



Final Valuation Report

Vision Colleges in Ishbiliyah Dist, Riyadh

Client/ Alkhabeer Capital

09 January 2024

V230275

P230352



Introduction



Dear Alkhabeer Capital,

RE: Valuation of Vision Colleges in Ishbilyah Dist, Riyadh.

Further to your request, Abaad thank you for inviting us to complete and submit a valuation report with respect to the aforementioned property.

We have prepared our valuation on the basis of Fair Value for Financial Statements Purposes.

We confirm that the valuation has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as "Taqeem."

We confirm that the valuation has been undertaken by us as external valuers and we possess the required knowledge, skills, and understanding to undertake the valuation competently.

We confirm that we are not aware of any existing or potential conflict of interest with respect to this engagement.

Eng. Ammar Abdulaziz Sindi

Chief Executive Officer

Kingdom of Saudi Arabia

Mobile: +966 (50) 730 0500

Email: asindi@sa-abaad.com

Registration Certificate



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Property Overview

- The Subject Property is a medical college for three majors, dental, nursing, and the College of Medicine. The college extends over a land area of **17,046** square meters with a building area of **44,113.54** sqm.
- The college consists of five floors, including two underground parking floors with a capacity of up to **480** parking spaces and three service floors.
- The three floors consist of **52** educational rooms, **24** laboratories, laboratories and training rooms, **52** dental clinics, a library, and two gyms. In addition to offices, **3** restrooms, cafes, and **2** playgrounds.
- The college is located on Bahr Al Arab Street in Ishbilyah district, in Riyadh.
- The Subject Property is **11** y/o and no renovation took place.

Property Details

Site Details	Information
District	Ishbilyah
Permitted Use	Mixed
Tenure	Restricted Ownership
Deed Number	498507005691
Deed Date	04/06/1442H
Total Land Area (sqm)	17,046
Total Built-Up Area (sqm)	44.113.54
Owner	Awwal Al Malqa Real Estate Company

Subject Property Pictures



Valuation Summary

Site Details	Information
Report Type	Detailed Report
Other independent Users	Alkhabeer Capital- Fund Manager & Investors - Report Reviewers - CMA
Purpose of Valuation	Financial Statement
Valuation Approach	Income Approach
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Adopted Currency	Saudi Riyal
Property Fair Value	203,534,000

Executive Summary

Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in **2022** and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the Property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the Property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the Property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.

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Introduction

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the fair value by the required date.
- The subject of the valuation is the assessment of the Fair Value of Vision Colleges in Ishbiliyah Dist., Riyadh, for Financial statements Purposes.

Applicable Standards

- We confirm that this valuation report has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as “Taqeem”.

Status of Valuer

- This report has been compiled and verified by Ammar Qutub and Ammar Sindi, who have the necessary qualifications, ability and relevant experience to conduct a valuation of the Subject Property. They have also acted in the capacity of external valuers.

Conflict of Interest

- We confirm that we are not aware of any conflict of interest in acting on your behalf on this exercise.

Purpose of Valuation

- We have prepared our valuation for Financial Statements purpose.

Date of Inspection

- We confirm that the Property was inspected by Abaad Team on 25 November 2023.

Date of Valuation

- We confirm that the date of valuation is 31 December 2023.

Basis of Valuation

- Our valuation will be presented on the basis of fair value, which is defined in accordance with the International Valuation Standards (IVS) in 2022 as follows:
- International Accounting Standard No. (13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Sources of Information

- We have relied upon the information provided to us by the Client with respect to the Subject Property, which is outlined below:
 - Title deed
 - Lease agreements and details

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General Disclaimers

Liability and Publication

- This report is issued for your use, and that of your professional advisers, for the specific purpose to which it refers. Abaad does not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference to it, may be included in any published document, circular, or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

Confidentiality

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

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as a fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.
- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.
- **No important assumptions or any special assumptions were applied.**

Fair Value Disclaimers

Fair Value Hierarchy

- In accordance with the Fair Value Hierarchy prescribed by IFRS 13, our real estate valuation process adheres to three distinct levels of inputs to ensure transparency and reliability in the determination of fair value.
 - **Level 1 Inputs:** Quoted prices for identical properties in an active market represent the most reliable and transparent inputs. However, due to the unique characteristics of our real estate assets, the availability of Level 1 inputs may be limited.
 - **Level 2 Inputs:** Observable inputs other than quoted prices, such as recent transactions or prices for similar properties, are considered in the absence of Level 1 inputs. These inputs contribute to the valuation process and enhance the robustness of our fair value measurements.
 - **Level 3 Inputs:** The valuation of certain real estate assets relies significantly on Level 3 inputs, which are unobservable and require management judgment. This involves the use of proprietary valuation models, assumptions, and estimates tailored to the specific attributes of our properties. Level 3 inputs are particularly relevant when market activity is limited or absent.
- The choice of input level is determined by the nature of each asset and the availability of observable market data. Our commitment to providing a comprehensive and accurate representation of fair value includes detailed disclosures regarding the methods, assumptions, and risks associated with each valuation.
- This disclosure aims to communicate the approach taken in the real estate valuation process, highlighting the reliance on different levels of inputs and emphasizing transparency for stakeholders.

Fair Value Measurement Disclosure

- In accordance with the Fair Value Hierarchy outlined in IFRS 13, our real estate valuation primarily relies on Level 3 inputs. Level 3 inputs involve unobservable data and require significant management judgment. This is due to the unique characteristics of our properties and the absence of readily available market prices for identical or similar assets. Our valuation approach includes the use of appropriate and relevant valuation methodologies, and the fair value estimates are sensitive to changes in key assumptions. For a detailed understanding of our valuation methodologies and the associated risks, please refer to the comprehensive disclosures provided in through out the report and the valuation methodology section
- This disclosure communicates to stakeholders that Level 3 inputs are a key component of the real estate valuation process, emphasizes the reliance on unobservable data, and encourages users to review the detailed disclosures for a more thorough understanding of the valuation methodologies and associated risks. Providing transparency in this way helps stakeholders make informed decisions based on the unique circumstances of the real estate being valued.

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Title Information

Title Information

ID	Description	
Owner	Awwal Almalga Real Estate Company	
Property Name	Al-Malqa Compound	
Plot No.	4	
District	Ishbilyah	
Street Name	Bahr Al Arab St.	
Coordinates	<u>24°47'30.5"N</u>	<u>46°48'08.3"E</u>
City	Riyadh	
Ownership Type	Restricted Ownership	
Title Deed Info	Dees No.	498507005691
	Deed Date	04/06/1442H

Sources: Title Deed



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Dimensions and street widths

Side	Dimension (m)	Street Name	Type	Width (m)	Frontage
North	180	-	Local	15	1
South	180	-	Neighbor	-	1
East	94.7	-	Neighbor	-	1
West	94.7	Bahr Al Arab St.	Commercial	40	1

Sources: Title Deed

Tenure

Contract Details

Lease Contract Summary

Description	Details
Landlord	Awwal Al Malqa Real Estate Company
Tenant	Al Farabi College Company
Contract Term	25 Years
Contract Effective Date	17/01/1442
Annual Lease	16,000,000 SAR
Lease Growth	5% every 5 years

- After examining the current lease agreement provided by the client, we have determined that the Tenant has leased the whole property, land, and building.
- The contract is a binding contract for the leasing period of 25 years and can't be terminated unless the period is over.
- The tenant is an independent entity with no relationship with the landlord.
- According to the conducted market research about the rental prices, we have concluded that the current lease rate is within the market range.
- The payments are paid every 6 months.

Sources: Contract Copy

Contracts Payments Schedule

Payments Date	No. of Payments	Lease (SAR/Payment)
9/15/2020 to 3/15/2025	10 Payments	8,000,000
9/14/2025 to 3/14/2030	10 Payments	8,400,000
9/13/2030 to 3/13/2035	10 Payments	8,820,000
9/12/2035 to 3/11/2040	10 Payments	9,261,000
9/10/2040 to 3/8/2045	10 Payments	9,724,050

Sources: Contract Copy

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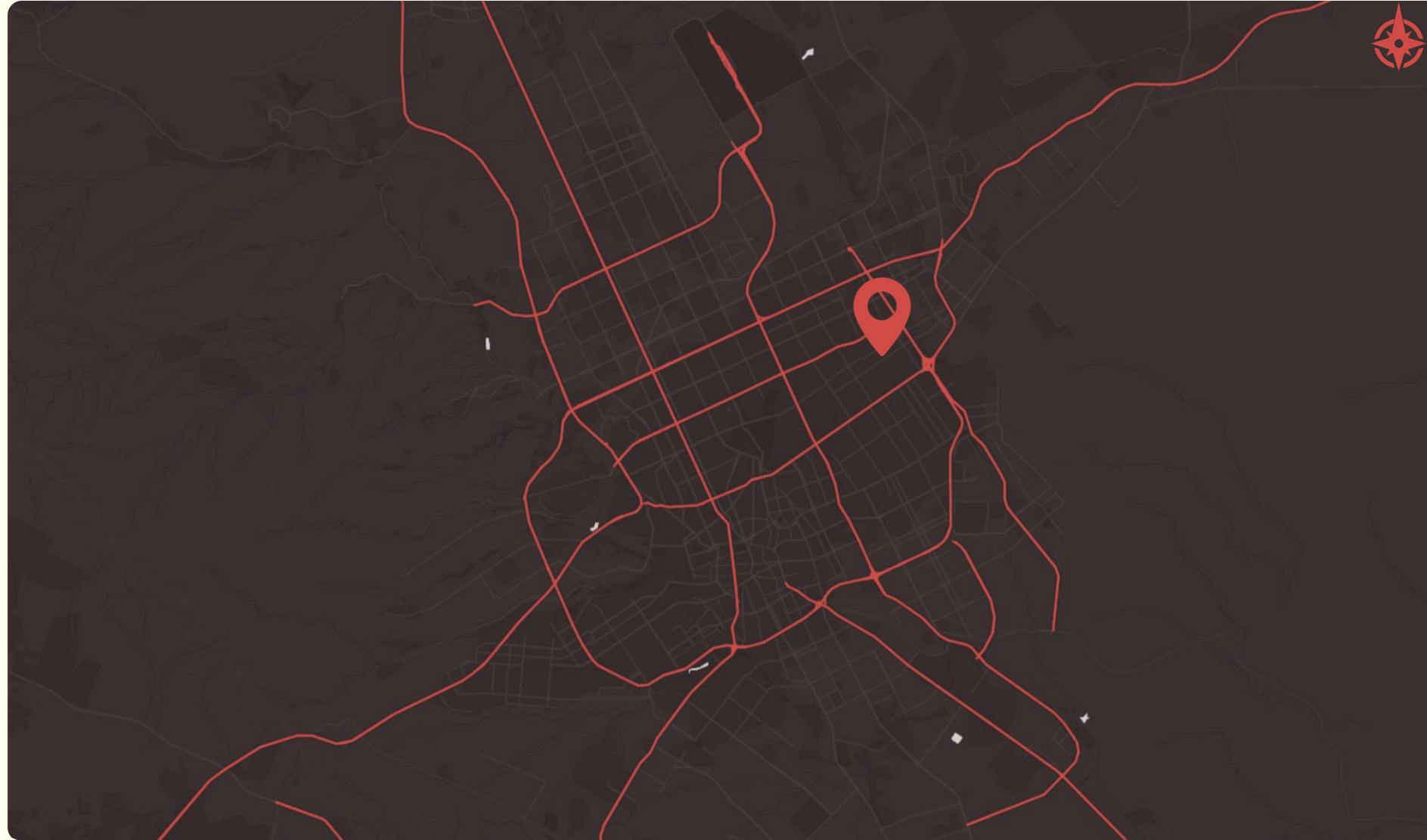
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Site Location Analysis

Macro Location



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- The subject property is strategically situated in Riyadh, the capital of Saudi Arabia and the largest among its cities, serving as the central hub of the Riyadh Region.
- Renowned as the foremost Saudi city, Riyadh boasts a substantial population of 7.5 million as of 1442/2022, solidifying its pivotal role in the nation's landscape. In terms of geographical expanse, Riyadh stands as one of the largest cities in the Arab World, covering an impressive developed area of approximately 1,973 square kilometers.
- Riyadh is currently undergoing transformative development, with a strong focus on infrastructure and public transport. The ongoing Riyadh Metro Project and Public Transport Project are testament to the city's commitment to modernization and efficient urban mobility.
- The subject properties are specifically located in Al Malaz and Al Faisaliyyah Dist., Riyadh. The closest one is strategically positioned approximately 36 kilometers from King Fahd International Airport, ensuring convenient connectivity, and approximately 23 kilometers from the dynamic King Abdullah Financial District, reflecting their prime location within the evolving landscape of Riyadh.

Site Location Analysis

Development Projects at City Level

The Royal Commission for the City of Riyadh carries out many programs and development projects which are strategic in nature with multiple objectives and dimensions and different requirements for execution over time.

هيئة تطوير بوابة الدرعية
Dariyah Gate Development
Authority



Between the architectural, cultural, economic and social features and the environmental development requirements of Wadi Hanifa, it provides a model for the development of the oasis.

The program adopted the principle of integration with the City of Riyadh, making Diriya a world class cultural, tourism and promotional suburb.

Riyadh Art Project



Includes the performance of over 1000 artworks by local and international artists in front of audiences in the various parts of the City of Riyadh, as part of 10 programs covering residential neighborhoods, public parks, natural promenades, public squares, public transport stations, bridges, pedestrian crossings, city entrances and all tourism destinations of the city.

Riyadh Boulevard

المسار
الرياضي
Sports Boulevard



Extends 135 kilometers, penetrating the City of Riyadh to connect Wadi Hanifa in the west of the City with Wadi Al Sulay in its east. It includes sports, cultural, recreational and environmental activities, including bicycle tracks, horse tracks, pedestrian sidewalks, a number of gates, stations and rest areas for bikers and hikers. Along the Boulevard inside the City and at Wadi Hanifa and Wadi Al Sulay, recreational services are provided to bikers and hikers, including coffee shops and diverse retail outlets.

Green Riyadh

الرياض الخضراء
GREEN RIYADH

The program aims at planting over 7.5 million trees in all parts of the city, including public parks, community parks, promenades, mosques, schools, academic, health and public installations and facilities, green belts along the spans of public utility lines, in addition to King Khalid International Airport, a roads and streets network, in addition to public transport routes, car parking spaces, vacant lands, valleys and river tributaries.

King Salman Park:

حديقة الملك سلمان
King Salman Park

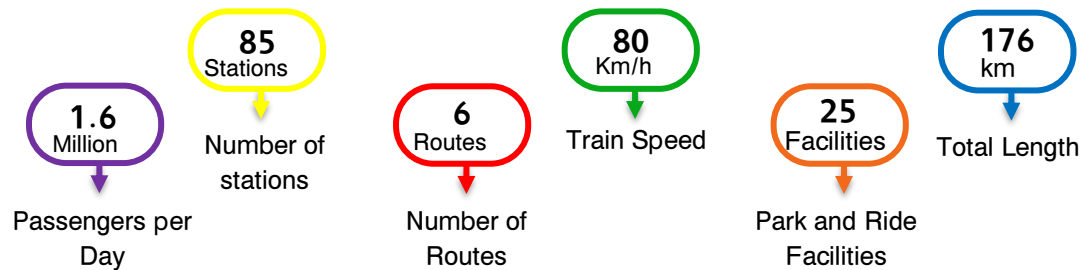


The largest city park in the World with an area exceeding 13 square kilometers. It is considered to be an environmental, cultural, sports and recreational project which contributes to the changing lifestyle in the city.

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Public Transport – Riyadh Metro

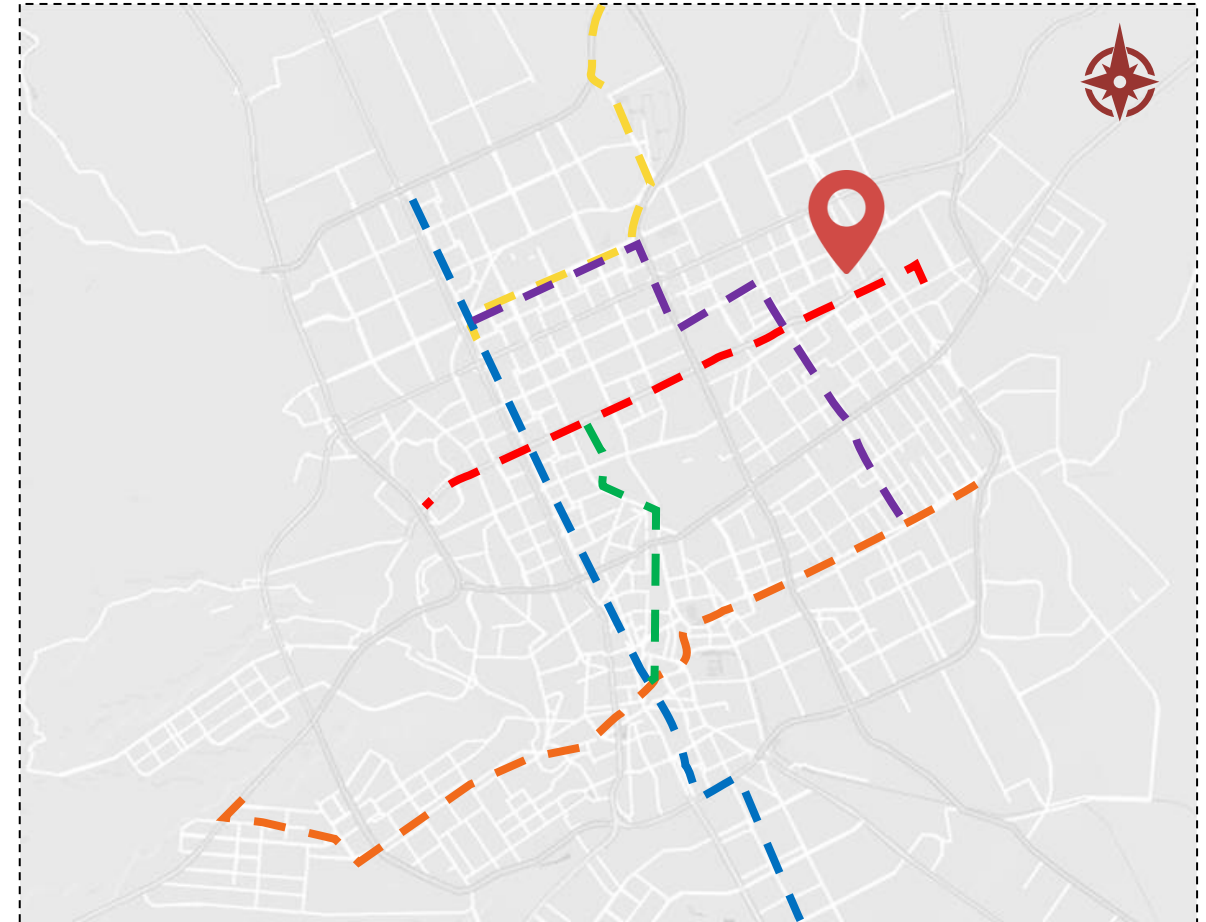
- Metro Riyadh is a high-speed transport system. It is currently under construction. It is one of the largest infrastructure projects in the City of Riyadh.
- The Metro is designed as a world-class transport system, including 756 metro cars, 85 stations, six metro lines, and a network spanning 176 kilometers.
- The construction of the metro system has resulted in several road closures which affected traffic in various parts of the city.



Length of Riyadh Metro Routes

Route	Route Length (Km)
First Route (Blue)	38.0
Second Route (Red)	25.3
Third Route (Orange)	40.7
Fourth Route (Yellow)	29.6
Fifth Route (Green)	12.9
Sixth Route (Purple)	29.5

Riyadh Metro Route Map:

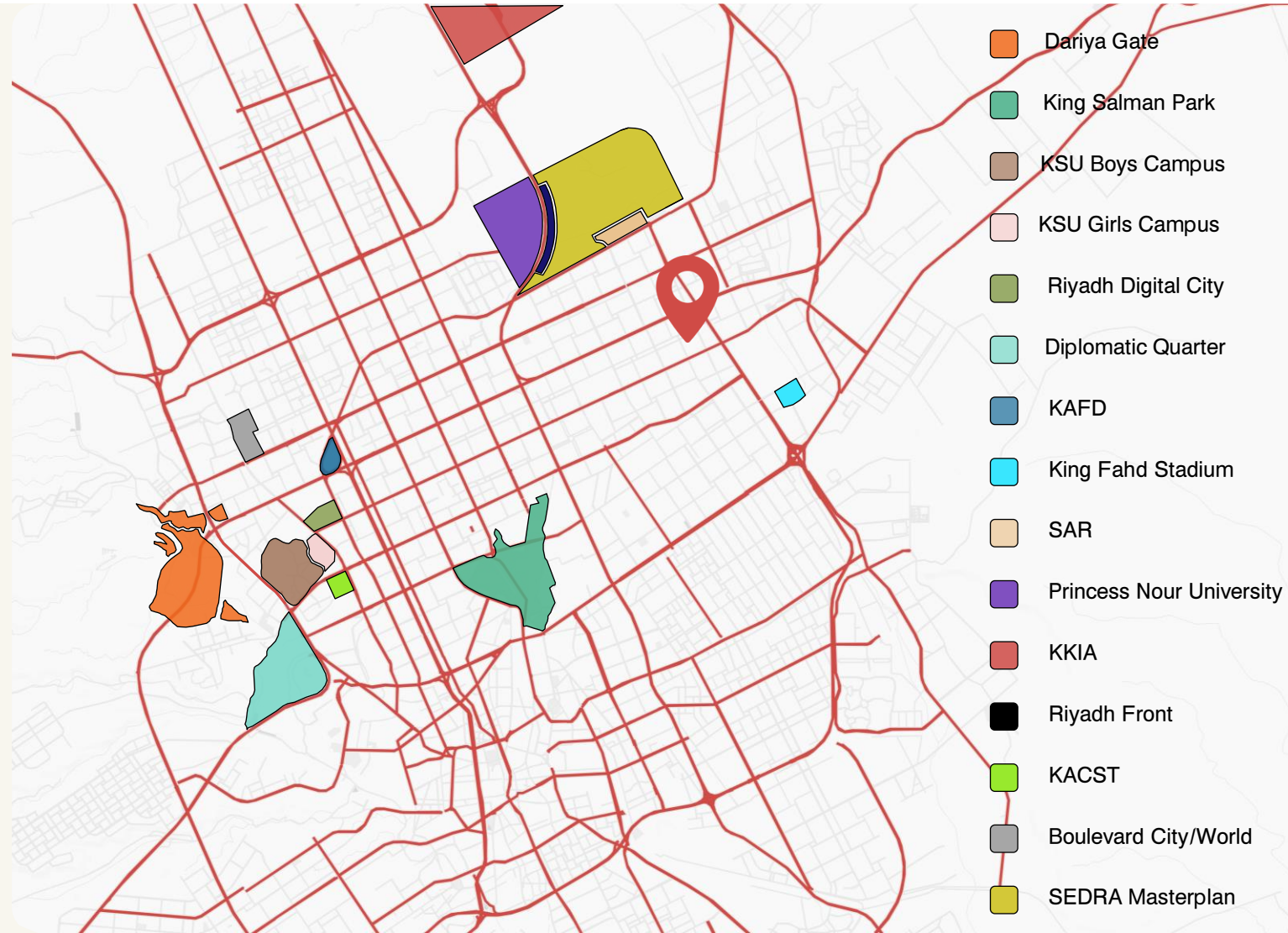


Site Location Analysis

Development Projects at City Level



- Riyadh City has many known local destinations that shapes the urban life. The subject property is close to some of these destinations, giving the subject property some advantage.
- Riyadh View forma common place that hosts commercial and food & Beverage activity. Nevertheless, SAR is next to subject property. SAR connects Saudi Arabia different cities in the north, eastern and south of Riyadh with a complexe and modern railway network.
- King Khalid Airport is one of the iconic construction of Riyadh city, easing and connecting local and international travelers with the Capital of Saudi Arabia.
- The existence of several educational institutions in the city is like PNU, that has the capacity of **70,000** student, KSU and KACST, would elevate the educational standers, create better future for generations, and compete with local and international educational systems.
- One of the main district, is the Diplomatic Quarter that taloir all the geopolitical plans and draws international relationships.
- Riyadh has kept an on itself by having two of the most important districts, the financial and digital ones, allowing Saudi Arabia to expand the growth capacity regionally and internationally on both tech and financial sectors.
- As part of the Vision **2030**, The development of Diriyah Gate would return significant impact by attracting tourists, encouraging cultural exchange, exposing the history of Saudi Arabia and hundreds of years of legacy.
- On the Entertainment side, Riyadh has very known and diversified entertainment place, the Boulevard as a city inside of a city and a world inside a city. Also, the Stadium.
- Riyadh Also is waiting of the biggest urban park in the region, King Salman Park, that will achieve Saudi Arabia sustainability goal addressed in Vision **2030**.



Site Location Analysis

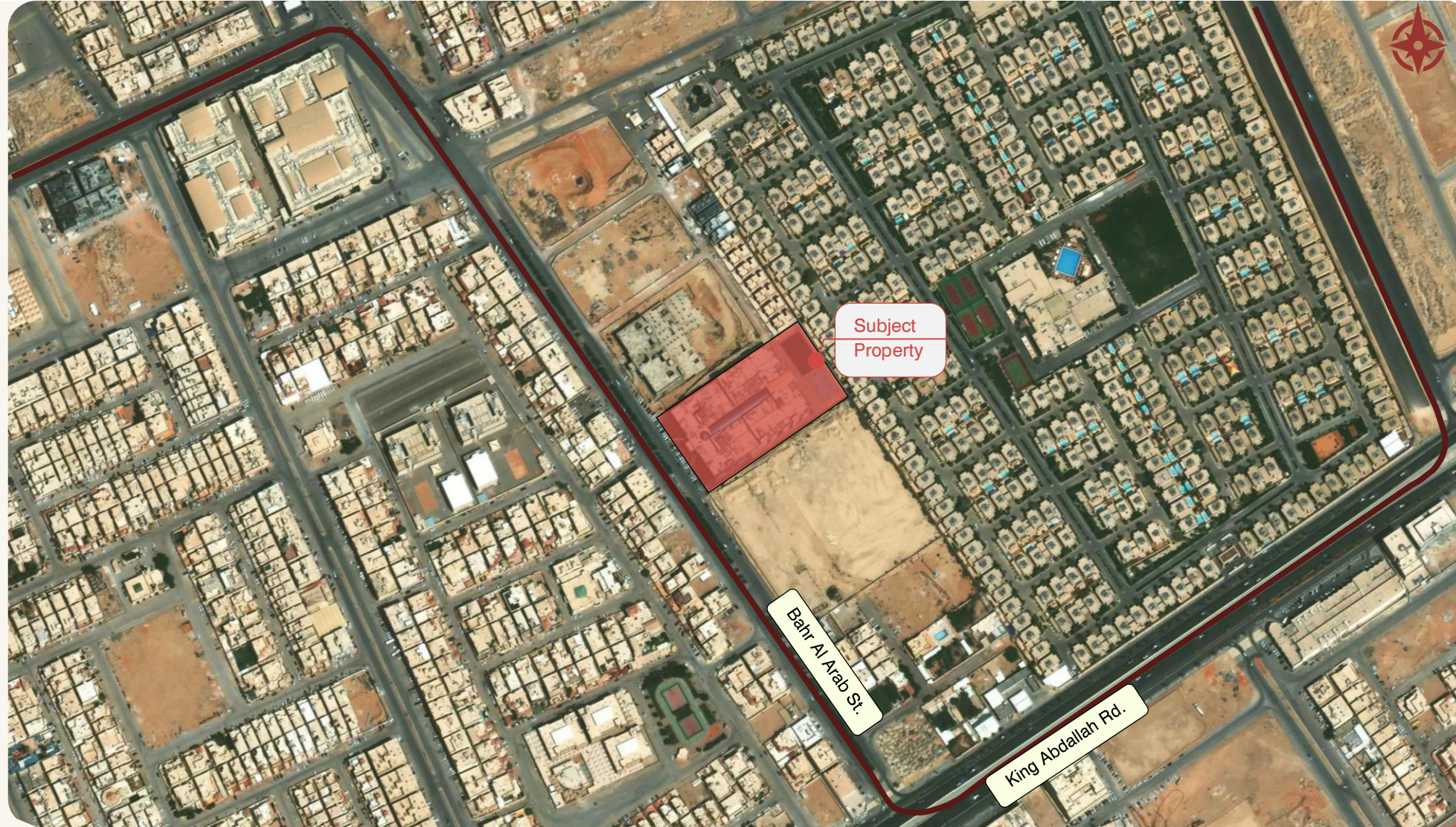
Property Description



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- The Subject Property stands as a distinguished medical college, offering programs in dental, nursing, and the College of Medicine. Encompassing a vast land area of 17,046 square meters, the college boasts an impressive building area of 44,113.54 sqm.
- Structured across five floors, inclusive of two underground parking levels with a capacity of 480 parking spaces and three service floors, the college is a comprehensive educational institution. The three primary floors host 52 educational rooms, 24 laboratories and training rooms, 52 dental clinics, a well-equipped library, and two gyms. Additional amenities include offices, three restrooms, cafes, and two playgrounds, contributing to a conducive learning environment.
- Nestled on Bahr Al Arab Street in the Ishbiliyah district of Riyadh, the college enjoys a strategic location. The Subject Property, at 12 years old, retains its original structure as no renovation has taken place, a testament to its enduring design and functionality. This longevity underscores its reliability as a beacon of medical education in the vibrant city of Riyadh.

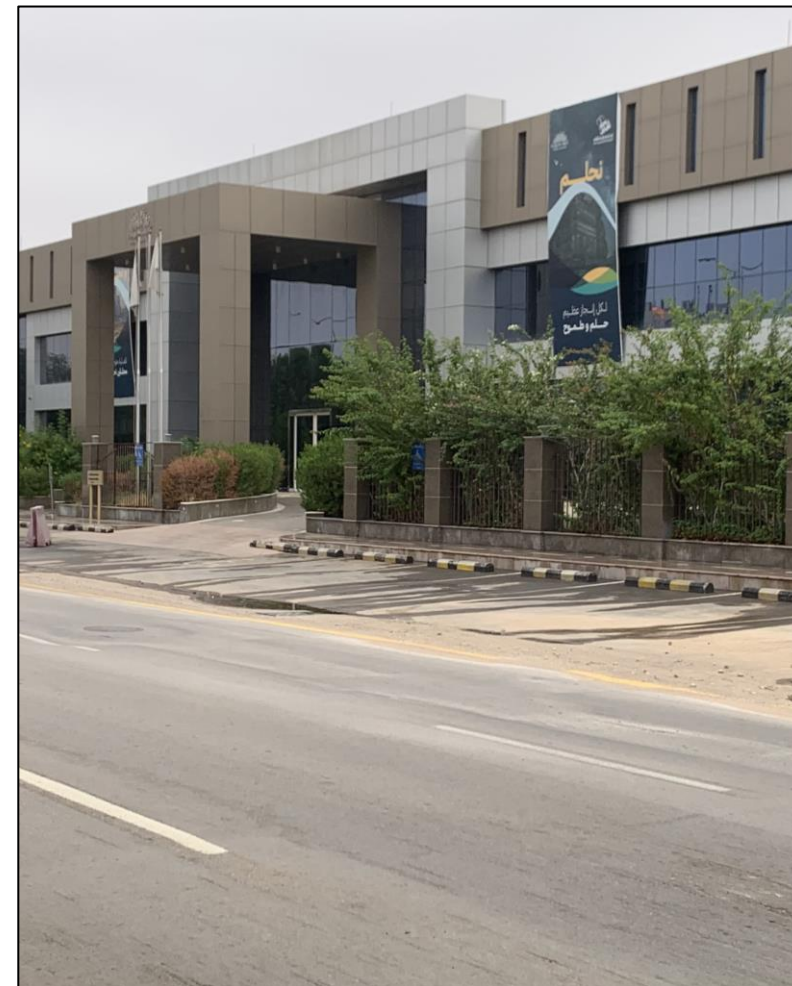


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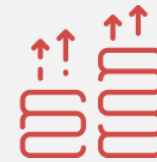
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Valuation Methodology

Income Approach - Capitalization Method

- When determining our opinion about the market value of the properties subject to evaluation, and considering that they are income-generating, we have used the income method for evaluation and using the income capitalization method.
- This method relies on analyzing the property's annual income, after deducting all operating and maintenance costs and other expenses, to arrive at the net income.
- After reaching the net income, the required rate of return is applied to the investment by the investors.
- In the process of determining the rate of return, sales and acquisitions of similar properties that were implemented close to the date of appraisal with known rental values are used.
- Where a reverse assessment is made to reach the rate of return by knowing the type of income, its value, the purchase price, and other properties of the property.
- Noting that in the absence of direct real estate transactions, adjustments and adjustments are made from known transactions for different real estate, in order to reach the appropriate rate of return for the real estate under evaluation.
- The capitalization method is usually used when the value of the property is highly dependent on the profits from the business rather than the value of the land and buildings.
- Moreover, it is more likely to use the capitalization method when there are insufficient data available, which precludes the application of the comparison method (market method) or the cash flow method (income method).

Capitalization Method



**Property Net
Income**

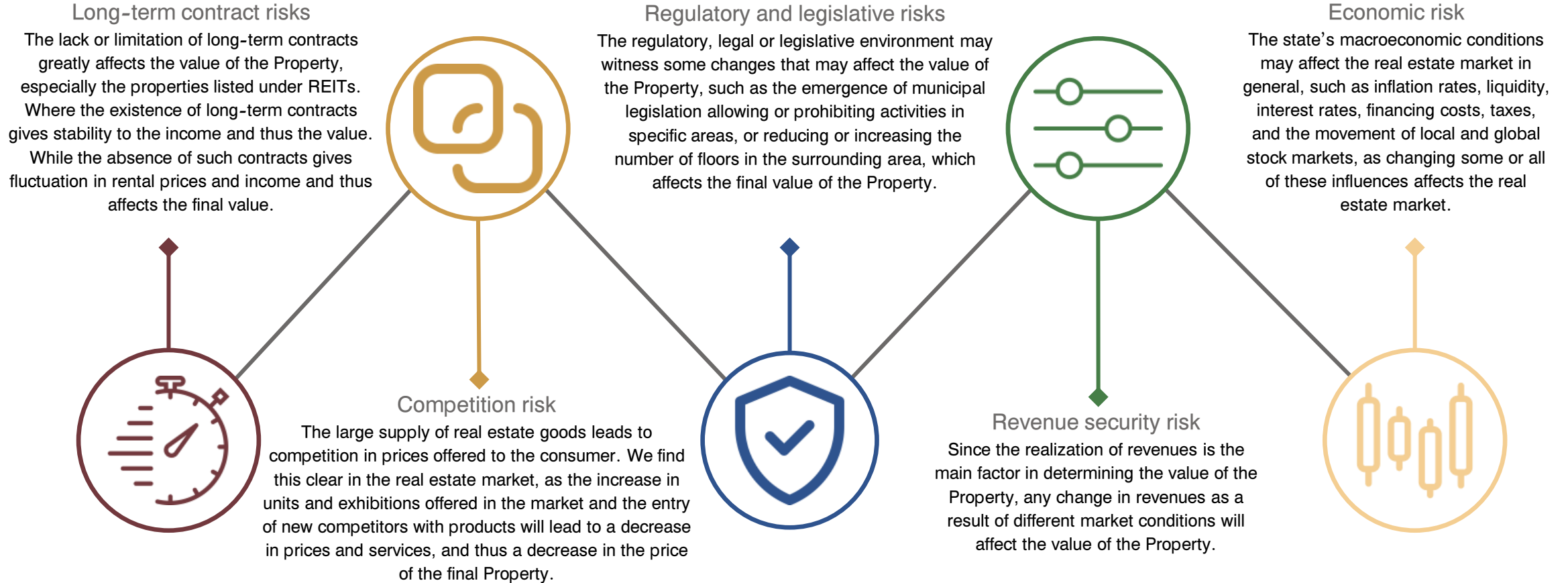


**Capitalization
Rate**



**Property Fair
Value**

Property Risk Analysis



Market Study - Demand and Supply

Office

- In the first three months of **2023**, around **50,000** sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately **4.9** million sq. m. in the capital and **1.2** million sq. m. in Jeddah. Over the remainder of this year, an additional **61,000** sq. m. and **583,000** sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to **1%** in **Q1 2023**. As a result, average Grade A rents increased by **19%** year-on-year (Y-o-Y) to reach **SAR 1,764** per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by **15%** Y-o-Y to reach **SAR 1,199** per sq. m. per annum in the first quarter of **2023**. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at **8%** in **Q1 2023**.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Residential

- Riyadh witnessed the completion of close to **7,800** residential units in **Q1 2023**, pushing up the total stock to **1.4** million residential units. Over the same period, **4,400** units were handed over in Jeddah to bring the city's residential inventory to **864,000** units. In the remaining months of this year, **45,000** units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, **100** million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of **2023**, average sale prices and rents in Riyadh increased by **7%** and **2%**, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by **11%** annually, and average rents climbed by **9%**.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of **6%** in the capital and **17%** in Jeddah, in **Q1 2023**. Over the same period, rents for apartments grew by **4%** in Riyadh and **13%** in Jeddah.

Market Study - Demand and Supply

Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately 84,000 sq. m. of retail space and increasing the total supply to 3.4 million sq. m. Over the same period, Jeddah's retail stock increased by roughly 46,000 sq. m. to 1.8 million sq. m. In the remaining nine months of this year, 478,000 sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about 105,000 sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between 8 to 120 sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by 11% and 8%, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by 6% across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: JII

Hospitality

- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at 21,000 keys. During the same period, Jeddah saw the delivery of 300 keys, increasing the total existing supply to 16,000 keys. An additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter Riyadh, and the remaining 1,000 keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of 100 million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to 76%, and the average daily rate (ADR) increased to USD 212 for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached 54% and ADR was recorded at USD 147. The Saudi hospitality market is expected to sustain its positive drive and improve further.

Source of Info: JII



Valuation Approach - Valuation Input

Capitalization Rate

- we have conducted market research about properties with similar usage to the subject property in the retail and office sector, which serve as a benchmark to determine the appropriate cap rate for the subject.

Property	City	Type	Cap Rate (%)
Al Ouruba Plaza	Riyadh	Retail	8.0%
Localizer Mall	Riyadh	Retail	8.5%
Al Wadi Square	Riyadh	Retail	7.5%
City Life Plaza	Riyadh	Retail	8.0%
Verdun Tower	Riyadh	Offices	7.5%
Takween Tower	Riyadh	Offices	8.0%
Hamad Tower	Riyadh	Offices	7.0%
La Plaza Bldg	Riyadh	Offices	8.5%
Thiqah Twin Bldg	Riyadh	Offices	8.0%

- Comparable to these properties, our subject property is currently under educational usage, but the building permit is mainly for commercial. The location is relatively not better than the comparable. As for the finishing and tenant commitments, it is considerably better in the subject property.
- Although we consider that the head lease underwritten through a binding contract provides income security in difficult trading conditions over a 25-year period, there are still market risk factors such as government decisions, uncertain market prediction, and other possible events.
- Therefore, the appropriate capitalization rate for the subject property is 8.80%.

Revenues

Payments Date	No. of Payments	Lease (SAR/Payment)
9/15/2020 to 3/15/3/2025	10 Payments	8,000,000
9/14/2025 to 3/14/3/2030	10 Payments	8,400,000
9/13/2030 to 3/13/3/2035	10 Payments	8,820,000
9/12/2035 to 3/11/3/2040	10 Payments	9,261,000
9/10/2040 to 3/8/2045	10 Payments	9,724,050

- Based on the above table, the average annual lease of the remaining period is 17,911,000 SAR.

Expenses

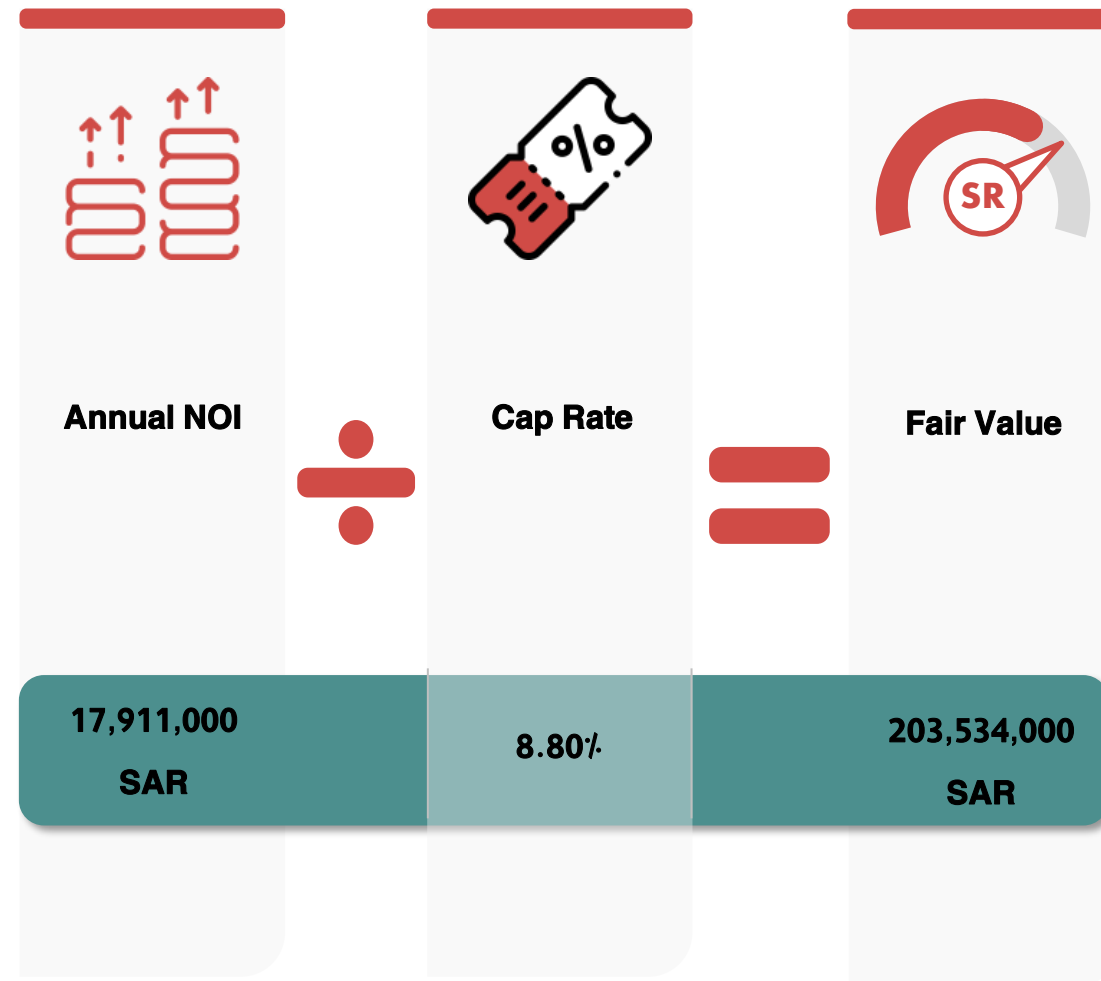
- According to the Lease contract, the landlord has no obligations, and it's a triple net lease contract. Thus, landlord is not liable to any expenses.

Valuation

Income Approach

Capitalization

- The **8.80%** capitalization rate will be applied over the average annual lease rate to conclude the fair value of the subject property.
- Since the landlord is not liable for any expense, the annual NOI is the average annual lease of the remaining period of **17,911,000 SAR**.



Valuation Summary

Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions and detail within this report, may be fairly stated as follows:

Fair Value of Subject Property Using Income Approach as of 31 December 2023

- 203,534,000 SAR (Two Hundred Three Million Five Hundred Thirty-Four Thousand Saudi Riyal Only).

Signatures & Authorizations

Eng. Yousuf Abdullah Khan

Taqeem ID: 1220001989

Membership Type: Provisional Member

Sector: Real Estate Sector

Membership Date: 17/09/2020

Contribution: Inspector, Valuer and Report Creator



Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 24/01/2016

Contribution: Valuation & Report Reviewer



Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 22/12/2015

Contribution: Report Reviewer & Authorizer



Company Stamp

Company Name: **Abaad & Partner for Real Estate Valuation**

Company No. 11000111

CR No: 4030297686

CL No: 323/18/781



Appendices

Executive Summary

Site Location Analysis

Valuation Terms

Valuation

Disclaimers

Tenure

Appendices

- Appendix 1: Subject Property Documents
- Appendix 2:Valuation Glossary

Appendix 1: Property Documents

رقم الصك: 498507005691
التاريخ: 1442/06/04 هـ

وزارة العدل
عبد الرحمن سليمان بن عثمان ابوالخيل
الرياض
ترخيص رقم 40/1738

صک رہن

العمد له وحده والصلافة والمصالح على ما لا نبي بعده، وقد
تمت قسمة الأرض رقم ١٥ بين الأراضى بعد وقوع الحق في حيا
شمالاً شارع عرض 15م بطول 180 متره وثلثون متر
جنوباً؛ قطعة رقم5 بطول 180 متره وثلثون متر
شرقاً، جار بطول 94.7 أربعة وتسعون متر وسبعون سنتيمتر
غرباً، جار عرض 67.5 بطول 94.7 أربعة وتسعون متر وسبعون سنتيمتر
وساحتها 17046 سبعة عشر ألفاً وستة وأربعين متراً مربعاً المملوكة لأول الملقا العقارية بموجب سجل تجاري رقم
101089388 بموجب السجل الصادر من المفتوفين بتاريخ3٠ برقم 493225000302 بتاريخ 16 / 26 / 1442 قد تم زيارتها وم
المقيم أو ضام عليها بما نص لصالح إقراره التوقيع المحمدية بموجب سجل تجاري رقم 101058249 ضام للواء ب
42000000000 أربعة وعشرون ألفين ريال سعودي لا غير . البرهان : إفادة ضامن اللواء بالمعدونية عدد كل ٤ أشهر
وفي هذه المداد القلم مرعوب عن الطبقة التي تنتمي عنها الراتب ، والبرهان مافي دمة الزاهن من مبلغ وما نقص ويرجع
عليه فيه بما اكتمل مايزار شرعاً ، وعليه جرى التصديق تحريراً في 06 / 04 / ١٤٤٢هـ جـوسلى الله على نبينا محمد وآله
فهمه وسلم.

الموثق

الختم الرسمي

عبدالرحمن سليمان بن عثمان ابالخير

[illegible]

Appendix 2: Valuation Glossary

Saudi Authority

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

Asset or Assets

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

Client

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

Intended Use

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

Intended User

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

Jurisdiction

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

May

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

Appendix 2: Valuation Glossary

Must

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

Participant

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Fair Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

Purpose

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

Should

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

Appendix 2: Valuation Glossary

Significant and/or Material

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

Valuation

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.

- Valuation Purpose or Purpose of Valuation:
- See “Purpose”.

Valuation Reviewer

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

Value (n)

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

Valuer

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

Appendices

Appendix 2: Valuation Glossary

Weight

- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

Weighting

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.



Abaad & Partner For Real Estate Valuation Co.

Jeddah Branch (Head Office):

Mohamed Ibrahim Masoud Street,
Al-Salama District
Oash Offices Building, 5th Floor, suite 21
Jeddah, Kingdom of Saudi Arabia

Riyadh Branch:

Imam Saud bin Faisal Road,
Al-Sahafa District
Al-Difaa Office, 2nd Floor, suite 106
Riyadh, Kingdom of Saudi Arabia

For more information, please contact us at:
Universal Access Number: **920004134**

Eng. Ammar Sindi

CEO

Mobile: +966 (50) 730 0500

Email: asindi@sa-abaad.com

Eng. Ammar Qutub

Director

Mobile: +966 (55) 556 2500

Email: ammarq@sa-abaad.com