



أبجد
للتقييم العقاري

Final Valuation Report

Al-Orouba Plaza, Riyadh

Musharaka Capital

21 March 2024

V230270

P230361

مشاركة
Musharaka



Introduction



Dear **Musharaka Capital**,
RE: Valuation of Al-Orouba Plaza, 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 Market Value for Acquisition & Financing 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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Kingdom of Saudi Arabia
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Registration Certificate



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Property Overview

- The property undervaluation consists of a commercial complex located in Al-Orouba Road with Prince Turki bin Abdulaziz Al-Awwal Road in Umm Al-Hamam Al-Gharbi District, Riyadh. The total land area is **19,212 Sqm**.
- The property undervaluation consists of a ground floor and a mezzanine floor, with a total number of **19** showrooms, and the build-up area is **11,292 Sqm**.
- The total leasable area of the complex is about **11,082 Sqm**, and it includes many brands such as Hyper Panda, Starbucks, and Al-Baik Restaurant.

Property Details

| Site Details | Information |
|-----------------------|------------------------|
| District | Umm Al-Hamam Al-Gharbi |
| Permitted Use | Commercial |
| Tenure | Restricted Ownership |
| Deed Number | 410113062475 |
| Deed Date | 27/8/1436H |
| Total Land Area (sqm) | 19,212 |
| Owner | King Khalid Foundation |



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Subject Property Pictures



Valuation Summary

| Site Details | Information |
|-------------------------|--|
| Report Type | Detailed Report |
| Other independent Users | Client - 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 | 49,200,000 |

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 was requested by Musharaka Capital on **19 December 2023** to provide a valuation of the freehold interest of Al Arouba Plaza. We enclose the valuation within this Final Valuation Report.

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 December 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:
 - Subject Location
 - Title Deed
 - Building Permit
 - Income Information
 - Land Rent Costs

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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.

Independence and non-conflict of interest

- We confirm that there is no conflict of interest with the client related to the work required or the asset subject to valuation, property owners and managers, tenants, real estate developer, property seller, or any other party.

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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Title Information



Title Information

| ID | Description | |
|-----------------|---------------------------------|--------------|
| Owner | King Khalid Foundation | |
| Property Name | Al-Orouba Plaza, Riyadh | |
| Plot No. | - | |
| Sub-Division | - | |
| District | Umm Al-Hamam Al-Gharbi District | |
| Coordinates | 24°43'36.39"N | 46°39'7.01"E |
| City | Riyadh | |
| Ownership Type | Restricted Ownership | |
| Title Deed Info | Deed No. | 410113062475 |
| | Deed Date | 27/8/1436H |

Dimensions and street widths

| Side | Dimension | Street Name | Width (m) |
|-------|-----------|------------------------|-----------|
| North | 188.44 | Al-Orouba Street | 60 |
| South | 206.65 | Internal Orouba Street | 60 |
| East | 141.36 | Neighbor | - |
| West | 70.5 | Unnamed | 15 |

Sources: Title Deed

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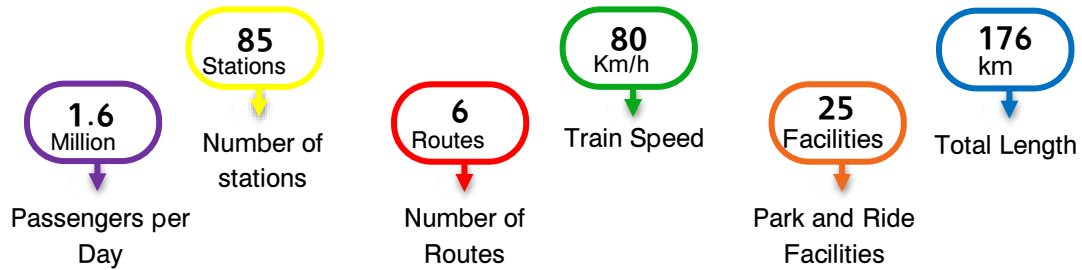
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Public Transport – Riyadh Metro

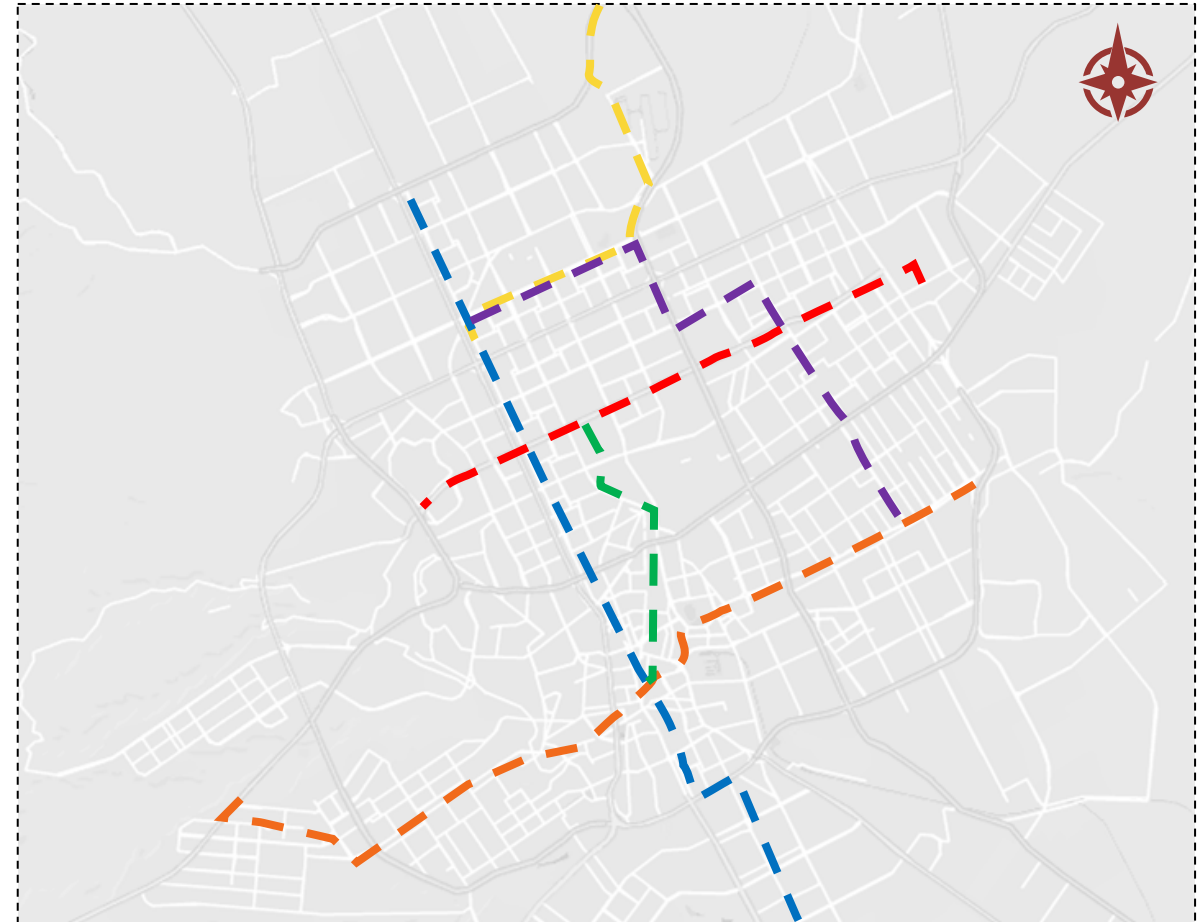
- Metro Riyadh is a high-speed transport system. It is currently under construction. It is one of the largest infrastructure projects in the City of Riyadh.
- The Metro is designed as a world-class transport system, including 756 metro cars, 85 stations, six metro lines, and a network spanning 176 kilometers.
- 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

Development Projects at City Level

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



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



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



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



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

Macro Location - Riyadh



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The subject property is situated in Riyadh, the capital and the largest city of Saudi Arabia. Riyadh is also the administrative center of the Riyadh Region, one of the 13 provinces of the country.

Riyadh has a population of about 7.5 million as of 1442/2022, making it the most populous city in Saudi Arabia and one of the largest in the Arab World.

Riyadh covers an area of approximately 1,973 square kilometers, ranking among the world's largest cities by land area.

Riyadh is undergoing major development projects to improve its infrastructure and public transportation system. The Riyadh Metro Project and the Public Transport Project are expected to be completed by 2023.

The Subject property is approximately 5 km from the city center and about 27 km from King Khalid International Airport and is located in the King Fahd district in Riyadh.



Site Location Analysis

Micro Location

- Al-Orouba Commercial Complex is located on a semi-regular piece of land with a flat surface, with an area of 19,212 sqm. It includes many shops (19 shops), and the total built-up area is 11,292 sqm, in addition to an area of 148 m for walls.
- The property area is characterized by the presence of basic services such as electricity, water, lighting, sewage, asphalt streets, and pedestrian paths.
- The property area is characterized by a commercial building system with a total number of floors up to 1.5 floors, as indicated in the building regulations in the real estate area.
- Based on the data provided by the client, the coverage rate (according to the current construction condition) is 59%.

Property Details

| Description | Details |
|---------------------------|-----------|
| Total Land Area (Sqm) | 19,212.22 |
| Total Build-up Area (Sqm) | 11,292 |
| Coverage (%) | 59 |
| Number of Units | 19 |
| Property Age (Estimated) | 6 Years |

Micro Location



Site Location Analysis

Property Description

- The Subject Property consists of a ground floor and a mezzanine with a total number of **19** showrooms, and the build-up area is **11,292** Sqm.
- According to the information provided by the client and the inspection, the Orouba plaza includes many brands, such as Panda, Starbucks, Maestro Pizza, and other brands.
- Based on the results of the field research, Al Orouba Commercial Complex contains **16** rented shops out of **19** stores. The total vacant area in Al Orouba Complex is equivalent to **768** square meters. The property under valuation also features **2** traffic entrances and exits, both of which are located on Al Orouba Road.
- The property is built on a land of **19,212.2** Sqm, owned by the King Khalid Foundation, and a lease agreement to the Musharaka REIT Fund. We would like to note that Abaad Company has not received the lease contract.

Some Brands in the Commercial Complex



Property Details

| Description | Details |
|---------------------------|-----------|
| Total Land Area (Sqm) | 19,212.22 |
| Total Build-up Area (Sqm) | 11,292 |
| Number of Units | 19 Shop |
| Coverage Ratio (%) | 59% |
| Occupancy (%) | 98% |

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

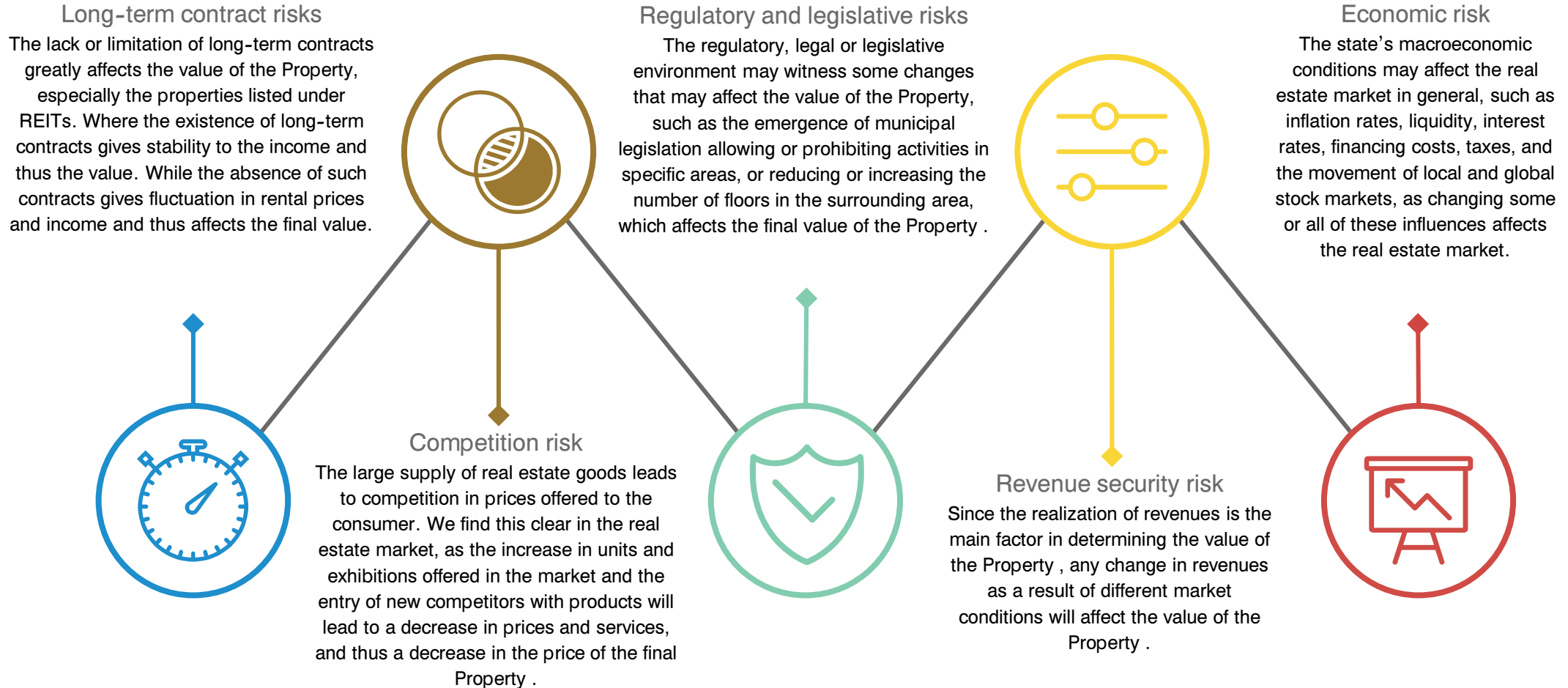
The property income represents the revenue derived from the rent payments received during a year.

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



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

Leasing Details

Market Commentary

- Abaad team analyzed the income data provided by the client and conducted field research to verify the rental value of the Al Orouba Center with the Riyadh market.
- In addition, we have made some research on the Yield rate for the property under valuation.
- By looking at the list of retail rents for tenants and confirming it with the rental prices in the surrounding area for similar projects, Abaad team confirms that the rent is within the rental market range.
- According to the information provided by the client, the property enjoys lease contracts with a total income of 12.45 million SAR per year. Moreover, the operating expenses of the property is 4.5%, which is considered less than the market range, which is ranging from 7% to 15%, according to the experience of Abaad team in the retail sector.
- The table below shows the rental prices in the Subject Site's surrounding area.

Rental Prices Summary

| Details | Rent Rate |
|---------------------------------|---------------|
| Small Rent Rate (SAR/Sqm) | 2,200 – 1,600 |
| Large Rent Rate (SAR/Sqm) | 1,500 – 1,100 |
| Supermarket Rent Rate (SAR/Sqm) | 550 – 400 |

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 (%) |
|-----------------|--------|--------|--------------|
| 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

Income Approach



Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of 8.00% was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of 10.80% according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

| Period | 2024 | 2025 | 2026 | 2027 | 2033 | 2034 | 2035 | 2036 |
|---|-------------------|------------|------------|------------|------------|------------|------------|------------|
| Total GLA (Sqm) | 11,082.04 | 11,082.04 | 11,082.04 | 11,082.04 | 11,082.04 | 11,082.04 | 11,082.04 | 11,082.04 |
| Average Lease Rate with inflation (SAR/Sqm) | 1,204.91 | 1,238.64 | 1,273.33 | 1,308.98 | 1,345.63 | 1,588.13 | 1,632.59 | 1,678.31 |
| Occupancy (%) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Total Revenue with Inflation (SAR) | 13,352,833 | 13,726,712 | 14,111,060 | 14,506,170 | 14,912,343 | 17,599,672 | 18,092,463 | 18,599,052 |
| Vacancies (%) | 2.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Vacancies (SAR) | 271,321 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gross Potential Income (GPI) (SAR) | 13,081,512 | 13,726,712 | 14,111,060 | 14,506,170 | 14,912,343 | 17,599,672 | 18,092,463 | 18,599,052 |
| Land Cost with Inflation (SAR) | 6,425,000 | 6,604,900 | 6,789,837 | 6,979,953 | 7,175,391 | 8,468,457 | 8,705,574 | 8,949,330 |
| Operation Expenses (SAR) | 4.3% | 4.3% | 4.3% | 4.3% | 4.3% | 4.3% | 4.3% | 4.3% |
| Net Operation Income (SA) | 562,871 | 590,633 | 607,171 | 624,171 | 641,648 | 757,278 | 778,482 | 800,280 |
| Present Value (SAR) | 6,093,641 | 6,531,180 | 6,714,053 | 6,902,046 | 7,095,303 | 8,373,936 | 8,608,407 | 8,849,442 |
| Fair Value (SAR) | 49,200,000 | | | | | | | |

Valuation Summary

Opinion of Value

Abaad is of the opinion that the **Fair Value** of the Subject Property which comprises Al Arouba Plaza, Riyadh, as of 31st December 2023, based upon assumptions and detail within this report, may be stated as follows:

Fair Value of the Subject Property by Income Approach is:

- **49,200,000** (Forty-Nine Million Two Hundred Thousand Saudi Riyals).



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 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.



Abaad & Partner For Real Estate Valuation Co.

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أبعاد
للتقييم العقاري

Final Valuation Report

Al Baraka Warehouses, Riyadh

Musharaka Capital

21 March 2024

V230270

P230361

مشاركة
Musharaka



Introduction



Dear **Musharaka Capital**,
RE: Valuation of Al Baraka Warehouses, 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 Market Value for Acquisition & Financing 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 consists of a warehouse with a total built-up area of 27,605 sqm.
- The property is located in the south of Riyadh on a regular plot of land with a flat Topography, with an area of 29,955 Sqm.
- The warehouse undervaluation has two frontages and is located near Istanbul Street.
- The property area is characterized by the presence of basic services such as electricity, water, light, and asphalt streets.

Property Details

| Site Details | Information |
|-----------------------|---------------------------------------|
| District | As Sulay |
| Permitted Use | Industrial |
| Tenure | Freehold |
| Deed Number | 814006003052 |
| Deed Date | 27/08/1440H |
| Total Land Area (sqm) | 29,955 sqm |
| Owner | Hifth AIMusharaka Real Estate Company |

Subject Property Pictures



Valuation Summary

| Site Details | Information |
|-------------------------|--|
| Report Type | Detailed Report |
| Other independent Users | Client - 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 | 92,110,000 |

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 was requested by Musharaka Capital on **19 December 2023** to provide a valuation of the freehold interest of Al Baraka Warehouse. We enclose the valuation within this Final Valuation Report.

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 **26 December 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
 - Building Permit
 - Property location
 - Rental Contract

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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.

Independence and non-conflict of interest

- We confirm that there is no conflict of interest with the client related to the work required or the asset subject to valuation, property owners and managers, tenants, real estate developer, property seller, or any other party.

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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Title Information
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Title Information

Title Information

| ID | Description |
|-----------------|---|
| Owner | Hifth AlMusharaka Real Estate Company |
| Use | Industrial |
| Plot No. | 3/2/45 – 2/4/45 – 1/4/45 – 3/4/45 – 2/2/45 – 1/2/45 |
| Sub-Division | 3/1391 |
| District | Al-Sulay |
| Coordinates | 46°51'28.70"E 24°37'5.73"N |
| City | Riyadh |
| Ownership Type | Freehold |
| Title Deed Info | Deed No. 910123031387 |
| | Deed Date 25/11/1438H |

Dimensions and street widths

| Side | Dimension (m) | Street Name | Width (m) |
|-------|---------------|----------------------------|-----------|
| North | 99.87 | Mohammad Abdullah Al-Bargi | 30 |
| South | 99.85 | Al-Kawthar | 36 |
| East | 299.95 | - | - |
| West | 299.98 | - | - |

Sources: Title Deed



Lease Rate Contract Summary

| Payment Date | Net Income (SAR) |
|--------------|------------------|
| 8/1/2022 | 6,000,000 |
| 8/1/2023 | 6,000,000 |
| 8/1/2024 | 6,600,000 |
| 8/1/2025 | 6,900,000 |
| 8/1/2026 | 6,900,000 |

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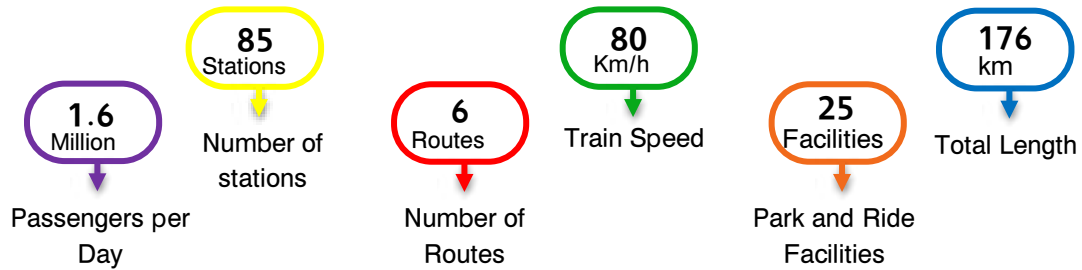
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Public Transport – Riyadh Metro

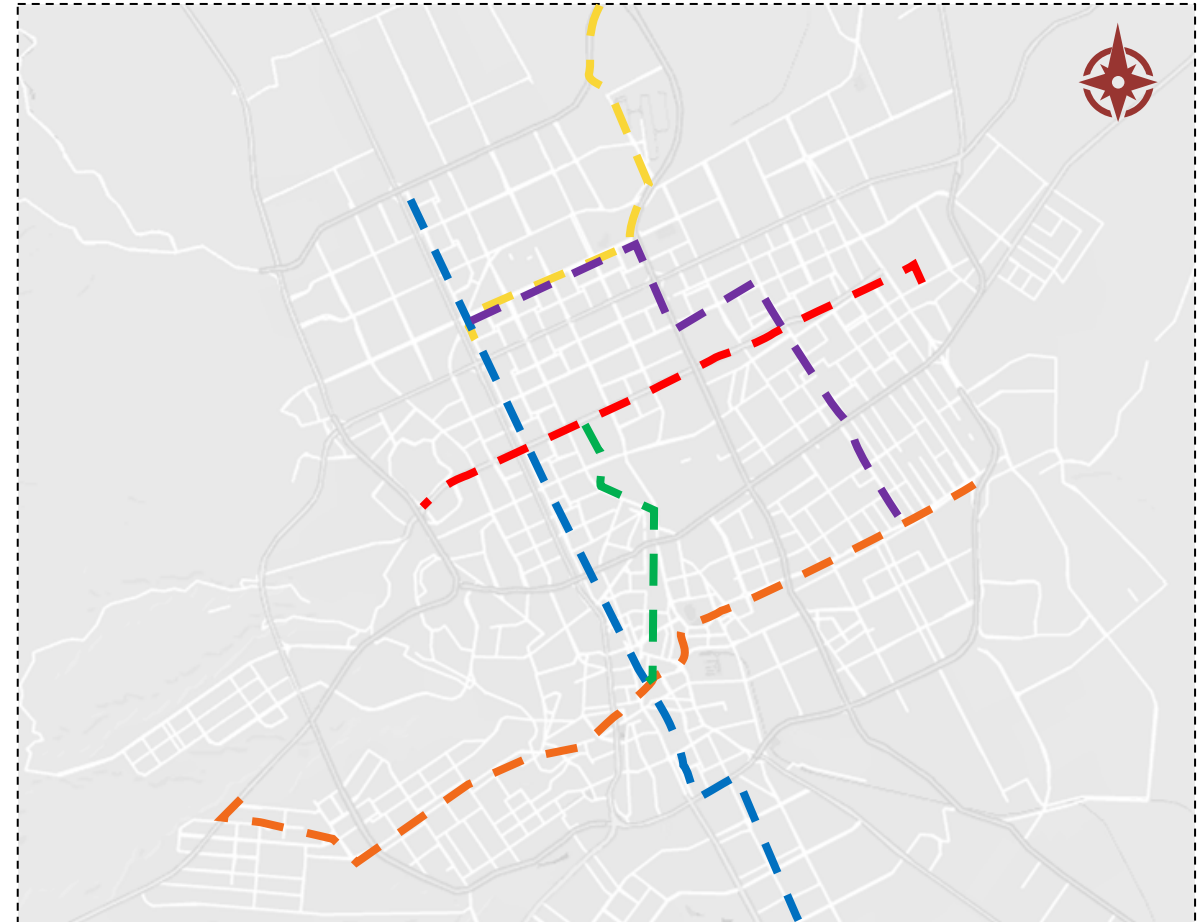
- Metro Riyadh is a high-speed transport system. It is currently under construction. It is one of the largest infrastructure projects in the City of Riyadh.
- The Metro is designed as a world-class transport system, including 756 metro cars, 85 stations, six metro lines, and a network spanning 176 kilometers.
- 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

Development Projects at City Level

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



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



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



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



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

Macro Location



The subject property is located in Riyadh, the Capital of the Kingdom of Saudi Arabia, and the largest of its cities. Riyadh is the largest Saudi city, with a total population of 10.5 million in 2021.

Riyadh is one of the largest Arabic cities in terms of area. The developed area of the city is around 1,913 square kilometers.

Riyadh is witnessing significant infrastructure and public transport development, with the Riyadh Metro Project and the Public Transport Project currently in progress.

The Subject property is approximately 12 km from the city center and about 38.5 km from King Khalid International Airport and is located in the King Fahd district in Riyadh.

Site Location Analysis

Property Description

- The Subject Property consists of a warehouse and the total built-up area of the warehouse is 27,605 Sqm.
- Al-Baraka warehouse is located in the south of Riyadh on a regular plot of land with flat topography, with an area of 29,955 Sqm.
- The warehouse undervaluation has two frontages and is located near Istanbul Street.
- The property area is characterized by the presence of basic services such as electricity, water, lights, and asphalt streets.
- The warehouse undervaluation can be reached via Istanbul Street, which extends to the Southern Ring Road.
- The area surrounding the property includes warehouses, industrial facilities, and shops, in addition to residential buildings.

Property Details

| Description | Details |
|---------------------------|---------|
| Total Land Area (Sqm) | 29,955 |
| Total Build-up Area (Sqm) | 27,605 |
| Age of Warehouses | 6.5 |



Property Location



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أبعاد
للتقييم العقاري



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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

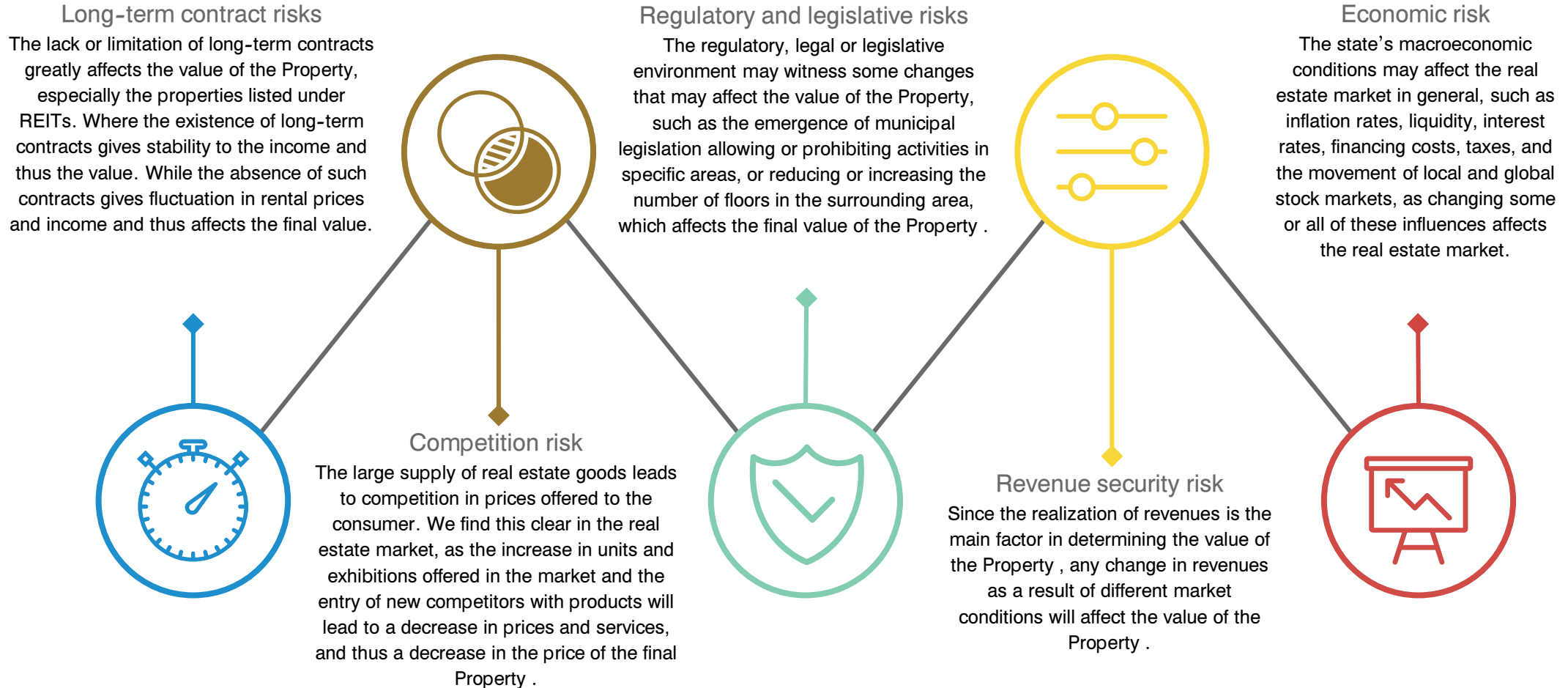
The property income represents the revenue derived from the rent payments received during a year.

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



Valuation

Leasing Details

Rental List:

We were provided with a Rental list by the client and the details of are as follows:

| Year | Annual Lease | Start Date |
|------|--------------|-------------|
| 1 | 6,000,000 | August 2022 |
| 2 | 6,000,000 | August 2023 |
| 3 | 6,600,000 | August 2024 |
| 4 | 6,900,000 | August 2025 |
| 5 | 6,900,000 | August 2026 |

Market Commentary

- Abaad team analyzed the income data provided by the client and conducted field research to verify the rental value of the Al Baraka Warehouse with the Riyadh market.
- In addition, we have made some research on the Yield rate for the property under valuation.
- The average size of the warehouse are in the range from 1200 sqm to 1500 sqm and the average rental rates for these warehouses are in the range from 220 SAR/sqm to 250 SAR/sqm.
- By looking at the list of retail rents for tenants and confirming it with the rental prices in the surrounding area for similar projects, Abaad team confirms that the rent is within the rental market range.



Valuation Matrix – Rental Value as per Market

| Description | Comp 1 | Comp 2 |
|---|------------------|---------------|
| Size (sqm) | 1,200 | 1,500 |
| Price (per sqm) | 250.00 | 250.00 |
| Comparable Type | Asking 2023 | Asking 2023 |
| Location and Physical Adjustments: | | |
| Location | -2.50% | 0.00% |
| Size | -7.50% | -5.00% |
| Street | 0.00% | 0.00% |
| Accessibility | 5.00% | 2.50% |
| Frontage | 5.00% | 5.00% |
| Use | 0.00% | 0.00% |
| Regulatory | 0.00% | 0.00% |
| Building Regulation | 0.00% | 0.00% |
| Negotiation | -10.00% | 5.00% |
| Total Adjustment (%) | -2.50% | -2.50% |
| Final Adjusted Price per sqm | 244 | 244 |
| Weights | 50.00% | 50.00% |
| Average Sales Value (/sqm) | 244 | |
| Land Area SQM | 27,605 | |
| Market Value (round) | 6,740,000 | |

Valuation

Income Approach



Discounted Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of **2.8%** per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past **13** years according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of **7.50%** was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of **10.30%** according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

| Period | 1 | 2 | 3 | 4 | 5 |
|---------------------------|------------|-----------|-----------|-----------|-------------|
| Occupancy (%) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Net Operation Income (SA) | 6,600,000 | 6,900,000 | 6,900,000 | 7,458,211 | 7,667,041 |
| Exit (SAR) | | | | | 102,227,208 |
| Present Value (SAR) | 6,182,445 | 5,859,896 | 5,312,689 | 5,206,243 | 69,548,736 |
| Fair Value (SAR) | 92,110,000 | | | | |

Valuation Summary

Opinion of Value

Abaad is of the opinion that the **Fair Value** of the Subject Property which comprises Al Baraka Warehouse, Riyadh, as of 31st December 2023, based upon assumptions and detail within this report, may be stated as follows:

Fair Value of the Subject Property by Income Approach is:

- **92,110,000** (Ninety Two Million One Hundred Ten Thousand Saudi Riyals).



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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Appendix 1: Property Documents



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وزارة الشؤون البلدية والقروية
أمارة منطقة الرياض
مركز الرياض

رقم السجل العقاري: ٢١-١١٤-٢١١٢٤
رقم الترخيص: ١١٤١٠٠٠٠٠٠٠٠٠٠٠
رقم السجل العقاري: ٢١-١١٤-٢١١٢٤
رقم الترخيص: ١١٤١٠٠٠٠٠٠٠٠٠٠٠

| الرقم | المساحة | الارتفاع | الحجم |
|-------|---------|----------|--------|
| ١ | ١١٢.٢٤ | ٣.٠٠ | ٣٣٦.٧٢ |
| ٢ | ١١٢.٢٤ | ٣.٠٠ | ٣٣٦.٧٢ |
| ٣ | ١١٢.٢٤ | ٣.٠٠ | ٣٣٦.٧٢ |
| ٤ | ١١٢.٢٤ | ٣.٠٠ | ٣٣٦.٧٢ |
| ٥ | ١١٢.٢٤ | ٣.٠٠ | ٣٣٦.٧٢ |

إجمالي المساحة: ١٦٨٣.٦٠
إجمالي الحجم: ٥٠٥٠٨.٨٠

تاريخ التسجيل: ١٤٣٤-٠١-١٠
موقع التسجيل: الرياض

أبعداد للتقييم العقاري

السلطنة العينية السود
وزارة الشؤون البلدية والقروية
أمارة منطقة الرياض
مركز الرياض

رقم السجل العقاري: ٢١-١١٤-٢١١٢٤
رقم الترخيص: ١١٤١٠٠٠٠٠٠٠٠٠٠٠
رقم السجل العقاري: ٢١-١١٤-٢١١٢٤
رقم الترخيص: ١١٤١٠٠٠٠٠٠٠٠٠٠٠

| الرقم | المساحة | الارتفاع | الحجم |
|-------|---------|----------|--------|
| ١ | ١١٢.٢٤ | ٣.٠٠ | ٣٣٦.٧٢ |
| ٢ | ١١٢.٢٤ | ٣.٠٠ | ٣٣٦.٧٢ |
| ٣ | ١١٢.٢٤ | ٣.٠٠ | ٣٣٦.٧٢ |
| ٤ | ١١٢.٢٤ | ٣.٠٠ | ٣٣٦.٧٢ |
| ٥ | ١١٢.٢٤ | ٣.٠٠ | ٣٣٦.٧٢ |

إجمالي المساحة: ١٦٨٣.٦٠
إجمالي الحجم: ٥٠٥٠٨.٨٠

تاريخ التسجيل: ١٤٣٤-٠١-١٠
موقع التسجيل: الرياض

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أبعاد
للتقييم العقاري

السجل العقاري
وزارة الشؤون البلدية والقروية والإسكان
رقم السجل: 123456789
رقم المخطط: 987654321
رقم الوحدة: 123456789

الاسم: محمد بن علي بن أحمد
الجنس: ذكر
تاريخ الميلاد: 1980-01-01
الجنسية: سعودي

| الرقم | الاسم | الجنس | تاريخ الميلاد | الجنسية |
|-------|-------------------------------|-------|---------------|---------|
| 1 | محمد بن علي بن أحمد | ذكر | 1980-01-01 | سعودي |
| 2 | فاطمة بنت محمد بن علي بن أحمد | أنثى | 1985-03-15 | سعودية |
| 3 | أحمد بن محمد بن علي بن أحمد | ذكر | 1990-05-20 | سعودي |
| 4 | سارة بنت محمد بن علي بن أحمد | أنثى | 1995-07-10 | سعودية |

المساحة الكلية: 1000 م²
المساحة المبنية: 500 م²
المساحة الحرة: 500 م²

الغرض من الاستخدام: سكني

تاريخ التسجيل: 2023-10-27

ملاحظات: هذه الوحدة هي من الوحدات المخصصة للإسكان الاجتماعي.

التوقيع: محمد بن علي بن أحمد
التوقيع: فاطمة بنت محمد بن علي بن أحمد
التوقيع: أحمد بن محمد بن علي بن أحمد
التوقيع: سارة بنت محمد بن علي بن أحمد

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.



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
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أبجد
للتقييم العقاري

Final Valuation Report

Al Bazaie Showroom, Riyadh

Musharaka Capital

21 March 2024

V230270

P230361

مشاركة
Musharaka



Introduction



Dear **Musharaka Capital**,
RE: Valuation of Al Bazaie Showroom, 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 Market Value for Acquisition & Financing 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 located in the eastern middle of Riyadh city in An Nasim District, along Khurais Road, on a regular plot of land with a flat topography. The total land area is **10,000 Sqm.**
- The property area is characterized by the presence of basic services such as electricity, water, lights, sewage, asphalt streets, and footpaths.
- The Subject property is located on Khurais Road with Abdul Rahman bin Auf Street. Khurais Road is considered one of the most important arterial roads on the eastern side of Riyadh.
- Based on the data provided by the client, the total build-up area is **12,068.4 Sqm.** It consists of a basement with an area of **5,000 Sqm,** a ground floor with an area of **5,787.4 Sqm,** in addition to a mezzanine floor with an area of **1,281 Sqm.**

Property Details

| Site Details | Information |
|-----------------------|---------------------------------------|
| District | An Nasim Al-Gharbi |
| Permitted Use | Commercial |
| Tenure | Freehold |
| Deed Number | 810104049341 |
| Deed Date | 19/05/1441H |
| Total Land Area (sqm) | 10,000 sqm |
| Owner | Hifth AIMusharaka Real Estate Company |



أبجد
للتقييم العقاري

Subject Property Pictures



Valuation Summary

| Site Details | Information |
|-------------------------|--|
| Report Type | Detailed Report |
| Other independent Users | Client - 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 | 71,240,000 |

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 was requested by Musharaka Capital on **19 December 2023** to provide a valuation of the freehold interest of Al Bazaie Showroom. We enclose the valuation within this Final Valuation Report.

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 **28 December 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
 - Building Permit
 - Property location
 - Income Information

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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.

Independence and non-conflict of interest

- We confirm that there is no conflict of interest with the client related to the work required or the asset subject to valuation, property owners and managers, tenants, real estate developer, property seller, or any other party.

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
Contract Details

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Title Information



Title Information

| ID | Description |
|-----------------|---|
| Owner | Hifth AlMusharaka Real Estate Company |
| Use | Commercial |
| Plot No. | 134 ,133 ,132 ,131 . 104 ,103 ,102 ,101 |
| Sub-Division | 911 |
| District | An-Nasim Al-Gharbi |
| Coordinates | 46°48'02.6"E 24°44'16.1"N |
| City | Riyadh |
| Ownership Type | Freehold |
| Title Deed Info | Deed No. 810104049341 |
| | Deed Date 19/05/1441H |

Dimensions and street widths

| Side | Dimension (m) | Street Name | Width (m) |
|-------|---------------|---------------------|-----------|
| North | 100 | Khurais | 80 |
| South | 100 | Al-Sharafa | 15 |
| East | 100 | Neighbor | - |
| West | 100 | Abdulrahman bin Auf | 60 |

Sources: Title Deed

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Public Transport – Riyadh Metro
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Micro Location
Property Description
Property Photographs

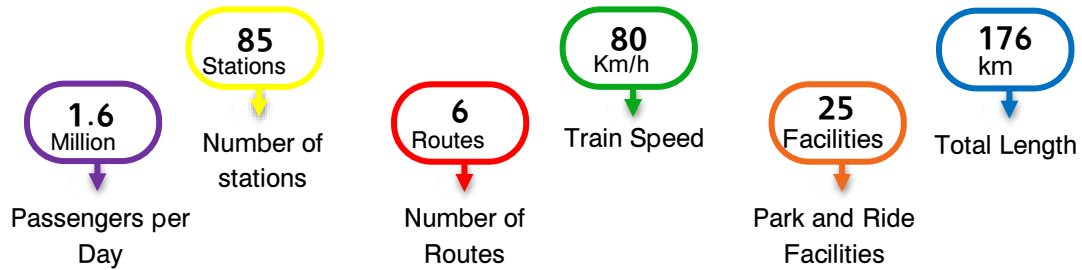
Valuation

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Public Transport – Riyadh Metro

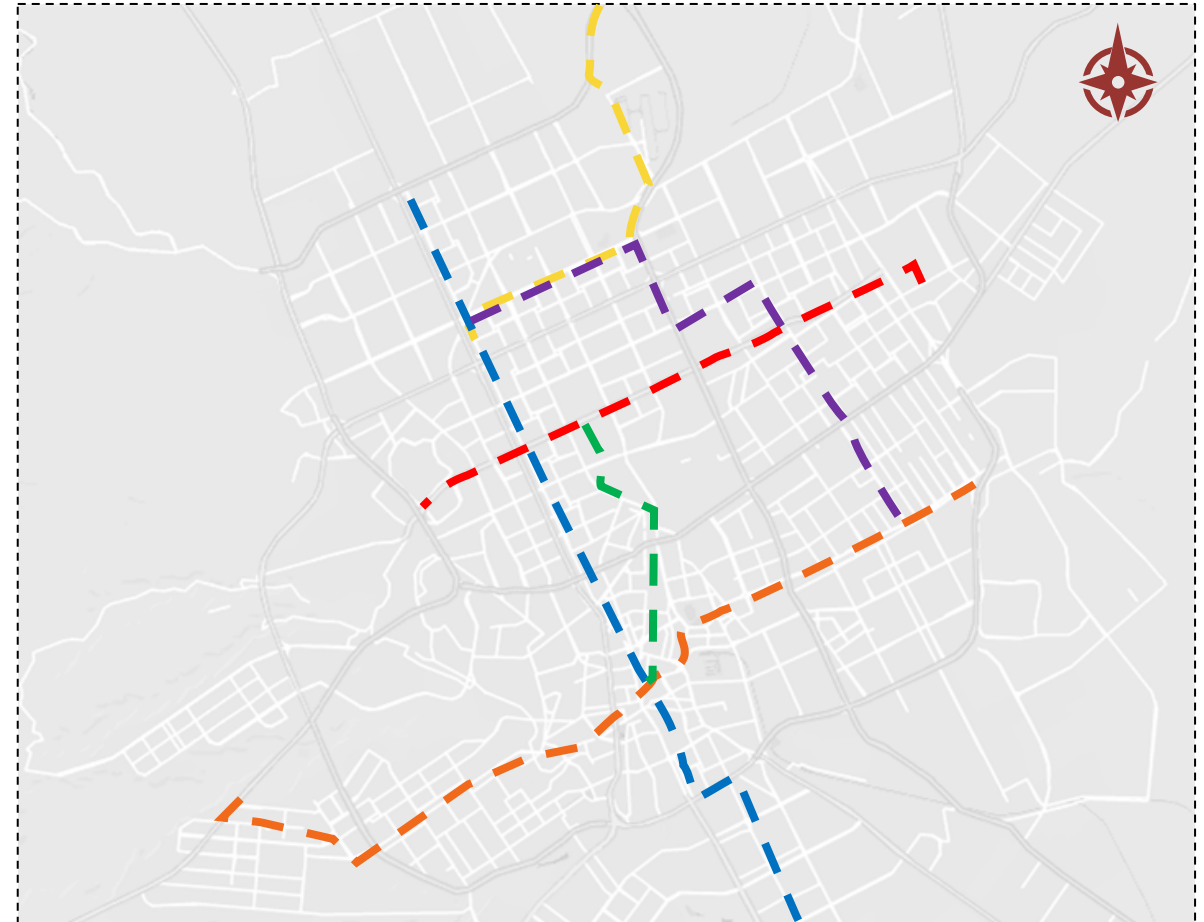
- Metro Riyadh is a high-speed transport system. It is currently under construction. It is one of the largest infrastructure projects in the City of Riyadh.
- The Metro is designed as a world-class transport system, including 756 metro cars, 85 stations, six metro lines, and a network spanning 176 kilometers.
- 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

Development Projects at City Level

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



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



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



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



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

Macro Location



The subject property is located in Riyadh, the Capital of the Kingdom of Saudi Arabia, and the largest of its cities. Riyadh is the largest Saudi city, with a total population of 10.5 million in 2021.

Riyadh is one of the largest Arabic cities in terms of area. The developed area of the city is around 1,913 square kilometers.

Riyadh is witnessing significant infrastructure and public transport development, with the Riyadh Metro Project and the Public Transport Project currently in progress.

The Subject property is approximately 8.5 km from the city center and about 24 km from King Khalid International Airport and is located in the King Fahd district in Riyadh.

Site Location Analysis

Micro Location

Subject Property Description

- The subject property is located in the eastern middle of Riyadh city in An Nasim District, along Khurais Road, on a regular plot of land with a flat topography. The total land area is **10,000 Sqm**.
- The property area is characterized by the presence of basic services such as electricity, water, lights, sewage, asphalt streets, and footpaths.
- The Subject property is located on Khurais Road with Abdul Rahman bin Auf Street. Khurais Road is considered one of the most important arterial roads on the eastern side of Riyadh.
- Based on the data provided by the client, the total build-up area is **12,068.4 Sqm**. It consists of a basement with an area of **5,000 Sqm**, a ground floor with an area of **5,787.4 Sqm**, in addition to a mezzanine floor with an area of **1,281 Sqm**.

Property Details

| Description | Details |
|---------------------------|-----------|
| Total Land Area (Sqm) | 10,000 |
| Total Build-up Area (Sqm) | 12,068.40 |
| Number of Showrooms | 1 |

Property Location



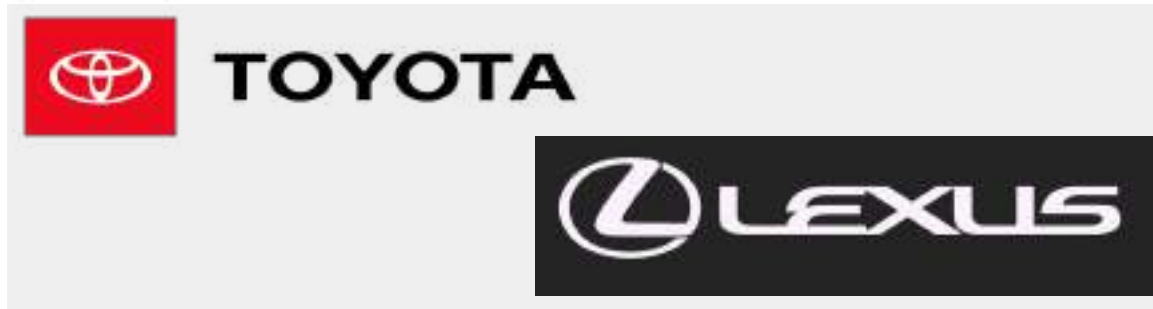
Site Location Analysis

Property Description

Location analysis at the district level

- The subject property includes a car showroom on the ground floor in addition to offices on the mezzanine floor and a basement for parking.
- According to the information provided by the client, The subject property is fully leased to Al-Bazaei Motors Showroom, for a period of 10 years, extendable for a period of 5 years.
- The property is located on a plot of land of 10,000 Sqm, owned by Musharaka REIT, and has a full lease agreement in favor of Saleh Abdullah Al-Bazai & Sons Company, the agent of Toyota and Lexus cars in the central region and the exclusive agent of Skoda cars in the Kingdom of Saudi Arabia.
- We would like to note that Abaad that the property was valuated based on the data received from the client.

Some Brands in the Commercial Complex



| Description | Details |
|---------------------|------------|
| Total GLA (sqm) | 7,068.4 |
| Build-up Area (sqm) | 12,068.4 |
| No. of Showrooms | 1 Showroom |
| Occupancy Rate (%) | 100 |

Site Location Analysis

Property Photographs



أبعاد
للتقييم العقاري



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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

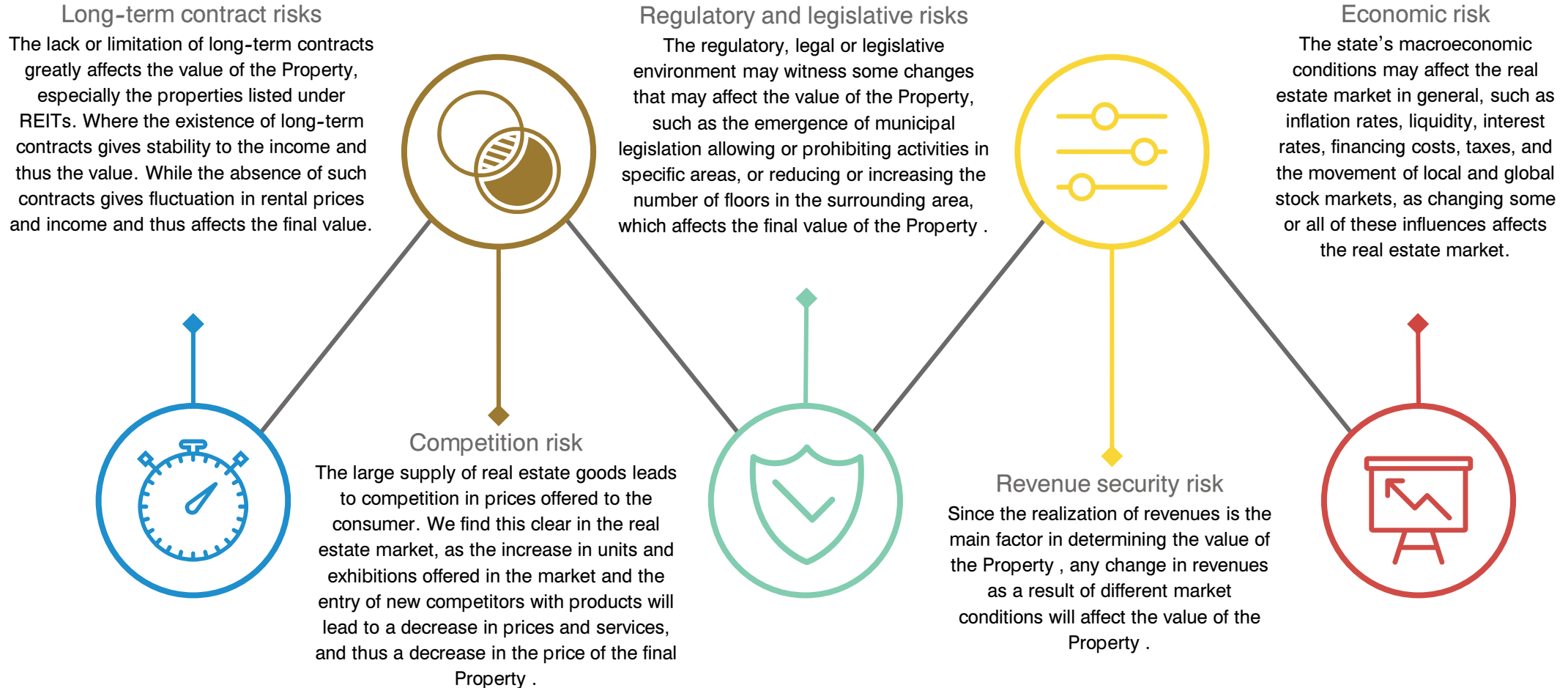
The property income represents the revenue derived from the rent payments received during a year.

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



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

Income Analysis

Property Details

- Abaad team analyzed the income data provided by the client and conducted field research to verify the rental value of Al Bazaie Car Showroom compared to the Riyadh market. The table on the right side summarizes the results of the field research.
- According to the results of the field research, the rental prices for commercial showrooms in Riyadh city range from **400** to **900** SAR/Sqm, and vary according to the location and area, and the duration of the contract.
- in order to verify the actual Yield rate for the property. Based on the results of field research, the Yield rates range from **8%** to **9.5%** and vary according to the location, tenants, occupancy rate, and other properties of the property.
- According to the statement from the client, the property undervaluation enjoys a lease contract with Saleh Abdullah Al-Bazaie & Sons Company for **10** years, bound by order bonds, in addition to the possibility of extension for another **5** years.
- Moreover, the lease agreement stipulates a net rental value equivalent to **6** million SAR/Year. The rental value constitutes **8.5%** as a return on the purchase price (according to the client information).
- The table on the left shows the rental prices in the area of the property undervaluation.

Rental Prices Summary

| Details | Rent Rate |
|-----------------------------|-----------|
| Small Rent Rate (SAR/Sqm) | 700-900 |
| Large Rent Rate (SAR/Sqm) | 400-600 |
| Offices Rent Rate (SAR/Sqm) | 600-900 |

Valuation

Valuation Input

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 (%) |
|-----------------|--------|--------|--------------|
| 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 **8.50%**.

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 **11.30%**.



Valuation

Income Approach



Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of **2.8%** per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of **8.50%** was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of **11.30%** according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.
- As per the client given information, the total annual income of the showroom is at **6,000,000** at the Year **2023**. Based on this data, we have computed the fair value of the property as below:

| Period | 2024 | 2025 | 2026 | 2027 | 2028 |
|----------------------------|------------|-----------|-----------|-----------|------------|
| Net Operation Income (SAR) | 6,168,000 | 6,340,704 | 6,518,244 | 6,700,755 | 6,888,376 |
| Exit Value (SAR) | | | | | 81,039,714 |
| Present Value (SAR) | 5,541,779 | 5,118,552 | 4,727,648 | 4,366,596 | 51,481,574 |
| Fair Value (SAR) | 71,240,000 | | | | |

Valuation Summary

Opinion of Value

Abaad is of the opinion that the **Fair Value** of the Subject Property which comprises Al Bazaie Showroom, Riyadh, as of 31st December 2023, based upon assumptions and detail within this report, may be stated as follows:

Fair Value of the Subject Property by Income Approach is:

- 71,240,000 (Seventy-One Million Two Hundred Forty Thousand Saudi Riyals).

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

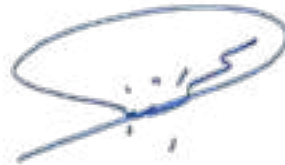
Taqeem ID: 1210000392

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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للتقييم العقاري



Abaad & Partner For Real Estate Valuation Co.

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أبجد
للتقييم العقاري

Final Valuation Report

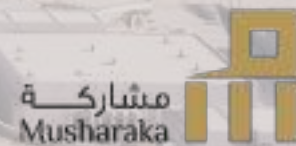
Al Faisaliyya Plaza, Dammam

Musharaka Capital

21 March 2024

V230270

P230361



Introduction



Dear **Musharaka Capital**,
RE: Valuation of Al Faisaliyya Plaza, Dammam.

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 Market Value for Acquisition & Financing 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

- Al Faisaliyya Plaza is located on a regular plot of land with flat topography, with an area of **10,779.50 Sqm.**
- The property includes many different stores in terms of spaces and features (**29 stores**). The total leasable area is **5,592.83 Sqm.**
- The property area is characterized by the presence of all basic services such as electricity, water, lights, sewage, asphalt streets, and footpaths.
- Al Faisaliyya Plaza is located on the main street so that King Fahd Road passes from the northern side of the property, and it is considered one of the main roads in Dammam because it connects the eastern side with the western side.

Property Details

| Site Details | Information |
|-----------------------|---------------------------|
| District | Al-Faisaliah |
| Permitted Use | Commercial |
| Tenure | Leasehold |
| Deed Number | Multiple |
| Deed Date | 05/11/1427H |
| Total Land Area (sqm) | 10,779.50 sqm |
| Owner | Bader Bin Nasser Al Ateeq |

Subject Property Pictures



Valuation Summary

| Site Details | Information |
|-------------------------|--|
| Report Type | Detailed Report |
| Other independent Users | Client - 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 | 23,000,000 |

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 was requested by Musharaka Capital on **19 December 2023** to provide a valuation of the freehold interest of Al Faisaliyya Center. We enclose the valuation within this Final Valuation Report.

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 **24 December 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
 - Building Permit
 - Property location
 - Income Information
 - Land Rent Costs

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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.

Independence and non-conflict of interest

- We confirm that there is no conflict of interest with the client related to the work required or the asset subject to valuation, property owners and managers, tenants, real estate developer, property seller, or any other party.

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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Title Information
Contract Details

Title Information

Title Information Plot No.1

| ID | Description | | |
|-----------------|---------------------------|--------------|---------------|
| Owner | Bader Bin Nasser Al Ateeq | | |
| Use | Commercial | | |
| Plot No. | 1 | | |
| Sub-Division | 414 | | |
| District | Al-Faisaliah | | |
| Coordinates | 50° 3'25.31"E | | 26°24'13.08"N |
| City | Dammam | | |
| Ownership Type | Leasehold | | |
| Title Deed Info | Deed No. | 330102003013 | |
| | Deed Date | 05/11/1427H | |

Dimensions and street widths

| Side | Dimension (m) | Street Name | Width (m) |
|-------|---------------|----------------------|-----------|
| North | 40.41 | King Fahad St | 150 |
| South | 40.00 | Al-Tariyfah St | 16 |
| East | 39.60 | Abdullah bin Omar St | 20 |
| West | 45.36 | Neighbor | - |

Title Information Plot No.2

| ID | Description | | |
|-----------------|---------------------------|--------------|---------------|
| Owner | Bader Bin Nasser Al Ateeq | | |
| Use | Commercial | | |
| Plot No. | 2 | | |
| Sub-Division | 414 | | |
| District | Al-Faisaliah | | |
| Coordinates | 50° 3'25.31"E | | 26°24'13.08"N |
| City | Dammam | | |
| Ownership Type | Leasehold | | |
| Title Deed Info | Deed No. | 430101003930 | |
| | Deed Date | 06/11/1427H | |

Dimensions and street widths

| Side | Dimension (m) | Street Name | Width (m) |
|-------|---------------|----------------|-----------|
| North | 40.41 | King Fahad St | 150 |
| South | 40 | Al-Tariyfah St | 16 |
| East | 45.36 | Neighbor | - |
| West | 51.12 | Neighbor | - |

Sources: Title Deed

Title Information

Title Information Plot No.3

| ID | Description | | |
|-----------------|---------------------------|--------------|---------------|
| Owner | Bader Bin Nasser Al Ateeq | | |
| Use | Commercial | | |
| Plot No. | 3 | | |
| Sub-Division | 414 | | |
| District | Al-Faisaliah | | |
| Coordinates | 50° 3'25.31"E | | 26°24'13.08"N |
| City | Dammam | | |
| Ownership Type | Leasehold | | |
| Title Deed Info | Deed No. | 330105002281 | |
| | Deed Date | 05/11/1427H | |

Dimensions and street widths

| Side | Dimension (m) | Street Name | Width (m) |
|-------|---------------|----------------|-----------|
| North | 40.41 | King Fahad St | 150 |
| South | 40.00 | Al-Tariyfah St | 16 |
| East | 51.12 | Neighbor | - |
| West | 56.88 | Neighbor | - |

Title Information Plot No.4

| ID | Description | | |
|-----------------|---------------------------|--------------|---------------|
| Owner | Bader Bin Nasser Al Ateeq | | |
| Use | Commercial | | |
| Plot No. | 4 | | |
| Sub-Division | 414 | | |
| District | Al-Faisaliah | | |
| Coordinates | 50° 3'25.31"E | | 26°24'13.08"N |
| City | Dammam | | |
| Ownership Type | Leasehold | | |
| Title Deed Info | Deed No. | 430101003931 | |
| | Deed Date | 06/11/1427H | |

Dimensions and street widths

| Side | Dimension (m) | Street Name | Width (m) |
|-------|---------------|----------------|-----------|
| North | 40.41 | King Fahad St | 150 |
| South | 40 | Al-Tariyfah St | 16 |
| East | 56.88 | Neighbor | - |
| West | 62.64 | Neighbor | - |

Sources: Title Deed

Tenure

Title Information



Title Information Plot No.5

| ID | Description | |
|-----------------|-----------------------------|--------------|
| Owner | Bader Bin Nasser Al Ateeq | |
| Use | Commercial | |
| Plot No. | 5 | |
| Sub-Division | 414 | |
| District | Al-Faisaliah | |
| Coordinates | 50° 3'25.31"E 26°24'13.08"N | |
| City | Dammam | |
| Ownership Type | Leasehold | |
| Title Deed Info | Deed No. | 330102003932 |
| | Deed Date | 06/11/1427H |

Dimensions and street widths

| Side | Dimension (m) | Street Name | Width (m) |
|-------|---------------|---------------|-----------|
| North | 40.41 | King Fahad St | 150 |
| South | 40.00 | Al-Tariyah St | 16 |
| East | 62.64 | Neighbor | - |
| West | 68.4 | 15 St | 25 |

Sources: Title Deed

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Site Location Analysis

- Macro Location
- Micro Location
- Property Description
- Property Photographs

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Site Location Analysis

Macro Location

- Al Faisaliyya Plaza is located in the southeastern part of Dammam, which is one of the governorates of the Eastern Province in the Kingdom of Saudi Arabia.
- The total urban area of Dammam is **800** square kilometers, with a population of about **903,000** people. The city of Dammam is also characterized by the presence of a good infrastructure that allows it to be a commercial and industrial center, and the presence of seaports, and residential areas that increase commercial activity in the region.
- The subject property is located in Al-Faisaliah district. The area surrounding the property includes developing space, in addition to many complexes, commercial centers, and residential buildings.

Accessibility

- Al Faisaliyya Plaza is located on the main street so that King Fahd Road passes from the northern side of the property. It is considered one of the main roads in Dammam because it connects the eastern side with the western side, in addition to that it extends to the Khobar Governorate and connects between Dammam and Khobar.
- The subject property can be reached directly through Omar Ibn Al-Khattab Street, in addition to the Dhahran-Jubail Expressway, which is a secondary road leading to King Fahd Road, the main road leading to Al Faisaliyya Plaza.

Property Location



Site Location Analysis

Property Description

Location analysis at the district level

- Al Faisaliyya Plaza is located on a regular plot of land with flat topography. The land area is 10,779.50 Sqm.
- The property includes many commercial units (29 units).
- The property consists of a mezzanine ground floor and a first floor, and the build-up area is 7,495 Sqm.
- The property area is characterized by a commercial building system consisting of a ground floor, a mezzanine, and a first floor.
- The property area is characterized by the presence of basic services such as electricity, water, lights, sewage, asphalt streets, and footpaths.
- Based on the information provided by the client, the coverage ratio (according to the current construction condition) is 39%.

Property Information Summary

| Description | Details |
|-------------------------------------|-----------|
| Total Land Area (m2) | 10,779.50 |
| Total Build-up Area (m2) | 7,495 |
| Total Leasable Area (m2) | 5,592.8 |
| Coverage (/) | 39 |
| Number of Commercial Units (Number) | 29 |
| Property Age (Estimated) | 10 Years |



Property Map



Site Location Analysis

Property Photographs



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للتقييم العقاري



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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

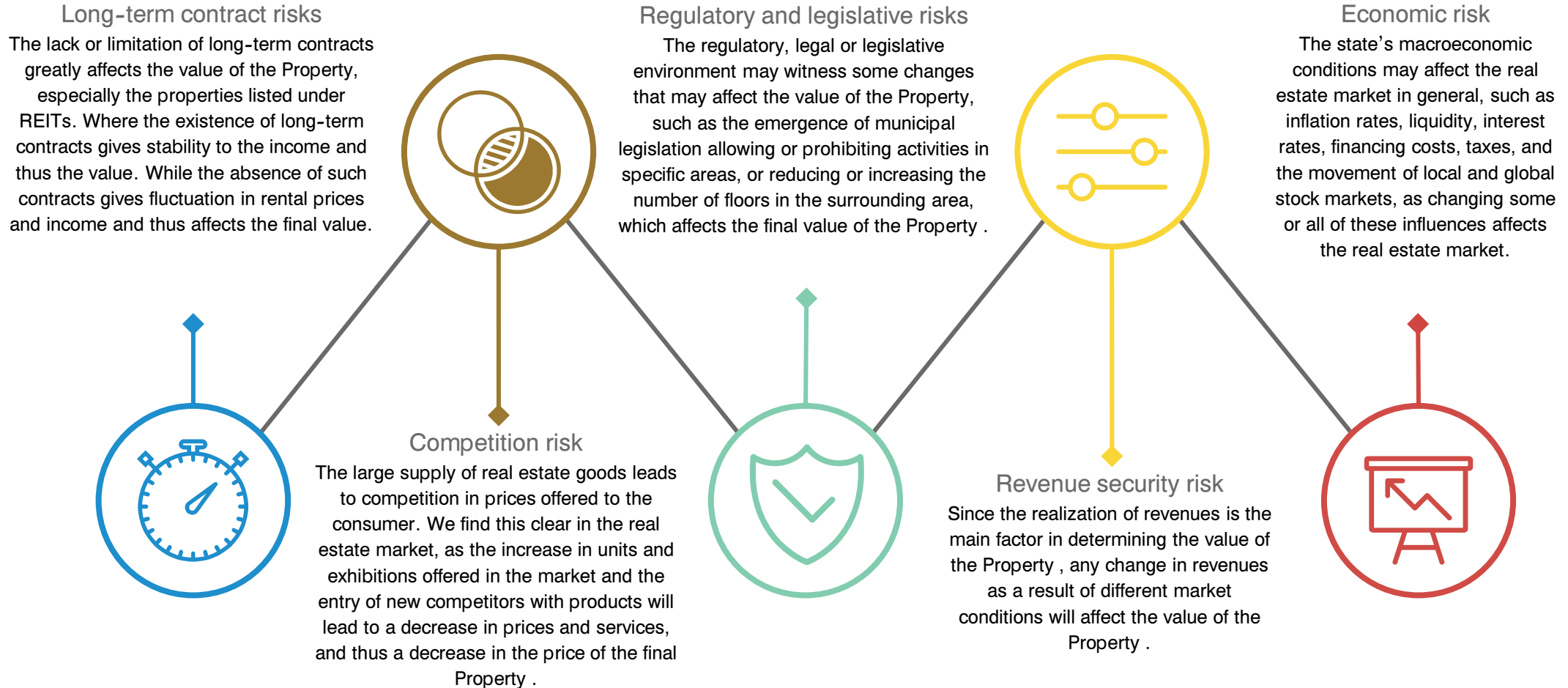
The property income represents the revenue derived from the rent payments received during a year.

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



Valuation

Leasing Details

Market Commentary

- Abaad team analyzed the income data provided by the client and conducted field research to verify the rental value of the Al-Faisaliah Center with Dammam market.
- In addition, we have made some research on the Yield rate for the property undervaluation.
- By looking at the list of retail rents for tenants and confirming it with the rental prices in the surrounding area for similar projects, Abaad team confirms that the rent is within the rental market range.
- According to the information provided by the client, the property enjoys lease contracts with a total income of 6.3 million SAR per year. Moreover, the operating expenses of the property are 5.0%, which is considered less than the market range, which is ranging from 7% to 15%, according to the experience of Abaad team in the retail sector.
- The table below shows the rental prices in the Subject Site's surrounding area.

Rental Prices Summary

| Details | Rent Rate |
|---------------------------------|-------------|
| Small Rent Rate (SAR/Sqm) | 1,500-2,000 |
| Large Rent Rate (SAR/Sqm) | 900-1,300 |
| Supermarket Rent Rate (SAR/Sqm) | 500-600 |

Valuation

Income Approach



Discount Cash Flow

- The following cash flow is over 10 years, and it was used the following inputs:
- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of 10.80% according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

| Period | 2024 | 2025 | 2026 | 2027 | 2028 | 2039 | 2030 | 2031 | 2032 | 2033 |
|---|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total GLA (Sqm) | 5,592.83 | 5,592.83 | 5,592.83 | 5,592.83 | 5,592.83 | 5,592.83 | 5,592.83 | 5,592.83 | 5,592.83 | 5,592.83 |
| Average Lease Rate with inflation (SAR/Sqm) | 1,261.03 | 1,296.34 | 1,332.64 | 1,369.95 | 1,408.31 | 1,447.74 | 1,488.28 | 1,529.95 | 1,572.79 | 1,616.83 |
| (%)Occupancy | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Total Revenue with Inflation (SAR) | 7,052,744 | 7,250,221 | 7,453,227 | 7,661,917 | 7,876,451 | 8,096,991 | 8,323,707 | 8,556,771 | 8,796,361 | 9,042,659 |
| Vacancies (%) | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% |
| Vacancies (SAR) | 254,010 | 261,122 | 268,434 | 275,950 | 283,676 | 291,619 | 299,785 | 308,179 | 316,808 | 325,678 |
| Gross Potential Income (GPI) (SAR) | 6,798,734 | 6,989,098 | 7,184,793 | 7,385,967 | 7,592,774 | 7,805,372 | 8,023,923 | 8,248,592 | 8,479,553 | 8,716,980 |
| Land Cost with Inflation (SAR) | 2,981,200 | 3,064,674 | 3,150,484 | 3,238,698 | 3,329,382 | 3,422,604 | 3,518,437 | 3,616,953 | 3,718,228 | 3,822,338 |
| Operation Expenses (%) | 4.8% | 4.8% | 4.8% | 4.8% | 4.8% | 4.8% | 4.8% | 4.8% | 4.8% | 4.8% |
| Operation Expenses (SAR) | 326,672 | 335,818 | 345,221 | 354,887 | 364,824 | 375,039 | 385,541 | 396,336 | 407,433 | 418,841 |
| Net Operation Income (SA) | 3,490,862 | 3,588,606 | 3,689,087 | 3,792,382 | 3,898,569 | 4,007,728 | 4,119,945 | 4,235,303 | 4,353,892 | 4,475,801 |
| Present Value (SAR) | 3,150,598 | 2,923,118 | 2,712,062 | 2,516,246 | 2,334,567 | 2,166,006 | 2,009,616 | 1,864,517 | 1,729,895 | 1,604,993 |
| Fair Value (SAR) | 23,000,000 | | | | | | | | | |

Valuation Summary

Opinion of Value

Abaad is of the opinion that the **Fair Value** of the Subject Property which comprises Al Faisaliya Showroom, Dammam, as of 31st December 2023, based upon assumptions and detail within this report, may be stated as follows:

Fair Value of the Subject Property by Income Approach is:

- 23,000,000 SAR (Twenty-Three Million Saudi Riyals).



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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Appendix 1: Subject Property Documents

Appendix 2: Valuation Glossary

Appendix 1: Property Documents



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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Final Valuation Report

AlKharj Commercial Center, AlKharj

Musharaka Capital

21 March 2024
V230270
P230361



Introduction



Dear **Musharaka Capital**,

RE: Valuation of AIKharj Commercial Center, AIKharj.

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 Market Value for Acquisition & Financing 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

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Registration Certificate



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Property Overview

- AlKharj Commercial Center is on a regular shaped parcel of land, with an area of 16,095.97 Sqm.
- The Commercial Center includes many retail (18 retails), in addition to the Danube supermarket. The total built-up area is 9,521.1 Sqm.
- The property area is characterized by the presence of all basic services such as electricity, water, lighting, sewage, asphalt streets, and a footpath.
- Al-Kharj Commercial center is located on four streets, so King Abdullah Road passes from the southern side of the property. It is considered one of the main roads in Al-Kharj because it connects the eastern side of the governorate with the western side.

Property Details

| Site Details | Information |
|-----------------------|---------------------------------------|
| District | Ghornatah |
| Permitted Use | Commercial Center |
| Tenure | Freehold |
| Deed Number | 511507006268 - 711508007003 |
| Deed Date | 24/3/1441H |
| Total Land Area (sqm) | 16,095.97 Sqm |
| Owner | Hifth AIMusharaka Real Estate Company |



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Subject Property Pictures



Valuation Summary

| Site Details | Information |
|-------------------------|--|
| Report Type | Detailed Report |
| Other independent Users | Client - 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 | 62,810,000 |

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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Valuation Terms



Introduction

- Abaad was requested by Musharaka Capital on 19 December 2023 to provide a valuation of the freehold interest of Al Kharj Plaza. We enclose the valuation within this Final Valuation Report.

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 December 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:
 - Subject Location
 - Title Deed
 - Building Permit
 - Income Information

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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.

Independence and non-conflict of interest

- We confirm that there is no conflict of interest with the client related to the work required or the asset subject to valuation, property owners and managers, tenants, real estate developer, property seller, or any other party.

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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Title Information
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Title Information

Title Information Plot No.1

| ID | Description | | |
|-----------------|---------------------------------------|---------------|--|
| Owner | Hifth AIMusharaka Real Estate Company | | |
| The Property | AlKharj Commercial Center | | |
| Plot No. | 120 | | |
| Sub-Division | 1456 | | |
| District | Ghornatah | | |
| Coordinates | 24° 8'20.08"N | 47°16'43.15"E | |
| City | AlKharj | | |
| Ownership Type | Freehold | | |
| Title Deed Info | Deed No. | 511507006268 | |
| | Deed Date | H 24/3/1441 | |

Dimensions and street widths

| Side | Dimension (m) | Street Name | Width (m) |
|-------|---------------|------------------------|-----------|
| North | 82.15 | Unnamed | 20 |
| South | 80 | Al Malik Abdullah Road | 60 |
| East | 141.1 | Unnamed | 6 |
| West | 140.5 | Unnamed | 40 |

Sources: Title Deed

Title Information Plot No.2

| ID | Description | | |
|-----------------|---------------------------------------|---------------|--|
| Owner | Hifth AIMusharaka Real Estate Company | | |
| The Property | AlKharj Commercial Center | | |
| Plot No. | 119 | | |
| Sub-Division | 1456 | | |
| District | Ghornatah | | |
| Coordinates | 24° 8'20.08"N | 47°16'43.15"E | |
| City | AlKharj | | |
| Ownership Type | Freehold | | |
| Title Deed Info | Deed No. | 711508007003 | |
| | Deed Date | H 24/3/1441 | |

Dimensions and street widths

| Side | Dimension (m) | Street Name | Width (m) |
|-------|---------------|------------------------|-----------|
| North | 57.5 | Unnamed | 6 |
| South | 60.35 | Al Malik Abdullah Road | 60 |
| East | 82.9 | Unnamed | 15 |
| West | 80.25 | Neighbor | - |

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Site Location Analysis

- Macro Location
- Micro Location
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Site Location Analysis

Macro Location

- AlKharj Commercial Center is located western part of Al-Kharj Governorate, one of the governorates of the capital of the Kingdom of Saudi Arabia.
- The total urban area of Riyadh is **19,790** square kilometers, with a population of about **400,000** people.
- Al-Kharj Governorate is located southwest of the city of Riyadh. Al-Kharj includes a group of real estate, considered one of the demand generators and one of the leading destinations for the residents of Al-Kharj, such as Al-Hadithi Mall, Go Mall, Panorama Mall, Oasis Mall, and Al-Kharj Park. The property undervaluation is located in Al-Khuzama neighborhood near Prince Sattam bin Abdulaziz University.
- The area surrounding the property includes developing spaces and many complexes, commercial centers, and residential buildings.

Accessibility

- Al-Kharj Commercial Complex is characterized as is located on 4 streets, so King Abdullah Road passes from the southern side of the property, and it is considered one of the main roads in Al-Kharj because it connects the eastern side of the governorate with the western side of it.
- In addition, Prince Sattam bin Abdulaziz Road passes from the western side of Al-Kharj Center. As for the other two frontages, they overlook internal streets and border the site from the north and east. The property can be reached directly through King Abdullah Road.

Macro Location of the subject property



Site Location Analysis

Property Description

- AlKharj Commercial Center is on a regular shaped parcel of land, with an area of **16,095.97 Sqm.**
- The Commercial Center includes many retail (**18** retails), in addition to the Danube supermarket. The total built-up area is **9,521.1 Sqm.**
- The property area is characterized by the presence of all basic services such as electricity, water, lights, sewage, asphalt streets, and a footpath.
- The subject property building regulation is commercial building with a total number of floors up to **2.5** floors, as shown in the building regulations in the subject property area.
- Based on the data provided by the client, the coverage ratio (depending on the current construction condition) is **56%.**
- The property under valuation features **2** entrances and exits for traffic, one of which is located on King Abdullah Road, and the other is located on Prince Sattam bin Abdulaziz Road.

Property Details

| Details | Description |
|---------------------|------------------|
| Land Area (Sqm) | 16,095.97 |
| Build-up Area (Sqm) | 9,521.1 |
| Coverage Ratio (%) | 56 |
| Number of Units | 18 |
| Building Age | 12 Years |

Property Location



Site Location Analysis

Property Description

- The property under valuation consists of a total number of showrooms equivalent to 18 showrooms, and a building area of 9,521.1 square meters.
- According to the information provided by the client, Al-Kharj Mall includes many brands, such as Danube, Red Tag, Kudu, Maestro Pizza and other brands and the total leased area reaches 8,839.13 square meters.
- Most of the retail areas within Al Kharj Mall range from 95 m² to 140 m², and the complex also includes two shops with an area ranging from 2,060 m² to 4,827 m² for both Red Tag and Danube Supermarket, respectively.
- The property is located on a land area of 16,095.99 square meters, owned by Hefd Musharakah Real Estate Company.
- Moreover, the property under valuation includes McDonald's restaurant located along King Abdullah Road, with a rental area of 937.6 m².

Some Brands in the Commercial Complex



Property Details

| Description | Details |
|---------------------|-----------|
| Land Area (Sqm) | 16,095.97 |
| Build-up Area (Sqm) | 9,521.1 |
| GLA (Sqm) | 9,403.40 |
| Occupied GLA (Sqm) | 8,839.13 |
| Number of Units | 18 |
| Building Age | 12 Years |

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

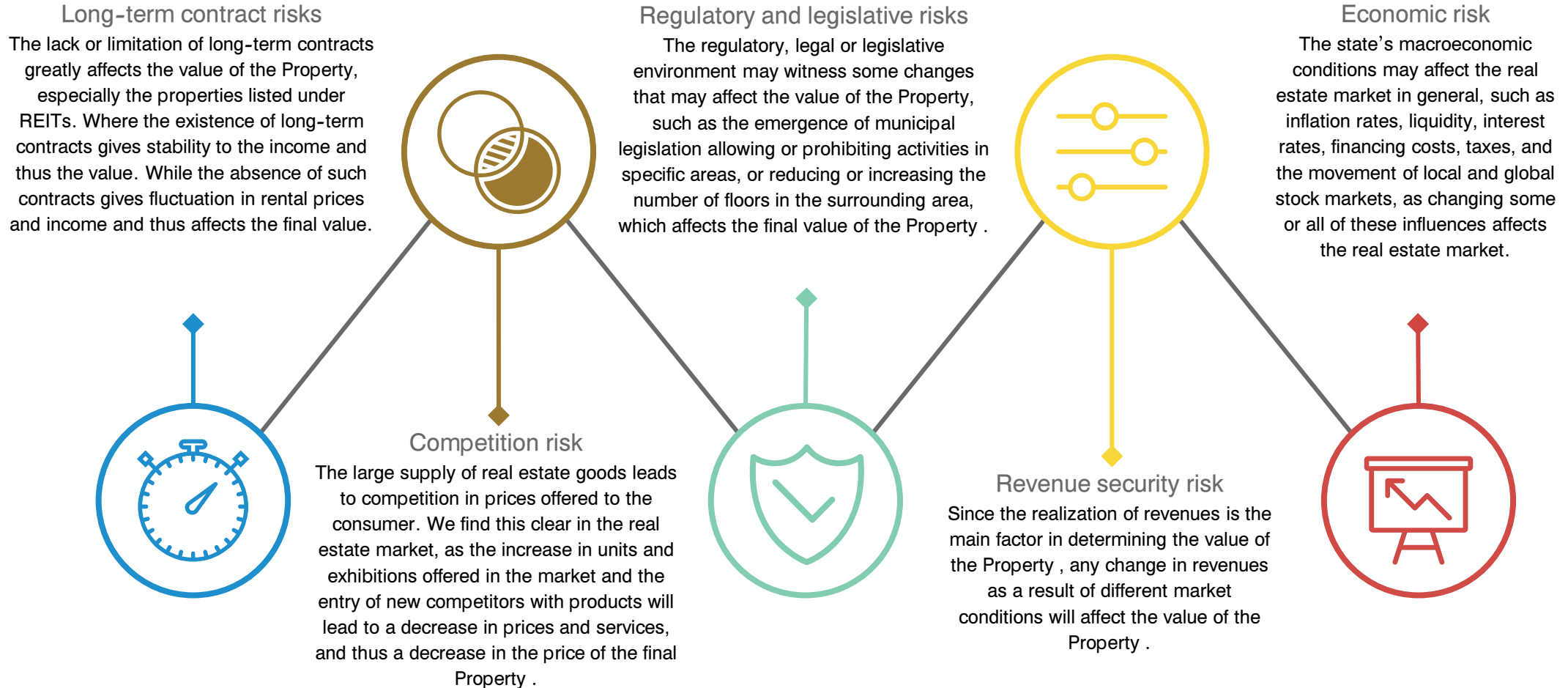
The property income represents the revenue derived from the rent payments received during a year.

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



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 **8.50%**.

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 **11.30%**.

Valuation

Leasing Details

Market Commentary

- Abaad team analyzed the income data provided by the client and conducted field research to verify the rental value of the AlKharj center compared to the AlKharj market. The table on the left summarizes the results of the field research for the residential compound.
- In addition, we have made some research on the Yield rate for the property undervaluation. Based on the results of the research, the Yield rates for residential compounds range from 8.0% to 9.50% and it is dependent according to the location, type, quality of units, and occupancy rate.
- According to the client information, the compound enjoys lease contracts with a Net Operating Income of 4.9 million SAR per year. Also, each contract has services fees of 5% to be added to the lease value. Thus, the total income would be 5.3 million SAR.
- Regarding operating costs, the operating expenses provided by the client were reviewed, and the expertise of the Dimensions team for property valuation in the market was consulted. Additionally, some operational contracts for commercial centers were reviewed, which showed that the operating expenses for Al-Kharj Mall are 5.9% and are considered lower than the market range, which ranges between 7% - 15%.
- The table below shows the rental prices in the Subject Site area.

Rental Prices Summary

| Details | Rent Rate |
|------------------------------|-------------|
| Small Retail Rents (SAR/Sqm) | 1,100-1,300 |
| Large Retail Rents (SAR/Sqm) | 400-550 |
| Restaurants Rents (SAR/Sqm) | 1,200-1,700 |

Valuation

Income Approach



Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of 8.50% was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of 11.30% according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

| Period | 2024 | 2025 | 2026 | 2027 | 2028 |
|--|-------------------|-----------|-----------|-----------|------------|
| Total Leasable Area (sqm) | 9,403.96 | 9,403.96 | 9,403.96 | 9,403.96 | 9,403.96 |
| Average Leasable Rate with Inflation (SAR) | 630.9 | 648.6 | 666.7 | 685.4 | 704.6 |
| Occupancy (%) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Total Expected Income (SAR) | 5,932,978 | 6,099,101 | 6,269,876 | 6,445,433 | 6,625,905 |
| Vacancies (%) | 3.5% | 2.5% | 2.5% | 2.5% | 2.5% |
| Vacancies (SAR) | 208,150 | 152,478 | 156,747 | 161,136 | 165,648 |
| Gross Effective Income (SAR) | 5,724,827 | 5,946,624 | 6,113,129 | 6,284,297 | 6,460,257 |
| Operation Expenses Rate (%) | 5.9% | 5.9% | 5.9% | 5.9% | 5.9% |
| Operation Expenses (SAR) | 338,085 | 351,183 | 361,016 | 371,125 | 381,516 |
| Net Operation Income (SAR) | 5,386,743 | 5,595,441 | 5,752,113 | 5,913,172 | 6,078,741 |
| Exit (SAR) | | | | | 71,514,599 |
| Present Value (SAR) | 4,839,841 | 4,516,936 | 4,171,977 | 3,853,362 | 45,430,616 |
| Fair Value (SAR) | 62,810,000 | | | | |

Valuation Summary

Opinion of Value

Abaad is of the opinion that the **Fair Value** of the Subject Property which comprises Al Kharj Plaza, as of 31st December 2023, based upon assumptions and detail within this report, may be stated as follows:

Fair Value of the Subject Property by Income Approach is:

- 62,810,000 SAR (Sixty-Two Million Eighty One Hundred Thousand Saudi Riyals).

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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Appendix 1: Property Documents



المجلس الأعلى للإسكان
سلطنة عمان
[2017]
كانة خليل حافظ الخرج

رقم: 1111-11-1111
التاريخ: 11/11/11 هـ

صك

المصدر: له وحدة والمصلحة والسلام على من 11 بعدد 1111
في تاريخ 11/11/11 هـ من المنطقة رقم 1111 في من طرفه مساحة الخرج
وحدتها وأصولها ممتلكاتي
شعاعاً شارع عرض 20 م بطول 1111 متر و الحدون متر و خمسة عشر متلتر
منطقة شارع عرض 10 م بطول 1111 متر
شرفاً من مساحة عرض 1111 متر و وحدة 1111 متر و واحد و أربعين متر و شرفاً
مستلتر
الحدود شارع عرض 10 م بطول 1111 متر و أربعون متر و خمسون متلتر
ومساحتها 1111 متر و اثنين و ستون متر مربعاً و أربعة عشر متلتر مربعاً فقط
والمساحة في طرفها غير المساحة الصادر من هذه الكفاية رقم 1111-11-1111 هـ
في التملك بتطبيقاته في شرفه مساحه 1111 متر مربعاً بموجب سجل تجاري رقم 1111/11-11 هـ
والتكفي في 11/11 هـ بشرط رقم 1111/11 مساحه عشر متلتر و شرفاً واحد و أربعين متر
خمسة و خمسون متر و شرفاً واحد و اثنين و ستون متر مربعاً و واحد و اثنين و
مصدره واحد و واحد و واحد.

خاتمة الصك
علي بن عبد العزيز بن علي فهميد

11/11/11 هـ

المجلس الأعلى للإسكان
سلطنة عمان
[2017]
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شرفاً شارع عرض 10 م و وحدة 1111 متر و واحد و اثنين و ستون متر
مستلتر
الحدود شارع عرض 10 م بطول 1111 متر و أربعون متر و خمسون متلتر
ومساحتها 1111 متر و اثنين و ستون متر مربعاً و أربعة عشر متلتر مربعاً فقط
والمساحة في طرفها غير المساحة الصادر من هذه الكفاية رقم 1111-11-1111 هـ
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خمسة و خمسون متر و شرفاً واحد و اثنين و ستون متر مربعاً و واحد و اثنين و
مصدره واحد و واحد و واحد.

خاتمة الصك
علي بن عبد العزيز بن علي فهميد

11/11/11 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.



أبعاد
للتقييم العقاري



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
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Director

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أبجداد
للتقييم العقاري

Final Valuation Report

Gardino Hotel, Riyadh

Musharaka Capital

21 March 2024

V230270

P230361

مشاركة
Musharaka



Introduction



Dear **Musharaka Capital**,
RE: Valuation of Gardino Hotel, 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 Market Value for Acquisition & Financing 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 undervaluation is the Gardino Hotel, which opened in early 2021, with a 4-star rating.
- The property land area is 3,495.35 Sqm and the building area is 13,838 Sqm in Olaya district, Riyadh.
- The hotel contains two floors of parking for approximately 86 cars parking, one ground floor, one-floor mezzanine, and two floors for residential hospitality units.
- The hotel contains 94 residential hospitality units divided into 86 rooms and 8 suites and contains 4 guest elevators and one service elevator.
- Riyadh is the largest city in Saudi Arabia and is considered one of the largest cities in the Gulf in terms of area, as the developed area is about 1,913 square km.

Property Details

| Site Details | Information |
|-----------------------|---------------------------------------|
| District | Olaya |
| Permitted Use | Residential Commercial |
| Tenure | Freehold |
| Deed Number | 918501000502 |
| Deed Date | 1443/02/15H |
| Total Land Area (sqm) | 3,495.35 |
| Owner | Hifth AlMusharaka Real Estate Company |

Subject Property Pictures



Valuation Summary

| Site Details | Information |
|-------------------------|--|
| Report Type | Detailed Report |
| Other independent Users | Client - 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 | 96,660,000 |

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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Valuation Terms



Introduction

- Abaad was requested by Musharaka Capital on **19 December 2023** to provide a valuation of the freehold interest of Gardino Hotel. We enclose the valuation within this Final Valuation Report.

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 December 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:
 - Subject Location
 - Title Deed
 - Building Permit
 - Income Information

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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.

Independence and non-conflict of interest

- We confirm that there is no conflict of interest with the client related to the work required or the asset subject to valuation, property owners and managers, tenants, real estate developer, property seller, or any other party.

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
Contract Details

Tenure

Title Information

Title Information

| ID | Description | |
|-----------------|---------------------------------------|--------------|
| Owner | Hifth AlMusharaka Real Estate Company | |
| The Property | Gardino Hotel, Riyadh | |
| Plot No. | 132 – 131 – 130 – 129 | |
| Sub-Division | I/1324 | |
| District | Olaya District | |
| Coordinates | 24°43'36.39"N | 46°39'7.01"E |
| City | Riyadh | |
| Ownership Type | Freehold | |
| Title Deed Info | Deed No. | 918501000502 |
| | Deed Date | 1443/02/15H |

Dimensions and street widths

| Side | Dimension (m) | Street Name | Width (m) |
|-------|---------------|------------------------------|-----------|
| North | 55 | Hatim bin Al-Layth | 12 |
| South | 58 | Neighbor | - |
| East | 62.7 | Al Takhassusi Street | 46 |
| West | 62 | Abi Al-Muzaffar bin Muhammad | 15 |

Sources: Title Deed



Lease Rate Contract Summary

| Year | Annual Lease Rate |
|------|-------------------|
| 2021 | 7,000,000 |
| 2022 | 7,000,000 |
| 2023 | 7,500,000 |
| 2024 | 7,500,000 |
| 2025 | 7,500,000 |
| 2026 | 8,250,000 |
| 2027 | 8,250,000 |
| 2028 | 8,250,000 |
| 2029 | 8,250,000 |
| 2030 | 8,250,000 |

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Public Transport – Riyadh Metro
Macro Location
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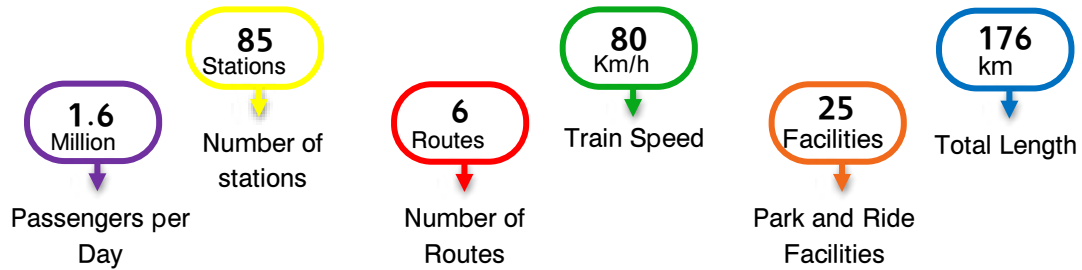
Valuation

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Public Transport – Riyadh Metro

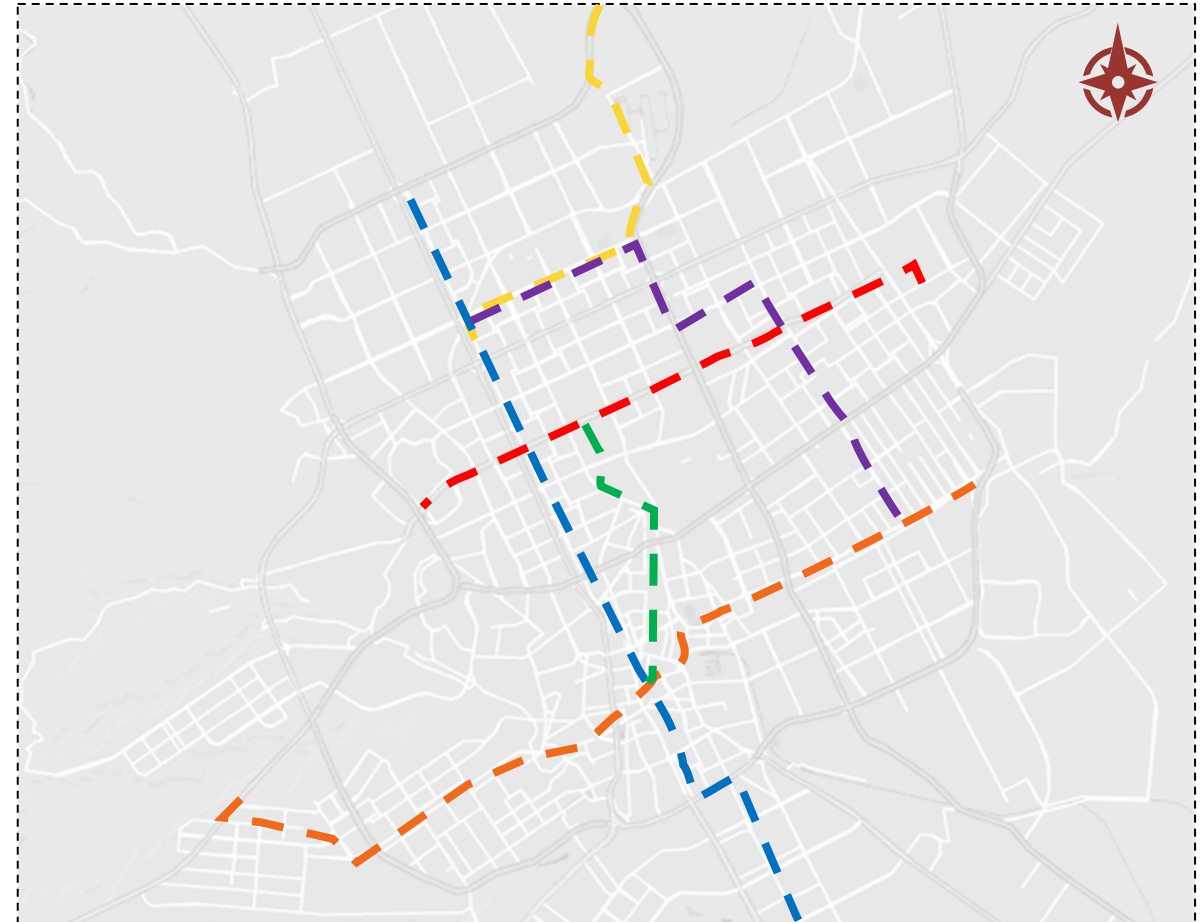
- Metro Riyadh is a high-speed transport system. It is currently under construction. It is one of the largest infrastructure projects in the City of Riyadh.
- The Metro is designed as a world-class transport system, including 756 metro cars, 85 stations, six metro lines, and a network spanning 176 kilometers.
- 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

Development Projects at City Level

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



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



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



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

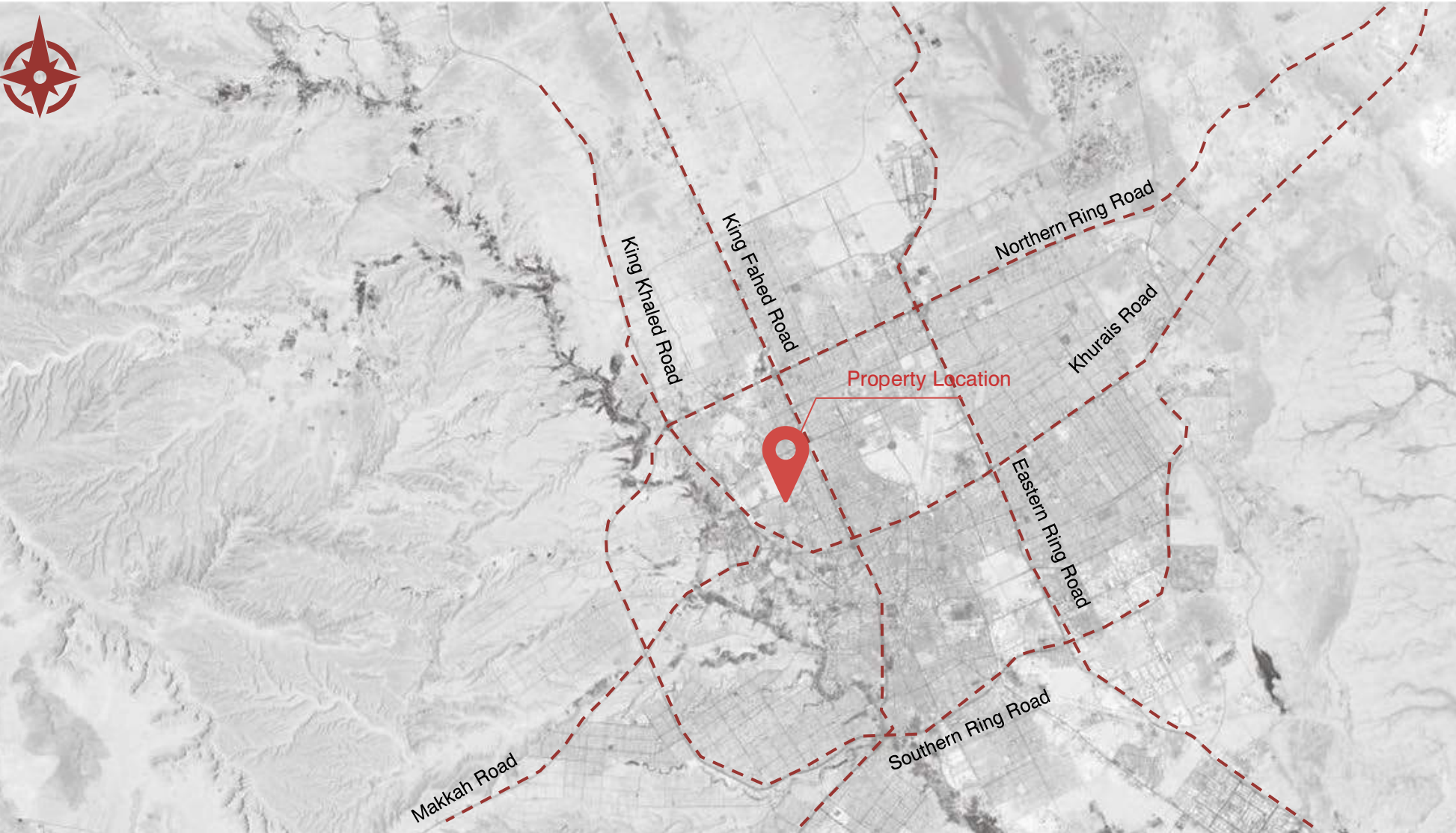


The largest city park in the World with an area exceeding 13 square kilometers. It is considered to be an environmental, cultural, sports and recreational project which contributes to the changing lifestyle in the city.



Site Location Analysis

Macro Location



The subject property is located in Riyadh, the Capital of the Kingdom of Saudi Arabia, and the largest of its cities. Riyadh is the largest Saudi city, with a total population of 10.5 million in 2021.

Riyadh is one of the largest Arabic cities in terms of area. The developed area of the city is around 1,913 square kilometers.

Riyadh is witnessing significant infrastructure and public transport development, with the Riyadh Metro Project and the Public Transport Project currently in progress.

The Subject property is approximately 11 km from the city center and about 33 km from King Khalid International Airport and is located in the King Fahd district in Riyadh.

Site Location Analysis

Micro Location

- The property is located west of Riyadh city in Olaya district with a medium to high population density and a high income.
- The most important streets in the property area: 1- Al Takhassusi Street. 2-King Abdullah Road. 3- King Khalid Road. 4- Al Orouba Road. 5- Prince Turki bin Abdulaziz Al Awwal Road.
- The Subject Property is located near the following landmarks:

| # | Landmarks | Distance |
|---|--------------------------------|-------------------|
| 1 | The Zone | About 600 M away |
| 2 | Dr. Soliman AL Habeeb Hospital | About 1.0 KM away |
| 3 | King Saud University - Girls | About 3.4 KM away |
| 4 | Olaya Mall | About 3.5 KM away |
| 5 | Obeikan Tower | About 3.4 KM away |
| 6 | Kingdom Tower | About 4.1 KM away |

Services Provided in the Surrounding Area

| | | | | |
|----------------|---------------|----------------|------------|---------------------|
| Sewer Drainage | Electricity | water | Phone line | Storm drainage |
| ✓ | ✓ | ✓ | ✓ | ✓ |
| masjid | School (boys) | School (girls) | Green area | Retail |
| ✓ | ✓ | ✓ | ✓ | ✓ |
| Clinic | Police | Civil defense | Mail | Municipal equipment |
| ✓ | ✓ | ✓ | ✓ | ✓ |

Property Location



Site Location Analysis

Property Description

- The property undervaluation is the Gardino Hotel, which opened in early 2021, with a 4-star rating.
- The property land area is 3,495.35 Sqm and the building area is 13,838 Sqm in Olaya district, Riyadh.
- The hotel contains two floors of parking for approximately 86 cars parking, one ground floor, one-floor mezzanine, and two floors for residential hospitality units.
- The hotel contains 94 residential hospitality units divided into 86 rooms and 8 suites and contains 4 guest elevators and one service elevator.
- The hotel has a gym, ballroom, and two swimming pools (large pool + small pool).
- The hotel has a 50-seater restaurant, a coffee shop, a kitchen, and a business center area.
- The construction of the hotel started in 2017 and was completed in 2019, and in 2020 the finishing work and the furnishings was completed.

Property Location



Site Location Analysis

Property Photographs



أبعاد
للتقييم العقاري



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

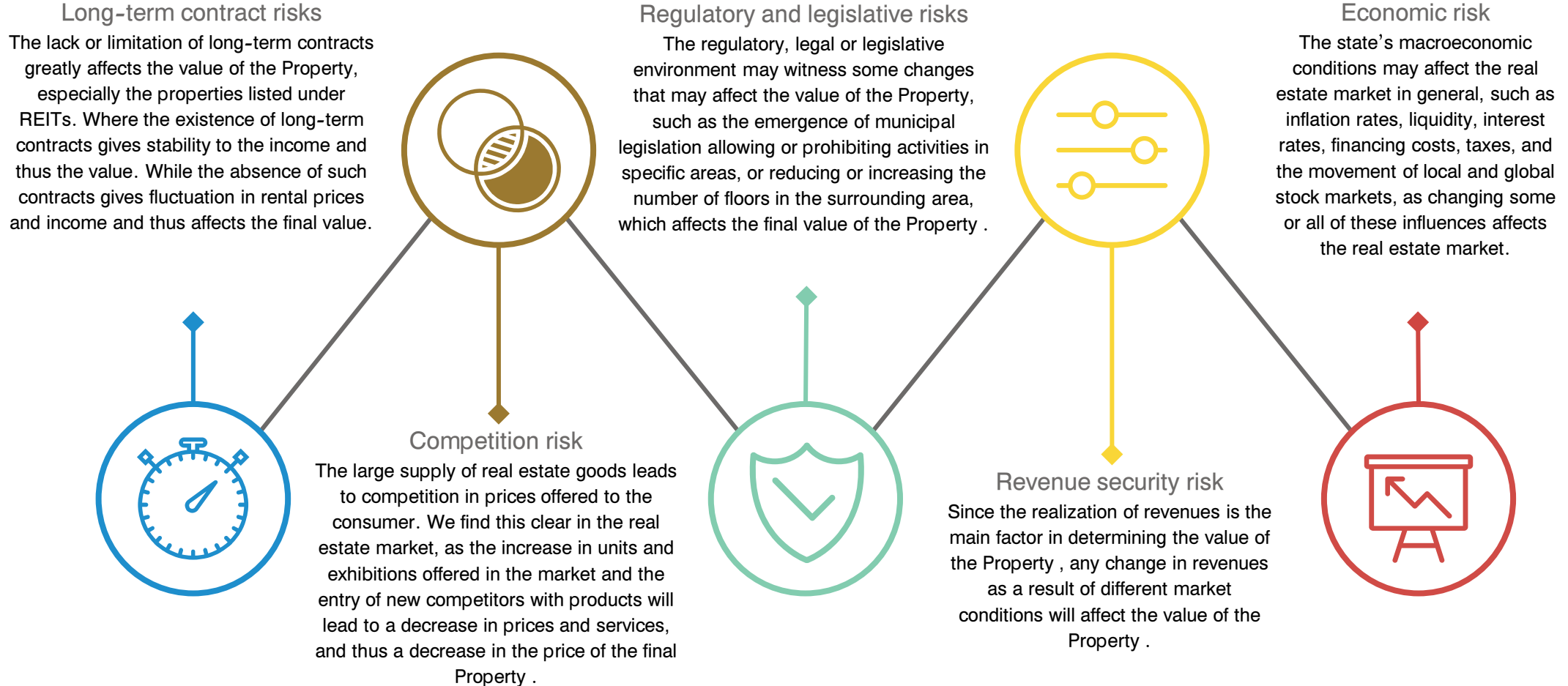
The property income represents the revenue derived from the rent payments received during a year.

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



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

Income Analysis



Valuation method used

- When choosing the most appropriate methodology for estimating the value of the property, we considered the information provided by the client, the current situation of the property as well as our analysis of the market. When determining the market value of the property undervaluation, the following method was used:

Income Approach (Discounted Cash Flow Method)

- The Discounted Cash Flow method indicates value by converting future cash flows into a present value. According to this method, the value of an asset is determined by reference to the value of revenue, cash flows, or cost savings from the asset. The discount rate is usually arrived at by analyzing appropriate market transactions and development. We are also aware of and communicating with real estate brokers and local investors to gauge the sensitivity of the numbers.

The main assumptions in the cash flow method:

Revenues

- According to the information provided by the client, there is a Telecom tower whose income is estimated at **70,000** riyals annually and the duration of the hotel lease contract is **10** years, two payments are paid every six Gregorian months, and the income was calculated according to the lease contract, which is summarized in the table below:

| Period | Contract Signing | Upon Submission | 2021.12 | 2022.06 | 2022.12 | 2023.06 | 2023.12 | 2024.06 | 2024.12 | 2025.06 |
|--------------|------------------|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Income (SAR) | 5,000,000 | 2,000,000 | 3,500,000 | 3,500,000 | 3,750,000 | 3,750,000 | 3,750,000 | 3,750,000 | 3,750,000 | 3,750,000 |

| Period | 2025.12 | 2026.06 | 2026.12 | 2027.06 | 2027.12 | 2028.06 | 2028.12 | 2029.06 | 2029.12 | 2030.06 |
|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Income (SAR) | 4,125,000 | 4,125,000 | 4,125,000 | 4,125,000 | 4,125,000 | 4,125,000 | 4,125,000 | 4,125,000 | 4,125,000 | 4,125,000 |

Valuation

Income Approach



Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of 7.50% was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of 10.30% according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation

Discount Cash Flow Table

| Period (6 Months) | 2024.06 | 2024.12 | 2025.06 | 2025.12 | 2026.06 | 2028.06 | 2028.12 | 2029.06 | 2029.12 | 2030.06 |
|----------------------------|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| Occupancy (%) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Total Income (GPI) (SAR) | 3,750,000 | 3,750,000 | 3,750,000 | 4,125,000 | 4,125,000 | 4,125,000 | 4,125,000 | 4,125,000 | 4,125,000 | 4,125,000 |
| Telecom Tower Income (SAR) | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 |
| Net Operation Income (SA) | 3,785,000 | 3,785,000 | 3,785,000 | 4,160,000 | 4,160,000 | 4,160,000 | 4,160,000 | 4,160,000 | 4,160,000 | 4,160,000 |
| Exit (SAR) | | | | | | | | | | 110,933,333 |
| Present Value (SAR) | 3,603,945 | 3,431,550 | 3,267,402 | 3,419,340 | 3,255,776 | 2,676,107 | 2,548,096 | 2,426,208 | 2,310,150 | 60,856,832 |
| Fair Value (SAR) | 96,660,000 | | | | | | | | | |

Valuation Summary

Opinion of Value

Abaad is of the opinion that the **Fair Value** of the Subject Property which comprises Gardino Hotel, Riyadh, as of 31st December 2023, based upon assumptions and detail within this report, may be stated as follows:

Fair Value of the Subject Property by Income Approach is:

- **96,660,000 SAR** (Ninety-Six Million Six Hundred Sixty Thousand Saudi Riyals).

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

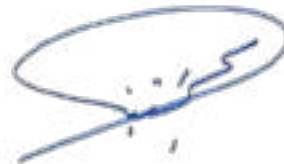
Taqeem ID: 1210000392

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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Appendix 1: Property Documents



أبوظبي
للتقييم العقاري

رقم الرخصة: 1111111111
التاريخ: 11/11/11
نوع الرخصة: 1111111111

الرقم التسلسلي: 1111111111
رقم التسجيل: 1111111111

الاسم: 1111111111
العنوان: 1111111111

| الرقم | المساحة | الارتفاع | القيمة |
|-------|---------|----------|-----------|
| 1 | 1111.11 | 11.11 | 111111.11 |
| 2 | 1111.11 | 11.11 | 111111.11 |
| 3 | 1111.11 | 11.11 | 111111.11 |

ملاحظات: 1111111111

التوقيع: 1111111111
التاريخ: 11/11/11

الرقم التسلسلي: 1111111111
رقم التسجيل: 1111111111

الاسم: 1111111111
العنوان: 1111111111

المساحة: 1111.11 م²
الارتفاع: 11.11 م

القيمة: 111111.11

ملاحظات: 1111111111

التوقيع: 1111111111
التاريخ: 11/11/11

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.



Abaad & Partner For Real Estate Valuation Co.

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Oash Offices Building, 5th Floor, suite 21
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CEO

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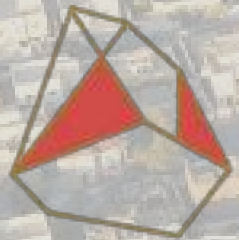
Email: asindi@sa-abaad.com

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Director

Mobile: +966 (55) 556 2500

Email: ammarq@sa-abaad.com



أبجد
للتقييم العقاري

Final Valuation Report

Jubail Commercial Center, Jubail

Musharaka Capital

21 March 2024

V230270

P230361



Introduction



Dear **Musharaka Capital**,
RE: Valuation of Jubail Commercial Center, Jubail.

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 Market Value for Acquisition & Financing 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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- Jubail Commercial Center is located on a regular plot of land with flat topography, with an area of 39,750 Sqm.
- The Commercial Center includes various retail sizes (27 retails), The total built-up area is 15,636.7 Sqm.
- The property area is characterized by the presence of all basic services such as electricity, water, lighting, sewage, asphalt streets, and a footpath.
- The commercial center is located on the main road, King Fahd Road passes from the northern side of the property, and it is considered one of the main roads in Jubail because it connects the eastern side with the western side.

Property Details

| Site Details | Information |
|-----------------------|--------------------------------|
| District | Altawyh |
| Permitted Use | Commercial |
| Tenure | Leasehold |
| Deed Number | 765 |
| Deed Date | 05/02/1414H |
| Total Land Area (sqm) | 39,750 |
| Owner | Khonaini International Company |

Subject Property Pictures



Valuation Summary

| Site Details | Information |
|-------------------------|--|
| Report Type | Detailed Report |
| Other independent Users | Client - 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 | 68,070,000 |

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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Valuation Terms



Introduction

- Abaad was requested by Musharaka Capital on 19 December 2023 to provide a valuation of the freehold interest of Jubail Plaza. We enclose the valuation within this Final Valuation Report.

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 December 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:
 - Subject Location
 - Title Deed
 - Building Permit
 - Income Information
 - Land Rent Costs

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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.

Independence and non-conflict of interest

- We confirm that there is no conflict of interest with the client related to the work required or the asset subject to valuation, property owners and managers, tenants, real estate developer, property seller, or any other party.

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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Title Information

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Title Information



Title Information of Unit 22

| ID | Description | | |
|-----------------|----------------------------------|-------------|---------------|
| Owner | Khonaini International Company | | |
| The Property | Jubail Commercial Center, Jubail | | |
| Plot No. | 4 | | |
| Sub-Division | - | | |
| District | Altawyh District | | |
| Coordinates | 27° 0'43.68"N | | 49°38'30.64"E |
| City | Jubail | | |
| Ownership Type | Leasehold | | |
| Title Deed Info | Deed No. | 765 | |
| | Deed Date | 05/02/1414H | |

Sources: Title Deed

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Macro Location

- Jubail Commercial Center is located in the northern part of Jubail, which is one of the governorates of the Eastern Province in the Kingdom of Saudi Arabia.
- The total urban area of Jubail is 1,016 square kilometers, with a population of about 380,000 people.
- The city of Jubail is also characterized by the presence of a good infrastructure that allows it to be a commercial and industrial center, and the presence of seaports, and residential areas that increase commercial activity in the region.
- The property under appraisal is located in Al Towayya neighborhood.
- The surrounding area of the property includes developing space, in addition to many complexes, commercial centers, and residential buildings.

Accessibility

- Jubail Commercial Center is located on the main road, King Fahd Road passes from the northern side of the property, and it is considered one of the main roads in Jubail because it connects the eastern side with the western side.
- In addition, King Faisal Road passes from the eastern side of the Jubail center.
- The property undervaluation can be reached directly through King Faisal Road, in addition to Highway 1 and Al Madinah Al Munawwarah Road, which are secondary roads linked to King Faisal Road and King Fahd Road leading to the property undervaluation.

Macro Location of the Subject Property



Site Location Analysis

Property Description

Property Details

- Jubail Commercial Center is located on a regular plot of land with flat topography, with an area of 39,750 Sqm.
- The Commercial Center includes 27 retails. The total built-up area is 15,636.7 Sqm.
- The property location is characterized by the presence of basic services such as electricity, water, lighting, sewage, asphalt streets, and footpaths.
- The property location is characterized by a commercial zone with a total number of 1 floor, as indicated in the building regulations in the area.
- Based on the information provided by the client, the coverage rate (according to the current construction condition) is 32.96%.
- The table below shows some property details.

Property Details

| Details | Description |
|---------------------|-------------|
| Land Area (Sqm) | 39,750 |
| Build-up Area (Sqm) | 15,636.7 |
| Coverage Ratio (%) | 32.96 |
| Number of Units | 27 |
| Building Age | 9 Years |

Property Location



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

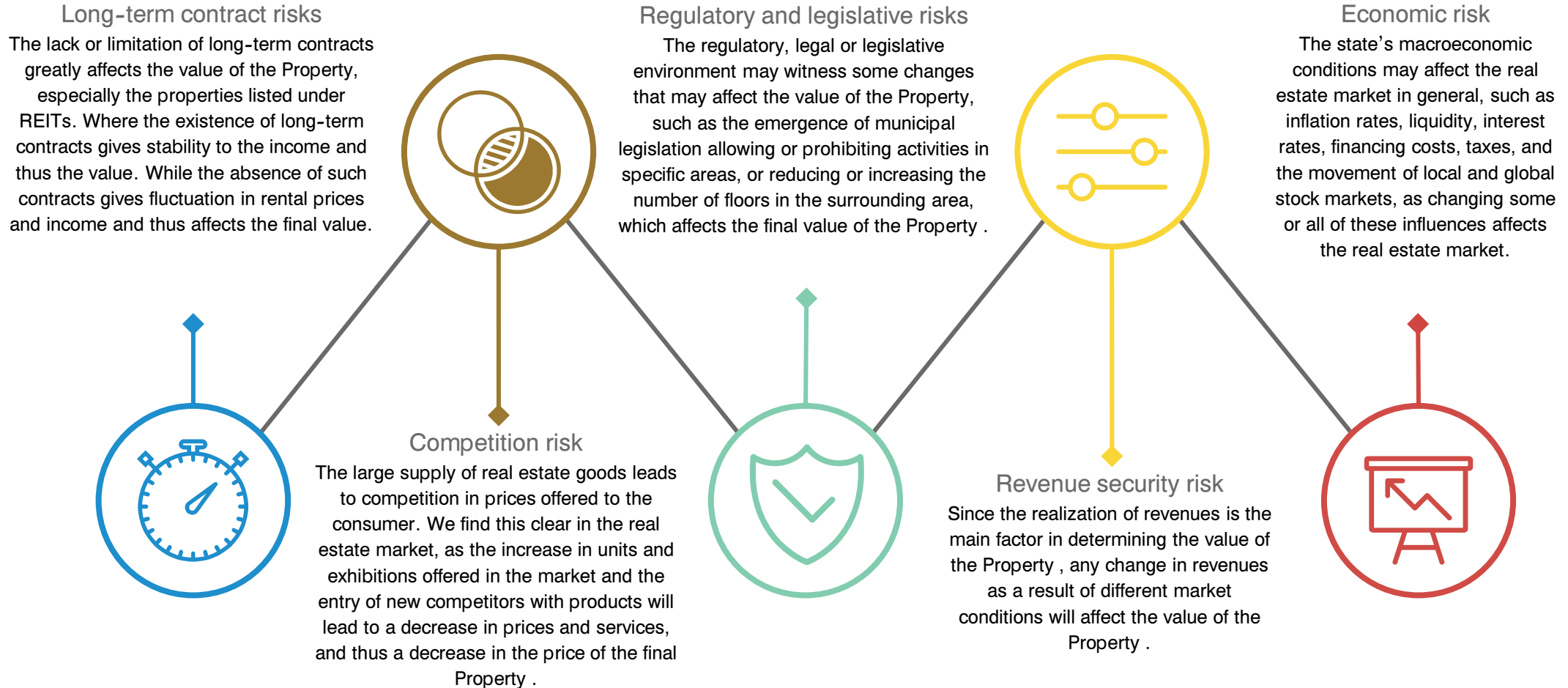
The property income represents the revenue derived from the rent payments received during a year.

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



Valuation

Leasing Details

Market Commentary

- Abaad team analyzed the income data provided by the client and conducted field research to verify the rental value of the Jubail Commercial Center with Jubail market.
- In addition, we have made some research on the Yield rate for the property undervaluation.
- By looking at the list of retail rents for tenants and confirming it with the rental prices in the surrounding area for similar projects, Abaad team confirms that the rent is within the rental market range.
- According to the information provided by the client, the property enjoys lease contracts with a total income of 11.7 million SAR per year. Moreover, the operating expenses of the property is 4.4%, which is considered less than the market range, which is ranging from 7% to 15%, according to the experience of Abaad team in the retail sector.
- The table below shows the rental prices in the Subject Site's surrounding area.

Rental Prices Summary

| Details | Rent Rate |
|---------------------------------|-------------|
| Small Rent Rate (SAR/Sqm) | 1,500-2,000 |
| Large Rent Rate (SAR/Sqm) | 900-1,300 |
| Supermarket Rent Rate (SAR/Sqm) | 500-600 |

Valuation

Income Approach



Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of 11.30% according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

| Period | 2024 | 2025 | 2026 | 2027 | 2028 | 2032 | 2033 | 2034 |
|---|-------------------|------------|------------|------------|------------|------------|------------|------------|
| Total GLA (Sqm) | 15,538.1 | 15,538.1 | 15,538.1 | 15,538.1 | 15,538.1 | 15,538.1 | 15,538.1 | 15,538.1 |
| Average Lease Rate with inflation (SAR/Sqm) | 779.5 | 801.3 | 823.7 | 846.8 | 870.5 | 972.2 | 999.4 | 1,027.4 |
| Occupancy (%) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Total Revenue with Inflation (SAR) | 12,111,485 | 12,450,606 | 12,799,223 | 13,157,601 | 13,526,014 | 15,105,750 | 15,528,711 | 15,963,515 |
| Vacancies (%) | 0.9% | 0.9% | 0.9% | 0.9% | 0.9% | 0.9% | 0.9% | 0.9% |
| Vacancies (SAR) | 107,177 | 110,178 | 113,263 | 116,434 | 119,695 | 133,674 | 137,417 | 141,264 |
| Gross Potential Income (GPI) (SAR) | 12,004,307 | 12,340,428 | 12,685,960 | 13,041,167 | 13,406,320 | 14,972,076 | 15,391,294 | 15,822,251 |
| Land Cost with Inflation (SAR) | 1,542,000 | 1,585,176 | 1,629,561 | 1,675,189 | 1,722,094 | 1,923,221 | 1,977,072 | 2,032,430 |
| Operation Expenses (%) | 4.4% | 4.4% | 4.4% | 4.4% | 4.4% | 4.4% | 4.4% | 4.4% |
| Operation Expenses (SAR) | 532,037 | 546,934 | 562,248 | 577,991 | 594,174 | 663,570 | 682,150 | 701,250 |
| Net Operation Income (SA) | 9,930,271 | 10,208,318 | 10,494,151 | 10,787,988 | 11,090,051 | 12,385,285 | 12,732,073 | 13,088,571 |
| Present Value (SAR) | 8,922,076 | 8,240,696 | 7,611,352 | 7,030,072 | 6,493,184 | 4,725,519 | 4,364,630 | 4,031,303 |
| Fair Value (SAR) | 68,070,000 | | | | | | | |

Valuation Summary

Opinion of Value

Abaad is of the opinion that the **Fair Value** of the Subject Property which comprises Al Kharj Plaza, as of 31st December 2023, based upon assumptions and detail within this report, may be stated as follows:

Fair Value of the Subject Property by Income Approach is:

- 68,070,000 SAR (Sixty-eight Million Seventy Thousand Saudi Riyals).

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

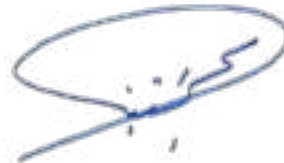
Taqeem ID: 1210000392

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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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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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.



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,
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Director

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Final Valuation Report

Jazala Residential Compound, Khobar

Musharaka Capital

21 March 2024

V230270

P230361



Introduction



Dear **Musharaka Capital**,

RE: Valuation of Jzala Residential Compound, Khobar.

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 Market Value for Acquisition & Financing 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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- Jazala Residential Compound is on a regular shape land, with an area of **29,486.73** Sqm.
- The Compound includes various residential villas in sizes and features (**101** units), in addition to facilities and amenities such as swimming pools, health clubs, and green areas. The total built-up area is **26,388.02** Sqm.
- The property area is characterized by the presence of all basic services such as electricity, water, lights, sewage, asphalt streets, and a footpath.
- Jazala Residential Compound is located on three streets so that King Saud Road passes from the western side of the property. It is considered one of the main roads in Khobar because it connects the northern the southern side.

Property Details

| Site Details | Information |
|-----------------------|---------------------------------------|
| District | Qurtuba |
| Permitted Use | Residential Commercial |
| Tenure | Freehold |
| Deed Number | 330205013308 - 330205013307 |
| Deed Date | 24/11/1438H |
| Total Land Area (sqm) | 29,486.73 |
| Owner | Hifth AlMusharaka Real Estate Company |

Subject Property Pictures



Valuation Summary

| Site Details | Information |
|-------------------------|--|
| Report Type | Detailed Report |
| Other independent Users | Client - 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 | 150,190,000 |

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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Valuation Terms

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Status of Valuer and Conflicts of Interest
Purpose of Valuation
Date of Valuation
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Introduction

- Abaad was requested by Musharaka Capital on **19 December 2023** to provide a valuation of the freehold interest of Jazala Compound, Khobar. We enclose the valuation within this Final Valuation Report.

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 December 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:
 - Subject Location
 - Title Deed
 - Building Permit
 - Income Information

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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.

Independence and non-conflict of interest

- We confirm that there is no conflict of interest with the client related to the work required or the asset subject to valuation, property owners and managers, tenants, real estate developer, property seller, or any other party.

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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Title Information
Contract Details

Title Information

Title Information of Unit 22

| ID | Description | | |
|-----------------|---------------------------------------|---------------|--|
| Owner | Hifth AIMusharaka Real Estate Company | | |
| The Property | Jzala Residential compound, Khobar | | |
| Plot No. | 22 | | |
| Sub-Division | 2/41 | | |
| District | Qurtubah | | |
| Coordinates | 26°20'9.20"N | 50°10'47.72"E | |
| City | Khobar | | |
| Ownership Type | Freehold | | |
| Title Deed Info | Deed No. | 330205013308 | |
| | Deed Date | 24/11/1438H | |

Dimensions and street widths

| Side | Dimension (m) | Street Name | Width (m) |
|-------|---------------|------------------|-----------|
| North | 81.96 | Unnamed | 12 |
| South | 139.73 | Neighbor | - |
| East | 130.00 | Neighbor | 15 |
| West | 142.46 | King Saud Street | 60 |

Sources: Title Deed

Title Information of Unit 23

| ID | Description | | |
|-----------------|---------------------------------------|---------------|--|
| Owner | Hifth AIMusharaka Real Estate Company | | |
| The Property | Jzala Residential compound, Khobar | | |
| Plot No. | 23 | | |
| Sub-Division | 2/41 | | |
| District | Qurtubah | | |
| Coordinates | 26°20'9.20"N | 50°10'47.72"E | |
| City | Khobar | | |
| Ownership Type | Freehold | | |
| Title Deed Info | Deed No. | 330205013307 | |
| | Deed Date | 24/11/1438H | |

Dimensions and street widths

| Side | Dimension (m) | Street Name | Width (m) |
|-------|---------------|------------------|-----------|
| North | 89.73 | Neighbor | - |
| South | 140.30 | Unnamed | 7 |
| East | 130.00 | Neighbor | - |
| West | 139.57 | King Saud Street | 60 |

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Macro Location
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Macro Location

- Jzala residential compound is located in the eastern part of Khobar, which is one of the governorates of the Eastern Province in the Kingdom of Saudi Arabia.
- The total urban area of Al-Khobar is 750 square kilometers, with a population of about 578,500 people.
- Khobar city hosts good infrastructure that allows commercial and industrial hubs with seaports and residential areas that increase commercial activity in the region.
- The property under appraisal is located in Qurtubah district.
- The area surrounding the property includes developing spaces, in addition to many resorts and commercial centers, and places dedicated to fishing.

Accessibility

- Jiazla Residential Compound is located on the main street so that King Saud Road passes from the western side of the property. It is considered one of the main roads in Al-Khobar because it connects the northern side with the southern side. Moreover, Prince Sultan Road passes from the eastern side of Jzala residential compound.
- As for the other frontages, they overlook internal streets and border the site on the north side.
- The property undervaluation can be reached directly through Prince Sultan bin Fahd Road, in addition to King Saud Road, one of the secondary roads linked to Prince Sultan bin Fahd Road leading to the property under valuation.

Macro Location of the Subject Property



Site Location Analysis

Property Description

Property Details

- Jzala Residential Compound is on a regular shaped parcel of land, with an area of **29,486.73 Sqm**.
- The residential compound includes various residential villas in sizes and features (**101** units), in addition to facilities and amenities such as swimming pools, health clubs, and green areas.
- The total built-up area is **26,388.02 Sqm**.
- The property area is characterized by the presence of all basic services such as electricity, water, lights, sewage, asphalt streets, and a footpath.
- The subject property building regulation is commercial with a total number of floors up to **10** floors, as shown in the building regulations in the subject property area.
- Based on the data provided by the client, the coverage ratio (depending on the current construction condition) is **56%**.

Property Details

| Details | Description |
|---------------------|-------------|
| Land Area (Sqm) | 29,486.73 |
| Build-up Area (Sqm) | 26,388.02 |
| Coverage Ratio (%) | 56% |
| Number of Units | 101 |
| Building Age | 23 Years |

Property Location



Site Location Analysis

Property Photographs



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Valuation

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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

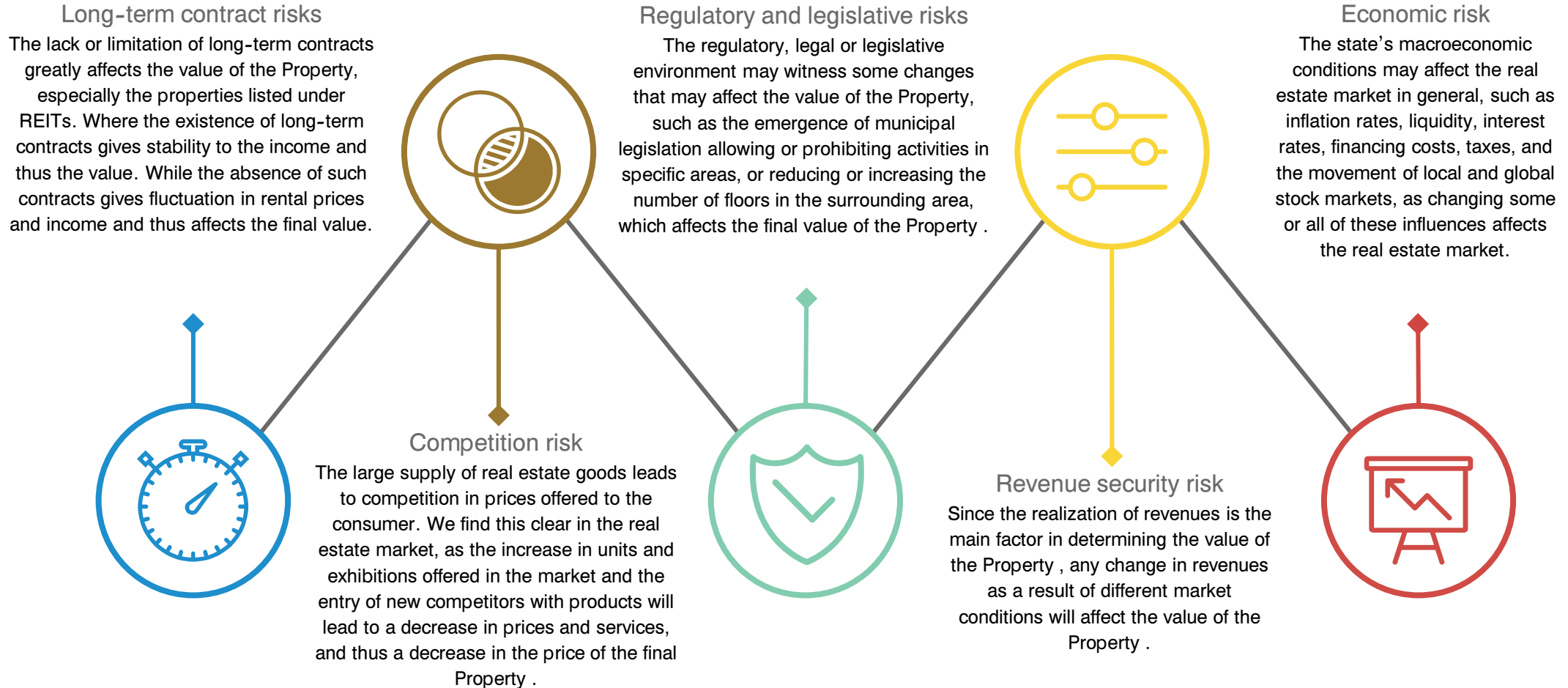
The property income represents the revenue derived from the rent payments received during a year.

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



Valuation

Market Research Analysis

Market Research

- Abaad team analyzed the income data provided by the client and conducted field research to verify the rental value of Jzala compound compared to the Khobar market.
- It was observed that the current rental income achieved yearly is less the market range. We summarize below our research findings, which were used to determine the average rental of the subject property based on the market. The following comparables are the most relevant to the Subject Property.

| Compound Name | Unit Area (Sqm) | Price (SAR) |
|----------------------|-----------------|-------------|
| Black Pearl Compound | 272 | 150,000 |
| Karawan Village | 210 | 160,000 |
| Karawan Village | 260 | 180,000 |
| An Nahda Compound | 220 | 150,000 |

Valuation Matrix

After completing the research and gathering information, adjustments are made in each factor in which the comparable differs from the Subject Property. The adjustments are made on a percentage and are applied to the annual rental of the comparable to provide an adjusted value indication for the Subject Property.

| Description | Black Peal Compound | Karawan Village | Karawan Village | An Nahda Compound |
|---|---------------------|-----------------|-----------------|-------------------|
| Price (SAR per sqm) | 150,000 | 160,000 | 180,000 | 150,000 |
| Location and Physical Adjustments | | | | |
| Location | 10.00% | -5.00% | -5.00% | 0.00% |
| Size | 0.00% | 0.00% | 0.00% | 0.00% |
| Accessibility | 0.00% | 0.00% | 0.00% | 0.00% |
| Frontage | 0.00% | 0.00% | 0.00% | 0.00% |
| Quality | 0.00% | -10.00% | -10.00% | 0.00% |
| Age | -20.00% | -5.00% | -5.00% | -10.00% |
| Negotiation | 0.00% | 0.00% | 0.00% | 0.00% |
| Total Adjustment (%) | -10.00% | -20.00% | -20.00% | -10.00% |
| Final Adjusted Rental | 135,000 | 128,000 | 144,000 | 135,000 |
| Weights | 25.00% | 25.00% | 25.00% | 25.00% |
| Annual Rental for Villas (SAR) | 135,500 | | | |
| No. of Units | 101 | | | |
| Total Rental Income as per Market (SAR) | 13,685,500 | | | |

Valuation

Income Approach



Discount Cash Flow

- Based on the existing rental contract details for the year **2023** provided by the client, the prices have been increased by **7%** from 1st half of **2023** through 2nd half of **2023** and the client further plans to increase the rental prices to **70,000** per unit Annually in **2024**.
- Based on the provided data by the client, the average expected Annual Rental per unit for the year **2024** is calculated to be **SAR 66,152**.
- After the end of the lease contract for the property under valuation, and then an increase in rental prices was made to reach the market prices of the property, noting that according to the customer's benefit, all services, facilities and school transportation were added to the property under valuation, as well as the restoration of the entire building, and this is what was used in our valuation, the table below shows the rental prices for each year until the year of stability:

| Period | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
|--|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|
| Number of Units | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 |
| Unit Rental Price (SAR) | 66,152 | 79,382 | 95,258 | 109,547 | 125,979 | 135,500 | 135,500 | 135,500 | 135,500 | 135,500 |
| Percentage increase in Unit Rental Price (%) | 0.0% | 20.0% | 20.0% | 15.0% | 15.0% | 7.6% | 0.0% | 0.0% | 0.0% | 0.0% |
| Occupancy (%) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Property Income (SAR) | 6,681,303 | 8,017,564 | 9,621,076 | 11,064,238 | 12,723,873 | 13,685,500 | 13,685,500 | 13,685,500 | 13,685,500 | 13,685,500 |

Valuation

Income Approach



Discount Cash Flow Table

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of 7.25% was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of 10.05% according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

| Period | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
|------------------------------------|--------------------|-----------|------------|------------|------------|------------|------------|------------|------------|-------------|
| Occupancy (%) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Total Revenue with Inflation (SAR) | 6,868,380 | 8,472,833 | 10,452,087 | 12,893,694 | 15,242,925 | 16,151,742 | 16,603,990 | 17,068,902 | 17,546,831 | 18,038,143 |
| Vacancies (%) | 12.9% | 8.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Vacancies (SAR) | 884,049 | 677,827 | 522,604 | 644,685 | 762,146 | 807,587 | 830,200 | 853,445 | 877,342 | 901,907 |
| Additional Income (SAR) | 59,843 | 77,950 | 99,295 | 122,490 | 144,808 | 153,442 | 157,738 | 162,155 | 166,695 | 171,362 |
| Gross Potential Income (GPI) (SAR) | 6,044,174 | 7,872,956 | 10,028,777 | 12,371,500 | 14,625,587 | 15,497,596 | 15,931,529 | 16,377,612 | 16,836,185 | 17,307,598 |
| Operation Expenses Rate (%) | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% |
| Operation Expenses (SAR) | 604,417 | 787,296 | 1,002,878 | 1,237,150 | 1,462,559 | 1,549,760 | 1,593,153 | 1,637,761 | 1,683,618 | 1,730,760 |
| Net Operation Income (SA) | 5,439,757 | 7,085,661 | 9,025,900 | 11,134,350 | 13,163,028 | 13,947,836 | 14,338,376 | 14,739,850 | 15,152,566 | 15,576,838 |
| Exit (SAR) | | | | | | | | | | 214,852,938 |
| Present Value (SAR) | 4,942,986 | 5,850,598 | 6,772,053 | 7,591,099 | 8,154,655 | 7,851,752 | 7,334,485 | 6,851,296 | 6,399,938 | 88,437,841 |
| Fair Value (SAR) | 150,190,000 | | | | | | | | | |

Valuation Summary

Opinion of Value

Abaad is of the opinion that the **Fair Value** of the Subject Property which comprises Jazala Compound, as of 31st December 2023, based upon assumptions and detail within this report, may be stated as follows:

Fair Value of the Subject Property by Income Approach is:

- 150,190,000 SAR (One Hundred Fifty Million One Hundred Ninety Thousand Saudi Riyals).

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

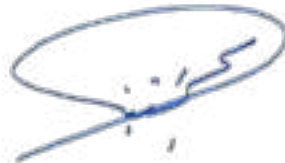
Taqeem ID: 1210000392

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.



Abaad & Partner For Real Estate Valuation Co.

Jeddah Branch (Head Office):

Mohamed Ibrahim Masoud Street,
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Jeddah, Kingdom of Saudi Arabia

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أبجداد
للتقييم العقاري

Final Valuation Report

Radisson Blue Hotel Apartments, Khobar

Musharaka Capital

21 March 2024

V230270

P230361



Introduction



Dear **Musharaka Capital**,

RE: Valuation of Radisson Blu Hotel Apartments, Khobar.

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 Market Value for Acquisition & Financing 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

- Radisson Blu Hotel Apartments is located on a regular shape plot with flat topography, with an area of 3,798.08 Sqm.
- The hotel includes various apartments in sizes and features (92 apartments), in addition to facilities and services such as swimming pools and a health club. The total built-up area is 8,964 Sqm.
- The property area is characterized by the presence of all basic services such as electricity, water, lighting, sewage, asphalt streets, and a footpath.
- The Hotel is located close to many important hubs of Al Khobar.

Property Details

| Site Details | Information |
|-----------------------|--|
| District | Olaya |
| Permitted Use | Residential Commercial |
| Tenure | Freehold |
| Deed Number | 330207005613 - 930207005612 - 330207005611 |
| Deed Date | 29/11/1438H |
| Total Land Area (sqm) | 3,798.08 |
| Owner | Hifth AIMusharaka Real Estate Company |



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Subject Property Pictures



Valuation Summary

| Site Details | Information |
|-------------------------|--|
| Report Type | Detailed Report |
| Other independent Users | Client - 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 | 87,360,000 |

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 was requested by Musharaka Capital on **19 December 2023** to provide a valuation of the freehold interest of Radisson Blu, Khobar. We enclose the valuation within this Final Valuation Report.

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 **26 December 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:
 - Subject Location
 - Title Deed
 - Building Permit
 - Income Information

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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.

Independence and non-conflict of interest

- We confirm that there is no conflict of interest with the client related to the work required or the asset subject to valuation, property owners and managers, tenants, real estate developer, property seller, or any other party.

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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Title Information



Title Information of Plot 112

| ID | Description | | |
|-----------------|--|---------------|--|
| Owner | Hifth AIMusharaka Real Estate Company | | |
| The Property | Radisson Blue Hotel Apartments, Khobar | | |
| Plot No. | 112 | | |
| Sub-Division | 2/345 | | |
| District | Olaya District | | |
| Coordinates | 26°18'11.11"N | 50°10'26.80"E | |
| City | Khobar | | |
| Ownership Type | Freehold | | |
| Title Deed Info | Deed No. | 930207005612 | |
| | Deed Date | 29/11/1438H | |

Dimensions and street widths

| Side | Dimension (m) | Street Name | Width (m) |
|-------|---------------|-----------------------|-----------|
| North | 35.08 | Neighbor | - |
| South | 35 | Jamal Al Deen Afghani | 16 |
| East | 40 | Neighbor | - |
| West | 40 | Unnamed | 16 |

Sources: Title Deed

Title Information of Plot 114

| ID | Description | | |
|-----------------|--|---------------|--|
| Owner | Hifth AIMusharaka Real Estate Company | | |
| The Property | Radisson Blue Hotel Apartments, Khobar | | |
| Plot No. | 114 | | |
| Sub-Division | 2/345 | | |
| District | Olaya District | | |
| Coordinates | 26°18'11.11"N | 50°10'26.80"E | |
| City | Khobar | | |
| Ownership Type | Freehold | | |
| Title Deed Info | Deed No. | 330207005611 | |
| | Deed Date | 29/11/1438H | |

Dimensions and street widths

| Side | Dimension (m) | Street Name | Width (m) |
|-------|---------------|-----------------------|-----------|
| North | 192.43 | Neighbor | - |
| South | 192.43 | Jamal Al Deen Afghani | 16 |
| East | 200 | Neighbor | - |
| West | 200 | Neighbor | - |

Tenure

Title Information



Title Information of Plot 116

| ID | Description | | |
|-----------------|--|--------------|---------------|
| Owner | Hifth AlMusharaka Real Estate Company | | |
| The Property | Radisson Blue Hotel Apartments, Khobar | | |
| Plot No. | 116 | | |
| Sub-Division | 2/345 | | |
| District | Olaya District | | |
| Coordinates | 26°18'11.11"N | | 50°10'26.80"E |
| City | Khobar | | |
| Ownership Type | Freehold | | |
| Title Deed Info | Deed No. | 330207005613 | |
| | Deed Date | 29/11/1438H | |

Dimensions and street widths

| Side | Dimension (m) | Street Name | Width (m) |
|-------|---------------|-----------------------|-----------|
| North | 30 | Neighbor | - |
| South | 30 | Jamal Al Deen Afghani | 16 |
| East | 40 | Neighbor | - |
| West | 40 | Unnamed | 16 |

Sources: Title Deed

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Macro Location

- The Radisson Blue Hotel Apartments is located in the western part of Al-Khobar, which is one of the governorates of the Eastern Province in the Kingdom of Saudi Arabia.
- The total urban area of Al-Khobar is 750 square kilometers, with a population of about 578,500 people.
- The city of Al-Khobar is also characterized by the presence of a good infrastructure that allows it to be a commercial and industrial center, and the presence of seaports, and residential areas that increase commercial and hospitality activity in the region.
- The property undervaluation is located in Olaya district, close to many important hubs of Al Khobar.
- The area surrounding the property includes many hotels, commercial centers, restaurants, and cafes.

Accessibility

- The property is located near Dhahran Mall.
- As for the frontages, they overlook internal streets and border the site from the south and east.
- The property undervaluation can be reached directly through an internal road linked to King Saud Street.

Macro Location of the Subject Property



Site Location Analysis

Property Description

- The Radisson Blue Hotel Apartments is located on a regular plot of land with flat topography, with an area of **3,798.08** Sqm.
- The property includes **92** residential units, in addition to services and facilities such as swimming pools, health club, catering, cafe, and other services. The total built-up area is **8,964** Sqm.
- The property location is characterized by the presence of basic services such as electricity, water, lighting, sewage, asphalt streets, and footpaths.
- The property location is characterized by a commercial zone with a total number of **3** floors, as indicated in the building regulations in the area.
- Based on the information provided by the client, the coverage rate (according to the current construction condition) is **60%**.

Property Details

| Details | Description |
|---------------------|-----------------|
| Land Area (Sqm) | 3,798.08 |
| Build-up Area (Sqm) | 8,964 |
| Coverage Ratio (%) | 160 |
| Number of Units | 92 |
| Building Age | 7 Years |

Property Location



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

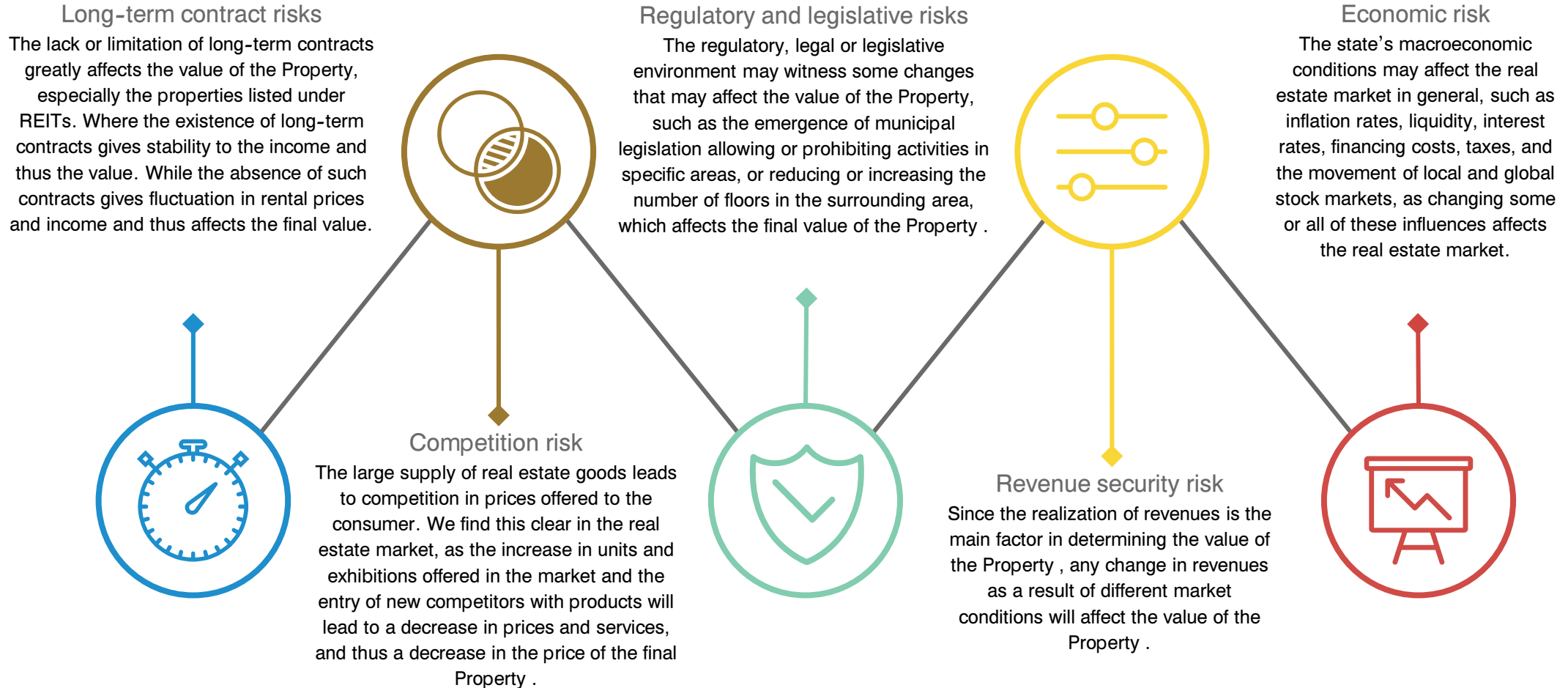
The property income represents the revenue derived from the rent payments received during a year.

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



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

Market Research Analysis

We summarize below our research findings, which were used to determine the average ADR of the subject property based on the market. The following comparables are the most relevant to the Subject Property.

Comparables

| Description | Double Tree Hilton | Hilton Garden Inn | Aloft Hotel |
|---------------------|--------------------|-------------------|-------------|
| Room (SAR/Day) | 310 | 397 | 351 |
| 1 Br Suit (SAR/Day) | 459 | 708 | 641 |
| 2Br Suit (SAR/Day) | 860 | 1007 | 928 |

Market Commentary

- The daily rental for rooms of sizes from 25 sqm to 30 sqm range from 310 SAR/day to 400 SAR/ Day.
- The daily rental for 1 Br suites/Apartments of sizes from 50 sqm to 60 sqm range from 460 SAR/day to 700 SAR/ Day depending on the location of the property.
- The daily rental for 1 Br suites/Apartments of sizes from 90 sqm to 95 sqm range from 860 SAR/day to 1100 SAR/ Day depending on the location of the property.
- To reach the average ADR of the property in accordance to market, we have taken into consideration in the adjustments process the size, location, accessibility, frontage, Quality and Brand factors.
- The next page will demonstrate in detail the calculation of the ADR.



Valuation

Base Price Adjustments

After completing the research and gathering information, adjustments are made in each factor in which the comparable differs from the Subject Property. The adjustments are made on a percentage and are applied to the price per day of the comparable to provide an adjusted value indication for the Subject Property.

Adjustments have been made to reflect factors including:

- Location: location of the property relevant to the comparables.
- Size: the size of the unit.
- Accessibility: the easiness of reaching the subject property in the case.
- Frontage: frontage refers to a number of streets and the role and importance of the relevant street in the area.
- Negotiation: flexibility in prices depending on the offer type.



Valuation Matrix - Rooms

| Description | Double Tree Hilton | Hilton Garden Inn | Aloft Hotel |
|------------------------------------|--------------------|-------------------|-------------|
| Room Size (sqm) | 30 | 26 | 30 |
| Price (SAR per sqm) | 310 | 397 | 351 |
| Location and Physical Adjustements | | | |
| Location | 0.00% | 0.00% | 0.00% |
| Size | -10.00% | -10.00% | -10.00% |
| Accessibility | 0.00% | 0.00% | 0.00% |
| Frontage | 0.00% | -10.00% | -10.00% |
| Quality | -10.00% | -10.00% | -10.00% |
| Brand | -5.00% | -5.00% | -5.00% |
| Amenities | 0.00% | 0.00% | 0.00% |
| Age | 5.00% | -2.50% | 0.00% |
| Negotiation | 0.00% | 0.00% | 0.00% |
| Total Adjustment (%) | -20.00% | -37.50% | -35.00% |
| Final Adjusted Daily Rate | 248 | 248 | 228 |
| Weights | 35.00% | 35.00% | 30.00% |
| Daily Rate for Rooms (SAR/day) | 240 | | |

Valuation

Base Price Adjustments

Valuation Matrix - Apartments

| Description | Double Tree Hilton | Hilton Garden Inn | Aloft Hotel |
|----------------------------------|--------------------|-------------------|-------------|
| Apartment Size (sqm) | 95 | 95 | 98 |
| Price (SAR per sqm) | 860 | 1,007 | 928 |
| Location and Physical Adjustment | | | |
| Location | 0.00% | 0.00% | 0.00% |
| Accessibility | -2.50% | -2.50% | -2.50% |
| Size | 0.00% | 0.00% | 0.00% |
| Frontage | 0.00% | -10.00% | -10.00% |
| Quality | -10.00% | -10.00% | -10.00% |
| Frontage | -5.00% | -5.00% | -5.00% |
| Shape | 0.00% | 0.00% | 0.00% |
| Use | 5.00% | -2.50% | 0.00% |
| Negotiation | 0.00% | 0.00% | 0.00% |
| Total Adjustment (%) | -12.50% | -30.00% | -27.50% |
| Final Adjusted Daily Rate | 753 | 705 | 673 |
| Weights | 35.00% | 35.00% | 30.00% |
| Daily Rate | 710 | | |
| Premium for 3BR | 30% | | |
| Daily Rate for 3BR | 923 | | |

Blended Average Daily Rate

| Description | Radisson Blu | No. | Total Income |
|--------------------|--------------|-----|--------------|
| Rooms | 240 | 38 | 9,120 |
| 2 Br Apartments | 710 | 49 | 34,790 |
| 3 Br Apartments | 923 | 4 | 3,692 |
| Total | | 91 | 47,602 |
| Blended ADR | | | 523 |

Actual Annual Income Details

We were provided with the actual income details by the client for the 2023 which have applied in the cashflow for the year 2024 adjusting to inflation.

| Description | Amount (SAR) |
|------------------------|--------------|
| Gross Income | 11,086,455 |
| Expenses | 7,560,000 |
| Net Operational Income | 3,526,455 |

For the consecutive years, the next page will demonstrate in detail the calculation for deriving the net income.

Valuation

Projected Trading Performance

Projected Trading Performance Summary (with inflation) (KPI)

- Based on market research, we have concluded the ADR and calculations were made over 10 years starting from 2025, the table below shows a summary of the first 5 years as a percentage (%).

| Period | 2025 | 2026 | 2027 | 2028 | 2029 |
|---------------------------------|-------|-------|-------|-------|-------|
| No. of Rooms | 91 | 91 | 91 | 91 | 91 |
| Occupancy (%) | 93% | 80% | 70% | 70% | 70% |
| ADR (%) | 335 | 418 | 523 | 523 | 523 |
| RevPAR (SAR) | 311 | 335 | 366 | 366 | 366 |
| (Departmental Revenue) | | | | | |
| Room Revenue | 95.0% | 93.5% | 92.0% | 92.0% | 92.0% |
| Food & Beverage | 5.0% | 6.5% | 8.0% | 8.0% | 8.0% |
| Other Revenue | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| (Departmental Expenses) | | | | | |
| Room Expenses | 25.0% | 23.0% | 21.0% | 21.0% | 21.0% |
| Food & Beverage Expenses | 52.0% | 50.0% | 48.0% | 48.0% | 48.0% |
| Other Expenses | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| (Undistributed Expenses) | | | | | |
| Administrative & General | 8.0% | 7.0% | 6.0% | 6.0% | 6.0% |
| Sales & Marketing | 4.0% | 3.0% | 2.0% | 2.0% | 2.0% |
| Operations and Maintenance | 5.0% | 4.0% | 3.0% | 3.0% | 3.0% |
| Utilities | 7.0% | 6.0% | 5.0% | 5.0% | 5.0% |

| Period | 2025 | 2026 | 2027 | 2028 | 2029 |
|-----------------------------|-------|-------|-------|-------|-------|
| (Management Fees) | | | | | |
| Base Management Fee | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Incentive Management Fee | 3.5% | 3.9% | 4.3% | 4.3% | 4.3% |
| (Fixed Charges) | | | | | |
| Staff Accommodation | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% |
| Building Insurance | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% |
| (NOI) | | | | | |
| Net Operating Income | 42.9% | 48.1% | 53.3% | 53.3% | 53.3% |
| Reserve for Renewals (FF&E) | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% |
| EBITDA | | | | | |
| EBITDA (SAR) | 4,564 | 5,605 | 6,918 | 6,918 | 6,918 |
| EBITDA (%) | 41.9% | 47.1% | 52.3% | 52.3% | 52.3% |

Valuation

Projected Trading Performance

Projected Trading Performance Summary (without inflation) (KPI)

- Our calculations were made over 10 years, the table below shows a summary of the first 5 years as a **(000 SAR)**.

| Period | 2025 | 2026 | 2027 | 2028 | 2029 |
|---------------------------------|--------|--------|--------|--------|--------|
| No. of Rooms | 91 | 91 | 91 | 91 | 91 |
| Occupancy (%) | 93% | 80% | 70% | 70% | 70% |
| ADR (%) | 335 | 418 | 523 | 523 | 523 |
| RevPAR (SAR) | 311 | 335 | 366 | 366 | 366 |
| (Departmental Revenue) | | | | | |
| Room Revenue | 10,341 | 11,120 | 12,162 | 12,162 | 12,162 |
| Food & Beverage | 544 | 773 | 1,058 | 1,058 | 1,058 |
| Other Revenue | 0 | 0 | 0 | 0 | 0 |
| (Departmental Expenses) | | | | | |
| Room Expenses | 2,585 | 2,558 | 2,554 | 2,554 | 2,554 |
| Food & Beverage Expenses | 283 | 387 | 508 | 508 | 508 |
| Other Expenses | 0 | 0 | 0 | 0 | 0 |
| (Undistributed Expenses) | | | | | |
| Administrative & General | 871 | 833 | 793 | 793 | 793 |
| Sales & Marketing | 435 | 357 | 264 | 264 | 264 |
| Operations and Maintenance | 544 | 476 | 397 | 397 | 397 |
| Utilities | 762 | 714 | 661 | 661 | 661 |

| Period | 2025 | 2026 | 2027 | 2028 | 2029 |
|-----------------------------|-------|-------|-------|-------|-------|
| (Management Fees) | | | | | |
| Base Management Fee | 218 | 238 | 264 | 264 | 264 |
| Incentive Management Fee | 378 | 460 | 563 | 563 | 563 |
| (Fixed Charges) | | | | | |
| Staff Accommodation | 109 | 119 | 132 | 132 | 132 |
| Building Insurance | 27 | 30 | 33 | 33 | 33 |
| (NOI) | | | | | |
| Net Operating Income | 4,673 | 5,724 | 7,050 | 7,050 | 7,050 |
| Reserve for Renewals (FF&E) | 109 | 119 | 132 | 132 | 132 |
| EBITDA | | | | | |
| EBITDA (SAR) | 4,564 | 5,605 | 6,918 | 6,918 | 6,918 |
| EBITDA (%) | 41.9% | 47.1% | 52.3% | 52.3% | 52.3% |

Valuation

Income Approach



Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of **2.8%** per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of **7.50%** was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of **10.30%** according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

| Period | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|--------------------------------|------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------|
| Net Operation Income (000 SAR) | 3,625 | 4,823 | 6,089 | 7,726 | 7,942 | 8,165 | 8,393 | 8,628 | 8,870 | 9,118 | 9,374 |
| Exit (000 SAR) | | | | | | | | | | | 124,983 |
| Present Value (000 SAR) | 3,287 | 3,964 | 4,538 | 5,220 | 4,865 | 4,534 | 4,226 | 3,938 | 3,671 | 3,421 | 45,701 |
| Fair Value (SAR) | 87,360,000 | | | | | | | | | | |

Valuation Summary

Opinion of Value

Abaad is of the opinion that the **Fair Value** of the Subject Property which comprises Radisson Blu, Khobar, as of 31st December 2023, based upon assumptions and detail within this report, may be stated as follows:

Fair Value of the Subject Property by Income Approach is:

- 87,360,000 SAR (Eighty Seven Million Three Hundred Sixty Thousand Saudi Riyals).



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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وزارة الشؤون المحلية والقرية
أمانة المنطقة الشرقية
محافظة الأحساء

رقم الخرجة: 004/1194
تاريخها: 04/11/14
ملاصقتها: 08-09
نوعها: 03-04

الرقم القيد: 004/1194
الرقم القيد: 004/1194

| رقم المنطقة | رقم المخطط | رقم المخطط | رقم المخطط | رقم المخطط | رقم المخطط |
|-------------|------------|------------|------------|------------|------------|
| 004/1194 | 004/1194 | 004/1194 | 004/1194 | 004/1194 | 004/1194 |

تكون الواجبات باللون الابيض فقط

| النوع | المساحة | القيمة | النوع | المساحة | القيمة |
|-------|---------|--------|-------|---------|--------|
| مبنى | 100.00 | 100.00 | مبنى | 100.00 | 100.00 |

ملاحظات:

1- المساحة الكلية للمخطط: 100.00 م²

2- المساحة المخصصة للمبنى: 100.00 م²

3- المساحة المخصصة للحدائق: 0.00 م²

4- المساحة المخصصة للمساحات المفتوحة: 0.00 م²

5- المساحة المخصصة للمساحات المغلقة: 0.00 م²

6- المساحة المخصصة للمساحات المغطاة: 0.00 م²

7- المساحة المخصصة للمساحات المغطاة: 0.00 م²

8- المساحة المخصصة للمساحات المغطاة: 0.00 م²

9- المساحة المخصصة للمساحات المغطاة: 0.00 م²

10- المساحة المخصصة للمساحات المغطاة: 0.00 م²

الجمهورية العربية السورية
وزارة الشؤون المحلية والقرية
أمانة المنطقة الشرقية
محافظة الأحساء

رقم الخرجة: 004/1194
تاريخها: 04/11/14
ملاصقتها: 08-09
نوعها: 03-04

الرقم القيد: 004/1194
الرقم القيد: 004/1194

ملاحظات:

1- المساحة الكلية للمخطط: 100.00 م²

2- المساحة المخصصة للمبنى: 100.00 م²

3- المساحة المخصصة للحدائق: 0.00 م²

4- المساحة المخصصة للمساحات المفتوحة: 0.00 م²

5- المساحة المخصصة للمساحات المغلقة: 0.00 م²

6- المساحة المخصصة للمساحات المغطاة: 0.00 م²

7- المساحة المخصصة للمساحات المغطاة: 0.00 م²

8- المساحة المخصصة للمساحات المغطاة: 0.00 م²

9- المساحة المخصصة للمساحات المغطاة: 0.00 م²

10- المساحة المخصصة للمساحات المغطاة: 0.00 م²

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.



أبعاد
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Abaad & Partner For Real Estate Valuation Co.

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Director

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أبجداد
للتقييم العقاري

Final Valuation Report

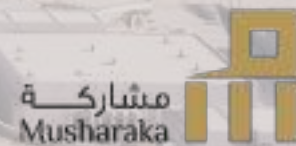
Seashore Residential Compound, Khobar

Musharaka Capital

21 March 2024

V230270

P230361



Introduction



Dear **Musharaka Capital**,

RE: Valuation of Seashore Residential Compound, Khobar.

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 Market Value for Acquisition & Financing 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

- Seashore residential compound is located on a regular plot of land with flat topography, with an area of **38,103 Sqm.**
- The residential complex includes various residential villas in sizes and features (**112 units**), in addition to facilities and services such as swimming pools, health clubs, and green areas.
- The total built-up area is **24,760 Sqm.**
- The property area is characterized by the presence of all basic services such as electricity, water, lighting, sewage, asphalt streets, and a footpath.
- The compound is located near the corniche.

Property Details

| Site Details | Information |
|-----------------------|---------------------------------------|
| District | Tahlia |
| Permitted Use | Residential Commercial |
| Tenure | Freehold |
| Deed Number | 930205013309 |
| Deed Date | 24/11/1438H |
| Total Land Area (sqm) | 38,103 |
| Owner | Hifth AIMusharaka Real Estate Company |



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Subject Property Pictures



Valuation Summary

| Site Details | Information |
|-------------------------|--|
| Report Type | Detailed Report |
| Other independent Users | Client - 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 | 133,210,000 |

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 was requested by Musharaka Capital on **19 December 2023** to provide a valuation of the freehold interest of Seashore Compound. We enclose the valuation within this Final Valuation Report.

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 **28 December 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:
 - Subject Location
 - Title Deed
 - Building Permit
 - Income Information

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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.

Independence and non-conflict of interest

- We confirm that there is no conflict of interest with the client related to the work required or the asset subject to valuation, property owners and managers, tenants, real estate developer, property seller, or any other party.

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
Contract Details

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Title Information



Title Information

| ID | Description | | |
|-----------------|---------------------------------------|--------------|---------------|
| Owner | Hifth AlMusharaka Real Estate Company | | |
| The Property | Seashore Residential Compound, Khobar | | |
| Plot No. | - | | |
| Sub-Division | - | | |
| District | Tahlia District | | |
| Coordinates | 26° 9'58.68"N | | 50°11'44.52"E |
| City | Khobar | | |
| Ownership Type | Freehold | | |
| Title Deed Info | Deed No. | 930205013309 | |
| | Deed Date | 24/11/1438H | |

Dimensions and street widths

| Side | Dimension (m) | Street Name | Width (m) |
|-------|---------------|-------------|-----------|
| North | 192.43 | Unnamed | 20 |
| South | 192.43 | Neighbor | - |
| East | 200 | Unnamed | 15 |
| West | 200 | Unnamed | 15 |

Sources: Title Deed

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- Micro Location
- Property Description
- Property Photographs

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Macro Location

- Seashore residential compound is located in the southern part of Khobar, which is one of the governorates of the Eastern Province in the Kingdom of Saudi Arabia.
- The total urban area of Al-Khobar is 750 square kilometers, with a population of about 578,500 people.
- The city of Al-Khobar is also characterized by the presence of a good infrastructure that allows it to be a commercial and industrial center, and the presence of seaports, and residential areas that increase commercial activity in the region.
- The property under appraisal is located in Tahlia district, close to many hotel resorts.
- The area surrounding the property includes developing spaces, in addition to many resorts and commercial centers, and places dedicated to fishing.

Accessibility

- Seashore residential compound is located near the open sea, sea resorts, and places to set up activities.
- As for the other frontages, they overlook internal streets and border the site on the south and west sides.
- The property can be reached directly through an internal road linked to King Fahd Street.

Macro Location of the Subject Property



Site Location Analysis

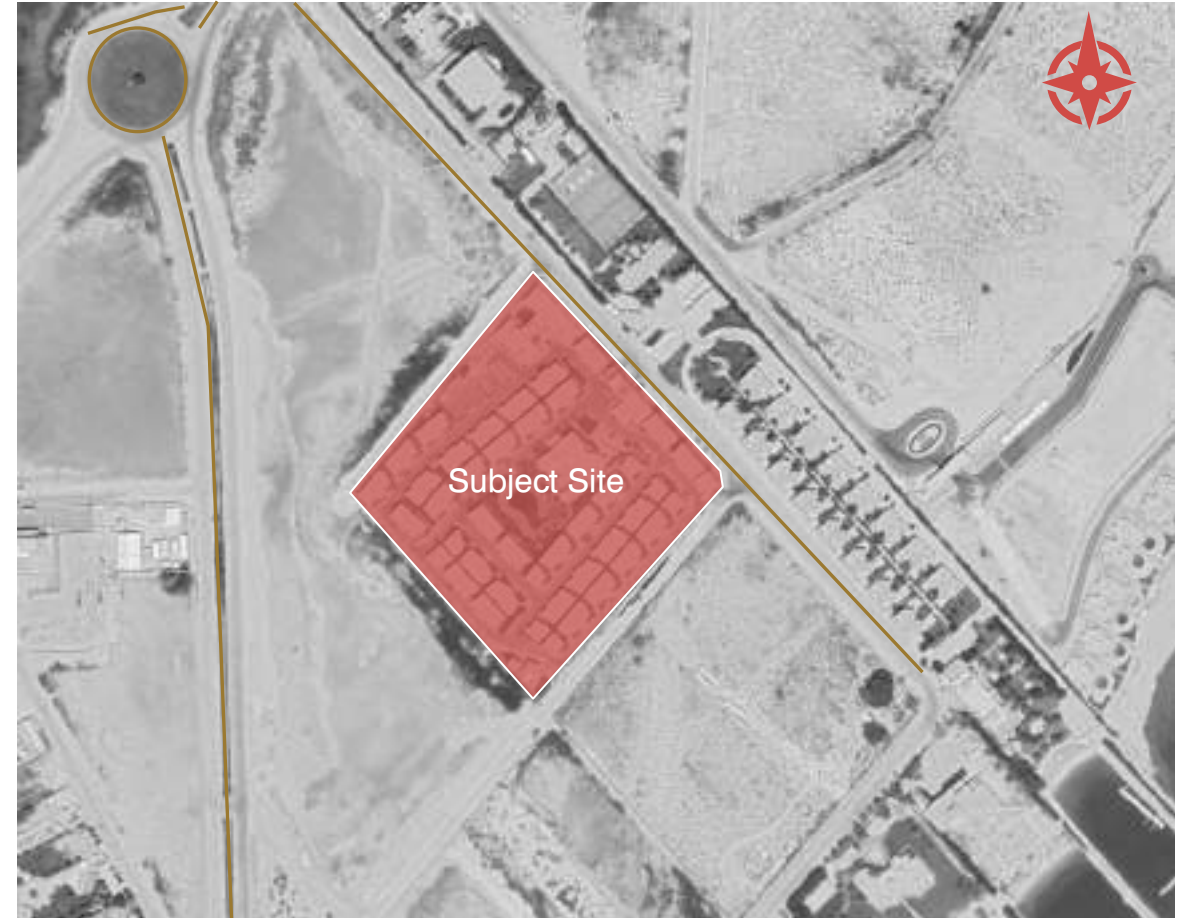
Property Description

- Seashore residential compound is located on a regular plot of land with flat topography, with an area of **38,103 Sqm.**
- The compound includes **112** residential units, in addition to services and facilities such as swimming pools, health club, catering, cafe, and other services. The total built-up area is **24,760 Sqm.**
- The property location is characterized by the presence of basic services such as electricity, water, lighting, sewage, asphalt streets, and footpaths.
- The property location is characterized by a commercial zone with a total number of **2** floors, as indicated in the building regulations in the area.
- Based on the information provided by the client, the coverage rate (according to the current construction condition) is **57%.**

Property Details

| Details | Description |
|---------------------|----------------|
| Land Area (Sqm) | 38,103 |
| Build-up Area (Sqm) | 24,760 |
| Coverage Ratio (%) | 57 |
| Number of Units | 112 |
| Building Age | 6 Years |

Property Location



Site Location Analysis

Property Photographs



أبعاد
للتقييم العقاري



Site Location Analysis

Property Photographs



أبعاد
للتقييم العقاري



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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

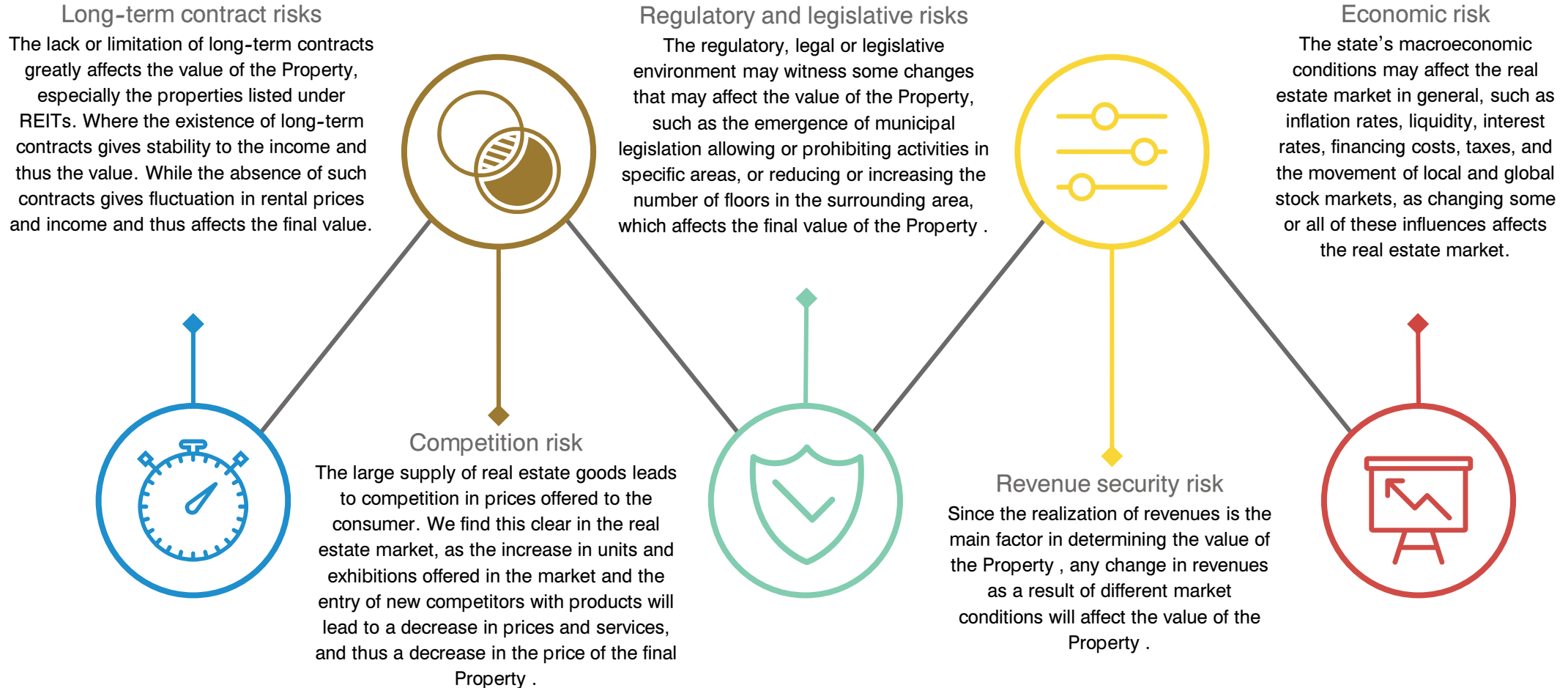
The property income represents the revenue derived from the rent payments received during a year.

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



Valuation

Market Research Analysis - Apartments

We summarize below our research findings, which were used to determine the average rental of the subject property based on the market. The following comparables are the most relevant to the Subject Property.

Comparables

| Description | Apartment Size | Rental (SAR/sqm) | Annual Rental (SAR) |
|--------------------------|----------------|------------------|---------------------|
| Ar Rawabi Pearl Compound | 180 | 403 | 72,500 |
| Black Pearl Compound | 107 | 607 | 65,000 |

Market Commentary

- The Annual rentals for apartments of sizes from 110 sqm to 180 sqm range from 400 SAR/sqm to 600 SAR/ sqm.



Valuation Matrix – Apartments

After completing the research and gathering information, adjustments are made in each factor in which the comparable differs from the Subject Property. The adjustments are made on a percentage and are applied to the annual rental of the comparable to provide an adjusted value indication for the Subject Property.

| Description | Ar Rawabi Pearl Compound | Black Pearl Compound |
|-----------------------------------|--------------------------|----------------------|
| Price (SAR per sqm) | 72,500 | 65,000 |
| Location and Physical Adjustments | | |
| Location | -10.00% | 0.00% |
| Size | 0.00% | 0.00% |
| Accessibility | 0.00% | 0.00% |
| Frontage | 0.00% | 0.00% |
| Quality | 5.00% | 0.00% |
| Brand | 0.00% | 0.00% |
| Amenities | 5.00% | 0.00% |
| Age | 0.00% | 0.00% |
| Negotiation | 0.00% | 0.00% |
| Total Adjustment (%) | 0.00% | 0.00% |
| Final Adjusted Rental | 72,500 | 65,000 |
| Weights | 50.00% | 50.00% |
| Rental for Apartments | 68,750 | |

Valuation

Market Research Analysis - Villas

We summarize below our research findings, which were used to determine the average rental of the subject property based on the market. The following comparables are the most relevant to the Subject Property.

Comparables

| Description | Apartment Size | Rental (SAR/sqm) | Annual Rental (SAR) |
|----------------------|----------------|------------------|---------------------|
| Black Pearl Compound | 272 | 551 | 150,000 |
| An Nahda Compound | 220 | 682 | 150,000 |

Market Commentary

- The Annual rentals for Villa of sizes from 220 sqm to 280 sqm range from 550 SAR/sqm to 690 SAR/ sqm.



Valuation Matrix – Apartments

After completing the research and gathering information, adjustments are made in each factor in which the comparable differs from the Subject Property. The adjustments are made on a percentage and are applied to the annual rental of the comparable to provide an adjusted value indication for the Subject Property.

| Description | Black Pearl Compound | An Nahda Compound |
|-------------------------------------|----------------------|-------------------|
| Price (SAR per sqm) | 150,000 | 150,000 |
| Location and Physical Adjustements | | |
| Location | 0.00% | -15.00% |
| Size | 0.00% | 0.00% |
| Accessibility | 0.00% | 0.00% |
| Frontage | 0.00% | 0.00% |
| Quality | 0.00% | 5.00% |
| Brand | 0.00% | 0.00% |
| Amenities | 0.00% | 0.00% |
| Age | 0.00% | 10.00% |
| Negotiation | 0.00% | 0.00% |
| Total Adjustement (%) | 0.00% | 0.00% |
| Final Adjusted Rental | 150,000 | 150,000 |
| Weights | 50.00% | 50.00% |
| Rental for Villas with View | 150,000 | |
| Discount for Villas with no view | -2.50% | |
| Rental for Villas with View no View | 146,250 | |

Income Analysis

Income Estimation based on Market

- The table below shows the rental prices and the total income of the units.

| Unit Type | Number of Units | Market Rent Price (SAR) | Rent Price (SAR) | Total Income (SAR) |
|---------------------|-----------------|-------------------------|------------------|--------------------|
| Apartment | 36 | 68,750 | 68,750 | 2,475,000 |
| Villas with View | 17 | 150,000 | 150,000 | 2,550,000 |
| Villas without View | 59 | 150,000 | 146,250 | 8,628,750 |
| Total | 112 | | | 13,653,750 |

Yield Rate

- Abaad team made some research on the Yield rate for the property undervaluation.
- Based on the results of the research, the Yield rates for residential compounds range from **8.0%** to **10.0%** and it is dependent according to the location, type, quality of units, and occupancy rate.
- Moreover, the information provided by the client and the experience of Abaad in the real estate market, the Yield rate of the property was estimated as **8.0%**.

Valuation

Income Approach



Blended Average

- Based on the existing rental contract details for the year 2023 provided by the client, the prices have been increased by 3.3% from 1st half of 2023 through 2nd half of 2023 and the client further plans to increase the rental prices in 2024 for Apartments to 42,000 per unit Annually and for Villas 96,000 per unit Annually. Further, the Occupancy is also expected to increase by 10% compared to 2023.
- Based on the provided data by the client, the average expected Annual Rental per unit for the year 2024 is calculated as below:

| Description | No. | Average Rate | Value |
|------------------------------|------------|---------------|------------------|
| Apartment | 36 | 43,244 | 1,556,767 |
| Villa | 76 | 91,967 | 6,989,526 |
| Total/Blended Average | 112 | 76,306 | 8,546,293 |

Income Estimation:

After the end of the lease contract for the property under valuation, an increase in rental prices was made to reach the market prices of the property, noting that according to the customer's benefit, all services, facilities and school transportation were added to the property under valuation, as well as the restoration of the entire building, which is what we based our valuation on. the table below shows the rental prices for each year until the year of stability:

| Period | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
|---|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Number of Units | 112 | 112 | 112 | 112 | 112 | 112 | 112 | 112 | 112 | 112 |
| Unit Rental Price (SAR) | 76,306 | 91,567 | 109,881 | 121,908 | 121,908 | 121,908 | 121,908 | 121,908 | 121,908 | 121,908 |
| Percentage increase in the Rental Price (%) | 0.0% | 20.0% | 20.0% | 10.9% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Occupancy (%) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Property Income (SAR) | 8,546,293 | 10,255,552 | 12,306,662 | 13,653,750 | 13,653,750 | 13,653,750 | 13,653,750 | 13,653,750 | 13,653,750 | 13,653,750 |

Valuation

Income Approach



Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years, according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of 8.00% was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply, and demand, we have applied a discount rate of 10.80% according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.
- Additional Income rate: 1.00%

| Period | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
|------------------------------------|--------------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| Occupancy (%) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Total Revenue with Inflation (SAR) | 8,785,590 | 10,837,903 | 13,369,638 | 15,248,405 | 15,675,360 | 16,114,270 | 16,565,470 | 17,029,303 | 17,506,123 | 17,996,295 |
| Vacancies (%) | 25.7% | 12.5% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% |
| Vacancies (SAR) | 2,259,152 | 1,354,738 | 1,336,964 | 1,524,840 | 1,567,536 | 1,611,427 | 1,656,547 | 1,702,930 | 1,750,612 | 1,799,629 |
| Additional Income (SAR) | 65,264 | 94,832 | 120,327 | 137,236 | 141,078 | 145,028 | 149,089 | 153,264 | 157,555 | 161,967 |
| Gross Potential Income (GPI) (SAR) | 6,591,702 | 9,577,997 | 12,153,000 | 13,860,800 | 14,248,902 | 14,647,871 | 15,058,012 | 15,479,636 | 15,913,066 | 16,358,632 |
| Operation Expenses Rate (%) | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% |
| Operation Expenses (SAR) | 659,170 | 957,800 | 1,215,300 | 1,386,080 | 1,424,890 | 1,464,787 | 1,505,801 | 1,547,964 | 1,591,307 | 1,635,863 |
| Net Operation Income (SA) | 5,932,532 | 8,620,197 | 10,937,700 | 12,474,720 | 12,824,012 | 13,183,084 | 13,552,211 | 13,931,672 | 14,321,759 | 14,722,769 |
| Exit (SAR) | | | | | | | | | | 184,034,607 |
| Present Value (SAR) | 5,354,271 | 7,021,626 | 8,040,939 | 8,276,977 | 7,679,361 | 7,124,895 | 6,610,462 | 6,133,172 | 5,690,344 | 71,273,100 |
| Fair Value (SAR) | 133,210,000 | | | | | | | | | |

Valuation Summary

Opinion of Value

Abaad is of the opinion that the **Fair Value** of the Subject Property which comprises Seashore Compound, as of 31st December 2023, based upon assumptions and detail within this report, may be stated as follows:

Fair Value of the Subject Property by Income Approach is:

- 133,210,000 SAR (One Hundred Thirty Three Million Two Hundred Ten Thousand Saudi Riyals).

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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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.



Abaad & Partner For Real Estate Valuation Co.

Jeddah Branch (Head Office):

Mohamed Ibrahim Masoud Street,
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أبجداد
للتقييم العقاري

Final Valuation Report

Pearl Residential Compound, Khobar

Musharaka Capital

21 March 2024

V230270

P230361



Introduction



Dear **Musharaka Capital**,

RE: Valuation of Pearl Residencial Compound, Khobar.

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 Market Value for Acquisition & Financing 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 Pearl Residential Compound is located on a plot of regular shape with flat topography, with an area of **22,500 Sqm**. The residential compound includes many residential apartments of various sizes and features (**233 units**), in addition to facilities and services such as swimming pools. The total built-up area is **39,909 Sqm**.
- The property area is characterized by the presence of all basic services such as electricity, water, lights, sewage, asphalt streets, and footpaths.
- The Pearl Residential Compound is located on the main street so that Prince Sultan Bin Fahd Road passes from the southern side of the property, and it is considered one of the main roads

Property Details

| Site Details | Information |
|-----------------------|---------------------------------------|
| District | Qurtubah |
| Permitted Use | Residential |
| Tenure | Freehold |
| Deed Number | 430205013306 |
| Deed Date | 24/11/1438H |
| Total Land Area (sqm) | 22,500 (title deed) |
| Owner | Hifth AIMusharaka Real Estate Company |

Subject Property Pictures



Valuation Summary

| Site Details | Information |
|-------------------------|--|
| Report Type | Detailed Report |
| Other independent Users | Client - 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 | 343,670,000 |

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 was requested by Musharaka Capital on **19 December 2023** to provide a valuation of the freehold interest of Pearl Compound. We enclose the valuation within this Final Valuation Report.

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 **26 December 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:
 - Subject Location
 - Title Deed
 - Building Permit
 - Income Information



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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.

Independence and non-conflict of interest

- We confirm that there is no conflict of interest with the client related to the work required or the asset subject to valuation, property owners and managers, tenants, real estate developer, property seller, or any other party.

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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Title Information



Title Information

| ID | Description | | |
|-----------------|---------------------------------------|--------------|---------------|
| Owner | Hifth AlMusharaka Real Estate Company | | |
| The Property | Residential | | |
| Plot No. | The Pearl Residential Compound | | |
| Sub-Division | 2/38 | | |
| District | Al Rakah | | |
| Coordinates | 26°20'48.20"N | | 50°11'22.85"E |
| City | Khobar | | |
| Ownership Type | Freehold | | |
| Title Deed Info | Deed No. | 430205013306 | |
| | Deed Date | 24/11/1438 H | |

Dimensions and street widths

| Side | Dimension (m) | Street Name | Width (m) |
|-------|---------------|-------------------------|-----------|
| North | 150 | Steet 24 | 40 |
| South | 150 | Tariq Bin Ziyad Street | 40 |
| East | 150 | Maakal Bin Snan Street | 10 |
| West | 150 | Nafeea Bin Atbah Street | 8 |

Sources: Title Deed

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Macro Location

Macro Site Analysis

- The Pearl Residential Compound is in the eastern part of Al-Khobar, one of the Eastern Province governorates in the Kingdom of Saudi Arabia.
- The total urban area of Al-Khobar is 750 Sqm, with a population of 578,500 people.
- Khobar city has a good infrastructure that allows commercial and industrial hubs with seaports and residential areas that increase commercial activity in the region.
- The property undervaluation is in Al Rakah district near Prince Sattam bin Abdulaziz University. The surrounding area includes compounds, retail centers, under-construction developments, and residential buildings.

Accessibility

- The Pearl Residential Compound is characterized by its location on Tariq Bin Ziyad Street, and it connects two main roads, King Fahd Road and King Saud Road. Moreover, King Fahd Road passes from the eastern side of the Pearl Mall.
- As for the other frontage, they overlook internal streets and border from the north and west sides.
- The property undervaluation can be reached directly through Tariq Bin Ziyad Street, in addition to King Fahd Road and King Saud Road, which are secondary roads linked to Tariq Bin Ziyad Street leading to the property undervaluation.

Macro Location of the Subject Property



Site Location Analysis

Property Description

- The Pearl Residential Compound is on a regular shaped parcel of land, with an area of **22,500 Sqm**.
- The residential compound includes **16** buildings with a total of **233** residential units, in addition to facilities and amenities such as swimming pools, health club, jacuzzi, sauna, banquet hall, mini market, nursery, mosque, cafe, and school buses. The total built-up area is **39,909 Sqm**.
- The surrounding area of the subject asset hosts proper infrastructure, that includes electricity, water, lights, sewage, asphalt streets, and footpaths.
- The surrounding area is characterized by a commercial building regulation that allows up to **15** floors, as indicated in the building regulations in the property area.
- Based on the information provided by the client, the coverage ratio (according to the current construction condition) is **56%**.

Property Details

| Details | Description |
|---------------------|-------------|
| Land Area (Sqm) | 22,500 |
| Build-up Area (Sqm) | 39,909 |
| Coverage Ratio (%) | 56 |
| Number of Units | 233 |
| Building Age | 9 Years |

Property Location



Site Location Analysis

Property Photographs



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للتقييم العقاري



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

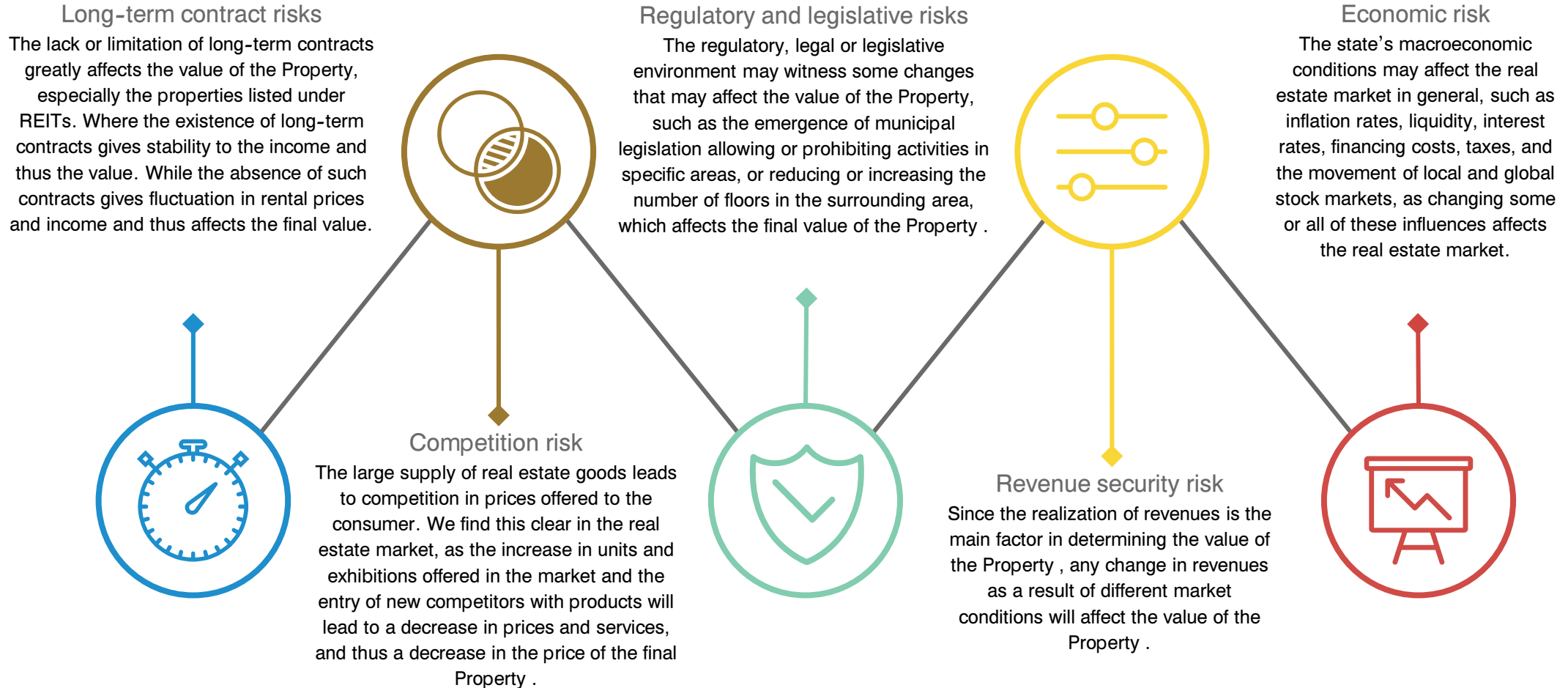
The property income represents the revenue derived from the rent payments received during a year.

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



Income Analysis

Property Details

- Abaad team analyzed the income data provided by the client and conducted field research to verify the rental value of the property compared to Khobar market. The table on the right summarizes the results of the field research for residential units in the city of Al-Khobar.
- In addition, the field research deals with the appropriate Yield rate for the property undervaluation until the market value of the property undervaluation is reached through the income approach.
- Based on the field research, the Yield rates for residential compounds range from 8% to 10% according to the location, type, and quality of units and occupancy rate. According to the statement from the client.
- Moreover, the information provided by the client, the return on the purchase price of the property is equivalent to 8.0%.

Rental Prices Summary

Abaad team made field research for the rental prices of the apartments near the property undervaluation, we have made some adjustments to reach the rental prices for the property undervaluation as shown in the table below:

| Name | Rooms | Annual Rent | Location Adj. | Quality Adj. | Price After Adj. |
|-----------------|---------------------|-------------|---------------|--------------|------------------|
| Retal Residence | 1 Room | 110,000 | -5.00% | -5.00% | 99,000 |
| Retal Residence | 2 Rooms | 150,000 | -5.00% | -5.00% | 135,000 |
| Retal Residence | 3 Rooms | 180,000 | -5.00% | -5.00% | 162,000 |
| Retal Residence | Penthouse (3 Rooms) | 210,000 | -5.00% | -5.00% | 189,000 |

Estimating Income as per Market

| Units | Rooms | Annual Rent | Total |
|---------------|---------------------|-------------|------------|
| 30 | 1 Room | 99,000 | 2,970,000 |
| 102 | 2 Rooms | 135,000 | 13,770,000 |
| 69 | 3 Rooms | 162,000 | 11,178,000 |
| 32 | Penthouse (3 Rooms) | 189,000 | 6,048,000 |
| Total Revenue | | | 33,966,000 |

Income Estimation:

- Based on the existing rental contract details for the year **2023** provided by the client, the prices have been increased by **8%** from 1st half of **2023** through 2nd half of **2023** and the client further plans to increase the rental prices to **80,000** per unit Annually in **2024**.
- Based on the provided data by the client, the average expected Annual Rental per unit for the year **2024** is calculated to be **SAR 76,230**.
- After the end of the lease contract for the property under valuation, an increase was made in the rental prices to reach the market prices of the property, knowing that according to the client's benefit, all services, facilities and school transportation were added to the property under valuation, as well as the restoration of the entire buildings, and this is what we based our valuation on, the table below shows the rental prices for each year until the year of stability:

| Period | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Number of Units | 233 | 233 | 233 | 233 | 233 | 233 | 233 | 233 | 233 | 233 | 233 |
| Unit Rental Price (SAR) | 76,230 | 87,664 | 105,197 | 131,496 | 145,777 | 145,777 | 145,777 | 145,777 | 145,777 | 145,777 | 145,777 |
| Percentage increase in the Rental Price (%) | 0.0% | 15.0% | 20.0% | 25.0% | 10.9% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Occupancy (%) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Property Income (SAR) | 17,761,513 | 20,425,740 | 24,510,889 | 30,638,611 | 33,966,000 | 33,966,000 | 33,966,000 | 33,966,000 | 33,966,000 | 33,966,000 | 33,966,000 |

Income Approach

Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of 7.75% was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of 10.55% according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

| Period | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|------------------------------------|--------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| Occupancy (%) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Total Revenue with Inflation (SAR) | 18,258,836 | 21,585,596 | 26,627,991 | 34,216,968 | 38,995,095 | 40,086,957 | 41,209,392 | 42,363,255 | 43,549,426 | 44,768,810 | 46,022,337 |
| Vacancies (%) | 11.6% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Vacancies (SAR) | 2,115,831 | 1,079,280 | 1,331,400 | 1,710,848 | 1,949,755 | 2,004,348 | 2,060,470 | 2,118,163 | 2,177,471 | 2,238,441 | 2,301,117 |
| Other Income (SAR) | 161,430 | 205,063 | 252,966 | 325,061 | 370,453 | 380,826 | 391,489 | 402,451 | 413,720 | 425,304 | 437,212 |
| Gross Potential Income (GPI) (SAR) | 16,304,435 | 20,711,379 | 25,549,557 | 32,831,181 | 37,415,793 | 38,463,436 | 39,540,412 | 40,647,543 | 41,785,674 | 42,955,673 | 44,158,432 |
| Operation Expenses (%) | 12.0% | 12.0% | 12.0% | 12.0% | 12.0% | 12.0% | 12.0% | 12.0% | 12.0% | 12.0% | 12.0% |
| Operation Expenses (SAR) | 1,956,532 | 2,485,365 | 3,065,947 | 3,939,742 | 4,489,895 | 4,615,612 | 4,744,849 | 4,877,705 | 5,014,281 | 5,154,681 | 5,299,012 |
| Net Operation Income (SA) | 14,347,903 | 18,226,014 | 22,483,610 | 28,891,439 | 32,925,898 | 33,847,823 | 34,795,562 | 35,769,838 | 36,771,394 | 37,800,993 | 38,859,420 |
| Exit Value (SAR) | | | | | | | | | | | 501,411,875 |
| Present Value (SAR) | 12,978,655 | 14,913,315 | 16,641,398 | 19,343,461 | 19,940,860 | 18,542,926 | 17,242,992 | 16,034,189 | 14,910,128 | 13,864,868 | 179,252,688 |
| Fair Value (SAR) | 343,670,000 | | | | | | | | | | |

Valuation Summary

Opinion of Value

Abaad is of the opinion that the **Fair Value** of the Subject Property which comprises Pearl Compound, as of 31st December 2023, based upon assumptions and detail within this report, may be stated as follows:

Fair Value of the Subject Property by Income Approach is:

- 343,670,000 SAR (Three Hundred Forty Three Million Six Hundred Seventy Thousand Saudi Riyals).

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

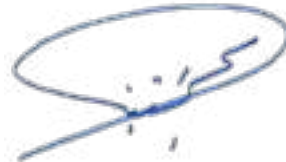
Taqeem ID: 1210000392

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.



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
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Director

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Final Valuation Report

Verdun Tower in Al-Olaya District, Riyadh

Musharaka Capital

21 March 2024

V230270

P230361

مشاركة
Musharaka



Introduction



Dear **Musharaka Capital**,

RE: Valuation of Verdun Tower in Al-Olaya 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 Market Value for Acquisition & Financing 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 undervaluation is a commercial/office tower (Verdin Tower) located in Olaya district of Riyadh.
- The land area is 3,212 Sqm (as per title deed), the build-up area is 25,591.36 Sqm (as per building permit) and the leasable area is 14,935 Sqm (as per client).
- The tower consists of two floors basement, one ground floor, a mezzanine, and 8 floors of offices.
- The retail consist of 3 open retails with an area of 3,300 Sqm. The administrative offices consist of 34 offices, with areas ranging from 153 Sqm to 1,463 Sqm.
- The property has a frontage on 4 streets, including King Fahd Road with a frontage of 40.08 M and Prince Mohammad bin Abdulaziz Road with 43.81 M.

Property Details

| Site Details | Information |
|-----------------------|---------------------------------------|
| District | Olaya |
| Permitted Use | Commercial/Office |
| Tenure | Freehold |
| Deed Number | 730205024123 |
| Deed Date | 24/09/1443H |
| Total Land Area (sqm) | 3,212 |
| Owner | Hifth AIMusharaka Real Estate Company |



أبجد
للتقييم العقاري

Subject Property Pictures



Valuation Summary

| Site Details | Information |
|-------------------------|--|
| Report Type | Detailed Report |
| Other independent Users | Client - 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 | 261,940,000 |

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 was requested by Musharaka Capital on **19 December 2023** to provide a valuation of the freehold interest of Verdun Tower. We enclose the valuation within this Final Valuation Report.

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 **20 December 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
 - Building Permit
 - Income Information
 - Urban lift of the building

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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.

Independence and non-conflict of interest

- We confirm that there is no conflict of interest with the client related to the work required or the asset subject to valuation, property owners and managers, tenants, real estate developer, property seller, or any other party.

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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Title Information
Contract Details

Tenure

Title Information



Title Information

| ID | Description | |
|-----------------|---------------------------------------|--------------|
| Owner | Hifth AlMusharaka Real Estate Company | |
| Use | Commercial/Office | |
| Plot No. | 14 | |
| Sub-Division | 1184 | |
| District | Olaya District | |
| Coordinates | 24°41'41.6"N 46°40'53.2"E | |
| City | Riyadh | |
| Ownership Type | Freehold | |
| Title Deed Info | Deed No. | 730205024123 |
| | Deed Date | 24/09/1443H |

Dimensions and street widths

| Side | Dimension (m) | Street Name | Width (m) |
|-------|---------------|------------------------------------|-----------|
| North | 43.81 | Prince Muhammad bin Abdulaziz Road | 60 |
| South | 70 | Number 52 | 15 |
| East | 55 | Wadi Al-Amariah | 20 |
| West | 40.08 | King Fahd Road | 80 |

Sources: Title Deed

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Site Location Analysis

Public Transport – Riyadh Metro
Macro Location
Micro Location
Property Description
Property Photographs

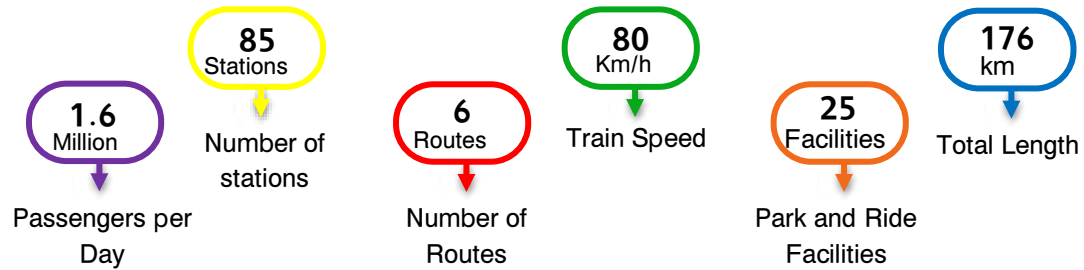
Valuation

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Public Transport – Riyadh Metro

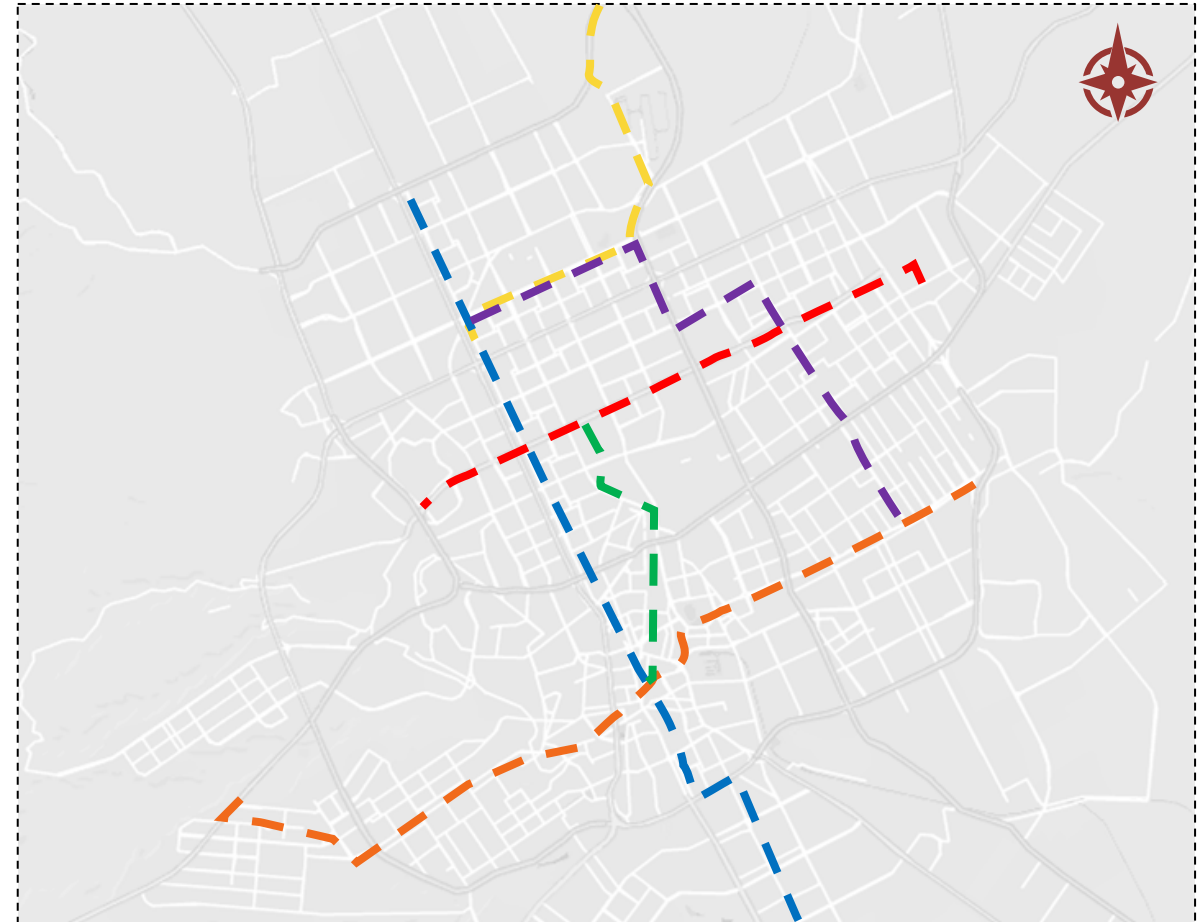
- Metro Riyadh is a high-speed transport system. It is currently under construction. It is one of the largest infrastructure projects in the City of Riyadh.
- The Metro is designed as a world-class transport system, including 756 metro cars, 85 stations, six metro lines, and a network spanning 176 kilometers.
- 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

Development Projects at City Level

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



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



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



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

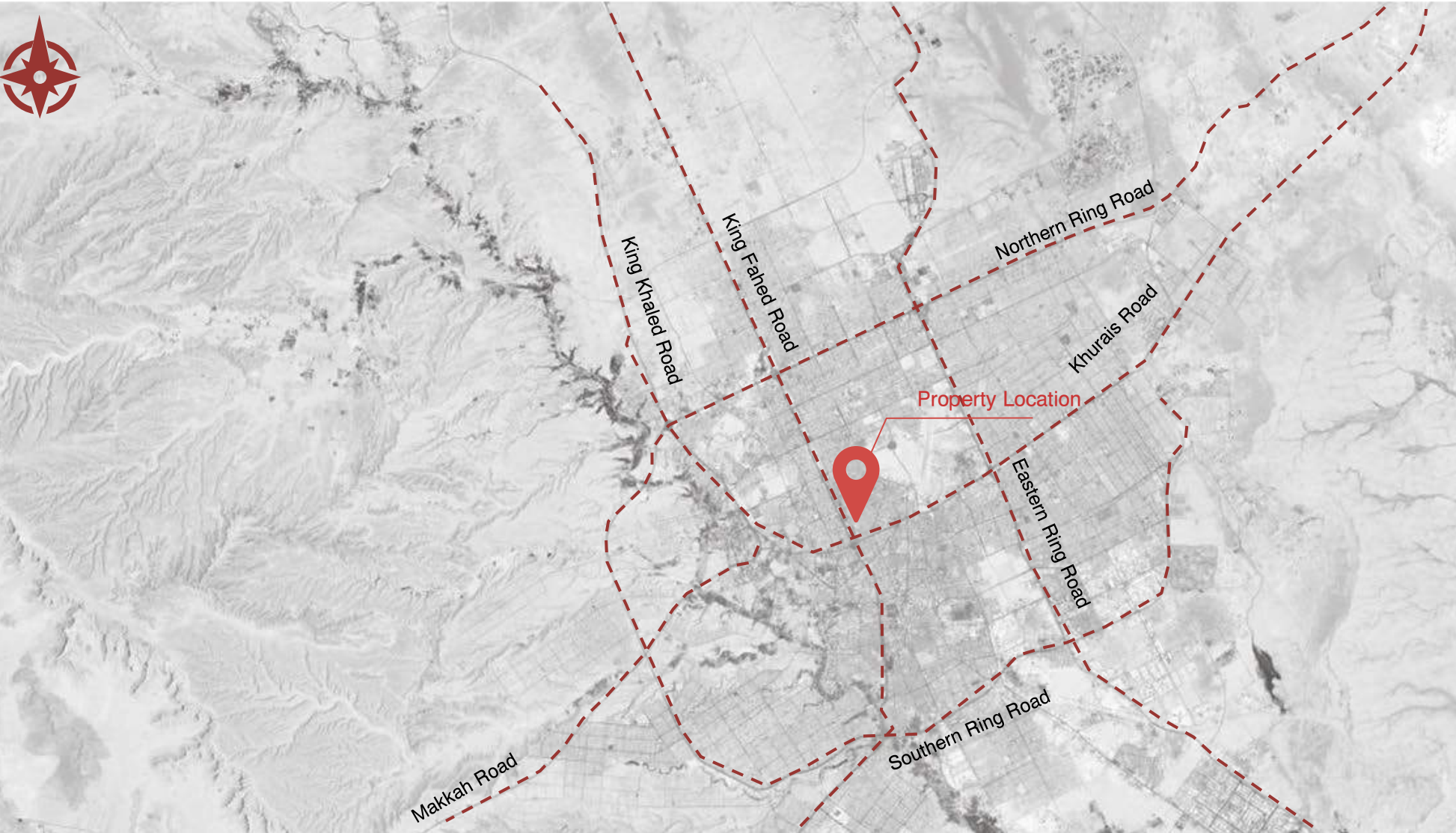


The largest city park in the World with an area exceeding 13 square kilometers. It is considered to be an environmental, cultural, sports and recreational project which contributes to the changing lifestyle in the city.



Site Location Analysis

Macro Location



The subject property is located in Riyadh, the Capital of the Kingdom of Saudi Arabia, and the largest of its cities. Riyadh is the largest Saudi city, with a total population of 10.5 million in 2021.

Riyadh is one of the largest Arabic cities in terms of area. The developed area of the city is around 1,913 square kilometers.

Riyadh is witnessing significant infrastructure and public transport development, with the Riyadh Metro Project and the Public Transport Project currently in progress.

The Subject property is approximately 15 km from the city center and about 37 km from King Khalid International Airport and is located in the King Fahd district in Riyadh.

Site Location Analysis

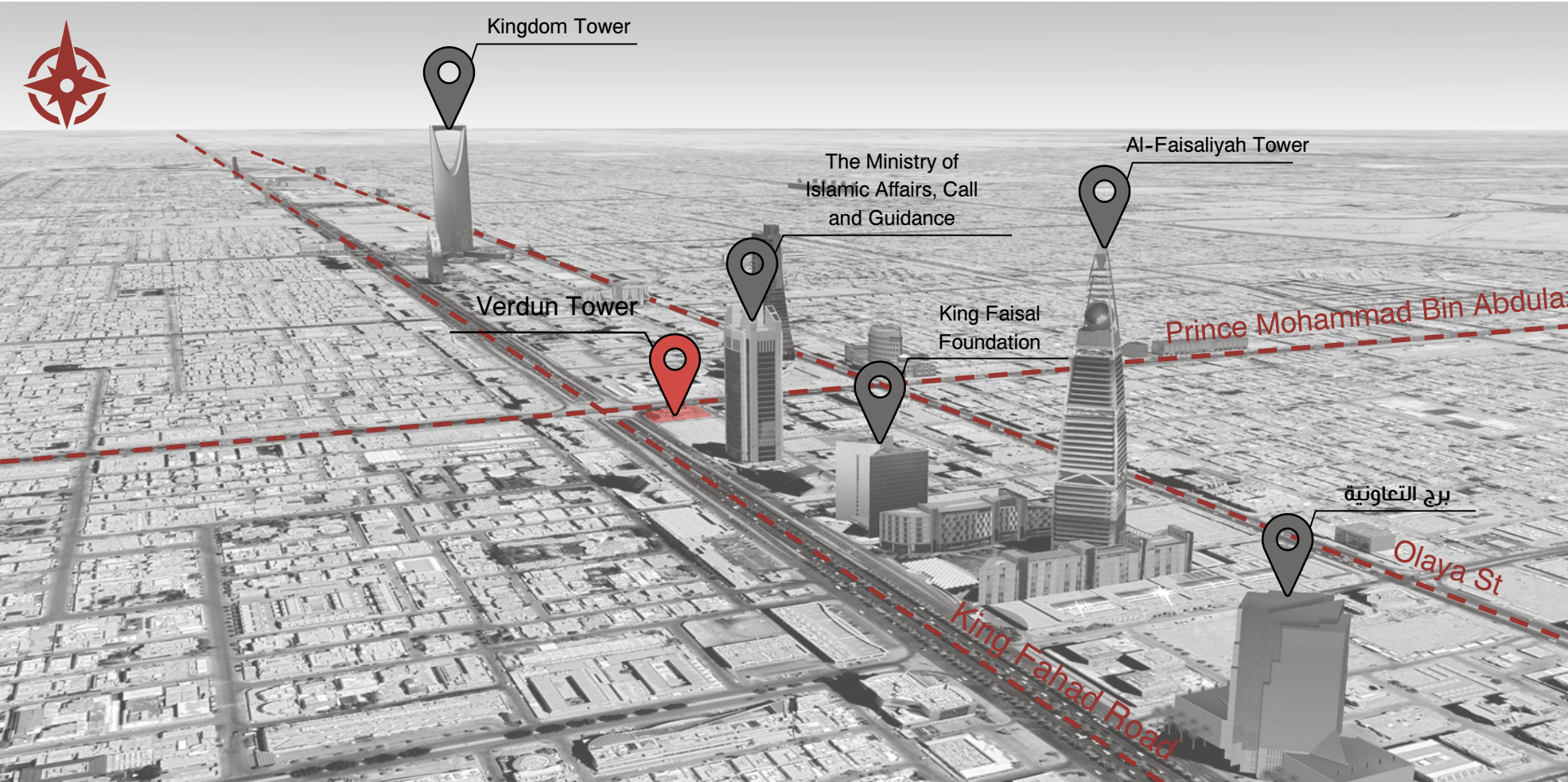
Micro Location



- The Subject Site is located in Olaya district and borders the property area to the north by Prince Muhammad bin Abdul-Aziz Road, to the west by King Fahd Road, to the east by Olaya Street, and from the south by Makkah Road.
- It can be reached via King Fahd Road and Prince Muhammad bin Abdul-Aziz Road. The property is located to the south of King Khalid International Airport.
- It borders from the north by Al-Wurud and Al-Rahmaniya districts, from the south by the Al-Mutamarat and Al-Murabba districts, and from the east by Al-Sulaymaniyah district, and from the west by Al-Ma'ather Al-Shamali district.
- The property is located on flat terrain and in a densely populated area. All services are available in the area of the subject property.

Site Location Analysis

Property Description



- Verdun Tower is located in Olaya District. The land area is 3,212 Sqm (as per Title deed) and the build-up area is 25,591.36 Sqm (as per building permit) and the leasable area is 14,935 Sqm (as per client information).
- The tower consists of two floors basement, a ground floor, a mezzanine, and 8 floors.
- The retail consist of 3 open retails with an area of 3,300 Sqm. The administrative offices consist of 34 administrative offices, with areas ranging from 153 Sqm to 1,463 Sqm.
- The property has a frontage on 4 streets, including King Fahd Road with a frontage of 40.08 M and Prince Muhammad bin Abdul-Aziz Road with a frontage of 43.81 M.

Site Location Analysis

Property Photographs



أبعاد
للتقييم العقاري



Site Location Analysis

Property Photographs



أبجد
للتقييم العقاري



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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

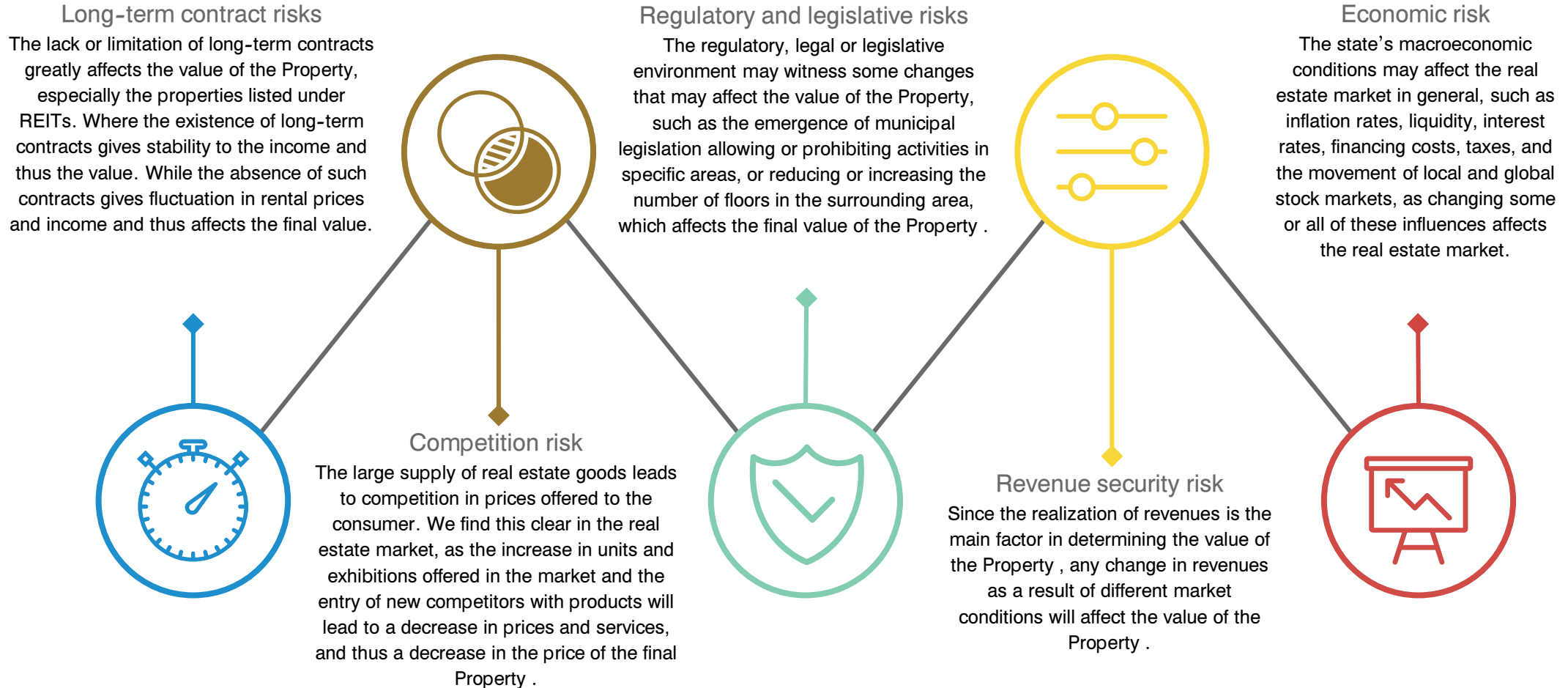
The property income represents the revenue derived from the rent payments received during a year.

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



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

Comparable sites

Hamad Tower Project



Tower Information

| | | | | |
|--|---|--|--|---|
| Roads  3 roads within King Fahad | Car Parking  4 floors provides 500 parkings | Offices  Average 500 Sqm approx. | Retails  Average 400 Sqm approx. | |
| Completion  2016 | Location  Olaya district | Floors  35 floors | Leasable Area  29,864 Sqm | Build-up Area  38,000 Sqm |



Valuation

Comparable sites

About Hamad Tower

- **Main entrance:** The main entrance to the towers, in general, is the main influencing element, and therefore the main entrance to the tower was designed with the latest designs and the finest materials.
- **Office floors:** The offices of the tower have been designed according to the highest engineering standards to allow the best use of space and to provide a practical atmosphere that supports focus and visit the efficiency of employees and includes all work requirements of modern information technology.

Tower Components

The tower consists of thirty-five floors, divided as follows:

| Details | Description |
|----------------------------|---|
| Ground floor | The main entrance for the tower and offices |
| Typical floor | Starts from the first floor to the 35 th floor (with an area of 1,200 Sqm per floor) |
| 25 th floor | Health care club that includes an outdoor swimming pool overlooking the city of Riyadh |
| Basement floor | Consists of four floors of parking |
| Average area for buildings | 38,000 Sqm |
| Parking lot | 500 cars in addition to front and side parking |
| Elevators | 9 high-speed elevators + elevators for services |

Rental Price

| Details | Rent Price (SAR/Sqm) | Service (%) |
|---------|----------------------|-------------|
| Offices | 1,600 | 10% |

Location



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 (%) |
|------------------|--------|---------|--------------|
| 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 **7.50%**.



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 **10.30%**.

Analysis of leasing prices and leasing contracts:

- Abaad team inspected the property, and we have analyzed the current occupancy levels and performance of the property, in addition to the income from the secured and unsecured units.
- The property contains a total of 64 commercial units, some of which will become vacant in 2024, others in 2026, and some in the year 2027.
- According to the client information, the unsecured contracts may be renewed automatically after the expiry of the contract period.

Subject Details undervaluation:

| Detail | Description |
|--|-------------|
| Retail GLA (Sqm) | 3046.73 |
| Retail Occupancy rate (%) | 7100 |
| Retail Average Lease Rate (SAR/Sqm) | 1,444 |
| Retail Revenue (SAR) | 4,400,000 |
| Offices GLA (Sqm) | 13,440 |
| Offices Occupancy rate (%) | 100% |
| Offices Average Lease Rate (SAR/Sqm) | 1,170 |
| Offices Revenue (SAR) | 15,718,665 |
| Blended Occupancy Rate (%) | 100% |
| Total Revenue (SAR) | 20,118,665 |
| Other Revenues (Advertising Screens) (SAR) | 3,000,000 |

Income Approach

Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of 7.50% was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of 10.30% according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

| Period | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|--------------------|------------|------------|------------|-------------|
| Total GLA (Sqm) | 16,486.73 | 16,486.73 | 16,486.73 | 16,486.73 | 16,486.73 |
| Average Lease Rate with Inflation (SAR/Sqm) | 1,285.48 | 1,321.48 | 1,358.48 | 1,396.52 | 1,435.62 |
| Occupancy (%) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Gross Potential Income (SAR) | 21,193,421 | 21,786,836 | 22,396,868 | 23,023,980 | 23,668,652 |
| Vacancies (%) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Vacancies (SAR) | 0 | 0 | 0 | 0 | 0 |
| Land Rent Cost with Inflation (SAR) | 21,193,421 | 21,786,836 | 22,396,868 | 23,023,980 | 23,668,652 |
| Operation and Expenses (SAR) | 1,300,000 | 1,300,000 | 1,300,000 | 1,300,000 | 1,300,000 |
| Screens Revenue with Inflation (SAR) | 2,176,579 | 2,832,289 | 2,911,593 | 2,993,117 | 3,076,925 |
| Net Operation Income (SA) | 20,716,841 | 20,654,548 | 21,185,275 | 21,730,863 | 22,291,727 |
| Exit (SAR) | | | | | 297,223,025 |
| Present Value (SAR) | 18,782,268 | 16,977,145 | 15,787,289 | 14,681,652 | 195,710,151 |
| Market Value (SAR) | 261,940,000 | | | | |

Valuation Summary

Opinion of Value

Abaad is of the opinion that the **Fair Value** of the Subject Property which comprises Verdun Tower, as of 31st December 2023, based upon assumptions and detail within this report, may be stated as follows:

Fair Value of the Subject Property by Income Approach is:

- 261,940,000 SAR (Two Hundred Sixty One Million Nine Hundred Forty Thousand Saudi Riyals).

Signatures & Authorizations

Eng. Yousuf Abdullah Khan

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Membership Date: 17/09/2020

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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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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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