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Valuation Report

(11) SEDCO REIT FUND PROPERTIES
RIYADH, JEDDAH, DAMMAM & KHOBAR, KSA

SEDCO CAPITAL

REPORT ISSUANCE – 25 JULY 2019

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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

Mohamed W. Binmahfooz
SEDCO Capital
 Riyadh, Kingdom of Saudi Arabia

1.2 THE PURPOSE OF VALUATION

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

1.3 INTEREST TO BE VALUED

The below mentioned (11) REIT Fund properties are the scope of this valuation exercise.

P#	Property Name	Location	Land Area (sq. m)	BUA (sq. m)	Interest
1	Khalidiyah Business Centre	Jeddah	7,903.00	24,876.51	Freehold
2	Rawdah Business Centre	Jeddah	2,462.50	17,526.74	Freehold
3	Panda Al Hamadaniah	Jeddah	13,685.85	5,858	Freehold
4	Panda Ishbilyah	Riyadh	23,604.00	10,784	Freehold
5	Jazeera Compound	Riyadh	20,758.00	12,646	Freehold
6	Burj Al Hayat	Riyadh	1,494.75	6,574	Freehold
7	Public Prosecution Office	Jeddah	4,767.25	19,342	Freehold
8	Panda Raya'an	Dammam	18,144.80	9,800	Freehold
9	Al Hukair Time	Dammam	5,155.52	3,326	Freehold
10	Saudi Fransi Bank	Dammam	5,191.44	879	Freehold
11	Ajdan Walk	Khobar	16,965.77	32,212.08	Freehold

Source: Client 2019

1.4 VALUATION APPROACH

Discounted Cash Flow (DCF) approach.

1.5 DATE OF VALUATION

Unless stated to the contrary, our valuations have been assessed as at the date of 16th June 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

Property #	Property Name	Location	Value - Rounded (SAR)
1	Khalidiyah Business Centre	Jeddah	155,000,000
2	Rawdah Business Centre	Jeddah	108,200,000
3	Panda Al Hamadaniah	Jeddah	39,000,000
4	Panda Ishbilyah	Riyadh	80,000,000
5	Jazeera Compound	Riyadh	65,000,000
6	Burj Al Hayat	Riyadh	38,200,000
7	Public Prosecution Office	Jeddah	63,000,000
8	Panda Raya	Dammam	65,000,000
9	Al Hukair Time	Dammam	32,000,000
10	Saudi Fransi Bank	Dammam	27,200,000
11	Ajdan Walk	Khobar	357,000,000
Total Portfolio Value (SAR)			1,029,600,000

**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)

We are unaware of 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 International, 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. Valuation considered full figure and may not be easily achievable in the event of an early re-sale.

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.

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 SEDCO 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 (sq. m)	BUA (sq. m)	Interest
1	Khalidiyah Business Centre	Jeddah	7,903.00	24,876.51	Freehold
2	Rawdah Business Centre	Jeddah	2,462.50	17,526.74	Freehold
3	Panda Al Hamadaniah	Jeddah	13,685.85	5,858	Freehold
4	Panda Ishbilyah	Riyadh	23,604.00	10,784	Freehold
5	Jazeera Compound	Riyadh	20,758.00	12,646	Freehold
6	Burj Al Hayat	Riyadh	1,494.75	6,574	Freehold
7	Public Prosecution Office	Jeddah	4,767.25	19,342	Freehold
8	Panda Raya'an	Dammam	18,144.80	9,800	Freehold
9	Al Hukair Time	Dammam	5,155.52	3,326	Freehold
10	Saudi Fransi Bank	Dammam	5,191.44	879	Freehold
11	Ajdan Walk	Khobar	16,965.77	32,212.08	Freehold

Source: Client 2019

2.3 PURPOSE OF VALUATION

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

2.4 VALUATION REPORTING COMPLIANCE

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

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	Within June 2019	16 th June 2019

**The 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 site inspection was limited to the visual assessment of the exterior & interior features of the subject properties including their facilities & amenities and the properties' 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 OF THE PROPERTIES

The subject portfolio consists of (11) real estate assets located within Riyadh, Jeddah and Dammam, Kingdom of Saudi Arabia, described briefly as follows:

1. Khalidiyah Business Centre

The subject property is located along the southwest corner of Prince Sultan Road and Buhur Ash Shuara Street, within Al Khalidiyah District, Jeddah, Saudi Arabia. It is situated about 1.6 kilometers northeast of Badriyah Towers & Almukmal Tower and approximately 1.5 & 3.5 kilometers east of Stars Avenue Mall & Red Sea shoreline, respectively.

Khalidiyah Business Centre is situated in a mixed-use development district for residential and commercial uses. It is well accessible thru the fronting Prince Sultan Road, a major thoroughfare in the city linking the district to King Abdul Aziz International Airport. The nearby Sari street likewise provides access for the property leading to the Red Sea/Corniche area. For ease of reference, refer to the illustration below (GPS Coordinates - 21°34'16.07"N, 39° 8'33.60"E).



Source: Google Extract 2019 - For Illustrative Purposes Only.

2. Rawdah Business Centre

The aforesaid property is located at the northeast corner of Al Rawdah Road and Ahmad Jamjum Street, within Al Rawdah District, Jeddah, Kingdom of Saudi Arabia. It is situated about 70 meters southwest of Omnia Center, some 340 meters

northeast of Rovam Plaza and approximately 700 meters northwest of Radisson Blu Hotel.

Rawdah Business Centre is situated along the commercial strip of Ar Rawdah Road characterized by retail and office buildings. It is well accessible thru the fronting Al Rawdah Road and the nearby Madinah Al Munawarah Road, a major thoroughfare in Jeddah directly linking the district towards north to King Abdul Aziz International Airport. For ease of reference, refer to the illustration below (GPS Coordinates - $21^{\circ}33'46.86''N$, $39^{\circ}9'50.98''E$).



Source: Google Extract 2019 - For Illustrative Purposes Only.

3. Panda Al Hamadaniyah

The above-mentioned property is located at the southwest corner of Al Hamadaniyah street and an unnamed street, within Al Hamadaniyah District, Jeddah, Kingdom of Saudi Arabia.

It is situated about 340 meters northeast of Al Haramain Expressway, some 3.5 kilometers southeast of King Abdul Aziz Sports Stadium and approximately 10 kilometers northeast of King Abdul Aziz International Airport New Terminal.

Panda Al Hamadaniyah is situated in the northeast of Jeddah in an area mainly for residential use.

The fronting Al Hamadaniyah street provides access to the nearby Al Haramain Expressway, the main road in Jeddah linking to Makkah on the south and Madinah on the north.

For ease of reference, refer to the illustration below (GPS Coordinates - $21^{\circ}45'19.77''N$, $39^{\circ}11'44.83''E$).

SEDCO Capital, Riyadh, KSA – June 2019



Source: Google Extract 2019 - For Illustrative Purposes Only.

4. Panda Ishbilyah

The subject property is located on the south corner of Ashaikh Jaber Alahmed Alsabah Road & Qalat Al Fustat Street, within Ishbilyah District, Riyadh, Kingdom of Saudi Arabia. It is situated adjacent to KSB Compound, about 700 meters southeast of Ishbilyah Park and approximately 1-kilometre northeast of Ishbilyah Compound.

Panda Ishbilyah’s immediate neighbourhood is mainly residential although lands along the main road is being utilized for commercial use. It is easily accessible thru the fronting Ashaikh Jaber Alahmed Alsabah Road which links the district to King Khalid International Airport to the north. For ease of reference, refer to the illustration below (GPS Coordinates - 24°47'56.43"N, 46°48'51.58"E).



Source: Google Extract 2019 - For Illustrative Purposes Only



5. Jazeera Compound

The above-mentioned property is situated at the southwest corner of Mujashi Bin Masud and Al Mughira Bin Al Iyash streets, within As Sulimaniyah District, Riyadh, Kingdom of Saudi Arabia. It is located about 100 meters southeast of Al Jazeera Markets, some 600 meters east of 1st Akaria Mall and approximately 950 meters northeast of Centria Mall.

Jazeera compound is situated in an area where development is mainly for residential and commercial use. It is very accessible to commercial centers, offices, schools and medical institutions as it close to Musa Bin Nusair Street which directly links to Olaya Street and King Fahd Road, both main roads in Riyadh. For ease of reference, refer to the illustration below (GPS Coordinates - 24°42'16.96"N, 46°41'20.83"E).



Source: Google Extract 2019 - For Illustrative Purposes Only

6. Burj Al Hayat Hotel

The aforementioned property is located at the northeast corner of Al Wara street and an unnamed street, within Olaya District, Riyadh, Kingdom of Saudi Arabia. It is situated about 130 meters southwest of Holiday Inn Riyadh Meydan, some 850 meters northwest of the Ministry of Interior and approximately 1 kilometer southeast of King Fahd National Library and Park.

Burj Al Hayat is situated in an area characterized by medium rise commercial & office buildings. Some of the notable buildings in the immediate vicinity includes the El Ajou Group Al Jeel Medical Company building, General Directorate of Narcotics Control, Holiday Inn Riyadh Meydan, etc. The nearby King Fahd Road provides excellent accessibility for the said property.

The succeeding illustration shows the location of the subject property and its immediate neighborhood (GPS Coordinates - 24°40'37.16"N, 46°41'28.62"E).

SEDCO Capital, Riyadh, KSA – June 2019



Source: Google Extract 2019 - For Illustrative Purposes Only

7. Public Prosecution Building

The above property is located along the east side of Al Haramain Expressway access road, within Ar Rayaan District, Jeddah, Kingdom of Saudi Arabia. It is situated about 700 meters south of Ford Al Jazirah Vehicles showroom and approximately 3.4 kilometers of King Abdul Aziz International Airport New Terminal. The Public Prosecution Office Building is situated in an area wherein lands along the main road are for commercial use while interior plots are for residential use. The nearby Al Haramain Expressway provides good accessibility for the subject property. For ease of reference, refer to the illustration below (GPS Coordinates - 21°39'59.24"N, 39°12'17.59"E).



Source: Google Extract 2019 - For Illustrative Purposes Only



8. Panda Rayaan

The subject property, identified as Panda Rayaan, is located along the northwest side of Al Imam Ali Bin Abi Street within Al Rayaan District, Dammam, Kingdom of Saudi Arabia. It is situated across Prince Mohammed Bin Fahd Complex, about 700 meters southwest of Maternity and Children Hospital and approximately 950 meters south of King Fahd Specialist Hospital Dammam.

Panda Rayaan is situated in an area where land utilization is mostly for commercial use. Some of the prominent establishments near the subject property includes the Prince Mohammed Bin Fahd Complex, Al Rajhi Bank, Sahel Gas Station, Alinma Bank, SABB, Saudi Fransi Bank, etc. It is easily accessible thru the fronting Al Imam Ali Bin Abi Street and the nearby Othman Bin Affan Road. For ease of reference, refer to the illustration below (GPS: 26°24'8.90"N, 50°5'59.08"E).



Source: Google Extract 2019 - For Illustrative Purposes Only

9. Al Hukair Time

The subject property, commonly known as Al Hukair Time, is located along the north side of Al Ashriah Street within Ash Shati Ash Sharqi District, Dammam, Kingdom of Saudi Arabia. It is situated about 370 meters west of the Arabian Gulf shoreline, some 780 meters east of Sheraton Dammam Hotel and Convention Center and approximately 800 meters southeast of Al Shatea Mall. Al Hukair Time is situated in an area where lands are mostly developed for commercial use due to its proximity to the Arabian Gulf shores. Notable developments in vicinity includes the Park Inn by Radisson, Best Western Hotel, Ewa East Moon Hotel Apartment, Applebee's, etc.

It is accessible via the fronting Al Ashriah Street and the nearby Prince Mohammed Bin Fahd and Khaleej Roads. The illustration below shows the location of the subject property in relation to its immediate neighborhood and environs (GPS: 26°27'9.75"N, 50°7'41.91"E).

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Source: Google Extract 2019 - For Illustrative Purposes Only

10. Saudi Fransi Bank

The subject property, identified as Saudi Fransi Bank, is situated near the west side intersection of Othman Bin Affan and Al Imam Bin Ali Abi Talib Streets, within Ar Rayyan District, Dammam, Kingdom of Saudi Arabia. It is located about 270 meters northeast of Prince Mohammed Bin Fahd Complex, some 400 meters southwest of Maternity and Children Hospital, and approximately 800 meters southeast of King Fahd Specialist Hospital Dammam.

Saudi Fransi Bank is located in an area where lands along the main road are developed for commercial use and interior plots are for residential use. Notable landmarks in the vicinity includes the SABB Bank, Al Rajhi Bank, Panda Hypermarket, etc. It is very accessible thru Othman Bin Affan and Al Imam Ali Bin Abi Talib streets. For ease of reference, refer to the illustration below (GPS: 26°24'13.84"N, 50°6'8.82"E).



Source: Google Extract 2019 - For Illustrative Purposes Only



11. Ajdan Walk, Khobar

The subject property is located in the Khobar Waterfront in Corniche Road. Primary vehicular access to the property will be via Prince Turkey Street, which is commonly known as the Corniche Road. The property is located within the upcoming Ajdan Waterfront Development being developed by Al Oula. For ease of reference, refer to the illustration below.



Source: Google Extract 2019 - For Illustrative Purposes Only.

Description	Property Details
Property Name	Ajdan Walk, Khobar
Type	Retail Development - 27 F&B Units over 12 Buildings
Land Area (sq. m.)	16,965.77
Built-Up Area (sq. m.)	32,212.08
Parking Bays	Approximately 339
No of Units	27 Food & Beverage (F&B) Units
Owner	Ajdan Real Estate Development Company
Location	Prince Turkey Street (Ajdan Walk), Khobar
GPS Co-ordinates	26°16'59.90"N 50°13'11.99"E
Interest Valued	Freehold

2.9.2 DESCRIPTION OF THE PROPERTIES

As mentioned above, the subject portfolio consists of (10) real estate assets located within Riyadh, Jeddah and Dammam, KSA, described individually as follows:

1. Khalidiyah Business Centre



The subject property is a 5-storey with mezzanine and roof floor retail and office building known as Khalidiyah Business Centre. It is mainly built of reinforced concrete structures with glass and aluminum cladding exterior wall, painted concrete and partly marble cladding/wood paneling interior wall, granite/marble tiles flooring, acoustic tiles and painted suspended ceiling, wooden & glass doors. It is equipped with elevators, firefighting system with smoke detector and fire alarm, CCTV security cameras and centralized air-conditioning system.

As per document provided to us, the said retail/office building was built on a rectangular land with an aggregate area of 7,903 square meters. It was reportedly constructed circa 2008 with a total built-up area of 24,860.77 square meters as per building permit provided and details below.



Floor Level	BUA (sqm)	Use
Ground Floor	5,277.29	Retail
Mezzanine	1,836.00	Retail
First Floor	4,578.97	Office
Second Floor	5,221.22	Office
Third Floor	3,384.42	Office
Fourth Floor	3,384.42	Office
Roof Floor	1,193.39	Office/Services
Total BUA (sqm)	24,876.54	

Source: Client 2019

The subject property was observed to be in good condition and properly maintained.

2. Rawdah Business Centre



The subject property is a 7-storey with mezzanine, 2-level basement parking and 2-roof floors; retail and office building known as Rawdah Business Centre. It is mainly built of reinforced concrete structures with concrete and glass on aluminum frame external walls, painted concrete and partly marble cladding interior wall, granite/marble/ceramic tiles & laminated flooring, painted suspended ceiling, wooden & glass doors. It is equipped with elevators, firefighting system with smoke detector and fire alarm, CCTV security cameras and centralized air-conditioning system.



As per document provided to us, the said retail/office building was built on a rectangular land with an area of 2,462.50 square meters. It was reportedly constructed circa 2014 with a total built-up area of 17,526.74 square meters as per building permit provided and details below.

Floor Level	BUA (sqm)	Use
Basement 1	2,030.00	Parking
Basement 2	2,030.00	Parking
Ground Floor	1,734.74	Retail
Mezzanine	544.00	Retail
First Floor	1,576.00	Office
Second Floor	1,576.00	Office
Third Floor	1,576.00	Office
Fourth Floor	1,576.00	Office
Fifth Floor	1,576.00	Office
Sixth Floor	1,576.00	Office
Roof Floor – 2 level	1,732.00	Office
Total BUA (sqm)	17,526.74	

Source: Client 2019

The subject property was observed to be in good condition and properly maintained.

3. Panda Al Hamadaniah



The subject property is a supermarket known as Panda Hypermarket. It is single storey and constructed of reinforced concrete & steel frame structures with painted concrete exterior and interior walls, ceramic tiles flooring and bare ceiling. It is equipped with firefighting system, CCTV security cameras and centralized air-conditioning system.

As per building permit provided to us, it was reportedly constructed circa 1433 and has a total built-up area of 5,858 square meters with an open parking area of 2,550 square meters. It was built on land with an area of 13,685.85 square meters.

The property is relatively new and in good condition.

4. Panda Ishbilyah



The subject property is also a supermarket known as Panda Hypermarket. It is single storey and constructed of reinforced concrete and steel frame structures with glass panel and aluminum cladding exterior walls, painted interior wall, ceramic tiles flooring and bare ceiling. It is equipped with firefighting system, CCTV security cameras and centralized air-conditioning system.

We were not provided with the copy of the building permit, although we were informed that it has a total built-up area of 10,784 square meters. It was observed to be in good condition and properly maintained.

5. Jazeera Compound



The subject property is a residential compound comprising of 52 residential units of which 26-units are villas and 26-units are apartments.

The compound was built on a rectangular shaped land with an aggregate area of 20,758 square meters.

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The residential units are typically two-storey buildings with painted concrete exterior & interior wall, ceramic tiles and laminated flooring, painted suspended ceiling and glass on aluminum frame windows.

Compound facilities and amenities includes a fitness gym, swimming pool, basketball/tennis/football court, laundry room, landscaped playground and park. It is secured with concrete perimeter wall and steel gate.

We were not provided with a copy of the building permit, although we were informed that the compound was developed in the 1990's with a total BUA of 16,606 square meters. It was observed to be properly maintained

6. Burj Al Hayat



The subject property is a hotel apartment building constructed on a land with an area of 1,494.75 as per document provided. It is a six storey with basement reinforced concrete building with glass/aluminum cladding and concrete exterior wall, marble cladding façade reception area and hotel lobbies interior wall, granite/marble tiles reception area, wall to wall carpet tiles flooring on hotel lobbies, painted and wallpaper finished interior walls, ceramic/wall to wall carpet/laminated hotel room flooring, painted ceiling, glass on aluminum frame windows, wooden hotel room doors and glass main entrance door. Hotel facilities includes a swimming pool, fitness gym, business center and sauna. It is equipped with elevators, firefighting system with smoke detector and fire alarm, CCTV security cameras, internet WIFI and centralized air-conditioning system. We were not provided with a copy of the building constructed permit although we were informed that the building was built circa 2000 with a total built-up area of 6,574 square meters. It is in good condition and well maintained.

7. Public Prosecution Building



The subject property is a seven storey with basement, office building constructed mainly of reinforced concrete structure. Architectural building finishes consist of glass cladding façade and concrete exterior wall, granite cladding and painted concrete interior wall, granite/marble/ceramic tiles flooring, acoustic tiles and painted suspended ceiling, wooden and glass doors. The building is equipped with elevators, firefighting system with smoke detector & fire alarm, CCTV security cameras and air-conditioning system. As per document provided to us, the building was constructed circa 1434 and has a total built-up area (BUA) of 19,342 square meters as detailed below.

Floor Level	BUA (sqm)	Use
Basement	4,767.29	Parking
Ground Floor	2,000.65	Office
First Floor	2,108.89	Office
Second - Fourth Floor	6,556.05	Office
Fifth – Sixth Floor	3,909.22	Office
Total BUA (sqm)	19,342	

Source: Client 2019



8. Panda Raya



The subject property, known as Panda Raya, is a single-storey, commercial retail shop and hypermarket building built mainly of reinforced concrete structure. Architectural building finishes consist of partly glass panel façade and painted concrete exterior walls, granite tiles flooring, painted interior walls, glass door and steel roll-up doors. It is equipped with air-conditioning system and firefighting system. The property includes an asphalt-paved driveway and parking area. Panda Raya has a total built-up area of 9,800 as per information provided. It was observed to be in good condition and properly maintained.

9. Al Hukair Time



The above property is a single-storey with mezzanine and basement, commercial showroom building constructed mainly of reinforced concrete structure with glass panel, aluminum cladding and brick-stone finish façade; painted concrete exterior wall and glass on aluminum frame main entrance doors. We were not able to view the interior finishes of the said building although it was noticed to be in excellent condition and properly maintained.

As per information provided to us, it was supposedly constructed circa 1437 and has a total built-up area of 3,326 square meters.

10. Saudi Fransi Bank



The subject property, identified as Saudi Fransi Bank, is a two-storey building constructed mainly of reinforced concrete structure with glass panels and concrete exterior wall and glass main entrance door. We were not able to view the interior finishes of the subject building, although it was observed to be well maintained and in good condition. Other improvements on the subject property includes an asphalt-paved driveway with painted concrete curb & gutter, interlock concrete paver sidewalk and steel pole lightings open parking area fronting the said building. As per document provided to us, the building was reportedly constructed circa 1426 and has a total built-up area of 879 square meters as per detail below. It is in good condition and well maintained.

Floor Level	BUA (sqm)	Use
Ground Floor	426	Office
First Floor	453	Office
Total BUA (sqm)	879	

Source: Client 2019

11. Ajdan Walk, Khobar

The subject mixed-use development consists of a unique retail village with luxury residential buildings that include food and beverage podiums with major cinema and other facilities.

The various components of the development are expected to complement each other with state-of-the-art design and quality. The subject property is now complete,

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and it is understood tenants are fitting out with signed occupational tenancy agreement in place.



The subject property consists of 27 units / shops distributed over 11 buildings with total GFA of 11,581 sq. m, whilst the GLA is approximately 14,235 sq. m. The schedule below depicts a detailed area schedule (space program) for Ajdan Walk including Gross Floor and Gross Leasable Area(s):

#Building	Units / Shops	GFA (sq. m)	FF GFA	GF seating	FF Seating	Total Seating	Total GFA	Total GLA (sq. m)
Building 1	1	608	649	87	-	87	1,256	1343
Building 2	2	897	745	209	326	535	1,641	2176
Building 3	1	773	665	238	256	494	1,438	1932
Building 4	5	631	693	55	223	278	1,323	1602
Building 5	5	352	338	182	65	247	690	937
Building 6	7	876	940	148	143	291	1,816	2107
Building 7	2	649	551	153	111	263	1,200	1463
Building 8	1	1755	-	-	-	0	1,755	1755
Building 9	1	253	-	203	-	203	253	456
Building 10	1	127	-	142	-	142	127	269
Building 11	1	82	-	113	-	113	82	195
Total	27	7,003	4,581	1,530	1,124	2,653	11,581	14,235

Source: Client 2019



2.10 ENVIRONMENT MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present use, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject property from the use or site and have therefore assumed that none exists. However, should it be established subsequently that contamination exists at the property or on any neighbouring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.

Details				
Area	Based on the document supplied by the client, the land areas and built-up areas of the subject properties are as follows:			
	Prop. #	Property Name	Land Area (sqm)	BUA (sqm)
	1	Khalidiyah Business Center	7,903.00	24,876.51
	2	Rawdah Business Center	2,462.50	17,526.74
	3	Panda Al Hamadaniah	13,685.85	5,858
	4	Panda Ishbilyah	23,604.00	10,784
	5	Jazeera Compound	20,758.00	12,646
	6	Burj Al Hayat	1,494.75	6,574
	7	Public Prosecution Office	4,767.25	19,342
	8	Panda Rayan	18,144.80	9,800
	9	Al Hukair Time	5,155.52	3,326
	10	Saudi Fransi Bank	5,191.44	879
	11	Ajdan Walk	16,965.77	32,212.08
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 had assumed on freehold basis. Should this not be the case we reserve the right to amend our valuation and this report.

P#	Property Name	Location	Title Deed No.	T.D. Date	Land Area (sqm)	Interest
1	Khalidiyah Business Centre	Jeddah	520204005172	1433/2/23	7,903.00	Freehold
2	Rawdah Business Centre	Jeddah	420228018317	1440/8/17	2,462.50	Freehold
3	Panda Al Hamadaniah	Jeddah	220206006345	1434/3/14	13,685.85	Freehold
4	Panda Ishbilyah	Riyadh	410111055251	1440/9/18	23,604.00	Freehold
5	Jazeera Compound	Riyadh	310117046169	1440/9/17	20,758.00	Freehold
6	Burj Al Hayat	Riyadh	910104046943	1440/9/17	1,494.75	Freehold
7	Public Prosecution	Riyadh	720223019231	1439/11/12	4,767.25	Freehold
8	Panda Rayyan	Dammam	530105021904	1440/2/7	18,144.80	Freehold
9	Hukair Time	Dammam	330107029073	1440/2/7	5,155.52	Freehold
10	Saudi Fransi Bank	Dammam	330114008967	1440/6/9	5,191.44	Freehold
11	Ajdan Walk	Khobar	930203009265	1440/6/9	16,965.77	Freehold

Source: Client 2019; The above properties are owned by Saudi Economic & Development Company for Real Estate Funds (SEDCO).



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 lease contract agreements/tenancy schedules for the (11) subject properties which we have summarized on the table below.

Prop. #	Property Name	Gross Rent (SAR)	% Occ.	OPEX	*Escalation	Lease Term
1	Khalidiyah Business Centre	13,939,035	68%	13.72%	2.5%	2-10 years
2	Rawdah Business Centre	10,275,843	69%	13.5%	2.5%	1-5 years
3	Panda Al Hamadaniah	2,845,151	100%	0%	5%	15 years
4	Panda Ishbilyah	5,822,670	100%	0%	5%	15 years
5	Jazeera Compound	7,092,000	97%	20%	2.5%	yearly
6	Burj Al Hayat	3,400,000	100%	0%	5.88%	10 years
7	Public Prosecution Office	5,500,000	100%	6%	0%	3 years
8	Panda Raya	4,966,761	100%	0%	5%	15 years
9	Al Hukair Time	2,200,000	100%	0%	13.64%	20 years
10	Saudi Fransi Bank	1,500,000	100%	0%	33%	10 years
11	Ajdan Walk	25,000,000	100%	0%	5%	10 years

Source: Client 2019

*Refer to lease contract agreement for details of rent escalation/growth rate of each property.

For Khalidiyah Business Centre, the client has informed us that a proposed Parking Building and Roof Top Restaurant will be undertaken starting on March 2019 with a target construction duration of 12 months at an estimated CAPEX of SAR 12.8 Million. This will generate an additional gross leasable area of 1,895 square meters beginning March 2020. Assuming an average rental rate of SAR 1,400/sqm, it produces additional rental income of SAR 2,653,000, hence, Gross Rent in Year 2020 will be SAR 16,498,344.

The Ajdan Walk lease agreement is between Ajdan Walk Development Real estate and First Development Real Estate Holding Company commencement from 1/1/2019 for a term of 10 years with an initial income of SAR 25 million and thereafter in year 6 at an income of SAR 26,250,000. Due to confidentiality and size of documents, we are unable to attach agreements with this report. For further details refer to the Fund Manager.

We have assumed that all lessees are in a position to renew on their forthcoming renewal process.

For the purposes of this valuation, we have explicitly assumed that the lease contract agreements, tenancy schedules and all other information provided by the client 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 property, we have utilized the Discounted Cash Flow (DCF) approach taking into consideration the lease contract agreements/tenancy schedules and other related information provided by the client.

2.12.1 DISCOUNTED CASH FLOW APPROACH

The subject property(s) 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 a Discounted Cash Flow technique.

Discounting Cash Flow analysis is defined in the International Valuation Standards 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, additionally giving regard to the frequency and timing of associated development costs, contingency allowances etc. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the property. The DCF approach involves the discounting of the projected net cash flow on a yearly basis over the explicit cash flow period. In the case of the subject compounds the cash flow has been projected over a 10-year period reflecting a market practice for cash flows reflecting the two lease terms referred above for both properties.

The cash flow is discounted back to the date of valuation at an appropriate rate to reflect risk in order to determine the Market Value of both properties. The rental income being capitalised and discounted in the cash flow refers to net rental income, that is, the income stream. A contractual agreed growth rate as referred in the lease contract based on rental income per annum has been agreed and has been reflected within the DCF calculations. The future values quoted for property, rents and costs are projections only formed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date.

2.12.2 MARKET RENTS

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

In forming our opinion of Market Rent for the subject property, we have looked at the following market rental rates of some office space, retail stores and residential villas within Riyadh, Jeddah & Dammam.



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Rental rates of some office & retail spaces within Jeddah				
Establishments	Type	Area (sqm)	Rent/sqm (SAR)	Location
Omnia Center	Retail	133-304	900 – 1,100	Rawdah District
	Office	217-504	927 – 1,400	
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	

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

Rental Rates of some villas within residential compound in Riyadh					
Name of Compound	Location	Villa Type	Area (m ²)	Rent/Yr (SAR)	Rent/m ² (SAR)
Palms Estate Compound	Khozama District	3-Bedroom	220	200,000	909.09
		3-Bedroom	300	240,000	800.00
		2-Bedroom	180	170,000	944.44
		2-Bedroom	165	150,000	909.09
DHC Compound	Diriyah Area	1-Bedroom	79	60,000	759.49
		3-Bedroom	167	110,000	658.68
Al Rabia Community	Ad Diriyah District	3-Bedroom	284	160,000	563.38
		4-Bedroom	422	250,000	592.42
Daraq Diplomatic Quarter	As Safarat	4-Bedroom	450	265,000	588.89
		4-Bedroom	500	287,000	574.00
		4-Bedroom	539	317,000	588.13
Del Mar Compound	Al Munsiyah District	3-Bedroom	496	215,000	433.47
		2-Bedroom	198	85,000	429.29
Carolina Palms Compound	Al Mutha'ar District	4-Bedroom	342	245,000	716.37
		3-Bedroom	260	180,000	692.31
		3-Bedroom	180	125,000	694.44
Cecil Compound	Khurais Road	3-Bedroom	166	100,000	602.41
		3-Bedroom	161	90,000	559.01



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Commercial Properties offered for Lease in the vicinity of Panda Rayaana, Dammam					
Sn	Property Type	Area (sqm)	Rent/Year (SAR)	Rent/Sqm (SAR)	Location
1	Commercial	3,500	1,400,000	400	Ar Rayyan District-close by
2	Commercial	1,900	750,000	395	Al Muraikabat District
3	Commercial	4,000	1,400,000	350	An Nur District
4	Commercial	1,026	350,000	341	As Saif District
5	Commercial	900	300,000	333	Al Hamra District
6	Commercial	2,030	500,000	246	Prince Mohd. Bin Fahd Rd
7	Commercial	1,680	400,000	238	Al Badr District
8	Commercial	3,600	800,000	222	Uhud District

Retail shops for lease in the vicinity of Al Hukair Time, Dammam					
Sn	Property Type	Area (sqm)	Rent/Year (SAR)	Rent/Sqm (SAR)	Location
1	Retail	288	150,000	521	Ash Shati Ash Sharqi
2	Retail	599	419,300	700	Ash Shati Ash Sharqi
3	Retail	380	285,000	750	Ash Shati Ash Sharqi
4	Retail	166	165,000	994	Ash Shati Ash Sharqi
5	Retail	841	850,000	1,011	Ash Shati Ash Sharqi

Office spaces for lease in the vicinity of Saudi Fransi Bank, Dammam					
Sn	Property Type	Area (sqm)	Rent/Year (SAR)	Rent/Sqm (SAR)	Location
1	Office	125	62,500	500	Ar Rayyan District
2	Office	435	279,705	643	Ar Rayyan District
3	Office	100	70,000	700	Ar Rayyan District
4	Office	140	140,000	1,000	Ar Rayyan District
5	Office	250	270,000	1,080	Ar Rayyan District

Retail leases Across Khobar				
GLA (m ²)	Annual Rent (SAR)	Rent/m ² (SAR)	Location	
36	90,000	2,500	Thuqbah	
30	45,000	1,500	Thuqbah	
40	50,000	1,250	Thuqbah	
289	400,000	1,384	Madinat Al Umal	
60	70,000	1,167	Al Andalus	
40	30,000	750	Al Aqrabiyah	

Equally, the client has provided us the rental details referred below of the (11) subject property's which we have assumed 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 Rent (SAR)	BUA (sqm)	Ave. Rent/sqm (SAR)
1	Khalidiyah Business Centre	13,939,035	24,860.77	560.68
2	Rawdah Business Centre	10,632,000	17,526.74	606.62
3	Panda Al Hamadaniah	2,845,151	5,858.00	485.69



4	Panda Ishbilyah	5,822,670	10,784.00	539.94
5	Jazeera Compound	7,145,000	16,606.00	430.27
6	Burj Al Hayat	3,400,000	6,574.00	517.19
7	Public Prosecution Office	5,500,000	19,342.00	284.36
8	Panda Rayaan	4,966,761	9,800.00	506.81
9	Al Hukair Time	2,200,000	3,326.00	661.46
10	Saudi Fransi Bank	1,500,000	879	1,706.48
11	Ajdan Walk	25,000,000	32,212.08	776.11

Source: Client 2019

2.12.3 ASSUMPTIONS & COMMENTARY

The subject property has been assessed as an investment property subject to the lease amount 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 commercial and residential properties in Riyadh, Jeddah & Dammam, KSA taking cognisance of the surrounding developments within the property which will ultimately form part of. This was done in an attempt to forecast our interpretation of performance of the subject property over the 10-year explicit cash flow period. In this instance, we have adopted the following rates:

Growth Rates & Operational Cost

The growth rates for the subject properties are as per lease contract agreements provide by the client which are summarized as follows:

Property #	Property Name	Growth Rates	Operational Cost
1	Khalidiyah Business Center	2.50%	12.34%
2	Rawdah Business Center	2.50%	12.76%
3	Panda Al Hamadaniah	5%	0%
4	Panda Ishbilyah	5%	0%
5	Jazeera Compound	2.50%	20%
6	Burj Al Hayat	5.88%	0%
7	Public Prosecution Office	0%	6%
8	Panda Rayaan	5%	0%
9	Al Hukair Time	13.64%	0%
10	Saudi Fransi Bank	33%	0%
11	Ajdan Walk	5%	0%

Exit Yield

The exit yield is a resultant extracted from transactional evidence in the market; however, due to anecdotal evidence and limited market activity we have had to rely



on anticipated investor expectations from typical property investments. These typically vary between 7% and 9%, with exceptions on either side, depending on the quality of the property, length of the leases and the location. Based on the above criteria we are of the opinion that a fair exit yield for the subject properties are shown on the succeeding table.

Discount Rate

The discount rate reflects the opportunity cost of capital. It reflects the return required to mitigate the risk associated with the particular investment type in question. To this we have to add elements of market risk and property specific risk. The market risk comes in the form of; inter alia, potential competition from existing and latent supply. Market risk will also reflect where we are in the property cycle. For the purpose of our valuation calculations, we have adopted the following exit yields & discount rates.

Property #	Property Name	Exit Yield	Discount Rates
1	Khalidiyah Business Centre	8.0%	10.5%
2	Rawdah Business Centre	8.0%	10.25%
3	Panda Al Hamadaniah	7.0%	8.5%
4	Panda Ishbilyah	7.0%	8.5%
5	Jazeera Compound	8.5%	10%
6	Burj Al Hayat	8.5%	10.5%
7	Public Prosecution Office	8.0%	9.0%
8	Panda Rayaah	7.0%	9.5%
9	Al Hukair Time	7.0%	8.0%
10	Saudi Fransi Bank	7.5%	8.75%
11	Ajdan Walk	7%	7.5%

2.12.4 VALUATION SUMMARY

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

Property #	Property Name	Location	Value - Rounded (SAR)
1	Khalidiyah Business Centre	Jeddah	155,000,000
2	Rawdah Business Centre	Jeddah	108,200,000
3	Panda Al Hamadaniah	Jeddah	39,000,000
4	Panda Ishbilyah	Riyadh	80,000,000
5	Jazeera Compound	Riyadh	65,000,000
6	Burj Al Hayat	Riyadh	38,200,000
7	Public Prosecution Office	Jeddah	63,000,000
8	Panda Rayaah	Dammam	65,000,000
9	Al Hukair Time	Dammam	32,000,000
10	Saudi Fransi Bank	Dammam	27,200,000
11	Ajdan Walk	Khobar	357,000,000
Total Portfolio Value (SAR)			1,029,600,000



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 Discounted Cash Flow Approach 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 1,029,600,000 (One Billion Twenty-Nine Million, Six 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 place. Analysts are forecasting non-oil GDP to grow by 1.4% this year, compared to 1% in 2017. Even here, the non-government sector is coping relatively poorly. Analysts are forecasting non-oil private sector growth of 1.1%, this year, up from 0.7% last year. The reforms that have been pushed through to date have led to important changes aiding the economy. The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce. Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars. A due enactment of law will encourage public-private partnerships to herald more foreign investment. The economic transformation that the KSA has embarked upon is complex and multidimensional and will certainly take time to turn around a non-oil serviced economy, although there have been recent positive signs, but it will remain in the short term with the support of oil revenues. On the other hand, the KSA was resilient in the previous recession in 2007/2008 on strong oil reserves and not only can the Saudi government be relied upon to step in to rescue troubled lenders, reliable institutions for procedural reasons but crucially, it can also afford to do so, although has suffered due to previous oil price declines and it has meant increased spending.

Vision 2030 to diversify the economy from reliance on oil, has only just commenced and with a young and increasingly well-educated population, together with its own sovereign wealth fund, the Kingdom has many favourable factors to become a leading service sector economy in the region. Reform efforts include a reduction of subsidies on fuel and electricity and the implementation of a 5 per cent VAT 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 (KAFFD) along with 4 VOX screens opening at Riyadh Park Mall. The cinema entertainment is spurred on by Public Investment Fund (PIF) in collaboration with AMC Cinemas and led by the Development and Investment Entertainment Company (DIEC), a wholly owned subsidiary of PIF. With an objective of 30 to 40 cinemas in approximately 15 cities in Saudi Arabia over the next five years, and 50 to 100 cinemas in about 25 Saudi cities by 2030. As part of wider reforms to overhaul the economy and to allow for deep rooted diversification, the PIF have initiated plans to bolster the entertainment industry by forming ambitious plans such as the following:

Red Sea Tourism Project

To transform 50 islands consisting of 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.

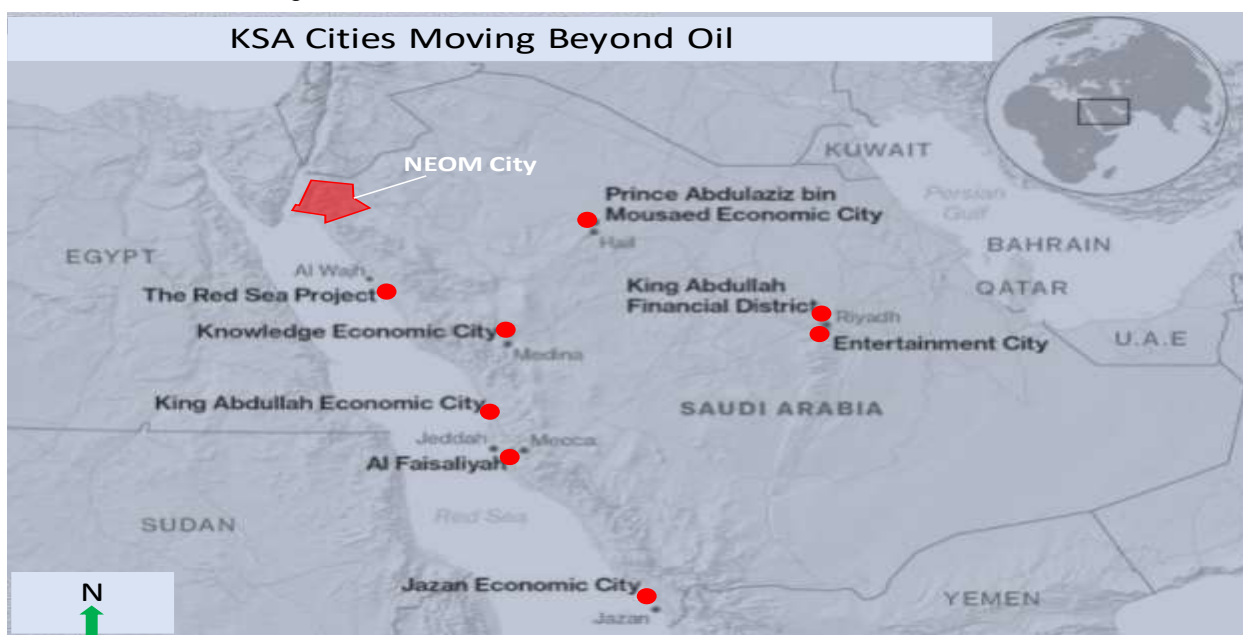
Al Faisaliyah Project

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 favorable in economic conditions.

Moreover, tax on development land implemented in 2017 has kept the construction sector afloat, encouraging real estate developers. Adapting to a new KSA economic reality has been inevitable, although the Kingdom’s oil dynamics remain pivotal for future development within the KSA 2030 economic vision plan. In latter part of 2017, the Public Investment Fund (PIF), Saudi Arabia’s sovereign wealth fund set up a real estate refinancing company aimed at advancing home ownership in the Kingdom, which suffers from a shortage of affordable housing. This initiative will create stability and growth in the Kingdom’s housing sector by injecting liquidity and capital into the market. Another plan to help kick start the real estate market by boosting the contribution of real estate finance to the non-oil GDP part. The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016).

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



The real estate market performance in 2018/19 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.

2.15 VALUATION UNCERTAINTY

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

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

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

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

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



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

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

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

2.16 DISCLAIMER

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

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

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

2.17 CONCLUSION

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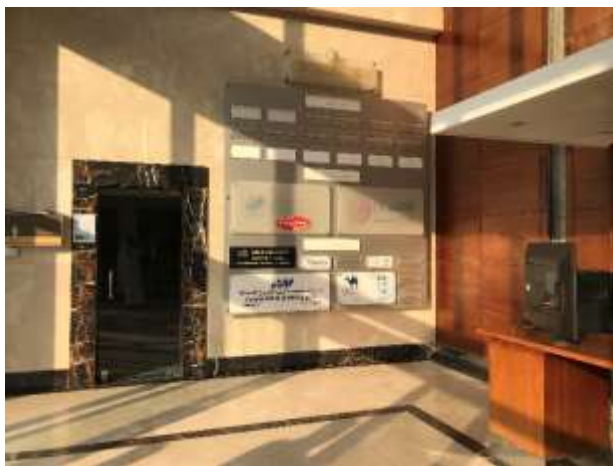


Private & Confidential

SEDCO Capital, Riyadh, KSA – June 2019

APPENDIX 1 - PHOTOGRAPHS

Property No. 1 – Khalidiyah Business Centre



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SEDCO Capital, Riyadh, KSA – June 2019

Property No. 2 – Rawdah Business Center



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SEDCO Capital, Riyadh, KSA – June 2019

Property No. 3 – Panda Al Hamadaniah



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Property No. 4 – Panda Ishbilyah



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SEDCO Capital, Riyadh, KSA – June 2019

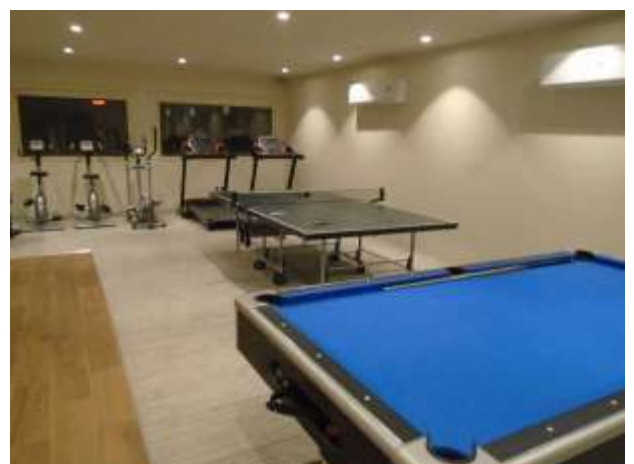
Property No. 5 – Jazeera Compound



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Property No. 6 – Burj Al Hayat



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SEDCO Capital, Riyadh, KSA – June 2019

Property No. 7 – Public Prosecution Building



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SEDCO Capital, Riyadh, KSA – June 2019

Property No. 8 – Panda Raya



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SEDCO Capital, Riyadh, KSA – June 2019

Property No. 9 – Al Hukair Time



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SEDCO Capital, Riyadh, KSA – June 2019

Property No. 10 – Saudi Fransi Bank



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SEDCO Capital, Riyadh, KSA – June 2019

Property No. 11 – Ajdan Walk





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