# Valuation Report

**SUBMISSION TO:**

Al Ahli REIT Fund 1

SNB Capital

# Valuation Report

## Al-Andalus Mall & Hotel, Jeddah, KSA

Al Ahli REIT Fund (1) / SNB Capital / SNB Group

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# TABLE OF CONTENTS

# 1 EXECUTIVE SUMMARY

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

## 1.1 THE CLIENT

AlAhli REIT Fund (1) and SNB Capital / SNB Group

## 1.2 THE PURPOSE OF VALUATION

The valuation is required for the semi-annual exercise for AlAhli REIT Fund (1).

## 1.3 INTEREST TO BE VALUED

The following property details are part of the scope of this valuation exercise:

| Property Details | |
|---|---|
| Owner Name | AlAhli REIT Fund (1) |
| Property Type | Al Andalus Mall & Al Andalus Mall Hotel |
| Age of Property | Mall – circa. 15 years old (2007)<br>Hotel – circa. 4 years old (2018) |
| Use | Commercial Use (mall & hotel) |
| Location | Al- Fay'ha District, Jeddah, KSA |
| GPS Co-ordinates | 21°30'24.0"N 39°13'05.0"E |
| Land Area (sq. m) | 159,133.96 sq. m |
| Interest | Assumed Freehold |
| Title Deed No. | 320211029670 |
| Title Deed Date | 23/10/1440 Hijri |

*Source: Client 2022*

## 1.4 VALUATION APPROACH

The valuation has been undertaken using the Investment Approach - Discounted Cash Flow (DCF) for Al Andalus Mall, and the Trading Performance Approach – Profits Method for Al Andalus Mall Hotel. For the vacant land adjacent to the mall, we have undertaken the comparative approach to valuation.

## 1.5 DATE OF VALUATION

Unless stated to the contrary, our valuation has been assessed of 30 June 2022.

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

## 1.6 SUMMARY OF VALUE

| Property Name | Exit Yield (%) | Discount Rate (%) | Value (SAR) [Rounded] |
|---|---|---|---|
| Al Andalus Mall, Jeddah | 8.5% | 11% | 1,127,000,000 |
| Adjacent Land & Mall Expansion | 8.5% | 13.5% | 204,000,000 |
| Al Andalus Mall Hotel, Jeddah | 9% | 11.5% | 153,000,000 |
| Aggregate Value (SAR) [Rounded] | | | 1,484,000,000 |

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

## 1.7 SALIENT POINTS (GENERAL COMMENTS)

*Whilst most global markets remain disrupted along with the effects of the extraordinary market conditions over the past two plus years through the COVID-19 pandemic, it appears the KSA economy appears stable and strong within a recovery mode on the back of higher oil demand and private consumption along with KSA's Vision 2030 looks to diversify the economy away from oil through focusing on direct foreign investment, tourism and the increase of locals in the workforce.*

*The cost of risk is also likely to stay elevated in 2022 reflecting the volatile global health situation, high inflation and rising interest rates, etc.*

*The real estate traditional determinants of location and value for money continue to be a key success influencing property and accommodation preference though investors in KSA are also no less sensitive to asset classes and the location of property providing investor expectations and stable long-term income for portfolios and funds. Equally, strong investor appetite remains for 'best in class / 'Institutional Asset Class – Grade A' / good quality property providing long term income.*

*With all positive activity and investment by the government creating opportunities through projects across the Kingdom's Vision 2030 and through the creation of the Giga projects has meant a stable KSA economy with positive outlook going forward throughout 2022 and beyond.*

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

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

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

ValuStrat draws your attention to any assumptions made within this report. We consider that the assumptions we have made accord with those that would be reasonable to expect a purchaser to make. We are unaware of any adverse conditions which may affect future marketability for the subject site.

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

Note property values are subject to fluctuation over time as market conditions may change.

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

# 2 VALUATION REPORT

## 2.1 INTRODUCTION

Thank you for the instruction regarding the subject valuation service.

We ('ValuStrat', which implies our relevant legal entities) would be pleased to undertake this assignment for AlAhli REIT Fund (1) / SNB Capital / SNB Group ('the client') of providing valuation services for the subject land mentioned in this report subject to valuation assumptions, reporting conditions and restrictions as stated hereunder.

## 2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

| Property Details | |
|---|---|
| Owner Name. | AlAhli REIT Fund (1) |
| Property Type | Al Andalus Mall & Al Andalus Mall Hotel |
| Age of Property | Mall – circa. 14 years old (2007)<br>Hotel – circa. 3 years old (2018) |
| Use | Commercial Use (mall & hotel) |
| Location | Al- Fay'ha District, Jeddah, KSA |
| GPS Co-ordinates | 21°30'24.0"N 39°13'05.0"E |
| Land Area (sq. m) | 159,133.96 sq. m |
| Interest | Freehold |
| Title Deed No. | 320211029670 |
| Title Deed Date | 23/10/1440 Hijri |

*Source: Client 2022*

## 2.3 PURPOSE OF VALUATION

The valuation is required for the semi-annual exercise of AlAhli REIT Fund (1).

## 2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Taqeem Regulations (Saudi Authority for Accredited Valuers) in conforming to International Valuation Standards Council (IVSCs') and International Valuations Standards (IVS) 2022.

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

## 2.5 BASIS OF VALUATION

### 2.5.1 MARKET VALUE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

It should be further noted that the subject property (hotel component) is best described as a trade related property that is a property that is trading and is commonly sold in the market as an operating asset with trading potential, and for which ownership of such a property normally passes with the sale of the business as an operational entity.

### 2.5.2 VALUER(S):

The Valuer on behalf of ValuStrat, with responsibility is Mr. Ramez Al Medlaj (Taqeem Member) having sufficient and current knowledge of the Saudi market and the skills and understanding to undertake the valuation competently.

Also Mr. Ramez Al Medlaj (Taqeem Member) is a local Arabic specialist having knowledge, skills and understanding of the market and valuation. We further confirm that either the Valuer or ValuStrat have no previous material connection or involvement with the subject of the valuation assignment apart from this same assignment undertaken back in December 2021.

### 2.5.3 STATUS OF VALUER

| ***Status of Valuer*** | ***Survey Date*** | ***Valuation Date*** |
|---|---|---|
| **External Valuer** | *20 June 2022 | 30 June 2022 |

**The inspection was external and visual in nature only.*

## 2.6 EXTENT OF INVESTIGATION

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

We have not carried out any structural survey, nor tested any services, checked fittings of any parts of the property. Our internal inspection was limited to common areas of the property including the ground floor areas, mezzanine floor area, other commercial areas, and a representative sample of areas.

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

## 2.7 SOURCES OF INFORMATION

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

### 2.7.1 VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:

That no contaminative or potentially contaminative use has ever been carried out on the site; we assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoings, restrictions or other encumbrances. Information regarding tenure and tenancy must be checked by your legal advisors; This subject is a valuation report and not a structural/building survey, and hence a building and structural survey is outside the scope of the subject assignment.

We have not carried out any structural survey, nor have we tested any services, checked fittings or any parts of the structures which are covered, exposed or inaccessible, and, therefore, such parts are assumed to be in good repair and condition and the services are assumed to be in full working order; we have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect.

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

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

## 2.8 PRIVACY/LIMITATION ON DISCLOSURE OF VALUATION

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

## 2.9 GENERAL DESCRIPTION & CONDITION

The subject property comprises a retail shopping mall (Al Andalus Mall), with an inter-linked 164 key hotel rooms / suites tower (Al Andalus Mall Hotel).

The Andalus mall is a super-regional mall built circa. 14 years ago (opened July 2007) and is an enclosed 2 floor building anchored by Hyper Panda which is located on first floor level, underneath is a covered parking area at ground floor level.

The first floor contains fun zone area with a sports facility on the $2^{nd}$ floor with an artificial football pitches, basketball courts and trampolines.

The mall is well represented with the good mix of anchors, sub-anchors, line shops, etc. Refer to the below mall configuration and occupation analysis. The mall is built of traditional reinforced concrete frame with block infill with part glazing at entrances areas with steel frame sections with a concrete flat surface roof over Hyper Panda.

Refer to a selection of photographs below and further photographs at the appendices section.


The mall benefits from over 3,000 parking spaces both external and covered parking.

The ground floor plan/layout contains a number of entrances allowing for effective customer circulation and footfall.

The mall consists total of 526 units, of which 459 units are occupied/lease out with the remainder 67 as vacant units as of the date of valuation.

Mall Configuration and Occupation Analysis

| Al Andalus Mall (Ground Floor) | | | |
|---|---|---|---|
| **Type** | **Occupied** | **Vacant** | **Total** |
| Shops | 185 | 10 | 195 |
| Kiosks | 44 | 10 | 53 |
| ATM's | 5 | 2 | 7 |
| Warehouses | 11 | 7 | 18 |
| Advertising | 1 | 1 | 2 |
| Misc. | 9 | 0 | 9 |
| Total | 254 | 30 | 284 |

| Al-Andalus Mall (First Floor) | | | |
|---|---|---|---|
| **Particulars** | **Occupied** | **Vacant** | **Total** |
| Shops | 137 | 19 | 156 |
| Kiosks | 27 | 7 | 34 |
| Food Courts | 22 | 7 | 29 |
| Hyper market | 1 | 0 | 1 |
| Warehouses | 10 | 4 | 14 |
| Cinema | 5 | 0 | 5 |
| Total | 202 | 37 | 239 |

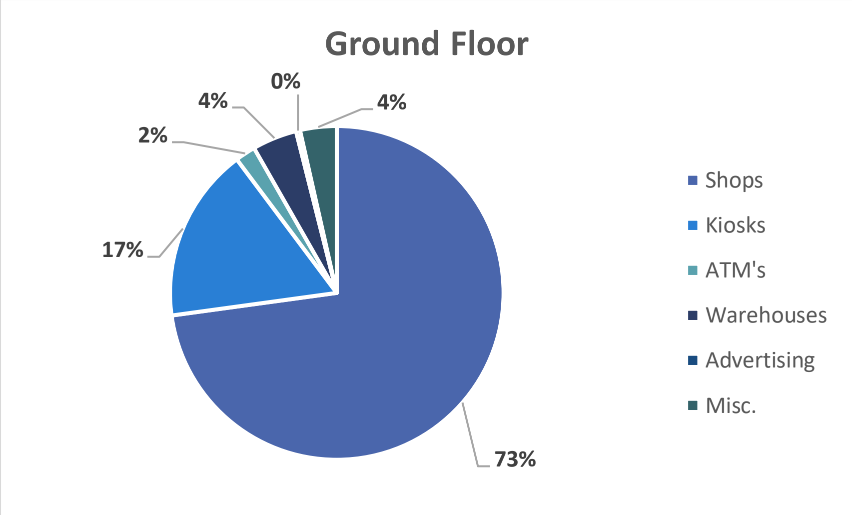
| Al-Andalus Mall Second Floor | | | |
|---|---|---|---|
| **Particulars** | **Occupied** | **Vacant** | **Total** |
| Ministry of Interior | 1 | 0 | 1 |
| GOAL | 1 | 0 | 1 |
| Studio | 1 | 0 | 1 |
| Total | 3 | 0 | 3 |

| Details | Occupancy | % |
|---|---|---|
| Total Occupied Leasable Area (sq. m) | 85,350.78 | 94% |
| Total Vacant Leasable Area (sq. m) | 5,028,50 | 6% |
| Total | 90,379.28 | 100% |
| Total Units | 526 | |

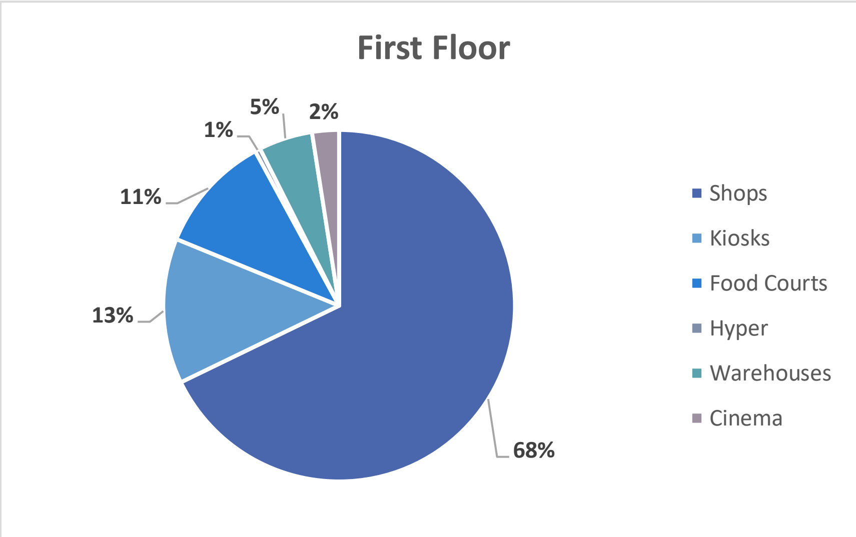
*Source: Client 2022*

### 2.9.1 GRAPHIC OCCUPATION ANALYSIS OF AL ANDALUS MALL

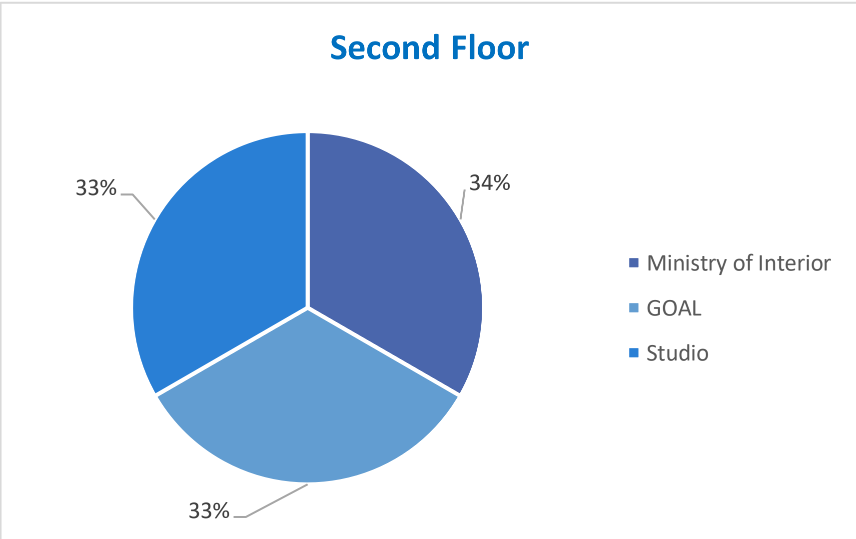
The ground floor percentage breakdown of unit areas.




The first-floor percentage breakdown of unit area.



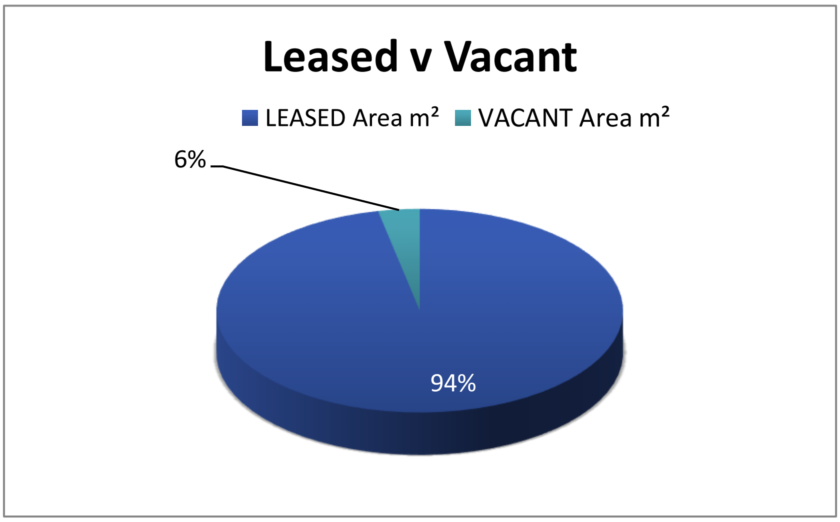

The second-floor percentage breakdown of the second floor.



### 2.9.2 OCCUPANCY BASED ON GROSS LEASEABLE AREA (GLA)

| | Total GLA (sq. m) | % |
|---|---|---|
| Occupied | 85,350.78 | 94% |
| Vacant | 5,028,50 | 6% |
| Total | *90,379.28 | 100% |

*Source: Client 2022; *we assume it is correct and accurate.*



### 2.9.3 AL ANDALUS MALL HOTEL

The hotel suite tower was completed and opened in May 2017 consists of a 16 storeys 164 suite hotel tower with a basement level and has extensive parking (approx. 236 Spaces) at the podium level. The subject 5-star deluxe suites / rooms adjacent and inter-linked to Al Andalus Mall. The subject hotel has a built-up area of 28,255 sq. m providing 164 guest rooms with a breakdown referred below. The hotel benefits from 7 meeting rooms, 2 F&B outlets, 2 male massage rooms, swimming pool, tennis court and a gymnasium.  The hotel suite configuration is as follows:

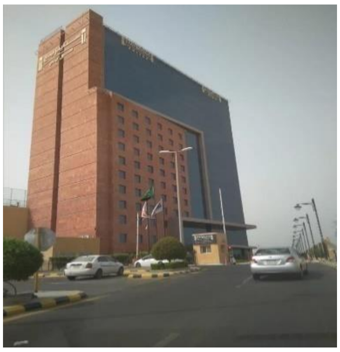
| Room Configuration and breakdown | | |
|---|---|---|
| Unit | Unit Quantity | Gross Internal Areas (GIA) sq. m |
| One Bedroom (type 1) | 75 | 65-85 |
| One Bedroom (type 2) | 15 | 65-86 |
| Two Bedroom (type 1) | 15 | 110 |
| Two Bedroom (type 2) | 15 | 100 |
| Studio (type 1) | 14 | 55 |
| Studio (type 2) | 15 | 50 |
| Studio (type 3) | 15 | 60-69 |
| Total Keys | 164 | Approx. GIA 12,143 sq. m |

There are 2 F&B outlets at the subject hotel with an all-day dining restaurant with 75 covers offering breakfast, lunch and dinner. The other is a lobby café on the ground floor with no covers.

There are 3 meeting rooms in total as follows:

- Meeting room (62 sq. m) on the 1st floor.
- Meeting room 2 (72 sq. m) on the 1st floor.
- Meeting room 3 (785 sq. m) on the 2nd floor.

A selection of photographs below and further photographs at the appendices section for the hotel.






## 2.10 LOCATION

The subject land is situated at the junction and intersection of Prince Majid Rd and King Abdullah Road, within Al Fay'ha District of Jeddah, Kingdom of Saudi Arabia. (GPS Co-ordinates: 21°30'23.42"N 39°13'4.91"E). The subject is strategically located in the heart of the city center area on Prince Majid Rd at the intersection with King Abdullah Rd. The subject land extends to a total area of approximately 159,133.96 sq. m. For ease of reference refer to the below illustrations for the location.


We have physically inspected the boundary of the site and whilst there does not appear to be any encroachments; however, no warranty can be given without the provision of an identification survey. For ease of reference refer to the illustration below.


*Source: Jeddah - Map 2022; for illustration purposes only*

### 2.9.1.1 PROXIMITY TO MAJOR DEVELOPMENTS


The subject property is very accessible to important landmarks in Jeddah thru the Prince Mohammed Bin Abdul Aziz Road.

The table and illustration below further show the approximate distance of the subject property relative to some notable developments in the city.

| Landmarks | Distance from subject property (km.) |
|---|---|
| Red Sea / Corniche Area | 17.5 |
| Al Haramain Expressway | 6.9 |
| Jeddah Islamic Port | 5.5 |
| King Abdul Aziz International Airport | 18 |
| South Obhur Area | 25 |
| Jeddah Economic City/Kingdom Tower | 28 |

*Source: Google Extract 2022 - For Illustrative Purposes Only*

Jeddah City is the second largest city of Saudi Arabia, next to the capital city of Riyadh. It has the largest seaport along Red Sea and is considered an important commercial hub. Some of the major developments in the city and the Makkah region are as follows:

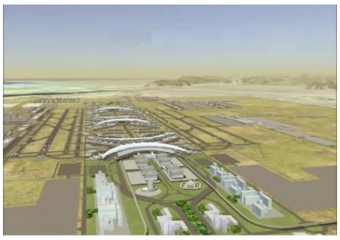
Haramain High Speed Railway

This has improved the infrastructure and accessibility within the three main cities of Makkah Region (Jeddah, Madinah & Makkah).

The Haramain High Speed Rail project also known as the "Western Railway" or "Makkah-Madinah high speed railway", is 453 kilometers (281.5 miles) high-speed inter-city rail transport system under construction in Saudi Arabia. It will link the holy cities of Madinah and Makkah via King Abdullah Economic City, Rabigh, Jeddah, and King Abdulaziz International Airport. It will connect with the national network at Jeddah.

The rail line is planned to provide a safe and comfortable transport journey about 300 kilometers per hour (190 mph) of electric trains. The railway is expected to carry three million passengers a year, including many Hajj and Umrah pilgrims, helping to relieve traffic congestion on the roads.

It will allow 9,000 passengers per hour and shortening the travel time from Madinah to Makkah to two hours. The main station is in Al Rusaifah District with arrival and departure halls, commercial stalls, prayer room, parking space, car rental offices, public sector services and offices, and restaurants. The train project opened in October 2018.



Jeddah Economic City

Previously known as Kingdom City, this project covers 5.3 million square meters of land along the red sea. It will host both commercial and residential developments including villas, apartments, hotels and offices.

The centerpiece of this development is the Jeddah Kingdom Tower which is planned to be the tallest building in the world upon completion. The project is estimated to cost SAR 75 billion and scheduled completion date is around 2024-25.

King Abdulaziz International Airport expansion

The airport expansion seeks to meet demand from religious tourism to the holy city of Makkah. Approximately 2.5 million people visit Makkah during the Hajj period alone, and this is projected to rise to 4 million in the next few years. It is designed to increase the airport's yearly capacity from 13 million to 80 million passengers. Expansion includes a 670,000 square meters passenger terminal complex with a twin crescent footprint.

It will include 46 contact gates, 94 boarding bridges, lounges, an airside hotel, food and retail facilities. The terminal will be able to handle double-deck A380 and include a baggage handling system with nearly 60 kilometers of belts. Automated People Movers will link the new terminal with other facilities of the airport.

### 2.10.1 REPAIR AND CONDITION

The general condition of the subject mall (opened circa. 2007) is commensurate with a well-maintained building of its age, type and location. The hotel building opened operation circa. 2018).

We have not carried out a Building Survey nor tested services, nor have we inspected those parts of the property, which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition.

We cannot express an opinion about or advise upon the condition of the uninspected parts and this report should not be taken as making implied representation or statement about such parts.

## 2.11 ENVIRONMENT MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination.

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property.

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

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

| Details | |
|---|---|
| Topography | Generally, appears to be level and irregular in shape. |
| Drainage | Assumed available and connected. |
| Flooding | ValuStrat's verbal inquiries with local authorities were unable to confirm whether flooding is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not flood liable. A formal written submission will be required for any further investigation which is outside of this report's scope of work. |
| Landslip | ValuStrat's' verbal inquiries with local authorities were unable to confirm whether land slip is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not within a landslip designated area. A formal written submission will be required for any further investigation which is outside of this report's scope of work. |

### 2.11.1 TOWN PLANNING

Neither from our knowledge nor as a result of our inspection are, we aware of any planning proposals which are likely to directly adversely affect this property.

In the absence of any information to the contrary, it is assumed that the existing use is lawful, has valid planning consent and the planning consent is not personal to the existing occupiers and there are no particular onerous or adverse conditions which would affect our valuation. We are not aware of any potential development or change of use of the property or properties in the locality which would materially affect our valuation.

We are unaware of planning or other proposals in the area or other matters, which would be of detriment to the subject property, although SNB Capital's legal advisors should make the necessary searches and enquiries in this respect.

For the purpose of this valuation, we have assumed that subject use of the property (mall and hotel) has all consents in place. Should this not be the case, we reserve the right to amend our valuation and report.

### 2.11.2 SERVICES

The properties referred to within this report are assumed to be connected to mains electricity, water, drainage, and other municipality services. Should this not be the case, we reserve the right to amend our valuation and report.

It should be borne in mind that electrical requirements and testing standards have become more stringent in recent years and that the system requires annual inspection, testing and upgrading according to Saudi Electrical Standards. We have not been provided a test certificate and a valid certificate from the owners and should be requested by the client or owners need to satisfy themselves they are complying with Saudi Electrical Standards.

According to Civil Defence regulations in Saudi Arabia known as the Civil Defence system released by Royal Decree No. M/10 on 05-10-1406, corresponding to 20-01-1986]; firefighting system(s) must be in place providing protection to both people, public and private properties. For the purpose of this valuation exercise, we assume all necessary consents are in place for Civil Defence regulations.

## 2.12 TENURE/TITLE

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

We are unaware of any rights of way, easements or restrictive covenants which affect the property; however, we would recommend that solicitors investigate both the titles in order to ensure everything is correct.

### 2.12.1 TITLE DEED SUMMARY

Mall and Hotel

| Property Details | |
|---|---|
| Owner Name. | AlAhli REIT Fund (1). |
| Property Type | Al Andalus Mall & Al Andalus Mall Hotel |
| Use | Commercial Use (mall & hotel) |
| Location | Al- Fay'ha District, Jeddah, KSA |
| GPS Co-ordinates | 21°30'24.0"N 39°13'05.0"E |
| Land Area (sq. m) | 159,133.96 sq. m |
| Interest | Freehold |
| Title Deed No. | 320211029670 |
| Title Deed Date | 23/10/1440 Hijri |

Vacant Land adjacent to Al Andalus Mall

| Details | |
|---|---|
| Property Type | Vacant Land adjacent to Al Andalus Mall |
| Location | Al Fayha District, Jeddah |
| Location GPS Co-ordinates | 21°30'17.81"N 39°13'13.28"E |
| Land Size | 9,668.92 sq. m |
| Title Deed No. | 393183000124 |
| Title Deed Date | 23/3/1442 |
| Owner | Tamkeen Real Estate Fund Company |

For ease of reference, we have attached a copy of the title deed at the appendices section.

*All aspects of tenure/title should be checked by the client's legal representatives prior to any form of transaction and insofar as any assumption made within the body of this report to be incorrect then the matter should be referred back to the valuer to ensure the valuation is not adversely affected.*

### 2.12.2 MALL TENANCY SCHEDULES & OCCUPATIONAL INTERESTS

We have been provided with tenancy schedule for the mall by the client, indicating unit types, tenants, lease duration and annual rentals. We have not been provided with leases of the individual lease documentation in respect of the occupational interests within the subject mall. We have assumed that no onerous terms and conditions are contained within the contracts. Should any onerous terms exist, we reserve the right to amend our valuation and report.

It is also advised that legal binding contracts, lease(s) or individual tenancy agreements are examined by interested purchasers/investors/parties to verify the covenants and terms.

We have assumed that all lessees are in a position to renew on their forthcoming renewals process considering the strong demand currently in the retail industry in KSA. For the purpose of this valuation, we have explicitly assumed that the tenancy schedule provided is accurate and actual. Should this not be the case, we reserve the right to amend our valuation and report.

### 2.12.3 MANAGEMENT AGREEMENT (MALL & HOTEL)

We understand that the subject property is managed by the client and professional management company appointed by the client too.

We have made assumptions as to the costs and incorporated these into the total operational costs for the different elements, on the basis that any external investor would incur the same. We understand that all operational expenses are taken directly from income revenue of the mall. The hotel was operated by Staybridge Suites (part of InterContinental Hotels Group) under a 15-year management agreement. The management agreement dated 17th June 2013 was with Holiday Inns Middle East Limited as the (Operator) has been terminated.

It remains that the owners are in the process of appointing a new international operator. For the purpose of this valuation exercise, we assume a new operator will be secured successfully and operation will resume in the course of 2022 with a view to achieving the same trading performance as per the 5-star luxury hotel benchmarks. Through this changeover, the hotel remains open and is owner operated until the new international operator is appointed. Therefore, through this transition period it appears there is no commercial terms, but we assume normal market commercial terms and also assume costs will be picked up by the owners or as appropriate. We have also kept to the 4% FF&E Reserve throughout the cash flow given the 5-star luxury brand operation of the hotel and for the new anticipated brand and operator will furnish in line with their business brand theme.

### 2.12.4 MALL OPERATIONAL MANAGEMENT & SERVICE CHARGE(S)

From our experience, a grade A mall of the nature of the subject mall should be managed on the basis of a base rent + service charge amount from each tenant. The service charge should be built into each tenancy (occupational lease).

Accordingly, the normal procedures are that the service charge proceeds are used to pay for the up-keep and maintain of malls. The service charge collectable is calculated as being a percentage of the base rent received from tenants. The assumption would be also for the management company to have a suitable sinking fund/depreciation allowance to take care of any future capital expenditure with regards to the refurbishment and maintenance of the existing buildings/structures. In the case of Al Andalus Mall, we have been provided limited or no information and have assumed all is in order. Refer to the section 2.13.6 below the assumptions made reflecting operational costs and market benchmarks. Both the regular, preventative maintenance and planned (capital) works programme should be in place to preserve and maintain the high standards of condition and make-up of the mall for category grade A mall. At the time of inspection, the subject mall was in good condition with high standards in makeup and presentation of the mall; however, it is necessary to keep up its good condition and standards to maintain its value.

For the avoidance of doubt, these items should be ascertained by the client's legal representatives. ValuStrat draws your attention to any assumptions made within this report. We consider that the assumptions we have made accord with those that would be reasonable to expect a purchaser to make.

If any of the assumptions or facts provided by the client on which the valuation is based are subsequently found to be incorrect then the figures presented in this report may also need revision and should be referred back to the valuer. We have also assumed that a reasonably efficient operator / owner will run and manage, maintain and the like into perpetuity. Any interested party are advised to make their own independent enquires as to this element.

### 2.12.5 OPERATING EXPENSES

It appears the actual operating expenses are the same as financial year (FY) 2021-22 as provided by the client, although we have adjusted them 20% of passing rent amounting to SAR 25,381,522 per annum (FY 2021-22):

| Operating Expenses FY-2021-22 | |
|---|---|
| Breakdown | Amount (SAR) |
| Water Service | 108,000 |
| A/C Maintenance | 180,000 |
| Elevator Maintenance | 183,000 |
| Door Maintenance | 48,600 |

| | |
|---|---|
| Safety Equipment O&M | 48,000 |
| Security Service | 4,154,400 |
| Cleaning Service | 3,401,040 |
| Stair Maintenance | 13,000 |
| Operating & Leasing | 10,000,000 |
| Pest Control & License | 403,200 |
| Insurance | 600,000 |
| Marketing | 2,000,000 |
| Repairs & Maintenance | 1,080,000 |
| Utilities | 3,168,000 |
| COVID-19 Expenses | 250,000 |
| Office Expenses | 250,000 |
| Total Operational Cost (SAR) | 25,887,240 |
| Adjusted Operating Expenses (SAR) | 25,381,522 |

The projected operating expenses are a year-on-year increase of costs at approximate 2.5%.

## 2.13 METHODOLOGY & APPROACH

### 2.13.1 AL ANDALUS MALL, JEDDAH

The subject property falls into a broad category of investment property with the prime value determinant being the property's ability to generate rentals and rental growth through the ongoing letting and reasonable maintenance. We have initially attempted to adopt the Comparative Method of Valuation to determine rentals.

This method requires the collection of comparable market rents that have occurred within properties of a similar location, specification, configuration etc., in addition to anecdotal evidence collated from research. Upon analysis, and subsequent appropriate subjective adjustments if any, such evidence has then been applied to the subject premises to present our opinion of Market Rent.

In the absence of suitable comparable evidence, our professional opinion of Market Rent has been interpreted and applied to the subject property. Thereafter, we have determined our opinion of Market Value of the subject property referred in this report, we have utilized the Investment Approach in specific, adopting a Discounted Cash Flow (DCF) technique.

The DCF approach involves the discounting of the net cash flow (future income receivable under lease agreements and forecast take-up of vacant units) on a yearly basis over, in this instance, an assumed 5-year cash flow horizon. This cash flow is discounted at an appropriate rate to reflect the associated risk premium, in order to determine a Net Present Value of the subject property at that particular Internal Rate of Return (IRR) and exit equivalent yield. The projected income stream reflects the anticipated rental growth inherent in a property investment based upon the physical, tenancy or market characteristics related to that property.

In addition to projected operating costs and allowances, future capital expenditure can also be reflected in the cash flow. Cash inflows comprise income from the property adjusted to reflect actual and assumed lease conditions and rental growth, whilst cash outflows comprise operating costs adjusted to reflect anticipated inflation.

The rental income being capitalised and discounted in the cash flow refers to net rental income, that is, the income stream after deductions for the associated operating expenses of the property as provided by the Client. In the event of any vacant units, we have applied 1-2-month void period estimated as appropriate to secure potential occupiers before assuming units are leased on renewable 1-3-year lease contracts at our opinion of Market Rent. In order to accurately reflect the future occupancy within the mall, and therefore the future net income stream, we have made an allowance for permanent vacancy within the shopping mall, calculated at 2.5% of gross rental income, which will account for the loss of revenue due to void periods throughout the lifespan of the property. This is especially pertinent given the current economic climate and property market instability. The terminal value is determined by the capitalisation of the inputted net income in the year after the cash flow period. From that point forward, the cash flow associated with the investment is growth implicit, and as such, is subject to capitalisation at an equivalent yield. It should be noted that the equivalent yield adopted in this instance is a True Equivalent Yield (TEY), expressed in advance, in attempt to accurately reflect the frequency and timing of income receipts. The Terminal Yield applied to standard rentals is 8.5%.

The future values quoted for property, rents and costs are projections only formed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date.

### 2.13.2 MARKET RENTAL ANALYSIS

We have analysed the tenancy schedule and the market rents for the subject mall provided. Accordingly, we have benchmarked these against with market rentals achieved in other comparable retail malls / centres. Refer to the subject mall's tenancy schedule at the appendices section. Although the analysis of current passing rental shows a wide rental range; however, it appears the passing rents are generally in line with market conditions. Evidently, the hierarchy of comparable evidence suggests that the strongest regard should be given to transactions that have occurred integrally within the subject premises.

Equally, we have independently researched into market rents of other similar grade A mall rent. We have analysed existing market commentaries and data in determining our experience with investors and developers of similar property/schemes and accordingly our opinion as to the applicable market rents. Information has also been sought from internal records and internal intelligence databases of credible due diligence over years of experience. As mentioned above, we have benchmarked with competing malls and provide concealed information due to the information being confidential. However, we have provided a range of values for each retail type as follows:

| Retail Type | Average Range (SAR per sq. m) |
|---|---|
| Anchor & Stores | 650 – 1,200 |
| *Line Retail & sub-anchors | 2,000 – 4,500 |
| ^Kiosks | 80,000 – 175,000 (fixed price range) |
| ATM | 72,000 – 150,000 (fixed price range) |
| F&B and Food Court | 2,500 – 5,000 |
| Entertainment & Cinema | 450 – 1,200 |

*Source: Client & ValuStrat Research 2021-2022*

### 2.13.3 MALL MARKET BENCHMARKS

We are aware of super-regional and regional malls average rent range as follows:

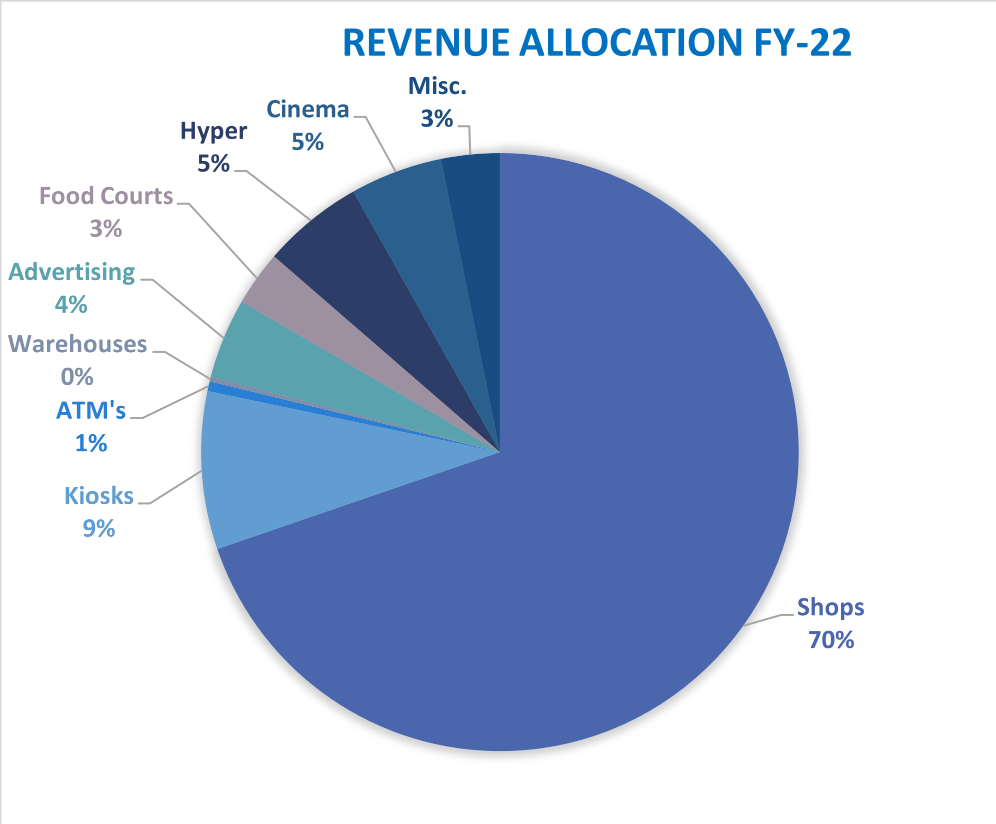
| Mall | Type | Occupancy (%) | Approx. GLA (sq. m) | Average Lease Rates per sq. m |
|---|---|---|---|---|
| Al Salaam Mall | Super-Regional Mall | 93% | 120,000 | 1,850 - 3,500 |
| Star Avenue Mall | Regional Mall | 85% | 35,000 | 2,500 - 4,000 |
| Mall of Arabia | Super-Regional Mall | 96% | 109,000 | 3,000 - 6,500 |
| Red Sea Mall | Super-Regional Mall | 93% | 140,000 | 3,000 - 6,200 |
| Aziz Mall | Regional Mall | 95% | 72,000 | 2,500 - 3,800 |

### 2.13.4 TENANCY SCHEDULE COMMENTARY

We have referred to the tenancy schedule at the appendices section of this report as provided by the client. We have analysed the tenancy schedule and have assumed these to be the actual figures and are correct. Should this not be the case, we reserve the right to amend our valuation and report. The gross combined passing rental as at date of valuation is SAR 126,907,608 per annum reflecting the tenants' service charges but excluding operational expenses:

| Al-Andalus Mall FY22 | | |
|---|---|---|
| Particulars | FY22 - 23 | % |
| Shops | 88,507,718 | 69.74 |
| Kiosks | 10,835,882 | 8.54 |
| ATM's | 660,000 | 0.52 |
| Warehouses | 330,000 | 0.26 |
| Advertising | 5,500,000 | 4.33 |
| Food Courts | 3,767,020 | 2.97 |
| Hypermarket | 6,332,700 | 4.99 |
| Cinema | 6,332,700 | 4.99 |
| Misc. | 4,024,615 | 3.17 |
| Total | 126,907,608 | 100% |

*Source: Client 2022*




*Source: Client 2022*

We understand that the larger units or anchor/sub-anchors tenants are let at rents of approximately SAR 600 to SAR 1,000 per sq. m. The range of rent for the line shops is approximately SAR 2,000 to SAR 2,500 per sq. m. The smaller units and kiosks within the subject mall are let at higher rates per sq. m due to the quantum element in comparison to other retail units.

Also, there are miscellaneous units such, storerooms, advertising, media, and additional entertainment. We have assumed to be all correct and accurate.

In summary, we arrived at the market rental in line with the tenancy schedule as provided by the client, although we have not published it within this report due it consists of private and confidential details and data. Requests should be made to the Fund Manager for details. For the purpose of this report, we assume the details provided were correct and accurate. Should this not be the case, we reserve the right to amend our valuation and report.

With recent lettings in the subject mall and with the above locations which are situated within the Jeddah area enjoying significant footfall throughout the day which are comparative to Al Andalus Mall.

Again, we reiterate, we assumed that the subject mall is running efficiently and that there are no disputes between owners or occupiers and all rents in line with tenancy schedule provided by the client are being paid promptly and on time. We assume that the mall consists of good/best practice estate/property management. Should this not be the case, we reserve the right to amend our valuation and report.

We are of the opinion the average rents considered above and the passing rents at the subject mall is in line with market benchmarks, effectively making the subject mall rack rented demise in line with market conditions.

### 2.13.5 ASSUMPSTIONS & COMMENTARY

The shopping mall has been assessed as an investment property subject to the tenancy schedule provided by the client and any assumptions made by ValuStrat within market benchmarks.

ValuStrat has made certain assumptions and adjustments based on their experience in valuing typical shopping malls in Jeddah and KSA taking cognisance of the surrounding developments within the property which will ultimately form part of. This was done in an attempt to forecast our interpretation of performance of the shopping mall over the 5-year explicit cash flow period.

In this instance, we have adopted the assumptions and facts:

### 2.13.6 OPERATING EXPENSES

In terms of the Operating Expenses for Al Andalus Mall the below are actual costs as provided by the client back in FY-2021-22 were provided. We have independently analysed the operational costs and have adjusted the costs and now totalling SAR 25,381,522 per annum referred below:

| Operating Expenses FY-2021-22 | |
|---|---|
| **Breakdown** | **Amount (SAR)** |
| Water Service | 108,000 |
| A/C Maintenance | 180,000 |
| Elevator Maintenance | 183,000 |
| Door Maintenance | 48,600 |
| Safety Equipment O&M | 48,000 |
| Security Service | 4,154,400 |
| Cleaning Service | 3,401,040 |
| Stair Maintenance | 13,000 |
| Operating & Leasing | 10,000,000 |
| Pest Control & License | 403,200 |
| Insurance | 600,000 |
| Marketing | 2,000,000 |
| Repairs & Maintenance | 1,080,000 |
| Utilities | 3,168,000 |
| COVID-19 Expenses | 250,000 |
| Office Expenses | 250,000 |
| Total Operational Cost (SAR) | 25,887,240 |
| Adjusted Operational Expenses (SAR) | 25,381,522 |

The operational expenses equate to approximately 20% of the passing rental which appear to be generally in line with market benchmarks. The operational expenses grow year on year in line with inflation 2.5%. This will exclude depreciation and contingency.

### 2.13.7 TYPICAL MARKET BENCHMARK EXPENSES

| Grade | Minimum % of Total Revenue | Maximum % of Total Revenue |
|---|---|---|
| Primary Grade | 18% | 25% |

*Based on ValuStrat's research, operating expenses of the subject mall appeared to be within market benchmarks.*

### 2.13.8 GROWTH RATE

The average growth rate of 2.5% per annum in 2022 and thereafter for the cash flow input in line with other tenancies with competing malls and the consumer retail index inflation growth in KSA, although have kept to normal growth rate of 2.5%.

Despite global volatility, inflationary pressures and other geo political matters, the current KSA market conditions appear to have a more positive outlook currently and going forward through 2022 and beyond. It appears the retail sector is considered to be attractive to investors in the current market conditions considering the retail sector is generally stable in KSA. The historic strength of retail and significant growth in the past few years has meant fairly attractive yields and with the continuance of current stable retail demand but slower growth, it has meant in the short-term mild hardening of yields with a medium-term period of slightly softening of yields; hence providing a stable investor expectation.

Accordingly, in the foreseeable future the subject appears to provide a stable investment subject to ongoing maintenance, upkeep of the property and to provide yield stability with the real estate sector generally follows the fortunes of the greater economy.

### 2.13.9 DISCOUNT RATE, EXIT YIELD & VALUATION COMMENTARY

DISCOUNT RATE - Due to limited market transactions for large malls we have had to rely on the information available and make reasonable adjustments one would expect a purchaser to make. Generally, the mall (retail) element is considered to be attractive to investors in the current market conditions considering the retail sector in KSA. The subject mall is a grade A mall with strong brand representation catering for a diverse range of consumers within the Jeddah area.

Theoretically the discount rate reflects the opportunity cost of capital. It reflects the return required to mitigate the risk associated with the particular investment type in question. To this we have to add elements of market risk and property specific risk. The market risk comes in the form of, *inter alia*, potential competition from existing and latent supply. Market risk will also reflect where we are in the property cycle.

We are currently experiencing a depressed market situation due to wider economic uncertainty. The property specific risk reflects the illiquidity of the market for large assets, the additional costs in maintaining and operating a centre, and the risk of damage to or loss of the centre.

*For the purpose of our valuation calculations we have adopted a discount rate of 11%.*

Exit Yield - The exit yield is a resultant extracted from transactional evidence in the market; however, due to anecdotal evidence and limited market activity we have had to rely on anticipated investor expectations from typical property investments.

These typically vary between 8% to 9%, depending on the quality, type of property and the location. Also, investors across the region are less indefinable and sensitive to real estate classification types and locations in general. The investor appetite for real estate is for long term cash flow, secured by strong covenant(s) and tenants.

*Based on the above measures, we are of the opinion that a fair exit yield for the subject property is 8.5%.*

### 2.13.10 VALUATION COMMENTARY

For the purpose of this valuation exercise, we have determined the tenancy schedule provided by the client. Accordingly, the combined passing rental as at the date of valuation is SAR 126,907,608 per annum reflecting the tenants' service charges but excluding operational expenses. We have assumed all tenancies will be renewed successfully in successive years.

All other assumptions refer above and have determined any tenancy agreements not all agreements were provided. It appears the contracted rents are broadly in line with the prevailing market conditions.

Both discount rate and exit yield in this case show a marginal difference between each other due to the low risk even in time of uncertainty in KSA. The subject mall dominates a strong status in Jeddah securing a high percentage of the market share due to its brand names in the mall and good tenant mix and within a densely surrounding populated area. We no doubt this status will continue and as well owners / management company will maintain the whole professional image of the mall.

Many International markets around the globe rely on good strong covenant strength which has a significant impact on value. The local market does not rely or analyse records to the same extent as per International practices on company financial records. The company structures in KSA are backed by corporate / high net worth individuals who could be liable in the case of default.

Given the circumstances, we would anticipate that investors would accept the current covenant strength of the present tenants and reflect any level of risk into an appropriate bid.

The subject mall is considered to be attractive to investors in the current market conditions considering the retail sector is generally stable currently and historically shown in the past few years' quick growth.

Whilst in KSA currently market conditions showing uncertainties and limited/no growth and generally plummeting market conditions in other sectors. The subject mall is a premier grade A mall with apparently as relayed by the client that there is waiting list to occupy the retail pitches which may result in rental in growth; hence allowing for investors to bid more aggressively on the initial yield.

The historic strength of the mall and the current strong demand, we consider that investors would offer in the region of 7.75% to 8.5% net initial yield for the mall. From the analysis and market due diligence, it appears and is assumed that exit yields will be the same or similar as the current initial yields. We anticipate this is a reasonable assumption to adopt as the market is a normal state (depressed) and would be expected to be considerably stronger at the point of exit.

Moreover, transactions of large shopping malls rarely are exposed to the market and are usually determined via private treaty negotiations. Equally, we are aware of some smaller transactions of retail centres/malls but cannot disclose details due to privacy and confidentiality reasons. We understand a number of small retails centres/malls have achieved net initial yields between 7.75% to 8.5%.

Factors such as occupational demand, liquidity, lot size and covenant strength are important verdicts for potential investors who consider purchasing Al Andalus Mall. Investors are often attracted to retail due to the high yields offered. This is great for investors wanting an income-stream based investment over a long period. Global retail trends show investors in retail property accept the lowest yields.

The report is based upon the information provided by the client and we have assumed that the information with which we have been provided is substantially true, accurate and complete. We have not independently verified the accuracy of the information supplied to us, although we have analysed the locations, tenancy schedule and limited management data.

We have concluded that, within the limits of our investigations, the information proved by the client is within reasonable expectations of retail property at the subject property location referred within this report. We have undertaken inspections of the subject property and location in connection with this valuation and we have had regard to the property, location, trading style, performance and the local demographic and competitive environment plus key performance indices compared with other mal in the area and region.

The subject mall referred within this report is subject to individual compliance requirements based on KSA regulations and we have assumed its compliance with current government legislation and all other local municipality registration requirements.

In reaching our opinion of the value, we have assumed that the subject property (both mall and hotel component) referred within this report will be professionally operated in perpetuity. In particular, we have assumed the owner will be able to professionally manage, repair and upgrade in heightened market competition. We have also assumed that the trading position, financial and market conditions will not vary significantly in the immediate / foreseeable future. In the event of future change, in the trading potential or actual level of trade from that indicated, the values reported can vary.

### 2.13.11 INVESTMENT YIELD AND DISCOUNT RATE(S)

Despite the continuance of uncertain conditions, the KSA real estate investment market remains resilient in times of global uncertainty, protectionism, technology innovation disruption and regional volatility. The divergence between prime yields and secondary continues to widen, reflecting the fact that investors are willing to pay a premium for assets seen as lower risk, in core locations along with strong covenants/tenants/branding. Whilst there remains a lack of transactional evidence in the KSA market and the lack of good quality income generating assets across the KSA market; however, strong investor appetite remains for 'Best in Class' / 'Institutional Asset Class – Grade A' / good quality property providing long term income. The historic strength of asset classes and significant growth in the past few years has meant fairly attractive yields and with the continuance of current stable demand but slower growth. Investors are also no less sensitive to asset classes i.e. office, retail, residential, industrial and the location of property providing investor expectations and stable long-term income for portfolios and funds.

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

We can provide investment yield performance gauge in current market conditions as follows:

| Transaction Type | Investment Yields (%) |
|---|---|
| Major Cities & Core Location(s) | 7% - 8.5% |
| Best in Class / Institutional Asset Class – Grade A | 7% - 8.5% |
| Good Quality Income Generating Asset | 7% - 8.5% |
| Strong Covenants / Leases / Tenants / Strong Brands | 7% - 8.5% |
| Secondary / Tertiary Location & Grade | 9% - 10.5% |

### 2.13.12 SUMMARY OF MARKET VALUE – AL ANDALUS MALL

The resultant value based upon the above variables/assumptions for the subject mall is as follows:

| | Passing Rent (SAR) [per annum] | Net Income (first year) |
|---|---|---|
| Al Andalus Mall | 126,907,608 | *101,145,364 p.a. |

*Source: Client & ValuStrat 2022; *before discounting*

| Valuation Input Summary | |
|---|---|
| Full Rental Value (SAR) | 134,522,064 per annum |
| Annual Growth Rate | 2.5% year on year growth rate. |
| Operational Cost | Approx. 20% (refer to actuals at section 2.13.5 above) |
| Occupancy | 94% year 1 (refer to DCF projections extract at the appendices section) |
| Discount Rate | 11% |
| Exit Yield | 8.5% |
| Value [SAR] (Rounded) | 1,127,000,000 |

### 2.13.13 RETAIL SUMMARY

Over the last decade, malls have heralded a retail revolution in the Kingdom of Saudi Arabia and the proof of the matter lies in the rate at which malls have been springing up. But the lack of true understanding of the mall typology and the resulting quality leave a lot to be desired.

This needs thorough understanding and the planning itself. Mall development comprise the process of conceptualizing, positioning, zoning and deciding the tenant mix, promotional activities and marketing of the mall as well as the facility and finance management.

All these put together ensure that the mall targets the right audience. We have also considered the general design and primarily, a mall can be divided various zones, the prominent one being shopping, entertainment, food court and the promotion areas.

It appears the design has been well thought through will minor revisions perhaps imminent as the construction go through to completion, although appear to be satisfactory with good entrance areas scattered around the complex, good circulation space, good retail areas, good parking and large entertainment areas. A well planned and successful mall will have the best food court tenant mix and again the subject appears to large food court with good seating.

The retail sector has been performing robustly in recent years, despite the considerable increase in available retail GLA. The volume of retail that remains under construction is much lower than that in the planning process.

Jeddah has been able to absorb high amounts of retail GLA historically in 2008-2012 when a number of large malls (Al Salaam Mall, Star Avenue Mall, Mall of Arabia, Red Sea Mall and Aziz Mall) were delivered with a combined approximate GLA of 454,600 sq. m.

This is driven by retail's stature as one of the few available recreational activities in Saudi Arabia, suggesting that the market may support a higher GLA per capita and higher average spend.

Clearly retail groups are rapidly investing and expanding in Saudi Arabia due to the country's size and recent boost in infrastructure. The decline in oil price has seen the government trying to attract foreign investment in other ways, creating many retail opportunities. The KSA has strong retailing groups such as Al Futtaim, Al Shaya, Al Hokair Group Entertainment who have a strong bargaining position and they hold onto strong branded-owners in KSA and in order for a mall to operate successfully, it is generally accepted that they must be located within good retailing areas/locations.

Many International markets around the globe rely on good strong covenant strength which has a significant impact on value. The local market does not rely or analyse records to the same extent as per international practices on company financial records.

The company structures in KSA are backed by Corporate / high net worth individuals who could be liable in the case of default. Given the circumstances, we would anticipate that investors would accept the current covenant strength of the present tenants and reflect any level of risk into an appropriate bid.

### 2.13.14 INVESTOR EXPECTATION

In distinction, Saudi Arabia has experienced strong performance in retailing over the past few years and is expected to be stable over the next few years too. The strong performance is due to a number of factors:

- The country benefits from a high degree of affluence and saw good economic performance, avoiding recession during the global economic downturn in 2009 and even due to the current oil price decline volatility, the retail performance is very strong.
- Retailing also benefited from the country's young population, with majority of indigenous Saudis being aged below 30-35 years old.
- Due to the conservative nature of Saudi society there are few entertainment options, with many consumers thus opting to socialise in shopping areas and regard shopping as a leisure pursuit.

A major factor driving growth for retailing was the strong development of shopping areas, with air-conditioned outlets housing a wide range of grocery and non-grocery items and offering comfortable shopping environments.

The strong expansion of modern retailing formats meant that hypermarkets, convenience stores and supermarkets continue to expand. In rural areas/open areas, there was a strong demand for chained forecourt retailers. These channels offer air conditioning, parking and a wide range of products alongside frequent price promotions.

There continues to be a marked shift from traditional to modern grocery retailing. Retailers will continue to focus on their market share and will be highly selective when opening new stores and it appears the successful developments will continue their lofty status and it may be fair to say there will continue to be a large gap between prime retail and secondary retail locations.

The retail sector in Saudi Arabia has experienced strong with sales and turnover risen as the range of product lines is increased and consumers benefit from modern shopping retail outlets.

Accordingly, as mentioned earlier, the retail sector looks set to continue its strong performance subject to health crisis, although e-commerce is also expected to increase considerable due to new normal – post COVID-19.

It appears that there remains strong appetite for commercial retail property investment which provides a relatively secure, stable and good yielding asset for investors.

In the current time, as we are aware the entertainment industry has been encouraged on a large scale by the government with permission to open cinemas. Most retailers are considering on expansion programmes for larger entertainment areas. Refer to the section 2.16 – General Market Snapshot.

Overall performance is expected to remain under pressure as competition in the Jeddah market increases over the next 12 to 24 months.

On the other hand, we do expect good quality retail outlets to hold up rental performance given the better entertainment options retail outlets will provide to consumers.

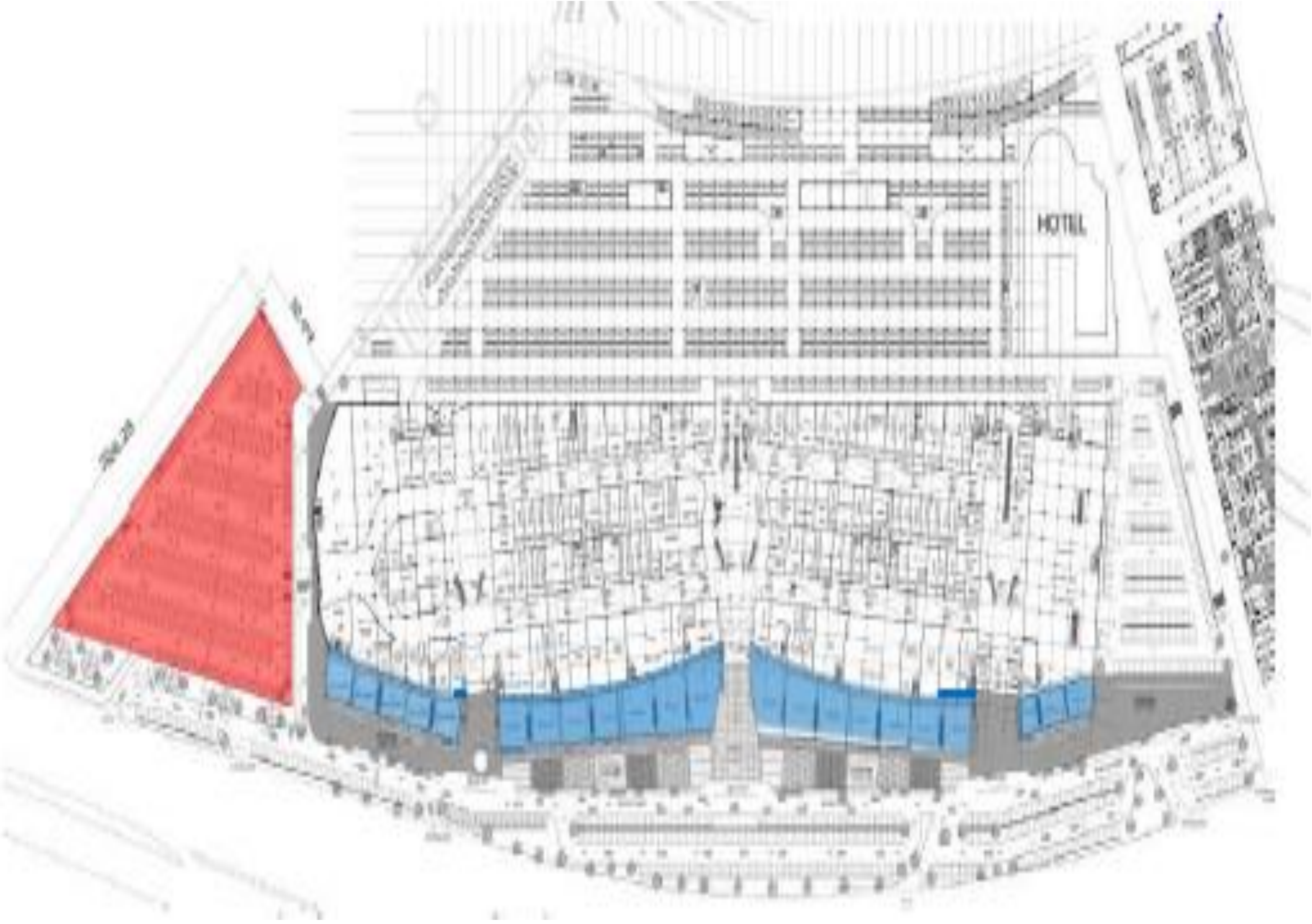
In turn, vacancies may stabilize as landlords lease vacant space to cinema operators and other differentiating entertainment concepts, in order to maintain healthy occupancy levels particularly within the lesser-quality centres.

### 2.13.15 AL ANDALUS MALL EXPANSION

The mall is undergoing an expansion programme introducing F&B lifestyle retail component with additional parking spaces.

We understand the expansion will consist of a gross leasable area of 15,822 sq. m which we considered when valuing the mall expansion.

Refer to the shaded pink area of the subject land in the below illustration.




### Land Adjacent – Mall Expansion

| Details | |
|---|---|
| Property Type | Vacant Land adjacent to Al Andalus Mall |
| Location | Al Fayha District, Jeddah |
| Location GPS Co-ordinates | 21°30'17.81"N 39°13'13.28"E |
| Land Size | 9,668.92 sq. m |
| Title Deed No. | 393183000124 |
| Title Deed Date | 23/3/1442 |
| Owner | Tamkeen Real Estate Fund Company |

In forming our opinion of the mall expansion to the adjacent land in the process of construction, we have considered a static residual valuation approach to valuation. We also provide key assumptions used in the analysis as follows:

| Mall Expansion Land | | |
|---|---|---|
| **Details** | | |
| Total Land Area (sq. m.) | | 9,668.92 |
| Gross Leasable Area (sq. m) | | 15,822 |
| Land Use | | Commercial |
| Asset Class | | Retail |
| **Asset Mix** | | **Retail** |
| Gross Floor Area (sq. m.) | | 15,822 |
| Occupancy | | 100% |
| | | |
| Ave. Rent per unit/sq. m (SAR) | | 2,300 |
| Gross Revenue (SAR) | | 36,390,600 |
| Less: | | |
| Operational Cost | 22.0% | 8,005,932 |
| Net Revenue | | 28,384,668 |
| Net Yield | 8.5% | |
| Gross Development Value (SAR) | | 333,937,271 |
| | | |
| Less: | | |
| Construction Period | | 21 months |
| Remaining Construction Period | | 14 months |
| Remaining Construction Cost | | 88,031,083 |
| Total Construction Cost (SAR) | | 131,123,158 |
| Net GDV | | 245,906,188 |
| Discount Rate (remainder period) | 13.5% | 0.82700 |
| NPV | | 203,364,744 |
| | | |
| Net Residual Value (SAR) | | **204,000,000** |

<u>Commentary Notes</u>:

We understand from the client the mall expansion will consist of lifestyle F&B units and therefore we have considered the GDV to incorporate average rents for F&B lifestyle destination in Jeddah ranging from SAR 2,200 to SAR 2,400 per sq. m. We have adopted an average rent of SAR 2,300 per sq. m.

We have adopted Operational Cost of 22% from the revenue and a cap rate of 8.5% in line with market benchmarks.

We analysed a static GDV reflecting no growth with a 100% occupancy noting the construction commencement from December 2021 to until August 2023. We have assumed the construction programme is not phased and will complete over the 21-month period. The following has also been provided by the client:

- Total construction cost SAR 131,123,158 this is inclusive of professional fees and utilities fees as well as 15% contingency.
- We understand the expansion works are in the midst of construction and payments have been made by the client. Accordingly, we have reflected the remaining construction costs of SAR 88,031,083 with a remaining period of 14 months.
- We have assumed leasing management will commence after completion of the remainder period and as mentioned we have assumed 100% occupancy.
- The discount rate has been adopted at 13.5% to reflect the raising of development funds and reflecting the development/property risk.

### 2.13.16 AL ANDALUS MALL HOTEL

The subject property (Hotel) is a property that is known / classified as a 'trade related property'. A 'trade related property' is defined as:

***"Any type of real property designed for a specific type of business where the property value reflects the trading potential for that business" (RICS Red Book Edition 2014 – VPGA 4: Valuation of individual trade related properties).***

The essential characteristic of such a type of property is that it has been designed or adapted for a specific use, and the resulting lack of flexibility usually means that the value of the property interest is intrinsically linked to the returns that an owner can generate from that use.

The value therefore reflects the trading potential of the property, and in the market such properties are normally bought and sold on the basis of their trading potential. Taking into consideration the above-mentioned nature and characteristics of the subject property, our opinion of the Market Value for the subject property has been arrived at by using the Income approach (or also known as the trade 'profits' method), which is a market-based valuation approach taking into account the expectations of market participants.

The valuation and all key assumptions used in the valuation reflect market conditions as at the valuation date. This valuation approach is also the preferred method of valuation by which private and institutional investors are analysing trade related properties. In the use of the Income Valuation approach we have adopted a Discounted Cash Flow (DCF) method explained below.

In the valuation, we have also taken into consideration that this is an operating trade entity and our valuation takes into account the valuation principle of a reasonably efficient operator. Reasonably efficient operator is the market-based concept whereby a potential purchaser, and thus the valuer, estimates the maintainable level of trade and future profitability that can be achieved by a competent operator of the business conducted on the premises, acting in an efficient manner. The concept involves the trading potential rather than the actual level of trade under the existing ownership, so it excludes personal goodwill.

In forming our opinion of the maintainable level of trade and future profitability that can be achieved we have had regard and analysis of the previous past performance of the existing trade entity.

### 2.13.17 VALUATION ANALYSIS

As mentioned previously, the hotel was operated by Staybridge Suites under a 15-year management agreement. The management agreement dated 17th June 2013 was made with Holiday Inns Middle East Limited as the (Operator) has been terminated.

We also understand the owners are in the process of appointing a new international operator. For the purpose of this valuation exercise, we assume a new operator will be secured successfully and operation will resume in the course of 2022 with a view to achieving the same trading performance as per hotel benchmarks.

Through this changeover, the hotel remains open and is owner operated until the new international operator is appointed. Therefore, through this transition period it appears there is no commercial terms, but we assume normal market commercial terms and also assume costs will be picked up by the owners or as appropriate. We have also kept to the 4% FF&E Reserve throughout the cash flow given the 5-star luxury brand operation of the hotel and for the new anticipated brand and operator will furnish in line with their business brand theme.

We understand the hotel has a total 164 keys with details such as room type, and floor area shown below:

| Room Configuration and breakdown | | |
|---|---|---|
| Unit | Unit Quantity | Gross Internal Areas (GIA) sq. m |
| One Bedroom (type 1) | 75 | 65-85 |
| One Bedroom (type 2) | 15 | 65-86 |
| Two Bedroom (type 1) | 15 | 110 |
| Two Bedroom (type 2) | 15 | 100 |
| Studio (type 1) | 14 | 55 |
| Studio (type 2) | 15 | 50 |
| Studio (type 3) | 15 | 60-69 |
| Total Keys | 164 | |

*Source: Client 2022*

### 2.13.18 MARKET BENCHMARKS

We have relied on historic performance and hotel benchmarks / competitive set of the hotel to provide a view on the trading performance and the potential outcome of the subject hotel and trading performance.

The table below shows the competitive set for historically for the subject hotel, given that we have not been provided by the client a direct competitive set for the subject hotel.

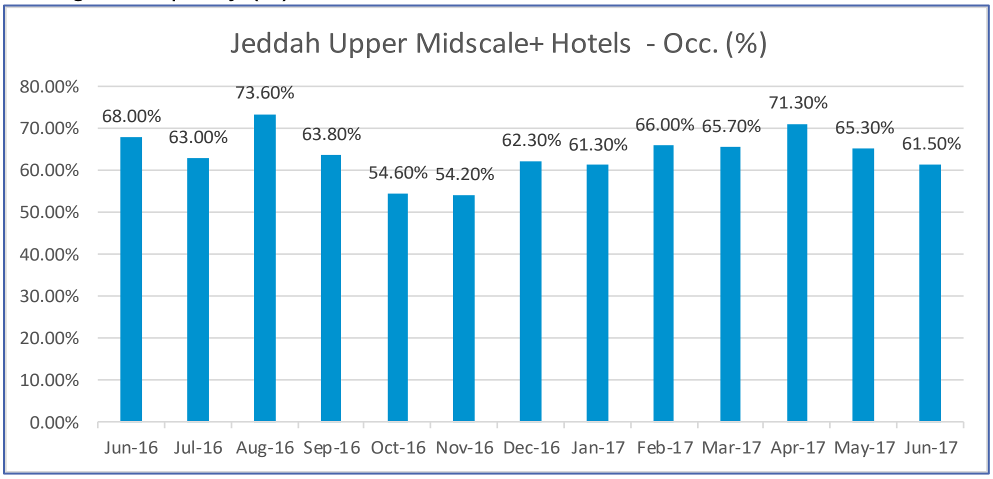
Accordingly, we have used a best selection of competitive set and used STR data benchmark for upper scale hospitality property in Jeddah which are currently trading.

| *Hotel Name* |
|---|
| Amjad Hotel Royal Suite Jeddah |
| Ascott Tahlia Jeddah |
| Citadines Al Salamah Jeddah |
| Radisson Blu Plaza Hotel Jeddah |
| Novotel Jeddah Tahlia Street |

Likewise, the tables and graphs below show the ADR & Occupancy Rates of Upper Midscale + hotels in Jeddah extracted from STR Global research data June 2016-June 2017 along with immediate below the historic trend.

| Year | | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| Occupancy | Average from Comp Set | 73.00% | 73.80% | 65.70% |
| ADR (SAR) | Average from Comp Set | 855.60 | 888.96 | 880.85 |
| RevPAR (SAR) | Average from Comp Set | 625.57 | 659.56 | 576.64 |

Average Occupancy (%)




*Source: STR Global*

Historic performance is as follows:

| | July 2018 vs July 2017 | | | | | |
|---|---|---|---|---|---|---|
| | Occ % | | ADR | | RevPAR | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Jeddah Upper Upscale & Upscale+ | 75.8 | 68.0 | 979.24 | 907.46 | 742.53 | 616.92 |

| | August 2018 vs August 2017 | | | | | |
|---|---|---|---|---|---|---|
| Jeddah Upper Upscale & Upscale+ | 72.4 | 64.3 | 1,011.20 | 941.23 | 731.92 | 605.49 |

| | September 2018 vs September 2017 | | | | | |
|---|---|---|---|---|---|---|
| Jeddah Upper Upscale & Upscale+ | 66.1 | 67.9 | 909.62 | 950.25 | 601.30 | 645.09 |

| | October 2018 vs October 2017 | | | | | |
|---|---|---|---|---|---|---|
| Jeddah Upper Upscale & Upscale+ | 44.5 | 53.7 | 608.68 | 724.24 | 270.66 | 388.70 |

| | November 2018 vs November 2017 | | | | | |
|---|---|---|---|---|---|---|
| Jeddah Upper Upscale & Upscale+ | 46.0 | 49.5 | 606.43 | 636.10 | 279.16 | 314.70 |

It appears the average ADR from July 2018 to November 2018 was around SAR 823.03 per night.

It appeared the average ADR from July 2019 to October 2019 was around SAR 760.59 average per night for upper upscale and SAR 845.03 average per night for upscale plus. Refer to the data below:

| | Current Performance | | | | | |
|---|---|---|---|---|---|---|
| | Occ % | | ADR | | RevPAR | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| July 2019 vs July 2018 | | | | | | |
| Jeddah Upper Upscale & Upscale+ | 74.9 | 72.0 | 798.77 | 947.61 | 598.61 | 682.63 |
| August 2019 vs August 2018 | | | | | | |
| Jeddah Upper Upscale & Upscale+ | 66.9 | 69.2 | 858.42 | 969.34 | 573.97 | 670.91 |
| September 2019 vs September 2018 | | | | | | |
| Jeddah Upper Upscale & Upscale+ | 67.1 | 60.7 | 790.96 | 863.70 | 530.82 | 524.04 |
| October 2019 vs October 2018 | | | | | | |
| Jeddah Upper Upscale & Upscale+ | 52.1 | 43.4 | 594.23 | 599.47 | 309.58 | 260.40 |

The ADR for the subject hotel back in 2019 was around at SAR 615 average per night, although has been significantly impacted due to the pandemic health crisis and travel restrictions, etc.

### 2.13.19 CURRENT HOSPITALITY PERFORMANCE

It appears from average data for typical performance of hotels within the same category for the subject hotel (Jeddah Upper Upscale & Upscale plus).

- Ranging from SAR 450 to 550 average per night

Accordingly, the ADR for the subject hotel at SAR 500 average per night is reasonable and has adjusted further since our last exercise in December 2021.

Due to all the reasons referred in this report over the health crisis, KSA borders closed and restricted travel along with the current hotel circumstances over the search of a new operator – refer to section 2.12.3 and 2.3.17 above.

Equally occupancy rates have suffered heavily previously, although there is stark increase in occupancy rates in Jeddah due to Jeddah Season Entertainment and other entertainment attractions considerably increasing occupancy rate for the subject at 40%.

We expect further increase of occupancy due to the full lifting of travel restrictions across the KSA and therefore the increase of the tourism and hospitality.

### 2.13.20 ASSUMPTIONS AND COMMENTARY

The hotel has been assessed as a "going concern" subject to the forecast and inputs provided by the client and any assumptions made by ValuStrat within market benchmarks.

ValuStrat has made certain assumptions and adjustments based on their experience in valuing typical hotel properties in the Jeddah, KSA taking cognizance of the surrounding developments within which the property will ultimately form part of. This was done in an attempt to forecast our interpretation of performance of the hotel over the 10-year explicit cash flow period.

For the purpose of this valuation, we have included the retail (F&B) and the meeting rooms/function halls within the hotel component.

In this instance, we have adopted the following rates:

| Components | Comments |
|---|---|
| Average Daily Rate | *SAR 500 |
| Occupancy | *40% (yr.1), 55% (yr. 2) to 65% stabilized in year 3. |
| Inflation | 2% |

**We have estimated hotel projections with an occupancy and average room rates of 40% and SAR 500 in the first year respectively and then year on year occupancy increases to 55% (yr.2), & 65% (stabilised in the 3rd year) and an increased average room rate of SAR 550, SAR 600, and SAR 630 stabilised year 4.*

*We understand the owners are currently in process of appointing an international operator and management expects a new operator before the end of December 2022. The owners expect better results and functioning of the hotel in 2023.*

*Accordingly, we have reflected and adjusted the ADR and especially the suffering of occupancy reflecting the current circumstances and the subdued growth in the hospitality industry across Jeddah and KSA.*

### 2.13.21 EXIT YIELD, DISCOUNT RATE AND COMMENTARY

| | |
|---|---|
| Exit Yield | 9% |
| Discount Rate | 11.5% |

*<u>Growth Rates</u>*

*Given the current state of market conditions we applied an average growth rate of 2.5%.*

*<u>Discount Rate and Exit Yield</u>*

*Research conducted collated from developers and investors indicate that the discount rate is dependent on the scale of the development and the inherent risk associated.*

*This risk takes into account the extent of the proposed development, location, economic conditions and investor sentiment. ValuStrat is of the opinion that as the development nears completion the inherent risk is reduced, and we have adopted 9% yield and the discount rate at 11.5%.*

*<u>Supplementary Hotel Assumptions</u>*

*We have assumed that the classification certificate for the operating hotel will be renewed successfully. Should this not be the case, we reserve the right to amend our valuation and report. For the purpose of this valuation, we assume that the hotel has all necessary permission from the relevant planning and trading authorities in the Kingdom of Saudi Arabia. The analysis of trading performance cash flow referred in our report is prepared on the basis of a fiscal year. Accordingly, year 1 of the cash flow starts from the date of valuation.*

*The valuation is based on the EBITDA of the serviced apartment, with an allowance for the fees included in the hotel management agreement. The valuation assumes and reflects the furniture, fittings, equipment and operational supplies that are necessary for the hotel as a trading performance - going concern.*

### 2.13.22 TRADING SUMMARY

We have projected the subject hotel's performance over the 10-year cash flow period. Below is trading projections showing the 5-year period summary only. Refer to the cash flow extract at the appendices section.

| Al Andalus Hotel | | | | | |
|---|---|---|---|---|---|
| **Trading Projections** | | | | | |
| | **1** | **2** | **3** | **4** | **5** |
| Year | 2022 | 2023 | 2024 | 2025 | 2026 |
| | Projected | Projected | Projected | Projected | Projected |

| | | | | | |
|---|---|---|---|---|---|
| Rooms | 164 | 164 | 164 | 164 | 164 |
| Occupancy | 40.0% | 55.0% | 65.0% | 65.0% | 65.0% |
| ADR | 500.00 | 550.00 | 600.00 | 630.00 | 630.00 |
| RevPAR | 200.00 | 302.50 | 390.00 | 409.50 | 409.50 |
| | | | | | |
| **Total Revenue** | 14,600 | 22,218 | 28,821 | 30,263 | 30,263 |
| Departmental Expenses | 3,392 | 5,204 | 6,603 | 6,933 | 6,933 |
| Departmental Profit | 11,208 | 17,014 | 22,218 | 23,329 | 23,329 |
| Undistributed Expenses | 2,628 | 3,999 | 5,188 | 5,447 | 5,447 |
| **Gross Operating Profit** | 8,580 | 13,015 | 17,031 | 17,882 | 17,882 |
| Management Fees | 691 | 1,049 | 1,369 | 1,437 | 1,437 |
| Fixed Charges | 73 | 111 | 144 | 151 | 151 |
| FF&E Reserve | 584 | 889 | 1,153 | 1,211 | 1,211 |
| | | | | | |
| **EBITDA** | 7,232 | 10,966 | 14,365 | 15,083 | 15,083 |
| Net Profit % (EBITDA of Total Revenue) | 49.5% | 49.4% | 49.8% | 49.8% | 49.8% |
| | | | | | |
| Capital Expenditure | | | | | |
| | | | | | |
| Net Cashflow | 7,232 | 10,966 | 14,365 | 15,083 | 15,083 |

The trading summary reflected for the subject is branded serviced apartments competing with a deluxe upscale market with a shortage of international branded competition in the market.

It appears since our last exercise in December 2021 there has a significant increase in occupancy due to full lifting of travel restrictions in the KSA resulting in a number of successful entertainment venues along with general increase of tourism and the opening of umrah tourism and it expected for an increased capacity of the Hajj season 2022.

Accordingly, we have made our professional judgement and opinion when providing the projections.

### 2.13.23 VALUATION SUMMARY – AL ANDALUS MALL HOTEL

The resultant value based upon the above variables for the subject property is as follows:

| *Property Name* | *Room Count* | *Property Value (SAR) [Rounded]* | *Value per key (SAR)* |
|---|---|---|---|
| Al Andalus Mall Hotel, Jeddah | 164 | 153,000,000 | 932,927 |

### 2.13.24 KSA HOSPITALITY PERFORMANCE

It appears all key performance metrics increased from January 2020 and since the lifting of all travel restrictions, it has meant Jeddah hospitality is slowly creeping to near normal levels and we do expect further improvement so long as there is no further disruption. Though the global economic conditions remain volatile due to rising inflation, rising energy prices and the conflict in Ukraine affecting food shortages and providing other uncertainty across the globe. Should the global volatility and uncertainty increase, it may impact the regional market; hence impacting the KSA market, etc.

Broadly speaking, we expect KSA hospitality trends to be top line performance with the increasing of profitability levels from previous disrupted periods of Covid-19 and Omicron. We expect ADR's and occupancy to gain momentum in the luxury, upper upscale and upscale hospitality segments.

As mentioned previously and above the subject hotel has suffered from double fortitude from the owner and operators' differences leading to the termination of the hotel management agreement and as well as the last 2 years of disruption (Pandemic 2020 health crisis. As mentioned previously the owners are in the process of securing a potential international operator before year-end 2022.

Accordingly, we have considered the historic performance of the subject hotel allowing for a strategic commercial decision on 2020 with an understanding the hotel's long-term performance should be in line with historic performance of 2017 to 2019. The underlying position of the subject hotel historically has been good performance in 2017, 2018 and 2019. We have used this information to base our performance going forward should the owner's secure an international operator. Historically, hotel occupancy rates were relatively stable at 59% in the YT November 2019. We have also attached the subject hotels P&L accounts above showing fairly good performance.

With the suspension of the Umrah season and uncertainty around the Hajj pilgrimage (which begins in late July), the performance of the tourism and hospitality market in 2020 is likely to remain sluggish, particularly in Jeddah, which is considered a transit city for pilgrimages to the Holy Cities.

A strong pipeline of 2,000 keys is expected to enter the market in the next 12-18 months, with most of these projects at an advanced or finishing stage of construction, although delayed due to current health crisis lockdown. Planned openings include the new Jeddah Marriott in Al Bawadi, Adagio & Ibis Alesayi Plaza, Park Inn by Radisson Madinah Road, the House Hotel in Al Rawdah and Four Points by Sheraton in South Obhur, Jeddah.

The slow progression of construction work has also seen several delays into 2022 and beyond. Considering beyond the current crisis, further enhancements and project announcements along Jeddah's waterfront should help sustain demand for hotel rooms in Jeddah.

### 2.13.25 OVERALL VALUATION SUMMARY

| Property Name | Exit Yield (%) | Discount Rate (%) | Value (SAR) [Rounded] |
|---|---|---|---|
| Al Andalus Mall, Jeddah | 8.5% | 11% | 1,127,000,000 |
| Adjacent Land & Mall Expansion | 8.5% | 13.5% | 204,000,000 |
| Al Andalus Mall Hotel, Jeddah | 9% | 11.5% | 153,000,000 |
| Aggregate Value (SAR) [Rounded] | | | 1,484,000,000 |

### 2.13.26 VALUATION COMMENTARY

In valuing the subject property mentioned in this report, we have considered the following:

1. Presently, the global economy is experiencing uncertain times due rising inflation, rising energy prices and the conflict in Ukraine. Any major threat from Global economic conditions can impact the regional and KSA economy and therefore create market deterioration later in 2022-23.

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

2. In times of uncertainty with constrained travel due to ongoing concerns with increased airfares with volatility across many sectors; hence many businesses are affected due to the closure and loss of business, we assume all rentals, lease(s) and landlord & tenant information provided by the client is correct and accurate. Should this not be the case, we reserve the right to amend our valuation and report.

3. We have been made aware there is no rent arrears (debt) and all tenants are up to date with rental obligations. Should this not be the case, we reserve the right to amend our valuation and report.

4. The occupancy rates and rents may fluctuate depending on a number of factors, including market and economic conditions resulting in the property/investment not being profitable.

5. The KSA's oil production and business is a major contributor to Saudi income and strong economic conditions. Therefore, any major fluctuations in oil prices can have a similar effect on the local economy impacting commercial investments and the overall long-term development of the economy in volatile and uncertain times.

6. The growth of the economy is also subject to numerous other external factors, including continuing population growth, increased direct and foreign investment in the local economy and Government and private sector investment in infrastructure, all of which could have a significant impact on the economy and business profitability.

7. It should be noted that the valuation provided is of the property (excluding any element of value attributable to furnishings, removable fittings and sales incentives) as new. It is possible that the valuation figure may not be subsequently attainable on

a resale as a' second-hand villa especially if comparable new property is on offer at the same time.

8. As regards properties, which are retained, or to retain an ownership interest in, such competition may affect the Funds ability to attract and retain tenants and reduce the rents impacting the property/investment.

9. Any retained or owned property by fund will face competing properties leading to high vacancy rates resulting in lower rental rates. It is imperative for leasing obligations to preserve and keep-up high standard of landlord & tenant (property management) and so it will necessitate that the property be maintained to a good standard to maintain its value.

10. The subject portfolio referred in this report is considered as full figure(s) and may not be easily achievable in the event of an early re-sale in the short term due to volatile and uncertain times. Refer to our market conditions section below.

11. Property values are subject to fluctuation over time as market conditions may change.

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

## 2.14 VALUATION

### 2.14.1 MARKET VALUE

ValuStrat is of the opinion that the Market Value of the freehold interest in the subject property (mall, hotel and land adjacent to Al Andalus mall) referred within this report, as of the date of valuation, and based upon the assumptions expressed within this report, may be fairly stated as follows;

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

**Aggregate Value: SAR 1,484,000,000 (One Billion Four Hundred Eighty-Four Million Saudi Arabian Riyals.**

## 2.15 PRINCIPAL GAINS AND RISK ASSESSMENT

The continued volatility in Global markets along with regional political qualms can affect land and property market(s) locally and nationally. Although recent research coverage shows that increase in many sectors of the KSA real estate market is on a stable trajectory.

Despite the uncertain global conditions, the KSA investment sector has remained resilient and the increased levels of liquidity in the market, it appears transaction levels have improved marginally, although are well below previous levels in 2008-2012.

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

Nevertheless, we expect to see occupiers, purchasers and investors review their positions as they attempt to assess where KSA is in the property rotation.

It is essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations. We have undertaken all reasonable efforts to understand the prevailing real estate market conditions and analysis. We bring to attention the following principal gains and risks:

- Away from the city centre and traffic congestion;
- Growing infrastructure in surrounding areas;
- Good visibility of the subject site provides good exposure for any potential development;
- The subject property's surrounding infrastructure, and future plans will allow for easy connectivity with other parts of Jeddah city and upcoming surrounding areas.
- Continued investment in the economy by the government will help maintain growth and business;
- Perceptions of high security risks deter some investors and the possibility of change in governmental procedures causing an effect on investment value and general business activity;
- the current low liquidity levels in real estate markets combined with low levels of transparency and the consequent difficulty of verifying reported transactions;
- the evolving real estate laws, regulations and planning controls relating to property and property transactions;
- the volatility of real estate investment and development markets;
- the subject hotel is part of a new development which will take time to discover a stabilise point; however, an international brand will provide a good leverage with good synergy along with the connecting mall;
- Both the mall and the hotel contain different risk profiles whereby the mall has some long-term incomes with various short-term incomes. On the other hand, the hotel has no contracted income and so being subject to performance, although relying on an international brand and operator.
- the restricted investor mass together with the significant influence of state sponsored developers and operators, in relatively small markets;

- Presently, global economy is experiencing uncertain times due rising inflation, rising energy prices and the conflict in Ukraine. Any major threat from Global economic conditions can impact the KSA economy and therefore create market deterioration later in 2022.
- The client is advised that whilst all reasonable measures have been taken to supply as accurate a valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place.

### 2.15.1 GENERAL SUPPLY AND DEMAND FACTORS

The increased supply across all sectors will always affect markets at a local level. Equally sectors such as retail malls and hotels show individual resilience due to type of business models in the sector class.

Also, on the other hand, the lack of good supply of good quality stock(s) is not available and buyers hold on to stock due to stable income generating property. Investors have also chosen to consider the Real Estate Investment Trust (REIT) route as a way to divest and obtain liquidity.

The subject property(s) referred in this report are part of a strong sector assets which currently secure long-term incomes based upon their age, type and locations.

In summary, the Al Ahli REIT assets hold a distinct market position with a moderate/high risk profile due to the current market circumstances. We appreciate general market risks; however, in this case (Al Ahli REIT), the risks are mitigated by good quality property providing long term income, although since our last exercise in December 2021, the market conditions have generally increased in good performance.

The performance for the retail has generally been good since our last exercise prior to the pandemic and we are hopeful should the pandemic not persist, then retail will remain stable in Jeddah, but the hospitality sector has experienced a dip due to the lockdown affecting occupancy levels and therefore huge risk / loss remains in this sector.

Reference should be made to the advice throughout this reports on the COVID-19 health crisis and its affects should matters persist and therefore the hotel component should be monitored due to impact on the hospitality industry and the concerns surrounding the hotel currently not operating.

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

## 2.16 PRINCIPAL GAINS AND RISKS (SWOT ANALYSIS)

| Strengths | Weaknesses |
|---|---|
| • The subject property referred in this report are in a good location for their respective type and use;<br>• Good infrastructure and amenities in surrounding areas;<br>• Good visibility of the subject properties provides good exposure for any potential development;<br>• The subject property referred with their surrounding infrastructure, and future plans will allow for easy connectivity with the rest of Jeddah City, Airport, North Jeddah (Obhur) and Train Railway Station; | • The private sector is dependent on expat labour, reflecting a shortage of marketable skills among nationals and a fairly high unemployment rate among locals;<br>• Continued subdued market conditions and hardening of rental(s) and yields;<br>• Future supply pipeline will heavily influence market share of sectors such as retail, and hotel sectors. |
| **Opportunities** | **Threats** |
| • The subject property referred in this report contains a strong tenant mix (mall) and strong management agreement for the hotel making them a strong 'institutional asset class';<br>• Due to the great number of upcoming developments in the area, the subject property location can be developed to benefit from an uplift and establishment in the market;<br>• Continued investment in the economy by the government will help maintain growth and business;<br>• Planned extension to enhance the mall's entertainment facilities, cinema, etc.<br>• Lack of international hotel brands supply creating strong opportunity currently. | • New supply and upcoming property can always be a threat;<br>• Value added Tax (VAT) can impact tenant OPEX leading to rent being negotiation downwards;<br>• Competition from under construction projects close-by in around the subject location(s) and adjacent districts;<br>• Perceptions of high security risks deter some investors and the possibility of change in governmental procedures causing an effect on investment value and general business activity;<br>• Presently, the global economy is experiencing uncertain times due rising inflation, rising energy prices and the conflict in Ukraine. Any major threat from Global economic conditions can impact the regional and KSA economy and therefore create market deterioration later in 2022-23. |

## 2.17 GENERAL MARKET SNAPSHOT

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

The past two plus years of extraordinary market conditions have made it difficult for investors to confidently assess changes in property prices. The COVID-19 recovery has meant higher energy prices, supply chain disruptions mean 2022 will be the year to repair global economy if possible.

The world is rapidly changing with ongoing structural shifts, population growth, urbanization, climate change and the digital revolution continue to profoundly impact our world and societies.

Though KSA has shown resilience with high oil price revenues and current budget of Q1 – 2022 showing surplus of SAR 57 billion and Public Investment Fund (PIF) – sovereign wealth fund going from strength to strength.

Since the lifting of travel bans, the KSA real estate market is in a healthy position with many analysts predicting a strong 2022 for real estate (vision 2023) with the positive activity and investment by the government unveiling a number of reforms, including recent facilitation of the tourism visa, where citizens of 49 countries are now able to apply e-visas and holders of Schengen, UK or US visas are eligible for visas on arrival.

Also, the government has now allowed the full foreign ownership of retail and wholesale operations along with previously opening up of the Tadawul Stock Market to foreign investment supported by current energy reforms, cutting subsidies, creating jobs, privatizing state-controlled assets and increasing private sector contribution to the country's economy, etc. With all the opportunities throughout the Kingdom and the creation of the Giga projects, there was an ambitious resilience which was suddenly shutdown overnight due to the initial lockdown period. With all the current uncertainty, market stagnation and short-term challenges whereby force majeure (as a result of the pandemic's cause beyond anyone's reasonable control) had created inactivity. As mentioned above the KSA market's ambitions and resilience, we understand investor sentiment remains strong as it was prior to the pandemic and the KSA was on an upward course showing growth in the last quarter of 2019 after a period of subdued market conditions.

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

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

In short, the pandemic was expected to be a short-term shock wave with an eventual surge of business activity leading to a rapid recovery either in the form of a “V-shape” or a more gradual recovery in the form of a “U-shape” bounce back. Accordingly, we expected the KSA market to surge in business through 2021 and now 2022 allowing for markets to start flourishing towards long term sustainability in social trends and patterns along with socio-economic distancing in a growing cycle. On the other hand, should the global economic impact of the Coronavirus pandemic (COVID-19) outbreak persist and will be dependent on how long the virus lasts, how far it spreads and how much lock-down, public organizations quarantines disrupt the market. Indeed, the current response to COVID-19 means that we are faced with unprecedented set of circumstances on which to base judgement(s). There is strong evidence that real estate markets have sprung back to strong activity and growth fairly quickly as we are experiencing in the Kingdom of Saudi Arabia.

Equally, the short-term generally speaking we do not expect the current real estate market to show any small adjustment in prices/rates. The KSA real estate market is a developing market with much invested by the government in infrastructure projects, so we expect the government’s latest stimulus to preserve liquidity and for demand to hold having limited / no bearing on prices / rates.

### 2.17.2 MARKET CONDITIONS PRIOR TO THE PANDEMIC & THE KSA LOCKDOWN

The roll out of vaccinations offered hope in controlling this disease and provide a path of recovery in sight along with recovery in oil price provides further impetus.

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

Through the current vision 2030 and in a post oil economy, KSA is adapting to times of both austerity measures and a grand ambitious strategy. With an overdue diversification plan Saudi Arabia’s economic remodelling is about fiscal sustainability to become a non-dependent nation of oil. This is supported by current energy reforms, cutting subsidies, creating jobs, privatising state-controlled assets and increasing private sector contribution to the country’s economy.

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

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

The KSA economy in the first quarter of 2019 has relied on the current oil price rise to pull it out of recession; however, the previous 18-24 months, KSA faced a protracted spell of economic stress, much of which can be attributed to the falling oil prices coupled with regional political issues.

Oil prices starting to surge again around 65 dollars a barrel currently from under 30 dollars a barrel in early in 2016 which resulted in a crash in prices and the economy dipped into negative territory in 2017 for the first time since 2009, a year after the global financial crisis.

General consensus anticipates a strong Saudi economy in the period ahead (2022-2023), supported by both the oil and non-oil sector. So ultimately it appears the economy will still need to rely on oil revenues to bridge the gap in the short term with a budget deficit over the past 3 years and the Kingdom borrowing from domestic and international markets along with hiking fuel and energy prices to finance the shortfall. The economy slipped into recession in 2018 but returned to growth in 2019, albeit at the fairly modest level of 1.7%, according to estimates from the International Monetary Fund (IMF). However, the return to growth is mainly due to a return to increase in oil prices again and output which, in turn, is enabling an increase in government spending.

Accordingly, in the short term needs to rely on the oil revenue and this reliance is being channelled into public spending. The reforms that have been pushed through to date have led to important changes aiding the economy. The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce. Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars. A due enactment of law will encourage public-private partnerships to herald more foreign investment.

The economic transformation that the KSA has embarked upon is complex and multidimensional and will certainly take time to turn around a non-oil serviced economy, although there have been recent positive signs, but it will remain in the short term with the support of oil revenues.

On the other hand, the KSA was resilient in the previous recession in 2007/2008 on strong oil reserves and not only can the Saudi government be relied upon to step in to rescue troubled lenders, reliable institutions for procedural reasons but crucially, it can also afford to do so, although has suffered due to previous oil price declines and it has meant increased spending.

Vision 2030 to diversify the economy from reliance on oil, has only just commenced in previous years and with a young and increasingly well-educated population, together with its own sovereign wealth fund, the Kingdom has many favourable factors to become a leading service sector economy in the region. Reform efforts include a reduction of subsidies on fuel and electricity and the implementation of a 5 per cent VAT back on 01 January 2018 which increased to 15 per cent VAT as of 01 July 2020. The government is also striving to get women to play a greater role in the economy including recently allowing them to drive back in 2019. Wider reforms have been initiated by the government allowing for the entertainment industry to flourish with the opening of the first cinema in King Abdullah Financial District (KAFD) along with 4 VOX screens opening at Riyadh Park Mall. The cinema entertainment is spurred on by Public Investment Fund (PIF) in collaboration with AMC Cinemas and led by the Development and Investment Entertainment Company (DIEC), a wholly owned subsidiary of PIF. With an objective of 30 to 40 cinemas in approximately 15 cities in Saudi Arabia over the next five years, and 50 to 100 cinemas in about 25 Saudi cities by 2030.

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

<u>Red Sea Tourism Project</u>

To transform 50 islands consisting of 28,000 square kilometres along the Red Sea coastline into a global tourism destination. For ease of reference to illustration below showing the location in relation to the Kingdom of Saudi Arabia.

<u>Al Faisaliyah Project</u>

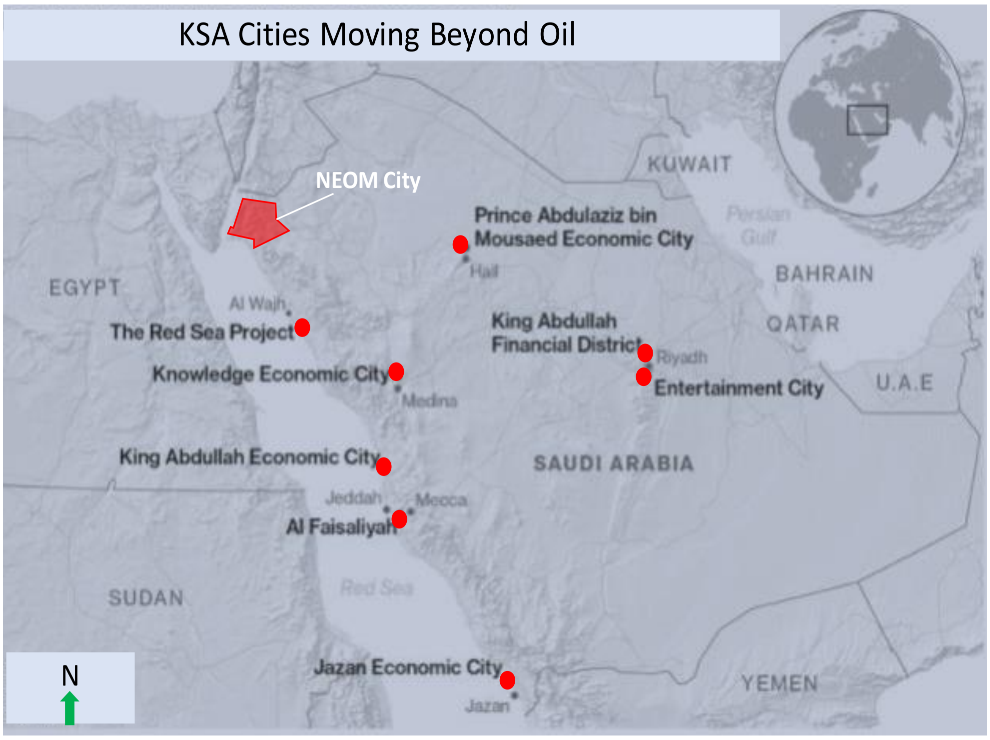
The project will consist of 2,450 square kilometres of residential units, entertainment facilities, an airport and a seaport. Refer to the below illustration for the location.

<u>Qiddiya Entertainment City</u>

Qiddiya Entertainment City will be a key project within the Kingdom's entertainment sector located 40 kilometres away from the center of Riyadh. Currently alleged for "The First Six Flags-branded theme park". The 334 square kilometre entertainment city will include a Safari Park too.

The project will be mixed use facility with parks, adventure, sports, events and wild-life activities in addition to shopping malls, restaurants and hotels.

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




Neom City

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

Economic Cities

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

Real Estate Growth

Overall ValuStrat research reveals that real estate sectors have continued to decline in both sales and rental values. We expect demand to remain stable due to fundamentals of a growing young population, reducing family size, increasing middle-class and a sizeable affluent population – all of which keeps the long-term growth potential intact.

Despite short term challenges, both investors and buyers remaining cautious, the Saudi economy has shown signs of ambition with the government unveiling a number of reforms, including full foreign ownership of retail and wholesale operations along with opening up of the Tadawul Stock Market to foreign investment as well as the reforms mentioned in the previous section referred above. As mentioned earlier, KSA experienced positive growth by oil price rise in the first quarter of 2021; hence the main driver of the recovery remains oil. Over 2021 we envisage the Kingdom's consumer outlook to be more favourable in economic conditions.

Moreover, tax on development land implemented in 2017/18 has kept the construction sector afloat, encouraging real estate developers. Adapting to a new KSA economic reality has been inevitable, although the Kingdom's oil dynamics remain pivotal for future development within the KSA 2030 economic vision plan. In latter part of 2017, the Public Investment Fund (PIF), Saudi Arabia's sovereign wealth fund set up a real estate refinancing company aimed at advancing home ownership in the Kingdom, which suffers from a shortage of affordable housing. This initiative will create stability and growth in the Kingdom's housing sector by injecting liquidity and capital into the market. Another plan to help kick start the real estate market by boosting the contribution of real estate finance to the non-oil GDP part.

The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016). The close ties with the construction, financing institutions and many others have provided crucial resources that contributed to the development of the Saudi economy. The real estate market performance in 2019/20 and the general trend in KSA for most sectors have remained subdued given lower activity levels, while prices have been under pressure across most asset classes leading to a gradual softening of rental and sale prices.

The real estate sector remains subdued, and prices may have bottomed out across sectors, and we expect in the medium to long term for the market to pick-up further growth given the reforms and transformation in KSA, although we expect the growth to be slow and steady subject to a stable political environment in KSA and across the region.

The outlook remains optimistic for the longer term due to the various KSA initiatives aimed at stimulating the real estate market whilst encouraging the private sector to play a key role in the transformation.

All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. Since the issuing of this report the KSA lockdown for the COVID-19 health crisis was lifted back on 21 June 2020 and the economy is now trying to get back to normalcy. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2022.

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

## 2.18 VALUATION UNCERTAINTY

It should be noted. However, that if credit conditions substantially worsen or any other change were to occur to the investment market then the liquidity of the investment and the value, may change. We do not consider there to be a special prospective purchaser in the market for the subject property who would pay in excess of our opinion of Market Value. It is essential to draw to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations. Given the current uncertainties it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature. The current shortage of transaction, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis. It is essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.

We further state that given the valuation uncertainty stated above our valuation represents our impartial calculated opinion / judgement of the properties, based on relevant market data and perceptions as at the date of valuation.

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

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

## 2.19 DISCLAIMER

In undertaking and executing this assignment, an extreme care and precaution has been exercised. This report is based on information provided by the Client.

Values will differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc.

It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.

## 2.20 CONCLUSION

This report is compiled based on the information received to the best of our belief, knowledge and understanding.

The information revealed in this report is strictly confidential and issued for the consideration of the Client.

No part of this report may be reproduced either electronically or otherwise for further distribution without our prior and written consent. We trust that this report and valuation fulfils the requirement of your instruction.

This report is issued without any prejudice and personal liability.

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

| | |
|---|---|
| Ramez Al Medlaj (Taqeem Member No. 1210000320)<br>Valuation Manager – Real Estate KSA | Yousuf Siddiki (Taqeem Member No. 1210001039)<br>Director - Real Estate, KSA |

شركة خبير التثمين للتقييم العقاري
س.ت : ٤٠٣٠٢٦٧٩١٧

## APPENDIX 1 - PHOTOGRAPHS OF THE PROPERTY


# APPENDIX 2 - TITLE DEED

## Mall & Hotel

بسم الله الرحمن الرحيم

المملكة العربية السعودية
وزارة العدل
[٢٧٧]
كتابة العدل الاولى بجدة

الرقم : ٣٩٠٢١١٠٢٩٩٦٧٠
التاريخ : ٢٢ / ١٠ / ١٤٤٠ هـ

صك

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

فإن مركز تجاري المقام على قطعة الارض رقم بدون / ب/ ٢ من المخطط رقم ٤٤٤ / ج/ س الواقع في حي الفيحاء بمدينة جدة .

وحدودها وأطوالها كالتالي:

شمالاً: الجزء رقم ب / ١ بطول: (٢٥٩,٩١) مئتين و تسعة و خمسون متر و واحد و تسعون سنتمتر

جنوبياً: شرقا الجزء رقم ب/ ٣ وغربا الجزء رقم ب/ ٤ بطول: (٣٦٣,٤٣) ثلاثمائة و ثلاثة و ستون متر و ثلاثة و أربعون سنتمتر

شرقاً: شمالا دوار الملك عبدالعزيز وجنوبا طريق الامير ماجد متوسط عرض ١٤٠م بطول: (٤٢٥,٨١) أربعمائة و خمسة و عشرون متر و واحد و ثمانون سنتمتر يبدا من الشمال للجنوب الشرقي على شكل منحنى ثم ينكسر بطول ٤١,٣١٠م

غرباً: شارع عرض ٣٥٠,٠٨م بطول: (٣٥٠,٠٨) ثلاثمائة و خمسون متر و ثمانية سنتمتر على شكل منحنى

ومساحتها : ( ١٥٩,١٣٣,٩٦ ) مائة و تسعة و خمسون ألفا و مائة و ثلاثة و ثلاثون متر مربعاً و ستة و تسعون سنتمتراً مربعاً فقط بناء على قرار اللجنة رقم ١٠٠٠ بتاريخ ١٣/ ١١/ ١٤٣٧ هـ المتضمن أن الصك موافق لمستنده والمستند في افراغها على الصك الصادر من هذه الإدارة برقم ٣٢٠٢١٣٠٠٠٧٨٠ في ١٧ / ١٠/ ١٤٤٠ هـ قد انتقلت ملكيتها لـ الشركة العقارية المطورة للتمليك والادارة المحدودة بموجب سجل تجاري رقم ٤٠٣٠١٤٦٥٥٨ وتنتهي في ٢١ / ١١/ ١٤٤٤ هـ ، بثمن وقدره ٦٥٠٠٠٠٠٠٠ ستمائة و خمسون مليون ريال وعليه جرى التصديق تحريراً في ٢٣ / ١٠/ ١٤٤٠ هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل

علي بن ضيف الله بن غازي الزهراني

( هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تعبئته )

بسم الله الرحمن الرحيم

المملكة العربية السعودية

وزارة العدل

[٢٧٧]

كتابة العدل الأولى بجدة

الرقم : ٣٢٠٦١١٠٢٩٦٧٠

التاريخ : ٢٣ / ١٠ / ١٤٤٠ هـ

صك

كاتب العدل

علي بن ضيف الله بن عازب الزهراني

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

مصلحة مطابع الحكومة

( هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تغليفه )

نموذج رقم

بسم الله الرحمن الرحيم

المملكة العربية السعودية

وزارة العدل

[٢٧٧]

كتابة العدل الأولى بجدة

الرقم : ٣٢٠٢١٣٠٠٠٧٨٠

التاريخ : ١٧ / ١٠ / ١٤٤٠ هـ

صك

كاتب العدل

عبدالرحمن بن سعيد بن عبدالله القرني

وزارة العدل

كتابة العدل الأولى بمحافظة جدة

مصلحة مطابع الحكومة

( هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تغليفه )

## Vacant Land Adjacent to Al Andalus Mall – Title Deed

بسم الله الرحمن الرحيم

1 of 1

المملكة العربية السعودية
وزارة العدل
[٢٧٧]

تاريخ الصك: ٢٣/٣/١٤٤٢ هـ
رقم الصك: ٣٩٣١٨٣٠٠٠١٢٤

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد: فإن قطعة الارض رقم بدون / ب/ 3 من المخطط رقم 444 / ج/ س الواقع في حي الفيحاء بمدينة جدة . وحدودها واطوالها : شمالا: جزء من الجزء رقم 2/ب بطول 171.95 مائة و واحد و سبعون متر و خمسة و تسعون سنتمتر جنوبا: شارع عرض 40م بطول 206.43 مئتين و ستة متر و ثلاثة و أربعون سنتمتر شرقا: شمالا دوار الملك عبدالعزيز وجنوبا طريق الامير ماجد عرض 140م بطول 54.59 أربعة و خمسون متر و تسعة و خمسون سنتمتر يبدا من الشمال للجنوب الشرقى على شكل منحنى ثم ينكسر بشطفه للجنوب بطول 7.07م غربا: الجزء رقم ب/ 4 بطول 50.94 خمسون متر و أربعة و تسعون سنتمتر ومساحتها 9668.92 تسعةالاف و ستمائة و ثمانية و ستون متر مربعاً و اثنين و تسعون سنتمتراً مربعاً بناء على محضر اللجنة الفنية رقم 3700027469 في 26 / 7/ 1437 هـ ومصدره أمانة محافظة جدة والمقيد في هذه الإدارة برقم 372815165 في 2 / 8/ 1437 هـ بموجب الصك الصادر من كتابة العدل الاولى بجدة برقم 320212012918 في 21 / 06 / 1438 قد أصبحت في ملك/ شركة صندوق تمكين العقارية بموجب سجل تجاري رقم 1010928890 وعليه جرى التصديق تحريراً في 1442 / 03 / 23 لاعتماده .وصلى الله على نبينا محمد وآله وصحبه وسلم.

صدرت هذه الوثيقة من وزارة العدل , ويجب التحقق من بياناتها وسريانها عبر الخدمات اللإلكترونية لوزارة العدل

صفحة رقم 1 من 1

APPENDIX 3 – DISCOUNTED CASH FLOW EXTRACT (AL ANDALUS MALL, JEDDAH)

| DISCOUNTED CASH FLOW (DCF) | | | | | | | |
|---|---|---|---|---|---|---|---|
| Al Andalus Mall Jeddah | | Date of Valuation: 30 June 2022 | | | | | |
| Growth Rate | 2.5% | | | | | | |
| Void Costs | 5% | of all Voids | | | | | |
| Operational Cost | 20% | By the Lessee | | | | | |
| Tenure | Freehold | | | | | | |
| Year | | 1 | 2 | 3 | 4 | 5 | Exit Value |
| Full Rental Value (FRV) | | 134,522,064 | 137,885,116 | 141,332,243 | 144,865,550 | 148,487,188 | |
| Occupancy Rate | | 94% | 94% | 94% | 93% | 90% | |
| Passing Rent | | 126,907,608 | 129,612,009 | 132,852,309 | 134,724,961 | 133,638,469 | |
| Total Operational Cost | | 25,381,522 | 25,922,402 | 26,570,462 | 26,944,992 | 26,727,694 | |
| Void Costs | | 380,723 | 413,655 | 423,997 | 507,029 | 742,436 | |
| Net Current Rent | | 101,145,364 | 103,275,952 | 105,857,850 | 107,272,939 | 106,168,340 | 1,249,039,290 |
| Present Value of Net Rent | | 91,121,949 | 83,821,079 | 77,402,348 | 70,664,008 | 63,005,742 | 741,244,025 |

## APPENDIX 4 – DISCOUNTED CASH FLOW EXTRACT (AL ANDALUS HOTEL, JEDDAH)

| Period | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Year Ending June | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | |
| Total Revenue | 14,892 | 23,116 | 30,586 | 32,757 | 33,412 | 34,081 | 34,762 | 35,457 | 36,167 | 36,890 | |
| Adjusted NOI | 7,377 | 11,409 | 15,244 | 16,326 | 16,653 | 16,986 | 17,325 | 17,672 | 18,025 | 18,386 | |
| Cashflow Post-Capex | 7,377 | 11,409 | 15,244 | 16,326 | 16,653 | 16,986 | 17,325 | 17,672 | 18,025 | 18,386 | 204,288 |
| | 6,616 | 9,177 | 10,997 | 10,563 | 9,663 | 8,840 | 8,087 | 7,398 | 6,767 | 6,191 | 68,785 |

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