



Private & Confidential

Valuation Report

JAZALA COMPOUND, AL KHOBAR, KSA

MUSHARAKA CAPITAL

REPORT ISSUED 31 JANUARY 2021

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1 EXECUTIVE SUMMARY

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

1.1 THE CLIENT

Musharaka Capital (CJSC)
P.O. Box 712, Al Khobar 31952
Kingdom of Saudi Arabia

1.2 THE PURPOSE OF VALUATION

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

1.3 INTEREST TO BE VALUED

The below-mentioned property is the scope of this valuation exercise.

Description	Property Details
Property Name	Jazala Compound
Land Area (sq. m.)	29,486.73
Total Built-Up Area (sq. m.)	26,387.98
No. of Villa Units	101
Owner	Hifth Al Musharaka Real Estate Co.
Location	Qurtoba District, Al Khobar, KSA
GPS Coordinates	26°20'6.20"N, 50°10'47.83"E
Interest	Freehold

Source: Client 2020

1.4 VALUATION APPROACH

Income Capitalization approach to valuation.

1.5 DATE OF VALUATION

Unless stated to the contrary, our valuations have been assessed as at the date of our report based on our inspection of the subject property on 26 December 2020.

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



1.6 OPINION OF VALUE

Property Name	Net Income	OPEX	Yield	Property Value
Jazala Compound, Al Khobar	SAR 14,400,000 p.a.	Nil	8.75%	SAR 165,000,000

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

1.7 SALIENT POINTS (GENERAL COMMENTS)

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

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

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

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

We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, 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 International, and we have relied on the site area provided by the Client.



In the event that the area of the property 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 property 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 property.

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

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

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

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

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

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

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

2 VALUATION REPORT

2.1 INTRODUCTION

Thank you for the instruction regarding the subject valuation services.

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

2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

Description	Property Details
Property Name	Jazala Compound
Land Area (sq. m.)	29,486.73
Total Built-Up Area (sq. m.)	26,387.98
No. of Villa Units	101
Owner	Hifth Al Musharaka Real Estate Co.
Location	Qurtoba District, Al Khobar, KSA
GPS Coordinates	26°20'6.20"N, 50°10'47.83"E
Interest	Freehold

Source: Client 2020

2.3 PURPOSE OF VALUATION

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

2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Taaqem Regulations (Saudi Authority for Accredited Valuers) and the International Valuation Standards Council (IVSCs') incorporating International Valuations Standards (IVS).

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



2.5 BASIS OF VALUATION

2.5.1 MARKET VALUE

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

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

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

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

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

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

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

“and a willing seller” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for



the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

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

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

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

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

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

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

2.5.2 VALUER(S)

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

We further confirm that either the Valuer or ValuStrat have no previous material connection or involvement with the subject of the valuation assignment.

2.5.3 STATUS OF VALUER

Status of Valuer	Survey Date	Valuation Date
External Valuer	26 December 2020	26 December 2020

2.6 EXTENT OF INVESTIGATION

In accordance with instructions received we have carried out an external and internal inspection of the property. The subject of this valuation assignment is to produce a valuation report and not a structural / building or building services survey, and hence structural survey and detailed investigation of the services are outside the scope of this assignment. We have not carried out any structural survey, nor tested any services, checked fittings of any parts of the property.

Our internal inspection was limited to the visual assessment of the subject property's overall area including its facilities and amenities.

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

2.7 SOURCES OF INFORMATION

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

2.7.1 VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:



The subject property is valued under the assumption of property held on a *Private interest* with the benefit of trading potential of existing operational entity in possession;

Written information provided to us by the Client is up to date, complete and correct in relation to issues such as title, tenure, details of the operating entity, and other relevant matters that are set out in the report;

That no contaminative or potentially contaminative use has ever been carried out on the site;

We assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoings, restrictions or other encumbrances. Information regarding tenure and tenancy must be checked by your legal advisors;

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

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

For the purpose of this valuation, we have assumed that such investigations would not disclose the presence of any such material to any significant extent;

That, unless we have been informed otherwise, the property complies with all relevant statutory requirements (including, but not limited to, those of Fire Regulations, By-Laws, Health and Safety at work);

We have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building. We would recommend that the client makes their own enquiries in this regard; and,

The market value conclusion arrived at for the 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 DETAILS AND GENERAL DESCRIPTION

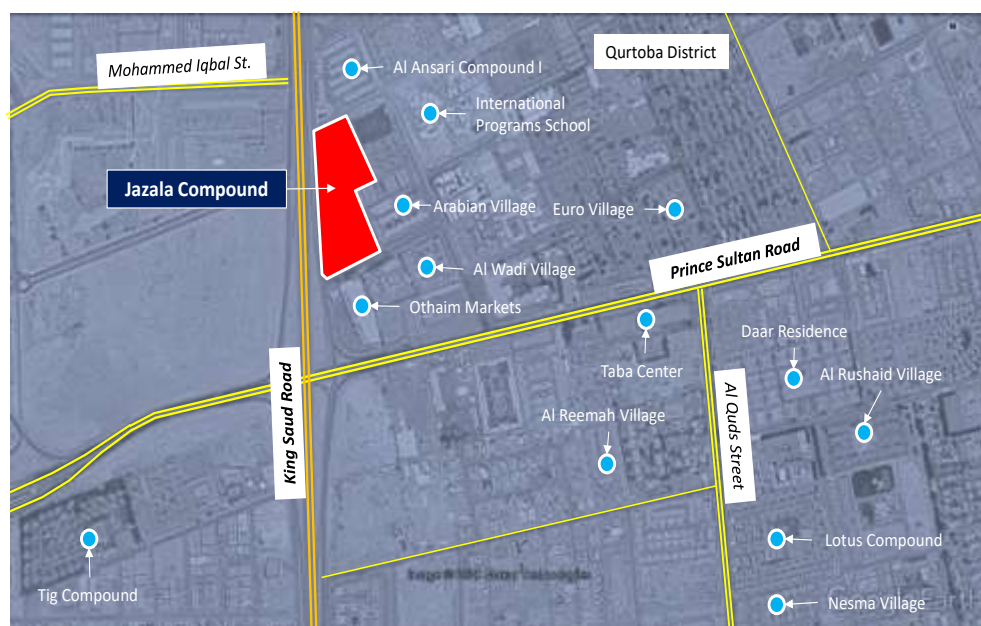
2.9.1 LOCATION OF THE PROPERTY

The subject property is located along the east side of King Saud Road within Qurtoba District, Al Khobar, Kingdom of Saudi Arabia.

It is situated about 180 meters southwest of International Programs School and approximately 80 meters & 220 meters north of Othaim Markets & Prince Sultan Road, respectively.

The aforesaid property is situated within a mixed commercial and residential neighbourhood. Some notable developments close to the property includes the Arabian Village, Al Wadi Village, Al Ansari Compound, etc.

It is accessible via the fronting King Saud Road. For ease of reference, refer to the illustration below.



Source: Google Extract 2020 - For Illustrative Purposes Only

Moreover, the illustration below shows the location of the property in relation to some prominent landmarks and common destinations in Al Khobar City such as the Corniche area or Arabian Gulf which is situated about 4.2 kilometers east of the said property.

Accessibility is also provided by the nearby Prince Sultan Road.



Source: Google Extract 2020 - For Illustrative Purposes Only

2.9.2 BRIEF DESCRIPTION OF THE PROPERTY



Jazala Compound is a relatively old residential complex consisting of 101-units, typical two-storey residential villas. They were constructed of reinforced concrete structures with painted exterior and interior wall, painted ceiling, porcelain tiles flooring and glass on aluminum frame windows.

Land development includes an asphalt paved roadway, painted concrete & gutter, concrete sidewalk, street lightings, centralized water system, underground sewerage & drainage system, concrete perimeter wall with barb wires and steel gate with guardhouse.



Compound facilities consist of swimming pool, multi-sport court; squash hall, fitness gym, jacuzzi/steam bath/sauna, internet café, restaurant, coffee shop, parks & playground, community center and 24/7 security.

Based on document provided to us, the aforesaid residential compound was reportedly constructed circa 1421. It has a total built-up area of 26,387.98 square meters as per details below.

Floor Level	Total BUA (sqm)	Use
Total Ground Floor	12,737.60	Residential
Total First Floor	12,126.13	Residential
Total Second Floor	1,524.25	Residential
Total BUA (sqm)	26,387.98	

Source: Client 2020.

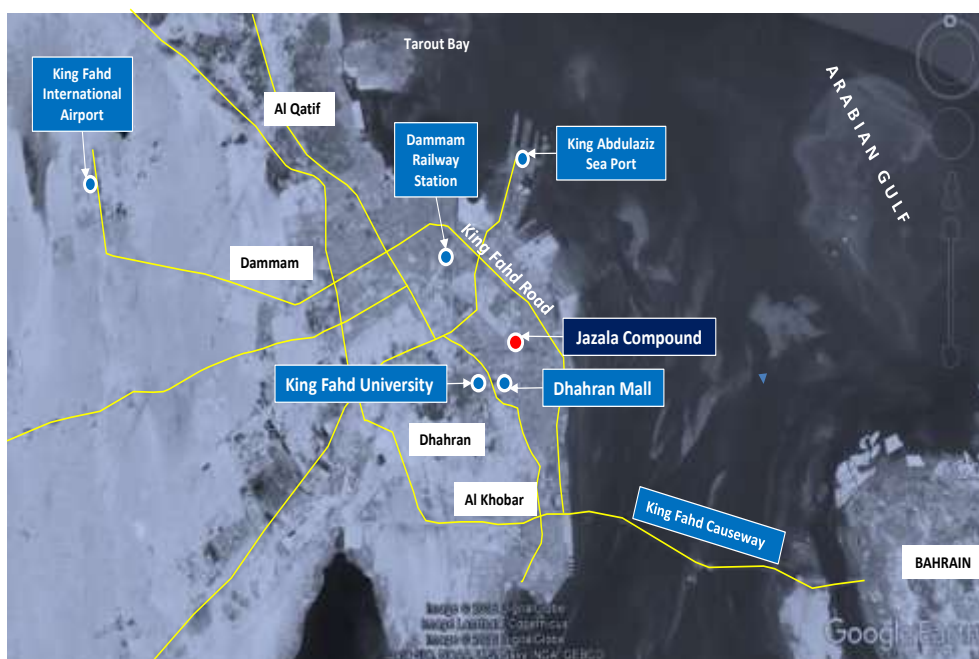
2.9.1.1 ACCESSIBILITY & PROXIMITY TO MAJOR DEVELOPMENTS

The subject property is situated in an area generally for mixed-use development consisting of residential compounds, educational institutions, commercial establishments, hotels, etc. It is well accessible via the fronting King Saud Road and the nearby Prince Sultan Road, both considered major road in the Eastern Region, connecting to prominent landmarks and common destinations such as the Corniche Area/Arabian Gulf, King Fahd University for Petroleum & Minerals, Mall of Dhahran, King Fahd International Airport, King Abdul Aziz Seaport and King Fahd Causeway, the main gateway to the Kingdom of Bahrain.



The table & the illustration below shows the approximate distance of the subject property to some major landmarks & developments in the Eastern Province.

Landmarks	Approx. distance from subject property (km.)
Mall of Dhahran	3.3
Corniche Area/Arabian Gulf	4.2
King Fahd University	4.5
Dammam Railway Station	10.0
King Fahd Causeway	13.2
King Abdul Aziz Seaport	17.0
King Fahd International Airport	40.3



Source: Google Extract 2020 - For Illustrative Purposes Only.

Some of the major developments at improving the infrastructure and accessibility which will benefit the Eastern Region are as follows:

- An integrated public transport system for Dammam which includes a 50 km. of light rail, 110 km. of bus rapid transit and 350 km. of feeder buses to link the outskirts of the city.

The light rail system will have two lines. The first line will link Tarout Island with King Fahd Causeway via Qatif, Dammam and Dhahran. The second line will connect King Fahd Road in Dammam to the King Fahd International Airport.



- A 449-km. passenger line from Dammam to Riyadh via Hofuf and Abqaiq as well as a 556-km. cargo line starting at King Abdul Aziz seaport in Dammam and ending in a dry port in Riyadh were also planned for development.



- Approved by Council of Ministers on May 19, 2014.
- EP Municipality detailed the Dammam public transport project (metro and bus) on May 21, 2014.
- Alignment studies will be completed in 18 months.
- Involves two main metro lines from Qatif-Dhahran & KFIA-Dammam Station at 86km & 54 stations.
- The project will be implemented over seven years & completed by 2021.
- Estimated value US\$16.0bn.

2.10 ENVIRONMENT MATTERS

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

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

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

Details	
Area	Based on the document supplied by the client, the total land area of the property is 29,486.73 square meters with a total built-up area (BUA) of 26,387.98 square metres.
Topography	Generally, the property is irregular in shape and on level terrain
Drainage	Assumed available and connected.
Flooding	ValuStrat's verbal inquiries with local authorities were unable to confirm whether flooding is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not flood prone. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known flooding in this area.
Landslip	ValuStrat's verbal inquiries with local authorities were unable to confirm whether land slip is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not within a landslip designated area. A formal written submission will be required for any further investigation which is outside of this report's scope of work.

2.10.1 TOWN PLANNING

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

In the absence of any information to the contrary, it is assumed that the existing use is lawful, has valid planning consent and the planning consent is not personal to the existing occupiers and there are no particular onerous or adverse conditions which would affect our valuation.

In arriving at our valuation, it has been assumed that each and every building enjoys permanent planning consent for their existing use or enjoys, or would be entitled to enjoy, the benefit of a "Lawful Development" Certificate under the Town & Country Planning Acts, or where it is reasonable to make such an assumption with continuing user rights for their existing use purposes, subject to specific comments.

We are not aware of any potential development or change of use of the property or properties in the locality which would materially affect our valuation. For the purpose of this valuation, we have assumed that all necessary consents have been obtained for the subject property referred within this report. Should this not be the case, we reserve the right to amend our valuation and report.

2.10.2 SERVICES

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

2.11 TENURE/TITLE

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



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

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

The subject property is registered under the below-mentioned title deed (refer to scanned copy in appendix-2) which we assumed on freehold basis. Should this not be the case we reserve the right to amend our valuation and this report.

Description	Property Details
Property Name	Jazala Compound
Layout No.	41/2
Plot Nos.	22 & 23
Title Deed No.	320205013307 & 320205013308
Title Deed Date	1438/11/24
Total Land Area (sq. m.)	29,486.73
Landowner	Hifth Al Musharaka Real Estate Co.
Location	Qurtoba District, Al Khobar, KSA
Interest	Freehold

Source: Client 2020.

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

2.11.1 OCCUPATIONAL LEASES

We were provided a section of the lease contract agreement for the subject property with the following salient details below:

1. A lease contract agreement was entered between Musharaka Financial Co. (1st Party) and Three Bees Hotels Co. (2nd Party) on 1438/11/21.
2. The contract is for the lease of a residential compound consisting of 101-units villa situated at Qurtoba District, Al Khobar.
3. The lease amount is SAR 14,400,000 per annum.
4. The duration of the lease is for a period of 5 years starting on 2017/8/21 and ending on 2022/8/20, with a provision for automatic renewal.

We have assumed the above information are accurate and updated. We have likewise assumed that there are no onerous provisions in the lease contract that will adversely affect the occupational tenant. Should this not be the case, we reserve the right to amend our valuation and this report.



2.12 METHODOLOGY & APPROACH

In determining our opinion of Market Value for the freehold interest in the subject property, we have utilized the Income Capitalization approach to valuation.

2.12.1 INCOME CAPITALIZATION APPROACH

The subject property falls into a broad category of investment property with the prime value determinant being the properties ability to generate rentals and rental growth through the ongoing letting and reasonable maintenance.

In determining our opinion of Market Value of the subject property we have utilized the Investment Approach utilizing an Income Capitalization Approach to Valuation.

Income producing real estate is typically purchased as an investment essentially exchanging present money for the right to receive future income. The indication of value using the income capitalization approach requires consideration of market-oriented assumptions and data.

This method requires a market derived projection of economic annual net operating income (NOI) for a subject property based on the current and expected lease or other arrangements and occupant profile.

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

2.12.2 MARKET RENTS, VALUATION ASSUMPTIONS & COMMENTARY

Market conditions in the Saudi Arabia remains subdued and further uncertainty was caused by the recent global health pandemic COVID-19. However, we expect the subject property referred in this report to remain stable in the foreseeable future subject to ongoing maintenance, upkeep of the property and to provide yield stability with the real estate sector generally follows the fortunes of the greater economy.

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

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

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



Sales or rental evidence for similar properties within KSA are not readily available or transparent due to the nature of the property market within the Kingdom of Saudi Arabia. Much if not all of the evidence is anecdotal, and this limitation may place on the non-reliability of such information and impact on values reported. Accordingly, the valuation has been prepared in accordance with normal practice taking into account our usual research and enquiries and our discussions with leading local commercial agents.

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

In forming our opinion of Market Rent for the subject properties, we have looked at the following market rental rates for some residential villas within Al Khobar, KSA.

Rental Rates of some Villas within Compounds in Al Khobar					
#No.	Name of Compound	District	Area (m ²)	Details	Rent/Yr. (SAR)
1	Desert Rose Compound	Al Rakah Al Janubiyah	140	2-Bedroom	55,000
			175-235	3-Bedroom	60,000-70,000
2	Al Nadah Compound	Ar Rawabi	220-300	3-Bedroom	150,000-175,000
			400	4-Bedroom	240,000
3	Al Danah Compound	Ar Rawabi	240	3-Bedroom	170,000
			360	3-Bedroom	200,000
4	Black Pearl Residential	Al Aziziyah	231-272	3-Bedroom	110,000-150,000
5	Karawan Village Compound	Al Bustan	210	2-Bedroom	160,000
			260	3-Bedroom	180,000
			300	4-Bedroom	210,000
6	Daar Residence Compound	Al Jawhara	490	4-Bedroom	80,000

As shown above, the prevailing market rent of residential villas within a compound in Al Khobar ranges from SAR 55,000 – SAR 240,000 per year, dependent upon the number of bedrooms, location, size, age of the villas and facilities & amenities within a compound.

Accordingly, the client has provided us some details of the lease contract for the subject property as follows:

Property Name	Annual Rent (SAR)	No. of Villa	Average Rent (SAR)
Jazala Compound, Al Khobar	14,400,000	101	142,574 per villa

Source: Client 2020

Based on the foregoing, the average rent of villa in the subject property is within the prevailing market rental rate of similar property in Al Khobar.

In this instance, we have adopted the following rates:



Components	Comments/Assumptions
Total Number of Villas	101
Net Annual Income	SAR 14,400,000
Operational Cost	Nil
Yield	8.75%

Operational Cost

The operational cost for the subject property is the responsibility of the Lessee.

Net Initial Yield

Based upon our experience and discussions in the market; we believe that investors would consider a net initial yield between 8% to 10% to be an acceptable range of return given the subject property is quite old although properly maintained. While said property has good accessibility thru the fronting King Saud Road, it is situated in a tertiary district where development is limited. Investors may also consider the property's existing lease term of 5 years which will expire on 2022/8/20, although there is a provision on the contract for an automatic renewal. However, rental prices of apartment and villas continue to decline, while supply of new developments enters the market. The current health pandemic has also greatly affected businesses in the Kingdom.

Given these observations, we are of the opinion that said property may not be easily sold in the foreseeable future. Hence, we have adopted an 8.75% net initial yield.

2.12.3 SUMMARY OF MARKET VALUE

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

Property Name	Net Income	OPEX	Yield	Property Value
Jazala Compound, Al Khobar	SAR 14,400,000 p.a.	Nil	8.75%	SAR 165,000,000

2.13 VALUATION**2.13.1 MARKET VALUE**

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

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

SAR 165,000,000 (One Hundred Sixty-Five Million, Saudi Arabian Riyals).



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

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

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

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

2.14 MARKET CONDITIONS SNAPSHOT

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

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

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

Prior to the global rapid spread of the virus and the announcement by the KSA authorities of an initial indefinite lockdown, the KSA real estate market was in a healthy position with many analysts predicting a strong 2020 for real estate (vision 2020) with the positive activity and investment by the government unveiling a number of reforms, including recent facilitation of the tourism visa, where citizens of 49 countries are now able to apply e-visas and holders of Schengen, UK or US visas are eligible for visas on arrival.

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



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

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

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

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

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

However, should the pandemic persist throughout 2021, we do expect adjustments later on in the year.

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

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

2.14.2 MARKET CONDITIONS PRIOR TO THE PANDEMIC & THE KSA LOCKDOWN

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

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

Despite economic headwinds, across the region, KSA has shown resilience through a period of subdued real estate market activity. The real estate sector generally follows the fortunes of the greater economy and whilst Saudi Arabia is undergoing structural reforms politically, economically and socially will transform the Kingdom towards a service economy post-oil era. These changes along with significant amounts of investment - estimated to soon be over 1 trillion US dollars will create vast amounts of opportunities for the public and private sectors across all businesses segments.

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

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

General consensus anticipates a piercing improvement in the Saudi economy in the period ahead (2021-2022), supported by both the oil and non-oil sector. So ultimately it appears the economy will still need to rely on oil revenues to bridge the gap in the



short term with a budget deficit over the past 3 years and the Kingdom borrowing from domestic and international markets along with hiking fuel and energy prices to finance the shortfall.

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

The non-oil economy is growing, but at a slow pace. Analysts are forecasting non-oil GDP to grow by 1.4% this year, compared to 1% in 2017. Even here, the non-government sector is coping relatively poorly. Analysts are forecasting non-oil private sector growth of 1.1%, this year, up from 0.7% last year. The reforms that have been pushed through to date have led to important changes aiding the economy.

The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce. Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars. A due enactment of law will encourage public-private partnerships to herald more foreign investment.

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

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

Vision 2030 to diversify the economy from reliance on oil, has only just commenced and with a young and increasingly well-educated population, together with its own sovereign wealth fund, the Kingdom has many favourable factors to become a leading service sector economy in the region. Reform efforts include a reduction of subsidies on fuel and electricity and the implementation of a 5 per cent VAT back on 01 January 2018 which increased to 15 per cent as of 01 July 2020.

The government is also striving to get women to play a greater role in the economy including allowing them to drive back in 2019. Wider reforms have been initiated by the government allowing for the entertainment industry to flourish with the opening of the first cinema in King Abdullah Financial District (KAJD) along with 4 VOX screens opening at Riyadh Park Mall.



The cinema entertainment is spurred on by Public Investment Fund (PIF) in collaboration with AMC Cinemas and led by the Development and Investment Entertainment Company (DIEC), a wholly owned subsidiary of PIF. With an objective of 30 to 40 cinemas in approximately 15 cities in Saudi Arabia over the next five years, and 50 to 100 cinemas in about 25 Saudi cities by 2030.

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

Red Sea Tourism Project

To transform 50 islands consisting of 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.

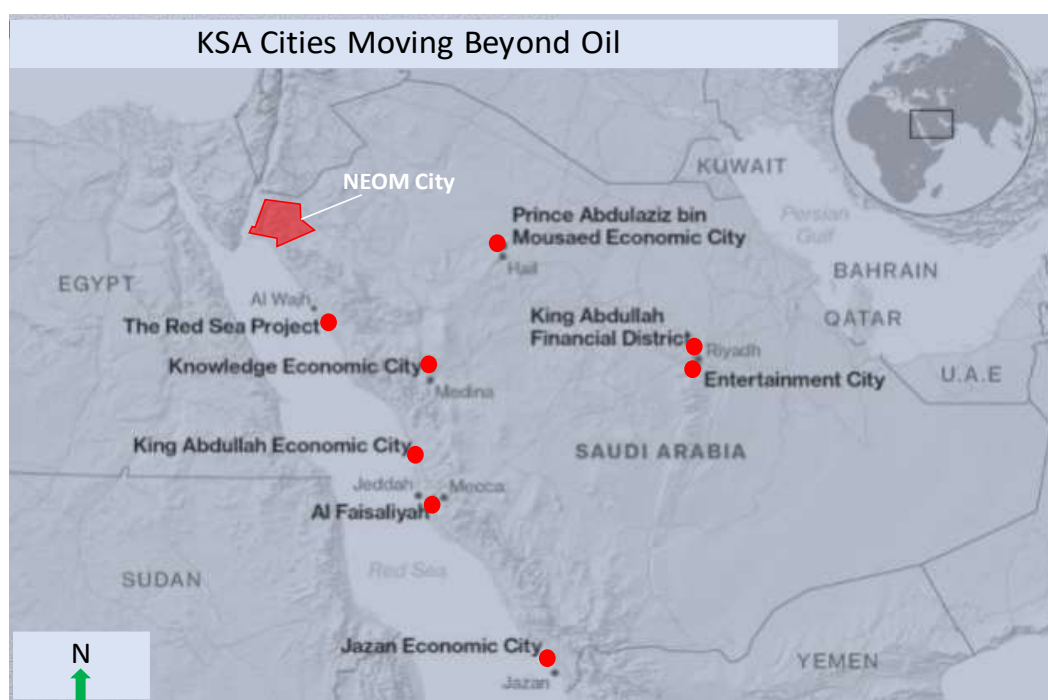
Al Faisaliyah Project

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

Qiddiya Entertainment City

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

The project will be mixed use facility with parks, adventure, sports, events and wild-life activities in addition to shopping malls, restaurants and hotels. The project will also consist around 4,000 vacation houses to be built by 2025 and up to 11,000 units by 2030. Again, for ease of reference refer to the below illustration for the location.



Neom City

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

Economic Cities

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

Real Estate Growth

Overall ValuStrat research reveals that real estate sectors have continued to decline in both sales and rental values.

We expect demand to remain stable due to fundamentals of a growing young population, reducing family size, increasing middle-class and a sizeable affluent population – all of which keeps the long-term growth potential intact.

Despite short term challenges, both investors and buyers remaining cautious, the Saudi economy has shown signs of ambition with the government unveiling a number of reforms, including full foreign ownership of retail and wholesale operations along with opening up of the Tadawul Stock Market to foreign investment as well as the reforms mentioned in the previous section referred above.

As mentioned earlier, KSA experienced positive growth by oil price rise in the first quarter of 2018; hence the main driver of the recovery remains oil. Over 2018 we envisage the Kingdom’s consumer outlook to be more favorable in economic conditions.

Moreover, tax on development land implemented in 2017 has kept the construction sector afloat, encouraging real estate developers. Adapting to a new KSA economic reality has been inevitable, although the Kingdom’s oil dynamics remain pivotal for future development within the KSA 2030 economic vision plan.

In latter part of 2017, the Public Investment Fund (PIF), Saudi Arabia’s sovereign wealth fund set up a real estate refinancing company aimed at advancing home ownership in the Kingdom, which suffers from a shortage of affordable housing. This initiative will create stability and growth in the Kingdom’s housing sector by injecting liquidity and capital into the market.

Another plan to help kick start the real estate market by boosting the contribution of real estate finance to the non-oil GDP part.



The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016).

The close ties with the construction, financing institutions and many others have provided crucial resources that contributed to the development of the Saudi economy.

The real estate market performance in 2019 and the general trend in KSA for most sectors have remained subdued given lower activity levels and prices have been under pressure across most asset classes leading to a gradual softening of rental and sale prices quarter on quarter.

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

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

All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. Since the issuing of this report the KSA lockdown for the COVID-19 health crisis was lifted on 21 June 2020 and the economy is now trying to get back to normalcy. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2021.

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

2.15 VALUATION UNCERTAINTY

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

Given the current uncertainties it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature. The current shortage of transaction, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis.

The RICS valuation standards consider it essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.

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

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

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

2.16 DISCLAIMER

In undertaking and executing this assignment, an extreme care and precaution has been exercised.

This report is based on information provided by the Client. Values will differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc.

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

2.17 CONCLUSION

This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the Client.

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

This report is issued without any prejudice and personal liability.

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



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Senior Associate, KSA

Mr. Yousuf Siddiki (Taqeem Member
No. 1210001039)
Director - Real Estate, KSA

Private & Confidential

Musharaka Capital (CJSC), Al Khobar, KSA – December 2020

APPENDIX 1 - PHOTOGRAPHS



Private & Confidential

Musharaka Capital (CJSC), Al Khobar, KSA – December 2020



Private & Confidential

Musharaka Capital (CJSC), Al Khobar, KSA – December 2020



APPENDIX 2 - COPY OF TITLE DEED

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

المملكة العربية السعودية
كتابة العدل الأولى بمحاضرة الخبر
[٢٧٧]

الرقم: ٢٣-٢٠٥-١٢٢٠٧
التاريخ: ١٤٣٨ / ١١ / ٢٤ هـ

صك

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

قاز قطعة الأرض رقم ٢٣ من المخطط رقم ٤١ / ٢ الواقع في حي قريظة بمدينة الخبر -
وحدودها وأطوالها كالتالي:

شمالاً: قطعة ٢٢ بطول: (٨٩,٧٢) تسعة وثمانون متر و ثلاثة و سبعون سنتيمتر
جنوباً: شارع عرض ٣٠ متر بطول: (١٤٠,٣) مائة و أربعون متر و ثلاثون سنتيمتر
شرقاً: قطعة ٢٥ بطول: (١٣٠) مائة و ثلاثون متر
غرباً: شارع الملك سعود عرض ٦٠ متر بطول: (١٣٩,٥٧) مائة و تسعة و ثلاثون متر و سبعة و خمسون سنتيمتر
ومساحتها: (١٥,٠٩١,٨٣) خمسة عشر ألف و أربعة و تسعون متر مربعاً و ثلاثة و ثمانون سنتيمتر مربعاً فقط مع وجود شططة
بالركن الجنوبي الغربي بقدر ٦ * ٦ متر وذلك بموجب خطاب بلدية الخبر رقم ٦٠٣٦ / ١٤٣٥ في ٢٩ / ١ / ١٤٣٥ هـ والمقيد برقم
٣٨٣٠٧٤٨٤ في ٢٩ / ١ / ١٤٣٥ هـ.

والمنسند في إفراغها على الصك الصادر من هذه الإدارة برقم ٨٣٠٢٠٨١٠٧٠٠٥ في ٢٤ / ٤ / ١٤٣٨ هـ.

قد انتقلت ملكيتها لـ شركة حفظ المشاركة العقارية بموجب سجل تجاري رقم ١٠١٠٤٨٤٨٣٤ في ١٢ / ١٠ / ١٤٣٧ هـ وتنتهي
في ١٢ / ١٠ / ١٤٤١ هـ - بشمن وقدره ٨٠٠٠٠٠٠٠ ثمانون مليون ريال وعليه جرى التصديق تحريراً في ٢٤ / ١١ / ١٤٣٨ هـ لاعتماده
: و صلى الله على نبينا محمد وآله وصحبه وسلم.

مكتب العدل
عبدالله بن محمد بن عبدالله الشهري

الختم الرسمي
وزارة العدل
كتابة العدل الأولى بمحاضرة الخبر
كتب العدل بتكليف رقم (٥٦)

هذا المنسند وحدة متطابقة، وصياح أو تكلف شطحة منه يؤدي إلى عدم صلاحية المنسند.

مصلحة مطابع الحكومة - ٩٨٢,٢٢ (هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تقليده)

مستند رقم ١
نموذج رقم (١٢-٢٠٠١٢)

بسم الله الرحمن الرحيم

الجمهورية العربية السعودية
كتابة العدل بالأمانة العامة للحبر
[٢٧٧]

صك

الرقم: ٣٣٠٢-٥-١٣٣٠-٨
التاريخ: ١٤٣٨ / ١١ / ٢٤ هـ

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

فإن قطعة الأرض رقم ٢٢ من المخطط رقم ٤١ / ٢ الواقع في حي قرطبة بمدينة الخبر -
وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ٣٠ متر بطول: (٨١,٩٦) واحد و ثمانون متر و ستة و تسعون سنتيمتر
جنوباً: قطعة رقم ٢٣ / ٢٢ بطول: (١٣٩,٧٣) مائة و تسعة و ثلاثون متر و ثلاثة و سبعون سنتيمتر
شرقاً: قطعة ٢٤ بطول: (١٣٠) مائة و ثلاثون متر
غرباً: شارع الملك سعود عرض ٦٠ متر بطول: (١٤٢,٤٦) مائة و اثنين و أربعون متر و ستة و أربعون سنتيمتر
ومساحتها: (١٤,٣٩١,٩) أربعة عشر ألفاً و ثلاثمائة و واحد و تسعون متر مربعاً و تسعون سنتيمتر مربعاً فقط ريش بلدية محافظة
الخبر برقم ٦٠٣٣ في ٢٩ / ١ / ١٤٣٥ والمقيد لدينا برقم ٣٥٣-٧٣٦٦ في ٢٩ / ١ / ١٤٣٥ هـ
والمستند في إفراغها على الصك الصاصر من هذه الإدارة برقم ٩٣٠٢٠٧٠٠٥١٤٨ في ٢٢ / ٨ / ١٤٣٨ هـ
قد انتقلت ملكيتها لـ: شركة حفظ المشاركة العقارية بموجب سجل تجاري رقم ١٠١٠٤٨١٨٣٤ في ١٢ / ١٠ / ١٤٣٧ هـ ونشتم
في ١٢ / ١٠ / ١٤٤١ هـ، بثمن وقدره ٨٠٠٠٠٠٠٠ ثمانون مليون ريال وعليه جرى التصديق تعبيراً في ٢٤ / ١١ / ١٤٣٨ هـ لاعتماده
، وصلى الله على نبينا محمد وآله وصحبه وسلم.

الختم الرسمي

مكتب العدل
عبدالله بن محمد بن عبدالله الشهري

مصلحة مبيعات الحكومة - ٢٨٢٠٢٢
(هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تقليده)
نموذج رقم (١٢-٢٠٠١٢)

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Valuation Report

PEARL RESIDENTIAL COMPOUND, AL KHOBAR, KSA

MUSHARAKA CAPITAL

REPORT ISSUED 31 JANUARY 2021

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1 EXECUTIVE SUMMARY

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

1.1 THE CLIENT

Musharaka Capital (CJSC)
P.O. Box 712, Al Khobar 31952
Kingdom of Saudi Arabia

1.2 THE PURPOSE OF VALUATION

The valuation is required for Public Listing Offering (REIT) for the Saudi Market Purpose and submission to Capital Market Authority (CMA).

1.3 INTEREST TO BE VALUED

The below-mentioned property is the scope of this valuation exercise:

Description	Property Details
Property Name	Pearl Residential Compound
Land Area (sq. m.)	22,500
Total Built-Up Area (sq. m.)	39,909
No. of Apartment Units	233
Owner	Hifth Al Musharaka Real Estate Co.
Location	Qurtoba District, Al Khobar, KSA
GPS Coordinates	26°20'47.95"N, 50°11'23.75"E
Interest	Freehold

Source: Client 2020

1.4 VALUATION APPROACH

Income Capitalization approach to valuation.

1.5 DATE OF VALUATION

Unless stated to the contrary, our valuations have been assessed as at the date of our report based on our inspection of the subject property on 26 December 2020.

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



1.6 OPINION OF VALUE

Property Name	Net Income	OPEX	Yield	Property Value
Pearl Residential Compound, Al Khobar	SAR 32,045,000 p.a.	Nil	8.75%	SAR 366,000,000

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

1.7 SALIENT POINTS (GENERAL COMMENTS)

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

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

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

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

We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, 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 area provided by the Client.

In the event that the area of the property 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 property 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 property.

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

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

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

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

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

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

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

2 VALUATION REPORT

2.1 INTRODUCTION

Thank you for the instruction regarding the subject valuation services.

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

2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

Description	Property Details
Property Name	Pearl Residential Compound
Land Area (sq. m.)	22,500
Total Built-Up Area (sq. m.)	39,909
No. of Apartment Units	233
Owner	Hifth Al Musharaka Real Estate Co.
Location	Qurtoba District, Al Khobar, KSA
GPS Coordinates	26°20'47.95"N, 50°11'23.75"E
Interest	Freehold

Source: Client 2020

2.3 PURPOSE OF VALUATION

The valuation is required for Public Listing Offering (REIT) for the Saudi Market Purpose and submission to the Capital Market Authority (CMA).

2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Taaqem Regulations (Saudi Authority for Accredited Valuers) and the International Valuation Standards Council (IVSCs') incorporating International Valuations Standards (IVS).

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



2.5 BASIS OF VALUATION

2.5.1 MARKET VALUE

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

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

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

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

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

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

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

"and a willing seller" is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for



the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

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

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

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

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

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



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

2.5.2 VALUER(S)

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

We further confirm that either the Valuer or ValuStrat have no previous material connection or involvement with the subject of the valuation assignment.

2.5.3 STATUS OF VALUER

Status of Valuer	Survey Date	Valuation Date
External Valuer	26 December 2020	26 December 2020

2.6 EXTENT OF INVESTIGATION

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

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

Our internal inspection was limited to the visual assessment of the subject property's overall area including its facilities and amenities.

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

2.7 SOURCES OF INFORMATION

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



2.7.1 VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:

The subject property is valued under the assumption of property held on a *Private interest* with the benefit of trading potential of existing operational entity in possession;

Written information provided to us by the Client is up to date, complete and correct in relation to issues such as title, tenure, details of the operating entity, and other relevant matters that are set out in the report;

That no contaminative or potentially contaminative use has ever been carried out on the site;

We assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoings, restrictions or other encumbrances. Information regarding tenure and tenancy must be checked by your legal advisors;

This subject is a valuation report and not a structural/building survey, and hence a building and structural survey is outside the scope of the subject assignment.

We have not carried out any structural survey, nor have we tested any services, checked fittings or any parts of the structures which are covered, exposed or inaccessible, and, therefore, such parts are assumed to be in good repair and condition and the services are assumed to be in full working order;

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

For the purpose of this valuation, we have assumed that such investigations would not disclose the presence of any such material to any significant extent;

That, unless we have been informed otherwise, the property complies with all relevant statutory requirements (including, but not limited to, those of Fire Regulations, By-Laws, Health and Safety at work);

We have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building. We would recommend that the client makes their own enquiries in this regard; and,

The market value conclusion arrived at for the 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.

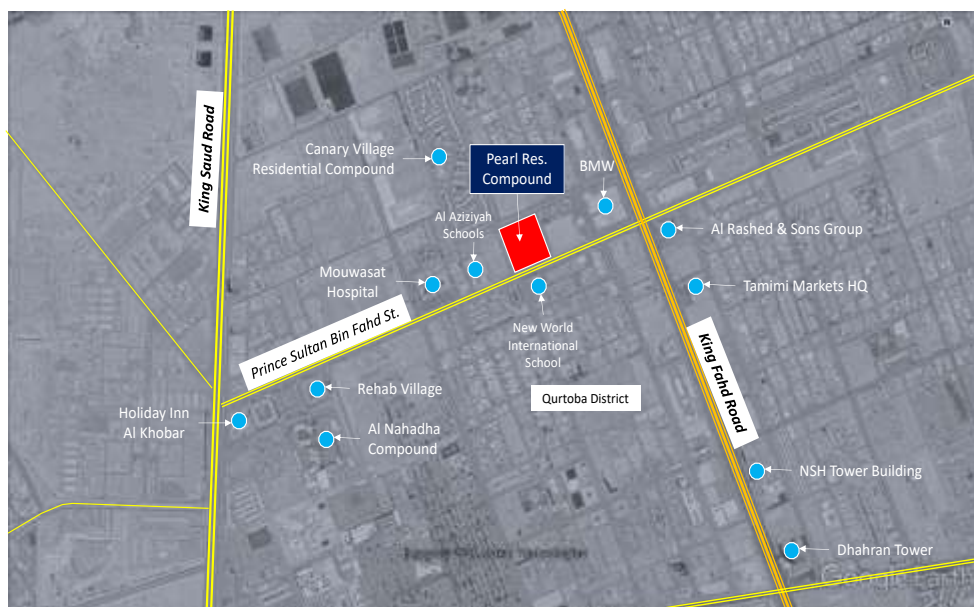
No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorised.

2.9 DETAILS AND GENERAL DESCRIPTION

2.9.1 LOCATION OF THE PROPERTY

The subject property is a residential compound located along the northwest side of Prince Sultan Bin Fahd Street within Qurtoba District, Al Khobar, Kingdom of Saudi Arabia. It is situated directly across New World International School, about 550 meters northwest of Tamimi Markets and approximately 300 meters & 1.2 kilometers northeast of Mouwasat Hospital & Hilton Inn Al Khobar, respectively.

The illustration below shows the exact location of the subject property and its immediate neighborhood & environs.



Source: Google Extract 2020 - For Illustrative Purposes Only

Additionally, the said property is also situated about 3.8 kilometers southeast of Chamber of Commerce building and approximately 4 kilometers west of Arabian Gulf. It is situated in a mixed commercial and residential development.

It is well accessible thru the fronting Prince Sultan Bin Fahd Road and the nearby King Fahd Road and King Saud Road.

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For ease of reference, refer to the illustration below.



Source: Google Extract 2020 - For Illustrative Purposes Only

2.9.2 BRIEF DESCRIPTION OF THE PROPERTY



Pearl Residential Compound consist of 233-units, 1 to 3 bedrooms residential apartment. They are situated in a typically designed 5-storey, reinforced concrete building with painted exterior and interior walls, acoustic tiles and painted ceiling, porcelain tiles and laminated flooring, and glass on aluminum frame windows. The buildings are equipped with firefighting system, CCTV security cameras and air-conditioning system. Compound facilities includes a shaded car parking area, multi-purpose hall, green & shaded area, indoor & outdoor swimming pools, fitness gym, sauna/steam bath/jacuzzi (for men & women), multi-sport court, mini market, kindergarten, kids play area, prayer room, first aid room, barber shop and café. Land development consist of asphalt & concrete paved driveway & parking, lighting system, concrete perimeter fence and entrance guardhouse with 24/7 security. Based on document provided to us, the aforesaid residential compound was reportedly constructed circa 1433. It has a total built-up area of 39,909 square meters as per details below.

Floor Level	Total BUA (sqm)	Use
Ground Floor	3,868	Parking/Services
Ground Floor	9,971	Residential
Total First Floor	10,450	Residential
Total Second Floor	10,450	Residential
Total Third Floor	5,170	Residential
Total BUA (sqm)	39,909	

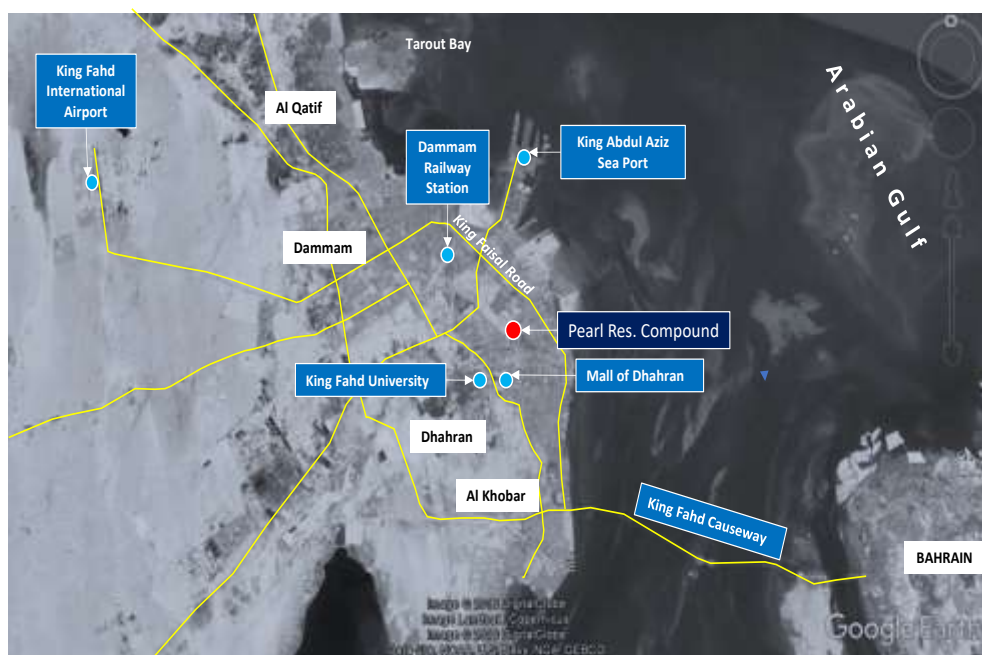
Source: Client 2020.

2.9.1.1 ACCESSIBILITY & PROXIMITY TO MAJOR DEVELOPMENTS

The subject property is situated in an area generally for mixed-use development consisting of residential compounds, educational institutions, commercial establishments, hotels, etc. It is well accessible via the fronting Prince Sultan Bin Fahd Road and the nearby King Saud and King Fahd Roads, considered main thoroughfares in the Eastern Region, connecting to prominent landmarks and common destinations such as the Corniche Area/Arabian Gulf, King Fahd University for Petroleum & Minerals, Mall of Dhahran, King Fahd International Airport, King Abdul Aziz Seaport and King Fahd Causeway, the main gateway to the Kingdom of Bahrain. The table & the illustration below shows the approximate distance of the subject property to some major landmarks & developments in the Eastern Province.



Landmarks	Approx. distance from subject property (km.)
Corniche Area/Arabian Gulf	4.0
Mall of Dhahran	4.8
King Fahd University	6.0
Dammam Railway Station	9.5
King Fahd Causeway	14.3
King Abdul Aziz Seaport	15.5
King Fahd International Airport	41.3



Source: Google Extract 2020 - For Illustrative Purposes Only.

Some of the major developments at improving the infrastructure and accessibility which will benefit the Eastern Region are as follows:

- An integrated public transport system for Dammam which includes a 50 km. of light rail, 110 km. of bus rapid transit and 350 km. of feeder buses to link the outskirts of the city.

The light rail system will have two lines. The first line will link Tarout Island with King Fahd Causeway via Qatif, Dammam and Dhahran. The second line will connect King Fahd Road in Dammam to the King Fahd International Airport.



- A 449-km. passenger line from Dammam to Riyadh via Hofuf and Abqaiq as well as a 556-km. cargo line starting at King Abdul Aziz seaport in Dammam and ending in a dry port in Riyadh were also planned for development.



- Approved by Council of Ministers on May 19, 2014.
- EP Municipality detailed the Dammam public transport project (metro and bus) on May 21, 2014.
- Alignment studies will be completed in 18 months.
- Involves two main metro lines from Qatif-Dhahran & KFIA-Dammam Station at 86km & 54 stations.
- The project will be implemented over seven years & completed by 2021.
- Estimated value US\$16.0bn.

2.10 ENVIRONMENT MATTERS

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

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

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

Details	
Area	Based on the document supplied by the client, the total land area of the property is 22,500 square meters with a total built-up area (BUA) of 39,909 square meters.
Topography	Generally, the property is regular in shape and on level terrain
Drainage	Assumed available and connected.
Flooding	ValuStrat's verbal inquiries with local authorities were unable to confirm whether flooding is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not flood prone. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known flooding in this area.
Landslip	ValuStrat's verbal inquiries with local authorities were unable to confirm whether land slip is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not within a landslip designated area. A formal written submission will be required for any further investigation which is outside of this report's scope of work.

2.10.1 TOWN PLANNING

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

In the absence of any information to the contrary, it is assumed that the existing use is lawful, has valid planning consent and the planning consent is not personal to the existing occupiers and there are no particular onerous or adverse conditions which would affect our valuation.

In arriving at our valuation, it has been assumed that each and every building enjoys permanent planning consent for their existing use or enjoys, or would be entitled to enjoy, the benefit of a "Lawful Development" Certificate under the Town & Country Planning Acts, or where it is reasonable to make such an assumption with continuing user rights for their existing use purposes, subject to specific comments.

We are not aware of any potential development or change of use of the property or properties in the locality which would materially affect our valuation. For the purpose of this valuation, we have assumed that all necessary consents have been obtained for the subject property referred within this report. Should this not be the case, we reserve the right to amend our valuation and report.

2.10.2 SERVICES

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

2.11 TENURE/TITLE

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



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

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

The subject property is registered under the below-mentioned title deed (refer to scanned copy in appendix-2) which we assumed on freehold basis. Should this not be the case we reserve the right to amend our valuation and this report.

Description	Property Details
Property Name	Pearl Residential Compound
Layout No.	2/38
Title Deed No.	430205013306
Title Deed Date	1438/11/24
Total Land Area (sq. m.)	22,500
Landowner	Hifth Al Musharaka Real Estate Co.
Location	Qurtoba District, Al Khobar, KSA
Interest	Freehold

Source: Client 2020.

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

2.11.1 OCCUPATIONAL LEASES

We were provided a section of the lease contract agreement for the subject property with the following salient details below:

1. A lease contract agreement was entered between Musharaka Financial Co. (1st Party) and Gulf Address for Real Estate Investment Co. (2nd Party) on 1438/11/22.
2. The contract is for the lease of a residential compound consisting of 233 apartment units situated at Qurtoba District, Al Khobar.
3. The lease amount is SAR 32,045,000 per annum.
4. The duration of the lease is for a period of 5 years starting on 2017/8/21 and ending on 2022/8/20, with a provision for automatic renewal.

We have assumed the above information are accurate and updated. We have likewise assumed that there are no onerous provisions in the lease contract that will adversely affect the occupational tenant. Should this not be the case, we reserve the right to amend our valuation and this report.



2.12 METHODOLOGY & APPROACH

In determining our opinion of Market Value for the freehold interest in the subject property, we have utilized the Income Capitalization approach to valuation.

2.12.1 INCOME CAPITALIZATION APPROACH

The subject property falls into a broad category of investment property with the prime value determinant being the properties ability to generate rentals and rental growth through the ongoing letting and reasonable maintenance.

In determining our opinion of Market Value of the subject property we have utilized the Investment Approach utilizing an Income Capitalization Approach to Valuation.

Income producing real estate is typically purchased as an investment essentially exchanging present money for the right to receive future income. The indication of value using the income capitalization approach requires consideration of market-oriented assumptions and data.

This method requires a market derived projection of economic annual net operating income (NOI) for a subject property based on the current and expected lease or other arrangements and occupant profile.

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

2.12.2 MARKET RENTS, VALUATION ASSUMPTIONS & COMMENTARY

Market conditions in the Saudi Arabia remains subdued and further uncertainty was caused by the recent global health pandemic COVID-19. However, we expect the subject property referred in this report to remain stable in the foreseeable future subject to ongoing maintenance, upkeep of the property and to provide yield stability with the real estate sector generally follows the fortunes of the greater economy.

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

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

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

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Sales or rental evidence for similar properties within KSA are not readily available or transparent due to the nature of the property market within the Kingdom of Saudi Arabia. Much if not all of the evidence is anecdotal, and this limitation may place on the non-reliability of such information and impact on values reported.

Accordingly, the valuation has been prepared in accordance with normal practice taking into account our usual research and enquiries and our discussions with leading local commercial agents. We have analysed existing market commentaries and data in determining our opinion as to the applicable values. Information has also been sought from internal records and internet-based property intelligence sites.

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

In forming our opinion of Market Rent for the subject properties, we have looked at the following rental rates for some residential apartments within Al Khobar, KSA.

Rental Rates of some Apartments within Compounds in Al Khobar					
S#	Name of Compound	District	Area (m ²)	Details	Rent/Yr. (SAR)
1	Saraya Al Olaya Residential Tower	Al Olaya	235	3-Bedroom	100,000
			265	3-Bedroom	105,000
2	Ar Rawabi Pearl Complex	Ar Rawabi	180	3-Bedroom	72,500
			105-140	2-Bedroom	60,000-70,000
			75	1-Bedroom	50,000
3	Saraya Al Rawabi Complex	Ar Rawabi	202	3-Bedroom	59,000
4	Al Rashid Residence Towers	Al Olaya	242	4-Bedroom	175,000
			166	3-Bedroom	140,000
			134.5	2-Bedroom	95,000
			62	1-Bedroom	70,000
5	Desert Rose Compound	Al Rakah Al Janubiyah	140	3-Bedroom	45,000
			115	2-Bedroom	40,000
6	Black Pearl Residential	Aziziyah	107	2-Bedroom	65,000
7	Daar Residence Compound	Al Jawhara	80	1-Bedroom	45,000

As shown above, the prevailing market rent of residential apartments within a compound in Al Khobar ranges from SAR 40,000 – SAR 175,000 per year, dependent upon the number of bedroom, location, size, age of the apartment buildings and facilities & amenities within the compound.

Accordingly, the client has provided us some details of the lease contract for the subject property as follows:

Property Name	Annual Rent (SAR)	No. of Villas	Average Rent (SAR)
Pearl Residential Compound, Al Khobar	32,045,000 p.a.	233	137,532 per apart.

Source: Client 2020



Based on the foregoing, the actual average rent of apartment in the subject property is within the prevailing market rental rate of similar property in Al Khobar.

In this instance, we have adopted the following rates:

Components	Comments/Assumptions
Total Number of Apartment	233
Net Annual Income	SAR 32,045,000 per annum
Operational Cost	nil
Yield	8.75%

Operational Cost

The operational cost for the subject property is the responsibility of the Lessee.

Net Initial Yield

Based upon our experience and discussions in the market; we believe that investors would consider a net initial yield between 8% to 10% to be an acceptable range of return given the subject property is relatively new although situated in a tertiary district where development is limited.

Investors may also consider the property's existing lease term of 5 years which is due to expire on 2022/8/20, although there is a provision on the contract for an automatic renewal.

However, rental prices of apartment and villas continue to decline, while supply of new developments enters the market. The current health pandemic has also greatly affected businesses in the Kingdom.

Given these observations, we are of the opinion that said property may not be easily sold in the foreseeable future. Hence, we have adopted an 8.75% net initial yield.

2.12.3 SUMMARY OF VALUE

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

Property Name	Net Income	OPEX	Yield	Property Value
Pearl Residential Compound, Al Khobar	SAR 32,045,000 p.a.	Nil	8.75%	SAR 366,000,000



2.13 VALUATION

2.13.1 MARKET VALUE

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

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

SAR 366,000,000 (Three Hundred Sixty-Six Million, Saudi Arabian Riyals).

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

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

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

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

2.14 MARKET CONDITIONS SNAPSHOT

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

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

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

Prior to the global rapid spread of the virus and the announcement by the KSA authorities of an initial indefinite lockdown, the KSA real estate market was in a healthy position with many analysts predicting a strong 2020 for real estate (vision 2020) with the positive activity and investment by the government unveiling a number of reforms, including recent facilitation of the tourism visa, where citizens of 49 countries are now able to apply e-visas and holders of Schengen, UK or US visas are eligible for visas on arrival.

Also the government has now allowed the full foreign ownership of retail and wholesale operations along with previously opening up of the Tadawul Stock Market



to foreign investment supported by current energy reforms, cutting subsidies, creating jobs, privatising state-controlled assets and increasing private sector contribution to the country's economy, etc.

With all the opportunities throughout the Kingdom and the creation of the Giga projects, there was an ambitious resilience which was suddenly shutdown overnight due to the initial lockdown period. Presently the whole of the KSA is on a partial lockdown previously 24-hour lockdown given that Coronavirus cases have passed 132,000 (one hundred thirty-two thousand). With all the current uncertainty, market stagnation and short-term challenges whereby force majeure (as a result of the pandemic's cause beyond anyone's reasonable control) has created inactivity in the real estate market with the market currently at a standstill.

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

The current global crushing of liquidity in economies will have impact on markets and real estate market and this maybe the case with many economies across the globe; however, the KSA market has shown resilience in previous years through a period of downward trend (2016-18), a correction allowing for the market to bottom out with 2019 experiencing growth in the first quarter and subdued market conditions throughout 2019.

The latter part of Q4 – 2019 saw positive growth with strong investor appetite, though the market lacking good quality stock. Now with the Saudi government confirming a stimulus package of SAR 120 billion, we understand the market will bounce back with investors underlying strong appetite. This will delay any evidence in the short term of declining prices and with the government stimulus will assist any short-term losses on transactions, private and public funds, although will need to be sustained in the short-term.

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

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

Accordingly, we expect the KSA market to surge in business once the lockdown is lifted allowing for markets to start flourishing towards long term sustainability in social trends and patterns along with socio-economic distancing in a growing cycle. On the

other hand, should the global economic impact of the Coronavirus pandemic (COVID-19) outbreak depends on how long the virus lasts, how far it spreads and how much lock-down, public organizations quarantines disrupt the market.

Indeed, the current response to COVID-19 means that we are faced with unprecedented set of circumstances on which to base judgement(s). There is strong evidence that real estate markets spring back to strong activity and growth fairly quickly. Equally, the short-term generally speaking we do not expect the current real estate market to show very small adjustment in prices/rates if any due to non-activity or a market standstill especially prior market was on an upward trend. The KSA real estate market is a developing market with much invested by the government in infrastructure projects, so we expect the government's latest stimulus to preserve liquidity and for demand to hold having limited / no bearing on prices / rates. However, should the pandemic persist throughout 2021, we do expect adjustments later on in the year.

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

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

2.14.2 MARKET CONDITIONS PRIOR TO THE PANDEMIC & THE KSA LOCKDOWN

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

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

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

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



The KSA economy in the first quarter of 2018 has relied on the current oil price rise to pull it out of recession; however, the previous 18-24 months, KSA faced a protracted spell of economic stress, much of which can be attributed to the falling oil prices coupled with regional political issues. Oil prices are starting to surge again around 80 dollars a barrel currently from under 30 dollars a barrel in early in 2016 which resulted in a crash in prices and the economy dipped into negative territory in 2017 for the first time since 2009, a year after the global financial crisis.

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

The economy slipped into recession in 2018 but returned to growth this year 2019, albeit at the fairly modest level of 1.7%, according to estimates from the International Monetary Fund (IMF). However, the return to growth is mainly due to a return to increase in oil prices again and output which, in turn, is enabling an increase in government spending. Accordingly, in the short term needs to rely on the oil revenue and this reliance is being channelled into public spending. The non-oil economy is growing, but at a slow place. Analysts are forecasting non-oil GDP to grow by 1.4% this year, compared to 1% in 2017. Even here, the non-government sector is coping relatively poorly. Analysts are forecasting non-oil private sector growth of 1.1%, this year, up from 0.7% last year. The reforms that have been pushed through to date have led to important changes aiding the economy.

The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce. Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars. A due enactment of law will encourage public-private partnerships to herald more foreign investment. The economic transformation that the KSA has embarked upon is complex and multidimensional and will certainly take time to turn around a non-oil serviced economy, although there have been recent positive signs, but it will remain in the short term with the support of oil revenues.

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

Vision 2030 to diversify the economy from reliance on oil, has only just commenced and with a young and increasingly well-educated population, together with its own



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

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

Red Sea Tourism Project

To transform 50 islands consisting of 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.

Al Faisaliyah Project

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

Qiddiya Entertainment City

Qiddiya Entertainment City will be a key project within the Kingdom's entertainment sector located 40 kilometres away from the center of Riyadh. Currently alleged for "The First Six Flags-branded theme park". The 334 square kilometre entertainment city will include a Safari park too. The project will be mixed use facility with parks, adventure, sports, events and wild-life activities in addition to shopping malls, restaurants and hotels. The project will also consist around 4,000 vacation houses to be built by 2025 and up to 11,000 units by 2030.

Neom City

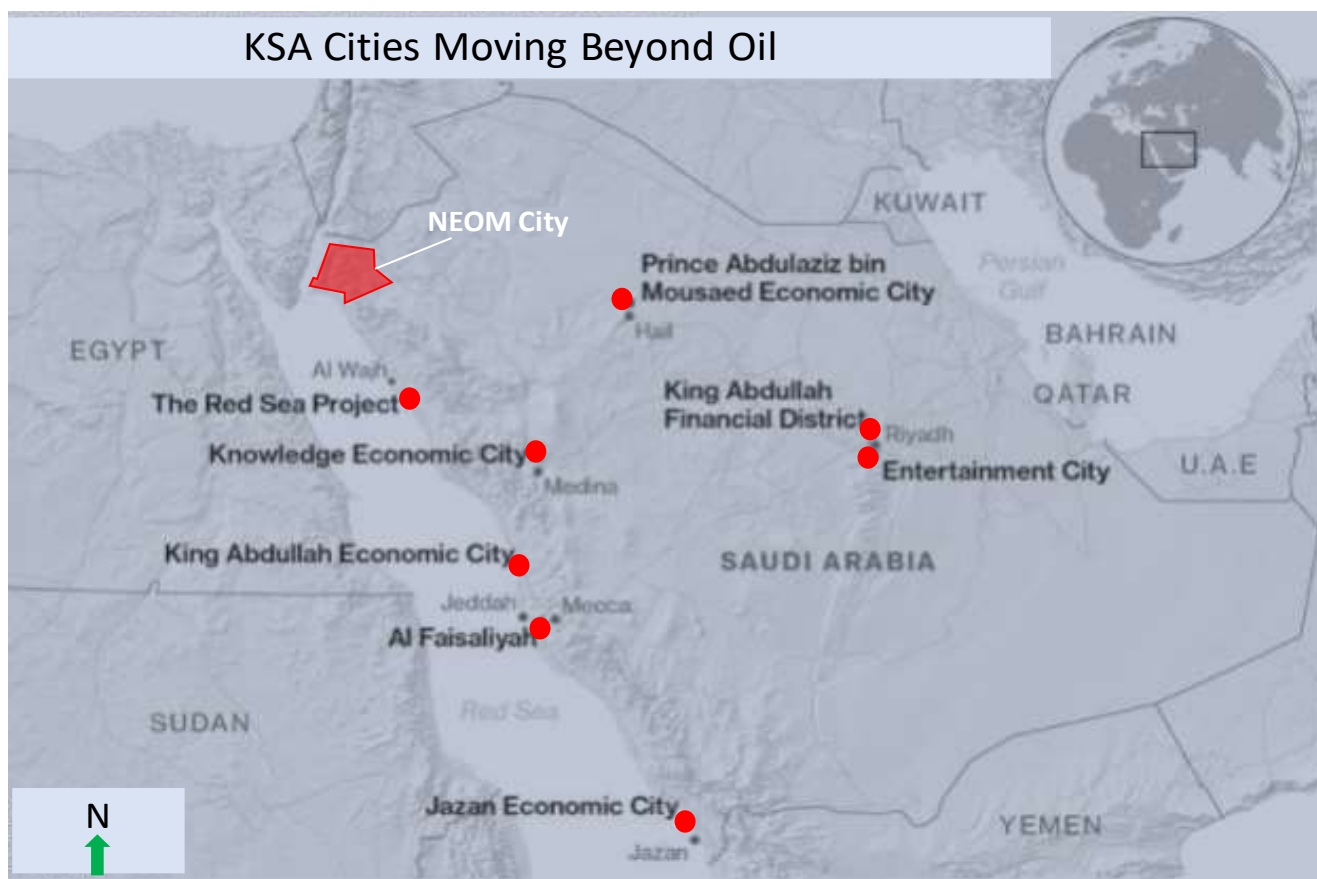
The NEOM city project will operate independently from the "existing governmental framework" backed by Saudi government along with local and international investors. The project will be part of a 'new generation of cities' powered by clean energy. The ambitious plan includes a bridge spanning the Red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



Economic Cities

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

For ease of reference refer to the below illustration for the location.



Real Estate Growth

Overall ValuStrat research reveals that real estate sectors have continued to decline in both sales and rental values. We expect demand to remain stable due to fundamentals of a growing young population, reducing family size, increasing middle-class and a sizeable affluent population – all of which keeps the long-term growth potential intact. Despite short term challenges, both investors and buyers remaining cautious, the Saudi economy has shown signs of ambition with the government unveiling a number of reforms, including full foreign ownership of retail and wholesale operations along with opening up of the Tadawul Stock Market to foreign investment as well as the reforms mentioned in the previous section referred above. As mentioned earlier, KSA experienced positive growth by oil price rise in the first quarter of 2018; hence the main driver of the recovery remains oil. Over 2018 we envisage the Kingdom's consumer outlook to be more favorable in economic conditions. Moreover, tax on development land implemented in 2017 has kept the

construction sector afloat, encouraging real estate developers. Adapting to a new KSA economic reality has been inevitable, although the Kingdom's oil dynamics remain pivotal for future development within the KSA 2030 economic vision plan.

In latter part of 2017, the Public Investment Fund (PIF), Saudi Arabia's sovereign wealth fund set up a real estate refinancing company aimed at advancing home ownership in the Kingdom, which suffers from a shortage of affordable housing. This initiative will create stability and growth in the Kingdom's housing sector by injecting liquidity and capital into the market. Another plan to help kick start the real estate market by boosting the contribution of real estate finance to the non-oil GDP part. The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016). The close ties with the construction, financing institutions and many others have provided crucial resources that contributed to the development of the Saudi economy. The real estate market performance in 2018 and the general trend in KSA for most sectors have remained subdued given lower activity levels and prices have been under pressure across most asset classes leading to a gradual softening of rental and sale prices quarter on quarter. The real estate sector remains subdued and prices may have bottomed out across sectors and we expect in the medium to long term for the market to pick-up further growth given the reforms and transformation in KSA, although we expect the growth to be slow and steady subject to a stable political environment in KSA and across the region.

The outlook remains optimistic for the longer term due to the various KSA initiatives aimed at stimulating the real estate market whilst encouraging the private sector to play a key role in the transformation. All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. Since the issuing of this report the KSA lockdown for the COVID-19 health crisis was lifted on 21 June 2020 and the economy is now trying to get back to normalcy. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2021.

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

2.15 VALUATION UNCERTAINTY

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



valuations. Given the current uncertainties it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature. The current shortage of transaction, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis. The RICS valuation standards consider it essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.

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

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

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

2.16 DISCLAIMER

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

2.17 CONCLUSION

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

This report is issued without any prejudice and personal liability.

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



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Musharaka Capital (CJSC), Al Khobar, KSA - Dec 2020

APPENDIX 1 - PHOTOGRAPHS



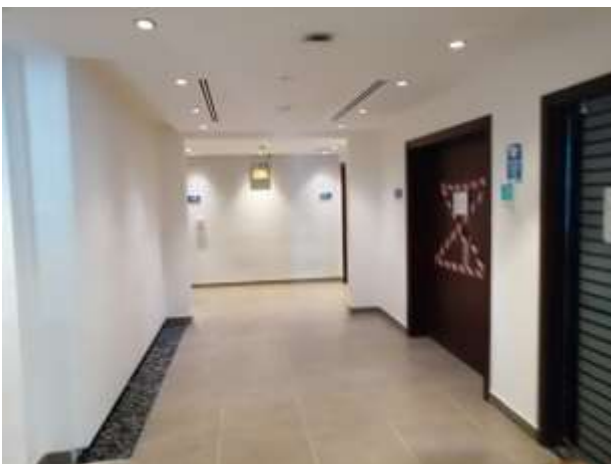
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Musharaka Capital (CJSC), Al Khobar, KSA - Dec 2020





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Valuation Report

SEA SHORE COMPOUND, AL KHOBAR, KSA

MUSHARAKA CAPITAL

REPORT ISSUED 31 JANUARY 2021

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APPENDIX 1 – PHOTOGRAPHS

APPENDIX 2 – COPY OF TITLE DEED



1 EXECUTIVE SUMMARY

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

1.1 THE CLIENT

Musharaka Capital (CJSC)
P.O. Box 712, Al Khobar 31952
Kingdom of Saudi Arabia

1.2 THE PURPOSE OF VALUATION

The valuation is required for Public Listing Offering (REIT) for the Saudi Market Purpose and submission to Capital Market Authority (CMA).

1.3 INTEREST TO BE VALUED

The below-mentioned property is the scope of this valuation exercise.

Description	Property Details
Property Name	Sea Shore Compound
Land Area (sq. m.)	38,103
Total Built-Up Area (sq. m.)	24,233.13
No. of Residential Units	112
Owner	Hifth Al Musharaka Real Estate Co.
Location	Al Tahliyah District, Al Khobar, KSA
GPS Coordinates	26° 9'59.34"N, 50°11'46.04"E
Interest	Freehold

Source: Client 2020

1.4 VALUATION APPROACH

Income Capitalization approach to valuation.

1.5 DATE OF VALUATION

Unless stated to the contrary, our valuations have been assessed as at the date of our report based on our inspection of the subject property on 26 December 2020.

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



1.6 OPINION OF VALUE

Property Name	Net Income	OPEX	Yield	Property Value
Sea Shore Compound, Al Khobar	SAR 13,050,000 p.a.	Nil	9%	SAR 145,000,000

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

1.7 SALIENT POINTS (GENERAL COMMENTS)

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

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

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

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

We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, 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 area provided by the Client.



In the event that the area of the property 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 property 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 property.

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

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

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

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

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

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

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

2 VALUATION REPORT

2.1 INTRODUCTION

Thank you for the instruction regarding the subject valuation services.

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

2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

Description	Property Details
Property Name	Sea Shore Compound
Land Area (sq. m.)	38,103
Total Built-Up Area (sq. m.)	24,233.13
No. of Residential Units	112
Owner	Hifth Al Musharaka Real Estate Co.
Location	Al Tahliyah District, Al Khobar, KSA
GPS Coordinates	26° 9'59.34"N, 50°11'46.04"E
Interest	Freehold

Source: Client 2020

2.3 PURPOSE OF VALUATION

The valuation is required for Public Listing Offering (REIT) for the Saudi Market Purpose and submission to Capital Market Authority (CMA).

2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Taaqem Regulations (Saudi Authority for Accredited Valuers) and the International Valuation Standards Council (IVSCs') incorporating International Valuations Standards (IVS).

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



2.5 BASIS OF VALUATION

2.5.1 MARKET VALUE

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

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

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

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

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

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

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

“and a willing seller” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for



the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

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

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

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

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

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

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

2.5.2 VALUER(S)

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

We further confirm that either the Valuer or ValuStrat have no previous material connection or involvement with the subject of the valuation assignment.

2.5.3 STATUS OF VALUER

Status of Valuer	Survey Date	Valuation Date
External Valuer	26 December 2020	26 December 2020

2.6 EXTENT OF INVESTIGATION

In accordance with instructions received we have carried out an external and internal inspection of the property. The subject of this valuation assignment is to produce a valuation report and not a structural / building or building services survey, and hence structural survey and detailed investigation of the services are outside the scope of this assignment. We have not carried out any structural survey, nor tested any services, checked fittings of any parts of the property.

Our internal inspection was limited to the visual assessment of the subject property's overall area including its facilities and amenities.

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

2.7 SOURCES OF INFORMATION

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

2.7.1 VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:



The subject property is valued under the assumption of property held on a *Private interest* with the benefit of trading potential of existing operational entity in possession;

Written information provided to us by the Client is up to date, complete and correct in relation to issues such as title, tenure, details of the operating entity, and other relevant matters that are set out in the report;

That no contaminative or potentially contaminative use has ever been carried out on the site;

We assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoings, restrictions or other encumbrances. Information regarding tenure and tenancy must be checked by your legal advisors;

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

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that such investigations would not disclose the presence of any such material to any significant extent;

That, unless we have been informed otherwise, the property complies with all relevant statutory requirements (including, but not limited to, those of Fire Regulations, By-Laws, Health and Safety at work);

We have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building. We would recommend that the client makes their own enquiries in this regard; and,

The market value conclusion arrived at for the 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 DETAILS AND GENERAL DESCRIPTION

2.9.1 LOCATION OF THE PROPERTY

The subject property is located within Al Tahliyah District, Al Khobar, Kingdom of Saudi Arabia.

It is situated close to Sunrise Beach Garden Compound, about 450 meters northwest of Arabian Gulf beach shores and approximately 850 meters northeast of Sunrise Beach Resort Marina & Spa.

The illustration below shows the location of the subject property and its immediate neighbourhood.



Source: Google Extract 2020 - For Illustrative Purposes Only

Moreover, the aforesaid property is located about 6 kilometers southwest of King Fahd Causeway, the bridge linking to the Kingdom of Bahrain; and approximately 14 kilometers northeast of Half Moon Bay where notable beach and resort developments continues to prosper.

The property is situated in an area where development consist of residential compounds, private resort and hospitality.

Accessibility is provided by the nearby King Fahd Road, connecting the district northward to the city center. For ease of reference, refer to the illustration below.

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Source: Google Extract 2020 - For Illustrative Purposes Only

2.9.2 BRIEF DESCRIPTION OF THE PROPERTY



Sea Shore compound consist of 112 residential units classified into 76-units, 3-bedroom villas with an area of 201 square meters and 36-units, 1-bedroom apartments with an area of 45 square meters. The residential buildings are typically two-storey built of reinforced concrete structures.

Architectural building finishes includes painted and marble stone finished exterior walls, painted interior wall and ceiling, marble/granite files flooring, glass on aluminum frame windows and wooden doors. The buildings are equipped with firefighting system and air-conditioning system. They are relatively new construction and well maintained.



Compound facilities consist of asphalt paved driveways, painted concrete curb & gutter, concrete interlock pavers sidewalk, street lightings, centralized water system, underground drainage, concrete perimeter wall, main entrance guardhouse with 24/7 security and CCTV security cameras. Amenities includes swimming pool, multipurpose court, health club & spa, fitness gym, mini market, movie theater, parks, etc. Based on document provided to us, the aforesaid residential compound was reportedly constructed circa 1438. It has a total built-up area of 24,233.13 square meters as per details below:

Floor Level	Total BUA (sqm)	Use
Total Basement	1,109.10	Water Tank/Club
Total Ground Floor	11,699.68	Residential/Parking/Services
Total First Floor	11,424.35	Residential
Total BUA (sqm)	24,233.13	

Source: Client 2020.

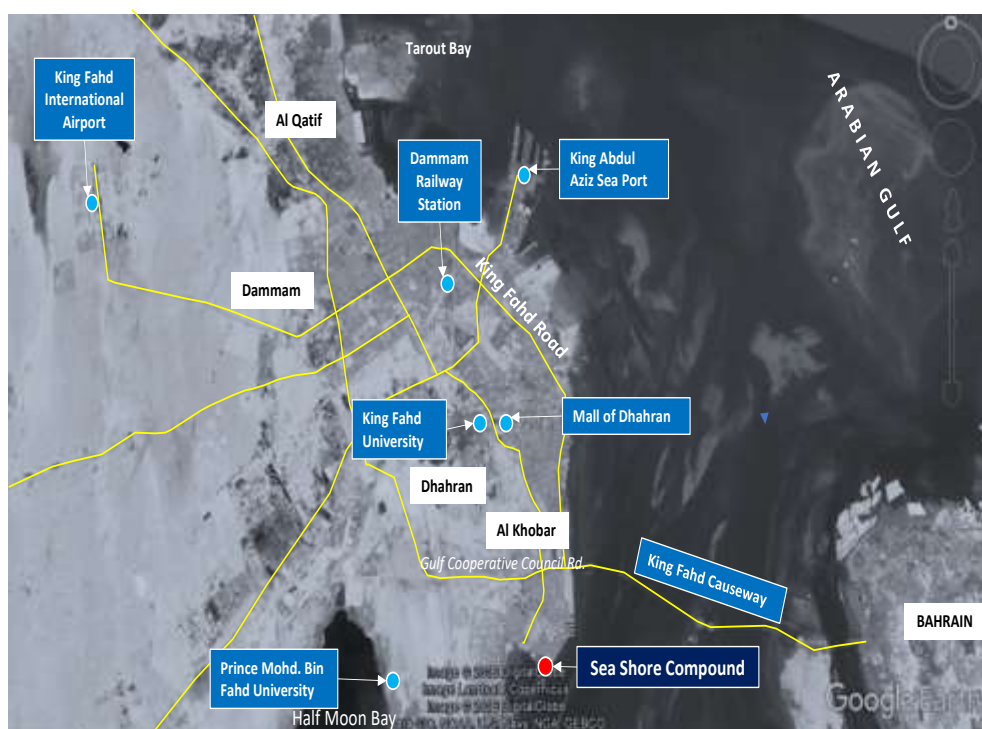
2.9.1.1 ACCESSIBILITY & PROXIMITY TO MAJOR DEVELOPMENTS

The subject property is situated in an area where land utilization is progressing into residential, beach/resort and hotel development due to its proximity to the Arabian Gulf. It is accessible thru the nearby King Fahd Road, one of the major roads in the Eastern Region linking the district northward to the city center and Dammam. It connects to prominent landmarks and common destinations such as the King Fahd University for Petroleum & Minerals, Mall of Dhahran, King Fahd International Airport, King Abdul Aziz Seaport and King Fahd Causeway, the main gateway to the Kingdom of Bahrain.



The table & the illustration below shows the approximate distance of the subject property to some major landmarks & developments in the Eastern Province.

Landmarks	Approx. distance from subject property (km.)
King Fahd Causeway	6
Mall of Dhahran	15.5
King Fahd University	16
Dammam Railway Station	27.8
King Abdul Aziz Seaport	35.5
King Fahd International Airport	52



Source: Google Extract 2020 - For Illustrative Purposes Only.

Some of the major developments at improving the infrastructure and accessibility which will benefit the Eastern Region are as follows:

- An integrated public transport system for Dammam which includes a 50 km. of light rail, 110 km. of bus rapid transit and 350 km. of feeder buses to link the outskirts of the city.

The light rail system will have two lines. The first line will link Tarout Island with King Fahd Causeway via Qatif, Dammam and Dhahran. The second line will connect King Fahd Road in Dammam to the King Fahd International Airport.



- A 449-km. passenger line from Dammam to Riyadh via Hofuf and Abqaiq as well as a 556-km. cargo line starting at King Abdul Aziz seaport in Dammam and ending in a dry port in Riyadh were also planned for development.



- Approved by Council of Ministers on May 19, 2014.
- EP Municipality detailed the Dammam public transport project (metro and bus) on May 21, 2014.
- Alignment studies will be completed in 18 months.
- Involves two main metro lines from Qatif-Dhahran & KFIA-Dammam Station at 86km & 54 stations.
- The project will be implemented over seven years & completed by 2021.
- Estimated value US\$16.0bn.

2.10 ENVIRONMENT MATTERS

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

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

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

Details	
Area	Based on the document supplied by the client, the total land area of the property is 38,103 square meters with a total built-up area (BUA) of 24,233.13 square meters.
Topography	Generally, the property is regular in shape and on level terrain
Drainage	Assumed available and connected.
Flooding	ValuStrat's verbal inquiries with local authorities were unable to confirm whether flooding is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not flood prone. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known flooding in this area.
Landslip	ValuStrat's verbal inquiries with local authorities were unable to confirm whether land slip is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not within a landslip designated area. A formal written submission will be required for any further investigation which is outside of this report's scope of work.

2.10.1 TOWN PLANNING

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

In the absence of any information to the contrary, it is assumed that the existing use is lawful, has valid planning consent and the planning consent is not personal to the existing occupiers and there are no particular onerous or adverse conditions which would affect our valuation.

In arriving at our valuation, it has been assumed that each and every building enjoys permanent planning consent for their existing use or enjoys, or would be entitled to enjoy, the benefit of a "Lawful Development" Certificate under the Town & Country Planning Acts, or where it is reasonable to make such an assumption with continuing user rights for their existing use purposes, subject to specific comments.

We are not aware of any potential development or change of use of the property or properties in the locality which would materially affect our valuation. For the purpose of this valuation, we have assumed that all necessary consents have been obtained for the subject property referred within this report. Should this not be the case, we reserve the right to amend our valuation and report.

2.10.2 SERVICES

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

2.11 TENURE/TITLE

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



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

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

The subject property is registered under the below-mentioned title deed (refer to scanned copy in appendix-2) which we assumed on freehold basis. Should this not be the case we reserve the right to amend our valuation and this report.

Description	Property Details
Property Name	Sea Shore Compound
Layout No.	2/338
Title Deed No.	930205013309
Title Deed Date	1438/11/24
Total Land Area (sq. m.)	38,103
Landowner	Hifth Al Musharaka Real Estate Co.
Location	Al Tahliyah District, Al Khobar, KSA
Interest	Freehold

Source: Client 2020.

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

2.11.1 OCCUPATIONAL LEASES

We were provided a section of the lease contract agreement for the subject property with the following salient details below:

1. A lease contract agreement was entered between Musharaka Financial Co. (1st Party) and Built Contracting Co. (2nd Party) on 1438/11/21.
2. The contract is for the lease of a residential compound consisting of 112 residential units situated at Al Tahliyah District, Al Khobar, Kingdom of Saudi Arabia.
3. The lease amount is SAR 13,050,000 per annum.
4. The duration of the lease is for a period of 5 years starting on 2017/9/1 and ending on 2022/8/31, with a provision for automatic renewal.

We have assumed the above information are accurate and updated. We have likewise assumed that there are no onerous provisions in the lease contract that will adversely affect the occupational tenant.

Should this not be the case, we reserve the right to amend our valuation and this report.



2.12 METHODOLOGY & APPROACH

In determining our opinion of Market Value for the freehold interest in the subject property, we have utilized the Income Capitalization approach to valuation.

2.12.1 INCOME CAPITALIZATION APPROACH

The subject property falls into a broad category of investment property with the prime value determinant being the properties ability to generate rentals and rental growth through the ongoing letting and reasonable maintenance.

In determining our opinion of Market Value of the subject property we have utilized the Investment Approach utilizing an Income Capitalization Approach to Valuation.

Income producing real estate is typically purchased as an investment essentially exchanging present money for the right to receive future income. The indication of value using the income capitalization approach requires consideration of market-oriented assumptions and data.

This method requires a market derived projection of economic annual net operating income (NOI) for a subject property based on the current and expected lease or other arrangements and occupant profile.

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

2.12.2 MARKET RENTS, VALUATION ASSUMPTIONS & COMMENTARY

Market conditions in the Saudi Arabia remains subdued and further uncertainty was caused by the recent global health pandemic COVID-19. However, we expect the subject property referred in this report to remain stable in the foreseeable future subject to ongoing maintenance, upkeep of the property and to provide yield stability with the real estate sector generally follows the fortunes of the greater economy.

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

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

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

Sales or rental evidence for similar properties within KSA are not readily available or transparent due to the nature of the property market within the Kingdom of Saudi Arabia. Much if not all of the evidence is anecdotal, and this limitation may place on the non-reliability of such information and impact on values reported. Accordingly, the valuation has been prepared in accordance with normal practice taking into account our usual research and enquiries and our discussions with leading local commercial agents.

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

In forming our opinion of Market Rent for the subject properties, we have looked at the following rental rates for some residential villas & apartments in Al Khobar, KSA.

Rental Rates of some Apartments within Compounds in Al Khobar					
S#	Name of Compound	District	Area (m ²)	Details	Rent/Yr. (SAR)
1	Saraya Al Olaya Residential Tower	Al Olaya	235	3-Bedroom	100,000
			265	3-Bedroom	105,000
2	Ar Rawabi Pearl Complex	Ar Rawabi	180	3-Bedroom	72,500
			105-140	2-Bedroom	60,000-70,000
			75	1-Bedroom	50,000
3	Saraya Al Rawabi Complex	Ar Rawabi	202	3-Bedroom	59,000
4	Al Rashid Residence Towers	Al Olaya	242	4-Bedroom	175,000
			166	3-Bedroom	140,000
			134.5	2-Bedroom	95,000
			62	1-Bedroom	70,000
5	Desert Rose Compound	Al Rakah Al Janubiyah	140	3-Bedroom	45,000
			115	2-Bedroom	40,000
6	Black Pearl Residential	Aziziyah	107	2-Bedroom	65,000
7	Daar Residence Compound	Al Jawhara	80	1-Bedroom	45,000
Rental Rates of some Villas within Compounds in Al Khobar					
S#	Name of Compound	District	Area (m ²)	Details	Rent/Yr. (SAR)
1	Desert Rose Compound	Al Rakah Al Janubiyah	140	2-Bedroom	55,000
			175-235	3-Bedroom	60,000-70,000
2	Al Nadah Compound	Ar Rawabi	220-300	3-Bedroom	150,000-175,000
			400	4-Bedroom	240,000
3	Al Danah Compound	Ar Rawabi	240	3-Bedroom	170,000
			360	3-Bedroom	200,000
4	Black Pearl Residential	Al Aziziyah	231-272	3-Bedroom	110,000-150,000
5	Karawan Village Compound	Al Bustan	210	2-Bedroom	160,000
			260	3-Bedroom	180,000
			300	4-Bedroom	210,000
6	Daar Residence Compound	Al Jawhara	490	4-Bedroom	80,000



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As shown above, the prevailing market rent of residential apartments and villas within compounds in Al Khobar ranges from SAR 40,000 – SAR 175,000 per year and SAR 55,000 – SAR 240,000 per square meter, respectively, dependent upon the number of bedrooms, location, size, age of the apartment buildings and facilities & amenities within the compound.

Accordingly, the client has provided us some details of the lease contract for the subject property as follows.

Property Name	Annual Rent (SAR)	No. of Villa	Average Rent (SAR)
Sea Shore Compound, Al Khobar	13,050,000 p.a.	112	116,518 per unit

Source: Client 2020

We were not provided the breakdown of the annual rent for each villa and apartment although from the average rental rate of the subject property, we assumed that it is within the prevailing market rental rate of similar property in Al Khobar.

In this instance, we have adopted the following rates:

Components	Comments/Assumptions
Total Number of Residential Units	112
Net Annual Income	SAR 13,050,000
Operational Cost	Nil
Yield	9%

Operational Cost

The operational cost for the subject property is the responsibility of the Lessee.

Net Initial Yield

Based upon our experience and discussions in the market; we believe that investors would consider a net initial yield between 8% to 10% to be an acceptable range of return given the subject property is situated in a tertiary area (Al Tahliyah District) where development is still limited, although it is accessible thru the nearby King Fahd Road.

Investors may also consider the property's existing lease contract with a term of 5 years which is due to expire on 2022/8/31, although there is a provision on the contract for an automatic renewal. However, rental prices of apartment and villas continue to decline, while supply of new developments enters the market. The current health pandemic has also greatly affected businesses in the Kingdom.

Given these observations, we are of the opinion that said property may not be easily sold in the foreseeable future. Hence, we have adopted a 9% net initial yield.



2.12.3 SUMMARY OF VALUE

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

Property Name	Net Income	OPEX	Yield	Property Value
Sea Shore Compound, Al Khobar	SAR 13,050,000 p.a.	Nil	9%	SAR 145,000,000

2.13 VALUATION

2.13.1 MARKET VALUE

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

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

SAR 145,000,000 (One Hundred Forty-Five Million, Saudi Arabian Riyals).

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

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

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

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

2.14 MARKET CONDITIONS SNAPSHOT

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

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

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

Prior to the global rapid spread of the virus and the announcement by the KSA authorities of an initial indefinite lockdown, the KSA real estate market was in a



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

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

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

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

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

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

Indeed, the current response to COVID-19 means that we are faced with unprecedented set of circumstances on which to base judgement(s). There is strong evidence that real estate markets spring back to strong activity and growth fairly quickly. Equally, the short-term generally speaking we do not expect the current real estate market to show very small adjustment in prices/rates if any due to non-activity or a market standstill especially prior market was on an upward trend. The KSA real estate market is a developing market with much invested by the government in infrastructure projects, so we expect the government's latest stimulus to preserve liquidity and for demand to hold having limited / no bearing on prices / rates. However, should the pandemic persist throughout 2021, we do expect adjustments later on in the year.

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

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

2.14.2 MARKET CONDITIONS PRIOR TO THE PANDEMIC & THE KSA LOCKDOWN

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

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

Despite economic headwinds, across the region, KSA has shown resilience through a period of subdued real estate market activity. The real estate sector generally



follows the fortunes of the greater economy and whilst Saudi Arabia is undergoing structural reforms politically, economically and socially will transform the Kingdom towards a service economy post-oil era. These changes along with significant amounts of investment - estimated to soon be over 1 trillion US dollars will create vast amounts of opportunities for the public and private sectors across all businesses segments.

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

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

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

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

The non-oil economy is growing, but at a slow pace. Analysts are forecasting non-oil GDP to grow by 1.4% this year, compared to 1% in 2017. Even here, the non-government sector is coping relatively poorly. Analysts are forecasting non-oil private sector growth of 1.1%, this year, up from 0.7% last year. The reforms that have been pushed through to date have led to important changes aiding the economy.

The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce. Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars. A due enactment of law will encourage public-private partnerships to herald more foreign investment.

The economic transformation that the KSA has embarked upon is complex and multidimensional and will certainly take time to turn around a non-oil serviced



economy, although there have been recent positive signs, but it will remain in the short term with the support of oil revenues.

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

Vision 2030 to diversify the economy from reliance on oil, has only just commenced and with a young and increasingly well-educated population, together with its own sovereign wealth fund, the Kingdom has many favourable factors to become a leading service sector economy in the region. Reform efforts include a reduction of subsidies on fuel and electricity and the implementation of a 5 per cent VAT back on 01 January 2018 which was increased to 15 per cent as of 01 July 2020.

The government is also striving to get women to play a greater role in the economy including allowing them to drive back in 2019. Wider reforms have been initiated by the government allowing for the entertainment industry to flourish with the opening of the first cinema in King Abdullah Financial District (KAFFD) along with 4 VOX screens opening at Riyadh Park Mall.

The cinema entertainment is spurred on by Public Investment Fund (PIF) in collaboration with AMC Cinemas and led by the Development and Investment Entertainment Company (DIEC), a wholly owned subsidiary of PIF. With an objective of 30 to 40 cinemas in approximately 15 cities in Saudi Arabia over the next five years, and 50 to 100 cinemas in about 25 Saudi cities by 2030.

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

Red Sea Tourism Project

To transform 50 islands consisting of 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.

Al Faisaliyah Project

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

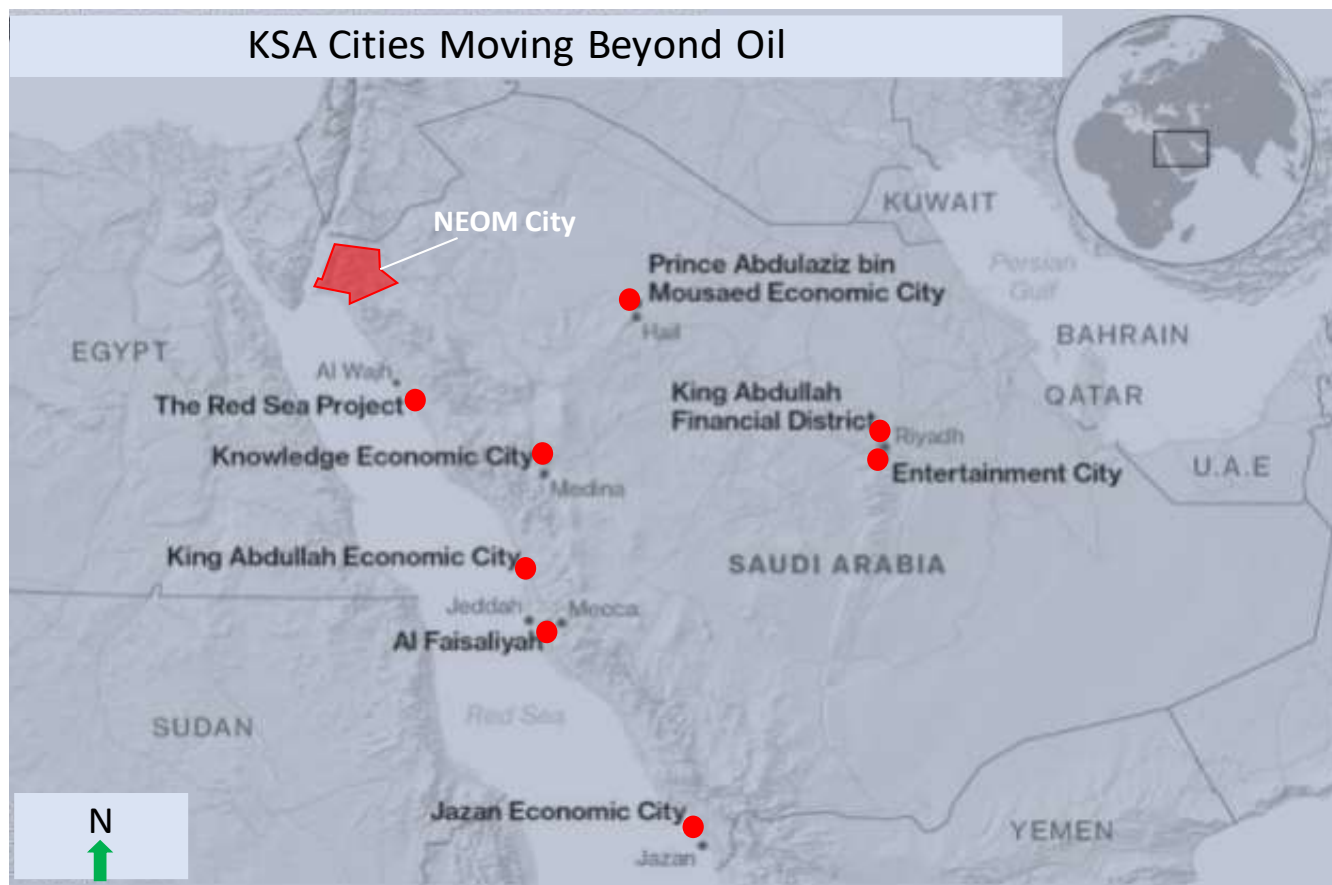
Qiddiya Entertainment City

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



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

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



Neom City

The NEOM city project will operate independently from the “existing governmental framework” backed by Saudi government along with local and international investors.

The project will be part of a ‘new generation of cities’ powered by clean energy. The ambitious plan includes a bridge spanning the Red Sea, connecting the proposed city to Egypt and stretch into Jordan too.

Economic Cities

The overall progress with the Economic Cities has been slow and projects on hold over the past 7-10 years, although KAFD has recently given the go ahead to complete by 2020. Within the Saudi Vision 2030 the 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 2018; hence the main driver of the recovery remains oil. Over 2018 we envisage the Kingdom's consumer outlook to be more favourable in economic conditions.

Moreover, tax on development land implemented in 2017 has kept the construction sector afloat, encouraging real estate developers. Adapting to a new KSA economic reality has been inevitable, although the Kingdom's oil dynamics remain pivotal for future development within the KSA 2030 economic vision plan.

In latter part of 2017, the Public Investment Fund (PIF), Saudi Arabia's sovereign wealth fund set up a real estate refinancing company aimed at advancing home ownership in the Kingdom, which suffers from a shortage of affordable housing. This initiative will create stability and growth in the Kingdom's housing sector by injecting liquidity and capital into the market.

Another plan to help kick start the real estate market by boosting the contribution of real estate finance to the non-oil GDP part. The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016). The close ties with the construction, financing institutions and many others have provided crucial resources that contributed to the development of the Saudi economy.

The real estate market performance in 2018 and the general trend in KSA for most sectors have remained subdued given lower activity levels and prices have been under pressure across most asset classes leading to a gradual softening of rental and sale prices quarter on quarter.

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



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

All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. Since the issuing of this report the KSA lockdown for the COVID-19 health crisis was lifted on 21 June 2020 and the economy is now trying to get back to normalcy. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2021.

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

2.15 VALUATION UNCERTAINTY

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

Given the current uncertainties it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature. The current shortage of transaction, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis.

The RICS valuation standards consider it essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.

We further state that given the valuation uncertainty stated above our valuation represents our impartial calculated opinion / judgement of the properties, based on relevant market data and perceptions as at the date of valuation. The client is advised that whilst all reasonable measures have been taken to supply as accurate a valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place

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



2.16 DISCLAIMER

In undertaking and executing this assignment, an extreme care and precaution has been exercised.

This report is based on information provided by the Client. Values will differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc.

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

2.17 CONCLUSION

This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the Client.

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

This report is issued without any prejudice and personal liability.

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



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Senior Associate - Real Estate, KSA



Mr. Yousuf Siddiki (Taqeem Member
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Director - Real Estate, KSA



Private & Confidential

Musharaka Capital (CJSC), Al Khobar, KSA – December 2020

APPENDIX 1 - PHOTOGRAPHS



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Musharaka Capital (CJSC), Al Khobar, KSA – December 2020



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Musharaka Capital (CJSC), Al Khobar, KSA – December 2020



APPENDIX 2 - COPY OF TITLE DEED

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

المملكة العربية السعودية
كتابة العدل بالمحافظة الجبيل
[٢٧٧]

الرقم: ٩٣٠٢٠٥٠١٣٣٠٩
التاريخ: ١٤٣٨ / ١١ / ٢٤ هـ

صك

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

فإن قطعة الأرض رقم يدون من المخطط رقم ٣٣٨ / ٢ بمدينة الخبر - وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ٢٠ م بطول: (١٩٢,٤٣) مائة و اثنين و تسعون متر و ثلاثة و أربعون سنتيمتر

جنوباً: أرض مملوكة غير متعلقة بطول: (١٩٢,٤٣) مائة و اثنين و تسعون متر و ثلاثة و أربعون سنتيمتر

شرقاً: شارع عرض ١٥ م بطول: (٢٠٠) مئتين متر

غرباً: شارع عرض ١٥ م بطول: (٢٠٠) مئتين متر

ومساحتها: (٣٨١٠٣) ثمانية و ثلاثون ألفا و مائة و ثلاثة متر مربعاً فقط توجد شطفه بالركن الشمالي الشرقي والشمالي الغربي بمقدار ١ * ٤ م لكليهما وكذلك وجود غرفة كهرباء بالركن الجنوبي الشرقي بمساحة ٢ * ٥٠٠ م

والسند في إفراغها على التسك الصادر من هذه الإدارة برقم ٤٣٠٢٠٥٠١٢٧٠٣ في ٦ / ٩ / ١٤٣٨ هـ

قد انتقلت ملكيتها لـ شركة حفظ المشاركة المقارية بموجب سجل تجاري رقم ١٠١٠٤٨٨٣٤ في ١٢ / ١٠ / ١٤٣٧ هـ وتنتهي في ١٢ / ١٠ / ١٤٤١ هـ بمساحة قدره ١٤٥٠٠٠٠٠ مائة و خمسة و أربعون مليون ريال وعليه جرى التصديق تحريراً في ١١ / ١٢ / ١٤٣٨ هـ لاعتماده، وصلى الله على نبينا محمد وآله وصحبه وسلم.

مكاتب العدل
عبدالله بن محمد بن عبدالله الشهري

الختم الرسمي
وزارة العدل
كتابة العدل الأولى بمحافظة الخبر
كاتب العدل بكتب رقم ٥١

نسخة من
نموذج رقم (١٢-٥-١)

(هذا النموذج مخصص للاستخدام بالمسابقات الألي ويمنع نقله)

مصلحة مطابع الحكومة - ٣٨٢٠٢٢

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Private & Confidential

Valuation Report

RADISSON BLU HOTEL, AL KHOBAR, KSA

MUSHARAKA CAPITAL

REPORT ISSUED 31 JANUARY 2021

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APPENDIX 1 – PHOTOGRAPHS

APPENDIX 2 – COPY OF TITLE DEED



1 EXECUTIVE SUMMARY

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

1.1 THE CLIENT

Musharaka Capital (CJSC)
P.O. Box 712, Al Khobar 31952
Kingdom of Saudi Arabia

1.2 THE PURPOSE OF VALUATION

The valuation is required for Public Listing Offering (REIT) for the Saudi Market Purpose and submission to the Capital Market Authority (CMA).

1.3 INTEREST TO BE VALUED

The below-mentioned property is the scope of this valuation exercise.

Description	Property Details
Property Name	Radisson Blue Hotel
Land Area (sq. m.)	3,798.08
No. of Key	92 Hotel Apartments
Owner	Hifth Al Musharaka Real Estate Co.
Location	Al Olaya District, Al Khobar, KSA
GPS Coordinates	26°18'11.48"N, 50°10'27.00"E
Interest	Freehold

Source: Client 2020

1.4 VALUATION APPROACH

Income Capitalization approach to valuation.

1.5 DATE OF VALUATION

Unless stated to the contrary, our valuations have been assessed as at the date of our report based on our inspection of the subject property on 26 December 2020.

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

1.6 OPINION OF VALUE

Property Name	Net Income	OPEX	Yield	Property Value
Radisson Blu Hotel, Al Khobar	SAR 7,225,000 p.a.	Nil	8.5%	SAR 85,000,000



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

1.7 SALIENT POINTS (GENERAL COMMENTS)

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

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

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

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

We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, 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 area provided by the Client.

In the event that the area of the property 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 property 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 property.

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

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

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

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

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

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

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

2 VALUATION REPORT

2.1 INTRODUCTION

Thank you for the instruction regarding the subject valuation services.

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

2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

Description	Property Details
Property Name	Radisson Blue Hotel
Land Area (sq. m.)	3,798.08
No. of Key	92 Hotel Apartments
Owner	Hifth Al Musharaka Real Estate Co.
Location	Al Olaya District, Al Khobar, KSA
GPS Coordinates	26°18'11.48"N, 50°10'27.00"E
Interest	Freehold

Source: Client 2020

2.3 PURPOSE OF VALUATION

The valuation is required for Public Listing Offering (REIT) for the Saudi Market Purpose and submission to the Capital Market Authority (CMA).

2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Taqueem Regulations (Saudi Authority for Accredited Valuers) and the International Valuation Standards Council (IVSCs') incorporating International Valuations Standards (IVS).

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



2.5 BASIS OF VALUATION

2.5.1 MARKET VALUE

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

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

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

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

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

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

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

“and a willing seller” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for



the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

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

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

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

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

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

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

2.5.2 VALUER(S)

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

We further confirm that either the Valuer or ValuStrat have no previous material connection or involvement with the subject of the valuation assignment.

2.5.3 STATUS OF VALUER

Status of Valuer	Survey Date	Valuation Date
External Valuer	26 December 2020	26 December 2020

2.6 EXTENT OF INVESTIGATION

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

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

Our internal inspection was limited to the visual assessment of the subject property's representative hotel apartment including its hotel facilities and amenities.

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

2.7 SOURCES OF INFORMATION

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



2.7.1 VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:

The subject property is valued under the assumption of property held on a *Private interest* with the benefit of trading potential of existing operational entity in possession;

Written information provided to us by the Client is up to date, complete and correct in relation to issues such as title, tenure, details of the operating entity, and other relevant matters that are set out in the report;

That no contaminative or potentially contaminative use has ever been carried out on the site;

We assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoing, 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, By-Laws, Health and Safety at work);

We have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building. We would recommend that the client makes their own enquiries in this regard; and the market value conclusion arrived at for the 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.

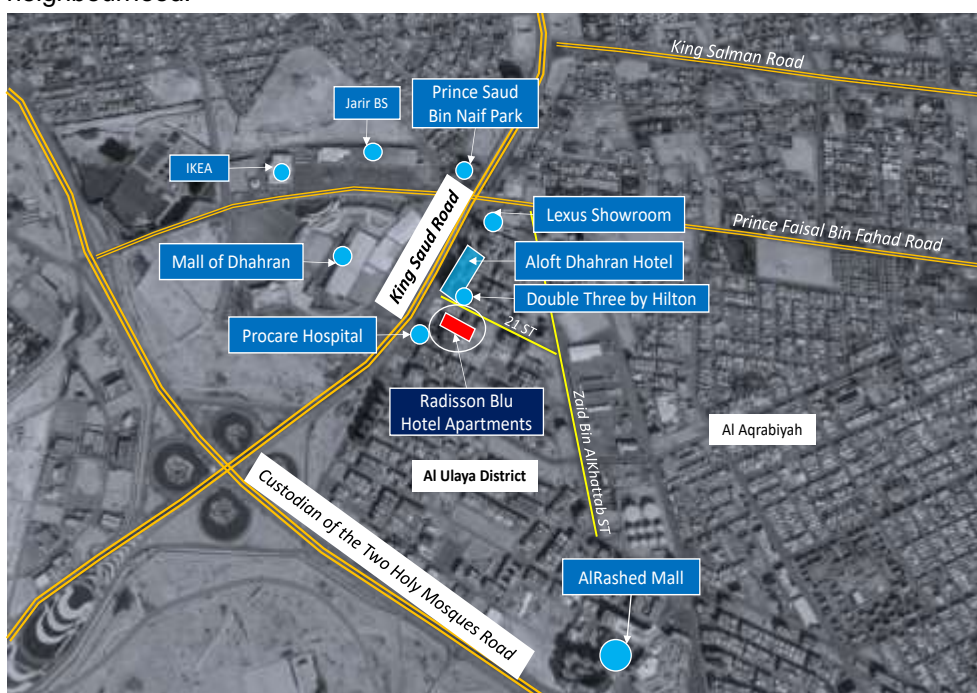
No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorised.

2.9 DETAILS AND GENERAL DESCRIPTION

2.9.1 LOCATION OF THE PROPERTY

The subject property is situated at the east corner of Jamaluddin Al Afaghani and 18-B Streets, within Al Olaya District, Al Khobar, Kingdom of Saudi Arabia. It is located across Procure Hospital, about 450 meters southeast of Mall of Dhahran and approximately 1.40 kilometers northwest of Al Rashid Mall.

The illustration below shows the location of the subject property and its immediate neighbourhood.



Source: Google Extract 2020 - For Illustrative Purposes Only

Additionally, the aforesaid property is situated about 2.5 kilometers southeast of King Fahd University of Petroleum & Minerals and approximately 5 kilometers northwest of the Corniche Area/Arabian Gulf. Developments in its immediate neighborhood is mainly for commercial use.

Some notable commercial establishments include the Aloft Hotel – Dhahran, Double Tree by Hilton Hotel, etc. It is well accessible thru the nearby King Saud Road.

For ease of reference, refer to the illustration below.



Source: Google Extract 2020 - For Illustrative Purposes Only

2.9.2 BRIEF DESCRIPTION OF THE PROPERTY

Radisson Blu Hotel Apartments – Al Khobar consist of four interconnected, five-storey, reinforced concrete buildings. Architectural building finishes includes painted exterior wall with glass façade main entrance, painted interior wall and ceiling, marble/granite/wall to wall carpet flooring, glass on aluminum frame windows and main entrance door, and wooden room doors. The building is equipped with firefighting system, CCTV security cameras, Wi-Fi internet connection, centralized air-conditioning system, elevators and parking areas. Hotel facilities & amenities includes a fitness gym, swimming pools, spa center & sauna, business centers, restaurants and cafes, and 24/7 reception.

As per information provided, the hotel consists of 92 apartments with various type and design. The said hotel is fairly new and well maintained.

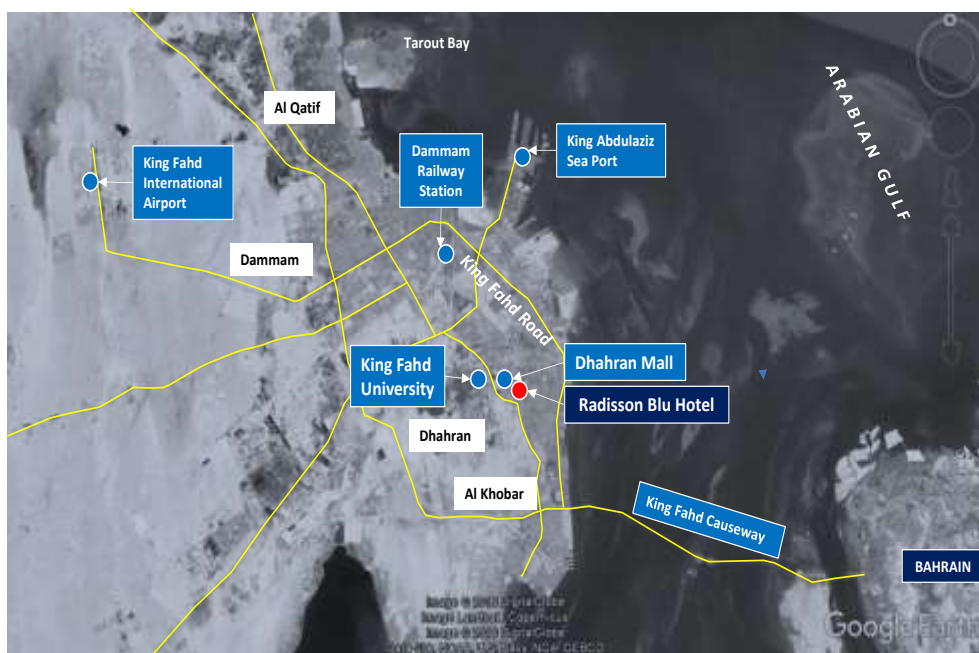


2.9.1.1 ACCESSIBILITY & PROXIMITY TO MAJOR DEVELOPMENTS

The subject property is situated in a major commercial area with notable hospitality and offices building such as Double Tree by Hilton Hotel-Dhahran, Aloft Hotel Dhahran, Zara Continental Hotel, Aswar Boutique Hotel, Olaya Business Center, etc. The Mall of Dhahran is likewise within walking distance from the subject property. It is accessible thru the nearby King Saud Road, one of the major roads in the Eastern Region linking the district to prominent landmarks and common destinations such as the King Fahd University for Petroleum & Minerals, Mall of Dhahran, King Fahd International Airport, King Abdul Aziz Seaport and King Fahd Causeway, the main gateway to the Kingdom of Bahrain. The table & the illustration below shows the approximate distance of the subject property to some major landmarks & developments in the Eastern Province.



Landmarks	Approx. distance from subject property (km.)
Mall of Dhahran	0.30
King Fahd University	2.5
Arabian Gulf/Corniche Area	5
King Fahd Causeway	10
Dammam Railway Station	12.7
King Abdul Aziz Seaport	20
King Fahd International Airport	41.7



Source: Google Extract 2020 - For Illustrative Purposes Only.

Some of the major developments at improving the infrastructure and accessibility which will benefit the Eastern Region are as follows:

- An integrated public transport system for Dammam which includes a 50 km. of light rail, 110 km. of bus rapid transit and 350 km. of feeder buses to link the outskirts of the city.

The light rail system will have two lines. The first line will link Tarout Island with King Fahd Causeway via Qatif, Dammam and Dhahran. The second line will connect King Fahd Road in Dammam to the King Fahd International Airport.



- A 449-km. passenger line from Dammam to Riyadh via Hofuf and Abqaiq as well as a 556-km. cargo line starting at King Abdul Aziz seaport in Dammam and ending in a dry port in Riyadh were also planned for development.



- Approved by Council of Ministers on May 19, 2014.
- EP Municipality detailed the Dammam public transport project (metro and bus) on May 21, 2014.
- Alignment studies will be completed in 18 months.
- Involves two main metro lines from Qatif-Dhahran & KFIA-Dammam Station at 86km & 54 stations.
- The project will be implemented over seven years & completed by 2021.
- Estimated value US\$16.0bn.

2.10 ENVIRONMENT MATTERS

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

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

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

Details	
Area	Based on the document supplied by the client, the total land area of the property is 3,798.08 square meters.
Topography	Generally, the property is regular in shape and on level terrain
Drainage	Assumed available and connected.
Flooding	ValuStrat's verbal inquiries with local authorities were unable to confirm whether flooding is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not flood prone. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known flooding in this area.
Landslip	ValuStrat's verbal inquiries with local authorities were unable to confirm whether land slip is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not within a landslip designated area. A formal written submission will be required for any further investigation which is outside of this report's scope of work.

2.10.1 TOWN PLANNING

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

In the absence of any information to the contrary, it is assumed that the existing use is lawful, has valid planning consent and the planning consent is not personal to the existing occupiers and there are no particular onerous or adverse conditions which would affect our valuation.

In arriving at our valuation, it has been assumed that each and every building enjoys permanent planning consent for their existing use or enjoys, or would be entitled to enjoy, the benefit of a "Lawful Development" Certificate under the Town & Country Planning Acts, or where it is reasonable to make such an assumption with continuing user rights for their existing use purposes, subject to specific comments.

We are not aware of any potential development or change of use of the property or properties in the locality which would materially affect our valuation. For the purpose of this valuation, we have assumed that all necessary consents have been obtained for the subject property referred within this report. Should this not be the case, we reserve the right to amend our valuation and report.

2.10.2 SERVICES

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

2.11 TENURE/TITLE

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



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

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

The subject property is registered under the below-mentioned title deeds (refer to scanned copy in appendix-2) which we assumed on freehold basis. Should this not be the case we reserve the right to amend our valuation and this report.

Description	Property Details
Property Name	Radisson Blu Hotel
Layout No.	2/345
Title Deed No.	330207005611, 930207005612 & 320207005613
Title Deed Date	1438/11/29
Total Land Area (sq. m.)	3,798.08
Landowner	Hifth Al Musharaka Real Estate Co.
Location	Al Olaya District, Al Khobar, KSA
Interest	Freehold

Source: Client 2020.

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

2.11.1 OCCUPATIONAL LEASES

We were provided a section of the lease contract agreement for the subject property with the following salient details below:

1. A lease contract agreement was entered between Musharaka Financial Co. (1st Party) and Tanami Arabia Limited Co. (2nd Party) on 1438/11/23.
2. The contract is for the lease of a residential complex consisting of 92 apartment hotel units situated at Al Olaya District, Al Khobar, Kingdom of Saudi Arabia.
3. The lease amount is SAR 7,225,000 per annum.
4. The duration of the lease is for a period of 5 years starting on 2017/8/21 and ending on 2022/8/20, with a provision for automatic renewal.

We have assumed the above information is accurate and updated. We have likewise assumed that there are no onerous provisions in the lease contract that will adversely affect the occupational tenant. Should this not be the case, we reserve the right to amend our valuation and this report.



2.12 METHODOLOGY & APPROACH

In determining our opinion of Market Value for the freehold interest in the subject property, we have utilized the Income Capitalization approach to valuation.

2.12.1 INCOME CAPITALIZATION APPROACH

The subject property falls into a broad category of investment property with the prime value determinant being the properties ability to generate rentals and rental growth through the ongoing letting and reasonable maintenance.

In determining our opinion of Market Value of the subject property we have utilized the Investment Approach utilizing an Income Capitalization Approach to Valuation.

Income producing real estate is typically purchased as an investment essentially exchanging present money for the right to receive future income. The indication of value using the income capitalization approach requires consideration of market-oriented assumptions and data.

This method requires a market derived projection of economic annual net operating income (NOI) for a subject property based on the current and expected lease or other arrangements and occupant profile.

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

2.12.2 MARKET RENTS, VALUATION ASSUMPTIONS & COMMENTARY

Market conditions in the Saudi Arabia remains subdued and further uncertainty was caused by the recent global health pandemic COVID-19. However, we expect the subject property referred in this report to remain stable in the foreseeable future subject to ongoing maintenance, upkeep of the property and to provide yield stability with the real estate sector generally follows the fortunes of the greater economy.

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

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

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

Sales or rental evidence for similar properties within KSA are not readily available or transparent due to the nature of the property market within the Kingdom of Saudi Arabia. Much if not all of the evidence is anecdotal, and this limitation may place on the non-reliability of such information and impact on values reported. Accordingly, the valuation has been prepared in accordance with normal practice taking into account our usual research and enquiries and our discussions with leading local commercial agents.

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

In forming our opinion of Market Rent for the subject properties, we have looked at the following rental rates for buildings in the Eastern Province, KSA.

Building Type	Location	Total Rent (SAR)	GFA (m ²)	Rent/m ² (SAR)
Hotel Building	Ash Shati Ash Sharqi,	4,000,000.00	5,890.00	679.12
Office Building	Al Yarmouk District	18,310,598.00	33,592.00	545.09
Commercial Building	Al Faisaliyah District	2,293,140.00	6,619.00	346.45

As shown above, the prevailing market rent of some buildings in the Eastern Province ranges from SAR 346 – SAR 679 per square meter. Moreover, the above hotel building comprises 126 hotel rooms resulting to about SAR 31,746 per room.

Accordingly, the client has provided us some details of the lease contract for the subject property as follows.

Property Name	Annual Rent (SAR)	No. of Room	Average Rent (SAR)
Radisson Blu Hotel, Al Khobar	7,225,000	92	78,533 per room

Source: Client 2020

Based on the above information, the subject property's lease rent per room is much higher than the lone hotel comparable data. This may be because the subject property is newly built with better design, in a much better location, and with bigger room size since it is an apartment hotel.

In this instance, we have adopted the following rates:

Components	Comments/Assumptions
Total Number of Apartment Hotel	92
Net Annual Income	SAR 7,225,000 per annum
Operational Cost	Nil
Yield	8.5%



Operational Cost

The operational cost for the subject property is the responsibility of the Lessee.

Net Initial Yield

Based upon our experience and discussions in the market; we believe that investors would consider a net initial yield between 8% to 9% to be an acceptable range of return given the subject property is situated in a known commercial area and well accessible thru the nearby King Saud Road. However, prudent investors may also consider the property's existing lease contract with a term of 5 years which is due to expire on 2022/8/20, although there is a provision on the contract for an automatic renewal. Likewise, the current health pandemic problem has affected most businesses especially the hospitality sector. The tourism sector which the government targeted as one of the sources to diversify the economy has momentarily stopped. Due to these uncertainties, we have adopted an 8.5 % net initial yield.

2.12.3 SUMMARY OF VALUE

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

Property Name	Net Income	OPEX	Yield	Property Value
Radisson Blu Hotel, Al Khobar	SAR 7,225,000 p.a.	Nil	8.5%	SAR 85,000,000

2.13 VALUATION**2.13.1 MARKET VALUE**

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

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

SAR 85,000,000 (Eighty-Five Million, Saudi Arabian Riyals).

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

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

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

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



2.14 MARKET CONDITIONS SNAPSHOT

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

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

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

Prior to the global rapid spread of the virus and the announcement by the KSA authorities of an initial indefinite lockdown, the KSA real estate market was in a healthy position with many analysts predicting a strong 2020 for real estate (vision 2020) with the positive activity and investment by the government unveiling a number of reforms, including recent facilitation of the tourism visa, where citizens of 49 countries are now able to apply e-visas and holders of Schengen, UK or US visas are eligible for visas on arrival.

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

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

The current global crushing of liquidity in economies will have impact on markets and real estate market and this maybe the case with many economies across the globe; however, the KSA market has shown resilience in previous years through a period of downward trend (2016-18), a correction allowing for the market to bottom out with 2019 experiencing growth in the first quarter and subdued market conditions



throughout 2019. The latter part of Q4 – 2019 saw positive growth with strong investor appetite, though the market lacking good quality stock. Now with the Saudi government confirming a stimulus package of SAR 120 billion, we understand the market will bounce back with investors underlying strong appetite. This will delay any evidence in the short term of declining prices and with the government stimulus will assist any short-term losses on transactions, private and public funds, although will need to be sustained in the short-term.

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

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

Indeed, the current response to COVID-19 means that we are faced with unprecedented set of circumstances on which to base judgement(s). There is strong evidence that real estate markets spring back to strong activity and growth fairly quickly. Equally, the short-term generally speaking we do not expect the current real estate market to show very small adjustment in prices/rates if any due to non-activity or a market standstill especially prior market was on an upward trend. The KSA real estate market is a developing market with much invested by the government in infrastructure projects, so we expect the government’s latest stimulus to preserve liquidity and for demand to hold having limited / no bearing on prices / rates. However, should the pandemic persist throughout 2021, we do expect adjustments later on in the year.

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

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

2.14.2 MARKET CONDITIONS PRIOR TO THE PANDEMIC & THE KSA LOCKDOWN

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

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

Despite economic headwinds, across the region, KSA has shown resilience through a period of subdued real estate market activity. The real estate sector generally follows the fortunes of the greater economy and whilst Saudi Arabia is undergoing structural reforms politically, economically and socially will transform the Kingdom towards a service economy post-oil era. These changes along with significant amounts of investment - estimated to soon be over 1 trillion US dollars will create vast amounts of opportunities for the public and private sectors across all businesses segments.

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

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

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

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



The non-oil economy is growing, but at a slow pace. Analysts are forecasting non-oil GDP to grow by 1.4% this year, compared to 1% in 2017. Even here, the non-government sector is coping relatively poorly. Analysts are forecasting non-oil private sector growth of 1.1%, this year, up from 0.7% last year. The reforms that have been pushed through to date have led to important changes aiding the economy.

The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce. Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars. A due enactment of law will encourage public-private partnerships to herald more foreign investment.

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

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

Vision 2030 to diversify the economy from reliance on oil, has only just commenced and with a young and increasingly well-educated population, together with its own sovereign wealth fund, the Kingdom has many favourable factors to become a leading service sector economy in the region.

Reform efforts include a reduction of subsidies on fuel and electricity and the implementation of a 5 per cent VAT back on 1st January 2018 which was increased to 15 per cent as of 01 July 2020.

The government is also striving to get women to play a greater role in the economy including allowing them to drive back in 2019. Wider reforms have been initiated by the government allowing for the entertainment industry to flourish with the opening of the first cinema in King Abdullah Financial District (KAJD) along with 4 VOX screens opening at Riyadh Park Mall.

The cinema entertainment is spurred on by Public Investment Fund (PIF) in collaboration with AMC Cinemas and led by the Development and Investment Entertainment Company (DIEC), a wholly owned subsidiary of PIF. With an objective of 30 to 40 cinemas in approximately 15 cities in Saudi Arabia over the next five years, and 50 to 100 cinemas in about 25 Saudi cities by 2030.

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



Red Sea Tourism Project

To transform 50 islands consisting of 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.

Al Faisaliyah Project

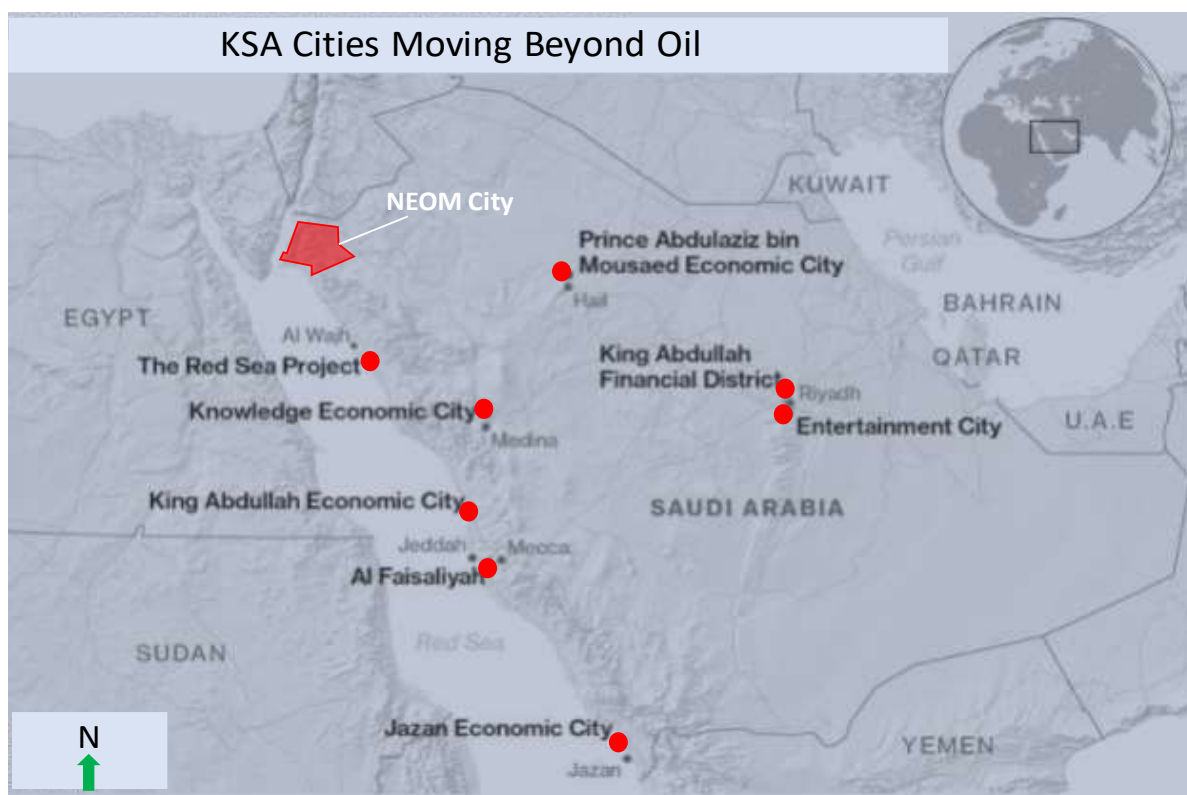
The project will consist of 2,450 square kilometres of residential units, entertainment facilities, an airport and a seaport. Refer to the below illustration for the location.

Qiddiya Entertainment City

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

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

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

Neom City

The NEOM city project will operate independently from the "existing governmental framework" backed by Saudi government along with local and international

investors. The project will be part of a 'new generation of cities' powered by clean energy. The ambitious plan includes a bridge spanning the Red Sea, connecting the proposed city to Egypt and stretch into Jordan too.

Economic Cities

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

Real Estate Growth

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

Despite short term challenges, both investors and buyers remaining cautious, the Saudi economy has shown signs of ambition with the government unveiling a number of reforms, including full foreign ownership of retail and wholesale operations along with opening up of the Tadawul Stock Market to foreign investment as well as the reforms mentioned in the previous section referred above.

As mentioned earlier, KSA experienced positive growth by oil price rise in the first quarter of 2018; hence the main driver of the recovery remains oil. Over 2018 we envisage the Kingdom's consumer outlook to be more favorable in economic conditions.

Moreover, tax on development land implemented in 2017 has kept the construction sector afloat, encouraging real estate developers. Adapting to a new KSA economic reality has been inevitable, although the Kingdom's oil dynamics remain pivotal for future development within the KSA 2030 economic vision plan.

In latter part of 2017, the Public Investment Fund (PIF), Saudi Arabia's sovereign wealth fund set up a real estate refinancing company aimed at advancing home ownership in the Kingdom, which suffers from a shortage of affordable housing. This initiative will create stability and growth in the Kingdom's housing sector by injecting liquidity and capital into the market.

Another plan to help kick start the real estate market by boosting the contribution of real estate finance to the non-oil GDP part. The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016). The close ties with the construction, financing institutions and many others have provided crucial resources that contributed to the development of the Saudi economy.



The real estate market performance in 2018 and the general trend in KSA for most sectors have remained subdued given lower activity levels and prices have been under pressure across most asset classes leading to a gradual softening of rental and sale prices quarter on quarter.

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

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

All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. Since the issuing of this report the KSA lockdown for the COVID-19 health crisis was lifted on 21 June 2020 and the economy is now trying to get back to normalcy. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2021.

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

2.15 VALUATION UNCERTAINTY

This valuation has been undertaken against a background of significant levels of Market volatility is one of the main reasons of Valuation uncertainty in the real estate market in the Kingdom and within the GCC region given the dramatic changes in markets in current oil price slump and other factors too.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations.

Given the current uncertainties it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature.

The current shortage of transaction, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis.

The RICS valuation standards consider it essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.

We further state that given the valuation uncertainty stated above our valuation represents our impartial calculated opinion / judgement of the properties, based on relevant market data and perceptions as at the date of valuation. The client is advised that whilst all reasonable measures have been taken to supply as accurate a valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's marketplace

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

2.16 DISCLAIMER

In undertaking and executing this assignment, an extreme care and precaution has been exercised.

This report is based on information provided by the Client. Values will differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc.

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

2.17 CONCLUSION

This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the Client.

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

This report is issued without any prejudice and personal liability.

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

Mr. Ramez Al Medlaj (Taqeem
Member No. 1210000320)
Senior Associate – Real Estate, KSA



Mr. Yousuf Siddiki (Taqeem Member
No. 1210001039)
Director - Real Estate, KSA

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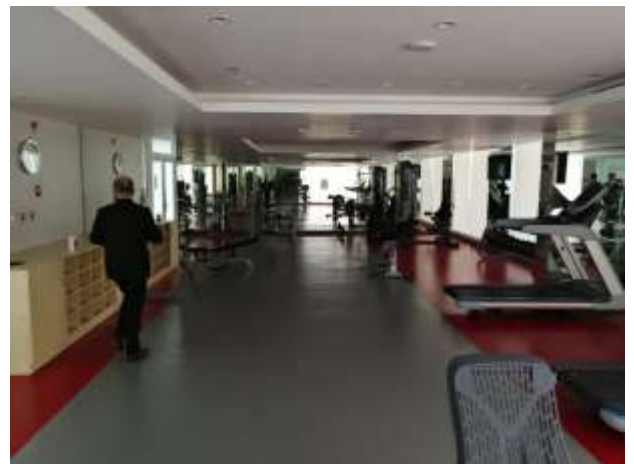
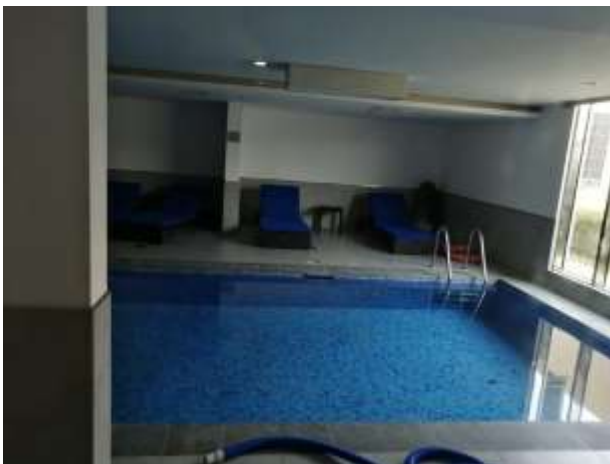
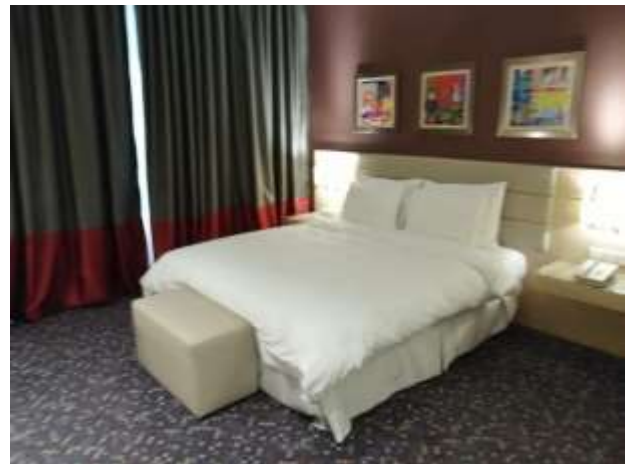
Musharaka Capital (CJSC), Al Khobar, KSA – December 2020

APPENDIX 1 - PHOTOGRAPHS



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Musharaka Capital (CJSC), Al Khobar, KSA – December 2020





بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



الجمهورية العربية السعودية
وزارة العدل
كتابة العدل الأولى بمحافظة الخبر
[٢٧٧]

الرقم: ٩٣-٢١٧٠٠٥٦٦٢
 التاريخ: ١٤٣٨ / ١١ / ٢٩ هـ

صك

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

فإن قطعة الأرض رقم ١١٢ من البلك رقم ١٠ من المخطط رقم ٣٤٥ / ٢ الواقع في حي العليا بمدينة الخبر وحدودها وأطوالها كالتالي:

شمالاً: قطعة رقم ١١٣	بطول: (٣٥,٠٨) خمسة و ثلاثون متر و ثمانية سنتيمتر
جنوباً: شارع عرض ١٦,٠٠ متر	بطول: (٣٥) خمسة و ثلاثون متر
شرقاً: قطعة رقم ١١٤	بطول: (٤٠) أربعون متر
غرباً: شارع عرض ١٦ متر	بطول: (٤٠) أربعون متر

ومساحتها: (١,٣٩٨,٠٨) ألف و ثلاثمائة و ثمانية و تسعون متر مربعاً و ثمانية سنتيمتر مربعاً فقط بموجب خطاب الأمين برفق ١٤٣٦ / ١٩٣٦٤ / ١٤٣٤ قى ١٣ / ٤ / ١٤٣٤ والمقيد برفق ٣٤٩٤٥٤٧٠ قى ١٧ / ٤ / ١٤٣٤.

والسند في إقرارها على الصك الصادر من هذه الإمارة برفق ٩٣٠٢٠٢٠٠٦٨٠٠ قى ٢٢ / ٩ / ١٤٣٦ هـ.

قد انتقلت ملكيتها لـ شركة حفظ الشراكة العقارية بموجب سجل تجاري رقم ١٠١٠٤٨٤٨٣٩ قى ١٣ / ١٠ / ١٤٣٧ هـ وتنتهي في ١٢ / ١٠ / ١٤٤١ هـ. بشمن قدره ٣٢٣٠٠٠٠٠٠ لثنتين و ثلاثون مليوناً و ثلاثمائة ألف ريال منمن شحكين وعليه جرى التصديق تحريراً في ٢٩ / ١١ / ١٤٣٨ هـ لا عتماده، وصلى الله على نبينا محمد وآله وصحبه وسلم.


عبدالعزیز بن ناصر بن عبد الرحمن آل نويهم


وزارة العدل
كتابة العدل الأولى بمحافظة الخبر
كتب العدل بكتب رقم (٧)

هذا الميثاق وحده منتهىة - وإشباع أو كلف منتهىة منه يراعى إلى عدم استلحاق الميثاق

صفحة ١ من ١
 نموذج رقم (١٢-١٠٣-١)
 مصلحة مطابع الحكومة - ٢٧٣٨٦٦
 (هذا النموذج مخصص للاستخدام بالمساب الآلي ويمنع تقليده)

بسم الله الرحمن الرحيم

الجمهورية العربية السعودية
مكة المكرمة - الجوف - محافظة الجوف
[٢٧٧]

صك

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

فإن قطعة الأرض رقم ١١٦ من البلاك رقم ١٠٠ من المخطط رقم ٣٤٥ / ٢ الواقع في حي العليا بمدينة الخبر وحدودها وأطرافها كالتالي:

شمالاً: قطعة رقم ١١٧	بطول: (٣٠) ثلاثون متر
جنوباً: شارع عرض ١٦ متر	بطول: (٣٠) ثلاثون متر
شرقاً: قطعة رقم ١١٨	بطول: (١٠) أربعون متر
غرباً: قطعة رقم ١١٤	بطول: (١٠) أربعون متر

ومساحتها: (١٢٠٠) ألف و مئتين متر مربعاً فقط بموجب خطاب الأمين برقم ١٩٣٦٤ / ١٩٣٦٤ في ١٣ / ٤ / ١٤٣٤ والمقيد برقم ٣٤٤٤٤٧٠ في ١٧ / ٤ / ١٤٣٤.

والستند في إقرارها على الصك الصادر من هذه الإدارة برقم ٣٣٠٢٠٢٠٠٦٨٠٢ في ٢٢ / ٩ / ١٤٣٦ هـ.

قد انتقلت ملكيتها لـ شركة حفظ المشاركة العقارية بموجب سجل تجاري رقم ١١١٠٤٨٤٣٤ في ١٢ / ١٠ / ١٤٣٧ هـ وتنتهي في ١٢ / ١٠ / ١٤٤١ هـ بثمن وقدره ٢٦٣٠٠٠٠٠ مئة و عشرون مليوناً و ثلاثمائة و خمسون ألف ريال ضمن شيك وعليه جرى التصديق تحريراً في ٢٩ / ١١ / ١٤٣٨ هـ لا عتاده ، ولسي الله على نبيينا محمد وآله وصحبه وسلام.

مكاتب العدل

عبد العزيز بن ناصر بن عبد الرحمن آل تويجر

هذا المستند وحدة متطابقة : وسباع أو شطب مضافة منه يؤدي إلى عدم صلاحية المستند.

مصلحة مطابع الحكومة - ٣٣٥٣٦٦

(هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تظليله)

نموذج رقم (١٤-١٠٠٣-١)

صفحة ١ من ١

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Valuation Report

AL BARAKAH WAREHOUSES, RIYADH, KSA

MUSHARAKA CAPITAL

REPORT ISSUED 31 JANUARY 2021

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APPENDIX 1 – PHOTOGRAPHS

APPENDIX 2 – COPY OF TITLE DEED



1 EXECUTIVE SUMMARY

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

1.1 THE CLIENT

Musharaka Capital (CJSC)
P.O. Box 712, Al Khobar 31952
Kingdom of Saudi Arabia

1.2 THE PURPOSE OF VALUATION

The valuation is required for Public Listing Offering (REIT) for the Saudi Market Purpose and submission to the Capital Market Authority (CMA).

1.3 INTEREST TO BE VALUED

The below-mentioned property is the scope of this valuation exercise.

Description	Property Details
Property Name	Al Barakah Warehouses
Land Area (sq. m.)	29,955.42
Total Built-Up Area (sq. m.)	27,605
Owner	Hifth Al Musharaka Real Estate Co.
Location	As Sulay District, Riyadh, KSA
GPS Coordinates	24°37'5.69"N, 46°51'28.54"E
Interest	Freehold

Source: Client 2020

1.4 VALUATION APPROACH

Income Capitalization approach to valuation.

1.5 DATE OF VALUATION

Unless stated to the contrary, our valuations have been assessed as at the date of our report based on our inspection of the subject property on 28 December 2020.

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

1.6 OPINION OF VALUE

Property Name	Net Income	OPEX	Yield	Property Value
Al Barakah Warehouses, Riyadh	SAR 9,000,000 p.a.	Nil	10%	SAR 90,000,000



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

1.7 SALIENT POINTS (GENERAL COMMENTS)

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

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

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

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

We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, 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 area provided by the Client.

In the event that the area of the property 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 property 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 property.

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

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

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

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

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

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

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

2 VALUATION REPORT

2.1 INTRODUCTION

Thank you for the instruction regarding the subject valuation services.

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

2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

Description	Property Details
Property Name	Al Barakah Warehouses
Land Area (sq. m.)	29,955.42
Total Built-Up Area (sq. m.)	27,605
Owner	Hifth Al Musharaka Real Estate Co.
Location	As Sulay District, Riyadh, KSA
GPS Coordinates	24°37'5.69"N, 46°51'28.54"E
Interest	Freehold

Source: Client 2020

2.3 PURPOSE OF VALUATION

The valuation is required for Public Listing Offering (REIT) for the Saudi Market Purpose and submission to Capital Market Authority (CMA).

2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Taqueem Regulations (Saudi Authority for Accredited Valuers) and the International Valuation Standards Council (IVSCs') incorporating International Valuations Standards (IVS).

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



2.5 BASIS OF VALUATION

2.5.1 MARKET VALUE

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

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

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

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

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

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

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

“and a willing seller” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for



the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

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

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

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

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

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

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

2.5.2 VALUER(S)

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

We further confirm that either the Valuer or ValuStrat have no previous material connection or involvement with the subject of the valuation assignment apart from this same assignment undertaken.

2.5.3 STATUS OF VALUER

Status of Valuer	Survey Date	Valuation Date
External Valuer	28 December 2020	28 December 2020

2.6 EXTENT OF INVESTIGATION

In accordance with instructions received we have carried out an external and internal inspection of the property. The subject of this valuation assignment is to produce a valuation report and not a structural / building or building services survey, and hence structural survey and detailed investigation of the services are outside the scope of this assignment. We have not carried out any structural survey, nor tested any services, checked fittings of any parts of the property.

Our inspection was limited to the visual assessment of the subject property's exterior features including its immediate surrounding.

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

2.7 SOURCES OF INFORMATION

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

2.7.1 VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:



The subject property is valued under the assumption of property held on a *Private interest* with the benefit of trading potential of existing operational entity in possession;

Written information provided to us by the Client is up to date, complete and correct in relation to issues such as title, tenure, details of the operating entity, and other relevant matters that are set out in the report;

That no contaminative or potentially contaminative use has ever been carried out on the site;

We assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoings, restrictions or other encumbrances. Information regarding tenure and tenancy must be checked by your legal advisors;

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

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that such investigations would not disclose the presence of any such material to any significant extent;

That, unless we have been informed otherwise, the property complies with all relevant statutory requirements (including, but not limited to, those of Fire Regulations, By-Laws, Health and Safety at work);

We have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building. We would recommend that the client makes their own enquiries in this regard; and the market value conclusion arrived at for the 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 DETAILS AND GENERAL DESCRIPTION

2.9.1 LOCATION OF THE PROPERTY

The aforementioned property is situated close to Istanbul Street, within Al Mishal District, Riyadh, Kingdom of Saudi Arabia.

It is located about 2.7 kilometers northeast of Eastern Ring Road extension and 3.5 kilometers southeast of Southern Ring Road.

The illustration below identifies the exact location of the subject property and shows the characteristics of its immediate neighborhood.



Source: Google Extract 2020 - For Illustrative Purposes Only

Likewise, the subject industrial property is situated about 9 kilometres northwest of the new industrial Area and approximately 11.5 kilometres southeast of the Riyadh Railway Station.

It is located in a mainly industrial area consisting of logistic warehouses and stock yards. It is accessible from the city center via the fronting Istanbul Street and the nearby Southern Ring Road and Eastern Ring Road extension.

For ease of reference, refer to the illustration below.



Source: Google Extract 2020 - For Illustrative Purposes Only

2.9.2 BRIEF DESCRIPTION OF THE PROPERTY

Al Barakah Warehouses consist of 6 connected warehouses constructed mainly of steel frame with concrete block and galvanized iron sheet exterior wall, plain cement finished flooring, steel & mechanical doors and galvanized iron roofing on steel roof frame. It is equipped with firefighting system and air-conditioning.

As per information provided to us, the warehouses were constructed circa 1435 with a total built-up area of 27,605 square meters.

Warehouse	BUA (m ²)
Warehouse no.1	4,793
Warehouse no.2	4,793
Warehouse no.3	4,215
Warehouse no.4	4,217
Warehouse no.5	4,794
Warehouse no.6	4,793
Total Built-Up Area (m²)	27,605



2.9.1.1 PROXIMITY TO MAJOR LANDMARKS IN RIYADH



As mentioned above, the subject property is situated in an area mainly utilized for industrial purposes in the south of Riyadh. It is characterized by logistic warehouse with some production facilities and labor accommodations.

The aforesaid property is well accessible thru the Eastern Ring Road and Second Ring Road, both major roads leading to the southern districts of Riyadh.

The district is well equipped with the necessary infrastructures such as asphalt-paved roads, electrical system with street lightings, water and drainage system.

The table and illustration below provide an approximate distance of the subject property to main landmarks in Riyadh.

Landmarks	Distance from subject property (km.)
Riyadh Railway Station	11.5
Faisaliyah Tower	19
Kingdom Tower	21.5
King Saud University	26
King Abdullah Financial District	27
Princess Noura University	28.5
King Khalid International Airport	48.5



Source: Google Extract 2020 - For Illustrative Purposes Only.

2.9.2.1 RIYADH MEGA PROJECTS

The Riyadh Metro



The new City Metro of Riyadh is an under-construction rapid transit system which will be of benefit to Riyadh's population, business and future growth of Riyadh, etc. The Metro will help in many ways for the day to day life activities of the people such as traffic control, school journeys, shopping journey and business commuting, etc. The city metro project is one of the world's largest infrastructure projects currently under-construction. It consists of trains and buses, which includes 6 railway lines stretching 176 kilometers with 85 stations, penetrating the capital of Saudi Arabia, Riyadh, from all directions. It is expected that the capacity of the project is estimated at 1.16 million passengers daily in the beginning of the operation and will reach to as high as 3.6 million passengers after a decade.



The completion of this project will enhance mobility within the City. It is reportedly scheduled to start operation in 2021.

The Avenues - Riyadh



The Avenues - Riyadh embodies the success of The Avenues - Kuwait, with its districts and unique design. The project extends across 390,000 sq. m. and is located at the entry point of the capital city, overlooking the intersection between King Salman and King Fahd Roads, and just a few minutes away from King Khalid International Airport. The overall cost of the project stands at SAR 12 billion. It is a vital project that will contribute to the national economy development through offering 40,000 job opportunities in the central region of KSA. It will also play a significant role in promoting the Kingdom as a touristic destination and enhancing the retail and services sector in Saudi Arabia.



The project's total leasable area is 400,000 sq. m. and the total built-up area is more than 1.4 million sq. m., which will make it one of the largest commercial malls in the Middle East. Part of the project will consist of five multi-purpose towers that include hotels, residential apartments, offices and parking for 18,000 vehicles. This will make it the best destination for shopping, entertainment and even residence in the Kingdom of Saudi Arabia. The project includes multiple districts such as Prestige, Grand Avenue, The Souk, The Mall, Electra, Oasis, Grand Plaza, The forum and The Walk. Moreover, it will also include four hotels operated by Hilton, including a 350-room Waldorf Astoria, a 400-room Conrad, a 450-room Hilton Garden Inn, as well as a 150-room Canopy by Hilton, the first of Hilton's lifestyle Canopy by Hilton brand in the Middle East.



Qiddiya Project

Qiddiya is a giga-project located in Riyadh which features theme parks, entertainment centers and other recreational components located 40 km from the city center of Riyadh. It is expected to be the world's largest entertainment city by 2030 with a total area of 334 square kilometers. It will provide 57,000 jobs for Saudi Nationals and open new opportunities for the private sector. The expected duration for phase 1 is from 2018 to 2022, phase 2 is from 2023 to 2025 & phase 3 is from 2026 to 2035.



The project will boost demand for leisure tourism to Riyadh which drive the business for hospitality. By 2030, the number of annual visitors to Qiddiya is expected to reach 17 million in the entertainment sector, 12 million in the shopping sector and 2 million in the hospitality sector. The project's components include – sports & wellness, aquatic sports, recreational sports, sports academy, water parks, amusement park, cultural facilities, hotels, six flags theme park and cycle racecourse.

Medical Village



The Medical Village situated in the heart of Riyadh, aims to create a community of well-being by promoting a warm and welcoming design that encourages a healing and healthy environment. The Master plan encompasses 8 Speciality hospital towers, Education and Research buildings, Office buildings, a Hotel tower, Residential towers, a central park, a central mosque and parking facilities in the basements. TAHPI is the specialist medical planner and Healthcare Architect for the project.

The 8 speciality hospital towers range from 8 to 12 storeys in height and accommodate 120 to 150 beds each. Although each tower is designed to function as a standalone facility, there is an interconnecting corridor tying all the 8 hospitals together which enables specialised services to be shared.



Riyadh Front

Kaden Investment is building a mixed-use development Riyadh Front in Riyadh, Saudi Arabia. The project covers the construction of the Business Front and the Retail Front spread over 360,000 square meter total land area. It will include a fashion village, a wellness centre, a 4-star hotel, entertainment center, meeting halls and offices village. It is situated close to the King Khalid International Airport, along King Salman and Airport Roads.

2.10 ENVIRONMENT MATTERS

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

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

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

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

Details	
Area	Based on the document supplied by the client, the total land area of the property is 29,955.42 square meters with a total built-up area of 27,605 square meters.
Topography	Generally, the property is regular in shape and on level terrain
Drainage	Assumed available and connected.
Flooding	ValuStrat's verbal inquiries with local authorities were unable to confirm whether flooding is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not flood prone. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known flooding in this area.
Landslip	ValuStrat's verbal inquiries with local authorities were unable to confirm whether land slip is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not within a landslip designated area. A formal written submission will be required for any further investigation which is outside of this report's scope of work.

2.10.1 TOWN PLANNING

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

In the absence of any information to the contrary, it is assumed that the existing use is lawful, has valid planning consent and the planning consent is not personal to the existing occupiers and there are no particular onerous or adverse conditions which would affect our valuation.

In arriving at our valuation, it has been assumed that each and every building enjoys permanent planning consent for their existing use or enjoys, or would be entitled to enjoy, the benefit of a "Lawful Development" Certificate under the Town & Country Planning Acts, or where it is reasonable to make such an assumption with continuing user rights for their existing use purposes, subject to specific comments.

We are not aware of any potential development or change of use of the property or properties in the locality which would materially affect our valuation. For the purpose of this valuation, we have assumed that all necessary consents have been obtained for the subject property referred within this report. Should this not be the case, we reserve the right to amend our valuation and report.

2.10.2 SERVICES

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

2.11 TENURE/TITLE

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

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

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

The subject property is registered under the below-mentioned title deed (refer to scanned copy in appendix-2) which we assumed on freehold basis. Should this not be the case we reserve the right to amend our valuation and this report.

Description	Property Details
Property Name	Al Barakah Warehouses
Layout No.	3/1391
Title Deed No.	910123031387
Title Deed Date	1438/11/25
Total Land Area (sq. m.)	29,955.428
Landowner	Hifth Al Musharaka Real Estate Co.
Location	As Sulay District, Riyadh, KSA
Interest	Freehold

Source: Client 2020.

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



2.11.1 LEASE CONTRACT

We were provided a section of the lease contract agreement for the subject property with the following salient details below:

1. A lease contract agreement was entered between Abdullah Ibrahim Awad Al-Awad (1st Party) and Tawredat Development Limited Co. (2nd Party) on 1436/8/29.
2. The contract is for the lease of an Industrial Facility situated at As Sulay District, Riyadh, Kingdom of Saudi Arabia.
3. The lease amount is SAR 9,000,000 per annum.
4. The duration of the lease is for a period of 5 years with expiry date on 2020/7/1.

We have assumed the lease contract has been renewed with the same amount and provisions as the previous contract. We have likewise assumed that there are no onerous provisions in the lease contract that will adversely affect the occupational tenant. Should this not be the case, we reserve the right to amend our valuation and this report.

2.12 METHODOLOGY & APPROACH

In determining our opinion of Market Value for the freehold interest in the subject property, we have utilized the Income Capitalization approach to valuation.

2.12.1 INCOME CAPITALIZATION APPROACH

The subject property falls into a broad category of investment property with the prime value determinant being the properties ability to generate rentals and rental growth through the ongoing letting and reasonable maintenance.

In determining our opinion of Market Value of the subject property we have utilized the Investment Approach utilizing an Income Capitalization Approach to Valuation.

Income producing real estate is typically purchased as an investment essentially exchanging present money for the right to receive future income. The indication of value using the income capitalization approach requires consideration of market-oriented assumptions and data.

This method requires a market derived projection of economic annual net operating income (NOI) for a subject property based on the current and expected lease or other arrangements and occupant profile.

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



2.12.2 MARKET RENTS, VALUATION ASSUMPTIONS & COMMENTARY

Market conditions in the Saudi Arabia remains subdued and further uncertainty was caused by the recent global health pandemic COVID-19. However, we expect the subject property referred in this report to remain stable in the foreseeable future subject to ongoing maintenance, upkeep of the property and to provide yield stability with the real estate sector generally follows the fortunes of the greater economy.

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

Property values are subject to fluctuation over time as market conditions may change. Valuation figures considered full figure and may not be easily achievable in the event of an early re-sale. It also must be borne in mind that capital values can fall as well as rise. The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's marketplace.

Sales or rental evidence for similar properties within KSA are not readily available or transparent due to the nature of the property market within the Kingdom of Saudi Arabia. Much if not all of the evidence is anecdotal, and this limitation may place on the non-reliability of such information and impact on values reported. Accordingly, the valuation has been prepared in accordance with normal practice taking into account our usual research and enquiries and our discussions with leading local commercial agents.

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

In forming our opinion of Market Rent for the subject properties, we have looked at the following rental rates for industrial warehouses within Riyadh, KSA.

S#	Property Name	District	GLA (m²)	Rent per m² (SAR)
1	Industrial Facility	New Industrial Area	132,713	330.00
2	Logistic Warehouse	Industrial Gate City	16,500	230
3	Logistic Warehouse	HYT District, Riyadh	282,509	203
4	Logistic Warehouse	New Industrial Area	285,000	202.85
5	Logistic Warehouses	Ad Dar Al Baida District	62,400	184.94
6	Logistic Warehouses	Ad Dar Al Baida District	52,214	158.53
7	Industrial Warehouse	As Sulay District	143,400	139.47
8	Industrial Warehouse	As Sulay District	27,896	134.36



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Musharaka Capital (CJSC), Al Khobar, KSA – December 2020

As shown above, the prevailing market rent of industrial warehouses in the south Riyadh ranges from SAR 135 – SAR 330 per square meter

Accordingly, the client has provided us limited details of the lease contract for the subject property referred at section 2.11.1 above and as follows:

Property Name	Annual Rent (SAR)	BUA (m²)	Average Rent (SAR)
Al Barakah Warehouse, Riyadh	9,000,000 p.a.	27,605	326 per sq. m.

Source: Client 2020

Based on the above information, the subject property's rental rate of SAR 326 per square meter is within the prevailing market rent considering its location.

In this instance, we have adopted the following rates:

Components	Comments/Assumptions
Net Annual Income	SAR 9,000,000
Operational Cost	Nil
Yield	10%

Operational Cost

The operational cost for the subject property is the responsibility of the Lessee.

Net Initial Yield

Based upon our experience and discussions in the market; we believe that investors would consider a net initial yield between 10% to 11% to be an acceptable range of return given the subject property is not situated in a planned and managed industrial development where facilities are superior than planned and managed industrial park and complexes.

Moreover, Investors may also consider the property's existing lease contract with a short term of 5 years and no provision for automatic contract renewal. Given the current economic slowdown due to the impact of the health pandemic, we are of the opinion that subject property may not be easily sold in the foreseeable future.

For these reasons, we have adopted a 10% net initial yield.

2.12.3 SUMMARY OF VALUE

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

Property Name	Net Income	OPEX	Yield	Property Value
Al Barakah Warehouse, Riyadh	SAR 9,000,000	Nil	10%	SAR 90,000,000



2.13 VALUATION

2.13.1 MARKET VALUE

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

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

SAR 90,000,000 (Ninety Million, Saudi Arabian Riyals).

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

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

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

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

2.14 MARKET CONDITIONS SNAPSHOT

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

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

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

Prior to the global rapid spread of the virus and the announcement by the KSA authorities of an initial indefinite lockdown, the KSA real estate market was in a healthy position with many analysts predicting a strong 2020 for real estate (vision 2020) with the positive activity and investment by the government unveiling a number of reforms, including recent facilitation of the tourism visa, where citizens of 49 countries are now able to apply e-visas and holders of Schengen, UK or US visas are eligible for visas on arrival.

Also the government has now allowed the full foreign ownership of retail and wholesale operations along with previously opening up of the Tadawul Stock Market



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

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

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

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

In short, the pandemic is expected to be a short term shock wave with an eventual surge of business activity leading to a rapid recovery either in the form of a "V-shape" or a more gradual recovery in the form of a "U-shape" bounce back. Accordingly, we expect the KSA market to surge in business once the lockdown is lifted allowing for markets to start flourishing towards long term sustainability in social trends and patterns along with socio-economic distancing in a growing cycle. On the other hand, should the global economic impact of the Coronavirus pandemic (COVID-19)

outbreak depends on how long the virus lasts, how far it spreads and how much lock-down, public organizations quarantines disrupt the market.

Indeed, the current response to COVID-19 means that we are faced with unprecedented set of circumstances on which to base judgement(s). There is strong evidence that real estate markets spring back to strong activity and growth fairly quickly. Equally, the short-term generally speaking we do not expect the current real estate market to show very small adjustment in prices/rates if any due to non-activity or a market standstill especially prior market was on an upward trend. The KSA real estate market is a developing market with much invested by the government in infrastructure projects, so we expect the government's latest stimulus to preserve liquidity and for demand to hold having limited / no bearing on prices / rates. However, should the pandemic persist throughout 2021, we do expect adjustments later on in the year.

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

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

2.14.2 MARKET CONDITIONS PRIOR TO THE PANDEMIC & THE KSA LOCKDOWN

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

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

Despite economic headwinds, across the region, KSA has shown resilience through a period of subdued real estate market activity. The real estate sector generally follows the fortunes of the greater economy and whilst Saudi Arabia is undergoing structural reforms politically, economically and socially will transform the Kingdom towards a service economy post-oil era. These changes along with significant amounts of investment - estimated to soon be over 1 trillion US dollars will create vast amounts of opportunities for the public and private sectors across all businesses segments.



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

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

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

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

The non-oil economy is growing, but at a slow pace. Analysts are forecasting non-oil GDP to grow by 1.4% this year, compared to 1% in 2017. Even here, the non-government sector is coping relatively poorly. Analysts are forecasting non-oil private sector growth of 1.1%, this year, up from 0.7% last year. The reforms that have been pushed through to date have led to important changes aiding the economy.

The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce. Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars. A due enactment of law will encourage public-private partnerships to herald more foreign investment.

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

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

Vision 2030 to diversify the economy from reliance on oil, has only just commenced and with a young and increasingly well-educated population, together with its own sovereign wealth fund, the Kingdom has many favourable factors to become a leading service sector economy in the region. Reform efforts include a reduction of subsidies on fuel and electricity and the implementation of a 5 per cent VAT from 01 January 2018 which has now increased to 15% VAT as of 01 July 2020.

The government is also striving to get women to play a greater role in the economy including allowing them to drive back in 2019. Wider reforms have been initiated by the government allowing for the entertainment industry to flourish with the opening of the first cinema in King Abdullah Financial District (KAFD) along with 4 VOX screens opening at Riyadh Park Mall.

The cinema entertainment is spurred on by Public Investment Fund (PIF) in collaboration with AMC Cinemas and led by the Development and Investment Entertainment Company (DIEC), a wholly owned subsidiary of PIF. With an objective of 30 to 40 cinemas in approximately 15 cities in Saudi Arabia over the next five years, and 50 to 100 cinemas in about 25 Saudi cities by 2030.

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

Red Sea Tourism Project

To transform 50 islands consisting of 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.

Al Faisaliyah Project

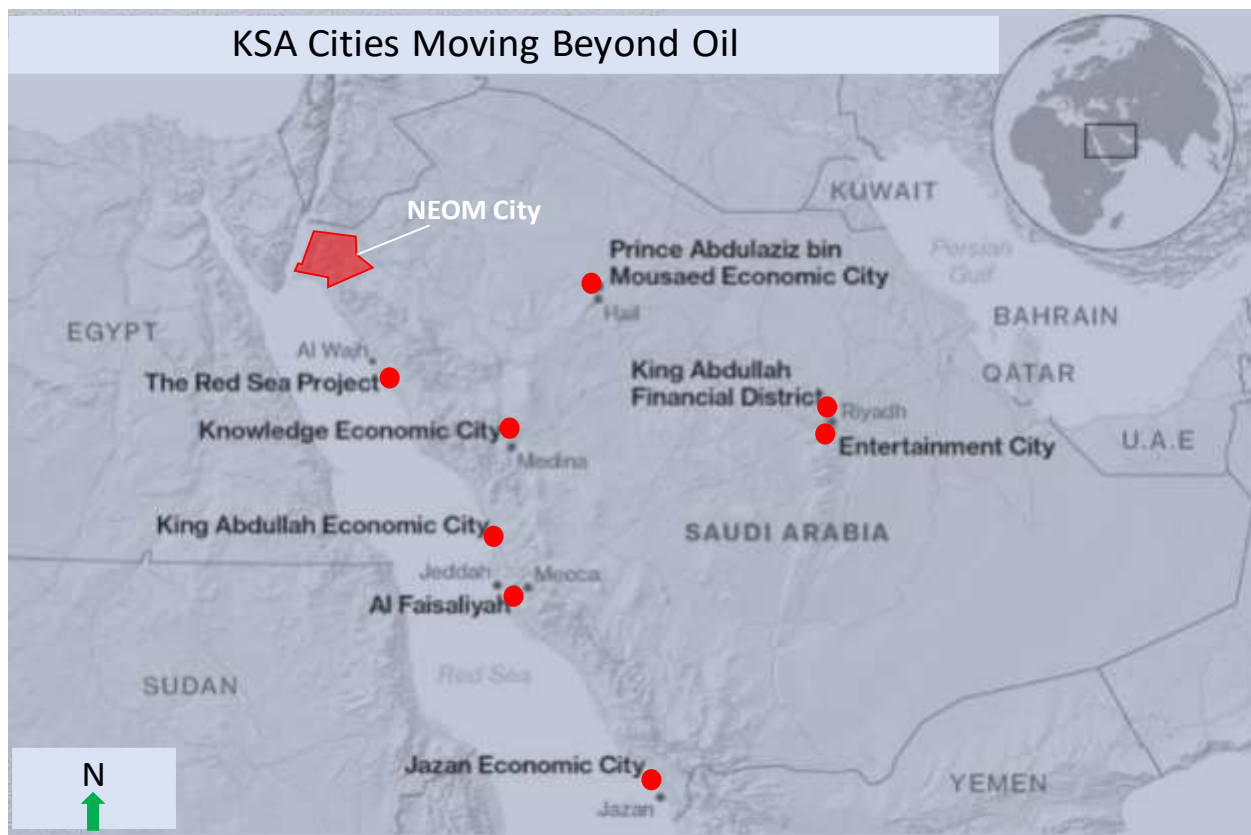
The project will consist of 2,450 square kilometres of residential units, entertainment facilities, an airport and a seaport. Refer to the below illustration for the location.

Qiddiya Entertainment City

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

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

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



Neom City

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

Economic Cities

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

Real Estate Growth

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

Despite short term challenges, both investors and buyers remaining cautious, the Saudi economy has shown signs of ambition with the government unveiling a

number of reforms, including full foreign ownership of retail and wholesale operations along with opening up of the Tadawul Stock Market to foreign investment as well as the reforms mentioned in the previous section referred above. As mentioned earlier, KSA experienced positive growth by oil price rise in the first quarter of 2018; hence the main driver of the recovery remains oil. Over 2018 we envisage the Kingdom's consumer outlook to be more favorable in economic conditions. Moreover, tax on development land implemented in 2017 has kept the construction sector afloat, encouraging real estate developers. Adapting to a new KSA economic reality has been inevitable, although the Kingdom's oil dynamics remain pivotal for future development within the KSA 2030 economic vision plan.

In latter part of 2017, the Public Investment Fund (PIF), Saudi Arabia's sovereign wealth fund set up a real estate refinancing company aimed at advancing home ownership in the Kingdom, which suffers from a shortage of affordable housing. This initiative will create stability and growth in the Kingdom's housing sector by injecting liquidity and capital into the market. Another plan to help kick start the real estate market by boosting the contribution of real estate finance to the non-oil GDP part. The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016). The close ties with the construction, financing institutions and many others have provided crucial resources that contributed to the development of the Saudi economy.

The real estate market performance in 2018 and the general trend in KSA for most sectors have remained subdued given lower activity levels and prices have been under pressure across most asset classes leading to a gradual softening of rental and sale prices quarter on quarter.

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

The outlook remains optimistic for the longer term due to the various KSA initiatives aimed at stimulating the real estate market whilst encouraging the private sector to play a key role in the transformation. All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. Since the issuing of this report the KSA lockdown for the COVID-19 health crisis was lifted on 21 June 2020 and the economy is now trying to get back to normalcy. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2021.

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

2.15 VALUATION UNCERTAINTY

This valuation has been undertaken against a background of significant levels of Market volatility is one of the main reasons of Valuation uncertainty in the real estate market in the Kingdom and within the GCC region given the dramatic changes in markets in current oil price slump and other factors too.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations.

Given the current uncertainties it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature.

The current shortage of transaction, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis.

The RICS valuation standards consider it essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.

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

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

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

2.16 DISCLAIMER

In undertaking and executing this assignment, an extreme care and precaution has been exercised.

This report is based on information provided by the Client. Values will differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc.

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

2.17 CONCLUSION

This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the Client.

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

This report is issued without any prejudice and personal liability.

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



Mr. Ramez Al Medlaj (Taqeem
Member No. 1210000320)
Senior Associate – Real Estate, KSA



Mr. Yousuf Siddiki (Taqeem Member
No. 1210001039)
Director - Real Estate, KSA



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Musharaka Capital (CJSC), Al Khobar, KSA – December 2020

APPENDIX 1 - PHOTOGRAPHS





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Valuation Report

AL BAZAI SHOWROOM, RIYADH, KSA

MUSHARAKA CAPITAL

REPORT ISSUED 31 JANUARY 2021

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APPENDIX 1 – PHOTOGRAPHS

APPENDIX 2 – COPY OF TITLE DEED



1 EXECUTIVE SUMMARY

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

1.1 THE CLIENT

Musharaka Capital (CJSC)
P.O. Box 712, Al Khobar 31952
Kingdom of Saudi Arabia

1.2 THE PURPOSE OF VALUATION

The valuation is required for Public Listing Offering (REIT) for the Saudi Market Purpose and submission to the Capital Market Authority (CMA).

1.3 INTEREST TO BE VALUED

The below-mentioned property is the scope of this valuation exercise.

Description	Property Details
Property Name	Al Bazai Showroom
Land Area (sq. m.)	10,000
Total Built-Up Area (sq. m.)	12,068.41
Owner	Hifth Al Musharaka Real Estate Co.
Location	An Nasim Al Gharbi District, Riyadh, KSA
GPS Coordinates	24°44'16.34"N, 46°48'3.46"E
Interest	Freehold

Source: Client 2020

1.4 VALUATION APPROACH

Income Capitalization approach to valuation.

1.5 DATE OF VALUATION

Unless stated to the contrary, our valuations have been assessed as at the date of our report based on our inspection of the subject property on 25 December 2020.

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

1.6 OPINION OF VALUE

Property Name	Net Income	OPEX	Yield	Property Value
Al Bazai Showroom, Riyadh	SAR 6,000,000 p.a.	Nil	8.5%	SAR 71,000,000



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

1.7 SALIENT POINTS (GENERAL COMMENTS)

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

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

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

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

We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, 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 area provided by the Client.

In the event that the area of the property 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 property 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 property.

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

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

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

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

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

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

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

2 VALUATION REPORT

2.1 INTRODUCTION

Thank you for the instruction regarding the subject valuation services.

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

2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

Description	Property Details
Property Name	Al Bazai Showroom
Land Area (sq. m.)	10,000
Total Built-Up Area (sq. m.)	12,068.41
Owner	Hifth Al Musharaka Real Estate Co.
Location	An Nasim Al Gharbi District, Riyadh, KSA
GPS Coordinates	24°44'16.34"N, 46°48'3.46"E
Interest	Freehold

Source: Client 2020

2.3 PURPOSE OF VALUATION

The valuation is required for Public Listing Offering (REIT) for the Saudi Market Purpose and submission to the Capital Market Authority (CMA).

2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Taaqem Regulations (Saudi Authority for Accredited Valuers) and the International Valuation Standards Council (IVSCs') incorporating International Valuations Standards (IVS).

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



2.5 BASIS OF VALUATION

2.5.1 MARKET VALUE

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

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

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

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

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

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

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

“and a willing seller” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for



the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

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

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

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

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

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

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

2.5.2 VALUER(S)

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

We further confirm that either the Valuer or ValuStrat have no previous material connection or involvement with the subject of the valuation assignment.

2.5.3 STATUS OF VALUER

Status of Valuer	Survey Date	Valuation Date
External Valuer	25 December 2020	25 December 2020

2.6 EXTENT OF INVESTIGATION

In accordance with instructions received we have carried out an external and internal inspection of the property. The subject of this valuation assignment is to produce a valuation report and not a structural / building or building services survey, and hence structural survey and detailed investigation of the services are outside the scope of this assignment. We have not carried out any structural survey, nor tested any services, checked fittings of any parts of the property.

Our inspection was limited to the visual assessment of the subject property's exterior and interior features including its immediate surrounding.

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

2.7 SOURCES OF INFORMATION

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

2.7.1 VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:



The subject property is valued under the assumption of property held on a *Private interest* with the benefit of trading potential of existing operational entity in possession;

Written information provided to us by the Client is up to date, complete and correct in relation to issues such as title, tenure, details of the operating entity, and other relevant matters that are set out in the report;

That no contaminative or potentially contaminative use has ever been carried out on the site;

We assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoings, restrictions or other encumbrances. Information regarding tenure and tenancy must be checked by your legal advisors;

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

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that such investigations would not disclose the presence of any such material to any significant extent;

That, unless we have been informed otherwise, the property complies with all relevant statutory requirements (including, but not limited to, those of Fire Regulations, By-Laws, Health and Safety at work);

We have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building. We would recommend that the client makes their own enquiries in this regard; and the market value conclusion arrived at for the 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.

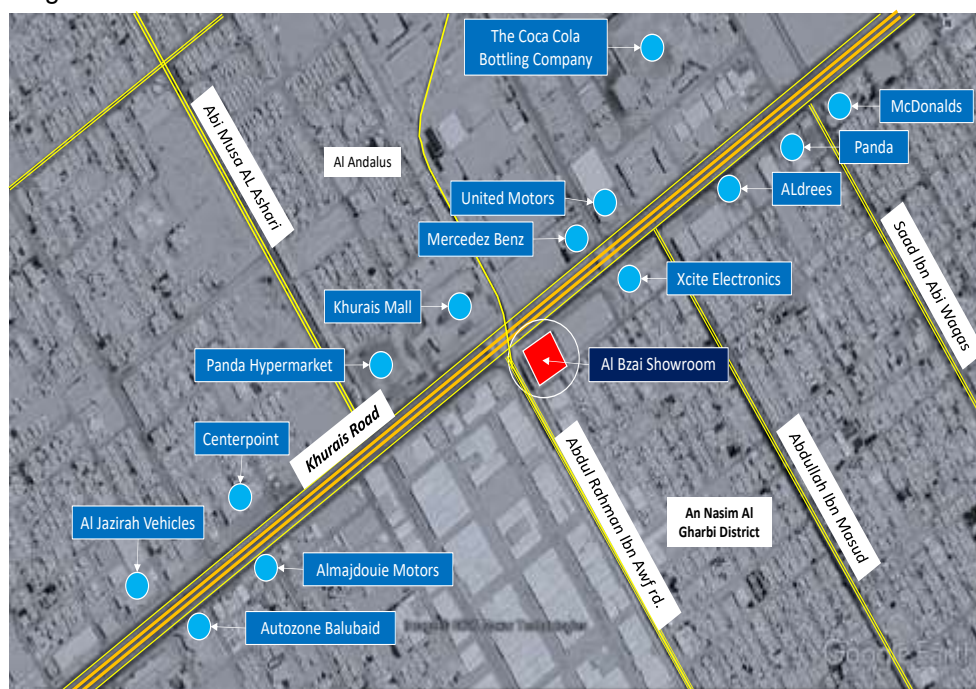
It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorised.

2.9 DETAILS AND GENERAL DESCRIPTION

2.9.1 LOCATION OF THE PROPERTY

The subject property is situated at the east corner of Khurais Road and Abdul Rahman Ibn Awf Street, within An Nasim Al Gharbi District, Riyadh, Kingdom of Saudi Arabia. It is located across Khurais Mall, about 270 meters southwest of Xcite Electronics and approximately 400 meters east of Panda Hypermarket.

The illustration below identifies the subject property in relation to its immediate neighborhood and environs.



Source: Google Extract 2020 - For Illustrative Purposes Only.

Additionally, Al Bazai Showroom is situated about 2.3 kilometers southeast of Rama Plaza and approximately 2.5 kilometers northwest of An Nasim Police Station.

The property is in a vicinity of mixed commercial, industrial & residential development. Some of these nearby developments includes the Khurais Mall, Mercedes Benz Showroom, Coca Cola Bottling Plant, etc.

It is well accessible thru the fronting Khurais Road, a major road in the Riyadh.

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Musharaka Capital (CJSC), Al Khobar, KSA – December 2020

For ease of reference, refer to the illustration below.



Source: Google Extract 2020 - For Illustrative Purposes Only.

2.9.2 BRIEF DESCRIPTION OF THE PROPERTY

The aforesaid property comprises the car showroom and the workshop. The showroom is a single-storey with mezzanine and basement building built mainly of reinforced concrete structure.

Architectural building finishes includes a glass panel & aluminum cladding façade, granite tiles and wall to wall carpet flooring, painted interior wall, glass panel interior partitions, painted board & acoustic tiles ceiling, glass & wooden doors. It is equipped with firefighting system, elevator, and centralized air-conditioning system.

The workshop building is a single-level, warehouse-type, mainly constructed of steel frame with concrete and galvanized iron sheet exterior wall, plain cement flooring (workshop area), granite tiles flooring (office area) and acoustic tiles ceiling (office area). It is equipped with firefighting and air-conditioning system.

Based on document provided to us, the said facility was reportedly built circa 1439 with a total built-up area of 12,068.41 square meters as per details below.

Floor Level	Total BUA (sqm)	Use
Basement	5,000	Parking
Mezzanine	1,281	Offices
Ground Floor	5,787.41	Car Showroom
Total BUA (sqm)	12,068.41	

Source: Client 2020.



2.9.1.1 PROXIMITY TO MAJOR LANDMARKS IN RIYADH



Al Bazai Showroom is situated in a district with mixed-use development comprising of commercial, industrial and residential. The area is noted for a number of car showrooms as well as malls and retail stores.

Some of the notable establishments includes the Khurais Mall, Panda Hypermarket, Centerpoint, Xcite Electronics, Mercedes Benz Showroom, United Motors, AMajdouie Motors, Al Jazirah Vehicles, Coca Cola Bottling, etc.

The aforesaid property is well accessible thru the fronting Khurais Road, a major road leading to the Riyadh city center.

The table and illustration below provide an approximate distance of the subject property to main landmarks in Riyadh.

Landmarks	Distance from subject property (km.)
Faisaliyah Tower	12.8
Kingdom Tower	13
Princess Noura University	14.7
King Abdullah Financial District	16.5
King Saud University	17.5
King Khalid International Airport	26.5



Source: Google Extract 2020 - For Illustrative Purposes Only.

2.9.2.1 RIYADH MEGA PROJECTS

The Riyadh Metro



The new City Metro of Riyadh is an under-construction rapid transit system which will be of benefit to Riyadh's population, business and future growth of Riyadh, etc. The Metro will help in many ways for the day to day life activities of the people such as traffic control, school journeys, shopping journey and business commuting, etc. The city metro project is one of the world's largest infrastructure projects currently under-construction. It consists of trains and buses, which includes 6 railway lines stretching 176 kilometers with 85 stations, penetrating the capital of Saudi Arabia, Riyadh, from all directions. It is expected that the capacity of the project is estimated at 1.16 million passengers daily in the beginning of the operation and will reach to as high as 3.6 million passengers after a decade.



The completion of this project will enhance mobility within the City. It is reportedly scheduled to start operation in 2021.

The Avenues - Riyadh



The Avenues - Riyadh embodies the success of The Avenues - Kuwait, with its districts and unique design. The project extends across 390,000 sq.m. and is located at the entry point of the capital city, overlooking the intersection between King Salman and King Fahd Roads, and just a few minutes away from King Khalid International Airport. The overall cost of the project stands at SAR 12 billion. It is a vital project that will contribute to the national economy development through offering 40,000 job opportunities in the central region of KSA. It will also play a significant role in promoting the Kingdom as a touristic destination and enhancing the retail and services sector in Saudi Arabia.



The project's total leasable area is 400,000 sq. m. and the total built-up area is more than 1.4 million sq. m., which will make it one of the largest commercial malls in the Middle East. Part of the project will consist of five multi-purpose towers that include hotels, residential apartments, offices and parking for 18,000 vehicles. This will make it the best destination for shopping, entertainment and even residence in the Kingdom of Saudi Arabia. The project includes multiple districts such as Prestige, Grand Avenue, The Souk, The Mall, Electra, Oasis, Grand Plaza, The forum and The Walk. Moreover, it will also include four hotels operated by Hilton, including a 350-room Waldorf Astoria, a 400-room Conrad, a 450-room Hilton Garden Inn, as well as a 150-room Canopy by Hilton, the first of Hilton's lifestyle Canopy by Hilton brand in the Middle East.



Qiddiya Project

Qiddiya is a giga-project located in Riyadh which features theme parks, entertainment centers and other recreational components located 40 km from the city center of Riyadh. It is expected to be the world's largest entertainment city by 2030 with a total area of 334 square kilometers. It will provide 57,000 jobs for Saudi Nationals and open new opportunities for the private sector. The expected duration for phase 1 is from 2018 to 2022, phase 2 is from 2023 to 2025 & phase 3 is from 2026 to 2035.



The project will boost demand for leisure tourism to Riyadh which drive the business for hospitality. By 2030, the number of annual visitors to Qiddiya is expected to reach 17 million in the entertainment sector, 12 million in the shopping sector and 2 million in the hospitality sector. The project's components include – sports & wellness, aquatic sports, recreational sports, sports academy, water parks, amusement park, cultural facilities, hotels, six flags theme park and cycle racecourse.

Medical Village



The Medical Village situated in the heart of Riyadh, aims to create a community of well-being by promoting a warm and welcoming design that encourages a healing and healthy environment. The Master plan encompasses 8 Speciality hospital towers, Education and Research buildings, Office buildings, a Hotel tower, Residential towers, a central park, a central mosque and parking facilities in the basements. TAHPI is the specialist medical planner and Healthcare Architect for the project.

The 8 speciality hospital towers range from 8 to 12 storeys in height and accommodate 120 to 150 beds each. Although each tower is designed to function as a standalone facility, there is an interconnecting corridor tying all the 8 hospitals together which enables specialised services to be shared.



Riyadh Front

Kaden Investment is building a mixed-use development Riyadh Front in Riyadh, Saudi Arabia. The project covers the construction of the Business Front and the Retail Front spread over 360,000 square meter total land area. It will include a fashion village, a wellness centre, a 4-star hotel, entertainment center, meeting halls and offices village. It is situated close to the King Khalid International Airport, along King Salman and Airport Roads.

2.10 ENVIRONMENT MATTERS

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

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

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

Details	
Area	Based on the document supplied by the client, the total land area of the property is 10,000 square meters with a total built-up area of 12,068.41 square meters.
Topography	Generally, the property is regular in shape and on level terrain
Drainage	Assumed available and connected.
Flooding	ValuStrat's verbal inquiries with local authorities were unable to confirm whether flooding is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not flood prone. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known flooding in this area.
Landslip	ValuStrat's verbal inquiries with local authorities were unable to confirm whether land slip is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not within a landslip designated area. A formal written submission will be required for any further investigation which is outside of this report's scope of work.

2.10.1 TOWN PLANNING

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

In the absence of any information to the contrary, it is assumed that the existing use is lawful, has valid planning consent and the planning consent is not personal to the existing occupiers and there are no particular onerous or adverse conditions which would affect our valuation.

In arriving at our valuation, it has been assumed that each and every building enjoys permanent planning consent for their existing use or enjoys, or would be entitled to enjoy, the benefit of a "Lawful Development" Certificate under the Town & Country Planning Acts, or where it is reasonable to make such an assumption with continuing user rights for their existing use purposes, subject to specific comments.

We are not aware of any potential development or change of use of the property or properties in the locality which would materially affect our valuation. For the purpose of this valuation, we have assumed that all necessary consents have been obtained for the subject property referred within this report. Should this not be the case, we reserve the right to amend our valuation and report.

2.10.2 SERVICES

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

2.11 TENURE/TITLE

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

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

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

The subject property is registered under the below-mentioned title deed (refer to scanned copy in appendix-2) which we assumed on freehold basis. Should this not be the case we reserve the right to amend our valuation and this report.

Description	Property Details
Property Name	Al Bazai Showroom
Layout No.	911
Title Deed No.	810104049341
Title Deed Date	1441/6/19
Total Land Area (sq. m.)	10,000
Landowner	Hifth Al Musharaka Real Estate Co.
Location	An Nasim Al Gharbi District, Riyadh, KSA
Interest	Freehold

Source: Client 2020.

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



2.11.1 OCCUPATIONAL LEASES

We were provided a section of the lease contract agreement for the subject property with the following salient details below:

1. A lease contract agreement was entered between Al Musharaka Financial Co. (1st Party) and Saleh Abdullah Albazai & Sons Co. (2nd Party) on 1436/8/29.
2. The contract is for the lease of a showroom situated at An Nasim Al Gharbi District, Riyadh, Kingdom of Saudi Arabia.
3. The lease amount is SAR 6,000,000 per annum.
4. The duration of the lease is for a period of 10 years starting on 2020/1/1 up to 2029/12/31. There is also an option to extend it for another 5 years.

We have assumed the above information is accurate and updated. We have likewise assumed that there are no onerous provisions in the lease contract that will adversely affect the occupational tenant. Should this not be the case, we reserve the right to amend our valuation and this report.

2.12 METHODOLOGY & APPROACH

In determining our opinion of Market Value for the freehold interest in the subject property, we have utilized the Income Capitalization approach to valuation.

2.12.1 INCOME CAPITALIZATION APPROACH

The subject property falls into a broad category of investment property with the prime value determinant being the properties ability to generate rentals and rental growth through the ongoing letting and reasonable maintenance.

In determining our opinion of Market Value of the subject property we have utilized the Investment Approach utilizing an Income Capitalization Approach to Valuation.

Income producing real estate is typically purchased as an investment essentially exchanging present money for the right to receive future income. The indication of value using the income capitalization approach requires consideration of market-oriented assumptions and data.

This method requires a market derived projection of economic annual net operating income (NOI) for a subject property based on the current and expected lease or other arrangements and occupant profile.

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



2.12.2 MARKET RENTS, VALUATION ASSUMPTIONS & COMMENTARY

Market conditions in the Saudi Arabia remains subdued and further uncertainty was caused by the recent global health pandemic Covid 19. However, we expect the subject property referred in this report to remain stable in the foreseeable future subject to ongoing maintenance, upkeep of the property and to provide yield stability with the real estate sector generally follows the fortunes of the greater economy.

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

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

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

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

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

We have analysed existing market commentaries and data in determining our opinion as to the applicable values. Information has also been sought from internal records and internet-based property intelligence sites.

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

In forming our opinion of Market Rent for the subject properties, we have looked at the following rental rates some shops/showrooms within Riyadh, KSA.

S#	Property Name	District	GLA (m ²)	Rent per m ² (SAR)
1	Showroom	Al Badr District	3,293	455
2	Showroom	Al Andalus District	13,000	645
3	Showroom	Al Wurud District	4,960	820
4	Showroom	Al Muruj District	7,752	1,030



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Musharaka Capital (CJSC), Al Khobar, KSA – December 2020

As shown above, the prevailing market rent of showrooms in Riyadh ranges from SAR 455 – SAR 1,300 per square meter, dependent upon the location.

Likewise, the client has provided us some details of the lease contract for the subject property as follows:

Property Name	Annual Rent (SAR)	BUA (m²)	Average Rent (SAR)
Al Bazai Showroom, Riyadh	6,000,000 p.a.	12,068.41	497 per sq. m.

Source: Client 2020

Based on the above information, the subject property's average rental rate of SAR 497 per square meter is within the prevailing market rent of showrooms in Riyadh.

In this instance, we have adopted the following rates:

Components	Comments/Assumptions
Net Annual Income	SAR 6,000,000 per annum
Operational Cost	Nil
Yield	8.5%

Operational Cost

The operational cost for the subject property is the responsibility of the Lessee.

Net Initial Yield

Based upon our experience and discussions in the market; we believe that investors would consider a net initial yield between 8% to 10% to be an acceptable range of return given the subject property is fairly new and situated in a commercial strip..

Moreover, the subject property may be considered attractive to investors considering its quite longer lease duration of 10 years with option to extend to 5 more years. It is also well accessible and in the best location for this type of property.

For these reasons, we have adopted an 8.5 % net initial yield.

2.12.3 SUMMARY OF VALUE

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

Property Name	Net Income	OPEX	Yield	Property Value
Al Bazai Showroom, Riyadh	SAR 6,000,000 p.a.	Nil	8.5%	SAR 71,000,000



2.13 VALUATION

2.13.1 MARKET VALUE

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

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

SAR 71,000,000 (Seventy-One Million, Saudi Arabian Riyals).

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

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

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

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

2.14 MARKET CONDITIONS SNAPSHOT

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

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

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

Prior to the global rapid spread of the virus and the announcement by the KSA authorities of an initial indefinite lockdown, the KSA real estate market was in a healthy position with many analysts predicting a strong 2020 for real estate (vision 2020) with the positive activity and investment by the government unveiling a number of reforms, including recent facilitation of the tourism visa, where citizens of 49 countries are now able to apply e-visas and holders of Schengen, UK or US visas are eligible for visas on arrival.

Also the government has now allowed the full foreign ownership of retail and wholesale operations along with previously opening up of the Tadawul Stock Market



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

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

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

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

In short, the pandemic is expected to be a short term shock wave with an eventual surge of business activity leading to a rapid recovery either in the form of a "V-shape" or a more gradual recovery in the form of a "U-shape" bounce back. Accordingly, we expect the KSA market to surge in business once the lockdown is lifted allowing for markets to start flourishing towards long term sustainability in social trends and patterns along with socio-economic distancing in a growing cycle. On the other hand, should the global economic impact of the Coronavirus pandemic (COVID-19)

outbreak depends on how long the virus lasts, how far it spreads and how much lock-down, public organizations quarantines disrupt the market.

Indeed, the current response to COVID-19 means that we are faced with unprecedented set of circumstances on which to base judgement(s). There is strong evidence that real estate markets spring back to strong activity and growth fairly quickly. Equally, the short-term generally speaking we do not expect the current real estate market to show very small adjustment in prices/rates if any due to non-activity or a market standstill especially prior market was on an upward trend. The KSA real estate market is a developing market with much invested by the government in infrastructure projects, so we expect the government's latest stimulus to preserve liquidity and for demand to hold having limited / no bearing on prices / rates. However, should the pandemic persist throughout 2021, we do expect adjustments later on in the year.

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

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

2.14.2 MARKET CONDITIONS PRIOR TO THE PANDEMIC & THE KSA LOCKDOWN

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

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

Despite economic headwinds, across the region, KSA has shown resilience through a period of subdued real estate market activity. The real estate sector generally follows the fortunes of the greater economy and whilst Saudi Arabia is undergoing structural reforms politically, economically and socially will transform the Kingdom towards a service economy post-oil era. These changes along with significant amounts of investment - estimated to soon be over 1 trillion US dollars will create vast amounts of opportunities for the public and private sectors across all businesses segments.

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

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

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

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

The non-oil economy is growing, but at a slow pace. Analysts are forecasting non-oil GDP to grow by 1.4% this year, compared to 1% in 2017. Even here, the non-government sector is coping relatively poorly. Analysts are forecasting non-oil private sector growth of 1.1%, this year, up from 0.7% last year. The reforms that have been pushed through to date have led to important changes aiding the economy.

The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce. Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars. A due enactment of law will encourage public-private partnerships to herald more foreign investment.

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

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



Vision 2030 to diversify the economy from reliance on oil, has only just commenced and with a young and increasingly well-educated population, together with its own sovereign wealth fund, the Kingdom has many favourable factors to become a leading service sector economy in the region. Reform efforts include a reduction of subsidies on fuel and electricity and the implementation of a 5 per cent VAT from 01 January 2018 which has increased to 15% VAT as of 01 July 2020.

The government is also striving to get women to play a greater role in the economy including allowing them to drive back in 2019. Wider reforms have been initiated by the government allowing for the entertainment industry to flourish with the opening of the first cinema in King Abdullah Financial District (KAFFD) along with 4 VOX screens opening at Riyadh Park Mall.

The cinema entertainment is spurred on by Public Investment Fund (PIF) in collaboration with AMC Cinemas and led by the Development and Investment Entertainment Company (DIEC), a wholly owned subsidiary of PIF. With an objective of 30 to 40 cinemas in approximately 15 cities in Saudi Arabia over the next five years, and 50 to 100 cinemas in about 25 Saudi cities by 2030.

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

Red Sea Tourism Project

To transform 50 islands consisting of 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.

Al Faisaliyah Project

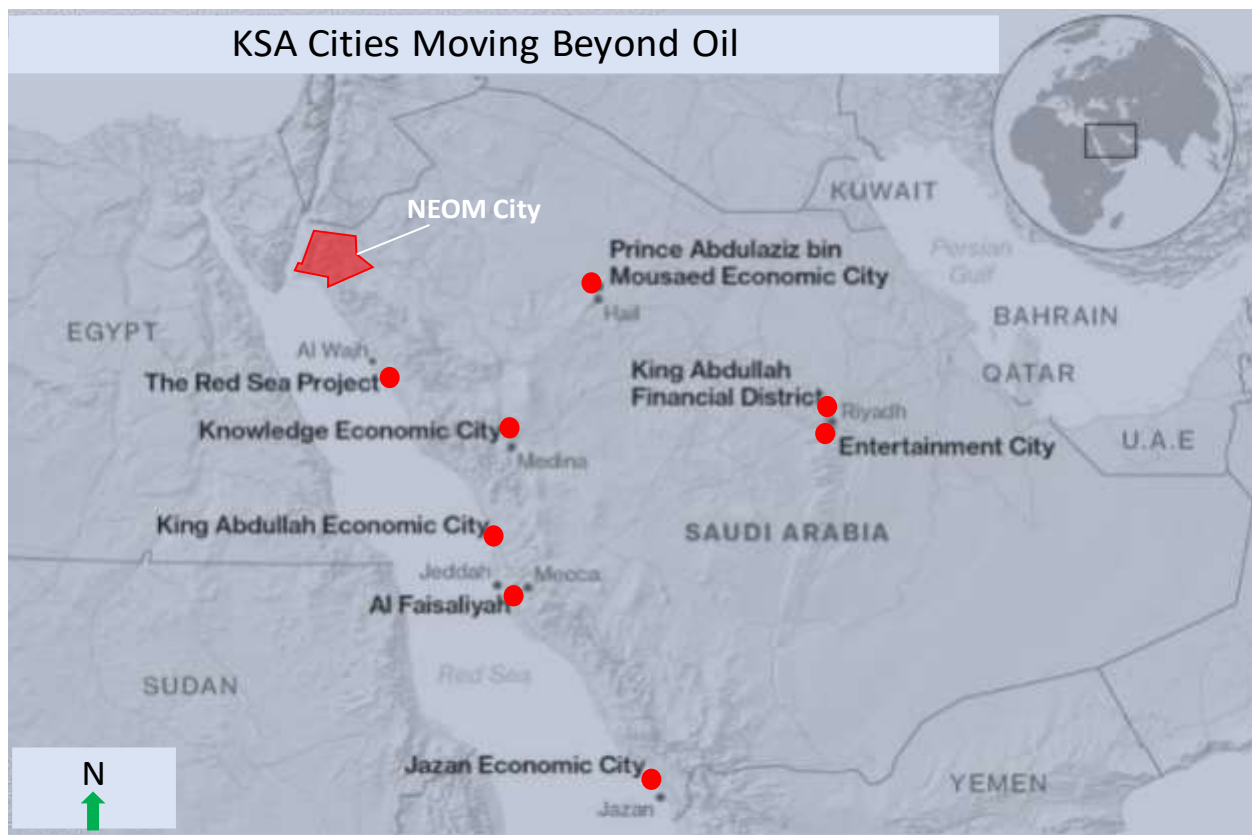
The project will consist of 2,450 square kilometres of residential units, entertainment facilities, an airport and a seaport. Refer to the below illustration for the location.

Qiddiya Entertainment City

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

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

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



Neom City

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

Economic Cities

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

Real Estate Growth

Overall ValuStrat research reveals that real estate sectors have continued to decline in both sales and rental values. We expect demand to remain stable due to fundamentals of a growing young population, reducing family size, increasing middle-class and a sizeable affluent population – all of which keeps the long-term growth potential intact. Despite short term challenges, both investors and buyers remaining cautious, the Saudi economy has shown signs of ambition with the government unveiling a number of reforms, including full foreign ownership of retail

and wholesale operations along with opening up of the Tadawul Stock Market to foreign investment as well as the reforms mentioned in the previous section referred above.

As mentioned earlier, KSA experienced positive growth by oil price rise in the first quarter of 2018; hence the main driver of the recovery remains oil. Over 2018 we envisage the Kingdom's consumer outlook to be more favorable in economic conditions. Moreover, tax on development land implemented in 2017 has kept the construction sector afloat, encouraging real estate developers. Adapting to a new KSA economic reality has been inevitable, although the Kingdom's oil dynamics remain pivotal for future development within the KSA 2030 economic vision plan.

In latter part of 2017, the Public Investment Fund (PIF), Saudi Arabia's sovereign wealth fund set up a real estate refinancing company aimed at advancing home ownership in the Kingdom, which suffers from a shortage of affordable housing. This initiative will create stability and growth in the Kingdom's housing sector by injecting liquidity and capital into the market. Another plan to help kick start the real estate market by boosting the contribution of real estate finance to the non-oil GDP part. The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016). The close ties with the construction, financing institutions and many others have provided crucial resources that contributed to the development of the Saudi economy. The real estate market performance in 2018 and the general trend in KSA for most sectors have remained subdued given lower activity levels and prices have been under pressure across most asset classes leading to a gradual softening of rental and sale prices quarter on quarter.

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

The outlook remains optimistic for the longer term due to the various KSA initiatives aimed at stimulating the real estate market whilst encouraging the private sector to play a key role in the transformation. All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. Since the issuing of this report the KSA lockdown for the COVID-19 health crisis was lifted on 21 June 2020 and the economy is now trying to get back to normalcy. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2021.

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

2.15 VALUATION UNCERTAINTY

This valuation has been undertaken against a background of significant levels of Market volatility is one of the main reasons of Valuation uncertainty in the real estate market in the Kingdom and within the GCC region given the dramatic changes in markets in current oil price slump and other factors too.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations.

Given the current uncertainties it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature.

The current shortage of transaction, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis.

The RICS valuation standards consider it essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.

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

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

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

2.16 DISCLAIMER

In undertaking and executing this assignment, an extreme care and precaution has been exercised.

This report is based on information provided by the Client. Values will differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc.

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

2.17 CONCLUSION

This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the Client.

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

This report is issued without any prejudice and personal liability.

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



Mr. Ramez Al Medlaj (Taqeem
Member No. 1210000320)
Senior Associate – Real Estate, KSA



Mr. Yousuf Siddiki (Taqeem Member
No. 1210001039)
Director - Real Estate, KSA



Private & Confidential

Musharaka Capital (CJSC), Al Khobar, KSA – December 2020

APPENDIX 1 - PHOTOGRAPHS



Private & Confidential

Musharaka Capital (CJSC), Al Khobar, KSA – December 2020



APPENDIX 2 - COPY OF TITLE DEED

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

المملكة العربية السعودية
وزارة العدل
[٢٧٧]
كتابة العدل الأولى بالرياض

الرقم: ٨١٠١٠٢٠٤٩٣٤٦
التاريخ: ١٩ / ٥ / ١٤٤١ هـ

صك

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

فإن قطعة الأرض ١٠١ و قطعة الأرض ١٠٢ و قطعة الأرض ١٠٣ و قطعة الأرض ١٠٤ و قطعة الأرض ١٣١ و قطعة الأرض ١٣٢ و قطعة الأرض ١٣٣ و قطعة الأرض ١٣٤ من المخطط رقم ٩١١ الواقع في حي النسيم فئة ١ بمدينة الرياض وحدودها وأصولها كالتالي:

شمالاً: طريق خريص المرفقت	بطول: (١٠٠) متر
جنوباً: شارع عرض ١٥ م	بطول: (١٠٠) متر
شرقاً: قطعة رقم ١٠٥ ورقم ١٣٠	بطول: (١٠٠) متر
غرباً: شارع عرض ٩٠ م	بطول: (١٠٠) متر

ومساحتها: (١٠٠٠٠) عشرة آلاف متر مربعاً فقط.

والمستند في إقرارها على الصك الصادر من هذه الإدارة برقم ٢١٠٩٢٣٠٢٥٩٨٤ في ٩ / ٢ / ١٤٣٩ هـ.

قد انتقلت ملكيتها لـ شركة حفظ المشاركة العقارية بموجب سجل تجاري رقم ١٠١٠٤٨٤٨٣٤ في ١٢ / ١٠ / ١٤٣٧ هـ وتنتهي في ١٢ / ١٠ / ١٤٤١ هـ، بثمن وقدره ٧٠٠٠٠٠٠٠٠ سبعون مليون ريال وعليه جرى التصديق تحريراً في ١٩ / ٥ / ١٤٤١ هـ لاعتقاده، وصلى الله على نبيينا محمد وآله وصحبه وسلم.


 نواف بن ضويحي بن سلمان الضويحي
 كاتب العدل


 كتابة العدل الأولى بالرياض
 كاتب العدل: كاتب

هذا المستند وحدة متكاملة، وشيئا أو ثلث صفحة منه يورث أو يورث صلاحية المستند
 (هذا النموذج مخصص للاستخدام بالجانس الذي يسمح لتأليفه)
 نموذج: ١٠٣٣١١ - ١٠٣٣١١

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Private & Confidential

Valuation Report

AL KHARJ PLAZA, AL KHARJ, KSA

MUSHARAKA CAPITAL

REPORT ISSUED 31 JANUARY 2021

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APPENDIX 1 – PHOTOGRAPHS

APPENDIX 2 – COPY OF TITLE DEED



1 EXECUTIVE SUMMARY

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

1.1 THE CLIENT

Musharaka Capital (CJSC)
P.O. Box 712, Al Khobar 31952
Kingdom of Saudi Arabia

1.2 THE PURPOSE OF VALUATION

The valuation is required for Public Listing Offering (REIT) for the Saudi Market Purpose and submission to Capital Market Authority (CMA).

1.3 INTEREST TO BE VALUED

The below-mentioned property is the scope of this valuation exercise.

Description	Property Details
Property Name	Al Kharj Plaza
Land Area (sq. m.)	16,095.97
Total Built-Up Area (sq. m.)	11,221
Owner	Hifth Al Musharaka Real Estate Co.
Location	Al Khuzama District, Al Kharj, KSA
GPS Coordinates	24° 8'19.49"N, 47°16'42.78"E
Interest	Freehold

Source: Client 2020

1.4 VALUATION APPROACH

Income Capitalization approach to valuation.

1.5 DATE OF VALUATION

Unless stated to the contrary, our valuations have been assessed as at the date of our report based on our inspection of the subject property on 29 December 2020.

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



1.6 OPINION OF VALUE

Property Name	Net Income (SAR)	Vacancy	OPEX	Yield	Property Value
Al Kharj Plaza, Al Kharj	SAR 4,379,888 p.a.	5%	Nil	8.75%	SAR 50,000,000

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

1.7 SALIENT POINTS (GENERAL COMMENTS)

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

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

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

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

We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, 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 area provided by the Client.

In the event that the area of the property 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 property 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 property.

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

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

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

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

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

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

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

2 VALUATION REPORT

2.1 INTRODUCTION

Thank you for the instruction regarding the subject valuation services.

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

2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

Description	Property Details
Property Name	Al Kharj Plaza
Land Area (sq. m.)	16,095.97
Total Built-Up Area (sq. m.)	11,221
Owner	Hifth Al Musharaka Real Estate Co.
Location	Al Khuzama District, Al Kharj, KSA
GPS Coordinates	24° 8'19.49"N, 47°16'42.78"E
Interest	Freehold

Source: Client 2020

2.3 PURPOSE OF VALUATION

The valuation is required for Public Listing Offering (REIT) for the Saudi Market Purpose and submission to the Capital Market Authority (CMA).

2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Taaqem Regulations (Saudi Authority for Accredited Valuers) and the International Valuation Standards Council (IVSCs') incorporating International Valuations Standards (IVS).

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



2.5 BASIS OF VALUATION

2.5.1 MARKET VALUE

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

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

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

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

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

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

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

“and a willing seller” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for



the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

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

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

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

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

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



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

2.5.2 VALUER(S)

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

We further confirm that either the Valuer or ValuStrat have no previous material connection or involvement with the subject of the valuation.

2.5.3 STATUS OF VALUER

Status of Valuer	Survey Date	Valuation Date
External Valuer	29 December 2020	29 December 2020

2.6 EXTENT OF INVESTIGATION

In accordance with instructions received we have carried out an external and internal inspection of the property. The subject of this valuation assignment is to produce a valuation report and not a structural / building or building services survey, and hence structural survey and detailed investigation of the services are outside the scope of this assignment. We have not carried out any structural survey, nor tested any services, checked fittings of any parts of the property.

Our inspection was limited to the visual assessment of the subject property's exterior and interior features including its immediate surrounding.

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

2.7 SOURCES OF INFORMATION

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

2.7.1 VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:



The subject property is valued under the assumption of property held on a *Private interest* with the benefit of trading potential of existing operational entity in possession;

Written information provided to us by the Client is up to date, complete and correct in relation to issues such as title, tenure, details of the operating entity, and other relevant matters that are set out in the report;

That no contaminative or potentially contaminative use has ever been carried out on the site;

We assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoings, restrictions or other encumbrances. Information regarding tenure and tenancy must be checked by your legal advisors;

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

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that such investigations would not disclose the presence of any such material to any significant extent;

That, unless we have been informed otherwise, the property complies with all relevant statutory requirements (including, but not limited to, those of Fire Regulations, By-Laws, Health and Safety at work);

We have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building. We would recommend that the client makes their own enquiries in this regard; and the market value conclusion arrived at for the 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 DETAILS AND GENERAL DESCRIPTION

2.9.1 LOCATION OF THE PROPERTY

The subject property is situated at the north corner of King Abdullah Road and an unnamed street, within Al Khuzama District, Al Kharj, Kingdom of Saudi Arabia.

It is located across Nesto Hypermarket and about 670 meters southwest of the main entrance gate of Prince Sattam Bin Abdulaziz University.

The illustration below shows the location of the subject property and the attributes of its direct surrounding and neighbourhood.



Source: Google Extract 2020 - For Illustrative Purposes Only

Moreover, the said property is situated about 2 kilometers northwest of King Khalid Hospital and Military Housing, and approximately 2.5 kilometers west of the Armed Forces Hospital. It is located in an area mainly utilized for commercial purposes.

It is accessible via the fronting King Abdullah Road which links northeast to King Abdulaziz Road, a road leading to Riyadh.

For ease of reference, refer to the illustration below.



Source: Google Extract 2020 - For Illustrative Purposes Only

2.9.2 BRIEF DESCRIPTION OF THE PROPERTY

Al Kharj Plaza consist of single storey with mezzanine and two storey commercial buildings mainly constructed of reinforced concrete structure. Architectural building finishes includes a painted concrete and glass panel façade & exterior wall, painted interior wall, acoustic tiles and painted ceiling, granite/porcelain tiles flooring and glass entrance doors. It is equipped with firefighting system, CCTV security cameras, air-conditioning system and open yard parking area. It comprises 18 commercial shops which includes Danube, McDonalds, Kudu, Patchi, Red Tag, Maestro Pizza. etc. As per document provided to us, it was reportedly built circa 1433 with a total built-up area of 11,221 square meters, as per details below. It was observed to be well maintained and in good condition.

Floor Level	Total BUA (sqm)	Use
Mezzanine	1,700	commercial
Ground Floor	9,090.65	commercial
First Floor	430.35	commercial
Total BUA (sqm)	11,221	

Source: Client 2020.



2.10 ENVIRONMENT MATTERS

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

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

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

Details	
Area	Based on the document supplied by the client, the total land area of the property is 16,095.97 square meters with a total built-up area of 11,221 square meters.
Topography	Generally, the property is regular in shape and on level terrain
Drainage	Assumed available and connected.
Flooding	ValuStrat's verbal inquiries with local authorities were unable to confirm whether flooding is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not flood prone. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known flooding in this area.
Landslip	ValuStrat's verbal inquiries with local authorities were unable to confirm whether land slip is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not within a landslip designated area. A formal written submission will be required for any further investigation which is outside of this report's scope of work.

2.10.1 TOWN PLANNING

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

In the absence of any information to the contrary, it is assumed that the existing use is lawful, has valid planning consent and the planning consent is not personal to the existing occupiers and there are no particular onerous or adverse conditions which would affect our valuation.

In arriving at our valuation, it has been assumed that each and every building enjoys permanent planning consent for their existing use or enjoys, or would be entitled to enjoy, the benefit of a "Lawful Development" Certificate under the Town & Country Planning Acts, or where it is reasonable to make such an assumption with continuing user rights for their existing use purposes, subject to specific comments.

We are not aware of any potential development or change of use of the property or properties in the locality which would materially affect our valuation. For the purpose of this valuation, we have assumed that all necessary consents have been obtained for the subject property referred within this report. Should this not be the case, we reserve the right to amend our valuation and report.

2.10.2 SERVICES

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

2.11 TENURE/TITLE

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

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

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

The subject property is registered under the below-mentioned title deeds (refer to scanned copy in appendix-2) which we assumed on freehold basis. Should this not be the case we reserve the right to amend our valuation and this report.

Description	Property Details
Property Name	Al Kharj Plaza
Layout No.	1456 & 1457
Plot Nos.	119 & 120
Title Deed Nos.	711508007003 & 511507006268
Title Deed Date	1441/3/24
Total Land Area (sq. m.)	16,095.97
Landowner	Hifth Al Musharaka Real Estate Co.
Location	Al Khuzama District, Al Kharj, KSA
Interest	Freehold

Source: Client 2020.

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



2.11.1 OCCUPATIONAL LEASES / TENANCY SCHEDULE

We were not provided a copy of the tenancy schedule for the subject property although we were informed that the aforesaid plaza consists of 18 shops with a net income of SAR 4,379,888 per annum.

We have assumed the above information is accurate and updated. We have likewise assumed that there are no onerous provisions in the lease contract that will adversely affect the occupational tenants.

Should this not be the case, we reserve the right to amend our valuation and this report.

2.12 METHODOLOGY & APPROACH

In determining our opinion of Market Value for the freehold interest in the subject property, we have utilized the Income Capitalization approach to valuation.

2.12.1 INCOME CAPITALIZATION APPROACH

The subject property falls into a broad category of investment property with the prime value determinant being the properties ability to generate rentals and rental growth through the ongoing letting and reasonable maintenance.

In determining our opinion of Market Value of the subject property we have utilized the Investment Approach utilizing an Income Capitalization Approach to Valuation.

Income producing real estate is typically purchased as an investment essentially exchanging present money for the right to receive future income. The indication of value using the income capitalization approach requires consideration of market-oriented assumptions and data.

This method requires a market derived projection of economic annual net operating income (NOI) for a subject property based on the current and expected lease or other arrangements and occupant profile.

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

2.12.2 MARKET RENTS, VALUATION ASSUMPTIONS & COMMENTARY

Market conditions in the Saudi Arabia remains subdued and further uncertainty was caused by the recent global health pandemic COVID-19.

However, we expect the subject property referred in this report to remain stable in the foreseeable future subject to ongoing maintenance, upkeep of the property and



to provide yield stability with the real estate sector generally follows the fortunes of the greater economy.

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

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

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

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

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

We have analysed existing market commentaries and data in determining our opinion as to the applicable values. Information has also been sought from internal records and internet-based property intelligence sites.

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

In forming our opinion of Market Rent for the subject properties, we have looked at the following rental rates some commercial plaza & strip malls within Al Kharj, KSA.

S#	Property Name	District	GFA (m ²)	Gross Rent (SAR)	Ave. Rent/m ² (SAR)
1	Retail Complex	Al Khuzama	5,777	2,310,800	400
2	Shopping Mall	Al Salam	5,376	3,200,000	600

Source: ValuStrat Research 2020.

As shown above, the prevailing market rent of retail shops within Al Kharj that ranges from SAR 370 – SAR 600 per square meter, dependent upon the location.

Likewise, the client has provided us some details of the lease contract for the subject property as follows:



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Property Name	Net Rent (SAR)	BUA (m²)	Average Rent (SAR)
Al Kharj Plaza, Al Kharj	4,379,888 p.a.	11,221	390 per sq. m.

Source: Client 2020

Based on the above information, the subject property's average rental rate of SAR 417 per square meter is within the prevailing market rent of retail shops in Al Kharj.

In this instance, we have adopted the following rates:

Components	Comments/Assumptions
Net Passing Income	SAR 4,379,888 per annum
Vacancy Rate	5%
Operational Cost	Nil
Yield	8.75%

Operational Cost

No operational cost was provided by the client. We understand the lessees are responsible for maintenance costs, etc.

Net Initial Yield

Based upon our experience and discussions in the market; we believe that investors would consider a net initial yield between 8.5% to 9% to be an acceptable range of return for this type of property since it is located in a commercial area and also accessible thru the fronting King Abdullah Road.

However, the current health pandemic has greatly affected businesses and brought uncertainties in the economies of all affected countries.

The property having multiple tenants, especially if leases are mostly short term, has higher risk of potential vacancy as business activity slows down due to the said pandemic. It is also our opinion that this type of property may not be easily sold in the foreseeable future.

For these reasons, we have adopted an 8.75% net initial yield.

2.12.3 SUMMARY OF VALUE

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

Property Name	Net Income	Vacancy	OPEX	Yield	Property Value
Al Kharj Plaza, Al Kharj	SAR 4,379,888 p.a.	5%	Nil	8.75%	SAR 50,000,000



2.13 VALUATION

2.13.1 MARKET VALUE

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

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

SAR 50,000,000 (Fifty Million, Saudi Arabian Riyals).

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

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

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

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

2.14 MARKET CONDITIONS SNAPSHOT

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

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

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

Prior to the global rapid spread of the virus and the announcement by the KSA authorities of an initial indefinite lockdown, the KSA real estate market was in a healthy position with many analysts predicting a strong 2020 for real estate (vision 2020) with the positive activity and investment by the government unveiling a number of reforms, including recent facilitation of the tourism visa, where citizens of 49 countries are now able to apply e-visas and holders of Schengen, UK or US visas are eligible for visas on arrival.

Also, the government has now allowed the full foreign ownership of retail and wholesale operations along with previously opening up of the Tadawul Stock Market



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

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

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

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

In short, the pandemic is expected to be a short-term shock wave with an eventual surge of business activity leading to a rapid recovery either in the form of a "V-shape" or a more gradual recovery in the form of a "U-shape" bounce back. Accordingly, we expect the KSA market to surge in business once the lockdown is lifted allowing for markets to start flourishing towards long term sustainability in social trends and patterns along with socio-economic distancing in a growing cycle. On the other hand, should the global economic impact of the Coronavirus pandemic (COVID-19)

outbreak depends on how long the virus lasts, how far it spreads and how much lock-down, public organizations quarantines disrupt the market.

Indeed, the current response to COVID-19 means that we are faced with unprecedented set of circumstances on which to base judgement(s). There is strong evidence that real estate markets spring back to strong activity and growth fairly quickly. Equally, the short-term generally speaking we do not expect the current real estate market to show very small adjustment in prices/rates if any due to non-activity or a market standstill especially prior market was on an upward trend. The KSA real estate market is a developing market with much invested by the government in infrastructure projects, so we expect the government's latest stimulus to preserve liquidity and for demand to hold having limited / no bearing on prices / rates. However, should the pandemic persist throughout 2021, we do expect adjustments later on in the year.

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

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

2.14.2 MARKET CONDITIONS PRIOR TO THE PANDEMIC & THE KSA LOCKDOWN

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

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

Despite economic headwinds, across the region, KSA has shown resilience through a period of subdued real estate market activity. The real estate sector generally follows the fortunes of the greater economy and whilst Saudi Arabia is undergoing structural reforms politically, economically and socially will transform the Kingdom towards a service economy post-oil era. These changes along with significant amounts of investment - estimated to soon be over 1 trillion US dollars will create vast amounts of opportunities for the public and private sectors across all businesses segments.



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

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

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

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

The non-oil economy is growing, but at a slow pace. Analysts are forecasting non-oil GDP to grow by 1.4% this year, compared to 1% in 2017. Even here, the non-government sector is coping relatively poorly. Analysts are forecasting non-oil private sector growth of 1.1%, this year, up from 0.7% last year. The reforms that have been pushed through to date have led to important changes aiding the economy.

The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce. Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars. A due enactment of law will encourage public-private partnerships to herald more foreign investment.

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

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



Vision 2030 to diversify the economy from reliance on oil, has only just commenced and with a young and increasingly well-educated population, together with its own sovereign wealth fund, the Kingdom has many favourable factors to become a leading service sector economy in the region. Reform efforts include a reduction of subsidies on fuel and electricity and the implementation of a 5 per cent VAT back on 1st January 2018 which increased to 15 per cent as of 01 July 2020.

The government is also striving to get women to play a greater role in the economy including allowing them to drive back in 2019. Wider reforms have been initiated by the government allowing for the entertainment industry to flourish with the opening of the first cinema in King Abdullah Financial District (KAFFD) along with 4 VOX screens opening at Riyadh Park Mall.

The cinema entertainment is spurred on by Public Investment Fund (PIF) in collaboration with AMC Cinemas and led by the Development and Investment Entertainment Company (DIEC), a wholly owned subsidiary of PIF. With an objective of 30 to 40 cinemas in approximately 15 cities in Saudi Arabia over the next five years, and 50 to 100 cinemas in about 25 Saudi cities by 2030.

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

Red Sea Tourism Project

To transform 50 islands consisting of 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.

Al Faisaliyah Project

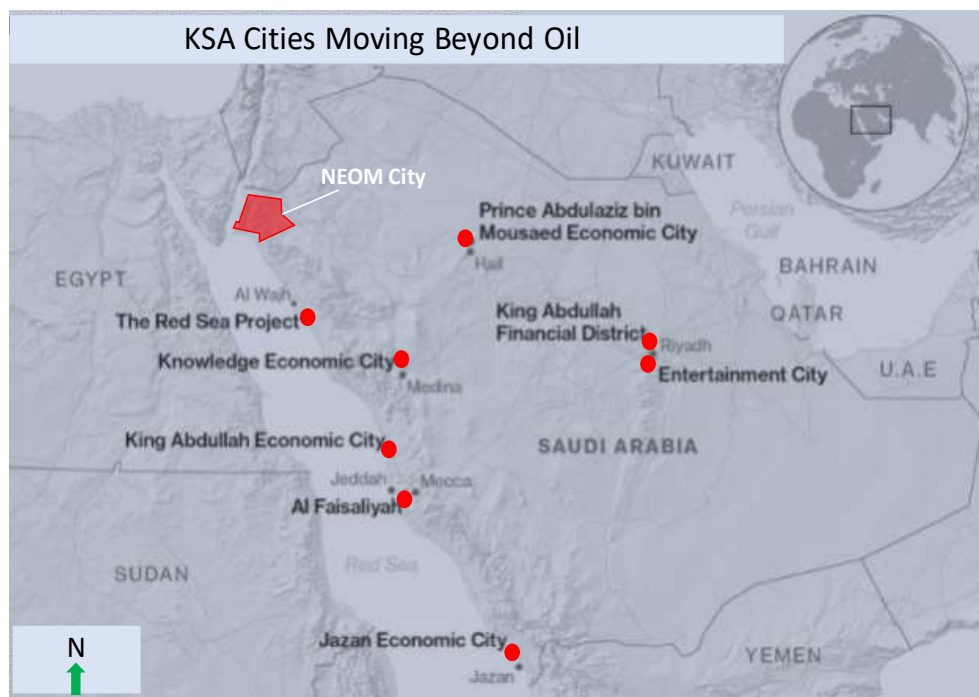
The project will consist of 2,450 square kilometres of residential units, entertainment facilities, an airport and a seaport. Refer to the below illustration for the location.

Qiddiya Entertainment City

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

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

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



Neom City

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

Economic Cities

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

Real Estate Growth

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

Despite short term challenges, both investors and buyers remaining cautious, the Saudi economy has shown signs of ambition with the government unveiling a number of reforms, including full foreign ownership of retail and wholesale operations along with opening up of the Tadawul Stock Market to foreign investment as well as the reforms mentioned in the previous section referred above.

As mentioned earlier, KSA experienced positive growth by oil price rise in the first quarter of 2018; hence the main driver of the recovery remains oil. Over 2018 we envisage the Kingdom's consumer outlook to be more favorable in economic conditions. Moreover, tax on development land implemented in 2017 has kept the construction sector afloat, encouraging real estate developers. Adapting to a new KSA economic reality has been inevitable, although the Kingdom's oil dynamics remain pivotal for future development within the KSA 2030 economic vision plan.

In latter part of 2017, the Public Investment Fund (PIF), Saudi Arabia's sovereign wealth fund set up a real estate refinancing company aimed at advancing home ownership in the Kingdom, which suffers from a shortage of affordable housing. This initiative will create stability and growth in the Kingdom's housing sector by injecting liquidity and capital into the market.

Another plan to help kick start the real estate market by boosting the contribution of real estate finance to the non-oil GDP part. The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016). The close ties with the construction, financing institutions and many others have provided crucial resources that contributed to the development of the Saudi economy.

The real estate market performance in 2018 and the general trend in KSA for most sectors have remained subdued given lower activity levels and prices have been under pressure across most asset classes leading to a gradual softening of rental and sale prices quarter on quarter.

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

The outlook remains optimistic for the longer term due to the various KSA initiatives aimed at stimulating the real estate market whilst encouraging the private sector to play a key role in the transformation. All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. Since the issuing of this report the KSA lockdown for the COVID-19 health crisis was lifted on 21 June 2020 and the economy is now trying to get back to normalcy. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2021.

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

2.15 VALUATION UNCERTAINTY

This valuation has been undertaken against a background of significant levels of Market volatility is one of the main reasons of Valuation uncertainty in the real estate market in the Kingdom and within the GCC region given the dramatic changes in markets in current oil price slump and other factors too.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations.

Given the current uncertainties it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature. The current shortage of transaction, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis.

The RICS valuation standards consider it essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.

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

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

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

2.16 DISCLAIMER

In undertaking and executing this assignment, an extreme care and precaution has been exercised.

This report is based on information provided by the Client. Values will differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc.

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

2.17 CONCLUSION

This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the Client.

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

This report is issued without any prejudice and personal liability.

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



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Musharaka Capital (CJSC), Al Khobar, KSA – December 2020

APPENDIX 1 - PHOTOGRAPHS



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Musharaka Capital (CJSC), Al Khobar, KSA – December 2020





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Valuation Report

AL ORUBAH PLAZA, RIYADH, KSA

MUSHARAKA CAPITAL

REPORT ISSUED 31 JANUARY 2021

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APPENDIX 1 – PHOTOGRAPHS

APPENDIX 2 – COPY OF TITLE DEED



1 EXECUTIVE SUMMARY

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

1.1 THE CLIENT

Musharaka Capital (CJSC)
P.O. Box 712, Al Khobar 31952
Kingdom of Saudi Arabia

1.2 THE PURPOSE OF VALUATION

The valuation is required for Public Listing Offering (REIT) for the Saudi Market Purpose and submission to the Capital Market Authority (CMA).

1.3 INTEREST TO BE VALUED

The below-mentioned property is the scope of this valuation exercise.

Description	Property Details
Property Name	Al Orubah Plaza
Land Area (sq. m.)	19,212.22
Total Built-Up Area (sq. m.)	11,292
Owner	King Khalid Charitable Foundation
Location	Umm Al Hamam Al Gharbi District, Riyadh, KSA
GPS Coordinates	24°42'9.27"N, 46°39'7.31"E
Interest	Leasehold

Source: Client 2020

1.4 VALUATION APPROACH

We have utilised the Discounted Cash Flow (DCF) approach to valuation reflecting the leasehold interest for the subject property referred in this report.

1.5 DATE OF VALUATION

Unless stated to the contrary, our valuations have been assessed as at the date of our report based on our inspection of the subject property on 28 December 2020.

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



1.6 OPINION OF VALUE

Property Name	Gross Income	Vacancy	OPEX	Discount Rate	Property Value
Al Orubah Plaza, Riyadh	SAR 5,831,004 p.a.	20%	20%	11%	SAR 41,000,000

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

1.7 SALIENT POINTS (GENERAL COMMENTS)

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

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

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

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

We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, 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 area provided by the Client.

In the event that the area of the property 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 property 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 property.

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

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

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

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

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

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

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

2 VALUATION REPORT

2.1 INTRODUCTION

Thank you for the instruction regarding the subject valuation services.

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

2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

Description	Property Details
Property Name	Al Orubah Plaza
Land Area (sq. m.)	19,212.22
Total Built-Up Area (sq. m.)	11,292
Owner	King Khalid Charitable Foundation
Location	Umm Al Hamam Al Gharbi District, Riyadh, KSA
GPS Coordinates	24°42'9.27"N, 46°39'7.31"E
Interest	Leasehold

Source: Client 2020

2.3 PURPOSE OF VALUATION

The valuation is required for Public Listing Offering (REIT) for the Saudi Market Purpose and submission to the Capital Market Authority (CMA).

2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Taaem Regulations (Saudi Authority for Accredited Valuers) and the International Valuation Standards Council (IVSCs') incorporating International Valuations Standards (IVS).

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



2.5 BASIS OF VALUATION

2.5.1 MARKET VALUE

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

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

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

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

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

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

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

“and a willing seller” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for



the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

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

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

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

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

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

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

2.5.2 VALUER(S)

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

We further confirm that either the Valuer or ValuStrat have no previous material connection or involvement with the subject of the valuation assignment apart from this same assignment undertaken.

2.5.3 STATUS OF VALUER

Status of Valuer	Survey Date	Valuation Date
External Valuer	28 December 2020	28 December 2020

2.6 EXTENT OF INVESTIGATION

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

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

Our inspection was limited to the visual assessment of the subject property's exterior and interior features including its immediate surrounding.

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

2.7 SOURCES OF INFORMATION

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

2.7.1 VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:



The subject property is valued under the assumption of property held on a *Private interest* with the benefit of trading potential of existing operational entity in possession;

Written information provided to us by the Client is up to date, complete and correct in relation to issues such as title, tenure, details of the operating entity, and other relevant matters that are set out in the report;

That no contaminative or potentially contaminative use has ever been carried out on the site;

We assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoings, restrictions or other encumbrances. Information regarding tenure and tenancy must be checked by your legal advisors;

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

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that such investigations would not disclose the presence of any such material to any significant extent;

That, unless we have been informed otherwise, the property complies with all relevant statutory requirements (including, but not limited to, those of Fire Regulations, By-Laws, Health and Safety at work);

We have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building. We would recommend that the client makes their own enquiries in this regard; and the market value conclusion arrived at for the 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 DETAILS AND GENERAL DESCRIPTION

2.9.1 LOCATION OF THE PROPERTY

The subject property is located along the southeast side of Al Urubah Road, within Umm Al Hamam Al Gharbi District, Riyadh, Kingdom of Saudi Arabia.

It is situated about 150 meters north of King Khalid Grand Mosque, some 400 meters northeast of Umm Al Hamam Park and approximately 600 meters southwest of National Guard Specialized Clinic.

The illustration below identifies the subject property and its immediate surrounding and neighborhood.



Source: Google Extract 2020 - For Illustrative Purposes Only

Additionally, the aforesaid property is located about 2.5 kilometers southwest of Kingdom Tower and approximately 3.3 kilometers southeast of King Saud University.

It is situated in an area where land utilization is a mixed of commercial, industrial and residential uses. It is easily accessible thru the fronting Al Urubah Road and the nearby Prince Turki Bin Abdulaziz Al Awwal Road.

The former connects the district to King Fahd Road, a major traversing the mainly commercial area of Riyadh.

For ease of reference, refer to the illustration below.



Source: Google Extract 2020 - For Illustrative Purposes Only

2.9.2 BRIEF DESCRIPTION OF THE PROPERTY

Al Orubah Plaza is a single storey with mezzanine, reinforced concrete and steel frame commercial building. Architectural building finishes consist of painted concrete and glass panel exterior wall, painted interior wall, granite/porcelain tiles flooring and glass entrance doors. It is equipped with firefighting system and centralized air-conditioning system. Some of the tenants includes a Panda Supermarket, Starbucks Coffee, Maestro Pizza, Patchi, etc. As per document provided, it was constructed circa 1436 with a total built-up area of 11,292 square meters as per details below:

Floor Level	Total BUA (sqm)	Use
Electricity Room	235	services
Mezzanine	210	Shops/Showroom
Ground Floor	10,847	Shops/Showroom
Total BUA (sqm)	11,292	

Source: Client 2020.



2.9.1.1 PROXIMITY TO MAJOR LANDMARKS IN RIYADH



Al Orubah Plaza is situated in the southwest of Riyadh in an area where development is still evolving. The surrounding land uses consist of commercial and residential with some noted industrial area.

The aforesaid commercial plaza mainly provides for the essential needs of the nearby residential area. It is likewise accessible to the Diplomatic Quarter and the King Saud University.

It is well accessible thru the fronting Al Orubah Road and the nearby Prince Turki Bin Abdulaziz Al Awwal Road. The former directly links the district to the Kingdom Tower while the latter traverses the north and south section of west Riyadh.

The table and illustration below provide an approximate distance of the subject property to main landmarks in Riyadh.

Landmarks	Distance from subject property (km.)
Kingdom Tower	2.4
King Saud University	3.0
Faisaliyah Tower	3.5
King Abdullah Financial District	6.5
Princess Noura University	17.5
King Khalid International Airport	26.5



Source: Google Extract 2020 - For Illustrative Purposes Only.

2.9.2.1 RIYADH MEGA PROJECTS

The Riyadh Metro



The new City Metro of Riyadh is an under-construction rapid transit system which will be of benefit to Riyadh's population, business and future growth of Riyadh, etc. The Metro will help in many ways for the day to day life activities of the people such as traffic control, school journeys, shopping journey and business commuting, etc. The city metro project is one of the world's largest infrastructure projects currently under-construction. It consists of trains and buses, which includes 6 railway lines stretching 176 kilometers with 85 stations, penetrating the capital of Saudi Arabia, Riyadh, from all directions. It is expected that the capacity of the project is estimated at 1.16 million passengers daily in the beginning of the operation and will reach to as high as 3.6 million passengers after a decade.



The completion of this project will enhance mobility within the City. It is reportedly scheduled to start operation in 2021.

The Avenues - Riyadh



The Avenues - Riyadh embodies the success of The Avenues - Kuwait, with its districts and unique design. The project extends across 390,000 sq.m. and is located at the entry point of the capital city, overlooking the intersection between King Salman and King Fahd Roads, and just a few minutes away from King Khalid International Airport. The overall cost of the project stands at SAR 12 billion. It is a vital project that will contribute to the national economy development through offering 40,000 job opportunities in the central region of KSA. It will also play a significant role in promoting the Kingdom as a touristic destination and enhancing the retail and services sector in Saudi Arabia.



The project's total leasable area is 400,000 sq. m. and the total built-up area is more than 1.4 million sq. m., which will make it one of the largest commercial malls in the Middle East. Part of the project will consist of five multi-purpose towers that include hotels, residential apartments, offices and parking for 18,000 vehicles. This will make it the best destination for shopping, entertainment and even residence in the Kingdom of Saudi Arabia. The project includes multiple districts such as Prestige, Grand Avenue, The Souk, The Mall, Electra, Oasis, Grand Plaza, The forum and The Walk. Moreover, it will also include four hotels operated by Hilton, including a 350-room Waldorf Astoria, a 400-room Conrad, a 450-room Hilton Garden Inn, as well as a 150-room Canopy by Hilton, the first of Hilton's lifestyle Canopy by Hilton brand in the Middle East.



Qiddiya Project

Qiddiya is a giga-project located in Riyadh which features theme parks, entertainment centers and other recreational components located 40 km from the city center of Riyadh. It is expected to be the world's largest entertainment city by 2030 with a total area of 334 square kilometers. It will provide 57,000 jobs for Saudi Nationals and open new opportunities for the private sector. The expected duration for phase 1 is from 2018 to 2022, phase 2 is from 2023 to 2025 & phase 3 is from 2026 to 2035.



The project will boost demand for leisure tourism to Riyadh which drive the business for hospitality. By 2030, the number of annual visitors to Qiddiya is expected to reach 17 million in the entertainment sector, 12 million in the shopping sector and 2 million in the hospitality sector. The project's components include – sports & wellness, aquatic sports, recreational sports, sports academy, water parks, amusement park, cultural facilities, hotels, six flags theme park and cycle racecourse.

Medical Village



The Medical Village situated in the heart of Riyadh, aims to create a community of well-being by promoting a warm and welcoming design that encourages a healing and healthy environment. The Master plan encompasses 8 Speciality hospital towers, Education and Research buildings, Office buildings, a Hotel tower, Residential towers, a central park, a central mosque and parking facilities in the basements. TAHPI is the specialist medical planner and Healthcare Architect for the project.

The 8 speciality hospital towers range from 8 to 12 storeys in height and accommodate 120 to 150 beds each. Although each tower is designed to function as a standalone facility, there is an interconnecting corridor tying all the 8 hospitals together which enables specialised services to be shared.



Riyadh Front

Kaden Investment is building a mixed-use development Riyadh Front in Riyadh, Saudi Arabia. The project covers the construction of the Business Front and the Retail Front spread over 360,000 square meter total land area. It will include a fashion village, a wellness centre, a 4-star hotel, entertainment center, meeting halls and offices village. It is situated close to the King Khalid International Airport, along King Salman and Airport Roads.

2.10 ENVIRONMENT MATTERS

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

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

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

Details	
Area	Based on the document supplied by the client, the total land area of the property is 19,212.22 square metres with a total built-up area of 11,292 square metres.
Topography	Generally, the property is irregular in shape and on level terrain
Drainage	Assumed available and connected.
Flooding	ValuStrat's verbal inquiries with local authorities were unable to confirm whether flooding is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not flood prone. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known flooding in this area.
Landslip	ValuStrat's verbal inquiries with local authorities were unable to confirm whether land slip is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not within a landslip designated area. A formal written submission will be required for any further investigation which is outside of this report's scope of work.

2.10.1 TOWN PLANNING

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

In the absence of any information to the contrary, it is assumed that the existing use is lawful, has valid planning consent and the planning consent is not personal to the existing occupiers and there are no particular onerous or adverse conditions which would affect our valuation.

In arriving at our valuation, it has been assumed that each and every building enjoys permanent planning consent for their existing use or enjoys, or would be entitled to enjoy, the benefit of a "Lawful Development" Certificate under the Town & Country Planning Acts, or where it is reasonable to make such an assumption with continuing user rights for their existing use purposes, subject to specific comments.

We are not aware of any potential development or change of use of the property or properties in the locality which would materially affect our valuation. For the purpose of this valuation, we have assumed that all necessary consents have been obtained for the subject plot referred within this report. Should this not be the case, we reserve the right to amend our valuation and report.

2.10.2 SERVICES

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

2.11 TENURE/TITLE

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

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

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

The subject property is registered under the below-mentioned title deed (refer to scanned copy in appendix-2) which we assumed on freehold basis, although is reflected by a lease contract which we have not seen a copy of the land lease. The client has made us aware that 17 years unexpired as of 31 December 2019. Given the client has not provided further details of the land lease, we assume no onerous conditions exist in the land lease contract impacting this valuation and report. Should this be the case we reserve the right to amend our valuation and this report. Title deed as follows:

Description	Property Details
Property Name	Al Oruba Plaza
Title Deed No.	410113062475
Title Deed Date	1436/8/27
Total Land Area (sq. m.)	19,212.22
Landowner	King Khalid Charitable Foundation
Location	Umm Al Hamam Al Gharbi District, Riyadh, KSA
Interest	Leasehold

Source: Client 2020.



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

2.11.1 OCCUPATIONAL LEASES / TENANCY SCHEDULE

We were not provided a copy of the tenancy schedule for the subject property although we were informed that the aforesaid plaza consists of 18 shops with a Gross Rental Income of SAR 5,831,004 per annum.

We have assumed the above information is accurate and updated. We have likewise assumed that there are no onerous provisions in the lease contract(s) that will adversely affect the occupational tenant. Should this not be the case, we reserve the right to amend our valuation and this report.

2.12 METHODOLOGY & APPROACH

In determining our opinion of Market Value for the leasehold interest in the subject property, we have utilized the Discounted Cash Flow approach to valuation.

2.12.1 DISCOUNTED CASH FLOW (LEASEHOLD INTEREST)

The DCF approach involves the discounting of the Net Operating Profit on a yearly basis over an assumed explicit cash flow period at an appropriate discount rate to reflect risk.

The property is currently held under a leasehold right for a term period of which the following for each property as follows:

Asset Class	Expiry Term (Yrs.)
Al Oruba Plaza, Riyadh	17 years

Upon expiry of the above-mentioned term for each property, the cash flow horizon, we have determined the Net Present Value (NPV) of the cash flow, derived from the anticipated sustainable Net Operating Profit.

The summation of the NPV indicates our assessment of market value. The projected income stream is explicit, and therefore externally reflects anticipated growth, or otherwise, inherent in a property investment based upon the physical, tenancy or market characteristics related to that property.

2.12.2 MARKET RENTS, VALUATION ASSUMPTIONS & COMMENTARY

Market conditions in the Saudi Arabia remains subdued and further uncertainty was caused by the recent global health pandemic COVID-19. However, we expect the subject property referred in this report to remain stable in the foreseeable future



subject to ongoing maintenance, upkeep of the property and to provide yield stability with the real estate sector generally follows the fortunes of the greater economy.

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

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

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

Sales or rental evidence for similar properties within KSA are not readily available or transparent due to the nature of the property market within the Kingdom of Saudi Arabia. Much if not all of the evidence is anecdotal, and this limitation may place on the non-reliability of such information and impact on values reported. Accordingly, the valuation has been prepared in accordance with normal practice taking into account our usual research and enquiries and our discussions with leading local commercial agents.

We have analysed existing market commentaries and data in determining our opinion as to the applicable values. Information has also been sought from internal records and internet-based property intelligence sites.

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

In forming our opinion of Market Rent for the subject properties, we have looked at the following rental rates some commercial plaza & strip malls within Riyadh, KSA.

Some Strip Malls, F&B Plazas and Commercial Centers in Riyadh			
Details	Veranda F&B	Black Garden	Qetaf Plaza
Type	F&B Plaza	F&B Plaza	Strip Mall
Location	Northern Ring Road	Northern Ring Road	Ath Thumama Rd., Qurtubah Dist.
F&B Space Area (m ²)	-	145 - 1,150	375 - 700
F&B Rental Rate per m ²	SAR 1,500	SAR 1,380 - SAR 2,300	SAR 1,000 - SAR 1,600
Retail Space Area (m ²)	-	-	100 - 14,740
Retail Rental Rate per m ²	-	-	SAR 609 - SAR 2,500
Office Space Area (m ²)	200 - 400	136.6 - 137.54	5,000
Office Rental Rate per m ²	SAR 1,000	SAR 360 - SAR 375	SAR 400

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Some Strip Malls, F&B Plazas and Commercial Centers in Riyadh			
Details	Sahafa Center	Tital Center	Jarir Complex
Type	Strip Mall	Strip Mall	Retail Strip
Location	King Abdulaziz Road	Al Malga District	Othman Bin Affan cor. Al Thumama Rd.
F&B Space Area (m ²)	67 - 205	76 - 240	
F&B Rental Rate per m ²	SAR 1,225 - SAR 1,800	SAR 917 - SAR 2,100	
Retail Space Area (m ²)	66 - 250	75 - 456	325 - 390
Retail Rental Rate per m ²	SAR 1,200 - SAR 1,700	SAR 1,400 - SAR 1,900	SAR 1,000
Office Space Area (m ²)	337 - 447	-	-
Office Rental Rate per m ²	SAR 400 - SAR 550	-	-

Some Strip Malls, F&B Plazas and Commercial Centers in Riyadh			
Details	Yarmouk Center	Tijan Plaza	Izdihar Center
Type	Strip Mall	Strip Mall	Strip Mall
Location	Dammam Rd., Al Yarmuk	King Khalid Road	Izdihar District
F&B Space Area (m ²)	74 - 500	140 - 600	-
F&B Rental Rate per m ²	SAR 1,300 - SAR 1,800	SAR 500 - SAR 890	-
Retail Space Area (m ²)	74 - 320	114 - 144	200 - 1,200
Retail Rental Rate per m ²	SAR 1,300 - SAR 1,800	SAR 690 - SAR 950	SAR 925 - SAR 1,060
Office Space Area (m ²)	-	70 - 192	90 - 250
Office Rental Rate per m ²	-	SAR 231 - SAR 550	SAR 650

Some Strip Malls, F&B Plazas and Commercial Centers in Riyadh			
Details	Al Tamayuz Center	Irqah Plaza	Sawary Commercial Center
Type	Strip Mall	Retail Strip	Retail Strip
Location	Ghimatah District	Irqah District	Al Janadriyah District
F&B Space Area (m ²)	-	118 - 235	53 - 565
F&B Rental Rate per m ²	-	SAR 1,500 - SAR 1,840	SAR 1,070 - SAR 1,650
Retail Space Area (m ²)	150 - 576	88 - 396	51 - 2,982
Retail Rental Rate per m ²	SAR 1,250 - SAR 1,680	SAR 1,208-SAR 2,022	SAR 425 - SAR 1,650
Office Space Area (m ²)	95 - 130	-	-
Office Rental Rate per m ²	SAR 750 - SAR 1,020	-	-

Source: ValuStrat Research 2019/20

As shown above, the prevailing market rent of retail shops within Riyadh range from SAR 425 – SAR 2,500 per square metre, dependent upon the location.

Likewise, the client has provided us some details of the lease contract for the subject property as follows.

Property Name	Gross Rent (SAR)	BUA (m ²)	Average Rent (SAR)
Al Orubah Plaza, Riyadh	5,831,004 p.a.	11,292	516 per sq. m.

Source: Client 2020

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Based on the above information, the subject property's average rental rate of SAR 516 per square meter is within the prevailing market rent of retail shops in Riyadh.

In this instance, we have adopted the following rates:

Components	Comments/Assumptions
Gross Passing Income	SAR 5,831,004 per annum
Vacancy Rate	20% (year 1)
Operational Cost	20%
Discount Rate	11%

Operational Cost

We have assumed operational cost 20% of Gross Passing Income.

Vacancy Rate

We have likewise assumed vacancy rate at 20% of Gross Passing Income. We reserve the right to amend our valuation and this report should the property's tenancy schedule is provided. We expect the occupancy to improve for retail over the next few years. Accordingly, we have assumed vacancy rates 20% (year 1), 10% (2-4 years), 0% (5-10), and 10% (11-17%).

Discount Rates:

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 strip malls/plazas, 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 the discount rate as follows:

Asset Class	Discount Rate
Al Orubah Plaza, Riyadh	11%



2.12.3 SUMMARY OF VALUE

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

Property Name	Gross Income	Vacancy	OPEX	Discount Rate	Property Value
Al Orubah Plaza, Riyadh	SAR 5,831,004 p.a.	20%	20%	11%	SAR 41,000,000

2.13 VALUATION

2.13.1 MARKET VALUE

ValuStrat is of the opinion that the Market Value of the leasehold interest in the subject property referred within this report, as of the date of valuation, based upon the Discounted Cash Flow (DCF) approach assumptions expressed within this report, may be fairly stated as follows;

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

SAR 41,000,000 (Forty-One Million, Saudi Arabian Riyals).

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

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

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

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

2.14 MARKET CONDITIONS SNAPSHOT

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

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

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



Prior to the global rapid spread of the virus and the announcement by the KSA authorities of an initial indefinite lockdown, the KSA real estate market was in a healthy position with many analysts predicting a strong 2020 for real estate (vision 2020) with the positive activity and investment by the government unveiling a number of reforms, including recent facilitation of the tourism visa, where citizens of 49 countries are now able to apply e-visas and holders of Schengen, UK or US visas are eligible for visas on arrival.

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

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

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

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

growing population) and also the economic transformation plan transforming the Kingdom towards a service economy post-oil era.

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

Indeed, the current response to COVID-19 means that we are faced with unprecedented set of circumstances on which to base judgement(s). There is strong evidence that real estate markets spring back to strong activity and growth fairly quickly. Equally, the short-term generally speaking we do not expect the current real estate market to show very small adjustment in prices/rates if any due to non-activity or a market standstill especially prior market was on an upward trend. The KSA real estate market is a developing market with much invested by the government in infrastructure projects, so we expect the government's latest stimulus to preserve liquidity and for demand to hold having limited / no bearing on prices / rates. However, should the pandemic persist throughout 2021, we do expect adjustments later on in the year.

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

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

2.14.2 MARKET CONDITIONS PRIOR TO THE PANDEMIC & THE KSA LOCKDOWN

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

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



Despite economic headwinds, across the region, KSA has shown resilience through a period of subdued real estate market activity. The real estate sector generally follows the fortunes of the greater economy and whilst Saudi Arabia is undergoing structural reforms politically, economically and socially will transform the Kingdom towards a service economy post-oil era. These changes along with significant amounts of investment - estimated to soon be over 1 trillion US dollars will create vast amounts of opportunities for the public and private sectors across all businesses segments.

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

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

General consensus anticipates a piercing improvement in the Saudi economy in the period ahead (2021-2022), supported by both the oil and non-oil sector. So ultimately it appears the economy will still need to rely on oil revenues to bridge the gap in the short term with a budget deficit over the past 3 years and the Kingdom borrowing from domestic and international markets along with hiking fuel and energy prices to finance the shortfall. The economy slipped into recession in 2018 but returned to growth this year 2019, albeit at the fairly modest level of 1.7%, according to estimates from the International Monetary Fund (IMF). However, the return to growth is mainly due to a return to increase in oil prices again and output which, in turn, is enabling an increase in government spending. Accordingly, in the short term needs to rely on the oil revenue and this reliance is being channelled into public spending.

The non-oil economy is growing, but at a slow pace. Analysts are forecasting non-oil GDP to grow by 1.4% this year, compared to 1% in 2017. Even here, the non-government sector is coping relatively poorly. Analysts are forecasting non-oil private sector growth of 1.1%, this year, up from 0.7% last year. The reforms that have been pushed through to date have led to important changes aiding the economy.

The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce. Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars. A due enactment of law will encourage public-private partnerships to herald more foreign investment. The economic transformation that the KSA has embarked upon is complex and multidimensional and will certainly take time to turn around a non-oil serviced

economy, although there have been recent positive signs, but it will remain in the short term with the support of oil revenues.

On the other hand, the KSA was resilient in the previous recession in 2007/2008 on strong oil reserves and not only can the Saudi government be relied upon to step in to rescue troubled lenders, reliable institutions for procedural reasons but crucially, it can also afford to do so, although has suffered due to previous oil price declines and it has meant increased spending. Vision 2030 to diversify the economy from reliance on oil, has only just commenced and with a young and increasingly well-educated population, together with its own sovereign wealth fund, the Kingdom has many favourable factors to become a leading service sector economy in the region. Reform efforts include a reduction of subsidies on fuel and electricity and the implementation of a 5 per cent VAT from 01 January 2018 since has been increased to 15% VAT as of 01 July 2020. The government is also striving to get women to play a greater role in the economy including allowing them to drive back in 2019. Wider reforms have been initiated by the government allowing for the entertainment industry to flourish with the opening of the first cinema in King Abdullah Financial District (KAFFD) along with 4 VOX screens opening at Riyadh Park Mall. The cinema entertainment is spurred on by Public Investment Fund (PIF) in collaboration with AMC Cinemas and led by the Development and Investment Entertainment Company (DIEC), a wholly owned subsidiary of PIF. With an objective of 30 to 40 cinemas in approximately 15 cities in Saudi Arabia over the next five years, and 50 to 100 cinemas in about 25 Saudi cities by 2030. As part of wider reforms to overhaul the economy and to allow for deep rooted diversification, the PIF have initiated plans to bolster the entertainment industry by forming ambitious plans such as the following:

Red Sea Tourism Project

To transform 50 islands consisting of 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.

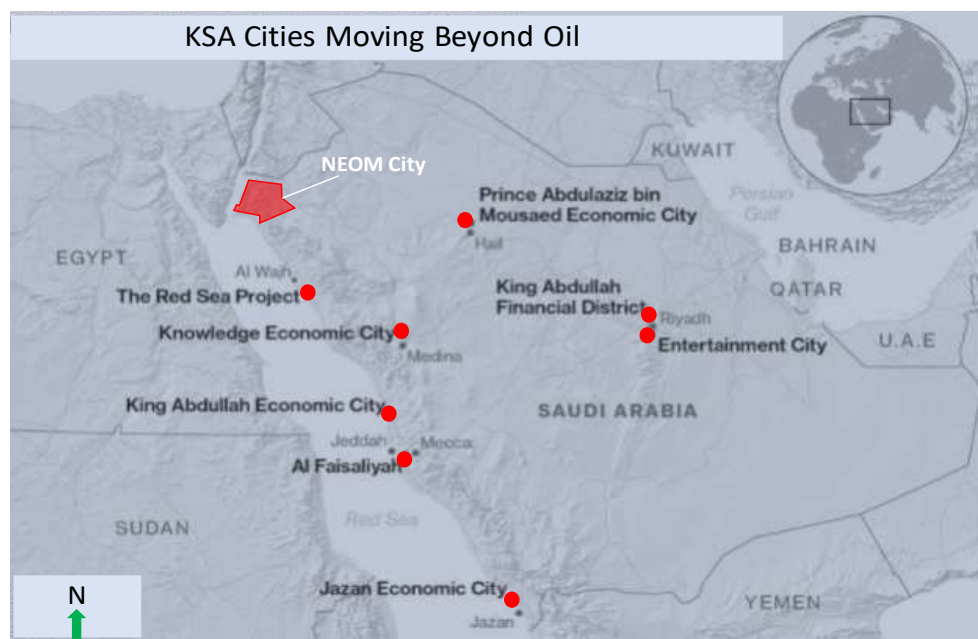
Al Faisaliyah Project

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

Qiddiya Entertainment City

Qiddiya Entertainment City will be a key project within the Kingdom's entertainment sector located 40 kilometres away from the center of Riyadh. Currently alleged for "The First Six Flags-branded theme park". The 334 square kilometre entertainment city will include a Safari park too. The project will be mixed use facility with parks, adventure, sports, events and wild-life activities in addition to shopping malls, restaurants and hotels. The project will also consist around 4,000 vacation houses to be built by 2025 and up to 11,000 units by 2030. Again, for ease of reference refer to the below illustration for the location.





Neom City

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

Economic Cities

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

Real Estate Growth

Overall ValuStrat research reveals that real estate sectors have continued to decline in both sales and rental values. We expect demand to remain stable due to fundamentals of a growing young population, reducing family size, increasing middle-class and a sizeable affluent population – all of which keeps the long-term growth potential intact. Despite short term challenges, both investors and buyers remaining cautious, the Saudi economy has shown signs of ambition with the government unveiling a number of reforms, including full foreign ownership of retail and wholesale operations along with opening up of the Tadawul Stock Market to foreign investment as well as the reforms mentioned in the previous section referred above. As mentioned earlier, KSA experienced positive growth by oil price rise in the first quarter of 2018; hence the main driver of the recovery remains oil. Over 2018 we envisage the Kingdom’s consumer outlook to be more favourable in economic conditions. Moreover, tax on development land implemented in 2017 has kept the

construction sector afloat, encouraging real estate developers. Adapting to a new KSA economic reality has been inevitable, although the Kingdom's oil dynamics remain pivotal for future development within the KSA 2030 economic vision plan.

In latter part of 2017, the Public Investment Fund (PIF), Saudi Arabia's sovereign wealth fund set up a real estate refinancing company aimed at advancing home ownership in the Kingdom, which suffers from a shortage of affordable housing. This initiative will create stability and growth in the Kingdom's housing sector by injecting liquidity and capital into the market. Another plan to help kick start the real estate market by boosting the contribution of real estate finance to the non-oil GDP part. The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016). The close ties with the construction, financing institutions and many others have provided crucial resources that contributed to the development of the Saudi economy. The real estate market performance in 2018 and the general trend in KSA for most sectors have remained subdued given lower activity levels and prices have been under pressure across most asset classes leading to a gradual softening of rental and sale prices quarter on quarter. The real estate sector remains subdued and prices may have bottomed out across sectors and we expect in the medium to long term for the market to pick-up further growth given the reforms and transformation in KSA, although we expect the growth to be slow and steady subject to a stable political environment in KSA and across the region.

The outlook remains optimistic for the longer term due to the various KSA initiatives aimed at stimulating the real estate market whilst encouraging the private sector to play a key role in the transformation. All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. Since the issuing of this report the KSA lockdown for the COVID-19 health crisis was lifted on 21 June 2020 and the economy is now trying to get back to normalcy. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2021.

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

2.15 VALUATION UNCERTAINTY

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

valuations. Given the current uncertainties it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature. The current shortage of transaction, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis. The RICS valuation standards consider it essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations. We further state that given the valuation uncertainty stated above our valuation represents our impartial calculated opinion / judgement of the properties, based on relevant market data and perceptions as at the date of valuation. The client is advised that whilst all reasonable measures have been taken to supply as accurate a valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place

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

2.16 DISCLAIMER

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

2.17 CONCLUSION



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

This report is issued without any prejudice and personal liability.

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

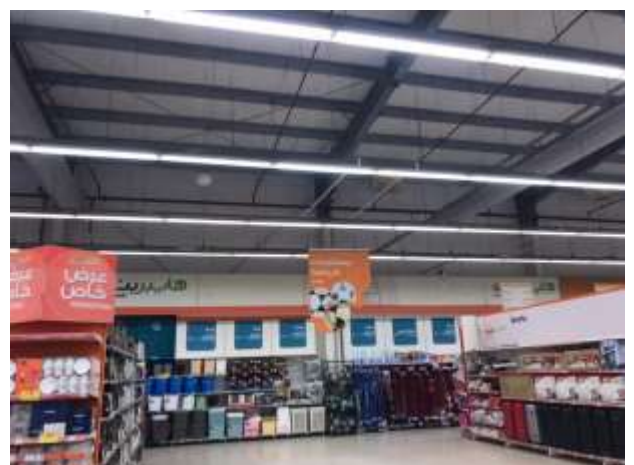
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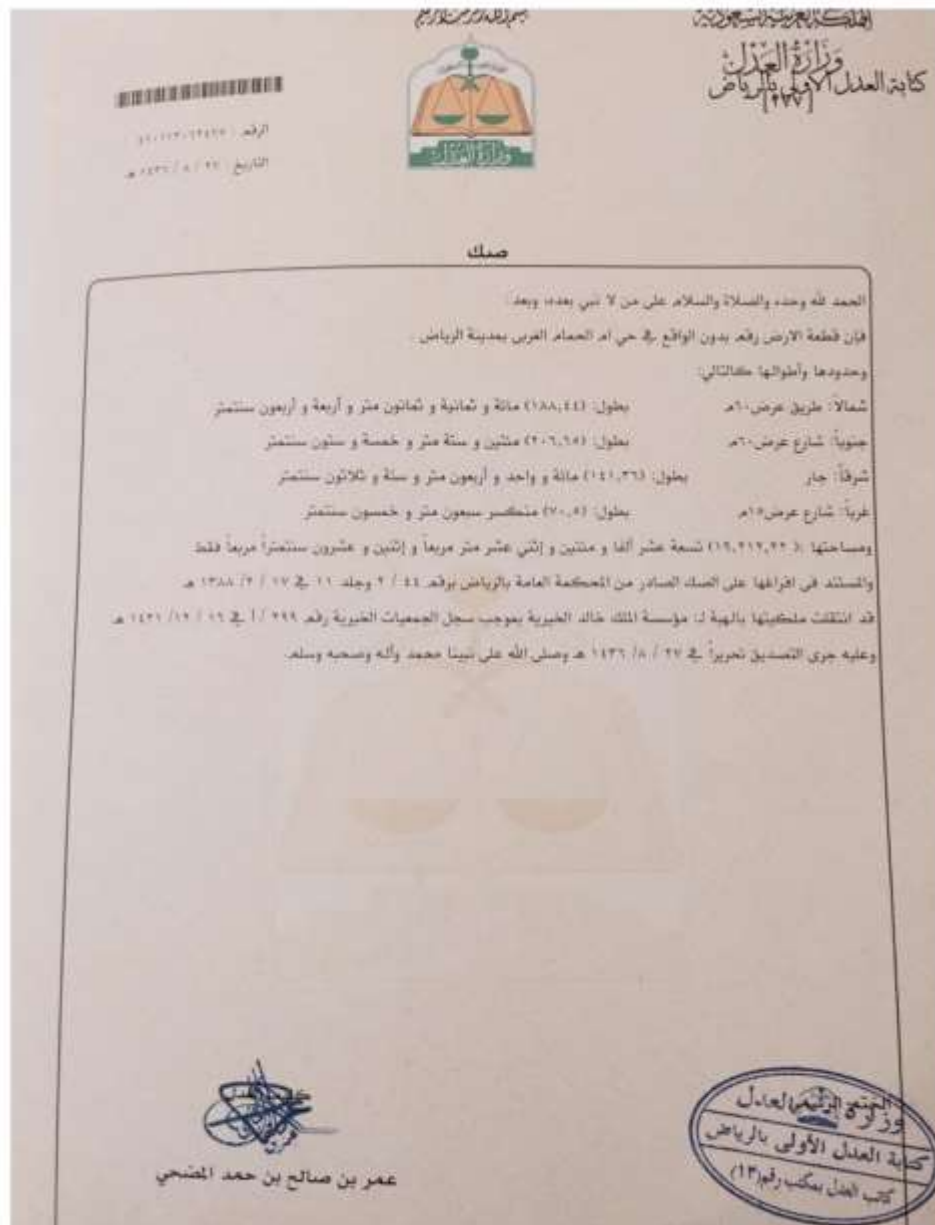
Private & Confidential

Musharaka Capital (CJSC), Al Khobar, KSA – December 2020

APPENDIX 1 - PHOTOGRAPHS



APPENDIX 2 - COPY OF TITLE DEED



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Private & Confidential

Valuation Report

JUBAIL PLAZA, JUBAIL, KSA

MUSHARAKA CAPITAL

REPORT ISSUED 31 JANUARY 2021

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APPENDIX 1 – PHOTOGRAPHS

APPENDIX 2 – COPY OF TITLE DEED



1 EXECUTIVE SUMMARY

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

1.1 THE CLIENT

Musharaka Capital (CJSC)
P.O. Box 712, Al Khobar 31952
Kingdom of Saudi Arabia

1.2 THE PURPOSE OF VALUATION

The valuation is required for Public Listing Offering (REIT) for the Saudi Market Purpose and submission to the Capital Market Authority (CMA).

1.3 INTEREST TO BE VALUED

The below-mentioned property is the scope of this valuation exercise.

Description	Property Details
Property Name	Jubail Plaza
Land Area (sq. m.)	39,750
Total Built-Up Area (sq. m.)	15,636.71
Owner	Al-Khonaini International Company Ltd
Location	Jubail City Center, Jubail, KSA
GPS Coordinates	27° 0'42.53"N, 49°38'30.35"E
Interest	Leasehold

Source: Client 2020

1.4 VALUATION APPROACH

We have utilised the Discounted Cash Flow (DCF) approach to valuation reflecting the leasehold interest for the subject property referred in this report.

1.5 DATE OF VALUATION

Unless stated to the contrary, our valuations have been assessed as at the date of our report based on our inspection of the subject property on 30 December 2020.

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



1.6 OPINION OF VALUE

Property Name	Gross Income	Vacancy	OPEX	Discount Rate	Property Value
Jubail Plaza, Jubail	SAR 8,548,118 p.a.	16%	20%	9.5%	SAR 53,000,000

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

1.7 SALIENT POINTS (GENERAL COMMENTS)

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

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

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

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

We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, 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 area provided by the Client.



In the event that the area of the property 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 property 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 property.

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

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

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

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

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

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

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

2 VALUATION REPORT

2.1 INTRODUCTION

Thank you for the instruction regarding the subject valuation services.

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

2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

Description	Property Details
Property Name	Jubail Plaza
Land Area (sq. m.)	39,750
Total Built-Up Area (sq. m.)	15,636.71
Owner	Al-Khonaini International Company Ltd
Location	Jubail City Center, Jubail, KSA
GPS Coordinates	27° 0'42.53"N, 49°38'30.35"E
Interest	Leasehold

Source: Client 2020

2.3 PURPOSE OF VALUATION

The valuation is required for Public Listing Offering (REIT) for the Saudi Market Purpose and submission to the Capital Market Authority (CMA).

2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Taaqem Regulations (Saudi Authority for Accredited Valuers) and the International Valuation Standards Council (IVSCs') incorporating International Valuations Standards (IVS).

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



2.5 BASIS OF VALUATION

2.5.1 MARKET VALUE

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

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

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

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

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

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

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

“and a willing seller” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for



the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

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

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

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

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

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

The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible.

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

2.5.2 VALUER(S)

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

We further confirm that either the Valuer or ValuStrat have no previous material connection or involvement with the subject of the valuation assignment apart from this same assignment undertaken.

2.5.3 STATUS OF VALUER

Status of Valuer	Survey Date	Valuation Date
External Valuer	30 December 2020	30 December 2020

2.6 EXTENT OF INVESTIGATION

In accordance with instructions received we have carried out an external and internal inspection of the property. The subject of this valuation assignment is to produce a valuation report and not a structural / building or building services survey, and hence structural survey and detailed investigation of the services are outside the scope of this assignment. We have not carried out any structural survey, nor tested any services, checked fittings of any parts of the property.

Our inspection was limited to the visual assessment of the subject property's exterior and interior features including its immediate surrounding.

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

2.7 SOURCES OF INFORMATION

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

2.7.1 VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:



The subject property is valued under the assumption of property held on a *Private interest* with the benefit of trading potential of existing operational entity in possession;

Written information provided to us by the Client is up to date, complete and correct in relation to issues such as title, tenure, details of the operating entity, and other relevant matters that are set out in the report;

That no contaminative or potentially contaminative use has ever been carried out on the site;

We assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoings, restrictions or other encumbrances. Information regarding tenure and tenancy must be checked by your legal advisors;

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

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that such investigations would not disclose the presence of any such material to any significant extent;

That, unless we have been informed otherwise, the property complies with all relevant statutory requirements (including, but not limited to, those of Fire Regulations, By-Laws, Health and Safety at work);

We have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building. We would recommend that the client makes their own enquiries in this regard; and the market value conclusion arrived at for the 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 DETAILS AND GENERAL DESCRIPTION

2.9.1 LOCATION OF THE PROPERTY

The above-mentioned property is situated at the southwest corner of King Faisal W Road and Jeddah Road, within Jubail City Center, Jubail, Kingdom of Saudi Arabia.

It is located about 800 meters east of Expressway No. 1 and approximately 2 km. & 2.3 km. northwest of Al Jubail Mall & Jubail Municipality, respectively.

The illustration below identifies the exact location of the subject property and shows the features of its immediate surroundings.



Source: Google Extract 2020 - For Illustrative Purposes Only

In Addition, the aforesaid property is situated about 9.5 kilometers southwest of King Fahd Industrial Port and approximately 24.5 kilometers southeast of Jubail Naval Airport.

Al Jubail Plaza is in the city center where the dominant land utilization is for commercial and residential uses. It is accessible thru the fronting Jeddah Road and King Faisal W Road.

For ease of reference, refer to the illustration below.



Source: Google Extract 2020 - For Illustrative Purposes Only.

2.9.2 BRIEF DESCRIPTION OF THE PROPERTY

Jubail Plaza is a large, two level commercial building built mainly of reinforced concrete structure. Architectural building finished painted concrete with aluminum cladding and glass panel façade, painted interior walls, acoustic tiles and painted ceiling, granite and porcelain tiles flooring, and glass main entrance doors. It is equipped with firefighting system, CCTV security cameras and centralized air-conditioning system. It consists of 25 shops. Some of its notable occupiers are Hyper Panda, Home Center, Bank Al Jazira, McDonalds, Kudu, Dunkin Donuts, Baskin Robbins, etc. Based on document provided to us, the said commercial plaza was constructed circa 1434 with a total built-up area of 15,636.71 square meters, as per details below. It is well maintained and in good condition.

Floor Level	Total BUA (sqm)	Use
Ground Floor	13,103.49	commercial
First Floor	2,533.22	commercial
Total BUA (sqm)	15,636.71	

Source: Client 2020.



2.10 ENVIRONMENT MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present use, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject property from the use or site and have therefore assumed that none exists.

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

Details	
Area	Based on the document supplied by the client, the total land area of the property is 39,750.5square meters with a total built-up area of 15,636.71 square meters.
Topography	Generally, the property is regular in shape and on level terrain
Drainage	Assumed available and connected.
Flooding	ValuStrat's verbal inquiries with local authorities were unable to confirm whether flooding is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not flood prone. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known flooding in this area.
Landslip	ValuStrat's verbal inquiries with local authorities were unable to confirm whether land slip is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not within a landslip designated area. A formal written submission will be required for any further investigation which is outside of this report's scope of work.

2.10.1 TOWN PLANNING

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

In arriving at our valuation, it has been assumed that each and every building enjoys permanent planning consent for their existing use or enjoys, or would be entitled to enjoy, the benefit of a "Lawful Development" Certificate under the Town & Country Planning Acts, or where it is reasonable to make such an assumption with continuing user rights for their existing use purposes, subject to specific comments.

We are not aware of any potential development or change of use of the property or properties in the locality which would materially affect our valuation. For the purpose

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

2.10.2 SERVICES

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

2.11 TENURE/TITLE

Unless otherwise stated we have assumed the freehold title is free from encumbrances and that Solicitors' local searches and usual enquiries would not reveal the existence of statutory notices or other matters which would materially affect our valuation. We are unaware of any rights of way, easements or restrictive covenants which affect the property; however, we would recommend that the solicitors investigate the title in order to ensure this is correct. The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

The subject property is registered under the below-mentioned title deed (refer to scanned copy in appendix-2) which we assumed on freehold basis, although is reflected by a land lease which we have not seen a copy of the land lease. The client has made us aware that 15 years unexpired as of 31 December 2019. Given the client has not provided further details of the land lease, we assume no onerous conditions exist in the land lease contract impacting this valuation and report. Should this be the case we reserve the right to amend our valuation and this report. Title deed as follows:

Description	Property Details
Property Name	Jubail Plaza
Plot No.	4
Title Deed No.	765
Title Deed Date	1414/2/5
Total Land Area (sq. m.)	39,750
Landowner	Al-Khonaini International Company Ltd
Location	Jubail City Center, Jubail, KSA
Interest	Leasehold

Source: Client 2020.

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



2.11.1 OCCUPATIONAL LEASES / TENANCY SCHEDULE

We were not provided a copy of the tenancy schedule for the subject property although we were informed that the aforesaid plaza consists of 20 shops and 6 Kiosks with a Gross Rental Income of SAR 8,548,118 per annum.

We have assumed the above information is accurate and updated. We have likewise assumed that there are no onerous provisions in the lease contract that will adversely affect the occupational tenants. Should this not be the case, we reserve the right to amend our valuation and this report.

2.12 METHODOLOGY & APPROACH

In determining our opinion of Market Value for the freehold interest in the subject property, we have utilized the Discounted Cash Flow (DCF) approach to valuation.

2.12.1 DISCOUNTED CASH FLOW (LEASEHOLD INTEREST)

The DCF approach involves the discounting of the Net Operating Profit on a yearly basis over an assumed explicit cash flow period at an appropriate discount rate to reflect risk.

The property is currently held under a leasehold right for a term period of which the following for each property as follows:

Asset Class	Expiry Term (Yrs.)
Jubail Plaza, Jubail	15 years

Upon expiry of the above-mentioned term for each property, the cash flow horizon, we have determined the Net Present Value (NPV) of the cash flow, derived from the anticipated sustainable Net Operating Profit.

The summation of the NPV indicates our assessment of market value. The projected income stream is explicit, and therefore externally reflects anticipated growth, or otherwise, inherent in a property investment based upon the physical, tenancy or market characteristics related to that property.

2.12.2 MARKET RENTS, VALUATION ASSUMPTIONS & COMMENTARY

Market conditions in the Saudi Arabia remains subdued and further uncertainty was caused by the recent global health pandemic COVID-19. However, we expect the subject property referred in this report to remain stable in the foreseeable future subject to ongoing maintenance, upkeep of the property and to provide yield stability with the real estate sector generally follows the fortunes of the greater economy.

A funds performance relies on the performance of the underlying income generating investments and there is counterparty default risk that could affect the value of your



investment. Past performance and forecasts are not reliable indicator of future results.

Property values are subject to fluctuation over time as market conditions may change. Valuation figures considered full figure and may not be easily achievable in the event of an early re-sale. It also must be borne in mind that capital values can fall as well as rise. The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's marketplace.

Sales or rental evidence for similar properties within KSA are not readily available or transparent due to the nature of the property market within the Kingdom of Saudi Arabia. Much if not all of the evidence is anecdotal, and this limitation may place on the non-reliability of such information and impact on values reported. Accordingly, the valuation has been prepared in accordance with normal practice taking into account our usual research and enquiries and our discussions with leading local commercial agents.

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

In forming our opinion of Market Rent for the subject properties, we have looked at the following rental rates some commercial plaza & strip malls within Riyadh, KSA.

S#	Property Type	Location	GFA (m ²)	Gross Rent (SAR)	Ave. Rent/m ² (SAR)
1	Retail Shop	Jubail St.	100	25,000	250
2	Retail Shop	Nearby	96	24,000	250
3	Retail Shop	Nearby	120	38,000	317
4	Retail Shop	Nearby	130	50,000	385
5	Retail Shop	Al Wajh Rd.	2,059	1,200,000	583

Source: ValuStrat Research 2020.

As shown above, the prevailing market rent of retail shops within Jubail ranges from SAR 250 – SAR 583 per square metre, dependent upon the location. Likewise, the client has provided us some details of the lease contract for the subject property as follows:

Property Name	Gross Rent (SAR)	BUA (m ²)	Average Rent (SAR)
Jubail Plaza, Jubail	8,548,118 p.a.	15,637	547 per sq. m.

Source: Client 2020

Based on the above information, the subject property's average rental rate of SAR 547 per square metre is within the prevailing market rent of retail shops in Jubail.



In this instance, we have adopted the following rates:

Components	Comments/Assumptions
Gross Passing Income	SAR 8,548,118 per annum
Vacancy Rate	16% (year 1)
Operational Cost	20%
Discounted Rate	9.5%

Operational Cost

We have assumed operational cost 20% of Gross Passing Income.

Vacancy Rate

We have likewise assumed vacancy rate at 16% (year 1) of Gross Passing Income. We reserve the right to amend our valuation and this report should the property's tenancy schedule is provided. The vacancy projected forward is as follows:

Years 2-14 – 10%, and Years 15 – 20%.

Discount Rates:

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 strip malls/ plazas, 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 the discount rate as follows:

Asset Class	Discount Rate
Jubail Plaza, Jubail	9.5%

2.12.3 SUMMARY OF VALUE

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

Property Name	Gross Income	Vacancy	OPEX	Yield	Property Value
Jubail Plaza, Jubail	SAR 8,548,118 p.a.	16%	20%	9.5%	SAR 53,000,000

2.13 VALUATION

2.13.1 MARKET VALUE

ValuStrat is of the opinion that the Market Value of the leasehold interest in the subject property referred within this report, as of the date of valuation, based upon the Discounted Cash Flow (DCF) approach assumptions expressed within this report, may be fairly stated as follows;

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

SAR 53,000,000 (Fifty-Three Million, Saudi Arabian Riyals).

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

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

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

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

2.14 MARKET CONDITIONS SNAPSHOT

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

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

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

Prior to the global rapid spread of the virus and the announcement by the KSA authorities of an initial indefinite lockdown, the KSA real estate market was in a healthy position with many analysts predicting a strong 2020 for real estate (vision 2020) with the positive activity and investment by the government unveiling a number of reforms, including recent facilitation of the tourism visa, where citizens of 49 countries are now able to apply e-visas and holders of Schengen, UK or US visas are eligible for visas on arrival.

Also, the government has now allowed the full foreign ownership of retail and wholesale operations along with previously opening up of the Tadawul Stock Market



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

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

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

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

In short, the pandemic is expected to be a short-term shock wave with an eventual surge of business activity leading to a rapid recovery either in the form of a "V-shape" or a more gradual recovery in the form of a "U-shape" bounce back. Accordingly, we expect the KSA market to surge in business once the lockdown is lifted allowing for markets to start flourishing towards long term sustainability in social trends and patterns along with socio-economic distancing in a growing cycle. On the other hand, should the global economic impact of the Coronavirus pandemic (COVID-19)

outbreak depends on how long the virus lasts, how far it spreads and how much lock-down, public organizations quarantines disrupt the market.

Indeed, the current response to COVID-19 means that we are faced with unprecedented set of circumstances on which to base judgement(s). There is strong evidence that real estate markets spring back to strong activity and growth fairly quickly. Equally, the short-term generally speaking we do not expect the current real estate market to show very small adjustment in prices/rates if any due to non-activity or a market standstill especially prior market was on an upward trend. The KSA real estate market is a developing market with much invested by the government in infrastructure projects, so we expect the government's latest stimulus to preserve liquidity and for demand to hold having limited / no bearing on prices / rates. However, should the pandemic persist throughout 2021, we do expect adjustments later on in 2021.

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

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

2.14.2 MARKET CONDITIONS PRIOR TO THE PANDEMIC & THE KSA LOCKDOWN

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

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

Despite economic headwinds, across the region, KSA has shown resilience through a period of subdued real estate market activity. The real estate sector generally follows the fortunes of the greater economy and whilst Saudi Arabia is undergoing structural reforms politically, economically and socially will transform the Kingdom towards a service economy post-oil era. These changes along with significant amounts of investment - estimated to soon be over 1 trillion US dollars will create vast amounts of opportunities for the public and private sectors across all businesses segments.

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

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

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

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

The non-oil economy is growing, but at a slow pace. Analysts are forecasting non-oil GDP to grow by 1.4% this year, compared to 1% in 2017. Even here, the non-government sector is coping relatively poorly. Analysts are forecasting non-oil private sector growth of 1.1%, this year, up from 0.7% last year. The reforms that have been pushed through to date have led to important changes aiding the economy.

The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce. Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars. A due enactment of law will encourage public-private partnerships to herald more foreign investment.

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

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



Vision 2030 to diversify the economy from reliance on oil, has only just commenced and with a young and increasingly well-educated population, together with its own sovereign wealth fund, the Kingdom has many favourable factors to become a leading service sector economy in the region. Reform efforts include a reduction of subsidies on fuel and electricity and the implementation of a 5 per cent VAT from 01 January 2018 since has increased to 15% VAT as of 01 July 2020.

The government is also striving to get women to play a greater role in the economy including allowing them to drive back in 2019. Wider reforms have been initiated by the government allowing for the entertainment industry to flourish with the opening of the first cinema in King Abdullah Financial District (KAFFD) along with 4 VOX screens opening at Riyadh Park Mall.

The cinema entertainment is spurred on by Public Investment Fund (PIF) in collaboration with AMC Cinemas and led by the Development and Investment Entertainment Company (DIEC), a wholly owned subsidiary of PIF. With an objective of 30 to 40 cinemas in approximately 15 cities in Saudi Arabia over the next five years, and 50 to 100 cinemas in about 25 Saudi cities by 2030.

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

Red Sea Tourism Project

To transform 50 islands consisting of 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.

Al Faisaliyah Project

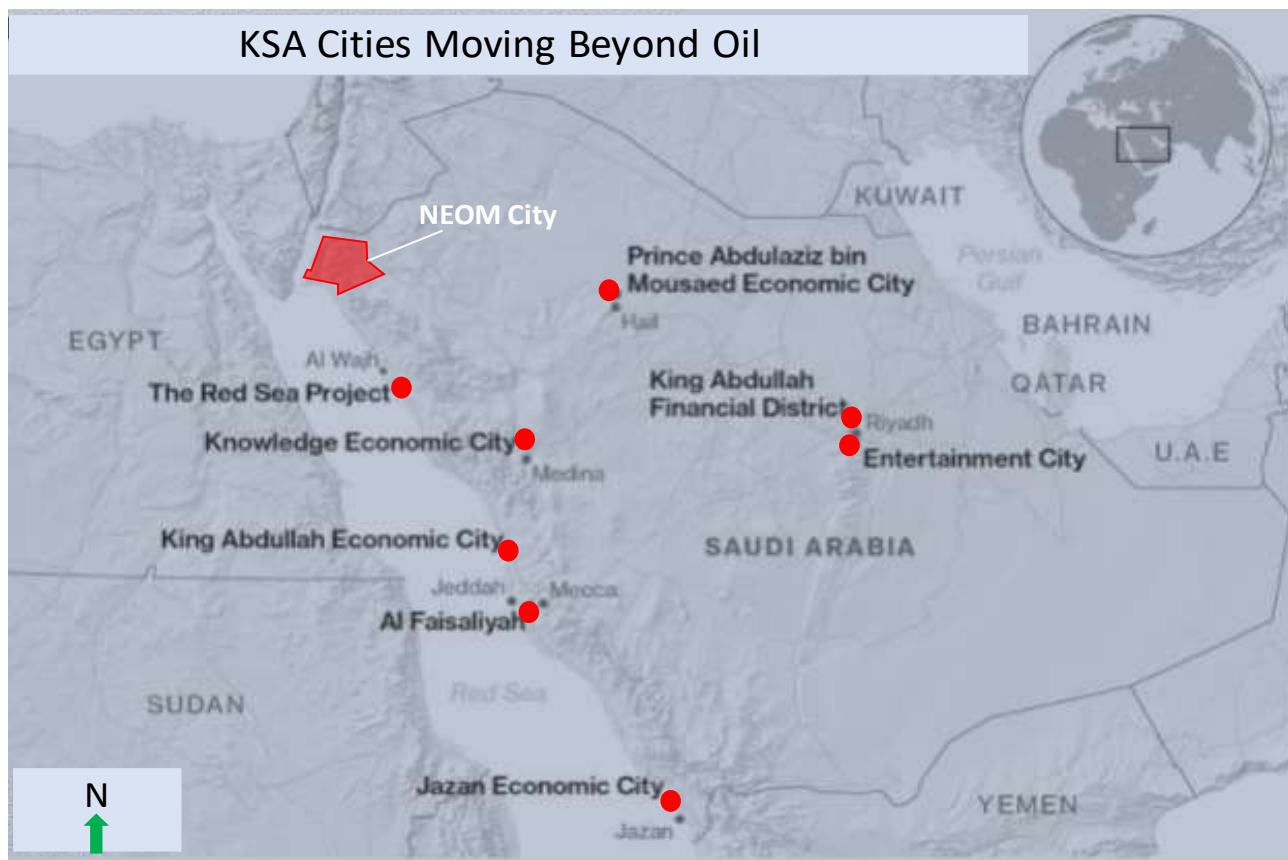
The project will consist of 2,450 square kilometres of residential units, entertainment facilities, an airport and a seaport. Refer to the below illustration for the location.

Qiddiya Entertainment City

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

The project will be mixed use facility with parks, adventure, sports, events and wild-life activities in addition to shopping malls, restaurants and hotels. The project will also consist around 4,000 vacation houses to be built by 2025 and up to 11,000 units by 2030.

Again, for ease of reference refer to the below illustration for the location.



Neom City

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

Economic Cities

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

Real Estate Growth

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

Despite short term challenges, both investors and buyers remaining cautious, the Saudi economy has shown signs of ambition with the government unveiling a

number of reforms, including full foreign ownership of retail and wholesale operations along with opening up of the Tadawul Stock Market to foreign investment as well as the reforms mentioned in the previous section referred above. As mentioned earlier, KSA experienced positive growth by oil price rise in the first quarter of 2018; hence the main driver of the recovery remains oil. Over 2018 we envisage the Kingdom's consumer outlook to be more favorable in economic conditions. Moreover, tax on development land implemented in 2017 has kept the construction sector afloat, encouraging real estate developers. Adapting to a new KSA economic reality has been inevitable, although the Kingdom's oil dynamics remain pivotal for future development within the KSA 2030 economic vision plan.

In latter part of 2017, the Public Investment Fund (PIF), Saudi Arabia's sovereign wealth fund set up a real estate refinancing company aimed at advancing home ownership in the Kingdom, which suffers from a shortage of affordable housing. This initiative will create stability and growth in the Kingdom's housing sector by injecting liquidity and capital into the market.

Another plan to help kick start the real estate market by boosting the contribution of real estate finance to the non-oil GDP part. The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016). The close ties with the construction, financing institutions and many others have provided crucial resources that contributed to the development of the Saudi economy. The real estate market performance in 2018 and the general trend in KSA for most sectors have remained subdued given lower activity levels and prices have been under pressure across most asset classes leading to a gradual softening of rental and sale prices quarter on quarter.

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

The outlook remains optimistic for the longer term due to the various KSA initiatives aimed at stimulating the real estate market whilst encouraging the private sector to play a key role in the transformation. All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. Since the issuing of this report the KSA lockdown for the COVID-19 health crisis was lifted on 21 June 2020 and the economy is now trying to get back to normalcy. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2021.

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

2.15 VALUATION UNCERTAINTY

This valuation has been undertaken against a background of significant levels of Market volatility is one of the main reasons of Valuation uncertainty in the real estate market in the Kingdom and within the GCC region given the dramatic changes in markets in current oil price slump and other factors too.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations.

Given the current uncertainties it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature. The current shortage of transaction, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis.

The RICS valuation standards consider it essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.

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

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

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

2.16 DISCLAIMER

In undertaking and executing this assignment, an extreme care and precaution has been exercised.

This report is based on information provided by the Client. Values will differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc.

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

2.17 CONCLUSION

This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the Client.

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

This report is issued without any prejudice and personal liability.

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



Mr. Ramez Al Medlaj (Taqeem
Member No. 1210000320)
Senior Associate – Real Estate, KSA



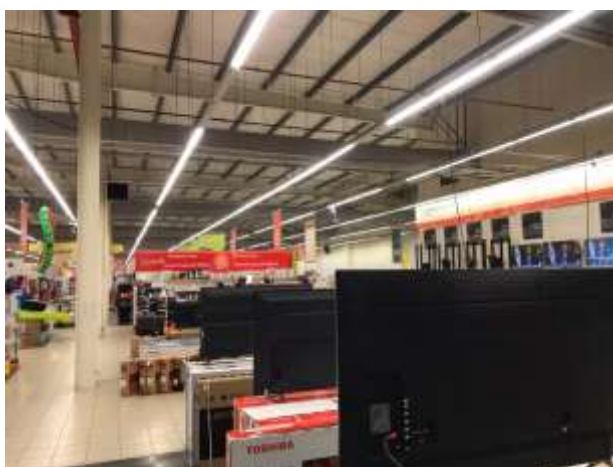
Mr. Yousuf Siddiki (Taqeem Member
No. 1210001039)
Director - Real Estate, KSA



Private & Confidential

Musharaka Capital (CJSC), Al Khobar, KSA – December 2020

APPENDIX 1 - PHOTOGRAPHS



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Musharaka Capital (CJSC), Al Khobar, KSA – December 2020







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Valuation Report

AL FAISALIYAH PLAZA, DAMMAM, KSA

MUSHARAKA CAPITAL

REPORT ISSUED 31 JANUARY 2021

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APPENDIX 1 – PHOTOGRAPHS

APPENDIX 2 – COPY OF TITLE DEED



1 EXECUTIVE SUMMARY

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

1.1 THE CLIENT

Musharaka Capital (CJSC)
P.O. Box 712, Al Khobar 31952
Kingdom of Saudi Arabia

1.2 THE PURPOSE OF VALUATION

The valuation is required for Public Listing Offering (REIT) for the Saudi Market Purpose and submission to the Capital Market Authority (CMA).

1.3 INTEREST TO BE VALUED

The below-mentioned property is the scope of this valuation exercise.

Description	Property Details
Property Name	Al Faisaliyah Plaza
Land Area (sq. m.)	10,769.50
Total Built-Up Area (sq. m.)	7,495
Owner	Baser Nasser AlAteeq
Location	Al Faisaliyah District, Dammam, KSA
GPS Coordinates	26°24'12.21"N, 50° 3'24.95"E
Interest	Leasehold

Source: Client 2020

1.4 VALUATION APPROACH

We have utilised the Discounted Cash Flow (DCF) approach to valuation reflecting the leasehold interest for the subject property referred in this report.

1.5 DATE OF VALUATION

Unless stated to the contrary, our valuations have been assessed as at the date of our report based on our inspection of the subject property on 30 December 2020.

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



1.6 OPINION OF VALUE

Property Name	Net Passing Income	Vacancy	OPEX	Discount Rate	Property Value
Al Faisaliyah Plaza, Dammam	SAR 2,834,428 p.a.	10%	20%	9.5%	SAR 22,000,000

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

1.7 SALIENT POINTS (GENERAL COMMENTS)

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

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

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

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

We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, 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 area provided by the Client.



In the event that the area of the property 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 property 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 property.

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

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

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

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

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

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

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

2 VALUATION REPORT

2.1 INTRODUCTION

Thank you for the instruction regarding the subject valuation services.

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

2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

Description	Property Details
Property Name	Al Faisaliyah Plaza
Land Area (sq. m.)	10,769.50
Total Built-Up Area (sq. m.)	7,495
Owner	Baser Nasser AlAteeq
Location	Al Faisaliyah District, Dammam, KSA
GPS Coordinates	26°24'12.21"N, 50° 3'24.95"E
Interest	Leasehold

Source: Client 2020

2.3 PURPOSE OF VALUATION

The valuation is required for Public Listing Offering (REIT) for the Saudi Market Purpose and submission to the Capital Market Authority (CMA).

2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Taaqem Regulations (Saudi Authority for Accredited Valuers) and the International Valuation Standards Council (IVSCs') incorporating International Valuations Standards (IVS).

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



2.5 BASIS OF VALUATION

2.5.1 MARKET VALUE

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

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

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

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

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

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

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

“and a willing seller” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for



the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

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

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

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

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

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



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

2.5.2 VALUER(S)

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

We further confirm that either the Valuer or ValuStrat have no previous material connection or involvement with the subject of the valuation assignment apart from this same assignment undertaken.

2.5.3 STATUS OF VALUER

Status of Valuer	Survey Date	Valuation Date
External Valuer	30 December 2020	30 December 2020

2.6 EXTENT OF INVESTIGATION

In accordance with instructions received we have carried out an external and internal inspection of the property. The subject of this valuation assignment is to produce a valuation report and not a structural / building or building services survey, and hence structural survey and detailed investigation of the services are outside the scope of this assignment. We have not carried out any structural survey, nor tested any services, checked fittings of any parts of the property.

Our inspection was limited to the visual assessment of the subject property's exterior and interior features including its immediate surrounding.

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

2.7 SOURCES OF INFORMATION

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

2.7.1 VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:



The subject property is valued under the assumption of property held on a *Private interest* with the benefit of trading potential of existing operational entity in possession;

Written information provided to us by the Client is up to date, complete and correct in relation to issues such as title, tenure, details of the operating entity, and other relevant matters that are set out in the report;

That no contaminative or potentially contaminative use has ever been carried out on the site;

We assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoings, restrictions or other encumbrances. Information regarding tenure and tenancy must be checked by your legal advisors;

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

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation we have assumed that such investigations would not disclose the presence of any such material to any significant extent;

That, unless we have been informed otherwise, the property complies with all relevant statutory requirements (including, but not limited to, those of Fire Regulations, By-Laws, Health and Safety at work);

We have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building. We would recommend that the client makes their own enquiries in this regard; and the market value conclusion arrived at for the 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 DETAILS AND GENERAL DESCRIPTION

2.9.1 LOCATION OF THE PROPERTY

The subject property is located along the southeast side of King Fahd Road within Al Faisaliyah District, Dammam, Kingdom of Saudi Arabia.

It is about 600 meters southwest of Dammam District Court and approximately 650 meters northeast of the Al Majdouie Office and Hyundai Showroom.

The illustration below shows the site of the subject property in relation to its immediate neighborhood and environs.



Source: Google Extract 2020 - For Illustrative Purposes Only.

Furthermore, the aforesaid property is situated about 4.5 kilometers southeast of the Security Forces Hospital and approximately 7 kilometers southwest of Dammam Train Station.

Existing developments in the vicinity of the subject property consist of commercial establishments along the main road while interior plots are mostly for residential use.

It is well accessible thru the fronting King Fahd Road, one of the major road in the Eastern Region leading to the King Fahd International Airport.

For ease of reference, refer to the illustration below.



Source: Google Extract 2020 - For Illustrative Purposes Only.

2.9.2 BRIEF DESCRIPTION OF THE PROPERTY

Al Faisaliyah Plaza is a two-storey with mezzanine commercial building built mainly of reinforced concrete structure. Architectural building finished painted concrete with marble/aluminum cladding and glass panel façade, painted interior walls, acoustic tiles and painted ceiling, granite and porcelain tiles flooring, and glass main entrance doors. It is equipped with firefighting system, CCTV security cameras and centralized air-conditioning system. It consists of 29 shops. Some of its notable occupiers are Danube, McDonalds, Magrabi Optical, Baskin Robbins, Oud Elite, Kudu, Domino Pizza, Dr. Café, etc. Based on document provided to us, the said commercial plaza was constructed circa 1433 with a total built-up area of 7,495 square meters, as per details below:

Floor Level	Total BUA (sqm)	Use
Mezzanine	1,746	commercial
Ground Floor	5,418	commercial
First Floor	313	commercial
Total BUA (sqm)	7,495	

Source: Client 2020.



2.9.1.1 PROXIMITY TO MAJOR LANDMARKS IN RIYADH

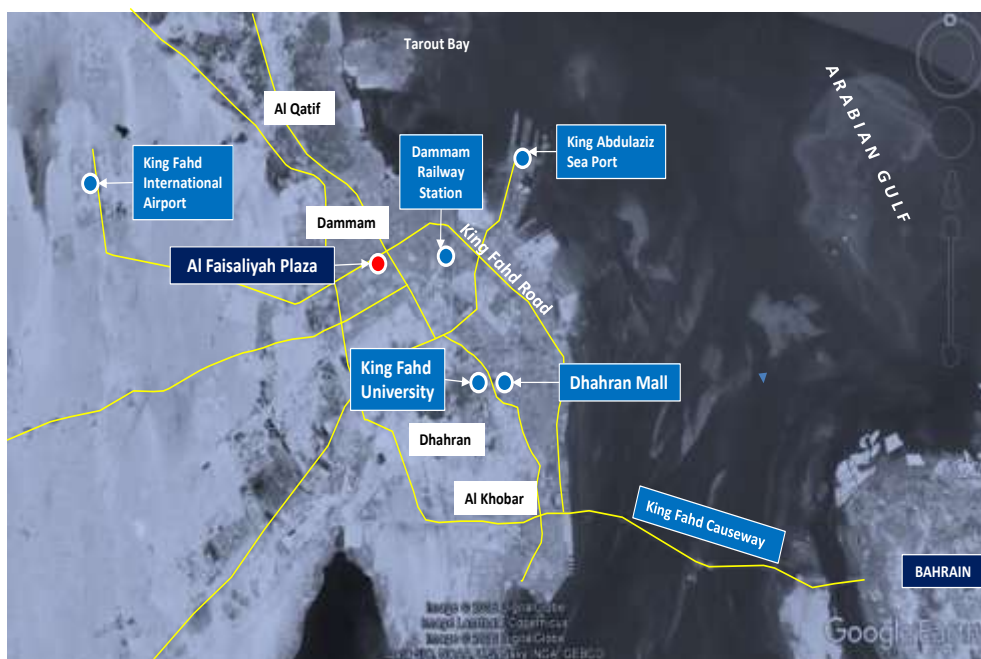
Al Faisaliyah Plaza is situated in the central area of Dammam where development consist of mixed commercial and residential use. The immediate surrounding of the said property particularly the southern section of the road still shows a vast area of undeveloped land.

The aforesaid commercial plaza benefits from the nearby resident's essential needs while commercial establishment in the area is still limited. It is well accessible thru the fronting King Fahd Road which links the district to the city center on the southeast and the King Fahd International airport on the west.

The table & the illustration below shows the approximate distance of the subject property to some major landmarks & developments in the Eastern Province.



Landmarks	Approx. distance from subject property (km.)
Dammam Railway Station	7.0
King Fahd University	14.0
Mall of Dhahran	15.5
King Abdul Aziz Seaport	16.5
King Fahd Causeway	25.5
King Fahd International Airport	26.5



Source: Google Extract 2020 - For Illustrative Purposes Only.

Some of the major developments at improving the infrastructure and accessibility which will benefit the Eastern Region are as follows:

- An integrated public transport system for Dammam which includes a 50 km. of light rail, 110 km. of bus rapid transit and 350 km. of feeder buses to link the outskirts of the city.

The light rail system will have two lines. The first line will link Tarout Island with King Fahd Causeway via Qatif, Dammam and Dhahran. The second line will connect King Fahd Road in Dammam to the King Fahd International Airport.



- A 449-km. passenger line from Dammam to Riyadh via Hofuf and Abqaiq as well as a 556-km. cargo line starting at King Abdul Aziz seaport in Dammam and ending in a dry port in Riyadh were also planned for development.



- Approved by Council of Ministers on May 19, 2014.
- EP Municipality detailed the Dammam public transport project (metro and bus) on May 21, 2014.
- Alignment studies will be completed in 18 months.
- Involves two main metro lines from Qatif-Dhahran & KFIA-Dammam Station at 86km & 54 stations.
- The project will be implemented over seven years & completed by 2021.
- Estimated value US\$16.0bn.

2.10 ENVIRONMENT MATTERS

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

We have not carried out any investigation into past or present use, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject property from the use or site and have therefore assumed that none exists.

However, should it be established subsequently that contamination exists at the property or on any neighbouring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.

Details	
Area	Based on the document supplied by the client, the total land area of the property is 10,769.5square metres with a total built-up area of 7,495 square metres.
Topography	Generally, the property is regular in shape and on level terrain
Drainage	Assumed available and connected.
Flooding	ValuStrat's verbal inquiries with local authorities were unable to confirm whether flooding is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not flood prone. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Note: It is understood that there is no known flooding in this area.
Landslip	ValuStrat's verbal inquiries with local authorities were unable to confirm whether land slip is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not within a landslip designated area. A formal written submission will be required for any further investigation which is outside of this report's scope of work.

2.10.1 TOWN PLANNING

Neither from our knowledge nor as a result of our inspection are, we aware of any planning proposals which are likely to directly adversely affect this property.

In the absence of any information to the contrary, it is assumed that the existing use is lawful, has valid planning consent and the planning consent is not personal to the existing occupiers and there are no particular onerous or adverse conditions which would affect our valuation.

In arriving at our valuation, it has been assumed that each and every building enjoys permanent planning consent for their existing use or enjoys, or would be entitled to enjoy, the benefit of a "Lawful Development" Certificate under the Town & Country Planning Acts, or where it is reasonable to make such an assumption with continuing user rights for their existing use purposes, subject to specific comments.

We are not aware of any potential development or change of use of the property or properties in the locality which would materially affect our valuation. For the purpose of this valuation, we have assumed that all necessary consents have been obtained for the subject property referred within this report. Should this not be the case, we reserve the right to amend our valuation and report.

2.10.2 SERVICES

We have assumed that the subject property referred within this report is connected to mains electricity, water, drainage, and other municipality services.



2.11 TENURE/TITLE

Unless otherwise stated we have assumed the freehold title is free from encumbrances and that Solicitors' local searches and usual enquiries would not reveal the existence of statutory notices or other matters which would materially affect our valuation.

We are unaware of any rights of way, easements or restrictive covenants which affect the property; however, we would recommend that the solicitors investigate the title in order to ensure this is correct.

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

The subject property is registered under the below-mentioned title deeds (refer to scanned copy in appendix-2) which we assumed on freehold basis, although is reflected by a land lease which we have not seen a copy of the land lease. The client has made us aware that 14 years are unexpired as of 31 December 2019. Given the client has not provided further details of the land lease, we assume no onerous conditions exist in the land lease contract impacting this valuation and report. Should this be the case we reserve the right to amend our valuation and this report. Title deed as follows:

Description	Property Details
Property Name	Al Faisaliyah Plaza
Layout No.	414/1 adjusted
Plot Nos.	1, 2, 3, 4 & 5
Title Deed No.	330102003013, 430101003930, 330105002281, 530101003931 and 530101003932
Title Deed Date	1427/11/5 & 1427/11/6
Total Land Area (sq. m.)	10,769.5
Landowner	Baser Nasser AlAteeq
Location	Al Faisaliyah District, Dammam, KSA
Interest	Leasehold

Source: Client 2020.

NB: All aspects of tenure/title should be checked by the client's legal representatives prior to exchange of contract/drawdown and insofar as any assumption made within the body of this report is proved to be incorrect then the matter should be referred back to the valuer in order to ensure the valuation is not adversely affected.

2.11.1 OCCUPATIONAL LEASES / TENANCY SCHEDULE

We were not provided a copy of the tenancy schedule for the subject property although we were informed that the aforesaid plaza consists of 29 shops with a Gross Rental Income of SAR 3,677,518 per annum.



We have assumed the above information is accurate and updated. We have likewise assumed that there are no onerous provisions in the lease contract that will adversely affect the occupational tenants. Should this not be the case, we reserve the right to amend our valuation and this report.

2.12 METHODOLOGY & APPROACH

In determining our opinion of Market Value for the freehold interest in the subject property, we have utilized the Discounted Cash Flow (DCF) approach to valuation.

2.12.1 DISCOUNTED CASH FLOW (LEASEHOLD INTEREST)

The DCF approach involves the discounting of the Net Operating Profit on a yearly basis over an assumed explicit cash flow period at an appropriate discount rate to reflect risk. The property is currently held under a leasehold right for a term period of which the following for each property as follows:

Asset Class	Expiry Term (Yrs.)
Al Faisaliyah Plaza, Dammam	14 years

Upon expiry of the above-mentioned term for each property, the cash flow horizon, we have determined the Net Present Value (NPV) of the cash flow, derived from the anticipated sustainable Net Operating Profit. The summation of the NPV indicates our assessment of market value. The projected income stream is explicit, and therefore externally reflects anticipated growth, or otherwise, inherent in a property investment based upon the physical, tenancy or market characteristics related to that property.

2.12.2 MARKET RENTS, VALUATION ASSUMPTIONS & COMMENTARY

Market conditions in the Saudi Arabia remains subdued and further uncertainty was caused by the recent global health pandemic COVID-19. However, we expect the subject property referred in this report to remain stable in the foreseeable future subject to ongoing maintenance, upkeep of the property and to provide yield stability with the real estate sector generally follows the fortunes of the greater economy.

A funds performance relies on the performance of the underlying income generating investments and there is counterparty default risk that could affect the value of your investment. Past performance and forecasts are not reliable indicator of future results. Property values are subject to fluctuation over time as market conditions may change. Valuation figures considered full figure and may not be easily achievable in the event of an early re-sale. It also must be borne in mind that capital values can fall as well as rise. The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's marketplace. Sales or rental evidence for similar properties within KSA are not readily available or



transparent due to the nature of the property market within the Kingdom of Saudi Arabia. Much if not all of the evidence is anecdotal, and this limitation may place on the non-reliability of such information and impact on values reported.

Accordingly, the valuation has been prepared in accordance with normal practice taking into account our usual research and enquiries and our discussions with leading local commercial agents. We have analysed existing market commentaries and data in determining our opinion as to the applicable values. Information has also been sought from internal records and internet-based property intelligence sites. We draw your attention to any assumptions made within this report. We consider that the assumptions we have made accord with those that it would be reasonable to expect a lessee to make.

In forming our opinion of Market Rent for the subject properties, we have looked at the following rental rates some commercial plaza & strip malls within Riyadh, KSA.

S#	Property Name	Location	GFA (m ²)	Gross Rent (SAR)	Ave. Rent/m ² (SAR)
1	Large Mall	Al Khobar	358,905	182,554,979	508.64
2	Retail Store	Al Khobar	12,000	5,725,000	477.08
3	Big Box Retail	Al Khobar	15,348	5,080,000	330.99
4	Strip Mall	Dammam	6,607	2,000,000	302.71
5	Retail Store	Dammam	4,500	3,000,000	666.67
6	Retail Store	Dammam	4,664	3,640,000	780.45

Source: ValuStrat Research 2020.

As shown above, the prevailing market rent of retail shops within Dammam and Al Khobar ranges from SAR 300 – SAR 780 per square metre, dependent upon the location. Likewise, the client has provided us some details of the lease contract for the subject property as follows:

Property Name	Net Passing Income (SAR)	BUA (m ²)	Average Rent (SAR)
Al Faisaliyah Plaza	2,834,428 p.a.	7,495	378 per sq. m.

Source: Client 2020

Based on the above information, the subject property's average rental rate of SAR 378 per square meter is within the prevailing market rent of retail shops in Dammam.

In this instance, we have adopted the following rates:

Components	Comments/Assumptions
Net Passing Income (per annum)	SAR 2,834,428 per annum
Vacancy Rate	10% (year 1)
Operational Cost	20%
Discount Rate	9.5%



Operational Cost

We have assumed operational cost 20%.

Vacancy Rate

We have likewise assumed vacancy rate at 10%.

Discount Rates:

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 strip malls/plazas, 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 the discount rate as follows:

Asset Class	Discount Rate
Al Faisaliyah Plaza, Dammam	9.5%

2.12.3 SUMMARY OF VALUE

The resultant value based upon the above variables/assumptions for the subject property is as follows:

Property Name	Net Passing Income	Discount Rate	Property Value (SAR) Rounded
Al Faisaliyah Plaza	SAR 2,834,428 p.a.	9.5%	22,000,000

2.13 VALUATION

2.13.1 MARKET VALUE

ValuStrat is of the opinion that the Market Value of the leasehold interest in the subject property referred within this report, as of the date of valuation, based upon the Discounted Cash Flow (DCF) approach and assumptions expressed within this report, may be fairly stated as follows; Market Value (rounded and subject to details in the full report):

SAR 22,000,000 (Twenty-Two Million, Saudi Arabian Riyals).

The client is advised that whilst all reasonable measures have been taken to supply an accurate valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's marketplace.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations. Due to



this shortage, it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature.'

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation. This should be confirmed by your legal advisers.

The value provided in this report is at the top end of the range for properties of this location and character and will necessitate that the property be maintained to a good standard to maintain its value.

2.14 MARKET CONDITIONS SNAPSHOT

2.14.1 MARKET ASSESSMENT, TIMES OF UNCERTAINTY (COVID-19 PANDEMIC) & VALUATION COMMENTARY OVERVIEW

At a time of unprecedented trial over the Coronavirus Covid-19 and the global spread of the virus, it has meant a significant impact on global financial markets as geographies experience continued spread and increase of pandemic cases. This has meant a global shutdown/lockdown of economies with most sectors affected.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization (WHO) as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries across the globe. Market activity has impacted in many sectors.

Prior to the global rapid spread of the virus and the announcement by the KSA authorities of an initial indefinite lockdown, the KSA real estate market was in a healthy position with many analysts predicting a strong 2020 for real estate (vision 2020) with the positive activity and investment by the government unveiling a number of reforms, including recent facilitation of the tourism visa, where citizens of 49 countries are now able to apply e-visas and holders of Schengen, UK or US visas are eligible for visas on arrival.

Also the government has now allowed the full foreign ownership of retail and wholesale operations along with previously opening up of the Tadawul Stock Market to foreign investment supported by current energy reforms, cutting subsidies, creating jobs, privatising state-controlled assets and increasing private sector contribution to the country's economy, etc. With all the opportunities throughout the Kingdom and the creation of the Giga projects, there was an ambitious resilience which was suddenly shutdown overnight due to the initial lockdown period. Presently the whole of the KSA is on a partial lockdown previously 24-hour lockdown given that Coronavirus cases have passed 132,000 (one hundred thirty-two thousand). With all the current uncertainty, market stagnation and short-term challenges whereby force majeure (as a result of the pandemic's cause beyond anyone's reasonable control) has created inactivity in the real estate market with the market currently at a standstill.

As mentioned above the KSA market's ambitions and resilience, we understand investor sentiment remains strong as it was prior to the virus pandemic and the KSA



was on an upward progression showing growth in the last quarter of 2019 after a period of subdued market conditions.

The current global crushing of liquidity in economies will have impact on markets and real estate market and this maybe the case with many economies across the globe; however, the KSA market has shown resilience in previous years through a period of downward trend (2016-18), a correction allowing for the market to bottom out with 2019 experiencing growth in the first quarter and subdued market conditions throughout 2019. The latter part of Q4 – 2019 saw positive growth with strong investor appetite, though the market lacking good quality stock. Now with the Saudi government confirming a stimulus package of SAR 120 billion, we understand the market will bounce back with investors underlying strong appetite. This will delay any evidence in the short term of declining prices and with the government stimulus will assist any short-term losses on transactions, private and public funds, although will need to be sustained in the short-term.

The KSA real estate sector generally follows the fortunes of the greater economy and while the oil reserves were left off prior to the pandemic fairly strong, although currently a price war between major producers is adding to a growing supply glut, though this will help KSA once markets start normalizing again. The KSA economy remains stable and backed-by strong fundamentals of the KSA market (i.e. young growing population) and also the economic transformation plan transforming the Kingdom towards a service economy post-oil era.

In short, the pandemic is expected to be a short term shock wave with an eventual surge of business activity leading to a rapid recovery either in the form of a “V-shape” or a more gradual recovery in the form of a “U-shape” bounce back. Accordingly, we expect the KSA market to surge in business once the lockdown is lifted allowing for markets to start flourishing towards long term sustainability in social trends and patterns along with socio-economic distancing in a growing cycle. On the other hand, should the global economic impact of the Coronavirus pandemic (COVID-19) outbreak depends on how long the virus lasts, how far it spreads and how much lock-down, public organizations quarantines disrupt the market.

Indeed, the current response to COVID-19 means that we are faced with unprecedented set of circumstances on which to base judgement(s). There is strong evidence that real estate markets spring back to strong activity and growth fairly quickly. Equally, the short-term generally speaking we do not expect the current real estate market to show very small adjustment in prices/rates if any due to non-activity or a market standstill especially prior market was on an upward trend. The KSA real estate market is a developing market with much invested by the government in infrastructure projects, so we expect the government’s latest stimulus to preserve liquidity and for demand to hold having limited / no bearing on prices / rates. However, should the pandemic persist throughout 2021, we do expect adjustments later on in the year.

Our valuation(s) is / are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the subject property referred in this report under frequent review.

2.14.2 MARKET CONDITIONS PRIOR TO THE PANDEMIC & THE KSA LOCKDOWN

The Kingdom of Saudi Arabia (KSA) - world's largest exporter of crude oil, embarked four years (2016) ago on an ambitious economic transformation plan, "Saudi Arabia Vision 2030". In a hope to reduce its reliance on revenue from hydrocarbons, given the plummeting oil price revenues from 2014.

Through the current vision and in a post oil economy, KSA is adapting to times of both austerity measures and a grand ambitious strategy. With an overdue diversification plan Saudi Arabia's economic remodelling is about fiscal sustainability to become a non-dependent nation of oil. This is supported by current energy reforms, cutting subsidies, creating jobs, privatising state-controlled assets and increasing private sector contribution to the country's economy.

Despite economic headwinds, across the region, KSA has shown resilience through a period of subdued real estate market activity. The real estate sector generally follows the fortunes of the greater economy and whilst Saudi Arabia is undergoing structural reforms politically, economically and socially will transform the Kingdom towards a service economy post-oil era. These changes along with significant amounts of investment - estimated to soon be over 1 trillion US dollars will create vast amounts of opportunities for the public and private sectors across all businesses segments.

The KSA economy in the first quarter of 2018 has relied on the current oil price rise to pull it out of recession; however, the previous 18-24 months, KSA faced a protracted spell of economic stress, much of which can be attributed to the falling oil prices coupled with regional political issues. Oil prices are starting to surge again around 80 dollars a barrel currently from under 30 dollars a barrel in early in 2016 which resulted in a crash in prices and the economy dipped into negative territory in 2017 for the first time since 2009, a year after the global financial crisis.

General consensus anticipates a piercing improvement in the Saudi economy in the period ahead (2021-2022), supported by both the oil and non-oil sector. So ultimately it appears the economy will still need to rely on oil revenues to bridge the gap in the short term with a budget deficit over the past 3 years and the Kingdom borrowing from domestic and international markets along with hiking fuel and energy prices to finance the shortfall. The economy slipped into recession in 2018 but returned to growth this year 2019, albeit at the fairly modest level of 1.7%, according to estimates



from the International Monetary Fund (IMF). However, the return to growth is mainly due to a return to increase in oil prices again and output which, in turn, is enabling an increase in government spending. Accordingly, in the short term needs to rely on the oil revenue and this reliance is being channelled into public spending.

The non-oil economy is growing, but at a slow pace. Analysts are forecasting non-oil GDP to grow by 1.4% this year, compared to 1% in 2017. Even here, the non-government sector is coping relatively poorly. Analysts are forecasting non-oil private sector growth of 1.1%, this year, up from 0.7% last year. The reforms that have been pushed through to date have led to important changes aiding the economy. The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce. Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars. A due enactment of law will encourage public-private partnerships to herald more foreign investment. The economic transformation that the KSA has embarked upon is complex and multidimensional and will certainly take time to turn around a non-oil serviced economy, although there have been recent positive signs, but it will remain in the short term with the support of oil revenues.

On the other hand, the KSA was resilient in the previous recession in 2007/2008 on strong oil reserves and not only can the Saudi government be relied upon to step in to rescue troubled lenders, reliable institutions for procedural reasons but crucially, it can also afford to do so, although has suffered due to previous oil price declines and it has meant increased spending. Vision 2030 to diversify the economy from reliance on oil, has only just commenced and with a young and increasingly well-educated population, together with its own sovereign wealth fund, the Kingdom has many favourable factors to become a leading service sector economy in the region. Reform efforts include a reduction of subsidies on fuel and electricity and the implementation of a 5 per cent VAT back on 01 January 2018 which increased to 15 per cent as of 01 July 2020. The government is also striving to get women to play a greater role in the economy including allowing them to drive back in 2019. Wider reforms have been initiated by the government allowing for the entertainment industry to flourish with the opening of the first cinema in King Abdullah Financial District (KAFFD) along with 4 VOX screens opening at Riyadh Park Mall. The cinema entertainment is spurred on by Public Investment Fund (PIF) in collaboration with AMC Cinemas and led by the Development and Investment Entertainment Company (DIEC), a wholly owned subsidiary of PIF. With an objective of 30 to 40 cinemas in approximately 15 cities in Saudi Arabia over the next five years, and 50 to 100 cinemas in about 25 Saudi cities by 2030.

As part of wider reforms to overhaul the economy and to allow for deep rooted diversification, the PIF have initiated plans to bolster the entertainment industry by forming ambitious plans such as the following:

Red Sea Tourism Project

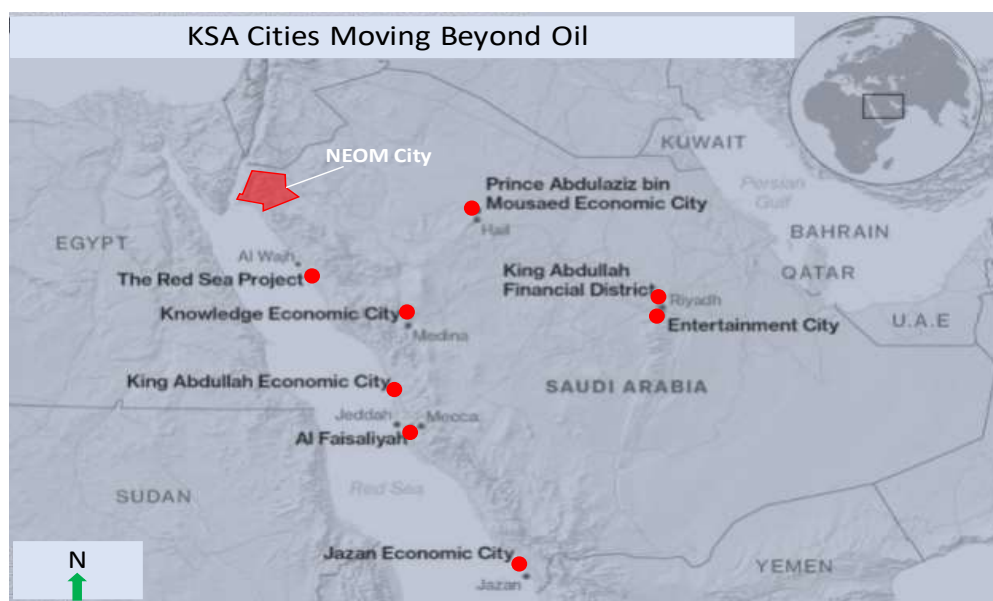
To transform 50 islands consisting of 28,000 square kilometres along the Red Sea coastline into a global tourism destination. For ease of reference to illustration below showing the location in relation to the Kingdom of Saudi Arabia.

Al Faisaliyah Project

The project will consist of 2,450 square kilometres of residential units, entertainment facilities, an airport and a seaport. Refer to the below illustration for the location.

Qiddiya Entertainment City

Qiddiya Entertainment City will be a key project within the Kingdom's entertainment sector located 40 kilometres away from the center of Riyadh. Currently alleged for "The First Six Flags-branded theme park". The 334 square kilometre entertainment city will include a Safari park too. The project will be mixed use facility with parks, adventure, sports, events and wild-life activities in addition to shopping malls, restaurants and hotels. The project will also consist around 4,000 vacation houses to be built by 2025 and up to 11,000 units by 2030. Again, for ease of reference refer to the below illustration for the location.

Neom City

The NEOM city project will operate independently from the "existing governmental framework" backed by Saudi government along with local and international investors. The project will be part of a 'new generation of cities' powered by clean energy. The ambitious plan includes a bridge spanning the Red Sea, connecting the proposed city to Egypt and stretch into Jordan too.

Economic Cities

The overall progress with the Economic Cities has been slow and projects on hold over the past 7-10 years, although KAFD has recently given the go ahead to

complete by 2020. Within the Saudi Vision 2030 the government referenced that they will work to “salvage” and “revamp”.

Real Estate Growth

Overall ValuStrat research reveals that real estate sectors have continued to decline in both sales and rental values. We expect demand to remain stable due to fundamentals of a growing young population, reducing family size, increasing middle-class and a sizeable affluent population – all of which keeps the long-term growth potential intact.

Despite short term challenges, both investors and buyers remaining cautious, the Saudi economy has shown signs of ambition with the government unveiling a number of reforms, including full foreign ownership of retail and wholesale operations along with opening up of the Tadawul Stock Market to foreign investment as well as the reforms mentioned in the previous section referred above.

As mentioned earlier, KSA experienced positive growth by oil price rise in the first quarter of 2018; hence the main driver of the recovery remains oil. Over 2018 we envisage the Kingdom's consumer outlook to be more favorable in economic conditions. Moreover, tax on development land implemented in 2017 has kept the construction sector afloat, encouraging real estate developers. Adapting to a new KSA economic reality has been inevitable, although the Kingdom's oil dynamics remain pivotal for future development within the KSA 2030 economic vision plan.

In latter part of 2017, the Public Investment Fund (PIF), Saudi Arabia's sovereign wealth fund set up a real estate refinancing company aimed at advancing home ownership in the Kingdom, which suffers from a shortage of affordable housing. This initiative will create stability and growth in the Kingdom's housing sector by injecting liquidity and capital into the market.

Another plan to help kick start the real estate market by boosting the contribution of real estate finance to the non-oil GDP part. The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016). The close ties with the construction, financing institutions and many others have provided crucial resources that contributed to the development of the Saudi economy.

The real estate market performance in 2018 and the general trend in KSA for most sectors have remained subdued given lower activity levels and prices have been under pressure across most asset classes leading to a gradual softening of rental and sale prices quarter on quarter.

The real estate sector remains subdued and prices may have bottomed out across sectors and we expect in the medium to long term for the market to pick-up further growth given the reforms and transformation in KSA, although we expect the growth



to be slow and steady subject to a stable political environment in KSA and across the region.

The outlook remains optimistic for the longer term due to the various KSA initiatives aimed at stimulating the real estate market whilst encouraging the private sector to play a key role in the transformation. All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. Since the issuing of this report the KSA lockdown for the COVID-19 health crisis was lifted on 21 June 2020 and the economy is now trying to get back to normalcy. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2021.

Property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. It must be borne in mind that both rental and capital values can fall as well as rise.

2.15 VALUATION UNCERTAINTY

This valuation has been undertaken against a background of significant levels of Market volatility is one of the main reasons of Valuation uncertainty in the real estate market in the Kingdom and within the GCC region given the dramatic changes in markets in current oil price slump and other factors too. We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations.

Given the current uncertainties it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature. The current shortage of transaction, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis.

The RICS valuation standards consider it essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.

We further state that given the valuation uncertainty stated above our valuation represents our impartial calculated opinion / judgement of the properties, based on relevant market data and perceptions as at the date of valuation. The client is advised that whilst all reasonable measures have been taken to supply as accurate a valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place

The client is also recommended to consider the benefits in such a market, of having more frequent valuations to monitor the value of the subject property.

2.16 DISCLAIMER

In undertaking and executing this assignment, an extreme care and precaution has been exercised.

This report is based on information provided by the Client. Values will differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc.

It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.

2.17 CONCLUSION

This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the Client.

No part of this report may be reproduced either electronically or otherwise for further distribution without our prior and written consent. We trust that this report and valuation fulfils the requirement of your instruction.

This report is issued without any prejudice and personal liability.

For and on Behalf of, **ValuStrat**.



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Director - Real Estate, KSA



Private & Confidential

Musharaka Capital (CJSC), Al Khobar, KSA – December 2020

APPENDIX 1 - PHOTOGRAPHS



Private & Confidential

Musharaka Capital (CJSC), Al Khobar, KSA – December 2020







الرقم: ٤٣٠٩٠١٠٠٣٩٣٠٠٠
 التاريخ: ١٤٤٧ / ١١ / ٩ هـ

كتابته العدل الاولى بالدمام

ضدك

الحمد لله وحده والسلاة والسلام على من لا نبي بعده وبعد:
 فإن ضامة رقم ١ من الخطط رقم ٤١١ معدي ١ ابراهيم في حي القيسية بمعية الدمام -
 وسدوها وأماها حالكاتي:
 ضامة: مولدت ميارث بنة شارع الملك فهد عرض ٦٠٠ متر
 جانبياً: شارع عرض ١٦ متر
 شرقاً: قطعة رقم ١
 غرباً: قطعة رقم ٢
 وسداهها (١٢٩,١١) ألف و تسعمائة و تسعة و عشر من متر مربعاً و مليون مستلماً مبرداً فقط
 واستند في تملكها على القرار الصادر من هذه الإدارة رقم ٤٩١١-١٠٠-٤٣٠٩٠١٠٠ في ١٤ / ١١ / ١٤٤٧ هـ
 فيه اشككت مستطيفها في غير من تملكه من هذه الإدارة القيسية بموجب جواز حكر رقم ٤٣٣٥٣
 و مستلكه بطل
 و قد جرى التصديق العمري في ١٤ / ١١ / ١٤٤٧ هـ الاشكاد ووضعت لك نظر هذا حسب ما تضمنه وصادق

رئيس جهة العدل الاولى بالدمام
 سفير بن عبد الرحمن الصنقر

الختم الرسمي








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