



Private & Confidential

Valuation Report

(16) REAL ESTATE ASSETS,
VARIOUS LOCATIONS, KSA

AL RAJHI REIT FUND

REPORT ISSUED 10 AUGUST 2020

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APPENDIX 1 – PHOTOGRAPHS



1 EXECUTIVE SUMMARY

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

1.1 THE CLIENT

Mr. Abdulaziz Al Sabt, Real Estate Director

Al Rajhi Capital – Fund Manager, Al Rajhi REIT Fund,
P.O. Box 5561, Riyadh 11432, KSA

1.2 THE PURPOSE OF VALUATION

The valuation is required for a REIT transaction for the Saudi Market Purpose and submission to Capital Market Authority (CMA).

1.3 INTEREST TO BE VALUED

The below mentioned (16) properties are the scope of this valuation exercise.

P#	Property Name	Location	Land Area (m ²)	BUA (m ²)	Owner/Assignee	Interest
1	Al Ahsa Square (Jarir Bookstore)	Riyadh	4,953.00	9,162.00	Al Rajhi Development Company	Freehold
2	Al Faris International School	Riyadh	16,500.00	36,835.00		Freehold
3	Lulu Hypermarket	Riyadh	19,500.00	37,539.36		Freehold
4	Panda – Khamis Mushait	Khamis Mushait	19,000.00	5,456.27	Privilege Warehouse Company 2	Freehold
5	Panda – Madain Fahd	Jeddah	11,873.92	3,838.00		Freehold
6	Al Narjees Plaza	Riyadh	9,000.00	5,697.60	Al Rajhi Development Company	Freehold
7	Anwar Plaza	Riyadh	9,981.76	4,812.42		Freehold
8	Rama Plaza	Riyadh	15,600.00	9,822.42		Freehold
9	Al Andalus Building	Jeddah	9,565.85	33,426.34	Gulf Company for Real Estate Investment & Dev't.	Freehold
10	Blue Tower Building	Al Khobar	5,464.00	33,591.91	Privilege Warehouse Company 2	Freehold
11	Al Luluah Warehouses	Riyadh	94,908.61	80,359.08		Freehold
12	Lulu Central Logistics Warehouse	Riyadh	23,716.23	16,500.00		Freehold
13	Al Salam NMC Hospital	Riyadh	3,603.60	17,512.73		Freehold
14	Rowad Al Khaleej International School	Riyadh	15,959.90	39,028.00		Freehold
15	Baraem Rowad Al Khaleej International Kindergarten	Riyadh	1,830.00	2,549.00		Freehold
16	Rowad Al Khaleej International School	Dammam	20,213.00	25,797.00		Freehold

Source: Client 2020

1.4 VALUATION APPROACH

Income Capitalisation approach to valuation.



1.5 DATE OF VALUATION

Unless stated to the contrary, our valuations have been assessed as at the date of our report on 30 June 2020.

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

1.6 OPINION OF VALUE

P#	Property Name	Location	Value (SAR)
1	Al Ahsa Square (Jarir Bookstore)	Riyadh	65,000,000
2	Al Faris International School	Riyadh	142,900,000
3	Lulu Hypermarket	Riyadh	233,500,000
4	Panda – Khamis Mushait	Khamis Mushait	45,100,000
5	Panda – Madain Fahd	Jeddah	41,500,000
6	Al Narjees Plaza	Riyadh	57,200,000
7	Anwar Plaza	Riyadh	59,000,000
8	Rama Plaza	Riyadh	62,600,000
9	Al Andalus Building	Jeddah	163,000,000
10	Blue Tower Building	Al Khobar	244,100,000
11	Al Luluah Warehouses	Riyadh	181,600,000
12	LuLu Logistics Warehouse	Riyadh	54,000,000
13	Al Salam NMC Hospital	Riyadh	162,000,000
14	Rowad Al Khaleej International School	Riyadh	203,400,000
15	Baraem Rowad Al Khaleej Int. Kindergarten	Riyadh	19,400,000
16	Rowad Al Khaleej International School	Dammam	237,000,000
Aggregate Value (SAR) [Rounded]			1,971,300,000

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

1.7 SALIENT POINTS (GENERAL COMMENTS)

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries across the globe.

Market activity is being impacted in many sectors. Despite short term challenges whereby force majeure (as a result of the pandemic cause beyond anyone's reasonable control) has created inactivity in the real estate market with the market currently at a standstill. Although we understand investor sentiment remains strong as it was prior to the virus pandemic and the KSA was on an upward trajectory showing growth in the last quarter of 2019 after a period of subdued market conditions.



With all positive activity and investment by the government creating opportunities through projects across the Kingdom and through the creation of the Giga projects and now a stimulus package of SAR 120 billion, we understand the market will bounce back with investors and buyers having a strong appetite. We understand the current uncertainty and market stagnation will not allow a fairly resilient market to stop where it left off prior to the pandemic. In short, we suspect the pandemic effect to be a short-term shock and expect a rapid recovery and a surge in business activity to bounce back allowing markets to start flourishing towards a growth cycle.

Accordingly, to inform opinions of value(s), we have kept mostly to the previous figures published in our valuation exercise carried (December 2019) for the same property referred in this report, except for any significant changes or assets added by the fund.

Our valuation(s) are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the property(s) under frequent review.

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

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

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

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

We are unaware of any adverse conditions which may affect future marketability for the subject properties.

It is assumed that the subject properties are freehold and are not subject to any rights, obligations, restrictions and covenants.



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

Note that property values are subject to fluctuation over time as market conditions may change. The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place.

Valuation considered full figure and may not be achievable in the event of an early re-sale/re-letting.

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

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



2 VALUATION REPORT

2.1 INTRODUCTION

Thank you for the instruction regarding the subject valuation services.

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

2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

P#	Property Name	Location	Land Area (m²)	BUA (m²)	Owner/Assignee	Interest
1	Al Ahsa Square (Jarir Bookstore)	Riyadh	4,953.00	9,162.00	Al Rajhi Development Company	Freehold
2	Al Faris International School	Riyadh	16,500.00	36,835.00		Freehold
3	Lulu Hypermarket	Riyadh	19,500.00	37,539.36		Freehold
4	Panda – Khamis Mushait	Khamis Mushait	19,000.00	5,456.27	Privilege Warehouse Company 2	Freehold
5	Panda – Madain Fahd	Jeddah	11,873.92	3,838.00		Freehold
6	Al Narjees Plaza	Riyadh	9,000.00	5,697.60	Al Rajhi Development Company	Freehold
7	Anwar Plaza	Riyadh	9,981.76	4,812.42		Freehold
8	Rama Plaza	Riyadh	15,600.00	9,822.42		Freehold
9	Al Andalus Building	Jeddah	9,565.85	33,426.34	Gulf Company for Real Estate Investment & Dev't.	Freehold
10	Blue Tower Building	Al Khobar	5,464.00	33,591.91	Privilege Warehouse Company 2	Freehold
11	Al Luluah Warehouses	Riyadh	94,908.61	80,359.08		Freehold
12	Lulu Central Logistics Warehouse	Riyadh	23,716.23	16,500.00		Freehold
13	Al Salam NMC Hospital	Riyadh	3,603.60	17,512.73		Freehold
14	Rowad Al Khaleej International School	Riyadh	15,959.90	39,028.00		Freehold
15	Baraem Rowad Al Khaleej International Kindergarten	Riyadh	1,830.00	2,549.00		Freehold
16	Rowad Al Khaleej International School	Dammam	20,213.00	25,797.00		Freehold

Source: Client 2020

2.3 PURPOSE OF VALUATION

The valuation is for a REIT transaction for the Saudi Market Purpose and submission to Capital Market Authority (CMA).



2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Taqueem Regulations (Saudi Authority for Accredited Valuers) in conformity with International Valuation Standards Council (IVSCs') and International Valuations Standards (effective 31 January 2020).

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

2.5 BASIS OF VALUATION

2.5.1 MARKET VALUE

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

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

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

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

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

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



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

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

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

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

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

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



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

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

2.5.2 VALUER(S)

The Valuer on behalf of ValuStrat, with responsibility of this report is Mr. Ramez Al Medlaj (Taqeem Member) who has sufficient and current knowledge of the Saudi market and the skills and understanding to undertake the valuation competently. We further confirm that either the Valuer or ValuStrat have no previous material connection or involvement with the subject of the valuation assignment apart from this same assignment undertaken.

2.5.3 STATUS OF VALUER

Status of Valuer	Survey Date	Valuation Date
External Valuer	31 May - June 4, 2020	30 June 2020

2.6 EXTENT OF INVESTIGATION

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

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

Our site inspection was limited to the visual assessment of the exterior & interior features of the subject properties including its facilities, amenities and surrounding neighbourhood/development.

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



2.7 SOURCES OF INFORMATION

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

2.7.1 VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:

The subject properties are valued under the assumption of property held on a *Private interest* with the benefit of trading potential of existing operational entity in possession; written information provided to us by the Client is up to date, complete and correct in relation to issues such as title, tenure, details of the operating entity, and other relevant matters that are set out in the report; that no contaminative or potentially contaminative use has ever been carried out on the site; we assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoings, restrictions or other encumbrances. Information regarding tenure and tenancy must be checked by your legal advisors;

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

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect.

For the purpose of this valuation we have assumed that such investigations would not disclose the presence of any such material to any significant extent; that, unless we have been informed otherwise, the properties comply with all relevant statutory requirements (including, but not limited to, those of Fire Regulations, By-Laws, Health and Safety at work; we have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building.

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



2.8 PRIVACY/LIMITATION ON DISCLOSURE OF VALUATION

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

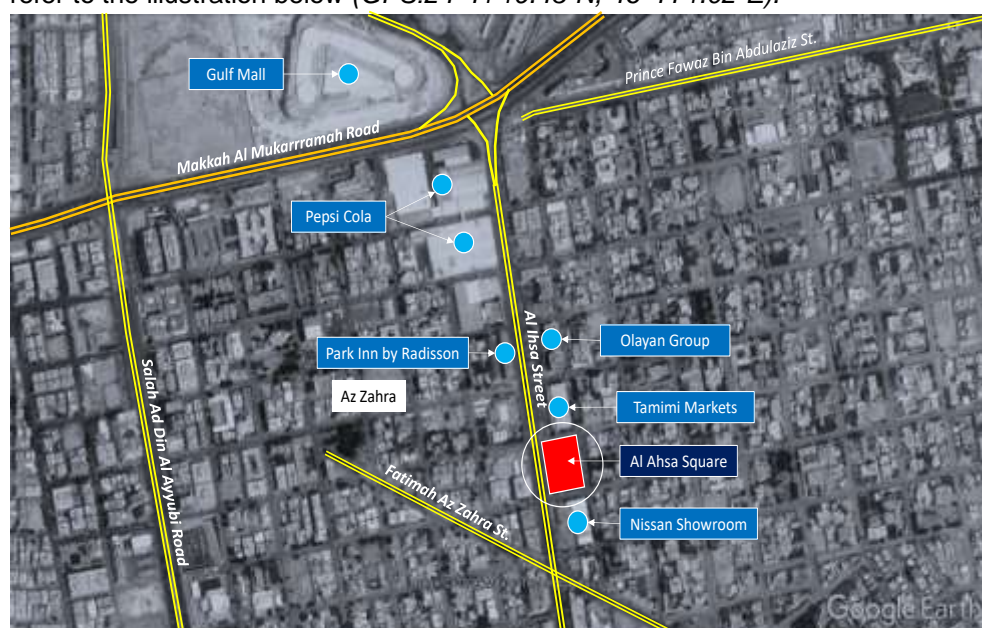
2.9 DETAILS AND GENERAL DESCRIPTION

2.9.1 LOCATION & BRIEF DESCRIPTION OF THE PROPERTIES

The subject portfolio consists of (16) real estate assets located within Riyadh, Khams Mushait, Al Khobar & Jeddah, Kingdom of Saudi Arabia, identified and described individually as follows:

1. Al Ahsa Square (Jarir Bookstore) – Al Malaz District, Riyadh

The subject property, identified as Al Ahsa Square, is located along the east side of Al Ahsa Street within Al Malaz District, Riyadh, Saudi Arabia. It is situated about 120 meters north of a Nissan Cars Showroom and approximately 120 meters & 750 meters south of Tamimi Markets & Makkah Al Mukarramah Road, respectively. Al Ahsa Square is located in a mainly commercial area with some notable commercial establishments such as Tamimi Markets, Nissan Cars Showroom, Pizza Hut, McDonald's, Pepsi Cola Company, Starbucks Coffee, etc. It is accessible thru the fronting Al Ahsa Street which intersects northward to Makkah Al Mukarramah Road, a main thoroughfare leading to the City Center of Riyadh. For ease of reference, refer to the illustration below (GPS:24°41'19.43"N, 46°44'1.02"E).



Source: Google Extract 2020 - For Illustrative Purposes Only

The aforesaid property is a four-storey, commercial building built mainly of reinforced concrete and steel framed structure. Architectural building finishes consist of glass fiber reinforced concrete panel system exterior wall, automatic glass entrance & exit doors, granite tiles and carpet tiles flooring, painted interior walls and acoustic tiles & painted ceiling. It is equipped with centralized air-conditioning system, CCTV security cameras and firefighting system. As per information provided, the building has a total built-up area of 9,162 square meters and was reportedly constructed circa 1413. It was observed to be well maintained and in good condition.



2. Al Faris International School – At Taawun District, Riyadh

The above property is an educational institution compound, identified as Al Faris International School, located at the west corner of Abi Saad Bin Muhammad and Ibrahim Bin Hadi streets within At Taawun District, Riyadh, Kingdom of Saudi Arabia. It is situated about 250 meters northwest of Al Imam Saud Bin Abdul Aziz Road, some 1.2 kilometers west of Nakheel Mall and approximately 6 kilometers east of King Abdullah Financial District. Al Faris International School's immediate neighborhood is mainly classified for residential use. It is accessible thru the nearby Al Imam Saud Bin Abdul Aziz Road which connects the district southwest to the city center.

For ease of reference, refer to the illustration below (GPS: 24°46'4.67"N, 46°42'13.95"E).



Source: Google Extract 2020 - For Illustrative Purposes Only

The said property is an educational compound known as Al Faris International School. Based on information provided, the said school building is a three-storey with basement, reinforced concrete structure. It has an estimated total built-up area of 36,835 square meters and was reportedly constructed circa 1431. We were not able to inspect the interiors of the subject property although from an outside view, it was properly maintained and in good condition.

3. Lulu Hypermarket – Al Nahdah District, Riyadh

The subject property, commonly known as Lulu Hypermarket, is located along the northwest side of Khurais Road within Al Nahdah District, Kingdom of Saudi Arabia. It is situated directly across the Al Othaim Mall, about 1-kilometer northwest of An Nasim Police Station and approximately 3 kilometers west of King Saud Bin Abdul Aziz University for Health & Sciences. Lulu Hypermarket is situated in a mainly commercial area with some notable commercial establishments such as the Al Othaim Mall, KIA Motors Showroom, BMW Cars Service Center, Tamimi Markets, Isuzu Motors Showroom, etc. It is well accessible via the fronting Khurais Road, a major thoroughfare in Riyadh linking to important destinations in the City. The illustration below shows the exact location of the subject property and its immediate neighbourhood and environs. (GPS: 24°45'9.15"N, 46°49'16.48"E).



Source: Google Extract 2020 - For Illustrative Purposes Only

The above property is a two-storey with basement commercial building identified as Lulu Hypermarket. It was constructed of reinforced concrete frame structures with concrete and glass panel exterior wall, granite tiles flooring, plastered and painted interior walls, painted metal and gypsum board suspended ceiling, steel roll-up doors and



automatic glass main entrance & exit doors. Other improvements consist of an asphalt-paved with painted conc. curb & gutter and steel pole lighting parking area. The aforesaid building is equipped with centralized air-conditioning system, CCTV security cameras, escalators and firefighting system. As per information provided, it was supposedly constructed circa 1435 and has a total built-up area of 37,539.36 square meters. It is relatively new and properly maintained.

4. Panda Hypermarket - Shuker District, Khamis Mushait

The subject property, identified as Panda Hypermarket, is situated along the southwest side of Prince Sultan Road extending to Alyah Street, within Shuker District, Khamis Mushait, Kingdom of Saudi Arabia. It is located about 330 meters northeast of National Water Company building and approximately 1.70 kilometers northwest of king Khalid Airbase runway. Panda Hypermarket – Shuker, Khamis Mushait is situated in an area where land utilization is mainly for commercial use. It is accessible thru the fronting Prince Sultan Road, a main thoroughfare in Khamis Mushait. For ease of reference, refer to the illustration below (GPS: 18°17'50.68"N, 42°45'37.17"E).



Source: Google Extract 2020 - For Illustrative Purposes Only

The aforesaid property is a single storey building known as Panda Hypermarket – Khamis Mushait. We were not allowed to take photos of the interiors of the property though from an external view, the building is mainly built of reinforced concrete structure with painted concrete exterior wall and glass main entrance door. Other improvements on the



subject property includes an asphalt-paved with painted concrete curb & gutter and steel pole lightings open parking area fronting the said building.

The information provided to us shows that the building has a total built-up area of 5,456.27 square meters and was reportedly constructed circa 1429.

5. Panda Hypermarket – Madain Al Fahd District, Jeddah

The aforementioned property is situated along the southeast side of Madain Al Fahd Road extending to Muhammad Mandur street, within Madain Al Fahd District, Jeddah, Kingdom of Saudi Arabia. It is located about 2.6 kilometers southwest of Jamea Mall and approximately 6.5 kilometers southeast of Jeddah Islamic Port.

Panda Hypermarket – Madain Al Fahd, Jeddah is situated in a mixed land development area consisting of commercial, residential and industrial land uses. It is accessible via the fronting Madain Al Fahd Road which connects to main roads leading to the City Center and the seaport. The illustration below shows the location of the subject property and its immediate neighborhood (GPS: 21°27'51.25"N, 39°13'29.54"E).



Source: Google Extract 2020 - For Illustrative Purposes Only

The said property is single storey commercial building known as Panda Hypermarket – Madain Al Fahd, Jeddah. It was constructed of concrete and steel frame structures with painted concrete and glass panels exterior walls, granite tiles flooring, bare ceiling, plastered and painted interior wall and automatic glass main entrance and exit doors.



It is equipped with centralized air-conditioning system, CCTV security cameras and

firefighting system. The property also includes an asphalt-paved open parking area with painted concrete curb & gutter and steel pole lightings.

The building has a total built-up area of 3,838 square meters and was reportedly constructed sometime in 1427 as per information provided to us. It is well maintained and in good condition.

6. Narjes Plaza – An Narjis District, Riyadh

The subject property is located along the southwest side of Othman Bin Affan Road, within An Narjis District, Riyadh, Kingdom of Saudi Arabia. It is situated adjacent to Jarir Complex; about 180 meters & 2.10 kilometers northwest of Ath Thumamah Road & Imam Muhammad Bin Saud Islamic University, respectively; and approximately 4.5 kilometers southwest of Princess Noura University. Narjes Plaza is situated in a newly developed area consisting of commercial and residential development. It is well accessible thru the fronting Othman Bin Affan Road and the nearby Ath Thumamah Road. The latter connects the district to the Riyadh City Center. For ease of reference, refer to the illustration below (GPS: 24°49'9.29"N, 46°41'10.43"E).



Source: Google Extract 2020 - For Illustrative Purposes Only

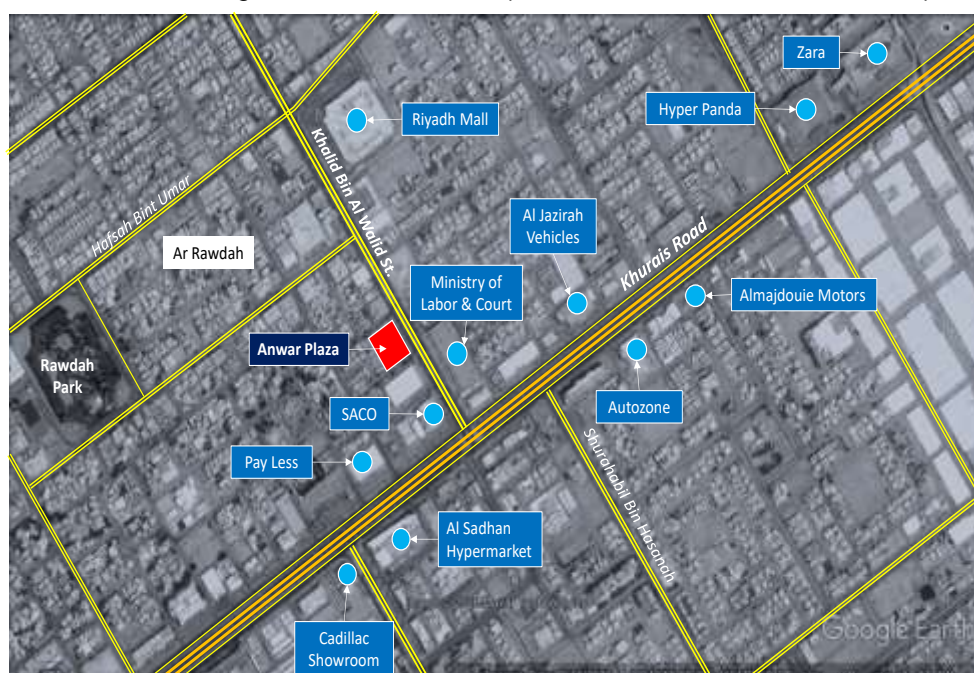
The aforementioned property is a two storey commercial and office building named as Narjes Plaza. It was mainly built of reinforced concrete structure with concrete and glass panel exterior wall, plastered and painted interior wall, granite tiles flooring, acoustic tiles and painted suspended ceiling, and glass main entrance door. It consists of a supermarket, 14



shops and 7 office spaces. It is equipped with centralize air-conditioning system and firefighting system with smoke detector. Other improvements on the property includes an asphalt-paved open parking area with curb & gutter and steel pole lighting. As per information provided to us, Narjees Plaza has a total built-up area of 5,697.60 square meters and it was reportedly constructed circa 1430. It was observed to be properly maintained and in good condition.

7. Anwar Plaza - Al Rawdah District, Riyadh

The subject property is located along the southwest side of Khalid Bin Al Walid Road, within Al Rawdah District, Riyadh, Kingdom of Saudi Arabia. It is situated about 150 meters west of the Ministry of Labor & Court building, some 200 meters northwest of SACO & Khurais Road, and approximately 550 meters south of Al Riyadh Mall. Anwar Plaza is situated in a mainly commercial area. Some of the notable establishments nearby are SACO, Victoria Hospital, Payless, Tulip Al Rawda, Infinity Cars Showroom, Ministry of Labor & Court, Al Riyadh Mall, etc. It is very accessible via the fronting Khalid Bin Al Walid Road and the nearby Khurais Road. The illustration below shows the location of the subject property and the characteristics of its immediate neighborhood & environs (GPS: 24°43'55.92"N, 46°47'4.18"E).



Source: Google Extract 2020 - For Illustrative Purposes Only

The aforesaid property is a single-storey commercial building known as Anwar Plaza. External façade finished consisting of glass and aluminum cladding and glass entrance doors. It consists of 23 commercial shops which were reportedly fully occupied. The fronting asphalt-paved open area serves as a parking spaces for its customers.



As per information provided, the building has a total built-up area of 4,812.42 square meters and reportedly constructed circa 1429. It was noticed to be properly maintained though in fair condition.

8. Rama Plaza - An Nahdah District, Riyadh

The above-mentioned property is situated at the southeast corner of Prince Bandar Bin Abdulaziz Road and Abdulrahman An Nasir Road, within An Nahdah District, Riyadh, Kingdom of Saudi Arabia. It is located about 400 meters southeast of Cordoba Education Office building and approximately 700 meters southwest of King Salman Educational Complex. Rama Plaza is situated in an area where land utilization along the main road are for commercial use, while interior plots are for residential use. It is easily accessible thru the fronting Prince Bandar Bin Abdulaziz and Abdulrahman An Nasir Roads.

For ease of reference, refer to the illustration below. (GPS: 24°45'21.23"N, 46°47'28.81"E).



Source: Google Extract 2020 - For Illustrative Purposes Only

The aforesaid property is a two-storey commercial and office building known as Rama Plaza. It was built mainly of reinforced concrete structure with painted concrete, glass panel and aluminum cladding façade wall finish, and glass & steel roll-up doors.

The fronting asphalt-paved open area with steel pole lightings serves as parking spaces for the plaza's customers.



Based on information provided to us, the building has a total built-up area of 9,822.42 square meters and was reportedly constructed circa 1432. It has a total of 30 commercial shops and 15 office spaces. The building is relatively new, well maintained and in good condition.

9. Al Andalus Building - Ar Ruwais District, Jeddah

The subject property is located at the southeast corner of Al Andalus Road and Al Maadi Street, within Ar Ruwais District, Jeddah, Kingdom of Saudi Arabia. It is situated adjacent to the Samba Bank building, about 750 meters northwest of International Medical Center and approximately 900 meters northeast of the Red Sea shoreline. Al Andalus Building's immediate neighborhood consist of commercial and residential use. Some of the identifiable establishments nearby includes Al Hiba Polyclinic, School for Girls, Samba Bank, Saudi International Trading & Marketing, Arab National Bank, Dar Al Handasah (Shair & Partners), etc. The fronting Al Andalus Road provides good access for the subject property.

For ease of reference, refer to the illustration below (GPS: 21°30'55.33"N, 39°10'3.28"E).



Source: Google Extract 2020 - For Illustrative Purposes Only.

The aforesaid property is an eight floor with mezzanine and basement commercial tower known as Al Andalus Building. It was mainly constructed of reinforced concrete building with glass curtain and aluminum cladding exterior walls. We were not however able to view the interiors of the said building. Based on



information provided to us, the said tower comprises of 12 showrooms and 133 office spaces.

It has a total built-up area of 33,426.34 square meters. No information was provided on the date the building was constructed although from an external assessment, it is fairly new and in good condition.

10. Blue Tower Building - Al Yarmuk District, Al Khobar

The subject property is situated at the northeast corner of King Faisal Road and 13th Street, within, Al Yarmuk District, Al Khobar, Kingdom of Saudi Arabia. It is located about 500 meters south of Holiday Inn Al Khobar – Corniche, some 750 meters southeast of Khobar Mall and approximately 1.50 kilometers northwest of Al Khobar Corniche Tower & Arabian Gulf. Blue Tower building is situated in a mainly commercial area and it is accessible thru the fronting King Faisal Road which directly links the district to Dammam to the north and the King Fahd Causeway to the south.

The illustration below shows the exact location of the subject property and its immediate neighborhood & environs. (GPS: 26°18'43.30"N, 50°13'2.46"E).



Source: Google Extract 2020 - For Illustrative Purposes Only.

The aforesaid property, known as Blue Tower, is a twelve-floor commercial & office building constructed of reinforced concrete structure with mainly glass curtain wall external wall.

Based on information provided to us, the said building consists of 12 commercial showrooms, 1 coffee shop and 96 office spaces. It has a total



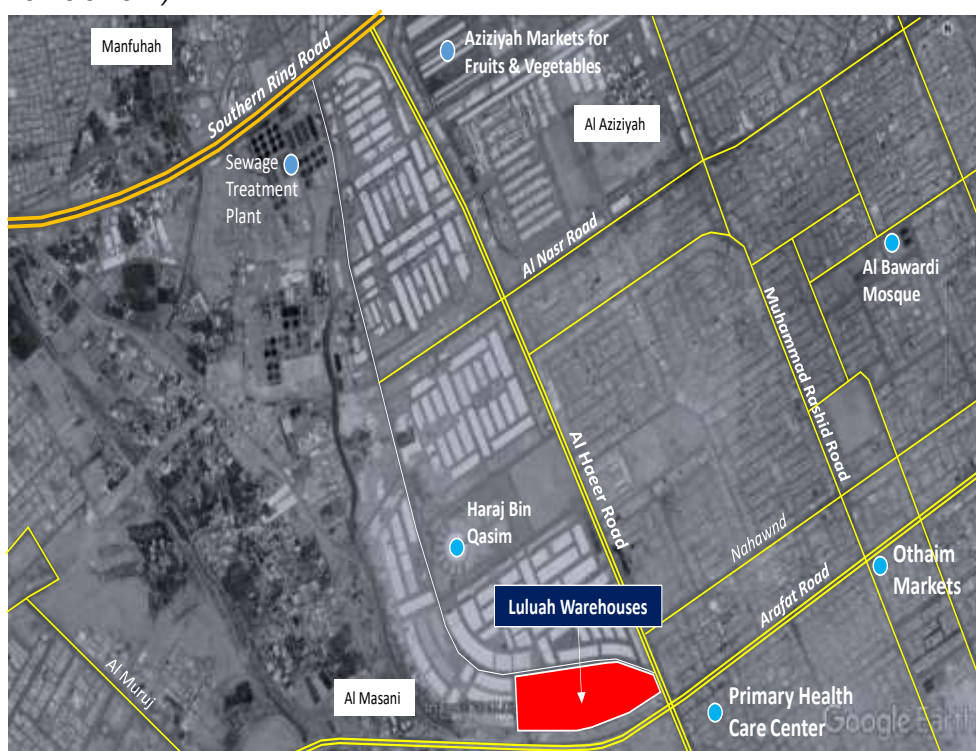
built-up area of 33,591.91 square meters and was supposedly constructed circa 1432.

We were not able to inspect the interior features of the said building, although from an external view, it seems to be well maintained and in good condition since it is relatively new.

11. Luluah Warehouse – Al Masani District, Riyadh

The above-mentioned property is located along the west side of Al Haer Road, within Al Masani District, Riyadh, Kingdom of Saudi Arabia. It is situated about 650 meters northwest of Primary Health Care Center and approximately 3.5 kilometers southeast of Aziziyah Markets for Fruits and Vegetables. Luluah Warehouses are situated in the south of Riyadh, in an area mainly for Industrial use. It is accessible thru the fronting Al Haer Road.

For ease of illustration, refer to the illustration below. (GPS: 24°33'42.25"N, 46°45'6.75"E).



Source: Google Extract 2020 - For Illustrative Purposes Only.

The said property is an industrial compound consisting of 208 warehouses as per information provided.

The warehouses were built mainly of steel frame with painted concrete & galvanized iron sheet external walls, long span & pre-painted galvanized iron roofing of steel roof frames, and painted steel main doors. Reportedly, the



warehouses have a total built-up area of 80,359.08 square meters and were constructed circa 1427.

We were not able to assess the interior features of the said property, although from an external view, they are averagely in good condition.

12. Lulu Central Logistics – Industrial Gate City, Riyadh

The subject property is a storage and distribution warehouse known as “Lulu Central Logistics”, located at the northeast corner of the Industrial Gate City, South Riyadh, Kingdom of Saudi Arabia. It is located about 5 kilometres and 32 kilometres southwest of Saudi Aramco Refinery and Olaya District, respectively.

Industrial Gate City is a mixed industrial, commercial and residential development. The surrounding neighbourhood of the subject property is mainly for industrial use. Some of the notable establishments in the vicinity consist of the Panda Central Warehouse, Saudi Aramco Refinery, New Industrial Area, etc. It is accessible from the city centre thru the fronting Al Kharj Road and Eastern Ring Road. For ease of reference, refer to the illustration below (GPS Coordinates - 24°30'25.62"N, 46°55'22.81"E).



Source: Google Extract 2020 - For Illustrative Purposes Only

Lulu Central Logistics is a storage and distribution warehouse situated within Industrial Gate City, south Riyadh. It consists of the Main Warehouse, Cold Storage Area, Repacking Rooms, Administration Offices & Services, and Receiving & Delivery Area which includes 22 loading docks with fully automatic doors, dock levelers and dock shelters.

The said logistic warehouse is built mainly of steel structure frame with concrete & galvanized iron sheets exterior wall with insulation, roof panels with insulation, epoxy

painted plain cement finish concrete flooring and painted interior walls. Interior finishes at administration offices consist of painted interior wall, acoustic tiles ceiling, granite tiles & epoxy painted flooring, fixed glass on aluminum frame windows and wooden doors.

The warehouse is equipped with firefighting system with fire extinguishers, fire hose cabinets, smoke detector and fire alarm system; CCTV security cameras with central monitor system; and air conditioning system.

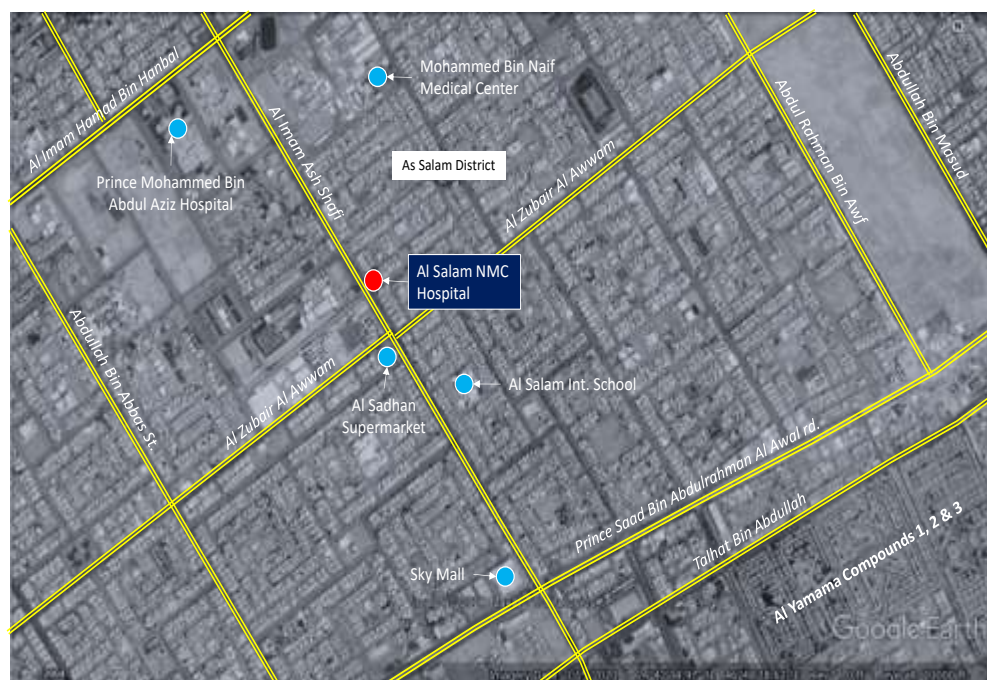
It was reportedly constructed circa 2016 with a total built-up area of 16,500 square meters, broken-down as follows: main warehouse – 13,500 sq. m.; cold storage – 1,500 sq. m.; and repacking rooms – 1,500 sq. m.

13. Al Salam NMC Hospital – Riyadh

The subject property, identified as Al Salam NMC Hospital, is located along the northeast side of Al Imam Ash Shafi Road, within Al Salam District, Riyadh, Kingdom of Saudi Arabia.

It is situated about 280 meters north of Al Sadhan Supermarket and approximately 1 kilometer southeast of Prince Mohammed Bin Abdul Aziz Hospital. The aforesaid property is situated in an area where land utilization along the main road is for commercial use while interior plots are for residential purposes.

It is accessible thru the fronting Al Imam Ash Shafi Road. For ease of reference, refer to the illustration below. (GPS: 24°42'14.1"N 46°48'08.0"E).



Source: Google Extract 2020 - For Illustrative Purposes Only.

Al Salam NMC Hospital is a six storey with mezzanine and two basement parking, mainly reinforced concrete building. Architectural exterior building finishes consist of precast concrete and glass panel exterior wall. We were not able to inspect the

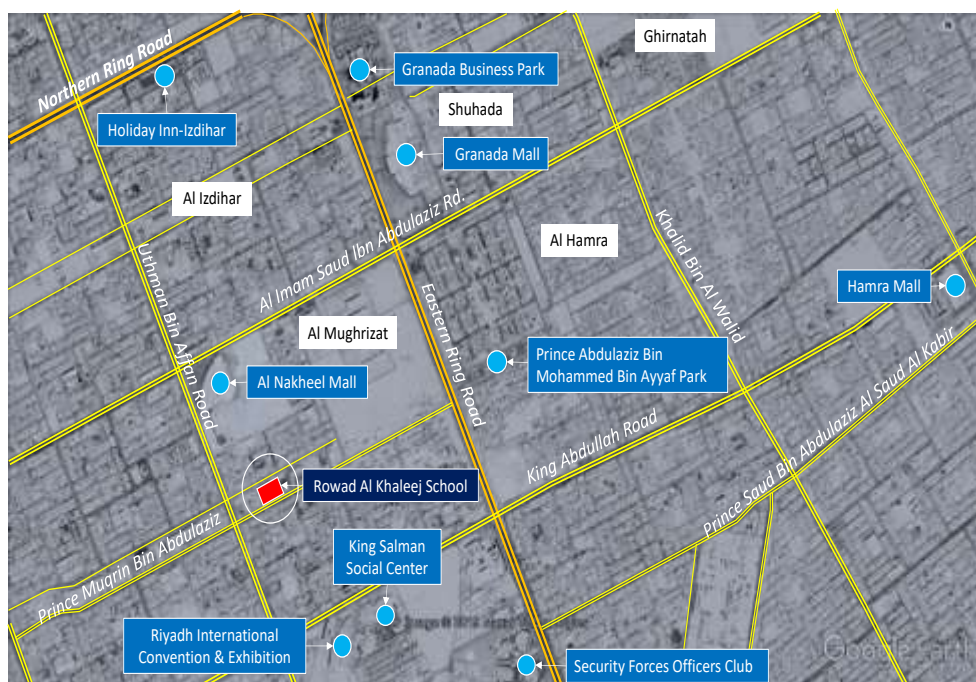
interiors of the building due to the current health pandemic restrictions. As per building permit provided to us, the said building was constructed circa 1432 with a total built-up area of 17,512.73 square meters as detailed below.

Floor level	BUA (sq. m.)	Usage
Mezzanine	1,072.39	Commercial
Ground floor	1,440.00	Clinics
2nd basement	3,603.60	Parking
1st basement	3,603.60	Parking
1st floor	1,422.18	Clinics
2nd floor	1,430.65	Clinics
3rd floor	1,430.65	Clinics
4th floor	1,398.03	Clinics
5th floor	1,398.03	Clinics
Annex	713.60	Clinics
Total BUA	17,512.73	



14. Rowad Al Khaleej International School– Riyadh

The subject property is located along the northwest side of Prince Muqrin Bin Abdul Aziz Road, within Al Mughrizat District, Riyadh, Kingdom of Saudi Arabia. It is situated about 800 meters southeast of Al Nakheel Mall and approximately 1.1 kilometers northwest of Riyadh International Convention & Exhibition Centre. The aforesaid property's immediate neighborhood is mainly for commercial use. Some of notable establishments nearby includes the Al Nakheel Mall, Riyadh International Convention and Exhibition Center, King Salman Social Center, etc. It is accessible via the fronting Prince Muqrin Bin Abdul Aziz Road and the nearby Uthman Bin Affan Road. For ease of reference, refer to the illustration below. (GPS Coordinates - 24°45'40.39"N, 46°43'12.43"E).



Source: Google Extract 2020 - For Illustrative Purposes Only.

Rowad Al Khaleej International School– Riyadh is a three-storey with basement parking, reinforced concrete and steel frame educational building. Architectural exterior building finishes consist of painted concrete and aluminum cladding exterior wall and glass on aluminum frame windows. We were not likewise able to inspect the interiors of the building due to the current health pandemic restrictions.

As per building permit provided to us, the said building has a total built-up area of 38,627.60 square meters as detailed below.

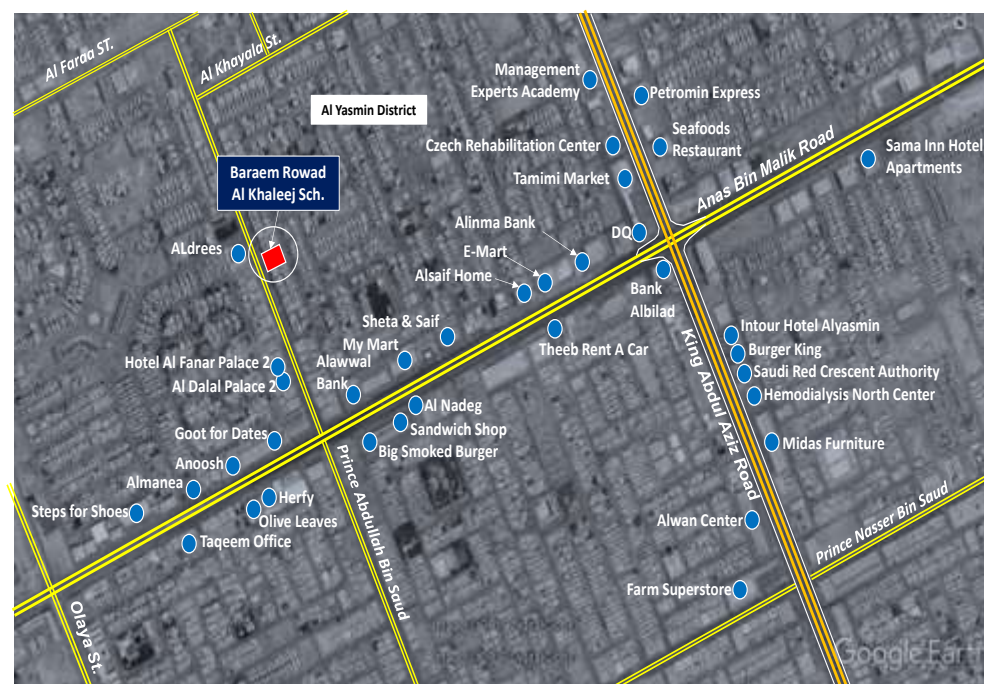
Floor level	BUA (sq. m.)	Usage
Basement	15,143.00	Parking
Ground floor	7,537.00	Educational
1st floor	7,957.00	Educational
2nd floor	7,957.00	Educational
Electricity Room	33.60	Services
Total BUA	38,627.60	



Source: Client 2020.-

15. Baraem Rowad Al Khaleej International Kindergarten– Riyadh

The subject property is located along east side of Prince Abdullah Bin Saud Bin Abdullah Snatan Al Saud Road, within Al Yasmin District, Riyadh, Kingdom of Saudi Arabia. It is situated about 100 meters southeast of Aldrees Petrol Station and approximately 300 meters north of Al Fanar Palace and Al Dalal Hotels. The aforesaid property is situated along a mainly commercial section characterized by low to medium rise buildings. It is accessible thru the fronting Prince Abdullah Bin Saud Bin Abdullah Snatan Al Saud Road. For ease of reference, refer to the illustration below. (GPS Coordinates - 24°49'7.52" N 46°37'55.47"E).



Source: Google Extract 2020 - For Illustrative Purposes Only.

Baraem Rowad Al Khaleej International Kindergarten– Riyadh is a low-rise, reinforced concrete and steel frame educational building. Architectural building finishes consist of painted concrete and aluminum cladding exterior wall and glass on aluminum frame windows. We were not also able to inspect the interiors of the building due to the current health pandemic restrictions.



As per information provided to us, the said building has a total built-up area of 2,549 square meters.

16. Rowad Al Khaleej International School – Dammam

The subject property is located along west side of Anas bin Malik Street, within Az Zuhur District, Dammam, Kingdom of Saudi Arabia. It is situated about 800 meters northeast of Tamimi Markets, about 1-kilometer northwest of General Directorate for education building and approximately 1.7 kilometers southwest of Marina Mall.

The aforesaid property is situated in an area characterized by a mixed commercial and residential development. It is accessible thru the fronting Anas bin Malik Road.

For ease of reference, refer to the illustration below. (GPS Coordinates - $26^{\circ}27'11.30''N$, $50^{\circ}5'17.50''E$).



Source: Google Extract 2020 - For Illustrative Purposes Only.

Rowad Al Khaleej International School - Dammam is a low-rise, reinforced concrete and steel frame educational building. Architectural building finishes consist of painted concrete/glass panel exterior wall and glass on aluminum frame windows. We were not also able to inspect the interiors of the building due to the current health pandemic restrictions.



As per information provided, the said building has a total built-up area of 25,797 square metres.

2.10 ENVIRONMENT MATTERS

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

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

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

Details

Based on the document supplied by the client, the land areas and built-up areas of the subject properties are as follows:

P#	Property Name/Location	Land Area (sqm)	BUA (sqm)
1	Al Ahsa Square (Jarir Bookstore) – Riyadh	4,953.00	9,162.00
2	Al Faris International School - Riyadh	16,500.00	36,835.00
3	Lulu Hypermarket – Khurais Road, Riyadh	19,500.00	37,539.36
4	Panda Hypermarket – Khamis Mushait	19,000.00	5,456.27
5	Panda Hypermarket – Madain Al Fahd, Jeddah	11,873.92	3,838.00
6	Narjees Plaza – Riyadh	9,000.00	5,697.60
7	Anwar Plaza – Riyadh	9,981.76	4,812.42
8	Rama Plaza – Riyadh	15,600.00	9,822.42
9	Al Andalus Building – Jeddah	9,565.85	33,426.34
10	Blue Tower Building – Al Khobar	5,464.00	33,591.91
11	Luluah Warehouses – Riyadh	94,908.61	80,359.08
12	Lulu Central Logistics - Riyadh	23,716.23	16,500.00
13	Al Salam NMC Hospital – Riyadh	3,603.60	17,512.73
14	Rowad Al Khaleej International School – Riyadh	15,959.90	39,028.00

	15	Baraem Rowad Al Khaleej Int. Kindergarten – Riyadh	1,830.00	2,549.00
	16	Rowad Al Khaleej International School - Dammam	20,213.00	25,797.00
Topography	Generally, the properties are mostly regular in shape and on level terrain			
Drainage	Assumed available and connected.			
Flooding	ValuStrat's verbal inquiries with local authorities were unable to confirm whether flooding is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not flood prone. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known flooding in the areas where the properties are located.			
Landslip	ValuStrat's verbal inquiries with local authorities were unable to confirm whether land slip is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not within a landslip designated area. A formal written submission will be required for any further investigation which is outside of this report's scope of work.			

2.10.1 TOWN PLANNING

Neither from our knowledge nor as a result of our inspection are, we aware of any planning proposals which are likely to directly adversely affect this property. In the absence of any information to the contrary, it is assumed that the existing use is lawful, has valid planning consent and the planning consent is not personal to the existing occupiers and there are no particularly onerous or adverse conditions which would affect our valuation.

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

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

2.10.2 SERVICES

We have assumed that the subject properties referred within this report are connected to mains electricity, water, drainage, and other municipality services.

2.11 TENURE/TITLE

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



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We are unaware of any rights of way, easements or restrictive covenants which affect the property; however, we would recommend that the solicitors investigate the title in order to ensure this is correct. The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

The subject properties were registered under the below-mentioned title deeds which we had assumed it to be on freehold basis. Should this not be the case we reserve the right to amend our valuation and this report. Refer to the table below for the title deed details:

P#	Property Name	Title Deed No.	T.D. Date	Land Area (m.²)	Location	Owner/Assignee
1	Jarir Bookstore	710117025095	13/06/1435	4,953	Riyadh	Al Rajhi Development Company
2	Al Faris Int. School	510124024851	09/01/1436	16,500	Riyadh	
3	Lulu Hypermarket	910106038725	24/02/1436	9,800	Riyadh	
		210106038724	24/02/1436	9,700		
4	Panda – Khamis Mushait	471708002889	12/03/1437	19,000	Khamis Mushait	Privilege Warehouse Company 2
5	Panda – Madain Al Fahd, Jeddah	920224003713	24/03/1437	2,873.92	Jeddah	
		320224003715	24/03/1437	9,000		
6	Al Narjees Plaza	210115041823	06/09/1436	9,000	Riyadh	Al Rajhi Development Company
7	Anwar Plaza	710115041822	06/09/1436	9,981.76	Riyadh	
8	Rama Plaza	610115041821	06/09/1436	15,600	Riyadh	
9	Al Andalus Building	-	-	9,565.85	Jeddah	Gulf Company for Real Estate Investment and Development
10	Blue Tower Building	430205015601	23/06/1439	5,464	Al Khobar	Privilege Warehouse Company 2
11	Al Luluah Warehouses	810120045121	18/06/1439	29,993.66	Riyadh	
		410117037899	18/06/1439	1,038.35		
		910116042362	18/06/1439	3,267.50		
		410115053582	18/06/1439	20,266.68		
		710107049292	18/06/1439	9,932.02		
		210107049290	18/16/1439	16,650.00		
		410107049299	18/06/1439	1,962.02		
		910107049291	18/06/1439	6,773.42		
910117037900	18/06/1439	5,024.96				
12	Lulu Central Logistics	310114042122	24/10/1439	23,716.23	Riyadh	Privilege Warehouse Company 2
		310114042139	25/10/1439			
		810114042141	25/10/1439			
		210114042142	25/10/1439			
		310114042143	25/10/1439			
		310114042144	25/10/1439			
13	Al Salam NMC Hospital	310124039036	10/3/1441	750.00	Riyadh	Privilege Warehouse Company 2
		810124039037	10/3/1441	625.00		
		310124039038	10/3/1441	1,038.10		
		410124039039	10/3/1441	1,190.50		
14		417807001086	28/4/1441	8,039.90	Riyadh	



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	Rowad Al Khaleej International School	417807001085	28/4/1441	7,920.00		
15	Baraem Rowad Al Khaleej Int. Kindergarten	317807001087	28/4/1441	1,830.00	Riyadh	
		630106028707	27/4/1441	10,099.00		
16	Rowad Al Khaleej International School	330113016485	27/4/1441	3,000.00		
		730112017899	27/4/1441	3,364.00		
		230108023590	27/4/1441	3,750.00		

Source: Client 2020. The above property is assumed to be freehold interest.

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

2.11.1 OCCUPANCY LEASES & TENANCY DETAILS

We have been provided with the lease contract agreement/tenancy details for each of the (16) properties which shows the lease amount & payment schedule, contract duration, commencement date and end date, etc. We have assumed that all lessees are in a position to renew on their forthcoming renewal process considering that all of the property are tenanted as reported. For the purpose of this valuation, we have explicitly assumed that the annual rental rent provided are accurate and actual. Should this not be the case, we reserve the right to amend our valuation and this report. We are unable to attach the lease documents for the individual properties referred in the below table due to file size constraints. For the purpose of this report we have assumed that there are no onerous clauses affecting the valuation referred in this report. Your legal advisers to check and advise.

P#	Property Name	Lease Type	Net Rent (SAR)	OPEX	Term (yr.)
1	Al Ahsa Square (Jarir Bookstore)	Multi-Tenanted	5,103,512	5%	1 to5
2	Al Faris International School	Triple Net	10,000,000	0%	12
3	Lulu Hypermarket	Triple Net	16,344,252	0%	15
4	Panda – Khamis Mushait	Triple Net	3,156,065	0%	13
5	Panda – Madain Fahd	Triple Net	2,904,091	0%	13
6	Al Narjees Plaza	Triple Net	4,289,266	0%	10
7	Anwar Plaza	Triple Net	4,423,305	0%	10
8	Rama Plaza	Triple Net	4,691,384	0%	10
9	Al Andalus Building	Multi-Tenanted	13,850,000	12%	n/a
10	Blue Tower Building	Triple Net	18,310,958	0%	5
11	Al Luluah Warehouses	Triple Net	13,616,639	0%	5
12	Lulu Logistics Warehouse	Triple Net	3,795,000	0%	15
13	Al Salam NMC Hospital	Triple Net	11,710,000	0%	15.75
14	Rowad Al Khaleej International School	Triple Net	16,275,000	0%	15
15	Baraem Rowad Al Khaleej Int. Kindergarten	Triple Net	1,550,000	0%	15
16	Rowad Al Khaleej International School	Triple Net	18,948,750	0%	15

Source: Client 2020. We have assumed the above information provided by the client is complete, accurate and updated. Should this not be the case, we reserve the right to amend our valuation and this report.



2.12 METHODOLOGY & APPROACH

In determining our opinion of Market Value for the freehold interest in the subject property(s), we have utilized the Income Capitalisation approach for income generating properties taking into consideration the existing leases in place.

2.12.1 INCOME CAPITALISATION APPROACH

The subject property referred in this report fall into a broad category of investment property with the prime value determinant being the properties ability to generate rentals and rental growth through the ongoing letting and reasonable maintenance. In determining our opinion of Market Value of the subject property we have utilized the Investment Approach utilizing an Income Capitalization Approach to Valuation

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

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

2.12.2 MARKET RENTS, VALUATION ASSUMPTIONS & COMMENTARY

Since our last exercise in December 2019 prices/values have remained largely unchanged with market conditions remaining subdued. We expect the subject mixed portfolio referred in this report to remain stable in the foreseeable future subject to ongoing maintenance, upkeep of the property and to provide yield stability with the real estate sector generally follows the fortunes of the greater economy.

A funds performance relies on the performance of the underlying income generating investments and there is counterparty default risk that could affect the value of your investment. Past performance and forecasts are not reliable indicator of future results.

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

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



Sales or rental evidence for similar properties within KSA are not readily available or transparent due to the nature of the property market within the Kingdom of Saudi Arabia.

Much if not all of the evidence is anecdotal, and this limitation may place on the non-reliability of such information and impact on values reported. Accordingly, the valuation has been prepared in accordance with normal practice taking into account our usual research and enquiries and our discussions with leading local commercial agents.

We have analysed existing market commentaries and data in determining our opinion as to the applicable values. Information has also been sought from internal records and internet-based property intelligence sites. We draw your attention to any assumptions made within this report. We consider that the assumptions we have made accord with those that it would be reasonable to expect a lessee to make.

In forming our opinion of Market Rent for the subject properties, we have looked at the following market rental rates for various types of properties within KSA.

Rental Rates of some Commercial Retail Strips/Plazas within Riyadh

Establishments	Type	Area (sqm)	Rent/sqm (SAR)	Location
Black Garden	Retail	145-1,150	1,380-2,300	North Ring Road, At Taawun District
	Office	137.00	365	
Jarir Complex	Retail	325-390	1,000	Uthman Bin Affan Road
Al Ezdihar Complex	Retail	192-336	850	Northern Ring Road
Tijan Plaza	Retail	114-280	690-950	King Khalid Road, Ar Rehab District
	Office	70-192	400-550	
Rawana Plaza	Retail	208-317	1,000	Uthman Bin Affan Road, At Taawun District
	Office	88-148	550	
Al Sahafa Center	Retail	66-250	1,200-1,800	King Abdul Aziz Road, Al Sahafa District
	Office	337-447	400-550	
Tilal Center	Retail	76-456	900-2,100	Al Malqa District
Al Yarmouk Center	Retail	74-320	1,300-1,800	Dammam Rd., Al Yarmouk
Al Tamayuz Center	Retail	150-576	1,250 – 1,680	Ghirnatah District
	Office	95 – 1,300	750 – 1,022	
Qetaf Plaza	Retail	100 - 700	1,000 – 2,500	Ath Thumamah Road, Qurtubah District
	Office	5,000	400	

Rental Rates of some commercial/office centers in Jeddah

Establishments	Type	Area (sqm)	Rent/sqm (SAR)
Commercial Building, Khalidiyah District	Retail	530-600	1,100-1,420
	Office	142-198	712-1,022
Commercial Building, Ar Rawdah District	Retail	1046770-	1,350-1,500
	Office	270-1,106	600-950
Commercial Center, Tahlia Street	Retail	136-1,623	2,250-5,100
	Office	105-4,225	400-1,100
Strip Mall, Al Marwah District	Retail	29-265	700-2,000
	Office	57-304	650-900



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Rental Rates of Some Office Towers in the Eastern Province

Sn	Building Name	Location	Floor Area (m ²)	Rent/m ² (SAR)
1	Skyline Tower	King Saud Road	985 - 1,000	1,400 - 1,600
2	Tuwairqi Tower	King Fahd Road	375	1,200
3	Suwaidi Tower	King Saud Road	870	1,000 - 1,200
4	Al Rashid Tower	Al Ulaya District	462 - 862	850 – 1,200
5	Shahad Tower	King Saud Road	380	850 - 1,000
6	Al Yaum Towers	King Fahd Road	-	1,200
7	Al Kifah Tower	King Fahd Road	-	900
8	Al Sauah Building	King Khalid Road	1,000	650

Rental Rates of some commercial space within An Nasim, Khamis Mushait

Sn	Property Type	Area (m ²)	Rent/Year (SAR)	Rent/m ² (SAR)
1	Commercial Space	320	80,000	250
2	Commercial Space	1,700	500,000	294
3	Commercial Space	1,500	885,000	590

Rental Rates of some warehouses in Riyadh

S#	Property Name	District	GLA (m ²)	Rent/m ² (SAR)
1	Industrial Facility	New Industrial Area	132,713.00	330.00
2	Logistic Warehouse	New Industrial Area	285,000.00	202.85
3	Logistic Warehouses	Ad Dar Al Baida District	62,400.00	184.94
4	Logistic Warehouses	Ad Dar Al Baida District	52,214	158.53
5	Logistic Warehouses	New Industrial Area	-	170 - 300

Rental Rates of some school premises within KSA

S#	Property Name	Rent (SAR)	BUA (m ²)	Rent/m ² (SAR)
1	School in Al Khalidiyah, Riyadh	16,000,000	41,830	382.50
2	School in Ar Rabi District, Riyadh	12,000,000	30,346	395.44
3	Private School, An Narjis, Riyadh	10,500,000	33,429	314.10
4	Private School, Al Mursalat, Riyadh	4,360,000	12,314	354.07
5	International School, Riyadh	51,251,000	76,958	665.96
6	International School, Jeddah	9,476,300	30,455	311.16
7	International School, Al Khobar	10,426,000	19,930	523.13
8	International School, Dammam	7,262,000	13,997	518.83

Rental rates of some hospital/clinics in Riyadh

Sn	Property Type	Area (m ²)	Rent/Year (SAR)	Rent/m ² (SAR)
1	Specialized hospital, Riyadh	17,332	14,992,027	865
2	Medical Clinic, Riyadh	865.22	399,040.50	461



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The table below provides a summary of the rental rates per type and city.

City	Type	Min. Rent (SAR per m ²)	Max. Rent (SAR per m ²)
Riyadh	Commercial	690	2,500
	Office	365	1,000
	Logistics Warehouse	158	330
Jeddah	Commercial	700	2,500
	Office	400	1,100
Al Khobar	Office	650	1,600
Khamis Mushait	Commercial	250	590
within KSA	Schools	311	666
	Hospital/Clinics	461	865

Likewise, the table below shows the average rental rates of the subject property(s) based on the leases/rental income provided by the client.

P#	Property Name	GLA / BUA (m ²)	Gross Rent (SAR)	Ave. Rent/m ² (SAR)
1	Al Ahsa Square (Jarir Bookstore)	9,162.00	5,103,513	557.03
2	Al Faris International School	36,835.00	10,000,000	271.48
3	Lulu Hypermarket	37,539.36	16,344,252	435.39
4	Panda – Khamis Mushait	5,456.27	3,156,065	578.43
5	Panda – Madain Fahd	3,838.00	2,904,091	756.67
6	Al Narjees Plaza	5,697.60	4,289,266	752.82
7	Anwar Plaza	4,812.42	4,423,305	919.14
8	Rama Plaza	9,822.42	4,691,384	477.62
9	Al Andalus Building	33,426.34	13,850,000	414.34
10	Blue Tower Building	33,591.91	18,310,958	545.10
11	Al Luluah Warehouses	80,359.08	13,616,639	169.45
12	Lulu Logistics Warehouse	16,500.00	3,795,000	230.00
13	Al Salam NMC Hospital	17,512.73	11,710,000	668.66
14	Rowad Al Khaleej International School	39,028.00	16,275,000	417.01
15	Baraem Rowad Al Khaleej Int. Kindergarten	2,549.00	1,550,000	608.08
16	Rowad Al Khaleej International School	25,797.00	18,948,750	734.53

Analysis Commentary Note:

From our analysis most of the above assets remained unchanged, although both assets at Al Ahsa Square and Al Andalus Building appear to be rack-rented. It appears from the client that the property management reveals potential vacant units in the process of letting. Accordingly given the uncertain subdued conditions, we have considered a hardened initial yield since our last exercise. Also note the rack rent has been adjusted to reflect the passing rent with the full rental value to reflect the vacant units currently in the process of letting.

Similarly, based on our analysis of the above information, we can assume that most of the subject properties' actual rental rates are within the prevailing market rates except for property no. 16 which shows a slightly higher rental tone of rate on the



market end which could be due to the school name consisting of a better brand school.

Accordingly, property nos. 2, 14, 15 & 16 (all schools) and property no. 13 (hospital) are new acquisitions added to the forthcoming REIT, which are classified as specialized assets. Unfortunately, there are limited transactional evidence for these type of assets as they are seldom sold or let in an opaque open market and are often owner occupied / operated.

Under normal circumstances these specialized assets are valued using the profits method – trading performance to evaluate the Market Value based on revenues generated by school/hospital asset(s). Given that limited / no trading performance / financials were available we have assumed that each of the specialised assets trading performance was attractive enough to sustain the market / notional rents justified in this report. Should this not be the case, ValuStrat will not be held responsible as this does not form part of our analysis reflecting trading performance.

Accordingly, the notional rent should be proportionally embodied with sound historic potential earnings of the business operating as schools/hospitals, so it provides reasonable profitable trading performance reflecting a fairly attractive investment.

However, as mentioned above, we were not provided the trading performance of the aforesaid assets. Although we reiterate and assume that the trading performance is sufficient to meet rental payments. Further assumed that no existing lease contracts are terminated or rescinded due to the current health pandemic problems, deemed a “force majeure”. Should this not be the case, we reserve to amend our valuation and this report.

We suspect the pandemic effect to be a short-term shock and expect a rapid recovery and a surge in business activity to bounce back allowing markets to start flourishing towards a growth cycle, although our understanding the health sector and hospitals have benefitted through the current health crisis.

In this instance, we have adopted the following rates:

Growth Rate

Rent escalation/growth rate is as per lease contract agreement.

Operational Cost

The Lessees are responsible for the maintenance and operation for the assets under Triple Net Lease contract. While, we have assumed an operational cost of 10% for the Al Andalus Building which is under multi-tenant lease.

Investor Yield Sentiment

Despite the current pandemic and the continuance of subdued conditions, the KSA real estate investment market remains resilient in times of global uncertainty, protectionism and technology innovation disruptors. The divergence between prime



yields and secondary continues to widen, reflecting the fact that investors are willing to pay a premium for assets seen as lower risk, in core locations along with strong covenants/tenants.

Whilst there remains a lack of transactional evidence in the KSA market and the lack of good quality income generating assets across the KSA market; however, strong investor appetite remains for 'best in class' / 'Institutional Asset Class – Grade A' / good quality property providing long term income.

The historic strength of asset classes and significant growth in the past few years has meant fairly attractive yields and with the continuance of current stable demand but slower growth. Investors are also no less sensitive to asset classes i.e. office, retail, residential, industrial and the location of property providing investor expectations and stable long-term income for portfolios and funds.

Accordingly, in the foreseeable future the subject property(s) referred in this report appear to provide stable investment subject to ongoing maintenance, upkeep of the property and provided that yield stability remains with the Real Estate sector generally following the fortunes of the greater economy and while the oil reserves are currently fairly strong, then the economy remains stable and backed-by strong fundamentals of the KSA market (i.e. young growing population) and also the economic transformation plan transforming the Kingdom towards a service economy post-oil era. General consensus anticipates a strident improvement in the Saudi economy in the period ahead (vision 2020 and vision 2030), supported by both the oil and non-oil sector.

Net Initial Yield

Based upon our experience and discussions in the market; we assume that investors would consider a net initial yield between 7% to 8% to be an acceptable range of return given the subject properties strong covenants with contract that are mostly ranges from 5 -15 years duration. We are also aware property numbers 13, 14, 15, and 16 were acquired from the market at the back end of last year / early part of this year with acquisition prices forming a good market benchmark. Accordingly, the rental rates and yields were analysed and form part of our opinion of value(s).

Furthermore, the subject properties are considered to be attractive to investors as they are strategically located in close proximity to business districts & densely populated areas. They are likewise very accessible as they are situated along major thoroughfares in the city. For these reasons, we have adopted the following net initial yields for each property.

P#	Property Name	Location	Yield	Escalation
1	Al Ahsa Square (Jarir Bookstore)	Riyadh	7.5%	n/a
2	Al Faris International School	Riyadh	7.0%	10% on renewal
3	Lulu Hypermarket	Riyadh	7.0%	7% every 5 year
4	Panda – Khamis Mushait	Khamis Mushait	7.0%	



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5	Panda – Madain Fahd	Jeddah	7.0%	14.8% (Yr. 2020), 12.9% (Yr. 2025)
6	Al Narjees Plaza	Riyadh	7.5%	8% every 5 year
7	Anwar Plaza	Riyadh	7.5%	8% every 5 year
8	Rama Plaza	Riyadh	7.5%	8% every 5 year
9	Al Andalus Building	Jeddah	7.5%	n/a
10	Blue Tower Building	Al Khobar	7.5%	5% every 5 years
11	Al Luluah Warehouses	Riyadh	7.5%	5% every 5 years
12	Lulu Central Logistics Warehouse	Riyadh	7.0%	12% every 5 year
13	Al Salam NMC Hospital	Riyadh	7.25%	5% every 5 years
14	Rowad Al Khaleej International School	Riyadh	8.0%	7.5% every 5 years
15	Baraem Rowad Al Khaleej Int. Kindergarten	Riyadh	8.0%	7.5% every 5 years
16	Rowad Al Khaleej International School	Dammam	8.0%	7.5% every 5 years

Source: ValuStrat & Client 2020.

2.12.3 SUMMARY OF VALUES

The resultant values are based upon the above variables/assumptions for the subject property referred in this report as follows:

P#	Property Name	Location	Net Rent (SAR)	OPEX	Initial Yield	Value (SAR)
1	Al Ahsa Square (Jarir Bookstore)	Riyadh	5,103,512	5%	7.5%	65,000,000
2	Al Faris International School	Riyadh	10,000,000	0%	7%	142,900,000
3	Lulu Hypermarket	Riyadh	16,344,252	0%	7%	233,500,000
4	Panda – Khamis Mushait	Khamis Mushait	3,156,065	0%	7%	45,100,000
5	Panda – Madain Fahd	Jeddah	2,904,091	0%	7%	41,500,000
6	Al Narjees Plaza	Riyadh	4,289,266	0%	7.5%	57,200,000
7	Anwar Plaza	Riyadh	4,423,305	0%	7.5%	59,000,000
8	Rama Plaza	Riyadh	4,691,384	0%	7.5%	62,600,000
9	Al Andalus Building	Jeddah	13,850,000	12%	7.5%	163,000,000
10	Blue Tower Building	Al Khobar	18,310,958	0%	7.5%	244,100,000
11	Al Luluah Warehouses	Riyadh	13,616,639	0%	7.5%	181,600,000
12	LuLu Logistics Warehouse	Riyadh	3,795,000	0%	7%	54,000,000
13	Al Salam NMC Hospital	Riyadh	11,710,000	0%	7.3%	162,000,000
14	Rowad Al Khaleej International School	Riyadh	16,275,000	0%	8.0%	203,400,000
15	Baraem Rowad Al Khaleej Int. Kindergarten	Riyadh	1,550,000	0%	8.0%	19,400,000
16	Rowad Al Khaleej International School	Dammam	18,948,750	0%	8.0%	237,000,000
Aggregate Value (SAR) [Rounded]						1,971,300,000

2.12.4 VALUATION COMMENTARY

1. In the short term it is difficult to assess the impact over the COVID-19 pandemic and the KSA lockdown should both the health crisis persist affecting the economy it is likely the market rates/prices will be affected. The client is also recommended to consider the benefits in such a market, of having more frequent valuations to monitor the value of the subject property.
2. Whilst the KSA lockdown period has taken place due to the COVID-19 pandemic, many businesses were affected due to the closure; we assume



all rentals, lease(s) and landlord & tenant information provided by the client is correct and accurate. Should this not be the case, we reserve the right to amend our valuation and report.

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



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

2.13 VALUATION

2.13.1 MARKET VALUE

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

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

Aggregate Value: SAR 1,971,300,000 (One Billion, Nine Hundred Seventy-One Million, Three Hundred Thousand Saudi Arabian Riyals).

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

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

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

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

2.14 MARKET CONDITIONS SNAPSHOT

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

At a time of unprecedented trial over the Coronavirus Covid-19 and the global spread of the virus, it has meant a significant impact on global financial markets as geographies experience continued spread and increase of pandemic cases. This has meant a global shutdown/lockdown of economies with most sectors affected.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization (WHO) as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries across the globe. Market activity has impacted in many sectors.

Prior to the global rapid spread of the virus and the announcement by the KSA authorities of an initial indefinite lockdown, the KSA real estate market was in a healthy position with many analysts predicting a strong 2020 for real estate (vision



2020) with the positive activity and investment by the government unveiling a number of reforms, including recent facilitation of the tourism visa, where citizens of 49 countries are now able to apply e-visas and holders of Schengen, UK or US visas are eligible for visas on arrival.

Also the government has now allowed the full foreign ownership of retail and wholesale operations along with previously opening up of the Tadawul Stock Market to foreign investment supported by current energy reforms, cutting subsidies, creating jobs, privatising state-controlled assets and increasing private sector contribution to the country's economy, etc. With all the opportunities throughout the Kingdom and the creation of the Giga projects, there was an ambitious resilience which was suddenly shutdown overnight due to the initial lockdown period. Presently the whole of the KSA is on a partial lockdown previously 24-hour lockdown given that Coronavirus cases have passed 132,000 (one hundred thirty-two thousand). With all the current uncertainty, market stagnation and short-term challenges whereby force majeure (as a result of the pandemic's cause beyond anyone's reasonable control) has created inactivity in the real estate market with the market currently at a standstill.

As mentioned above the KSA market's ambitions and resilience, we understand investor sentiment remains strong as it was prior to the virus pandemic and the KSA was on an upward progression showing growth in the last quarter of 2019 after a period of subdued market conditions.

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

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

In short, the pandemic is expected to be a short term shock wave with an eventual surge of business activity leading to a rapid recovery either in the form of a "V-shape"



or a more gradual recovery in the form of a “U-shape” bounce back. Accordingly, we expect the KSA market to surge in business once the lockdown is lifted allowing for markets to start flourishing towards long term sustainability in social trends and patterns along with socio-economic distancing in a growing cycle. On the other hand, should the global economic impact of the Coronavirus pandemic (COVID-19) outbreak depends on how long the virus lasts, how far it spreads and how much lock-down, public organizations quarantines disrupt the market.

Indeed, the current response to COVID-19 means that we are faced with unprecedented set of circumstances on which to base judgement(s). There is strong evidence that real estate markets spring back to strong activity and growth fairly quickly. Equally, the short-term generally speaking we do not expect the current real estate market to show very small adjustment in prices/rates if any due to non-activity or a market standstill especially prior market was on an upward trend. The KSA real estate market is a developing market with much invested by the government in infrastructure projects so we expect the government's latest stimulus to preserve liquidity and for demand to hold having limited / no bearing on prices / rates. However, should the pandemic persist throughout this year, we do expect adjustments later or towards the end of this year and next possibly next year.

Our valuation(s) is / are therefore reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the property's referred in this report under frequent review.

2.14.2 MARKET CONDITIONS PRIOR TO THE PANDEMIC & THE KSA LOCKDOWN

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

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

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



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

The KSA economy in the first quarter of 2018 has relied on the current oil price rise to pull it out of recession; however, the previous 18-24 months, KSA faced a protracted spell of economic stress, much of which can be attributed to the falling oil prices coupled with regional political issues.

Oil prices are starting to surge again around 80 dollars a barrel currently from under 30 dollars a barrel in early in 2016 which resulted in a crash in prices and the economy dipped into negative territory in 2017 for the first time since 2009, a year after the global financial crisis.

General consensus anticipates a piercing improvement in the Saudi economy in the period ahead (2021-2022), supported by both the oil and non-oil sector. So ultimately it appears the economy will still need to rely on oil revenues to bridge the gap in the short term with a budget deficit over the past 3 years and the Kingdom borrowing from domestic and international markets along with hiking fuel and energy prices to finance the shortfall.

The economy slipped into recession in 2018 but returned to growth this year 2019, albeit at the fairly modest level of 1.7%, according to estimates from the International Monetary Fund (IMF). However, the return to growth is mainly due to a return to increase in oil prices again and output which, in turn, is enabling an increase in government spending. Accordingly, in the short term needs to rely on the oil revenue and this reliance is being channelled into public spending.

The non-oil economy is growing, but at a slow place. Analysts are forecasting non-oil GDP to grow by 1.4% this year, compared to 1% in 2017. Even here, the non-government sector is coping relatively poorly. Analysts are forecasting non-oil private sector growth of 1.1%, this year, up from 0.7% last year. The reforms that have been pushed through to date have led to important changes aiding the economy. The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce. Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars. A due enactment of law will encourage public-private partnerships to herald more foreign investment. The economic transformation that the KSA has embarked upon is complex and multidimensional and will certainly take time to turn around a non-oil serviced economy, although there have been recent positive signs, but it will remain in the short term with the support of oil revenues.

On the other hand, the KSA was resilient in the previous recession in 2007/2008 on strong oil reserves and not only can the Saudi government be relied upon to step in



to rescue troubled lenders, reliable institutions for procedural reasons but crucially, it can also afford to do so, although has suffered due to previous oil price declines and it has meant increased spending. Vision 2030 to diversify the economy from reliance on oil, has only just commenced and with a young and increasingly well-educated population, together with its own sovereign wealth fund, the Kingdom has many favourable factors to become a leading service sector economy in the region. Reform efforts include a reduction of subsidies on fuel and electricity and the implementation of a 5 per cent VAT back on 01 January 2018 which increased to 15 per cent as of 01 July 2020 as part of stimulus due to the impact of the pandemic health crisis.

The government is also striving to get women to play a greater role in the economy including allowing them to drive back in 2019. Wider reforms have been initiated by the government allowing for the entertainment industry to flourish with the opening of the first cinema in King Abdullah Financial District (KAFD) along with 4 VOX screens opening at Riyadh Park Mall. The cinema entertainment is spurred on by Public Investment Fund (PIF) in collaboration with AMC Cinemas and led by the Development and Investment Entertainment Company (DIEC), a wholly owned subsidiary of PIF. With an objective of 30 to 40 cinemas in approximately 15 cities in Saudi Arabia over the next five years, and 50 to 100 cinemas in about 25 Saudi cities by 2030.

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

Red Sea Tourism Project

To transform 50 islands consisting of 34,000 square kilometres along the Red Sea coastline into a global tourism destination. For ease of reference to illustration below showing the location in relation to the Kingdom of Saudi Arabia.

Al Faisaliyah Project

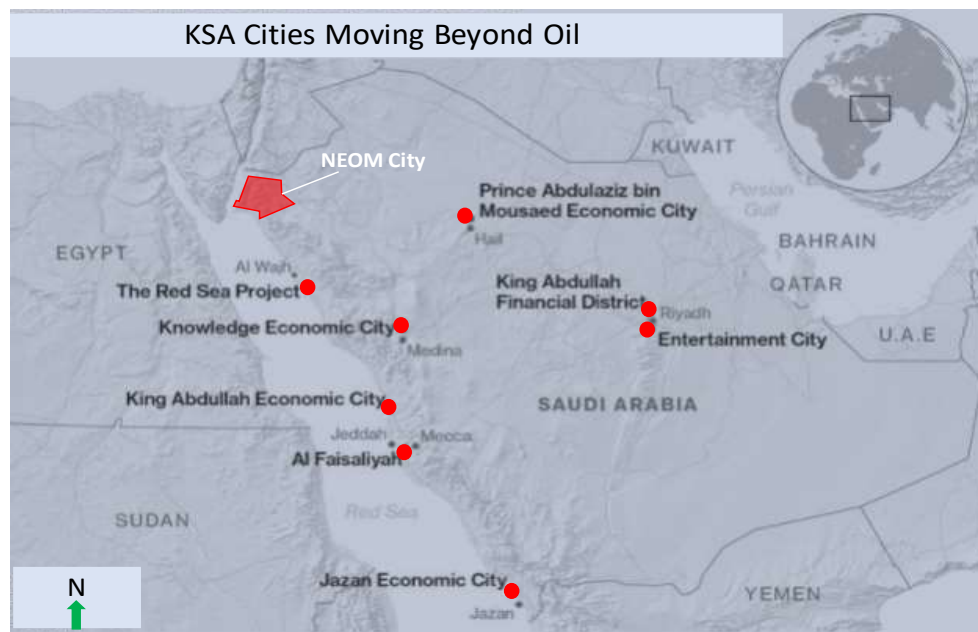
The project will consist of 2,450 square kilometres of residential units, entertainment facilities, an airport and a seaport. Refer to the below illustration for the location.

Qiddiya Entertainment City

Qiddiya Entertainment City will be a key project within the Kingdom's entertainment sector located 40 kilometres away from the center of Riyadh. Currently alleged for "The First Six Flags-branded theme park". The 334 square kilometre entertainment city will include a Safari park too. The project will be mixed use facility with parks, adventure, sports, events and wild-life activities in addition to shopping malls, restaurants and hotels.

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





Neom City

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

Economic Cities

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

Real Estate Growth

Overall ValuStrat research reveals that real estate sectors have continued to decline in both sales and rental values. We expect demand to remain stable due to fundamentals of a growing young population, reducing family size, increasing middle-class and a sizeable affluent population – all of which keeps the long-term growth potential intact. Despite short term challenges, both investors and buyers remaining cautious, the Saudi economy has shown signs of ambition with the government unveiling a number of reforms, including full foreign ownership of retail and wholesale operations along with opening up of the Tadawul Stock Market to foreign investment as well as the reforms mentioned in the previous section referred above. As mentioned earlier, KSA experienced positive growth by oil price rise in the first quarter of 2018; hence the main driver of the recovery remains oil. Over 2018 we envisage the Kingdom’s consumer outlook to be more favourable in economic conditions.

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

The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016). The close ties with the construction, financing institutions and many others have provided crucial resources that contributed to the development of the Saudi economy. The real estate market performance in 2018/18 and the general trend in KSA for most sectors have remained subdued given lower activity levels and prices have been under pressure across most asset classes leading to a gradual softening of rental and sale prices quarter on quarter. The real estate sector remains subdued and prices may have bottomed out across sectors and we expect in the medium to long term for the market to pick-up further growth given the reforms and transformation in KSA, although we expect the growth to be slow and steady subject to a stable political environment in KSA and across the region. The outlook remains optimistic for the longer term due to the various KSA initiatives aimed at stimulating the real estate market whilst encouraging the private sector to play a key role in the transformation.

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

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

2.15 VALUATION UNCERTAINTY

This valuation has been undertaken against a background of significant levels of Market volatility is one of the main reasons of Valuation uncertainty in the real estate market in the Kingdom and within the GCC region given the dramatic changes in markets in current oil price slump and other factors too. We are currently experiencing a very uncertain property market and due to the reduced level of



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

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

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

2.16 DISCLAIMER

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

2.17 CONCLUSION

This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the Client. No part of this report may be reproduced either electronically or otherwise for further distribution without our prior and written consent. We trust that this report and valuation fulfils the requirement of your instruction. This report is issued without any prejudice and personal liability.

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



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Private & Confidential

Al Rajhi Capital, Riyadh, KSA – August 2020

APPENDIX 1 - PHOTOGRAPHS

Property No. 1 – Jarir Bookstore, Al Malaz District, Riyadh



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Al Rajhi Capital, Riyadh, KSA – August 2020

Property No. 2 – Al Faris International School, Riyadh



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Al Rajhi Capital, Riyadh, KSA – August 2020

Property No. 3 – Lulu Hypermarket, Khurais Road, Riyadh



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Al Rajhi Capital, Riyadh, KSA – August 2020

Property No. 4 – Panda Hypermarket, Khamis Mushait



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Al Rajhi Capital, Riyadh, KSA – August 2020

Property No. 5 – Panda Hypermarket, Madain Fahad, Jeddah



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Al Rajhi Capital, Riyadh, KSA – August 2020

Property No. 6 – Narjees Plaza, An Narjis, Riyadh



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Property No. 7 – Anwar Plaza, Al Rawdah, Riyadh



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Property No. 8 – Rama Plaza, Al Nahdah, Riyadh



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Al Rajhi Capital, Riyadh, KSA – August 2020

Property No. 9 – Al Andalus Building, Jeddah



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Al Rajhi Capital, Riyadh, KSA – August 2020

Property No. 10 – Blue Tower Building, Al Khobar



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Al Rajhi Capital, Riyadh, KSA – August 2020

Property No. 11 – Luluah Warehouse, Al Masani, Riyadh



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Property No. 12 – Lu Lu Logistics, Riyadh



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Al Rajhi Capital, Riyadh, KSA – August 2020

Property No. 13 – Al Salam NMC Hospital, Riyadh



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Al Rajhi Capital, Riyadh, KSA – August 2020

Property No. 14 – Rowad Al Khaleej International School



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Al Rajhi Capital, Riyadh, KSA – August 2020

Property No. 15 – Baraem Rowad Al Khaleej International Kindergarten



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Al Rajhi Capital, Riyadh, KSA – August 2020

Property No. 16 – Rowad Al Khaleej International School, Dammam



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تقييم
TAQEEM



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فرع التقييم: العقار

تاريخ الانتهاء: 1442/04/3





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