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Valuation Report

(12) PORTFOLIO OF REAL ESTATE ASSETS
RIYADH, JEDDAH, DAMMAM & AL KHOBAR, KSA

RIYAD REIT – RIYADH REAL ESTATE INCOME COMPANY

REPORT ISSUED 09 JANUARY 2020

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APPENDIX 1 – PHOTOGRAPHS



1 EXECUTIVE SUMMARY

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

1.1 THE CLIENT

Riyad REIT – Riyadh Real Estate Income Company

2414 – Al Shohda District, Unit No. 69

Riyadh 13241 – 7279, Saudi Arabia

1.2 THE PURPOSE OF VALUATION

The valuation is required for CMA disclosure requirements and financial statements.

1.3 INTEREST TO BE VALUED

The below mentioned (12) properties are the scope of this valuation exercise:

P#	Property Name	Location	Land Area (m ²)	BUA (m ²)	Interest	
1	Burj Rafal	Hotel	Riyadh	21,106	349 keys	Freehold
		Boulevard			4,575	
2	Omnia Centre	Jeddah	10,000	22,492.60	Freehold	
3	Saudi Electronic University	Riyadh	14,210	30,345.98	Freehold	
4	Ascott Corniche Al Khobar	Al Khobar	2,784	25,000	Freehold	
5	Al Fursan Towers	Riyadh	1,740	14,930	Freehold	
6	Al Shatea Towers	Dammam	6,300	15,404	Freehold	
7	Al Izdihar Center	Riyadh	2,506	6,351	Freehold	
8	Ascott Tahlia	Jeddah	2,025	20,338.57	Freehold	
9	Al Tamayuz Center	Riyadh	4,630	7,106.25	Freehold	
10	Vivienda Hotel Villas	Riyadh	2,800	4,059	Freehold	
11	The Residence	Commercial	Riyadh	10,000	14,920.54	Freehold
		Hotel			5,000	
12	Olaya Tower 1	Riyadh	2,555	12,603	Freehold	
Total			85,665	178,097.39		

Source: Client 2019

1.4 VALUATION APPROACH

- Discounted Cash Flow (DCF) approach - Burj Rafal Hotel and The Residence (Braria Hotel Villas)
- Dynamic Residual Valuation approach using Discounted Cash Flow (DCF) analysis for properties “as if complete”, reflecting the renovation/construction timeline and completion – Ascott Corniche Al Khobar and Al Fursan Towers.
- Income Capitalisation approach – for the other assets.



1.5 DATE OF VALUATION

Unless stated to the contrary, our valuations have been assessed as at the date of re-inspection of the subject properties on 19th – 20th November 2019.

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

P#	Property Name		Location	Property Value (SAR)
1	Burj Rafal	Kempinski Hotel	Riyadh	603,800,000
		Boulevard		73,700,000
2	Omnia Centre		Jeddah	160,800,000
3	Saudi Electronic University		Riyadh	142,500,000
4	Ascott Corniche Al Khobar		Al Khobar	160,000,000
5	Al Fursan Towers		Riyadh	75,000,000
6	Al Shatea Towers		Dammam	87,900,000
7	Al Izdihar Centre		Riyadh	38,100,000
8	Ascott Tahlia		Jeddah	135,000,000
9	Al Tamayuz Centre		Riyadh	65,800,000
10	Vivienda Hotel Villas		Riyadh	41,200,000
11	The Residence	Commercial	Riyadh	70,000,000
		Braira Hotel		85,500,000
12	Olaya Tower 1		Riyadh	76,500,000
Total Portfolio Value (SAR)				1,815,800,000

**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)

Our re-inspection of the subject properties is limited to exterior and visual assessment only and we have also relied on our observation in our previous report. We have assumed the subject properties referred in this report are in good conditions with no visible defects; and, that there have been no material changes to the properties affecting our valuation.

The client has provided us the latest tenancy schedules for some of the properties referred in this report, although due to the large electronic capacity size of the report we were unable to attach the said tenancy schedules at the appendices section. Also, title deeds and building permits were not attached within this report. All interested parties/investors should refer to the fund manager and obtain and satisfy themselves of all documentation.



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

We confirm that on-site measurement exercise was not conducted by ValuStrat, and we have relied on the site areas provided by the Client. In the event that the areas of the properties and site boundaries 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 properties are 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 properties.

It is assumed that the subject properties are freehold and are 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.

Please 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 buildings 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 Riyadh Capital ('the client') of providing valuation services for the properties mentioned in this report subject to valuation assumptions, reporting conditions and restrictions as stated hereunder.

2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

P#	Property Name	Location	Land Area (m ²)	BUA (m ²)	Interest	
1	Burj Rafal	Hotel	Riyadh	21,106	349 keys	Freehold
		Boulevard			4,575	
2	Omnia Centre	Jeddah	10,000	22,492.60	Freehold	
3	Saudi Electronic University	Riyadh	14,210	30,345.98	Freehold	
4	Ascott Corniche Al Khobar	Al Khobar	2,784	25,000	Freehold	
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6	Al Shatea Towers	Dammam	6,300	15,404	Freehold	
7	Al Izdihar Centre	Riyadh	2,506	6,351	Freehold	
8	Ascott Tahlia	Jeddah	2,025	20,338.57	Freehold	
9	Al Tamayuz Centre	Riyadh	4,630	7,106.25	Freehold	
10	Vivienda Hotel Villas	Riyadh	2,800	4,059	Freehold	
11	The Residence	Commercial	Riyadh	10,000	14,920.54	Freehold
		Hotel			5,000	
12	Olaya Tower 1	Riyadh	2,555	12,603	Freehold	
Total			85,665	178,097.39		

Source: Client 2019

2.3 PURPOSE OF VALUATION

The valuation is required for CMA disclosure requirements and financial statements.

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 (January 2017). It should be further noted that this valuation is undertaken in compliance with generally accepted valuation concepts, principles and definitions as promulgated in the IVSCs International Valuation Standards (IVS) as set out in the IVS General Standards, IVS Asset Standards, and IVS Valuation Applications.



2.5 BASIS OF VALUATION

2.5.1 MARKET VALUE

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

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

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

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

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

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

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

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



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

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

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

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

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

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



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

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

2.5.2 VALUER(S)

The Valuer on behalf of ValuStrat, with responsibility 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	19 th -20 th November 2019	31 December 2019

**Our re-inspection was external and visual in nature only*

2.6 EXTENT OF INVESTIGATION

In accordance to 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 re-inspection was limited to the visual assessment of the exterior features of the subject properties including their surrounding developments. 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 properties are 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 properties comply 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 properties 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 & DESCRIPTION OF THE PROPERTIES

The subject portfolio consists of (12) real estate assets located within Riyadh, Jeddah, Dammam & Al Khobar, Kingdom of Saudi Arabia, described briefly as follows:

1. Burj Rafal Kempinski Hotel & Rafal Boulevard



The subject property, situated within “Rafal Tower”, is located along the northeast side of King Fahd Road, within As Sahafah District, Riyadh, Saudi Arabia. It is situated about 300 meters southwest of Saudi Council of Engineers building, some 1 kilometer southeast of Saudi German Hospital and approximately 3 kilometers north of King Abdullah Financial District.

Burj Rafal Hotel and Rafal Boulevard are situated within Rafal Tower, a prominent skyscraper and considered the tallest residential and hotel building in Riyadh. It is a mixed-use development tower consisting of residential, commercial, office, hotel and serviced apartments. It is 68-storey with 2-level basement tower constructed of reinforced concrete and steel structure. General architectural building finishes consist of glass curtain exterior wall, granite/marble/wood veneer/painted interior wall, painted with aesthetic design suspended ceiling and granite/marble/laminated/wall to wall carpet flooring. Building facilities consist of elevators, centralized air-conditioning system, firefighting system and CCTV security cameras. Hotel amenities includes a restaurant, swimming pool, fitness gym, coffee shops, etc.



The scope of this valuation exercise covers only the Burj Rafal Hotel consisting of 349 keys and Rafal Boulevard which includes the retail & office spaces with an estimated gross leasable area of 4,575 sq. m. The subject property is relatively new with construction completed circa 2014 as per information provided.

Rafal Tower is an iconic & modern mixed-use development situated in the heart of Riyadh’s Central Business District where land utilization is mainly for commercial uses. It is well accessible thru the fronting King Fahd Road, a major thoroughfare in the city linking to prominent destinations. For ease of reference, refer to the illustrations below (*GPS Coordinates - 24°47'33.20"N, 46°37'56.51"E*).

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Source: Google Extract 2019 - For Illustrative Purposes Only.

2. Omnia Centre



The subject property is located at the northwest corner of Al Rawdah Street and Husayn Sarhan Street, within Al Rawdah District, Jeddah, Saudi Arabia. It is situated about 550 meters southwest of Al Madinah Al Munawarah Road, some 600 meters northwest of Radisson Blu Hotel and approximately 525 meters northeast of Hayat Plaza. Its immediate neighbourhood is mostly commercial use for plots along the main road, while interior plots are for residential use. It is well accessible thru the fronting Al Rawdah Street and the nearby Madinah Al Munawarah Road, a major thoroughfare in Jeddah directly linking the district to the King Abdul Aziz International Airport to the north.

Omnia Centre is an oval-shaped, four storey with basement and mezzanine floor, office and retail shops building. It was constructed of reinforced concrete structure



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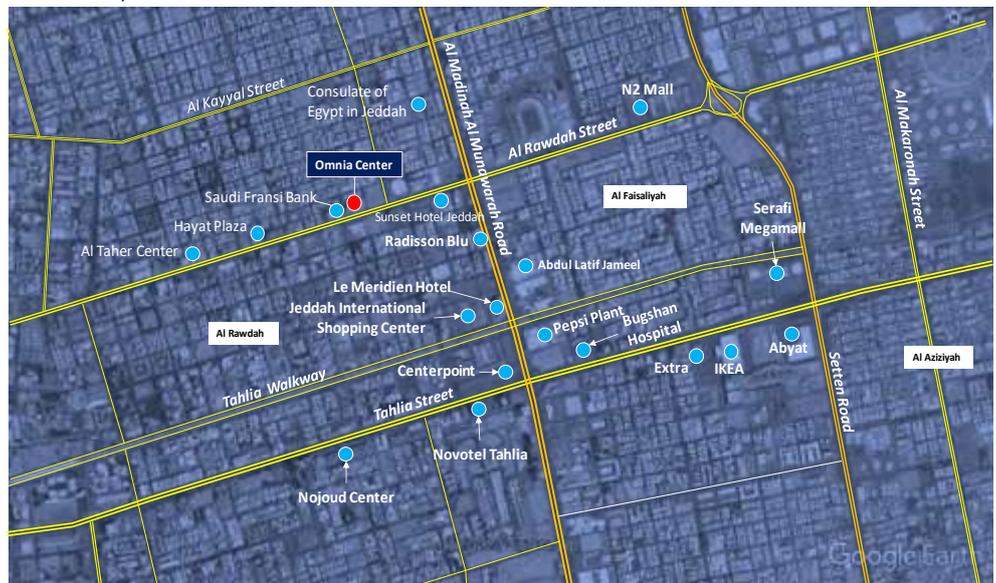
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with glass curtain exterior wall, granite/marble/carpet tiles flooring, painted interior wall, marble tiles wall at main entrance and elevator lobby, painted suspended ceiling and glass main entrance door. Building facilities consist of elevators, centralized air-conditioning system and firefighting system. It includes 11-units retail stores and 45-units office spaces. It has an estimated total built-up area of 16,797 sq. m. and was reportedly built circa 1429 as per document provided to us. The building is noticeably in good condition and well maintained.



The residential building is a three-storey, reinforced concrete structure with painted concrete exterior wall, plastered and painted interior wall, porcelain tiles flooring, painted ceiling, glass on aluminum frame windows and wooden doors. It has a total of 54 apartment units with an estimated total built-up area of 5,695.60 sq. m. It was reportedly constructed circa 1429 as per building permit provided to us. For ease of reference, refer to the illustrations below (GPS Coordinates - 21°33'48.53"N, 39°9'55.14"E).



Source: Google Extract 2019 - For Illustrative Purposes Only.



3. Saudi Electronic University



The aforesaid property is located at the west corner of Prince Saud Ibn Muhammad Ibn Muqrin and Abi Bakr As Siddiq Roads, within Ar Rabi District, Riyadh, Saudi Arabia. It is situated about 1.8 kilometers east of Kingdom School, some 2.1 kilometers southeast of Kingdom City and approximately 4.8 kilometers northeast of King Abdullah Financial District. Additionally, it is located in a newly developed area where plots along the main road are being utilized for commercial use while interior plots are for residential use, although few vacant lots remain undeveloped. It is easily accessible from the central business district thru the fronting Prince Saud Ibn Muhammad Ibn Muqrin and Abi Bakr As Siddiq Roads.



Saudi Electronic University is a three-storey with basement commercial building constructed mainly reinforced concrete structure. Architectural building finishes consist of glass façade and painted exterior wall, plastered and painted with partly granite tiles interior wall, granite tiles flooring, acoustic tiles & painted suspended ceiling, glass windows and wooden room doors. Building facilities consist of elevators, air-conditioning system, firefighting system with alarm and basement parking. As per building permit provided to us, the building has a total built-up area of 30,345.98 sq. m. and the date of construction was stated as circa 1431. The building was observed to be in good condition and properly maintained. Below is a breakdown of the building built-up area.



Floor Level	No.	BUA (sqm)	Use
Basement	1	9,115.00	Parking
Ground Floor	27	4,013.00	School
Ground Floor	13	4,500.00	Commercial
First Floor	54	8,317.00	School
Roof Floor	36	4,153.98	School
Services	1	247.00	Services
Total		30,345.98	

For ease of reference, refer to the succeeding illustrations below (GPS Coordinates - 24°48'48.65"N, 46°40'8.51"E).





Source: Google Extract 2019 - For Illustrative Purposes Only.

4. Ascott Corniche Al Khobar



The subject property, known as Ascott Al Khobar, is located along the west side of Prince Turkey Street, within Al Yarmouk District, Al Khobar, Eastern Province, Kingdom of Saudi Arabia. It is situated about 180 meters north of Sumou Tower, some 600 meters west of Arabian Gulf shoreline and approximately 700 meters southeast of Al Khobar Business Gate. It is strategically located in an area where dominant land utilization is mainly for commercial use. It is easily accessible thru the fronting Prince Turkey Street and the nearby King Salman Bin Abdul Aziz Road.



Ascott Corniche Al Khobar is an under-construction 14-storey hospitality building constructed mainly of reinforced concrete structures. It is built on a 2,784 square meter land and reportedly has a total built-up area of 25,000 square meters. As of the date of our inspection, the building's concrete structures have been completed and the architectural finishes are in progress such as installation of glass & aluminum exterior cladding, painting works, installation of ceiling and floor finishes, and installation of electrical, mechanical and plumbing works.



As per information provided, the subject property will be a 148-key serviced apartment with ground floor retail. It will be managed by Ascott international under a 25-year lease contract. Based on our latest site visit, the said hotel building is near completion; hence, for purposes of our valuation assessment and since we were not provided target completion, we have assumed hotel operation to commence in early 2020. Though we reserve our right to amend our valuation should this assumption is not achieved later.

For ease of reference, refer to the illustration below (GPS Coordinates - 26°18'40.96"N, 50°13'23.17"E).

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5. Al Fursan Towers



The above-mentioned property is situated at the east corner of King Fahd Branch Road and Street No. 84, within Olaya District, Riyadh, Kingdom of Saudi Arabia. It is located adjacent to Bahrain Tower and Alinma Bank Head Office, about 500 meters northwest of Courtyard by Marriott – Riyadh and approximately 550 meters southeast of Kingdom Tower. Its immediate neighborhood is mostly commercial establishments characterized by medium to high-rise buildings such as the Bahrain Tower, Sky Tower, Kingdom Tower, Alinma Bank head Office, etc. it is very accessible to commercial centers, offices, schools and medical institutions as it fronts King Fahd Road, the main thoroughfare in Riyadh.

Al Fursan Tower's is a two-tower, eight-storey, office & hotel building with ground floor podium, mezzanine, 2-level basement and roof floor. The building was built of reinforced concrete structures with glass and aluminum cladding exterior wall



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finishes, painted interior walls, marble/granite/wall to wall carpet/laminated flooring, acoustic tiles and painted suspended ceiling, wooden interior doors and glass main entrance doors. It is equipped with elevators, firefighting system and centralized air-conditioning system. It was reportedly constructed circa 2002. At the time of inspection, the office tower has been vacated. We were informed that it will undergo renovation into a 147-key hotel. It has a total BUA of 14,930 sq. m. as detailed below.

Floor level	BUA (sq. m.)	Use
Two Basement	3,480	Parking
Ground Floor	1,484	Retail
Mezzanine	1,275	Office
First Floor	1,731	Office
7 Floors	6,090	Office & Hotel
Roof Floor	870	Utility
Total BUA (sq. m.)	14,930	

For ease of reference, refer to the illustrations below (GPS Coordinates - 24°42'21.1"N, 46°40'32.1"E).



Source: Google Extract 2019 - For Illustrative Purposes Only



6. Al Shatea Towers



The aforementioned property is located along the east side of Prince Mohammed Bin Fahd Street, within Ash Shati Ash Sharqi District, Dammam, Eastern Province, Kingdom of Saudi Arabia. It is situated about 350 meters northeast the Ministry of Justice building, some 900 meters east & west of Arabian Gulf shoreline and approximately 1 kilometer southeast of King Abdullah Civic Center.



Al Shatea Towers is situated in an area planned for commercial and residential development. Some of the other developments in the area includes the Lulu Hypermarket, Al Shatea Mall, Sheraton Dammam Hotel, Al Hokair Time, Tulip Inn Dammam, etc. It is accessible via the fronting Prince Mohammed Bin Fahd Street which connects the district southward to the city center.



The aforesaid property is a mixed-use development consisting of office, retail and hospitality space. It is a three-towers, seven-storey with mezzanine floor, similarly built of reinforced concrete structures with glass and GRC cladding exterior wall, painted interior wall with partly granite tiles main elevator lobby wall, painted suspended ceiling with some office units bare ceiling finishes, granite tile flooring, glass on aluminum windows, wooden interior doors and glass main entrance door. It is equipped with elevators, firefighting system with smoke detector & alarm, emergency exit stairs, CCTV security cameras and air-conditioning system.

Accordingly, the hospitality tower is on corporate lease for a period of 15 years. Key tenants include Boudl (Braira), Al Khallej Training & Education.

The buildings were reportedly built circa 2013 with a total built-up area (BUA) of 15,404 sqm as detailed below.

Floor Level	No. of Unit	BUA (sqm)	Use
Ground Floor	-	1,706	Retail
Ground Floor	-	807	Retail
Ground Floor	-	162	Services
Mezzanine	-	482	Services
First Floor	9	1,175	Office
First Floor	12	1,281	Residential
Second Floor	9	1,175	Office
Second Floor	12	1,281	Residential
Third Floor	8	886	Office
Third Floor	12	1,255	Residential
Fourth Floor	8	886	Office
Fourth Floor	12	1,255	Residential
Fifth Floor	8	886	Office
Fifth Floor	12	1,255	Residential
Sixth Floor	2	286	Office
Seventh Floor	2	626	Residential
Fence	-	144	
Parking	-	323	
Total BUA (sqm)		15,404	

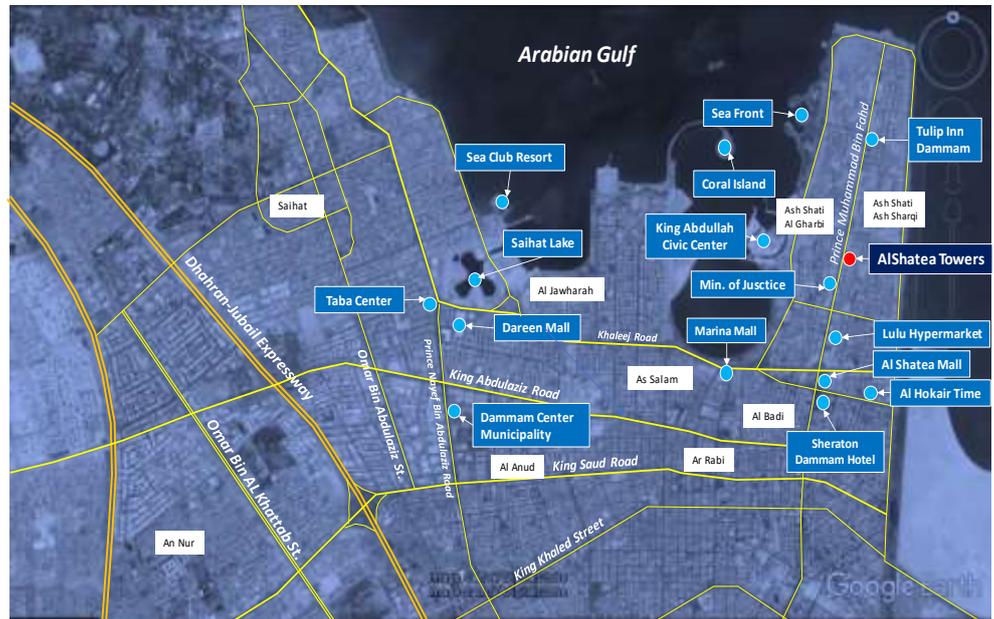
Source: Client 2019



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The illustrations below show the location of the subject property and its immediate neighborhood (GPS Coordinates - 26°28'11.88"N, 50° 7'26.50"E).



Source: Google Extract 2019 - For Illustrative Purposes Only

7. Al Izdihar Centre



The above property is located at the east corner of Uthman Bin Affan Road and Muslimah Al Ansari Street, within Al Izdihar District, Riyadh, Kingdom of Saudi Arabia. It is situated about 1.5 kilometers west of Ministry of Social Affairs and approximately 550 meters & 2.70 kilometers northwest of Nakheel Mall & Riyadh International Convention and Exhibition Center.

Furthermore, it is located in an area where land along the main road are for commercial use while interior plots are for residential use. It is accessible via the fronting Uthman Bin Affan Road connecting northwestward to Northern Ring road.



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Al Izdihar Centre is a mixed-use development consisting of office and retail spaces. It is a three-storey with mezzanine and basement parking commercial building constructed mainly of reinforced concrete structures.

Building finishes consist of glass and aluminum cladding façade and concrete exterior wall, painted and marble tiles interior wall, marble/granite tiles flooring, painted suspended ceiling and some vacant office spaces with bare ceiling, wooden interior doors and glass main entrance doors.



The building is equipped with elevators, firefighting system with smoke detector, CCTV security cameras and air-conditioning system.

As per document provided to us, the building was constructed circa 2015 and has a total built-up area (BUA) of 6,351 square meters as detailed below.

Floor Level	No. of Unit	BUA (sqm)	Use
Basement	-	1,655	Parking
Mezzanine	-	751	Retail
Ground Floor	7	1,503	Retail
First Floor	10	1,628	Office
Roof Floor	7	814	Office
Fence	1	20	Fence
Total BUA (sqm)		6,351	

Source: Client 2019

For ease of reference, refer to the illustrations below (GPS Coordinates - 24°46'18.5"N, 46°42'41.6"E).



Source: Google Extract 2019 - For Illustrative Purposes Only





Source: Google Extract 2019 - For Illustrative Purposes Only

8. Ascott Tahlia



The subject property is situated along the southeast side of Tahlia Street, Al Rawdah District, Jeddah, Kingdom of Saudi Arabia. It is located about 100 meters west of Novotel Jeddah, some 400 meters southwest of Pepsi Cola Plant & Warehouse, and approximately 700 meters northeast of Nojoud Center.

Ascott Tahlia – Jeddah is located in a prominent commercial district in Jeddah characterized by hotels, commercial centers and high-end boutiques. Some notable commercial establishments close-by includes – Novotel Hotel, Nojoud Center, Centerpoint, Tahlia Center, Coral Mall, Denube, etc. It is very accessible thru the fronting Tahlia Street which leads to the Red Sea on the west.

The aforesaid property is a 19-storey with mezzanine, basement and roof floor, serviced apartment with retail space building. It was built mainly of reinforced concrete structure with glass and concrete exterior wall finishes. The hospitality space (1st to 19th floors) is being leased by Ascott international while the retail space (ground & mezzanine floors) by STC. The building is equipped with elevators, firefighting system with smoke detector and alarm, CCTV security cameras and centralized air-conditioning system.



The Ascott serviced apartments consist of studio, 1 to 3-bedrooms executive and penthouse rooms. Each room is fitted with kitchenette, washing machine and drier, LED televisions with home entertainment system, bathrooms, workstations, individually controlled air-conditioning and daily housekeeping. Hotel amenities consist of fitness gym, swimming pool, residents' lounge, WIFI internet connections, and meeting rooms fitted with function and conference facilities. As per document provided to us, the hospitality building was built circa 2015 and has a total built-up area of 20,338.57 square meters.

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Floor level	BUA (sq. m.)	Use
Basement	5,719.26	Parking
Ground Floor	838.90	Retail
Mezzanine	325.83	Retail
First Floor	680.26	Hotel
Second Floor	820.83	Hotel
Third Floor	725.25	Hotel
Typical Floors	10,210.72	Hotel
Penthouses	929.12	Hotel
Roof Floor	88.40	Utility
Total BUA (sq. m.)	20,338.57	

Source: Client 2019

For ease of reference, refer to the illustrations below (GPS Coordinates - 21°33'17.24"N, 39°10'16.46"E).



Source: Google Extract 2019 - For Illustrative Purposes Only



9. Al Tamayuz Centre



The subject property is located at the northeast corner of Imam Saud Bin Abdulaziz Bin Mohammed Road and Khalid Bin Al Walid Road, within Ghirnatah District, Riyadh, Kingdom of Saudi Arabia. It is situated about 1 kilometer southwest of Nakheel Village, some 1.8 kilometers northeast of Granada Center, and approximately 3 kilometers southeast of SABIC Headquarters. Moreover, it is located in a district where land utilization along the main road is generally for commercial use, while interior plots are for residential use. It is accessible thru the fronting Imam Saud Bin Abdulaziz Bin Mohammed Road and Khalid Bin Al Walid Road. The later connects the district towards northwest to Dammam Road, while the former links southwest to Eastern Ring Road.

Al Tamayuz Centre is a three-storey with mezzanine floor, commercial and office building built mainly of reinforced concrete structure with glass and precast concrete exterior wall, painted and granite wall cladding interior wall, granite/marble tiles flooring, acoustic tiles and painted suspended ceiling, glass on aluminum frame windows, wooden interior doors and glass main entrance doors. It is equipped with elevator, firefighting system with smoke detector, CCTV security cameras and centralized air-conditioning system. Based on document provided to us, the building was constructed circa 2015 and it has a total built-up area (BUA) of 7,106.25 square meters as detailed below.

Floor Level	No. of Unit	BUA (sqm)	Use
Mezzanine	-	1,137	Commercial
Ground Floor	12	2,274	Commercial
First Floor	21	2,463.50	Office
Roof Floor	11	1,231.75	Office
Fence	1	70	Fence
Total BUA (sqm)		7,106.25	

The illustrations below shows the location of the subject property and the characteristics of its neighborhood (GPS Coordinates - 24°47'03.6"N, 46°44'55.6"E).



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Source: Google Extract 2019 - For Illustrative Purposes Only

10. Vivienda Hotel Villas



The subject property is located along the northwest side of Musa Bin Nusair Street, within Al Mathar Ash Shamali District, Riyadh, Kingdom of Saudi Arabia. It is situated about 800 meters northwest of Panorama Mall, some 1.70 kilometers west of Olaya Towers, and approximately 1.75 kilometers southwest of kingdom Tower. Likewise, it is located in an area for mixed commercial and residential development. It is accessible via the fronting Musa Bin Nusair Street which intersects northwest to King Fahd Road, the main road in Riyadh.



Vivienda Hotel Villas consists of 10 typical, two-storey with basement villas constructed mainly of reinforced concrete residential building with painted exterior concrete walls. It is secured with concrete perimeter wall and steel gate. We were able to inspection the interior of the subject property, however, based on information provided to us, the hotel villas are equipped with kitchens, dedicated parking spaces, free WIFI internet connections and maid’s room. Amenities includes a restaurant, swimming pool, fitness gymnasium, steam room and laundry service. Accordingly, the property is leased by Forus under a 15-year lease agreement operated by Vivienda Hotel Villas. Based on document provided to us, the villas were constructed circa 2015 with a total built-up area (BUA) of 4,059 square meters.

Floor Level	No. of Unit	BUA (sqm)	Use
Basement	1	1,311	Parking/Utilities
Ground Floor	10	913	Residential
First Floor	2	1,328	Residential
Roof Floor	1	507	Residential
Fence	1	220	Fence
Total BUA (sqm)		4,059	

For ease of reference, refer to the illustrations below. (GPS Coordinates - 24°41'51.58"N, 46°39'56.20"E).





Source: Google Extract 2019 - For Illustrative Purposes Only

11. The Residence



The above property is located along the southeast side of Prince Saud Bin Muhammad Bin Muqrin Road, within Hittin District, Riyadh, Kingdom of Saudi Arabia. It is situated adjacent to Al Thagr Plaza, about 800 meters southeast of Al Maarefah Colleges and approximately 5.5 kilometers southwest of King Abdullah financial District.

Moreover, it is situated in the west of Riyadh where commercial and residential development is thriving. It is accessible thru the fronting Prince Saud Bin Muhammad Bin Muqrin Road and the nearby King Khalid Road.

The Residence is mixed-use development consisting of 33-units hotel villas and 6,500 square meters commercial space as per document provided. The hotel villas



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are typical two-storey, reinforced concrete buildings. While, the commercial building is a three-storey with basement parking reinforced concrete structure with partly glass panel and precast concrete exterior wall, painted interior wall and ceiling, granite & marble flooring and glass main entrance doors. Some commercial space has bare ceiling/wall and floor finishes. It is equipped with elevator, firefighting system and air-conditioning system.

Some of the tenants for the commercial include – Café Farzi and Morood Investment. While the hotel villa is being operated by Braria (Boudl). As per document provided to us, the property was constructed circa 2017 on a land with an area of 15,000 square meters.

The building has total built-up area (BUA) is 14,920.54 square meters as detailed below.

Floor Level	No. of Unit	BUA (sqm)	Use
Basement	-	2,925.73	Parking
Mezzanine	-	1,222.60	Commercial
Ground Floor	3	504.70	Office
Ground Floor	19	2,653.10	Residential
Ground Floor	8	2,563.35	Commercial
First Floor	-	518.00	Office
First Floor	-	2,702.20	Residential
First Floor	8	1,730.86	Commercial
Electrical	-	100	Electrical
Fence	1	432	Fence
Total BUA (sqm)		14,920.54	

Source: Client 2019

For ease of reference, refer to the illustrations below. (GPS Coordinates - 24°45'14.71"N, 46°35'10.09"E).



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Source: Google Extract 2019 - For Illustrative Purposes Only

12. Olaya Tower 1



The subject property is an office building located along the northeast side of Olaya Street, within As Sahafah District, Riyadh, Kingdom of Saudi Arabia. It is situated adjacent to Ayan Hotel, about 450 meters southeast of Saudi German Hospital and approximately 650 meters & 3 kilometers northeast of Burj Rafal and King Abdullah Financial District, respectively. Moreover, it is situated in an area where the land utilization is mainly for commercial use. Some of the notable establishments in the immediate vicinity includes the Ayan Hotel, General Directorate of Medical Services MOI, Saudi Press Agency, Police Department, Arabian Printing and Publishing House, Saudi German Hospital, etc. It is accessible via the fronting Olaya Street and the nearby King Fahd Road and Al Imam Saud Bin Faysal Road.



Olaya Tower 1 is an eight-storey with annex and two-level basement parking, mainly built of reinforced concrete structure. We were not able to inspect the offices areas due to on-going renovation at the time of inspection; however, external building finishes consist of glass curtain and aluminium cladding external façade, concrete exterior wall, glass on aluminium frame windows and main entrance door, marble elevator lobby wall, painted interior lobby wall and ceiling.

It is equipped with three elevators, centralized air-conditioning system, firefighting system with smoke detector and fire alarm. It is relatively new and in good condition. Based on the documents provided to us, the said office building was built on a land with an area of 2,555 square meters. It was reportedly constructed circa 1438 hijri with a total built-up area of 12,603 square meters as per details below:

Floor Level	BUA (sqm)	Use
1 st Basement	2,555	Parking
2 nd Basement	2,555	Parking
Ground Floor	843.91	Office



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																																																																										
Based on the document supplied by the client, the land areas and built-up areas of the subject properties are as follows:																																																																										
<table border="1"> <thead> <tr> <th>P#</th> <th colspan="2">Property Name</th> <th>Land Area (m²)</th> <th>BUA (m²)</th> </tr> </thead> <tbody> <tr> <td rowspan="2">1</td> <td rowspan="2">Burj Rafal</td> <td>Kempinski Hotel</td> <td rowspan="2">21,106</td> <td>349 keys</td> </tr> <tr> <td>Boulevard</td> <td>4,575</td> </tr> <tr> <td>2</td> <td colspan="2">Omnia Centre</td> <td>10,000</td> <td>22,492.60</td> </tr> <tr> <td>3</td> <td colspan="2">Saudi Electronic University</td> <td>14,210</td> <td>30,345.98</td> </tr> <tr> <td>4</td> <td colspan="2">Ascott Corniche Al Khobar</td> <td>2,784</td> <td>25,000</td> </tr> <tr> <td>5</td> <td colspan="2">Al Fursan Towers</td> <td>1,740</td> <td>14,930</td> </tr> <tr> <td>6</td> <td colspan="2">Al Shatea Towers</td> <td>6,300</td> <td>15,404</td> </tr> <tr> <td>7</td> <td colspan="2">Al Izdihar Centre</td> <td>2,506</td> <td>6,351</td> </tr> <tr> <td>8</td> <td colspan="2">Ascott Tahlia</td> <td>2,025</td> <td>20,338.57</td> </tr> <tr> <td>9</td> <td colspan="2">Al Tamayuz Centre</td> <td>4,630</td> <td>7,106.25</td> </tr> <tr> <td>10</td> <td colspan="2">Vivienda Hotel Villas</td> <td>2,800</td> <td>4,059</td> </tr> <tr> <td rowspan="2">11</td> <td rowspan="2">The Residence</td> <td>Commercial</td> <td>10,000</td> <td>14,920.54</td> </tr> <tr> <td>Braira Hotel Villas</td> <td>5,000</td> <td>33 keys</td> </tr> <tr> <td>12</td> <td colspan="2">Olaya Tower 1</td> <td>2,555</td> <td>12,603</td> </tr> </tbody> </table>					P#	Property Name		Land Area (m ²)	BUA (m ²)	1	Burj Rafal	Kempinski Hotel	21,106	349 keys	Boulevard	4,575	2	Omnia Centre		10,000	22,492.60	3	Saudi Electronic University		14,210	30,345.98	4	Ascott Corniche Al Khobar		2,784	25,000	5	Al Fursan Towers		1,740	14,930	6	Al Shatea Towers		6,300	15,404	7	Al Izdihar Centre		2,506	6,351	8	Ascott Tahlia		2,025	20,338.57	9	Al Tamayuz Centre		4,630	7,106.25	10	Vivienda Hotel Villas		2,800	4,059	11	The Residence	Commercial	10,000	14,920.54	Braira Hotel Villas	5,000	33 keys	12	Olaya Tower 1		2,555	12,603
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Topography	Generally, the properties are mostly 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 the areas where the properties are located.																																																																									
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 particularly 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(s) 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 properties referred within this report are 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 properties were registered under the below-mentioned title deeds which we assumed on freehold basis. Should this not be the case we reserve the right to amend our valuation and this report. The client has provided us tenancy schedules for the properties referred in this report, although due to the large electronic capacity size of the report we were unable to attach the tenancy schedules at the appendices section. Also, title deeds and building permits were not attached with this report. All interested parties/investors should refer to the fund manager and obtain and satisfy themselves of all documentation.



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P#	Property Name	Title Deed No.	T. D. Date	Land Area (m ²)	Location	Property Owners
1	Burj Rafal Hotel	-	-	21,106	Riyadh	Durrat Aldahia Company
	Rafal Boulevard					
2	Omnia Centre	720208026201	12/10/1439	10,000	Jeddah	Riyadh Real Estate Income Company
3	Saudi Electric University	810116043304	26/10/1439	14,210	Riyadh	
4	Ascott Corniche Khobar	830207004114	08/05/1437	2,784	Al Khobar	
5	Al Fursan Towers	310121040033	04/06/1437	1,740	Riyadh	
6	Al Shatea Towers	230114004659	12/05/1437	6,300	Dammam	
7	Al Izdihar Centre	210121039033	16/03/1437	1,812	Riyadh	
		210121039034	16/03/1437	700		
8	Ascott Tahlia	320226008758	03/12/1437	2,025	Jeddah	
9	Al Tamayuz Centre	610410033415	29/04/1437	4,630	Riyadh	
10	Vivienda Hotel Villas	310123030485	21/08/1438	2,800	Riyadh	
11	The Residence	310107044372	25/08/1438	10,000	Riyadh	
		310106050806	25/08/1438	5,000		
12	Olaya Tower 1	810806002149	12/07/1440	2,555	Riyadh	
		Total Land Area (sqm)		85,665		

Source: Client 2019

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 OCCUPANCY LEASES & TENANCY DETAILS

We have been provided with the Gross Rent for some of the (12) properties which we have summarized on the table below. However, we were not provided the copies of the individual lease documentation in respect to the occupational interests within the subject properties.

P#	Property Name	Type	Gross Income (SAR)	
1	Burj Rafal	Hotel	-	
	Boulevard	Retail/Office	6,342,539	
2	Omnia Centre	Retail/Office/Res.	13,830,278	
3	Saudi Electronic University	University	11,400,000	
4	Ascott Corniche Al Khobar	Hotel	-	
5	Al Fursan Towers	Hotel	-	
6	Al Shatea Towers	Retail/Office/Hotel	8,034,398	
7	Al Izdihar Centre	Retail/Office	3,481,000	
8	Ascott Tahlia	Retail/Office/Hotel	10,800,000	
9	Al Tamayuz Centre	Retail/Office	6,015,838	
10	Vivienda Hotel Villas	Hotel Villas	3,500,000	
11	The Residence	Commercial	Retail/Office	6,400,300
		Hotel	Hotel	-
12	Olaya Tower 1	Office	6,500,000	

Source: Client 2019

We have assumed that all lessees are in a position to renew on their forthcoming renewal process considering that most of the property are tenanted as reported.



For the purpose of this valuation, we have likewise explicitly assumed that the tenancy schedule(s) and annual rental income provided are complete, accurate and updated. 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 properties, we have utilized the following valuation approaches.

- (a) Discounted Cash Flow (DCF) approach – Burj Rafal Hotel and The Residence (Braira Hotel Villas)
- (b) Dynamic Residual Valuation using the Discounted Cash Flow (DCF) analysis for properties “as if complete”, reflecting the renovation/construction timeline and completion – Ascott Corniche Al Khobar and Al Fursan Towers.
- (c) Income Capitalisation approach – for the other assets.

2.12.1 DISCOUNTED CASH FLOW – BURJ RAFAL HOTEL & BRAIRA HOTEL VILLAS

The subject properties are a property that is known / classified as a ‘trade related properties’. A ‘trade related property’ is defined as:

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

The essential characteristic of such a type of property is that it has been designed or adapted for a specific use, and the resulting lack of flexibility usually means that the value of the property interest is intrinsically linked to the returns that an owner can generate from that use. The value therefore reflects the trading potential of the property, and in the market such properties are normally bought and sold on the basis of their trading potential. Taking into consideration the above-mentioned nature and characteristics of the subject property, our opinion of the Market Value for the subject property has been arrived at by using the Income approach (or also known as the trade ‘profits’ method), which is a market-based valuation approach taking into account the expectations of market participants.

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

In the valuation, we have also taken into consideration that this is an operating trade entity and our valuation takes into account the valuation principle of a reasonably efficient operator. Reasonably efficient operator is the market-based concept

whereby a potential purchaser, and thus the valuer, estimates the maintainable level of trade and future profitability that can be achieved by a competent operator of the business conducted on the premises, acting in an efficient manner.

The concept involves the trading potential rather than the actual level of trade under the existing ownership, so it excludes personal goodwill. In forming our opinion of the maintainable level of trade and future profitability that can be achieved we have had regard and analysis of the previous past performance of the existing trade entity.

2.12.2 VALUATION ANALYSIS

As per information provided, Burj Rafal Hotel Riyadh is a luxury hotel with 349 keys which started operation in 2014; while, Braira Hotel Villas is a newly operated hotel by Boudl with a total of 33 villa units. The table below shows the average room rates of some prominent 5-star & luxury hotels in Riyadh.

Hotel Name	Rating	Rate (SAR)	Location
The Ritz Carlton, Riyadh	5-Star	1,928	Al Hada
Four Seasons Hotel, Riyadh	5-Star	2,391	King Fahd Road
Al Faisaliyah Hotel	5 Star	2,100	Olaya District
Fairmont Riyadh	5-Star	1,502	Qurtubah District
Crown Plaza Riyadh RDC	5 Star	1,408	Imam Saud Ibn Abdul Aziz
Narcissus Hotel & Spa Riyadh	5 Star	1,213	Olaya District
Radisson Blu Hotel, Riyadh	5-Star	1,308	King Abdul Aziz Road
Riyadh Marriott Hotel	5 Star	1,743	King Saud Road
Hilton Riyadh Hotel & Apart.	5 Star	1,950	Eastern Ring Road
Rosh Rayhaan by Rotana	5-Star	1,297	Olaya District
Hyatt Regency Riyadh	5-Star	1,034	Olaya District
Vivienda Hotel Villas	5-Star	3,000	Al Mathar Ash Shamali

Source: Booking.com 2019

Moreover, the table below shows the ADR and Occupancy Rates of Riyadh Luxury Hotels for the 1st Half of 2019 (January to June). It registers an average ADR and occupancy rate of SAR 1,408.84 and 48.75%, respectively.

Month	ADR (SAR)	Occ. Rate (%)
January-19	1,393.18	57.60%
February-19	1,424.07	54.00%
March-19	1,448.97	54.20%
April-19	1,552.77	53.50%
May-19	1,360.01	35.10%
June-19	1,274.02	38.10%
Average	1,408.84	48.75%

Source: STR Global 2019



2.12.3 ASSUMPTIONS AND COMMENTARY

The aforesaid hotels have been assessed as a “going concern” subject to the forecast and inputs provided by the client and any assumptions made by ValuStrat within market benchmarks. ValuStrat has made certain assumptions and adjustments based on their experience in valuing typical hotel properties in Riyadh, KSA. taking cognizance of the surrounding developments within which, the property will ultimately form part of. This was done in an attempt to forecast our interpretation of performance of the hotel apartment over the 10-year explicit cash flow period.

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

In this instance, we have adopted the following rates:

Burj Rafal Kempinski Hotel	Comments/Assumptions
Average Daily Rate	*SAR 1,027
Occupancy	*53%, 58% & 61% in stabilized year
Average Growth	3%

**We have estimated the hotel projections with an annual occupancy rates starting at 53% (1st Year), 58% (2nd Year), 61% (3rd Year), the stabilized year of operation; and an average room rate of SAR 1,027 in the first year of operation and then year on year increase at an average growth rate of 3% per annum.*

Braira Hotel Villas	Comments/Assumptions
Average Daily Rate	*SAR 2,000
Occupancy	*45%, 50%, 55% & 60% in stabilized year
Average Growth	3%

**We have estimated the hotel projections with an annual occupancy rates starting at 45% (1st Year), 50% (2nd Year), 55% (3rd Year) & 60% (4th Year), the stabilized year of operation; and an average room rate of SAR 2,000 in the first year of operation and then year on year increase at an average growth rate of 3% per annum.*

2.12.4 EXIT YIELD, DISCOUNT RATE, TAXES AND COMMENTARY

Components	Burj Rafal Kempinski Hotel	Braira Hotel Villas
Exit Yield	8%	8.5%
Discount Rate	10.5%	11%
Tax Fees	5%	5%
Finance Cost	Excluded from our calculations	

Finance Cost & Debt

If debt is unavailable, then both the liquidity and value of the property would be affected.



Growth Rates

Given the current state of market conditions we applied an average growth rate of 3% per annum to our opinion of room rates for both hotels.

Discount Rate and Exit Yield

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

This risk takes into account the extent of the proposed development, location, economic conditions and investor sentiment. ValuStrat is of the opinion that since the subject properties are relatively new; we have adopted an exit yield of 8% and a discount rate at 10.5% for Burj Rafal Hotel; while, for Braira Hotel Villas, an 8.5% exit yield and 11% discount rate has been adopted.

2.12.5 TRADING SUMMARY

Burj Rafal Kempinski Hotel - Riyadh					
TRADING SUMMARY					
Trading Projections					
	1	2	3	4	5
Year	2019	2020	2021	2022	2023
	Projected	Projected	Projected	Projected	Projected
Rooms	349	349	349	349	349
Occupancy	53.0%	58.0%	61.0%	61.0%	61.0%
ADR	1,027.00	1,100.00	1,133.00	1,167.00	1,202.00
RevPAR	544.31	638.00	691.13	711.87	733.22
Total Revenue	84,326	99,720	108,691	111,953	115,310
Departmental Expenses	19,935	23,199	24,852	25,598	26,366
Departmental Profit	64,391	76,521	83,839	86,355	88,944
Undistributed Expenses	16,443	19,445	21,195	21,831	22,485
Gross Operating Profit	47,948	57,076	62,644	64,524	66,459
Management Fees	5,522	6,560	7,185	7,401	7,623
Fixed Charges	422	499	543	560	577
FF&E Reserve	843	1,994	3,261	4,478	4,612
EBITDA	41,160	48,022	51,654	52,085	53,647
Net Profit % (EBITDA of Total Revenue)	48.8%	48.2%	47.5%	46.5%	46.5%
Capital Expenditure					
Net Cashflow	41,160	48,022	51,654	52,085	53,647



Braira Hotel Villas					
TRADING SUMMARY					
Trading Projections					
	1	2	3	4	5
Year	2019	2020	2021	2022	2023
	Projected	Projected	Projected	Projected	Projected
Rooms	33	33	33	33	33
Occupancy	45.0%	50.0%	55.0%	60.0%	60.0%
ADR	2,000.00	2,060.00	2,122.00	2,185.00	2,251.00
RevPAR	900.00	1030.00	1167.10	1311.00	1350.60
Total Revenue	13,220	15,223	17,355	19,495	20,084
Departmental Expenses	3,125	3,541	3,968	4,458	4,592
Departmental Profit	10,095	11,681	13,387	15,038	15,492
Undistributed Expenses	2,578	2,968	3,384	3,802	3,916
Gross Operating Profit	7,517	8,713	10,003	11,236	11,575
Management Fees	603	1,001	1,147	1,289	1,328
Fixed Charges	66	76	87	97	100
FF&E Reserve	397	457	521	780	803
EBITDA	6,452	7,179	8,248	9,070	9,344
Net Profit % (EBITDA of Total Revenue)	48.8%	47.2%	47.5%	46.5%	46.5%
Capital Expenditure					
Net Cashflow	6,452	7,179	8,248	9,070	9,344

2.12.6 SUMMARY OF VALUES – BURJ RAFAL HOTEL & BRAIRA HOTEL VILLAS

The resultant value based upon the above variables for the subject properties are as follows:

Property Name	Room Count	Value – Rounded (SAR)	Value/key (SAR)
Burj Rafal Hotel	349	603,800,000	1,730,030
Braira Hotel Villas	33	85,500,000	2,590,909



2.12.7 DYNAMIC RESIDUAL APPROACH USING DISCOUNTED CASH FLOW (DCF)

The foregoing valuation approach was utilized for Al Fursan Towers and Ascott Corniche Al Khobar – “As if complete or fully renovated”.

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 purchaser to make.

In order to value the subject property, we adopted the Residual Approach to valuation. This method entails assessing the land's value as an element of the future value of the completed project after deductions for costs, with such costs (constructions and fees) provided by the Client sometimes adopted. This relates to any valuation which consists of an estimate of the value of a property, allowing for various items of expenditure as defined in the International Valuation Standards 2013.

Our development appraisal has been conducted utilising the discounted cash flow technique. Discounting cash flow analysis is defined in the International Standards 2017 as a financial modelling technique based on explicit assumptions regarding the prospective cash flow of the property. This analysis involves the projection of a series of periodic cash flows a property is anticipated to generate, giving regard to the frequency and timing of income and expenditure.

The valuation methodology adopted has been to assess the Gross Development Value (GDV) of the project as at the date of valuation and deduct from that the cost of development, including costs, contingency and profit. Such an approach produces the Market Value of the site and is referred to as the Residual Approach.

This valuation method is appropriate however it involves the assessment of a number of variables. Small changes in these variables may result in a disproportionate impact on the value reported herein.

2.12.8 VALUATION ANALYSIS

We were provided the latest current development status of Ascott Corniche – Al Khobar, although based on our external inspection, we have observed that the said building is nearing its completion. We have assumed that hotel operation will start in early 2020. We were informed that the said hotel is rated 5-star with 148 hotel rooms.

Al Fursan Towers, as per client information, will undergo extensive renovation until the end of 2021 to re-design the whole property into an international brand 4-star hotel. As per information provided, the start of hotel operation is targeted to commence on the January 2022.

Moreover, the client has also informed us that the said hotel will be managed by Hilton Garden Inn with a total of 147 hotel rooms. However, we were not provided a copy of the corresponding management contract agreement.

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Riyad Capital, Riyadh, KSA – Jan 2020

We have assumed the foregoing information provided to us were complete, accurate and updated. Should this not be the case, we reserve the right to amend our valuation and this report.

The tables below show the current daily rates of some similar hotels in Al Khobar and Olaya District, Riyadh (source: *booking.com* Nov. 2019).

Hotel Name	Rating	Rate (SAR)	Location
Sofitel Al Khobar Corniche	5-Star	650	Corniche, Al Khobar
Intercontinental Al Khobar	5-Star	880	Al Andalus St., Al Khobar
Le Meridien, Al Khobar	5-Star	830	Corniche, Al Khobar
Movenpick Hotel Al Khobar	5-Star	895	Al Yarmouk, Al Khobar
Kempinski Al Othman Hotel	5-Star	869	Qashlah, Al Khobar
Warwick Al Khobar	5-Star	1,150	Corniche, Al Khobar

Source: *Booking.com* 2019

Hotel Name	Rating	Rate (SAR)	Location
Holiday Inn Riyadh - Olaya	4-Star	531	Olaya District, Riyadh
Al Khozama Hotel	4-Star	455	Olaya District, Riyadh
The Business Boutique Hotel	4-Star	419	Olaya District, Riyadh
MENA Riyadh Hotel	4-Star	592	Olaya District, Riyadh
Novotel Suites Riyadh Dyar	4-Star	441	Olaya District, Riyadh
Hilton Garden Inn Olaya	3-Star	439	Olaya District, Riyadh
Al Waha Palace Hotel	4-Star	430	Olaya District, Riyadh
Obaer Hotel	3-Star	404	Olaya District, Riyadh
Petal Hotel	3-Star	303	Olaya District, Riyadh
Plaza Business Hotel	3-Star	293	Olaya District, Riyadh
Coral Olaya Hotel	3-Star	285	Olaya District, Riyadh

Source: *Booking.com* 2019

Likewise shown on the tables below are the average ADR and occupancy rates of Riyadh Upscale Hotels and Al Khobar Luxury & Upscale Hotels extracted from STR Global.

Al Khobar & Dammam Luxury & Upscale Hotel		
Month	ADR (SAR)	Occ. Rate (%)
January-19	600.46	55.10%
February-19	608.73	56.80%
March-19	644.52	68.60%
April-19	669.60	64.70%
May-19	595.83	38.90%
June-19	628.25	54.10%
Average	624.57	56.37%

Source: *STR Global* 2019



Riyadh Upscale Hotel		
Month	ADR (SAR)	Occ. Rate (%)
January-19	472.53	59.10%
February-19	470.51	65.20%
March-19	466.90	71.20%
April-19	469.69	71.80%
May-19	416.62	44.00%
June-19	410.56	50.40%
Average	451.14	60.28%

Source: STR Global 2019

2.12.9 ASSUMPTIONS AND COMMENTARY

The aforesaid hotels have been assessed as a “going concern” subject to the forecast and inputs provided by the client and any assumptions made by ValuStrat within market benchmarks.

ValuStrat has made certain assumptions and adjustments based on their experience in valuing typical hotel properties in Al Khobar and Riyadh, KSA. taking cognizance of the surrounding developments within which, the property will ultimately form part of. This was done in an attempt to forecast our interpretation of performance of the hotel apartment over the 10-year explicit cash flow period. Please note that for the purpose of this valuation we have included the retail (F&B) and the meeting rooms/function halls within the hotel component.

In this instance, we have adopted the following rates:

Ascott Corniche Al Khobar	Comments/Assumptions
Average Daily Rate	*SAR 600
Occupancy	*50%, 55%, 60% & 65% in stabilized year
Average Growth	3%

**We have estimated the hotel projections with an annual occupancy rates starting at 50% (1st Year), 55% (2nd Year), 60%(3^d Year) & 65% (4th Year), the stabilized year of operation; and an average room rate of SAR 600 in the first year of operation and then year on year increase at an average growth rate of 3% per annum.*

Al Fursan Towers Riyadh	Comments/Assumptions
Average Daily Rate	*SAR 450
Occupancy	*50%, 55%, & 60% in stabilized year
Average Growth	3%

**We have estimated the hotel projections with an annual occupancy rates starting at 50% (1st Year), 55% (2nd Year), & 60% (3^d Year), the stabilized year of operation;*



and an average room rate of SAR 450 in the first year of operation and then year on year increase at an average growth rate of 3% per annum.

2.12.10 EXIT YIELD, DISCOUNT RATE, TAXES AND COMMENTARY

Components	Ascott Corniche Al Khobar	Al Fursan Towers Riyadh
Exit Yield	8%	8.5%
Discount Rate	10.5%	11%
Tax Fees	5%	5%
Finance Cost	Excluded from our calculations	

Finance Cost & Debt

If debt is unavailable, then both the liquidity and value of the property would be affected.

Growth Rates

Given the current state of market conditions we applied an average growth rate of 3% per annum to our opinion of room rates for both hotels.

Discount Rate and Exit Yield

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

This risk takes into account the extent of the proposed development, location, economic conditions and investor sentiment.

ValuStrat is of the opinion that since the subject properties are both in strategic location; we have adopted an exit yield of 8.5% and a discount rate at 11% for Al Fursan Towers (Hilton Garden Inn Hotel); and, 8% exit yield & 10.5% discount rate for Ascott Corniche Al Khobar.



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2.12.11 TRADING SUMMARY

Ascott Corniche Al Khobar					
TRADING SUMMARY					
	Trading Projections				
	1	2	3	4	5
Year	2019	2020	2021	2022	2023
	Projected	Projected	Projected	Projected	Projected
Rooms	0	148	148	148	148
Occupancy	0%	50.0%	55.0%	60.0%	65.0%
ADR	0%	600.00	618.00	637.00	656.00
RevPAR	0%	300.00	339.90	382.20	426.40
Total Revenue	0	29,790	33,753	37,953	42,342
Departmental Expenses	0	9,727	11,021	12,392	13,825
Departmental Profit	0	20,064	22,732	25,561	28,517
Undistributed Expenses	0	5,660	6,413	7,211	8,045
Gross Operating Profit	0	14,403	16,319	18,350	20,472
Management Fees	0	1,897	2,149	2,417	2,696
Fixed Charges	0	149	169	190	212
FF&E Reserve	0	596	1,013	1,139	1,270
EBITDA	0	11,762	12,988	14,605	16,294
Net Profit % (EBITDA of Total Revenue)	0%	38.5%	38.5%	38.5%	38.5%
Capital Expenditure					
Net Cashflow	0	11,762	12,988	14,605	16,294



AI Fursan Towers (Hilton Garden Inn Hotel)					
TRADING SUMMARY					
Year	Trading Projections				
	1	2	3	4	5
	2019	2020	2021	2022	2023
	Projected	Projected	Projected	Projected	Projected
Rooms	0	0	0	147	147
Occupancy	0%	0%	0.0%	50.0%	55.0%
ADR	0%	0	0.00	450.00	463.50
RevPAR	0%	0	0.00	225.00	254.93
Total Revenue	0	0	0	14,813	16,783
Departmental Expenses	0	0	0	3,590	4,068
Departmental Profit	0	0	0	11,222	12,715
Undistributed Expenses	0	0	0	2,814	3,189
Gross Operating Profit	0	0	0	8,408	9,526
Management Fees	0	0	0	707	801
Fixed Charges	0	0	0	74	84
FF&E Reserve	0	0	0	296	336
EBITDA	0	0	0	7,331	8,306
Net Profit % (EBITDA of Total Revenue)	0%	0%	0.0%	49.5%	49.5%
Capital Expenditure					
Net Cashflow	0	0	0	7,331	8,306

2.12.12 SUMMARY OF VALUES – ASCOTT CORNICHE AL KHOBAR & AL FURSAN TOWERS (HILTON GARDEN INN HOTEL), RIYADH

The resultant value based upon the above variables for the subject properties are as follows:

Property Name	Room Count	Value – Rounded (SAR)	Value/key (SAR)
Ascott Corniche Al Khobar	148	160,000,000	1,081,081
Al Fursan Towers Riyadh	147	75,000,000	510,204



2.12.13 INCOME CAPITALISATION APPROACH

The aforesaid valuation approach is being utilized for the following properties.

Prop. #	Property Name	Location
1	Rafal Boulevard	Riyadh
2	Omnia Centre	Jeddah
3	Saudi Electronic University	Riyadh
6	Al Shatea Towers	Dammam
7	Al Izdihar Centre	Riyadh
8	Ascott Tahlia	Jeddah
9	Al Tamayuz Centre	Riyadh
10	Vivienda Hotel Villas	Riyadh
11	The Residence - Commercial	Riyadh
12	Olaya Tower 1	Riyadh

The above properties fall 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.

2.12.14 MARKET RENTS, VALUATION ASSUMPTIONS & COMMENTARY

Sales or rental evidence for similar properties within K.S.A. 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.

In forming our opinion of Market Rent for the subject property, we have looked at the following market rental rates for similar properties within the vicinity of the subject.



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Rental Rates of some Commercial Retail Strips/Plazas within Riyadh

Establishments	Type	Area (sqm)	Rent/sqm (SAR)	Location
Veranda F&B	Retail	-	1,500	North Ring Road, Al Ghadir District
	Office	200-400	1,000	
Black Garden	Retail	145-1,150	1,380-2,300	North Ring Road, At Taawun District
	Office	137.00	365	
Jarir Complex	Retail	325-390	1,000	Uthman Bin Affan Road
Al Ezdihar Complex	Retail	192-336	850	Northern Ring Road
Tijan Plaza	Retail	114-280	690-950	King Khalid Road, Ar Rehab District
	Office	70-192	400-550	
Rawana Plaza	Retail	208-317	1,000	Uthman Bin Affan Road, At Taawun District
	Office	88-148	550	
Al Sahafa Center	Retail	66-250	1,200-1,800	King Abdul Aziz Road, Al Sahafa District
	Office	337-447	400-550	
Tilal Center	Retail	76-456	900-2,100	Al Malqa District
Al Yarmouk Center	Retail	74-320	1,300-1,800	Dammam Rd., Al Yarmouk
Irqah Plaza	Retail	88-320	1,200-2,000	Irqah District
Izdihar Center	Retail	200-1,200	925-1,060	Izdihar District
	Office	90-250	648	
Al Tamayuz Center	Retail	150-576	1,250-1,680	Ghirnatah District
	Office	95-1,300	750-1,022	
Riyadh Front	Retail	57-8,379	1,265-4,380	King Khalid Airport Road
	Office	890-11,517	825-2,100	
Qetaf Plaza	Retail	100-2,850	610-2,500	Qurtubah District
	Office	5,000	400	

Rental Rates of some School Premises in Riyadh

S#	Property Name	Annual Rent (SAR)	BUA (m ²)	Rent/m ² (SAR)
1	Al Faris International School	10,000,000	36,835	271.48
2	Al Ma'arefah Colleges	16,000,000	41,830	382.50
3	Dar Al Bara'a School	10,500,000	33,429	314.10
4	Olaya Private School	4,360,000	12,314	354.07
5	Manarat Al-Riyadh	51,251,000	76,958	665.96
6	Rawd Aljinan Schools	2,500,000	9,912	252.21

Rental Rates of some Office Towers in Riyadh

Sn	Property type	Grade	Ave. Rent/sqm (SAR)	Location
1	Kingdom Tower	A	1,500 – 1,800	King Fahd Road
2	Faisaliyah Tower	A	1,000 – 2,200	King Fahd Road
3	IBDAA Tower	A	1,300 – 1,500	King Fahd Road
4	Olaya Towers	A	1,000 – 1,400	King Fahd Road
5	Hamad Tower	A	1,200 – 1,400	King Fahd Road
6	Elegance Tower	A	1,550	King Fahd Road
7	Tatweer Tower	B	1,000	King Fahd Road
8	Grand Tower	B	1,100	King Fahd Road
9	Ministry Tower	B	1,333	King Fahd Road



Rental Rates of some Office & Retail Spaces in Jeddah				
Establishments	Type	Area (m ²)	Rent/sqm (SAR)	Location
Khalidiyah Business Center	Retail	530-600	1,100-1,420	Khalidiyah District
	Office	142-198	712-1,022	
Rawdah Business District	Retail	1,046-770	1,350-1,500	Rawdah District
	Office	270-1,106	600-950	
Nojoud Center	Retail	136-1,623	2,250-5,100	Tahlia Street
	Office	105-4,225	400-1,100	
Al Marwah Plaza	Retail	29-265	700-2,000	Al Marwah District
	Office	57-304	650-900	
Salamah Tower	Office	-	826	Salamah
Unnamed Building	Office	300	600	Ar Rawdah
Unnamed Building	Office	240	354	Ar Rawdah
Unnamed Building	Office	90	666	Ar Rawdah

Rental Rates of some Apartments in Jeddah				
Description	District	Area (m ²)	Details	Rent/Yr. (SAR)
Dur Al Yasmin	Al Yasmin	70	2 Bedroom -2F	40,000
		70	2 Bedroom -1F	45,000
		70	2 Bedroom -GF	50,000
		100	3 Bedroom	75,000
J One Complex	As Salamah	80	1 Bedroom	60,000
		122	2 Bedroom	85,500
		160	3 Bedroom	111,000
		222	4 Bedroom	148,500
Abraj Al Hilal	Ar Ruwais	135	2 Bedroom	90,000
Diyar Jeddah	As Salamah	-	-	43,055
Unnamed Building	Ar Rawdah	140	2 Bedroom	42,000
Unnamed Building	Ar Rawdah	130	2 Bedroom	37,000
Unnamed Building	Ar Rawdah	135	2 Bedroom	32,000
Unnamed Building	Ar Rawdah	125	2 Bedroom	27,000

Rental Rates of some Office Towers in the Eastern Province				
Sn	Building Name	Location	Floor Area (m ²)	Rent/m ² (SAR)
1	Othman Towers	King Saud Road	1,140 - 1,275	1,400 - 1,800
2	Skyline Tower	King Saud Road	985 - 1,000	1,400 - 1,600
3	Tuwairqi Tower	King Fahd Road	375	1,200
4	Suwaidi Tower	King Saud Road	870	1,000 - 1,200
5	Al Rashid Tower	Al Ulaya District	462 - 862	850 - 1,200
6	Shahad Tower	King Saud Road	380	850 - 1,000
7	Al Yaum Towers	King Fahd Road	-	1,200
8	Al Kifah Tower	King Fahd Road	-	900
9	Al Sauah Building	King Khalid Road	1,000	650

Some Retail Shops for Rent near the Al Shatea Towers				
Sn	Property Type	Area (sqm)	Rent/Sqm (SAR)	Location
1	Retail Shop	288	521	Ash Shati Ash Sharqi
2	Retail Shop	599	700	Ash Shati Ash Sharqi
3	Retail Shop	380	750	Ash Shati Ash Sharqi
4	Retail Shop	166	994	Ash Shati Ash Sharqi
5	Retail Shop	841	1,011	Ash Shati Ash Sharqi
Average (SAR)			795.20	

Some Office Spaces for rent near Olaya Tower 1				
Sn	Property type	Area (m ²)	Price/m ² (SAR)	Location
1	Office Space	2,650	800	Olaya Street
2	Office Space	133	950	King Fahd Road
3	Office Space	162	950	Imam Saud Bin Faisal Rd.
4	Office Space	133	900	Imam Saud Bin Faisal Rd.
5	Office Building	17,100	807	Ath Thumamah Road
6	Office Space	220	750	Near Olaya Street
7	Office Space	2,520	600	Anas Bin Malik Road

The client has provided us the tenancy schedules for the properties referred in this report, although due to the large electronic capacity size of the report we were unable to attach the tenancy schedules at the appendices section. Similarly, title deeds and building permits were not attached with this report due to the same reason.

All interested parties/investors should refer to the fund manager and obtain and satisfy themselves of all documentation. Also, we were not provided with the corresponding lease contract agreements.

Nevertheless, we had assumed that the information provided are complete, accurate and updated. Should this not be the case, we reserve the right to amend our valuation and this report.

Prop. #	Property Name	Gross Income (SAR)	NLA (m ²)	Ave. Rent/m ² (SAR)
1	Rafal Boulevard	6,342,539	4,575.00	1,386.35
2	Omnia Centre	13,830,278	22,492.60	614.88
3	Saudi Electronic University	11,400,000	17,750.00	642.25
6	Al Shatea Towers	8,034,398	13,111.00	612.80
7	Al Izdihar Centre	3,481,000	4,400.00	791.14
8	Ascott Tahlia Jeddah	10,800,000	14,338.00	753.24
9	Al Tamayuz Centre	6,015,838	6,416.45	937.56
10	Vivienda Hotel Villas	3,500,000	4,279.00	817.95
11	The Residence- Commercial	6,400,300	6,388.00	1,001.93
12	Olaya Tower 1	6,500,000	5,890.00	1,103.57

Source: Client 2019



We have further assumed that the rental rates of the subject properties are within the prevailing market rates of similar properties in their immediate vicinity. Should this not be the case, we reserve the right to amend our valuation and this report. In this instance, we have adopted the following rates:

Operational Cost

As provided by the client, the operation cost for the 10 subject properties are follows.

Prop. #	Property Name	Location	Operation Cost (SAR)
1	Rafal Boulevard	Riyadh	7%
2	Omnia Centre	Jeddah	7%
3	Saudi Electronic University	Riyadh	0%
6	Al Shatea Towers	Dammam	7%
7	Al Izdihar Centre	Riyadh	7%
8	Ascott Tahlia	Jeddah	0%
9	Al Tamayuz Centre	Riyadh	7%
10	Vivienda Hotel Villas	Riyadh	0%
11	The Residence - Commercial	Riyadh	7%
12	Olaya Tower 1	Riyadh	0%

Investor Yield Sentiment

Despite the continuance of subdued conditions, the KSA real estate investment market remains resilient in times of global uncertainty, protectionism and technology innovation disruptors. The divergence between prime yields and secondary continues to widen, reflecting the fact that investors are willing to pay a premium for assets seen as lower risk, in core locations along with strong covenants/tenants.

Whilst there remains a lack of transactional evidence in the KSA market and the lack of good quality income generating assets across the KSA market; however, strong investor appetite remains for 'best in class' / 'Institutional Asset Class – Grade A' / good quality property providing long term income.

The historic strength of asset classes and significant growth in the past few years has meant fairly attractive yields and with the continuance of current stable demand but slower growth. Investors are also no less sensitive to asset classes i.e. office, retail, residential, industrial and the location of property providing investor expectations and stable long-term income for portfolios and funds.

Accordingly, in the foreseeable future the subject property(s) referred in this report appear to provide stable investment subject to ongoing maintenance, upkeep of the property and provided that yield stability remains with the Real Estate sector generally following the fortunes of the greater economy and while the oil reserves are currently fairly strong, then the economy remains stable and backed-by strong fundamentals of the KSA market (i.e. young growing population) and also the economic transformation plan transforming the Kingdom towards a service economy post-oil era. General consensus anticipates a strident improvement in the Saudi economy in the period ahead (vision 2020 and vision 2030), supported by both the oil and non-oil sector.



Based upon our experience and discussions in the market; we assume that investors would consider a net initial yield between 7.5% to 9.5% to be an acceptable range of return given the subject properties are mostly operational, rented and in good condition. Furthermore, the subject properties are considered to be attractive to investors as they are mostly strategically located in close proximity to the CBDs and are well accessible.

For these reasons, we have adopted the following net initial yields for each property for this valuation exercise.

Prop. #	Property Name	Location	Net Initial Yield
1	Rafal Boulevard	Riyadh	8.0%
2	Omnia Centre	Jeddah	8.0%
3	Saudi Electronic University	Riyadh	8.0%
6	Al Shatea Towers	Dammam	8.5%
7	Al Izdihar Centre	Riyadh	8.5%
8	Ascott Tahlia	Jeddah	8.0%
9	Al Tamayuz Centre	Riyadh	8.5%
10	Vivienda Hotel Villas	Riyadh	8.5%
11	The Residence - Commercial	Riyadh	8.5%
12	Olaya Tower 1	Riyadh	8.5%

2.12.15 SUMMARY OF MARKET VALUES – INCOME CAPILISATION APPROACH

The resultant values based upon the above variables/assumptions for the subject properties are as follows:

Income Capitalisation					
Prop. #	Property Name	Gross Income (SAR)	OPEX	Yield	Value (SAR)
1	Rafal Boulevard	6,342,539	7%	8.00%	73,700,000
2	Omnia Centre	13,830,278	7%	8.00%	160,800,000
3	Saudi Electronic University	11,400,000	0%	8.00%	142,500,000
6	Al Shatea Towers	8,034,398	7%	8.50%	87,900,000
7	Al Izdihar Centre	3,481,000	7%	8.50%	38,100,000
8	Ascott Tahlia Jeddah	10,800,000	0%	8.00%	135,000,000
9	Al Tamayuz Centre	6,015,838	7%	8.50%	65,800,000
10	Vivienda Hotel Villas	3,500,000	0%	8.50%	41,200,000
11	The Residence- Commercial	6,400,300	7%	8.50%	70,000,000
12	Olaya Tower 1	6,500,000	0%	8.50%	76,500,000
Total (SAR) [Rounded]					891,500,000



2.12.16 VALUATION SUMMARY

P#	Property Name		Location	Property Value (SAR)
1	Burj Rafal	Kempinski Hotel	Riyadh	603,800,000
		Boulevard		73,700,000
2	Omnia Centre		Jeddah	160,800,000
3	Saudi Electronic University		Riyadh	142,500,000
4	Ascott Corniche Al Khobar		Al Khobar	160,000,000
5	Al Fursan Towers		Riyadh	75,000,000
6	Al Shatea Towers		Dammam	87,900,000
7	Al Izdihar Centre		Riyadh	38,100,000
8	Ascott Tahlia		Jeddah	135,000,000
9	Al Tamayuz Centre		Riyadh	65,800,000
10	Vivienda Hotel Villas		Riyadh	41,200,000
11	The Residence	Commercial	Riyadh	70,000,000
		Braira Hotel		85,500,000
12	Olaya Tower 1		Riyadh	76,500,000
Aggregate Portfolio Value (SAR) [Rounded]				1,815,800,000

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(s) referred within this report, as of the date of valuation, based upon the assumptions expressed within this report, may be fairly stated as follows;

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

Aggregate Value: SAR 1,815,800,000 (One Billion, Eight Hundred Fifteen Million, Eight Hundred Thousand, 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

The Kingdom of Saudi Arabia (KSA) - world's largest exporter of crude oil, embarked three 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 (2019-2020), 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 1st January 2018. The government is also striving to get women to play a greater role in the economy including recently allowing them to drive. 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 34,000 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.

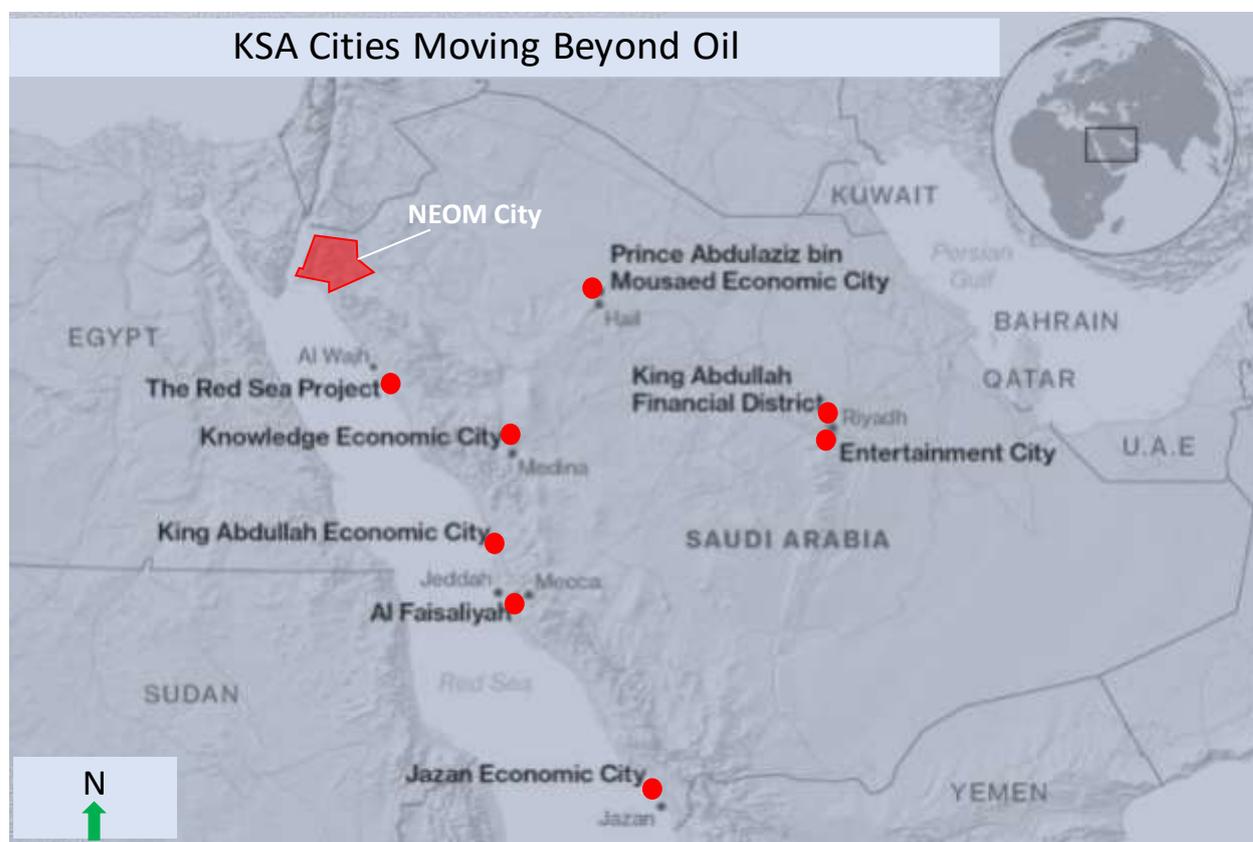


Al Faisaliyah Project

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, while prices have been under pressure across most asset classes leading to a gradual softening of rental and sale prices.



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

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

All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2020.

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.

2.14.1 COMBINED 12 PROPERTY PRINCIPAL GAINS AND RISKS (SWOT ANALYSIS)

Strengths	Weaknesses
<ul style="list-style-type: none"> • All 12 properties referred in this report are in good location(s) for their respective type and use; • Good infrastructure and amenities in surrounding areas; • Good visibility of the subject properties provides good exposure for any potential development; • Each property referred with their surrounding infrastructure, and future plans will allow for easy connectivity with the rest of each of the cities, Riyadh, Jeddah, Khobar and Dammam; 	<ul style="list-style-type: none"> • The private sector is dependent on expat labour, reflecting a shortage of marketable skills among nationals and a fairly high unemployment rate among locals; • Subdued market conditions hardening rental(s) and yields; • Future supply pipeline will heavily influence market share of sectors such as retail, compounds, hospitality and office sectors.
Opportunities	Threats
<ul style="list-style-type: none"> • Each property referred in this report contains a moderate/strong lease covenant making them a strong 'institutional asset class'; • Due to the great number of upcoming developments in the area, the subject property 	<ul style="list-style-type: none"> • New supply and upcoming property can always be a threat; • Value added Tax (VAT) can impact tenant OPEX leading to rent being negotiation downwards;



- location(s) can be developed to benefit from an uplift and establishment in the market;
- Continued investment in the economy by the government will help maintain growth and business;
 - Limited operational costs and anticipated increased demand will enhance the returns on educational, industrial and residential property.
 - Competition from under construction projects close-by in around the subject location(s) and adjacent districts;
 - Perceptions of high security risks deter some investors and the possibility of change in governmental procedures causing an effect on investment value and general business activity;
 - Threat of further KSA market decline and recession in 2020.

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 these reports 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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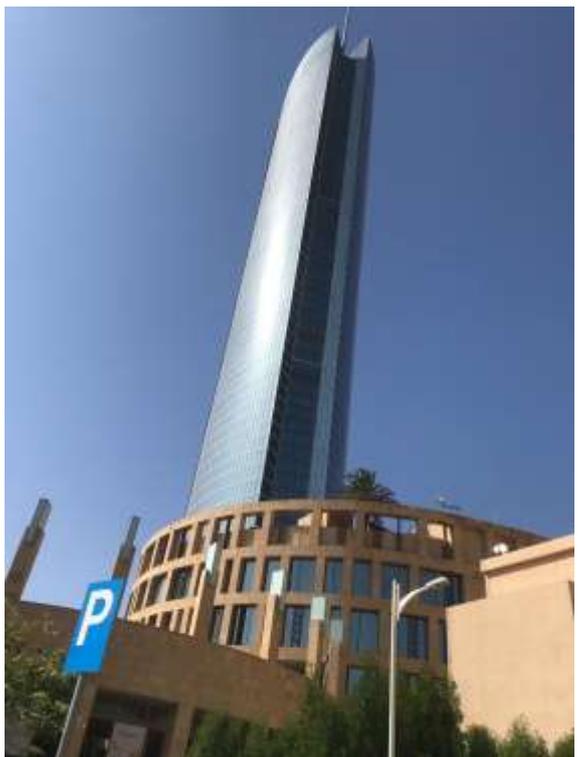


Private & Confidential

Riyad Capital, Riyadh, KSA – Jan 2020

APPENDIX 1 - PHOTOGRAPHS

Property No. 1 – Burj Rafal Hotel & Rafal Boulevard



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Riyad Capital, Riyadh, KSA – Jan 2020

Property No. 2 – Omnia Centre



Residential Building



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Riyad Capital, Riyadh, KSA – Jan 2020

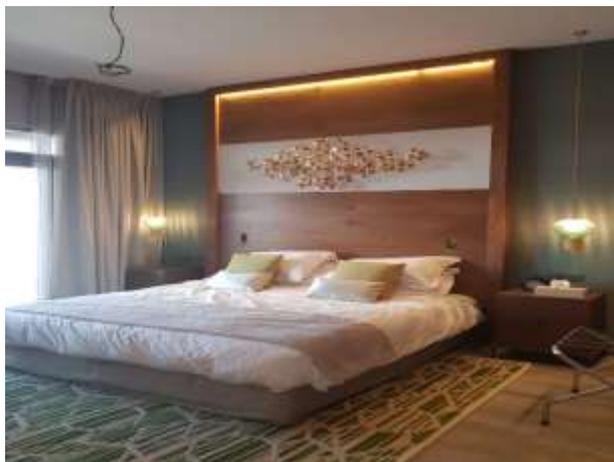
Property No. 3 – Saudi Electronic University



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Riyad Capital, Riyadh, KSA – Jan 2020

Property No. 4 – Ascott Corniche Al Khobar



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Riyad Capital, Riyadh, KSA – Jan 2020

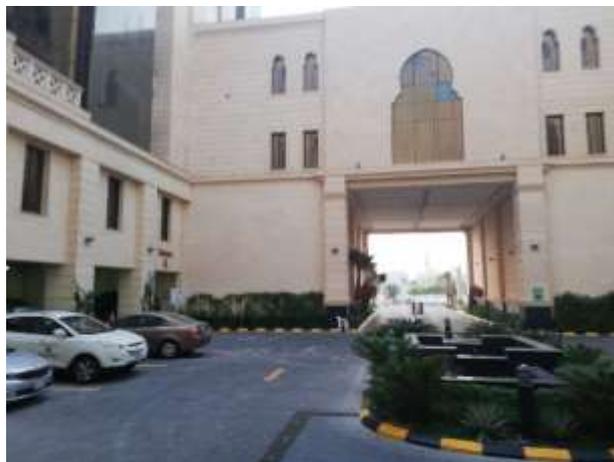
Property No. 5 – Al Fursan Towers



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Riyad Capital, Riyadh, KSA – Jan 2020

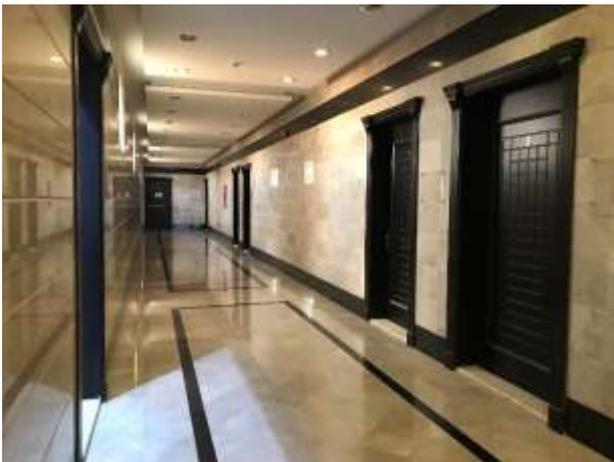
Property No. 6 – Al Shatea Towers



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Riyad Capital, Riyadh, KSA – Jan 2020

Property No. 7 – Al Izdihar Centre



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Riyad Capital, Riyadh, KSA – Jan 2020

Property No. 8 – Ascott Tahlia, Jeddah



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Riyad Capital, Riyadh, KSA – Jan 2020

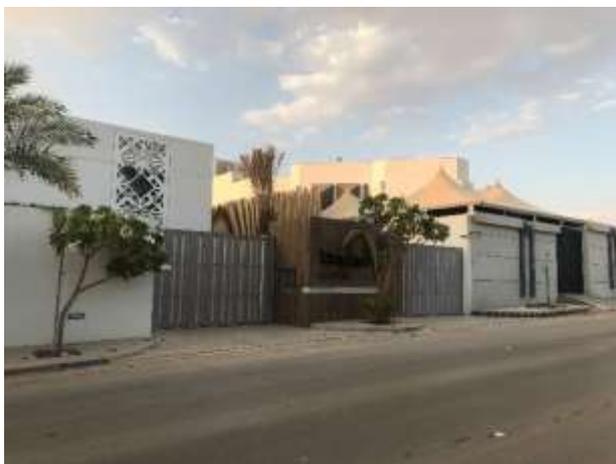
Property No. 9 – Al Tamayuz Center



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Riyad Capital, Riyadh, KSA – Jan 2020

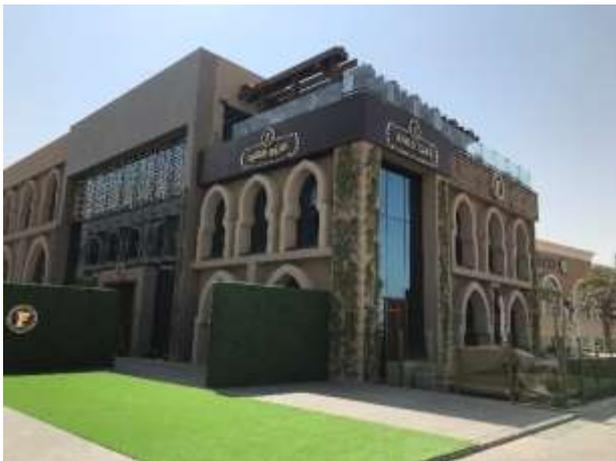
Property No. 10 – Vivienda Hotel Villas



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Riyad Capital, Riyadh, KSA – Jan 2020

Property No. 11 – The Residence



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Riyad Capital, Riyadh, KSA – Jan 2020

Braira Hotel Residence



Private & Confidential

Riyad Capital, Riyadh, KSA – Jan 2020

Property No. 12 – Olaya Tower 1





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