Valuation Report.

Al Andalus Mall and Hotel, Jeddah, KSA

Prepared for SNB Capital
Valuation date: 31 December 2021

Locally expert, globally connected.

SNB Capital
Riyadh, Kingdom of Saudi Arabia

For the attention of Danial Mahfooz, CFA
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Our ref: KFV665-2021

Date of issue: 15 February 2022

Dear Sirs

Valuation Report – Al Andalus Mall and Hotel, Jeddah, KSA

Further to your instructions, we are pleased to provide our Valuation Report in respect of the above property. If you have any queries regarding this report, please let us know as soon as possible.

Signed for and on behalf of Knight Frank Spain Saudi Arabia Real Estate Valuations Company

Talal Raqaban, MRICS
RICS Registered Valuer - Taqeem No. 1210001810
Partner, Valuation & Advisory, KSA
For and on behalf of Knight Frank Spain Saudi Arabia Real Estate Valuations Company

This report has been reviewed, but not undertaken, by:

Stephen Flanagan, MRICS
RICS Registered Valuer - Taqeem No. 1220001936
Partner, Head of Valuation & Advisory, MENA
For and on behalf of Knight Frank Spain Saudi Arabia Real Estate Valuations Company

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Executive summary

This Executive summary is a brief overview of our Valuation Report and must not be relied upon in isolation. It is intended to be read in conjunction with the whole report and is subject to any assumptions, caveats and comments stated within the body of this report.

Address	Al Andalus Mall and Hotel, Old Airport, Al Fayhaa District, Jeddah, Kingdom of Saudi Arabia.
Location	The property is located in the Al Fayhaa district of Jeddah in the Western Province of the Kingdom of Saudi Arabia (KSA). The property is located at the junction of Prince Majid Road (Highway 70) and King Abdullah Road (Highway 45), just south of a large roundabout / interchange. The site is bounded by the districts of Al Worood and Al Naseem to the north of the subject and Jeddah Gate to the west. Prince Majid Road is one of the major north – south arterial highways linking the north of Jeddah and the international airport with the south of Jeddah. The King Abdulaziz International Airport is located some 18 km to the north, with a driving time of 30-40 minutes depending on traffic conditions. Jeddah Islamic Port is located some 6 km to the west of the subject.
Description	The property comprises a large retail shopping mall known as Al Andalus Mall, together with Al Andalus Mall Hotel, a deluxe serviced apartment. The hotel establishment was previously operated by InterContinental Hotels Group (IHG) under the Staybridge Suites brand with a 5-Star classification certificate, which opened to the public on the 23rd May 2017. The mall is a well-established super-regional mall which has over 3,000 car parking spaces and is anchored by Hyper Panda. Built over two principal shopping floors, the main anchor tenant is located on the First Floor level, underneath which is substantial covered parking below at ground level. The mall has a number of entrances from both sides of the mall allowing effective pedestrian circulation. The serviced apartment building consists of B+G+16 floors and extends to 164 guest rooms, also accommodating extensive parking at podium level. The unit inventory comprises studios, 1 bed and 2 bed suites, with the majority (90 keys) being 1 bed suites. The client has recently acquired a plot of land adjacent to the mall for an extension, and this land is now taken into account in this valuation report.
Tenure	Freehold
Tenancies and Occupancy	As at the valuation date, Al Andalus Mall is 95% occupied based on GLA. The lease terms generally range in length from 1 year to 17 years, with the majority of leases being 1-3 years in length. The exceptions to the above include the lease for the Hyper Panda supermarket which has a 20 year lease term.

Valuation Key Assumptions - Al Andalus Mall

Item	Unit	Assumption
Passing Rent	SAR per annum	127,712,237
Operating Costs	SAR per annum	25,690,796
Stabilised Occupancy	%	95%
Yield	%	8.75%
Growth	%	2%
Discount Rate	%	10.75%

Valuation Key Assumptions - Hotel

Our projections are prepared in accordance with the Uniform System of Accounts for the Lodging Industry (USALI) as used by the hotel and leisure industry worldwide.
We have made a number of assumptions within our valuation which we have listed below:

- The valuation is based on the EBITDA of the serviced apartment, with an allowance for the terms and fees included in the hotel management agreement.
- The valuation given includes furniture, fittings, equipment and operational supplies that are necessary for the hotel as a going concern.
- We were not provided with the classification certificate for the operating hotel and therefore we have assumed that the hotel would continue to acquire an operating classification certificate as a 5-Star hotel.
- Unless otherwise stated, ADR (Average Daily Rate) in our calculations is inclusive of service charges, but exclusive of tax and municipality fees.
- Our cash flow is prepared on the basis of a calendar year. Year 1 of the cash flow starts from the date of valuation.
- The client has terminated the hotel management agreement with Holiday Inns Middle East under the Staybridge Suites brand and as per the client, is in an advanced discussion with another reputable international operator. Therefore, we have assumed that the operator / brand appointed would be similar to that of Staybridge Suites. We have assumed that this new operator would continue to manage the subject property effectively and efficiently under a 5-Star deluxe serviced apartment positioning.
- We were not provided with the revised commercial terms under the new management agreement and therefore have had to rely on industry standard fee structures that are typically offered by hotel operators for the Jeddah market. These terms are assumed to prevail over a 15-year term and come into effect by the end of 2021.
- During the transition of operators, we have assumed that the property will continue to remain open for business and be owner operated. Furthermore, our projections take into account that the new operator would be appointed and running the operations of the hotel by the end of 2021. A delay in appointing the new operator would impact the projections.

	• Typically, when a new hotel operator takes over an existing branded operational hotel, there are costs associated with re-branding, FF&E upgrades, etc. Typically, these costs are borne by the owner; however, we have been informed by the client that the costs related to re-branding and the costs related to any minor FF&E upgrades will be covered by the accrued FF&E reserve from the previous years. • The subject hotel has all relevant documentation and permissions required from the relevant planning and trading authorities in Jeddah, KSA. • We have assumed the rate of inflation to be 2 percent per annum. • We have adopted a discount rate of 11.25 percent and a terminal capitalisation rate of 9.25 percent for the hotel cash flow. • We have adopted the 9.25 percent capitalisation rate to show the subject property as a deluxe, internationally branded asset, located in the area of Al Fayha District, an emerging international leisure and corporate destination in the city of Jeddah.
Valuation Key Assumptions - Mall	• We have valued the shopping mall having regard to current and potential future income, on a 10 year DCF basis. Given that the leases are for very different terms, there is some income that is contracted well into the future and secure, and there are also a number of leases which are short and therefore less secure (terms of 1 year being common for certain units). Where income is contracted for the next few years, we have reflected that contracted income in our cash flow along with fixed rental increases. Upon lease expiry we have assumed they revert to Market Rent. • We have adopted a rental growth and expense inflation rate of 2% in our cash flow, in line with the long term standing average for the Kingdom. • The current mall occupancy is 95%, this is aligned with the occupancy of other malls in the competitive set as detailed in the report. Having regard to future supply and the age of the mall, we have assumed a structural occupancy level of 95% (stabilised). • Few malls of this size openly transact and we feel this offers a good option, being well let, firmly anchored and with a diverse offering of F&B and leisure to attract families. Ongoing works are to enhance the food court and entertainment offering further. • Due to the large lot size of the asset, the able pool of buyers for an asset of this type and size is limited, typically to sovereigns, large funds or big development companies. The large lot size limits the buyer pool, when considered against smaller assets that have a wider potential buyer base. Few malls of this size openly transact and we feel this offers a good option, being pitched at the mid income bracket, which is the demographic of the local area.
Valuation date	31 December 2021
Market Value (aggregate)	We are of the opinion that the (aggregate) Market Value of the properties subject to the caveats and assumptions detailed herein as at the valuation date is: **SAR 1,376,175,200**

	(One Billion, Three Hundred and Seventy Six Million, One Hundred and Seventy Five Thousand and Two Hundred Saudi Arabian Riyals)
Market Value Analysis	Split on values between the two component parts is as follows: • Al Andalus Mall and Expansion Land – SAR 1,227,975,200 (One Billion, Two Hundred and Twenty Seven Million, Nine Hundred and Seventy Five Thousand and Two Hundred Saudi Arabian Riyals) • Al Andalus Mall Hotel - SAR 148,200,000 (One Hundred and Forty Eight Million and Two Hundred Thousand Saudi Arabian Riyals)

1. Terms of engagement

Engagement of Knight Frank Spain Saudi Arabia Real Estate Valuations Company

1.1 This valuation report (the "Valuation") has been prepared in accordance with our Terms of Engagement letter date 24 June 2021 and our General Terms of Business for Valuation Services (together the "Agreement"). A copy of this document is attached at Appendix 1 (along with your original instruction for reference purposes).

Client

1.2 We have been instructed to prepare the Valuation by SNB Capital (the "Client"), as manager on behalf of Al-Ahli REIT Fund, a real estate investment traded fund in the Saudi Stock Exchange (Tadawul).

Valuation standards

1.3 This valuation has been undertaken in accordance with the current editions of RICS Valuation - Global Standards, which incorporate the International Valuation Standards (the "Red Book") and Taqeem Standards**.** As required by the Red Book / IVS, some key matters relating to this instruction are set out below.

Independence and expertise

Disclosure of any conflicts of interest

1.4 We have valued the property for the same client 2017, 2018, 2019 and 2020. We confirm that we do not have any material connection or involvement giving rise to a conflict of interest and are providing an objective and unbiased valuation.

1.5 This has been disclosed to you and you have given your consent to us proceeding with this instruction. We confirm that we are not aware of any undisclosed matter giving rise to a potential conflict of interest and that we are providing an objective and unbiased valuation.

Valuer and expertise

1.6 The valuer, on behalf of Knight Frank Spain Saudi Arabia Real Estate Valuation Company with the responsibility for this report is Talal Raqaban MRICS, Partner, RICS Registered Valuer and Fellow member of Taqeem. Parts of this valuation have been undertaken by additional valuers as listed on our file.

1.7 We confirm that the valuer and additional valuers meet the requirements of the Red Book / IVS and Taqeem Regulations, having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.

1.8 We are appointed as your valuation advisors; our role is limited to providing property valuation services in accordance with the Red Book and the terms of this Agreement.

1.9 For the purposes of the Red Book / IVS, we are acting as External Valuer.

1.10 This report has been vetted as part of Knight Frank Spain Saudi Arabia Real Estate Valuation Company quality assurance procedures.

Use of this Valuation

Purpose of valuation

1.11 The client has confirmed that this valuation report is required for REIT reporting to the Saudi Capital Market Authority (CMA) for the semi-annual reporting of the market value (MV) in accordance with Taqeem regulations (the "Purpose"). This valuation has been prepared solely for the aforementioned purpose and may not be used for any other purpose without our express written consent.

Reliance

1.12 This Valuation has been prepared for the Client only. No other person is entitled to rely on the Valuation for any purpose. We accept no liability to anyone for any improper or unauthorised reliance on this Valuation.

Disclosure & publication

1.13 The Valuation has been prepared for the Client and in accordance with the Agreement which governs its purpose and use. As stated in the Agreement, this Valuation is confidential and must not be disclosed to any person other than the Client without our express written consent. Nor may the whole nor any part of this valuation nor any reference thereto may be included in any prospectus, listing particulars, published document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.

Limitations on liability

1.14 Knight Frank Spain Saudi Arabia Real Estate Valuation Company's total liability for any direct loss or damage (whether caused by negligence or breach of contract or otherwise) arising out of or in connection with this Valuation is limited to the amount specified in our Terms of Engagement, a copy of which is attached. Knight Frank Spain Saudi Arabia Real Estate Valuation Company accepts no liability for any indirect or consequential loss or for loss of profits.

1.15 We confirm that we hold adequate and appropriate PII cover for this instruction.

1.16 No claim arising out of or in connection with this Valuation may be brought against any employee, director, member, partner or consultant of Knight Frank Spain Saudi Arabia Real Estate Valuation Company**.** Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Knight Frank Spain Saudi Arabia Real Estate Valuation Company.

1.17 Nothing in this Valuation shall exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.

Scope of work

1.18 In this report we have been provided with the following information by you, your advisors or other third parties and we have relied upon this information as being materially correct in all aspects.

1.19 In particular, we detail the following:

- Information relating to the extent of the property, produced by the client

- Information relating to the tenancy schedules, produced by the client
- Information relating to the operating costs / service management agreement costs as produced by the client.
- Copy of the title deed

1.20 In the absence of any documents or information provided, we have had to rely solely upon our own enquiries as outlined in this report. Any assumptions resulting from the lack of information are also set out in the relevant section of this report.

Valuation bases

1.21 In accordance with your instructions, we have provided our opinions of value on the following bases:

Market Value (MV)

1.22 The Market Value of the freehold interest in the property, in its current physical condition, subject to the existing leases and hotel management agreements.

Market Rent (MR)

1.23 The Market Rent of the property. Our letting assumptions are set out in the Valuation Section of this report.

Valuation Date

1.24 The valuation date is 31 December 2021.

2. The Property

2.1 The property we have valued, including the inspection details, is as follows:

Property address	Inspected by	Inspection date
Al Andalus Mall and Al Andalus Hotel, Old Airport, Al Fayhaa District, Jeddah, KSA	Raoudah Albakri	18 November 2021

Location

2.2 As can be seen from the map below, the property is located in the Al Fayhaa district of Jeddah in the Western Province of the Kingdom of Saudi Arabia (KSA). The property is located at the junction of Prince Majid Road (Highway 70) and King Abdullah Road (Highway 45), just south of a large roundabout / interchange. The site is bounded by the districts of Al Worood and Al Naseem to the north of the subject and Jeddah New City / Jeddah Gate to the west. Prince Majid Road is one of the major north – south arterial highways linking the north of Jeddah and the international airport with the south of Jeddah.

2.3 The King Abdulaziz International Airport is located some 20 km to the north of the property, with a driving time of 30-40 minutes depending on traffic conditions. Jeddah Islamic Port is located some 6 km to the west of the property.

Source: Google Earth / Knight Frank Research

Site

Site area

2.4 We have been provided with a copy of the title deed, from which we understand that the mall and hotel have been developed over 159,133.96 sq m of land. The expansion land (recently acquired) extends to 9,668.92 sq m.

Site plan

2.5 The property is identified on the Google earth below, showing our understanding of the boundary outlined in red.

Source: Google Earth / Knight Frank Research

Description

Al Andalus Mall

2.6 The property comprises a super regional retail shopping mall known as Al Andalus Mall, together with an attached serviced apartment tower which opened on 23rd May 2017 and was until recently branded and operated by Staybridge Suites (part of the Intercontinental Hotels Group) and is physically connected into the north west corner of the mall. The mall opened in July 2007 and is therefore over 12 years old at the date of this report. A small extension was added to the mall and completed in 2016.

2.7 The mall is a well-established super-regional mall which has over 3,000 car parking spaces and is anchored by Hyper Panda supermarket. Built over two principal shopping floors, the main anchor tenant is located on the First Floor level, underneath which is substantial covered parking below at ground level. The mall has a number of entrances from both sides of the mall allowing effective pedestrian circulation.

2.8 The mall is built of traditional reinforced concrete construction, with the roof structure being of a series of steel framed sections with waterproof membrane over parts, with other parts (especially the roof of the Hyper Panda) being a flat concrete structure.

2.9 The mall is served by formal entrances to the front, rear and ends of the mall for pedestrians, with one gate being the focal point for entry of vehicles for display and larger attractions etc. Parking is provided to the rear, partly under the Hyper Panda and thus covered / shaded and to the front at grade.

Expansion Land

2.10 SNB have recently acquired a 9,668.92 sq m plot of land which is zoned for mixed use. The site benefits from access from all four roads that it is bound by. The site is surfaced with tarmac and arranged as a car park.

Al Andalus Mall Hotel

2.11 Al Andalus Mall Hotel is a deluxe serviced apartment adjacent to Al Andalus Mall in Jeddah, KSA. The subject property opened its doors to the public on 23rd May 2017 and was previously (until recently) operated by InterContinental Hotel Group (IHG) under the Staybridge Suites brand. However, to date, InterContinental Hotel Group (IHG) are no longer managing the property, and the property continues to be owner-operated. The client has informed us that discussions are currently ongoing, which are at an advanced stage of negotiations to appoint a reputable international operator and brand similar to that of IHG's Staybridge Suites brand.

2.12 The total built up area for the subject property is 18,820 square metres, this is made up over B+G+16 floors, providing 164 guest rooms, 236 parking spaces, 7 meeting rooms, 2 F&B outlets, 2 male massage rooms, swimming pool, tennis court and gymnasium.

Guest Rooms

2.13 There are 164 guest rooms split into 3 room types; Studio, one bedroom and two bedroom.

2.14 The units are fitted to a deluxe serviced apartment specification. All guest rooms comprise a fitted kitchen with working white units, bedroom, living room and bathroom fixtures and fittings.

Table 1: Room Breakdown

Unit	Unit Breakdown	Gross Internal Area (sq m)	Gross Internal Area (sq ft)
Two Bedroom Type 1	15	110	1,650
Two Bedroom Type 2	15	100	1,500
Studio Type 1	14	55	825
Studio Type 2	15	50	750
Studio Type 3	15	60-69	894
One Bedroom Type 1	75	65-85	5,369

One Bedroom Type 2	15	65-85	1,155
Total Keys	**164**		**12,143**

Food and Beverage Outlets

2.15 There are 2 food and beverage outlets in the subject property. These are highlighted below:

- The all-day dining option accommodating 75 covers and offering breakfast, lunch and dinner.
- The Lobby Café is a healthy option located on the ground floor, offering no covers, with a stronger focus on a 'grab and go' concept for passing trade from guests entering and exiting the building.
- It should be noted there are numerous F&B options provided in Al Andalus Mall and as the property is positioned as a serviced apartment, the F&B offering is typically limited, as the concept of the accommodation offers kitchens and kitchenettes in the guest rooms.

Table 2: F&B Breakdown by type and location

F&B Outlets	Type	Level
Lobby café	Grab and go	Ground Floor
All Day Dining	Breakfast, Lunch, Dinner	1st Floor

Leisure Facilities

2.16 The leisure facilities comprise:

- An outdoor swimming pool
- Gymnasium
- 2 male massage rooms
- Male sauna and steam room
- 1 Tennis court

Meeting and Conference Facilities

2.17 The meeting and business facilities are located on the first and second floors. There are 2 meeting rooms on the ground floor ranging in size from 62 sq m to 72 sq m Meeting room 3 measuring 785 sq m in total and is situated on the 2nd floor which can be used as a ballroom or split into 5 separate meeting rooms, catering to the MICE segmentation in Jeddah.

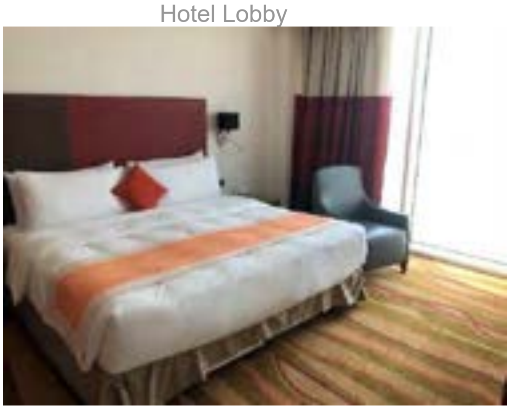
Table 3: Meeting Room breakdown

Meeting Room	Area	Level
Meeting Room 1	62 Sq m	1st Floor
Meeting Room 2	72 Sq m	1st Floor
Meeting Room 3	785 Sq m	2nd Floor

2.18 A selection of photos taken during our inspection is provided below:

Hotel Lobby

Dining Hall



Hotel Room

Outdoor swimming pool

Gymnasium

Tennis Court

Mall

Retail Mall

2.19 As agreed with the client, we have relied upon floor areas provided to us by the client. No further verification has been undertaken.

2.20 An extension was added to the mall in 2016, this is now fully let and income producing

Ground Floor

2.21 The ground floor is accessed via 7 different "Gates" on each sides of the mall, strategically placed to access the mall from the car parks. There are numerous large kiosks arranged around the ground floor in the two main corridors running east / west along the length of the mall and also around the central atrium area as well as around the main gates to the mall. Gates 2 and 5 are the most centrally located gates to the mall, being located in the centre, from the front and rear respectively. We understand the mall management are trying to obtain consent to create two more entrances to the mall from the rear side.

2.22 The ground floor is effectively anchored with Centre Point at one end of the floor and other mini anchors including Riva, Kiabi, H&M, Mango and Paris Gallery arranged throughout the ground level.

First Floor

2.23 The first floor is anchored by Hyper Panda who take up a large proportion of the first floor GLA. The other major uses on the first floor include the Fun Zone and the Food Court.

2.24 Aside from Hyper Panda, the other anchors on the first floor level include Red Tag, Home Box and H&M. The Hyper Panda space extends out over the ground floor parking area, so the GLA of the first floor is much larger than that of the ground floor level.

Other

2.25 Other accommodation includes store rooms which are located to the rear perimeter of the car park and comprise a series of concrete storage rooms which are let to tenants for storage purposes.

2.26 A selection of photos taken during our inspection is provided below:

Hotel

Measurement

2.27 The building has been purpose built as a serviced apartment by the master developer; it has been fitted and furnished to a deluxe serviced apartment specification.

2.28 As agreed with the client, we have relied upon the room facilities and details provided to us by SNB Capital. No further verification has been undertaken.

Services

2.29 In accordance with the General Terms of Business, no tests have been undertaken on any of the services.

2.30 We have assumed for the purposes of this valuation that mains gas, water, electricity, drainage and telecommunications are all available to the subject property.

Tenure - Hotel

Commercial Register

2.31 We have been provided with a copy of the proof of Ownership Licence for the site dated, further details are as follows:

Table 4: Ownership Licence

Item	Description
Type	Limited Liability Company
Main HQ	Riyadh, Kingdom of Saudi Arabia
Date Established	14 December 2017
Trade Name	Alandalus Mall Hotel
Address	Prince Majid Street, Al Fayha District, Jeddah

Activity	24th February 2016 gaining the tourist accommodation licence

Source: Client

Classification

2.32 We have not been provided with the hotel operating classification licence from the client for the subject property. However, in our valuation report, we have assumed that the subject property will be granted a 5-Star Operating License and continue to operate at a 5-Star standard, in line with the license acquired in the past under the management of Staybridge Suites.

Covenants

2.33 We have assumed that the property is not subject to any unusual or onerous covenants, restrictions, encumbrances or outgoings.

2.34 We reserve the right to amend our valuation accordingly in the event the above assumption is proven to be incorrect

Hotel Management Agreement

2.35 The hotel started operating three years back under a 15 year management agreement under the Staybridge Suites brand, part of InterContinental Hotels Group (IHG). The agreement was dated 17th June 2013 and made between Alandalus Property Company (owner) and Holiday Inns Middle East Limited (Operator). However, the client has informed us that they have terminated the agreement with Holiday Inns Middle East Limited (Operator) and are in advanced discussions with another reputable international hotel operator, which will take over the subject property with the same positioning as a deluxe 5-Star serviced apartment. During this transition, the property remains open and is owner operated until the new international operator is appointed.

2.36 The client has not provided us with the commercial terms of the potential new international operator, and therefore we have assumed that the fees would not be inferior to the ones provided by Holiday Inns Middle East.

2.37 As a result, we have assumed the following key heads of terms for the new hotel management agreement for the subject property. These commercial terms broadly reflect the current terms that are currently being offered in the market by hotel operators.

2.38 We summarise the salient details of the hotel management agreement below as follows:

Table 5: Hotel Management Agreement

Property:	164 key 5 star serviced apartments located adjacent to Al-Andalus Mall in Jeddah
Name:	To be determined; however, it is assumed to be an international operator and brand that is equivalent or more superior to that of Staybridge Suites.
Term:	15 years from HMA signature

License Fee:	• 1.5% of Gross Revenues in years 1-3. • 1.75% of Gross Revenues in year 4 and thereafter.
Incentive Management Fee:	7.0% of Adjusted Gross Operating Profit (AGOP) AGOP is defined as Gross Operating Profit minus License Fee.
Marketing Contribution:	2.0% of Gross Rooms Revenue
Reservation Contribution:	1.0% of Gross Rooms Revenue
FF&E Reserve:	• 2% of Gross Revenues – first year of operations under new management • 3% of Gross Revenues – second year of operations and thereafter

Source: Client

2.39 When a new hotel operator takes over an existing branded operational hotel, there are costs associated with re-branding, FF&E upgrades, etc. Typically, these costs are borne by the owner; however, we have been informed by the client that the costs related to re-branding and the costs related to any minor FF&E upgrades will be covered by the accrued FF&E reserve from the previous years.

2.40 Because of the appointment of a new operator and anticipated new furnishings that will be included in the hotel, we have included an FF&E Reserve for the first year of our projections at 2 percent, and 3 percent from the second year and thereafter.

Condition

Scope of inspection

2.41 As stated in the General Terms of Business attached, we have inspected the property. However, we have not undertaken a building or site survey of the property

2.42 During our limited inspection we did not inspect any inaccessible areas. We are unable to confirm whether the property is free from urgent or significant defects or items of disrepair.

Comments

2.43 At the date of inspection, the building appeared to be in a generally reasonable state of repair, commensurate with its age and use. No urgent or significant defects or items of disrepair were noted which would be likely to give rise to substantial expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance programme.

Ground conditions

2.44 We have not been provided with a copy of a ground condition report for the site. We have assumed that there are no adverse ground or soil conditions and that the load bearing qualities of the site are sufficient to support the buildings constructed thereon.

Hotel Competition

Hotels of Competitive Relevance

Competition

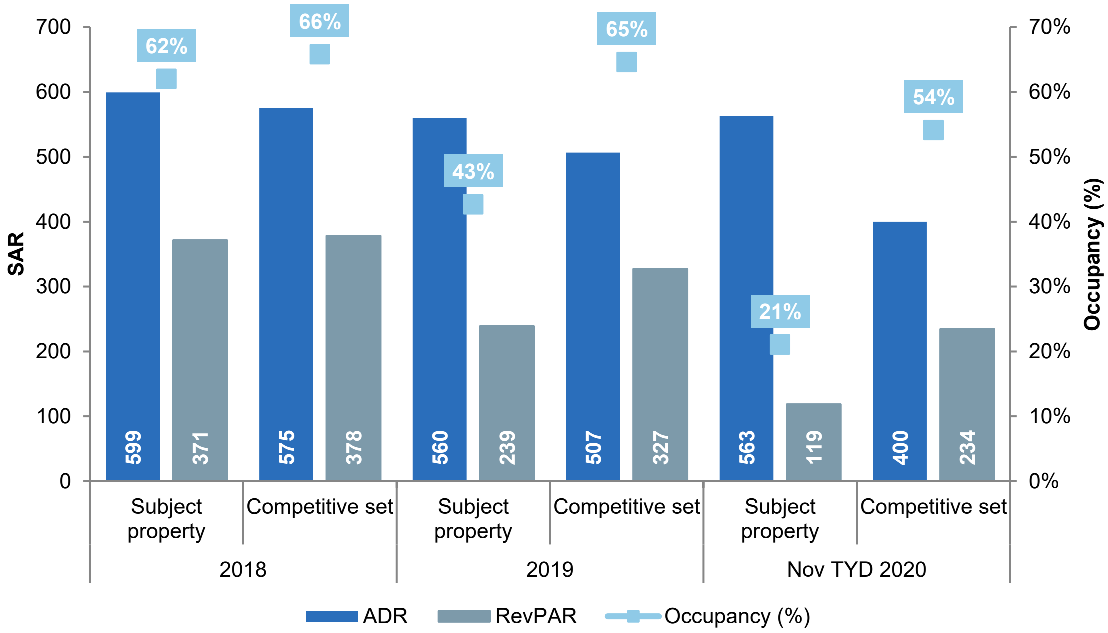
2.45 We have been provided with an analysis of the competitiveness of the subject property against a selection of similar serviced apartments, that the previous operator and owner feels most relevant to the subject property, Jeddah, in terms of location, facilities & rooms offered, guest profile etc. The chosen serviced apartments which have been included in the competitive set have been provided below:

Competitive set

- Amjad Hotel Royal Suite Jeddah (formerly known as Radisson Blue Royal Suite Hotel)
- Ascott Tahlia Jeddah
- Citadines Al Salamah Jeddah
- Radisson Blu Plaza Hotel Jeddah
- Novotel Jeddah Tahlia Street

2.46 The performance of the subject property versus the competitive set is showcased in the next exhibit.

Exhibit: Subject Property vs. Competitive Set



2.47 Over the periods observed (full year 2018 and 2019, and Nov YTD 2020), the subject property recorded lower occupancy rates compared to the competitive set (especially in 2019 and Nov YTD 2020, which was primarily attributable to the impact of no longer being able to leverage from an international operator's GDS capabilities); however, the subject property pursued a rate driven strategy which exceeded the rates achieved across the competitive set. As a result, RevPAR rates were relatively in line for the full year in 2018; however, in 2019 RevPAR rates were 27 percent lower compared to the competitive set's average, while the declining trend continued into Nov YTD 2020, whereby RevPAR rates were 49 percent lower at SAR 119 compared to the competitive set, which achieved a RevPAR of SAR 234. This difference primarily stemmed from much lower occupancy levels, while the subject site achieved an ADR (SAR 563) that was 41 percent higher compared to the competitive set's SAR 400.

Business Commentary

Projections

2.48 We have provided the subject property projections for the forthcoming years as follows:

Table 6: Subject Property Forecast Performance Measurements

Performance measure	2021/2022	2022/2023	2023/2024
No. of rooms	164	164	164
Occupancy	43%	62%	72%
Av. Room Rate (SAR)	567	653	686
Rev PAR (SAR)	242	405	494
Total Revenue (SAR '000s)	16,814	28,259	34,542
EBITDA (SAR '000s)	3,987	11,011	15,115
EBITDA as a % of Total Revenue	23.7%	39.0%	43.8%

2.49 We have made our own judgements and used our own professional opinion when providing projections of hotel performance in our 10 year cash flow.

2.50 The duration and recovery period of the COVID-19 outbreak remains uncertain; however, we have taken the opinion that COVID-19 is likely to impact trading performance over the short term, rather than the long-term of trading performance of the asset.

2.51 In addition, the client has informed us that the property would remain open during the transition of operators and that the property would be owner operated until the new international hotel operator is appointed. Furthermore, our assumptions take into account that the new operator would be appointed and running the hotel operations by the end of 2021.

Average room occupancy (ARO)

2.52 Projections of occupancy are dependent on the current and future supply of new hotels of similar category and location, estimated room nights demanded, the historical performance of the property under management by Staybridge Suites and the existing situation surrounding the impacts of COVID-19.

2.53 As of May YTD 2021 the subject property achieved an occupancy of 25 percent, which is 8 percentage points lower compared to the same period in 2020. This was primarily attributable to the impact of COVID-19, which is anticipated to soften demand over the short term. In addition, as per our discussion with the client, the year 2019 also recorded abnormal performance indicators as there was an issue between the owner and the operator for 6 months of the year and as a result the property was not able to operate efficiently.

2.54 Given that a reputable international operator similar to that of IHG is anticipated to manage the property's operations, we have assumed that the property would have to re-stabilise operations, which we have assumed to be year 3 (2023/2024) of operations. We have estimated the subject property to achieve an occupancy of 43 percent in the first year of operations, which aligns with the property's occupancy achieved in 2019. The presence of an international operator would likely drive occupancy levels higher (due to their global distribution system capabilities); however, the level of demand growth is somewhat offset by the impact of COVID-19, which persevered throughout 2021, especially given the recent mutation of COVID-19 as this new strain may potentially prolong the economic impact.

2.55 However, we remain optimistic that vaccines will be rolled out effectively, and therefore projected an occupancy of 62 percent in the second year of operations, which aligns with the historical occupancy performance under the Staybridge Suites brand for the full year 2018, which was its second year of operations during the stabilisation period.

2.56 Furthermore, we have estimated the subject property to recover and re-stabilise at an occupancy of 72 percent in year 3 of our projections.

Average daily room rate (ADR)

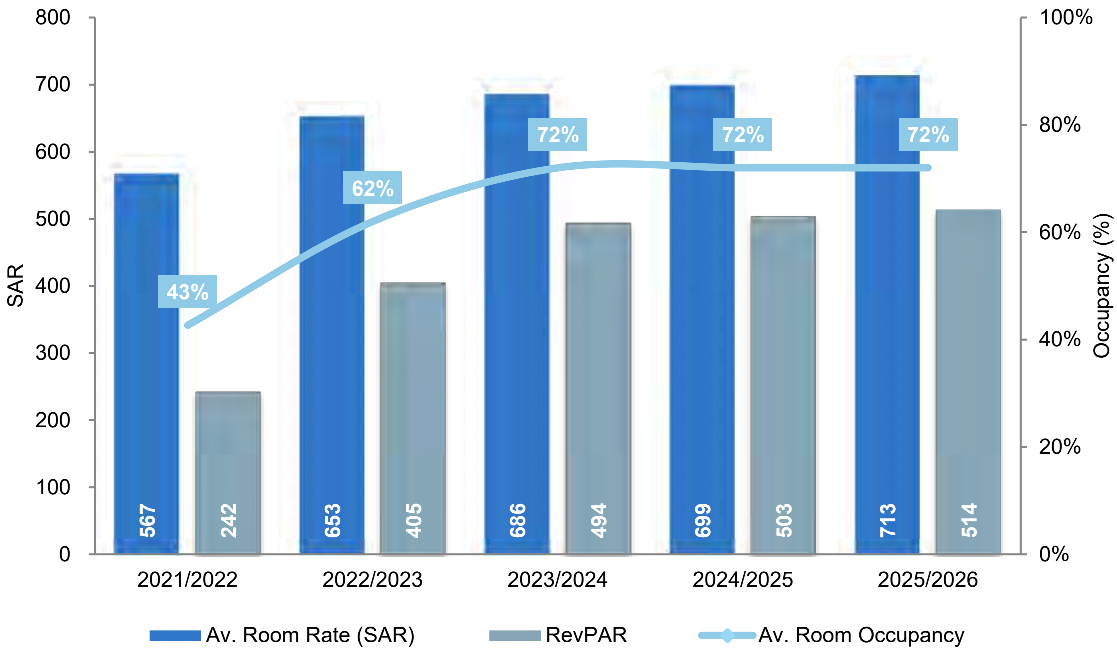
2.57 Forecasting the average daily room rate for the subject property, we would expect there to be an impact in the 1st year of projections as a result of COVID-19. We have assumed that the property would achieve an ADR of SAR 567, which accounts for a rate growth in line with inflation compared to 2020 ADR figures.

2.58 Upon re-stabilising operations in year 3 of operations (2023/2024), we have estimated the subject property to achieve a stabilised ADR (current values) of SAR 659 i.e. a rate of SAR 686 in future values. This accounts for a rate premium of 10 percent over the best performing year under the Staybridge Suites brand in 2018, which recorded an ADR of SAR 599. This premium factors in the stabilisation ramp-up to year 3 as well as the fact that an international operator similar to that of IHG would be appointed to manage the property's operations. However, in the event that the owner appoints an operator that differs significantly from IHG, then it is unlikely that the property would achieve these rates. In year 2 of our projections, we have estimated the property achieve a rate of SAR 653 (future values).

2.59 Subsequent to year 3, we expect ADR to be in line with inflation at 2.0 percent.

2.60 Our forecast of room performance in our cash flows are provided below:

Exhibit: Hotel Forecast Room Performance

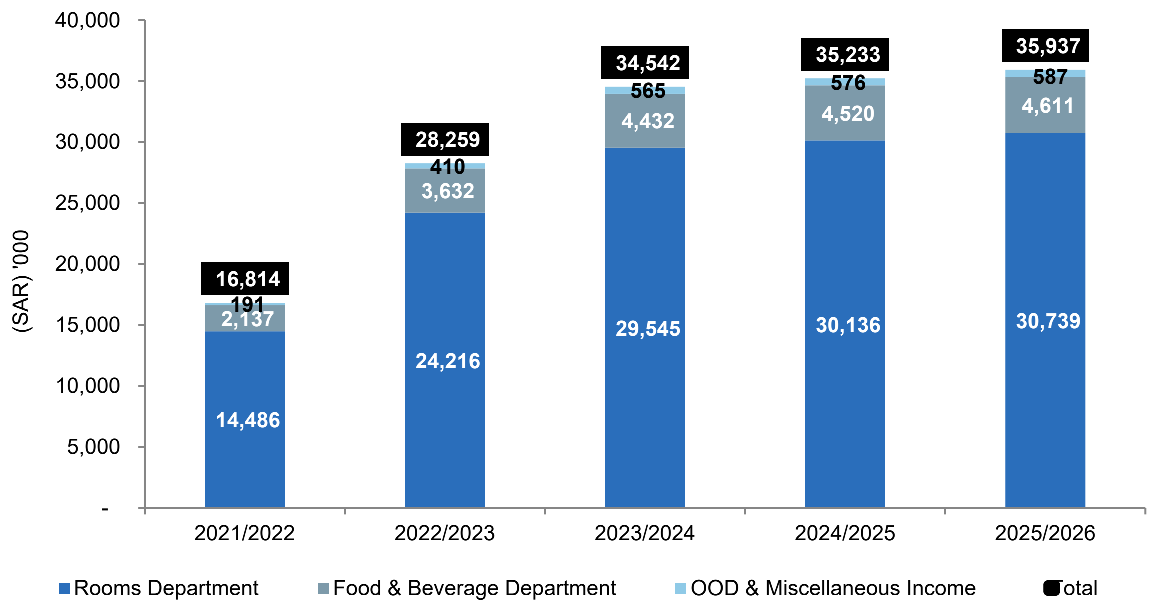


Total Revenue

2.61 As the property competes for market share during its ramp up period, we would expect revenues to grow above inflation. Once stabilised, we would expect the subject property revenues to grow in line with inflation.

2.62 Please note that we have not seen a business plan from the owner or operator and have relied upon our current market knowledge of the area to arrive at our market forecasts.

Exhibit: Hotel Forecast Split of Revenue



Gross Operating Income

2.63 Gross Operating Profit (GOP) relates to the properties' profits after subtracting the respective departmental operating expenses and undistributed operating costs. It defines the level of operational profitability of the subject property.

Undistributed Expenses

2.64 **Administration and General (referred to as Admin & General):** This comprises both operational and managerial expenses that does not fall under a specific operating department. Most of these expenses are moderately fixed, with exceptions such as cash overages and shortages or credit card commissions. It is usually compared on a per available room basis, supported by the percentage of total revenue.

2.65 **IT Systems:** This comprises of costs related to any information technology, telecommunication and software systems required to operate the property.

2.66 **Sales & Marketing:** It covers all the expenses related to the advertising, sales and promotion of a property to obtain new customers or retain existing ones. Unlike most expense categories, marketing is controlled almost completely by management. This expense is forecasted in the budget and target can be met if a detailed, tailored and specific marketing plan is followed. New hotels need to start marketing before the hotel even opens, while an existing hotel may wish to increase its marketing expenses to stabilize or increase revenue. It is commonly expressed as a percentage of total revenue.

2.67 **Property Operation & Maintenance:** This is an expense related to the maintenance or the property. They are controlled by management but some necessary maintenance issues cannot be postponed. The expenses are highly correlated with the hotel's age, quality of facilities and the approach followed in scheduling maintenance. Repairs can be pushed to subsequent years but will still accumulate if not tackled promptly.

2.68 **Utilities:** Covers expenses related to the running of utilities (electric, heating, water, etc.) to operate the hotel.

2.69 It is important to note that in 2019, the property switched from using a generator to connecting to the grid, which resulted in utilities savings. These have been taken into account in our projections.

2.70 A summary of our projected Undistributed Expenses is set out in the following table:

Table 7: Undistributed expenses for the subject hotel (SAR Thousands)

(SAR) '000	Year 1 2021/2022		Year 2 2022/2023		Year 3 2023/2024	
Administration & General	2,774	16.5%	3,320	11.8%	3,627	10.5%
IT Systems	715	4.3%	820	2.9%	864	2.5%
Sales and Marketing	757	4.5%	1,187	4.2%	1,382	4.0%
Property Operation and Maintenance	841	5.0%	989	3.5%	1,036	3.0%
Utilities	2,186	13.0%	2,289	8.1%	2,418	7.0%
Total Undistributed Operating Expenses	**7,272**	**43.3%**	**8,605**	**30.5%**	**9,326**	**27.0%**

2.71 Given the current situation surrounding COVID-19, hotels across the market including the subject property have implemented risk-mitigating strategies to reduce the financial burden of COVID-19.

2.72 In our 1st year Undistributed Operating Expenses projections, we have assumed that the property will continue to implement a number of critical measures to reduce costs (e.g. employees taking unpaid leave, limited task force team on property, closing down room floors to reduce utility expenses, etc.) compared to figures recorded in full year 2019. As a result, we have estimated Property Operation & Maintenance to be reduced by 21 percent and Utilities to be reduced by approximately 2 percent. Administration & General is estimated to be reduced by approximately 31 percent, while IT Systems are expected to drop by approximately 22 percent. These cost reductions are in line with the cost savings achieved across the property when comparing the periods of 2019 and 2020.

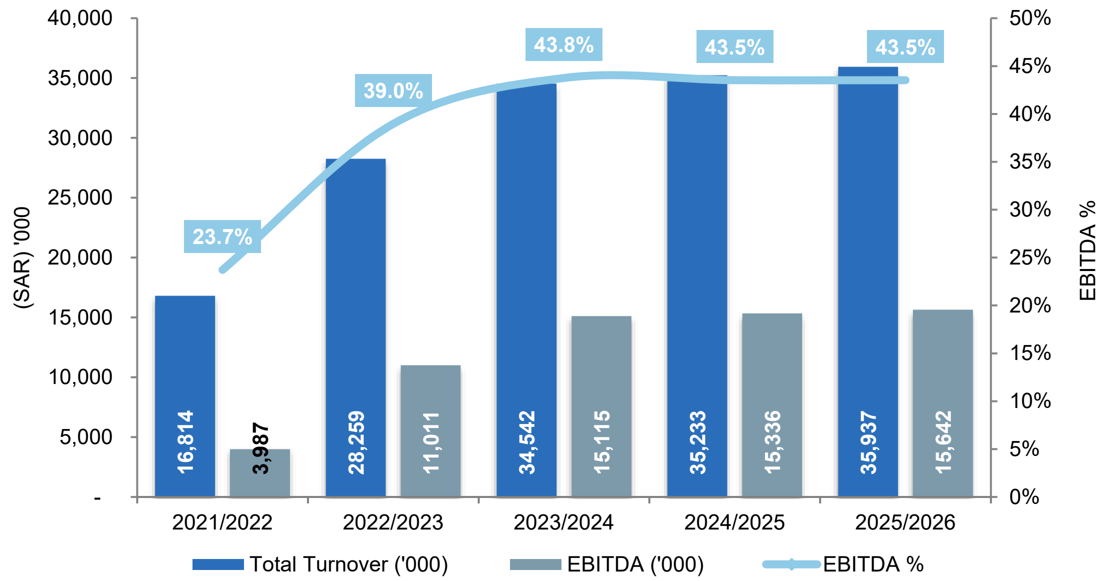
2.73 As an international operator is expected to be appointed by the end of 2021, we have not reduced Sales & Marketing Costs in line with the historical savings rate of approximately 60 percent. We have only applied two thirds of these savings at approximately 40 percent.

2.74 Subsequently, we expect these costs to ramp-up to year 3 of projections and subsequently grow in line with inflation.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation)

2.75 We have run our projections based on a competent international operator assuming that the hotel is effectively managed, positioned and operated as well as strategies are being put in place to reduce costs given the impact on room night demand from COVID-19. The following exhibit highlights Knight Frank's projected total turnover and EBITDA.

Exhibit: Hotel Forecast Revenue and EBITDA



Services

2.76 In accordance with the General Terms of Business, no tests have been undertaken on any of the services.

2.77 We have assumed for the purposes of this valuation that mains gas, water, electricity, drainage and telecommunications are all available to the subject property.

2.78 Main electricity is available via the national grid (SCICO), in addition there are emergency diesel generators should mains power be interrupted.

Legal Title Deed – Overall Property

Land ownership

2.79 We have been provided with copy of the property's (land) title deed, the details of which is presented in the following table:

Table 8: Title Deed Summary

Item	Description
Title Deed Number	320211029670
Date	23/10/1440 – 27/06/2019
Size	159,133.96 sq m
Owner	Al Akaria Development Company for Ownership and Management

Source: Client

2.80 A copy of the Title Deed can be found in Appendix 2.

2.81 These assumptions should be verified by your legal advisors. If they prove incorrect, any variation may have a material impact on value and should be referred back to us for further comment.

2.82 For the purposes of this valuation report we have assumed that the property is held on a freehold basis and is free from any encumbrances and third party interests.

Covenants

2.83 We have assumed that the property is not subject to any unusual or onerous covenants, restrictions, encumbrances or outgoings.

2.84 We reserve the right to amend our valuation accordingly in the event the above assumption is proven to be incorrect.

Tenancies

Tenancy information

2.85 We have not been provided with a sample of occupational leases. However, in 2017 valuation, we were provided with a sample of occupational lease documentation in Arabic, which we translated to identify the key points but have not verified them further.

2.86 The leases are in Arabic but include institutional terms with provision for the following:

- Landlord and Tenant are stated
- Lease fully dated and operating as per the Gregorian calendar
- Units / Demise is identified
- User clause is incorporated
- Term is stated
- Rents and payment terms for the rents are stated (2 payment per year)
- Provision are made for vacation of the store
- Tenants and obligations are set out
- Approvals to be made by the owner are set out
- Provisions are set out for contract termination
- First and second party rights are provided for
- Provision is made for store design and approvals required
- Provisions are made for subletting / assignment
- Provision are made for payment of repairs / maintenance charges

Covenant information

2.87 Although we reflect our general understanding of the status of the tenants, we are not qualified to advise you on their financial standing.

Tenancy Schedules

2.88 The client has provided us with the tenancy schedule for the property, which shows the unit breakdown of Al Andalus Mall, along with lease start and end dates, rent amount and scheduled rent uplifts. We provide a summary of this below.

Table 9: Unit Breakdown

Status	Percentage of area	GLA (sq m)	Total Passing rent (SAR pa)
Occupied	95%	86,193	127,712,237
Vacant	5%	4,146	-
Total	100%	90,341	127,712,237

Source: Client

Summary

2.89 The current rent passing as at the date of valuation is SAR 127,712,237 per annum. The property is currently 95% occupied.

2.90 The lease terms generally range in length from 1 year to 17 years, with the majority of leases being 1-3 years in length. The exceptions to the above include the lease for the Hyper Panda Supermarket which has a 20 year lease term.

Scope of inspection

2.91 As stated in the General Terms of Business attached, we have not undertaken a building or site survey of the property.

2.92 During our inspection we did not inspect any inaccessible areas. We are unable to confirm whether the property is free from urgent or significant defects or items of disrepair. Apart from any matters specifically referred to below, we have assumed that it is in sound order and free from structural faults, rot, infestation or other defects, and that the services are in a satisfactory condition.

Ground conditions

2.93 We have not been provided with a copy of a ground condition report for the site. We have assumed that there are no adverse ground or soil conditions and that the load bearing qualities of the site are sufficient to support the buildings constructed thereon.

Environmental considerations

Contamination

2.94 As stated in the General Terms of Business, investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Knight Frank is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

Planning

Sources of planning information

2.95 We have been provided with a one page document that sets out the permission to build on the site, which is dated 26/2/04 and provides for a commercial centre licensed to build 2 floors, including parking, commercial content, ground and first floors and 220 commercial units. This is in Arabic and has been translated to provide details. (This is attached at Appendix 3).

2.96 We are not qualified to advise you if this fully covers the actual property which stands today – i.e. mall and hotel, and therefore your legal advisors need to verify that this is the case. For the purposes of our valuation, we have assumed that all necessary consents and licences are in place for the property as built.

Highways and access

2.97 We have assumed that there are no current highway proposals in the immediate vicinity likely to have a detrimental effect upon the property within the foreseeable future.

Access

2.98 In reporting our opinion of value, we have assumed that there are no third party interests between the boundary of the subject property and the adopted highways and that accordingly the property has unfettered vehicular and pedestrian access.

2.99 We have assumed that there are no issues relating to visibility splays which may impact upon the use or proposed use of the property.

Statutory licences & certificates

2.100 We have assumed in our valuation that all regulations, statutory licences & certificates have been complied with.

Fire safety

2.101 We have not viewed any documents relating to the fire safety within the property and have assumed for the purposes of our valuation that the relevant legal requirements have been fully complied with.

3. Market analysis

Saudi Arabia market commentary

3.1 A copy of the KSA Macro Economic and Retail Market Overview, prepared by Knight Frank, is attached at Appendix 7.

Source of information

3.2 Our market analysis has been undertaken using market knowledge within Knight Frank, enquiries of other agents, searches of property databases, as appropriate and any information provided to us.

Investment Overview - Hospitality

3.3 There have been more published residential investment transactions for real estate transactions in the Kingdom of Saudi Arabia recently with the transparency of the REITS when they acquire assets. The following relate to some compounds that have transacted in recent times:

Name	Location	Type	Initial Yield	Commentary
Burj Rafal	Riyadh	Hotel	7.28%	The tower comprises 2 floor of retail, 25 floor hotel of 349 keys, conference hall, and 21 meeting rooms. Acquired by Riyadh REIT for SAR 677,000,000 of an NOI of SAR 49,300,000, reflecting an initial yield of 7.28%.
Ascott Hotel - Altahliyah	Jeddah	Hotel	7.70%	Luxury serviced apartments located along Tahliyah Street in Jeddah. It comprises two floors of retail, the ground floor and mezzanine floor, and 17 floors for hotel. The hotel apartments come in various sizes, ranging from studios to three-bedroom penthouses that come fitted with a well-equipped kitchenette. Acquired by Riyadh REIT for SAR 135,000,000 and an NOI of SAR 10,400,000 pa reflecting an initial yield of 7.70%.
Ascott Tower	Khobar	Hotel	10.86%	Tower of 18 floors located on Prince Turki Street in Khobar. The NOI at the time of the transaction was SAR 18,900,000 pa. The Tower was acquired by Riyadh REIT at SAR 174,000,000, reflecting an initial yield of 10.86%
Radisson Blu hotel apts.	Khobar	Hotel	8.50%	Hotel apartments of 92 units, acquired by al Musharaka REIT for SAR 85,000,000 of a NOI of SAR 7,225,000 pa reflecting an initial yield of 8.50%.
Burj Alhayat for Serviced Apts	Riyadh	Hotel	7.76%	SEDCO REIT acquired the hotel for SAR 41,260,000 off an NOI of SAR 3.2 million which reflects an initial yield of 7.76%.

Tolan Hotel Suites	Khobar	Hotel	10.50%	In 2019, Al Maather REIT signed an agreement to acquire the hotel for SAR 22,000,000. Furthermore, the REIT has signed a 10-years leasing contract on Tolan Hotel Suites with an annual expected rent of SAR 2,310,000 reflecting a yield of 10.50%
Aber Al Yasmeen Hotel	Riyadh	Hotel	9.12%	The hotel is leased to Boudl Trading Company at SAR 2.2 million per year, with a 10.00% increase every six years. In addition, it comprises six retail showrooms with an expected lease of SAR 900,000 per year. Jadwa II REIT acquired the hotel at an initial acquisition yield of 9.12%

Investment Overview – Retail

3.4 Below we document some of the transactions that have taken place in the retail sector in the past few years. The REITS have been the most active acquirers of retail real estate in the Kingdom in terms of retail malls. In addition, Arabian Centres listed their malls business on the Tadawul in early 2019, which was over subscribed at the time, showing the appetite for investors exposure to this asset class.

Asset	Location	Acquisition Price SAR	NOI	Cap rate	Notes
	Al Makan Mall, Tabuk	219,417,197	17,820,000	8.12%	Acquired by Wabel REIT in 2018. 3 yrs old mall, 75 tenants, 97% occupancy, freehold title. Anchored by HyperPanda and H&M.
	Al Makan Mall, Dawadmi	166,820,000	21,390,000	12.82%	Acquired by Wabel REIT in 2018. 4 yrs old mall. 114 tenants, 97% occupancy, leasehold title. Anchored by HyperPanda and Centrepoint.
	Al Makan Mall,Hafr Al Batin	470,206,000	42,800,000	9.10%	Acquired by Wabel REIT in 2018. 3 yr old mall, 171 tenants, 97.5% occupancy, freehold title. Anchored by Hyper Panda, Asateer, Home Centre.
	Al Makan Mall, Riyadh	232,560,000	19,920,000	8.57%	Acquired by Wabel REIT in 2018. 3 yr old mall, 63 tenants, 93% occupancy, freehold title. Anchored by Centrepoint, Panda, H&M, City Max.

	Ahlan Court Centre	70,000,000	7,000,000	10%	Acquired by AlKhabeer REIT in 2019. Head lease in place for the entire asset at an annual rent of SAR 7m, which appears over rented. 9 showrooms and an office.
	Al Rashid Mall, Jizan	206,000,000	15,646,293	7.60%	Built in 2010, 3 storeys,
	Al Rashid Mall, Abha	372,000,000	34,583,966	15.49%	Acquired by Bonyan REIT, initial SAR 233 m plus SAR 148 m payable upon 90% occupancy, total SAR 372m. 20 year leasehold title, newly built in 2017/2018.
	Al Rashid Mega Mall, Madinah	505,500,000	32,824,933	6.49%	Acquired by Bonyan REIT, built in 2009, freehold title, 4 storeys.
	Al Andalus Mall, Jeddah	1,147,279,000	92,396,115	8.05%	Acquired by Al Ahli REIT in 2017, 10 year old+ mall, central location, occupancy 95%, anchored by HyperPanda, freehold title. Connected to Staybridge Suites.
	Ajdan Walk, Khobar	345,000,000	25,000,000	7.25%	Acquired by Sedco REIT in 2018, newly constructed retail development on Khobar corniche, occupancy, anchored by Cheesecake Factory and other Al Shaya brands. Freehold title, headlease to Al Fozan / Al Oula for 5 years.
	Boulevard Riyadh	320,000,000	29,300,000	9.16%	Acquired by Jadwa REIT Saudi in 2021, well constructed retail development on Prince Turki Al Awal Road, 97% occupancy, anchored by Sultan's Steakhouse, Kyokusen sushi boutique, Papillon and Arena Fitness Innovation.

Yield Conclusions

3.5 The subject asset(s) i.e. mall and hotel in our opinion attract different risk profiles, with the hotel having no contracted income and being subject to performance of the operator. The mall itself has certain long term incomes and many various different shorter terms incomes.

3.6 We consider that for the mall, the asset is a large lot size, with a relatively limited number of potential purchasers. The key positive factors associated with the asset include high occupancy, well established mall with excellent parking, a tenant mix that is very in line with the surrounding catchment income profile and a strong anchor supermarket in the form of Hyper Panda. It has a good mix of mini anchors and smaller line shops and some franchisees that underwrite large portions of the income.

3.7 We conclude that a terminal cap rate of 8.50 to 9.0% would be reasonable for the subject mall given its size, age and income profile.

3.8 We conclude that the hotel, being newly developed will take time to stabilise, but with an international brand in this location should perform well and derive synergies from the connectivity to the mall.

4. Valuation

Methodology

4.1 Our valuation has been undertaken using appropriate valuation methodology and our professional judgement.

Investment Method – Al Andalus Mall

4.2 Our valuation has been carried out using the comparative and investment methods. In undertaking our valuation of the mall property, we have made our assessment on the basis of a collation and analysis of appropriate comparable investment and rental transactions, together with evidence of demand within the vicinity of the subject property. With the benefit of such transactions we have then applied these to the property, taking into account size, location, terms, covenant and other material factors.

4.3 We have undertaken the valuation of the mall via a discounted cash flow approach, whereby we can reflect current and potential future revenues and costs explicitly. We have applied rental growth, occupancy percentages, and operating expenses in our cash flow based on our discussions with the client. Cap Ex items have also been reflected based on their probably timing as we deem reasonable.

Profits Method (DCF) – Al Andalus Mall Hotel

4.4 We value operational property assets by reference to the earnings potential, as this is the basis on which such properties are commonly bought or sold.

4.5 The income capitalisation approach is based on the principle that the value is indicated by its net return, or present worth of future benefits, i.e. the future forecast income and expenditure along with the proceeds from a future sale. These benefits are converted into an indication of market value through capitalisation and DCF process.

4.6 Of the three valuation approaches available to a valuer, the income capitalisation approach provides the most persuasive and supportable conclusions when valuing a hotel facility. Using a 10 year forecast and an exit yield most accurately reflects the real actions of hotel buyers, who buy based on their leveraged discounted cash flow.

Valuation assumptions – Retail Mall and Land

4.7 We have valued the shopping mall having regard to current and potential future income, on a 10 year DCF basis. Given that the leases are for very different terms, there is some income that is contracted well into the future and secure, and there are also a number of leases which are short and therefore less secure (terms of 1 year being common for certain units). Where income is contracted for the next few years, we have reflected that contracted income in our cash flow along with fixed rental increases. Upon lease expiry we have assumed they revert to Market Rent.

Inflation

4.8 We have adopted a rental growth and expense inflation rate of 2% in our cash flow, in line with the long term standing average for the Kingdom.

Occupancy

4.9 The current mall occupancy is 95%, this is aligned with the occupancy of other malls in the competitive set as detailed in the report. Having regard to future supply and the age of the mall, we have assumed a structural occupancy level of 95% (stabilised).

4.10 Based on recent lettings and our analysis from benchmarking other malls, we have derived the following gross Estimated Rental Value for Al Andalus Mall components as follows:

Table 10: Al Andalus Mall Estimated Rental Values

Item	Ground Floor (ERV SAR psm)	First Floor (ERV SAR psm / unit)
0 to 49	3,050	2,500
50 to 100	2,250	2,000
101 to 150	2,350	1,950
151 to 250	2,125	1,500
251 to 500	1,700	1,500
501+	1,000	550
Food court		3,000
GF Kiosk	-	172,500
FF Kiosk	-	117,800
Cinema	-	1,100
ATM	-	125,000
Supermarket	-	550
Warehouse	-	850

4.11 The above are adopted market rents having regard to the recent deals achieved in the mall and having regard to the current market sentiment.

Operating Expenses

4.12 We have been provided with the breakdown of the operating costs for the property by the Client which amounts to SAR 25,690,796 per annum. This have been adopted in our valuation.

Table 11: Valuation Summary

Item	Unit	Assumption
Passing Rent	SAR per annum	127,712,237

Operating Costs	SAR per annum	25,690,796
Sinking Fund	% of Total Revenue	1%
Bad Debts	% of Total Revenue	1.25%
Stabilised Occupancy	%	95%
Exit Yield	%	8.75%
Growth	%	2%
Discount Rate	%	10.75%
Market Value	SAR	1,174,698,516
Rounded	SAR	1,174,699,000

Al Andalus Mall Expansion Land

4.13 Comparable evidence for commercial lands in the Al Fayha district is scarce, we have therefore expanded our research to areas to the west of the property within the Al Baghdadiyah Al Gharbiyah District along Al Andalus Road, and to the south along Abdullah Sulayman Street.

4.14 In the table below and corresponding map, we show our comparable evidence:

Table 12: Comparable Lands

No.	Location	Price (SAR)	Size (sq m)	Price per sq m (SAR)	Status	Year
1	Al Fayha District	47,215,000	9,443	5,000	Listing	2021
2	Al Fayha District	32,500,000	5,000	6,500	Listing	2021
3	Al Fayha District	8,560,000	1,070	8,000	Listing	2021
4	Al Baghdadiyah Al Gharbiyah District	14,000,000	2,770	5,054	Listing	2021

Source: Knight Frank Research

Map of Comparables

Source: Google Earth

4.15 As shown in the table of comparables above, land owners are currently seeking between SAR 5,000 per sq m to SAR 8,000 per sq m for land located in close proximity to the property. Land pricing in the local vicinity varies upon location, planning, accessibility, size and aspect.

4.16 In arriving at our opinion of value, we have considered comparable one, comparable two, comparable three, and comparable four to have similar accessibility attributes of the subject property, as these comparables and the subject property are located directly on the main roads. However, comparable two is located further inland, hence a premium has been applied.

4.17 In terms of location, we consider that the property would command a premium due to its frontage on along Prince Majid Road, which is one of the most highly commuted and vibrant roads in Jeddah. We have therefore applied an upward adjustment to reflect this in our valuation. However, comparable four is located along Al Andalus Road, which is also an artery road in Jeddah and is situated approximately 190 meters from the Red Sea coast, which gives it a superior location, as such a discount has been applied to the subject property. A further discount has been applied to reflect the differences in size.

4.18 Based on the aforementioned adjustments, we consider that the property would command a capital value of SAR 5,510 per sq m.

4.19 We provide a summary of our valuation below:

Table 13: Expansion Land Valuation Summary

Description	Unit	Item
Adopted sales rate	SAR per sq m	5,510
Site area	Sq m	9,669
Capital Value	SAR	53,276,190
Rounded	SAR	53,276,200

Valuation Assumptions – Al Andalus Mall Hotel

Assumptions

4.20 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our General Terms of Business, Terms of Engagement Letter and within this report.

Key Assumptions

4.21 Our projections are prepared in accordance with the Uniform System of Accounts for the Lodging Industry (USALI) as used by the hotel and leisure industry worldwide.

4.22 We have made a number of assumptions within our valuation which we have listed below:

4.23 The valuation is based on the EBITDA of the serviced apartment, with an allowance for the terms and fees included in the hotel management agreement.

4.24 The valuation given includes furniture, fittings, equipment and operational supplies that are necessary for the hotel as a going concern.

4.25 We were not provided with the classification certificate for the operating hotel and therefore we have assumed that the hotel would continue to acquire an operating classification certificate as a 5-Star hotel.

4.26 Unless otherwise stated, ADR (Average Daily Rate) in our calculations is inclusive of service charges, but exclusive of tax and municipality fees.

4.27 Our cash flow is prepared on the basis of a calendar year. Year 1 of the cash flow starts from the date of valuation.

4.28 The client has terminated the hotel management agreement with Holiday Inns Middle East under the Staybridge Suites brand and as per the client, is in an advanced discussion with another reputable international operator. Therefore, we have assumed that the operator / brand appointed would be similar to that of Staybridge Suites. We have assumed that this new operator would continue to manage the subject property effectively and efficiently under a 5-Star deluxe serviced apartment positioning.

4.29 We were not provided with the revised commercial terms under the new management agreement and therefore have had to rely on industry standard fee structures that are typically offered by hotel operators for the Jeddah market. These terms are assumed to prevail over a 15-year term and come into effect by the end of 2021.

4.30 During the transition of operators, we have assumed that the property will continue to remain open for business and be owner operated. Furthermore, our projections take into account that the new operator would be appointed and running the operations of the hotel by the end of 2021. A delay in appointing the new operator would impact the projections.

4.31 Typically, when a new hotel operator takes over an existing branded operational hotel, there are costs associated with re-branding, FF&E upgrades, etc. Typically, these costs are borne by the owner; however, we have been informed by the client that the costs related to re-branding and the costs related to any minor FF&E upgrades will be covered by the accrued FF&E reserve from the previous years.

4.32 The subject hotel has all relevant documentation and permissions required from the relevant planning and trading authorities in Jeddah, KSA.

4.33 We have assumed the rate of inflation to be 2 percent per annum.

4.34 We have adopted a discount rate of 11.25 percent and a terminal capitalisation rate of 9.25 percent for the hotel cash flow.

4.35 We have adopted the 9.25 percent capitalisation rate to show the subject property as a deluxe, internationally branded asset, located in the area of Al Fayha District, an emerging international leisure and corporate destination in the city of Jeddah.

SWOT analysis

Strengths	Weaknesses
• Located within the Al Woroud district – prime location on the cross roads of Prince Majid Road and King Abdullah Road. • Immediately adjacent to Al Andalus Mall, a prestigious mall in Jeddah. • Large room sizes, which are well maintained to a high specification; • Diversity of room inventory providing guests with more choice. • Variety of meeting space capitalising on exposure towards MICE segmentation.	• Traffic congestion area • Poor vehicular accessibility • Limited F&B facilities • Trajectory of growth in the city of Jeddah is shifting north, with developments such as Jeddah Economic City (JEC) and the development surrounding the Jeddah Creek.
Opportunities	**Threats**
• Large masterplan development in place where Al Andalus Mall and Hotel are one of the first phases of development to be constructed – potential to leverage on corporate guest and VFR market share from proposed hospital currently under construction. • Lack of internationally branded serviced apartments in the Jeddah market.	• Future supply pipeline will heavily influence the market share of the serviced apartments. • Several vacant land plots which may be developed into competing properties.

Valuation bases

Market Value

4.36 Market Value is defined within **RICS Valuation - Global Standards / IVS** 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 had each acted knowledgeably, prudently and without compulsion*."

Market Rent

4.37 Market Rent is defined in **RICS Valuation – Professional Standards as:**

"The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Valuation date

Valuation date

4.38 The valuation date is 31 December 2021.

Market Value

Assumptions

4.39 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our General Terms of Business, Terms of Engagement Letter and within this report.

Key Assumptions

4.40 Whilst we have not provided a summary of all these assumptions here, we would in particular draw your attention to the following assumptions which are particularly important / relevant:

- Knight Frank have not measured the property and have relied upon the client provided areas for all elements.

Market Value (Aggregate)

4.41 We are of the opinion that the Market Value of the freehold interest in the entire properties, subject to the existing leases, and hotel management agreement at the valuation date is:

SAR 1,376,175,200

(One Billion, Three Hundred and Seventy Six Million, One Hundred and Seventy Five Thousand and Two Hundred Saudi Arabian Riyals)

4.42 The split between the two main components is as follows:

Market Value (Al Andalus Mall and Expansion Land)

4.43 We are of the opinion that the Market Value of the freehold interest in the mall and expansion land, subject to the existing leases, at the valuation date is:

SAR 1,227,975,200

(One Billion, Two Hundred and Twenty Seven Million, Nine Hundred and Seventy Five Thousand and Two Hundred Saudi Arabian Riyals)

Market Value (Al Andalus Mall Hotel)

4.44 We are of the opinion that the Market Value of the freehold interest in the Hotel, subject to the existing management agreement and assumptions within this report, as at the valuation date is:

SAR 148,200,000

(One Hundred and Forty Eight Million and Two Hundred Thousand Saudi Arabian Riyals)

4.45 Our opinion of Market Value (Hotel) above equates to a capital value of approximately USD 241,000 per key.

5. Risk analysis

General comments

5.1 In this section of our report we summarise the property related risks which we have identified as part of our valuation report and which we consider should be drawn to your attention. This summary should not be taken to be exhaustive and must be considered in conjunction with the remainder of the report. Nothing in this section should be construed as being a recommendation of taking any particular course of action.

Risks relating to the property

Location

5.2 This location is very central and is at the intersection of two major highways, by a large interchange, therefore is very accessible from all directions generally. The only downside is the fact that there is another super regional mall located across the interchange from this one – Al Salaam Mall.

5.3 The property is located within an area which we expect to be subject to further growth and development in the short to medium term, as there is substantial vacant land around both this and Salaam Mall, some of which is already master planned for residential development, and long terms this will enhance the immediate catchment and potential customers for the mall.

Condition

5.4 The mall is relatively dated and older than many of its competition. Although it is well maintained, there does need to be an effective planned preventative maintenance programme in place in order to uphold the value of the asset over the long term. The mall is at the stage where certain items such as A/C plant need to be gradually replaced on phased basis, and whilst this would be the case for any mall, the age of the subject means that these expenses are arriving more quickly than a newer property.

Income Risks

Leases

5.5 The major anchor Hyper Panda has a lease that has 7 years unexpired, and some of the mini anchors are on 5-8 year leases, however the majority of the leases in the mall range in length from 1 to 3 years, therefore the income is relatively short. As new supply enters the market, there is a risk that if the mall is not well maintained and managed to the standard required by tenants, they may see better opportunities in newer facilities going forward, which could impact occupancy.

Hotels

5.6 Income from a hotel is not contracted and is performance based, with revenues being generated based on operator performance and how well the operator manages the asset. Therefore the revenue could be relatively volatile based on the market conditions, with new supply entering the market, and will take some time to reach stabilisation, usually between 3-4 years for a property of this type and positioning.

Economic & property market risks

Demand from occupiers

5.7 Based on the fact that the mall is at 95% occupancy which is aligned with its peers, this suggests there is still a good level of demand from the type of tenant that would be attracted to this mall and it's positioning in the retail market.

Supply of similar properties

5.8 One of the key malls to note is Al Salam Mall, located opposite the property. Like the property this is a super regional mall, but is it slightly larger as it extends to 121,113 sq m. The risk of tenants moving to Salam Mall may be a possibility, however it is worth mentioning that Al Salam Mall has occupancy above 93% therefore the space available would be limited. Nonetheless the property was built in 2007 and has shown strong performance in terms of retaining tenants, rental growth and has high occupancy.

Investor

5.9 Malls in the GCC are generally owned by the large family groups, e.g. Al Hokair, Majid Al Futtaim, Al Futtaim Group etc. Investors often have difficulty obtaining good exposure to the retail sector due to the barriers to entry – for example, Emaar Malls IPO gave investors this opportunity, but if malls are held in private company, this does not allow investors much exposure. We consider there is suitable appetite and strong investor demand for a well-managed, well-let mall in a good location in a major city given the demographics and young population.

Liquidity of the property type / Time to sell

5.10 The lot size of the subject is considerable. This means that there are only a limited number of investors that would be able to / have the capacity to acquire such as asset. Many funds would find that its size would not fit in with portfolio weightings and asset allocations, therefore the potential buyers would tend to be sovereign or government related entities, other REITS which means the number of potential purchasers could be slightly limited.

Appendix 1 Instruction documentation

AlAhli REIT Fund (1)
Riyadh
Kingdom of Saudi Arabia

For the attention of Danial Mahfooz

Our Ref: NCB Capital

24 June 2021

Dear Sirs

Terms of Engagement for Valuation Services for the properties listed in section 2

Thank you for your enquiry of 24 June 2021 requesting a valuation report in respect of the properties detailed below (the "Properties"). We are writing to set out our agreed terms of engagement for carrying out this instruction which comprise this Terms of Engagement letter (this "Letter") together with our General Terms of Business for Valuation Services (the "General Terms"). This Letter and the General Terms (together, the "Agreement") exclude any other terms which are not specifically agreed by us in writing. To the extent that there is any inconsistency between this Letter and the General Terms, this Letter shall take precedence.

1. Client

Our client for this instruction is AlAhli REIT Fund (1) (the "Client", "you", "your").

2. Properties to be valued

The Properties to be valued are as follows:

Property Address	Tenure	Occupancy
Asset 1: Al Andalus Mall (including extension land) and Staybridge Suites Hotel Apartments, Jeddah, Kingdom of Saudi Arabia	Freehold	Tenanted - subject to more than one lease or tenancy
Asset 2: Qbic Building, King Abdulaziz Road Al Ghadeer District, Riyadh, Kingdom of Saudi Arabia	Freehold	Tenanted - subject to more than one lease or tenancy
Asset 3: Salama Building, Madinah Road Salamah District, Jeddah, Kingdom of Saudi Arabia	Freehold	Tenanted - subject to more than one lease or tenancy

3. Valuation standards

The Valuation will be undertaken in accordance with the current editions of RICS Valuation - Global Standards, incorporating the International Valuation Standards, and the Taqeem regulations of KSA.

Building WHD1-04 1St Floor Al Raidah Digital City
T +966 5308 03297

knightfrank.com.sa

4. Status of valuer and disclosure of any conflicts of interest

For the purposes of the Red Book, we are acting as External Valuers, as defined therein.

We confirm that we do not have any material connection or involvement giving rise to a conflict of interest and are in a position to provide an objective and unbiased valuation.

We draw to your attention that if you subsequently request and we agree to the Valuation being re-addressed to a lender (for which we shall make an additional charge), the Valuation may not meet their requirements, having originally been requested by you. We will only readdress the Valuation once we have received a signed reliance letter in our standard format from the new addressee. Please note also that no update or alterations will be made to the Valuation prior to its release to any new addressee.

5. Valuer and competence disclosure

The valuer, on our behalf, with responsibility for the Valuation will be Stephen Flanagan MRICS, RICS Registered Valuer, Taqeem Fellow Valuer with Membership Number 1220001318 (the "Lead Valuer"). Parts of the Valuation may be undertaken by additional valuers within the firm.

We confirm that we meet the requirements of the Red Book in having sufficient current knowledge of the particular market and the skills and understanding to undertake the Valuation competently.

6. Purpose of valuation

The Valuation is provided solely for the purpose of REIT Year-end reporting (the "Purpose") and in accordance with clause 4.1 of our General Terms may not be used for any other purpose without our express written consent.

7. Limitation of liability and restrictions on use

Clause 3.1 of the General Terms limits our liability to SAR 1 million under this instruction.

Nothing in this Agreement excludes or limits our liability to the extent that such liability may not be excluded or limited as a matter of applicable law.

Third party reliance

Clause 4.2 of the General Terms states that no liability is accepted to any third party for the whole or any part of the Valuation.

Disclosure

Clauses 4.3 to 4.6 of the General Terms limits disclosure and generally prohibits publication of the Valuation. As stated therein, the Valuation is confidential to the Client and neither the whole, nor any part, of the Valuation nor any reference thereto may be included in any published document, circular or statement, nor published in any way, without our prior written consent and written approval of the form or context in which it may appear.

8. Basis of valuation

The Valuation will be undertaken on the following basis, as defined in the Red Book:

- Market Value

9. Special assumptions and assumptions

Special assumptions

In addition to section 8 above, the Valuation will be undertaken on the following special assumptions:

- You have not requested any valuations on special assumptions.

Assumptions

The Valuation will necessarily be based upon a number of assumptions, as set out in the General Terms, this Letter and within the Valuation.

10. Valuation date

The valuation dates are 30 June 2021 and 31 December 2021

11. Currency to be adopted

The valuation figures will be reported in Saudi Riyals (SAR).

12. Extent of inspection and investigations

We have agreed the following specific requirements in relation to the Valuation:

Inspection

You have instructed us to inspect the Properties internally / by going onto the site, as well as externally.

13. Information to be relied upon

We will rely on information provided to us by you or a third party and will assume it to be correct. This information will be relied upon by us in the Valuation, subject only to any verification that we have agreed to undertake.

Where we express an opinion in respect of (or which depends upon) legal issues, any such opinion must be verified by your legal advisers before any Valuation can be relied upon.

Please inform us as to whether there has been a purchase price recently agreed or transacted in respect of the Properties. Please note that the Valuation will comment as to whether any such information has been revealed and if not, will contain a further request that this information must be provided to us before the Valuation is relied upon.

14. Report format

The Valuation will be prepared in our standard format which will be compliant with the Red Book and Taqeem and will take into account any reasonable requests made by you at the relevant time.

15. Fees and expenses

Payment details

Our fee for undertaking this instruction will be [redacted] for each re-valuation, and reasonable disbursements divided into two payment, set out below.

June 2021 revaluation:

Our Ref: NCB Capital 3

Advance Payment | [redacted]

Final payment | [redacted]

December 2021 re-valuation:

Advance Payment | [redacted]

Final payment | [redacted]

Our timeframe for completion of draft reports shall be by 15 working days from receipt of the initial invoice payment and receipt of all information contained within Appendix 4. Where any additional work is undertaken by Knight Frank Spain Saudi Arabia Real Estate Valuations Company or the time period of the assignment is extended due to reasons outside our control, we reserve the right to seek additional fees charged on an as-incurred basis in agreement with the client.

Where we are unable to complete the report as a result on information not being made available by the Client we reserve the right to proceed with the billing of any outstanding fees.

In accordance with clause 10.4 of the General Terms, if you end this instruction at any stage, we will charge abortive fees on the basis of reasonable time and expenses incurred, with a minimum charge of 50% of the above fee if the Properties have been inspected.

Payment of our fee is required in advance. Before the Valuation is discussed or issued the invoice must have been settled.

The scope of our work is set out in the Agreement. In accordance with clause 10.5 of the General Terms, if we are instructed to carry out additional work that we consider either to be beyond the scope of providing the Valuation or to have been requested after we have finalised the Valuation (including, but not limited to, commenting on reports on title) we will charge additional fees for such work. We will endeavour to agree any additional fees with you prior to commencing the work, however, where this is not possible our hourly rates will apply.

Where additional work is requested after we have issued the Valuation, please note that we cannot guarantee the availability of the Lead Valuer or any additional valuers that may have been involved in the preparation of the Valuation (especially where such requests are received on short notice). Please note also that we will require sufficient time for completion of such additional work.

16. Acceptance

Please sign and return a copy of this Letter signifying your acceptance of the terms of the Agreement. We reserve the right to withhold any Valuation and/or refrain from discussing it with you until this Letter has been

countersigned and returned. Your attention is drawn to the "Important Notice" in the General Terms. If you have any questions regarding this Letter and/or the terms of the Agreement between us please let us know before signing this Letter or otherwise giving us instructions to proceed.

Thank you for instructing Knight Frank Spain Saudi Arabia Real Estate Valuations Company.

Yours faithfully

Stephen Flanagan MRICS
Partner - Head of Valuation & Advisory, MENA,
Valuation & Advisory, MENA
For and on behalf of Knight Frank Spain Saudi Arabia
Real Estate Valuations Company
stephen.flanagan@me.knightfrank.com
T +971 4 4267 617
M +971 50 8133 402

Attached - General Terms of Business for Valuation Services

....

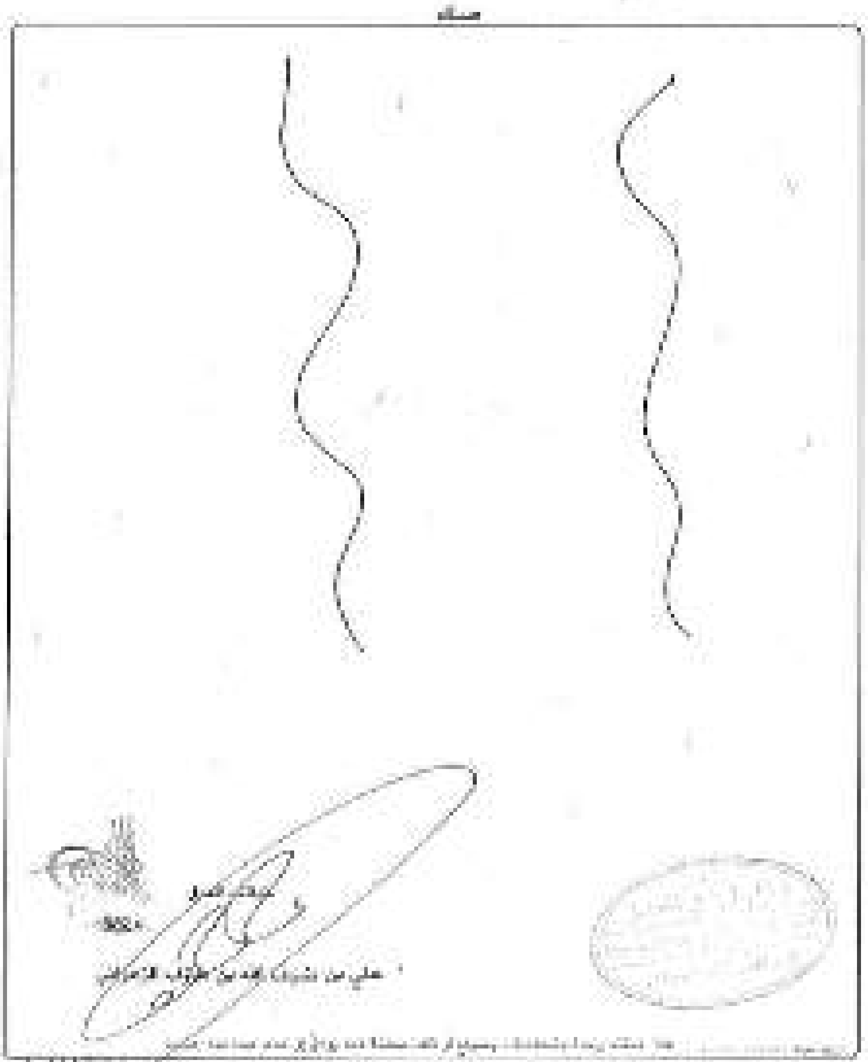
Signed for and on behalf of AlAhli REIT Fund (1)

....

Date

KF Ref: NCB Capital

Appendix 2 Title Deed



المملكة العربية السعودية

وزارة العدل

كتابة العدل الأولى بجدة

Appendix 3 Building Permit


المملكة العربية السعودية
وزارة الشؤون البلدية والقروية
أمانة محافظة جدة

رخصة بناء

بلدية: الجامعة
نوع البناء: مركز تجاري
اسم المالك: محمد بن عبدالعزيز الحبيب وشركاه

Appendix 4 Floor Plans

Ground Floor

First Floor

Appendix 5 Profit & Loss – Hotel

Currency (SAR) '000	Forecast									
	Year 1 2021/2022	Year 2 2022/2023	Year 3 2023/2024	Year 4 2024/2025	Year 5 2025/2026	Year 6 2026/2027	Year 7 2027/2028	Year 8 2028/2029	Year 9 2029/2030	Year 10 2030/2031
Av. Room Occupancy	43%	62%	72%	72%	72%	72%	72%	72%	72%	72%
Av. Room Rate (SAR)	567	653	686	699	713	727	742	757	772	787
RevPAR	242	405	494	503	514	524	534	545	556	567
Operations Revenue										
Rooms Department	14,486	24,216	29,545	30,136	30,739	31,354	31,981	32,620	33,273	33,938
Food & Beverage Department	2,137	3,632	4,432	4,520	4,611	4,703	4,797	4,893	4,991	5,091
Other Operating Department	145	363	517	527	538	549	560	571	582	594
Miscellaneous Income	46	47	48	49	50	51	52	53	54	55
Total Sales / Operation Revenue ('000)	**16,814**	**28,259**	**34,542**	**35,233**	**35,937**	**36,656**	**37,389**	**38,137**	**38,900**	**39,678**
Total Departmental Expenses	4,550	6,327	7,144	7,287	7,433	7,582	7,733	7,888	8,046	8,207
Gross Operating Income ('000)	**12,264**	**21,932**	**27,397**	**27,945**	**28,504**	**29,074**	**29,656**	**30,249**	**30,854**	**31,471**
Total Undistributed Expenses ('000)	7,272	8,605	9,326	9,513	9,703	9,897	10,095	10,297	10,503	10,713
Gross Operating Profit ('000)	**4,992**	**13,328**	**18,071**	**18,433**	**18,801**	**19,177**	**19,561**	**19,952**	**20,351**	**20,758**
Management Fee	252	424	518	617	629	641	654	667	681	694
Adjusted Gross Operating Profit ('000)	**4,739**	**12,904**	**17,553**	**17,816**	**18,172**	**18,536**	**18,906**	**19,285**	**19,670**	**20,064**
Incentive Fee	332	903	1,229	1,247	1,272	1,297	1,323	1,350	1,377	1,404
Non-Operating Income and Expenses	84	141	173	176	180	183	187	191	194	198
Replacement Reserve	336	848	1,036	1,057	1,078	1,100	1,122	1,144	1,167	1,190
EBITDA - Net Cash Flow ('000)	**3,987**	**11,011**	**15,115**	**15,336**	**15,642**	**15,955**	**16,274**	**16,600**	**16,932**	**17,270**
% Profit Ratio	23.7%	39.0%	43.8%	43.5%	43.5%	43.5%	43.5%	43.5%	43.5%	43.5%

Appendix 6 Andalus Mall Cashflow

Cash Flow Report
Al Andalus Mall 03022022 (Amounts in SAR)
Dec, 2021 through Nov, 2032
03/02/2022 18:34:39

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
For the Years Ending	Nov-2022	Nov-2023	Nov-2024	Nov-2025	Nov-2026	Nov-2027	Nov-2028	Nov-2029	Nov-2030	Nov-2031	Nov-2032
Rental Revenue											
Headline Rent	142,488,869	141,389,955	143,501,418	145,843,896	148,280,827	148,313,980	148,468,267	151,200,728	151,895,336	154,005,959	156,959,690
Passing Rent	142,488,869	141,389,955	143,501,418	145,843,896	148,280,827	148,313,980	148,468,267	151,200,728	151,895,336	154,005,959	156,959,690
Total Rental Revenue	142,488,869	141,389,955	143,501,418	145,843,896	148,280,827	148,313,980	148,468,267	151,200,728	151,895,336	154,005,959	156,959,690
Total Tenant Revenue	142,488,869	141,389,955	143,501,418	145,843,896	148,280,827	148,313,980	148,468,267	151,200,728	151,895,336	154,005,959	156,959,690
Potential Gross Revenue	142,488,869	141,389,955	143,501,418	145,843,896	148,280,827	148,313,980	148,468,267	151,200,728	151,895,336	154,005,959	156,959,690
Effective Gross Revenue	142,488,869	141,389,955	143,501,418	145,843,896	148,280,827	148,313,980	148,468,267	151,200,728	151,895,336	154,005,959	156,959,690
Revenue Costs											
Sinking fund	1,312,246	1,414,329	1,432,722	1,457,267	1,481,229	1,484,694	1,482,938	1,510,228	1,519,975	1,538,175	1,567,674
Running Void	4,429,263	4,493,817	3,415,370	5,886,501	6,036,952	6,705,726	6,884,834	7,022,320	7,284,337	7,440,458	7,289,278
Bad debts	1,640,307	1,767,911	1,790,902	1,821,584	1,851,537	1,855,868	1,853,673	1,887,786	1,898,718	1,922,719	1,959,593
Opex	23,618,958	25,690,796	25,690,796	25,690,796	25,690,796	25,690,796	25,690,796	25,690,796	25,690,796	25,690,796	25,690,796
Total Revenue Costs	31,000,773	33,366,853	34,329,790	34,856,147	35,079,654	35,737,083	35,912,240	36,111,330	36,393,026	36,592,148	36,807,341
Net Operating Income	111,488,095	108,023,102	109,171,628	110,987,749	113,201,173	112,576,897	112,556,826	115,089,397	115,502,310	117,413,811	120,152,349
Cash Flow Before Debt Service	111,488,095	108,023,102	109,171,628	110,987,749	113,201,173	112,576,897	112,556,826	115,089,397	115,502,310	117,413,811	120,152,349
Cash Flow Available for Distribution	111,488,095	108,023,102	109,171,628	110,987,749	113,201,173	112,576,897	112,556,826	115,089,397	115,502,310	117,413,811	120,152,349

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Page 1 of 2

Appendix 7 Market research report

KSA Economic Overview 2021

KSA 1.1 **Saudi Arabia GDP Growth, 2011 - 2023**

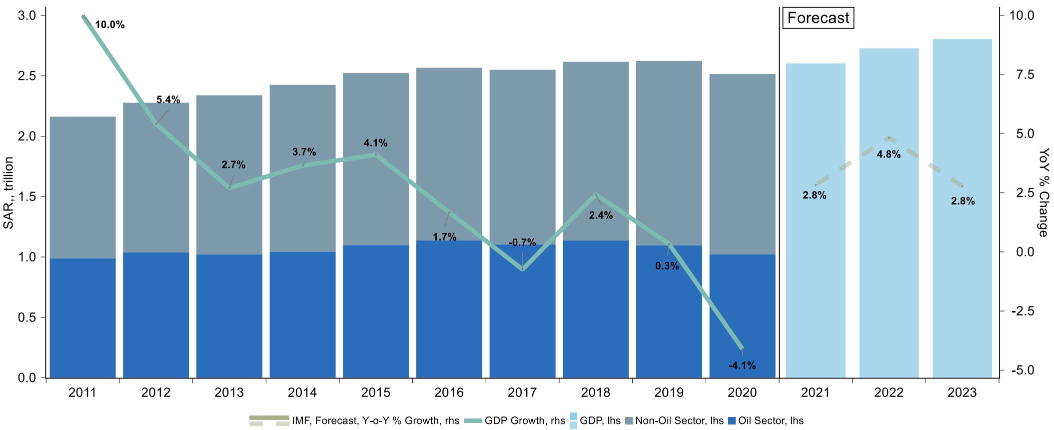
According to provisional full year data published by the General Authority for Statistics (GaStat), Saudi Arabia's real GDP contracted by 4.1 percent in 2020 compared to growth of 0.3 percent year-on-year in 2019.

Saudi Arabia's non-oil sector performed remarkably well in December 2020, with the index hitting its highest reading since November 2019. This upturn in business activity has underpinned a stronger than expected GDP reading in Q4 2020, and as a result, Saudi Arabia's GDP in 2020 contracted less than the 5.4 percent rate forecast by the IMF.

Whilst there are material downside risks that may still impact economic activity in Saudi Arabia, most are unlikely to come to fruition and few are exogenous in nature. This underpins Saudi Arabia's 2021 GDP growth forecast of 2.9 percent, the strongest in the region.

With this rate of economic growth, Saudi Arabia will remain below the average growth rate of c. 5 percent which was recorded between 2011 and 2015.

Saudi Arabia GDP, YoY % change



'Source: Knight Frank Research, Macrobond

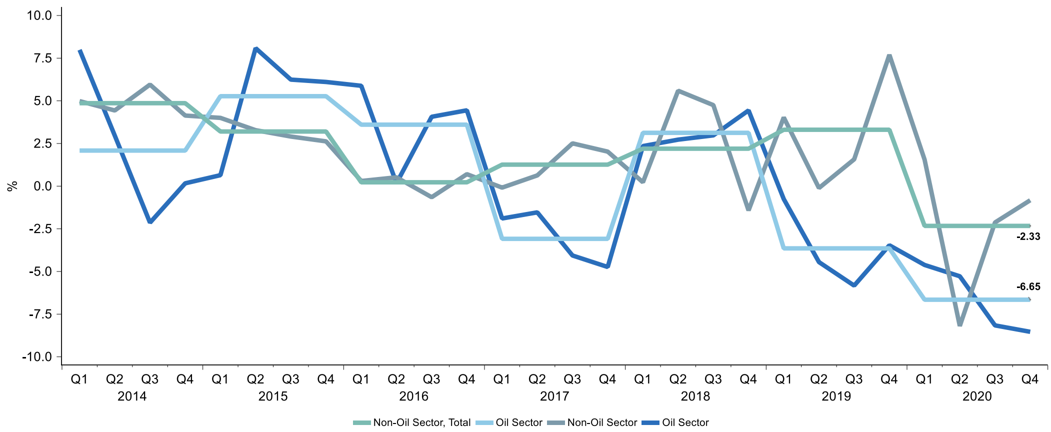
Saudi Arabia Oil & Non-Oil GDP and GDP Growth

As a result of COVID-19, Saudi Arabia both oil and non-oil sectors contracted substantially.

First, as the global economy came to a halt, demand in the hydrocarbon sector effectively stalled, causing a supply glut and oil prices to plummet. This has had a substantial impact on Saudi Arabia's oil sector GDP, which contracted by 6.7 percent in 2020.

Non-oil GDP growth has been gradually accelerating since 2016, reaching 3.3 percent in 2019, the highest level of growth since 2015. However, due to severe lockdown measures in place across Saudi Arabia, including the closure of international borders and tourism, has substantially impacted business activity, resulting in a contraction in non-oil sector GDP.

Saudi Arabia Oil & Non-Oil GDP Growth



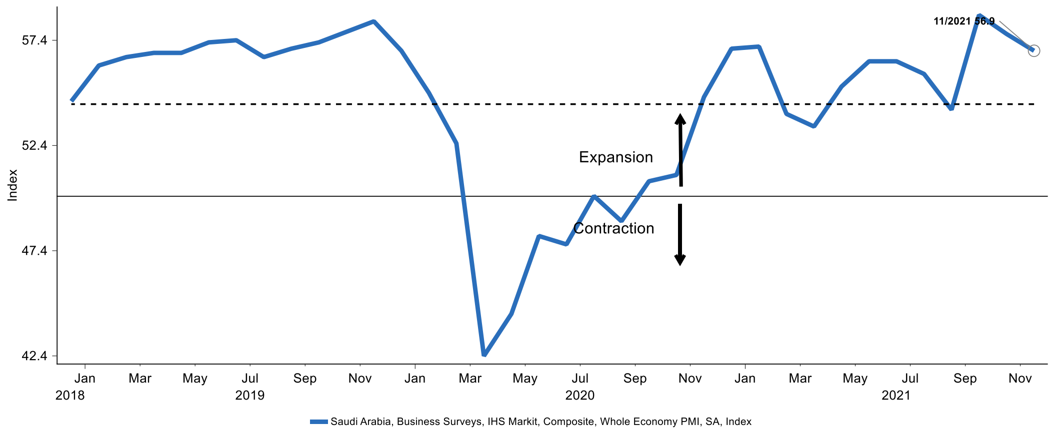
'*Source: Knight Frank Research, Macrobond*

Saudi Arabia, Purchasing Manager Index (PMI)

The non-oil private sectors are at the centre of Saudi Arabia's Vision 2030 and the reforms launched to bolster these sectors are already being felt widely across the economy. Indeed, Saudi Arabia's Purchasing Manager Index (PMI), which tracks the country's private non-oil economy, registered a reading of 54.1% in August 2021, representing the 12th month of expansion and business growth.

According to the General Department of Statistics, the private sector's contribution to GDP rose to over 44 percent in Q1 2021, compared to 41 percent at the same time last year.

Saudi Arabia PMI



Source: Knight Frank Research, Macrobond

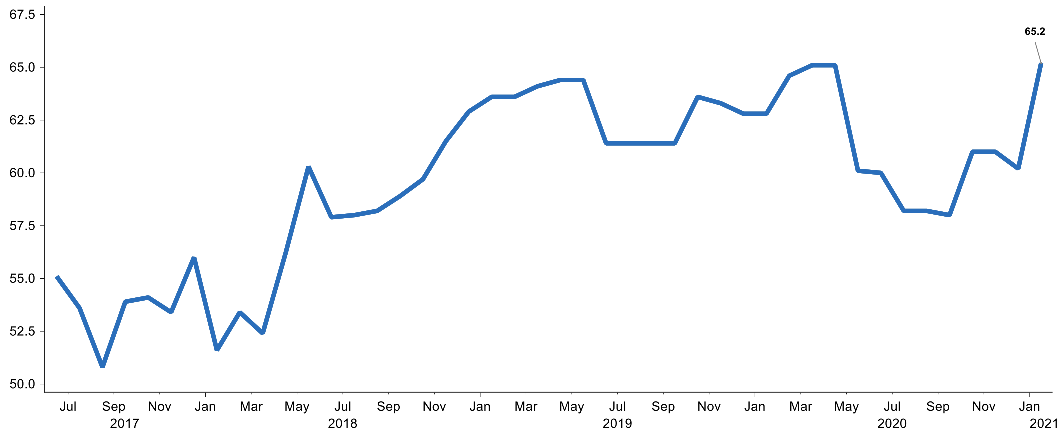
Saudi Arabia Primary Consumer Sentiment Index by Thomson Reuters / IPSOS

Saudi Arabia's Primary Consumer Sentiment Index (PCSI) is a national survey of consumer attitudes toward the current and future state of the local economy, personal financial situation, as well as confidence in making large investments and ability to save.

The latest reading in January 2021 of the Primary Consumer Sentiment Index (PCSI) in Saudi Arabia, released by IPSOS, reveals a 5-point surge from the previous month to 65.2, the highest since January 2020. This jump is the largest month-on-month increase seen in most recent years.

In parallel with the improvement in consumer confidence, we have seen private sector loan growth regaining momentum. The recovery in banks' lending to the private sector in 2018 and substantial growth in 2020 is seen as crucial in driving consumer spending and demand for real estate in the short to medium term.

PCSI, by Thomson Reuters / IPSOS



Source: Knight Frank Research, Macrobond

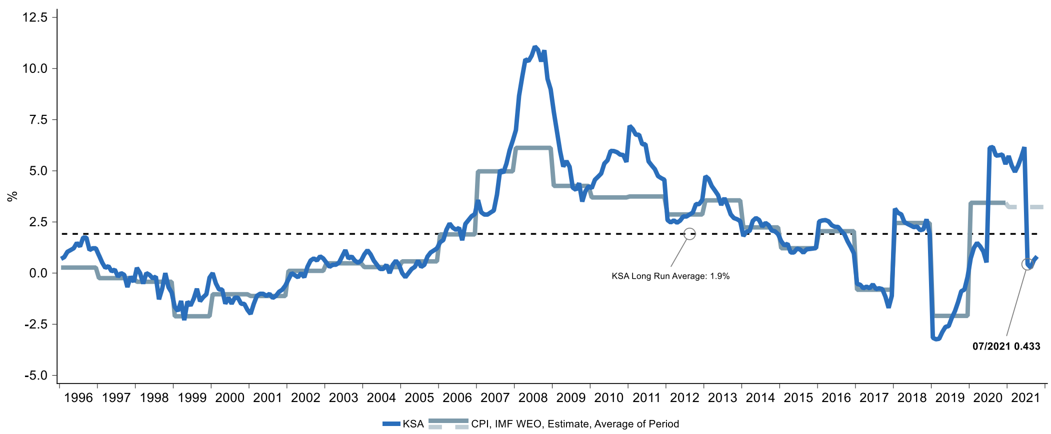
Saudi Arabia Consumer Price Index, YoY Change %

The latest Consumer Price Index dropped to 0.43 percent YoY in July of 2021, compared to a rate of 6.16 percent in the previous month. This is the lowest reading since December 2019. This significant decline in inflation can be ascribed to the fact that the effect of the July 2020 value added tax hike dissipated in July 2021.

The drop in the consumer price index (CPI) was primarily due to a decrease in the average prices of transportation (7.8% vs 22.6%), food and beverages (1.2% vs 8.1%), tabacco (1.2% vs 12.3%) and communication services (2.7% vs 13.2%) year on year.

Furthermore, prices for furniture, household equipment, and household maintenance sectors fell by (0.5% vs 7.9%).

CPI, YoY % Change

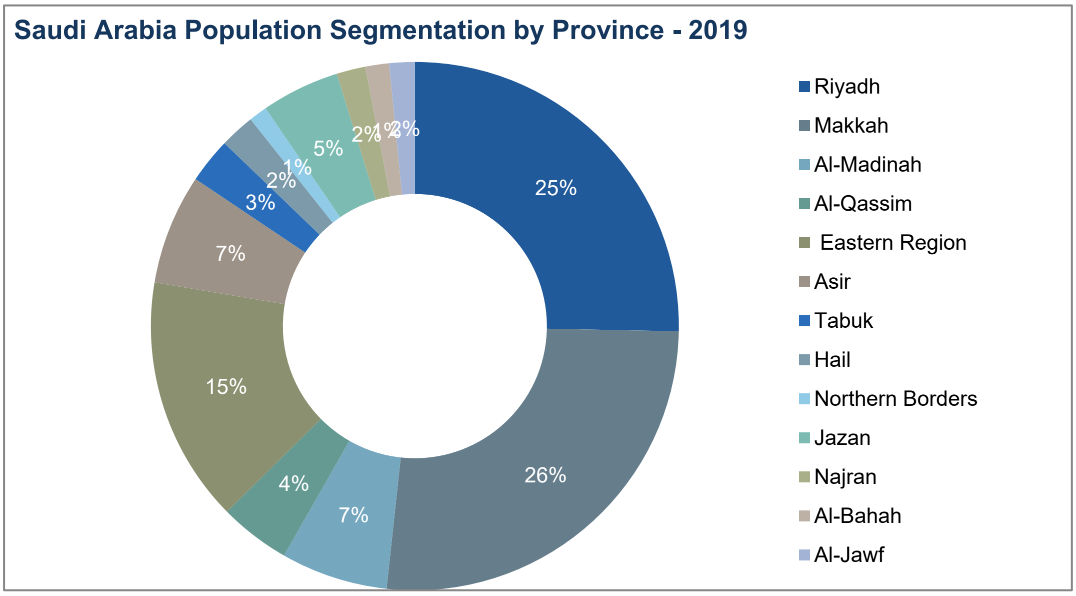


Source: Knight Frank Research, Macrobond

Saudi Arabia Population Segmentation by Province - 2019

Saudi Arabia accounts for more than half of the GCC's total population and has a larger population than any other GCC country. According to official statistics, the population count was registered at 34.2 million in 2019.

The population segmentation by regions for 2019 shows that nearly 65 percent of the population of the Kingdom is concentrated in three provinces, namely Makkah Al Mokarramah, Riyadh, and the Eastern Province, which account for 26 percent, 25 percent and 15 percent of the country's population respectively. Beyond the year 2019, the breakdown of the KSA population by region is not available.



Source: Knight Frank Research, GASTAT

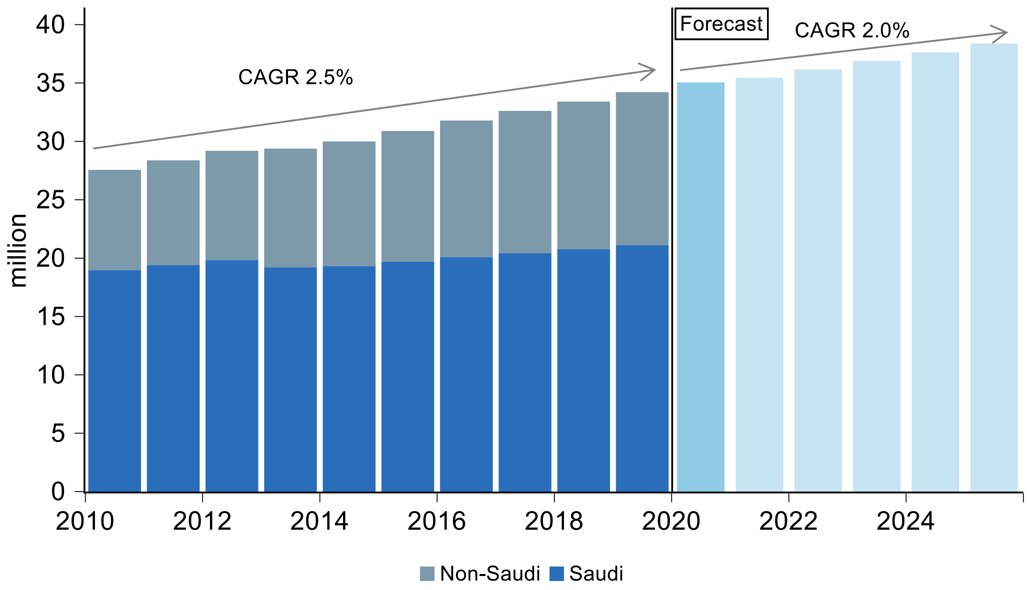
Saudi Arabia Population Forecasts

According to official statistics, the population of Saudi Arabia is estimated to have reached 34.8 million in 2020. The Saudi/Non-Saudi breakdown of the population for 2019 stands at 21.1 million/13.1 million according to the same source.

Based on the IMF forecasts, the population of Saudi Arabia is expected to grow at a constant 2 percent annual growth rate from 2019 onwards, reaching 38.3 million in 2025. A large and growing population, albeit at a slower pace than previous years, will continue to drive demand for goods and services in the short to medium term.

Saudi Arabia's population is dominated by Saudi nationals, accounting for 63 percent of the population. This implies that aggregate demand for products and services does not primarily stem from the expatriate workforce.

Saudi Arabia Population Evolution



Source: Knight Frank Research, IMF

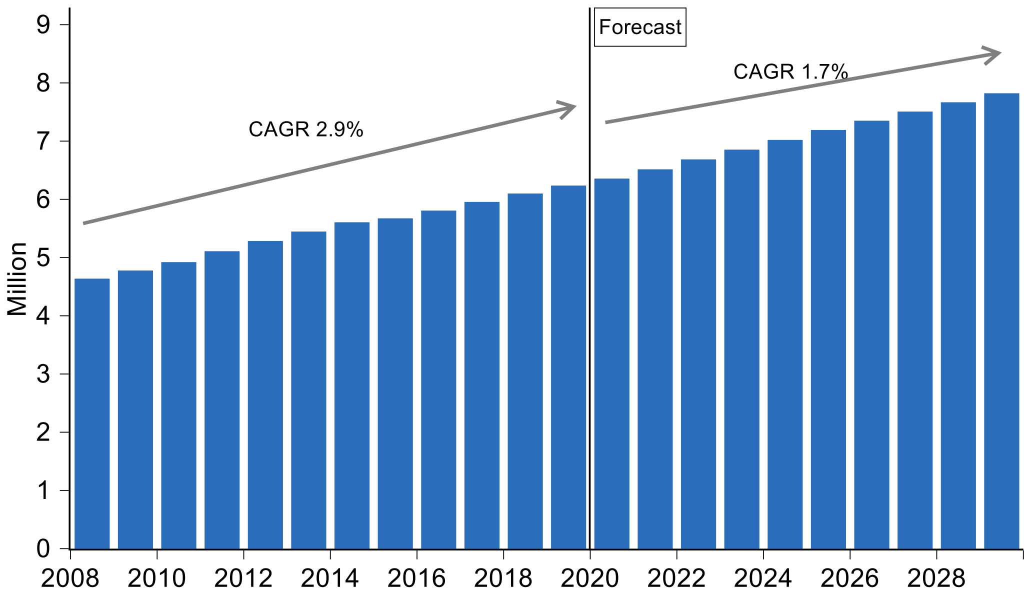
Total Number of Households

Total number of households in Saudi Arabia is estimated at roughly 6.8 million in 2020, according to Oxford Economics. The yearly average growth in the number of households is set to slow to 1.7 percent per annum between 2020 and 2030, according to Oxford Economics, down from 2.9 percent between 2010 and 2020.

The average household size in Saudi Arabia stood at 5.52 individuals in 2020, according to Oxford Economics. While the average household size for Saudi households stands at just over 6.0, the average household size for non-Saudis is closer to 4 individuals. The overall average household size is set to slightly decrease over the next years reaching 5.45 in 2030.

Regarding the local population, it was not unusual historically for generations of the same family to be living in a sizeable family home. The younger generation now exhibits a desire to move away from multi-generational household structure. Over the next decades, falling household sizes will underpin demand for higher density development which provides smaller and more efficient units.

Number of Households

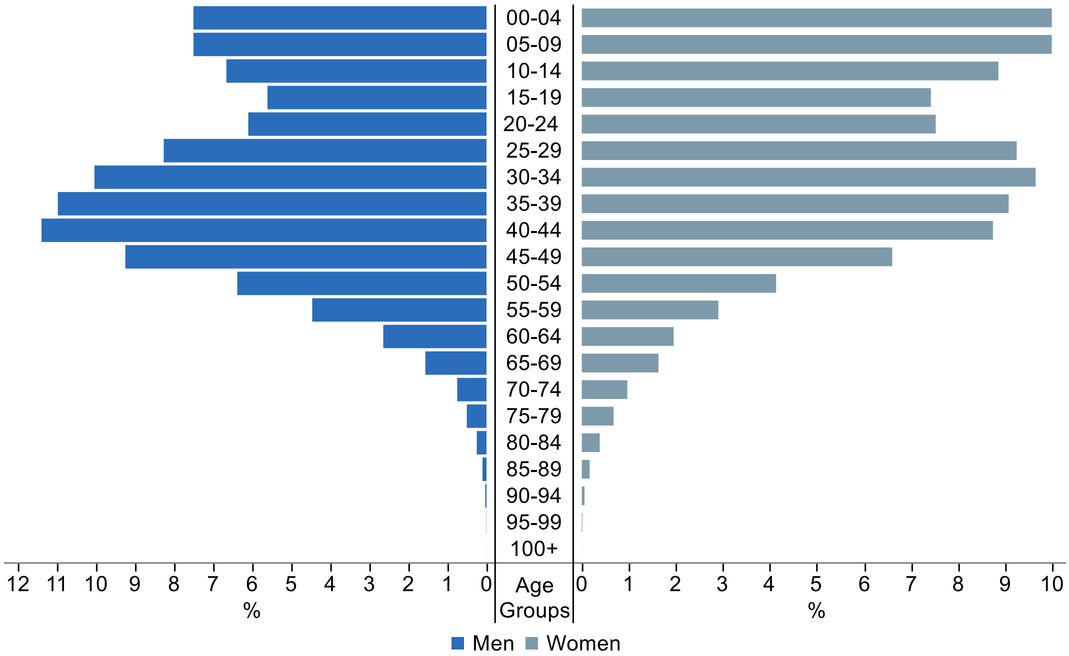


'Source: Knight Frank Research/ Macrobond, Oxford Economics

Population by Age, Nationality, and Gender

The population pyramid of Saudi Arabia that depicts the age structure of the Saudi population based on the preliminary 2020 data, highlights the fact that approximately 37.9 percent of the population were aged between 0 and 24 years, about 58.7 percent were aged between 25 and 64 years and 3.4 percent were aged above 65 years.

It is expected that population dynamics are expected to shift in Saudi Arabia over the next decades, which will entail a significant increase in the population over 40. The over 60s age cohorts are expected to increase by 3 times between 2020 and 2035. Despite these changing demographic profile, Saudi Arabia will remain amongst the youngest countries in the GCC in 2030.



'*Source: Knight Frank Research, Macrobond*

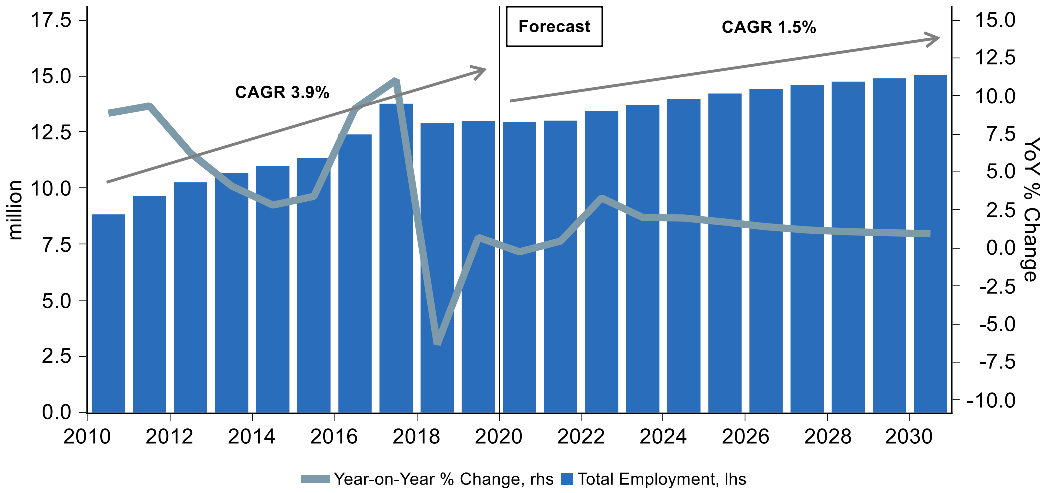
Total Employment - KSA

Saudi Arabia's total workforce was estimated at 12.9-Million employees in 2020, down from 13.7-Million employees in 2017. The decrease is mostly as a result of the departure c. 800,000 expatriates from the workforce during this period.

This outflow of expatriates from the workforce was triggered by a challenging macroeconomic environment, the introduction of levies on expats in the form of fees on dependents (set to increase every year on an incremental basis until 2020), and the implementation of a plan restricting employment in certain sectors to Saudi Nationals in order to promote and increase Saudization.

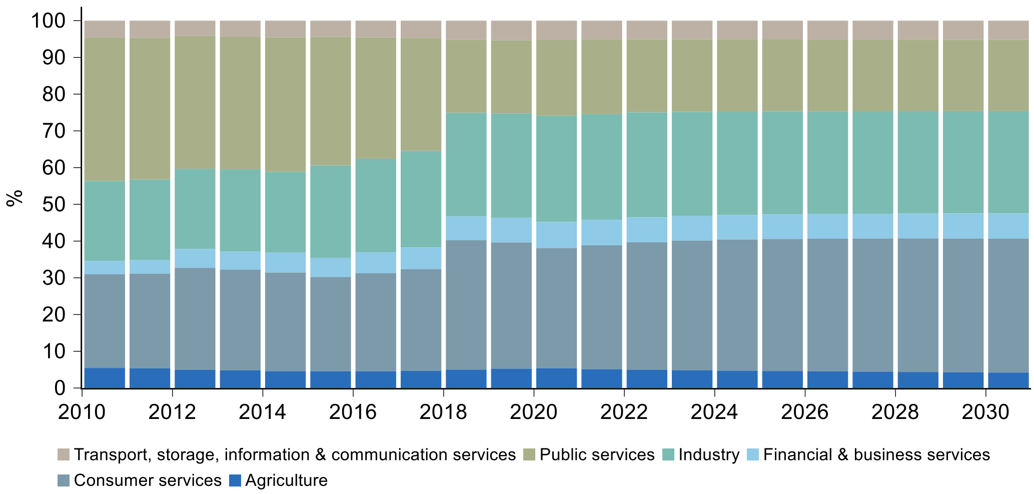
Saudi Arabia's employment CAGR is set to slow to 1.5% per annum between 2020 and 2030, according to Oxford Economics, down from a CARG of 3.9% between 2010 and 2020.

KSA, Employment



Breakdown of Employment by Economic Sector – KSA

Currently, the consumer services, industrial sectors and public services are the largest employment sectors in Saudi Arabia, accounting for 33.4%, 28.3% and 20.4% of total employment in 2020, respectively. This is expected to remain roughly unchanged over the coming ten years.



'Source: Knight Frank Research, Macrobond

Employment YoY Change%

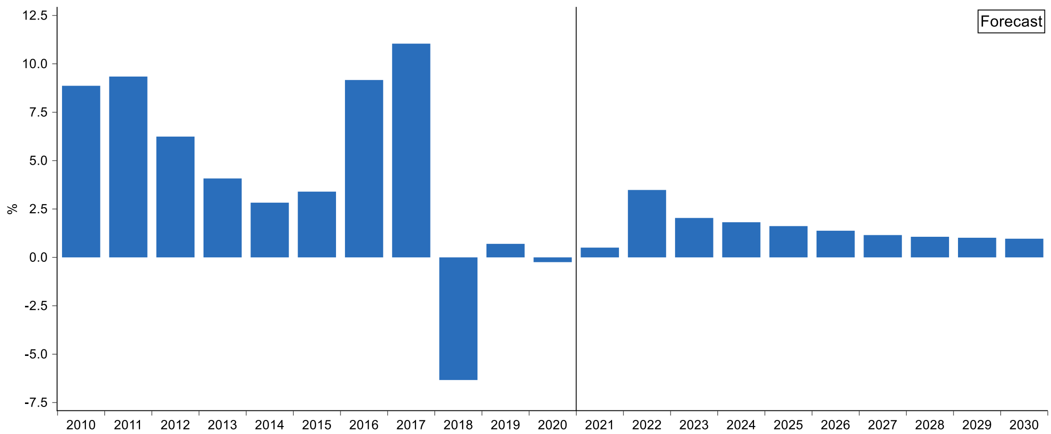
Employment growth in Saudi Arabia is set to decelerate to 1.5 percent per annum between 2020 and 2030 down from 3.9 percent between 2010 and 2020 according to Oxford Economics estimates.

Total employment declined by -6.34 percent in 2018 due to outflows of expatriates from the workforce. However, this trend has reversed in 2019 where total employment increased marginally by 1.31 percent.

The exodus of expat workers from Saudi Arabia in 2020, due to the economic fallout from COVID-19 and the oil price shock, has accelerated a shift in the labour market, resulting in a 0.2% decline in employment growth in 2020.

Looking forward, employment growth is expected to remain supported by the various initiatives aimed at boosting youth, women and Saudi nationals' participation in the workforce. In the short to medium term, this will be balanced by rising pressures on the expat labour market resulting from the impact of government fees and Saudization plans on non-Saudi employment figure.

Employment, YoY % Change



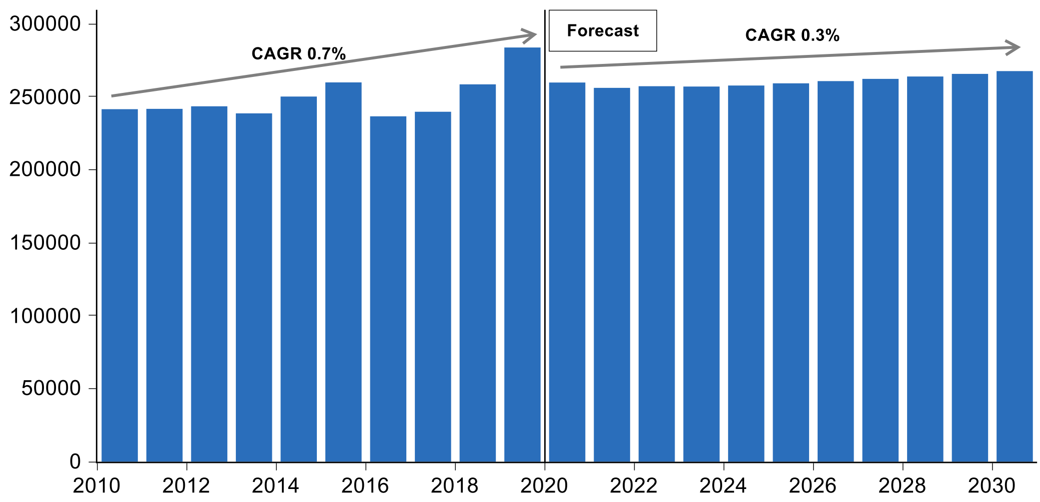
Source: Oxford Economics, Macrobond

KSA average household disposable Income in SAR

Household income is a key determinant of affordability and consumer spending patterns.

Average household personal disposable income in Saudi Arabia stood at c. SAR 259,687 in 2020. Between 2010 and 2020, the average household personal disposable income increased at a CAGR of 0.7%. It is expected that this growth momentum will slowdown to 0.3% between 2020 and 2030, as highlighted in the adjacent graph.

Household Disposable Income



Source: Oxford Economics, Macrobond

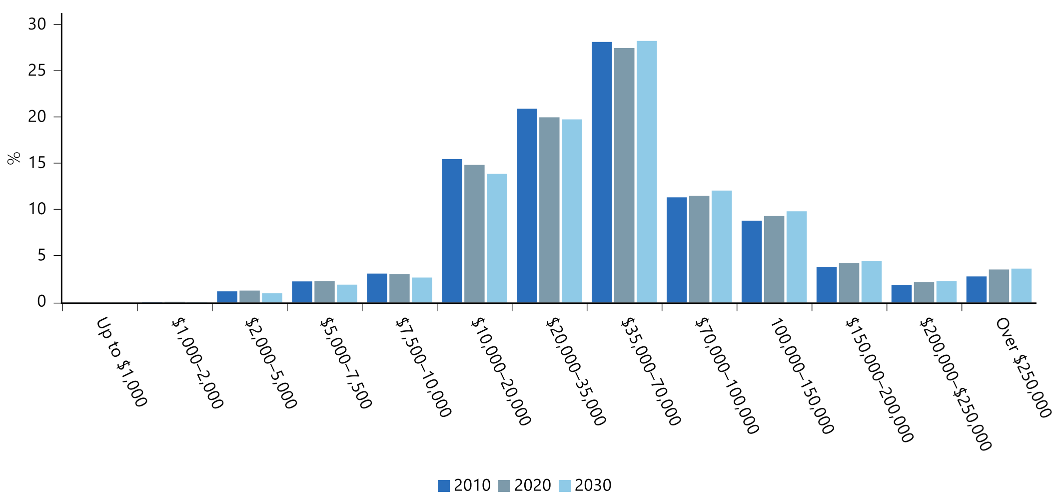
KSA number of household by income bands (as a & of total households)

The number of households in Saudi Arabia currently (2020) stands at approximately 6.52 million and is expected to grow to 8.06 million by 2030.

In 2020, 58.4% of households in Riyadh were within income bands above USD 35,000 and this share is expected to increase going forward, reaching 60.7% in 2030.

41.6% of households were in the lower income bands, below USD 35,000. This proportion of the household income band is expected to witness a decrease between 2020 and 2030, reaching 39.3%. This is a positive trend, from the perspective of consumer spending and demand for real estate in the city.

Household, By Income Band



Source: Oxford Economics, Macrobond

KSA Retail Market Overview

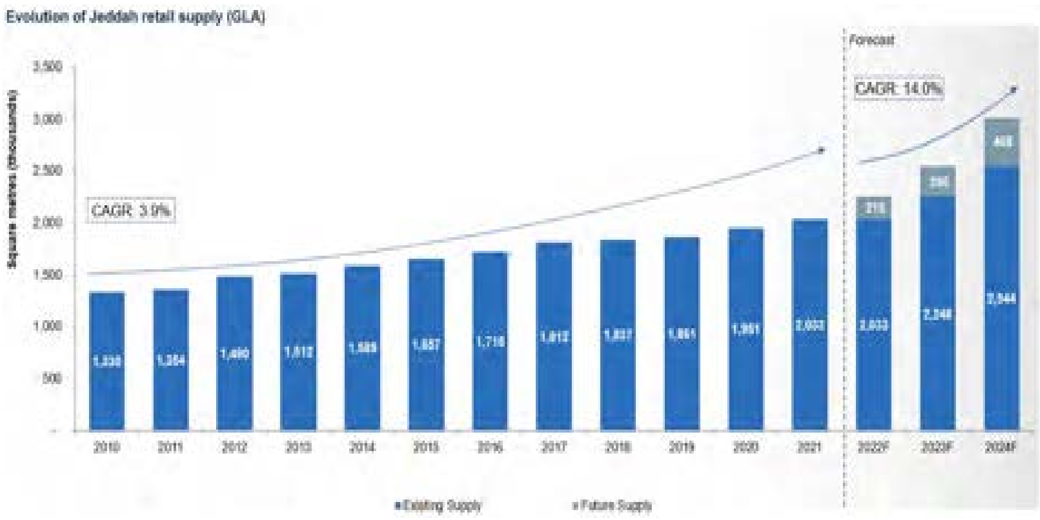
Jeddah Retail Market Overview

Evolution of quality Organised Retail SUPPLY

Retail supply in Jeddah between 2010 and 2021 grew at a compounded annual growth rate of 3.9%. The supply of quality organised retail reached 2.03 million square metres of GLA by the end of 2021. There were six new developments that opened in 2021, which added approximately 58,000 square meters of retail GLA to the market.

A total of eleven other developments are anticipated to reach completion in 2022, this includes two regional malls, five community centres and four neighbourhood centres, bringing the total GLA to 2.24 million square metres by the end of 2022.

A total of 978,716 square metres of retail space is anticipated to be added into the market between 2022 and 2024, resulting in a total retail supply of 3.01 million square metres, which equates to a compounded annual growth rate of 14.0%, substantially higher than historical growth rates.



Source: MECSC; Knight Frank

Quality Organised RETAIL supply Characteristics

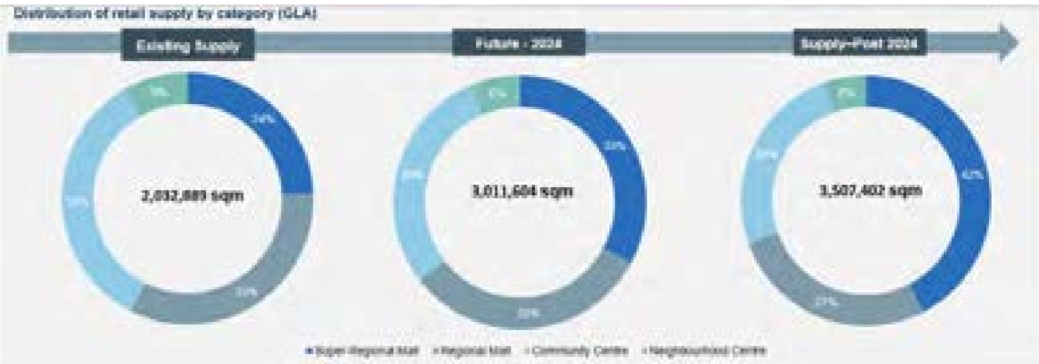
As at the end of 2021, the total GLA of quality organised retail stands at over 2.03 million square metres. Community centres comprised the largest share, accounting for 34%, while regional malls accounted for 33% of the total supply. Super-regional and neighbourhood centres account for 24% and 9%, respectively.

The quality existing retail supply is distributed over 84 organised retail developments, 4 of which are super-regional malls and 15 are regional malls. In addition, there are 41 community centres and 24 neighbourhood centres.

Taking into account the retail pipeline, the supply composition of super-regional malls is set to increase to 33% of the total retail supply by the end of 2024. In contrast, the share of the other three categories including neighbourhood centres, community centres and regional malls is expected to decrease to 6, 29 and 32% of the total supply respectively.

Some super-regional and regional malls have been announced, but these malls have not yet broken the ground. If we take these malls into account and analyse the post-2024 supply composition, super-regional malls share is set to increase to 42%, while regional malls, community centres and neighbourhood centres share is expected to decrease to 27%, 25% and 6% respectively.

As the retail market continues to evolve, developers are seeking to provide more experience based concepts looking to increase shoppers' time spent at the malls to combat an ever growing e-commerce threat. Entertainment and F & B-led destinations have therefore become essential components for all future developments.



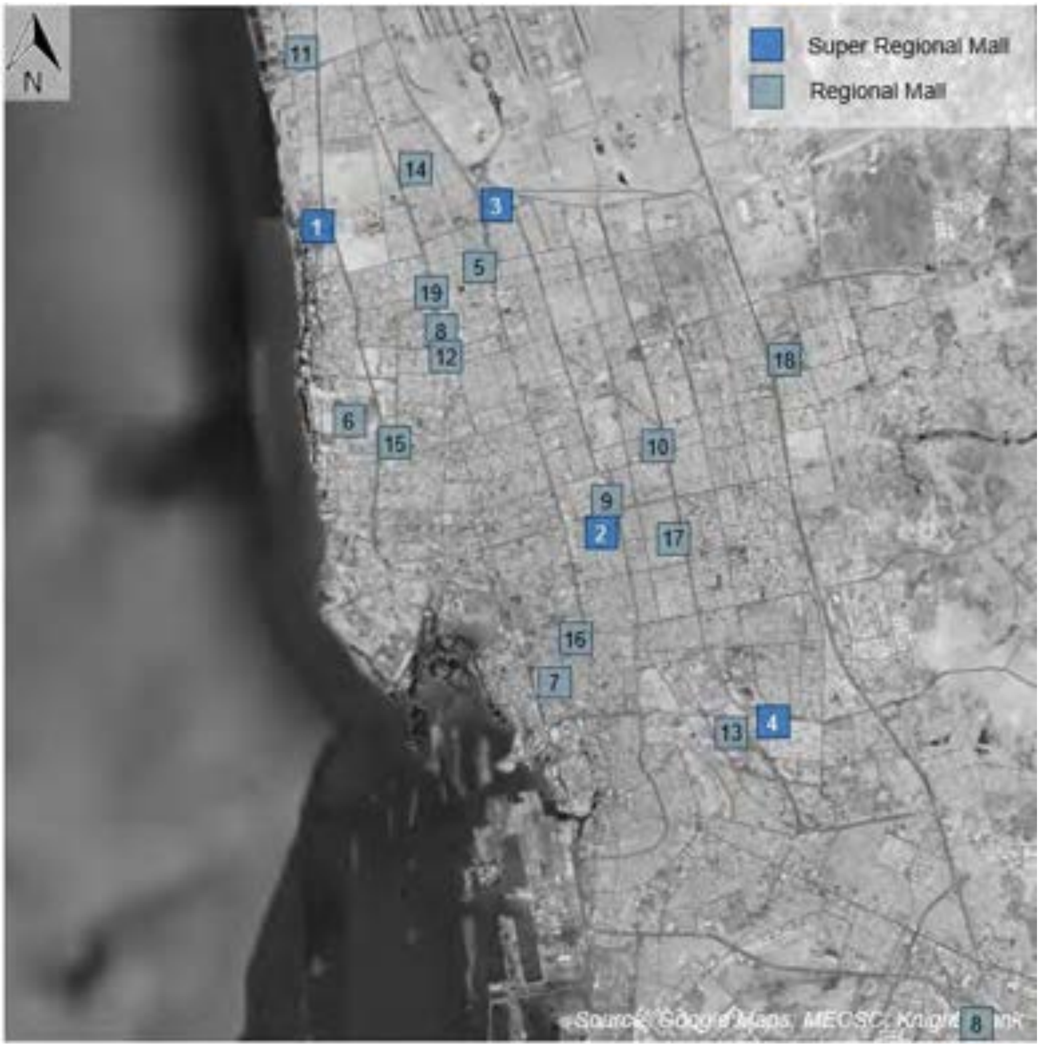
Source: Knight Frank

Jeddah existing quality organised retail supply 1/2

Jeddah city comprises four super-regional and fourteen regional malls totalling over 1.17 million square metres of GLA. Red Sea Mall has emerged to be the largest Mall after the new expansion, which features a total GLA of approximately 144,707 square metres and is located on King Abdul Aziz Road, north of Jeddah.

Mall of Arabia and Al Salaam Mall are the other two super-regional malls developed and operated by Arabian centres. Mall of Arabia is located on Madinah Road, south west of King Abdul Aziz International Airport, whereas Salam Mall is located in the south along King Abdullah Road. Jeddah Park is the most recent addition to Jeddah’s super-regional mall supply, located along Tahlia Street.

Regional malls account for a total of 674,572 square meters. Within the last five years, Jeddah has only witnessed the opening one regional malls (Al Yasmin Mall) comprising approximately 54,000 thousand square metres of GLA.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Super Regional Mall
Regional Mall
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Major Super Regional and Regional Malls							
	Name	GLA (sqm)	Opening Year		Name	GLA (sqm)	Opening Year
1	Red Sea Mall & Extension	144,707	2008-2019	2	Jeddah Park	127,360	2020
3	Mall of Arabia	102,097	2008	4	Al Salaam Mall	111,914	2012
5	Hera'a International Mall	52000	1982	12	Sultan Centre Mall	38477	2007
6	Al Shate'e Mall	61293	1985	13	Al Andalus Mall	86355	2007
7	Al Baroom Commercial Center	30000	2002	14	Jarir Mall Prince Sultan Street	35000	2008
8	Event Mall	40089	2003	15	Stars Avenue Mall	36000	2010
9	Serafi Mega Mall	60000	2005	16	Haifaa Mall	32111	2013
10	Aziz Mall	70954	2005	17	Flamingo Mall-Jeddah	62000	2014
11	Roshan Mall	36305	2006	18	Al Yasmin Mall	58311	2016
Total Existing Supply GLA						**1,169,300**	

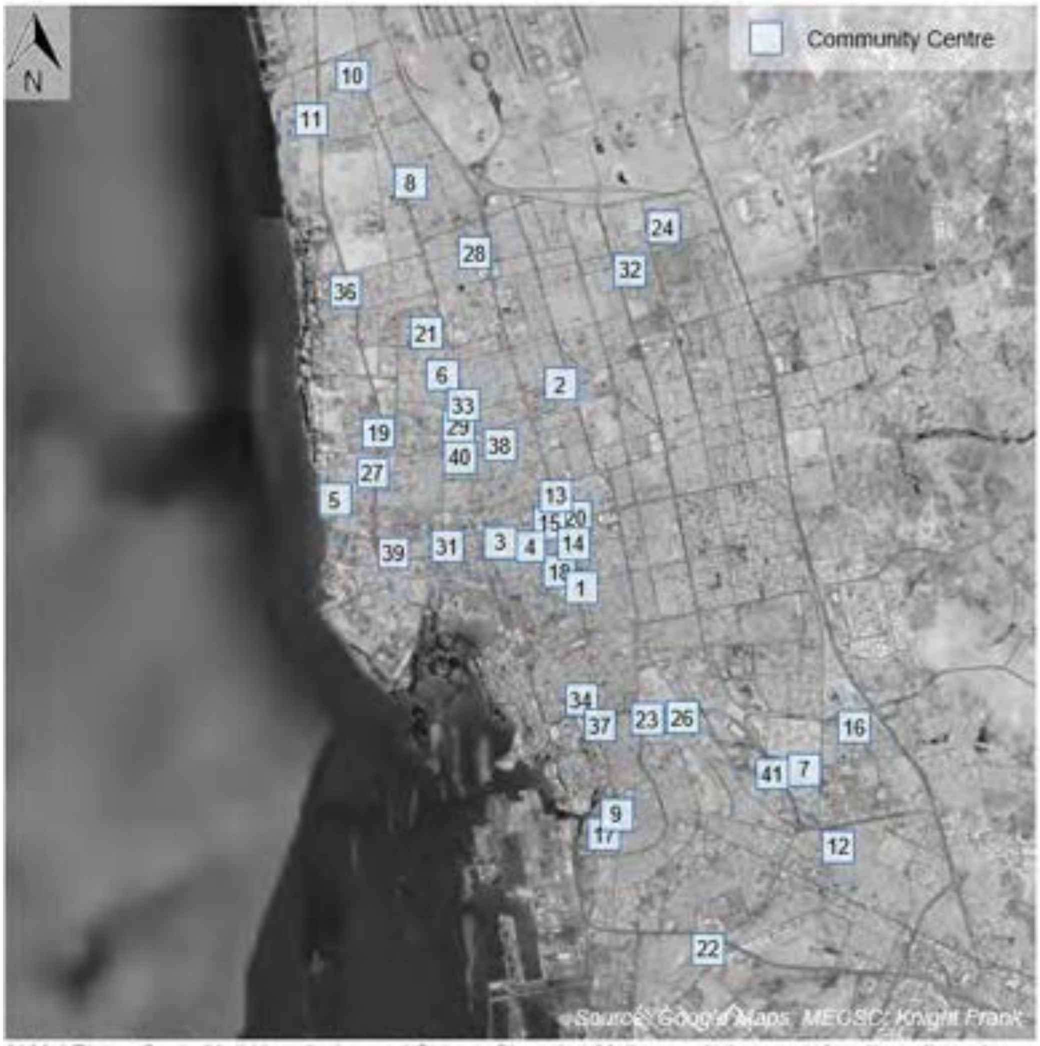
Source: Google Maps; MECSC; Knight Frank

Jeddah existing quality organised retail supply 2/2

As at the end of 2021, there are 41 quality community centres in Jeddah totalling 692,325 square metres of GLA.

Within the community centre segment, there were three new developments that opened in 2021, which added approximately 42,500 square meters of retail GLA into the market.

Community centres can be found across Jeddah as they are not concentrated around any specific location. The majority of new community centres are located along existing and upcoming business corridors.



Al Moj Plaza, Oasis Mall Hamdaniya and Obhour Shopping Mall are not showcased on the adjacent map.

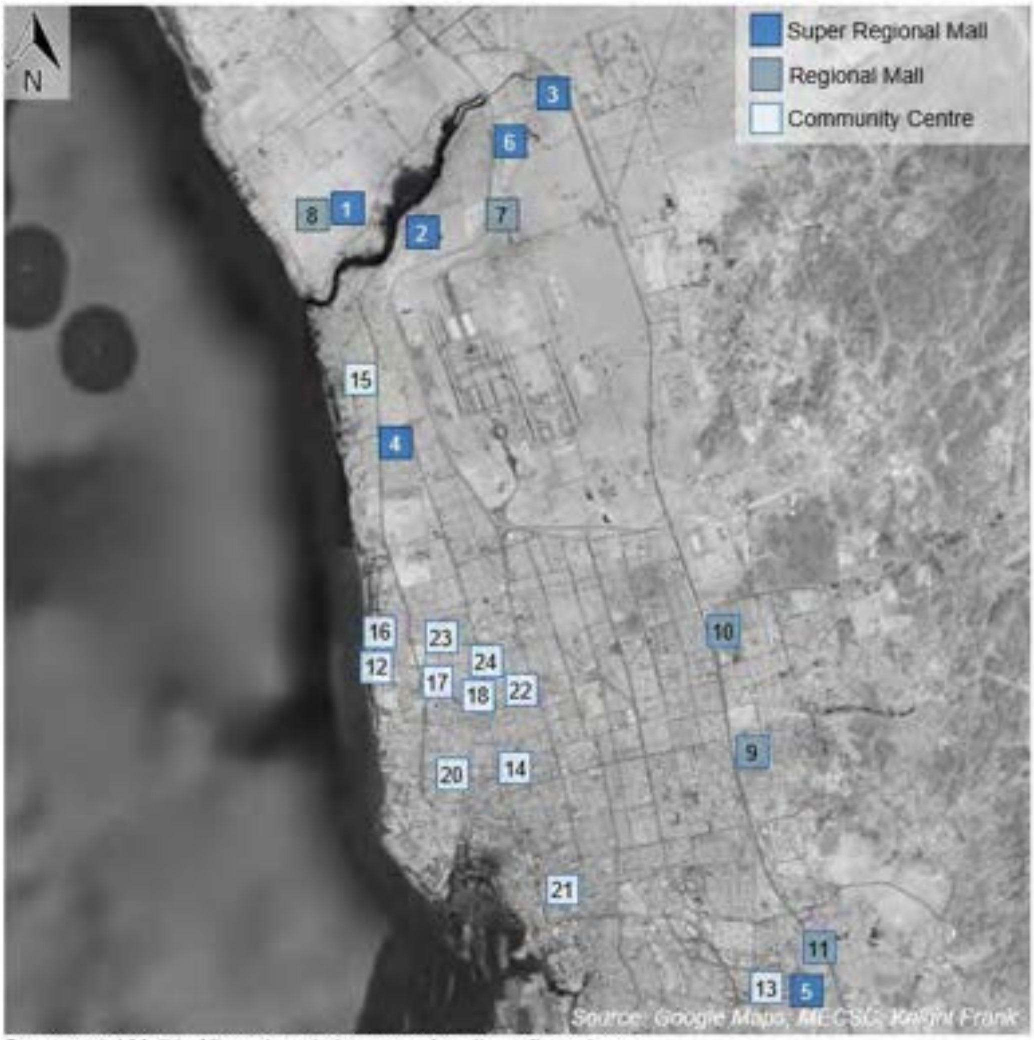
Major Community Centres							
	Name	GLA (sqm)	Opening Year		Name	GLA (sqm)	Opening Year
1	Mosadia Centre	24,000	1981	22	South Mall	28,926	2009
2	Hijaz Plaza	12,000	1985	23	Oasis Mall	17,000	2011
3	Al Basateen Centre	13,010	1998	24	Mandarine Avenue	15,000	2014
4	Tahlia Shopping Centre	18,000	1998	25	Al Moj Plaza	18,909	2015
5	Al Nakheel Centre	15,437	2000	26	Jeddah Gate Crescent Plaza	29,709	2017
6	Salamah Centre	16,078	2000	27	Le Prestige Mall	17,000	2017
7	Al Sawary Mall	20,000	2001	28	Nas Town	20,000	2017
8	Jarir Mall Tahliya	11,000	2002	29	Lilian Centre Phase 1	10,000	2018
9	Al Mahmal Centre	15,000	2003	30	Al Marwah Plaza	10,456	2018
10	Aya Mall	29,160	2004	31	Manuel Square	11,729	2019
11	Sawari Landmark	14,813	2005	32	Oasis Mall Hamdaniya	12,362	2019
12	Al Jamea Plaza	20,968	2005	33	Lilian Centre Phase 2	3,948	2019
13	Jeddah Int'l Shopping Centre	29,172	2005	34	Fayfa Complex	22,000	2020
14	Al Shola Commercial Centre	13,200	2006	35	Obhour shopping Mall	26,434	2020
15	Nojoud Centre	11,903	2006	36	Atelier LaVie Mall	30,000	2020
16	Al- Sulaymaniyah Plaza	26,000	2006	37	Al Sariah Square	11,729	2020
17	Corniche Commercial Centre	12,000	2007	38	City Yard	10,878	2020
18	Le Chateau	12,588	2008	39	Wow square	11,000	2021
19	Etoile Centre	13,817	2008	40	Crystal Mall	12,000	2021
20	New Town Centre	20,000	2008	41	Town Square	19,500	2021
21	Space Mall-Jeddah	19,928	2009				
Total Existing Supply GLA						**692,325**	

Source: Google Maps; MECSC; Knight Frank

Jeddah future quality organised retail supply

The current retail pipeline comprises 1,474,514 square metres of GLA, which includes six super-regional malls, five regional malls and fourteen community/neighbourhood centres.

Around 979,000 square meters of GLA is anticipated to be delivered before 2024, and 496,000 square meters of GLA is expected to be released in the market post-2024. Al Jawharat Jeddah and Jeddah Economic City projects have been announced with an expected 105,566 and 390,232 square meters of GLA respectively, these malls have not yet broken ground and are not anticipated to open before 2024, they have therefore been added in the post-2024 analysis.



Commercial Mall in Nimra is not showcased on the adjacent map.

Major Super Regional Malls, Regional Malls and Community Centres				
	Name	Status	GLA (sqm)	Opening Year
1	Jeddah Economic City	Planned	390,232	2026
2	Avenue Mall Abhor	Construction	125,518	2024
3	Al Jawhara Mall	Planned	95,000	2023
4	Jawharat Jeddah	Planned	105,566	2025
5	AWJ Group - Souq7	Construction	186,750	2024
6	Prince Sultan Oasis	On Hold	90,000	2023
7	Zahra Mall	Planned	52,370	2024
8	Jeddah Tower	Construction	64,369	2022
9	Tahliyah Gate: Mega Mall	Planned	75,000	2024
10	Al Haramain City Centre	Planned	39,500	2022
11	Al Qalam Mall	On Hold	43,666	2023
12	The Lamar Mall	Construction	21,836	2022
13	Al Jameah Centre	Planned	18,300	2022
14	Al- Rawdah Commercial Centre	Planned	26,000	2023
15	Sunset Avenue	Construction	15,000	2022
16	Al Nawras Centre	Main Contract Bid	15,000	2023
17	King's Walk Mall	Design	28,314	2024
18	Sultan Galleria	Design	11,192	2023
19	Commercial Mall in Nimra	Construction	14,625	2023
20	Jeddah Walk Phase 1 & 2	Construction	28,706	2022-23
21	Atyaf Commercial Centre	Construction	13,500	2022
22	Village Royal	Construction	5,800	2022
23	Star Square Plaza	Construction	3,000	2022
24	Sky Plaza	Construction	5,270	2022
		Total Future Supply GLA	**1,474,514**	

Source: Google Maps; MECSC; Knight Frank

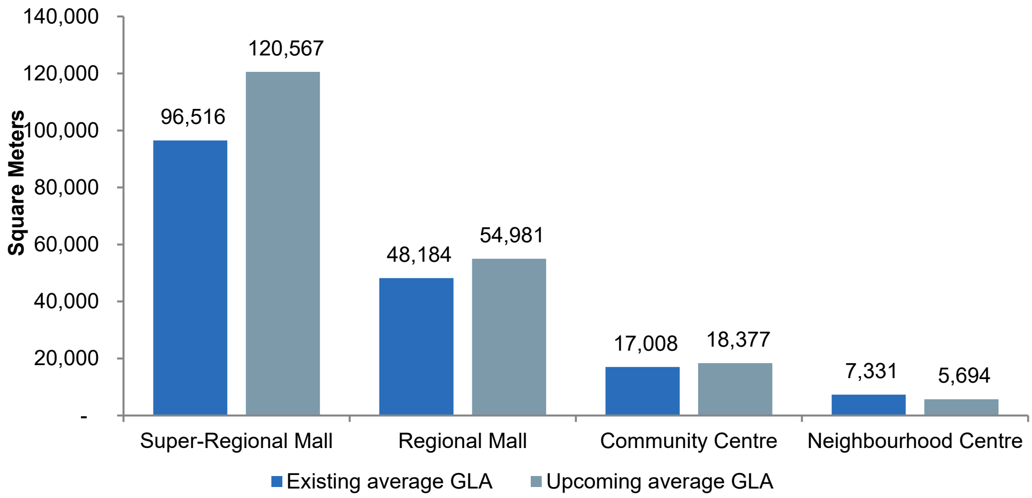
Quality organised retail supply characteristics

In Jeddah, larger malls have historically performed better than smaller malls, as their attractiveness goes beyond the presence of retail line stores coupled with an anchor. These malls feature activated spaces that offer social spaces and include a key entertainment attractor aimed at families to drive footfall and allowing shoppers to spend the entire day at the mall. By contrast, smaller malls typically only serve a single purpose, as shoppers usually go to these centres to shop at a specific store.

As a result, this has stimulated a marginal shift, whereby super regional and regional malls are getting larger to account for more entertainment and leisure based activities. Upcoming super regional and regional average sizes are expected to be considerably larger than existing ones. By contrast, upcoming community and neighbourhood centres average sizes are in line with existing ones.

Nevertheless, its is evident that there is a market trend throughout the GCC (e.g. Ajdan Walk in Al Khobar, City Walk in Dubai, etc.) leaning towards lifestyle and entertainment-led community centres or strip retail featuring outdoor landscaped spaces. These developments typically feature a higher proportion of F&B and entertainment spaces with limited retail line stores.

Average Mall Size by Type of Mall (GLA)



Source: Knight Frank

Quality organised retail: average annual lease rates

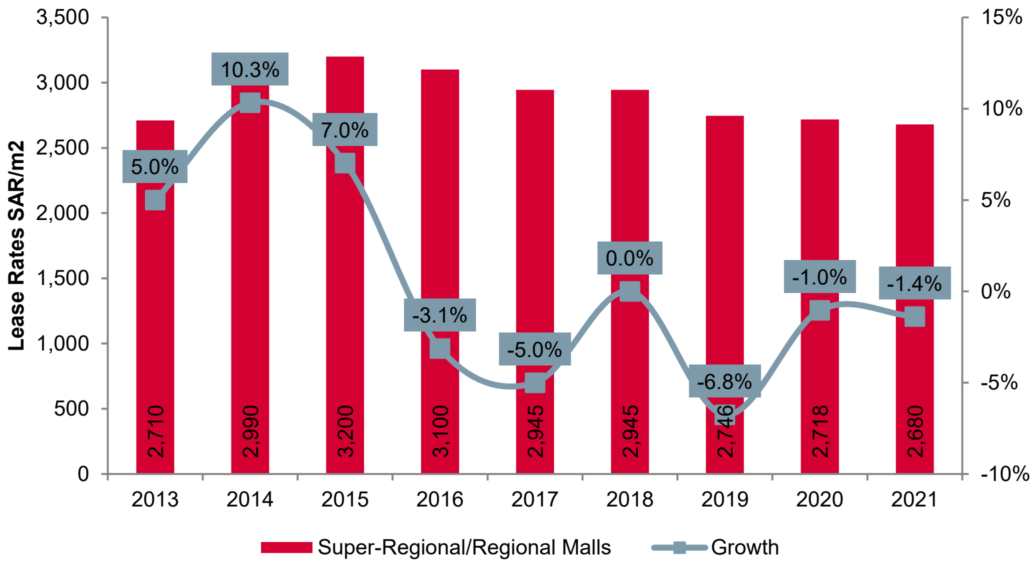
Average lease rates per square metre for super-regional and regional malls increased from 2013 to 2015 from SAR 2,710 to SAR 3,200. Subsequently, lease rates per square metre began to decline; 2016 recorded a 3.1% decrease to SAR 3,100, and 2017 recorded a 5% decrease to SAR 2,945. 2018 lease rates experienced no change, while 2019, 2020 and 2021 lease rates have further recorded a 6.8%, 1.0% and 1.4% decrease respectively. A number of factors have contributed to this including:

Stricter Saudisation policies meaning that spending from expatriates has declined due to the exodus. In addition, retailers are having to employ a larger share of Saudi nationals and as a result payroll figures have increased squeezing retailers margins;

Saudi national social benefits – in particular within the public sector – have been reduced and therefore impacting disposable income levels;

E-commerce is progressively gaining a larger market share as the years go by.

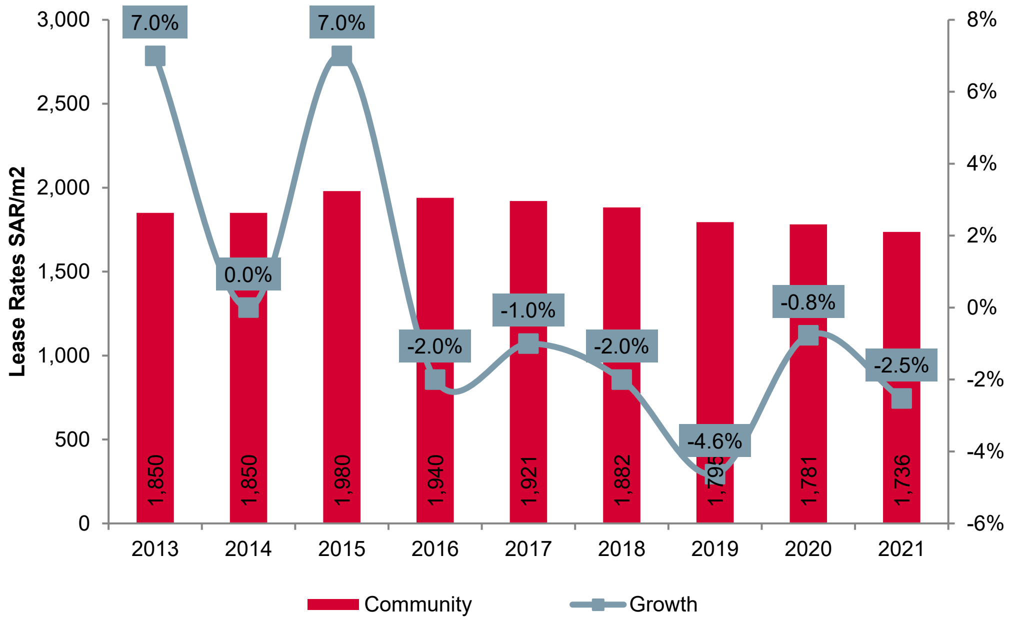
Jeddah super regional & regional malls lease rates (SAR/m2)



Community centres also witnessed a similar pattern with average lease rates per square metre, recording a marginal increase between 2013 and 2015 from SAR 1,850 to SAR 1,980. This was followed by six consecutive years of declining lease rates. Community malls lease rates registered an average 9.8% over the last six year from SAR 1940 to SAR 1750 per square meter in 2021.

As the Jeddah retail market matures and new supply is delivered, lease rates are expected to be pushed downwards marginally in the short term as retailers will continue to demand better lease rates reflecting diminished consumer spending.

Jeddah community malls lease rates (SAR/m2)



Source: Knight Frank

Super regional and regional malls vacancy

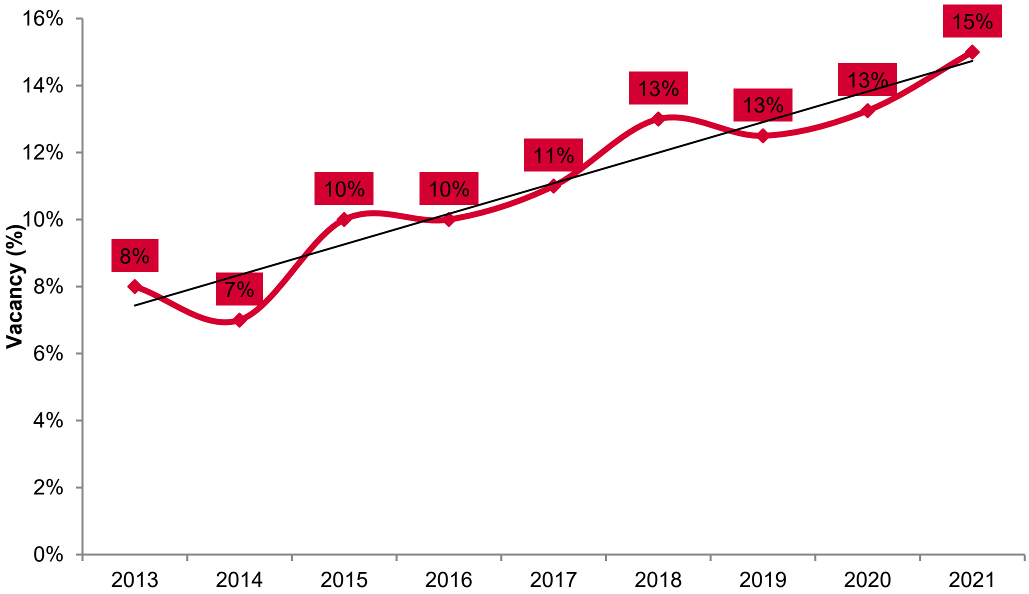
From 2013 to 2021, market-wide vacancy levels for super-regional and regional malls witnessed an increase from 8% to 15%.

2018 witnessed the addition of a few retail developments, namely Canana Mall, Rovan Plaza Al Marwah Plaza and Red Sea Mall extension, which marked a turning point as vacancy rates edged up higher to 13%.

Between 2013 and 2021, the average vacancy rate across Jeddah super-regional and regional malls stood at 11%.

Taking into account the supply pipeline coupled with a slowdown in economic conditions, vacancy rates are expected to increase marginally over the short-term. However, this can be mitigated in the event of developing a well-designed lifestyle retail development.

Jeddah super regional & regional mall vacancy rates



Source: Knight Frank

Valuation Report.

Qbic Building, Al Ghadeer District, Riyadh, KSA

Prepared for SNB Capital
Valuation date: 31 December 2021

Important Notice to all readers of this report

Unless you are the Client named within this report, or have been explicitly identified by us as a party to whom we owe a duty of care and who is entitled to rely on this report, Knight Frank Spain Saudi Arabia Real Estate Valuations Company does not owe or assume any duty of care to you in respect of the contents of this report and you are not entitled to rely upon it.

Locally expert, globally connected.

SNB Capital
Riyadh, Kingdom of Saudi Arabia

For the attention of Danial Mahfooz, CFA
Email: d.mahfooz@alahlicapital.com
Tel: +966 12 690 7817/ M: +966 54 475 2329

Our ref: KFV665-2021

Date of issue: 15 February 2022

Dear Sirs

Valuation Report – Qbic Building, Al Ghadeer District, Riyadh, KSA

Further to your instructions, we are pleased to provide our Valuation Report in respect of the above property. If you have any queries regarding this report, please let us know as soon as possible.

Signed for and on behalf of Knight Frank Spain Saudi Arabia Real Estate Valuations Company

Talal Raqaban, MRICS
RICS Registered Valuer - Taqeem No. 1210001810
Partner, Valuation & Advisory, KSA
For and on behalf of Knight Frank Spain Saudi Arabia Real Estate Valuations Company

This report has been reviewed, but not undertaken, by:

Stephen Flanagan, MRICS
RICS Registered Valuer - Taqeem No. 1220001936
Partner, Head of Valuation & Advisory, MENA
For and on behalf of Knight Frank Spain Saudi Arabia Real Estate Valuations Company

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Executive summary

This Executive summary is a brief overview of our Valuation Report and must not be relied upon in isolation. It is intended to be read in conjunction with the whole report and is subject to any assumptions, caveats and comments stated within the body of this report.

Address

Qbic Building, King Abdulaziz Road, Al Ghadeer District, Riyadh, KSA

Location

The property is located just 170 meters north of the junction of King Abdulaziz Road with the Northern Ring Branch Road in Al Ghadeer District in Riyadh. More specifically, it is situated just across from Tala Mall and it is bounded by King Abdulaziz Road from the east, by Tanmar Road to the north, by Wadi Rikham Road to the west and Tanduf Road to the south. The King Abdullah Financial District (KAFD) is just 2 km to the west and the King Khalid International Airport is 20 km north.

The wider area is mainly residential comprising local villas and apartment buildings while commercial uses prevail on King Abdulaziz Road and Northern Ring Branch Road.

Description

The property comprises a high-end mixed-use commercial retail strip (showrooms, shops, office units and restaurants) accommodating three buildings – A, B and C – that are designed in a U shape. Building A includes a ground floor, a mezzanine level, first floor and second floor. Building B and C include a ground floor, first floor and second floor.

The property is best suited for high-end fine dining restaurants and showrooms. Many of the restaurants have external terraces that give a high-end property feel. There is a vehicular ramp that leads from the ground floor to the two basements. A standalone building is located in the middle of the property just before the ramp that leads to the basements. The property has two basement floors with a total of c. 670 parking spaces. The basements have good air flow circulation. There are three accesses to the parking area on the first basement floor, including the ramp.

Areas

The built up area (BUA) and the net leasable area (NLA) of the property are 42,145.31 and 21,253.00 square meters respectively on a land plot of 17,444.21 square meters.

Level	Built Up Area (sq m)
Basement Parking	18,744.00
Ground Floor	7,559.85
Mezzanine Floor	1,583.77
First Floor	8,411.94
Roof Floor	5,678.25
Standalone Building	167.50
Total	**42,145.31**

Tenure	Freehold
Tenancies	The property is leased in its entirety to the Ministry of Housing for a term of 3 years from 25 February 2020 for SAR 21,613,000 per annum with no escalations.
Planning	We have been provided with a Building Permit for the property which indicates that the property has approval to accommodate restaurants, showrooms and offices.
Valuation considerations	• The property is centrally located and benefits from very good accessibility and visibility from both sides of King Abdulaziz Road. The layout and format of the property is of a high standard for a neighbourhood mixed use commercial strip development in Saudi Arabia. The traditional retail strip concept is still widely appreciated by the majority of the population in Riyadh and the performance of retail components has been heavily reliant on the retail strip location, tenant mix and other critical success factors. However, the entry of structured shopping centres has been shifting consumer preferences as the younger demographic of the Saudi population are becoming increasingly more brand-aware and oriented towards high-end products and experiences, e.g. cinemas, play areas. • The fact that the Ministry are spending substantial capital on fitting out the space suggests there will be a high probability of the initial 3 year term being extended for a further 3 years (6 years total) and thus we believe this is reasonable to reflect in our valuation analysis under the special assumption scenario. • We have assessed the market value of the property using a discounted cash flow approach, where we have reflected the contracted triple net rent for the initial lease term with a renewal of further 3 years, then modelled our assumption of the Market Rent of the property assuming the Ministry vacate and the property is then available to lease with vacant possession. In this scenario we have assumed a phased lease up on market terms and allowed for deduction of operating expenses. Our Estimated Rental Value is SAR 29.67 million per annum (assuming 100% occupancy). We have assumed 2.00% annual inflation in our cash flows and adopted an 8.00% exit yield and 10.00% discount rate. • There is no historical evidence regarding service charges / costs for FM per annum, therefore we have reflected an Op Ex provision of SAR 200 per sq m on GLA in our valuation analysis on expiry of the head lease to the Ministry of Housing. • Should the head lease of the building not be renewed, this valuation might be impacted due to allowing for void periods and structural vacancy.
Valuation date	31 December 2021
Market Rent	SAR 29,668,000 per annum (at 100% occupancy at the valuation date)
Special Assumption	The property is currently leased to the Ministry of Housing for a term of 3 years. We have also made a Special Assumption that this lease is renewed for a similar term.

Market Value on Special Assumption	We are of the opinion that the Market Value of the freehold interest in the property, on the special assumption that the head lease is renewed for an additional 3-years (initial 3 year term plus a renewal for 3 years at a rent of SAR 20,532,350 to the Ministry of Housing), at the valuation date, is: **SAR 251,700,000** **(Two Hundred and Fifty One Million, Seven Hundred Thousand Saudi Arabian Riyals)**

1. Terms of engagement

Engagement of Knight Frank Spain Saudi Arabia Real Estate Valuations Company

1.1 This valuation report (the "Valuation") has been prepared in accordance with our Terms of Engagement letter date **24 June 2021** and our General Terms of Business for Valuation Services (together the "Agreement"). A copy of this document is attached at Appendix 1 (along with your original instruction for reference purposes).

Client

1.2 We have been instructed to prepare the Valuation by SNB Capital (the "Client"), as manager on behalf of Al-Ahli REIT Fund, a real estate investment traded fund in the Saudi Stock Exchange (Tadawul).

Valuation standards

1.3 This valuation has been undertaken in accordance with the current editions of RICS Valuation - Global Standards, which incorporate the International Valuation Standards (the "Red Book") and Taqeem Standards**.** As required by the Red Book / IVS, some key matters relating to this instruction are set out below.

Independence and expertise

Disclosure of any conflicts of interest

1.4 We confirm that we do not have any material connection or involvement giving rise to a conflict of interest and are providing an objective and unbiased valuation.

1.5 This has been disclosed to you and you have given your consent to us proceeding with this instruction. We confirm that we are not aware of any undisclosed matter giving rise to a potential conflict of interest and that we are providing an objective and unbiased valuation.

Valuer and expertise

1.6 The valuer, on behalf of Knight Frank Spain Saudi Arabia Real Estate Valuation Company with the responsibility for this report is Talal Raqaban MRICS, RICS Registered Valuer and Fellow member of Taqeem. Parts of this valuation have been undertaken by additional valuers as listed on our file.

1.7 We confirm that the valuer and additional valuers meet the requirements of the Red Book / IVS and Taqeem Regulations, having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.

1.8 We are appointed as your valuation advisors; our role is limited to providing property valuation services in accordance with the Red Book and the terms of this Agreement.

1.9 For the purposes of the Red Book / IVS, we are acting as External Valuer.

1.10 This report has been vetted as part of Knight Frank Spain Saudi Arabia Real Estate Valuation Company quality assurance procedures.

Use of this Valuation

Purpose of valuation

1.11 The client has confirmed that this valuation report is required for REIT reporting to the Saudi Capital Market Authority (CMA) for the semi-annual reporting of the market value (MV) in accordance with Taqeem regulations (the "Purpose"). This valuation has been prepared solely for the aforementioned purpose and may not be used for any other purpose without our express written consent.

Reliance

1.12 This Valuation has been prepared for the Client only. No other person is entitled to rely on the Valuation for any purpose. We accept no liability to anyone for any improper or unauthorised reliance on this Valuation.

Disclosure & publication

1.13 The Valuation has been prepared for the Client and in accordance with the Agreement which governs its purpose and use. As stated in the Agreement, this Valuation is confidential and must not be disclosed to any person other than the Client without our express written consent. Nor may the whole nor any part of this valuation nor any reference thereto may be included in any prospectus, listing particulars, published document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.

Limitations on liability

1.14 Knight Frank Spain Saudi Arabia Real Estate Valuation Company's total liability for any direct loss or damage (whether caused by negligence or breach of contract or otherwise) arising out of or in connection with this Valuation is limited the amount specified in our Terms of Engagement, a copy of which is attached. Knight Frank Spain Saudi Arabia Real Estate Valuation Company accepts no liability for any indirect or consequential loss or for loss of profits.

1.15 We confirm that we hold adequate and appropriate PII cover for this instruction.

1.16 No claim arising out of or in connection with this Valuation may be brought against any employee, director, member, partner or consultant of Knight Frank Spain Saudi Arabia Real Estate Valuation Company. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Knight Frank Spain Saudi Arabia Real Estate Valuation Company.

1.17 Nothing in this Valuation shall exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.

Scope of work

1.18 In this report we have been provided with the following information by you, your advisors or other third parties and we have relied upon this information as being materially correct in all aspects.

1.19 In particular, we detail the following:

- Information relating to the extent of the property.

- Breakdown of units (in Excel).
- Floor plans (ground floor, mezzanine, first floor, second floor, roof).
- Project summary (PDF).
- Copy of the title deed.
- Copy of the Building Permit.
- Details of the rent provisions, structure and lease length.

1.20 In the absence of any documents or information provided, we have had to rely solely upon our own enquiries as outlined in this report. Any assumptions resulting from the lack of information are also set out in the relevant section of this report.

2. The Property

2.1 The property we have valued, including the inspection details, is as follows:

Property address	Inspected by	Inspection date
Qbic Building, King Abdulaziz Road, Al Ghadeer District, Riyadh, KSA	Raoudah Albakri	20 December 2021

Location

2.2 As can be seen from the plan below, the property is located just 170 meters north of the junction of King Abdulaziz Road with Northern Ring Branch Road in Al Ghadeer District in Riyadh. More specifically, it is situated just across from Tala Mall and it is bounded by King Abdulaziz Road from the east, by Tanmar Road to the north, by Wadi Rikham Road to the west and Tanduf Road to the south. The King Abdullah Financial District (KAFD) is just 2 km to the west and the King Khalid International Airport is 20 km north.

2.3 The wider area is mainly residential comprising local villas and apartment buildings while commercial uses prevail on King Abdulaziz Road and Northern Ring Branch Road.

Source: Google Earth / Knight Frank Research

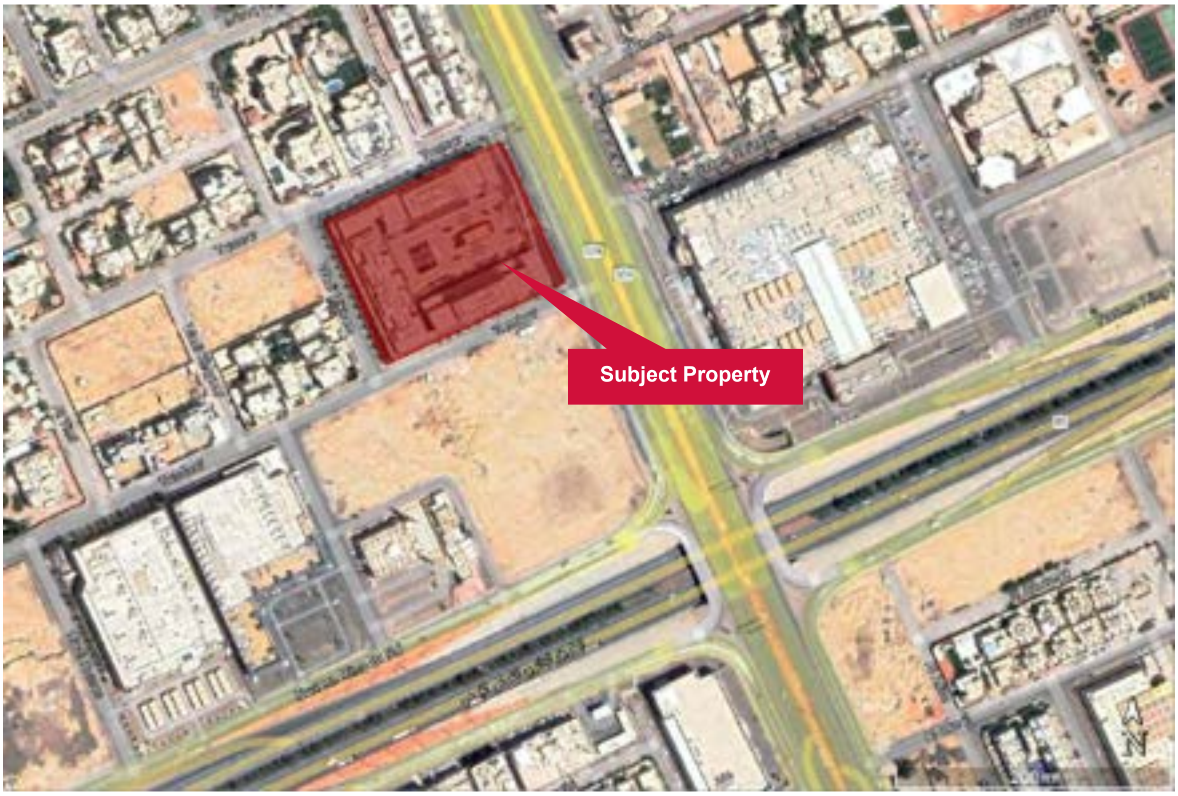
Site

Site area

2.4 The property occupies a flat and rectangular site of approximately 17,444.21 sq m (areas taken from client).

Site plan

2.5 The property is identified on the Google earth below, showing our understanding of the boundary outlined in red as per the building permit attached in appendix 2.



Source: Google Earth / Knight Frank Research

Description

2.6 The property comprises a high-end mixed-use commercial retail strip (showrooms, shops, office units and restaurants) accommodating three buildings – A, B and C – that are designed in a U shape. Building A includes a ground floor, a mezzanine level, first floor and second floor. Building B and C include a ground floor, first floor and second floor.

2.7 The property is well suited for high-end fine dining restaurants and showrooms. Many of the restaurants have external terraces that give a high-end property feel. There is a vehicular ramp that leads from the ground floor to the two basements. A standalone building is located in the middle of the property just before the ramp that leads to the basements. The property has two basement floors with c. 670 parking spaces. The basements have good air flow circulation. There are three accesses to the parking area on the first basement floor, including the ramp.

2.8 A selection of photos taken during our inspection is provided below:




Accommodation

Measurement

2.9 As agreed with the client, we have relied upon floor areas provided to us by them. No further verification has been undertaken. This is as follows:

Floor areas

Table 1: Built Up Area (BUA)

Description	BUA (sq m)
Basement Parking	18,744.00
Ground Floor	7,559.85
Mezzanine Floor	1,583.77
First Floor	8,411.94
Roof Floor	5,678.25
Standalone Building	167.50
Total	**42,145.31**

Table 2: Net Leasable Area (NLA)

QBIC Strip Mall - Floor Areas				
Shop No	**Floor**	**Type**	**Building**	**Area (sq m)**
Restaurant 001	Ground	Restaurant	C	448
Terrace (Restaurant 001)	Ground	Restaurant	C	528
Restaurant 002	Ground	Restaurant	C	146
Restaurant 003	Ground	Restaurant	C	223
Restaurant 004	Ground	Restaurant	C	66
Restaurant 005	Ground	Restaurant	C	66
Restaurant 006	Ground	Restaurant	C	75
Restaurant 007	Ground	Restaurant	C	222
Restaurant 008	First	Restaurant	C	414
Terrace (Restaurant 008)	First	Rest Terrace	C	495
Restaurant 009	First	Restaurant	C	455
Terrace (Restaurant 009)	First	Rest Terrace	C	204
Restaurant 10	First	Restaurant	C	455
Terrace (Restaurant 10)	First	Rest Terrace	C	161
Shop No. 01	Ground	Shop	C	148
Shop No. 02	Ground	Shop	C	148
Shop No. 03	Ground	Shop	C	224
Showroom 001	Ground	Showroom	A	355
Mezzanine 001	Ground	SR, Mezzanine	A	146
Show Rm 002	Ground	Showroom	A	226
Mezzanine 002	Ground	SR, Mezzanine	A	116
Show Rm 003	Ground	Showroom	A	226
Mezzanine 003	Ground	SR, Mezzanine	A	116
Show Rm 004	Ground	Showroom	A	226
Mezzanine 004	Ground	SR, Mezzanine	A	116
Show Rm 005	Ground	Showroom	A	199
Mezzanine 005	Ground	SR, Mezzanine	A	100
Show Rm 006	Ground	Showroom	A	283
Mezzanine 006	Ground	SR, Mezzanine	A	173
Show Rm 007	Ground	Showroom	A	281
Mezzanine 007	Ground	SR, Mezzanine	A	173
Show Rm 008	Ground	Showroom	A	199
Mezzanine 008	Ground	SR, Mezzanine	A	100

Show Rm 009	Ground	Showroom	A	226
Mezzanine 009	Ground	SR, Mezzanine	A	116
Show Rm 10	Ground	Showroom	A	224
Mezzanine 10	Ground	SR, Mezzanine	A	116
Show Rm 11	Ground	Showroom	A	586
Mezzanine 11	Ground	SR, Mezzanine	A	310
Shop No. 04	Ground	Shop	B	148
Shop No. 05	Ground	Shop	B	148
Shop No. 06	Ground	Shop	B	224
Restaurant 13	Ground	Rest	B	449
Restaurant 14	Ground	Rest	B	146
Restaurant 15	Ground	Rest	B	184
Restaurant 16	Ground	Rest	B	184
Restaurant 17	Ground	Rest	B	146
Restaurant 18	Ground	Rest	B	75
Restaurant 19	Ground	Rest	B	222
Restaurant 20	First	Rest	B	510
Terrace (Restaurant 20)	First	Rest Terrace	B	504
Restaurant 21	First	Restaurant	B	550
Terrace (Restaurant 21)	First	Rest Terrace	B	202
Restaurant 22	First	Restaurant	B	498
Terrace (Restaurant 22)	First	Rest Terrace	B	156
Stand Alone (1)	Ground	Stand Alone	SA	196
Restaurant 11	Second	Restaurant	C	307
Terrace (Restaurant 11)	Second	Rest Terrace	C	342
Restaurant 12	Second	Restaurant	C	225
Terrace (Restaurant 12)	Second	Rest Terrace	C	297
Restaurant 23	Second	Restaurant	B	396
Terrace (Restaurant 23)	Second	Rest Terrace	B	411
Restaurant 24	Second	Restaurant	B	297
Terrace (Restaurant 24)	Second	Rest Terrace	B	354
Office 001	First	Office	A	182
Office 002	First	Office	A	182
Office 003	First	Office	A	236
Terrace (Office 003)	First	Office, Terrace	A	75
Office 004	First	Office	A	160
Terrace (Office 004)	First	Office, Terrace	A	75
Office 005	First	Office	A	179
Office 006	First	Office	A	196

Office 007	First	Office	A	196
Office 008	First	Office	A	176
Office 009	First	Office	A	202
Office 010	First	Office	A	313
Office 011	First	Office	A	182
Office 012	First	Office	A	180
Office (13)	Second	Office	A	119
Terrace (Office 13)	Second	Office, Terrace	A	56
Office (14)	Second	Office	A	323
Terrace (Office 14)	Second	Office, Terrace	A	444
Office (15)	Second	Office	A	126
Terrace (Office 15)	Second	Office, Terrace	A	45
Office (16)	Second	Office	A	126
Terrace (Office 16)	Second	Office, Terrace	A	45
Office (17)	Second	Office	A	323
Terrace (Office 17)	Second	Office, Terrace	A	675
Office (18)	Second	Office	A	118
Terrace (Office 18)	Second	Office, Terrace	A	57
Total				**21,253**

Source: Client

2.10 The valuation given does not include any chattels or contents within the property.

2.11 Copies of floor plans provided are attached at Appendix 4 and for the sake of convenience we would list the accommodation as follows. There are three buildings – A, B and C – that are arranged in a U shape. Building A includes a ground floor, a mezzanine level, first and second floors. Building B and C include a ground floor, first and second floors. There is also a ground floor standalone building in the middle of the development.

Services

2.12 No tests have been undertaken on any of the services.

2.13 We have assumed for the purposes of this valuation that mains gas, water, electricity, drainage and telecommunications are all available to the subject property.

Legal title

Sources of Information

2.14 We have been provided by the client with a copy of the title deed of the property, details as shown below:

Table 3: Title deed

Item	Description
Title Deed number	710120033331
Date	26/10/2014
Plot	24,25,26,27 scheme 2726
District	Al Ghadeer
Owner	Abdulaziz Bin Abdullah Bin Abdulaziz Almousa & Abdulaziz Bin Hamad Bin Ibrahim Almesheal
Area (sq m)	17,444.21

Source: Client

2.15 A copy of the title deed is attached in Appendix 3.

Tenure

2.16 We have been informed by SNB Capital “the client” that the property is held freehold by Abdulaziz Bin Abdullah Bin Abdulaziz Almousa & Abdulaziz Bin Hamad Bin Ibrahim Almesheal.

2.17 In the absence of a lease copy, we have assumed that normal covenants and liabilities devolve upon the lessee. It is further assumed that there are no onerous restrictions or outgoings contained within the lease that would impact on the valuation provided within this report

2.18 These assumptions should be verified by your legal advisors. If they prove incorrect, any variation may have a material impact on value and should be referred back to us for further comment.

Covenants

2.19 We have assumed that the property is not subject to any unusual or onerous covenants, restrictions, encumbrances or outgoings.

Tenancies

2.20 The property is currently fully leased to the Ministry of Housing on a three-year lease. The salient terms of the lease agreement are summarised below:

Table 4: Lease agreement summary

Item	Description
Demise	Commercial building and two basement floors
Lease Date	25/02/2020 (1441/07/01 Hijri)
Tenant	Ministry of Housing
Term	3 years
Land Area (sq m)	17,444.21 sq m

Current Passing Rent	SAR 21,613,000 per annum
Rent Review	Fixed Rent
Use	Office

Condition

Scope of inspection

2.21 We have not undertaken a site survey of the property.

2.22 During our limited inspection we did not inspect any inaccessible areas. We are unable to confirm whether the property is free from urgent or significant defects or items of disrepair.

Comments

2.23 No urgent or significant defects or items of disrepair were noted which would be likely to give rise to substantial expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance programme. We have assumed that the building has been completed in accordance with its planning consent to a good standard.

2.24 Apart from any matters specifically referred to below, we have assumed that it is in sound order and free from structural faults, rot, infestation or other defects, and that the services are in a satisfactory condition.

2.25 During the course of our inspection, the buildings appeared to be in a generally reasonable state of repair commensurate with their age and use.

Ground conditions

2.26 We have not been provided with a copy of a ground condition report for the site. We have assumed that there are no adverse ground or soil conditions and that the load bearing qualities of the site are sufficient to support the buildings constructed thereon.

Environmental considerations

Contamination

2.27 Investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Knight Frank is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

Planning

Sources of planning information

2.28 We have been provided with the property's Building Permit, the details of which are detailed below:

Table 5: Summary of Building Permit

Item	Description
License number	1436/19453
Issue Date	12/10/2015
End Date	09/09/2018
Land Area (sq m)	17,426.21
Area (sq m)	38,002.60

Source: Client

Highways and access

2.29 We have assumed that there are no current highway proposals in the immediate vicinity likely to have a detrimental effect upon the property within the foreseeable future.

Access

2.30 In reporting our opinion of value, we have assumed that there are no third party interests between the boundary of the subject property and the adopted highways and that accordingly the property has unfettered vehicular and pedestrian access.

2.31 We have assumed that there are no issues relating to visibility splays which may impact upon the use or proposed use of the property.

Statutory licences & certificates

2.32 We have assumed in our valuation that all regulations, statutory licences & certificates have been complied with.

Fire safety

2.33 We have not viewed any documents relating to the fire safety within the property and have assumed for the purposes of our valuation that the relevant legal requirements have been fully complied with.

3. Market analysis

Saudi Arabia market commentary

3.1 A copy of the KSA Macro Economic Overview, prepared by Knight Frank, is attached at Appendix 6.

Source of information

3.2 Our market analysis has been undertaken using market knowledge within Knight Frank, enquiries of other agents, searches of property databases, as appropriate and any information provided to us.

4. Valuation

Methodology

4.1 Our valuation has been undertaken using appropriate valuation methodology and our professional judgement.

Comparative method

4.2 In undertaking our valuation of the property, we have made our assessment on the basis of a collation and analysis of appropriate comparable transactions, together with evidence of demand within the vicinity of the subject property. With the benefit of such transactions we have then applied these to the property, taking into account size, location, aspect and other material factors.

Investment Method

4.3 Our valuation has been carried out using the comparative and investment methods. In undertaking our valuation of the property, we have made our assessment on the basis of a collation and analysis of appropriate comparable investment and rental transactions, together with evidence of demand within the vicinity of the subject property. With the benefit of such transactions we have then applied these to the property, taking into account size, location, terms, covenant and other material factors.

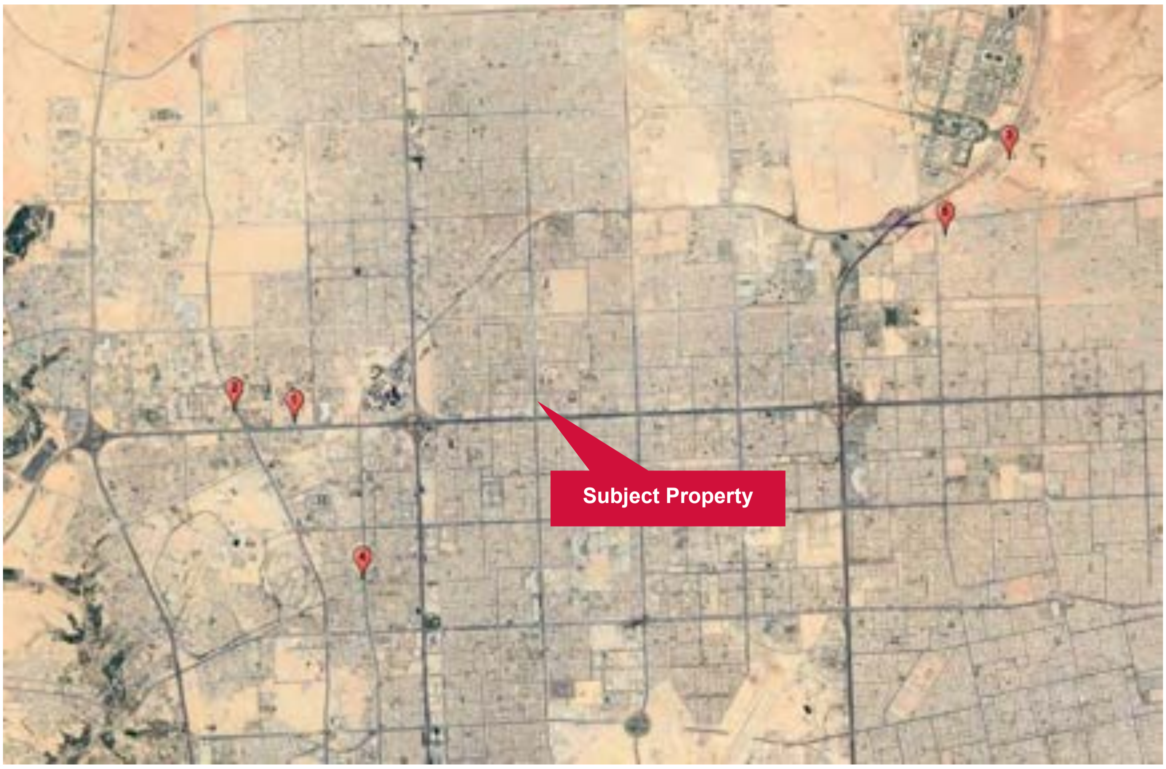
4.4 We have undertaken the valuation of the property via a discounted cash flow approach, whereby we reflect current and potential future revenues and operational costs explicitly. We have applied rental growth, occupancy assumptions, sinking fund provision and operating expenses in our cash flow.

Comparable Evidence – Benchmarking

4.5 For restaurants, offices, and retail rental evidence we have analysed appropriate comparable properties, together with evidence of demand within the market of the subject property.

4.6 For the retail component, Knight Frank has focused on properties that have similar layout, architecture, and consumer targeting to the subject property.

4.7 We provide a summary of our comparable evidence in the map and corresponding table below.



Source: Google Earth / Knight Frank Research

4.8 As shown in the map above, five properties are chosen as comparable set (retail / commercial) to the subject property as following:

Comparable Evidence

No.	Development Name	Opening	Service Charges	Min (SAR per sq m)	Max (SAR per sq m)
1	Rubeen Plaza	Q4 2015	Inclusive	2,500	3,500
2	The Boulevard	Q2 2017	Inclusive	1,400	2,500
3	Riyadh Front	Q3 2019	Inclusive	1,500	3,000
4	The Zone	Q2 2019	15%	2,500	3,000
5	Cordoba Boulevard	Q2 2019	10%	2,000	4,000

Source: Knight Frank Research

4.9 The retail benchmarks noted in the table and location map above have been assessed as the market of relevance for the subject property. These have been included as a result of their location, positioning, tenant mix, characteristics as well as best practices.

4.10 As a result, these benchmarks form the foundation of our analysis to ascertain the subject property's key performance indicators (lease rates, absorption, vacancy, etc.).

4.11 A lifestyle centre is considered to be F&B and entertainment led retail development featuring outdoor spaces and supporting retail elements. A number of these benchmarks have been included in our analysis as the positioning is deemed to be a suitable fit for the subject site given the characteristics of the site (leveraging from the King Abdullah branch Road).

4.12 We have used similar comparable sets around the city of Riyadh to arrive at the applied estimated rental values (ERVs). We have gathered information from high-quality retail strips, mixed-used projects and office developments.

4.13 We have divided the subject property into eight different categories of tenant / use. The categories include the restaurants on the ground floor, restaurants on the first floor, restaurants on the second floor, shops, showrooms, offices on the first floor, offices on the second floor, and the stand-alone building. Based on our understanding of the market and the subject property, we have applied a base rate to each of the eight categories.

4.14 We have then adjusted each unit compared to the base unit rate of each category. We have applied a base rate of SAR 1,850 per sq m for the ground floor retail spaces, SAR 1,665 per sq m for the first floor retail (10% discount compared to the ground floor) and SAR 1,570 per sq m for the retail on the second floor (15% discount compared to the ground floor).

4.15 For the office component, Knight Frank has focused on properties that include non-high rise good quality office buildings.

Source: Google Earth / Knight Frank Research

4.16 As shown in the map above, five properties are chosen as comparable set (office) to the subject property as following:

Comparable Evidence

Ref.	Development Name	Rent SAR Per sq m	Occupancy%
1	Raidah Digital City	1,500	100%
2	Business Gate	1,650 – 1,750	90%
3	Granada Business Gate	1,500	96%
4	Riyadh Business Front	1,650	95%
5	The Boulevard	1,200	100%

Source: Knight Frank Research

4.17 The property is not located within the core office CBD of Riyadh, however it comprises more than 6,000 sq m of office space, which could be attractive to small to medium sized private companies or government entities. The parking area and the retail component is definitely an advantage and has historically been proved to be appealing to potential tenants.

4.18 Quoting rents at Raidah Digital City are SAR 1,500 per sq m per annum, and the space offered is prime grade A space. Raidah Digital City commands a premium to the property due to specification, being situated in an integrated masterplan, and that there is good provision for parking with exceptional security.

4.19 Business Gate is a low rise business park which tenanted mainly by mid to large sized businesses. Current asking rents at Business Gate range between SAR 1,650 to SAR 1,750 per sq m per annum which varies upon unit size, aspect and lease terms. We consider that when comparing Business Gate to the property a downward adjustment for specification is applicable. Although the location of the property is a better, we consider that the overall adjustment would be negative due to grade of space, aspect and that Qbic is not situated in a business park.

4.20 Granada Business Gate is a business park themed grade A office development, with headline rents standing at SAR 1,500 per sq m per annum. The development is situated beside Granada Mall and sits near the Eastern Ring Road. We consider that an upward adjustment for location would be applicable against the property, although a downward adjustment for facilities, specification and grade of space is applicable.

4.21 Riyadh Business Front is situated along Airport Road, opposite Princess Noura University in a fairly undeveloped area. Riyadh Business Front benefits from great visibility and accessibility off Airport Road. The space offered is considered better than that offered in the property due to specification. Overall we consider that the property would lease at a discount to Riyadh Business Front.

4.22 At the lower end of the range is The Boulevard, with headline rents standing at SAR 1,200 per sq m per annum. The Boulevard sits on the west side of Prince Turki Ibn Abdulaziz Al Awwal Road and is known for its lifestyle retail offering. We consider that the office space would command a premium for location and a discount for specification.

4.23 Overall Knight Frank's research data shows that similar developments would lease at a discount to the benchmarks shown above due to specification, location and positioning. We have applied a premium for the office space on the second floor and have made adjustments to reflect each unit's attributes and characteristics within the development according to the distance from the entry point, size, and accessibility.

SWOT analysis

Strengths	Weaknesses
• New modern construction • Very good visibility and access on King Abdulaziz Road • Very good design/layout • Adequate number of parking spaces • No market risk, and very limited credit risk for the initial 3 year lease period.	• Property is located across from Tala Mall, a 22,711 sq m community mall on the north Ring Branch (exit 5) crossing King Abdulaziz Road • Hayat Mall is located just 3.2km to the south on King Abdulaziz Road
Opportunities	**Threats**
• Tenant mix to compliment competitive schemes in the wider area, e.g. fine dining restaurants • Subject to a head lease agreement there is an opportunity of steady rental income for a number of years	• Similar developments on vacant/undeveloped plots in the wider area • Retail sector performance / Saudi population spending power

Valuation Considerations

4.24 The main benefits the subject property has are the fact it is newly constructed, and thus should not require substantial repairs and maintenance for a few years, and the fact that it is leased to the Ministry of Housing, which is a blue chip covenant and very low credit risk.

4.25 The fact that the Ministry are spending substantial capital on fitting out the space suggests there will be a high probability of the initial 3 year term being extended for a further 3 years (6 years total) and thus we believe this is reasonable to reflect in our valuation analysis under the special assumption scenario.

4.26 The blend of retail and commercial office space in this type of development does not typically attract true blue chip covenants, as tenants such as large financial companies, banks, lawyers, corporates etc typically are bound by a corporate identity and must take space in a prescribed central office tower. Therefore, we could expect to see second tier international occupiers, local companies looking for a good profile and able to pay a strong rent.

4.27 The property is well located, well designed and the format has proved popular with tenants / retailers and clientele / customers.

4.28 We consider that the head lease underwritten by the Government entity provides security of income in difficult trading conditions. We have adopted an exit yield of 8.00% for the property.

4.29 We have assessed the market value of the property using a discounted cash flow approach, where we have reflected the contracted triple net rent for the initial lease term with a renewal of further 3 years, then modelled our assumption of the Market Rent of the property assuming the Ministry vacate and the property is then available to lease with vacant possession. In this scenario we have assumed a phased lease up on market terms and allowed for deduction of operating expenses. Our Estimated Rental Value is SAR 29.67 million per annum (assuming 100% occupancy). We have assumed 2.00% annual inflation in our cash flows and adopted an 8.00% exit yield and 10.00% discount rate.

4.30 There is no historical evidence regarding service charges / costs for FM per annum, therefore we have reflected an Op Ex provision of SAR 200 per sq m on GLA in our valuation analysis on expiry of the head lease to the Ministry of Housing.

4.31 Should the head lease of the building not be renewed, this valuation might be impacted due to allowing for void periods and structural vacancy.

Valuation Assumptions

4.32 We provide our valuation assumptions in the table below:

Table 6: Valuation Assumptions

Item	Assumptions (6-year head lease)
Market Rent (at 100% occupancy at the valuation date)	SAR 29,668,000 per annum
Net Leasable Area (sq m)	21,253
Built Up Area (sq m)	42,145
Service Charge	10% of rental value
Management Fee	2%
Sinking Fund	1%
Op Ex	SAR 200 per sq m on GLA
Inflation	2.00%
Exit Yield	8.00%
Discount Rate	10.00%

Valuation bases

Market Value

4.33 Market Value is defined within **RICS Valuation - Global Standards / IVS** 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 had each acted knowledgeably, prudently and without compulsion*."

Market Rent

4.34 The basis of valuation for our opinion of rental value is Market Rent. This is defined in RICS Valuation - Global Standards / IVS as:

"*The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*".

Valuation date

Valuation date

4.35 The valuation date is 31 December 2021.

Market Value

Assumptions

4.36 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our Terms of Engagement letter and within this report.

Key Assumption

4.37 Whilst we have not provided a summary of all these assumptions here, we would in particular draw your attention to the following key assumption: We have not measured the property and our valuation calculations are based on the areas provided by the client.

Special Assumption

4.38 The property is currently leased to the Ministry of Housing for a term of 3 years, we have upon discussion with the Client made the Special Assumption that this lease is renewed for a similar term. This is considered reasonable due to the high capex incurred in the fitout and the likelihood to need to amortise this fit out cost.

Market Value on Special Assumption

4.39 We are of the opinion that the Market Value of the freehold interest in the property, on the special assumption that the head lease is renewed for an additional 3-years (initial 3 year term plus a renewal for 3 years at a rent of SAR 20,532,350 to the Ministry of Housing), at the valuation date, is:

SAR 251,700,000

(Two Hundred and Fifty One Million, Seven Hundred Thousand Saudi Arabian Riyals)

Appendix 1 Instruction documentation

AlAhli REIT Fund (1)
Riyadh
Kingdom of Saudi Arabia

For the attention of Danial Mahfooz

Our Ref: NCB Capital

24 June 2021

Dear Sirs

Terms of Engagement for Valuation Services for the properties listed in section 2

Thank you for your enquiry of 24 June 2021 requesting a valuation report in respect of the properties detailed below (the "Properties"). We are writing to set out our agreed terms of engagement for carrying out this instruction which comprise this Terms of Engagement letter (this "Letter") together with our General Terms of Business for Valuation Services (the "General Terms"). This Letter and the General Terms (together, the "Agreement") exclude any other terms which are not specifically agreed by us in writing. To the extent that there is any inconsistency between this Letter and the General Terms, this Letter shall take precedence.

1. Client

Our client for this instruction is AlAhli REIT Fund (1) (the "Client", "you", "your").

2. Properties to be valued

The Properties to be valued are as follows:

Property Address	Tenure	Occupancy
Asset 1: Al Andalus Mall (including extension land) and Staybridge Suites Hotel Apartments, Jeddah, Kingdom of Saudi Arabia	Freehold	Tenanted - subject to more than one lease or tenancy
Asset 2: Obic Building, King Abdulaziz Road Al Ghadeer District, Riyadh, Kingdom of Saudi Arabia	Freehold	Tenanted - subject to more than one lease or tenancy
Asset 3: Salama Building, Madinah Road Salamah District, Jeddah, Kingdom of Saudi Arabia	Freehold	Tenanted - subject to more than one lease or tenancy

3. Valuation standards

The Valuation will be undertaken in accordance with the current editions of RICS Valuation - Global Standards, incorporating the International Valuation Standards, and the Taqeem regulations of KSA.

Building WHD1-04 1St Floor Al Raidah Digital City
T +966 5308 03297

knightfrank.com.sa

4. Status of valuer and disclosure of any conflicts of interest

For the purposes of the Red Book, we are acting as External Valuers, as defined therein.

We confirm that we do not have any material connection or involvement giving rise to a conflict of interest and are in a position to provide an objective and unbiased valuation.

We draw to your attention that if you subsequently request and we agree to the Valuation being re-addressed to a lender (for which we shall make an additional charge), the Valuation may not meet their requirements, having originally been requested by you. We will only readdress the Valuation once we have received a signed reliance letter in our standard format from the new addressee. Please note also that no update or alterations will be made to the Valuation prior to its release to any new addressee.

5. Valuer and competence disclosure

The valuer, on our behalf, with responsibility for the Valuation will be Stephen Flanagan MRICS, RICS Registered Valuer, Taqeem Fellow Valuer with Membership Number 1220001318 (the "Lead Valuer"). Parts of the Valuation may be undertaken by additional valuers within the firm.

We confirm that we meet the requirements of the Red Book in having sufficient current knowledge of the particular market and the skills and understanding to undertake the Valuation competently.

6. Purpose of valuation

The Valuation is provided solely for the purpose of REIT Year-end reporting (the "Purpose") and in accordance with clause 4.1 of our General Terms may not be used for any other purpose without our express written consent.

7. Limitation of liability and restrictions on use

Clause 3.1 of the General Terms limits our liability to SAR 1 million under this instruction.

Nothing in this Agreement excludes or limits our liability to the extent that such liability may not be excluded or limited as a matter of applicable law.

Third party reliance

Clause 4.2 of the General Terms states that no liability is accepted to any third party for the whole or any part of the Valuation.

Disclosure

Clauses 4.3 to 4.6 of the General Terms limits disclosure and generally prohibits publication of the Valuation. As stated therein, the Valuation is confidential to the Client and neither the whole, nor any part, of the Valuation nor any reference thereto may be included in any published document, circular or statement, nor published in any way, without our prior written consent and written approval of the form or context in which it may appear.

8. Basis of valuation

The Valuation will be undertaken on the following basis, as defined in the Red Book:

- Market Value

9. Special assumptions and assumptions

Special assumptions

In addition to section 8 above, the Valuation will be undertaken on the following special assumptions:

- You have not requested any valuations on special assumptions.

Assumptions

The Valuation will necessarily be based upon a number of assumptions, as set out in the General Terms, this Letter and within the Valuation.

10. Valuation date

The valuation dates are 30 June 2021 and 31 December 2021

11. Currency to be adopted

The valuation figures will be reported in Saudi Riyals (SAR).

12. Extent of inspection and investigations

We have agreed the following specific requirements in relation to the Valuation:

Inspection

You have instructed us to inspect the Properties internally / by going onto the site, as well as externally.

13. Information to be relied upon

We will rely on information provided to us by you or a third party and will assume it to be correct. This information will be relied upon by us in the Valuation, subject only to any verification that we have agreed to undertake.

Where we express an opinion in respect of (or which depends upon) legal issues, any such opinion must be verified by your legal advisers before any Valuation can be relied upon.

Please inform us as to whether there has been a purchase price recently agreed or transacted in respect of the Properties. Please note that the Valuation will comment as to whether any such information has been revealed and if not, will contain a further request that this information must be provided to us before the Valuation is relied upon.

14. Report format

The Valuation will be prepared in our standard format which will be compliant with the Red Book and Taqeem and will take into account any reasonable requests made by you at the relevant time.

15. Fees and expenses

Payment details

Our fee for undertaking this instruction will be [redacted] for each re-valuation, and reasonable disbursements divided into two payment, set out below.

June 2021 revaluation:

Advance Payment | [redacted]
Final payment | [redacted]

December 2021 re-valuation:

Advance Payment | [redacted]
Final payment | [redacted]

Our timeframe for completion of draft reports shall be by 15 working days from receipt of the initial invoice payment and receipt of all information contained within Appendix 4. Where any additional work is undertaken by Knight Frank Spain Saudi Arabia Real Estate Valuations Company or the time period of the assignment is extended due to reasons outside our control, we reserve the right to seek additional fees charged on an as-incurred basis in agreement with the client.

Where we are unable to complete the report as a result on information not being made available by the Client we reserve the right to proceed with the billing of any outstanding fees.

In accordance with clause 10.4 of the General Terms, if you end this instruction at any stage, we will charge abortive fees on the basis of reasonable time and expenses incurred, with a minimum charge of 50% of the above fee if the Properties have been inspected.

Payment of our fee is required in advance. Before the Valuation is discussed or issued the invoice must have been settled.

The scope of our work is set out in the Agreement. In accordance with clause 10.5 of the General Terms, if we are instructed to carry out additional work that we consider either to be beyond the scope of providing the Valuation or to have been requested after we have finalised the Valuation (including, but not limited to, commenting on reports on title) we will charge additional fees for such work. We will endeavour to agree any additional fees with you prior to commencing the work, however, where this is not possible our hourly rates will apply.

Where additional work is requested after we have issued the Valuation, please note that we cannot guarantee the availability of the Lead Valuer or any additional valuers that may have been involved in the preparation of the Valuation (especially where such requests are received on short notice). Please note also that we will require sufficient time for completion of such additional work.

16. Acceptance

Please sign and return a copy of this Letter signifying your acceptance of the terms of the Agreement. We reserve the right to withhold any Valuation and/or refrain from discussing it with you until this Letter has been

countersigned and returned. Your attention is drawn to the "Important Notice" in the General Terms. If you have any questions regarding this Letter and/or the terms of the Agreement between us please let us know before signing this Letter or otherwise giving us instructions to proceed.

Thank you for instructing Knight Frank Spain Saudi Arabia Real Estate Valuations Company.

Yours faithfully

Stephen Flanagan MRICS
Partner - Head of Valuation & Advisory, MENA,
Valuation & Advisory, MENA
For and on behalf of Knight Frank Spain Saudi Arabia
Real Estate Valuations Company
stephen.flanagan@me.knightfrank.com
T +971 4 4267 617
M +971 50 8133 402

Attached - General Terms of Business for Valuation Services

....

Signed for and on behalf of AlAhli REIT Fund (1)

....

Date

KF Ref: NCB Capital

Appendix 2 Building Permit

رخصة بناء معارض تجارية ومكاتب

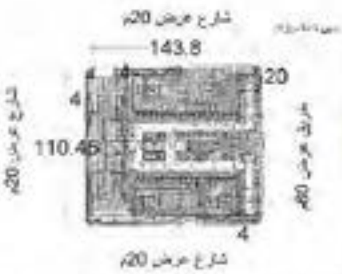
www.alriyadh.gov.sa

رقم الرخصة :
تاريخ الرخصة :
تاريخ الإنتهاء :
نوع الرخصة : تعديل مخططات البناء

اسم المالك :	الرخصة الفورية
رقم الهوية :	تاريخها :
رقم الصك :	تاريخه :
رقم القطعة :	رقم المخطط التنظيمي :
الشارع :	رقم العقار :
الحي :	نوع البناء :
مساحة الأرض :	محيط الأسوار :

الجهة	الحدود	الأبعاد	الإرتداد
شمال	[illegible]	[illegible]	[illegible]
شرق	[illegible]	[illegible]	[illegible]
جنوب	[illegible]	[illegible]	[illegible]
غرب	[illegible]	[illegible]	[illegible]

مكونات البناء	عدد الوحدات	المساحة	الإستخدام
[illegible]	[illegible]	[illegible]	[illegible]



المكتب المصمم :

رقم الترخيص : | رقم المشروع : | رمز النظام : | مناسيب الشوارع المحيطة :

سدد الرسوم مبلغ وقدره : | ريال بموجب الإيصال رقم : | وتاريخ :

ملاحظات :

الختم الرسمي

يجب الإلتزام بالشروط الموضحة خلف الرخصة

Appendix 3 Title Deed

وزارة العدل
[٢٧٧]

الرقم : ٧١٠١٢٨٠٠٣٣٣٣١
التاريخ : ٣ / ١ / ١٤٣٦ هـ

كتابة العدل الاولى بالرياض

صك

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

فإن قطعة الارض ٤١ و قطعة الارض ٢٥ و قطعة الارض ٢٦ و قطعة الارض ٢٧ من المخطط رقم ٢٧٣٦ / أ الواقع في حي النخيل بمدينة الرياض .

وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ٢٠م بطول: (١٤٩,٨) مائة و تسعة و أربعون متر و ثمانون سنتمتر

جنوباً: شارع عرض ٢٠م بطول: (١٤٩,٨) مائة و تسعة و أربعون متر و ثمانون سنتمتر

شرقاً: طريق عرض ٦٠م بطول: (١١٦,٤٥) مائة و ستة عشر متر و خمسة و أربعون سنتمتر

غرباً: شارع عرض ٢٠م بطول: (١١٦,٤٥) مائة و ستة عشر متر و خمسة و أربعون سنتمتر

ومساحتها :(١٧,٤٤٤,٢١) سبعة عشر ألفا و أربعمائة و أربعة و أربعون متر مربعاً و واحد و عشرون سنتمتر مربعاً فقط بناء على خطاب الأمانة ٥٤٦٣٤ في ١٤٣٠/١٢/٢١ هـ والمقيد في هذه الادارة رقم ٤٠٣٤٨٠٤٣٧ وتاريخ ١٤٣٥/١٢/٢٢.

المملوكة بالصك الصادر من هذه الإدارة برقم ٩١٠١١٢٠٥٧٢٥٠ في ١٤ / ٦/ ١٤٣٠ هـ

هي ملك عبد العزيز بن عبد الله بن عبد العزيز الموسى سعودي الجنسية بموجب سجل مدني رقم ١٠١٤٣٣٢٥٧٩ و عبدالعزيز بن حمد بن ابراهيم الشمل سعودي الجنسية بموجب سجل مدني رقم ١٠١٠٦٢٥٩٣٦ ،وعليه جرى تحريره في ٣ / ١/ ١٤٣٦ هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل

مصعب بن محمد بن احمد الخنين

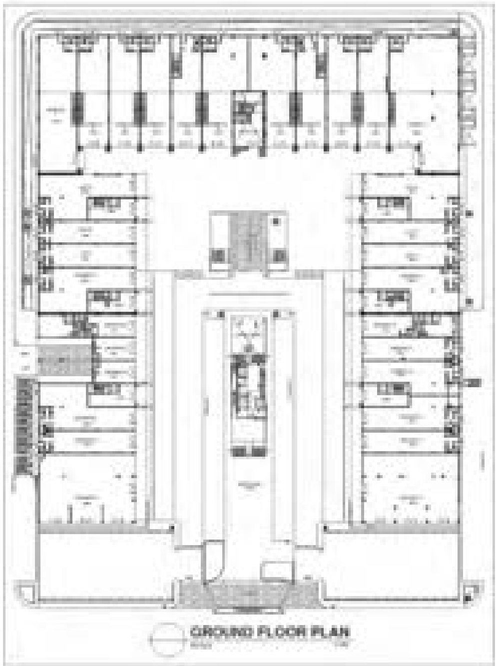
وزارة العدل
كتابة العدل الأولى بالرياض

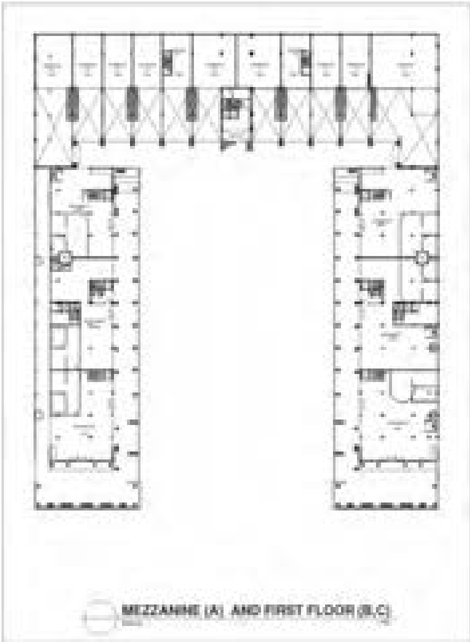
صفحة ١ من ١

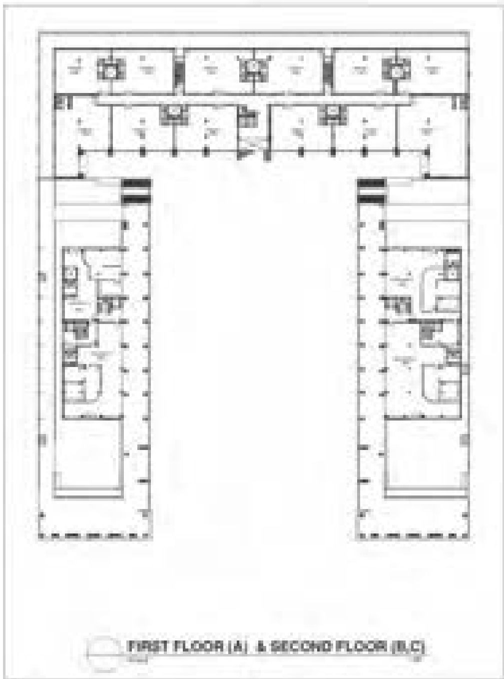
نموذج رقم (١٢-٠٣-٠١) (هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تداوله) مطابع الحكومة

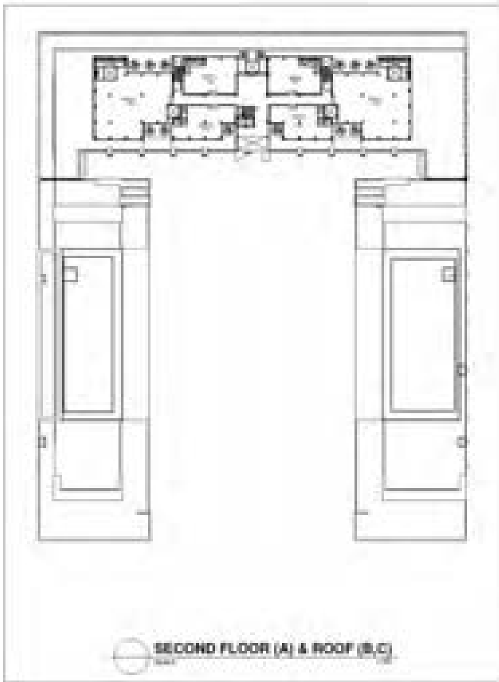
هذا المستند وحدة متكاملة ، وضياع أو تلف صفحة منه يؤدي إلى عدم صلاحية المستند .

Appendix 4 Floor Plans









Appendix 5 Cash Flow

Cash Flow Report
Qbic Special Assumption (2) (Amounts in SAR)
Dec, 2021 through Nov, 2032
15/02/2022 17:08:10

For the Years Ending	Forecast Year 1 Nov-2022	Forecast Year 2 Nov-2023	Forecast Year 3 Nov-2024	Forecast Year 4 Nov-2025	Forecast Year 5 Nov-2026	Forecast Year 6 Nov-2027	Forecast Year 7 Nov-2028	Forecast Year 8 Nov-2029	Forecast Year 9 Nov-2030	Forecast Year 10 Nov-2031	Forecast Year 11 Nov-2032	Forecast Total
Rental Revenue												
Headline Rent	21,613,000	20,532,350	20,532,350	20,532,350	21,935,192	29,157,534	29,157,534	29,543,387	30,654,764	30,942,209	31,351,956	285,952,626
Void Loss	0	0	0	0	-15,631,230	-4,696,200	0	0	0	0	0	-20,327,430
Passing Rent	21,613,000	20,532,350	20,532,350	20,532,350	6,303,962	24,461,334	29,157,534	29,543,387	30,654,764	30,942,209	31,351,956	265,625,196
Total Rental Revenue	21,613,000	20,532,350	20,532,350	20,532,350	6,303,962	24,461,334	29,157,534	29,543,387	30,654,764	30,942,209	31,351,956	265,625,196
Total Tenant Revenue	21,613,000	20,532,350	20,532,350	20,532,350	6,303,962	24,461,334	29,157,534	29,543,387	30,654,764	30,942,209	31,351,956	265,625,196
Potential Gross Revenue	21,613,000	20,532,350	20,532,350	20,532,350	6,303,962	24,461,334	29,157,534	29,543,387	30,654,764	30,942,209	31,351,956	265,625,196
Effective Gross Revenue	21,613,000	20,532,350	20,532,350	20,532,350	6,303,962	24,461,334	29,157,534	29,543,387	30,654,764	30,942,209	31,351,956	265,625,196
Revenue Costs												
Op Ex	0	0	0	0	4,273,987	4,708,649	4,802,822	4,898,879	4,996,856	5,096,793	5,198,729	33,976,716
Sinking Fund	0	0	0	0	91,793	264,456	291,375	297,194	307,762	309,422	315,307	1,877,309
Property Management	0	0	0	0	183,586	528,912	583,151	594,388	615,524	618,844	630,774	3,755,179
Total Revenue Costs	0	0	0	0	4,549,367	5,502,017	5,677,548	5,790,460	5,920,143	6,025,060	6,144,891	39,609,485
Net Operating Income	21,613,000	20,532,350	20,532,350	20,532,350	1,754,595	18,959,318	23,479,986	23,752,927	24,734,621	24,917,149	25,207,065	226,015,711
Cash Flow Before Debt Service	21,613,000	20,532,350	20,532,350	20,532,350	1,754,595	18,959,318	23,479,986	23,752,927	24,734,621	24,917,149	25,207,065	226,015,711
Cash Flow Available for Distribution	21,613,000	20,532,350	20,532,350	20,532,350	1,754,595	18,959,318	23,479,986	23,752,927	24,734,621	24,917,149	25,207,065	226,015,711

Printed on 15/02/2022 17:11:39 Page 1 of 1

Appendix 6 Market research report

KSA Economic Overview 2021

KSA 1.1 **Saudi Arabia GDP Growth, 2011 - 2023**

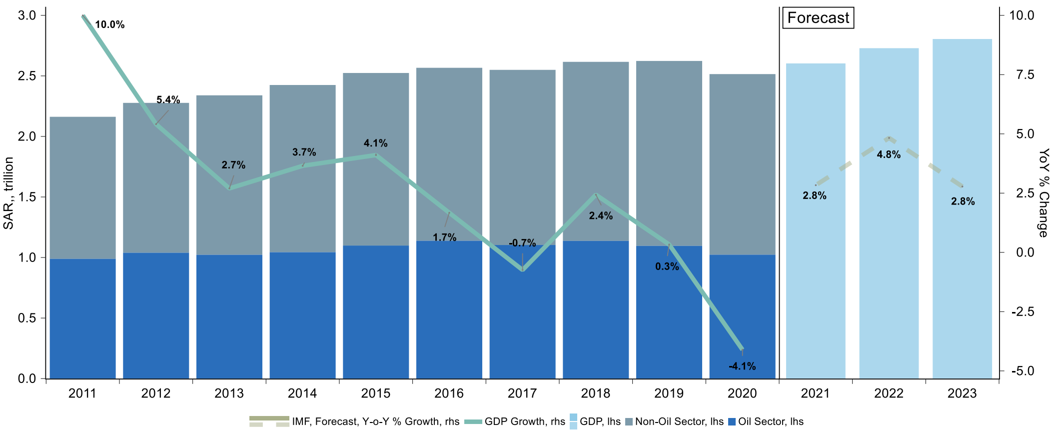
According to provisional full year data published by the General Authority for Statistics (GaStat), Saudi Arabia's real GDP contracted by 4.1 percent in 2020 compared to growth of 0.3 percent year-on-year in 2019.

Saudi Arabia's non-oil sector performed remarkably well in December 2020, with the index hitting its highest reading since November 2019. This upturn in business activity has underpinned a stronger than expected GDP reading in Q4 2020, and as a result, Saudi Arabia's GDP in 2020 contracted less than the 5.4 percent rate forecast by the IMF.

Whilst there are material downside risks that may still impact economic activity in Saudi Arabia, most are unlikely to come to fruition and few are exogenous in nature. This underpins Saudi Arabia's 2021 GDP growth forecast of 2.9 percent, the strongest in the region.

With this rate of economic growth, Saudi Arabia will remain below the average growth rate of c. 5 percent which was recorded between 2011 and 2015.

Saudi Arabia GDP, YoY % change



'*Source: Knight Frank Research, Macrobond*

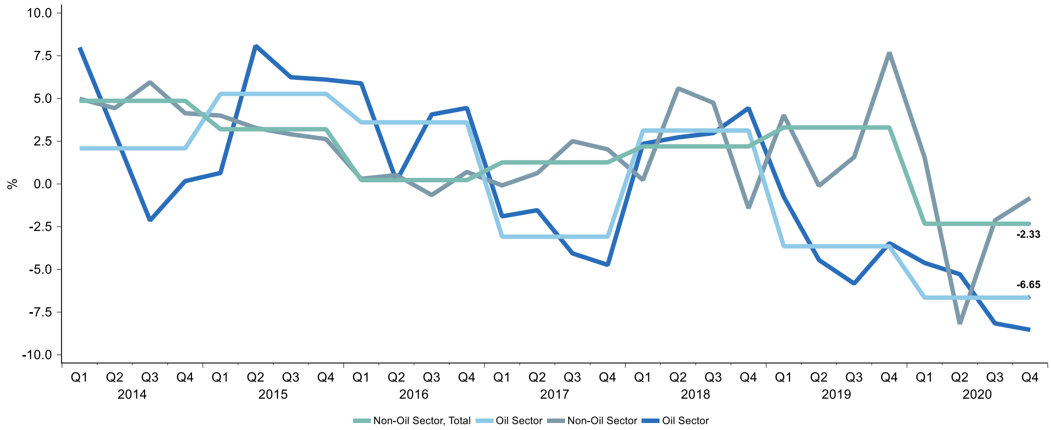
Saudi Arabia Oil & Non-Oil GDP and GDP Growth

As a result of COVID-19, Saudi Arabia both oil and non-oil sectors contracted substantially.

First, as the global economy came to a halt, demand in the hydrocarbon sector effectively stalled, causing a supply glut and oil prices to plummet. This has had a substantial impact on Saudi Arabia's oil sector GDP, which contracted by 6.7 percent in 2020.

Non-oil GDP growth has been gradually accelerating since 2016, reaching 3.3 percent in 2019, the highest level of growth since 2015. However, due to severe lockdown measures in place across Saudi Arabia, including the closure of international borders and tourism, has substantially impacted business activity, resulting in a contraction in non-oil sector GDP.

Saudi Arabia Oil & Non-Oil GDP Growth



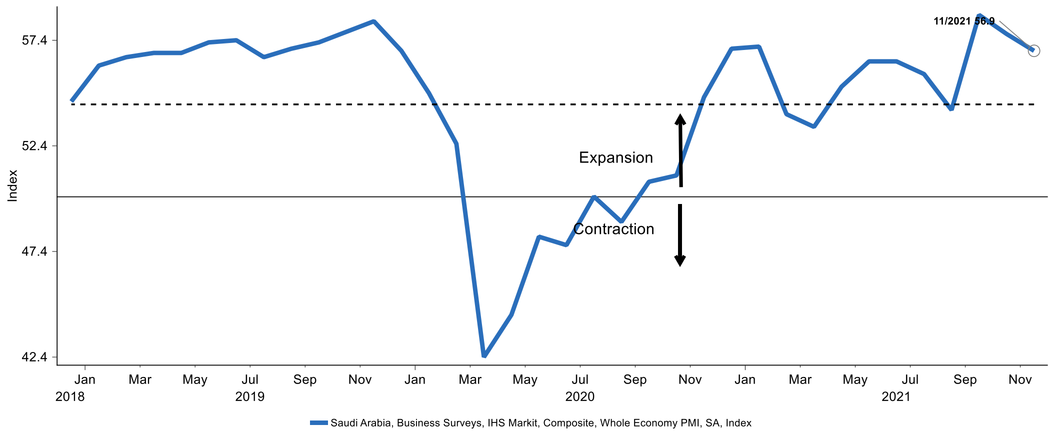
'*Source: Knight Frank Research, Macrobond*

Saudi Arabia, Purchasing Manager Index (PMI)

The non-oil private sectors are at the centre of Saudi Arabia's Vision 2030 and the reforms launched to bolster these sectors are already being felt widely across the economy. Indeed, Saudi Arabia's Purchasing Manager Index (PMI), which tracks the country's private non-oil economy, registered a reading of 54.1% in August 2021, representing the 12th month of expansion and business growth.

According to the General Department of Statistics, the private sector's contribution to GDP rose to over 44 percent in Q1 2021, compared to 41 percent at the same time last year.

Saudi Arabia PMI



Source: Knight Frank Research, Macrobond

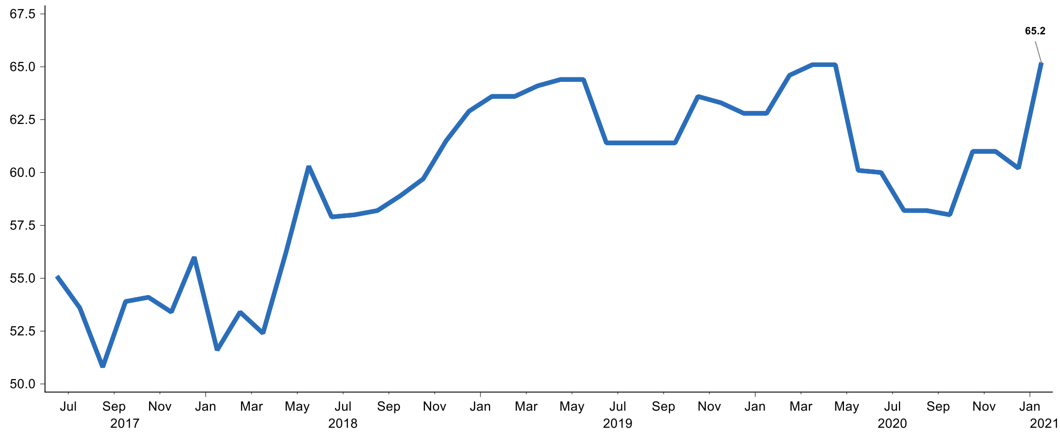
Saudi Arabia Primary Consumer Sentiment Index by Thomson Reuters / IPSOS

Saudi Arabia's Primary Consumer Sentiment Index (PCSI) is a national survey of consumer attitudes toward the current and future state of the local economy, personal financial situation, as well as confidence in making large investments and ability to save.

The latest reading in January 2021 of the Primary Consumer Sentiment Index (PCSI) in Saudi Arabia, released by IPSOS, reveals a 5-point surge from the previous month to 65.2, the highest since January 2020. This jump is the largest month-on-month increase seen in most recent years.

In parallel with the improvement in consumer confidence, we have seen private sector loan growth regaining momentum. The recovery in banks' lending to the private sector in 2018 and substantial growth in 2020 is seen as crucial in driving consumer spending and demand for real estate in the short to medium term.

PCSI, by Thomson Reuters / IPSOS



Source: Knight Frank Research, Macrobond

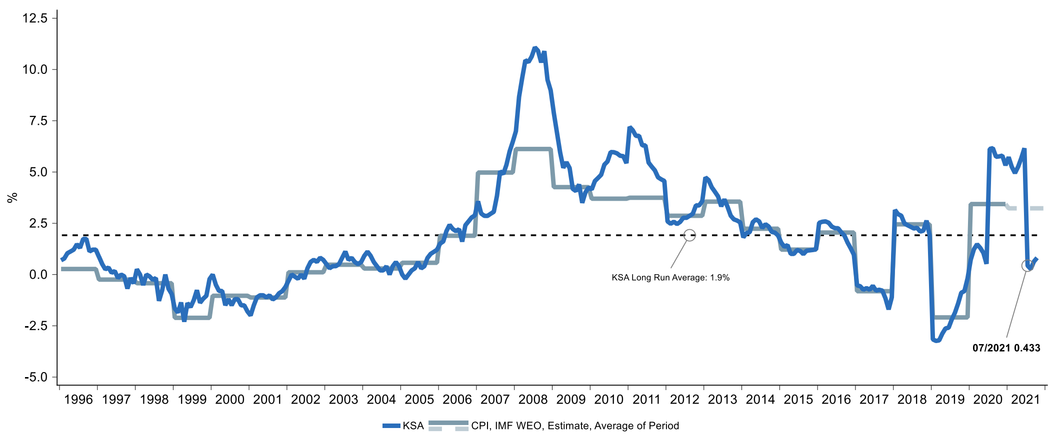
Saudi Arabia Consumer Price Index, YoY Change %

The latest Consumer Price Index dropped to 0.43 percent YoY in July of 2021, compared to a rate of 6.16 percent in the previous month. This is the lowest reading since December 2019. This significant decline in inflation can be ascribed to the fact that the effect of the July 2020 value added tax hike dissipated in July 2021.

The drop in the consumer price index (CPI) was primarily due to a decrease in the average prices of transportation (7.8% vs 22.6%), food and beverages (1.2% vs 8.1%), tabacco (1.2% vs 12.3%) and communication services (2.7% vs 13.2%) year on year.

Furthermore, prices for furniture, household equipment, and household maintenance sectors fell by (0.5% vs 7.9%).

CPI, YoY % Change

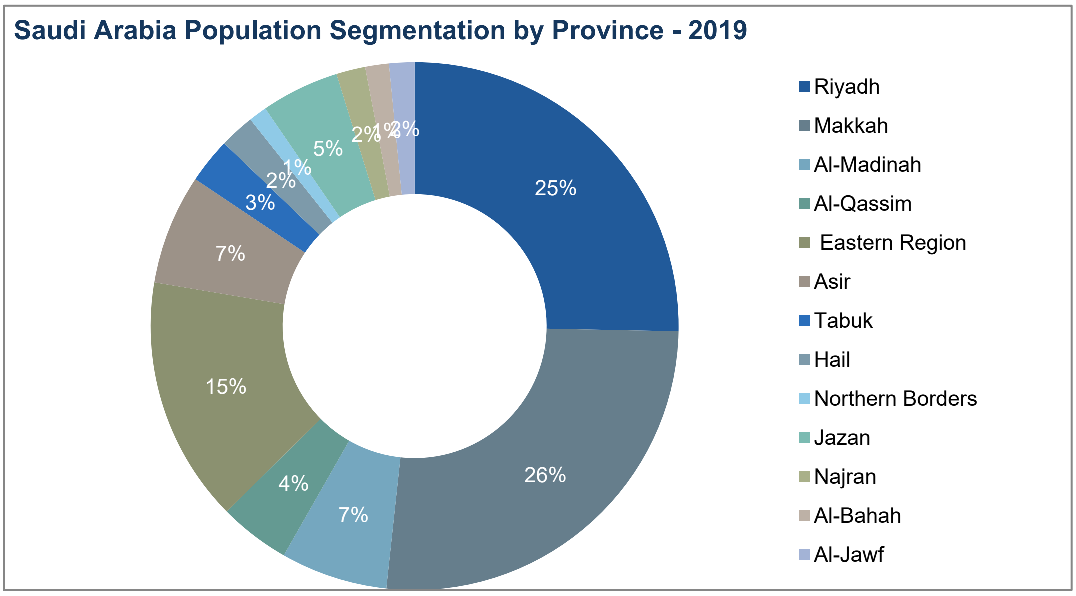


Source: Knight Frank Research, Macrobond

Saudi Arabia Population Segmentation by Province - 2019

Saudi Arabia accounts for more than half of the GCC's total population and has a larger population than any other GCC country. According to official statistics, the population count was registered at 34.2 million in 2019.

The population segmentation by regions for 2019 shows that nearly 65 percent of the population of the Kingdom is concentrated in three provinces, namely Makkah Al Mokarramah, Riyadh, and the Eastern Province, which account for 26 percent, 25 percent and 15 percent of the country’s population respectively. Beyond the year 2019, the breakdown of the KSA population by region is not available.



Source: Knight Frank Research, GASTAT

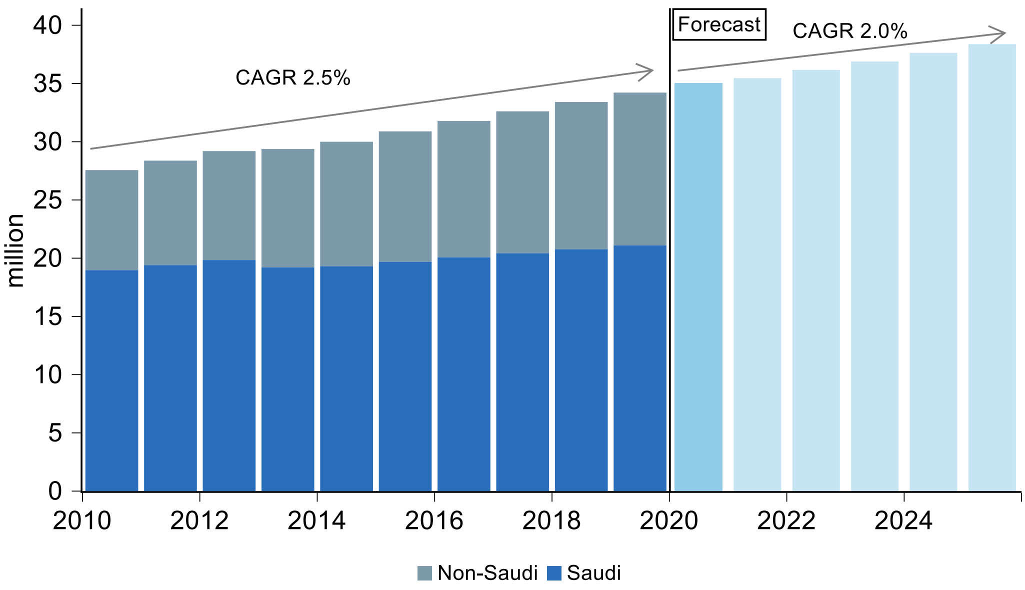
Saudi Arabia Population Forecasts

According to official statistics, the population of Saudi Arabia is estimated to have reached 34.8 million in 2020. The Saudi/Non-Saudi breakdown of the population for 2019 stands at 21.1 million/13.1 million according to the same source.

Based on the IMF forecasts, the population of Saudi Arabia is expected to grow at a constant 2 percent annual growth rate from 2019 onwards, reaching 38.3 million in 2025. A large and growing population, albeit at a slower pace than previous years, will continue to drive demand for goods and services in the short to medium term.

Saudi Arabia’s population is dominated by Saudi nationals, accounting for 63 percent of the population. This implies that aggregate demand for products and services does not primarily stem from the expatriate workforce.

Saudi Arabia Population Evolution



Source: Knight Frank Research, IMF

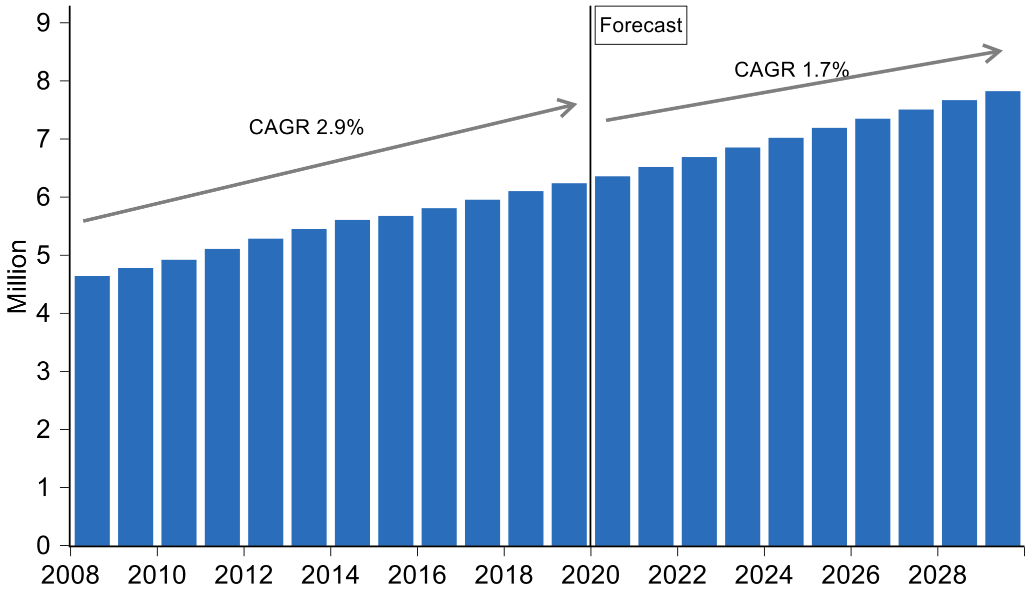
Total Number of Households

Total number of households in Saudi Arabia is estimated at roughly 6.8 million in 2020, according to Oxford Economics. The yearly average growth in the number of households is set to slow to 1.7 percent per annum between 2020 and 2030, according to Oxford Economics, down from 2.9 percent between 2010 and 2020.

The average household size in Saudi Arabia stood at 5.52 individuals in 2020, according to Oxford Economics. While the average household size for Saudi households stands at just over 6.0, the average household size for non-Saudis is closer to 4 individuals. The overall average household size is set to slightly decrease over the next years reaching 5.45 in 2030.

Regarding the local population, it was not unusual historically for generations of the same family to be living in a sizeable family home. The younger generation now exhibits a desire to move away from multi-generational household structure. Over the next decades, falling household sizes will underpin demand for higher density development which provides smaller and more efficient units.

Number of Households

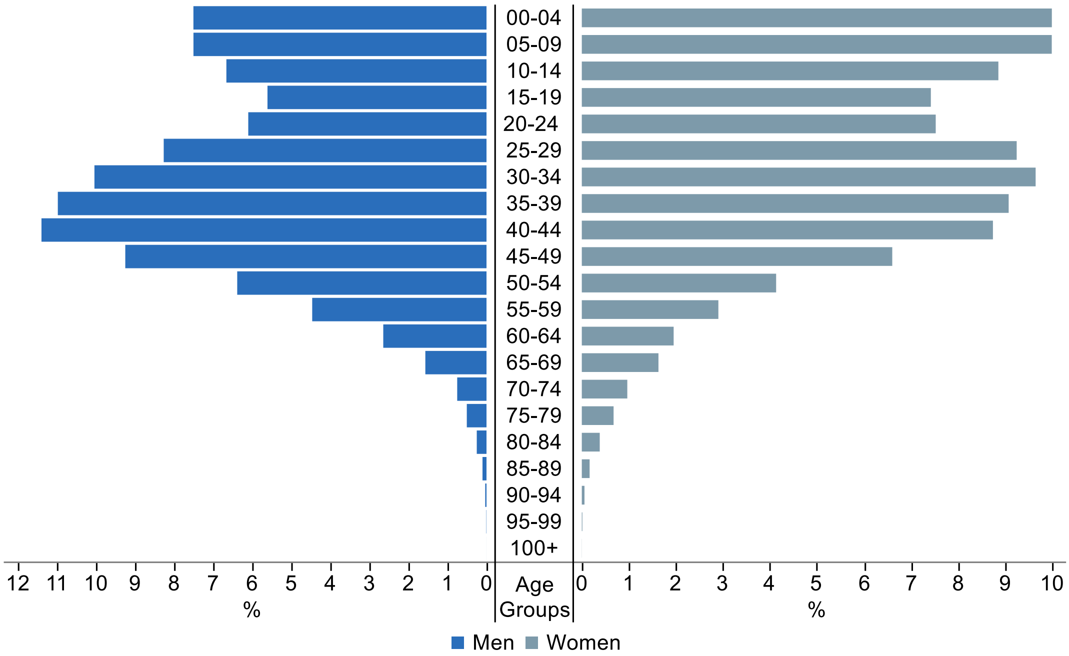


'Source: Knight Frank Research/ Macrobond, Oxford Economics

Population by Age, Nationality, and Gender

The population pyramid of Saudi Arabia that depicts the age structure of the Saudi population based on the preliminary 2020 data, highlights the fact that approximately 37.9 percent of the population were aged between 0 and 24 years, about 58.7 percent were aged between 25 and 64 years and 3.4 percent were aged above 65 years.

It is expected that population dynamics are expected to shift in Saudi Arabia over the next decades, which will entail a significant increase in the population over 40. The over 60s age cohorts are expected to increase by 3 times between 2020 and 2035. Despite these changing demographic profile, Saudi Arabia will remain amongst the youngest countries in the GCC in 2030.



'*Source: Knight Frank Research, Macrobond*

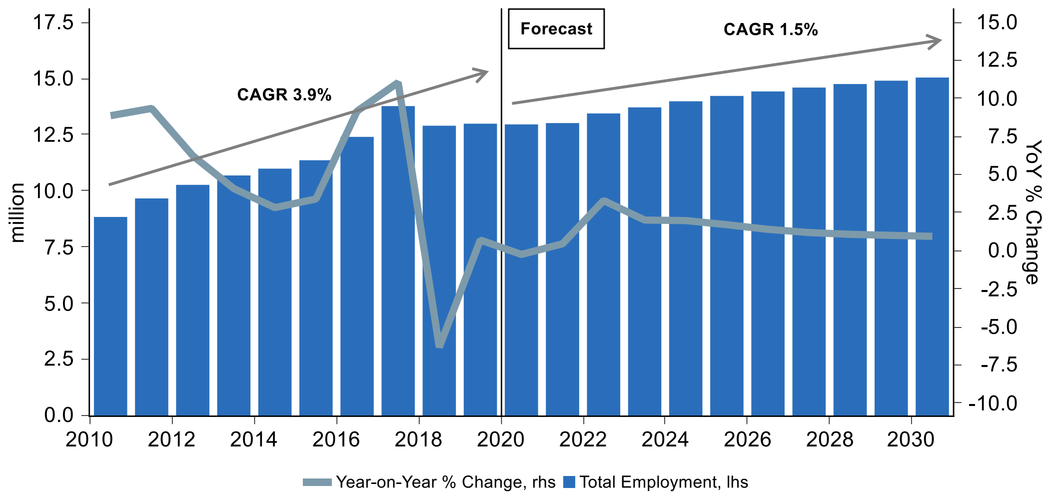
Total Employment - KSA

Saudi Arabia's total workforce was estimated at 12.9-Million employees in 2020, down from 13.7-Million employees in 2017. The decrease is mostly as a result of the departure c. 800,000 expatriates from the workforce during this period.

This outflow of expatriates from the workforce was triggered by a challenging macroeconomic environment, the introduction of levies on expats in the form of fees on dependents (set to increase every year on an incremental basis until 2020), and the implementation of a plan restricting employment in certain sectors to Saudi Nationals in order to promote and increase Saudization.

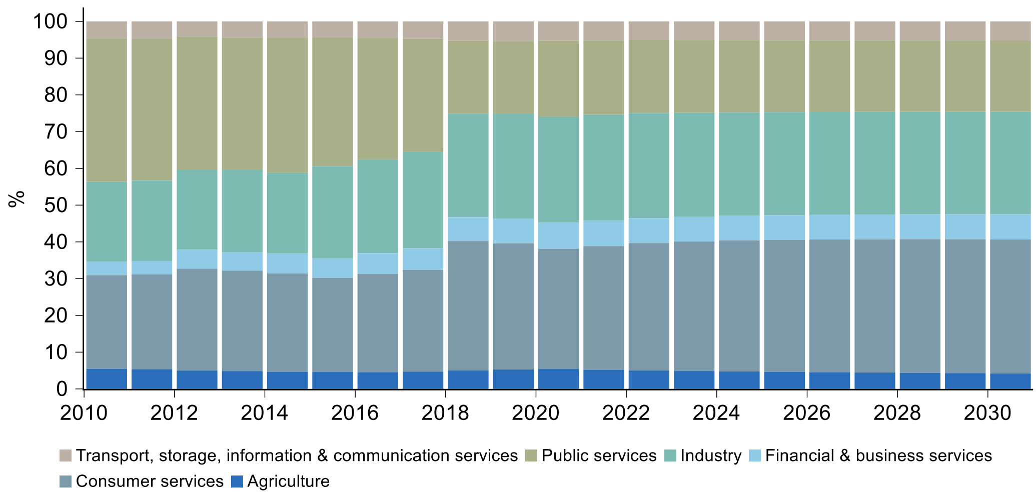
Saudi Arabia's employment CAGR is set to slow to 1.5% per annum between 2020 and 2030, according to Oxford Economics, down from a CARG of 3.9% between 2010 and 2020.

KSA, Employment



Breakdown of Employment by Economic Sector – KSA

Currently, the consumer services, industrial sectors and public services are the largest employment sectors in Saudi Arabia, accounting for 33.4%, 28.3% and 20.4% of total employment in 2020, respectively. This is expected to remain roughly unchanged over the coming ten years.



'Source: Knight Frank Research, Macrobond

Employment YoY Change%

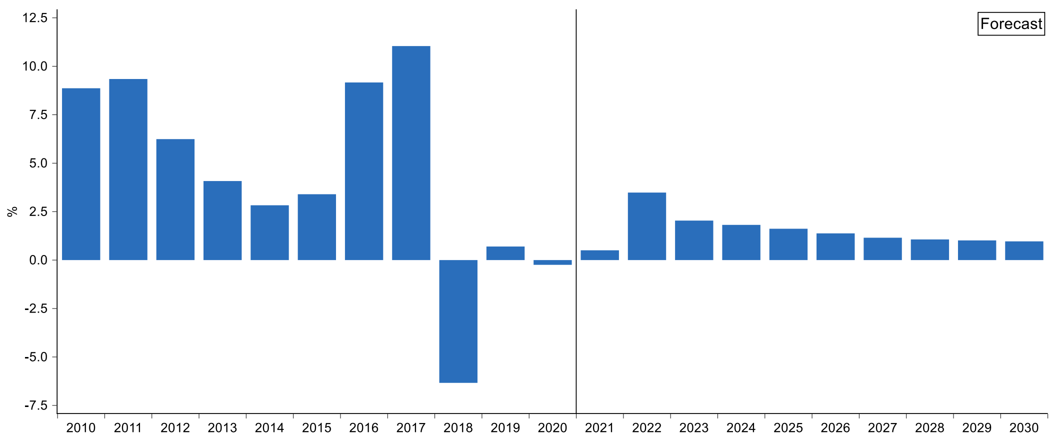
Employment growth in Saudi Arabia is set to decelerate to 1.5 percent per annum between 2020 and 2030 down from 3.9 percent between 2010 and 2020 according to Oxford Economics estimates.

Total employment declined by -6.34 percent in 2018 due to outflows of expatriates from the workforce. However, this trend has reversed in 2019 where total employment increased marginally by 1.31 percent.

The exodus of expat workers from Saudi Arabia in 2020, due to the economic fallout from COVID-19 and the oil price shock, has accelerated a shift in the labour market, resulting in a 0.2% decline in employment growth in 2020.

Looking forward, employment growth is expected to remain supported by the various initiatives aimed at boosting youth, women and Saudi nationals' participation in the workforce. In the short to medium term, this will be balanced by rising pressures on the expat labour market resulting from the impact of government fees and Saudization plans on non-Saudi employment figure.

Employment, YoY % Change



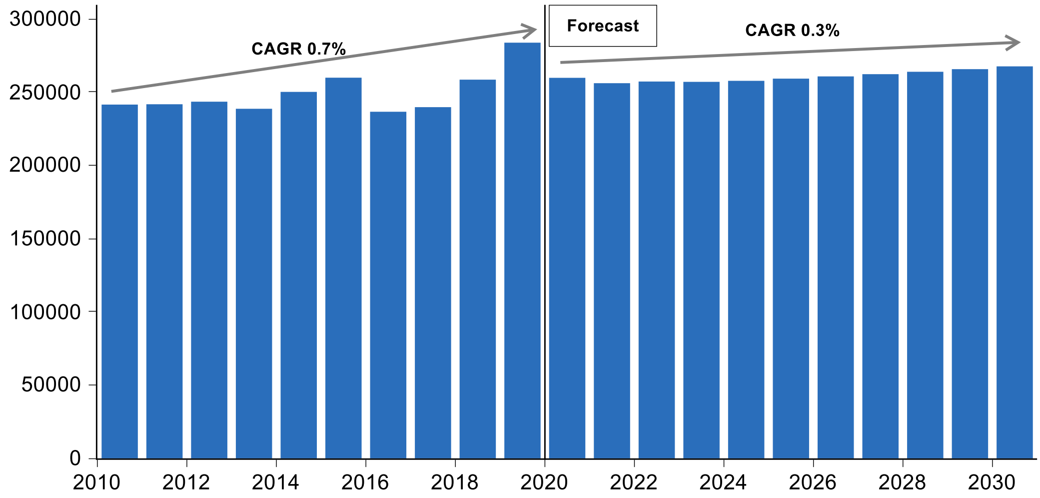
Source: Oxford Economics, Macrobond

KSA average household disposable Income in SAR

Household income is a key determinant of affordability and consumer spending patterns.

Average household personal disposable income in Saudi Arabia stood at c. SAR 259,687 in 2020. Between 2010 and 2020, the average household personal disposable income increased at a CAGR of 0.7%. It is expected that this growth momentum will slowdown to 0.3% between 2020 and 2030, as highlighted in the adjacent graph.

Household Disposable Income



Source: Oxford Economics, Macrobond

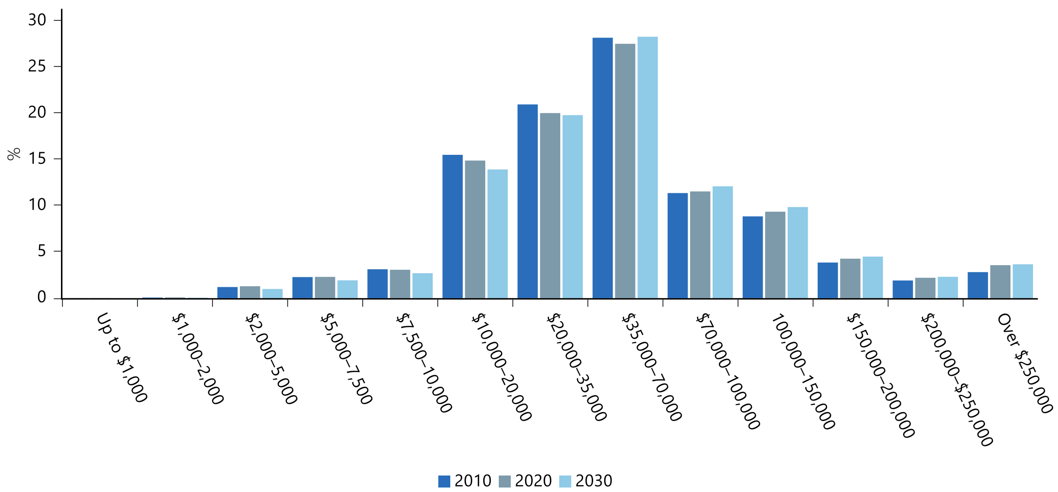
KSA number of household by income bands (as a & of total households)

The number of households in Saudi Arabia currently (2020) stands at approximately 6.52 million and is expected to grow to 8.06 million by 2030.

In 2020, 58.4% of households in Riyadh were within income bands above USD 35,000 and this share is expected to increase going forward, reaching 60.7% in 2030.

41.6% of households were in the lower income bands, below USD 35,000. This proportion of the household income band is expected to witness a decrease between 2020 and 2030, reaching 39.3%. This is a positive trend, from the perspective of consumer spending and demand for real estate in the city.

Household, By Income Band



Source: Oxford Economics, Macrobond

Riyadh Macro Overview

Gross Domestic Product – Riyadh city

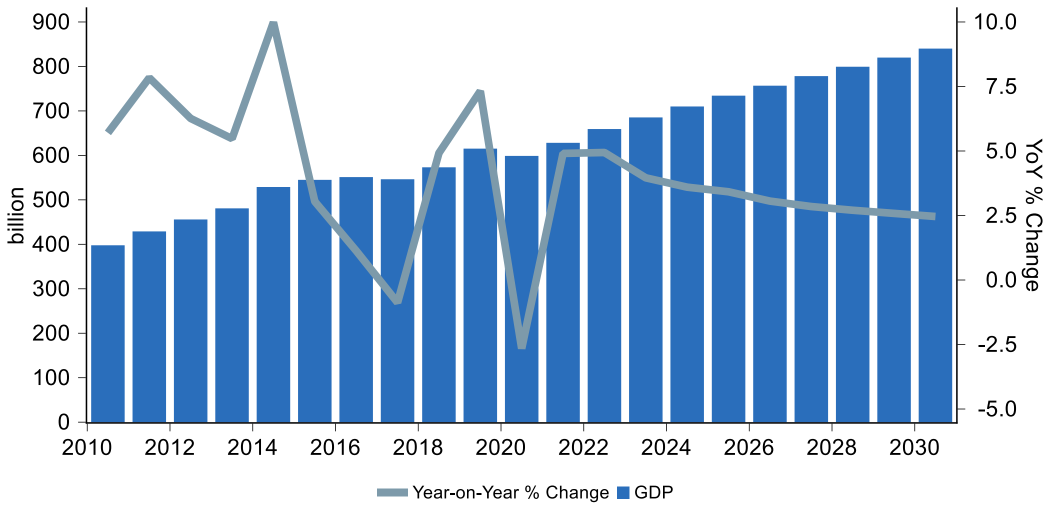
Like elsewhere in the world, the COVID-19 pandemic has had a devastating impact on Saudi Arabia's economy.

As a result Riyadh's GDP has declined from SAR 615 billion in 2019 to SAR 599 billion in 2020, a contraction of 2.7%.

Riyadh's economy recorded a historical CAGR of 4.2% between 2010 and 2020. From 2020 to 2030, this rate is forecast to decrease to 3.4%.

Riyadh's economy is fairly diversified and does not rely on the hydrocarbon sector directly, indirectly a weaker hydrocarbon sector in Saudi Arabia and regionally will impact investment volumes into Riyadh.

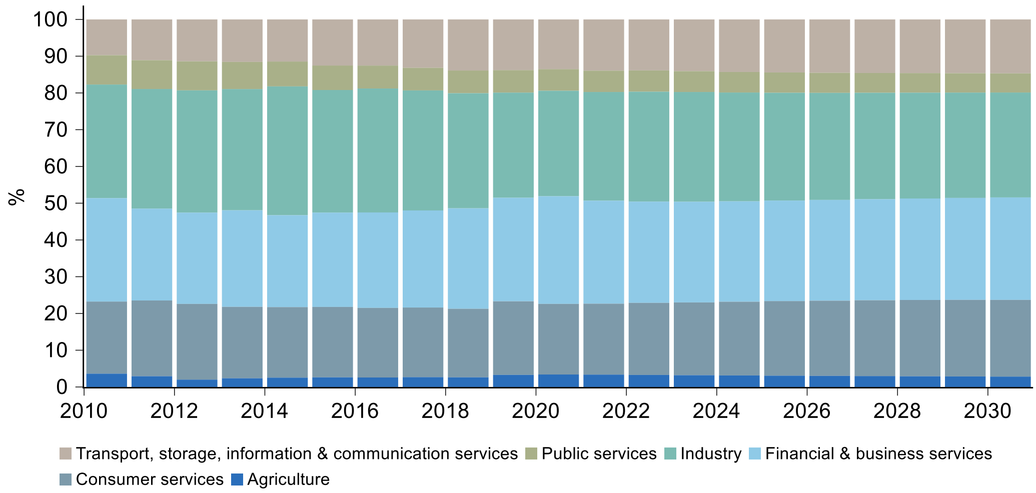
Looking ahead, Riyadh's economy is expected to record a growth rate of 4.9% in 2021 and 5.0% in 2022. However, the depth of the contraction and rate of recovery is very much dependent on the rate at which the global economy and global mobility returns to some form of normality.



Gross value Added by Sertor – Riyadh city

The breakdown of the gross value added (GVA) by sector for Riyadh highlights that the industrial, consumer services, public services and transport, storage, information & communication services sectors share of total GVA has decreased in 2020, while the share of agriculture and financial & business services sectors have seen an increase in their contribution over the same period.

As a result of the ongoing economic diversification plan to reduce reliance on the hydrocarbon sectors, financial and business services sectors, as well as consumer services sectors are expected to see their contribution to Riyadh's GDP gradually increase going forward.



'Source: Knight Frank Research/ Macrobond/ Oxford Economics'

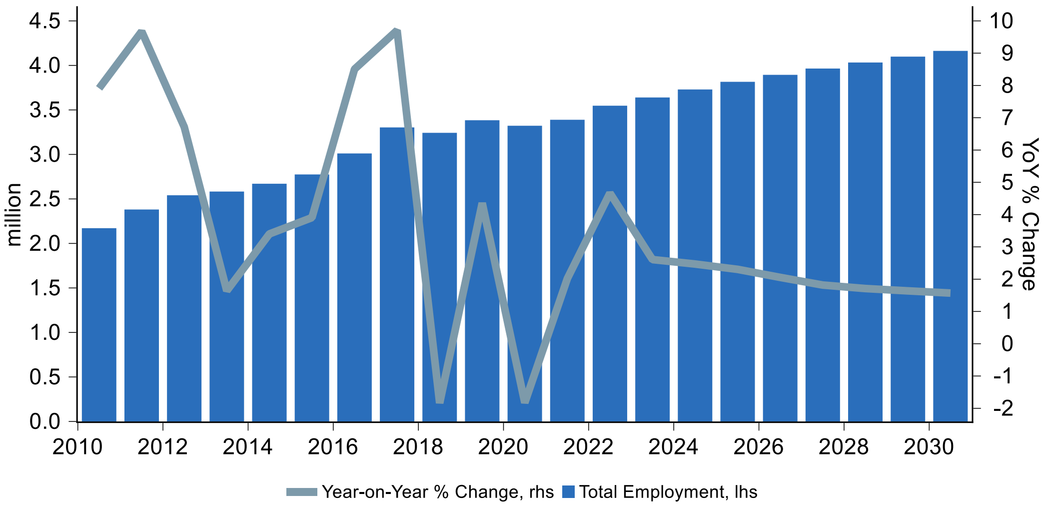
Total Employment - Riyadh city

Riyadh's employed population stood at 3.32 million in 2020, representing c. 85% of the total employed population in Riyadh Province.

Employment growth in Riyadh averaged 4.3% from 2010 until 2020, reaching an all-time high of 9.7% in 2011 and a record low of -1.8% in 2018. Total employment declined by 1.8% in 2018, was a trend underpinned by the challenging economic backdrop, which led to an outflow of expatriates workers from the workforce. However, this trend reversed in 2019, where total employment increased by 4.36% year-on-year.

According to Oxford Economics, Riyadh's employment is estimated to grow from 3.32 million in 2020 to 3.39 million in 2021, at a growth rate of 2.0%.

Riyadh's employment CAGR is set to slow to 2.3% per annum between 2020 and 2030, down from 4.3% between 2010 and 2020.

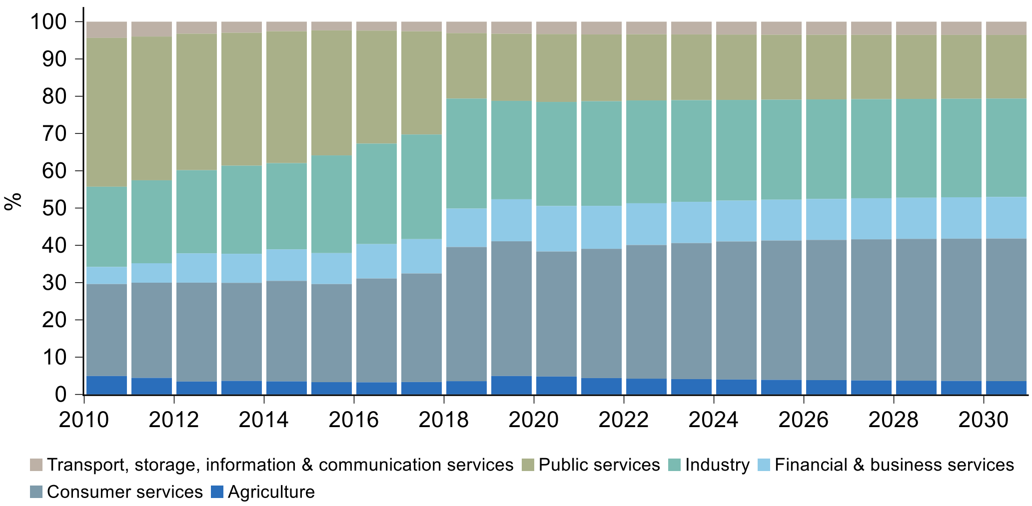


Source: Macrobond, Oxford Economics

Breakdown of Employment by Economic Sector – Riyadh city

The consumer services, Industry and public services sectors are the largest employment markets in Riyadh, accounting for 33.5%, 27.9% and 18.2% of total employment in 2020.

The share of consumer services in total employment has been gradually increasing over time and is expected to follow the same trend going forward. The contribution rose from 24.7 in 2010 to 33.5 in 2020 and is expected to reach 38.2% in 2030 according to Oxford Economics.



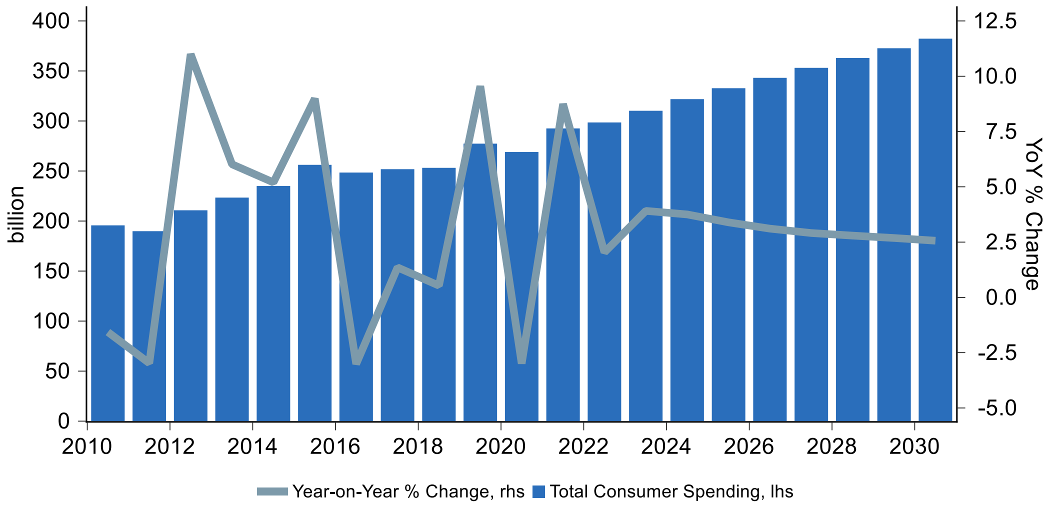
Source: Macrobond, Oxford Economics

Total consumer spending - Riyadh (in SAR billion)

Consumer spending's in Riyadh has declined from SAR 277 billion in 2019 to SAR 270 billion in 2020 , a contraction of 3.0%. This trend has been underpinned by lockdown measures enacted to halt the spread of the pandemic which effectively caused a large portion of the retail sector to come to a halt, a reduction in purchasing power as the cost of living allowances are rescinded and due to the increase in VAT from 5% to 15%.

However, the forecast shows that this will be a short to medium term decline rather than a long term decline, with consumer spending levels surpassing 2019 levels by 2021.

Riyadh's consumer spending CAGR is set to grow to 3.7% per annum between 2020 and 2030, according to Oxford Economics up from 3.2% between 2010 and 2020.



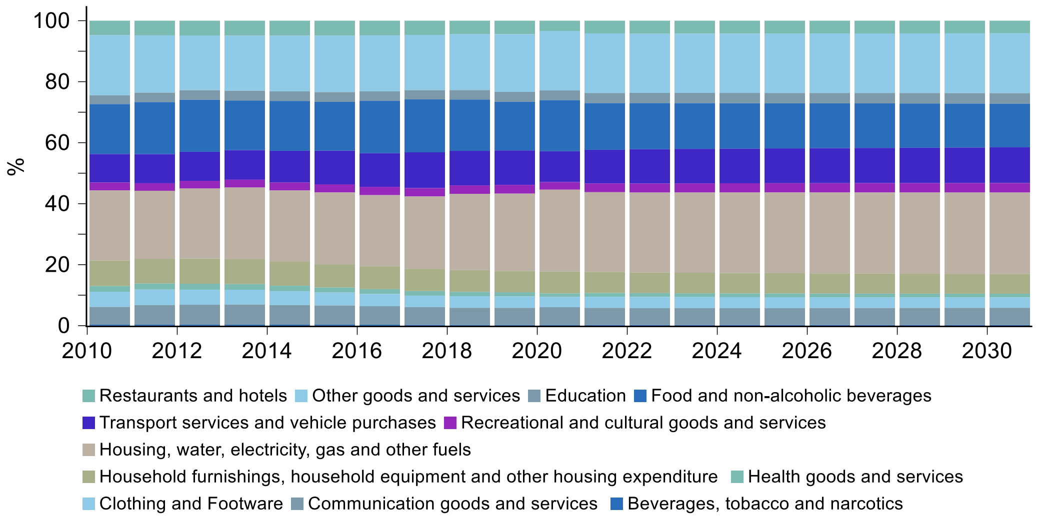
Source: Macrobond, Oxford Economics

Consumer spending breakdown by goods/services - Riyadh

Housing is the biggest area of consumer spending and has seen its contribution gradually increase over time.

Recreational and cultural goods and services accounted for 2.5% of total consumer spending as of 2020 and is predicted to increase in the short to medium term.

Similarly, consumer spending on restaurants and hotels amounts for 3.4% of total spending in 2020, and is expected to rise to 4.2% by 2030.

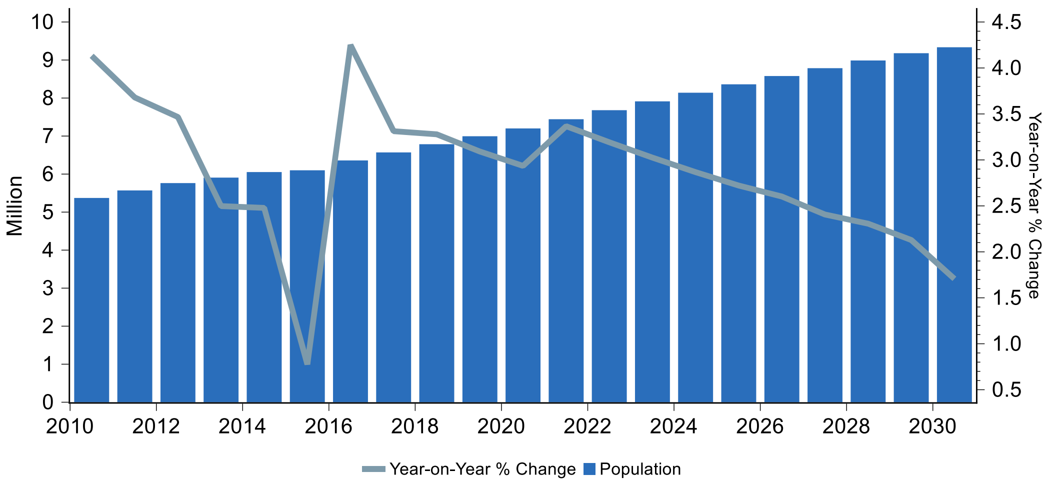


'Source: Knight Frank Research/ GASTAT, Labour survey'

Riyadh population 2010- 2030

According to official statistics, the population of Riyadh have reached 7.2 million in 2020. representing c. 81% of the total population of the Riyadh Region.

Riyadh's population is expected to grow at CAGR of 2.6% from 2020 to 2030, reaching 9.3 million by 2030. A large and growing population, albite at a slower pace than previous years, will continue to drive demand for goods and services in the medium to long term.

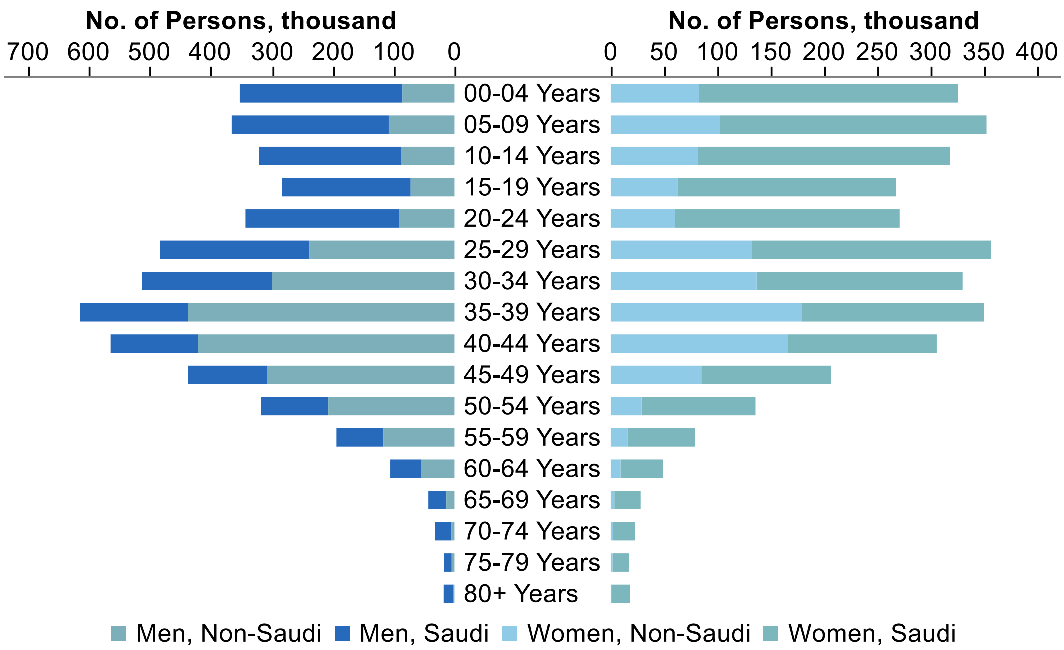


Source: GASTAT, Oxford Economics, Knight Frank Research

Riyadh Province population by age, nationality, and gender

The population pyramid of Riyadh province depicts the age structure of the Saudi and Non-Saudi population in 2019, highlights the fact that approximately 38.1% of the population were aged between 0 and 25 years, about 59.5% were aged between 25 and 64 years and 2.4% were aged above 65 years.

When looking at the age structure of the Saudi population in Riyadh Province, the share of the population aged between 0 and 25 years is set to rise to 50.0%, highlighting the young demographic profile of the Saudi national population, a key driver to consumer market growth.



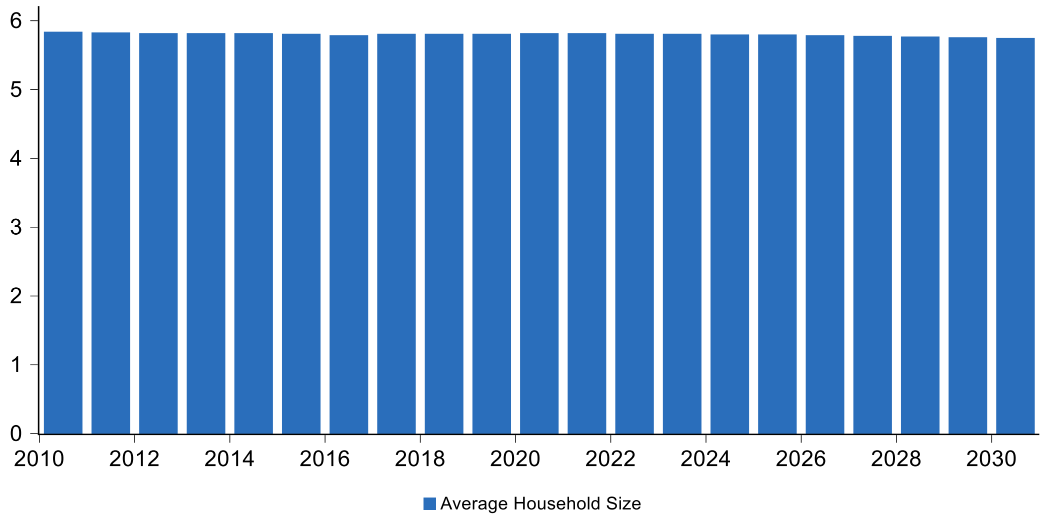
Source: GASTAT, Population statistics 2018

Average household size – Riyadh

Large average household sizes – over five people – is a trend that is observed across much of the Middle East and Africa region.

The average household size in Saudi Arabia stood at 5.52 individuals in 2020, although the figure is higher for Riyadh at an average of 5.8 people per household.

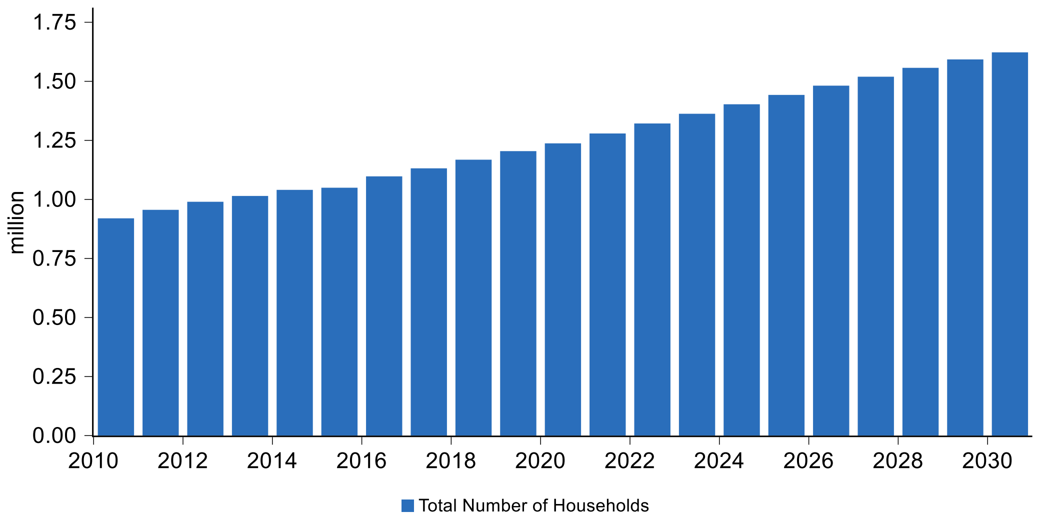
Usually, changes within average household sizes tend to be gradual, therefore the average household size for Riyadh combing Saudi and non-Saudi households is expected to reach to 5.7 individuals by 2030.



Total number of households - Riyadh

Total number of households in Riyadh stood at c. 1.23 million in 2020. Between 2010 and 2020, the number of households increased at a CAGR of 3.0%. This growth momentum is expected to slow to 2.7% between 2020 and 2030, driving the total number of households to reach an estimated 1.62 million by 2030.

Based on these forecasts, it is estimated that 385,000 additional households will be formed in Riyadh between 2020 and 2030.

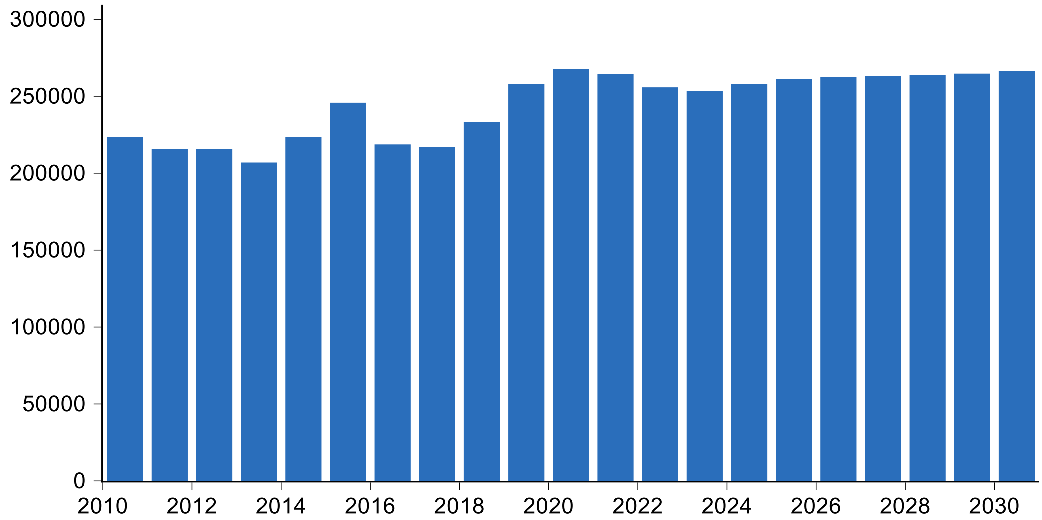


Source: Macrobond, Oxford Economics

Riyadh average household disposable income in SAR

Household income is a key determinant of affordability and consumer spending patterns.

Average household personal disposable income in Riyadh stood at c. SAR 267,608 in 2020. Between 2010 and 2020, the average household personal disposable income increased at a CAGR of 01.8%. It is expected that the Riyadh's average household disposable income will remain same between 2020 and 2030, as highlighted in the adjacent graph.



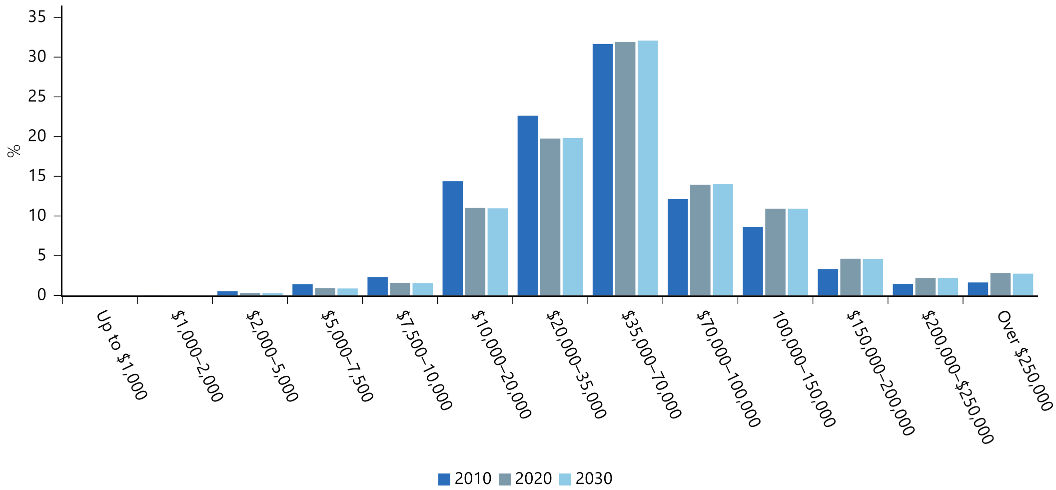
Riyadh number of household by income bands (as a & of total households)

The number of households in Riyadh currently (2020) stands at approximately 1.23 million and is expected to grow to 1.62 million by 2030.

As at **2020**, the households in the income band of $35,000 - $70,000 accounted for the largest portion of households at **31.9%,** marginally up from 31.7% a decade earlier.

More so, as at **2020,** the number of households in the income brackets above $35,000 accounted for **66.4%** of total households, up from 58.8% in 2010. This trend has primarily been driven by an decrease in the number of households in the $5,000 to $35,000 income band.

The share of households earning over $100,000 has increased from **15**% of households to **20.6%** of households from **2010** to **2020** respectively. By **2030**, this number is expected to remain same.



Source: Macrobond, Oxford Economics

KSA Office Market Overview

Riyadh Office Market Overview

Office market segmentation and characteristics

Classifications	Prime	Grade A	Grade B	Grade C
Tenant Profile	• Publicly listed companies • Large businesses	• Large businesses	• Small to medium businesses	• Small businesses
Location	• In prestigious location within business districts	• Central business districts	• Away from central business districts	• Old central business areas • Main city roads
Finishing	• Premium architecture and finishing	• High quality interior	• Dated interior but property maintained	• Dated interior and not property maintained
Parking	• Ample tenant parking and guest parking • Easy ingress/egress to office units	• Adequate tenant parking and guest parking	• Adequate tenant parking	• Minimal parking
Security	• Latest security technologies used • 24-hour security personals	• 24-hour security personals	• 24-hour security personals but with limited staff	• Minimal security presence
Amenities	• Gym • Cafeteria • Day care centre	• Cafeteria	• N/A	• N/A

Source: Knight Frank Research

General overview Riyadh's office market

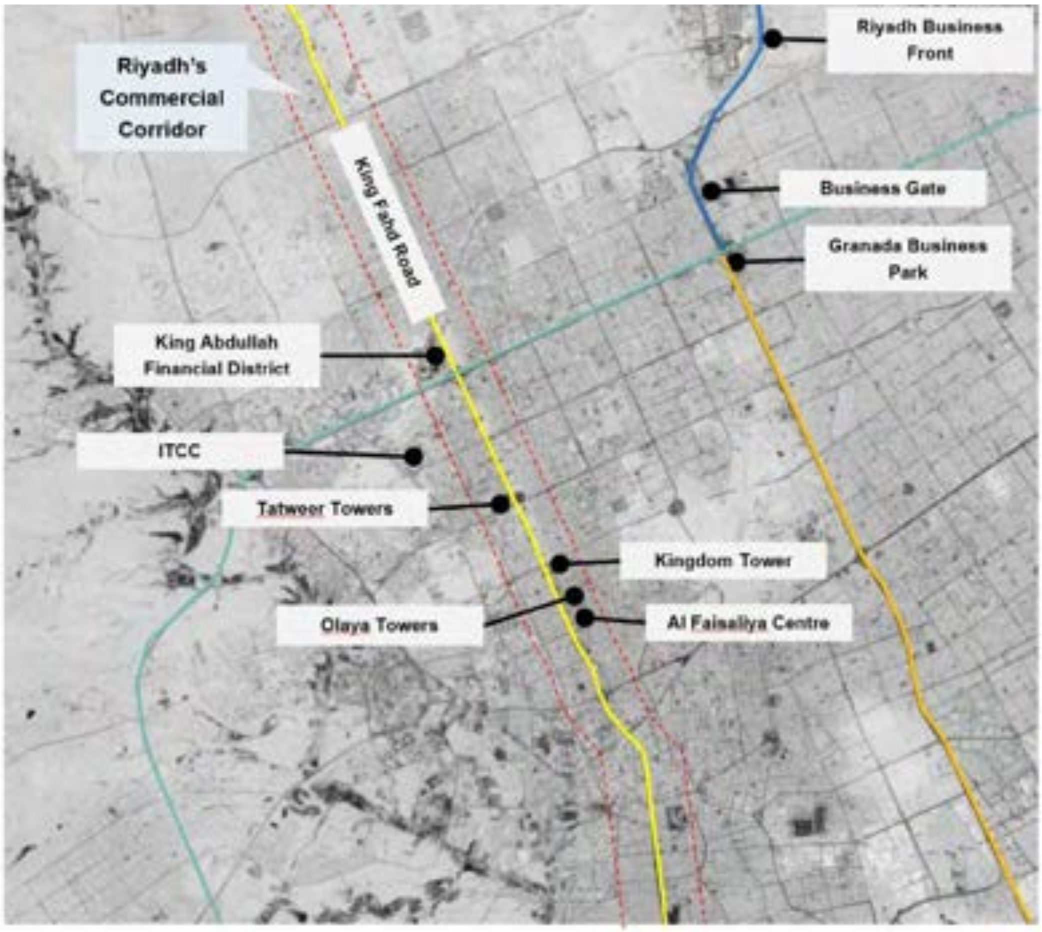
The current inventory of office leasable area in Riyadh stands at approximately 4.28 million sqm of GLA, distributed between Grade A, B and C stock which hold a respective share of 32, 33 and 35% in the existing supply.

The majority of landmark buildings are located along the King Fahd business corridor, including Kingdom Tower, Al Faisaliya Center and Olaya Towers. These landmark towers have traditionally hosted the offices of large multinational companies. Due to the availability of land and proximity to the airport, the future supply of offices is predominantly focused on North Riyadh.

King Abdullah Financial District (KAFD) is a landmark prime office development located in North Riyadh and is viewed as the next central business district of Riyadh. With a total BUA of 1.6 million sqm, KAFD is expected to be home to the headquarters of prominent corporates, including Tadawul, the Capital Market Authority and the Commodity Market. KAFD proposed to have 59 towers with its own monorail and is proposed to be completed by 2024.

A large number of companies are looking to move into the new office developments which are located in North Riyadh. These developments are gaining traction and attracting strong interest from both public & private occupiers due to the availability of a sizeable and recent stock of good quality office space commanding more affordable rental rates.

Riyad Bank and Riyad Capital have recently moved their headquarters to Granada Business Park, while KPMG moved to Riyadh Business Front.



Source: Knight Frank Research

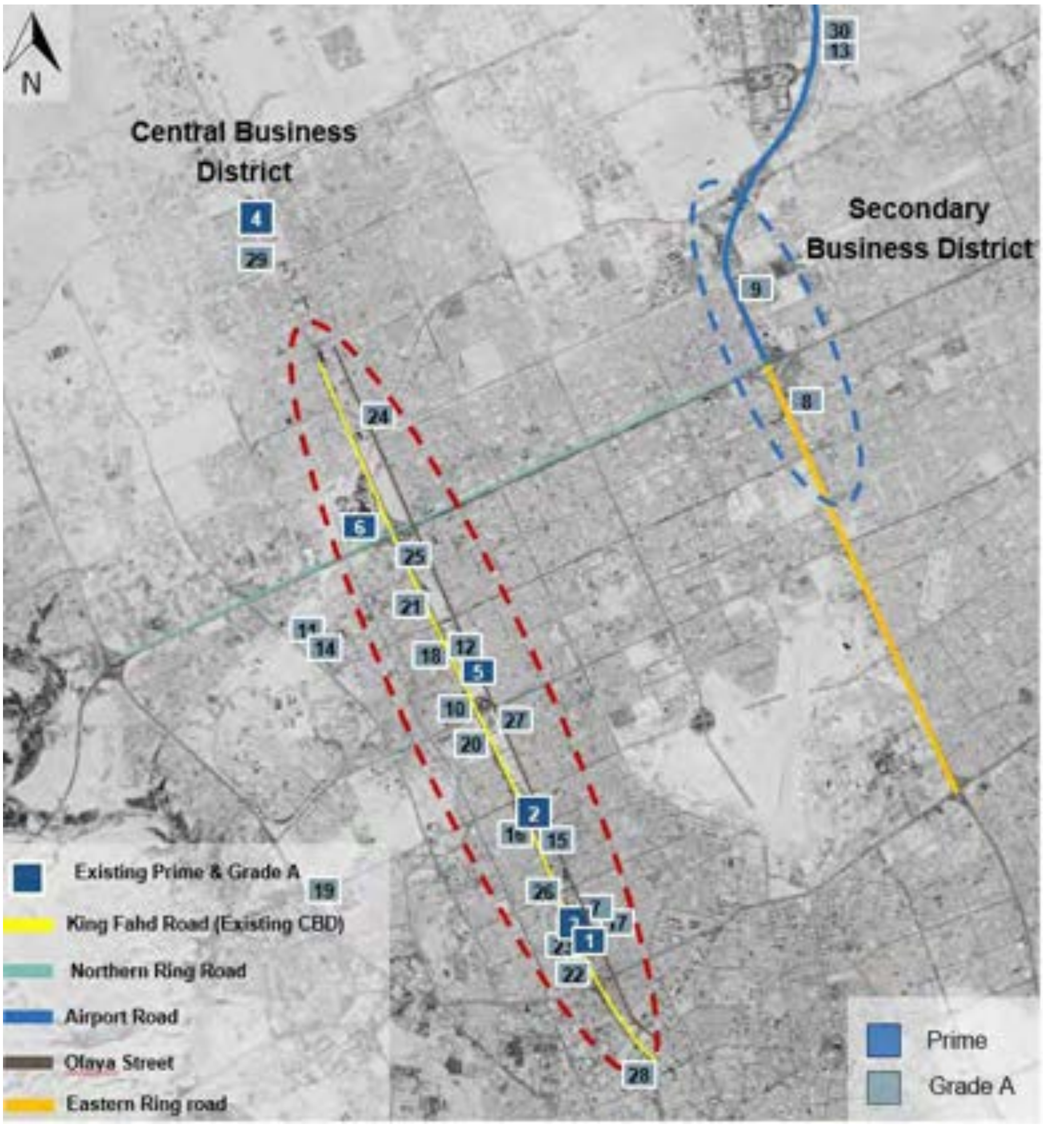
Riyadh existing Prime & Grade A office supply

Prime and Grade A office space account for a total GLA of 1,373,175 square meters. 72% of this leasable space is located along King Fahd and Olaya Streets.

Within the last five years, Riyadh has witnessed a steady growth in Grade A office supply with 12 new openings comprising approximately 511,875 square metres of GLA. With the exception of Raidah Digital City and Business Front, all of the new Grade A office developments are located along King Fahd and Olaya Streets.

The latest Grade A office developments delivered to the market are the Majdool Tower and Riyadh Business Front Phase 2. The new developments has opened in the second half of 2020 and boasts over 115,000 square metres of GLA.

Major Existing Prime & Grade A Office Developments



Major Existing Prime & Grade A Office Developments			
	Name	GLA (sqm)	Opening Year
1	Al Faisaliah	35,400	2000
2	Kingdom Tower	42,750	2002
3	Olaya Towers	80,000	2012
4	Tamkeen Tower	57,120	2012
5	Majdool Tower	75,000	2020
6	King Abdullah Financial District	100,000	2020
7	Centria Centre	9,700	2006
8	Granada Business Park	133,600	2011
9	Riyadh Business Gate	48,000	2013
10	Tatweer Towers	20,050	2008
11	Raidah Digital City Phase 1	160,000	2017
12	Al Rajhi HQ Tower	30,000	2018
13	Riyadh Business Front Phase 1	31,875	2018
14	Raidah Digital City - Other Phases	70,000	2018
15	Akaria The Plaza	60,000	2009
16	Al Anoud Tower I	10,000	2008
17	Al Monajem Tower	18,000	2011
18	Grand Tower	11,680	2012
19	Home offices	45,000	2012
20	Moon Tower	17,000	2013
21	Nakheel Tower	8,000	2011
22	NCCI Towers North & South	28,000	1999
23	Hamad Tower	31,000	2016
24	Al Nakhlah Tower	25,000	2017
25	Elegance Tower	24,000	2017
26	Al Waseel Tower	33,000	2018
27	Time Centre	35,000	2019
28	Malathek 1	20,000	2019
29	CMC Tower	12,000	2019
30	Riyadh Business Front Phase 2	40,000	2020
	Total Existing Supply (sqm of GLA)	1,311,175	

Source: Knight Frank Research

Riyadh future office supply

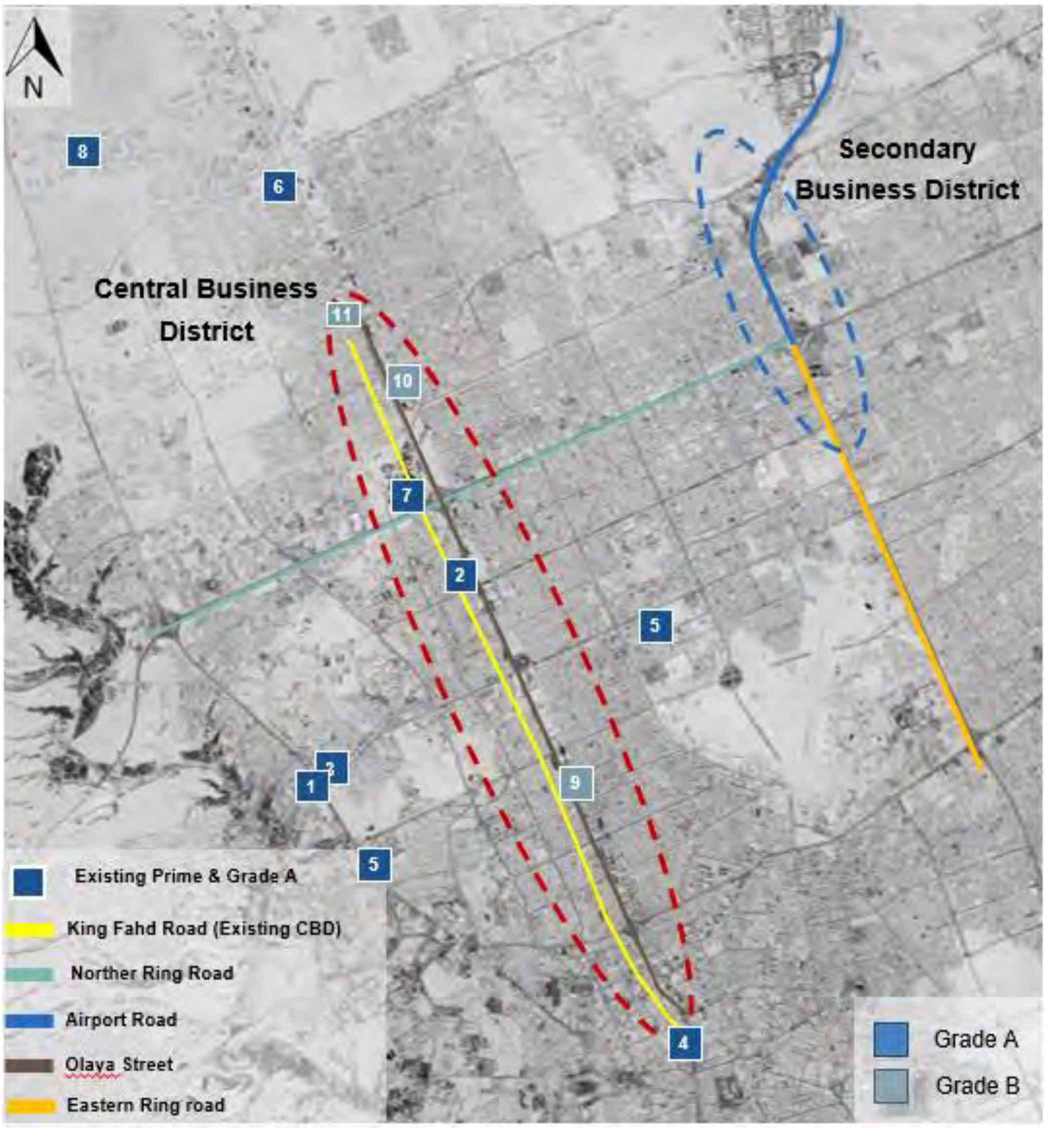
The current office pipeline comprises 1,060,006 square metres of GLA, which includes eight Grade A office developments and 3 Grade B office developments.

King Abdullah Financial District is a landmark prime office development currently under construction, KAFD has delivered around 100,000 square meter of GLA into the market during 2020 and is expected to deliver additional 700,000 square meters of GLA till 2024. This development will pose significant pressure on both rents and occupancies of Riyadh's Grade A office market.

This development will effectively increase the Grade A office in the capital by 65% from its current level of 1.37 million sqm.

Other notable developments, which have been announced and were under construction in the past, albeit have faced several delays, includes King Saud University Endowment project and The Avenues Riyadh. These developments will add circa 30,000 square metres and 50,000 square metres of GLA respectively in Riyadh's quality office space upon their completion.

Major Upcoming Office Developments



Major Upcoming Office Developments				
	Name	Status	GLA (sqm)	Opening Year
1	King Saud University - University Office Tower (Building 09/10)	Under construction	15,000	2021
2	Rafal Sky Garden	Under construction	7,300	2021
3	KSU University Office Tower (013)	Under construction	15,082	2019
4	King Fahd Twin Tower (KFTT)	Under construction	28,800	2020
5	Medical Village (The Walk)	Under construction	110,000	2021
6	The Avenues Riyadh	Under construction	50,000	2023
7	King Abdullah Financial District	Under construction	700,000	2020 -2023
8	Boulevard 2030	Under construction	45,000	2023
9	Boss Office Tower	On Hold	49875	2021
10	ATAD Office Building	Under construction	20,000	2021
11	SMASCO Tower	Under construction	18,950	2022
		Total Future Supply (sqm of GLA)	1,060,006	

ATAD office Building is not showcased on the adjacent map.

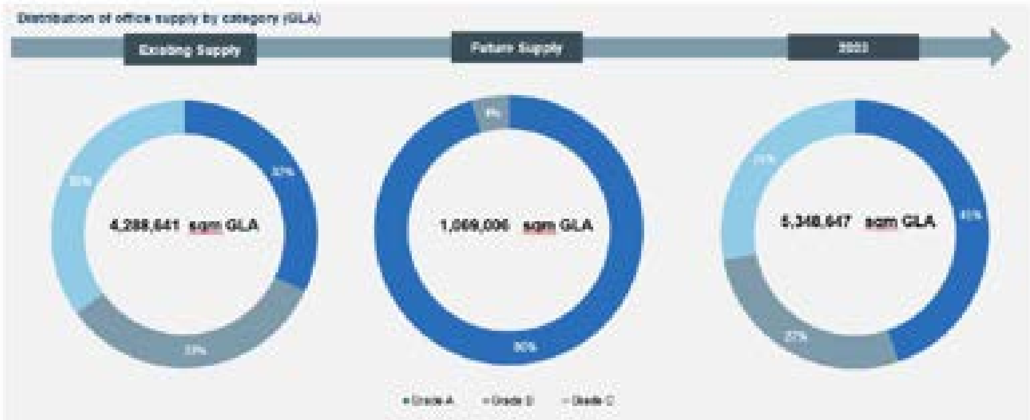
Source: Knight Frank Research

Riyadh office supply Characteristics

As of H1 2021, the total GLA of office space in Riyadh stood at over 4.28 million square metres. Grade C stock accounted for the largest share (35%) while Grade B share in the total supply stood at 33%. Prime and Grade A office space accounted for 32% of the total stock.

The 1,060,006 sqm pipeline of office supply is primarily skewed towards Grade A, which account for 96% of our total pipeline. Grade B office space accounts for the remainder 4%.

Once the supply pipeline gets released on the market, the Grade A segment share is set to increase significantly to 45% of the total office supply by the end of 2023, while the share of the Grade B and Grade C segments will decrease to 27% and 28% respectively over the same period.



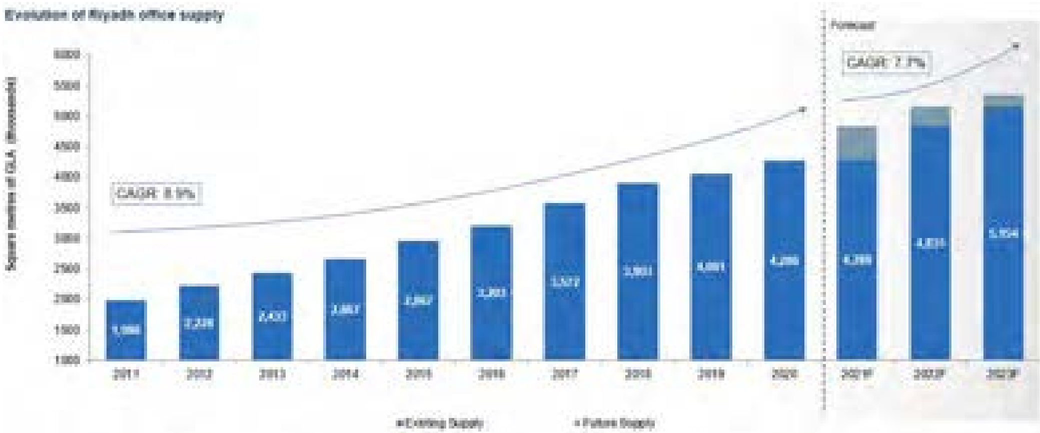
Source: Knight Frank Research

Evolution of quality Organised office SUPPLY

Between 2011 and 2020, the office supply in Riyadh grew at a compounded annual growth rate of 8.9%. The supply of office space reached 4.28 million square metres of GLA by the end of H1 2021. There were no major developments that opened in the first half of 2021 leaving the office stock relatively unchanged.

A total of 1,060,006 square metres of GLA is anticipated to be added into the market between the second half of 2021 and 2023, resulting in a total office supply of over 5.34 million square metres by the end of 2023, which equates to a compounded annual growth rate of 7.7% during our forecast period, slower than the historical CAGR.

However, given weaker market condition some projects may be delayed.



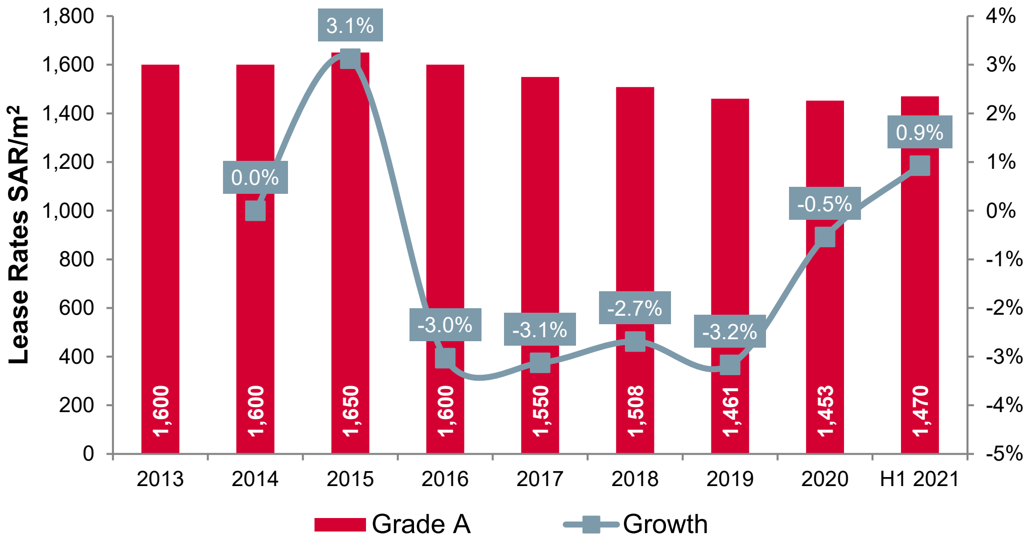
Source: Knight Frank Research

Annual lease rates in grade a and grade b segments

The average lease rates per square metre for Prime and Grade A office space marginally increased between 2013 and 2015 to reach SAR 1,650. Subsequently, lease rates per square metre began to decline; 2016 recorded a 3% decrease to SAR 1,600, while 2017, 2018, 2019 and 2020 lease rates experienced further declines of 3.1%, 2.7%, 3.2% and

0.5% respectively. However, the trend changed in H1 2021, where Grade A rents witnessed an increase of 0.9% in average Prime and Grade A lease rates to SAR 1,470.

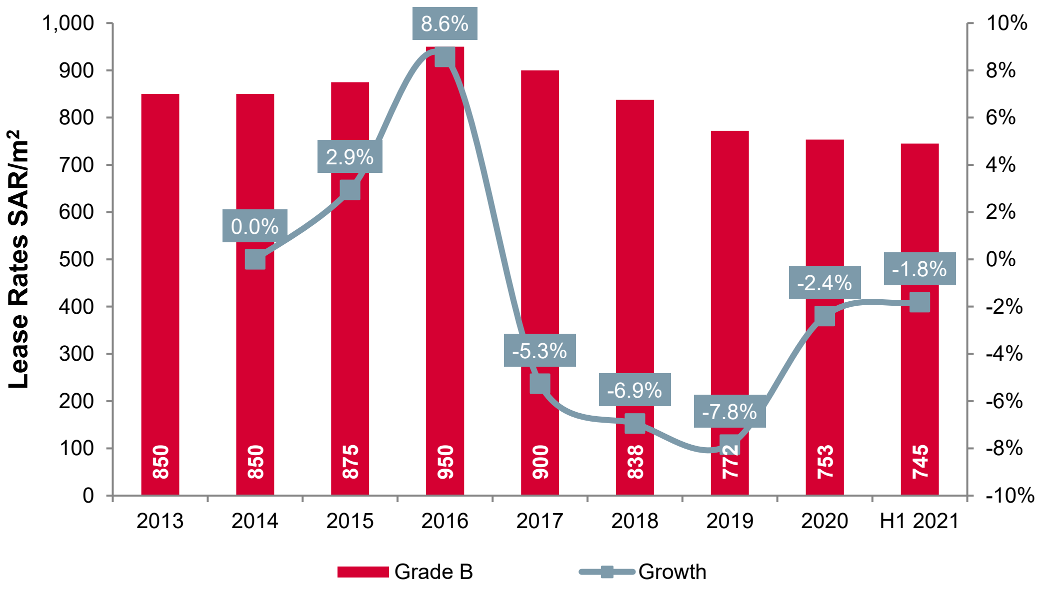
Riyadh grade A office lease rates (SAR/m²)



Source: Knight Frank Research

Average lease rates per square metre for Grade B office space increased between 2013 and 2016 from SAR 850 to SAR 950. This was followed by four consecutive years of declining lease rates with 2017, 2018, 2019 and 2020 recording drops of 5.3%, 6.9%, 7.9% and 2.4% respectively. The first half of 2021 has witnessed a further 1.8% decline in Grade B lease rates down to SAR 745.

Riyadh grade B office lease rates (SAR/m²)



Source: Knight Frank Research

The relative outperformance of Grade A offices can be attributed to a marked increase in the number of licences granted to foreign investors wishing to set up business in the Kingdom.

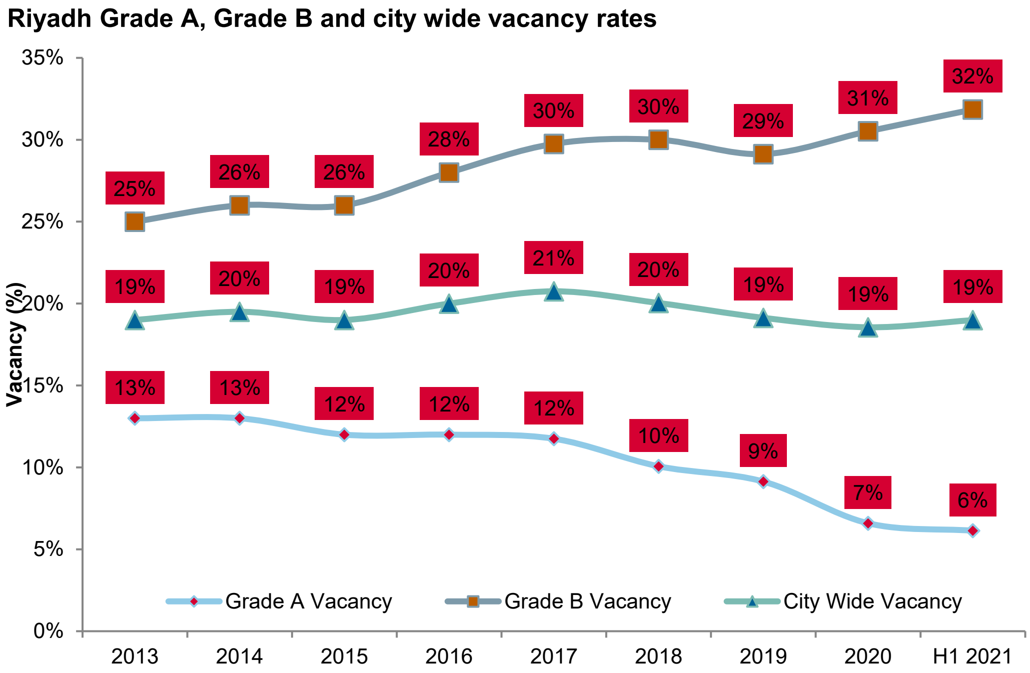
In the near future, growing supply is quickly emerging as a source of concern. We have nearly 1.06 million square meters scheduled for completion by the end of 2030. Domestic demand will undoubtedly absorb some of the new supply as economic reforms spur increased business activity, but the impact of all the new stock remains unknown. As the flight to quality intensifies, it is likely that Grade B buildings will face the most downward pressure on rents.

Vacancy rates

From 2013 to 2020, vacancy levels across the Prime and Grade A office segments witnessed a decline reaching 7% down from 13%. Occupancy in Prime and Grade A schemes has strengthened as the market is characterised by a limited stock of Prime and Grade A space with key assets benefiting from frictional vacancy. Average vacancy rates in Grade A stock decreased by one percentage points to reach 6% in H1 2021.

Between 2013 and 2020, vacancy levels across the Grade B office segment trended higher reaching 31% in 2020 as compared to 25% in 2013. This market dynamic has to be seen within the context of a subdued occupier demand and an increasingly competitive market where occupiers are given more choice as a result of an increased quality supply.

Looking ahead and as supply increases, we expect the market to become more occupier friendly. We see a two-tiered market developing where buildings situated in better locations with attractive facilities will command premium rents and healthy occupancy levels while secondary assets will struggle to drive rental and occupancy levels



'Source: Knight Frank Research'

KSA Retail Market Overview

Riyadh Retail Market Overview

Retail categories definition

While retail typology is primarily based on the amount of gross leasable area (GLA), the different types of malls also have distinct characteristics in terms of tenant mix, variety offered, physical layout and target market.

Source: Urban Land Institute; International Council of Shopping Centre; Knight Frank

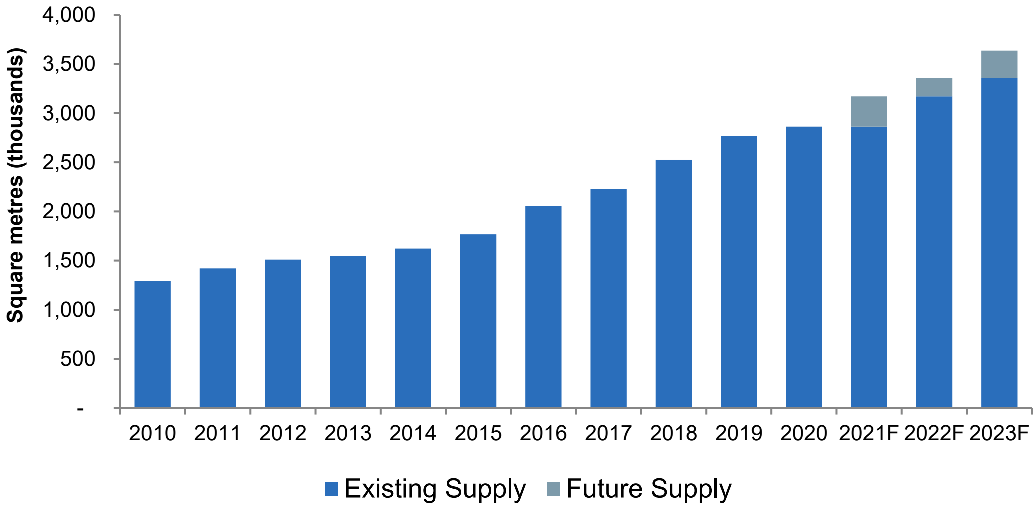
Evolution of quality Organised Retail SUPPLY

Between 2010 and 2020 retail supply in Riyadh grew at a compounded annual growth rate of 8.3%. The supply of quality organised retail space reached 2.86 million square metres of GLA by the end of 2020. There were five new developments that opened in 2020, which added approximately 65,000 square meters of GLA to the market.

Subject to construction progress, around 12 developments are anticipated to reach completion in 2021, this includes three regional malls, namely Cordoba Boulevard Mall, Granada Mall Extension and Khaleej Mall Riyadh, bringing the total GLA to 3.17 million square metres by the end of 2021.

A total of 773,920 square metres is anticipated to be added into the market between 2021 and the end of 2023 resulting in a total retail supply of 3.63 million square metres. This equates to a compounded annual growth rate of 8.3%, similar to the the historical CAGR.

Evolution of Riyadh retail supply (GLA)



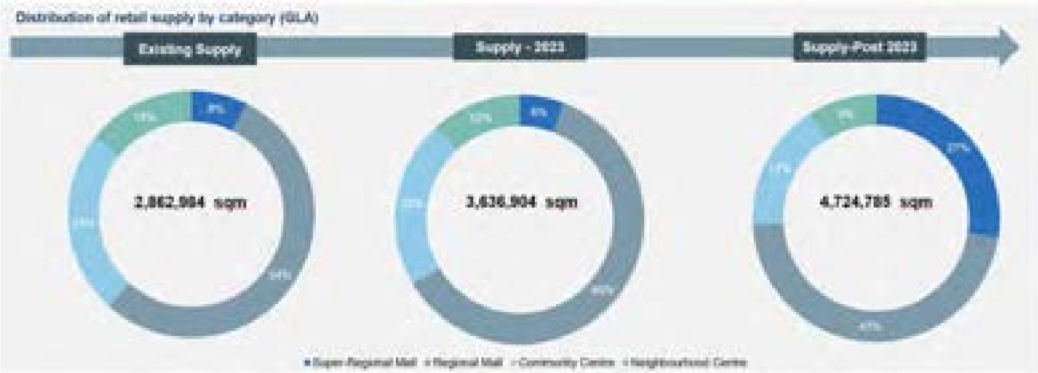
Source: Knight Frank Research

Quality organised retail supply characteristics

At the end of 2020, the total GLA of quality organised retail supply stood at over 2.86 million square metres. Regional malls comprised the largest share accounting for 54%. Community centres, neighbourhood centres and super regional malls accounted for 24%, 14% and 8% of total supply respectively. The existing quality retail supply is distributed over 140 organised retail developments, two of which are super regional malls and 31 are regional malls, in addition to 43 community centres and 65 neighbourhood centres.

At the end of 2023, the total GLA of quality organised retail supply is expected to near 3.63 million square metres. The share of regional mall in total supply is expected to increase to 60%. Community centres, neighbourhood centres and super regional malls are expected to account for 22%, 12% and 6% of total supply respectively.

Some super regional and regional malls have been announced but have not broken the ground. If we take these malls into account and analyse the post 2023 supply composition, total supply would exceed 4.72 million square meters of GLA while the share of the super regional mall segment would increase from 8% to 27%, driving the contribution of all other segments downwards.

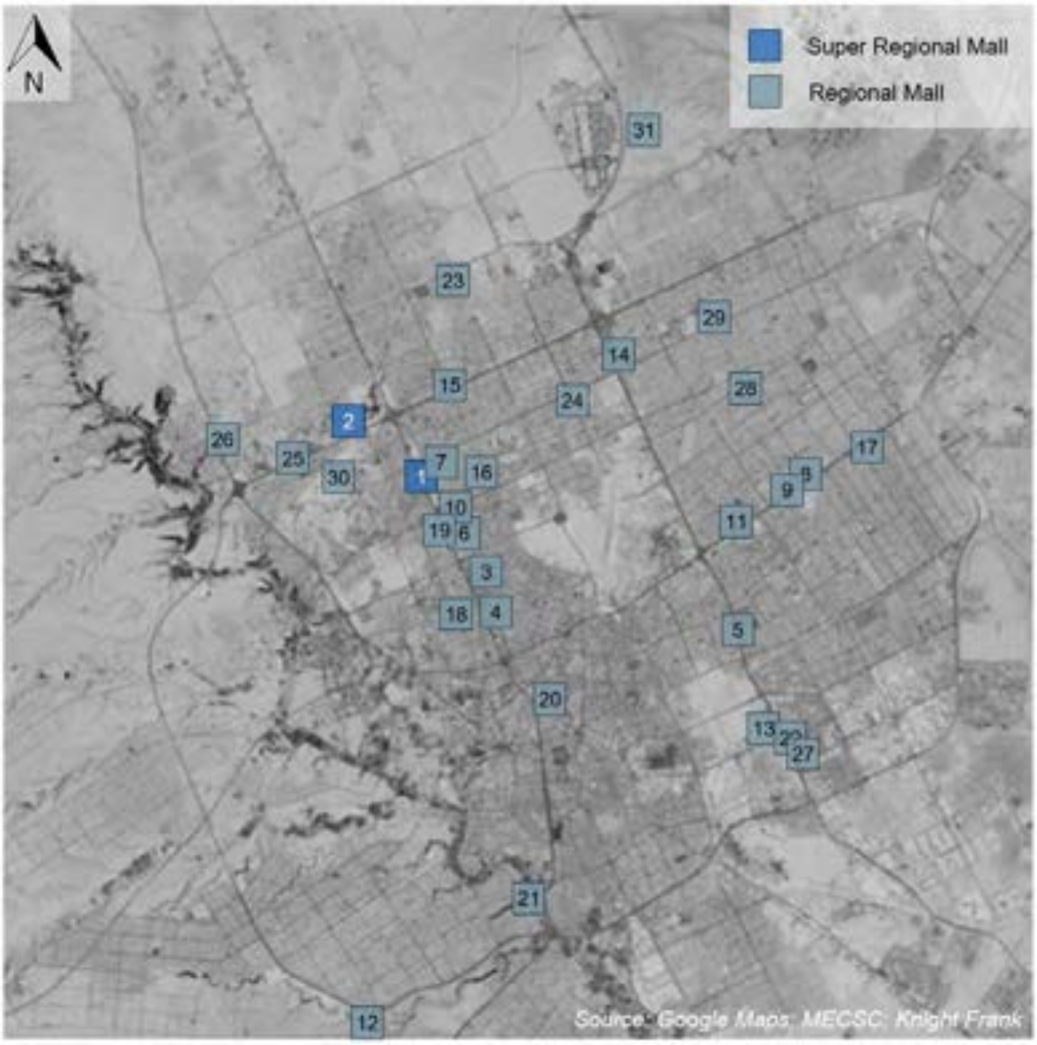


Source: Knight Frank Research

Riyadh existing quality Organised RETAIL supply ½

Within the last five years, Riyadh has witnessed a steady growth in regional malls with eight new openings comprising approximately 385,000 square metres of GLA. With the exception of Riyadh Outlet Mall which is located south of the city on the Eastern Ring Road, all of the new regional malls are located either to the northeast or to the north of the city.

The latest regional mall to have opened is Shopping Front (2019/2020). The mall boasts over 65,000 square metres of GLA.


N
Super Regional Mall
Regional Mall
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Source: Google Maps, MECSC, Knight Frank

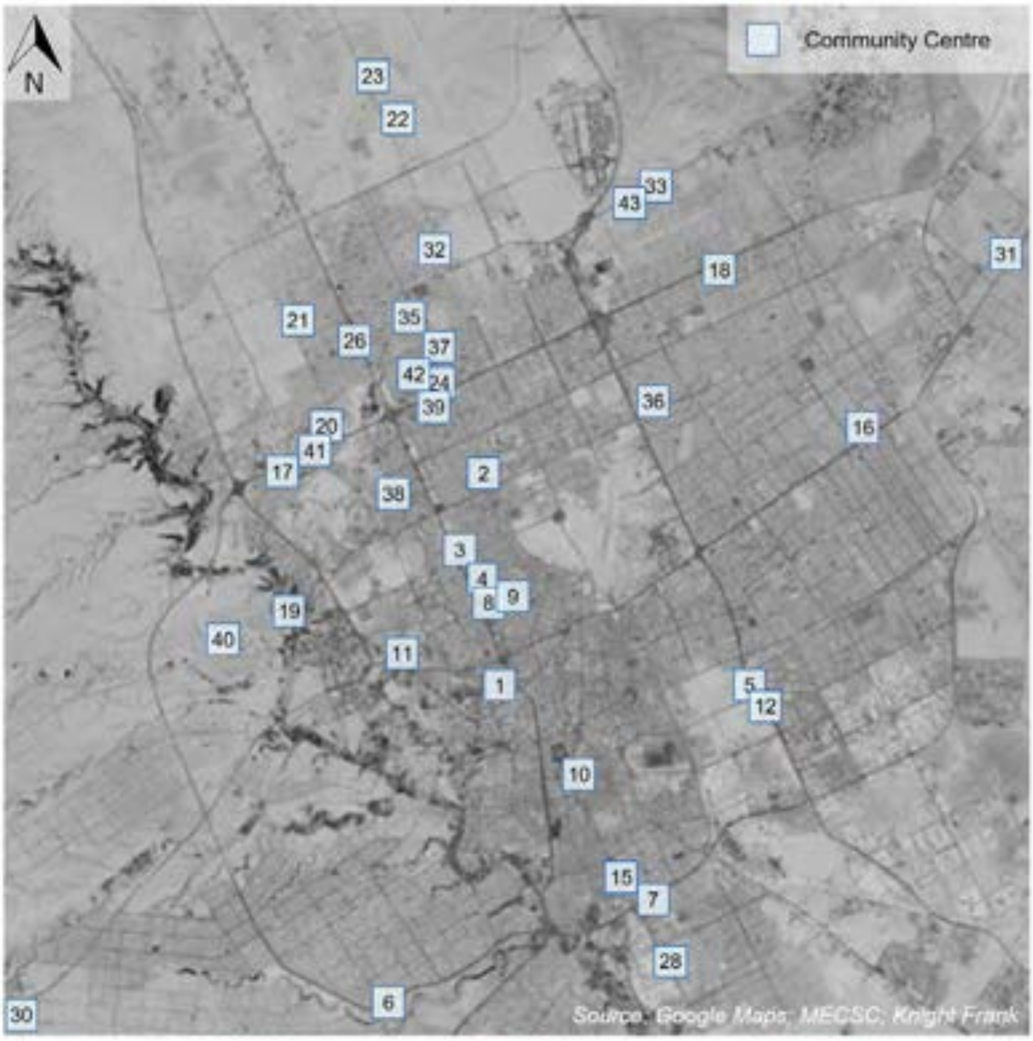
Major Super Regional and Regional Malls							
	Name	GLA (sqm)	Opening Year		Name	GLA (sqm)	Opening Year
1	Riyadh Gallery Mall	118,500	2008	2	Riyadh Park	92,000	2018
3	Akaria 1 Mall	33,121	2000	18	Panorama Mall	79,185	2010
4	Al Faisaliah Mall	35,000	2000	19	Royal Mall	60,000	2011
5	Al Othaim Mall - Rabwa	80,000	2000	20	Riyadh Avenue Mall	40,000	2011
6	Andalus Mall	89,247	2000	21	Al Qasr Mall	89,247	2012
7	Marina Mall-Riyadh	35,000	2002	22	Ethra Mall	30,000	2013
8	Khurais Mall	41,322	2002	23	Alia Plaza	45,366	2014
9	Khurais Plaza	43,235	2002	24	Al Nakheel Mall	53,215	2015
10	Kingdom Center	45,500	2002	25	The Boulevard	30,000	2016
11	Al Khayma Mall	63,338	2004	26	Al Thaghr Plaza	35,000	2016
12	Salaam Mall*	48,675	2005	27	Riyadh Outlet Mall	44,913	2016
13	Rimal Center	55,950	2005	28	Al Hamra Mall	50,690	2016
14	Granada Mall	81,314	2005	29	Rowaished Grand Mall	43,837	2018
15	Tala Mall	35,400	2006	30	University Walk	63,538	2019/20
16	Hayat Mall	87,000	2007	31	Shopping Front (Fashion Village)	65,000	2019/20
17	Al Othaim Mall – Khurais	35,000	2009				
	Total Existing Supply GLA					1,749,594	

Riyadh existing quality Organised RETAIL supply 2/2

At the end 2020, there were 43 quality community centres in Riyadh totalling 690,024 square metres of GLA.

Within the community centre segment, 2018 witnessed the largest increase in GLA with eight developments coming online throughout the year and adding the equivalent of 157,200 square metres of GLA to the market.

Similarly to regional malls, older community centres are concentrated around the Olaya business corridor whereas newer community centres have predominately been developed north and northeast of Riyadh, where the city is expanding to.



Khatwah Center, Al Andalucia Plaza, Square 6, Tarif Complex, Elite Square and Elegent Center are not showcased on the adjacent map.

Major Community Centres							
	Name	GLA (sqm)	Opening Year		Name	GLA (sqm)	Opening Year
1	Nojoud Mall	10,900	1984	23	Masharef Hills Center	10,000	2017
2	Sahara Mall	10,368	1997	24	Veranda	12,000	2017
3	Olaya Mall	15,866	2000	25	Square 6	15,600	2017
4	Aqaria 2 Mall	26,399	2005	26	Riyadh Gate	14,000	2018
5	Al Reem Plaza	28,047	2005	27	Tarif Complex	10,560	2018
6	Flamingo Mall – Riyadh	23,800	2006	28	Jood Center	10,621	2018
7	Gardenia Mall	24,791	2007	29	Elite Square	11,000	2018
8	Centria Mall	12,660	2008	30	Olaya Plaza	11,000	2018
9	Localizer Mall	22,000	2009	31	Sawari Center	11,341	2018
10	Al Wazir (Ibn Suleiman)	22,000	2010	32	Areik Center	11,862	2018
11	Dove Plaza	21,787	2011	33	Aljaddah	12,000	2018
12	Balancia Bazaar	26,700	2014	34	Elegent Center	13,500	2018
13	Khatwah Center	12,060	2015	35	One Square	14,000	2018
14	Al Andalucia Plaza	10,000	2016	36	Deem Center	15,339	2018
15	Al Hamra Plaza	10,000	2016	37	Hamed Mall	22,000	2018
16	Al Nahdah Plaza	10,000	2016	38	The Zone - Life Style Mall	25,000	2019
17	Centro Nakheel Plaza	10,500	2016	39	Chandelier Complex	13,400	2019
18	Al Yarmouk Center	10,882	2016	40	Sondos Landmark Mall	25,000	2019
19	Al Wadi Plaza	11,884	2016	41	Reef Center	15,000	2010
20	Rubeen Plaza	21,000	2016	42	QBIC Center	19,300	2020
21	Almakan Mall	23,357	2016	43	Qortuba Gate	22,500	2020
22	Centro Plaza (Narjis)	10,000	2017				
	Total Existing Supply GLA					690,024	

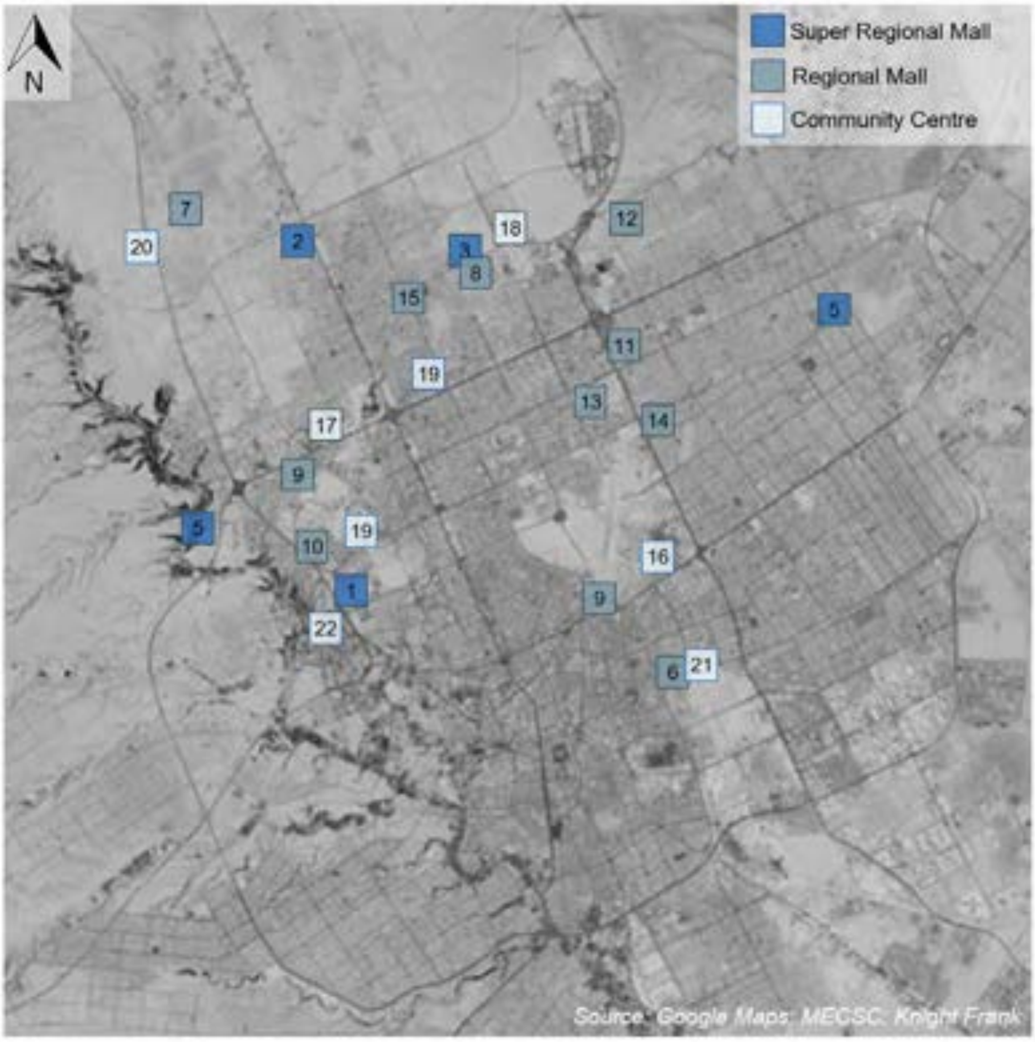
Source: Knight Frank Research

Riyadh future quality organised retail supply

The current retail pipeline comprises 1,843,301 square metres of GLA, including five super regional malls, eleven regional malls and five community centres.

There is approximately 100,000 square metres of GLA spread throughout King Abdullah Financial District, which has been excluded from our analysis.

Around 774,000 square meter of GLA is anticipated to be delivered in the market before 2023, and 1,08,000 square meters of GLA is expected to be released in the market post 2023 including Mall of Saudi and The Avenues that are expected to add around 300,000 and 400,000 square metres of GLA, respectively. Both malls have not yet broken ground and are not anticipated to open before 2023. Other notable developments, which have been announced in the past and are currently on hold at this time, include Salboukh Mall (approximately 275,337 square metres) and City Center Ishbiliah (approximately 100,000 square metres).



Major Super Regional Malls, Regional Malls and Community Centres				
	Name	Status	GLA (sqm)	Opening Year
1	Mall Of Saudi	Design	300000	2025
2	The Avenue Mall (42393)	On Hold	400000	2024
3	Mall Of Arabia	Design	112544	2025
4	Salboukh Mall in Riyadh	Construction	275337	2024
5	City Center Ishbiliah	On Hold	100000	2024
6	Malaz Mall	Construction	50556	2023
7	Boulevard 2030	Construction	55000	2022
8	Najd Mall	Construction	36286	2022
9	Al Khaleej Mall	Construction	54085	2021
10	Riyadh Medical Village (The Walk)	Construction	45000	2022
11	Granada Mall Extension	Construction	62500	2021
12	Cordoba Boulevard Mall	Construction	61200	2021
13	Nakheel Mall Extension	Planned	39036	2023
14	Al Hamra	Planned	70000	2023
15	Solitaire Shopping Mall	Construction	52500	2023
16	Al Fursan Plaza	Construction	11250	2021
17	The Canopy	Construction	NA	2021
18	Riyadh Promenade	Planned	25000	2022
19	The Esplanade	Construction	25744	2022
20	Shams Ar Riyadh Mall	Planned	26250	2023
21	Al Rabwah Plaza	Construction	11227	2023
22	DQGA - AH 1364 Shopping Complex	Construction	29786	2023
		Total Future Supply GLA	1,843,301	

Salboukh Mall is not showcased on the adjacent map.

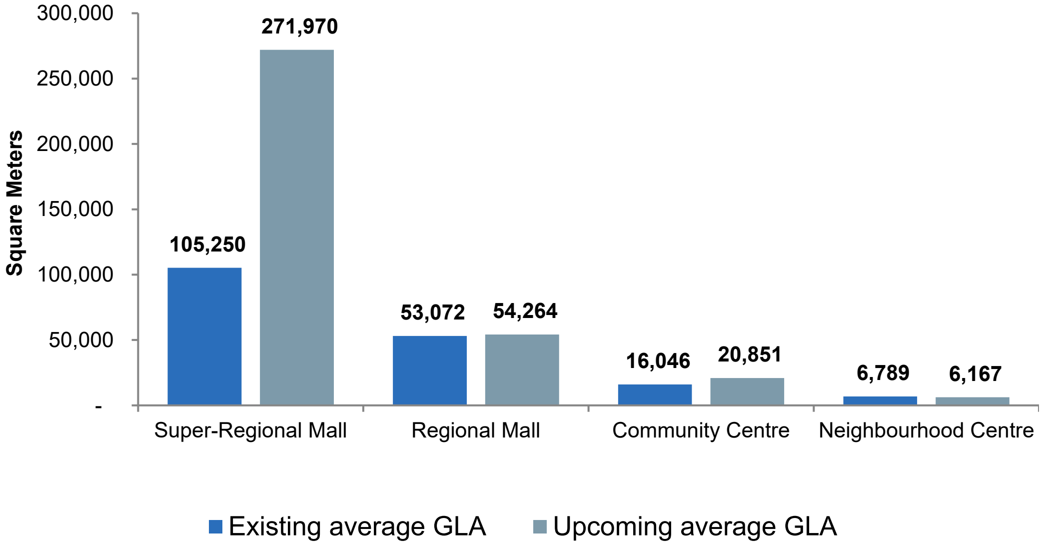
Quality organised retail supply characteristics

In Riyadh, larger malls have historically performed better than smaller malls, as their attractiveness goes beyond the presence of retail stores. Larger malls typically feature social spaces and include a key entertainment factor aimed at driving footfall and allowing shoppers to spend more time at the mall. By contrast, smaller malls typically serve a single purpose, as shoppers usually go to these centres to shop at a specific store.

As a result, this has stimulated a shift in the market, whereby super regional and regional malls are getting larger to include additional entertainment and leisure based activities. Upcoming super regional and regional average sizes are expected to be considerably larger than existing ones. By contrast, upcoming community and neighbourhood centres average sizes are in line with existing ones.

Nevertheless, its is evident that there is a market trend throughout the GCC (e.g. Ajdan Walk in Al Khobar, City Walk in Dubai, etc.) leaning towards lifestyle and entertainment-led community centres or strip retail featuring outdoor landscaped spaces. These developments typically feature a higher proportion of F&B and entertainment spaces with limited retail line stores.

Average Mall Size by Type of Mall (GLA)

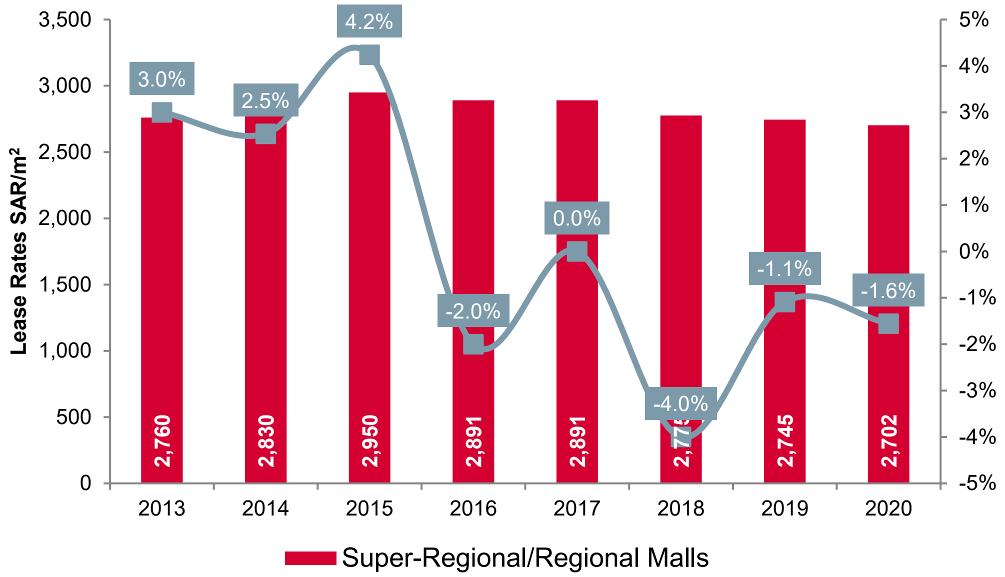


Source: Knight Frank Research

Average lease rates in quality Organised Retail

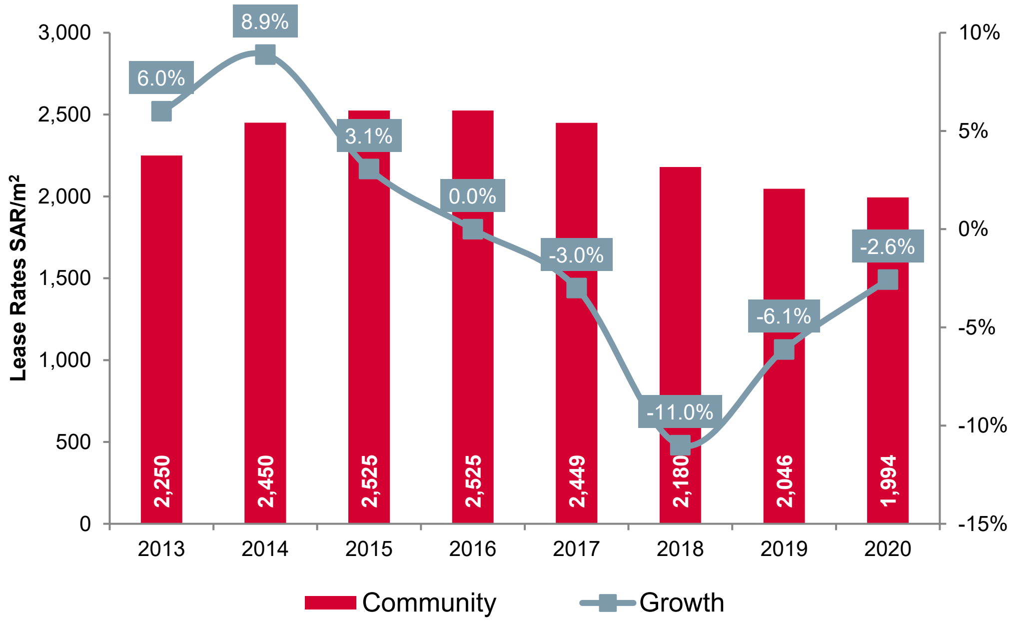
Average lease rates per square metre for super regional and regional malls marginally increased from 2013 to 2015 reaching SAR 2,950. Subsequently, lease rates per square metre began to decline; 2016 recorded a 2% decrease to SAR 2,891. 2017 lease rates experienced no change, while 2018 and 2019 lease rates we have seen further decline of 4% and 1.1% respectively. This downward trend continued in 2020 where lease rates witnessed a 2.6% decrease to SAR 2,702.

Riyadh super regional & regional malls lease rates (SAR/m²)



Community centres' lease rates recorded an increase between 2013 and 2016 to reach SAR 2,525. This was followed by four consecutive years of declining lease rates; 2017, 2018, 2019 and 2020 recorded a 3.0% 11.0%, 6.1% and 2.6% drops respectively.

Riyadh community malls lease rates (SAR/m²)



A number of factors have contributed to these downward pressures on super regional and regional malls lease rates including:

- Stricter Saudisation policies meaning that spending from expatriates has declined due to the exodus. In addition, retailers are having to employ a larger share of Saudi nationals and as a result payroll figures have increased squeezing retailers margins;
- Saudi national social benefits - in particular within the public sector - have been reduced and therefore impacting disposable income levels;
- E-commerce is progressively gaining a larger market share.

Source: Knight Frank Research

Super regional and regional malls vacancy

From 2013 to 2020, market wide vacancy levels for super regional and regional malls witnessed an increase reaching 18% up from 12%. The market-wide vacancy rate in.

In 2016 the market witnessed the addition of four regional malls, namely The Boulevard, Al Thaghr Plaza, Al Hamra and Riyadh Outlet Malls with the addition of approximately 160,603 square metres of GLA in the market. These additions marked a turning point in the market as vacancy rates increased to 12% in 2017 and 15% in 2018. While the large supply that was added to the market was difficult to absorb, the downward trend was further exacerbated by economic backdrop caused by the spread of COVID-19.

Given a large supply pipeline and soft economic conditions, occupancy rates are expected to remain under pressure over the short-term. However, we expect well-designed and lifestyle-oriented retail development to show more resilience facing challenging market conditions, which would in turn enable them to outperform the market.

Source: Knight Frank Research

Valuation Report.

Salama Building, Madinah Road, Salamah District, Jeddah, KSA

Prepared for SNB Capital
Valuation date: 31 December 2021

Locally expert, globally connected.

SNB Capital
Riyadh, Kingdom of Saudi Arabia

For the attention of Danial Mahfooz, CFA
Email: d.mahfooz@alahlicapital.com
Tel: +966 12 690 7817/ M: +966 54 475 2329

Our ref: KFV665-2021

Date of issue: 15 February 2022

Dear Sirs

Valuation Report – Salama Building, Madinah Road, Salamah District, Jeddah, KSA

Further to your instructions, we are pleased to provide our Valuation Report in respect of the above property. If you have any queries regarding this report, please let us know as soon as possible.

Signed for and on behalf of Knight Frank Spain Saudi Arabia Real Estate Valuations Company

Talal Raqaban, MRICS
RICS Registered Valuer - Taqeem No. 1210001810
Partner, Valuation & Advisory, KSA
For and on behalf of Knight Frank Spain Saudi
Arabia Real Estate Valuations Company

This report has been reviewed, but not undertaken, by:

Stephen Flanagan, MRICS
RICS Registered Valuer - Taqeem No. 1220001936
Partner, Head of Valuation & Advisory, MENA
For and on behalf of Knight Frank Spain Saudi
Arabia Real Estate Valuations Company

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Executive summary

This Executive summary is a brief overview of our Valuation Report and must not be relied upon in isolation. It is intended to be read in conjunction with the whole report and is subject to any assumptions, caveats and comments stated within the body of this report.

Address	Salama Building, Madinah Road, Salamah District, Jeddah, KSA
Location	The property is located on Madinah Road within the Salamah district of Jeddah, which is perceived to be a good location in central Jeddah. The property has a frontage of approximately 100 meters on Madinah Road to the east along with a frontage to the north, west and south onto secondary roads. It lies within a high-density populated area where the prevailing land use comprises mainly of residential apartment buildings. The King Abdulaziz International Airport is located some 6 km to the north of the property. The coast of the Red Sea is situated some 5 km to the west.
Description	The property comprises a good quality office building with ancillary retail. It was built in 2013 and contains 8 retail units on the ground floor and 116 office units situated across the upper 13 floors. The property's construction takes the form of a reinforced concrete frame with grey and blue exterior cladding. There are approximately 400 car parking spaces situated across the basement and mezzanine floors. The retail units on the ground floor benefit from good road frontage, all of which have double ceiling heights that allow for mezzanine accommodation. The office floors are accessed from the rear of the property through a dedicated lobby with six passenger lifts and one service lift. Internally the common area is in good condition.
Areas	The property has a total net leasable area (NLA) of 29,921 sq m, of which 5,710 sq m is zoned for retail use and 24,002 sq m is zoned for office use. The rest of the NLA comprises storage space, telecommunication antennas, sign board, etc. The land plot, which the property is built on, extends to 7,682 sq m according to the copy of the land title deed that was provided to us.
Tenure	Assumed freehold
Planning	The client has provided us with the property's building permit, which indicates that the site has permission for a commercial development. We would advise your legal advisors to verify this.

Valuation considerations	• We have valued the property subject to the head lease that is currently in place. The head lease is for a 5-year term with a fixed rental income of SAR 23,100,000 per annum with no escalations. After expiry of the head lease, we have assumed that the head lease is not renewed and the building then becomes available to let on a multi tenanted basis, and is leased to third parties on market based lease terms. • The lot size is such that this asset would prove attractive in the market given the two distinct asset classes of retail and offices. • We have assessed the market value of the property using a discounted cash flow approach, where we have modelled the cash flows generated under the head lease for the contracted lease term and upon expiration, we have assumed the building would be leased based on our assumptions of Market Rent, with allowances being made for deduction of operating expenses, leasing fees and property management fees. Our Estimated Rental Value for the property as at the valuation date is SAR 25,359,738 per annum (assuming 100% occupancy). We have assumed 2% annual inflation in our cash flows and adopted an 8.25% exit yield reflecting a 10.25% discount rate. • The property benefits from good road frontage along Madinah Road and provides flexible, well laid out retail accommodation on the ground floor. The common area is in good and serviceable condition. Additionally, there may be opportunities to rentalise part of this space in the future. • We understand that the municipality requires a parking ratio of 1 parking bay per 70 sq m of office space and 1 parking bay per 55 sq m of retail space which equates to a total requirement of 443 bays. The existing car parking ratio for the office space is relatively poor with c. 400 spots available, which is c 43 spaces short of the municipality standard. • Visitors currently use a vacant land opposite to the subject site for parking. This may cause inconvenience to tenants should the land be developed in the future. It may also appear to be less attractive to a number of potential buyers / investors, as lettability of the building could be adversely impacted – parking is one of the key factors that tenants look for when considering taking space in an office building. • Although the physical workplace is still crucial, the nature of office work is changing. The Pandemic impacted the office industry substantially. The COVID-19 Pandemic has reshaped the office real estate market where some business are adopting long term work from home protocols and others downsizing. This has contributed towards the oversupply situation in the office sector in Jeddah, although good quality office space has been impacted to a less extent.
Valuation date	31 December 2021
Market Value	We are of the opinion that the Market Value of the freehold interest in the Property which is identified as Salama Building on Madinah Road in Jeddah, KSA, subject to the signed Head Lease and the assumptions and the caveats detailed herein, as at the valuation date is:

SAR 240,000,000

(Two Hundred and Forty Million Saudi Arabian Riyals)

Valuation Analysis

Item	Unit	Assumption
Head Lease	Entire building	5 years
Passing rent	SAR per annum	23,100,000
ERV	SAR per annum	25,359,738
Office NLA	sq m	24,002
Retail NLA	sq m	5,710
Estimated Office Market Rent (after the Head Lease expiry)	SAR / sq m per annum	648 to 786
Estimated Retail Market Rent (after the Head Lease expiry)	SAR / sq m per annum	1,388
Service Charge	%	10%
Telecommunications Tower income	SAR per annum	35,000
Insurance	SAR per annum	156,135
Operating Costs (after expiry of the Head Lease)	SAR / sq m per annum	90
Property Management Fee and Marketing	Percent of Revenue	1.00%
Sinking Fund	Percent of Revenue	1.00%
Exit Yield	%	8.25%
Growth	%	2.00%
Discount Rate	%	10.25%

1. Terms of engagement

Engagement of Knight Frank Spain Saudi Arabia Real Estate Valuations Company

1.1 This valuation report (the "Valuation") has been prepared in accordance with our Terms of Engagement letter date **24 June 2021** and our General Terms of Business for Valuation Services (together the "Agreement"). A copy of this document is attached at Appendix 1 (along with your original instruction for reference purposes).

Client

1.2 We have been instructed to prepare the Valuation by SNB Capital (the "Client"), as manager on behalf of Al-Ahli REIT Fund, a real estate investment traded fund in the Saudi Stock Exchange (Tadawul).

Valuation standards

1.3 This valuation has been undertaken in accordance with the current editions of RICS Valuation - Global Standards, which incorporate the International Valuation Standards (the "Red Book") and Taqeem Standards**.** As required by the Red Book / IVS, some key matters relating to this instruction are set out below.

Independence and expertise

Disclosure of any conflicts of interest

1.4 We confirm that we do not have any material connection or involvement giving rise to a conflict of interest and are providing an objective and unbiased valuation.

1.5 This has been disclosed to you and you have given your consent to us proceeding with this instruction. We confirm that we are not aware of any undisclosed matter giving rise to a potential conflict of interest and that we are providing an objective and unbiased valuation.

Valuer and expertise

1.6 The valuer, on behalf of Knight Frank Spain Saudi Arabia Real Estate Valuation Company with the responsibility for this report is Talal Raqaban MRICS, RICS Registered Valuer and Fellow member of Taqeem. Parts of this valuation have been undertaken by additional valuers as listed on our file.

1.7 We confirm that the valuer and additional valuers meet the requirements of the Red Book / IVS and Taqeem Regulations, having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.

1.8 We are appointed as your valuation advisors; our role is limited to providing property valuation services in accordance with the Red Book and the terms of this Agreement.

1.9 For the purposes of the Red Book / IVS, we are acting as External Valuer.

1.10 This report has been vetted as part of Knight Frank Spain Saudi Arabia Real Estate Valuation Company quality assurance procedures.

Use of this Valuation

Purpose of valuation

1.11 The client has confirmed that this valuation report is required for REIT reporting to the Saudi Capital Market Authority (CMA) for the semi-annual reporting of the market value (MV) in accordance with Taqeem regulations (the "Purpose"). This valuation has been prepared solely for the aforementioned purpose and may not be used for any other purpose without our express written consent.

Reliance

1.12 This Valuation has been prepared for the Client only. No other person is entitled to rely on the Valuation for any purpose. We accept no liability to anyone for any improper or unauthorised reliance on this Valuation.

Disclosure & publication

1.13 The Valuation has been prepared for the Client and in accordance with the Agreement which governs its purpose and use. As stated in the Agreement, this Valuation is confidential and must not be disclosed to any person other than the Client without our express written consent. Nor may the whole nor any part of this valuation nor any reference thereto may be included in any prospectus, listing particulars, published document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.

Limitations on liability

1.14 Knight Frank Spain Saudi Arabia Real Estate Valuation Company's total liability for any direct loss or damage (whether caused by negligence or breach of contract or otherwise) arising out of or in connection with this Valuation is limited to the amount specified in our Terms of Engagement, a copy of which is attached. Knight Frank Spain Saudi Arabia Real Estate Valuation Company accepts no liability for any indirect or consequential loss or for loss of profits.

1.15 We confirm that we hold adequate and appropriate PII cover for this instruction.

1.16 No claim arising out of or in connection with this Valuation may be brought against any employee, director, member, partner or consultant of Knight Frank Spain Saudi Arabia Real Estate Valuation Company**.** Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Knight Frank Spain Saudi Arabia Real Estate Valuation Company.

1.17 Nothing in this Valuation shall exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.

Scope of work

1.18 In this report we have been provided with the following information by you, your advisors or other third parties and we have relied upon this information as being materially correct in all aspects.

1.19 In particular, we detail the following:

- Information relating to the extent of the property

- Project summary
- Copy of the title deed
- Copy of the Building Permit
- Head lease (in Arabic)

1.20 In the absence of any documents or information provided, we have had to rely solely upon our own enquiries as outlined in this report. Any assumptions resulting from the lack of information are also set out in the relevant section of this report.

2. The Property

2.1 The property we have valued, including the inspection details, is as follows:

Property address	Inspected by	Inspection date
Salama Building, Madinah Road, Salamah District, Jeddah, KSA	Talal Raqaban	19 December 2021

Location

2.2 As can be seen from the map below, the property is located on Madinah Road within the Salamah district, which is perceived to be a good location in central Jeddah. The property has a frontage of approximately 100 meters on Madinah Road to the east along with a frontage to the north, west and south onto secondary roads. It lies within an area that is dominated by high-density population where the prevailing use is comprised predominantly of residential apartment buildings.

2.3 Access to the city centre is achieved via Madinah Road which is an arterial route running north south while Hira Street is situated a short distance to the north which affords access to the city in an east west direction.

2.4 The King Abdulaziz International Airport is located some 6 km to the north from the property. The coast of the Red Sea is situated some 5 km to the west.

Source: Google Earth / Knight Frank Research

Site

Site area

2.5 The property occupies a broadly rectangular site of approximately 7,682 sq m (areas taken from client).

Site plan

2.6 The property is identified on the Google earth below, showing our understanding of the boundary outlined in red.

Source: Google Earth / Knight Frank Research

Description

2.7 The property comprises a good quality office building with ancillary retail. It was built in 2013 and contains 8 retail units on the ground floor and 116 office units situated across the upper 13 floors.

2.8 The property's construction takes the form of a reinforced concrete frame with grey and blue exterior cladding. There are approximately 400 car parking spaces situated across the basement and mezzanine floors.

2.9 The retail units on the ground floor benefit from good road frontage, all of which have double ceiling heights that allow for mezzanine accommodation.

2.10 The office floors are accessed from the rear of the property through a dedicated lobby with six passenger lifts and one service lift. Internally the common area is in good condition.

2.11 A selection of photos taken during our inspection is provided below:

Accommodation

Measurement

2.12 As agreed with the client, we have relied upon the areas provided to us by them “SNB Capital”, and have assumed that they have been prepared in accordance with local market practice and regulations. No further verification has been undertaken. We have not undertaken a measurement survey of the property.

Areas

2.13 The Client has provided us with the breakdown of the Net Leasable Areas (NLA) of the property, a summary of which is provided below.

- The NLA of the retail units is 5,710 sq m
- The NLA of the office units is 24,002 sq m

2.14 The rest of the floor space is comprised of common areas, storage space, telecommunications antennas, sign board, etc.

Services

2.15 No tests have been undertaken on any of the services.

2.16 We have assumed for the purposes of this valuation that mains gas, water, electricity, drainage and telecommunications are all available to the subject property.

2.17 We have not tested the services and utilities available to the property; however, for the purpose of this report we assume that they have sufficient capacity to service its current use. We have not accounted for any costs in improving such services and utilities within our valuation. Should this prove not to be the case, we reserve the right to amend our valuation.

Legal title

Sources of Information

2.18 We have been advised that Al Ahli REIT Fund (1) owns the property and were provided with a copy of the updated title deed, with the details shown below:

Table 1: Title deed

Item	Description
Number	320212024018
Date	4 August 2019
Area	7,682 sq m
Note	Ownership transferred to Sundoq Tamkeen Real Estate Company which is the SPV of the Fund
Price	SAR 255,000,000

Source: Client

2.19 A copy of the title deed is attached in Appendix 2.

Tenure

2.20 For the purposes of this valuation report we have assumed that the property is held 100% on a freehold basis free from any encumbrances and third party interests.

Covenants

2.21 We have assumed that the property is not subject to any unusual or onerous covenants, restrictions, encumbrances or outgoings.

2.22 These assumptions should be verified by your legal advisors. If they prove incorrect, any variation may have a material impact on value and should be referred back to us for further comment.

Tenancies

2.23 The property is subject to a head lease. We set out the salient terms below:

Table 2: Lease terms summary

Item	Description
Lease Start Date	04 August 2019

Landlord	Al Ahli REIT Fund (1)
Tenant	Confidential
Term	5 years from 04 August 2019
Break option	None
Rent	Fixed rent of SAR 23,100,000 per annum paid semi-annually in arrears
Repair	The tenant covenants to keep the premises in good and substantial repair and condition.
Alienation	Subject to the lessor's prior written approval, the lessee shall be entitled to sublease the property.

Source: Client

Condition

Scope of inspection

2.24 We have not undertaken a site survey of the property.

2.25 During our limited inspection we did not inspect any inaccessible areas. We are unable to confirm whether the property is free from urgent or significant defects or items of disrepair.

Comments

2.26 No urgent or significant defects or items of disrepair were noted which would be likely to give rise to substantial expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance programme.

2.27 During the course of our inspection, the buildings appeared to be in a generally reasonable state of repair commensurate with their age and use.

Ground conditions

2.28 We have not been provided with a copy of a ground condition report for the site. We have assumed that there are no adverse ground or soil conditions and that the load bearing qualities of the site are sufficient to support the buildings constructed thereon.

Environmental considerations

Contamination

2.29 As stated in the General Terms of Business, investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Knight Frank is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

Planning

Sources of planning information

2.30 The client has provided us with a copy of the property's planning consent from which we understand the following:

Table 3: Summary of Planning Permit

	Parking (sq m)	Commercial (sq m)
Basement	7,682	0
Services Floor	6,558.1	0
Ground Floor	0	4,486.5
Mezzanine	-	-
1st	0	2,192.5
2nd	0	3,484
3rd	0	2,703
Recurring Floor	0	25,385.69
Total	**14,240.1**	**37,621.69**

Source: Client

Highways and access

2.31 We have assumed that there are no current highway proposals in the immediate vicinity likely to have a detrimental effect upon the property within the foreseeable future.

Access

2.32 In reporting our opinion of value, we have assumed that there are no third party interests between the boundary of the subject property and the adopted highways and that accordingly the property has unfettered vehicular and pedestrian access.

2.33 We have assumed that there are no issues relating to visibility splays which may impact upon the use or proposed use of the property.

Statutory licences & certificates

2.34 We have assumed in our valuation that all regulations, statutory licences & certificates have been complied with.

Fire safety

2.35 We have not viewed any documents relating to the fire safety within the property and have assumed for the purposes of our valuation that the relevant legal requirements have been fully complied with.

3. Market analysis

Saudi Arabia market commentary

3.1 A copy of the KSA Macro Economic Overview, prepared by Knight Frank, is attached at Appendix 5.

Source of information

3.2 Our market analysis has been undertaken using market knowledge within Knight Frank, enquiries of other agents, searches of property databases, as appropriate and any information provided to us.

4. Valuation

Methodology

4.1 Our valuation has been undertaken using appropriate valuation methodology and our professional judgement.

Investment Method

4.2 Our calculation of the Market Value of the Property has been carried out using the comparative and investment methods. In undertaking our valuation of the property, we have made our assessment on the basis of a collation and analysis of rental and sales transactions for similar properties. With the benefit of such transactions we have then applied these to the property, taking into account size, location, terms, covenant and other material factors and adopting an appropriate capitalisation yield.

4.3 We have capitalised the head lease rent for the contracted term and have reverted to a multi tenanted lease up of the building upon expiry of the head lease.

Comparable Evidence – Benchmarking

4.4 For the estimation of the market rent after the expiry of the head lease, we have had regard to comparable offices in close proximity to the property. In the table and corresponding map below, we show our comparable evidence

Table of Comparable Office Rents:

Ref.	Building	Construction Year	Condition	Grade	Occupancy	Asking Rent (SAR psm pa)	Service Charge
1	Sumou Tower Jeddah	2013	Fitted	B	75%	825	10%
2	Elite Al Shatea	2012	Fitted	B	80%	750 – 850	10%
3	Tahliya Centre	2010	Fitted	B	86%	750 – 800	10%
4	Al Mukmal Tower	2010	Fitted	B	98%	900	10%

Source: Knight Frank Research

Table of Comparable Retail Rents:

Ref.	Location	Condition	Area (sq m)	Asking Rent (SAR psm pa)
5	Abdulmaqsud Khojah St, Rawdah	New	256	2,000
6	Madinah Road, Rawdah district	New	90	2,111
7	Sultan Road, Rawdah District	New	212	2,198
8	Sultan Road, Nahdah District	Good	125	1,600
9	Madinah Road, Salamah District	Old	100	900

Source: Knight Frank Research

Map of Comparables

Source: Google Earth

4.5 As shown above, rents in comparable offices range between SAR 750 to SAR 900 per sq m per annum varying upon location, specification and quality. The rents stated in the table above are subject to a service charge.

4.6 Sumou Tower, which completed in 2013 and offers grade B fitted space for SAR 825 per sq m per annum. Sumou Tower has two retail showrooms on the ground floor along King Abdul-Aziz Road and is subject to 10% service charge. Rents at Sumou Tower increased by 18% over the past 6 months.

4.7 Elite Al Shatea features a mix of retail and office space. Completed in 2012, the building offers fitted out grade B office space with rents currently range between SAR 750 to SAR 850 per sq m per annum. Rents at Elite Al Shatea are subject to a standard 10% service charge.

4.8 Rents at Tahliya Centre have slightly decreased over the past 6 months, while occupancy has increased by 7.5%. Headline rents currently range between at SAR 750 to 800 per sq m plus 10% service charge. The office space is considered as grade B space and the units are fitted out.

4.9 At 98% occupancy, comparable four (Al Mukmal Tower) has the highest occupancy in our table of comparables. Al Mukmal Tower completed construction in 2010 and commands SAR 900 per sq m per annum plus service charge. Rents have remained stable over the past 6 months, while occupancy has increased by 3%.

Estimated Rental Values

4.10 We set out our Estimated Rental Values (ERV), which are inclusive of service charge below:

Estimated Rental Values

Floor	Type	Unit	ERV (SAR psm)
1st - 3rd	Office	SAR per sq m / pa	648
4th - 8th	Office	SAR per sq m / pa	694
9th - 11th	Office	SAR per sq m / pa	740
12th and 13th	Office	SAR per sq m / pa	786
-	Retail	SAR per sq m / pa	1,388
-	Storage	SAR per annum	7,400
-	Telecom Tower	SAR per annum	32,375

Valuation Assumptions

Operating Costs (after the Head Lease)

4.11 Upon expiry of the head lease we have allowed for operating costs of SAR 90 per sq m pa for general maintenance, lift service, security, cleaning and insurance, water and electricity power for the common areas.

Service Charges

4.12 Our opinion of Market Rent assumes a 10% service charge, which has been factored in our estimated rental value.

Market Rent

4.13 The estimated Market Rent for the property is SAR 26,018,066 per annum as at the valuation date. This amount is reflected with market growth at 2% in our valuation model after the expiry of the Head Lease.

Valuation Summary

Item	Unit	Assumption
Office NLA	sq m	24,002
Retail NLA	sq m	5,710
Estimated Office Market Rent	SAR / sq m per annum	648 to 786
Estimated Retail Market Rent	SAR / sq m per annum	1,388
Service Charge	%	10%
Telecommunications Tower income	SAR per annum	35,000
Rent Passing	SAR per annum	23,100,000

Market Rent (100% occupancy)	SAR per annum	25,359,738
Insurance	SAR per annum	156,135
Operating Costs	SAR / sq m per annum	90
Property Management Fee and Marketing	Percent of Revenue	1.00%
Sinking Fund	Percent of Revenue	1.00%
Exit Yield	%	8.25%
Growth	%	2.00%
Discount Rate	%	10.25%

Valuation Considerations

Subject property

4.14 We have valued the property subject to the head lease that is currently in place. The head lease is for a 5-year term with a fixed rental income of SAR 23,100,000 per annum with no escalations. After expiry of the head lease, we have assumed that the head lease is not renewed and the building then becomes available to let on a multi tenanted basis, and is leased to third parties on market based lease terms.

4.15 The lot size is such that this asset would prove attractive in the market given the two distinct asset classes of retail and offices.

4.16 We have assessed the market value of the property using a discounted cash flow approach, where we have modelled the cash flows generated under the head lease for the contracted lease term and upon expiration, we have assumed the building would be leased based on our assumptions of Market Rent, with allowances being made for deduction of operating expenses, leasing fees and property management fees. Our Estimated Rental Value for the property as at the valuation date is SAR 26,018,066 per annum (assuming 100% occupancy). We have assumed 2% annual inflation in our cash flows and adopted an 8.25% exit yield reflecting a 10.25% discount rate.

4.17 The property benefits from good road frontage along Madinah Road and provides flexible, well laid out retail accommodation on the ground floor. The common area is in good and serviceable condition. Additionally, there may be opportunities to rentalise part of this space in the future.

4.18 We understand that the municipality requires a parking ratio of 1 parking bay per 70 sq m of office space and 1 parking bay per 55 sq m of retail space which equates to a total requirement of 443 bays. The existing car parking ratio for the office space is relatively poor with c. 400 spots available, which is c 43 spaces short of the municipality standard.

4.19 Visitors currently use a vacant land opposite to the subject site for parking. This may cause inconvenience to tenants should the land be developed in the future. It may also appear to be less attractive to a number of potential buyers / investors, as lettability of the building could be adversely impacted – parking is one of the key factors that tenants look for when considering taking space in an office building.

SWOT analysis

Strengths	Weaknesses
• Head Lease – secure short-term income. • Very good visibility and access on Madinah Road. • Additional income received from telecom towers.	• Lack of parking spaces for visitors where they currently park on a vacant land plot next to the subject property. • General signs of the building appearing to age.
Opportunities	**Threats**
• Tenant renegotiating leases to be long-term, with rental uplifts thus enhancing Head Lease attractiveness.	• The vacant land opposite the subject property is being used as parking for visitors, if this plot is developed, there will be a parking issue at the property. • General movement of Government entities and business to Riyadh could cause demand for offices in Jeddah to slow down further.

Valuation bases

Market Value

4.20 Market Value is defined within **RICS Valuation - Global Standards / IVS** 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 had each acted knowledgeably, prudently and without compulsion*."

Valuation date

Valuation date

4.21 The valuation date is 31 December 2021.

Market Value

Assumptions

4.22 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our General Terms of Business, Terms of Engagement Letter and within this report

Market Value

4.23 We are of the opinion that the Market Value of the freehold interest in the property which is identified as Salama Building on Madinah Road in Jeddah, KSA, subject to the signed Head Lease and the assumptions and the caveats detailed herein, as at the valuation date is:

SAR 240,000,000

(Two Hundred and Forty Million Saudi Arabian Riyals)

Appendix 1 Instruction documentation

AlAhli REIT Fund (1)
Riyadh
Kingdom of Saudi Arabia

For the attention of Danial Mahfooz

Our Ref: NCB Capital

24 June 2021

Dear Sirs

Terms of Engagement for Valuation Services for the properties listed in section 2

Thank you for your enquiry of 24 June 2021 requesting a valuation report in respect of the properties detailed below (the "Properties"). We are writing to set out our agreed terms of engagement for carrying out this instruction which comprise this Terms of Engagement letter (this "Letter") together with our General Terms of Business for Valuation Services (the "General Terms"). This Letter and the General Terms (together, the "Agreement") exclude any other terms which are not specifically agreed by us in writing. To the extent that there is any inconsistency between this Letter and the General Terms, this Letter shall take precedence.

1. Client

Our client for this instruction is AlAhli REIT Fund (1) (the "Client", "you", "your").

2. Properties to be valued

The Properties to be valued are as follows:

Property Address	Tenure	Occupancy
Asset 1: Al Andalus Mall (including extension land) and Staybridge Suites Hotel Apartments, Jeddah, Kingdom of Saudi Arabia	Freehold	Tenanted - subject to more than one lease or tenancy
Asset 2: Qbic Building, King Abdulaziz Road Al Ghadeer District, Riyadh, Kingdom of Saudi Arabia	Freehold	Tenanted - subject to more than one lease or tenancy
Asset 3: Salama Building, Madinah Road Salamah District, Jeddah, Kingdom of Saudi Arabia	Freehold	Tenanted - subject to more than one lease or tenancy

3. Valuation standards

The Valuation will be undertaken in accordance with the current editions of RICS Valuation - Global Standards, incorporating the International Valuation Standards, and the Taqeem regulations of KSA.

Building WHD1-04 1St Floor Al Raidah Digital City
T +966 5308 03297

knightfrank.com.sa

4. Status of valuer and disclosure of any conflicts of interest

For the purposes of the Red Book, we are acting as External Valuers, as defined therein.

We confirm that we do not have any material connection or involvement giving rise to a conflict of interest and are in a position to provide an objective and unbiased valuation.

We draw to your attention that if you subsequently request and we agree to the Valuation being re-addressed to a lender (for which we shall make an additional charge), the Valuation may not meet their requirements, having originally been requested by you. We will only readdress the Valuation once we have received a signed reliance letter in our standard format from the new addressee. Please note also that no update or alterations will be made to the Valuation prior to its release to any new addressee.

5. Valuer and competence disclosure

The valuer, on our behalf, with responsibility for the Valuation will be Stephen Flanagan MRICS, RICS Registered Valuer, Taqeem Fellow Valuer with Membership Number 1220001318 (the "Lead Valuer"). Parts of the Valuation may be undertaken by additional valuers within the firm.

We confirm that we meet the requirements of the Red Book in having sufficient current knowledge of the particular market and the skills and understanding to undertake the Valuation competently.

6. Purpose of valuation

The Valuation is provided solely for the purpose of REIT Year-end reporting (the "Purpose") and in accordance with clause 4.1 of our General Terms may not be used for any other purpose without our express written consent.

7. Limitation of liability and restrictions on use

Clause 3.1 of the General Terms limits our liability to SAR 1 million under this instruction.

Nothing in this Agreement excludes or limits our liability to the extent that such liability may not be excluded or limited as a matter of applicable law.

Third party reliance

Clause 4.2 of the General Terms states that no liability is accepted to any third party for the whole or any part of the Valuation.

Disclosure

Clauses 4.3 to 4.6 of the General Terms limits disclosure and generally prohibits publication of the Valuation. As stated therein, the Valuation is confidential to the Client and neither the whole, nor any part, of the Valuation nor any reference thereto may be included in any published document, circular or statement, nor published in any way, without our prior written consent and written approval of the form or context in which it may appear.

8. Basis of valuation

The Valuation will be undertaken on the following basis, as defined in the Red Book:

- Market Value

9. Special assumptions and assumptions

Special assumptions

In addition to section 8 above, the Valuation will be undertaken on the following special assumptions:

- You have not requested any valuations on special assumptions.

Assumptions

The Valuation will necessarily be based upon a number of assumptions, as set out in the General Terms, this Letter and within the Valuation.

10. Valuation date

The valuation dates are 30 June 2021 and 31 December 2021

11. Currency to be adopted

The valuation figures will be reported in Saudi Riyals (SAR).

12. Extent of inspection and investigations

We have agreed the following specific requirements in relation to the Valuation:

Inspection

You have instructed us to inspect the Properties internally / by going onto the site, as well as externally.

13. Information to be relied upon

We will rely on information provided to us by you or a third party and will assume it to be correct. This information will be relied upon by us in the Valuation, subject only to any verification that we have agreed to undertake.

Where we express an opinion in respect of (or which depends upon) legal issues, any such opinion must be verified by your legal advisers before any Valuation can be relied upon.

Please inform us as to whether there has been a purchase price recently agreed or transacted in respect of the Properties. Please note that the Valuation will comment as to whether any such information has been revealed and if not, will contain a further request that this information must be provided to us before the Valuation is relied upon.

14. Report format

The Valuation will be prepared in our standard format which will be compliant with the Red Book and Taqeem and will take into account any reasonable requests made by you at the relevant time.

15. Fees and expenses

Payment details

Our fee for undertaking this instruction will be [redacted] for each re-valuation, and reasonable disbursements divided into two payment, set out below.

June 2021 revaluation:

Advance Payment

[redacted]

Final payment

[redacted]

December 2021 re-valuation:

Advance Payment

[redacted]

Final payment

[redacted]

Our timeframe for completion of draft reports shall be by 15 working days from receipt of the initial invoice payment and receipt of all information contained within Appendix 4. Where any additional work is undertaken by Knight Frank Spain Saudi Arabia Real Estate Valuations Company or the time period of the assignment is extended due to reasons outside our control, we reserve the right to seek additional fees charged on an as-incurred basis in agreement with the client.

Where we are unable to complete the report as a result on information not being made available by the Client we reserve the right to proceed with the billing of any outstanding fees.

In accordance with clause 10.4 of the General Terms, if you end this instruction at any stage, we will charge abortive fees on the basis of reasonable time and expenses incurred, with a minimum charge of 50% of the above fee if the Properties have been inspected.

Payment of our fee is required in advance. Before the Valuation is discussed or issued the invoice must have been settled.

The scope of our work is set out in the Agreement. In accordance with clause 10.5 of the General Terms, if we are instructed to carry out additional work that we consider either to be beyond the scope of providing the Valuation or to have been requested after we have finalised the Valuation (including, but not limited to, commenting on reports on title) we will charge additional fees for such work. We will endeavour to agree any additional fees with you prior to commencing the work, however, where this is not possible our hourly rates will apply.

Where additional work is requested after we have issued the Valuation, please note that we cannot guarantee the availability of the Lead Valuer or any additional valuers that may have been involved in the preparation of the Valuation (especially where such requests are received on short notice). Please note also that we will require sufficient time for completion of such additional work.

16. Acceptance

Please sign and return a copy of this Letter signifying your acceptance of the terms of the Agreement. We reserve the right to withhold any Valuation and/or refrain from discussing it with you until this Letter has been

countersigned and returned. Your attention is drawn to the "Important Notice" in the General Terms. If you have any questions regarding this Letter and/or the terms of the Agreement between us please let us know before signing this Letter or otherwise giving us instructions to proceed.

Thank you for instructing Knight Frank Spain Saudi Arabia Real Estate Valuations Company.

Yours faithfully

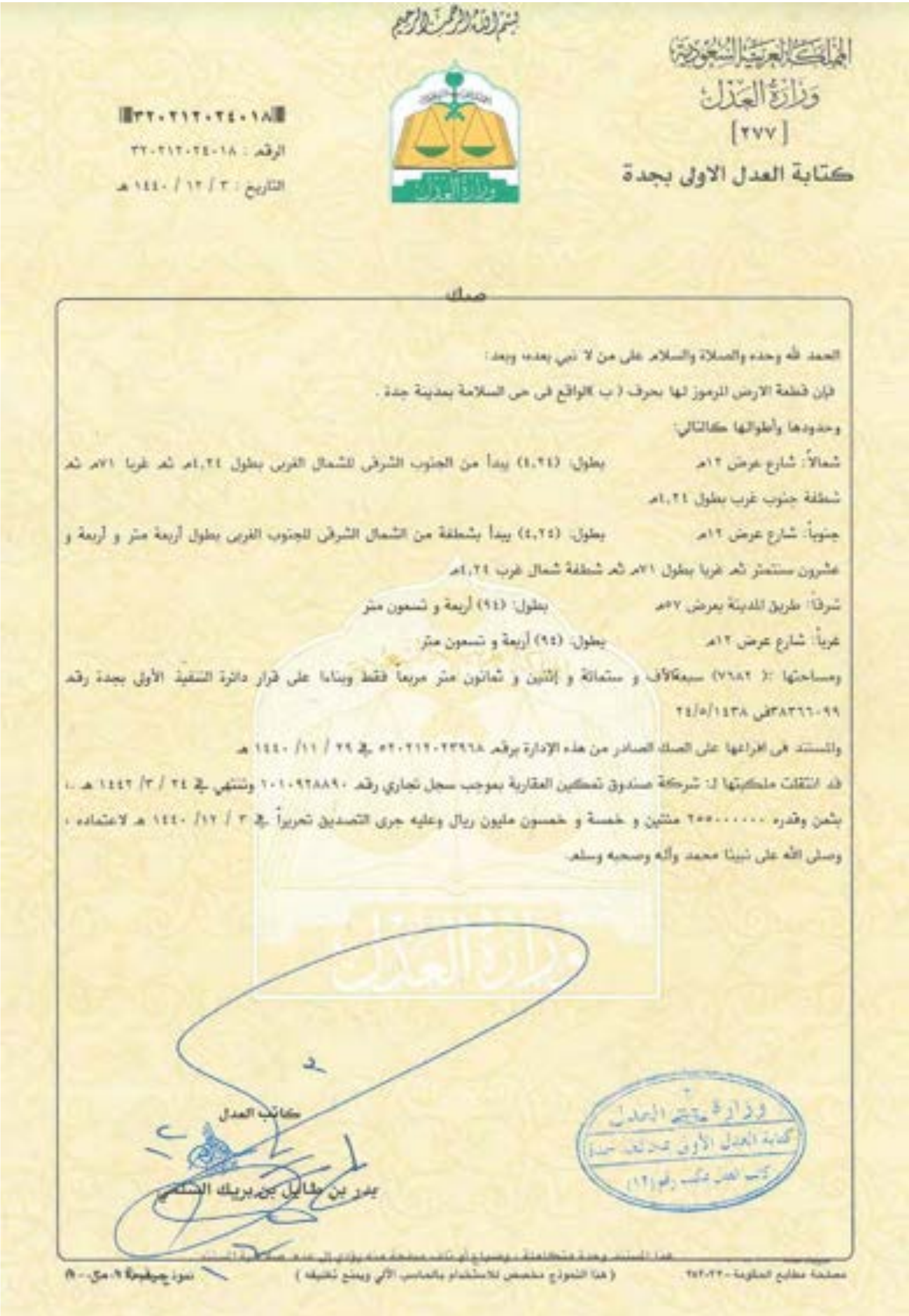
Stephen Flanagan MRICS
Partner - Head of Valuation & Advisory, MENA,
Valuation & Advisory, MENA
For and on behalf of Knight Frank Spain Saudi Arabia
Real Estate Valuations Company
stephen.flanagan@me.knightfrank.com
T +971 4 4267 617
M +971 50 8133 402

Attached - General Terms of Business for Valuation Services

Signed for and on behalf of AlAhli REIT Fund (1) Date

KF Ref: NCB Capital

Appendix 2 Title Deed



بسم الله الرحمن الرحيم

المملكة العربية السعودية
وزارة العدل
[٢٧٧]
كتابة العدل الاولى بجدة

الرقم : ٣٢٠٢١٢٠٢٤٠١٨
التاريخ : ٣ / ١٢ / ١٤٤٠ هـ

صك

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

فإن قطعة الارض المرموز لها بحرف (ب)الواقع فى حى السلامة بمدينة جدة .

وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ١٢م بطول: (٤،٢٤) يبدأ من الجنوب الشرقى للشمال الغربى بطول ٢٤،٠م ثم غربا ٧١م ثم شطفة جنوب غرب بطول ٢١،٠م

جنوباً: شارع عرض ١٢م بطول: (٤،٢٥) يبدأ بشطفة من الشمال الشرقى للجنوب الغربى بطول أربعة متر و أربعة و عشرون سنتمتر ثم غربا بطول ٧١م ثم شطفة شمال غرب ٢١،٠م

شرقاً: طريق المدينة بعرض ٣٧م بطول: (٩٤) أربعة و تسعون متر

غرباً: شارع عرض ١٢م بطول: (٩٤) أربعة و تسعون متر

ومساحتها :(٧٦٨٢) سبعةآلاف و ستمائة و إثنين و ثمانون متر مربعاً فقط وبناءا على قرار دائرة التنفيذ الأولى بجدة رقم ٣٨٣٦٦٠٩٩في ١٤٣٨/٥/٢٤

والمستند فى افراغها على الصك الصادر من هذه الإدارة برقم ٩٢٠٢١٢٠٢٣٩٦٨ في ٢٩ / ١١/ ١٤٤٠ هـ

قد انتقلت ملكيتها لـ: شركة صندوق تمكين العقارية بموجب سجل تجاري رقم ١٠١٠٩٢٨٨٩٠ وتنتهي في ٢٤ / ٣/ ١٤٤٢ هـ ،

بثمن وقدره ٢٥٥٠٠٠٠٠٠ مئتين و خمسة و خمسون مليون ريال وعليه جرى التصديق تحريراً في ٣ / ١٢/ ١٤٤٠ هـ لاعتماده ،

وصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل

بدر بن طايل بن بريك السلمي

وزارة العدل
كتابة العدل الأولى بمحافظة جدة
كاتب العدل مكتب رقم (١٢)

مصلحة مطابع الحكومة - ٢٢٠٢٠٠٢

(هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تغليفه)

نموذج مطبوعة ٩ - مح - ٥٠

Knight Frank

Appendix 3 Building Permit

الإدارة المركزية لرخص البناء

رخصة بناء ملغاة

٢٠٠٠١٨٤٤٤

الرقم التسلسلي (٤١٧٩)

أمانة محافظة جدة

تجديد رخصة

رقم رخصة البناء	٢٧٩٨				تاريخها	١٤٣١/٠٧/٠٢	
رخصة بناء :	اداري تجاري				سارية إلى	١٤٣٢/٠٧/٠٢	
اسم المالك :	[illegible]						
نوع هوية :	حفيظة نفوس	رقمها	١٠٠٠١٨٨٣١٠	تاريخها	١٣٧٨/٠٥/٢٥	مصدرها	جدة
صك ملكية رقم :	٩٢٧٦			التاريخ	١٤١٣/٠٥/١٥	مصدر	جدة
رقم المبنى :		شارع		حي	السلامة		
رقم القطعة :	٠			رقم المخطط			

قد رخص للمالك بناء عدد ١٥ دور بموجب الحدود والأبعاد والارتدادات والبروزات

المكونات	سكن	تجاري	مواقف سيارات	وحدات أخرى	مساحة الدور
البدروم	-	-	[illegible]	-	-
طابق خدمة	-	-	[illegible]	-	-
الطابق الأرضي	-	[illegible]	-	-	[illegible]
طابق الميزانين					
الطابق الأول	-	[illegible]	-	-	[illegible]
الطابق الثاني	-	[illegible]	-	-	[illegible]
الطابق الثالث	-	[illegible]	-	-	[illegible]
الطابق المتكرر	-	[illegible]	-	-	[illegible]

الموقع

002-01-F09. V 3.0

Appendix 4 Cash Flow

Cash Flow Report

Sabemah Jeddah Head Lease - Semi Annual discounting (2) (Amounts in SAR)

Dec, 2021 through Nov, 2032

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	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	
For the Years Ending	Nov-2022	Nov-2023	Nov-2024	Nov-2025	Nov-2026	Nov-2027	Nov-2028	Nov-2029	Nov-2030	Nov-2031	Nov-2032	Total
Rental Revenue												
Headline Rent	48,489,739	48,060,934	43,165,518	26,911,958	27,450,107	27,999,201	28,559,185	29,130,349	29,712,976	30,307,236	30,913,380	371,576,603
Void Loss	-25,359,739	-25,060,934	-17,805,779	0	0	0	0	0	0	0	0	-69,032,452
Paying Rent	23,130,000	23,100,000	25,359,739	26,911,958	27,450,107	27,999,201	28,559,185	29,130,349	29,712,976	30,307,236	30,913,380	302,544,240
Total Rental Revenue	23,130,000	23,100,000	25,359,739	26,911,958	27,450,107	27,999,201	28,559,185	29,130,349	29,712,976	30,307,236	30,913,380	302,544,240
Total Tenant Revenue	23,130,000	23,100,000	25,359,739	26,911,958	27,450,107	27,999,201	28,559,185	29,130,349	29,712,976	30,307,236	30,913,380	302,544,240
Potential Gross Revenue	23,130,000	23,100,000	25,359,739	26,911,958	27,450,107	27,999,201	28,559,185	29,130,349	29,712,976	30,307,236	30,913,380	302,544,240
Effective Gross Revenue	23,130,000	23,100,000	25,359,739	26,911,958	27,450,107	27,999,201	28,559,185	29,130,349	29,712,976	30,307,236	30,913,380	302,544,240
Revenue Costs												
Property Management	0	0	254,252	268,994	274,459	279,940	285,547	291,238	297,083	303,024	309,085	2,560,919
Sinking Fund	231,000	231,000	258,150	258,640	270,839	276,280	281,811	287,456	293,196	299,063	305,044	2,972,723
Op Ex	0	0	2,798,783	2,879,680	2,931,203	2,984,088	3,054,808	3,115,805	3,178,385	3,241,871	3,306,700	27,507,451
Insurance	156,125	159,250	162,442	165,652	169,008	172,386	175,833	179,350	182,937	186,596	190,328	1,899,962
Shortfall Vacancy - Year 5	0	0	3,043,169	0	0	0	0	0	0	0	0	3,043,169
Shortfall Vacancy - Year 6	0	0	0	3,203,391	3,293,503	3,359,373	3,426,560	3,495,091	3,564,993	3,636,293	3,709,019	27,680,224
Total Revenue Costs	387,125	390,250	6,495,297	6,775,412	6,944,100	7,082,082	7,224,641	7,369,134	7,516,517	7,666,847	7,820,184	65,872,508
Net Operating Income	22,742,865	22,709,742	18,864,442	20,136,546	20,506,007	20,916,219	21,334,544	21,761,234	22,196,459	22,640,388	23,093,196	236,671,732
Cash Flow Before Debt Service	22,742,865	22,709,742	18,864,442	20,136,546	20,506,007	20,916,219	21,334,544	21,761,234	22,196,459	22,640,388	23,093,196	236,671,732
Cash Flow Available for Distribution	22,742,865	22,709,742	18,864,442	20,136,546	20,506,007	20,916,219	21,334,544	21,761,234	22,196,459	22,640,388	23,093,196	236,671,732

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Appendix 5 Market research report

KSA Economic Overview 2021

KSA 1.1 **Saudi Arabia GDP Growth, 2011 - 2023**

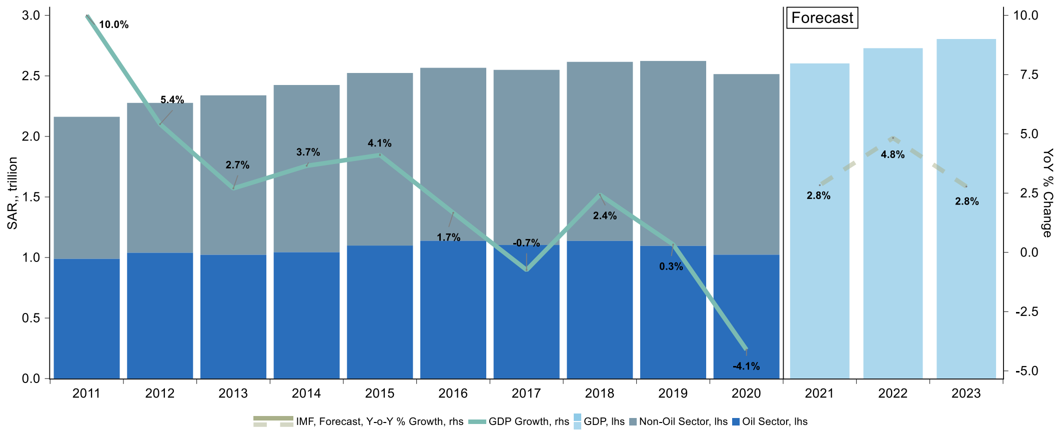
According to provisional full year data published by the General Authority for Statistics (GaStat), Saudi Arabia's real GDP contracted by 4.1 percent in 2020 compared to growth of 0.3 percent year-on-year in 2019.

Saudi Arabia's non-oil sector performed remarkably well in December 2020, with the index hitting its highest reading since November 2019. This upturn in business activity has underpinned a stronger than expected GDP reading in Q4 2020, and as a result, Saudi Arabia's GDP in 2020 contracted less than the 5.4 percent rate forecast by the IMF.

Whilst there are material downside risks that may still impact economic activity in Saudi Arabia, most are unlikely to come to fruition and few are exogenous in nature. This underpins Saudi Arabia's 2021 GDP growth forecast of 2.9 percent, the strongest in the region.

With this rate of economic growth, Saudi Arabia will remain below the average growth rate of c. 5 percent which was recorded between 2011 and 2015.

Saudi Arabia GDP, YoY % change



'Source: Knight Frank Research, Macrobond

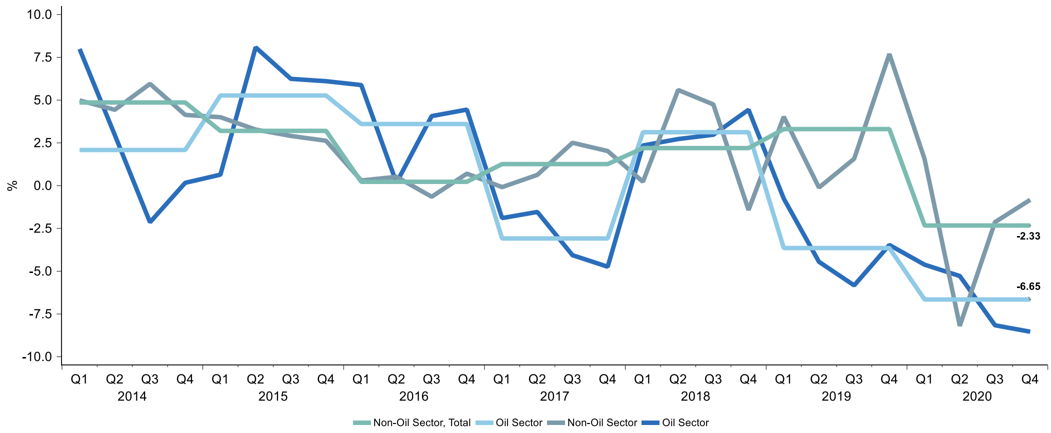
Saudi Arabia Oil & Non-Oil GDP and GDP Growth

As a result of COVID-19, Saudi Arabia both oil and non-oil sectors contracted substantially.

First, as the global economy came to a halt, demand in the hydrocarbon sector effectively stalled, causing a supply glut and oil prices to plummet. This has had a substantial impact on Saudi Arabia's oil sector GDP, which contracted by 6.7 percent in 2020.

Non-oil GDP growth has been gradually accelerating since 2016, reaching 3.3 percent in 2019, the highest level of growth since 2015. However, due to severe lockdown measures in place across Saudi Arabia, including the closure of international borders and tourism, has substantially impacted business activity, resulting in a contraction in non-oil sector GDP.

Saudi Arabia Oil & Non-Oil GDP Growth



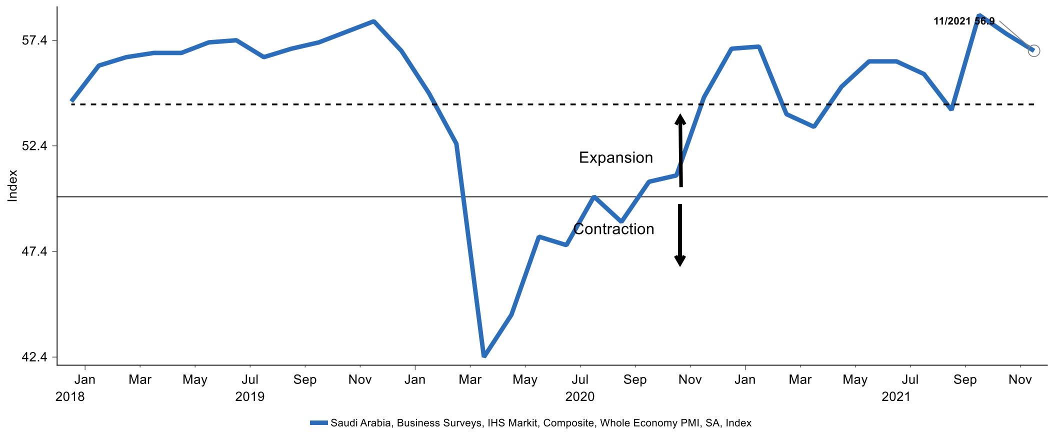
'*Source: Knight Frank Research, Macrobond*

Saudi Arabia, Purchasing Manager Index (PMI)

The non-oil private sectors are at the centre of Saudi Arabia's Vision 2030 and the reforms launched to bolster these sectors are already being felt widely across the economy. Indeed, Saudi Arabia's Purchasing Manager Index (PMI), which tracks the country's private non-oil economy, registered a reading of 54.1% in August 2021, representing the 12th month of expansion and business growth.

According to the General Department of Statistics, the private sector's contribution to GDP rose to over 44 percent in Q1 2021, compared to 41 percent at the same time last year.

Saudi Arabia PMI



Source: Knight Frank Research, Macrobond

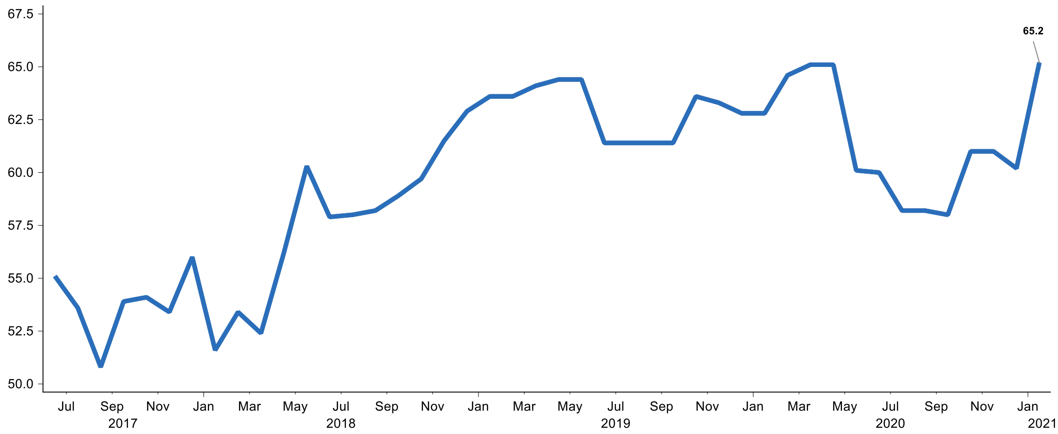
Saudi Arabia Primary Consumer Sentiment Index by Thomson Reuters / IPSOS

Saudi Arabia's Primary Consumer Sentiment Index (PCSI) is a national survey of consumer attitudes toward the current and future state of the local economy, personal financial situation, as well as confidence in making large investments and ability to save.

The latest reading in January 2021 of the Primary Consumer Sentiment Index (PCSI) in Saudi Arabia, released by IPSOS, reveals a 5-point surge from the previous month to 65.2, the highest since January 2020. This jump is the largest month-on-month increase seen in most recent years.

In parallel with the improvement in consumer confidence, we have seen private sector loan growth regaining momentum. The recovery in banks' lending to the private sector in 2018 and substantial growth in 2020 is seen as crucial in driving consumer spending and demand for real estate in the short to medium term.

PCSI, by Thomson Reuters / IPSOS



Source: Knight Frank Research, Macrobond

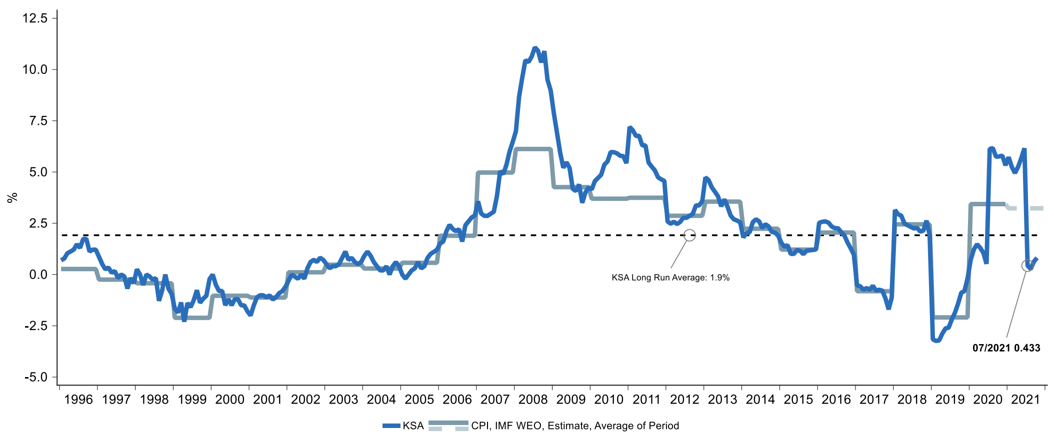
Saudi Arabia Consumer Price Index, YoY Change %

The latest Consumer Price Index dropped to 0.43 percent YoY in July of 2021, compared to a rate of 6.16 percent in the previous month. This is the lowest reading since December 2019. This significant decline in inflation can be ascribed to the fact that the effect of the July 2020 value added tax hike dissipated in July 2021.

The drop in the consumer price index (CPI) was primarily due to a decrease in the average prices of transportation (7.8% vs 22.6%), food and beverages (1.2% vs 8.1%), tabacco (1.2% vs 12.3%) and communication services (2.7% vs 13.2%) year on year.

Furthermore, prices for furniture, household equipment, and household maintenance sectors fell by (0.5% vs 7.9%).

CPI, YoY % Change

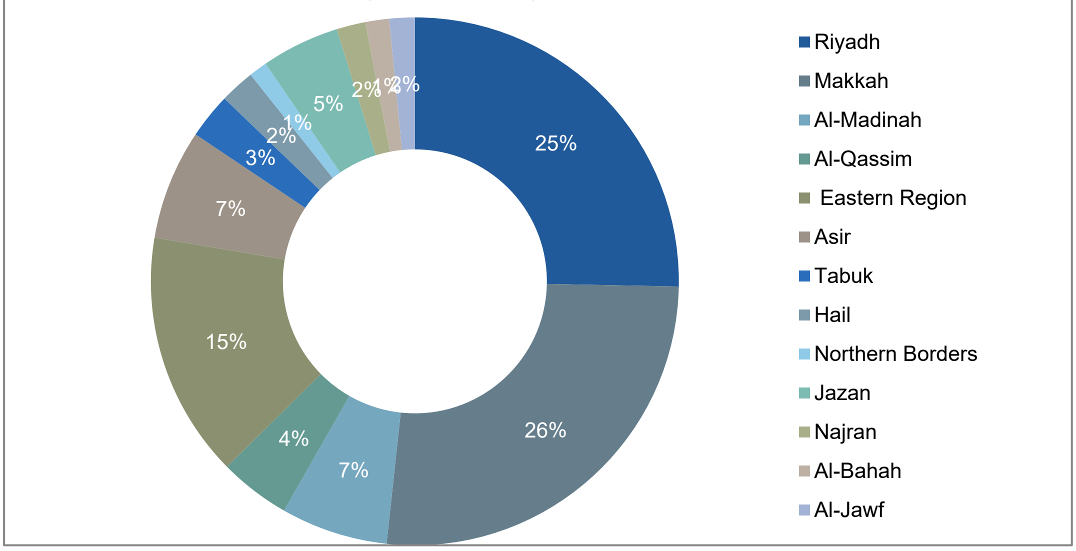


Source: Knight Frank Research, Macrobond

Saudi Arabia Population Segmentation by Province - 2019

Saudi Arabia accounts for more than half of the GCC's total population and has a larger population than any other GCC country. According to official statistics, the population count was registered at 34.2 million in 2019.

The population segmentation by regions for 2019 shows that nearly 65 percent of the population of the Kingdom is concentrated in three provinces, namely Makkah Al Mokarramah, Riyadh, and the Eastern Province, which account for 26 percent, 25 percent and 15 percent of the country's population respectively. Beyond the year 2019, the breakdown of the KSA population by region is not available.



Source: Knight Frank Research, GASTAT

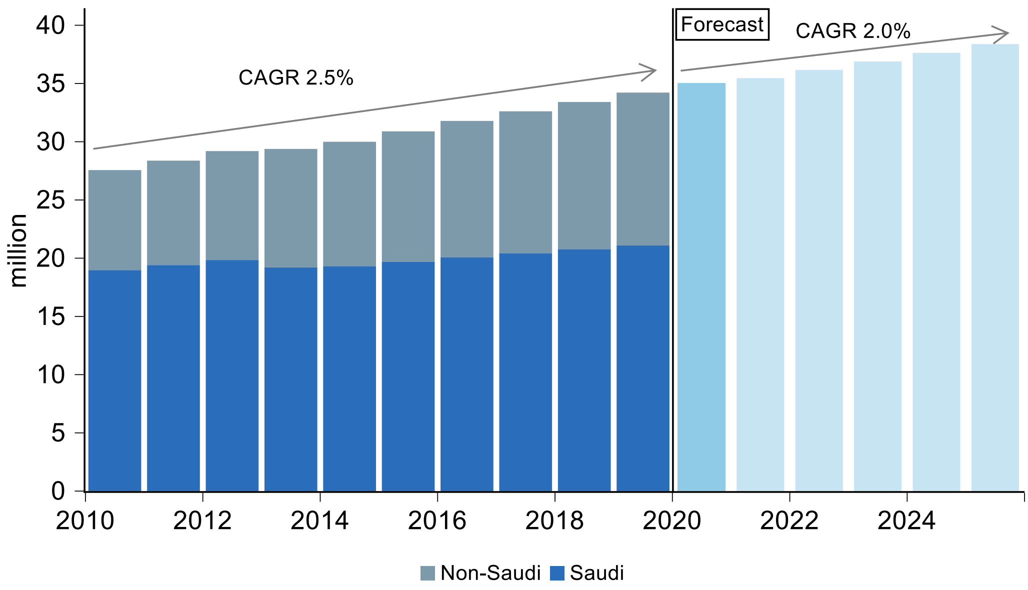
Saudi Arabia Population Forecasts

According to official statistics, the population of Saudi Arabia is estimated to have reached 34.8 million in 2020. The Saudi/Non-Saudi breakdown of the population for 2019 stands at 21.1 million/13.1 million according to the same source.

Based on the IMF forecasts, the population of Saudi Arabia is expected to grow at a constant 2 percent annual growth rate from 2019 onwards, reaching 38.3 million in 2025. A large and growing population, albeit at a slower pace than previous years, will continue to drive demand for goods and services in the short to medium term.

Saudi Arabia's population is dominated by Saudi nationals, accounting for 63 percent of the population. This implies that aggregate demand for products and services does not primarily stem from the expatriate workforce.

Saudi Arabia Population Evolution



Source: Knight Frank Research, IMF

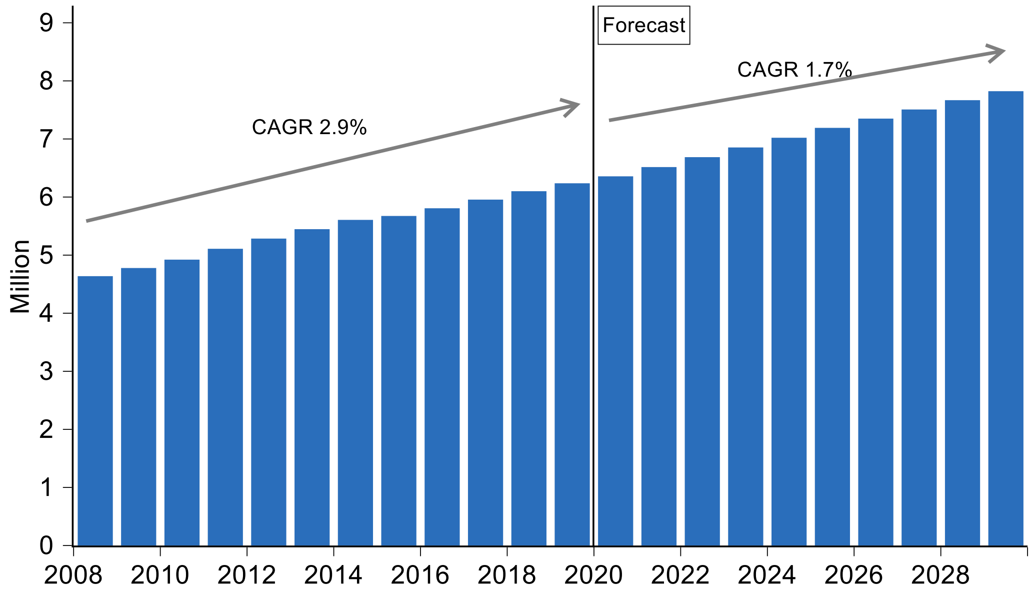
Total Number of Households

Total number of households in Saudi Arabia is estimated at roughly 6.8 million in 2020, according to Oxford Economics. The yearly average growth in the number of households is set to slow to 1.7 percent per annum between 2020 and 2030, according to Oxford Economics, down from 2.9 percent between 2010 and 2020.

The average household size in Saudi Arabia stood at 5.52 individuals in 2020, according to Oxford Economics. While the average household size for Saudi households stands at just over 6.0, the average household size for non-Saudis is closer to 4 individuals. The overall average household size is set to slightly decrease over the next years reaching 5.45 in 2030.

Regarding the local population, it was not unusual historically for generations of the same family to be living in a sizeable family home. The younger generation now exhibits a desire to move away from multi-generational household structure. Over the next decades, falling household sizes will underpin demand for higher density development which provides smaller and more efficient units.

Number of Households

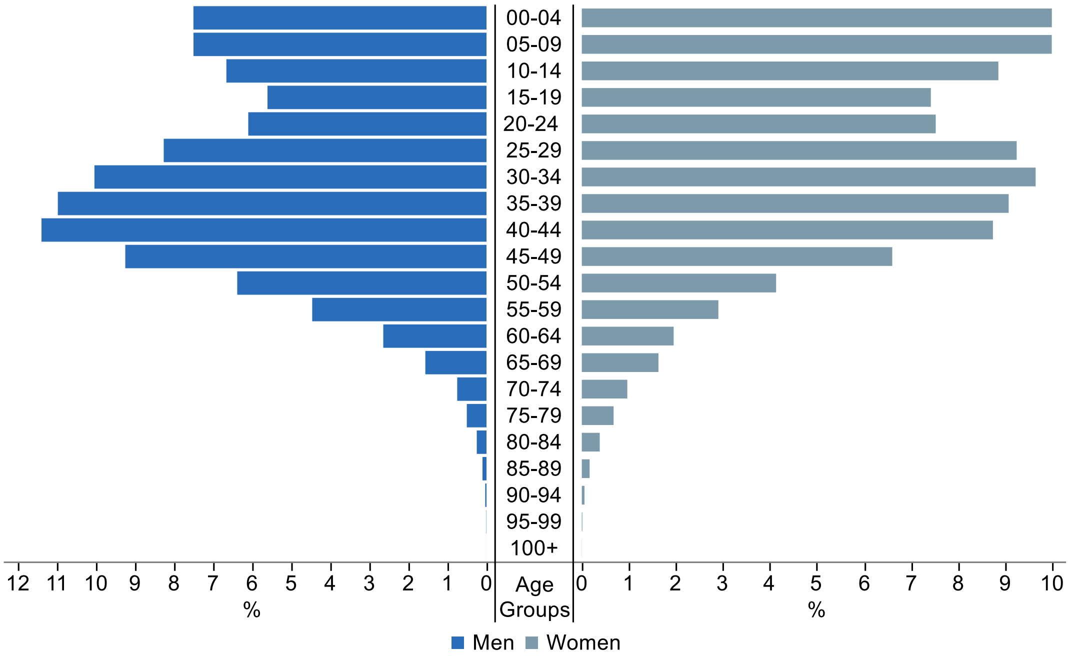


'Source: Knight Frank Research/ Macrobond, Oxford Economics

Population by Age, Nationality, and Gender

The population pyramid of Saudi Arabia that depicts the age structure of the Saudi population based on the preliminary 2020 data, highlights the fact that approximately 37.9 percent of the population were aged between 0 and 24 years, about 58.7 percent were aged between 25 and 64 years and 3.4 percent were aged above 65 years.

It is expected that population dynamics are expected to shift in Saudi Arabia over the next decades, which will entail a significant increase in the population over 40. The over 60s age cohorts are expected to increase by 3 times between 2020 and 2035. Despite these changing demographic profile, Saudi Arabia will remain amongst the youngest countries in the GCC in 2030.



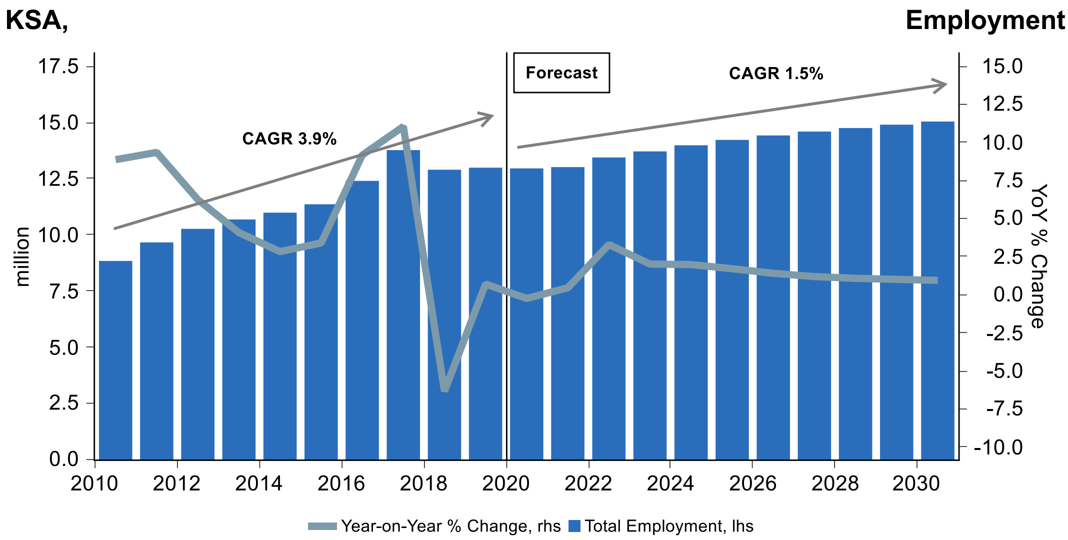
'*Source: Knight Frank Research, Macrobond*

Total Employment - KSA

Saudi Arabia's total workforce was estimated at 12.9-Million employees in 2020, down from 13.7-Million employees in 2017. The decrease is mostly as a result of the departure c. 800,000 expatriates from the workforce during this period.

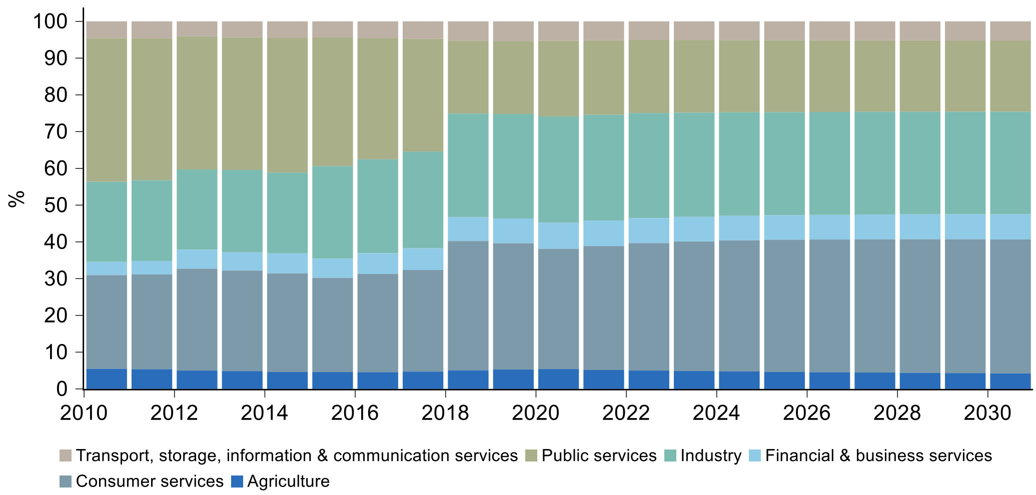
This outflow of expatriates from the workforce was triggered by a challenging macroeconomic environment, the introduction of levies on expats in the form of fees on dependents (set to increase every year on an incremental basis until 2020), and the implementation of a plan restricting employment in certain sectors to Saudi Nationals in order to promote and increase Saudization.

Saudi Arabia's employment CAGR is set to slow to 1.5% per annum between 2020 and 2030, according to Oxford Economics, down from a CARG of 3.9% between 2010 and 2020.



Breakdown of Employment by Economic Sector – KSA

Currently, the consumer services, industrial sectors and public services are the largest employment sectors in Saudi Arabia, accounting for 33.4%, 28.3% and 20.4% of total employment in 2020, respectively. This is expected to remain roughly unchanged over the coming ten years.



'Source: Knight Frank Research, Macrobond

Employment YoY Change%

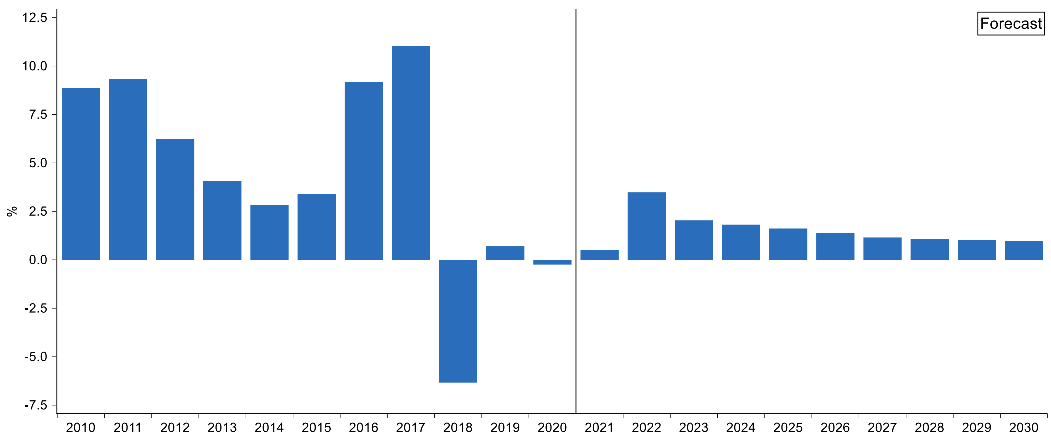
Employment growth in Saudi Arabia is set to decelerate to 1.5 percent per annum between 2020 and 2030 down from 3.9 percent between 2010 and 2020 according to Oxford Economics estimates.

Total employment declined by -6.34 percent in 2018 due to outflows of expatriates from the workforce. However, this trend has reversed in 2019 where total employment increased marginally by 1.31 percent.

The exodus of expat workers from Saudi Arabia in 2020, due to the economic fallout from COVID-19 and the oil price shock, has accelerated a shift in the labour market, resulting in a 0.2% decline in employment growth in 2020.

Looking forward, employment growth is expected to remain supported by the various initiatives aimed at boosting youth, women and Saudi nationals' participation in the workforce. In the short to medium term, this will be balanced by rising pressures on the expat labour market resulting from the impact of government fees and Saudization plans on non-Saudi employment figure.

Employment, YoY % Change



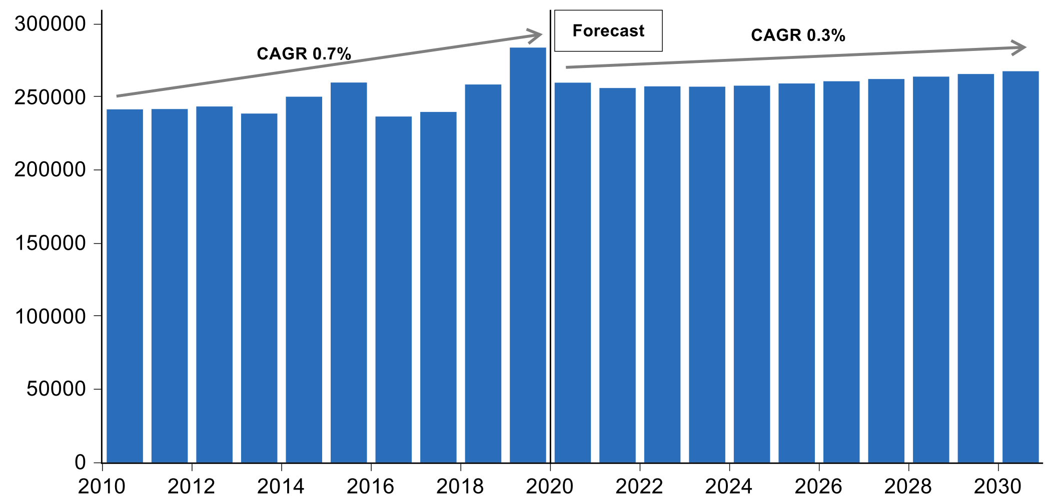
Source: Oxford Economics, Macrobond

KSA average household disposable Income in SAR

Household income is a key determinant of affordability and consumer spending patterns.

Average household personal disposable income in Saudi Arabia stood at c. SAR 259,687 in 2020. Between 2010 and 2020, the average household personal disposable income increased at a CAGR of 0.7%. It is expected that this growth momentum will slowdown to 0.3% between 2020 and 2030, as highlighted in the adjacent graph.

Household Disposable Income



Source: Oxford Economics, Macrobond

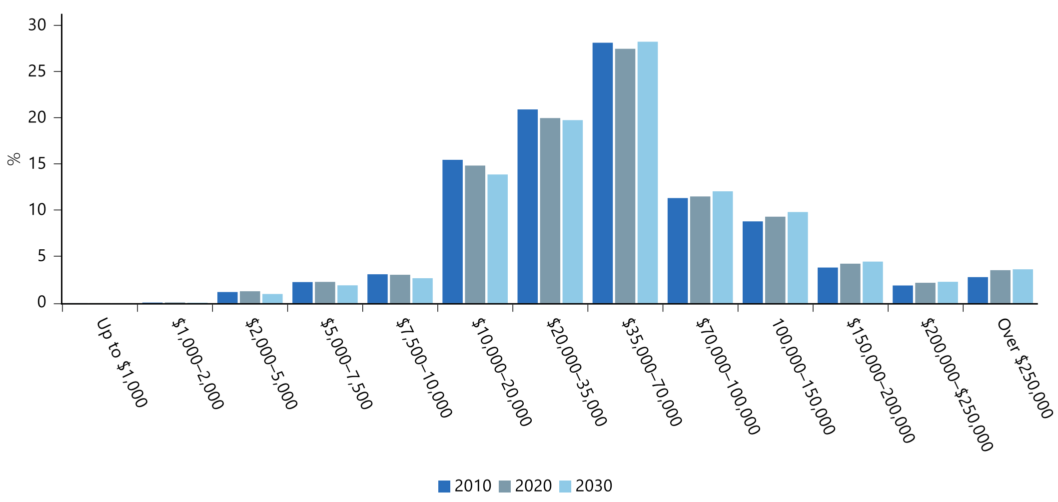
KSA number of household by income bands (as a & of total households)

The number of households in Saudi Arabia currently (2020) stands at approximately 6.52 million and is expected to grow to 8.06 million by 2030.

In 2020, 58.4% of households in Riyadh were within income bands above USD 35,000 and this share is expected to increase going forward, reaching 60.7% in 2030.

41.6% of households were in the lower income bands, below USD 35,000. This proportion of the household income band is expected to witness a decrease between 2020 and 2030, reaching 39.3%. This is a positive trend, from the perspective of consumer spending and demand for real estate in the city.

Household, By Income Band



Source: Oxford Economics, Macrobond

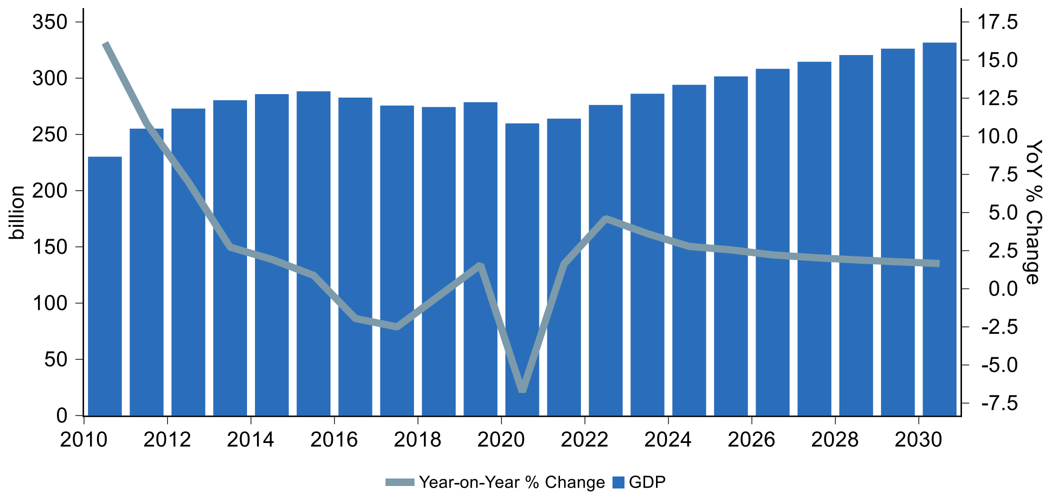
Jeddah Macro Overview

Gross Domestic Product – Jeddah city

The COVID-19 pandemic has hit Saudi Arabia's economy hard, and consequently, the Jeddah economy had also been affected substantially in 2020. According to full year data published by the Oxford Economics, the Jeddah's real GDP contracted by 6.4% in 2020, compared to a growth rate of 1.5% in 2019.

Jeddah's economy recorded a historical CAGR of 1.5% between 2010 and 2020. From 2020 to 2030, this rate is expected to increase to 2.7%.

Jeddah has a fairly diversified economy and does not rely on the Hydrocarbon sector. However, given its reliance on tourism, trade and industrial manufacturing sectors, which are substantially impacted by lockdown measures to counteract COVID-19, Jeddah's GDP is likely to be materially impacted and demand in these sectors will only gradually return, not immediately.

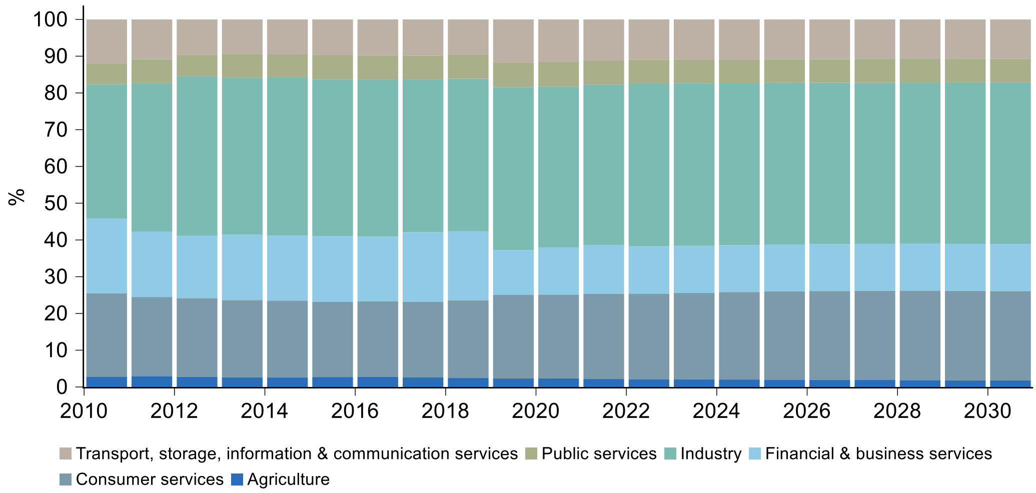


Source: Macrobond, Oxford Economics

Gross value added by sector - Jeddah (in SAR billion)

The breakdown of the gross value added (GVA) by sector for Jeddah highlights that the consumer services and Industry sectors are the largest contributor in Jeddah's GVA, accounting for 21.1% and 44.9% in 2020.

As a result of the national economic diversification plan, consumer services and financial & business service sectors are likely to gradually increase their contribution to Jeddah's GDP going forward. The contribution of consumer services is expected to reach 22.4% in 2030, up from 21.1% in 2020, while the financial & business services sector share expected to reach 13.1%, up from 12.7%, over the same period. Over the longer term, this trend would, in turn, stimulate demand for office space.



Source: Macrobond, Oxford Economics

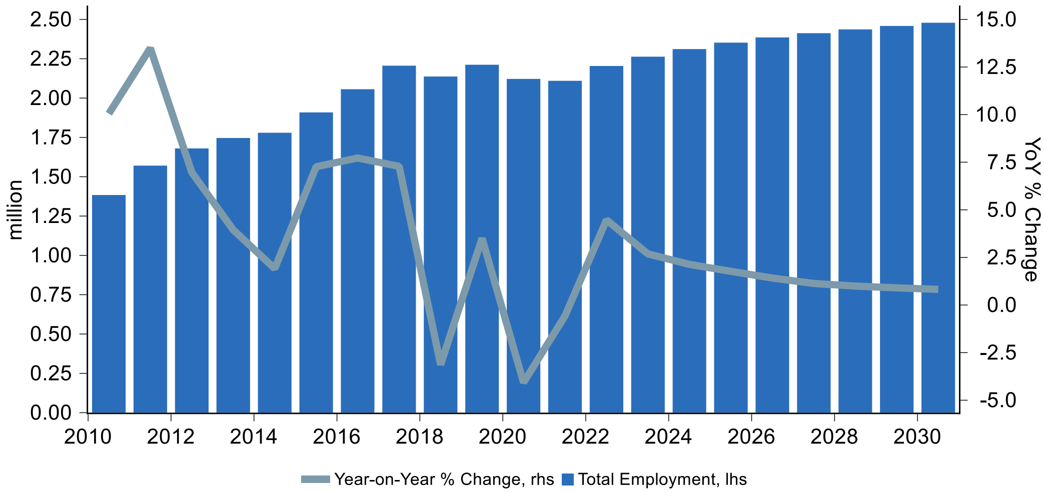
Total employment - Jeddah

Jeddah is the main economic centre of the Makkah Province and employs a large majority of the region's workforce. According to Oxford Economics, Jeddah's employed population stood at 2.04 million in 2020 and is expected to reach 2.38 million in 2030, implying a CAGR of 1.5% between 2020 and 2030, lower than the ten years historical CAGR which was registered at 4.0%.

Official Statistics from the GSTAT, indicate that the total employment in Makkah Province as at Q4 2020 stood at 2.06 million individuals down from 2.5 million individuals in the first quarter of 2017. This was the result of the departure of c. 400,000 expatriates from the workforce, a trend underpinned by the challenging economic backdrop and the Saudization program, these factors have led to an outflow of expatriates workers from the workforce

Because of the economic headwinds imposed by COVID-19, employment levels in Jeddah fell by 2.0% in 2020 (Oxford Economics)

However, forecasts shows that this will be short to medium term decline rather than a long term decline, with employment levels reaching 2019 levels by 2022.

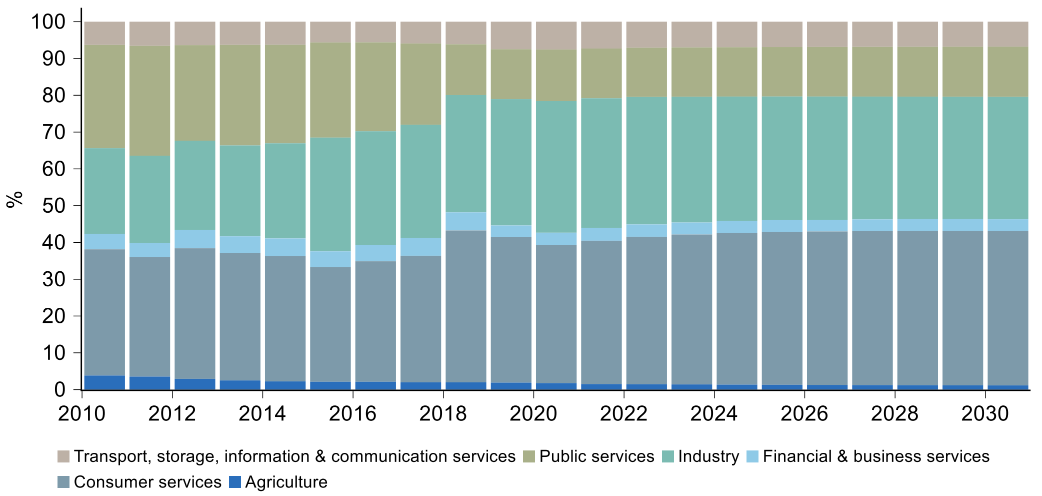


Source: Macrobond, Oxford Economics

Breakdown of employment by economic sector - Jeddah

Currently, the consumer services and industry sectors are the largest employment sectors in Jeddah, accounting for 38.0% and 34.1% of total employment in 2020.

The share of consumer services and industry sectors in total employment has been gradually increasing over time and is expected to follow the same trend going forward.



Source: Macrobond, Oxford Economics

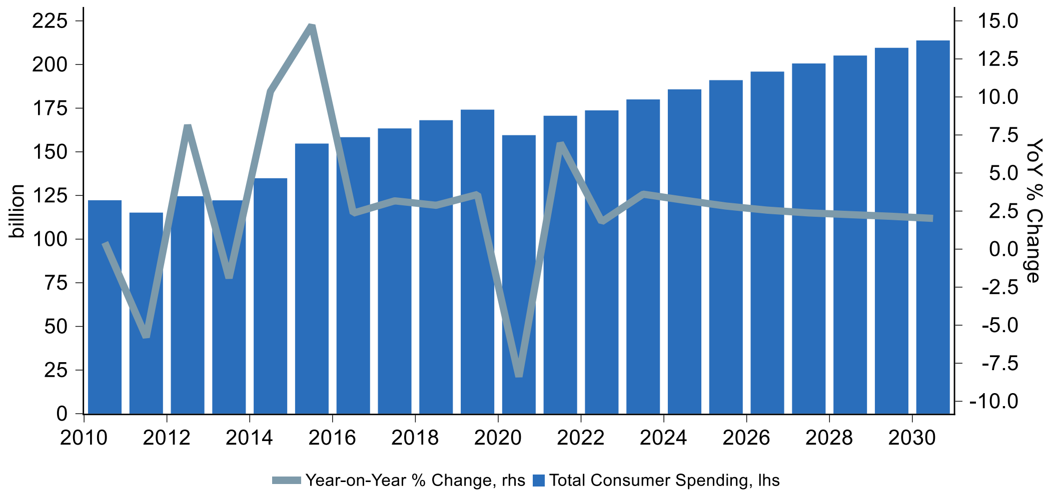
Total consumer spending - Jeddah (in SAR billion)

Consumer spending in Jeddah totalled SAR 142 billion in 2020, compared to 153 billion in 2019.

Consumer spending in Jeddah fell by 7.4% in 2020, owing to lockdown measures implemented to stop the spread of the pandemic, which essentially halted a major section of the retail sector. This trend has been fueled by a loss of purchasing power as cost of living allowances are phased out, as well as a recent hike in VAT from 5% to 15%.

However, forecasts shows that this will be short to medium term decline rather than a long term decline, with consumer spending levels returning 2019 levels by 2022.

Jeddah's consumer spending CAGR is set to increase to 3.2% per annum between 2020 and 2030, according to Oxford Economics up from 2.8% between 2010 and 2020.

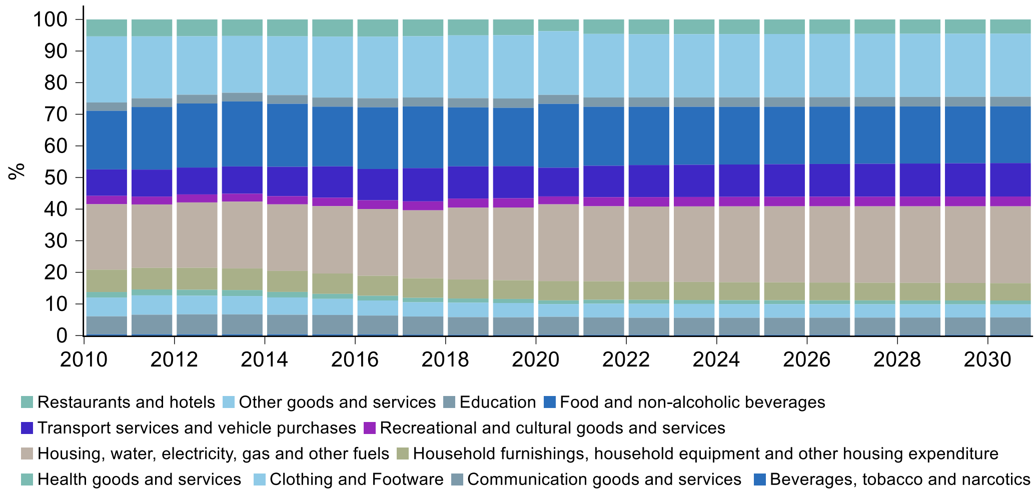


Source: Macrobond, Oxford Economics

Consumer spending breakdown by goods/services - Jeddah

Housing related spending is the largest segment of consumer spending and has seen its contribution gradually increase over time. The contribution to total spending rose from 20.7% in 2010 to 24.4% in 2020 and is expected to reach 24.7% by 2030, according to Oxford Economics.

Other goods and services is the second recipient of consumer spending with a share of 20.4% of total spending and is expected to reach 20.1% by 2030.



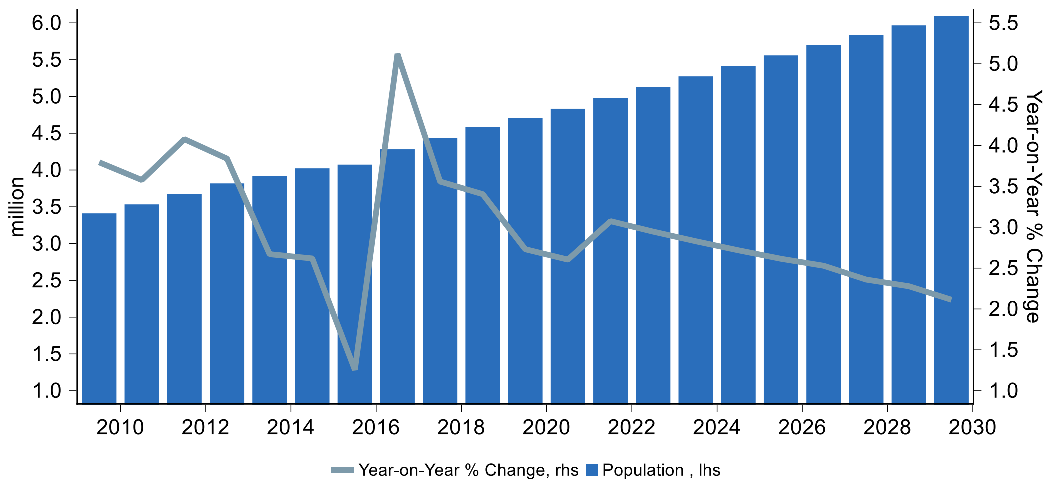
Source: Macrobond, Oxford Economics

Jeddah population

The population segmentation of Saudi Arabia shows that c. 67% of the population is concentrated in three provinces, namely Makkah Al Mokarramah, Riyadh and the Eastern Province accounting for 26%, 25% and 15% of the country's population respectively.

Jeddah is the most populous city in the Western Province, with population standing at 4.8 million as at 2020 according to Oxford Economics, equating to 54% and 14% of the population in Makkah Province and Saudi Arabia respectively.

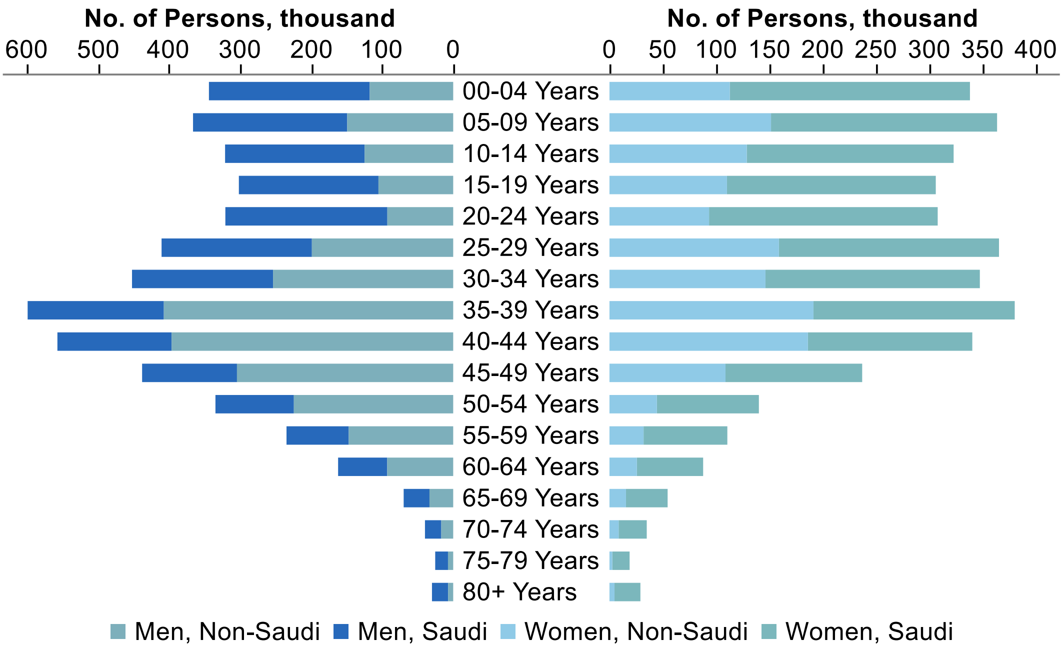
Jeddah's population is expected to grow at CAGR of 2.5% from 2020 to 2030, reaching 6.2 million by 2030. A large and growing population, albite at a slower pace than previous years, will continue to drive demand for goods and services in the medium to long term.



Source: Macrobond, Oxford Economics

Makkah Region

The population pyramid of Makkah region depicts the age structure of the population in Jeddah which is characterised by a significantly higher share of the population aged below 25 years old (45.8% for Makkah Province in 2018) highlighting the young demographic profile of the Saudi local population, a key driver to consumer market growth in the future.



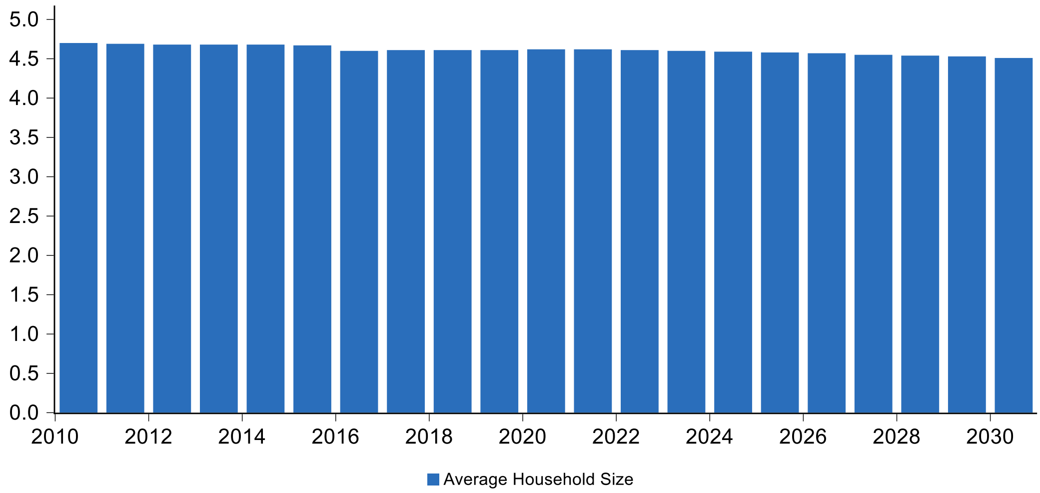
Average household size - Jeddah

Large average household sizes – over five people – is a trend that is observed across much of the Middle East and Africa region.

The average household size in Saudi Arabia stood at 5.52 individuals in 2020, although the figure is lower for Jeddah at an average of 4.62 people per household. This can be explained by a higher share of expats in Jeddah compared to the national average.

Usually, changes within average household sizes tend to be gradual, therefore the average household size for Jeddah combing Saudi and non-Saudi households is expected to reach to 4.50 individuals by 2030.

Going forward, we expect falling household size among Saudis will underpin demand for higher density development providing smaller and more efficient units that are affordable due to a reduction in size rather than a reduction in build quality.

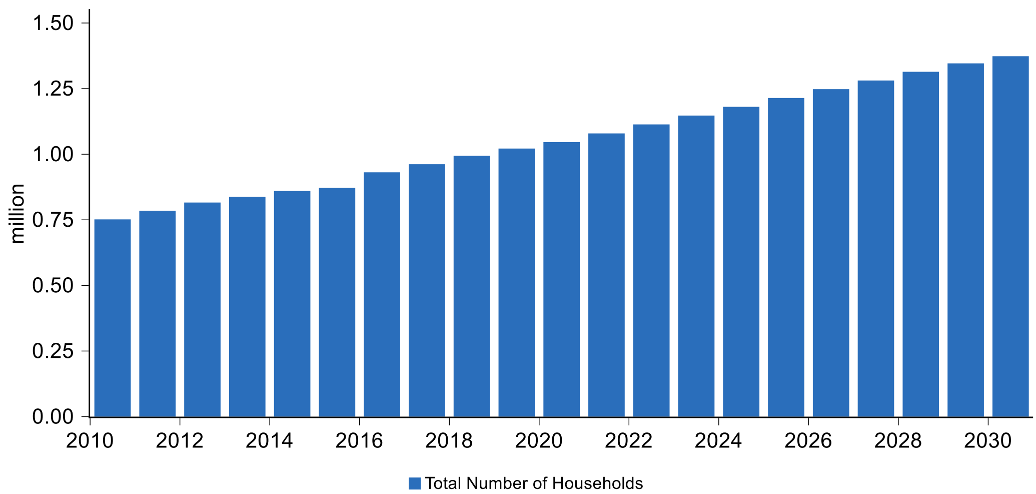


Source: Macrobond, Oxford Economics

Total number of households - Jeddah

Total number of households in Jeddah stood at 1.0 million in 2020. Between 2010 and 2020, the number of households increased at a CAGR of 3.4%. This growth momentum is expected to moderate to 2.8% between 2020 and 2030, where the total number of households is forecast to reach 1.37 million by 2030.

Based on these forecasts, it is estimated that an estimated 327,300 additional households will be formed in Jeddah between 2020 and 2030.



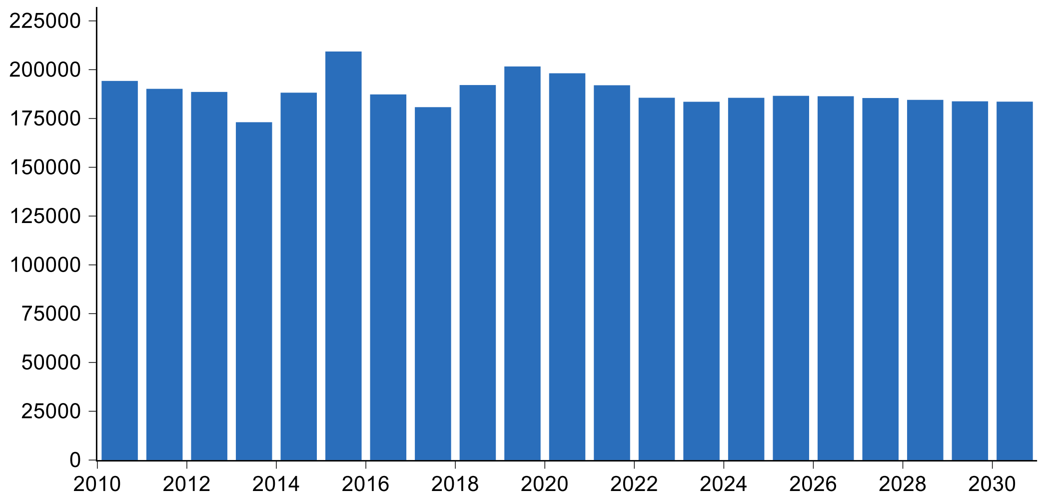
Source: Macrobond, Oxford Economics

Jeddah average household disposable income in SAR

Household income is a key determinant of affordability and consumer spending patterns.

Average household personal disposable income grew at CAGR of -1.0% between 2010 and 2020 According to Oxford Economics, reaching SAR 166,767. Based on the forecast It is expected that the average household disposable income will further decline by -0.3% to reach SAR 161,641 between 2020 and 2030, as highlighted in the adjacent graph.

The growth in average household personal disposable income has generally been unimpressive over the past few years and has exacerbated the rising housing affordability challenge in the city.

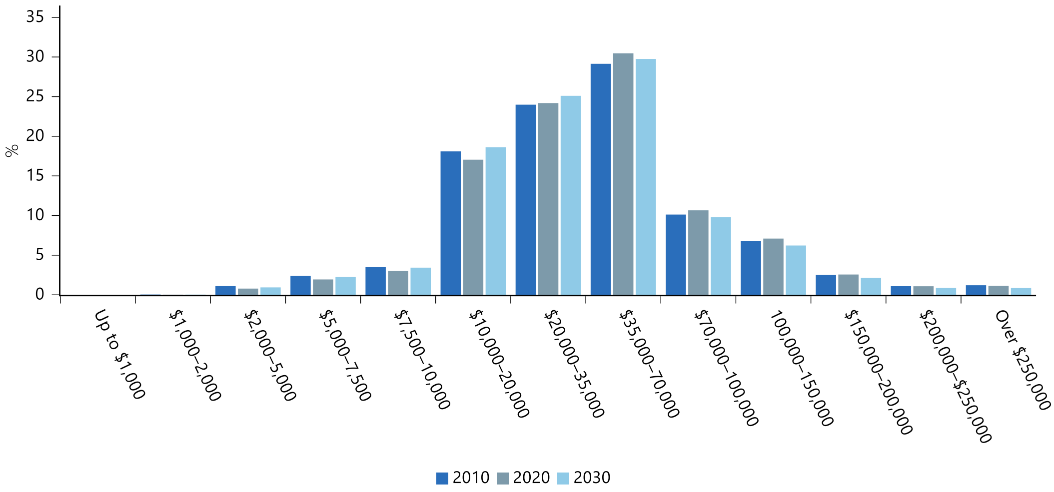


Source: Macrobond, Oxford Economics

Jeddah number of household by income bands (as a & of total households)

In 2020, 45.1% of households in Jeddah were within income bands above USD 35,000, this share is expected to decrease, reaching 44.5% in 2030.

54.9% of households were in the lower income bands - below USD 35,000. This proportion of household income bands is expected to witness an increase between 2020 and 2030 reaching 56.5%. This reflect a negative trend, from the perspective of consumer spending and demand for real estate in the city.



Source: Macrobond, Oxford Economics

KSA Office Market Overview

Jeddah Office Market Overview

General overview Jeddah's office market

The current inventory of office leasable area in Jeddah stands at approximately 1.3 million sqm of GLA, distributed between Grade A, B and C stock which hold a respective share of 36, 41 and 23% in the current supply.

Historically the main commercial districts have been located on Madinah Road and King Abdullah Road, however, due to traffic congestion and low-quality office buildings, the commercial centre has shifted northwest towards Prince Sultan and King Abdul Aziz Roads.

The majority of landmark developments including Zahran Business Center, Murjan Center, Kings Road Tower and Jeddah Headquarter are located along the business corridors of Prince Sultan, King Abdul Aziz and Al Shati Streets. These landmark towers have traditionally hosted the offices of large multinational companies.

The office supply is increasingly being focused on the North of Jeddah. This shift is heavily influenced by the Jeddah Economic City (JEC), as well as other major developments such as Prince Sultan Cultural Centre (PSCC) which are shifting the city's commercial area further north. Nevertheless, Emaar square which located in the south will likely play a major role in the ongoing revitalisation process of Jeddah.

Jeddah existing prime & grade A office supply

Jeddah Prime and Grade A office space account for a total GLA of 464,983 square meters. The majority of this leasable space is located along Prince Sultan and King Abdul Aziz Streets.

Within the last five years, Jeddah has witnessed a steady growth in Grade A office supply with 10 new openings comprising approximately 196,097 square metres of GLA.

The latest Grade A office development that was delivered to the market is Vision Tower. The new development has opened in the last quarter of 2020 has boasts over 14,000 square metres of GLA.

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Madina Road (Existing CBD)
Kings Road (Upcoming CBD)
Tahliya Road (Existing CBD)
Prince Sultan Road(Upcoming CBD)
King Abdullah Road(Existing CBD)
Prime
Grade A

Major Existing Prime & Grade A Office Developments			
	Name	GLA (sqm)	Opening Year
1	Jameel Square	31,000	2009
3	Jeddah Headquarters	75,000	2013
3	King Road Tower	55,224	2011
4	Al Mukmal Tower	15,840	2010
5	Bin Sulaiman	14,500	2010
6	ADEX Towers	7,200	2011
7	Zahran Business Center	45,000	2012
8	Al Andalus Crown Tower	11,000	2015
9	Al Murjan Tower	27,750	2015
10	Emaar Square	21,685	2016
11	Al Rabie Commercial Center	20,160	2017
12	AlKhair Tower	30,000	2017
13	Olaya Administrative Building	7,642	2017
14	Ibrahim Center	10,700	2018
16	Vision Tower	14,000	2020
16	Manarat Al Ma'erfah	42,000	2019
17	24 North Jeddah	13,125	2007
18	Quartz Center	11,160	2017
	Total Existing Supply (sqm of GLA)	**464,983**	

Source: Google Earth, Knight Frank

Jeddah future office supply

The current office pipeline comprises 408,834 square metres of GLA, which includes six Grade A office developments and ten Grade B office developments.

Jeddah Economic City (JEC) is a landmark prime office development currently under construction. With an expected total GLA of 245,000 square meters, this development will change the outlook of Jeddah's office market once completed.

Other notable developments include the Prince Sultan Cultural Centre (PSCC) and the remaining phases of Emaar Square. These projects have been announced in the past and have been placed on hold, and are not expected to start releasing office space in the market before 2023. They have, therefore, been excluded from our analysis.


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Madina Road (Existing CBD)
Kings Road (Upcoming CBD)
Tahliya Road (Existing CBD)
Prince Sultan Road(Upcoming CBD)
King Abdullah Road(Existing CBD)
Grade A
Grade B

Major Upcoming Office Developments				
	Name	Status	GLA (sqm)	Opening Year
1	Lamar Tower Commercial office	Grade A	30,000	2021
2	Avenue Mall	Grade A	NA	2021
3	Rawdah Commercial Complex	Grade A	27,000	2022
4	Kingdom Tower (JEC)– All Phases	Grade A	245,000	2021
5	Zahid Commercial Tower	Grade A	20,000	2023
6	Rawdah Building	Grade A	6,500	2022
7	Rusd Towers	Grade B	8,000	2021
8	Al Shatee Business Park	Grade B	4,080	2022
9	Mixed Use Development	Grade B	5,500	2021
10	Vision Capital Tower	Grade B	20,000	2022
11	Commercial Building	Grade B	12,000	2021
12	Azaam Abdullah Taleb	Grade B	12,000	2021
13	Najma Bahseen Jeddah	Grade B	6,534	2021
14	Signature	Grade B	6,300	2021
15	S & S Building	Grade B	4,000	2021
16	King Square Tower	Grade B	1,920	2021
	Total Future Supply (sqm of GLA)		**408,834**	

Source: Google Earth, Knight Frank

Jeddah office supply Characteristics

As of H1 2021, the total GLA of office space in Jeddah stood at over 1.3 million square metres. Grade B stock accounted for the largest share (41%) while Grade A share in the total supply stood at 36%. Grade C office space accounted for 23% of the total stock.

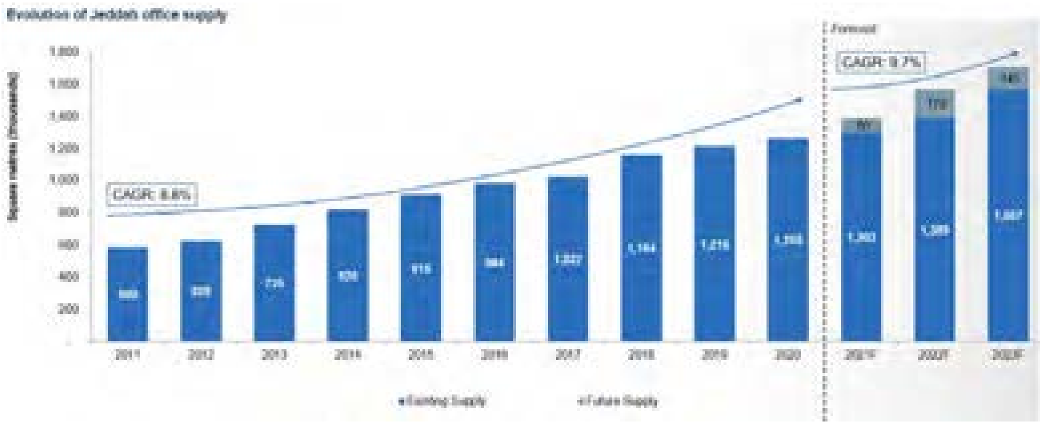
Looking ahead there is a large amount of potential space that could be released on the market, the majority of which is Grade A. The upcoming 408,834 sqm pipeline of office supply is largely oriented towards Grade A, which accounts for 79% of our total pipeline. Grade B office space accounts for the remaining 21%.

Upon the release of the supply pipeline on the market, the Grade A segment share is set to increase to 46 % of the total office supply by the end of 2023, while the share of the Grade C segment in total supply will significantly decrease, reaching 17%. This analysis does not factor the office space that will enter the market from Prince Sultan Cultural Centre (PSCC) and the remaining phases of Emaar Square.

Evolution of quality Organised office SUPPLY

Between 2011 and 2020, the office supply in Jeddah grew at a compounded annual growth rate of 8.8%. The supply of office space reached 1.3 million square metres of GLA by the end of H 1 2021. There were three developments that opened in the first half of 2021, adding around 39,000 square meters of GLA to the market.

A total of 408,834 square metres of office space is anticipated to be added into the market between second half of 2021 and the end of 2023, resulting in a total office supply of over 1.71 million square metres by the end of 2023, which equates to a compounded annual growth rate of 9.7% during our forecast period, higher than the historical CAGR.

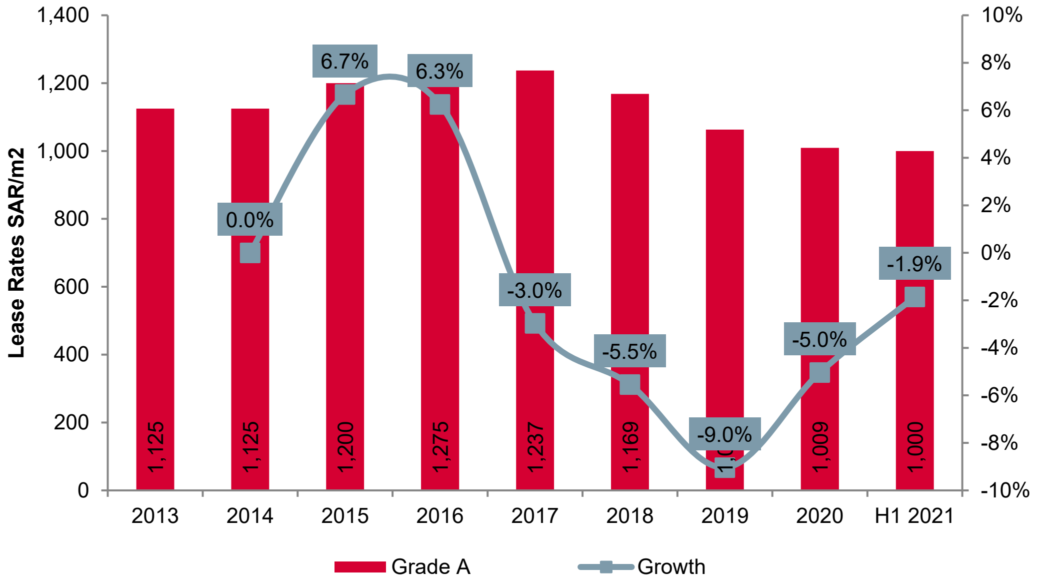


Source: Knight Frank

Annual lease rates in grade A and grade B segments

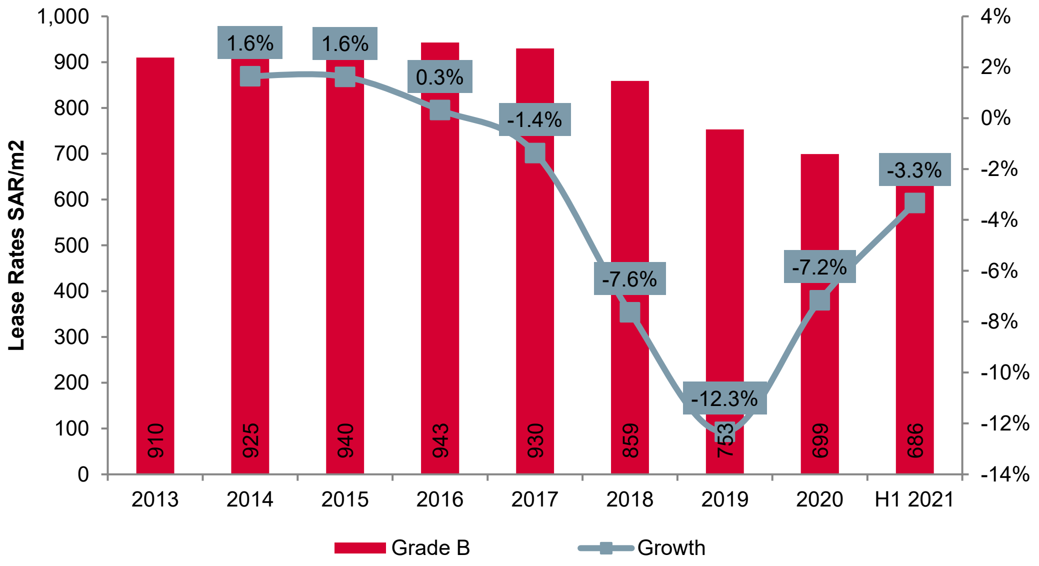
Average lease rates per square metre for Prime and Grade A office space increased between 2013 and 2016 from SAR 1,125 to SAR 1,275. Subsequently, lease rates per square metre began to decline from 2016 onward. Lease rates for Prime and Grade A office space recorded an overall decline of 21.5% between 2016 and 2020, from SAR 1,275 to SAR 1,001. The first half of 2021 saw a further 1.9% drop in Prime and Grade A lease rates.

Jeddah grade A office lease rates (SAR/m2)



Average lease rates per square metre for Grade B office space marginally increased between 2013 and 2016 from SAR 910 to SAR 943. This was followed by four consecutive years of declining lease rates with an overall decline of 26.4% between 2016 and 2020. The trend continued in H1 2021, with an additional 3.3% decline in average Grade B lease rates to SAR 745.

Jeddah grade B office lease rates (SAR/m2)



Source: Knight Frank

A number of factors have contributed to the softening of rental rates across the office market over the past few years including:

- The rising stock of quality supply providing occupiers with a greater choice of office accommodation across the city amidst soft occupier demand levels resulting from challenging economic conditions.
- Downsizing trend is seen across the private sector to reduce capital expenditures and the closure of many SMEs given challenging economic conditions. Current office demand across the city has been mostly focused on smaller offices as companies look to downsize their office space and avoid CAPEX on customized fit-out options.

We expect rental rates to remain under pressure in the foreseeable future as the market absorbs new supply and demand remains weak. However, due to delays in the handover, any significant pressure on Grade A rental rates will be smoothed while we expect Grade B rents to come under significant pressure over the short to medium term as occupiers are given more choice as a result of increased supply and competition.

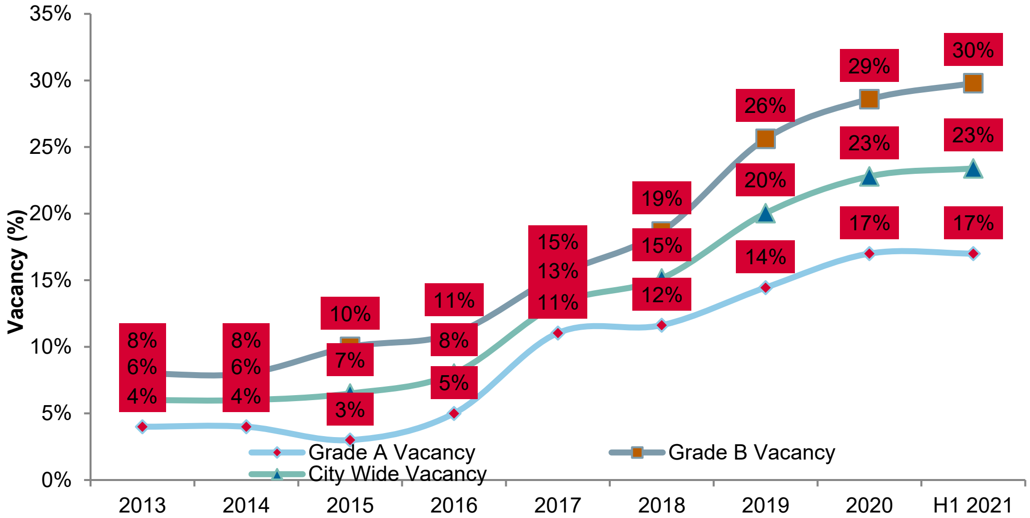
Vacancy rates

From 2013 to 2020, vacancy levels across the Prime and Grade A office segments witnessed an increase reaching 17% up from 4%, though certain key schemes have maintained high occupancy levels due to good quality facilities, amenities and parking arrangements.

Between 2013 and H1 2021, vacancy levels across the Grade B office segment trended higher reaching 30% in H1 2021 as compared to 8% in 2013. This market dynamic has to be seen within the context of subdued occupier demand and increasingly competitive market where occupiers are given more choice as a result of an increased quality supply.

While a few select Grade A buildings continue to perform above market average, occupancy rates are likely to soften further in the short term as supply outstrips demand for the foreseeable future. Schemes which have good floor plates and are well located within mixed-use environment will have the potential to outperform the rest of the market.

Jeddah Grade A, Grade B and city wide vacancy rates



Source: Knight Frank

KSA Retail Market Overview

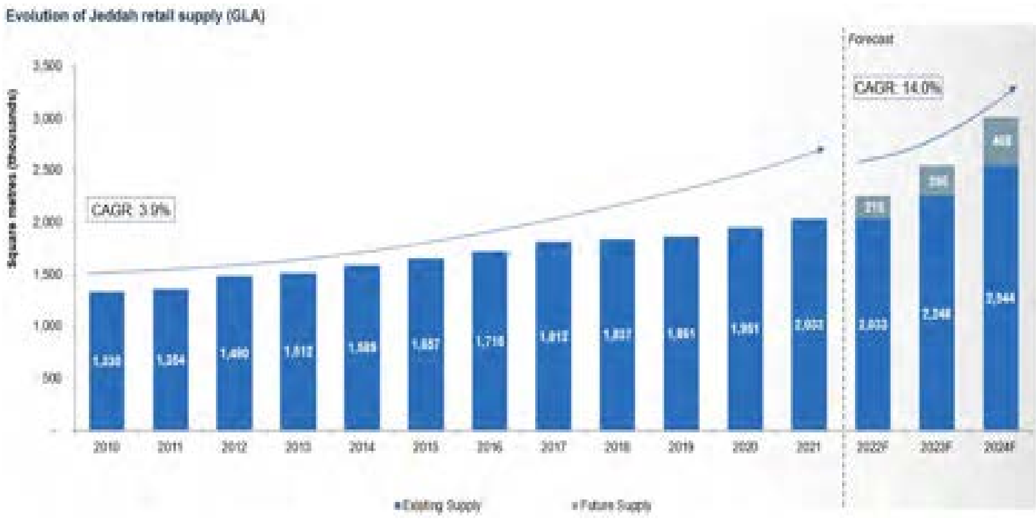
Jeddah Retail Market Overview

Evolution of quality Organised Retail SUPPLY

Retail supply in Jeddah between 2010 and 2021 grew at a compounded annual growth rate of 3.9%. The supply of quality organised retail reached 2.03 million square metres of GLA by the end of 2021. There were six new developments that opened in 2021, which added approximately 58,000 square meters of retail GLA to the market.

A total of eleven other developments are anticipated to reach completion in 2022, this includes two regional malls, five community centres and four neighbourhood centres, bringing the total GLA to 2.24 million square metres by the end of 2022.

A total of 978,716 square metres of retail space is anticipated to be added into the market between 2022 and 2024, resulting in a total retail supply of 3.01 million square metres, which equates to a compounded annual growth rate of 14.0%, substantially higher than historical growth rates.



Source: MECSC; Knight Frank

Quality Organised RETAIL supply Characteristics

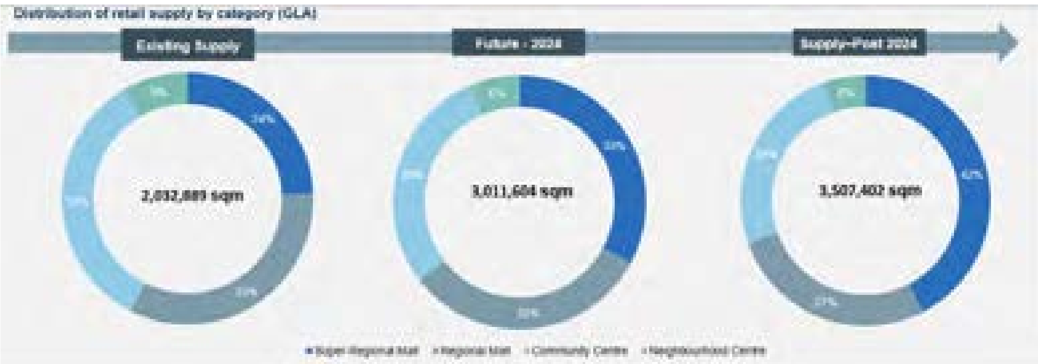
As at the end of 2021, the total GLA of quality organised retail stands at over 2.03 million square metres. Community centres comprised the largest share, accounting for 34%, while regional malls accounted for 33% of the total supply. Super-regional and neighbourhood centres account for 24% and 9%, respectively.

The quality existing retail supply is distributed over 84 organised retail developments, 4 of which are super-regional malls and 15 are regional malls. In addition, there are 41 community centres and 24 neighbourhood centres.

Taking into account the retail pipeline, the supply composition of super-regional malls is set to increase to 33% of the total retail supply by the end of 2024. In contrast, the share of the other three categories including neighbourhood centres, community centres and regional malls is expected to decrease to 6, 29 and 32% of the total supply respectively.

Some super-regional and regional malls have been announced, but these malls have not yet broken the ground. If we take these malls into account and analyse the post-2024 supply composition, super-regional malls share is set to increase to 42%, while regional malls, community centres and neighbourhood centres share is expected to decrease to 27%, 25% and 6% respectively.

As the retail market continues to evolve, developers are seeking to provide more experience based concepts looking to increase shoppers' time spent at the malls to combat an ever growing e-commerce threat. Entertainment and F & B-led destinations have therefore become essential components for all future developments.



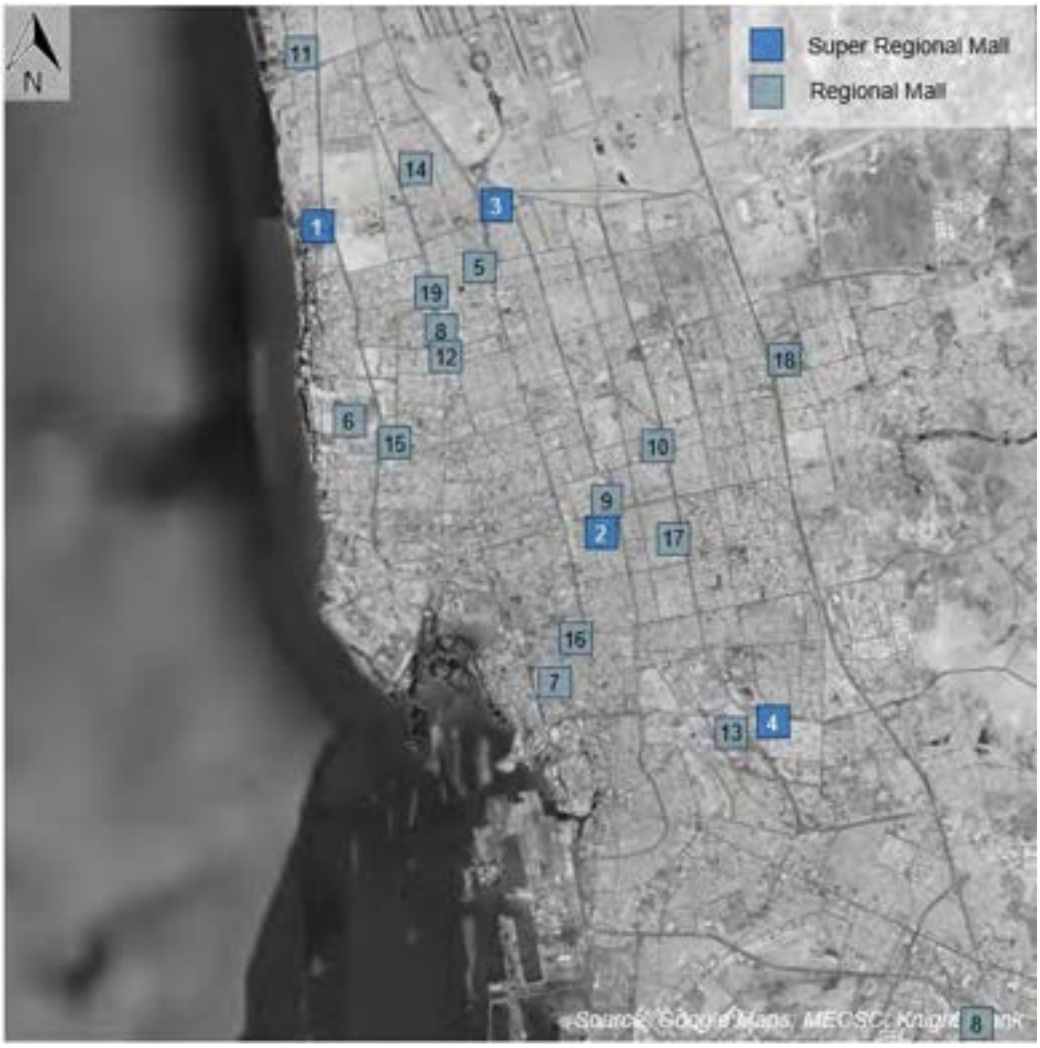
Source: Knight Frank

Jeddah existing quality organised retail supply 1/2

Jeddah city comprises four super-regional and fourteen regional malls totalling over 1.17 million square metres of GLA. Red Sea Mall has emerged to be the largest Mall after the new expansion, which features a total GLA of approximately 144,707 square metres and is located on King Abdul Aziz Road, north of Jeddah.

Mall of Arabia and Al Salaam Mall are the other two super-regional malls developed and operated by Arabian centres. Mall of Arabia is located on Madinah Road, south west of King Abdul Aziz International Airport, whereas Salam Mall is located in the south along King Abdullah Road. Jeddah Park is the most recent addition to Jeddah's super-regional mall supply, located along Tahlia Street.

Regional malls account for a total of 674,572 square meters. Within the last five years, Jeddah has only witnessed the opening one regional malls (Al Yasmin Mall) comprising approximately 54,000 thousand square metres of GLA.



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Super Regional Mall
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Source: Google Maps, MECSC, Knight Frank

Major Super Regional and Regional Malls							
	Name	GLA (sqm)	Opening Year		Name	GLA (sqm)	Opening Year
1	Red Sea Mall & Extension	144,707	2008-2019	2	Jeddah Park	127,360	2020
3	Mall of Arabia	102,097	2008	4	Al Salaam Mall	111,914	2012
5	Hera'a International Mall	52000	1982	12	Sultan Centre Mall	38477	2007
6	Al Shate'e Mall	61293	1985	13	Al Andalus Mall	86355	2007
7	Al Baroom Commercial Center	30000	2002	14	Jarir Mall Prince Sultan Street	35000	2008
8	Event Mall	40089	2003	15	Stars Avenue Mall	36000	2010
9	Serafi Mega Mall	60000	2005	16	Haifaa Mall	32111	2013
10	Aziz Mall	70954	2005	17	Flamingo Mall-Jeddah	62000	2014
11	Roshan Mall	36305	2006	18	Al Yasmin Mall	58311	2016
Total Existing Supply GLA						1,169,300	

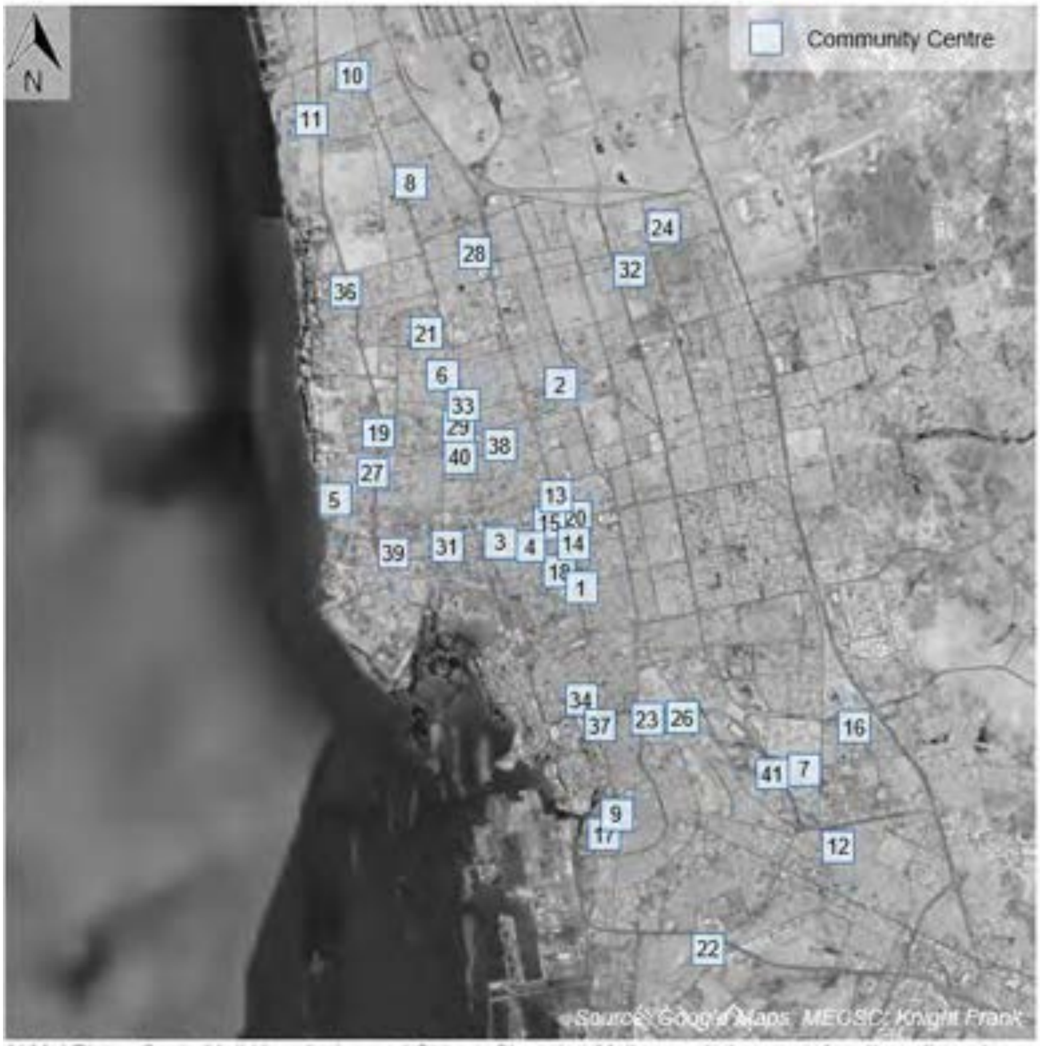
Source: Google Maps; MECSC; Knight Frank

Jeddah existing quality organised retail supply 2/2

As at the end of 2021, there are 41 quality community centres in Jeddah totalling 692,325 square metres of GLA.

Within the community centre segment, there were three new developments that opened in 2021, which added approximately 42,500 square meters of retail GLA into the market.

Community centres can be found across Jeddah as they are not concentrated around any specific location. The majority of new community centres are located along existing and upcoming business corridors.



Al Moj Plaza, Oasis Mall Hamdaniya and Obhour Shopping Mall are not showcased on the adjacent map.

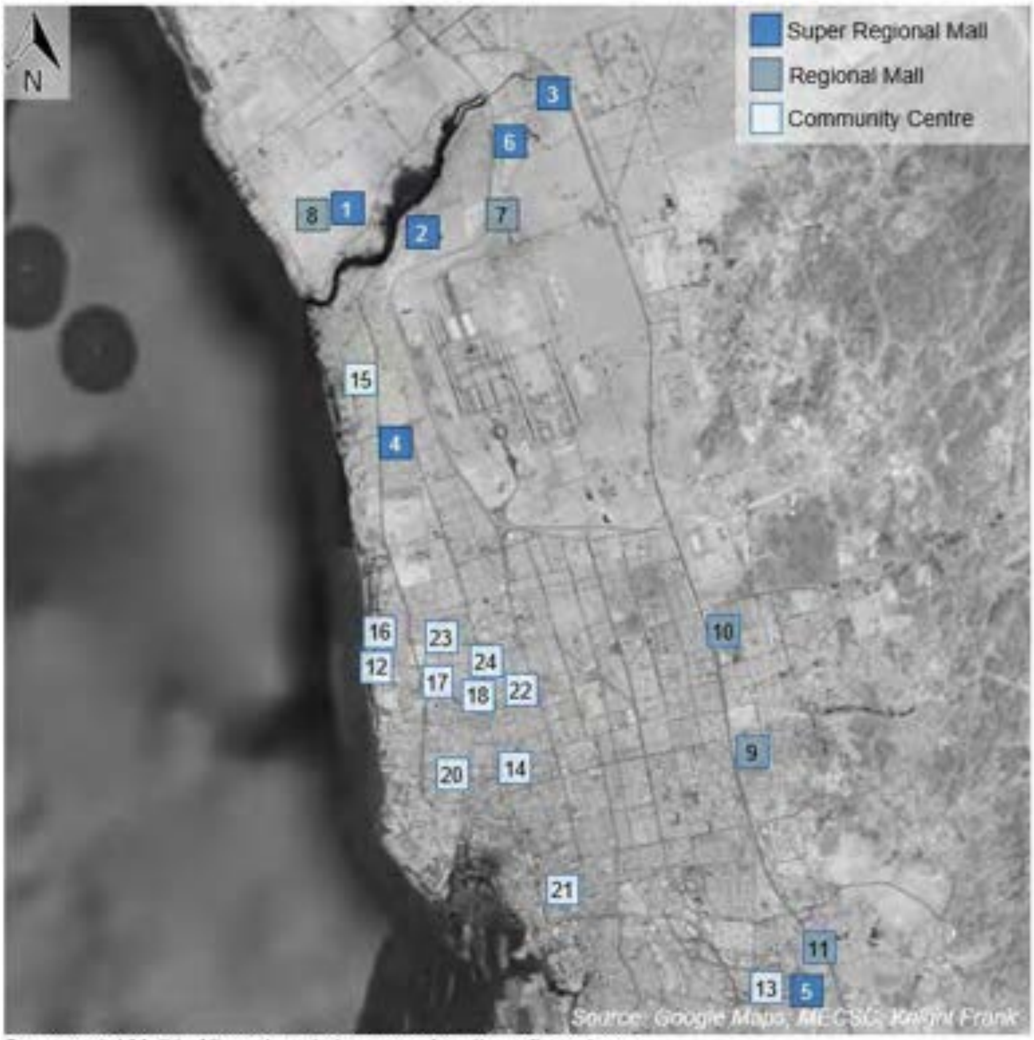
Major Community Centres							
	Name	GLA (sqm)	Opening Year		Name	GLA (sqm)	Opening Year
1	Mosadia Centre	24,000	1981	22	South Mall	28,926	2009
2	Hijaz Plaza	12,000	1985	23	Oasis Mall	17,000	2011
3	Al Basateen Centre	13,010	1998	24	Mandarine Avenue	15,000	2014
4	Tahlia Shopping Centre	18,000	1998	25	Al Moj Plaza	18,909	2015
5	Al Nakheel Centre	15,437	2000	26	Jeddah Gate Crescent Plaza	29,709	2017
6	Salamah Centre	16,078	2000	27	Le Prestige Mall	17,000	2017
7	Al Sawary Mall	20,000	2001	28	Nas Town	20,000	2017
8	Jarir Mall Tahliya	11,000	2002	29	Lilian Centre Phase 1	10,000	2018
9	Al Mahmal Centre	15,000	2003	30	Al Marwah Plaza	10,456	2018
10	Aya Mall	29,160	2004	31	Manuel Square	11,729	2019
11	Sawari Landmark	14,813	2005	32	Oasis Mall Hamdaniya	12,362	2019
12	Al Jamea Plaza	20,968	2005	33	Lilian Centre Phase 2	3,948	2019
13	Jeddah Int'l Shopping Centre	29,172	2005	34	Fayfa Complex	22,000	2020
14	Al Shola Commercial Centre	13,200	2006	35	Obhour shopping Mall	26,434	2020
15	Nojoud Centre	11,903	2006	36	Atelier LaVie Mall	30,000	2020
16	Al- Sulaymaniyah Plaza	26,000	2006	37	Al Sariah Square	11,729	2020
17	Corniche Commercial Centre	12,000	2007	38	City Yard	10,878	2020
18	Le Chateau	12,588	2008	39	Wow square	11,000	2021
19	Etoile Centre	13,817	2008	40	Crystal Mall	12,000	2021
20	New Town Centre	20,000	2008	41	Town Square	19,500	2021
21	Space Mall-Jeddah	19,928	2009				
Total Existing Supply GLA						**692,325**	

Source: Google Maps; MECSC; Knight Frank

Jeddah future quality organised retail supply

The current retail pipeline comprises 1,474,514 square metres of GLA, which includes six super-regional malls, five regional malls and fourteen community/neighbourhood centres.

Around 979,000 square meters of GLA is anticipated to be delivered before 2024, and 496,000 square meters of GLA is expected to be released in the market post-2024. Al Jawharat Jeddah and Jeddah Economic City projects have been announced with an expected 105,566 and 390,232 square meters of GLA respectively, these malls have not yet broken ground and are not anticipated to open before 2024, they have therefore been added in the post-2024 analysis.



Commercial Mall in Nimra is not showcased on the adjacent map.

Major Super Regional Malls, Regional Malls and Community Centres				
	Name	Status	GLA (sqm)	Opening Year
1	Jeddah Economic City	Planned	390,232	2026
2	Avenue Mall Abhor	Construction	125,518	2024
3	Al Jawhara Mall	Planned	95,000	2023
4	Jawharat Jeddah	Planned	105,566	2025
5	AWJ Group - Souq7	Construction	186,750	2024
6	Prince Sultan Oasis	On Hold	90,000	2023
7	Zahra Mall	Planned	52,370	2024
8	Jeddah Tower	Construction	64,369	2022
9	Tahliyah Gate: Mega Mall	Planned	75,000	2024
10	Al Haramain City Centre	Planned	39,500	2022
11	Al Qalam Mall	On Hold	43,666	2023
12	The Lamar Mall	Construction	21,836	2022
13	Al Jameah Centre	Planned	18,300	2022
14	Al- Rawdah Commercial Centre	Planned	26,000	2023
15	Sunset Avenue	Construction	15,000	2022
16	Al Nawras Centre	Main Contract Bid	15,000	2023
17	King's Walk Mall	Design	28,314	2024
18	Sultan Galleria	Design	11,192	2023
19	Commercial Mall in Nimra	Construction	14,625	2023
20	Jeddah Walk Phase 1 & 2	Construction	28,706	2022-23
21	Atyaf Commercial Centre	Construction	13,500	2022
22	Village Royal	Construction	5,800	2022
23	Star Square Plaza	Construction	3,000	2022
24	Sky Plaza	Construction	5,270	2022
		Total Future Supply GLA	1,474,514	

Source: Google Maps; MECSC; Knight Frank

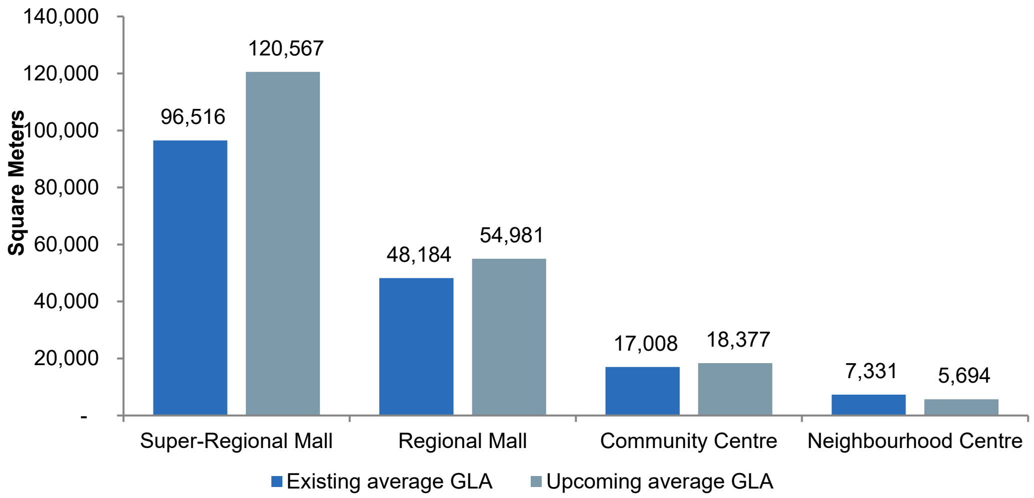
Quality organised retail supply characteristics

In Jeddah, larger malls have historically performed better than smaller malls, as their attractiveness goes beyond the presence of retail line stores coupled with an anchor. These malls feature activated spaces that offer social spaces and include a key entertainment attractor aimed at families to drive footfall and allowing shoppers to spend the entire day at the mall. By contrast, smaller malls typically only serve a single purpose, as shoppers usually go to these centres to shop at a specific store.

As a result, this has stimulated a marginal shift, whereby super regional and regional malls are getting larger to account for more entertainment and leisure based activities. Upcoming super regional and regional average sizes are expected to be considerably larger than existing ones. By contrast, upcoming community and neighbourhood centres average sizes are in line with existing ones.

Nevertheless, its is evident that there is a market trend throughout the GCC (e.g. Ajdan Walk in Al Khobar, City Walk in Dubai, etc.) leaning towards lifestyle and entertainment-led community centres or strip retail featuring outdoor landscaped spaces. These developments typically feature a higher proportion of F&B and entertainment spaces with limited retail line stores.

Average Mall Size by Type of Mall (GLA)



Source: Knight Frank

Quality organised retail: average annual lease rates

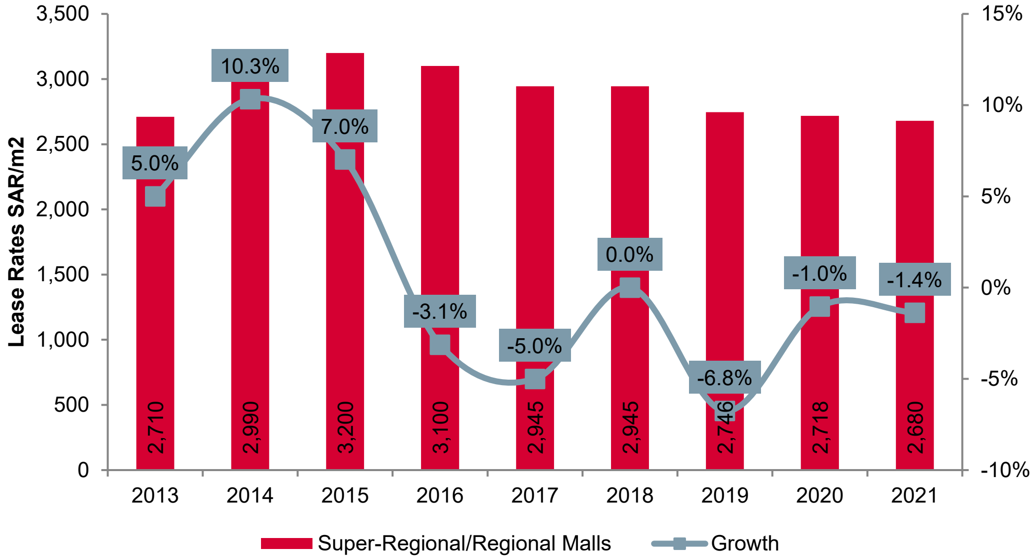
Average lease rates per square metre for super-regional and regional malls increased from 2013 to 2015 from SAR 2,710 to SAR 3,200. Subsequently, lease rates per square metre began to decline; 2016 recorded a 3.1% decrease to SAR 3,100, and 2017 recorded a 5% decrease to SAR 2,945. 2018 lease rates experienced no change, while 2019, 2020 and 2021 lease rates have further recorded a 6.8%, 1.0% and 1.4% decrease respectively. A number of factors have contributed to this including:

Stricter Saudisation policies meaning that spending from expatriates has declined due to the exodus. In addition, retailers are having to employ a larger share of Saudi nationals and as a result payroll figures have increased squeezing retailers margins;

Saudi national social benefits – in particular within the public sector – have been reduced and therefore impacting disposable income levels;

E-commerce is progressively gaining a larger market share as the years go by.

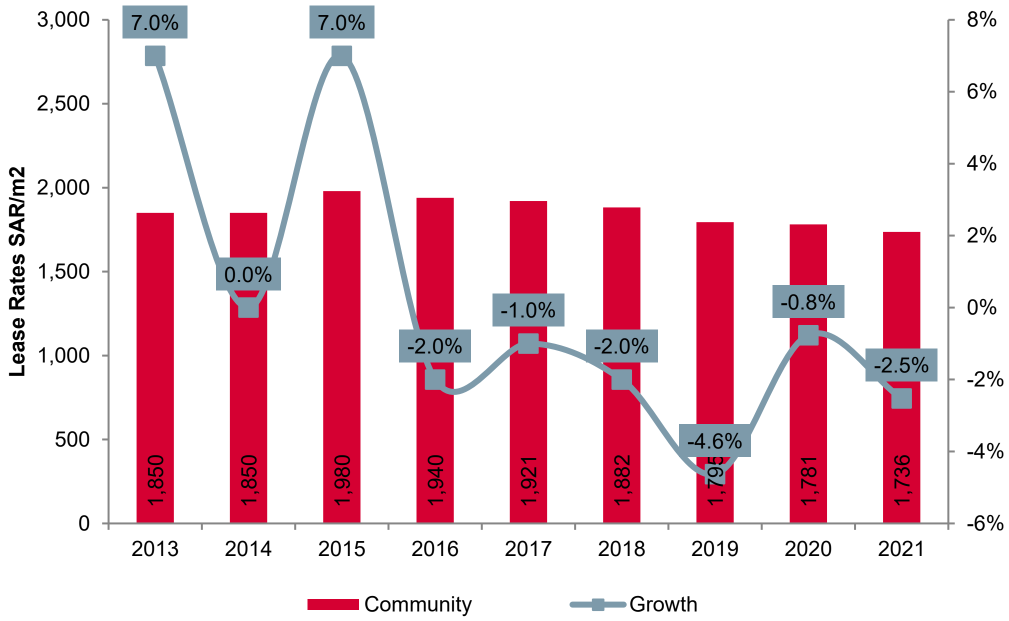
Jeddah super regional & regional malls lease rates (SAR/m2)



Community centres also witnessed a similar pattern with average lease rates per square metre, recording a marginal increase between 2013 and 2015 from SAR 1,850 to SAR 1,980. This was followed by six consecutive years of declining lease rates. Community malls lease rates registered an average 9.8% over the last six year from SAR 1940 to SAR 1750 per square meter in 2021.

As the Jeddah retail market matures and new supply is delivered, lease rates are expected to be pushed downwards marginally in the short term as retailers will continue to demand better lease rates reflecting diminished consumer spending.

Jeddah community malls lease rates (SAR/m2)



Source: Knight Frank

Super regional and regional malls vacancy

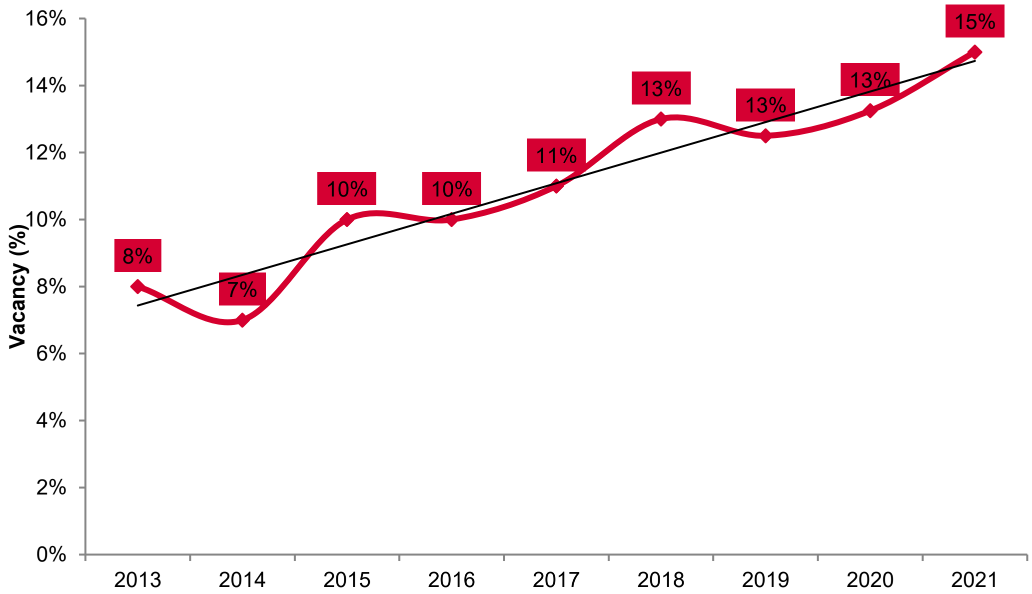
From 2013 to 2021, market-wide vacancy levels for super-regional and regional malls witnessed an increase from 8% to 15%.

2018 witnessed the addition of a few retail developments, namely Canana Mall, Rovan Plaza Al Marwah Plaza and Red Sea Mall extension, which marked a turning point as vacancy rates edged up higher to 13%.

Between 2013 and 2021, the average vacancy rate across Jeddah super-regional and regional malls stood at 11%.

Taking into account the supply pipeline coupled with a slowdown in economic conditions, vacancy rates are expected to increase marginally over the short-term. However, this can be mitigated in the event of developing a well-designed lifestyle retail development.

Jeddah super regional & regional mall vacancy rates



Source: Knight Frank