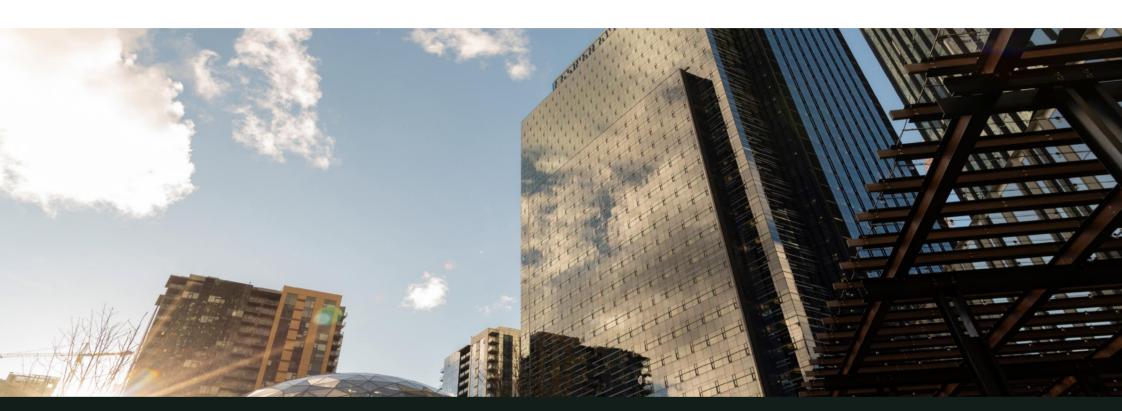
Report date:23/07/2023

Makeen Alqima





Real Estate Valuation



Valuation: Vittori Palace Hotel

Riyadh - King Abdullah District

Presented to / Alinma hospitality REIT Fund



Dears / Alinma hospitality REIT Fund

Subject: Vittori Palace Hotel Valuation Report

We, Makin Al-Qimah Real Estate Appraisal Company, extend our sincere thanks and appreciation for choosing us and giving you your precious trust to evaluate the property located in King Abdullah neighborhood in Riyadh, according to the assignment issued by you on 20/06/2023 AD based on the license granted to us with No. 1210001150 and the date of 21/07/1441 AH from Accepted by the Saudi Authority for Accredited Valuers, following the latest version of the international valuation standards 2022 AD, as well as the rules and ethics of the profession to reach the final impartial evaluation based on the actual inspection of the work team and the study of the market area surrounding the property. The fair value estimate has been reached using various evaluation methods with what it carries Accordingly, we are pleased to provide you with the real estate appraisal certificate listed below.

Based on the completed study, we are attaching to you the results of estimating the fair value of the property and its current status on the date of the valuation 6/30/2023 AD, located in King Abdullah district, in the city of Riyadh. The property is a land on which a hotel and villas are built, with a total area of 17,274 square meters according to the deed.

And the value of the property has been reached, with an amount of only (453,075,000) four hundred and fifty-three million and seventy-five thousand Saudi riyals.

with all gratitude and appreciation ...,,,



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Scope of work





Scope of work	Clarification
	Those carrying out the valuation work are:
Valuer Identity	1. Faisal Alsadoon Membership No. 1210001150
Client	Alinma hospitality REIT Fund
Intended users	Alinma hospitality REIT Fund
Other users	Investors of Alinma hospitality REIT Fund
The owner	Hotels Real Estate Development Company
The property being valuated	The property is land with a total land area of 17,274 square meters, according to the deed.
Real estate use	Hotel
Title deed number and date	499074003628 on 6/16/1444 AH
Ownership Type	Absolute ownership, According to the client's statement
Purpose of the valuation	Estimating the fair value for the purpose of inclusion in the financial statements, according to the agreed letter from the client
Valuer search scope	Adequate information was collected through the field visit, the apparent inspection, and the conduct of analyzes. A study was carried out from sites close to the real estate and from approved real estate offices in the real estate area, and all information was investigated and studied accurately.



Scope of work	Clarification
Commissioning date	20/06/2023
Inspection date	28/06/2023
Valuation date	30/06/2023
Report Date	23/07/2023
Report description	A report explaining the evaluation methodology, steps, foundations, hypotheses and results, with all the data and information of the report being explained in detail
Estimation Date	30/06/2023
Valuer search scope	Adequate information was collected through the field visit, the apparent inspection, and the conduct of analyzes. A study was carried out from sites close to the real estate site and from approved real estate offices in the real estate area, and all information was investigated and studied accurately.
Valuation Approach	Income Approach and Cost Approach
Value basis	90.1 IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 90.2 For accounting purposes, more than 130 countries impose the use of international accounting standards issued by the International Accounting Standards Board. In addition, the Financial Accounting Standards Board in the United States uses the same definition of fair value under the title No.820 The market value is the estimated amount on the basis of which the property should be exchanged on the
	date of evaluation between a willing buyer and a willing seller within the framework of a transaction on a neutral basis after appropriate marketing where each of the parties acts on the basis of knowledge and wisdom without coercion or coercion (criterion 104).
Valuation currency	Saudi riyal
Valuer opinion	Based on the use of the income method (cash flow method) mainly, the market value was reached in the amount of only (453,075,000) four hundred and fifty-three million and seventy-five thousand Saudi riyals, according to the market situation



.2 Scope of work

Scope of work Clarification

Valuation Standard followed

All work has been carried out according to the system of accredited residents and the regulations related to the real estate valuation issued by the Saudi Authority for Accredited Valuers (Valuation) and the latest version of the International Valuation Standards (IVS) published by the International Valuation Standards Council (IVSC) and the residents who adhere to its requirements and the valuations may be subject to follow-up from Prior to these bodies, the review includes valuation reports conforming to the requirements of the 2022 international assessment standards.

information

Nature and source of The information contained in the report was issued by official bodies or offices specialized in research and studies, and with reference to the archives of Makin Al-Qimah Real Estate Appraisal

Important assumptions or special assumptions

Our company does not bear any responsibility for any information received from the customer, which is supposed to be safe and reliable, and our company does not acknowledge the accuracy or completeness of the available data and does not express its opinion and does not offer any kind of guarantees for the accuracy or completeness of the data except in It is clearly indicated in this report.

Report usage restrictions

Assessments and reports are confidential to the directing party and to whomever is referred to it for a specific purpose, with no liability whatsoever for any third party. This report may not be published in full or any part of it or referred to in any document, statement, periodic publication or in any medium. Communicate with any third party without our prior written consent in the form and context in which they appear.



1.3 stages of work

Scope of work

Meeting with the client and defining the scope of work, including the purpose of the valuation, the basis of value, the parties concerned, the date of the valuation, and any special or important assumptions, including the clarity of the mandate and the expected outputs from it.

Inspection and site analysis

Inspecting the property, identifying its properties and specifications, matching the documents with the reality, analyzing the property's location and the uses surrounding the property, specifying the scope of geographical research, activities and appropriate projects.

Data collection and analysis

To collect office and field market data and analyze it to gain knowledge of past and current market trends and market indicators that will be relied upon when applying valuation methods.

Apply the valuation path

Based on the scope of work and market analysis, appropriate valuation methods are determined and all assumptions and inputs are made to carry out financial accounts to reach the market value according to the methods chosen.



1.4 Report limitations

No legal document was verified for the property that was evaluated or for legal issues involving ownership or mortgage, and it was assumed that the information was according to the client's statement and valid.

The information provided by other parties, especially with regard to planning, land ownership, renting, etc., on which all or part of this report was based, was considered reliable, but its validity was not confirmed in all cases, and no guarantee was given regarding the validity of this information. If this information appears to be incorrect, the value contained in this report may change.

Values estimated in this report are for the property in question, so they could be incorrect if used otherwise.

The property has been inspected outwardly, and the property has not been structurally examined or any defects that are not apparent have been noticed. Therefore, it must be understood that this is an Valuation report and not a structural examination.

This Valuation report is valid only if it bears the company's seal and the signature of its accredited evaluators.

Makin Al-Qimah Real Estate Appraisal acknowledges that the Valuation is independent of any party and that there is no bias towards the Valuation parties and for the purpose of listing the financial statements.

The Borders and lengths are according to the client's statement, and the company is not responsible for the limits and lengths, and therefore the total area is taken according to the client's statement, and the company is not responsible for that.

Investment properties in the financial statements:

IAS 40 defines investment property as any property (land or a building - or part of a building - or both) held (by the owner or by the lessee as a right-of-use asset) to earn rental income or To grow the capital or for both, and not:

For use in producing or supplying goods or providing services or for administrative purposes or for sale in the ordinary course of business.



Report Assumptions

- Makin Al-Qimah Real Estate Appraisal is committed to the confidentiality of the information contained in the report.
- This assessment is related to the estimation of fair value under the current circumstances.
- All documents submitted by the client (deed, building permit, and contracts) are on his responsibility, and Makeen Real Estate Appraisal
 Company has no responsibility for the documents related to this property. The accuracy or completeness of the available data and does not express its opinion and did not make any kind of guarantee for the accuracy or completeness of the data except as indicated clearly in this report.
- No legal document was verified for the property that was evaluated or for legal issues involving ownership or mortgage, and it was assumed that the information according to the client's statement (the ownership and deed documents) is current and valid.
- The property was evaluated in accordance with international standards 2022 AD and the International Financial Reporting Standard (IFRS 13).
- The area of the hotel is assumed to be 5,312.69 of the total area of the property



Regulatory framework on the International Valuation Standards (IVS 2022)

- The general framework: the accepted valuation principles and the concepts that should be followed when applying these standards with regard to objectivity, discretionary judgment, efficiency, and the possibility of deviating from the standards. mentioned in the reports
- 60.3 Some professional appraisal institutions or regulations allow procedures that deviate from the International Appraisal Standards and in such circumstances, except as described in paragraphs 60.1 and 60.2, the resulting valuation will not be in compliance with the Standards.
- General Standards Criterion 101 Scope of Work Paragraph 20: Emphasizing that the valuation will be prepared in accordance with international valuation standards and that the valuer will assess the appropriateness of all important inputs: Deviations from international evaluation standards and their nature must be mentioned, which are:
- (The resulted value was by estimating the fair value, not the market value of the property, and the exit is considered based on the market value, which is in Standard 104).



Standard 102: Compliance with standards and research and survey work

- The research and investigation activities undertaken within the framework of the evaluation assignment are appropriate to the valuation purpose and basis of value.
- In the event that there are restrictions on the research and investigation carried out by the valuer that does not enable him to adequately evaluate the inputs and Assumptions that have been clarified in the special Assumptions.
- Taking into account the reliability of the information so as not to negatively affect the credibility of the evaluation opinion. The important inputs submitted to the valuer (from the client or his representative) were considered, researched and proven.
- The following matters have been taken into account in order to consider the credibility and reliability of the information provided:
- The purpose of the evaluation.
- The relevance of the information to the outcome of the assessment.
- The issuer's practical experience in relation to the subject matter of the evaluation.
- Is the source independent of the asset being evaluated or the beneficiary of it.



1.5 Description of the property

The property is a hotel building (Vittory Palace) - with a 5-star rating. It is located in King Abdullah neighborhood, south of Al-Urouba Road, in the city of Riyadh. The land area is 17,274.00 square meters and the building area is 34,982.53 square meters, according to the license. The building consists of 3 hotel buildings called (A, B, C) in addition to hotel villas. The buildings consist of a basement, a ground floor, and 3 floors. The buildings consist of a basement, a ground floor, and 3 hotel residential floors, an emergency room, and services.





2.1 Real estate data and Services available in the real estate area

Real Estate Data					
City	Riyadh Neighborhood		King Abdullah		
The street	Al Urubah Rd	Property type	Hotel		
Land area	17,274.00 square meters	17,274.00 square meters The plot number			
No. land plan	3220	Land use according to regulations	Residential /Commercial /Office		
location coordinates	46.743388 24.734517				

Services and facilities available in the real estate area					
Telephone network	Sewerage network	Water network	Electricity network		
Available	Available	Available	Available		
Garden	Water drainage network	Public markets	Mosque		
Available	Available	Available	Available		
Hotels	Governmental services and centers	Medical services	Shopping center		
Available	Available	Available	Available		
Civil defense	Petrol station	Restaurants	Banks		
Available	Available	Available	Available		

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Building information

Permit number	Permit date	Expiry date	Property use	Property age
1434/7046	06/04/1434	06/04/1437	Hotel	6 years

Permit and building information					
S/N	building components	Area m2			
1	Basement	692.24			
2	Ground floor	5916.72			
3	Residential ground floor	2304.00			
4	First floor	6153.99			
5	second floor	6153.99			
6	Residential first floor	2592.00			
7	Electricity Room	20.00			
8	Upper extensions	3076.59			
9	Upper extensions	1296.00			
10	Fences	549.00			



2.3 Legal information

Use	Property Type	Date of the title deed	owner's name	Deed number
A hotel built on a land	According to the deed	AH 16/6/1444	Real estate hotel development company	499074003628

Borders and lengths of the Earth					
Direction	Borders	Lengths (m)			
North	566 +75 + 109.07 + 9.54	Street width 30 m			
South	172.26 + 15.33 + 5.56	Street width 20 m			
East	36	Mosque			
West	137.43	Street width 30 m			



2.3 Legal information

The location of the property at the city level

The location of the property at the neighborhood level







46.743388

24.734517



Valuation





3.1 Valuation methods

Cost approach

It is an valuation method that calculates
the capital or market value of a property by
adding the value of the property's land to
the value of the buildings constructed on
the site

Income approach

It is a method of estimating the value of a real estate or real estate that generates income (such as rental residential properties, commercial centers, markets) based on the forecast of future income of the property being evaluated. The value index of the property is extracted by calculating the present value of the net operating income or the expected net rental value of the property.

Market approach

It is a method of estimating the value of a real estate based on a market comparison between the property being valued and similar real estate in the same area that was recently sold. The value Indicator of the property being valuated is obtained by applying appropriate comparison units and making adjustments to the selling prices of similar properties based on the comparison elements









3.2 Value Estimation





3.3 Valuation Methods Used

Valuation approach	Market approach	Cost approach	Income approach
Used method	Market approach was used as an assist	Cost approach was used as an assist	Income approach was mainly used
Valuation methods used	Field survey (comparisons carried out in the real estate area and offered land prices)	Depreciated replacement cost method for buildings	Discounted cash flow method
Reasons for use	Basic method to find out similar real estate in the market and estimate the price per square meter of land	The nature of the property and the fact that the land is built on it and to estimate the construction cost of the property	The fact that the property is a hotel and generates income and its activity is derived from the income of the rooms and suites



Income Approach (Discounted Cash Flow Method)

To estimate the market value based on the purpose of evaluation and the nature of the property, the income method (discounted cash flow method) will be relied upon as the main method for estimating the value of the property under evaluation, as the main purpose of establishing the hotel is to generate income from suites and hotel rooms.

Income Approach

The income method provides an indication of the value by converting the future cash flows into one present value. According to this method, the value of the asset is determined by reference to the value of the revenues, cash flows, or cost savings from the asset.

Discounted Cash Flow Method

It is a financial method for estimating the value of real estate that falls under the income Approach. The value index is derived by calculating the present value of future cash flows.

According to international valuation standards (Standard 105, Paragraph 40.1), the income Approach provides an indication of the value by converting the future cash flows into a single present value, and according to this Approach, the value of the asset is determined by reference to the value of future revenues or cash flows to a single present value, and according to this The method The value of the asset is determined by reference to the value of revenues, cash flows, or cost savings from the asset, although there are many ways to apply the income method, but the methods used within the framework of the income method depend largely on discounting the amounts of future cash flows to a present value, as they are These are various applications in the use of the discounted cash flow method (Standard 105, Paragraph 50.1).



Occupancy Ratio and Credit Risk:

Credit risk arises due to the change in the economic conditions and the operating climate of the hotel, which affects the cash flows. Occupancy percentage is a major concept and key performance indicator used in real estate business as it shows the amount of space available in the building in relation to the leased or rented space. The occupancy rate also represents the share of occupied rooms. During a certain period of time, the occupancy rate is usually expressed as a percentage, and in this property the occupancy rate is considered to be 100% because the property is leased under one contract. However, a look at similar properties was made to know the occupancy rates according to the market situation, and for the evaluation according to the market situation, a review was made The occupancy rate is 70% for the real estate subject of evaluation in order to make similar comparisons, although most of the similar properties are under one contract, and therefore the vacancy rates are 0% as the contract.

	Similar real estate to clarify the statement of occupancy rates from the market							
S/N	City	District	Name	Revenue or income	Coordinates	Occupancy Ratio %		
	Riyadh	Al-Sahafa	Marriott hotel	65,513,556	24.79250 46.63245	%75		
2	Riyadh	Mohammedia	Gardeno Hotel	3,785,000	24.726725 46.651791	%100		
3	Riyadh	Olaya	Burj Al Hayat Hotel	1,520,000	24.676921 46.691337	%65		



Operational and Capital Expenditure Rate:

There is a set of features and characteristic of the hotel activity, which leaves its effects on the costs of the hotel. The preparation of lists of costs and business results in the hotel activity is subject to the requirements of the theory of variable costs. Operational expenses are the expenses related to renting and maintaining the property. Good for achieving adequate annual income, and the percentage of operating expenses is 30% - 45% for similar projects in the region, depending on the market situation, and lease contracts often include the rental value and the value of maintenance services for the facilities on it. The rate of operating and capital expenses is assumed at 0% (according to the contract). All the costs of common services expenses, cleaning and maintenance of the building, and the expenses of managing and monitoring security on the tenant, and when assessing according to the market situation, the percentage of operating and capital expenses was set at 40.5%, according to the market situation.

Operating and capital expenditure rate comparisons								
S/N	City District Name Operational and Capital Expenditure Rate		City	DISTRICT Name		District	Operational and Capital Expenditure Rate	Coordinates
1	Riyadh	Al-Sahafa	Rose Continental Hotel	42%	24.807961 46.625833			
2	Riyadh	Al-Sahafa	Swiss Spirit Metropolitan Hotel	35%	24.806954 46.625835			
3	Riyadh	Al-Sahafa	Swiss International Royal Hotel	45%	24.805425 46.625581			
4	Riyadh	Al-Aqiq	Executives Hotel	40%	24.779127 46.637498			
5	Riyadh	Al-Aqiq	Grand Plaza Hotel	38%	24.783592 46.635259			



The capitalization rate is a rate used to convert income into value and is used to estimate the recoverable value of the property. There is more than one way to derive the capitalization rate. Each of these methods depends on the use of the recent past as a means of predicting the future. It is a real estate valuation metric used to compare different real estate investments. Although there are many differences, the interest rate is often calculated as a ratio between the net operating income generated by the asset and its original capital cost, or rather its current market value.

Capitalization Ratio Analysis - Market Survey Method

The capitalization rate is affected by the demand and supply rates for the same type of real estate, as well as the quality and finishes of the real estate. Here, the capitalization rate was calculated by taking the average from the market survey of declared REIT properties, which are as follows:

	Market data for capitalization rates from a market survey of studies in REIT funds										
S/N	City	District	Name	Revenue or income	Coordinates	Capitalization Rate					
1	Riyadh	Al-Sahafa	Marriott hotel	65,513,556	46.63245 24.79250	%8					
2	Riyadh	Mohammedia	Gardeno Hotel	3,785,000	46.651791 24.726725	%8					
3	Riyadh	Olaya	Burj Al Hayat Hotel	1,520,000	46.691337 24.676921	%8					



Field survey offers for nearby hotels

The prices of lands, offices, exhibitions, and hotels greatly affect real estate development and various land uses, as they are considered one of the main factors in determining the annual financial return rate for various uses, and also affect many other urban planning aspects such as building systems and what they include in terms of building heights and setbacks as well. Collecting data from the reality of the market is very difficult because the Saudi market does not enjoy transparency and it is difficult to collect information accurately. Some comparisons were taken and analyzed as an embodiment of the market, by identifying the areas of the rooms, as well as the average rental price per day. The comparisons are:

				Field Sur	vey Offers					
Notes	Coordinates	Offer type	Stars level	Price per night SR	Area m2	Property type	Name	District	City	م
Junior Suite	24.807961 46.625833	Rental	4	450	40	Hotel	Rose Continental	Al- Sahafa	Riyadh	2
Deluxe room	24.806954 46.625835	Rental	3	470	35	Hotel	Swiss Spirit Metropolitan	AI- Sahafa	Riyadh	3
Junior Suite	24.805425 46.625581	Rental	4	445	34	Hotel	Swiss International Royal Hotel	Al- Sahafa	Riyadh	4
Standard Double Room	24.779127 46.637498	Rental	4	465	45	Hotel	Executives Hotel	Al-Aqiq	Riyadh	5
Standard Double Room	24.783592 46.635259	Rental	4	400	35	Hotel	Grand Plaza	Al-Aqiq	Riyadh	6



Estimating the discount rate

The discount rate is the required rate of return, which is used to discount future cash flows to estimate the present value. The discount rate can be estimated through several methods, as follows:

1/ Opportunity Cost of Capital.

2/ Internal Rate of Return, IRR.

3/ The build-up model.

4/ Market capitalization rate adjustment.

5/ Weighted Average Cost Capital, WACC.

- In this report, the discount rate was estimated using the cumulative model method (The Build-up model), and it was chosen because the real estate area is growing annually for the duration of the contract, and it is subject to increase for the next five years as well, as follows:
- The rate of return on government bonds for a maturity period greater than one year is 4.7%, (Saudi Central Bank).
- Inflation rate: 3% (which is inflation resulting from an increase in demand for real estate, as well as a change in the productive capacity of the economy, or because of inflation resulting from an increase in costs due to an increase in wages or prices of raw materials, or monetary inflation due to an increase in the volume of money supply).
- The market risk premium is 1% (it is the return that the investor obtains in the real estate in exchange for the risks that he assumes by investing in the real estate.) The higher the risk of real estate, the higher its profit return, and vice versa (the market is in a state of stagnation as a result of the uncertainty in the economic performance of the coming years).
- Expected risk premium is 0.3% (risks related to low returns (rents) as a result of lack of demand for offices or the deterioration of the administrative and operational status of the project and the subsequent marketing and management, and thus the decrease in its economic attractiveness and the decline of its reputation among investors).



Quantitative analysis of the discount rate

	Disc	count rate calculation
Government bond rate of return	%4.7	Saudi Central Bank
Inflation rate	%3	Saudi Central Bank
Market risk premium	%1	It includes an increase in interest rates, the risks of relying on income revenues, and the risks of competition, estimated according to the experience of the evaluation team for the commercial real estate market for the coming period.
Special risk premium	%0.3	The risks of the property itself include a decrease in rental values, an increase in the occupancy rate and its competitiveness in the market for the coming period, estimated according to the experience of the evaluation team for the hotel real estate market for the coming period
Discount rate	9	



Growth Rate and Cash Flow Periods:

The concept of growth rate is used to study the continuous change of quantities that change at a certain rate and increase continuously, such as population growth, gross domestic product, energy consumption rate, and others.

Returning to the market first, we find that taking into account the assessment of the market research centers for banks, they say that the increase in rental prices and recent expansions are expected to be higher than the impact of the increase in interest rates on the investments of REIT funds.

And then reviewing the contract secondly, and the future outlook for the property is optimistic due to the high demand for this type of similar real estate in the area surrounding the property, as well as taking into account the growth of similar properties and the level of internal and external finishes of the property under valuation.

- Assuming the growth rate after the fifth year is 10%, according to the status of the contract.
- Growth rate from the second year was assumed to be 10% until the end of the discounted cash flow period, depending on the market situation.
- The discounted cash flow period is 10 years according to the years of the contract, because the property is leased for a long period of time by the lessee, in line with the renewal of the contract.



Estimating the value using the Income Approach - Cash Flow Method by contract

Assumptions of the Discounted Cash Flow Method by Contract									
Expected rental value according to the contract	33,004,650	Discount rate	9%						
Average operating and capital expenses	0%	Capitalization rate	8%						
Occupancy rate and credit risk	0%	Growth rate - after the fifth year	10%						
Cash flow period (years)		10							

						<u> </u>							
							Ye	ar					
Cash flow -	Cash flow - Inflows		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Reversio
		1	1	2	3	4	5	6	7	8	9	10	value
Expecte	ed growth value		0%	0%	0%	0%	0%	10%	0%	0%	0%	0%	
Real estate	Contract ren	tal value											
Vittori Palace Hotel	33,004,0	650	33,004,650	33,004,65 0	33,004,6 50	33,004,6 50	33,004, 650	36,305,1 15	36,305,115	36,305,1 15	36,305,11 5	36,305,11 5	
Total rental income	33,004,650		33,004,650	33,004,65 0	33,004,6 50	33,004,6 50	33,004, 650	36,305,1 15	36,305,115	36,305,1 15	36,305,11 5	36,305,11 5	
Minus occupancy rate and credit risk	0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Annual vacancy value			0	0	0	0	0	0	0	0	0	0	
Actual total rental income			33,004,650	33,004,65 0	33,004,6 50	33,004,6 50	33,004, 650	36,305,1 15	36,305,115	36,305,1 15	36,305,11 5	36,305,11 5	
Decreased rate of operating and capital expenses	0%		0	0	0	0	0	0	0	0	0	0	
Building net operating income (NOI)			33,004,650	33,004,65 0	33,004,6 50	33,004,6 50	33,004, 650	36,305,1 15	36,305,115	36,305,1 15	36,305,11 5	36,305,11 5	
Reversion value of	of the building												453,813 38
Net cash flow			33,004,650	33,004,65 0	33,004,6 50	33,004,6 50	33,004, 650	36,305,1 15	36,305,115	36,305,1 15	36,305,11 5	36,305,11 5	453,813 38
Discount factor			1	0.842	0.772	0.708	0.650	0.596	0.547	0.502	0.460	0.422	0.422
Present value of cash flow			30,279,495	27,779,35 4	25,485,6 45	23,381,3 26	21,450, 758	21,647,5 54	19,860,141	18,220,3 13	16,715,88 3	15,335,67 3	191,695 12
The net present value of the property													411,852 55
Final property value (after rounding off)	412,000,000												



Estimating the value using the Income Approach - Market-based cash flow method

Assumptions of	of the market Discou	unted Cash Flow Method	
expected rental value according to the market	49,500,000	Discount rate	9%
Average operating and capital expenses	40.6%	Capitalization rate	8%
Occupancy rate and credit risk	30%	Growth rate - from the second year	10%
Cash flow period (years)		10	



Value estimation by the Income Approach – Market income analysis

Analysis of rooms and suites according to the market situation									
Clause	Value	Unit							
Number of days in the year	365	Day							
annual occupancy rate	70%	Percentage							
Number of operating days per year	256	Day							
Number of days for the remainder of the year	110	Day							
Number of rooms and suites	248	Room							
Calculation of opera	ting days of the year								
Average rental price for the day	525	SR							
Total income for the days of the year	33,266,100	SR							

Analysis of villas acc	ording to the market situation	n
Clause	القيمة	Unit
Number of days in the year	365	Day
annual occupancy rate	69.5%	Percentage
Number of operating days per year	254	Day
Number of days for the remainder of the year	111	Day
Number of villas	36	Villa
Calculation of o	perating days of the year	
Average rental price for the day	1200	SR
Total income for days of the year	10,958,760	SR



Value estimation by the Income Approach – Market income analysis

	Hotel Income Analysis (Based On Market Survey)									
	Description									
	Hotel revenue distribution	Value	Unit							
	Total income from rooms and suites	33,266,100	SR							
	Total income of the villas	10,958,760	SR							
	Gross income	44,224,860	SR							
	Income from food and beverage sales	4,422,486	SR							
no est sell tell tell con	Income from other facilities	884,497	SR							
Ŧ L	Gross income	49,531,843	SR							
Mr And And And And	Total income after rounding	49,500,000	SR							

							Ye	ar					
Cash flow - Inflows			2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Reversio
			1	2	3	4	5	6	7	8	9	10	value
Expecte	d growth value		0%	10%	10%	10%	10%	10%	10%	10%	10%	10%	
Real estate	Contract ren	tal value											
Vittori Palace Hotel	49,500,	000	49,500,000	54,450,00 0	59,895,0 00	65,884,5 00	72,472 ,950	79,720,2 45	87,692,27 0	96,461,4 96	106,107,6 46	116,718,4 11	
Total rental income	49,500,000		49,500,000	54,450,00 0	59,895,0 00	65,884,5 00	72,472 ,950	79,720,2 45	87,692,27 0	96,461,4 96	106,107,6 46	116,718,4 11	
Minus occupancy rate and credit risk	30%	Sec.	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	
Annual vacancy value			14,850,000	16,335,00 0	17,968,5 00	19,765,3 50	21,741 ,885	23,916,0 74	26,307,68 1	28,938,4 49	31,832,29 4	35,015,52 3	
Actual total rental income	,		34,650,000	38,115,00 0	41,926,5 00	46,119,1 50	50,731 ,065	55,804,1 72	61,384,58 9	67,523,0 48	74,275,35 2	81,702,88 7	
Decreased rate of operating and capital expenses	40.6%		14,067,554	15,474,30 9	17,021,7 40	18,723,9 14	20,596 ,305	22,655,9 36	24,921,52 9	27,413,6 82	30,155,05 0	33,170,55 5	
Building net operating income (NOI)			20,582,447	22,640,69	24,904,7 60	27,395,2 36	30,134 ,760	33,148,2 36	36,463,06 0	40,109,3 65	44,120,30 2	48,532,33 2	
Reversion value o	of the building												606,654 152
Net cash flow			20,582,447	22,640,69 1	24,904,7 60	27,395,2 36	30,134 ,760	33,148,2 36	36,463,06 0	40,109,3 65	44,120,30 2	48,532,33 2	606,654 52
Discount factor			1	0.842	0.772	0.708	0.650	0.596	0.547	0.502	0.460	0.422	0.4224
Present value of cash flow			18,882,978	19,056,21 7	19,231,0 44	19,407,4 76	19,585 ,526	19,765,2 10	19,946,54 2	20,129,5 38	20,314,21 3	.20,500,58 2	256,257 _, 70
The net present value of the property													453,076 97
					DR	AFT							35
Final property	452.075.000												



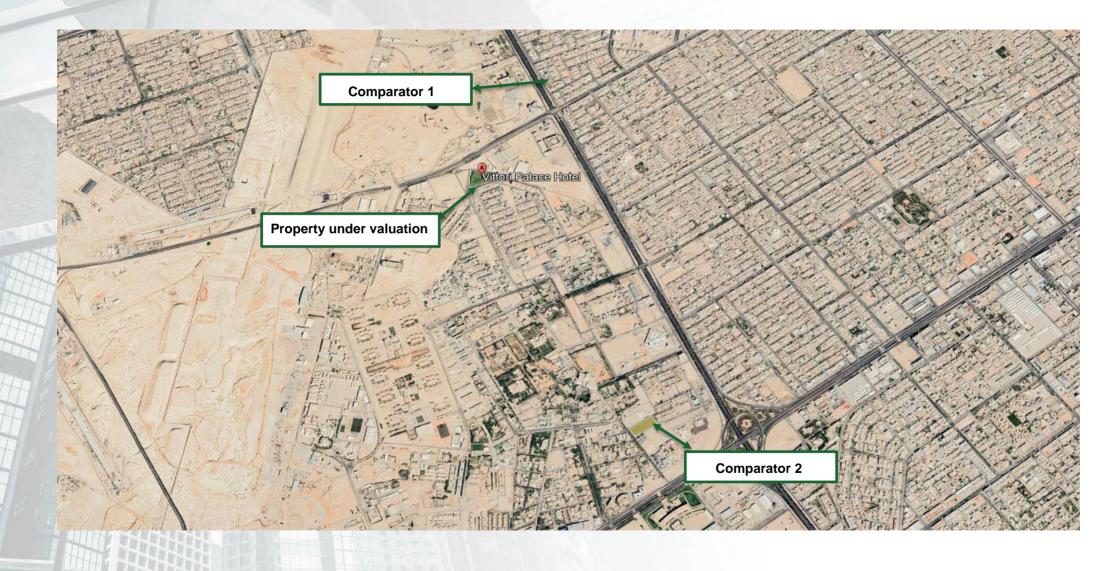
Estimating the value of the land according to the Market Approach

A comparative and consistent analysis was conducted of the similarities and differences between the comparative assets and the subject of evaluation, and the necessary adjustments were made to reflect the differences between the subject of evaluation and the comparative assets to apply the modified evaluation criteria to the subject of evaluation, which is the settlement between the value indicators to obtain an estimate of the price per square meter of the land subject to valuation.

Type of use	Area	price per square meter	Offer date
Residential Commercial Office	7,500	5,000	1/02/2023
Residential Commercial Office	9,000	6,500	1/11/2022



Photo map showing the comparable real estate from the real estate under valuation





Relative adjustment to obtain the land meter price

Clause	е		Compara	ative real estate	
Adjustments factors	Property under valuation	Comparator 1		Comparator 2	
Adjustments factors	Property under valuation	Value	Adjustment	Value	Adjustment
Price per square meter	?		5,000		6,500
Condition	?	Available of	fer	Available of	fer
Date of valuation/offer	28/03/2023	1/02/2023	3	1/11/2022	2
Market Condition	***	0%	0%	0%	-
Financing terms	***	0%	0%	0%	0%
Market conditions value	***		-		-
Value after initial settlements	***		5,000		6,500
Land area (m²)	17,274.00	7,500	-10%	9,000	-10%
Ease of access	Easy	Easy	0%	Average	10%
Property locations	High	High	0%	Average	10%
Land shape	Regular	Regular	0%	Flat	0%
Land topography	High	High	0%	High	0%
Land use	Residential Commercial Office	Residential Commercial Office	0%	Residential Commercial Office	0%
Surrounding streets	4	3	5%	4	0%
Total		-5.00%		10.00%	
Adjustment value pe	er square meter	1 12/6/2	250-		650
Final meter value aft	er Adjustments	1 10 6 1	4,750		7,150
Relative weight		45%		55%	
Net average value per sq	uare meter (SR / m²)				6,07
Net average square meter valu	e after rounding (SR / m²)	3 1 113 1			6,10
The market value of the	he land (SR / m²)	F 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1			105,371,40



Estimating the value of the property using the Cost Approach

irst: Construction Costs (Direct Costs)				
Clause	Built up area m2	SR / m2	Value (SR)	
Basement	6,920	3,500	24,220,840	
Ground floor	5,917	8,000	47,333,760	
Residential ground floor	2,304	8,000	18,432,000	
First floor	6,154	8,000	49,231,920	
second floor	6,154	8,000	49,231,920	
Residential first floor	2,592	8,000	20,736,000	
Upper extensions	4,373	8,000	34,980,720	
Fences	549	500	274,500	
Total (SR)	34,962.53		244,441,660	
Second: Other costs (indirect)				
Professional fees		2%	4,888,833	
Utilities Network		2%	4,888,833	
Administration costs	2%		4,888,833	
Developer's profitability	第第11年11年	20%	48,888,332	
	Total (SR)		63,554,832	
Total co	Total cost of buildings (SAR)			



Building information

Permit number	Permit date	Expiry date	Pro	perty use	Property age
1424/1824	01/02/1441	01/02/1442		Hotel	4years
	P	ermit and building infor	mation		
S/N		building component	ts		Area m2
1		Basement			1512.00
2		Mezzanine			453.70
3		Ground Commercial floor		519.76	
4		First floor 756.18		756.18	
5		Second floor 756.18		756.18	
6		Third floor 756.18		756.18	
7		Electricity Room			34.00
8		Upper extensions			248.28
9		Forth floor			756.18
10		Fifth floor			756.18
11		Fences 45.		45.00	



Third: Depreciation cost			
Life span of the property (years)	Year		40
The current age of the property (years)	Year		6
Remaining life of the property (years)	Year		34
Depreciation rate	%		15%
Depreciation value	SR		46,199,474
Final value of	of the building (SR)	261,797,018
Fourth: Value of the property according to the Cost Approach			
Final value	e of the land (SR)	105,371,400
Final value of buildings (SR)			261,797,018
Market value of the property according to the Cost Approach (SR)		Cost Approach (SR)	367,168,418
Market value of the property according	Market value of the property according to the Cost Approach after rounding (SR)		367,200,000



3.4 Final value of the property

The fair price of the value of the property was estimated using the Income Approach (discounted cash flow method) according to the market situation, on the date of the estimate 30/06/2023 AD.

Estimating the fair price in number	Estimate the fair price in writing	
453,075,000	Four hundred and fifty-three million and seventy-five thousand Saudi riyals	

CEO

Faisal Alsadoon

Membership number 1210001150

License for the real estate branch No. 1210001150 dated 07/2/1441































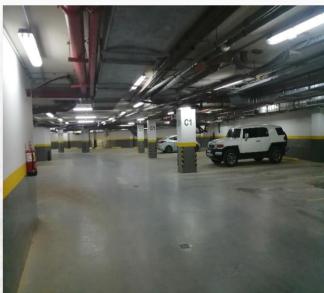














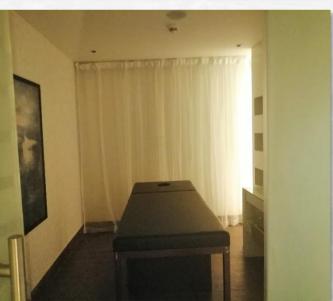












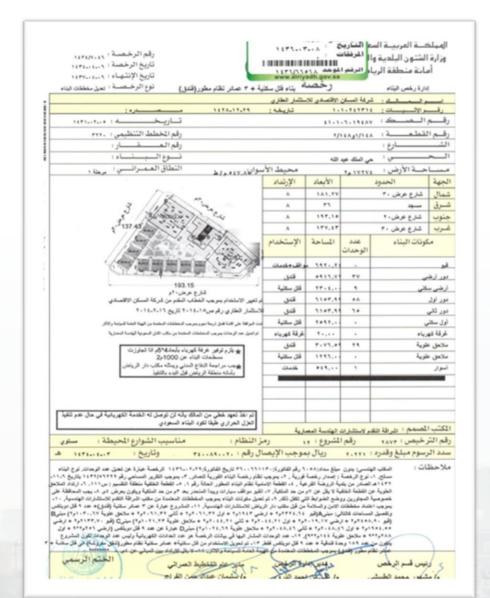


Appendices





4.1 Documents provided by the client







4.2 Documents provided by Makeen

رقَم المنشَاة:	شهادة تسجيل شركة مهنية Professional Company Registration Certificate	وزارة التجارة Ministry of Commerce
	مغص واحد	لشركة : شركة مكين القيمة للتقييم العقاري شركة ا
		ا الرئيسي : الرياض
وتنتمى في : ۲۲/۰۱/۱۱۵۰ هـ	تبدأ من : ۱۴۴۲/۱۰/۰۸	
0-90-7	رأس المال : ريال سعودي	القانوني:
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4.2 Documents provided by Makeen





ترخيص مزاولة مهنة لفرع تقييم العقارات

المقر الرئيسي: الرياض

فئة العضوية: أساسي

رقم الترخيص 1210001150 تاريخ إصداره 1441/7/21 هـ تاريخ انتهائه 1446/7/21 هـ

يرخص **فيصل عبدالمحسن عبدالله السعدون** (سعودي الجنسية) سجل مدني رقم 1045977004 لمزاولة المهنة وقد منح هذا الترخيص بعد أن استوفى شروط القيد الواردة في المادة الخامسة من نظام المقيمين المعتمدين الصادر بالمرسوم الملكي رقم (م/43) وتاريخ 1441/7/15 هـ بموجب قرار لجنة قيد المقيمين رقم (56 /ق3 /41) وتاريخ 1441/7/15 هـ









Valuer Identity

Name	Membership No for real estate branch	Signature	Stamp
Faisal Alsadoon	1210001150 Membership Type - Fellow	فعع	Makeen Alqima ومكين القيمة والمسلمة المسلمة ا

License for the real estate branch No. 1210001150 dated 07/21/1441





مكين القيمة Makeen Alqima Real Estate Valuation

King Fahd Road, Al qairouan, Riyadh

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+966 53 329 3322

makeenq.sa



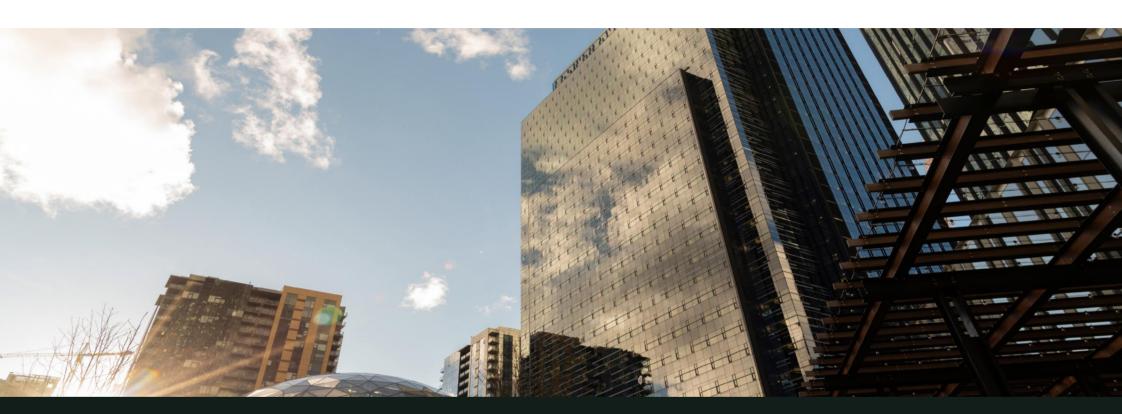
Report date:23/07/2023

Makeen Alqima





Real Estate Valuation



Valuation: Ascott Rafal Hotel

Riyadh -Olaya

Presented to / Alinma hospitality REIT Fund



Dears / Alinma hospitality REIT Fund

Subject: Ascott Rafal Hotel Valuation Report

We, Makin Al-Qimah Real Estate Appraisal Company, extend our sincere thanks and appreciation for choosing us and giving you your precious trust to evaluate the property located in Al-Sahafa neighborhood in the city of Riyadh, according to the assignment issued by you on 20/06/2023 AD based on the license granted to us with No. 1210001150 and the date of 21/07/1441 AH from Accepted by the Saudi Authority for Accredited Valuers, following the latest version of the international valuation standards 2022 AD, as well as the rules and ethics of the profession to reach the final impartial evaluation based on the actual inspection of the work team and the study of the market area surrounding the property. The fair value estimate has been reached using various evaluation methods with what it carries Accordingly, we are pleased to provide you with the real estate appraisal certificate listed below.

Based on the completed study, we are attaching to you the results of estimating the fair value of the property and its current status on the date of the valuation 6/30/2023 AD, located in Al-Sahafa neighborhood, in the city of Riyadh. The property is a land on which a hotel is built, with a total area of 5,312.69 square meters according to the deed.

And the value of the property has been reached, with an amount of only (274,865,000) two hundred and seventy-four million, eight hundred and sixty-five Saudi riyals.

with all gratitude and appreciation ...,,,



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1.3	Stages of work	7
1.4	Report Assumptions	8
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Scope of work





Scope of work	Clarification
Valuer Identity	Those carrying out the valuation work are:
value identity	1. Faisal Alsadoon Membership No. 1210001150
Client	Alinma hospitality REIT Fund
Intended users	Alinma hospitality REIT Fund
Other users	Investor of Alinma hospitality REIT Fund
The owner	Hotels Real Estate Development Company
The property being valuated	The property is land with a total land area of 5312.69 square meters, according to the deed.
Real estate use	Hotel
Title deed number and date	410115065922 on 6/2/1444 AH
Ownership Type	Absolute ownership, According to the client's statement
Purpose of the valuation	Estimating the fair value for the purpose of inclusion in the financial statements, according to the agreed letter from the client
Valuer search scope	Adequate information was collected through the field visit, the apparent inspection, and the conduct of analyzes. A study was carried out from sites close to the real estate site and from approved real estate offices in the real estate area, and all information was investigated and studied accurately.



Scope of work	Clarification
Commissioning date	20/06/2023
Inspection date	28/06/2023
Valuation date	30/06/2023
Report Date	23/07/2023
Report description	A report explaining the evaluation methodology, steps, foundations, hypotheses and results, with all the data and information of the report being explained in detail
Estimation Date	30/06/2023
Valuer search scope	Adequate information was collected through the field visit, the apparent inspection, and the conduct of analyzes. A study was carried out from sites close to the real estate site and from approved real estate offices in the real estate area, and all information was investigated and studied accurately.
Valuation Approach	Income Approach and Cost Approach
Value basis	90.1 IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 90.2 For accounting purposes, more than 130 countries impose the use of international accounting standards issued by the International Accounting Standards Board. In addition, the Financial Accounting Standards Board in the United States uses the same definition of fair value under the title No. 820 The market value is the estimated amount on the basis of which the property should be exchanged on the date of evaluation between a willing buyer and a willing seller within the framework of a transaction on a neutral basis after appropriate marketing where each of the parties acts on the basis of knowledge and wisdom without coercion or coercion (criterion 104).
Valuation currency	Saudi riyal
Valuer opinion	Based on the use of the Income Approach (cash flow method) mainly, the market value of the property was reached at an amount of only (274,865,000) two hundred and seventy-four million, eight hundred and sixty-five Saudi riyals, according to the market situation



.2 Scope of work

Scope of work Clarification

Valuation Standard followed

All work has been carried out according to the system of accredited residents and the regulations related to the real estate valuation issued by the Saudi Authority for Accredited Valuers (Valuation) and the latest version of the International Valuation Standards (IVS) published by the International Valuation Standards Council (IVSC) and the residents who adhere to its requirements and the valuations may be subject to follow-up from Prior to these bodies, the review includes valuation reports conforming to the requirements of the 2022 international assessment standards.

information

Nature and source of The information contained in the report was issued by official bodies or offices specialized in research and studies, and with reference to the archives of Makin Al-Qimah Real Estate Appraisal

Important assumptions or special assumptions

Our company does not bear any responsibility for any information received from the customer, which is supposed to be safe and reliable, and our company does not acknowledge the accuracy or completeness of the available data and does not express its opinion and does not offer any kind of guarantees for the accuracy or completeness of the data except in It is clearly indicated in this report.

Report usage restrictions

Assessments and reports are confidential to the directing party and to whomever is referred to it for a specific purpose, with no liability whatsoever for any third party. This report may not be published in full or any part of it or referred to in any document, statement, periodic publication or in any medium. Communicate with any third party without our prior written consent in the form and context in which they appear.



1.3 stages of work

Scope of work

Meeting with the client and defining the scope of work, including the purpose of the valuation, the basis of value, the parties concerned, the date of the valuation, and any special or important assumptions, including the clarity of the mandate and the expected outputs from it.

Inspection and site analysis

Inspecting the property, identifying its properties and specifications, matching the documents with the reality, analyzing the property's location and the uses surrounding the property, specifying the scope of geographical research, activities and appropriate projects.

Data collection and analysis

To collect office and field market data and analyze it to gain knowledge of past and current market trends and market indicators that will be relied upon when applying valuation methods.

Apply the valuation path

Based on the scope of work and market analysis, appropriate valuation methods are determined and all assumptions and inputs are made to carry out financial accounts to reach the market value according to the methods chosen.



1.4 Report limitations

No legal document was verified for the property that was evaluated or for legal issues involving ownership or mortgage, and it was assumed that the information was according to the client's statement and valid.

The information provided by other parties, especially with regard to planning, land ownership, renting, etc., on which all or part of this report was based, was considered reliable, but its validity was not confirmed in all cases, and no guarantee was given regarding the validity of this information. If this information appears to be incorrect, the value contained in this report may change.

Values estimated in this report are for the property in question, so they could be incorrect if used otherwise.

The property has been inspected outwardly, and the property has not been structurally examined or any defects that are not apparent have been noticed. Therefore, it must be understood that this is an Valuation report and not a structural examination.

This Valuation report is valid only if it bears the company's seal and the signature of its accredited evaluators.

Makin Al-Qimah Real Estate Appraisal acknowledges that the Valuation is independent of any party and that there is no bias towards the Valuation parties and for the purpose of listing the financial statements.

The Borders and lengths are according to the client's statement, and the company is not responsible for the limits and lengths, and therefore the total area is taken according to the client's statement, and the company is not responsible for that.

Investment properties in the financial statements:

IAS 40 defines investment property as any property (land or a building - or part of a building - or both) held (by the owner or by the lessee as a right-of-use asset) to earn rental income or To grow the capital or for both, and not:

For use in producing or supplying goods or providing services or for administrative purposes or for sale in the ordinary course of business.



Report Assumptions

- Makin Al-Qimah Real Estate Appraisal is committed to the confidentiality of the information contained in the report.
- This assessment is related to the estimation of fair value under the current circumstances.
- All documents submitted by the client (deed, building permit, and contracts) are on his responsibility, and Makeen Real Estate Appraisal
 Company has no responsibility for the documents related to this property. The accuracy or completeness of the available data and does not express its opinion and did not make any kind of guarantee for the accuracy or completeness of the data except as indicated clearly in this report.
- No legal document was verified for the property that was evaluated or for legal issues involving ownership or mortgage, and it was assumed that the information according to the client's statement (the ownership and deed documents) is current and valid.
- The property was evaluated in accordance with international standards 2022 AD and the International Financial Reporting Standard (IFRS 13).
- The area of the hotel is assumed to be 5,312.69 of the total area of the property



Regulatory framework on the International Valuation Standards (IVS 2022)

- The general framework: the accepted valuation principles and the concepts that should be followed when applying these standards with regard to objectivity, discretionary judgment, efficiency, and the possibility of deviating from the standards. mentioned in the reports
- 60.3 Some professional appraisal institutions or regulations allow procedures that deviate from the International Appraisal Standards and in such circumstances, except as described in paragraphs 60.1 and 60.2, the resulting valuation will not be in compliance with the Standards.
- General Standards Criterion 101 Scope of Work Paragraph 20: Emphasizing that the valuation will be prepared in accordance with international valuation standards and that the valuer will assess the appropriateness of all important inputs: Deviations from international evaluation standards and their nature must be mentioned, which are:
- (The resulted value was by estimating the fair value, not the market value of the property, and the exit is considered based on the market value, which is in Standard 104).



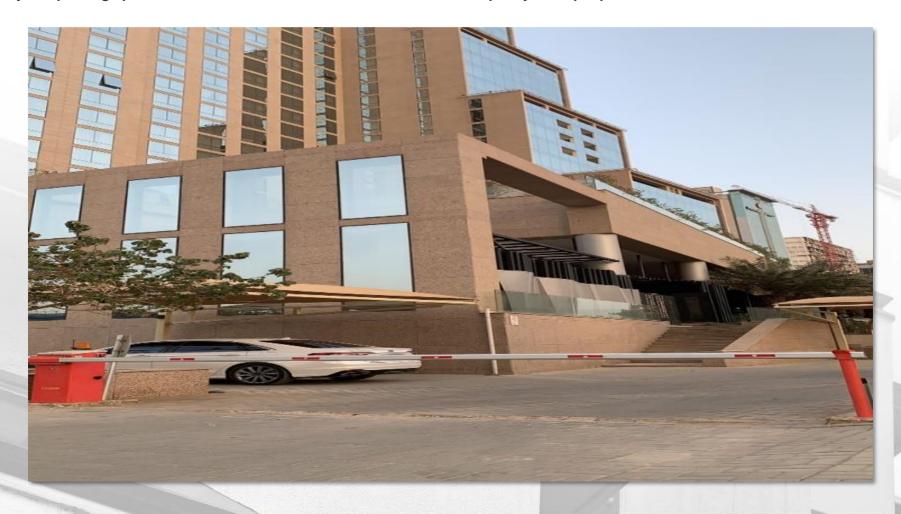
Standard 102: Compliance with standards and research and survey work

- The research and investigation activities undertaken within the framework of the evaluation assignment are appropriate to the valuation purpose and basis of value.
- In the event that there are restrictions on the research and investigation carried out by the valuer that does not enable him to adequately evaluate the inputs and Assumptions that have been clarified in the special Assumptions.
- Taking into account the reliability of the information so as not to negatively affect the credibility of the evaluation opinion. The important inputs submitted to the valuer (from the client or his representative) were considered, researched and proven.
- The following matters have been taken into account in order to consider the credibility and reliability of the information provided:
- The purpose of the evaluation.
- The relevance of the information to the outcome of the assessment.
- The issuer's practical experience in relation to the subject matter of the evaluation.
- Is the source independent of the asset being evaluated or the beneficiary of it.



1.5 Description of the property

The property is an Ascott Hotel within the Rafal Tower property, and it includes 234 serviced hotel suites, and it consists of the first floor to the tenth floor (according to the client's disclosure). The hotel consists of a total number of parking spaces within 2 basement floors, with a total number of approximately 146 parking spaces. The hotel has 6 Mitsubishi elevators with a capacity of 21 people.





2.1 Real estate data and Services available in the real estate area

Real Estate Data			
City	Riyadh	Neighborhood	Asshafah
The street	Olaya Main Road	Property type	Hotel
Land area	5312.69 square meters	The plot number	According to the deed
No. land plan	According to the deed	Land use according to regulations	Residential /Commercial /Office
location coordinates	46.3626400 24.808876		

Services and facilities available in the real estate area				
Telephone network	Sewerage network	Water network	Electricity network	
Available	Available	Available	Available	
Garden	Water drainage network	Public markets	Mosque	
Available	Available	Available	Available	
Hotels	Governmental services and centers	medical services	Shopping center	
Available	Available	Available	Available	
Civil defense	Petrol station	Restaurants	Banks	
Available	Available	Available	Available	

14



Building information

Permit number	Permit date	Expiry date	Property use	Property age
6431/6465	28/03/1434	28/03/1437	Residential/Commercia/ Office	8 years

Permit and building information				
S/N	building components	Area m2		
1	mezzanine	1287.00		
2	Second basement	10957.00		
3	first basement	5478.00		
4	first floor	1287.00		
5	second floor	2350.00		
6	Third floor	2351.00		
7	Electricity Room	20.00		
8	fourth floor	2354.00		
9	Fifth floor	2354.00		
10	Sixth floor	2354.00		
11	Seventh floor	2354.00		
12	Eighth floor	2108.00		



2.3 Legal information

Use	Property Type	Date of the title deed	Owner's name	Deed number
A hotel built on a land	According to the deed	<i>-</i> ≥ 2/6/1444	Real estate hotel development company	410115065922

Borders and lengths of the Earth				
Direction	Borders	Lengths (m)		
North	According to the deed	According to the deed		
South	According to the deed	According to the deed		
East	According to the deed	According to the deed		
West	According to the deed	According to the deed		



2.3 Property subject of valuation

The location of the property at the city level

The location of the property at the neighborhood level







46.3626400

24.808876



Valuation





3.1 Valuation methods

Cost approach

It is an valuation method that calculates
the capital or market value of a property by
adding the value of the property's land to
the value of the buildings constructed on
the site

Income approach

It is a method of estimating the value of a real estate or real estate that generates income (such as rental residential properties, commercial centers, markets) based on the forecast of future income of the property being evaluated. The value index of the property is extracted by calculating the present value of the net operating income or the expected net rental value of the property.

Market approach

It is a method of estimating the value of a real estate based on a market comparison between the property being valued and similar real estate in the same area that was recently sold. The value Indicator of the property being valuated is obtained by applying appropriate comparison units and making adjustments to the selling prices of similar properties based on the comparison elements









3.2 Value Estimation





3.3 Valuation Methods Used

Valuation approacl	Market approach	Cost approach	Income approach				
Used method	Market approach was used as an assist	Cost approach was used as an assist	Income approach was mainly used				
Valuation methods used	Field survey (comparisons carried out in the real estate area and offered land prices)	Depreciated replacement cost method for buildings	Discounted cash flow method				
Reasons for use	Basic method to find out similar real estate in the market and estimate the price per square meter of land	The nature of the property and the fact that the land is built on it and to estimate the construction cost of the property	The fact that the property is a hotel and generates income and its activity is derived from the income of the rooms and suites				



Income Approach (Discounted Cash Flow Method)

To estimate the market value based on the purpose of evaluation and the nature of the property, the income method (discounted cash flow method) will be relied upon as the main method for estimating the value of the property under evaluation, as the main purpose of establishing the hotel is to generate income from suites and hotel rooms.

Income Approach

The income method provides an indication of the value by converting the future cash flows into one present value. According to this method, the value of the asset is determined by reference to the value of the revenues, cash flows, or cost savings from the asset.

Discounted Cash Flow Method

It is a financial method for estimating the value of real estate that falls under the income Approach. The value index is derived by calculating the present value of future cash flows.

According to international valuation standards (Standard 105, Paragraph 40.1), the income Approach provides an indication of the value by converting the future cash flows into a single present value, and according to this Approach, the value of the asset is determined by reference to the value of future revenues or cash flows to a single present value, and according to this The method The value of the asset is determined by reference to the value of revenues, cash flows, or cost savings from the asset, although there are many ways to apply the income method, but the methods used within the framework of the income method depend largely on discounting the amounts of future cash flows to a present value, as they are These are various applications in the use of the discounted cash flow method (Standard 105, Paragraph 50.1).



Occupancy Ratio and Credit Risk:

Credit risk arises due to the change in the economic conditions and the operating climate of the hotel, which affects the cash flows. Occupancy percentage is a major concept and key performance indicator used in real estate business as it shows the amount of space available in the building in relation to the leased or rented space. The occupancy rate also represents the share of occupied rooms. During a certain period of time, the occupancy rate is usually expressed as a percentage, and in this property the occupancy rate is considered to be 100% because the property is leased under one contract. However, a look at similar properties was made to know the occupancy rates according to the market situation, and for the evaluation according to the market situation, a review was made The occupancy rate is 75% for the real estate subject of evaluation in order to make similar comparisons, although most of the similar properties are under one contract, and therefore the vacancy rates are 0% as the contract.

	Sin	nilar real estate t	o clarify the statemen	t of occupancy ra	ates from the marl	ket
S/N	City	District	Name	Revenue or income	Coordinates	Occupancy Ratio %
	Riyadh	Al-Sahafa	Marriott hotel	65,513,556	24.79250 46.63245	%75
2	Riyadh	Mohammedia	Gardeno Hotel	3,785,000	24.726725 46.651791	%100
3	Riyadh	Olaya	Burj Al Hayat Hotel	1,520,000	24.676921 46.691337	%65



Operational and Capital Expenditure Rate:

There is a set of features and characteristic of the hotel activity, which leaves its effects on the costs of the hotel. The preparation of lists of costs and business results in the hotel activity is subject to the requirements of the theory of variable costs. Operational expenses are the expenses related to renting and maintaining the property. Good for achieving adequate annual income, and the percentage of operating expenses is 30% - 45% for similar projects in the region, depending on the market situation, and lease contracts often include the rental value and the value of maintenance services for the facilities on it. The rate of operating and capital expenses is assumed at 0% (according to the contract). All the costs of common services expenses, cleaning and maintenance of the building, and the expenses of managing and monitoring security on the tenant, and when assessing according to the market situation, the percentage of operating and capital expenses was set at 35.65%, according to the market situation.

	Operating and capital expenditure rate comparisons										
S/N	City	District	Name	Operational and Capital Expenditure Rate	Coordinates						
1	Riyadh	Al-Sahafa	Rose Continental Hotel	42%	24.807961 46.625833						
2	Riyadh	Al-Sahafa	Swiss Spirit Metropolitan Hotel	35%	24.806954 46.625835						
3	Riyadh	Al-Sahafa	Swiss International Royal Hotel	45%	24.805425 46.625581						
4	Riyadh	Al-Aqiq	Executives Hotel	40%	24.779127 46.637498						
5	Riyadh	Al-Aqiq	Grand Plaza Hotel	38%	24.783592 46.635259						



The capitalization rate is a rate used to convert income into value and is used to estimate the recoverable value of the property. There is more than one way to derive the capitalization rate. Each of these methods depends on the use of the recent past as a means of predicting the future. It is a real estate valuation metric used to compare different real estate investments. Although there are many differences, the interest rate is often calculated as a ratio between the net operating income generated by the asset and its original capital cost, or rather its current market value.

Capitalization Ratio Analysis - Market Survey Method

The capitalization rate is affected by the demand and supply rates for the same type of real estate, as well as the quality and finishes of the real estate. Here, the capitalization rate was calculated by taking the average from the market survey of declared REIT properties, which are as follows:

	Market data for capitalization rates from a market survey of studies in REIT funds												
S/N	City	District	Name	Revenue or income	Coordinates	Capitalization Rate							
1	Riyadh	Al-Sahafa	Marriott hotel	65,513,556	46.63245 24.79250	%8							
2	Riyadh	Mohammedia	Gardeno Hotel	3,785,000	46.651791 24.726725	%8							
3	Riyadh	Olaya	Burj Al Hayat Hotel	1,520,000	46.691337 24.676921	%8							



Field survey offers for nearby hotels

The prices of lands, offices, exhibitions, and hotels greatly affect real estate development and various land uses, as they are considered one of the main factors in determining the annual financial return rate for various uses, and also affect many other urban planning aspects such as building systems and what they include in terms of building heights and setbacks as well. Collecting data from the reality of the market is very difficult because the Saudi market does not enjoy transparency and it is difficult to collect information accurately. Some comparisons were taken and analyzed as an embodiment of the market, by identifying the areas of the rooms, as well as the average rental price per day. The comparisons are:

				Field Sur	vey Offers					
Notes	Coordinates	Offer type	Stars level	Price per night SR	Area m2	Property type	Name	District	City	م
Junior Suite	24.807961 46.625833	Rental	4	450	40	Hotel	Rose Continental	Al- Sahafa	Riyadh	2
Deluxe room	24.806954 46.625835	Rental	3	470	35	Hotel	Swiss Spirit Metropolitan	Al- Sahafa	Riyadh	3
Junior Suite	24.805425 46.625581	Rental	4	445	34	Hotel	Swiss International Royal Hotel	Al- Sahafa	Riyadh	4
Standard Double Room	24.779127 46.637498	Rental	4	465	45	Hotel	Executives Hotel	Al-Aqiq	Riyadh	5
Standard Double Room	24.783592 46.635259	Rental	4	400	35	Hotel	Grand Plaza	Al-Aqiq	Riyadh	6



Estimating the discount rate

The discount rate is the required rate of return, which is used to discount future cash flows to estimate the present value. The discount rate can be estimated through several methods, as follows:

1/ Opportunity Cost of Capital.

2/ Internal Rate of Return, IRR.

3/ The build-up model.

4/ Market capitalization rate adjustment.

5/ Weighted Average Cost Capital, WACC.

- In this report, the discount rate was estimated using the cumulative model method (The Build-up model), and it was chosen because the real estate area is growing annually for the duration of the contract, and it is subject to increase for the next five years as well, as follows:
- The rate of return on government bonds for a maturity period greater than one year is 4.7%, (Saudi Central Bank).
- Inflation rate: 3% (which is inflation resulting from an increase in demand for real estate, as well as a change in the productive capacity of the economy, or because of inflation resulting from an increase in costs due to an increase in wages or prices of raw materials, or monetary inflation due to an increase in the volume of money supply).
- The market risk premium is 1% (it is the return that the investor obtains in the real estate in exchange for the risks that he assumes by investing in the real estate.) The higher the risk of real estate, the higher its profit return, and vice versa (the market is in a state of stagnation as a result of the uncertainty in the economic performance of the coming years).
- Expected risk premium is 0.3% (risks related to low returns (rents) as a result of lack of demand for offices or the deterioration of the administrative and operational status of the project and the subsequent marketing and management, and thus the decrease in its economic attractiveness and the decline of its reputation among investors).



Quantitative analysis of the discount rate

	Discount rate calculation								
Government bond rate of return	%4.7	Saudi Central Bank							
Inflation rate	%3	Saudi Central Bank							
Market risk premium	%1	It includes an increase in interest rates, the risks of relying on income revenues, and the risks of competition, estimated according to the experience of the evaluation team for the commercial real estate market for the coming period.							
Special risk premium	%0.3	The risks of the property itself include a decrease in rental values, an increase in the occupancy rate and its competitiveness in the market for the coming period, estimated according to the experience of the evaluation team for the hotel real estate market for the coming period							
Discount rate	9								



Growth Rate and Cash Flow Periods:

The concept of growth rate is used to study the continuous change of quantities that change at a certain rate and increase continuously, such as population growth, gross domestic product, energy consumption rate, and others.

Returning to the market first, we find that taking into account the assessment of the market research centers for banks, they say that the increase in rental prices and recent expansions are expected to be higher than the impact of the increase in interest rates on the investments of REIT funds.

And then reviewing the contract secondly, and the future outlook for the property is optimistic due to the high demand for this type of similar real estate in the area surrounding the property, as well as taking into account the growth of similar properties and the level of internal and external finishes of the property under valuation.

- Growth rate was assumed after the fifth year of 10% and after the tenth year of 15%, according to the status of the contract.
- Growth rate for each year until the twelfth year was assumed to be 3% and the growth rate after the twelfth year to be 5%.
- Discounted cash flow period is 15 years according to the years of the contract, because the property is leased for a long period of time by the lessee, in line with the renewal of the contract.



Estimating the value using the Income Approach - Cash Flow Method by contract

Assumptions of the Discounted Cash Flow Method by Contract Expected rental value according to the 18,800,000 **Discount rate** 9% contract Average operating and capital expenses **Capitalization rate** 8% 0% Growth rate - after the Occupancy rate and credit risk 0% 10% fifth year Growth rate - after the Cash flow period (years) 15% 15 tenth year

			11														
									Year								
Cash flow -	Inflows	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	Reversion
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	value
Expected	Expected growth value		0%	0%	0%	0%	10%	0%	0%	0%	0%	15%	0%	0%	0%	0%	
Real estate	Contract rental va	lue						1									
Ascott Rafal Hotel	18,800,000	18,800,00 0	18,800, 000	18,800 ,000		18,80 0,000		20,680,0 00	20,680 ,000	20,680, 000	20,680, 000	23,782, 000	23,782, 000	23,782, 000	, 23,782, 000	, 23,782,0 00	
Total rental income	18,800,000	18,800,00 0	18,800, 000	18,800 ,000	-	18,80 0,000		20,680,0 00	20,680 ,000	20,680, 000	20,680, 000	23,782, 000	23,782, 000	23,782, 000	, 23,782, 000	, 23,782,0 00	
Minus occupancy rate and credit risk	0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Annual vacancy value		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Actual total rental income		18,800,00 0	18,800, 000	18,800 ,000		18,80 0,000		20,680,0 00	20,680 ,000	20,680, 000	20,680, 000	23,782, 000	23,782, 000	23,782 _,	, 23,782, 000	, 23,782,0 00	
Decreased rate of operating and capital expenses	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Building net operating income (NOI)		18,800,00 0	18,800, 000	18,800 ,000		18,80 0,000		20,680,0 00	20,680 ,000	20,680, 000	20,680, 000	23,782, 000	23,782, 000	23,782, 000	, 23,782, 000	, 23,782,0 00)
Reversion va buildi																	297,275 000
Net cash flow		18,800,00 0	18,800, 000	18,800 ,000		18,80 0,000		20,680,0 00	20,680 ,000	20,680, 000	20,680, 000	23,782, 000	23,782, 000	23,782, 000	, 23,782, 000	, 23,782,0 00	297,275 <i>,</i> 00
Discount factor		1	0.842	0.772	0.708	0.650	0.596	0.547	0.502	0.460	0.422	0.388	0.356	0.326	0	0	0.2745
Present value	43444	17,247,70	15,823,	14,517	13,318	12,21	12,330	11,312,6	10,378	9,521,6	8,735,4	9,216,3	8,455,3	7,757,1	7,116,6	6,529,06	81,613,2
of cash flow		6	584	,049	,394	8,710	,808,	68	,595,	46	55	06	27	81	79	4	6
The net present value of the property												1	1	1	1		246,092, 70
Final property value (after	247,000,000																



Value estimation by the Income Approach – Market income analysis

Analysis of rooms and suites acc	ording to the market situation			
Clause	Value	Unit		
Number of days in the year	365	Day		
annual occupancy rate	75%	Percentage		
Number of operating days per year	274	Day		
Number of days for the remainder of the year	91	Day		
Number of rooms and suites	224	Room		
Calculation of operating	ng days of the year			
Average rental price for the day	400	SR		
Total income for the days of the year	24,528,000	SR		
Total operating income of rooms and suites after rounding	24,500,000	SR		

Hotel Income Analysis (Based On Market Survey)							
Description							
Hotel revenue distribution Value Unit							
Rooms and suites for rent after rounding up	24,500,000	SR					
Income from food and beverage sales	2,450,000	SR					
Income from other facilities	980,000	SR					
Gross income	27,930,000	SR					
Total income after rounding	28,000,000.00	SR					



Estimating the value using the Income Approach - Market-based cash flow method

Assumptions of the market Discounted Cash Flow Method											
Expected rental value according to the market	28,000,000	Discount rate	9%								
Average operating and capital expenses	35.65%	Capitalization rate	8%								
Occupancy rate and credit risk	25%	Growth rate - every year until the twelfth year	5%								
Cash flow period (years)	15	Growth rate - after the twelfth year	10%								

-																		
										Year								
Cash flow -	- Inflows		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	Reversion
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	value
	oected growth va		0%	5%	5%	5%	5%	5%	5%	5%	5%	10%	10%	10%	10%	10%	10%	
Real estate	· · · · ·	value according to the narket			5%					4								
cott Rafal Hotel	28,0	000,000	28,000,000	29,400,000	30,870,00 0	32,413,50 0	34,034, 175	35,735,8 84	37,522,678	39,398,8 12	41,368,75 2	45,505,62 8	50,056,19 0	55,061,80 9	60,567,99 0	66,624,78 9	73,28 7,268	
Total rental income	28,000,000		28,000,000	29,400,000	30,870,00 0	32,413,50 0	34,034, 175	35,735,8 84	37,522,678	39,398,8 12	41,368,75 2	45,505,62 8	50,056,19 0	55,061,80 9	60,567,99 0	66,624,78 9	73,28 7,268	
inus occupancy ate and credit risk	25%		25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
nnual vacancy value			7,000,000	7,350,000	7,717,500	8,103,375	8,508,5 44	8,933,97 1	9,380,669	9,849,70 3	10,342,18 8	11,376,40 7	12,514,04 8	13,765,45 2	15,141,99 8	16,656,19 7	18,32 1,817	
Actual total rental income			21,000,000	22,050,000	23,152,50 0	24,310,12 5	25,525, 631	26,801,9 13	28,142,008	29,549,1 09	31,026,56 4	34,129,22 1	37,542,14 3	41,296,35 7	45,425,99 3	49,968,59 2	54,96 5,451	
ecreased rate of operating and apital expenses	36%	11	7,486,500	7,860,825	8,253,866	8,666,560	9,099,8 88	9,554,88 2	10,032,626	10,534,2 57	11,060,97 0	12,167,06 7	13,383,77 4	14,722,15 1	16,194,36 6	17,813,80 3	19,59 5,183	
Building net erating income (NOI)			13,513,500	14,189,175	14,898,63 4	15,643,56 5	516,425, 744	17,247,0 31	18,109,382	19,014,8 52	19,965,59 4	21,962,15 4	24,158,36 9	26,574,20 6	29,231,62 6		35,37 0,268	
eversion value o	of the building																	442,128,349
Net cash flow			13,513,500	14,189,175	14,898,63 4	15,643,56 5	16,425, 744	17,247,0 31	18,109,382	19,014,8 52	19,965,59 4	21,962,15 4	24,158,36 9	26,574,20 6	29,231,62 6	32,154,78 9	35,37 0,268	442,128,349
iscount factor		FER 1 1 1 1	1	0.842	0.772	0.708	0.650	0.596	0.547	0.502	0.460	0.422	0.388	0.356	0.326	0	0	0.2745
resent value of cash flow		掛床	12,397,706	11,942,745	11,504,47 9	11,082,29 6	10,675, 606	10,283,8 41	9,906,452	9,542,91 3	9,192,714	9,277,051	9,362,162	9,448,053	9,534,732	9,622,207	9,710, 484	121,381,051
he net present value of the property																		274,864,493
	\longrightarrow		All III a															
Final property value (after rounding off)	274,865,000																	



Estimating the value of the land according to the Market Approach

A comparative and consistent analysis was conducted of the similarities and differences between the comparative assets and the subject of evaluation, and the necessary adjustments were made to reflect the differences between the subject of evaluation and the comparative assets to apply the modified evaluation criteria to the subject of evaluation, which is the settlement between the value indicators to obtain an estimate of the price per square meter of the land subject to valuation.

Type of use	Area	price per square meter	Offer date
Residential Commercial Office	10,700	12,100	15/12/2022
Residential Commercial Office	1,800	15,000	20/03/2023



Photo map showing the comparable real estate from the real estate under valuation





Relative adjustment to obtain the land meter price

Valuating the land according t	o the market Approach - Met	hod of comparison with	n similar sale	s - For residential and comn	nercial land
Claus	•••	nod or comparison with		ative real estate	ici ciai iaiia.
				Comparator	2
Adjustments factors	Property under valuation	Value	Adjustment	Value	– Adjustmer
Price per square meter	ç.		12,100		15,000
Condition	¿	Available of	fer	Available offer	
Date of valuation/offer	30/6/2023	15/12/2022 20/03/2023			
Market Condition	***	-5%	-60500%	-5%	(75
Financing terms	***	0%	0%	0%	0%
Market conditions value	***		(605.00)		(750.00)
Value after initial settlements	***		11,495		14,250
Land area (m²)	5312.69	10,700	5%	1,800	-5%
Ease of access	Easy	Easy	0%	Easy	0%
Property locations	High	High	0%	High	0%
Land shape	Regular	Regular	0%	Flat	0%
Land topography	High	High	0%	High	0%
Land use	Residential Commercial Office	Residential Commercial Office	0%	Residential Commercial Office	0%
Surrounding streets	4	3	5%	1	15%
Total		10.00%		10.00%	
Adjustment value per square meter			1,150		1,425
Final meter value after Adjustments			12,645		15,675
Relative weight		60%		40%	
Net average value per square meter (SR / m²)				13,857	
Net average square meter value after rounding (SR / m²)				13,900	
The market value of the land (SR / m²)		73,846,391			37



Estimating the value of the property using the Cost Approach

First: Construction Costs (Direct Costs)			
Clause	Built up area m2	SR / m2	Value (SR)
mezzanine	1,287	5,000	6,435,000
Ground floor	4,164	5,000	20,820,000
Basement	3,287.00	5,000	16,435,000
First floor	1,287	5,000	6,435,000
Repetitive Floors	16,228	5,000	81,140,000
Total (SR)	26,253.00		131,265,000
Second: Other costs (indirect)			
Professional fees		3%	3,937,950
Utilities Network	3%		3,937,950
Administration costs	3%		3,937,950
Developer's profitability	20%		26,253,000
Total (SR)			38,066,850
Total cost of buildings (SAR)			169,331,850 ³⁸



Third: Depreciation cost			
Life span of the property (years)	Year		40
The current age of the property (years)	Year		8
Remaining life of the property (years)	Year		32
Depreciation rate	%		20%
Depreciation value	SR		33,866,370
Final valu	e of the building	(SAR)	135,465,480
Fourth: Value of the property according to the Cost Approach			
	alue of the land (SR)	73,846,391
Final value of buildings (SR)		135,465,480	
Market value of the property according to the Cost Approach (SR)		he Cost Approach (SR)	209,311,871
Market value of the property acco	rding to the Cost	Approach after rounding (SR)	209,312,000



3.4 Final value of the property

The fair price of the value of the property was estimated using the Income Approach (discounted cash flow method) according to the market situation, on the date of the estimate 30/06/2023 AD.

Estimating the fair price in number	Estimate the fair price in writing
274,865,000	Two hundred and seventy-four thousand eight hundred and sixty-five Saudi riyals

CEO

Faisal Alsadoon

Membership number 1210001150

License for the real estate branch No. 1210001150 dated 07/2/1441



3.5 Photographic survey of the building and its components















3.5 Photographic survey of the building and its components















Appendices





4.1 Documents provided by the client







4.2 Documents provided by Makeen

رقَم المنشَاة:	شهادة تسجيل شركة مهنية rofessional Company Registration Certificate	وزارة التجارة Ministry of Commerce
	مغص واحد	لشركة : شركة مكين القيمة للتقييم العقاري شركة أ
		ا الرئيسي : الرياض
وتنتهم فم : ۲۲/۰۱/۱۱۵۰ هـ	تبدأ من : ۱۴۴۲/۱۰٫۰۸	
	رأس المال : رأس المال :	القانوني:
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		هاية الشجل . للاطلاع على بيانات الأنشطة الرجاء مسح الر ط :
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4.2 Documents provided by Makeen





ترخيص مزاولة مهنة لفرع تقييم العقارات

المقر الرئيسي: الرياض

فئة العضوية: أساسي

رقم الترخيص 1210001150 تاريخ إصداره 1441/7/21 هـ تاريخ انتهائه 1446/7/21 هـ

يرخص **فيصل عبدالمحسن عبدالله السعدون** (سعودي الجنسية) سجل مدني رقم 1045977004 لمزاولة المهنة وقد منح هذا الترخيص بعد أن استوفى شروط القيد الواردة في المادة الخامسة من نظام المقيمين المعتمدين الصادر بالمرسوم الملكي رقم (م/43) وتاريخ 1441/7/15 هـ بموجب قرار لجنة قيد المقيمين رقم (56 /ق3 /41) وتاريخ 1441/7/15 هـ









Valuer Identity

Name	Membership No for real estate branch	Signature	Stamp
Faisal Alsadoon	1210001150 Membership Type - Fellow	فعع	Makeen Alqima ومكين القيمة والمسلمة المسلمة ا

License for the real estate branch No. 1210001150 dated 07/21/1441





مكين القيمة Real Estate Valuation

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makeenq.sa



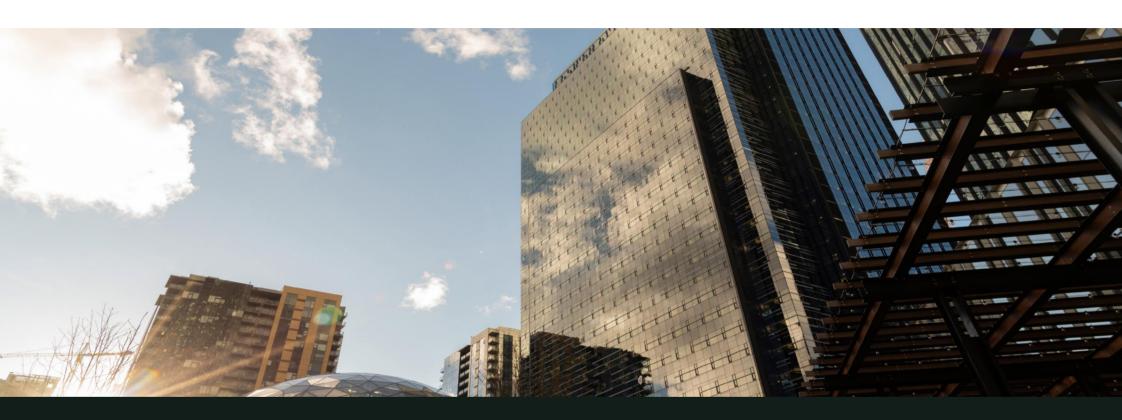
Report date:23/07/2023

Makeen Alqima





Real Estate Valuation



Valuation: Comfort Hotel

Riyadh - Olaya

Presented to / Alinma Hospitality REIT Fund



Dears / Alinma Hospitality REIT Fund

Subject: Comfort hotel Valuation Report

We, Makin Al-Qimah Real Estate Appraisal Company, extend our sincere thanks and appreciation for choosing us and giving you your precious trust to evaluate the property located Olaya district in Riyadh, according to the assignment issued by you on 20/06/2023 AD based on the license granted to us with No. 1210001150 and the date of 21/07/1441 AH from Accepted by the Saudi Authority for Accredited Valuers, following the latest version of the international valuation standards 2022 AD, as well as the rules and ethics of the profession to reach the final impartial evaluation based on the actual inspection of the work team and the study of the market area surrounding the property. The fair value estimate has been reached using various evaluation methods with what it carries Accordingly, we are pleased to provide you with the real estate appraisal certificate listed below.

Based on the completed study, we are attaching to you the results of estimating the fair value of the property and its current status on the date of the valuation 6/30/2023 AD, located in Olaya district, in Riyadh. The property is a land on which a hotel is built, with a total area of 1,512.36 square meters according to the deed.

And the value of the property has been reached, with an amount of only (68,280,000) Sixty-eight million, two hundred and eighty thousand Saudi riyals.

with all gratitude and appreciation ...,,,



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Scope of work





Scope of work	Clarification
Valuar Islantitu	Those carrying out the valuation work are:
Valuer Identity	1. Faisal Alsadoon Membership No. 1210001150
Client	Alinma Hospitality REIT Fund
Intended users	Alinma Hospitality REIT Fund
Other users	Investors of Alinma Hospitality REIT Fund
The owner	Hotels Real Estate Development Company
The property being valuated	The property is land with a total land area of 1512.36 square meters, according to the deed.
Real estate use	Hotel
Title deed number and date	299074003353 on 5/28/1444 AH
Ownership Type	Absolute ownership, According to the client's statement
Purpose of the valuation	Estimating the fair value for the purpose of inclusion in the financial statements, according to the agreed letter from the client
Valuer search scope	Adequate information was collected through the field visit, the apparent inspection, and the conduct of analyzes. A study was carried out from sites close to the real estate and from approved real estate offices in the real estate area, and all information was investigated and studied accurately.



Scope of work	Clarification
Commissioning date	20/06/2023
Inspection date	28/06/2023
Valuation date	30/06/2023
Report Date	23/07/2023
Report description	A report explaining the evaluation methodology, steps, foundations, hypotheses and results, with all the data and information of the report being explained in detail
Estimation Date	30/06/2023
Valuer search scope	Adequate information was collected through the field visit, the apparent inspection, and the conduct of analyzes. A study was carried out from sites close to the real estate site and from approved real estate offices in the real estate area, and all information was investigated and studied accurately.
Valuation Approach	Income Approach and Cost Approach
Value basis	90.1 IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 90.2 For accounting purposes, more than 130 countries impose the use of international accounting standards issued by the International Accounting Standards Board. In addition, the Financial Accounting Standards Board in the United States uses the same definition of fair value under the title No.820 The market value is the estimated amount on the basis of which the property should be exchanged on the date of evaluation between a willing buyer and a willing seller within the framework of a transaction on a
	neutral basis after appropriate marketing where each of the parties acts on the basis of knowledge and wisdom without coercion or coercion (criterion 104).
Valuation currency	Saudi riyal
Valuer opinion	Based on the use of the income method (cash flow method) mainly, the market value was reached in the amount of only (453,075,000) four hundred and fifty-three million and seventy-five thousand Saudi riyals, according to the market situation



.2 Scope of work

Scope of work Clarification

Valuation Standard followed

All work has been carried out according to the system of accredited residents and the regulations related to the real estate valuation issued by the Saudi Authority for Accredited Valuers (Valuation) and the latest version of the International Valuation Standards (IVS) published by the International Valuation Standards Council (IVSC) and the residents who adhere to its requirements and the valuations may be subject to follow-up from Prior to these bodies, the review includes valuation reports conforming to the requirements of the 2022 international assessment standards.

information

Nature and source of The information contained in the report was issued by official bodies or offices specialized in research and studies, and with reference to the archives of Makeen Valuation Company for Real Estate Appraisal.

Important assumptions or special assumptions

Our company does not bear any responsibility for any information received from the customer, which is supposed to be safe and reliable, and our company does not acknowledge the accuracy or completeness of the available data and does not express its opinion and does not offer any kind of guarantees for the accuracy or completeness of the data except in It is clearly indicated in this report.

Report usage restrictions

Assessments and reports are confidential to the directing party and to whomever is referred to it for a specific purpose, with no liability whatsoever for any third party. This report may not be published in full or any part of it or referred to in any document, statement, periodic publication or in any medium. Communicate with any third party without our prior written consent in the form and context in which they appear.



1.3 stages of work

Scope of work

Meeting with the client and defining the scope of work, including the purpose of the valuation, the basis of value, the parties concerned, the date of the valuation, and any special or important assumptions, including the clarity of the mandate and the expected outputs from it.

Inspection and site analysis

Inspecting the property, identifying its properties and specifications, matching the documents with the reality, analyzing the property's location and the uses surrounding the property, specifying the scope of geographical research, activities and appropriate projects.

Data collection and analysis

To collect office and field market data and analyze it to gain knowledge of past and current market trends and market indicators that will be relied upon when applying valuation methods.

Apply the valuation path

Based on the scope of work and market analysis, appropriate valuation methods are determined and all assumptions and inputs are made to carry out financial accounts to reach the market value according to the methods chosen.



1.4 Report limitations

No legal document was verified for the property that was evaluated or for legal issues involving ownership or mortgage, and it was assumed that the information was according to the client's statement and valid.

The information provided by other parties, especially with regard to planning, land ownership, renting, etc., on which all or part of this report was based, was considered reliable, but its validity was not confirmed in all cases, and no guarantee was given regarding the validity of this information. If this information appears to be incorrect, the value contained in this report may change.

Values estimated in this report are for the property in question, so they could be incorrect if used otherwise.

The property has been inspected outwardly, and the property has not been structurally examined or any defects that are not apparent have been noticed. Therefore, it must be understood that this is an Valuation report and not a structural examination.

This Valuation report is valid only if it bears the company's seal and the signature of its accredited evaluators.

Makin Al-Qimah Real Estate Appraisal acknowledges that the Valuation is independent of any party and that there is no bias towards the Valuation parties and for the purpose of listing the financial statements.

The Borders and lengths are according to the client's statement, and the company is not responsible for the limits and lengths, and therefore the total area is taken according to the client's statement, and the company is not responsible for that.

Investment properties in the financial statements:

IAS 40 defines investment property as any property (land or a building - or part of a building - or both) held (by the owner or by the lessee as a right-of-use asset) to earn rental income or To grow the capital or for both, and not:

For use in producing or supplying goods or providing services or for administrative purposes or for sale in the ordinary course of business.



Report Assumptions

- Makin Al-Qimah Real Estate Appraisal is committed to the confidentiality of the information contained in the report.
- This assessment is related to the estimation of fair value under the current circumstances.
- All documents submitted by the client (deed, building permit, and contracts) are on his responsibility, and Makeen Real Estate Appraisal
 Company has no responsibility for the documents related to this property. The accuracy or completeness of the available data and does not express its opinion and did not make any kind of guarantee for the accuracy or completeness of the data except as indicated clearly in this report.
- No legal document was verified for the property that was evaluated or for legal issues involving ownership or mortgage, and it was assumed that the information according to the client's statement (the ownership and deed documents) is current and valid.
- The property was evaluated in accordance with international standards 2022 AD and the International Financial Reporting Standard (IFRS 13).
- The area of the hotel is assumed to be 5,312.69 of the total area of the property



Regulatory framework on the International Valuation Standards (IVS 2022)

- The general framework: the accepted valuation principles and the concepts that should be followed when applying these standards with regard to objectivity, discretionary judgment, efficiency, and the possibility of deviating from the standards. mentioned in the reports
- 60.3 Some professional appraisal institutions or regulations allow procedures that deviate from the International Appraisal Standards and in such circumstances, except as described in paragraphs 60.1 and 60.2, the resulting valuation will not be in compliance with the Standards.
- General Standards Criterion 101 Scope of Work Paragraph 20: Emphasizing that the valuation will be prepared in accordance with international valuation standards and that the valuer will assess the appropriateness of all important inputs: Deviations from international evaluation standards and their nature must be mentioned, which are:
- (The resulted value was by estimating the fair value, not the market value of the property, and the exit is considered based on the market value, which is in Standard 104).



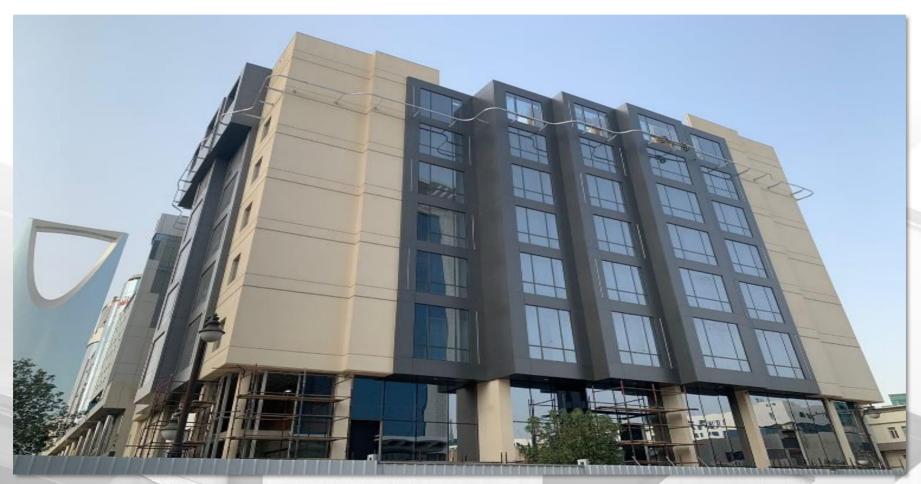
Standard 102: Compliance with standards and research and survey work

- The research and investigation activities undertaken within the framework of the evaluation assignment are appropriate to the valuation purpose and basis of value.
- In the event that there are restrictions on the research and investigation carried out by the valuer that does not enable him to adequately evaluate the inputs and Assumptions that have been clarified in the special Assumptions.
- Taking into account the reliability of the information so as not to negatively affect the credibility of the evaluation opinion. The important inputs submitted to the valuer (from the client or his representative) were considered, researched and proven.
- The following matters have been taken into account in order to consider the credibility and reliability of the information provided:
- The purpose of the evaluation.
- The relevance of the information to the outcome of the assessment.
- The issuer's practical experience in relation to the subject matter of the evaluation.
- Is the source independent of the asset being evaluated or the beneficiary of it.



1.5 Description of the property

The property is a hotel building (Comfort Hotel) with a rating of three stars. It is located in the Olaya district in Riyadh. The building consists of a basement, a mezzanine floor, a ground floor, and 5 hotel floors. The ground floor consists of a reception, commercial exhibitions, and the frequent floors are hotels.





2.1 Real estate data and Services available in the real estate area

Real Estate Data						
City	Riyadh	Neighborhood	Olaya			
The street	Wadi Al Thumama Road	Property type	Hotel			
Land area	1,512.36 square meters	The plot number	6/4			
No. land plan	√1184	Land use according to regulations	Residential /Commercial /Office			
location coordinates		46.743388 24.734517				

Services and facilities available in the real estate area						
Telephone network	Sewerage network	Water network	Electricity network			
Available	Available	Available	Available			
Garden	Water drainage network	ter drainage network Public markets				
Available	Available	Available	Available			
Hotels	Governmental services and centers	Medical services	Shopping center			
Available	Available	Available	Available			
Civil defense	Petrol station	Restaurants	Banks			
Available	Available	Available	Available			

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Building information

Permit number	Permit date	Expiry date	Prop	perty use	Property age				
1424/1824	01/02/1441	01/02/1442	Hotel		4years				
	Permit and building information								
S/N		building componer	nts	Ar	ea m2				
1		Basement		15	12.00				
2		Mezzanine		4	53.70				
3		Ground Commercial floor		5	19.76				
4		First floor		756.18					
5		Second floor		7:	56.18				
6		Third floor		7:	56.18				
7		Electricity Room		3	4.00				
8		Upper extensions	s	24	48.28				
9		Forth floor	Forth floor 756.18		56.18				
10		Fifth floor	Fifth floor 756.18		56.18				
11		Fences	THE STATE OF	4	5.00				



2.3 Legal information

Use	Property Type	Date of the title deed	owner's name	Deed number
A hotel built on a land	According to the deed	28/5/1444AH	Real estate hotel development company	299074003353

Borders and lengths of the Earth						
Direction	Borders	Lengths (m)				
North	45	Plot No. 6/3				
South	45.53	Street width 20 m				
East	35.2	Street width 20 m				
West	29.15	Street width 30 m				



2.3 Legal information

The location of the property at the city level

The location of the property at the neighborhood level







46.677074

24.707047



Valuation





3.1 Valuation methods

Cost approach

It is an valuation method that calculates
the capital or market value of a property by
adding the value of the property's land to
the value of the buildings constructed on
the site

Income approach

It is a method of estimating the value of a real estate or real estate that generates income (such as rental residential properties, commercial centers, markets) based on the forecast of future income of the property being evaluated. The value index of the property is extracted by calculating the present value of the net operating income or the expected net rental value of the property.

Market approach

It is a method of estimating the value of a real estate based on a market comparison between the property being valued and similar real estate in the same area that was recently sold. The value Indicator of the property being valuated is obtained by applying appropriate comparison units and making adjustments to the selling prices of similar properties based on the comparison elements









3.2 Value Estimation





3.3 Valuation Methods Used

Valuation approacl	Market approach	Cost approach	Income approach
Used method	Market approach was used as an assist	Cost approach was used as an assist	Income approach was mainly used
Valuation methods used	Field survey (comparisons carried out in the real estate area and offered land prices)	Depreciated replacement cost method for buildings	Discounted cash flow method
Reasons for use	Basic method to find out similar real estate in the market and estimate the price per square meter of land	The nature of the property and the fact that the land is built on it and to estimate the construction cost of the property	The fact that the property is a hotel and generates income and its activity is derived from the income of the rooms and suites



Income Approach (Discounted Cash Flow Method)

To estimate the market value based on the purpose of evaluation and the nature of the property, the income method (discounted cash flow method) will be relied upon as the main method for estimating the value of the property under evaluation, as the main purpose of establishing the hotel is to generate income from suites and hotel rooms.

Income Approach

The income method provides an indication of the value by converting the future cash flows into one present value. According to this method, the value of the asset is determined by reference to the value of the revenues, cash flows, or cost savings from the asset.

Discounted Cash Flow Method

It is a financial method for estimating the value of real estate that falls under the income Approach. The value index is derived by calculating the present value of future cash flows.

According to international valuation standards (Standard 105, Paragraph 40.1), the income Approach provides an indication of the value by converting the future cash flows into a single present value, and according to this Approach, the value of the asset is determined by reference to the value of future revenues or cash flows to a single present value, and according to this The method The value of the asset is determined by reference to the value of revenues, cash flows, or cost savings from the asset, although there are many ways to apply the income method, but the methods used within the framework of the income method depend largely on discounting the amounts of future cash flows to a present value, as they are These are various applications in the use of the discounted cash flow method (Standard 105, Paragraph 50.1).



Occupancy Ratio and Credit Risk:

Credit risk arises due to the change in the economic conditions and the operating climate of the hotel, which affects the cash flows. Occupancy percentage is a major concept and key performance indicator used in real estate business as it shows the amount of space available in the building in relation to the leased or rented space. The occupancy rate also represents the share of occupied rooms. During a certain period of time, the occupancy rate is usually expressed as a percentage, and in this property the occupancy rate is considered to be 100% because the property is leased under one contract. However, a look at similar properties was made to know the occupancy rates according to the market situation, and for the evaluation according to the market situation, a review was made The occupancy rate is 90% for the real estate subject of evaluation in order to make similar comparisons, although most of the similar properties are under one contract, and therefore the vacancy rates are 0% as the contract.

Similar real estate to clarify the statement of occupancy rates from the market								
S/N	City	District	Name	Revenue or income	Coordinates	Occupancy Ratio %		
1	Riyadh	Al-Sahafa	Marriott hotel	65,513,556	24.79250 46.63245	%75		
2	Riyadh	Mohammedia	Gardeno Hotel	3,785,000	24.726725 46.651791	%100		
3	Riyadh	Olaya	Burj Al Hayat Hotel	1,520,000	24.676921 46.691337	%65		



Operational and Capital Expenditure Rate:

There is a set of features and characteristic of the hotel activity, which leaves its effects on the costs of the hotel. The preparation of lists of costs and business results in the hotel activity is subject to the requirements of the theory of variable costs. Operational expenses are the expenses related to renting and maintaining the property. Good for achieving adequate annual income, and the percentage of operating expenses is 30% - 45% for similar projects in the region, depending on the market situation, and lease contracts often include the rental value and the value of maintenance services for the facilities on it. The rate of operating and capital expenses is assumed at 0% (according to the contract). All the costs of common services expenses, cleaning and maintenance of the building, and the expenses of managing and monitoring security on the tenant, and when assessing according to the market situation, the percentage of operating and capital expenses was set at 42.1%, according to the market situation.

	Operating and capital expenditure rate comparisons							
S/N	N City District Name		Name	Operational and Capital Expenditure Rate	Coordinates			
1	Riyadh	Al-Sahafa	Rose Continental Hotel	42%	24.807961 46.625833			
2	Riyadh	Al-Sahafa	Swiss Spirit Metropolitan Hotel	35%	24.806954 46.625835			
3	Riyadh	Al-Sahafa	Swiss International Royal Hotel	45%	24.805425 46.625581			
4	Riyadh	Al-Aqiq	Executives Hotel	40%	24.779127 46.637498			
5	Riyadh	Al-Aqiq	Grand Plaza Hotel	38%	24.783592 46.635259			



The capitalization rate is a rate used to convert income into value and is used to estimate the recoverable value of the property. There is more than one way to derive the capitalization rate. Each of these methods depends on the use of the recent past as a means of predicting the future. It is a real estate valuation metric used to compare different real estate investments. Although there are many differences, the interest rate is often calculated as a ratio between the net operating income generated by the asset and its original capital cost, or rather its current market value.

Capitalization Ratio Analysis - Market Survey Method

The capitalization rate is affected by the demand and supply rates for the same type of real estate, as well as the quality and finishes of the real estate. Here, the capitalization rate was calculated by taking the average from the market survey of declared REIT properties, which are as follows:

Market data for capitalization rates from a market survey of studies in REIT funds								
S/N	City	District	Name	Revenue or income	Coordinates	Capitalization Rate		
1	Riyadh	Al-Sahafa	Marriott hotel	65,513,556	46.63245 24.79250	%8		
2	Riyadh	Mohammedia	Gardeno Hotel	3,785,000	46.651791 24.726725	%8		
3	Riyadh	Olaya	Burj Al Hayat Hotel	1,520,000	46.691337 24.676921	%8		



Field survey offers for nearby hotels

The prices of lands, offices, exhibitions, and hotels greatly affect real estate development and various land uses, as they are considered one of the main factors in determining the annual financial return rate for various uses, and also affect many other urban planning aspects such as building systems and what they include in terms of building heights and setbacks as well. Collecting data from the reality of the market is very difficult because the Saudi market does not enjoy transparency and it is difficult to collect information accurately. Some comparisons were taken and analyzed as an embodiment of the market, by identifying the areas of the rooms, as well as the average rental price per day. The comparisons are:

Field Survey Offers										
Notes	Coordinates	Offer type	Stars level	Price per night SR	Area m2	Property type	Name	District	City	م
Junior Suite	24.807961 46.625833	Rental	4	450	40	Hotel	Rose Continental	Al- Sahafa	Riyadh	2
Deluxe room	24.806954 46.625835	Rental	3	470	35	Hotel	Swiss Spirit Metropolitan	Al- Sahafa	Riyadh	3
Junior Suite	24.805425 46.625581	Rental	4	445	34	Hotel	Swiss International Royal Hotel	Al- Sahafa	Riyadh	4
Standard Double Room	24.779127 46.637498	Rental	4	465	45	Hotel	Executives Hotel	Al-Aqiq	Riyadh	5
Standard Double Room	24.783592 46.635259	Rental	4	400	35	Hotel	Grand Plaza	Al-Aqiq	Riyadh	6



Estimating the discount rate

The discount rate is the required rate of return, which is used to discount future cash flows to estimate the present value. The discount rate can be estimated through several methods, as follows:

1/ Opportunity Cost of Capital.

2/ Internal Rate of Return, IRR.

3/ The build-up model.

4/ Market capitalization rate adjustment.

5/ Weighted Average Cost Capital, WACC.

- In this report, the discount rate was estimated using the cumulative model method (The Build-up model), and it was chosen because the real estate area is growing annually for the duration of the contract, and it is subject to increase for the next five years as well, as follows:
- The rate of return on government bonds for a maturity period greater than one year is 4.7%, (Saudi Central Bank).
- Inflation rate: 3% (which is inflation resulting from an increase in demand for real estate, as well as a change in the productive capacity of the economy, or because of inflation resulting from an increase in costs due to an increase in wages or prices of raw materials, or monetary inflation due to an increase in the volume of money supply).
- The market risk premium is 1% (it is the return that the investor obtains in the real estate in exchange for the risks that he assumes by investing in the real estate.) The higher the risk of real estate, the higher its profit return, and vice versa (the market is in a state of stagnation as a result of the uncertainty in the economic performance of the coming years).
- Expected risk premium is 0.3% (risks related to low returns (rents) as a result of lack of demand for offices or the deterioration of the administrative and operational status of the project and the subsequent marketing and management, and thus the decrease in its economic attractiveness and the decline of its reputation among investors).



Quantitative analysis of the discount rate

Discount rate calculation						
Government bond rate of return	%4.7	Saudi Central Bank				
Inflation rate	%3	Saudi Central Bank				
Market risk premium	%1	It includes an increase in interest rates, the risks of relying on income revenues, and the risks of competition, estimated according to the experience of the evaluation team for the commercial real estate market for the coming period.				
Special risk premium	%0.3	The risks of the property itself include a decrease in rental values, an increase in the occupancy rate and its competitiveness in the market for the coming period, estimated according to the experience of the evaluation team for the hotel real estate market for the coming period				
Discount rate	9					



Growth Rate and Cash Flow Periods:

The concept of growth rate is used to study the continuous change of quantities that change at a certain rate and increase continuously, such as population growth, gross domestic product, energy consumption rate, and others.

Returning to the market first, we find that taking into account the assessment of the market research centers for banks, they say that the increase in rental prices and recent expansions are expected to be higher than the impact of the increase in interest rates on the investments of REIT funds.

And then reviewing the contract secondly, and the future outlook for the property is optimistic due to the high demand for this type of similar real estate in the area surrounding the property, as well as taking into account the growth of similar properties and the level of internal and external finishes of the property under valuation.

- The growth rate after the fifth year was assumed to be 10%, depending on the status of the contract.
- The growth rate after the fifth year was assumed to be 10%, depending on the market situation.
- The discounted cash flow period is 10 years according to the years of the contract, because the property is leased for a long period of time by the lessee, in line with the renewal of the contract.



Estimating the value using the Income Approach - Cash Flow Method by contract

Assumptions of the Discounted Cash Flow Method by Contract							
Expected rental value according to the contract	4,769,958	Discount rate	9%				
Average operating and capital expenses	0%	Capitalization rate	8%				
Occupancy rate and credit risk	0%	Growth rate - after the fifth year	10%				
Cash flow period (years)		10					

							وات	السنو					
Cash flow -	Inflows		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Reversior
Casii now	milows		1	2	3	4	5	6	7	8	9	10	value
Expect	ed growth value		0%	0%	0%	0%	0%	10%	0%	0%	0%	0%	
Real estate	Contract rent	al value					100						
Comfort Hotel	4,769,9	58	4,769,958	4,769,958	4,769,95 8	4,769,95 8	4,769,9 58	5,246,95 4	5,246,954	5,246,95 4	5,246,954	5,246,954	
Total rental income	4,769,958		4,769,958	4,769,958	4,769,95 8	4,769,95 8	4,769,9 58	5,246,95 4	5,246,954	5,246,95 4	5,246,954	5,246,954	
Minus occupancy rate and credit risk	0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Annual vacancy value			0	0	0	0	0	0	0	0	0	0	
Actual total rental income			4,769,958	4,769,958	4,769,95 8	4,769,95 8	4,769,9 58	5,246,95 4	5,246,954	5,246,95 4	5,246,954	5,246,954	
Decreased rate of operating and capital expenses	0%		0	0	0	0	0	0	0	0	0	0	
Building net operating income (NOI)			4,769,958	4,769,958	4,769,95 8	4,769,95 8	4,769,9 58	5,246,95 4	5,246,954	5,246,95 4	5,246,954	5,246,954	
Reversion value o	of the building												65,586,9 3
Net cash flow			4,769,958	4,769,958	4,769,95 8	4,769,95 8	4,769,9 58	5,246,95 4	5,246,954	5,246,95 4	5,246,954	5,246,954	65,586,9 3
Discount factor			1	0.842	0.772	0.708	0.650	0.596	0.547	0.502	0.460	0.422	0.4224
Present value of cash flow			4,376,108	4,014,778	3,683,28	3,379,15 9	3,100,1 45	3,128,58 7	2,870,263	2,633,26 9	2,415,843	2,216,370	27,704,6 5
The net present value of the property						V							59,522,4 1
Final property value (after rounding off)	59,500,000		Trade in the Section										



Value estimation by the Income Approach – Market income analysis

Calculating the income of rooms and suites in the hotel								
Total number of rooms and suites in the hotel	108	Room						
Average room rent per day	540	SR/Annual						
Number of days	365	Day						
Occupancy rate	90%	%						
Effective income for rooms in the tower	19,158,120.00	SR/Annual						
Calculation of services income and a	Calculation of services income and additional income in the hotel							
Income from (food and beverages)	5,000,000.00	SR/Annual						
Additional Supportive Income	1,000,000.00	SR/Annual						
Total income for services in the hotel	6,000,000.00	SR/Annual						
Total effective income for rooms and services	25,158,120.00	SR/Annual						
Hotel operating expense ratio	42%	%						
Total operating expenses	10,566,410.40	SR/Annual						
Net income	10,500,000.00	SR/Annual						



Estimating the value using the Income Approach - Market-based cash flow method

Assumptions of the market Discounted Cash Flow Method						
Expected rental value according to the market	10,500,000	Discount rate	9%			
Average operating and capital expenses	42%	Capitalization rate	8%			
Occupancy rate and credit risk	10%	Growth rate - from the second year	10%			
Cash flow period (years)		10				

							Ye	ar					
Cash flow -	Inflows		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Reversion
			1	2	3	4	5	6	7	8	9	10	value
Expect	ed growth value		0%	0%	0%	0%	0%	10%	0%	0%	0%	0%	
Real estate	Contract rent	tal value											
Comfort Hotel	10,500,	000	10,500,000	10,500,000	10,500,0 00	10,500,0 00	10,500, 000	11,550,0 00	11,550,000	11,550,0 00	11,550,00 0	11,550,00 0	
Total income	10,500,000		10,500,000	10,500,000	10,500,0 00	10,500,0 00	10,500, 000	11,550,0 00	11,550,000	11,550,0 00	11,550,00 0	11,550,00 0	
Minus occupancy rate and credit risk	10%		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
Annual vacancy value			1,050,000	1,050,000	1,050,00 0	1,050,00 0	1,050,0 00	1,155,00 0	1,155,000	1,155,00 0	1,155,000	1,155,000	
Actual total rental income			9,450,000	9,450,000	9,450,00 0	9,450,00 0	9,450,0 00	10,395,0 00	10,395,000	10,395,0 00	10,395,00 0	10,395,00 0	
Decreased rate of operating and capital expenses	42%		3,978,450	3,978,450	3,978,45 0	3,978,45 0	3,978,4 50	4,376,29 5	4,376,295	4,376,29 5	4,376,295	4,376,295	
Building net operating income (NOI)			5,471,550	5,471,550	5,471,55 0	5,471,55 0	5,471,5 50	6,018,70 5	6,018,705	6,018,70 5	6,018,705	6,018,705	
Reversion value of	of the building												75,233,8°
Net cash flow		1/4	5,471,550	5,471,550	5,471,55 0	5,471,55 0	5,471,5 50	6,018,70 5	6,018,705	6,018,70 5	6,018,705	6,018,705	75,233,8 3
Discount factor			1	0.842	0.772	0.708	0.650	0.596	0.547	0.502	0.460	0.422	0.4224
Present value of cash flow			5,019,771	4,605,294	4,225,04 1	3,876,18 4	3,556,1 32	3,588,75 7	3,292,438	3,020,58 5	2,771,179	2,542,366	31,779,5 ⁻ 5
The net present value of the property						V							68,277,3 2
Final property value (after rounding)	68,280,000	o (pienes-											



Estimating the value of the land according to the Market Approach

A comparative and consistent analysis was conducted of the similarities and differences between the comparative assets and the subject of evaluation, and the necessary adjustments were made to reflect the differences between the subject of evaluation and the comparative assets to apply the modified evaluation criteria to the subject of evaluation, which is the settlement between the value indicators to obtain an estimate of the price per square meter of the land subject to valuation.

Type of use	Area	price per square meter	Offer date
Residential Commercial Office	2,700	13,500	1/02/2023
Residential Commercial Office	3,246.81	13,000	1/12/2022



Photo map showing the comparable real estate from the real estate under valuation





Relative adjustment to obtain the land meter price

Clause		Comparative real estate					
Adjustmente feetere	Droporty under voluction	Comparato	or 1	Comparator	Comparator 2		
Adjustments factors	Property under valuation	Value	Adjustment	Value	Adjustment		
Price per square meter	?		13,500		13,000		
Condition		Available o	offer	Available of	fer		
Date of valuation/offer	30/6/2023	1/02/202	23	1/12/2022			
Market Condition	***	-10%	-135000%	-10%	(1,300)		
Financing terms	***	0%	0%	0%	0%		
Market conditions value	***		(1,350.00)	(1,300.00)			
/alue after initial settlements	***	12,150		11,70			
Land area (m²)	1,512.36	2,700	5%	3,246.81	10%		
Ease of access	Easy	Easy	0%	Easy	0%		
Property locations	High	High	0%	High	0%		
Land shape	Regular	Regular	0%	Flat	0%		
Land topography	High	High	0%	High	0%		
Land use	Residential Commercial Office	Residential Commercial Office	0%	Residential Commercial Office	0%		
Surrounding streets	3	2	5%	2	5%		
Total		10.00%	10.00%		15.00%		
Adjustment value pe	r square meter	Lange Francisco	1,215		1,755		
Final meter value after Adjustments		1 1000	13,365	13,455			
Relative we	60% 40%						
Net average value per squ	1 1 1 5 7 7		13,	401			
Net average square meter value	e after rounding (SR / m²)			13,	400		
The market value of th			20,265,	624 37			



Estimating the value of the property using the Cost Approach

First: Construction Costs (Direct Costs)						
Clause	Built up area m2	SR / m2	Value (SR)			
Mezzanine	453.70	3,500	1,587,950			
Ground floor	519.76	3,500	1,819,160			
Basement	1,512	3,000	4,536,000			
First floor	756.18	3,500	2,646,630			
Repetitive Floors	3,024.72	3,500	10,586,520			
Upper extensions	248.28	3,500	868,980			
Fences	45	3,500	157,500			
Total (SR)	6,559.64		22,202,740			
Second: Other costs (indirect)						
Professional fees		2%	444,055			
Utilities Network		2%	444,055			
Administration costs	2%		444,055			
Developer's profitability	20%		4,440,548			
	Total (SR)					
Total co	Total cost of buildings (SAR)					



Third: Depreciation cost				
Life span of the property (years)	Year		40	
The current age of the property (years)	Year		4	
Remaining life of the property (years)	Year		36	
Depreciation rate	%		10%	
Depreciation value	SR		2,797,545	
Final value o	Final value of the building (SR)			
Fourth: Value of the property according to				
the Cost Approach			20,265,624	
Final value	Final value of the land (SR)			
Final value	25,177,907			
Market value of the property a	Market value of the property according to the Cost Approach (SR)			
Market value of the property accordin	g to the Cost App	roach after rounding (SR)	45,445,000	



3.4 Final value of the property

The fair price of the value of the property was estimated using the Income Approach (discounted cash flow method) according to the market situation, on the date of the estimate 30/06/2023 AD.

Estimating the fair price in number	Estimate the fair price in writing		
68,280,000	Sixty-eight million, two hundred and eighty thousand Saudi riyals		

CEO

Faisal Alsadoon

Membership number 1210001150

License for the real estate branch No. 1210001150 dated 07/2/1441



3.5 Photographic survey of the building and its components









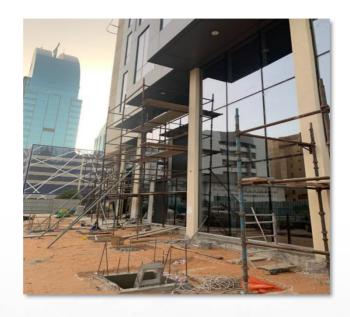




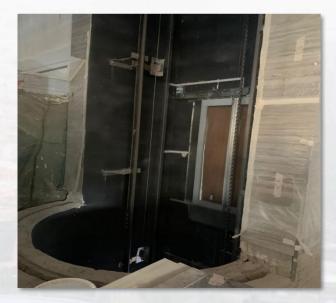


3.5 Photographic survey of the building and its components















Appendices





4.1 Documents provided by the client







4.2 Documents provided by Makeen

رقَم المنشَاة:	شهادة تسجيل شركة مهنية rofessional Company Registration Certificate	وزارة التجارة Ministry of Commerce
	مغص واحد	لشركة : شركة مكين القيمة للتقييم العقاري شركة أ
		ا الرئيسي : الرياض
وتنتهم فم : ۲۲/۰۱/۱۱۵۰ هـ	تبدأ من : ۱۴۴۲/۱۰٫۰۸	
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4.2 Documents provided by Makeen





ترخيص مزاولة مهنة لفرع تقييم العقارات

المقر الرئيسي: الرياض

فئة العضوية: أساسي

رقم الترخيص 1210001150 تاريخ إصداره 1441/7/21 هـ تاريخ انتهائه 1446/7/21 هـ

يرخص **فيصل عبدالمحسن عبدالله السعدون** (سعودي الجنسية) سجل مدني رقم 1045977004 لمزاولة المهنة وقد منح هذا الترخيص بعد أن استوفى شروط القيد الواردة في المادة الخامسة من نظام المقيمين المعتمدين الصادر بالمرسوم الملكي رقم (م/43) وتاريخ 1441/7/15 هـ بموجب قرار لجنة قيد المقيمين رقم (56 /ق3 /41) وتاريخ 1441/7/15 هـ









Valuer Identity

Name	Membership No for real estate branch	Signature	Stamp
Faisal Alsadoon	1210001150 Membership Type - Fellow	فعع	Makeen Alqima ومكين القيمة والمسلمة المسلمة ا

License for the real estate branch No. 1210001150 dated 07/21/1441





مكين القيمة Real Estate Valuation

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