



أبعاد
للتقييم العقاري

Valuation Report

BIN 2 Plaza, Al-Amwaj District, Jeddah

Client / AlKhbeer Capital

29 December 2021

V210167

الخبير المالية
Alkhabeer Capital



Introduction

Dear / Alkhabeer Capital

The Subject: Valuation of BIN 2 Plaza, Al-Amwaj District, Jeddah

Please find attached the report as per your request for a property valuation, hoping that the report meets your requirements as requested from us, and complies with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2020, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM). Please do not hesitate to contact us should you have any queries or questions.

Best Regards,

Engineer Ammar Abdulaziz Sindi
Chief Executive Officer



Version Control

Details	Information
Status	Final
Reference Number	V210167

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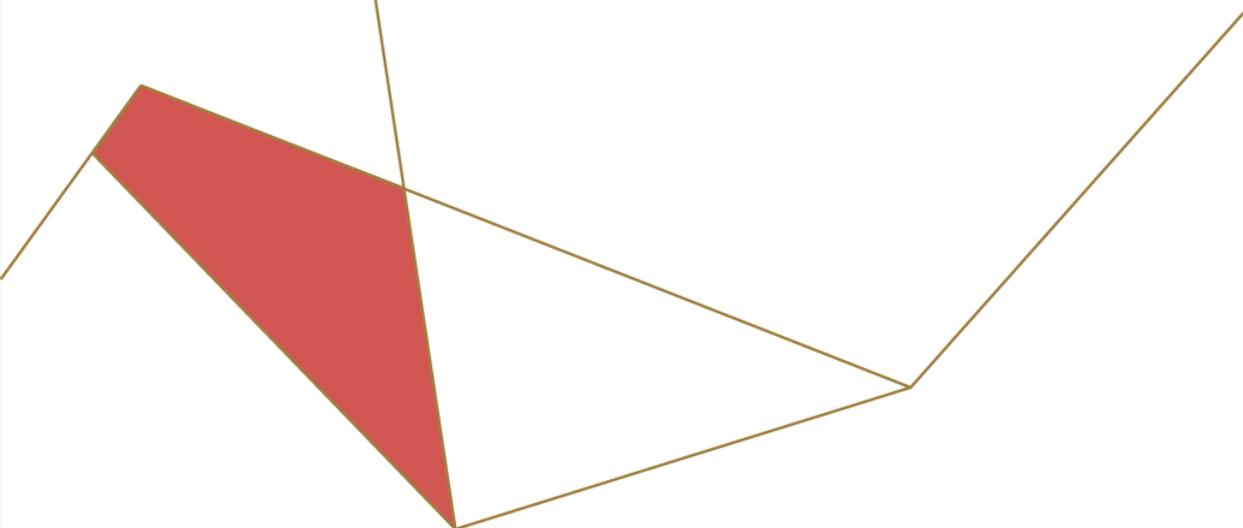
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Executive Summary

- Summary of the Report
- General Terms and Conditions

Executive Summary

Report Summary

- The Subject Property is comprised of three-story commercial office buildings. The area of the land is **20,642** square meters, featuring a total built-up area of **21,305** square meters.
- The Property is located at Al-Amwaj District between Prince Abdulmajeed Road and Prince Naif Road, Jeddah.
- The Subject Property is located approximately **33** kilometers to the north of King Abdulaziz International Airport, and approximately **11** kilometers from Jeddah Economic Tower at Al-Amwaj District, Jeddah.
- The Subject Property is located in Jeddah, a governorate of the Makkah Region located in the western part of the Kingdom of Saudi Arabia on the Red Sea coast, **79** kilometers from the City of Makkah and **420** kilometers from Medina. It is viewed as the economic and tourism capital of the Kingdom of Saudi Arabia.

Site Details	Information
District	Al-Amwaj
Use	Commercial Office Center
Ownership	Freehold
Number of Title Deed	290210026381
Date of Title Deed	19/6/1440
Land Area (m2)	20,642
Total Built-Up Area (m2)	21,305
Gross Leasable Area (m2)	14,798
Owner	Awwal Almalga Real Estate Company

Valuation Summary

Details	Information
Purpose of Valuation	Periodic Valuation of REIT Fund Assets
Date of Approval	01 December 2021
Date of Inspection	06 December 2021
Date of Valuation	31 December 2021
Basis of Value	Market Value
Valuation Method	Income Method
Currency	Saudi Arabian Riyal (SAR)
Property 's Market Value	76,100,000 SAR



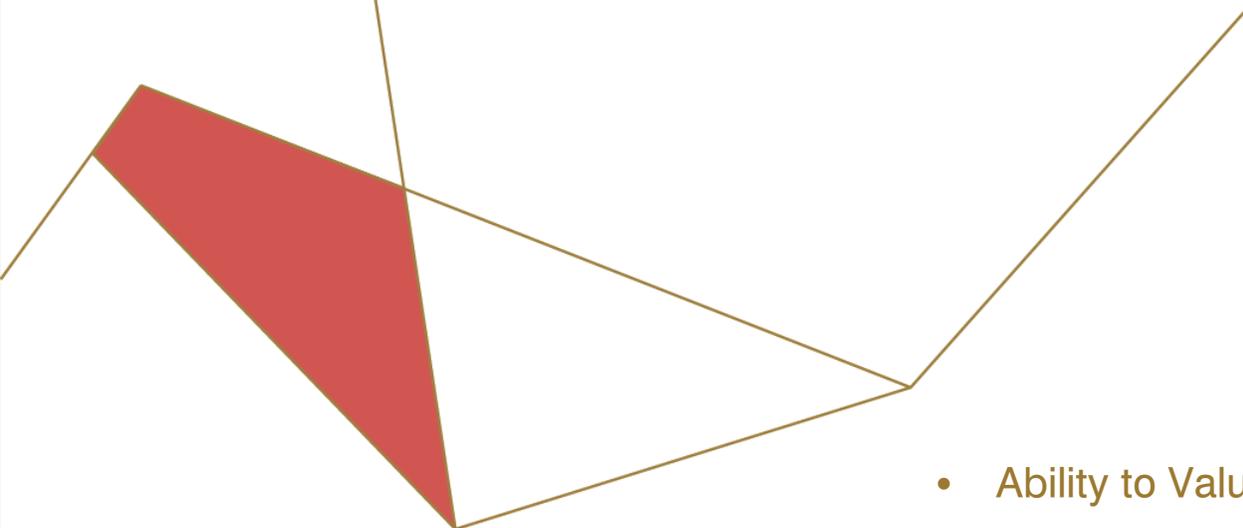
أبجداد
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Executive Summary

Terms and Conditions



- The property was valued in accordance with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2020, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM).
- This report and the valuation were made in accordance with the terms and limitations presented in this report.
- The valuation report is prepared in accordance with the instructions received from M/S Alkhabeer Capital, referred to herein as the ("Client"), to assess the market value of the described property for the purpose of providing a periodic valuation of the assets of REIT Fund.
- Abaad Real Estate Valuation Company is confident that this report meets the Client's requirements and is in accordance with the Client's instructions. Moreover, the information contained in this report are confidential. The report is issue for the Client's only.
- The responsibility of Abaad Real Estate Valuation Company is limited to the report and the information contained herein. The Client shall be responsible for requesting the valuation of the property and the legal consequences arising therefrom.
- The values assessed in this report are for the subject property. Any distribution of the value(s) to the parts of the property applies only as stated in, and for the purposes of, the report. Those values shall not be used for any other purposes, as they may not prove to be true if the purpose of the valuation and the report is changed.
- This report is prepared based on information collected, received or analyzed according to best practices to reach the valuation. Any material comments in the report affecting value are usually referred to.
- The property is inspected in form. In this case, the technical negative aspects of the property, if any, are referred to. The property was not inspected structurally, and non-visible defects were noted. Therefore, this report should be understood as a valuation report and not a structural survey.
- In the event any information is found to be untrue in the future and mentioned inadvertently and unintentionally in the report beyond control, the value stated in this report may change and the valuer shall be reverted to for reconsideration of the value.
- This report is issue neutrally without any conflict of interest of personal gain factors.
- This valuation report can be considered true only if stamped by the company and signed by the accredited valuers.



Valuation Terms

- Ability to Value
- Subject of Valuation
- Professional Standards
- Valuation Approach
- Basis of Valuation
- Valuation Date
- Inspection Date
- Inspection Limits
- Sources of Information

Valuation Conditions

Ability to Valuate:

- 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 market value by the required date.

Subject of Valuation:

- The subject of the valuation is the assessment of the market value of BIN 2 Plaza, Al-Amwaj District, Jeddah

Professional Standards:

- The valuation exercise was carried out in compliance with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2020, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM), and based on recognized procedures and professional used in valuation of real estate properties, which rely on analysis, comparison, and direct inspect of each property, as well searching to the extent possible for positive and negative effects and characteristics of the subject property.

Valuation Approach:

- The approach used in valuation is the income approach.

Basis of Valuation:

- Our valuation will be submitted on the basis of the market value, which is defined in accordance with the International Valuation Standards in 2020

as follows:

- 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.

Valuation Date

- We confirm that the valuation was carried out on 31 December 2021.

Inspection Date:

- We confirm that the inspection was carried out on 06 December 2021.

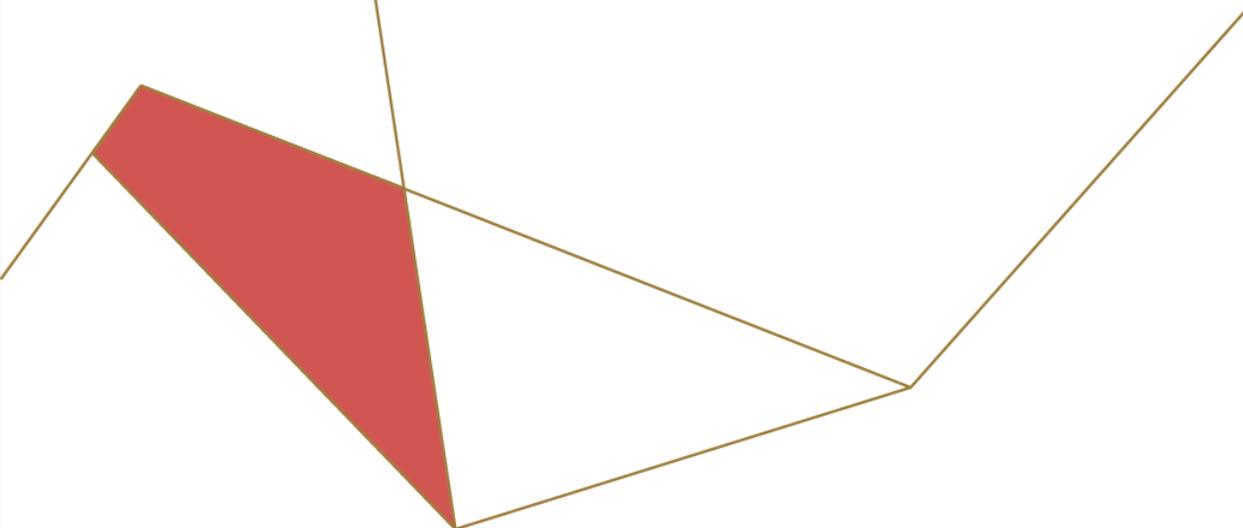
Sources of Information:

- In the preparation of the valuation report, we have relied on a set of resources, information and office and field data which we believe are commensurate with the purpose and timing of the valuation. We have also relied on the set of data provided by the Client related to the subject property, and which will clearly affect the output of this report. Therefore, any change or error in the data will render this report as incomplete, and the valuer shall be reverted to.

The Following Documents Were Reviewed:

- Title deed
- Lease agreements and details
- Alkhabeer REIT Fund Prospectus

We therefore assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



Disclosure

- Intellectual Property and Re-publishing
- Confidentiality
- Assumptions and Special Assumptions
- Valuation Under Uncertainty

Intellectual Property and Re-Publishing

- This report is issued for personal use only, and for the professional advisors, for the specific purpose referred to therein.
- Abaad Real Estate Valuation Company may not be held liable to any third party for all or part of the contents of the report.
- All or party of this valuation or any reference thereto may not be incorporated in any published document, circular or statement, or disclosed in any way whatsoever without the written consent of Abaad Real Estate Valuation Company in respect of the form and context in which it appears.

Confidentiality

- This report is prepared upon special request and for an advisory purpose. We therefore understand that it is of utmost importance to the originator of the request to safeguard the confidentiality of the contents and output of this report. We are committed to this and the Client's information will not be used in anything other than this report. The Client's information is considered to be proprietary to its owner and to the users specified in this report, and may not be reviewed by any third party.

Assumptions and Special Assumptions

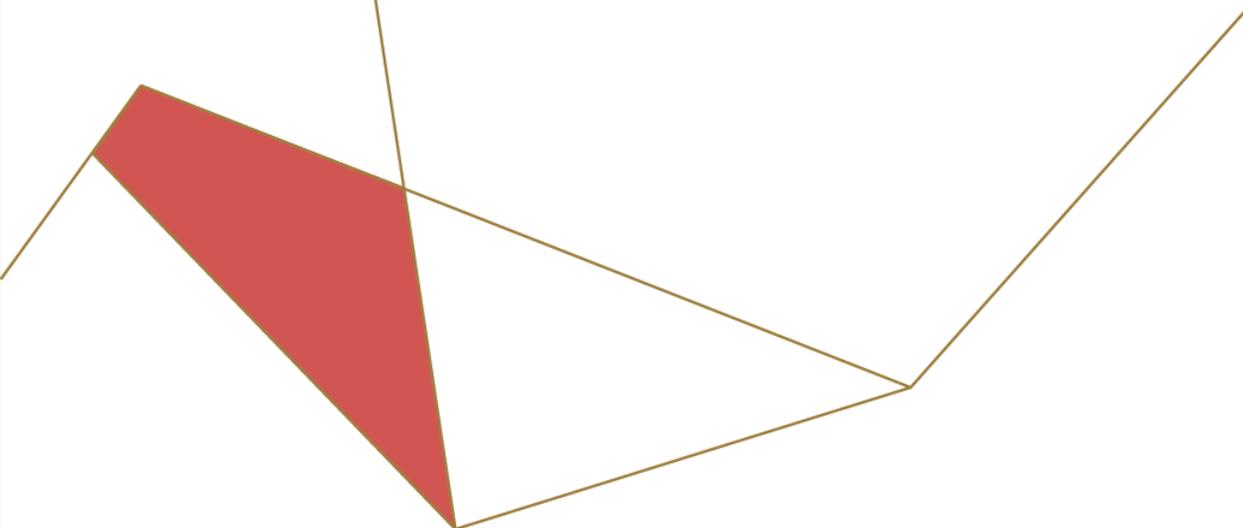
- According to the definition of the International Valuation Standards "Assumptions and special assumptions must be reasonable and relevant having regard to the purpose for which the valuation is required, and may be accepted as fact in the context of the valuation exercises without verification or validation in a specific manner. Moreover, they are matters which are accepted when stated. Such

assumptions are necessary to understand the valuation or the consultation that is provided. Special assumptions are assumptions which differ from actual facts which exist as at the valuation date, or those which are not assumed by a usual market participant in a certain transaction on the valuation date."

- The property valuation is prepared assuming the completion of the project and infrastructure.
- Income is estimated after the end of the contract term assuming the application of Ministry of Finance resolution to reduce annual rents by 20%.

Valuation Under Uncertainty

- The effect of the spread of COVID-19, which is declared by the World Health Organization (WHO) as a "global pandemic" on 11 March 2020, on global financial markets.
- Travel restrictions were applied by many countries, and market activity was affected in many sectors.
- Effective as of the valuation date referred to in the report, we give market evidence and assumptions which were relied upon, less weight when forming our opinion of the value.
- In fact, the present response to COVID-19 means that we are facing unprecedented circumstances on which we build our judgement of the value.
- Given the unknown future effect of COVID-19, which may have impacted the real estate market, we recommend the valuation of this property on a recurring basis.



Site Location Analysis

- Macro Location - Introduction
- Macro Location - Infrastructure Projects
- Macro Location - Infrastructure Projects
- Property Description
- Property Photographs

Site Location Analysis



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Macro Location - Infrastructure Projects



Operational

Current Status



2018

Completion Date



5 Stations

No. Stations



60 Million
Per Annum

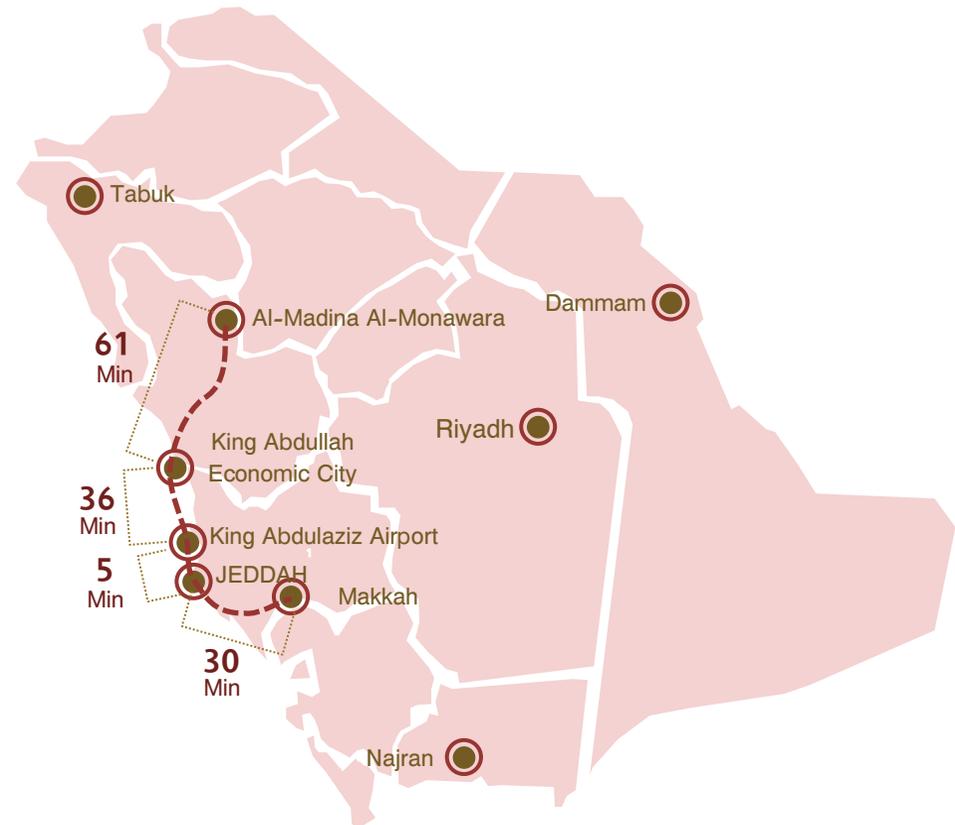
Total Capacity

- The Haramain High-Speed Railway (HHSR) runs for approximately 450km, connecting the two holy cities of Makkah and Madinah, via the Central Jeddah Station, King Abdulaziz International Airport (KAIA), and King Abdullah Economic City Station (KAEC).

- The railway is expected to carry around 60 million passengers per annum, onboard a fleet of 35 trains, each consisting of 417 seats.

- Currently, the train line goes by five stations, located as follows:
 - Jeddah Naseem Station.
 - Jeddah King Abdulaziz Int' Airport Station.
 - King Abdullah Economic City Station.
 - Madinah Station.

Public Transportation



Site Location Analysis

Macro Location - Infrastructure Projects



- King Abdulaziz International Airport is currently undergoing expansion plans, which are divided into three phases.
- Phase 1 of the expansion project is currently operational, although not at its full handling capacity. Phase 1 will increase the annual capacity of passengers from 13 Million Annual Passengers (MAP) to 30 MAP.
- However, due to delays in the expansion plans, the focus of the project is currently on phase 1 and uncertainty surrounds phases 2 and 3, but initially the project is expected to be completed by 2035, capturing 80 MAP.
- The new Expansion of KAIA spans a total Gross Floor Area of 670,000 sqm and featuring 120 retail outlets and 120 hospitality keys.



120 Room Keys



46 Gates



120 Retail Stores



21.6K parking Bays

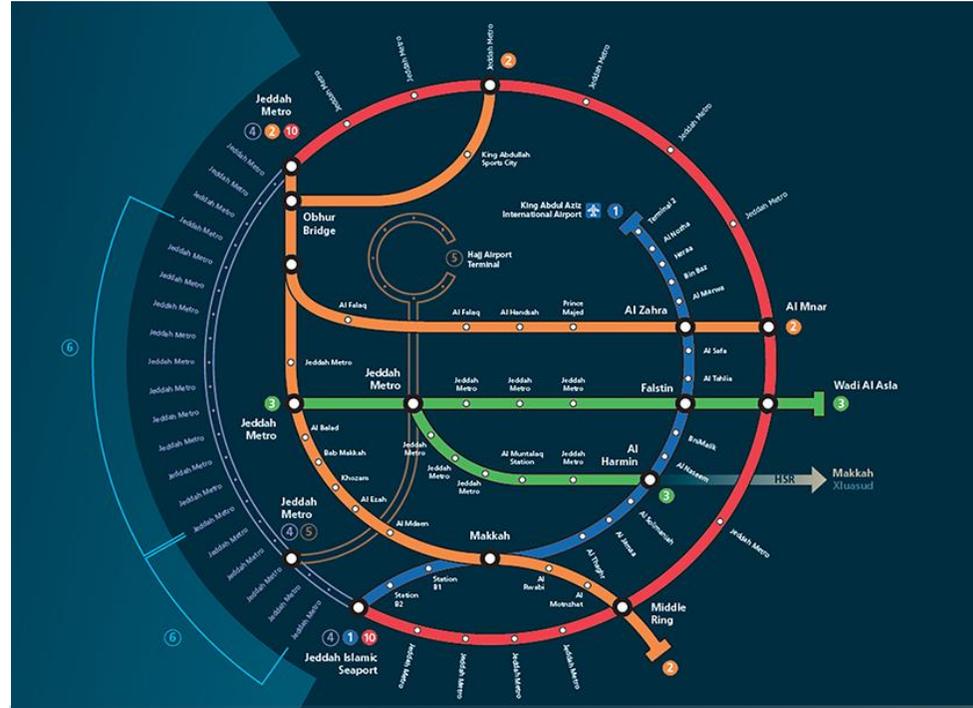


Hajj and Umrah Terminal Complex

Site Location Analysis

Macro Location - Infrastructure Projects

- Obhur Creek Bridge is an iconic landmark bridge, taking place North of Jeddah.
- The bridge links between the northern and central areas of Jeddah.
- Obhur Creek is expected to enhance the connectivity between different fringes of Jeddah.
- Nevertheless, upon completion the project will be connected to Kingdom Tower, which is the world tallest building, situated in Kingdom Masterplan.
- The bridge is designed to include four lanes for vehicular commuters in each way and a provision for the planned Orange Metro Line.
- The project is currently on hold and constructions works have yet to begin.



8
Lanes



Orange Metro
Line



Extends for
2 Km

Site Location Analysis



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The Property at City Level



The Subject Property is located in the city of Jeddah, one of the governorates of the Makkah Al-Mukarramah region, located in the west of the Kingdom of Saudi Arabia on the coast of the Red Sea. It is 79 km from Mecca, and 420 km from Medina. It is the economic and tourist capital of the Kingdom of Saudi Arabia.

Jeddah is the economic and tourist capital of the Kingdom of Saudi Arabia.

The city of Jeddah witnessed the inauguration of the Al-Haramain train station and project, which is an electric train line linking the Holy City of Makkah with Madinah, passing through several stations: Jeddah Station - King Abdulaziz Airport Station - King Abdullah Economic City Station.

The Subject Property is approximately 33 km north of King Abdulaziz International Airport, and approximately 11 km from Jeddah Economic Tower in Al Amwaj District in Jeddah.

Site Location Analysis

The Property at District Level



The property is located north of the city of Jeddah, and the property area is bordered on the north by Prince Abdul Majeed Road, on the west by Obhur Road, and on the south by Prince Nayef Road, and a direct view from the west on an unnamed road connecting Prince Abdul Majeed Road and Prince Nayef Road.

The property under appraisal is located in a sparsely populated residential area.

Al-Amwaj neighborhood is bordered on the north by the Al-Yaqout neighborhood, on the south by Obhur Al-Shamaliyah neighborhood, on the east by Al-Shiraa, and on the western side by the Red Sea.

The area surrounding the property can be reached from several important roads at the city level, including Prince Abdul Majeed Road and Prince Nayef Road.

Site Location Analysis

Property Description



The Property under appraisal consists of three commercial office buildings consisting of three floors, with a land area of **20,642** square meters.

The building area is **21,305** square meters, and the total leasable area is **14,798** square meters.

The Property consists of three buildings containing **21** offices and **42** showrooms, **186** front parking spaces, **32** side parking spaces and **150** rear parking spaces.

The exterior facades are finished in stone and glass, and the interior finishes for the galleries are basic (bone) finishes and basic services are delivered to each unit.

The Property has a regular shape, and it has a direct view of the Mosul road between Prince Nayef Road and Prince Abdul Majeed Road.

The Property is **6** years old.

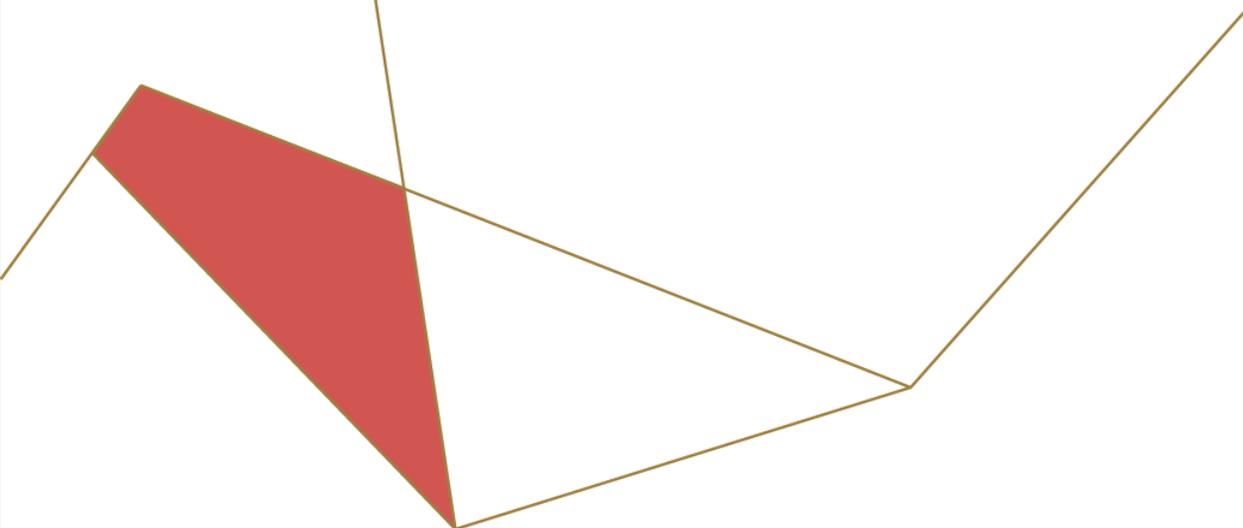
Site Location Analysis



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Property Photographs





Property Details

- Title Information

Tenure

Property Information



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Property Details (Freehold Details)

ID	Description
Owner	Awwal Almalga Real Estate Company
Plot No.	From 35 to 63 (29 plots)
Sub-Division	س / ج / 420
District	Al-Amwaj District
Area	20,642
Street Name	-
Coordinates	21° 45.672'N 39° 4.712'E
City	Jeddah
Ownership Type	Absolute Ownership
Title Deed Info	Deed No. 920210026381
	Deed Date 19/06/1440H

Dimensions and street widths

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	49.02	Unnamed	Local	15	3
South	49.11	Unnamed	Local	15	4
East	70	Unnamed	Sub-street	32	1
West	70	Unnamed	Local	15	2

• Sources: Title Deed

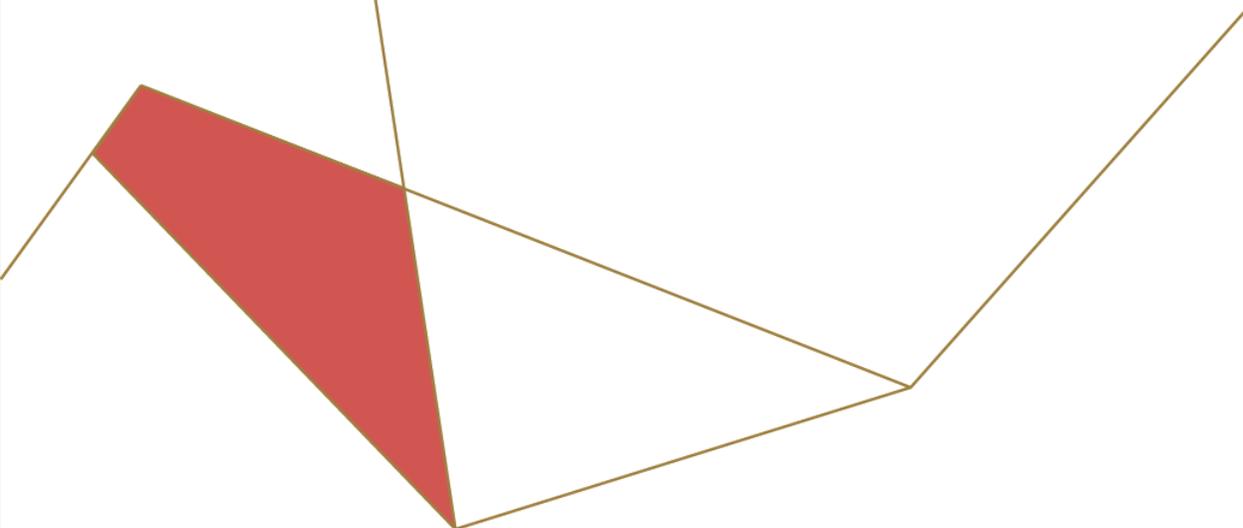
Lease Contract Summary:

ID	Description	Details
1	Awwal Almalga Real Estate Company	First Party (Owner)
2	Nadd Al Arabia Real Estate Marketing Company	Second Party (Lessee)
3	15 Hejira Years	Contract Term
4	19/6/1440	Contract Effective Date
5	9,000,000, with a rent escalation of 5% every five years	Annual Rent
6	Property insurance of SAR 50,000	First Party's Obligations
7	The Lessee shall bear all of the Property maintenance and management costs	Second Party's Obligations

Payments:

Year	Income
Years 1-2	9,000,000
Years 3-5	6,480,000
Year 6	6,930,000
Years 7-10	9,450,000
Years 11-15	9,922,500

• Sources:(Lease Contract Copy).

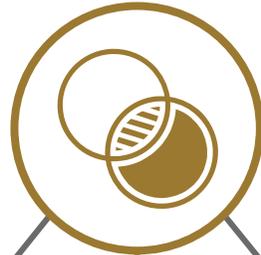
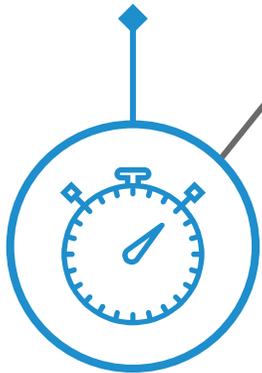


Valuation

- Analysis of Property Risks
- Valuation Approach
- Valuation Using the Income Method
- Summary of Value

Property Risk Analysis

Long-term contract risks
The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.

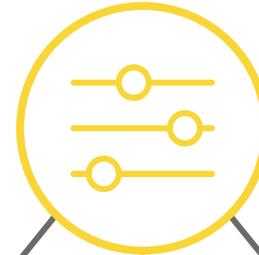


Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property .



Regulatory and legislative risks
The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property .



Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property , any change in revenues as a result of different market conditions will affect the value of the Property .



Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.

Valuation

Valuation Approach

Valuation Methods Used

- When selecting the best approach to assess the value of the subject Property , we have taken into consideration the information provided by the Client, the current condition of the Property and our own analysis of the local market conditions. When determining the market value of the subject Property , we have used the following methods and approaches:

Income Approach (Discounted Cash Flows)

- The income method provides an indicator of the value by converting the future cash flows into a single present value. According to this method, the value of the asset is determined using the value of revenues or cash flows or cost savings from the asset. The discount rate is usually reached by analysing the suitable market and development transactions. We are also in communication with real estate agents and local investors to gauge the sensitivity of the figures.

Key Assumptions in the Discounted Cash Flow Method:

Revenues

- According to the information provided by the Client, the annual gross income of the residential compound is SAR 9,000,000, with a rent escalation of 5% every five years for a period of 15 years, starting on 19/6/1440 and continuing for 15 years. The income for the remaining years will be assessed based on the following income schedule:

Year	Income
Years 1-2	9,000,000
Years 3-5	6,480,000
Year 6	6,930,000
Years 7-10	9,450,000
Years 11-15	9,922,500

Cap Rate .

- A cap rate of 9.50% is applied.

Discount Rate

- Based on our understanding of similar properties in the area of the Property , and taking into consideration the site features, area, uses, terrain and supply and demand, we have applied a discount rate of 12.0%.

Inflation Rate

- In respect of the cash flow of the project, an inflation rate of 2.50% is applied.



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Valuation

Valuation Using the Income Method



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Given the foregoing parameters, cash flows were calculated to reach a value of the subject Property . The cash flows covered a period of 12 years (the remaining lease term). The cash flow schedule is made for every six months based on the assumptions in page 24:

Summary of Cash Flow Calculations:

Period (Semi-annual)	1	2	3	4	5	21	22	23	24
Occupancy Rate (%)	100%	100%	100%	100%	100%	100%	100%	100%	100%
Gross Income (SAR)	3,240,000	3,240,000	3,240,000	3,240,000	3,465,000	4,961,250	4,961,250	4,961,250	4,961,250
Property Insurance Costs (SAR)	15,770	15,770	15,770	15,770	15,770	15,770	15,770	15,770	15,770
Net Income (SAR)	3,224,230	3,224,230	3,224,230	3,224,230	3,449,230	4,945,480	4,945,480	4,945,480	4,945,480
Exit (SAR)									
Present Value to Net Income (SAR)	2,878,777	2,720,188	2,570,336	2,428,740	2,455,094	1,504,594	1,421,707	1,343,387	1,269,382
Property Value (SAR)	76,100,000								

Valuation

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:

The market value of the Property using the income approach as of 31 December 2021 is:

- SAR 76,100,000 (Only Seventy-Six Million One Hundred Thousand Saudi Riyal).



Signatures

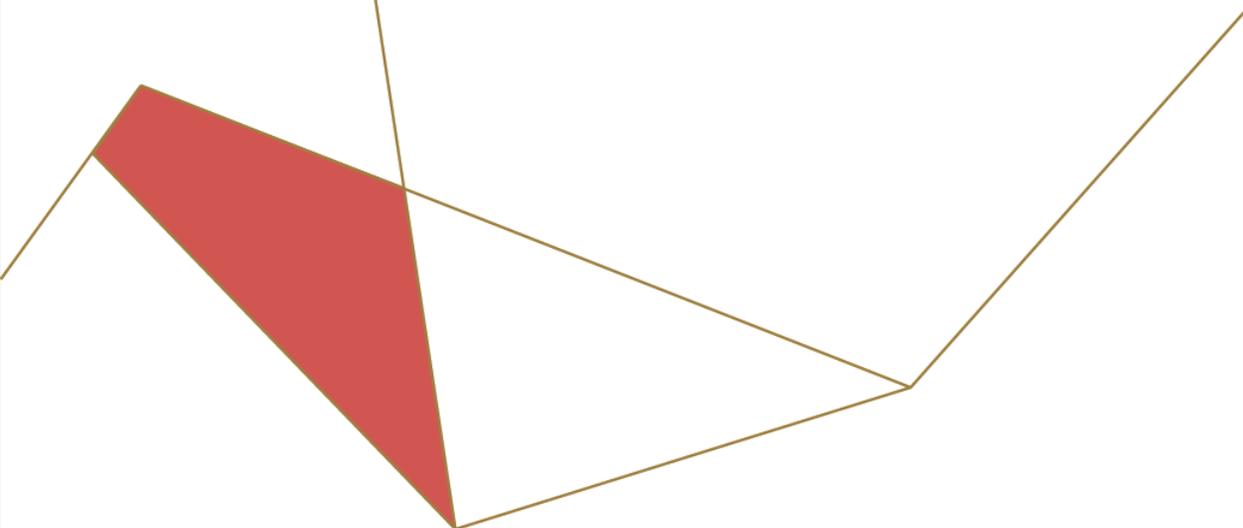
Eng. Ammar Abdulaziz Sindi
Taqeem ID: 1210000219
Fellow Member

Eng. Ammar Mohamed Qutub
Taqeem ID: 1210000392
Fellow Member

Eng. Yusuf Abdullah Khan
Taqeem ID: 1220001989
Provisional Member

Company Stamp
CR No: 4030297686
CL No: 323/18/781





Appendix

- General Terms Used in the Preparation of the Valuation Report
- Property Documents



General Terms Used in the Preparation of the Valuation Report

Authority

Means the Saudi Authority for Accredited Valuers (TAQEEM), the authority concerned with developing requisite guidelines and standards for the valuation of properties, business establishments, equipment, movable property, etc. in accordance with the Accredited Valuers Regulations promulgated by Royal Decree No. (M/43) dated (9/7/1433). Its objective is to develop the valuation profession and improve the qualifications of valuers, as well as to develop and maintain the general rules for Authority membership of various levels with ongoing development of the qualifications of its members to keep abreast of the highest state of the art levels. The (Authority) is a legal entity, not for profit, with an independent budget. It operates under the supervision of the Ministry of Commerce and Investment.

Asset(s)

To facilitate reading of the standards and in order to avoid repetition, the term Asset(s) generally refers to the items which are the subject of the valuation exercise. Unless otherwise provided in the standards, these terms may be taken to mean and include each of the following words: (an asset, group of assets, obligation, group of obligations, or a group of assets and obligations).

Client

The word (Client) refers to the person(s) or entity for which the valuation is carried out, including the external clients (that is when the valuer is contracted with a third party), as well as the internal clients (that is the valuations prepared for the owner).

Legal Jurisdiction

The word (Jurisdiction) refers to the legal and regulatory environment wherein the valuation process is carried out. It includes the laws and regulations issued by

government authorities, such as the district, state and municipality, and the laws issued by certain regulatory entities commensurate with the purpose of the valuation, such as central banks and capital market authorities.

May

The word (May) describes the action which the valuer is required to take into consideration. Matters described as such require the valuer's attention and understanding. The ability to apply these matters in the valuation process depends on the valuer's judgement and professional experience under conditions which are in line with the objectives of the standards.

Shall

The word (Shall) refers to an unconditional responsibility, that is, the valuer must fulfil any responsibilities of this type in all cases and under all circumstances where the condition is applicable.

Participant

The word (Participant) refers to the participants concerned on the basis(es) of the value used in the valuation exercise (see Standard 104 – Basis of Value). The different bases of value require the valuer to take different points of view into consideration, such as the points of view of the market participants, including for example the market value, the fair value of the International Financial Reporting Standards (IFRS), a certain owner or a prospective buyer, such as the investment value.

Purpose

The word (Purpose) refers to the cause(s) of carrying out the valuation. It includes the general purposes (for example, without limitation) the purposes of the financial reports, tax reports, litigation support, transactions support and support of secured lending decisions.



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Abaad & Partner For Real Estate Valuation Co.

Jeddah Branch (Head Office):

Mohamed Ibrahim Masoud Street,
Al-Salama District
Zahid 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:
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