritten through a binding contract provides income security in difficult trading conditions over a 25-year period, there are still market risk factors such as government decisions, uncertain market prediction, and other possible events.
- Therefore, the appropriate capitalization rate for the subject property is 8.80%.

Revenues

Payments Date	No. of Payments	Lease (SAR/Payment)
9/15/2020 to 3/15/3/2025	10 Payments	8,000,000
9/14/2025 to 3/14/3/2030	10 Payments	8,400,000
9/13/2030 to 3/13/3/2035	10 Payments	8,820,000
9/12/2035 to 3/11/3/2040	10 Payments	9,261,000
9/10/2040 to 3/8/2045	10 Payments	9,724,050

- Based on the above table, the average annual lease of the remaining period is 17,911,000 SAR.

Expenses

- According to the Lease contract, the landlord has no obligations, and it's a triple net lease contract. Thus, landlord is not liable to any expenses.



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Valuation

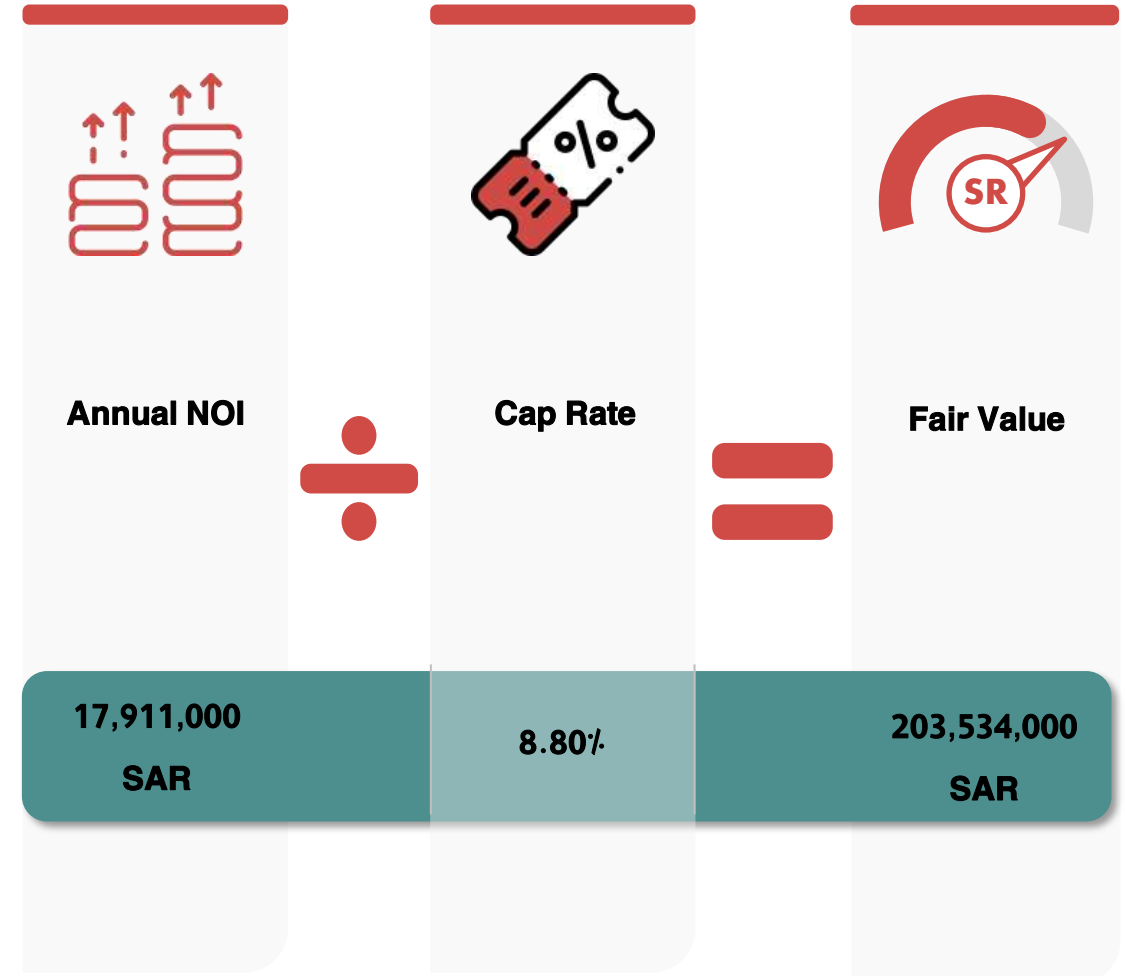
Income Approach

Capitalization

- The **8.80%** capitalization rate will be applied over the average annual lease rate to conclude the fair value of the subject property.
- Since the landlord is not liable for any expense, the annual NOI is the average annual lease of the remaining period of **17,911,000 SAR**.



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Valuation Summary

Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions and detail within this report, may be fairly stated as follows:

Fair Value of Subject Property Using Income Approach as of 31 December 2023

- 203,534,000 SAR (Two Hundred Three Million Five Hundred Thirty-Four Thousand Saudi Riyal Only).

Signatures & Authorizations

Eng. Yousuf Abdullah Khan

Taqeem ID: 1220001989

Membership Type: Provisional Member

Sector: Real Estate Sector

Membership Date: 17/09/2020

Contribution: Inspector, Valuer and Report Creator

Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 24/01/2016

Contribution: Valuation & Report Reviewer

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 22/12/2015

Contribution: Report Reviewer & Authorizer

Company Stamp

Company Name: **Abaad & Partner for Real Estate Valuation**

Company No. 11000111

CR No: 4030297686

CL No: 323/18/781



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Appendix 1: Subject Property Documents

Appendix 2: Valuation Glossary

Appendix 2: Valuation Glossary

Saudi Authority

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

Asset or Assets

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

Client

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

Intended Use

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

Intended User

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

Jurisdiction

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

May

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

Appendix 2: Valuation Glossary

Must

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

Participant

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Fair Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

Purpose

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

Should

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

Appendix 2: Valuation Glossary

Significant and/or Material

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

Valuation

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.
- Valuation Purpose or Purpose of Valuation:
- See “Purpose”.

Valuation Reviewer

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

Value (n)

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

Valuer

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

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Appendix 2: Valuation Glossary

Weight

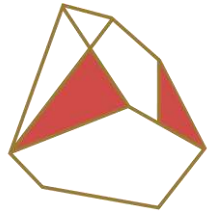
- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

Weighting

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.



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Abaad & Partner For Real Estate Valuation Co.

Jeddah Branch (Head Office):

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Al-Salama District
Oash Offices Building, 5th Floor, suite 21
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Riyadh Branch:

Imam Saud bin Faisal Road,
Al-Sahafa District
Al-Difaa Office, 2nd Floor, suite 106
Riyadh, Kingdom of Saudi Arabia

For more information, please contact us at:
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Eng. Ammar Sindi

CEO

Mobile: +966 (50) 730 0500

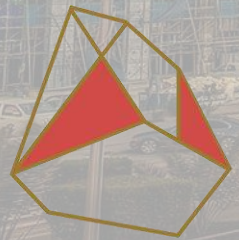
Email: asindi@sa-abaad.com

Eng. Ammar Qutub

Director

Mobile: +966 (55) 556 2500

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Final Valuation Report

Vision Colleges Training Center, Riyadh

Client/ Alkhabeer Capital

09 January 2024

V230275

P230352

الخبير المالية
Alkhabeer Capital



Introduction



Dear Alkhabeer Capital,

RE: Valuation of Vision Colleges Training Center, Riyadh.

Further to your request, Abaad thank you for inviting us to complete and submit a valuation report with respect to the aforementioned property.

We have prepared our valuation on the basis of Fair Value for Financial statement Purposes.

We confirm that the valuation has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as "Taqeem."

We confirm that the valuation has been undertaken by us as external valuers and we possess the required knowledge, skills, and understanding to undertake the valuation competently.

We confirm that we are not aware of any existing or potential conflict of interest with respect to this engagement.

Eng. Ammar Abdulaziz Sindi

Chief Executive Officer

Kingdom of Saudi Arabia

Mobile: +966 (50) 730 0500

Email: asindi@sa-abaad.com

Registration Certificate



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Property Overview

- Vision Training Center is under construction and is in the concrete construction phase. While some concrete block masonry is still in progress, the structural concrete front portion of the building has been completed. The concreting of the column foundation and the rear portion is still in progress. According to the customer's knowledge, the project is still in the design stage and the construction has stopped. Work is scheduled to resume in 2023
- The center extends over a land area of 11,340 square meters with a built-up area of 37,448.67 square meters.
- The center is located on Bahr Al Arab Street in Ishbilyah district in the Riyadh region.

Property Details

Site Details	Information
District	Ishbilyah
Permitted Use	Mixed
Tenure	Restricted Ownership
Deed Number	598507008764
Deed Date	15/10/1442H
Total Land Area (sqm)	11,340
Total Built-Up Area (sqm)	37,448.67
Owner	Awwal Al Malqa Real Estate Company



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Subject Property Pictures



Valuation Summary

Site Details	Information
Report Type	Detailed Report
Other independent Users	Alkhabeer Capital- Fund Manager & Investors - Report Reviewers - CMA
Purpose of Valuation	Financial Statement
Valuation Approach	Income Approach
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Adopted Currency	Saudi Riyal
Property fair value	79,770,000

Executive Summary

Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the Property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the Property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the Property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.

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Introduction

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the fair value by the required date.
- The subject of the valuation is the assessment of the Fair Value of Vision Colleges Training Center, Riyadh, for Financial statements Purposes.

Applicable Standards

- We confirm that this valuation report has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as “Taqeem”.

Status of Valuer

- This report has been compiled and verified by Ammar Qutub and Ammar Sindi, who have the necessary qualifications, ability and relevant experience to conduct a valuation of the Subject Property. They have also acted in the capacity of external valuers.

Conflict of Interest

- We confirm that we are not aware of any conflict of interest in acting on your behalf on this exercise.

Purpose of Valuation

- We have prepared our valuation for Financial Statements purpose.

Date of Inspection

- We confirm that the Property was inspected by Abaad Team on 25 November 2023.

Date of Valuation

- We confirm that the date of valuation is 31 December 2023.

Basis of Valuation

- Our valuation will be presented on the basis of fair value, which is defined in accordance with the International Valuation Standards (IVS) in 2022 as follows:
- International Accounting Standard No. (13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Sources of Information

- We have relied upon the information provided to us by the Client with respect to the Subject Property, which is outlined below:
 - Title deed
 - Lease agreements and details

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General Disclaimers

Liability and Publication

- This report is issued for your use, and that of your professional advisers, for the specific purpose to which it refers. Abaad does not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference to it, may be included in any published document, circular, or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

Confidentiality

- This report is confidential to the Client and their advisors, and we accept no responsibility 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 to it will only be notified to the Client to whom it is authorized.

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as a fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.
- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.
- **No important assumptions or any special assumptions were applied.**

Fair Value Disclaimers

Fair Value Hierarchy

- In accordance with the Fair Value Hierarchy prescribed by IFRS 13, our real estate valuation process adheres to three distinct levels of inputs to ensure transparency and reliability in the determination of fair value.
 - **Level 1 Inputs:** Quoted prices for identical properties in an active market represent the most reliable and transparent inputs. However, due to the unique characteristics of our real estate assets, the availability of Level 1 inputs may be limited.
 - **Level 2 Inputs:** Observable inputs other than quoted prices, such as recent transactions or prices for similar properties, are considered in the absence of Level 1 inputs. These inputs contribute to the valuation process and enhance the robustness of our fair value measurements.
 - **Level 3 Inputs:** The valuation of certain real estate assets relies significantly on Level 3 inputs, which are unobservable and require management judgment. This involves the use of proprietary valuation models, assumptions, and estimates tailored to the specific attributes of our properties. Level 3 inputs are particularly relevant when market activity is limited or absent.
- The choice of input level is determined by the nature of each asset and the availability of observable market data. Our commitment to providing a comprehensive and accurate representation of fair value includes detailed disclosures regarding the methods, assumptions, and risks associated with each valuation.
- This disclosure aims to communicate the approach taken in the real estate valuation process, highlighting the reliance on different levels of inputs and emphasizing transparency for stakeholders.

Fair Value Measurement Disclosure

- In accordance with the Fair Value Hierarchy outlined in IFRS 13, our real estate valuation primarily relies on Level 3 inputs. Level 3 inputs involve unobservable data and require significant management judgment. This is due to the unique characteristics of our properties and the absence of readily available market prices for identical or similar assets. Our valuation approach includes the use of appropriate and relevant valuation methodologies, and the fair value estimates are sensitive to changes in key assumptions. For a detailed understanding of our valuation methodologies and the associated risks, please refer to the comprehensive disclosures provided in through out the report and the valuation methodology section
- This disclosure communicates to stakeholders that Level 3 inputs are a key component of the real estate valuation process, emphasizes the reliance on unobservable data, and encourages users to review the detailed disclosures for a more thorough understanding of the valuation methodologies and associated risks. Providing transparency in this way helps stakeholders make informed decisions based on the unique circumstances of the real estate being valued.



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Tenure

Title Information
Contract Details

Tenure

Title Information

Title Information

ID	Description
Owner	Awwal Almalga Real Estate Company
Property Name	Vision Colleges Training Center
Plot No.	Í/16-Í/9
District	Ishbilyah
Street Name	Bahr Al Arab St.
Coordinates	24°47'33.3"N 46°48'04.7"E
City	Riyadh
Ownership Type	Restricted Ownership
Title Deed Info	Dees No. 598507008764
	Deed Date 15/10/1442H

Sources: Title Deed



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Dimensions and street widths

Side	Dimension (m)	Street Name	Type	Width (m)	Frontage
North	180	-	Local	15	1
South	135	-	Local	15	1
East	84	-	Local	15	1
West	84	Bahr Al Arab st.	Commercial	40	1

Sources: Title Deed

Tenure

Contract Details

Lease Contract Summary

Description	Details
Landlord	Awwal Al Malqa Real Estate Company
Tenant	Al Farabi College Company
Contract Term	25 Years
Contract Effective Date	27/01/1442
Annual Lease	6,000,000 SAR
Lease Growth	5% every 5 years

- After examining the current lease agreement provided by the client, we have determined that, before the leasing contract, the landlord had acquired the subject property under its current condition, under construction.
- The Tenant leased the whole property, land and building and agreed to continue the construction of the subject property over a period of 48 months.
- The construction completion doesn't affect in any way leasing payments
- The contract is a binding contract for the leasing period of 25 years and can't be terminated unless the period is over.
- The tenant is an independent entity with no relationship with the landlord.
- According to the conducted market research about the rental prices, we have concluded that the current lease rate is within the market range.
- The payments are paid every 6 months.

Sources: Contract Copy

Contracts Payments Schedule

Payments Date	No. of Payments	Lease (SAR/Payment)
9/15/2021 to 3/15/2026	10 Payments	3,250,000
9/14/2026 to 3/14/2031	10 Payments	3,412,500
9/13/2031 to 3/13/2036	10 Payments	3,583,125
9/12/2036 to 3/11/2041	10 Payments	3,762,281
9/10/2041 to 3/8/2045	10 Payments	3,950,395

Sources: Contract Copy

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Public Transport – Riyadh Metro
Development Projects at City Level
Development Projects at District Level
Property Description
Property Photographs

Valuation

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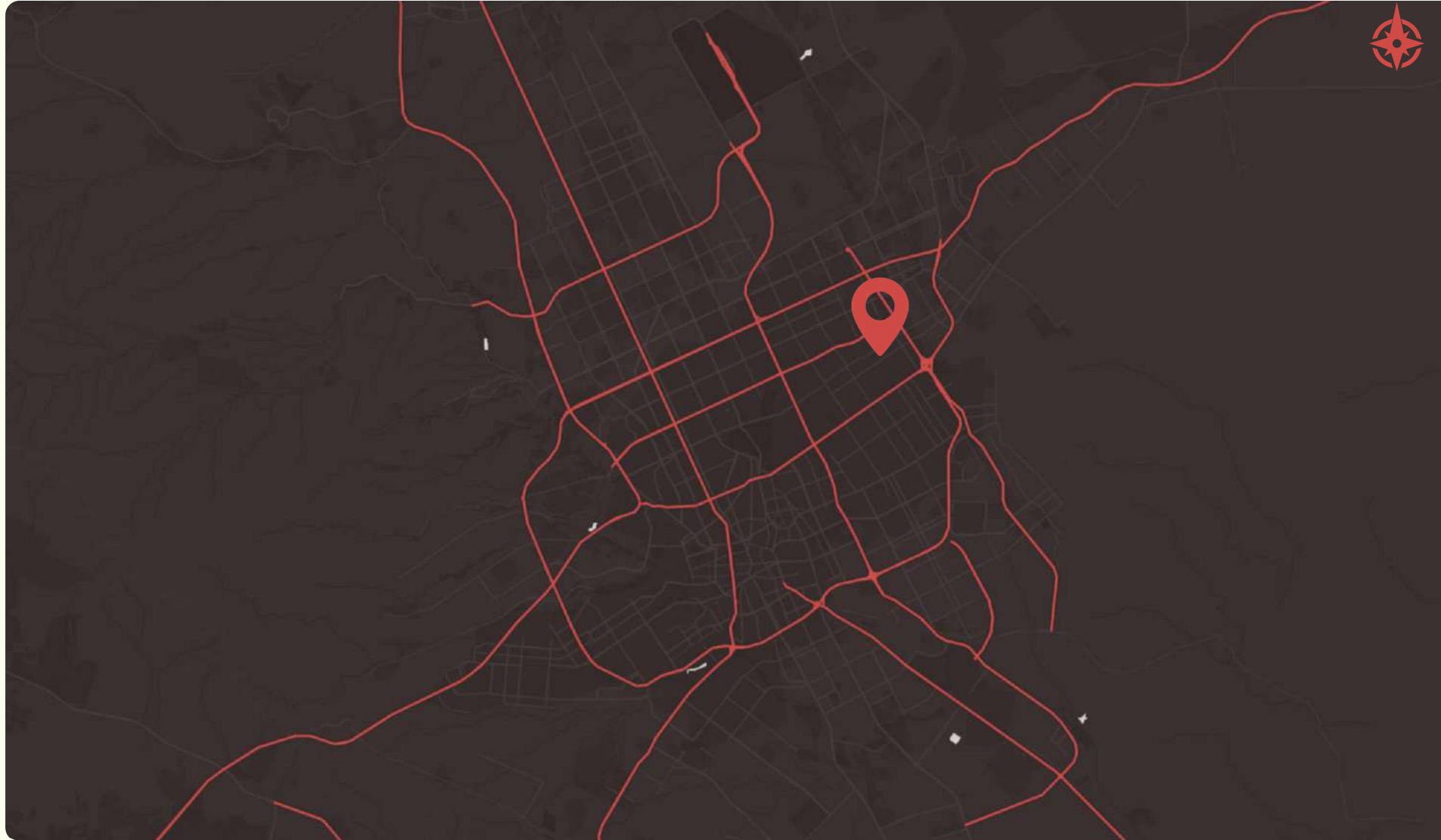
Macro Location



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- The subject property is strategically situated in Riyadh, the capital of Saudi Arabia and the largest among its cities, serving as the central hub of the Riyadh Region.
- Renowned as the foremost Saudi city, Riyadh boasts a substantial population of 7.5 million as of 1442/2022, solidifying its pivotal role in the nation's landscape. In terms of geographical expanse, Riyadh stands as one of the largest cities in the Arab World, covering an impressive developed area of approximately 1,973 square kilometers.
- Riyadh is currently undergoing transformative development, with a strong focus on infrastructure and public transport. The ongoing Riyadh Metro Project and Public Transport Project are testament to the city's commitment to modernization and efficient urban mobility.
- The subject properties are specifically located in Al Malaz and Al Faisaliyyah Dist., Riyadh. The closest one is strategically positioned approximately 36 kilometers from King Fahd International Airport, ensuring convenient connectivity, and approximately 23 kilometers from the dynamic King Abdullah Financial District, reflecting their prime location within the evolving landscape of Riyadh.



Site Location Analysis

Development Projects at City Level



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The Royal Commission for the City of Riyadh carries out many programs and development projects which are strategic in nature with multiple objectives and dimensions and different requirements for execution over time.

هيئة تطوير بوابة الدرعية
Dariyah Gate Development
Authority



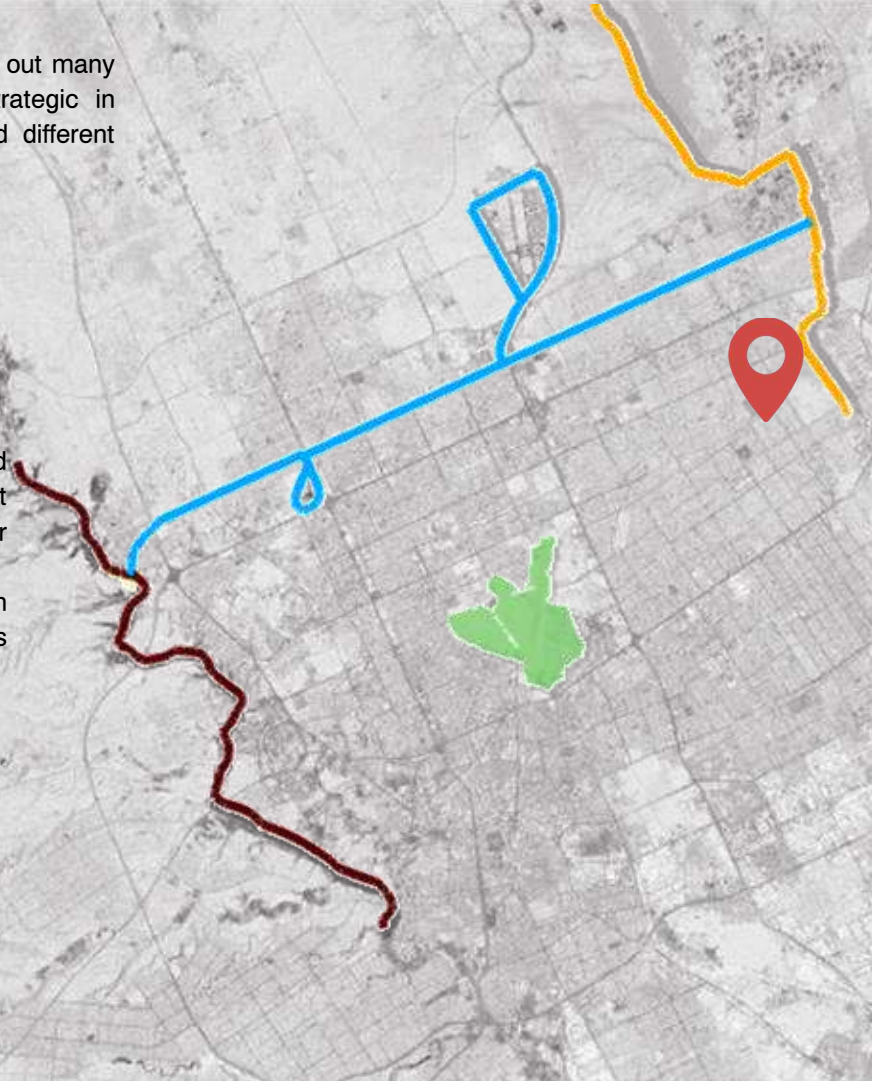
Between the architectural, cultural, economic and social features and the environmental development requirements of Wadi Hanifa, it provides a model for the development of the oasis.

The program adopted the principle of integration with the City of Riyadh, making Diriya a world class cultural, tourism and promotional suburb.

Riyadh Art Project



Includes the performance of over 1000 artworks by local and international artists in front of audiences in the various parts of the City of Riyadh, as part of 10 programs covering residential neighborhoods, public parks, natural promenades, public squares, public transport stations, bridges, pedestrian crossings, city entrances and all tourism destinations of the city.



Riyadh Boulevard

المسار
الرياضي
Sports Boulevard



Extends 135 kilometers, penetrating the City of Riyadh to connect Wadi Hanifa in the west of the City with Wadi Al Sulay in its east. It includes sports, cultural, recreational and environmental activities, including bicycle tracks, horse tracks, pedestrian sidewalks, a number of gates, stations and rest areas for bikers and hikers. Along the Boulevard inside the City and at Wadi Hanifa and Wadi Al Sulay, recreational services are provided to bikers and hikers, including coffee shops and diverse retail outlets.

Green Riyadh

الرياض الخضراء
GREEN RIYADH

The program aims at planting over 7.5 million trees in all parts of the city, including public parks, community parks, promenades, mosques, schools, academic, health and public installations and facilities, green belts along the spans of public utility lines, in addition to King Khalid International Airport, a roads and streets network, in addition to public transport routes, car parking spaces, vacant lands, valleys and river tributaries.

King Salman Park:

حديقة الملك سلمان
King Salman Park

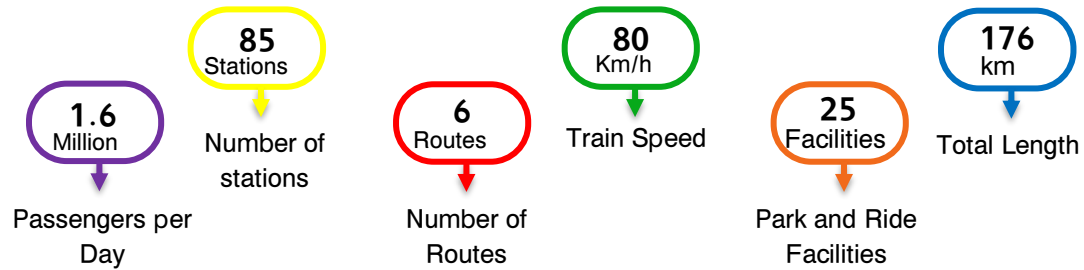
The largest city park in the World with an area exceeding 13 square kilometers. It is considered to be an environmental, cultural, sports and recreational project which contributes to the changing lifestyle in the city.

Site Location Analysis



Public Transport – Riyadh Metro

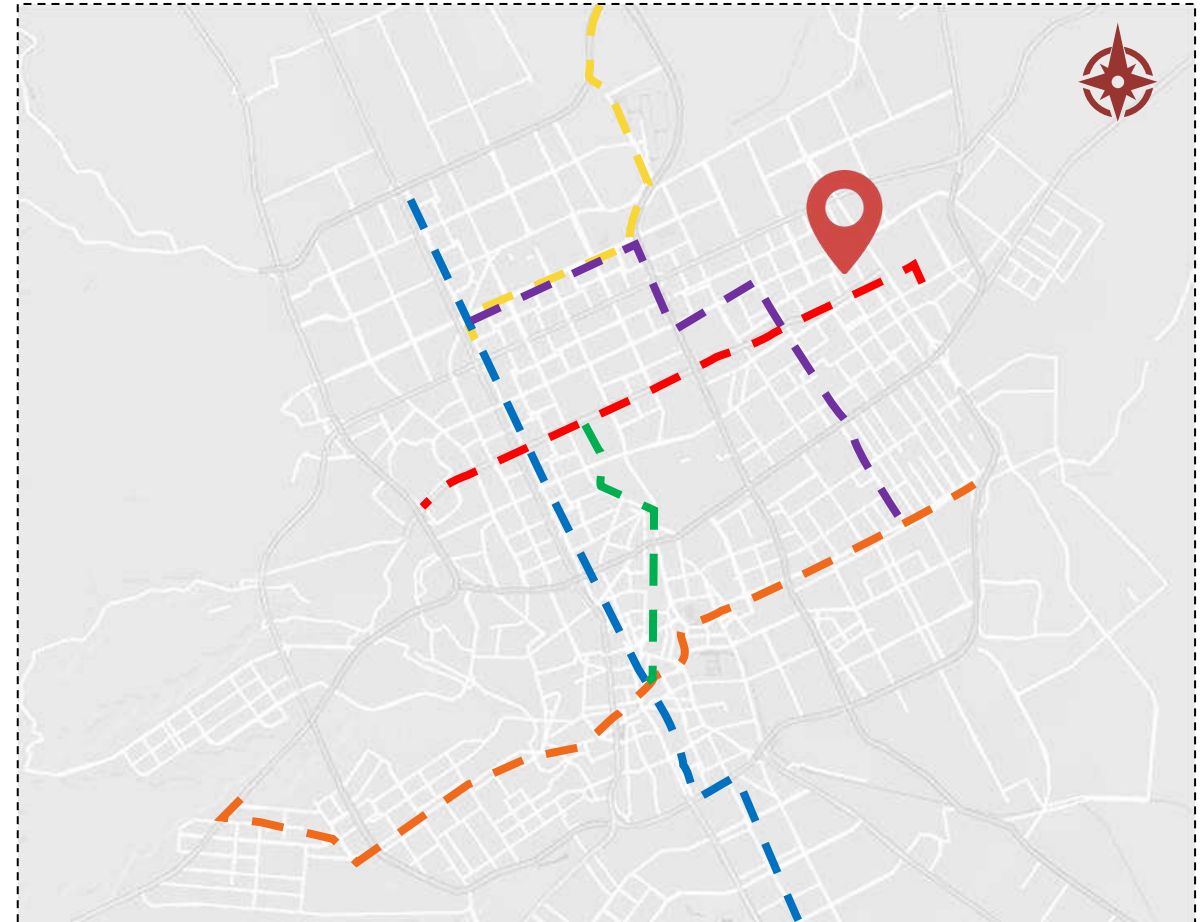
- Metro Riyadh is a high-speed transport system. It is currently under construction. It is one of the largest infrastructure projects in the City of Riyadh.
- The Metro is designed as a world-class transport system, including 756 metro cars, 85 stations, six metro lines, and a network spanning 176 kilometers.
- The construction of the metro system has resulted in several road closures which affected traffic in various parts of the city.



Length of Riyadh Metro Routes

Route	Route Length (Km)
First Route (Blue)	38.0
Second Route (Red)	25.3
Third Route (Orange)	40.7
Fourth Route (Yellow)	29.6
Fifth Route (Green)	12.9
Sixth Route (Purple)	29.5

Riyadh Metro Route Map:



Site Location Analysis

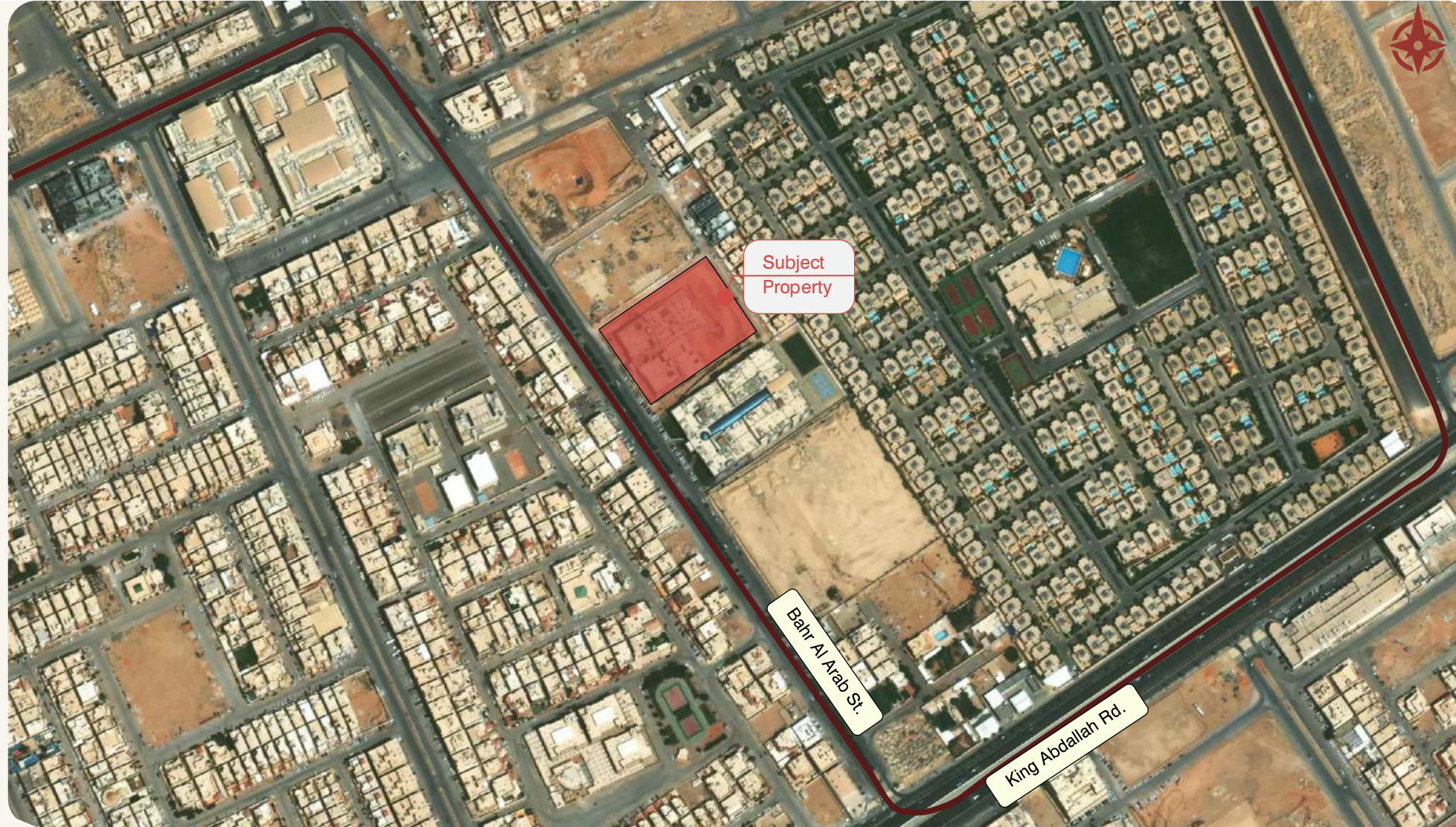
Property Description



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- The Vision Training Center is currently undergoing construction, advancing through the concrete construction phase. While certain sections of concrete block masonry are actively being executed, the structural concrete front segment of the building has been successfully completed. Concurrently, efforts are directed towards concreting the column foundation and progressing with the construction of the rear portion.
- Contrary to some perceptions, the project is not merely in the design stage; significant strides have been made in the construction phase, with a temporary pause. As per the latest information from the customer, construction is slated to recommence in **2023**, indicating a planned and deliberate timeline for project advancement.
- Spanning an extensive land area of **11,340** square meters, the center boasts a substantial built-up area of **37,448.67** square meters, affirming its scale and significance. Positioned on Bahr Al Arab Street in the Ishbilyah district within the Riyadh region, the center enjoys a strategic location, setting the stage for its future role as a prominent facility in the heart of the community.

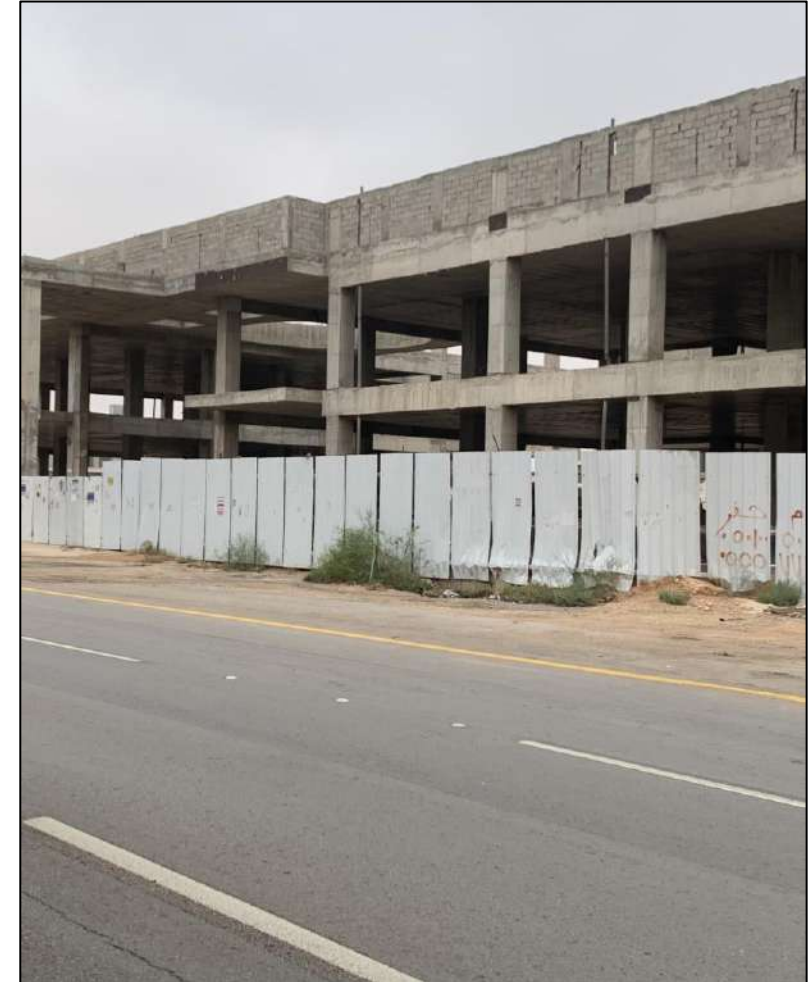


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Property Photographs



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Valuation Methodology
Analysis of Property Risks
Income Approach
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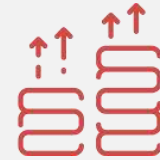
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Income Valuation Methodology

Income Approach - Capitalization Method

- When determining our opinion about the market value of the properties subject to evaluation, and considering that they are income-generating, we have used the income method for evaluation and using the income capitalization method.
- This method relies on analyzing the property's annual income, after deducting all operating and maintenance costs and other expenses, to arrive at the net income.
- After reaching the net income, the required rate of return is applied to the investment by the investors.
- In the process of determining the rate of return, sales and acquisitions of similar properties that were implemented close to the date of appraisal with known rental values are used.
- Where a reverse assessment is made to reach the rate of return by knowing the type of income, its value, the purchase price, and other properties of the property.
- Noting that in the absence of direct real estate transactions, adjustments and adjustments are made from known transactions for different real estate, in order to reach the appropriate rate of return for the real estate under evaluation.
- The capitalization method is usually used when the value of the property is highly dependent on the profits from the business rather than the value of the land and buildings.
- Moreover, it is more likely to use the capitalization method when there are insufficient data available, which precludes the application of the comparison method (market method) or the cash flow method (income method).

Capitalization Method



**Property Net
Income**



**Capitalization
Rate**



**Property Fair
Value**



Property Risk Analysis

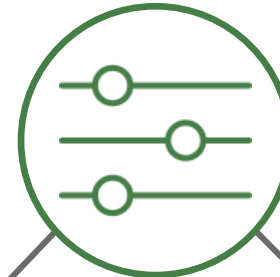
Long-term contract risks

The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.



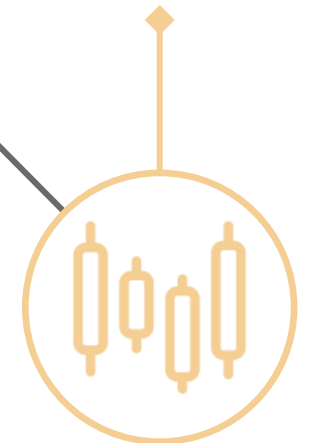
Regulatory and legislative risks

The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property.



Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



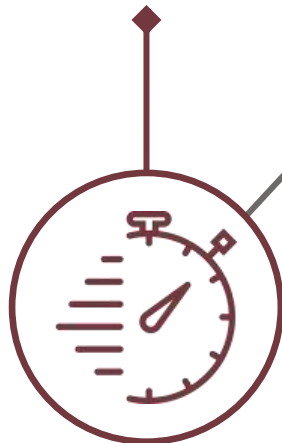
Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property.



Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property, any change in revenues as a result of different market conditions will affect the value of the Property.



Market Study - Demand and Supply

Office

- In the first three months of **2023**, around **50,000** sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately **4.9** million sq. m. in the capital and **1.2** million sq. m. in Jeddah. Over the remainder of this year, an additional **61,000** sq. m. and **583,000** sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to **1%** in **Q1 2023**. As a result, average Grade A rents increased by **19%** year-on-year (Y-o-Y) to reach **SAR 1,764** per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by **15%** Y-o-Y to reach **SAR 1,199** per sq. m. per annum in the first quarter of **2023**. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at **8%** in **Q1 2023**.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Residential

- Riyadh witnessed the completion of close to **7,800** residential units in **Q1 2023**, pushing up the total stock to **1.4** million residential units. Over the same period, **4,400** units were handed over in Jeddah to bring the city's residential inventory to **864,000** units. In the remaining months of this year, **45,000** units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, **100** million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of **2023**, average sale prices and rents in Riyadh increased by **7%** and **2%**, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by **11%** annually, and average rents climbed by **9%**.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of **6%** in the capital and **17%** in Jeddah, in **Q1 2023**. Over the same period, rents for apartments grew by **4%** in Riyadh and **13%** in Jeddah.

Market Study - Demand and Supply

Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately 84,000 sq. m. of retail space and increasing the total supply to 3.4 million sq. m. Over the same period, Jeddah's retail stock increased by roughly 46,000 sq. m. to 1.8 million sq. m. In the remaining nine months of this year, 478,000 sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about 105,000 sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between 8 to 120 sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by 11% and 8%, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by 6% across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: JII

Hospitality

- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at 21,000 keys. During the same period, Jeddah saw the delivery of 300 keys, increasing the total existing supply to 16,000 keys. An additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter Riyadh, and the remaining 1,000 keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of 100 million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to 76%, and the average daily rate (ADR) increased to USD 212 for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached 54% and ADR was recorded at USD 147. The Saudi hospitality market is expected to sustain its positive drive and improve further.

Source of Info: JII

Valuation

Valuation Approach – Cap Rate

Capitalization Rate

- we have conducted market research about properties with similar usage to the subject property in the retail and office sector, which serve as a benchmark to determine the appropriate cap rate for the subject.

Property	City	Type	Cap Rate (%)
Al Ouruba Plaza	Riyadh	Retail	8.0%
Localizer Mall	Riyadh	Retail	8.5%
Al Wadi Square	Riyadh	Retail	7.5%
City Life Plaza	Riyadh	Retail	8.0%
Verdun Tower	Riyadh	Offices	7.5%
Takween Tower	Riyadh	Offices	8.0%
Hamad Tower	Riyadh	Offices	7.0%
La Plaza Bldg	Riyadh	Offices	8.5%
Thiqah Twin Bldg	Riyadh	Offices	8.0%

- Comparable to these properties, our subject property is currently under educational usage, but the building permit is mainly for commercial. The location is relatively not better than the comparable. The current construction phase was also considered as a non-functional building and non-profit generator for the tenant.
- Although we consider that the head lease underwritten through a binding contract provides income security in difficult trading conditions over a 25-year period, there are still market risk factors such as government decisions, uncertain market prediction, and other possible events.
- Therefore, the appropriate capitalization rate for the subject property is 9.1%.

Revenues

Payments Date	No. of Payments	Lease (SAR/Payment)
9/15/2021 to 3/15/2026	10 Payments	3,250,000
9/14/2026 to 3/14/2031	10 Payments	3,412,500
9/13/2031 to 3/13/2036	10 Payments	3,583,125
9/12/2036 to 3/11/2041	10 Payments	3,762,281
9/10/2041 to 3/8/2045	10 Payments	3,950,395

- Based on the above table, the average annual lease of the remaining period is 7,259,000 SAR.

Expenses

- According to the Lease contract, the landlord has no obligations, and it's a triple net lease contract. Thus, landlord is not liable to any expenses.



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Valuation

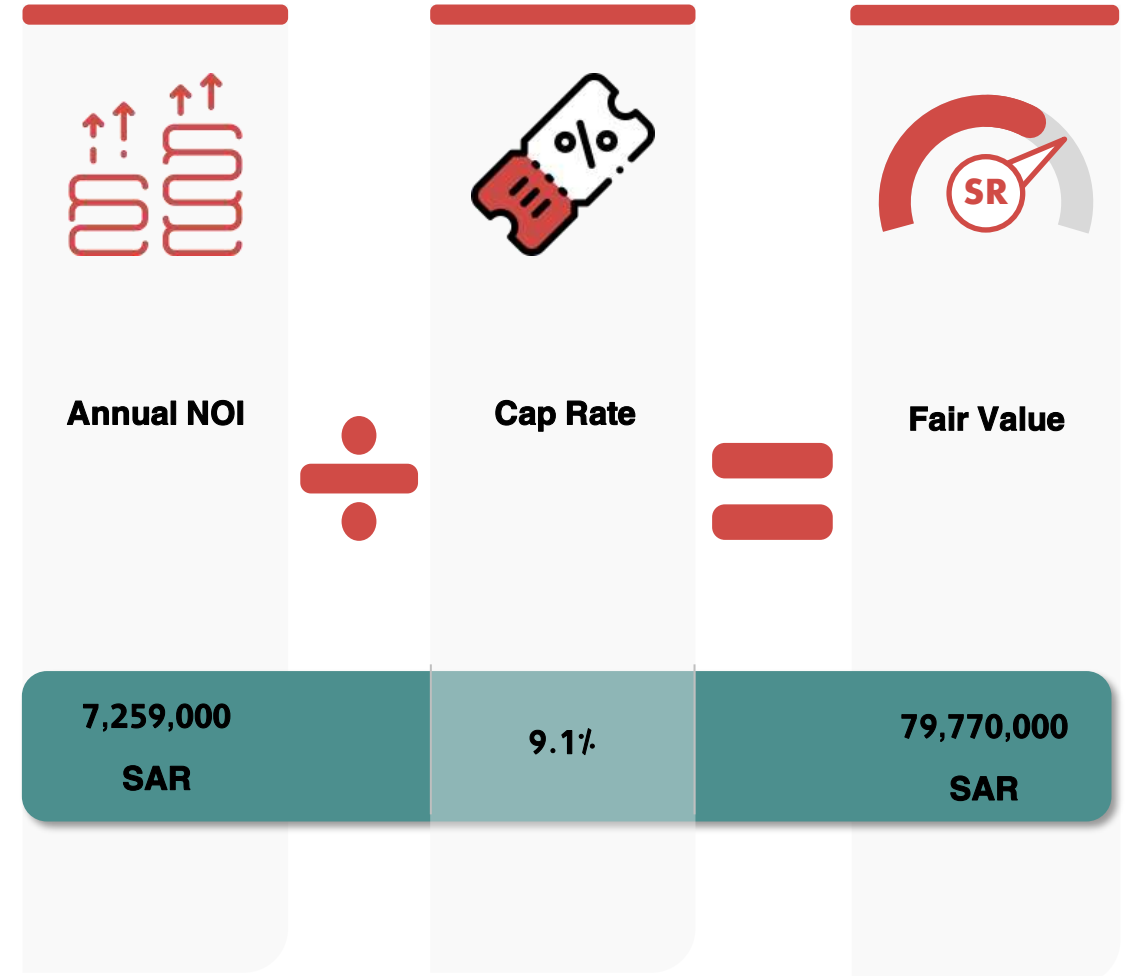
Income Approach

Capitalization

- The 9.1% capitalization rate will be applied over the average annual lease rate to conclude the fair value of the subject property.
- Since the landlord is not liable for any expense, the annual NOI is the average annual lease of the remaining period of 7,259,000 SAR.



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Valuation Summary

Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions and detail within this report, may be fairly stated as follows:

Fair Value of Subject Property Using Income Approach as of 31 December 2023

- **79,770,000 SAR** (Seventy-Nine Million Seven Hundred Seventy Thousand Saudi Riyal).

Signatures & Authorizations

Eng. Yousuf Abdullah Khan

Taqeem ID: 1220001989

Membership Type: Provisional Member

Sector: Real Estate Sector

Membership Date: 17/09/2020

Contribution: Inspector, Valuer and Report Creator

Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 24/01/2016

Contribution: Valuation & Report Reviewer

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 22/12/2015

Contribution: Report Reviewer & Authorizer

Company Stamp

Company Name: **Abaad & Partner for Real Estate Valuation**

Company No. 11000111

CR No: 4030297686

CL No: 323/18/781



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Appendix 1: Subject Property Documents

Appendix 2: Valuation Glossary

Appendix 2: Valuation Glossary

Saudi Authority

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

Asset or Assets

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

Client

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

Intended Use

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

Intended User

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

Jurisdiction

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

May

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

Appendix 2: Valuation Glossary

Must

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

Participant

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Fair Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

Purpose

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

Should

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

Appendix 2: Valuation Glossary

Significant and/or Material

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

Valuation

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.
- Valuation Purpose or Purpose of Valuation:
- See “Purpose”.

Valuation Reviewer

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

Value (n)

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

Valuer

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

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Appendix 2: Valuation Glossary

Weight

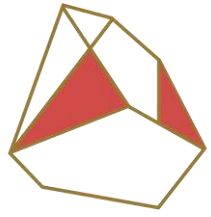
- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

Weighting

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.



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Abaad & Partner For Real Estate Valuation Co.

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Mohamed Ibrahim Masoud Street,
Al-Salama District
Oash Offices Building, 5th Floor, suite 21
Jeddah, Kingdom of Saudi Arabia

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Al-Sahafa District
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Director

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Final Valuation Report

Vision Colleges, Jeddah

Client/ Alkhabeer Capital

11 January 2024

V230275

P230352

الخبير المالية
Alkhabeer Capital



Introduction



Dear Alkhabeer Capital,

RE: Valuation of Vision Colleges, Jeddah.

Further to your request, Abaad thank you for inviting us to complete and submit a valuation report with respect to the aforementioned property.

We have prepared our valuation on the basis of Fair Value for Financial Statement Purposes.

We confirm that the valuation has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as "Taqeem."

We confirm that the valuation has been undertaken by us as external valuers and we possess the required knowledge, skills, and understanding to undertake the valuation competently.

We confirm that we are not aware of any existing or potential conflict of interest with respect to this engagement.

Eng. Ammar Abdulaziz Sindi

Chief Executive Officer

Kingdom of Saudi Arabia

Mobile: +966 (50) 730 0500

Email: asindi@sa-abaad.com

Registration Certificate



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Property Overview

- The Subject Property is a dental school. The college extends over a land area of 3,020.18 sqm, with a building area of 15,375 sqm.
- The college consists of 13 floors, and an underground parking floor.
- The college has 14 classrooms, 10 labs and training rooms, 36 administrative offices, 70 faculty offices, and a library. In addition to two Mosques, 10 warehouses, and 2 archives rooms.
- The college is located on Al-Haramain Road and King Abdulaziz Airport in Al-Rayyan district, Jeddah.

Property Details

Site Details	Information
District	Al Rayan
Permitted Use	Educational
Tenure	Restricted Ownership
Deed Number	993788002766
Deed Date	23/4/1443H
Total Land Area (sqm)	3,020.18
Total BUA (sqm)	15,375
Owner	Awwal Al Malqa Real Estate Company



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Subject Property Pictures



Valuation Summary

Site Details	Information
Report Type	Detailed Report
Other independent Users	Alkhabeer Capital- Fund Manager & Investors - Report Reviewers - CMA
Purpose of Valuation	Financial Statement
Valuation Approach	Income Approach
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Adopted Currency	Saudi Riyal
Property Fair Value	93,290,000

Executive Summary

Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the Property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the Property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the Property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.

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Introduction

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the fair value by the required date.
- The subject of the valuation is the assessment of the Fair Value of Vision Colleges, Jeddah, for Financial statements Purposes.

Applicable Standards

- We confirm that this valuation report has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as “Taqeem”.

Status of Valuer

- This report has been compiled and verified by Ammar Qutub and Ammar Sindi, who have the necessary qualifications, ability and relevant experience to conduct a valuation of the Subject Property. They have also acted in the capacity of external valuers.

Conflict of Interest

- We confirm that we are not aware of any conflict of interest in acting on your behalf on this exercise.

Purpose of Valuation

- We have prepared our valuation for Financial Statements purpose.

Date of Inspection

- We confirm that the Property was inspected by Abaad Team on 27 November 2023.

Date of Valuation

- We confirm that the date of valuation is 31 December 2023

Basis of Valuation

- We have prepared our valuation on the basis of Market Value, which is defined in IVS 2022 as per the below:
“International Accounting Standard No. (13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

Sources of Information

- We have relied upon the information provided to us by the Client with respect to the Subject Property, which is outlined below:
 - Title Deed.
 - Lease Contract Document

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General Disclaimers

Liability and Publication

- This report is issued for your use, and that of your professional advisers, for the specific purpose to which it refers. Abaad does not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference to it, may be included in any published document, circular, or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

Confidentiality

- This report is confidential to the Client and their advisors, and we accept no responsibility 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 to it will only be notified to the Client to whom it is authorized.

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as a fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.
- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.
- **No important assumptions or any special assumptions were applied.**

Fair Value Disclaimers

Fair Value Hierarchy

- In accordance with the Fair Value Hierarchy prescribed by IFRS 13, our real estate valuation process adheres to three distinct levels of inputs to ensure transparency and reliability in the determination of fair value.
 - **Level 1 Inputs:** Quoted prices for identical properties in an active market represent the most reliable and transparent inputs. However, due to the unique characteristics of our real estate assets, the availability of Level 1 inputs may be limited.
 - **Level 2 Inputs:** Observable inputs other than quoted prices, such as recent transactions or prices for similar properties, are considered in the absence of Level 1 inputs. These inputs contribute to the valuation process and enhance the robustness of our fair value measurements.
 - **Level 3 Inputs:** The valuation of certain real estate assets relies significantly on Level 3 inputs, which are unobservable and require management judgment. This involves the use of proprietary valuation models, assumptions, and estimates tailored to the specific attributes of our properties. Level 3 inputs are particularly relevant when market activity is limited or absent.
- The choice of input level is determined by the nature of each asset and the availability of observable market data. Our commitment to providing a comprehensive and accurate representation of fair value includes detailed disclosures regarding the methods, assumptions, and risks associated with each valuation.
- This disclosure aims to communicate the approach taken in the real estate valuation process, highlighting the reliance on different levels of inputs and emphasizing transparency for stakeholders.

Fair Value Measurement Disclosure

- In accordance with the Fair Value Hierarchy outlined in IFRS 13, our real estate valuation primarily relies on Level 3 inputs. Level 3 inputs involve unobservable data and require significant management judgment. This is due to the unique characteristics of our properties and the absence of readily available market prices for identical or similar assets. Our valuation approach includes the use of appropriate and relevant valuation methodologies, and the fair value estimates are sensitive to changes in key assumptions. For a detailed understanding of our valuation methodologies and the associated risks, please refer to the comprehensive disclosures provided in through out the report and the valuation methodology section
- This disclosure communicates to stakeholders that Level 3 inputs are a key component of the real estate valuation process, emphasizes the reliance on unobservable data, and encourages users to review the detailed disclosures for a more thorough understanding of the valuation methodologies and associated risks. Providing transparency in this way helps stakeholders make informed decisions based on the unique circumstances of the real estate being valued.



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Title Information

Title Information

ID	Description
Owner	Awwal Almalga Real Estate Company
Property Name	Vision Colleges, Jeddah
Plot No.	259
District	Al Rayyan
Street Name	Haramin St.
Coordinates	<u>21°39'30.6"N</u> <u>39°12'16.5"E</u>
City	Jeddah
Ownership Type	Restricted Ownership
Title Deed Info	Deed No. 993788002766
	Deed Date 23/4/1443H

Sources: Title Deed



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Dimensions and street widths

Side	Dimension (m)	Street Name	Type	Width (m)	Frontage
North	60	-	Neighbor	-	1
South	60	-	Neighbor	-	1
East	55.02	-	Neighbor	-	1
West	50.62	Haramin street	Commercial	25	1

Sources: Title Deed

Tenure

Contract Details

Lease Contract Details

Description	Details
Landlord	Awwal Al Malqa Real Estate Company
Tenant	Vision Colleges Company
Contract Term	25 Years
Contract Effective Date	28/06/2021
Annual Lease	7,500,000 SAR
Lease Growth	5% every 5 years

- After examining the current lease agreement provided by the client, we have determined that the Tenant has leased the whole property, land, and building.
- The contract is a binding contract for the leasing period of **25** years and can't be terminated unless the period is over.
- The tenant is an independent entity with no relationship with the landlord.
- According to the conducted market research about the rental prices, we have concluded that the current lease rate is within the market range.
- The payments are paid every **6** months. However, the payment of the first **6** months is paid on the effective date.
- The Lease is a triple net lease agreement, thus landlord has no liability for expenses.

Sources: Title Deed



Contracts Payments Schedule

Payments Date	No. of Payments	Lease (SAR/Payment)
6/28/2021 to 12/26/2025	10 Payments	3,750,000
6/27/2026 to 12/25/2030	10 Payments	3,937,500
6/26/2031 to 12/24/2035	10 Payments	4,134,375
6/24/2036 to 12/22/2040	10 Payments	4,341,094
6/23/2041 to 12/19/2045	10 Payments	4,558,148

Sources: Title Deed

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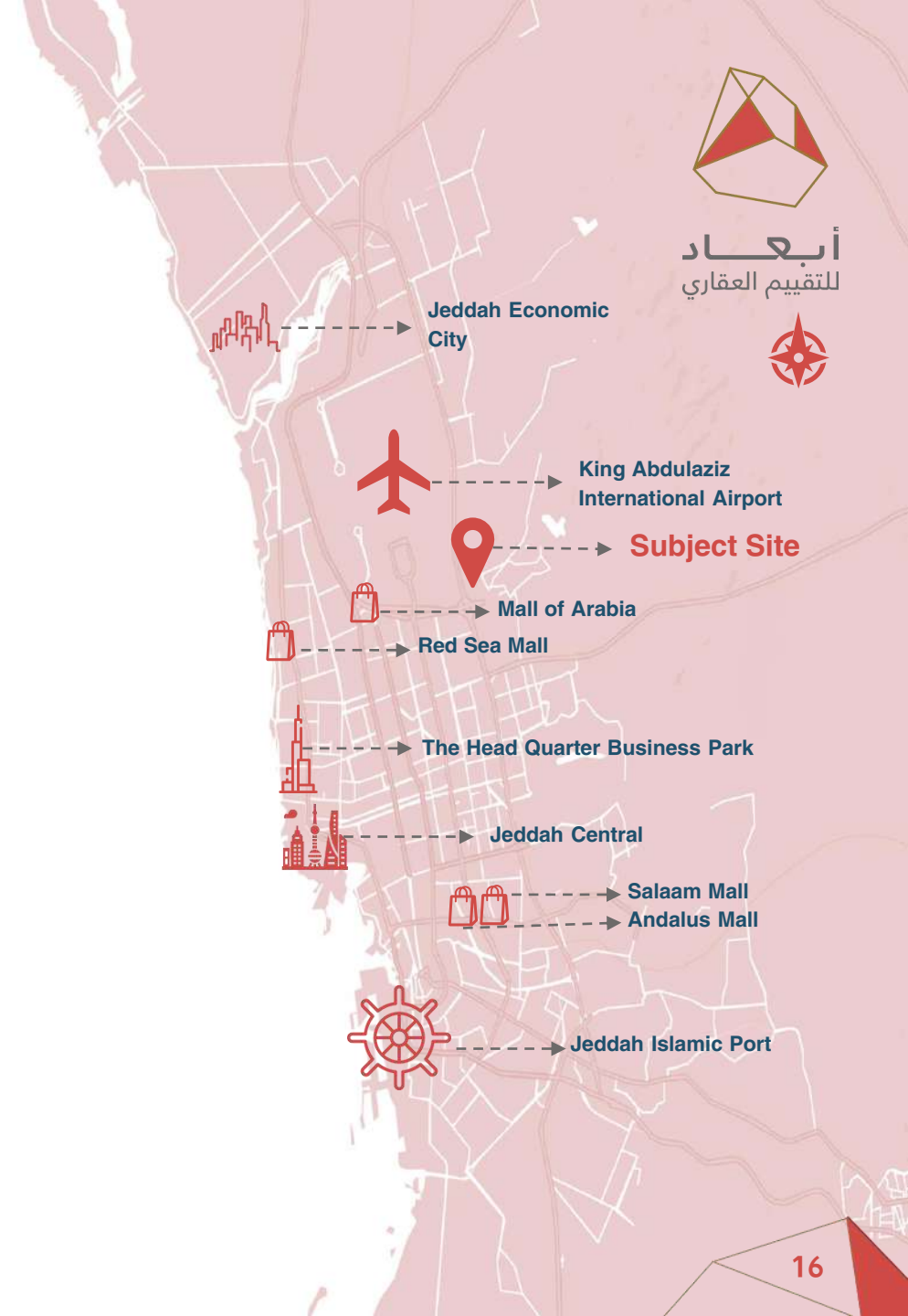
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Site Location Analysis

Development Projects at City Level

Jeddah City

- Jeddah, a jewel on the Red Sea coast, serves as a key governorate in the Makkah Al-Mukarramah region of Saudi Arabia. Positioned at a distance of **900 km** from Riyadh, **75 km** from Mecca, and **400 km** from the bustling city of Medina, Jeddah holds a strategic geographical significance. It not only attracts tourists from within and beyond the Kingdom but also takes pride in spearheading innovative tower and skyscraper projects.
- With a population exceeding 3.4 million, Jeddah ranks as the second-largest city in Saudi Arabia, second only to the capital, Riyadh. As the largest city in the Makkah Al-Mukarramah region, Jeddah serves as the principal gateway to the Two Holy Mosques, embodying a rich blend of tradition and modernity.
- Jeddah's economic importance is underscored by its possession of the largest seaport on the Red Sea, making it a vital financial and business hub in Saudi Arabia. The city plays a pivotal role in the import and export sectors, facilitating the flow of goods and meeting local needs.
- The skyline of Jeddah is a testament to its rapid development, with around **135** skyscrapers currently in various stages of construction. This dynamic growth reflects the city's commitment to modernization and economic prosperity.
- The property under evaluation, strategically located approximately **28 kilometers** north of downtown and **5 kilometers** from King Abdulaziz International Airport, sits at the nexus of Jeddah's economic and urban vitality. As illustrated on the map, the property's placement within the cityscape aligns with Jeddah's vision for sustained growth, further solidifying its role as a dynamic and influential force in the Kingdom's landscape.

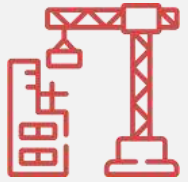


Site Location Analysis



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Local Infrastructure Projects



Current Status

Operational



Completion Date

2018



No. Stations

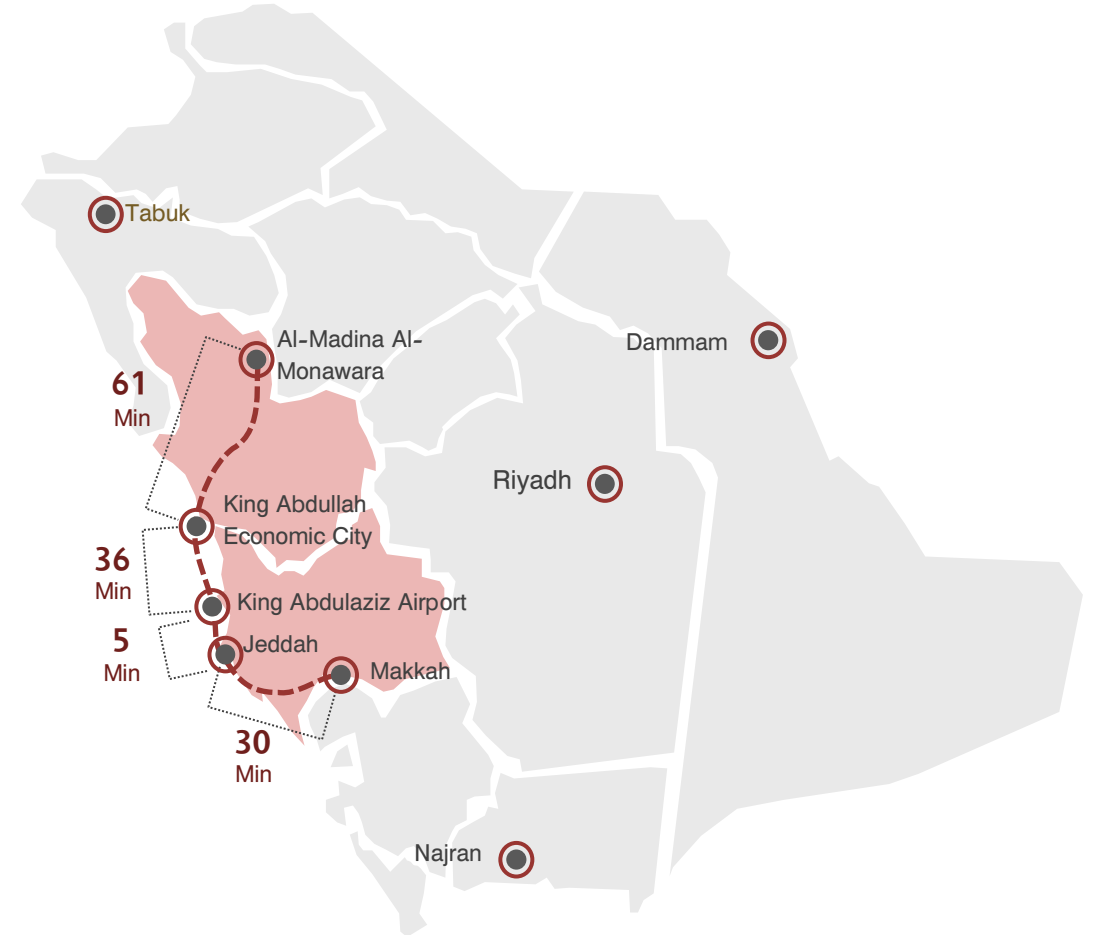
5 Stations



Total Capacity

60 Million
Per Annum

- The Haramain High-Speed Railway (HHSR) runs for approximately 450km, connecting the two holy cities of Makkah and Madinah, via the Central Jeddah Station, King Abdulaziz International Airport (KAIA), and King Abdullah Economic City Station (KAEC).
- The railway is expected to carry around 60 million passengers per annum, onboard a fleet of 35 trains, each consisting of 417 seats.
- Currently, the train line goes by five stations, located as follows:
 - Makkah
 - Jeddah Naseem Station.
 - Jeddah King Abdulaziz Int' Airport Station.
 - King Abdullah Economic City Station.
 - Madinah Station.



Site Location Analysis

Local Infrastructure Projects



- King Abdulaziz International Airport is presently undergoing a comprehensive expansion initiative, strategically segmented into three distinct phases. The operational Phase 1, though not yet at its full handling capacity, is set to elevate the annual passenger capacity from 13 Million Annual Passengers (MAP) to an impressive 30 MAP.
- While the project initially aimed for completion by 2035, focusing on achieving an ambitious 80 MAP, uncertainties surround the timelines for Phases 2 and 3 due to project delays. Presently, attention is concentrated on optimizing Phase 1 to meet immediate demands.
- The expansive KAIA project encompasses a substantial Gross Floor Area of 670,000 sqm, presenting a dynamic blend of functionality and comfort. Boasting 120 retail outlets and 120 hospitality keys, the new facilities promise a harmonious convergence of travel efficiency and passenger experience enhancement, marking a significant milestone in the airport's evolution.



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120 Room Keys



46 Gates



120 Retail Stores



21.6K parking Bays



Hajj and Umrah Terminal Complex

Site Location Analysis

Property Description

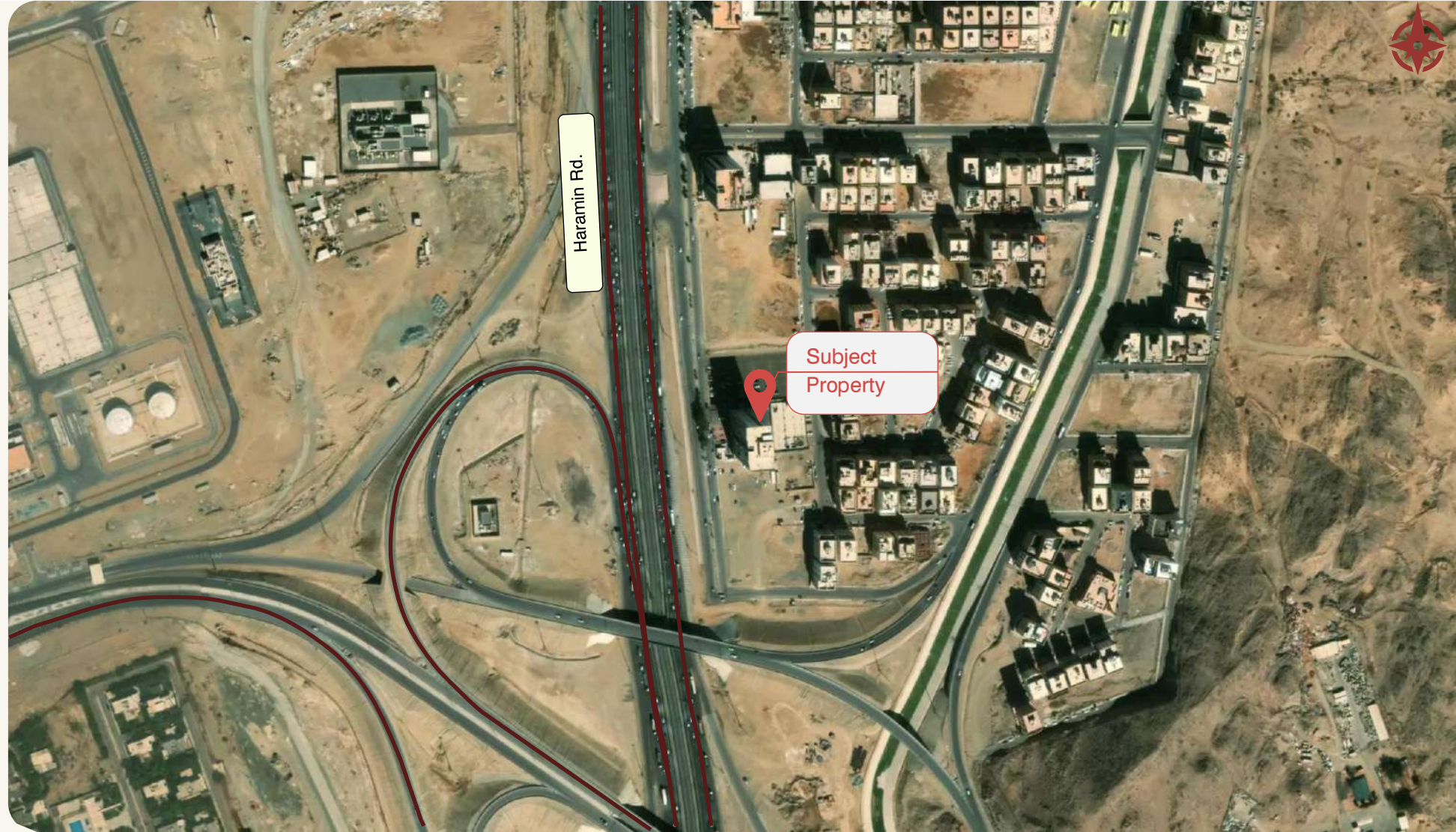


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- The Subject Property, a notable dental school, sprawls across 3,020.18 sqm of land, featuring an expansive 15,375 sqm building distributed over 13 floors, inclusive of a convenient underground parking level. With 14 classrooms, 10 labs, 36 administrative offices, and 70 faculty offices, the college provides a comprehensive academic infrastructure. The inclusion of a library, two mosques, 10 warehouses, and 2 archive rooms adds depth to its facilities.

- Strategically positioned at the intersection of Al-Haramain Road and King Abdulaziz Airport in Jeddah's Al-Rayyan district, the college enjoys a central location, fostering accessibility and visibility. This primes it as an ideal educational hub for aspiring dental professionals seeking a well-rounded academic experience. The institution's thoughtful design, diverse facilities, and advantageous location collectively contribute to its appeal, making it a standout choice in the realm of dental education.



Site Location Analysis

Property Photographs



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Site Location Analysis

Property Photographs



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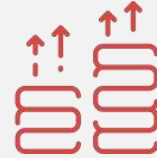
Valuation

Valuation Approach

Income Approach - Capitalization Method

- When determining our opinion about the market value of the properties subject to evaluation, and considering that they are income-generating, we have used the income method for evaluation and using the income capitalization method.
- This method relies on analyzing the property's annual income, after deducting all operating and maintenance costs and other expenses, to arrive at the net income.
- After reaching the net income, the required rate of return is applied to the investment by the investors.
- In the process of determining the rate of return, sales and acquisitions of similar properties that were implemented close to the date of appraisal with known rental values are used.
- Where a reverse assessment is made to reach the rate of return by knowing the type of income, its value, the purchase price, and other properties of the property.
- Noting that in the absence of direct real estate transactions, adjustments and adjustments are made from known transactions for different real estate, in order to reach the appropriate rate of return for the real estate under evaluation.
- The capitalization method is usually used when the value of the property is highly dependent on the profits from the business rather than the value of the land and buildings.
- Moreover, it is more likely to use the capitalization method when there are insufficient data available, which precludes the application of the comparison method (market method) or the cash flow method (income method).

Capitalization Method



**Property Net
Income**



**Capitalization
Rate**



**Property Fair
Value**



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Property Risk Analysis

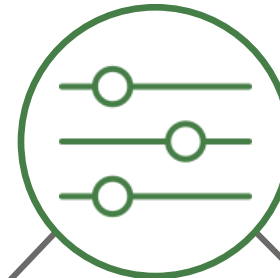
Long-term contract risks

The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.



Regulatory and legislative risks

The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property.



Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



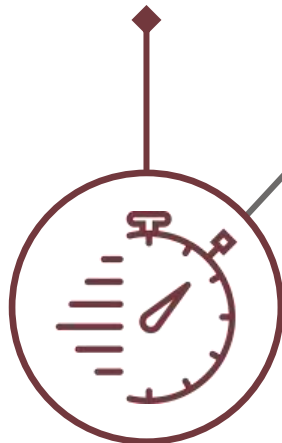
Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property.



Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property, any change in revenues as a result of different market conditions will affect the value of the Property.



Market Study-Demand and Supply

Office

- In the first three months of **2023**, around **50,000** sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately **4.9** million sq. m. in the capital and **1.2** million sq. m. in Jeddah. Over the remainder of this year, an additional **61,000** sq. m. and **583,000** sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to **1%** in **Q1 2023**. As a result, average Grade A rents increased by **19%** year-on-year (Y-o-Y) to reach **SAR 1,764** per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by **15%** Y-o-Y to reach **SAR 1,199** per sq. m. per annum in the first quarter of **2023**. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at **8%** in **Q1 2023**.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Source of Info: JLI

Residential

- Riyadh witnessed the completion of close to **7,800** residential units in **Q1 2023**, pushing up the total stock to **1.4** million residential units. Over the same period, **4,400** units were handed over in Jeddah to bring the city's residential inventory to **864,000** units. In the remaining months of this year, **45,000** units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, **100** million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of **2023**, average sale prices and rents in Riyadh increased by **7%** and **2%**, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by **11%** annually, and average rents climbed by **9%**.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of **6%** in the capital and **17%** in Jeddah, in **Q1 2023**. Over the same period, rents for apartments grew by **4%** in Riyadh and **13%** in Jeddah.

Source of Info: JLI

Market Study-Demand and Supply

Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately 84,000 sq. m. of retail space and increasing the total supply to 3.4 million sq. m. Over the same period, Jeddah's retail stock increased by roughly 46,000 sq. m. to 1.8 million sq. m. In the remaining nine months of this year, 478,000 sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about 105,000 sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between 8 to 120 sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by 11% and 8%, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by 6% across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: JII

Hospitality

- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at 21,000 keys. During the same period, Jeddah saw the delivery of 300 keys, increasing the total existing supply to 16,000 keys. An additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter Riyadh, and the remaining 1,000 keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of 100 million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to 76%, and the average daily rate (ADR) increased to USD 212 for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached 54% and ADR was recorded at USD 147. The Saudi hospitality market is expected to sustain its positive drive and improve further.

Source of Info: JII

Valuation

Valuation Approach – Valuation Input

Capitalization Rate

- we have conducted market research about properties that serve as a benchmark in Jeddah City to determine the appropriate cap rate for the subject property.

Property	City	Type	Cap Rate (%)
Atelier La vie Mall	Jeddah	Retail	7.0%
Red Sea Mall	Jeddah	Retail/Offices	7.5%
11 West	Jeddah	Retail	8.0%
Jeddah Boulevard	Jeddah	Retail	8.0%
Screen Tower	Jeddah	Offices	8.0%
Signature	Jeddah	Offices	8.0%

- Comparable to these properties, our subject property is currently under educational usage, but the building permit is mainly for commercial. The location is relatively not better than the comparable. As for the finishing and tenant commitments, it is considerably better in the subject property.
- Although we consider that the head lease underwritten through a binding contract provides income security in difficult trading conditions over a 25 years period, there are still market risk factors such as government decisions, uncertain market prediction, and other possible events.
- Therefore, the appropriate capitalization rate for the subject property is 9.0%.



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Revenues

Payments Date	No. of Payments	Lease (SAR/Payment)
6/28/2021 to 12/26/2025	10 Payments	3,750,000
6/27/2026 to 12/25/2030	10 Payments	3,937,500
6/26/2031 to 12/24/2035	10 Payments	4,134,375
6/24/2036 to 12/22/2040	10 Payments	4,341,094
6/23/2041 to 12/19/2045	10 Payments	4,558,148

- Based on the above table, the average annual lease of the remaining period is 8,376,052 SAR.

Expenses

- According to the Lease contract, the landlord has no obligations, and it's a triple net lease contract. Thus, the landlord is not liable to any expenses.

Valuation

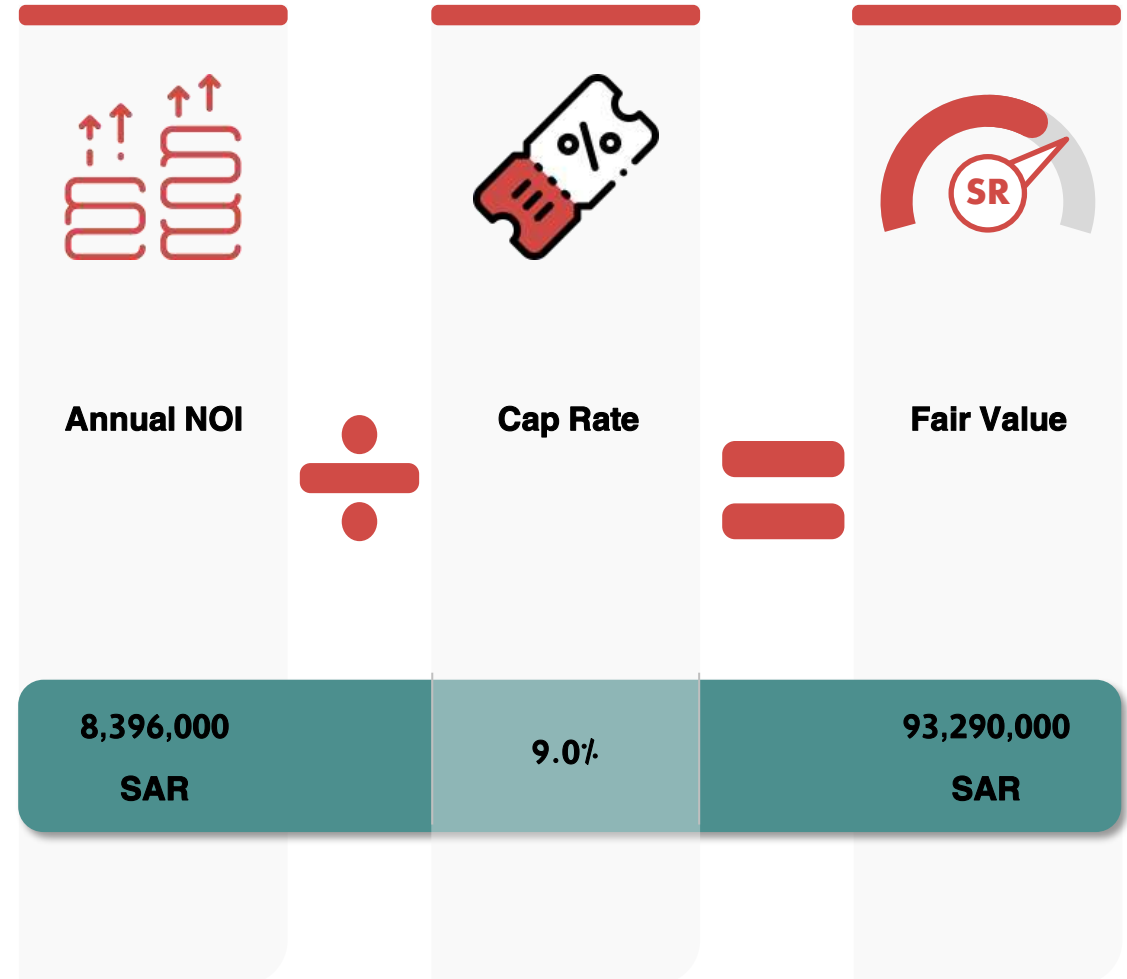
Income Approach

Capitalization

- The **9.00%** capitalization rate will be applied over the average annual lease rate to conclude the fair value of the subject property.
- Since the landlord is not liable for any expense, the annual NOI is the average annual lease of the remaining period of **8,396,000 SAR**.



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Valuation Summary

Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions and detail within this report, may be fairly stated as follows:

Fair Value of Subject Property Using Income Approach as of 31 December 2023

- 93,290,000 SAR (Ninety-Three Million Two Hundred Ninety Thousand Saudi Riyal).

Signatures & Authorizations

Eng. Yousuf Abdullah Khan

Taqeem ID: 1220001989

Membership Type: Provisional Member

Sector: Real Estate Sector

Membership Date: 17/09/2020

Contribution: Inspector, Valuer and Report Creator

Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 24/01/2016

Contribution: Valuation & Report Reviewer

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 22/12/2015

Contribution: Report Reviewer & Authorizer

Company Stamp

Company Name: **Abaad & Partner for Real Estate Valuation**

Company No. 11000111

CR No: 4030297686

CL No: 323/18/781



أبعاد
للتقييم العقاري

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Appendix 2: Valuation Glossary



Appendix 1: Property Documents

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

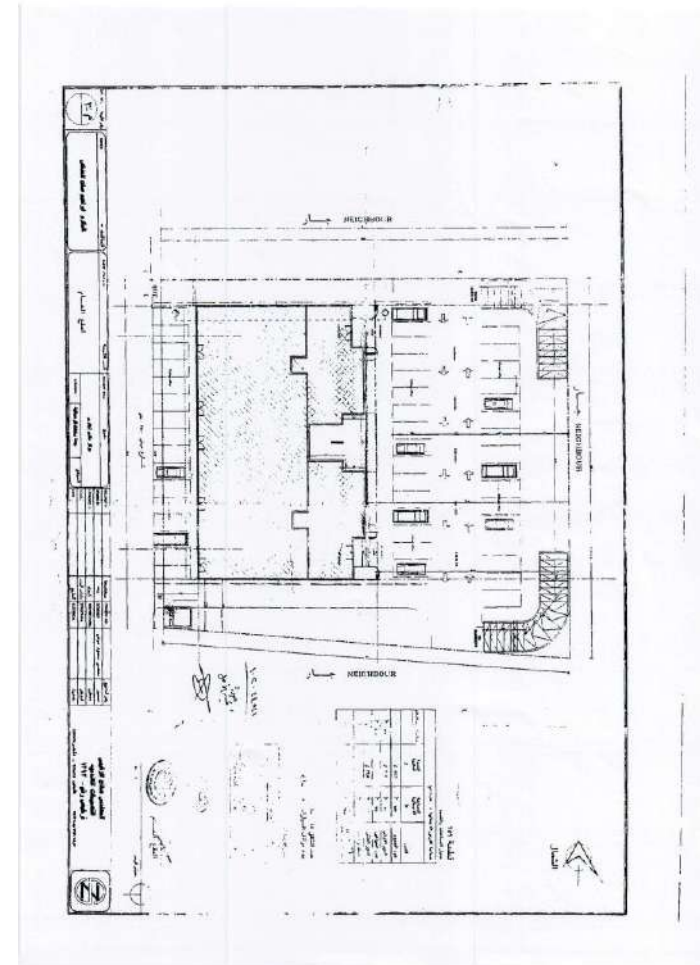
الجمهورية العربية السعودية
وزارة العدل
[٢٧٧]

تاريخ الصك: ١٤٤٣/٤/٢٢ هـ
رقم الصك: ٩٩٣٧٨٨٠٠٢٧٦٦

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد: فإن قطعة الأرض رقم 259 من المخطط رقم 416 / ج / من الواقع في حي الريان بمدينة جدة . وحدودها وأطوالها : شمالاً: قطعة رقم 262 بطول 60 ستون متر جنوباً: قطعة رقم 256 بطول 60 ستون متر شرقاً: قطعة رقم 257 و 258 بطول 55.02 خمسة وخمسون متر و اثنين ستمتر غرباً: شارع عرض 25م بطول 50.62 خمسون متر و اثنين و ستون ستمتر ومساحتها 3020.18 ثلاثة آلاف و عشرون متر مربعاً و ثمانية عشر ستمتراً مربعاً المملوكة ل شركة أول الملفا العقارية بموجب سجل تجاري رقم 1010893802 بموجب الصك الصادر من الموثقين بجهة 4 برقم 793934000147 في 17 / 11 / 1442 قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركة الراجحي للتطوير المحدودة بموجب سجل تجاري رقم 1010158249 ضماناً للوفاء بـ 420000000 فقط أربعمائة وعشرون مليون ريال سعودي لا غير سبب الرهن : ضمان وفاء للمديونية وفق لشروط عقد الرهن على أن يتم سداد المديونية على 10 أقساط نصف سنوية بقيمة كل قسط 42000000 اثنان وأربعون مليون ريال اعتباراً من تاريخ 2019-6-30م وفي حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرغبات . واستيفاء ما في ذمة الراهن من مبلغ وما نقص يرجع فيه عليه بعد اكمال مايلزم شرعاً. وعليه جرى التصديق تحريراً في 1443 / 04 / 23 لاعتماده، وبصلى الله على نبيينا محمد وآله وصحبه وسلم.

صدرت هذه الوثيقة من وزارة العدل ، ويجب التحقق من بالإنفا وسرياتها عبر الخدمات الإلكترونية لوزارة العدل
معدنية بطابع الحكومة -٩٩٣٧٨٨٠٠٢٧٦٦
رقم الصك: ٩٩٣٧٨٨٠٠٢٧٦٦
تاريخ الصك: ١٤٤٣/٤/٢٢ هـ
صفحة رقم 1 من 1



Appendix 2: Valuation Glossary

Saudi Authority

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

Asset or Assets

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

Client

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

Intended Use

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

Intended User

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

Jurisdiction

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

May

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

Appendix 2: Valuation Glossary

Must

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

Participant

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Fair Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

Purpose

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

Should

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

Appendix 2: Valuation Glossary

Significant and/or Material

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

Valuation

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.
- Valuation Purpose or Purpose of Valuation:
- See “Purpose”.

Valuation Reviewer

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

Value (n)

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

Valuer

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

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Appendix 2: Valuation Glossary

Weight

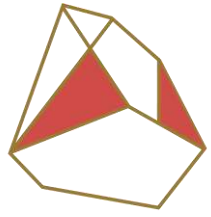
- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

Weighting

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.



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Abaad & Partner For Real Estate Valuation Co.

Jeddah Branch (Head Office):

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Al-Salama District
Oash Offices Building, 5th Floor, suite 21
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Riyadh Branch:

Imam Saud bin Faisal Road,
Al-Sahafa District
Al-Difaa Office, 2nd Floor, suite 106
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Director

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أبجد
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Final Valuation Report

Akun Logistics, Jeddah

Client/ Alkhabeer Capital

11 January 2024

V230275

P230352

الخبير المالية
Alkhabeer Capital



Introduction



Dear Alkhabeer Capital,

RE: Valuation of Akun Logistics, Jeddah.

Further to your request, Abaad thank you for inviting us to complete and submit a valuation report with respect to the aforementioned property.

We have prepared our valuation on the basis of Fair Value for Financial Statement Purposes.

We confirm that the valuation has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as "Taqeem."

We confirm that the valuation has been undertaken by us as external valuers and we possess the required knowledge, skills, and understanding to undertake the valuation competently.

We confirm that we are not aware of any existing or potential conflict of interest with respect to this engagement.

Eng. Ammar Abdulaziz Sindi

Chief Executive Officer

Kingdom of Saudi Arabia

Mobile: +966 (50) 730 0500

Email: asindi@sa-abaad.com

Registration Certificate



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Property Overview

- The property under evaluation is a cold and storage warehouse located on a land area of about 21,118.53 square meters, and the building area is about 16,000 square meters.
- The property under evaluation is located in the south of Jeddah, about 45 km from King Abdulaziz International Airport and 22 km from the city center.
- Also, the property overlooks King Faisal Road, which is a vital commercial street par excellence, which gives the property under evaluation a strategic location for its own activity.

Property Details

Site Details	Information
District	King Faisal Marine Base
Permitted Use	Commercial Industrial
Tenure	Sharehold
Deed Number	625516001149 - 425516001150
Deed Date	20/1/1442H
Total Land Area (sqm)	21.118.53
Total BUA (sqm)	16,000
Owner	Awwal Al Malqa Real Estate Company



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Subject Property Pictures



Valuation Summary

Site Details	Information
Report Type	Detailed Report
Other independent Users	Alkhabeer Capital- Fund Manager & Investors - Report Reviewers - CMA
Purpose of Valuation	Financial Statement
Valuation Approach	Income Approach
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Adopted Currency	Saudi Riyal
Property fair value	200,000,000

Executive Summary

Terms and Conditions

- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the Property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the Property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the Property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.

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Introduction

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the fair value by the required date.
- The subject of the valuation is the assessment of the Fair Value of Akun Logistics, Jeddah, for Financial statements Purposes.

Applicable Standards

- We confirm that this valuation report has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as “Taqeem”.

Status of Valuer

- This report has been compiled and verified by Ammar Qutub and Ammar Sindi, who have the necessary qualifications, ability and relevant experience to conduct a valuation of the Subject Property. They have also acted in the capacity of external valuers.

Conflict of Interest

- We confirm that we are not aware of any conflict of interest in acting on your behalf on this exercise.

Purpose of Valuation

- We have prepared our valuation for Financial Statements purpose.

Date of Inspection

- We confirm that the Property was inspected by Abaad Team on 27 November 2023.

Date of Valuation

- We confirm that the date of valuation is 31 December 2023.

Basis of Valuation

- Our valuation will be presented on the basis of Fair Value, which is defined in accordance with the International Valuation Standards (IVS) in 2022 as follows:
- International Accounting Standard No. (13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Sources of Information

- We have relied upon the information provided to us by the Client with respect to the Subject Property, which is outlined below:
 - Title Deed.
 - Lease Contract Document

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General Disclaimers

Liability and Publication

- This report is issued for your use, and that of your professional advisers, for the specific purpose to which it refers. Abaad does not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference to it, may be included in any published document, circular, or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

Confidentiality

- This report is confidential to the Client and their advisors, and we accept no responsibility 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 to it will only be notified to the Client to whom it is authorized.

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as a fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.
- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.
- **We assumed that the contract will be renewed.**

Fair Value Disclaimers

Fair Value Hierarchy

- In accordance with the Fair Value Hierarchy prescribed by IFRS 13, our real estate valuation process adheres to three distinct levels of inputs to ensure transparency and reliability in the determination of fair value.
 - **Level 1 Inputs:** Quoted prices for identical properties in an active market represent the most reliable and transparent inputs. However, due to the unique characteristics of our real estate assets, the availability of Level 1 inputs may be limited.
 - **Level 2 Inputs:** Observable inputs other than quoted prices, such as recent transactions or prices for similar properties, are considered in the absence of Level 1 inputs. These inputs contribute to the valuation process and enhance the robustness of our fair value measurements.
 - **Level 3 Inputs:** The valuation of certain real estate assets relies significantly on Level 3 inputs, which are unobservable and require management judgment. This involves the use of proprietary valuation models, assumptions, and estimates tailored to the specific attributes of our properties. Level 3 inputs are particularly relevant when market activity is limited or absent.
- The choice of input level is determined by the nature of each asset and the availability of observable market data. Our commitment to providing a comprehensive and accurate representation of fair value includes detailed disclosures regarding the methods, assumptions, and risks associated with each valuation.
- This disclosure aims to communicate the approach taken in the real estate valuation process, highlighting the reliance on different levels of inputs and emphasizing transparency for stakeholders.

Fair Value Measurement Disclosure

- In accordance with the Fair Value Hierarchy outlined in IFRS 13, our real estate valuation primarily relies on Level 3 inputs. Level 3 inputs involve unobservable data and require significant management judgment. This is due to the unique characteristics of our properties and the absence of readily available market prices for identical or similar assets. Our valuation approach includes the use of appropriate and relevant valuation methodologies, and the fair value estimates are sensitive to changes in key assumptions. For a detailed understanding of our valuation methodologies and the associated risks, please refer to the comprehensive disclosures provided in through out the report and the valuation methodology section
- This disclosure communicates to stakeholders that Level 3 inputs are a key component of the real estate valuation process, emphasizes the reliance on unobservable data, and encourages users to review the detailed disclosures for a more thorough understanding of the valuation methodologies and associated risks. Providing transparency in this way helps stakeholders make informed decisions based on the unique circumstances of the real estate being valued.

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Tenure

Title Information
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Title Information

Title Information

ID	Description	
Owner	Awwal Almaalga Real Estate Company	
Property Name	Akun Logistics, Jeddah	
Plot No.	8-15	
District	King Faisal Marine Base	
Street Name	King Faisal Rd.	
Coordinates	<u>21°19'49.9"N</u>	<u>39°11'25.6"E</u>
City	Jeddah	
Ownership Type	Sharehold	
Title Deed Info	Deed No.	625516001149
	Deed Date	20/1/1442H

Dimensions and street widths

Side	Dimension (m)	Street Name	Type	Width (m)	Frontage
North	125	-	Neighbor	-	1
South	166.39	-	Local	32	7
East	170.58	King Faisal Rd.	Commercial	120	2
West	167.47	-	Local	25	3

Sources: Title Deed



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Title Information

ID	Description	
Owner	Awwal Almaalga Real Estate Company	
Property Name	Akun Logistics, Jeddah	
Plot No.	8-15	
District	King Faisal Marine Base	
Street Name	King Faisal Rd.	
Coordinates	<u>21°19'49.9"N</u>	<u>39°11'25.6"E</u>
City	Jeddah	
Ownership Type	Sharehold	
Title Deed Info	Deed No.	425516001150
	Deed Date	20/1/1442H

Dimensions and street widths

Side	Dimension (m)	Street Name	Type	Width (m)	Frontage
North	125	-	Neighbor	-	1
South	166.39	-	Local	32	7
East	170.58	King Faisal Rd.	Commercial	120	2
West	167.47	-	Local	25	3

Sources: Title Deed

Tenure

Contract Details

Lease Contract Details

ID	Description	Details
1	First Party (Owner)	Awwal Al Malqa Real Estate Company
2	Second Party (Lessee)	Akun Logistic Services
3	Contract Term	5 Years
4	Contract Effective Date	30/06/2021

- After examining the current lease agreement provided by the client, we have determined that the Tenant has leased the whole property, land, and building.
- The contract is binding for the leasing period of 5 years and can't be terminated unless the period is over.
- The tenant is an independent entity with no relationship with the lease.
- According to the conducted market research about the rental prices, we have concluded that the current lease rate is within the market range.
- Lease is paid every 6 months from the effective date. However, the lease of the first year is paid on the contract's effective date.
- The contract is a triple net lease, so the landlord has no liability to expenses.
- According to the client, the landlord, the contract will be renewed for a similar period.

Sources: Title Deed



Lease Payments Schedule

Payment Dates	Payments	Lease (SAR/payment)
6/30/2021 to 6/29/2022	1	16,000,000
6/30/2022 to 6/30/2026	9	8,000,000

Sources: Title Deed

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Macro Location – infrastructure projects
Development Projects at City Level
Property Description
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Development Projects at City Level

Jeddah City

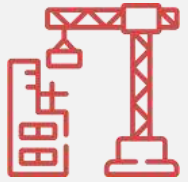
- Jeddah, a jewel on the Red Sea coast, serves as a key governorate in the Makkah Al-Mukarramah region of Saudi Arabia. Positioned at a distance of **900 km** from Riyadh, **75 km** from Mecca, and **400 km** from the bustling city of Medina, Jeddah holds a strategic geographical significance. It not only attracts tourists from within and beyond the Kingdom but also takes pride in spearheading innovative tower and skyscraper projects.
- With a population exceeding **3.4 million**, Jeddah ranks as the second-largest city in Saudi Arabia, second only to the capital, Riyadh. As the largest city in the Makkah Al-Mukarramah region, Jeddah serves as the principal gateway to the Two Holy Mosques, embodying a rich blend of tradition and modernity.
- Jeddah's economic importance is underscored by its possession of the largest seaport on the Red Sea, making it a vital financial and business hub in Saudi Arabia. The city plays a pivotal role in the import and export sectors, facilitating the flow of goods and meeting local needs.
- The skyline of Jeddah is a testament to its rapid development, with around **135** skyscrapers currently in various stages of construction. This dynamic growth reflects the city's commitment to modernization and economic prosperity.
- The property under evaluation, strategically located approximately **22 kilometers** north of downtown and **45 kilometers** from King Abdulaziz International Airport, sits at the nexus of Jeddah's economic and urban vitality. As illustrated on the map, the property's placement within the cityscape aligns with Jeddah's vision for sustained growth, further solidifying its role as a dynamic and influential force in the Kingdom's landscape.



Site Location Analysis



Local Infrastructure Projects



Current Status

Operational



Completion Date

2018



No. Stations

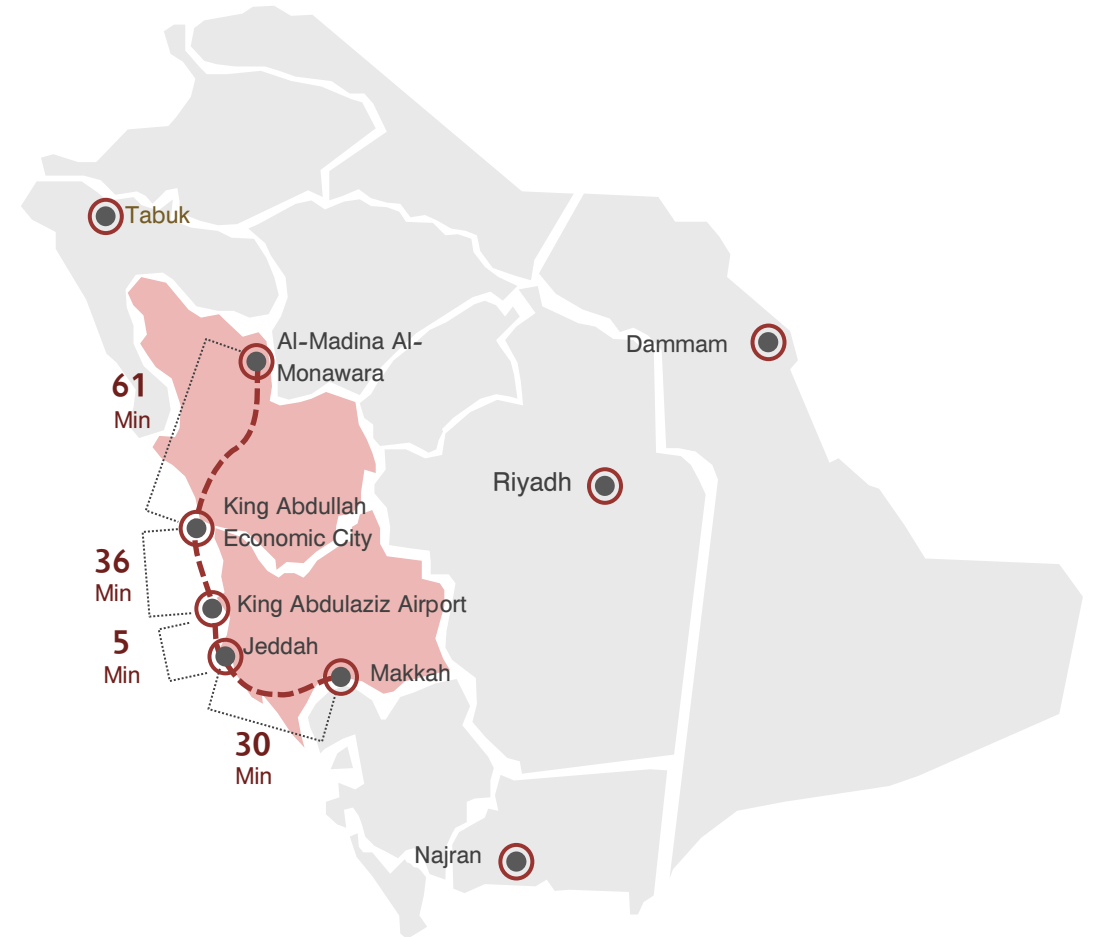
5 Stations



Total Capacity

60 Million
Per Annum

- The Haramain High-Speed Railway (HHSR) runs for approximately 450km, connecting the two holy cities of Makkah and Madinah, via the Central Jeddah Station, King Abdulaziz International Airport (KAIA), and King Abdullah Economic City Station (KAEC).
- The railway is expected to carry around 60 million passengers per annum, onboard a fleet of 35 trains, each consisting of 417 seats.
- Currently, the train line goes by five stations, located as follows:
 - Makkah
 - Jeddah Naseem Station.
 - Jeddah King Abdulaziz Int' Airport Station.
 - King Abdullah Economic City Station.
 - Madinah Station.



Site Location Analysis

Local Infrastructure Projects



- King Abdulaziz International Airport is presently undergoing a comprehensive expansion initiative, strategically segmented into three distinct phases. The operational Phase 1, though not yet at its full handling capacity, is set to elevate the annual passenger capacity from 13 Million Annual Passengers (MAP) to an impressive 30 MAP.
- While the project initially aimed for completion by 2035, focusing on achieving an ambitious 80 MAP, uncertainties surround the timelines for Phases 2 and 3 due to project delays. Presently, attention is concentrated on optimizing Phase 1 to meet immediate demands.
- The expansive KAIA project encompasses a substantial Gross Floor Area of 670,000 sqm, presenting a dynamic blend of functionality and comfort. Boasting 120 retail outlets and 120 hospitality keys, the new facilities promise a harmonious convergence of travel efficiency and passenger experience enhancement, marking a significant milestone in the airport's evolution.



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120 Room Keys



46 Gates



120 Retail Stores



21.6K parking
Bays



Hajj and Umrah
Terminal
Complex

Site Location Analysis

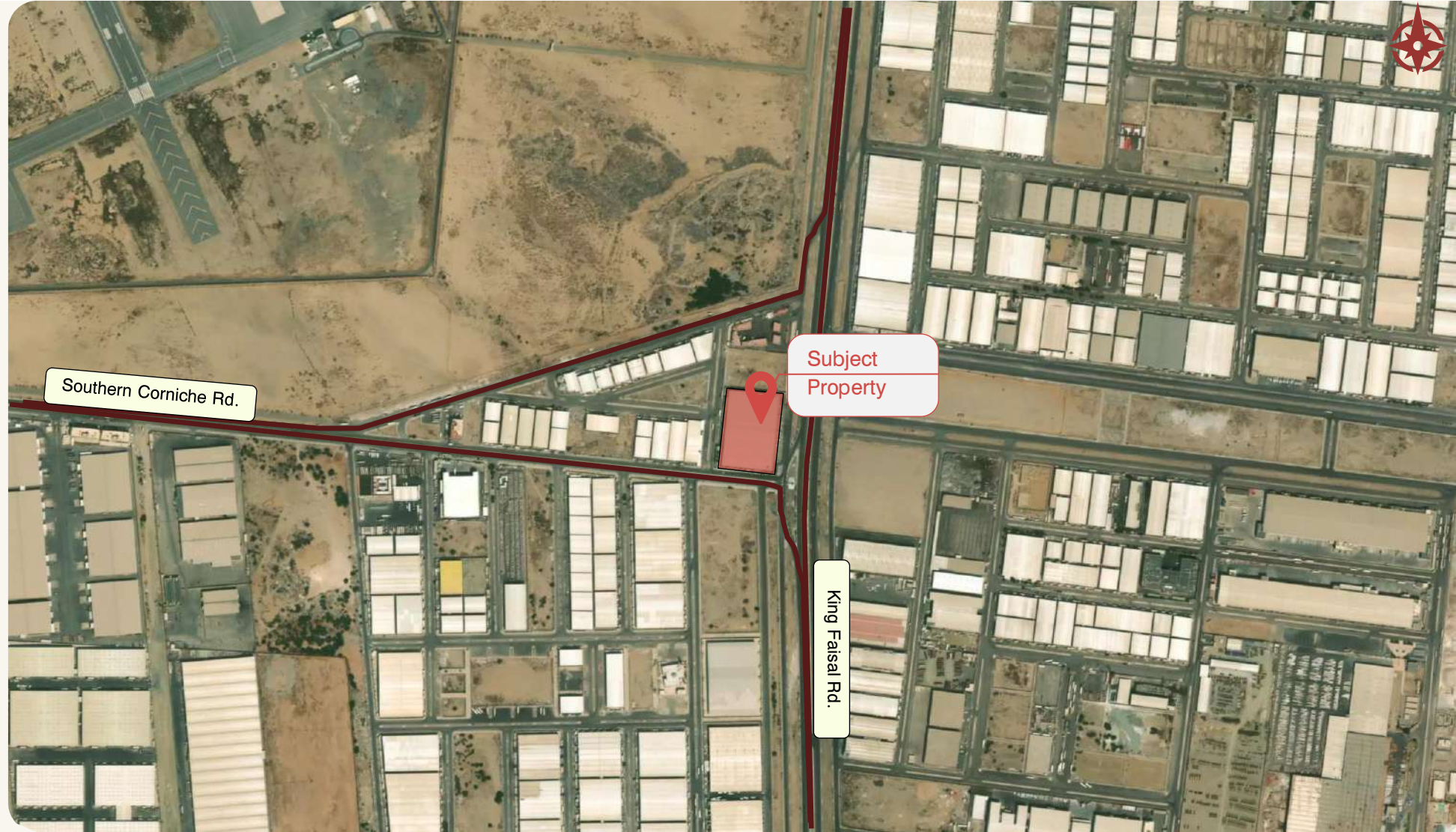
Property Description



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- The subject of assessment encompasses a refrigerated and storage warehouse, situated on an expansive land parcel spanning approximately **21,118.53** square meters, with an accompanying building area of approximately **16,000** square meters.
- This distinguished property is strategically positioned in the southern region of Jeddah, boasting a proximity of approximately **45** kilometers from the King Abdulaziz International Airport and a mere **22** kilometers from the bustling city center. Notably, it commands a prominent position along King Faisal Road, a bustling and pivotal commercial thoroughfare. This prime location not only endows the evaluated property with unparalleled visibility but also positions it strategically for optimal operational efficiency.
- In essence, the property's advantageous geographical placement, coupled with its substantial dimensions, makes it an exceptional asset with significant potential for various business endeavors.



Site Location Analysis

Property Photographs



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Site Location Analysis

Property Photographs



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Income Valuation Methodology - DCF

Income Valuation Approach

- In determining our opinion of [Market Value] for the Subject Properties and based on the fact that they are all multi-tenanted income producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modelling technique based on explicit assumptions regarding the prospective cashflow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. 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 a property.
- With regard to the subject properties, the cashflow has been calculated on an annual basis. With respect to the growth rate applied throughout our cashflow, we have adopted the long-term average inflation rate for Saudi Arabia at 2.8%.
- The cashflow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the [Market Value]. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be as at a future date.

Valuation Steps Using Income Approach - DCF

01

Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

02

Cost Assumptions

The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.8 %/annum.

03

Property Income

The property income represents the revenue derived from the rent payments received during a year.

04

Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance, maintenance, and marketing costs. The costs are typically calculated on an annual basis.



Property Risk Analysis

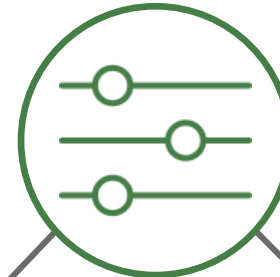
Long-term contract risks

The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.



Regulatory and legislative risks

The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property.



Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



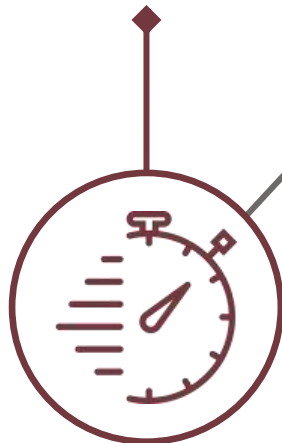
Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property.



Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property, any change in revenues as a result of different market conditions will affect the value of the Property.



Market Study - Demand and Supply

Office

- In the first three months of **2023**, around **50,000** sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately **4.9** million sq. m. in the capital and **1.2** million sq. m. in Jeddah. Over the remainder of this year, an additional **61,000** sq. m. and **583,000** sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to **1%** in **Q1 2023**. As a result, average Grade A rents increased by **19%** year-on-year (Y-o-Y) to reach **SAR 1,764** per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by **15%** Y-o-Y to reach **SAR 1,199** per sq. m. per annum in the first quarter of **2023**. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at **8%** in **Q1 2023**.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Source of Info: JLI

Residential

- Riyadh witnessed the completion of close to **7,800** residential units in **Q1 2023**, pushing up the total stock to **1.4** million residential units. Over the same period, **4,400** units were handed over in Jeddah to bring the city's residential inventory to **864,000** units. In the remaining months of this year, **45,000** units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, **100** million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of **2023**, average sale prices and rents in Riyadh increased by **7%** and **2%**, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by **11%** annually, and average rents climbed by **9%**.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of **6%** in the capital and **17%** in Jeddah, in **Q1 2023**. Over the same period, rents for apartments grew by **4%** in Riyadh and **13%** in Jeddah.

Source of Info: JLI

Market Study - Demand and Supply

Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately 84,000 sq. m. of retail space and increasing the total supply to 3.4 million sq. m. Over the same period, Jeddah's retail stock increased by roughly 46,000 sq. m. to 1.8 million sq. m. In the remaining nine months of this year, 478,000 sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about 105,000 sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between 8 to 120 sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by 11% and 8%, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by 6% across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: JII

Hospitality

- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at 21,000 keys. During the same period, Jeddah saw the delivery of 300 keys, increasing the total existing supply to 16,000 keys. An additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter Riyadh, and the remaining 1,000 keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of 100 million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to 76%, and the average daily rate (ADR) increased to USD 212 for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached 54% and ADR was recorded at USD 147. The Saudi hospitality market is expected to sustain its positive drive and improve further.

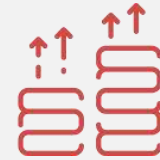
Source of Info: JII

Valuation Approach - Capitalization Method

Income Approach - Capitalization Method

- When determining our opinion about the market value of the properties subject to evaluation, and considering that they are income-generating, we have used the income method for evaluation and using the income capitalization method.
- This method relies on analyzing the property's annual income, after deducting all operating and maintenance costs and other expenses, to arrive at the net income.
- After reaching the net income, the required rate of return is applied to the investment by the investors.
- In the process of determining the rate of return, sales and acquisitions of similar properties that were implemented close to the date of appraisal with known rental values are used.
- Where a reverse assessment is made to reach the rate of return by knowing the type of income, its value, the purchase price, and other properties of the property.
- Noting that in the absence of direct real estate transactions, adjustments and adjustments are made from known transactions for different real estate, in order to reach the appropriate rate of return for the real estate under evaluation.
- The capitalization method is usually used when the value of the property is highly dependent on the profits from the business rather than the value of the land and buildings.
- Moreover, it is more likely to use the capitalization method when there are insufficient data available, which precludes the application of the comparison method (market method) or the cash flow method (income method).

Capitalization Method



**Property Net
Income**



**Capitalization
Rate**



**Property Fair
Value**



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Valuation



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Valuation Approach – Valuation Input

Capitalization Rate

- we have conducted market research about properties that serve as a benchmark in Jeddah City to determine the appropriate cap rate for the subject property.

Property	City	Type	Cap Rate (%)
Atelier La vie Mall	Jeddah	Retail	7.0%
Red Sea Mall	Jeddah	Retail/Offices	7.5%
11 West	Jeddah	Retail	8.0%
Jeddah Boulevard	Jeddah	Retail	8.0%
Screen Tower	Jeddah	Offices	8.0%
Signature	Jeddah	Offices	8.0%

- The subject property falls under industrial usage. The property is currently leased for another 2.5 years.
- Although, the lease contract will be renewed for another 5 years, providing a secured income, of 16,000,000 SAR/year, in difficult trading conditions for 7.5 years, there are still market risk factors such as government decisions, uncertain market prediction, and other possible events to consider.
- Therefore, the appropriate capitalization rate for the subject property is 8.0%.

Income

Payment Dates	Payments	Lease (SAR/payment)
6/30/2021 to 6/29/2022	1	16,000,000
6/30/2022 to 6/30/2026	9	8,000,000

- Based on the above table of the lease contract, the average remaining lease income is 16,000,000 SAR.

Expenses

- According to the lease contract, the landlord has no obligations, and it's a triple net lease contract. Thus, the landlord is not liable for any expenses.

Valuation

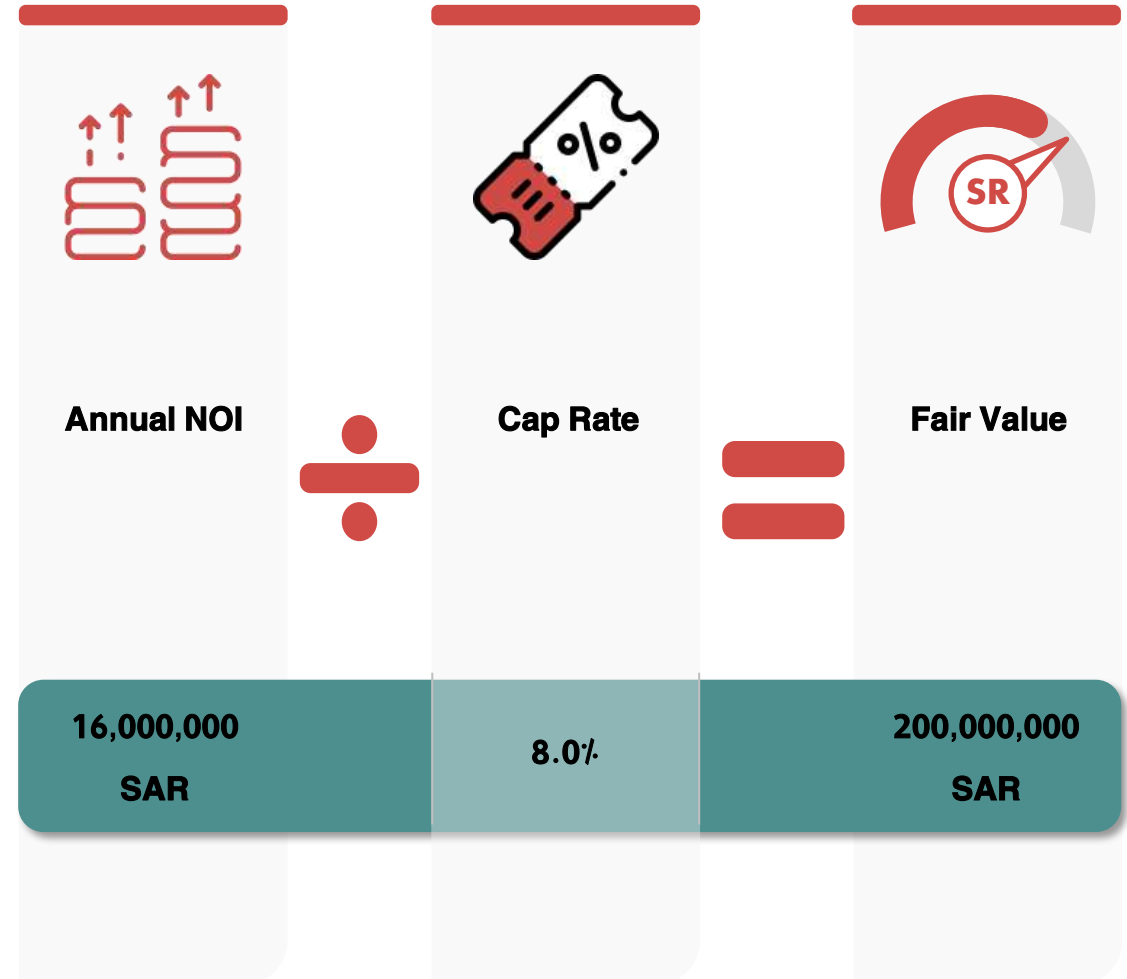
Income Approach

Capitalization

- The **8.0%** capitalization rate will be applied over the average annual lease rate to conclude the fair value of the subject property.
- Since the landlord is not liable for any expense, the annual NOI is the average annual lease of the remaining period of **16,000,000 SAR**.



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Valuation Summary

Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions and detail within this report, may be fairly stated as follows:

Fair Value of Subject Property Using Income Approach as of 31 December 2023

- 200,000,000 SAR (Two Hundred Million Saudi Riyal).

Signatures & Authorizations

Eng. Yousuf Abdullah Khan

Taqeem ID: 1220001989

Membership Type: Provisional Member

Sector: Real Estate Sector

Membership Date: 17/09/2020

Contribution: Inspector, Valuer and Report Creator

Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 24/01/2016

Contribution: Valuation & Report Reviewer

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 22/12/2015

Contribution: Report Reviewer & Authorizer

Company Stamp

Company Name: **Abaad & Partner for Real Estate Valuation**

Company No. 11000111

CR No: 4030297686

CL No: 323/18/781



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Appendix 1: Subject Property Documents

Appendix 2: Valuation Glossary

Appendix 1: Property Documents



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الجمهورية العربية السعودية
وزارة العدل
[٢٧٧]

تاريخ الصك: ٢٦/١/١٤٤٢ هـ
رقم الصك: ٤٩٣٢٥٠٠٠٣٠٢

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد: فإن قطعة الأرض رقم 4 من أصل الأرض رقم بدون الواقع في حي أشبيليا بمدينة الرياض . وحدودها وأطوالها : شمالاً: شارع عرض 15م بطول 180 مائة وثمانون متر جنوباً: قطعة رقم5 بطول 180 مائة وثمانون متر شرقاً: جاز بطول 94.7 أربعة وتسعون متر و سبعون سنتيمتر غرباً: شارع عرض4م بطول 94.7 أربعة وتسعون متر و سبعون سنتيمتر ومساحتها 17046 سبعة عشر ألف وستة وأربعون متر مربعاً بموجب الصك الصادر من كتابة العدل الأولى بالرياض برقم 310114045141 في 06 / 7 / 1440 قد أصبحت في ملك/ شركة أول الملقا العقارية بموجب سجل تجاري رقم 1010893802 بتمن وقدره: 95800000 فقط خمسة وتسعون مليوناً وثمانمائة ألف ريال سعودي لا غير، وعليه جرى التصديق تحريراً في 26 / 01 / 1442 لاعتقاده ،وصلى الله على نبينا محمد وآله وصحبه وسلم.

صدرت هذه الوثيقة من وزارة العدل ، ويجب التحقق من بياناتها وسريتها عبر الخدمات الإلكترونية لوزارة العدل
توقيع مدير المحكمة: ٩٩٩٩٩٩ (هذا النموذج مخصوص بالتعامل بالعملى ولا يجوز تعديله)
نموذج رقم (١٢-٢٠٢٠١١) من 1

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الجمهورية العربية السعودية
وزارة العدل
[٢٧٧]

تاريخ الصك: ١٤٤٢/١١/٢٠ هـ
رقم الصك: ٤٢٥٥١٦٠٠١١٥٠

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد: فإن 50 % وتعادل 10,559.265 متر مربع مشاعاً من قطعة الأرض 8 و قطعة الأرض 9 و قطعة الأرض 10 و قطعة الأرض 11 و قطعة الأرض 12 و قطعة الأرض 13 و قطعة الأرض 14 و قطعة الأرض 15 من المخطط رقم 317 / ج / س / المعدل الواقع في حي قاعدة الملك فيصل البحرية بمدينة جدة . وحدودها وأطوالها كالتالي:
شمالاً: يحده غرباً القطعة رقم 6 شرقاً القطعة رقم 7 بطول: (125) مائة وخمسة وعشرون متر جنوباً: شارع عرض 32 ثم غرفة كهرباء بطول: () يبدأ من الشرق للغرب بطول 67.63م ثم ينكسر للشمال بطول 4م ثم ينكسر للغرب بطول 3.45م ثم ينكسر للجنوب بطول 4م ثم ينكسر للغرب بطول 48.23م ثم ينكسر بشطافة للشمال الغربي7.08م بطول شرقاً: يحده طريق الملك فيصل عرض 120م بطول: () يبدأ من الشمال للجنوب بطول 163.51م ثم ينكسر بشطافة للجنوب الغربي بطول 7.07م غرباً: يحده جنوباً شارع عرض 30م وشمالاً مواقف سيارات عرض 5م شارع عرض 30م بطول: () يبدأ من الجنوب للشمال بطول 42.47م ثم ينكسر للشرق بطول 5م ثم ينكسر للشمال بطول 120م ومساحتها: (21,118.53) واحد وعشرون ألفاً ومائة وثمانية عشر متر مربعاً وثلاثة وخمسون سنتيمتراً مربعاً فقط المقيد برقم 363982682 في 1436/12/1 هـ.
والمستند في افرانها على الصك الصادر من كتابة العدل الأولى بجدة برقم 320208033007 في 15 / 3 / 1442 هـ
قد انتقلت ملكيتها مشاعاً لـ : شركة أول الملقا العقارية بموجب سجل تجاري رقم 1010893802 وتنتهي في 19 / 10 / 1444 هـ ،بشاعة بينهما بالتساوي ، بتمن وقدره 37481250 سبعة و ثلاثون مليوناً وأربعمائة و واحد و ثمانون ألفاً و مئتين وخمسون ريال وعليه جرى التصديق تحريراً في 20 / 11 / 1442 هـ لاعتقاده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

صدرت هذه الوثيقة من وزارة العدل ، ويجب التحقق من بياناتها وسريتها عبر الخدمات الإلكترونية لوزارة العدل
توقيع مدير المحكمة: ٩٩٩٩٩٩ (هذا النموذج مخصوص بالتعامل بالعملى ولا يجوز تعديله)
نموذج رقم (١٢-٢٠٢٠١١) من 1

Appendix 1: Property Documents



أبوظبي
للتقييم العقاري

الموقع الجار داخل المدينة

رقم الترخيص: ١٤٣٧/١٧
تاريخ الترخيص: ١٤٣٧.٣.٠٤
نوع الإلتزام: ١٤٤...٣٠.٠٤
نوع الترخيص: تجديد و تعديل مخططات البناء

رقم الترخيص: ١٤٣٧/١٧
تاريخ الترخيص: ١٤٣٧.٣.٠٤
نوع الإلتزام: ١٤٤...٣٠.٠٤
نوع الترخيص: تجديد و تعديل مخططات البناء

الموقع الجار داخل المدينة

ملاحظات:

تتم الموافقة على تعديل مخططات البناء... (Detailed technical notes regarding the building plan amendments, including references to previous approvals and technical specifications.)

ملاحظات:

تتم الموافقة على تعديل مخططات البناء... (Additional technical notes and conditions for the project.)

ملاحظات:

تتم الموافقة على تعديل مخططات البناء... (Further technical details and regulatory requirements.)

رقم الترخيص: ١٤٣٧/١٧
تاريخ الترخيص: ١٤٣٧.٣.٠٤
نوع الإلتزام: ١٤٤...٣٠.٠٤
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رقم الترخيص: ١٤٣٧/١٧
تاريخ الترخيص: ١٤٣٧.٣.٠٤
نوع الإلتزام: ١٤٤...٣٠.٠٤
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تتم الموافقة على تعديل مخططات البناء... (Further technical details and regulatory requirements.)

Appendix 2: Valuation Glossary

Saudi Authority

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

Asset or Assets

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

Client

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

Intended Use

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

Intended User

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

Jurisdiction

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

May

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

Appendix 2: Valuation Glossary

Must

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

Participant

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Fair Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

Purpose

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

Should

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

Appendix 2: Valuation Glossary

Significant and/or Material

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

Valuation

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.

- Valuation Purpose or Purpose of Valuation:
- See “Purpose”.

Valuation Reviewer

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

Value (n)

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

Valuer

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

Appendices

Appendix 2: Valuation Glossary

Weight

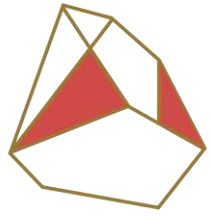
- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

Weighting

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.



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