



أبجد
للتقييم العقاري

Final Valuation Report

Vittori Hotel in King Abdullah district in Riyadh

Client/ Alinma REIT Hotel Fund

26 March 2024

V230245

P230328

Introduction



/السادة Alinma REIT Hotel Fund

Distinguished.

Subject / Real Estate Valuation of Vittori Hotel in King Abdullah district in Riyadh.

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

We have prepared our valuation on the basis of Market Value as of **07 March 2023** for Selling and Leasing purposes.

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

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

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

Eng. Ammar Abdulaziz Sindi

Chief Executive Officer

Kingdom of Saudi Arabia

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Registration Certificate



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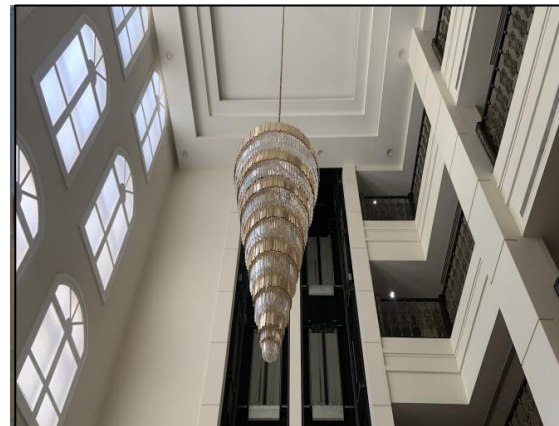
Property Summary

- The property under evaluation is a 5-star hotel building (Visiture Palace Hotel) located in King Abdullah neighborhood, south of Al-Orouba Road, Riyadh.
- The land area is 17,274 square meters and the building area is 34,982.44 square meters (depending on 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 hotel residential floors, and the basement consists of parking, emergency exits, and services.
- Building A consists of 122 rooms, Building B consists of 75 rooms, Building C consists of 119 rooms and the number of villas is 36 villas with a total of 354 rooms and 11 elevators.
- The property is 32.2 km from King Khalid International Airport.

Property information

Site Details	Information
Location	King Abdullah
Permitted Use	Commercial/Hospitality
Tenure	Freehold
Deed Number	499074003628
Deed Date	1444/06/16
Land Area (sqm)	17,274 sqm (depending on instrument)
Owner	Hotel Development Real Estate Company

Subject Property Pictures



Valuation Summary

Details	Information
Report Type	Narrative report
Purpose of Valuation	Financial Statements
Other independent Users	Fund Managers and Investors – Report Reviewers
Date of Approval	15 October 2023
Date of Inspection	18 June 2023
Date of Valuation	31 December 2023
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Valuation Approach	Income Approach
Currency	Saudi Arabian Riyal (SAR)
Property Fair Value	462,590,000 SAR (1,299,410 SAR/Room)

Executive Summary

Terms and Conditions

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

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Scope of work

- The scope of work is to estimate the fair value of the Vittori Hotel in King Abdullah District in Riyadh for the purpose of financial statements.

Professional Standards

- This evaluation task was carried out based on the International Valuation Standards (IVS) issued by the International Valuation Standards Board (IVSC) in 2022, the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem), and the professional procedures and rules recognized in the evaluation work of real estate assets, which are based on analysis, comparison and direct inspection of each property, and searching as much as possible for the positive and negative influences and characteristics of the property under evaluation.

Status of residents

- This report has been prepared and verified by Ammar Qutb and Ammar Sindi, who have the qualifications, ability and experience to conduct the valuation of the property in question and as external evaluators.

Conflict of Interest

- We confirms that it has nothing to do with an existing or potential conflict of interest regarding this property

Date of Inspection

- We confirm that the property was inspected on 18 June 2023.

Date of Valuation

- We confirm that the property was evaluated on 31 December 2023.

Basis of Valuation

- We have prepared our valuation on the basis of Market Value, which is defined in IVS 2022 as per the below:

Market Value:

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

Sources of Information

- We have relied upon the information provided to us by the Client with respect to the Subject Property, which is outlined below:
 - Title Deed
 - Krooki
 - Lease Contract

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Liability and Publication

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

Confidentiality

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

Assumptions and Special Assumptions

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

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

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

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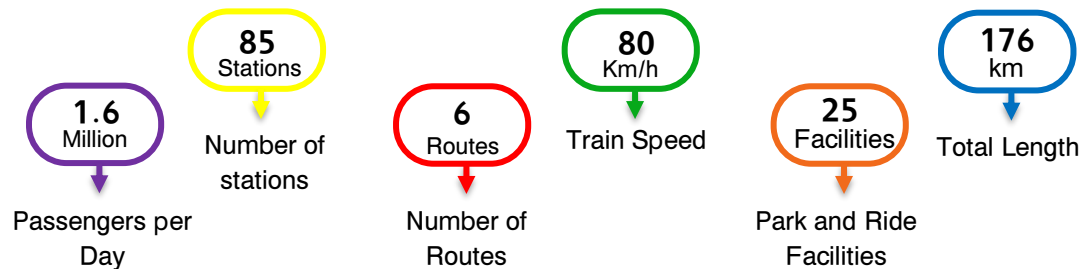
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Site Location Analysis

Public Transport – Riyadh Metro

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



Length of Riyadh Metro Routes

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

Riyadh Metro Route Map



Site Location Analysis

Development Projects at City Level

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

هيئة تطوير
بوابة الدرعية



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

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

Riyadh Art Project



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

Riyadh Boulevard



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

Green Riyadh



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

King Salman Park:



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



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Site Location Analysis

Macro Location



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The subject property is located in Riyadh, the capital of Saudi Arabia and the largest of its cities. It is the seat of the Riyadh Region.

Riyadh is the most prominent Saudi city with a total population of 7.5 million in 1442/2022.

Riyadh is one of the largest cities of the Arab World in terms of area. The developed area of the city is around 1,973 square kilometers.

Riyadh is witnessing significant development of infrastructure and public transport, with the Riyadh Metro Project and the Public Transport Project currently in progress.

The subject property is located in downtown Riyadh, approximately 33 kilometers from King Khalid International Airport.

The area of the property under evaluation is located within the white land range.



Site Location Analysis

Property Description

The Property at District Level

- The property is located north of Riyadh, where the area can be reached via Al-Orouba Road and through the Eastern Ring Road.
- The property is 8.4 km from Al Nakheel Mall and 10.9 km from Al Rajhi Grand Mosque.
- The property is 32.2 km from King Khalid Airport.
- The property is located on 3 streets. 1- Khuzam Street. 2- Al-Duwayan Street. 3- Al-Na'ayem Street.
- All services are available in the area of the property under evaluation

Property Description

- The property under evaluation is a 5-star hotel building (Visiture Palace Hotel) located in King Abdullah neighborhood, south of Al-Orouba Road, Riyadh.
- The land area is 17,274 square meters and the building area is 34,982.44 square meters (according to the building permit and the customer's statement).
- The building consists of 3 hotel buildings named A, B, & C in addition to residential villas.
- The buildings consist of a basement, a ground floor, and 3 residential floors, the basement consists of parking and services.
- The number of residential villas is 320 rooms and the number of villas is 36 villas with a total of 356 rooms and 11 elevators.

Subject Property Map

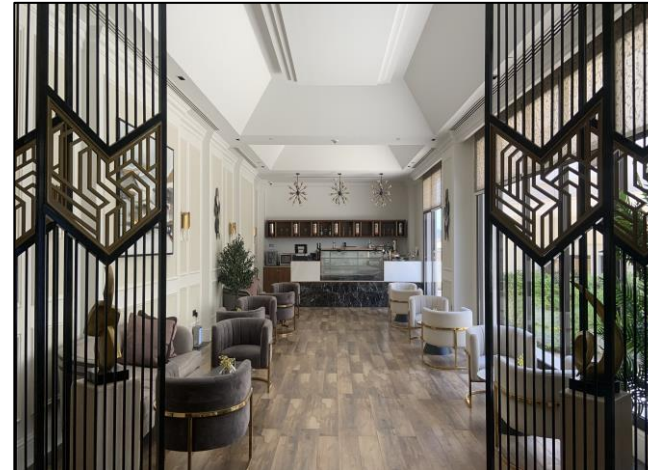


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Property Photographs



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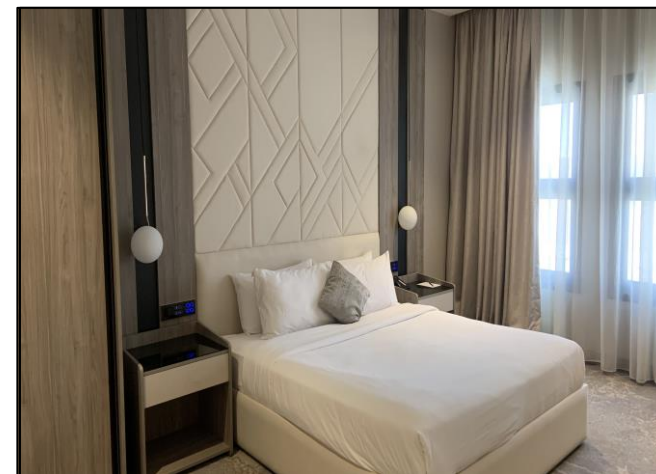
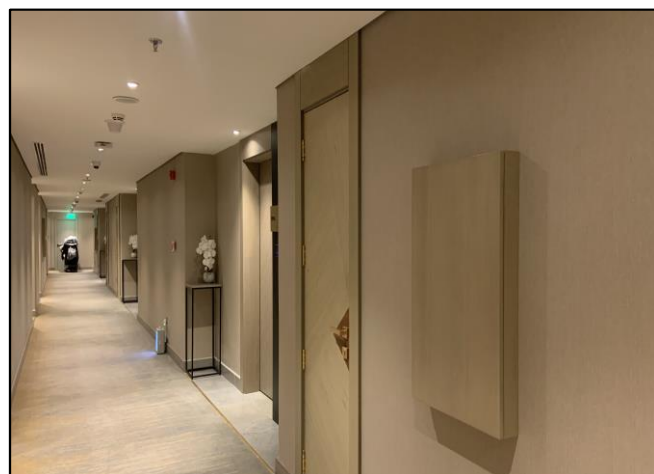


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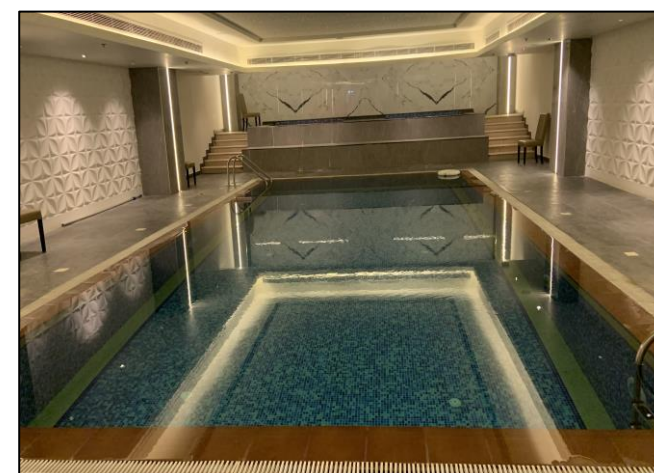


Site Location Analysis

Property Photographs



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Tenure



Property Information

Property Details (Freehold Details)

ID	Description		
Owner	Hotel Development Real Estate Company		
Property Name	Vittori		
Plot No.	148		
Masterplan No.	3220		
District	King Abdullah		
Block No.	13		
Coordinates	24°44'04.5"N	46°44'36.3"E	
City	Riyadh		
Ownership Type	Freehold		
Title Deed Info	Deed No.	499074003628	
	Deed Date	1444/06/16	

Dimensions and street widths

Side	Frontage Length	Street Name	Width (m)	Frontage
North	181.27	Khuzam Street	30	1
South	193.15	Al , Widyan Street	20	3
East	36	Khuzam Street	-	2
West	137.43	mosque	30	4

- Sources: Title Deed

Lease Contract Summary:

Year	Income
First party (owner)	Hotel Development Real Estate Company
Second Party (Tenant)	Praised Company
Contract Period	5 years
First Year	33,004,650
Second Year	33,004,650
Third Year	33,004,650
Fourth Year	33,004,650
Fifth Year	33,004,650

- Note: There is a possibility to extend the period for a similar period if the parties agree, depending on the contract.

No legal document has been verified for the subject property under Valuation, which includes planning, ownership, mortgage and some legal matters on which all or part of this report is based and considered reliable. It was assumed that the instrument was valid and binding. It was also assumed that the property is free from any legal obligations, mortgage rights or any Constraints.

- Sources: leasehold

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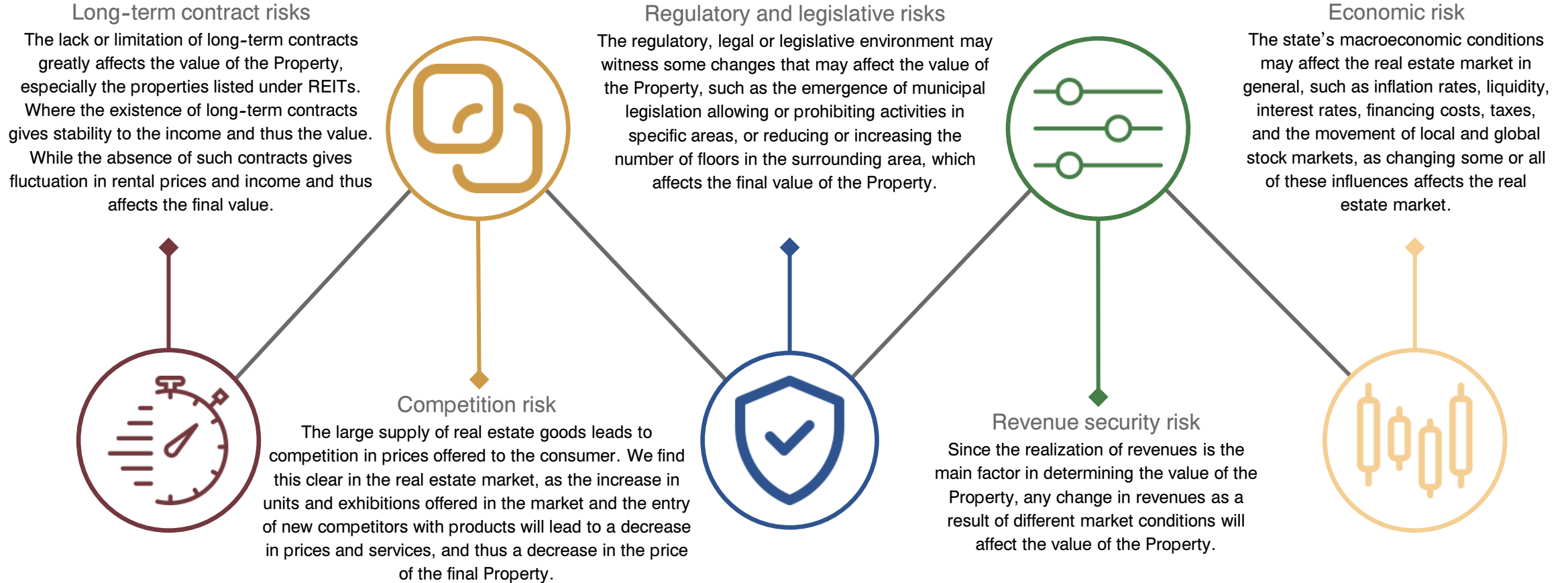
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Property Risk Analysis



The evaluation methods used

When selecting the most appropriate methodology for estimating the property value under appraisal, we took into consideration the information provided by the client, the current status of the property, as well as our own analysis of the local market conditions. In determining the fair value of the property under appraisal, the following methods and techniques were utilized:

The Income Approach (Income Method)

The Income Approach indicates value by converting future cash flows into a single present value. According to this approach, the value of the asset is determined by referencing the revenue, cash flows, or cost savings generated by the asset.

The Income Approach should be applied and given significant priority or weight in the following situations:

A) When the asset's ability to generate income is the primary factor influencing its value from the perspective of the participants.

B) Reasonable expectations exist for the amount of future revenue from the asset being appraised and its timing, but there are only a few relevant fair comparisons available, if any.

Regarding the evaluation of commercial assets such as hotels, we typically follow the Income Approach.

Earnings Method

When evaluating hotels, the approach involves estimating the earnings before interest, taxes, depreciation, and amortization (EBITDA) over a certain period. Typically, exit from these types of properties occurs within 10 years, and the time frame for cash flows is assumed to be 10 years.

Regarding EBITDA forecasts:

First: This is achieved through analyzing the current or future performance of the property under appraisal, taking into account factors such as location, hotel reputation, condition, specifications, and operational structure.

Second: We study the local hospitality sector by evaluating the current market performance in addition to the expected room entries into the market, as well as analyzing the hotel sector and some economic indicators.

Afterward, assumptions are made regarding the vacancy rate, average daily rent, revenue per available room, hotel department expenses, undistributed expenses, administrative fees, fixed charges, and reserves for furniture and equipment renewal.

Afterward, assumptions are made regarding the vacancy rate, average daily rent, revenue per available room, hotel department expenses, undistributed expenses, administrative fees, fixed charges, and reserves for furniture and equipment renewal.

Field Research & Market Analysis

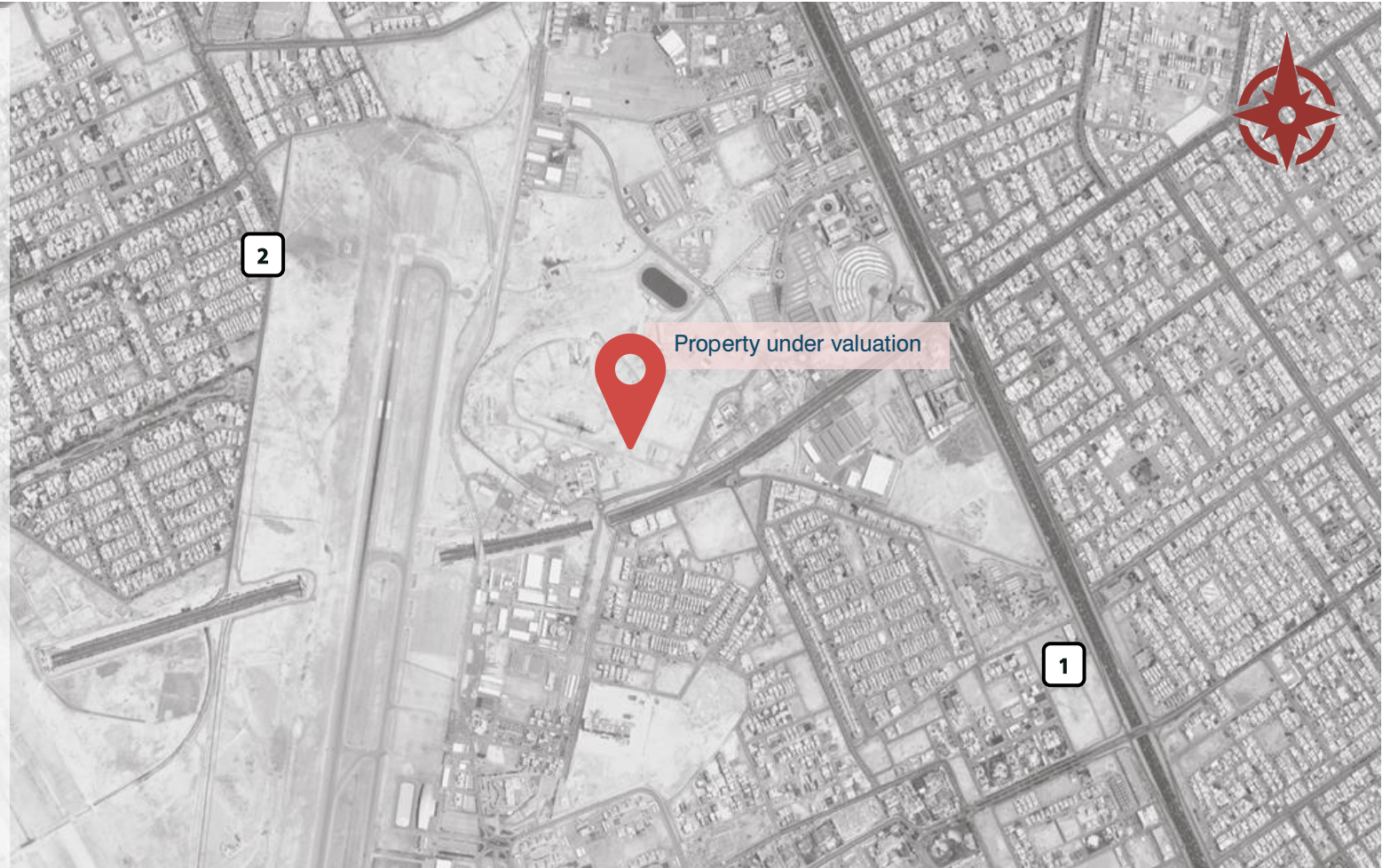
Field research was conducted for hotels approaching the characteristics of the property under evaluation, and the details of the comparisons are as follows.

Crowne Plaza Hotel	Forsan Hotel	Hotel Name
4 stars	4 stars	classification
922	520	Average rental price in the middle of the week (SR/sqm.)
922	520	Average weekend rental price (SAR/sqm)

When looking at the nature of the prices of the rooms offered in the region, there is a relative convergence between the prices governed by the location of the hotel, the area of the room, the services provided and the facilities, and through field research it becomes clear as follows:

Comparisons show that prices range from 520 SAR/sqm to 922 SAR/ sqm in the middle of the week and prices range from 520 SAR/ sqm to 922 SAR/ sqm on weekends.

The map shows the locations of the comparisons used in the valuation, and was used to determine the expected income of the property, as shown in the following pages of this report.





Revenue Estimation

Revenue Account

Based on the analysis of hotel comparisons, the tables below show a summary of room revenue for the first year.

In the cash flow assumptions for hotel units, occupancy for the hotel starting from the first year was assumed at 65% for hotel rooms and 68% for hotel villas.

Detailed table of room revenue for the first year (for hotel rooms)

description	Midweek	Weekend	Total
Days	261	104	365
Number of rooms available	83,429	33,371	116,800
Occupancy (%)	68%	70%	69%
Number of occupied rooms	56,731	23,360	80,091
Average daily rent	660	660	660
Average yield for available rooms	449	462	453
Expected income	37,442,743	15,417,600	52,860,343

Table of room revenue for the first year (for hotel villas)

description	Midweek	Weekend	Total
Days	261	104	365
Number of rooms available	9,386	3,754	13,140
Occupancy (%)	80%	80%	80%
Number of occupied rooms	7,509	3,003	10,512
Average daily rent	2,200	2,530	2,294
Average yield for available rooms	1,760	2,024	1,835
Expected income	16,518,857	7,598,674	24,117,531

Note: The STR for the year 2023 was used to calculate the occupancy rate (%) and the average daily rent.

Summary of Future Performance Assumptions

Summary of cash flow assumptions, (for hotel rooms):

description	5	6	7	8	9	10
Number of rooms	320	320	320	320	320	320
Room Occupancy (%)	69%	69%	69%	69%	69%	69%
Average Room Rate (SAR)	758	779	801	823	846	870
RevPAR (SAR)	520	534	549	564	580	597
REVENUE and DEPARTMENTAL EXPENSES ASSUMPTIONS						
Rooms (%)	58.0%	58.0%	58.0%	58.0%	58.0%	58.0%
Food & Beverage (%)	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Spaces inside the hotel (%)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Meeting Rooms (%)	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Other Revenue (%)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total Departmental Profit (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Department Expenses (%)	35.2%	35.2%	35.2%	35.2%	35.2%	35.2%
Department Revenue (%)	64.8%	64.8%	64.8%	64.8%	64.8%	64.8%
UNDISTRIBUTED & FIXED EXPENSES						
Administrative & General (%)	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Sales & Marketing (%)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Property Operations and Maintenance (%)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Utilities (%)	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Total undistributed expenses (%)	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%
MANAGEMENT FEES & FF&E RESERVE						
Total Management Fees (%)	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%
Total Fixed Charges (%)	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Reserve for Renewals (FF&E) (%)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
EBITDA						
(EBITDA) (SAR)	32,301	33,206	34,136	35,091	36,074	37,084
Net Profit Percentage (%)	30.9%	30.9%	30.9%	30.9%	30.9%	30.9%

Summary of Future Performance Assumptions

Summary of cash flow assumptions (for hotel rooms):

description	5	6	7	8	9	10
Number of rooms	320	320	320	320	320	320
Room Occupancy (%)	69%	69%	69%	69%	69%	69%
Average Room Rate (SAR)	758	779	801	823	846	870
RevPAR (SAR)	520	534	549	564	580	597
REVENUE and DEPARTMENTAL EXPENSES ASSUMPTIONS						
Rooms (SAR)	60,687	62,386	64,133	65,929	67,775	69,672
Food & Beverage (SAR)	31,390	32,269	33,172	34,101	35,056	36,037
Spaces inside the hotel (SAR)	1,046	1,076	1,106	1,137	1,169	1,201
Meeting Rooms (SAR)	10,463	10,756	11,057	11,367	11,685	12,012
Other Revenue (SAR)	1,046	1,076	1,106	1,137	1,169	1,201
Total Departmental Profit (SAR)	104,633	107,562	110,574	113,670	116,853	120,125
Department Expenses (SAR)	36,789	37,819	38,878	39,966	41,086	42,236
Department Revenue (SAR)	67,844	69,743	71,696	73,704	75,768	77,889
UNDISTRIBUTED & FIXED EXPENSES						
Administrative & General (SAR)	9,417	9,681	9,952	10,230	10,517	10,811
Sales & Marketing (SAR)	5,232	5,378	5,529	5,684	5,843	6,006
Property Operations and Maintenance (SAR)	5,232	5,378	5,529	5,684	5,843	6,006
Utilities (SAR)	7,324	7,529	7,740	7,957	8,180	8,409
Total undistributed expenses (SAR)	27,205	27,966	28,749	29,554	30,382	31,232
MANAGEMENT FEES & FF&E RESERVE						
Total Management Fees (SAR)	5,461	5,613	5,771	5,932	6,098	6,269
Total Fixed Charges (SAR)	1,831	1,882	1,935	1,989	2,045	2,102
Reserve for Renewals (FF&E) (SAR)	1,046	1,076	1,106	1,137	1,169	1,201
EBITDA						
(EBITDA) (SAR)	32,301	33,206	34,136	35,091	36,074	37,084
Net Profit Percentage (%)	30.9%	30.9%	30.9%	30.9%	30.9%	30.9%

Summary of Future Performance Assumptions

Summary of cash flow assumptions (for hotel villas):

description	5	6	7	8	9	10
Number of rooms	36	36	36	36	36	36
Room Occupancy (%)	80%	80%	80%	80%	80%	80%
Average Room Rate (SAR)	2,634	2,708	2,784	2,861	2,942	3,024
RevPAR (SAR)	2,107	2,166	2,227	2,289	2,353	2,419
REVENUE and DEPARTMENTAL EXPENSES ASSUMPTIONS						
Rooms (%)	58.0%	58.0%	58.0%	58.0%	58.0%	58.0%
Food & Beverage (%)	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Spaces inside the hotel (%)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Meeting Rooms (%)	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Other Revenue (%)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total Departmental Profit (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Department Expenses (%)	35.2%	35.2%	35.2%	35.2%	35.2%	35.2%
Department Revenue (%)	64.8%	64.8%	64.8%	64.8%	64.8%	64.8%
UNDISTRIBUTED & FIXED EXPENSES						
Administrative & General (%)	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Sales & Marketing (%)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Property Operations and Maintenance (%)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Utilities (%)	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Total undistributed expenses (%)	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%
MANAGEMENT FEES & FF&E RESERVE						
Total Management Fees (%)	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%
Total Fixed Charges (%)	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Reserve for Renewals (FF&E) (%)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
EBITDA						
(EBITDA) (SAR)	14,738	15,150	15,574	16,010	16,459	16,920
Net Profit Percentage (%)	30.9%	30.9%	30.9%	30.9%	30.9%	30.9%

Summary of Future Performance Assumptions

Summary of cash flow assumptions (for hotel villas):

description	5	6	7	8	9	10
Number of rooms	36	36	36	36	36	36
Room Occupancy (%)	80%	80%	80%	80%	80%	80%
Average Room Rate (SAR)	2,634	2,708	2,784	2,861	2,942	3,024
RevPAR (SAR)	2,107	2,166	2,227	2,289	2,353	2,419
REVENUE and DEPARTMENTAL EXPENSES ASSUMPTIONS						
Rooms (SAR)	27,688	28,464	29,261	30,080	30,922	31,788
Food & Beverage (SAR)	14,322	14,723	15,135	15,559	15,994	16,442
Spaces inside the hotel (SAR)	477	491	504	519	533	548
Meeting Rooms (SAR)	4,774	4,908	5,045	5,186	5,331	5,481
Other Revenue (SAR)	477	491	504	519	533	548
Total Departmental Profit (SAR)	47,739	49,075	50,449	51,862	53,314	54,807
Department Expenses (SAR)	16,785	17,255	17,738	18,235	18,745	19,270
Department Revenue (SAR)	30,954	31,820	32,711	33,627	34,569	35,537
UNDISTRIBUTED & FIXED EXPENSES						
Administrative & General (SAR)	4,296	4,417	4,540	4,668	4,798	4,933
Sales & Marketing (SAR)	2,387	2,454	2,522	2,593	2,666	2,740
Property Operations and Maintenance (SAR)	2,387	2,454	2,522	2,593	2,666	2,740
Utilities (SAR)	3,342	3,435	3,531	3,630	3,732	3,836
Total undistributed expenses (SAR)	12,412	12,760	13,117	13,484	13,862	14,250
MANAGEMENT FEES & FF&E RESERVE						
Total Management Fees (SAR)	2,491	2,561	2,633	2,707	2,782	2,860
Total Fixed Charges (SAR)	835	859	883	908	933	959
Reserve for Renewals (FF&E) (SAR)	477	491	504	519	533	548
EBITDA						
(EBITDA) (SAR)	14,738	15,150	15,574	16,010	16,459	16,920
Net Profit Percentage (%)	30.9%	30.9%	30.9%	30.9%	30.9%	30.9%

Valuation

Explicit Forecasting Period

Cash flow table:

- The property was valued by income from the lease for the remainder of the contract and then the expected income was assumed after the completion of the lease by market as shown in the cash flow table below, and the following main assumptions were relied upon:
- Inflation Rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate in Saudi Arabia's GDP for the past 12 years according to the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the location of the property and the type of construction, as well as field and office research for the rates of return similar to the property under evaluation, and also according to our understanding of the real estate market in the Kingdom, a rate of 8.00% was reached.
- Discount Rate: Based on our understanding of similar properties in the property area, and taking into account the characteristics of location, area, use, supply and demand, we have applied an 10.80% discount rate.

Cash flow table:

Year	1	2	3	4	5	6	7	8	9	10	Exit
Discount Period (000 SAR)	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	
Net Income from the Contract (SAR 000s)	33,005	33,005	33,005	33,005							
Net Income from the Market (SAR 000s)					47,039	48,356	49,710	51,102	52,533	54,004	
Total Net Income (SAR 000s)											434,761
Exit Value											675,045
Present Value (SAR 000s)	29,788	26,884	24,264	21,899	28,168	26,134	24,247	22,497	20,872	19,365	218,472
Market Value (Rounded)	462,590,000										
Room Value (SAR per room)	1,299,410										



أبجد
للتقييم العقاري

Valuation Summary

Valuation Summary

Opinion of Value

Abaad is of the opinion that the Fair Value of the Subject Properties, based upon assumptions and detail within this report, may be stated as follows:

The Fair Value of the property as of 31 December 2023 is :

- **462,590,000 Saudi Riyals** (four hundred sixty-two million five hundred ninety thousand Saudi Riyals).

• Signatures & Authorizations

Amina Ogal

Taqeem ID: **1220003356**

Membership Type: Provisional Member

Sector: Real Estate Sector

Membership Date: **07/08/2023**

Contribution: Inspector, Valuer and Report Creator



Eng. Yousuf Abdullah Khan

Taqeem ID: **1220001989**

Membership Type: Provisional Member

Sector: Real Estate Sector

Membership Date: **17/09/2020**

Contribution: Valuation & Report Reviewer



Eng. Ammar Mohamed Qutub

Taqeem ID: **1210000392**

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: **24/01/2016**

Contribution: Report Reviewer & Authorizer



Eng. Ammar Abdulaziz Sindi

Taqeem ID: **1210000219**

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: **22/12/2015**

Contribution: Report Reviewer & Authorizer



Company Stamp

Company Name:

**Abaad & Partner for
Real Estate Valuation**

Company No.

11000111

CR No: **4030297686**

CL No: **323/18/781**



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- Appendix 2:Valuation Glossary

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الجمهورية العربية السورية
وزارة العدل
[٢٧٧]



رقم الصك: ٦٩٠١١٥٠٦٠٩٢٢ / ٢٧/١٤٤٤ هـ

صك

الحمد لله بحده والصلاة والسلام على من لا نبي بعده، وبعد:

فإن الشقة رقم 1167 / 1 في من الأرضى الى العاشر من البرج رقم 1167 المقامة على البرج رقم 1167 من المخطط رقم 1863 / أ ب الواقع في حي الصحافة بمدينة الرياض .

وجديدا وأطولها كالتالي:

شمالاً: شارع عرض 15.00 م بارتداد 3.00 م بطول: ()
21.00+1.40+19.40+9.90+11.80+8.50+26.35

جنوبياً: شارع عرض 20.00 م بارتداد 4.00 م بطول: ()
21.00+5.60+11.80+4.20+16.93

شرقاً: شارع عرض 40.00 م بارتداد 8.00 م بطول: ()
9.90+4.20+19.20+4.20+25.30+21.00+19.20

غرباً: شارع 20.00 م بارتداد 4.00 م بطول: (72.84) اثنين وسبعون متر و أربعة وثلاثون سنتيمتر

وساحتها: (25,462.74) خمسة وعشرون ألفا وأربعمائة واثنين وستون متر مربعاً وأربعة وسبعون سنتمتراً مربعاً فقط مساحة الأرض مشاعاً 2,5312.69 م، تكون حصة كل مالك فى الأجزاء المشتركة نسبة قيمة الجزء الذى يملكه مغزرا 0.578 %، حسب التقرير المساحي رقم/٥767 فى 27/10/1437هـ بالخاطر رقم 62121437002613قفي 28/12/1437هـ ، والتفيد برقم 3816133قفي 10/1/1438هـ كما يجب على مالك كل وحدة التنسيق مع باقى الملاك بالعقار ، وتكون جمعية ملاك بعد مدة أقصاها 6 أشهر من اكتمال النصاب ، وذلك عند بلوغ عدد الوحدات المفزة للعقار أكثر من 10 وحدات . وزاد عدد ملاكها عن 5 أشخاص وذلك وفق مانس عليه نظام ملكية الوحدات العقارية وفرغها الصادر بقر

والمستند فى إفراجها على الصك الصادر من كتابة العدل بوسط الرياض برقم 614010002737 والعدد 1443 / 12 / 1 هـ

قد انتقلت ملكيتها ل: شركة تنمية الفنادق العقارية (شركة شخص واحد) بموجب سجل تجاري رقم 7025392254 فى 7 / 1 / 1443 هـ وتتنتهى فى 7 / 1 / 1446 هـ ..


صدرت هذه الوثيقة من وزارة العدل ، ويجب التحقق من بياناتها وبروتوكول عبر الخدمات الإلكترونية لوزارة العدل.

نموذج رقم (١-٢-٣)

(عنا الضوابط الخاصة بالاشتراك بالمساكن التي وضع عليها)

مساحة بنوع العقارية : ١٢١٠٢٠

صفحة رقم 1 من 2



Appendix 2: Valuation Glossary

Saudi Authority

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

Asset or Assets

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

Client

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

Intended Use

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

Intended User

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

Jurisdiction

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

May

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

Appendix 2: Valuation Glossary

Must

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

Participant

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

Purpose

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

Should

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

Appendix 2: Valuation Glossary

Significant and/or Material

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

Subject or Subject Asset:

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

Valuation

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

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

Valuation Reviewer

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

Value (n)

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

Valuer

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

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Appendix 2: Valuation Glossary

Weight

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

Weighting

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



Abaad & Partner For Real Estate Valuation Co.

Jeddah Branch (Head Office):

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

Riyadh Branch:

Imam Saud bin Faisal Road,
Al-Sahafa District
Al-Difaa Office, 2nd Floor, suite 106
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Eng. Ammar Qutub

Director

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أبجد
للتقييم العقاري

Final Valuation Report

Rafal Hotel (Ascot) in Al-Sahafa district in Riyadh

Client / Alinma REIT Hospitality Fund

26 March 2024

V230245

P230328

Introduction



Dear Alinma REIT Hospitality Fund

RE: Real Estate Valuation of Rafal Hotel (Ascot) in Al-Sahafa district in Riyadh

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

We have prepared our valuation on the basis of Market Value as of **07 March 2023** for Selling and Leasing purposes.

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

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

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

Eng. Ammar Abdulaziz Sindi

Chief Executive Officer

Kingdom of Saudi Arabia

Mobile: +966 (50) 730 0500

Email: asindi@sa-abaad.com

Registration Certificate



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Property Overview

- The subject property is a 4-star hotel (Ascot Rafal Hotel) located in Al-Sahafa district in Riyadh.
- The land area is 5,312.69 Sqm (according to the title deed) and the building area under valuation is 25,462.74 Sqm (according to the title deed).
- The building consists of a ground floor that contains the reception area and elevators. From the first floor to the 10th floor consists of hotel rooms, and from the 11th floor to the 26th floor consists of hotel apartments with absolute ownership. As for the 27th floor, it consists of a private swimming pool for women, and the property also consists of a basement used by the role of parking. The hotel will be evaluated except (hotel apartments).
- The property is 28.6 km from King Khalid International Airport.
- The property is located on 4 streets, the most important of which is Olaya Street, where the property is located with a direct façade.

Property Details

Site Details	Information
Location	Al-Sahafa
Permitted Use	Commercial/Hospitality
Tenure	Freehold
Deed Number	410115065922
Deed Date	02/06/1444 H
Land Area (sqm)	25,462.74 (According to title deed)
Owner	Hotel Development Real Estate Company

Subject Property Pictures



Valuation Summary

Details	Information
Report Type	Detailed report
Purpose of Valuation	Financial Statements
Other independent Users	Fund Manager and Investors – Report Reviewers
Date of Approval	15 October 2023
Date of Inspection	14 June 2023
Date of Valuation	31 December 2023
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Valuation Approach	Income Approach
Currency	Saudi Arabian Riyal (SAR)
Property Fair Value	268,230,000 SAR (1,099,303 SAR / Key)

Executive Summary

Terms and Conditions

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

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Scope of work

- The scope of work is the estimation of the fair value of the property (Rafal Hotel (Ascot) in Al-Sahafa district in Riyadh) for the purpose of Financial Statements.

Professional Standards

- This evaluation task was carried out based on the International Valuation Standards (IVS) issued by the International Valuation Standards Board (IVSC) in 2022, the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem), and the professional procedures and rules recognized in the evaluation work of real estate assets, which are based on analysis, comparison and direct inspection of each property, and searching as much as possible for the positive and negative influences and characteristics of the property under evaluation.

Status of residents

- This report has been prepared and verified by Ammar Qutb and Ammar Sindi, who have the qualifications, ability and experience to conduct the valuation of the property in question and as external evaluators.

Conflict of Interest

- We confirms that it has nothing to do with an existing or potential conflict of interest regarding this property

Date of Inspection

- We confirm that the Property was inspected by Abaad Team on 15 June 2023.

Date of Valuation

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

Basis of Valuation

- We have prepared our valuation on the basis of Market Value, which is defined in IVS 2022 as per the below:

Market Value:

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

Sources of Information

- We have relied upon the information provided to us by the Client with respect to the Subject Property, which is outlined below:
 - Title Deed
 - Krooki
 - Lease Contract

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Liability and Publication

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

Confidentiality

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

Assumptions and Special Assumptions

- According to the definition of the International Valuation Standards “Important Assumptions and special assumptions must be reasonable and relevant having regard to the purpose for which the valuation is required, and may be accepted as fact in the context of the valuation exercises without verification or validation in a specific manner. Moreover, they are matters which are accepted when stated. Such
- **No assumptions or special assumptions were made.**

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

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

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Title Information

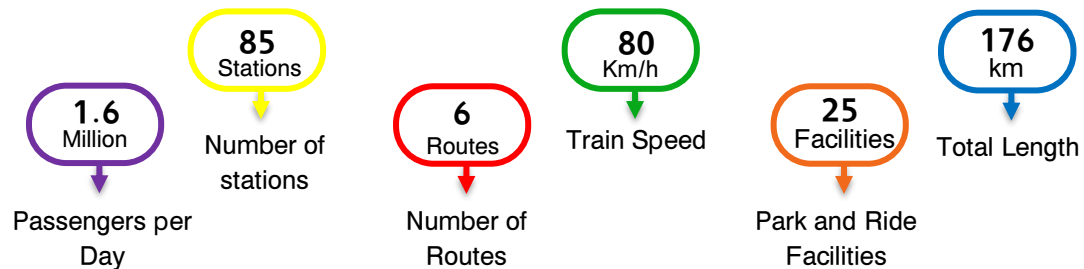
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Site Location Analysis

Public Transport – Riyadh Metro

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



Length of Riyadh Metro Routes

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

Riyadh Metro Route Map



Site Location Analysis

Development Projects at City Level

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

هيئة تطوير
بوابة الدرعية



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

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

Riyadh Art Project



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

Riyadh Boulevard



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

Green Riyadh



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

King Salman Park:



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



أبعاد
للتقييم العقاري



Site Location Analysis

Macro Location



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The subject property is located in Riyadh, the capital of Saudi Arabia and the largest of its cities. It is the seat of the Riyadh Region.

Riyadh is the most prominent Saudi city with a total population of 7.5 million in 1442/2022.

Riyadh is one of the largest cities of the Arab World in terms of area. The developed area of the city is around 1,973 square kilometers.

Riyadh is witnessing significant development of infrastructure and public transport, with the Riyadh Metro Project and the Public Transport Project currently in progress.

The subject property is located in downtown Riyadh, approximately 33 kilometers from King Khalid International Airport.

The area of the property under evaluation is located within the white land range.



Site Location Analysis

Property Description

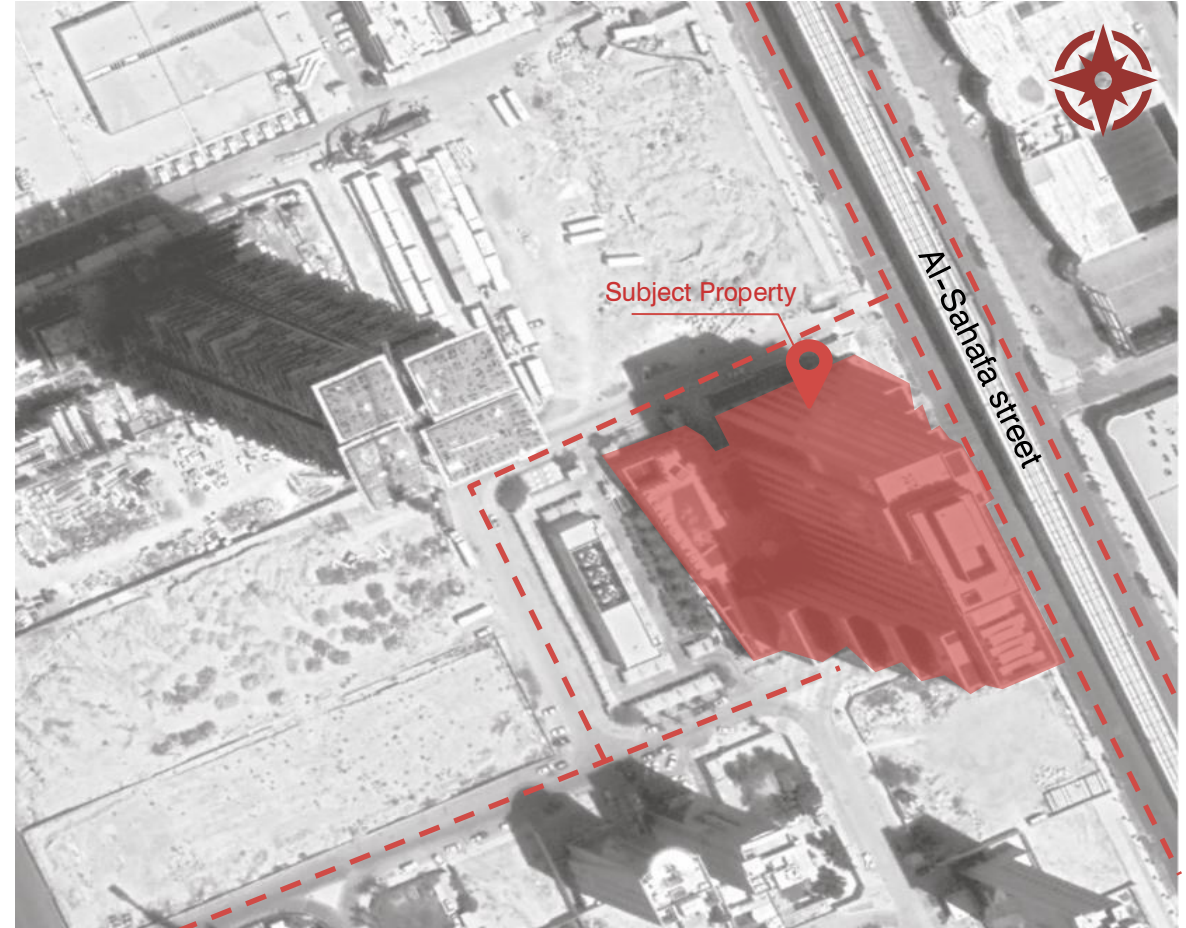
The Property at District Level

- The property is located in the center of Riyadh in As Sahafa district and it's bordered on the north by Anas Ibn Malik Road, to the west by King Fahd Road and to the east by Olaya Street.
- The property is located south of King Khalid International Airport and bordered on the north by Al-Yasmin neighborhood, on the south and west by Al-Malqa neighborhood, and on the east by Al-Sahafa neighborhood.
- The subject property can be accessed through King Fahd Road and Olaya Street, which is one of the most important streets in Riyadh and flourishes on both sides of economic and commercial activities.
- All services are available in the area of the propert.

Property Description

- The subject property is a 4-star hotel (Ascot Rafal Hotel) located in Al-Sahafa district in Riyadh.
- The land area is 5,312.69 Sqm (according to the title deed) and the building area is 25,462.74 Sqm (according to the title deed).
- The building consists of 234 rooms and a ground floor containing a reception area, a café, two restaurants, a prayer room for women and men, and meeting rooms.
- The hotel has two outdoor swimming pools, two gyms, 24-hour reception service, security room, laundry room, electricity room, firefighting system room, and valet parking.
- One of the hotel's main competitors: DoubleTree by Hilton, Marriott and Courtyard)
- The property also consists of a basement used for the role of parking. The hotel will be evaluated except (hotel apartments).
- The property is located on 4 streets, the most important of which is Olaya Street, where the property is located directly on the street.

Subject Property Map



Site Location Analysis

Property Photographs



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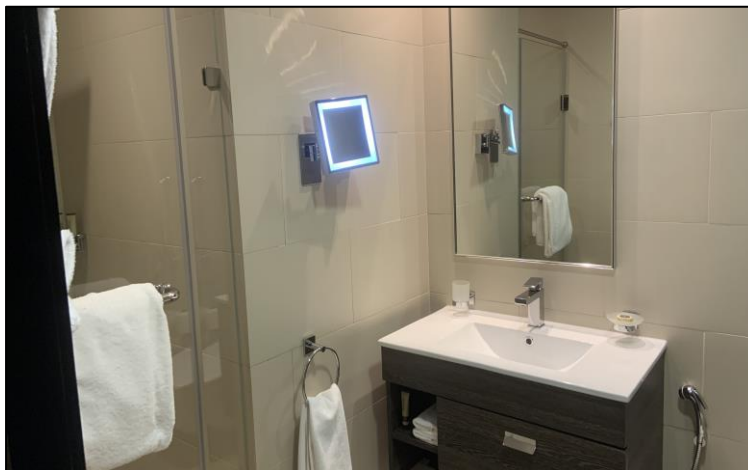


Site Location Analysis

Property Photographs



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للتقييم العقاري

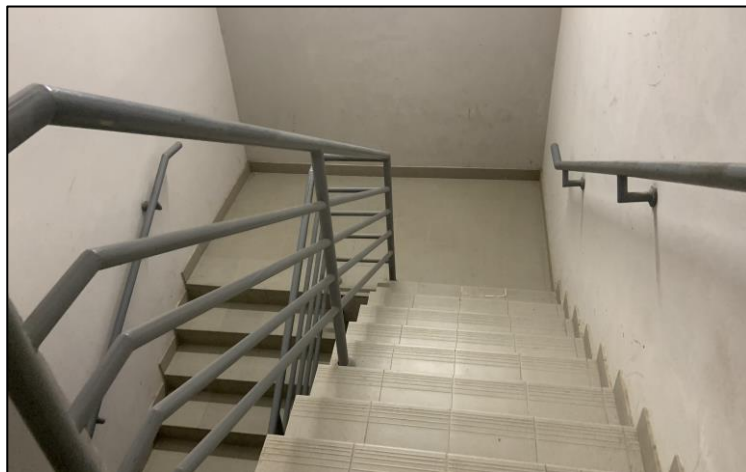


Site Location Analysis

Property Photographs



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Tenure



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Property Information

Property Details (Freehold Details)

ID	Description		
Owner	Hotel Development Real Estate Company		
Property Name	Rafal Hotel (Ascot) in Al-Sahafa district in Riyadh		
Plot No.	-		
Masterplan No.	ب إ/1863		
District	As Sahafa		
Block No.	-		
Coordinates	24°48'31.7"N		46°37'34.0"E
City	Riyadh		
Ownership Type	Freehold		
Title Deed Info	Deed No.	410115065922	
	Deed Date	02/06/1444 H	

Dimensions and street widths

Side	Frontage Length	Street Name	Width (m)	Frontage
North	99	NA	15	4
South	58	NA	20	3
East	103	As Sahafa Street	40	1
West	72.84	NA	20	2

- Sources: Title Deed

Lease Contract Summary:

Year	Income
First party (owner)	Hotel Development Real Estate Company
Second Party (Tenant)	Al Maskan Al Hadhari Real Estate Development Company
Contract Period	5
First Year	18,800,000
Second Year	18,800,000
Third Year	18,800,000
Fourth Year	18,800,000
Fifth Year	18,800,000

No legal document has been verified for the subject property under Valuation, which includes planning, ownership, mortgage and some legal matters on which all or part of this report is based and considered reliable. It was assumed that the instrument was valid and binding. It was also assumed that the property is free from any legal obligations, mortgage rights or any Constraints.

- Sources: leasehold

Valuation

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Site Location Analysis

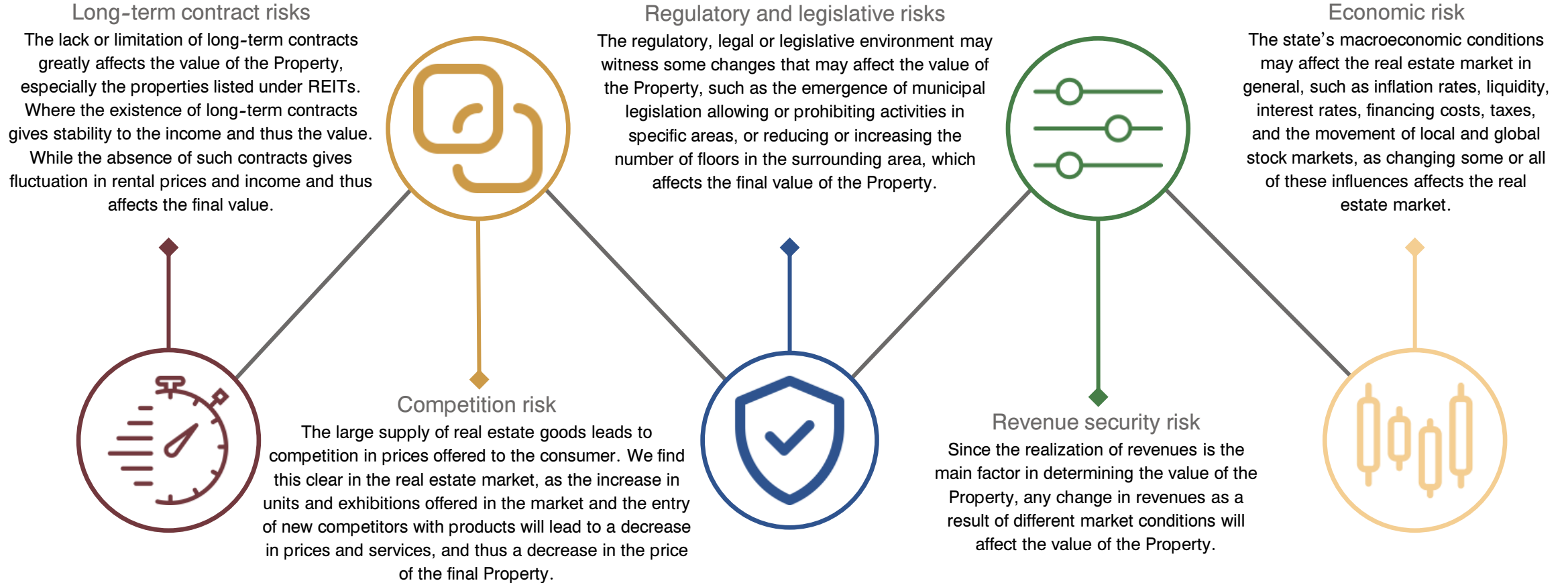
20

Valuation

Valuation Methodology
Market Approach valuation
Income Approach valuation
Value Summary

Appendices

Property Risk Analysis



The evaluation methods used

When selecting the most appropriate methodology for estimating the property value under appraisal, we took into consideration the information provided by the client, the current status of the property, as well as our own analysis of the local market conditions. In determining the fair value of the property under appraisal, the following methods and techniques were utilized:

The Income Approach (Income Method)

The Income Approach indicates value by converting future cash flows into a single present value. According to this approach, the value of the asset is determined by referencing the revenue, cash flows, or cost savings generated by the asset.

The Income Approach should be applied and given significant priority or weight in the following situations:

A) When the asset's ability to generate income is the primary factor influencing its value from the perspective of the participants.

B) Reasonable expectations exist for the amount of future revenue from the asset being appraised and its timing, but there are only a few relevant fair comparisons available, if any.

Regarding the evaluation of commercial assets such as hotels, we typically follow the Income Approach.

Earnings Method

When evaluating hotels, the approach involves estimating the earnings before interest, taxes, depreciation, and amortization (EBITDA) over a certain period. Typically, exit from these types of properties occurs within 10 years, and the time frame for cash flows is assumed to be 10 years.

Regarding EBITDA forecasts:

First: This is achieved through analyzing the current or future performance of the property under appraisal, taking into account factors such as location, hotel reputation, condition, specifications, and operational structure.

Second: We study the local hospitality sector by evaluating the current market performance in addition to the expected room entries into the market, as well as analyzing the hotel sector and some economic indicators.

Afterward, assumptions are made regarding the vacancy rate, average daily rent, revenue per available room, hotel department expenses, undistributed expenses, administrative fees, fixed charges, and reserves for furniture and equipment renewal.

Afterward, assumptions are made regarding the vacancy rate, average daily rent, revenue per available room, hotel department expenses, undistributed expenses, administrative fees, fixed charges, and reserves for furniture and equipment renewal.

Valuation

Market Research Analysis (Land Value)

We summarize below our research findings, which were used to value the Subject Property.

Comparable Sites

Hotel Name	Crown Rose Hotel	Swiss International Hotel
classification	4 Stars	4 Stars
Average rental price in the middle of the week (SR/sqm.)	630	603
Average weekend rental price (SAR/sqm)	680	563

Market Commentary

- When looking at the nature of the prices of the rooms offered in the property area, there is a relative convergence between the prices, which is affected by the location of the hotel, the area of the room, the services provided and the facilities, and through field research it becomes clear as follows:
- Comparisons show that prices range from 630 SAR/sqm to 603 SAR/sqm in the middle of the week and prices range from 680 SAR/sqm to 563 SAR/sqm on weekends.
- The map shows the locations of the comparisons used in the valuation, and was used to determine the expected income of the property, as shown in the following pages of this report.

Comparable Evidence Map



Revenue Estimation

Revenue Calculation

Based on the analysis of hotel comparisons, the tables below show a summary of room revenue for the first year.
In the cash flow assumptions of hotel units, occupancy of the hotel starting from the first year was assumed at 59% , and stabilizing in the second year at 72%.

Table of room revenue for the first year

description	Midweek	Weekend	Total
Days	261	104	365
Number of rooms available	63,614	25,446	89,060
Occupancy (%)	75%	80%	76%
Number of occupied rooms	47,711	20,357	68,067
Average daily rent	572	629	589
Average yield for available rooms	429	503	450
Expected income	27,290,529	12,808,355	40,098,883

Note: The occupancy rate (%) and average daily rent were calculated using the STR for the year 2023.



Summary of Future Performance Assumptions

Summary of cash flow assumptions (without inflation):

description	4	5	6	7	8	9	10
Number of rooms	244	244	244	244	244	244	244
Room Occupancy (%)	76%	76%	76%	76%	76%	76%	76%
Average Room Rate (SAR)	694	713	733	753	775	796	819
RevPAR (SAR)	530	545	560	576	592	609	626
REVENUE and DEPARTMENTAL EXPENSES ASSUMPTIONS							
Rooms (%)	77.0%	77.0%	77.0%	77.0%	77.0%	77.0%	77.0%
Food & Beverage (%)	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Meeting Rooms (%)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Other Revenue (%)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total Departmental Profit (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Department Expenses (%)	28.3%	28.3%	28.3%	28.3%	28.3%	28.3%	28.3%
Department Revenue (%)	71.7%	71.7%	71.7%	71.7%	71.7%	71.7%	71.7%
UNDISTRIBUTED & FIXED EXPENSES							
Administrative & General (%)	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Sales & Marketing (%)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Property Operations and Maintenance (%)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Utilities (%)	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Total undistributed expenses (%)	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%
MANAGEMENT FEES & FF&E RESERVE							
Total Management Fees (%)	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%
Total Fixed Charges (%)	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Reserve for Renewals (FF&E) (%)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
EBITDA							
(EBITDA) (SAR)	22,816	23,455	24,112	24,787	25,481	26,194	26,928
Net Profit Percentage (%)	37.2%	37.2%	37.2%	37.2%	37.2%	37.2%	37.2%



Summary of Future Performance Assumptions

Summary of cash flow assumptions (without inflation):

description	4	5	6	7	8	9	10
Number of rooms	244	244	244	244	244	244	244
Room Occupancy (%)	76%	76%	76%	76%	76%	76%	76%
Average Room Rate (SAR)	694	713	733	753	775	796	819
RevPAR (SAR)	530	545	560	576	592	609	626
REVENUE and DEPARTMENTAL EXPENSES ASSUMPTIONS							
Rooms (SAR)	47,209	48,531	49,890	51,287	52,723	54,199	55,717
Food & Beverage (SAR)	12,262	12,605	12,958	13,321	13,694	14,078	14,472
Meeting Rooms (SAR)	1,226	1,261	1,296	1,332	1,369	1,408	1,447
Other Revenue (SAR)	613	630	648	666	685	704	724
Total Departmental Profit (SAR)	61,311	63,027	64,792	66,606	68,471	70,388	72,359
Department Expenses (SAR)	17,375	17,862	18,362	18,876	19,405	19,948	20,507
Department Revenue (SAR)	43,935	45,165	46,430	47,730	49,066	50,440	51,853
UNDISTRIBUTED & FIXED EXPENSES							
Administrative & General (SAR)	5,518	5,672	5,831	5,995	6,162	6,335	6,512
Sales & Marketing (SAR)	3,066	3,151	3,240	3,330	3,424	3,519	3,618
Property Operations and Maintenance (SAR)	3,066	3,151	3,240	3,330	3,424	3,519	3,618
Utilities (SAR)	4,292	4,412	4,535	4,662	4,793	4,927	5,065
Total undistributed expenses (SAR)	15,941	16,387	16,846	17,318	17,803	18,301	18,813
MANAGEMENT FEES & FF&E RESERVE							
Total Management Fees (SAR)	3,492	3,590	3,691	3,794	3,900	4,009	4,122
Total Fixed Charges (SAR)	1,073	1,103	1,134	1,166	1,198	1,232	1,266
Reserve for Renewals (FF&E) (SAR)	613	630	648	666	685	704	724
EBITDA							
(EBITDA) (SAR)	22,816	23,455	24,112	24,787	25,481	26,194	26,928
Net Profit Percentage (%)	37.2%	37.2%	37.2%	37.2%	37.2%	37.2%	37.2%

Valuation

Explicit Forecasting Period

Cash flow table:

- The property was valued by income from the lease for the remainder of the contract and then the expected income was assumed after the completion of the lease based on market as shown in the cash flow table below, and the following key assumptions were made:
- Inflation Rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average rate of inflation in the domestic product of the Kingdom of Saudi Arabia for the past 12 years as per the Central Bank of Saudi Arabia.
- Rate of return on capital: The rate of return is calculated according to the location of the property and the type of construction, as well as the field and office research for similar rates of return to the property under valuation, and according to our understanding of the real estate market in the Kingdom, a rate of 8.00% has been reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we applied a discount rate of 10.80%.

Cash flow table:

Year	1	2	3	4	5	6	7	8	9	10	Exit
Discount Period (000 SAR)	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	
Net Income from the Contract (SAR 000s)	18,800	18,800	18,800								
Net Income from the Market (SAR 000s)				23,455	24,112	24,787	25,481	26,194	26,928	26,928	
Total Net Income (SAR 000s)											234,283
Exit Value (SAR 000s)											336,595
Net income from the commercial section (000 Riyals)				2,988	3,072	3,158	3,246	3,337	3,431	3,527	
Exit Value (SAR 000s)											44,084
Present Value (SAR 000s)	19,450	17,617	15,958	17,545	16,278	15,103	14,012	13,001	12,062	10,921	123,203
Market Value (Rounded)	268,230,000										
Room Value (SAR per room)	1,099,303										



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Valuation Summary

Valuation Summary

Opinion of Value

Abaad is of the opinion that the Fair Value of the Subject Properties, based upon assumptions and detail within this report, may be stated as follows:

The fair value of the property as of 31 December, 2023 is:

- 268,230,000 SAR (two hundred sixty eight million two hundred thirty thousand Saudi Riyal)

• Signatures & Authorizations

Amina Ogal

Taqeem ID: 1220003356

Membership Type: Provisional Member

Sector: Real Estate Sector

Membership Date: 07/08/2023

Contribution: Inspector, Valuer and Report Creator

Eng. Yousuf Abdullah Khan

Taqeem ID: 1220001989

Membership Type: Provisional Member

Sector: Real Estate Sector

Membership Date: 17/09/2020

Contribution: Valuation & Report Reviewer

Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 24/01/2016

Contribution: Report Reviewer & Authorizer

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 22/12/2015

Contribution: Report Reviewer & Authorizer

Company Stamp

Company Name:

**Abaad & Partner for
Real Estate Valuation**

Company No.

11000111

CR No: 4030297686

CL No: 323/18/781



Valuation

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Appendices

Appendix 1: Subject Properties Documents
Appendix 2:Valuation Glossary

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الجمهورية الجزائرية الديمقراطية الشعبية
وزارة العدل
[٢٧٧]



صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:

فإن الشقة رقم 1 / 1167 في من الأرضى الى العاشر من البرج رقم 1167 المقامة على البرج رقم 1167 من المخطط رقم 1 / 1863 أ ب الواقع في حي الصفاة بمدينة الرياض .

وحدودها وأطوالها كالتالي:

شمالاً : شارع عرض 15.00م بارتراد 3.00م بطول: ()
 $21.00+1.40+19.40+9.90+11.80+8.50+26.35$

جنوبياً : شارع عرض 20.00م بارتراد 4.00م بطول: ()
 $19.20+5.60+11.80+4.20+16.93$

شرقاً : شارع عرض 40.00م بارتراد 6م بطول: ()
 $9.90+4.20+19.20+4.20+25.30+21.00+19.20$

غرباً : شارع 20.00م بارتراد 4.00م بطول: (72.84) اثنين وسبعون متر و أربعة و ثمانون سنتيمتر

ومساحتها : (25,462.74) خمسة وعشرون ألفا و أربعمائة واثنين وستون متر مربعاً و أربعة و سبعون سنتمتراً مربعاً فقط مساحة الأرض مشاعا 2,5312.69م، تكون حصه كل مالك فى الأجزاء المشتركة بنسبة قيمة الجزء الذى يملكه مغزرا 0.578 %، حسب التقرير المساحى رقم 5767/43 فى 27/10/1437 هـ بالخاطب رقم 7300261211فى 28/12/1437 هـ ، والتعدي برقم 38161337فى 10/1/1438 هـ كما يجب على مالك كل وحدة التنسيق مع باقى المالك بالعقار ، وتكوين جمعية ملك بعد مدة أقصاها 6 أشهر من اكتمال النصاب ، وذلك عند بلوغ عدد الوحدات المفردة للعقار أكثر من 10 وحدات ، وزاد عدد ملاكها عن 5 أشخاص وذلك وفق مانص عليه نظام ملكية الوحدات العقارية وفرضها الصادر بقر

المستند فى أفرواغها على الصك الصادر من كتابة العدل بوسط الرياض برقم 614010002737 فى 1443 / 12 / 1 هـ

قد انتقلت ملكيتها لـ شركة تنمية الفنادق العقارية (شركة شخص واحد) بموجب سجل تجارى رقم 7025392254 فى 1443 / 1 / 7 هـ وينتهى فى 1446 / 1 / 7 هـ ..

صدرت هذه الوثيقة من وزارة العدل ، وبمسئولة من يائنها وتسريها غير الخدمات الإلكترونية لوزارة العدل.
مصادره رقم (١٩-٢٠٠٣)

(هذا النموذج مخصص للاستخدام الخاص الإي ومنع تبادله)

صفحة رقم 1 من 2

Appendix 2: Valuation Glossary

Saudi Authority

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

Asset or Assets

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

Client

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

Intended Use

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

Intended User

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

Jurisdiction

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

May

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

Appendix 2: Valuation Glossary

Must

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

Participant

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

Purpose

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

Should

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

Appendix 2: Valuation Glossary

Significant and/or Material

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

Subject or Subject Asset:

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

Valuation

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

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

Valuation Reviewer

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

Value (n)

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

Valuer

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

Appendices

Appendix 2: Valuation Glossary

Weight

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

Weighting

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



Abaad & Partner For Real Estate Valuation Co.

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أبجد
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Final Valuation Report

Clarion Hotel in Al-Marwah district in Jeddah

Client / Alinma REIT Hospitality Fund

26 March 2024

V230245

P230328

Introduction



Dear Alinma REIT Hospitality Fund

RE: Real Estate Valuation of Clarion Hotel in Al-Marwah district in Jeddah

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

We have prepared our valuation on the basis of Market Value as of **07 March 2023** for Selling and Leasing purposes.

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

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

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

Eng. Ammar Abdulaziz Sindi

Chief Executive Officer

Kingdom of Saudi Arabia

Mobile: +966 (50) 730 0500

Email: asindi@sa-abaad.com

Registration Certificate



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Property Overview

- The subject property under Valuation is a 4-star hotel (Clarion) located in Al-Marwah district in Jeddah.
- The land area is 3,311.25 Sqm (according to the title deed) and the building area is 25,312.52 Sqm (according to the building permit).
- The building consists of 3 basement floors, ground floor and frequent hospitality floors.
- The basement consists of parking for 204 cars, the ground floor contains a reception area and the first floor contains a restaurant. The typical hotel floors consist of 200 different hotel rooms, and the building also consists of a service area and outdoor seating.
- The property is located on Prince Majid Street, which is one of the most important commercial streets in Jeddah.
- The property is 11 km from King Abdulaziz International Airport.

Property Details

Site Details	Information
Location	Al Marwa
Permitted Use	Commercial/Hospitality
Tenure	Freehold
Deed Number	499074003352
Deed Date	1444/05/28
Land Area (sqm)	3,311.25 sqm (According to title deed)
Owner	Hotel Development Real Estate Company

Subject Property Pictures



Valuation Summary

Details	Information
Report Type	Detailed report
Purpose of Valuation	Financial Statements
Other independent Users	Fund Manager and Investors – Report Reviewers
Date of Approval	15 October 2023
Date of Inspection	14 June 2023
Date of Valuation	31 December 2023
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Valuation Approach	Income Approach
Currency	Saudi Arabian Riyal (SAR)
Property Fair Value	165,620,000 SAR (828,100 SAR / Key)

Executive Summary

Terms and Conditions

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

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Scope of work

- The scope of work is the estimation of the fair value of the property (Clarion Hotel in Al-Marwah district, Jeddah) for the purpose of financial statements.

Professional Standards

- This evaluation task was carried out based on the International Valuation Standards (IVS) issued by the International Valuation Standards Board (IVSC) in 2022, the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem), and the professional procedures and rules recognized in the evaluation work of real estate assets, which are based on analysis, comparison and direct inspection of each property, and searching as much as possible for the positive and negative influences and characteristics of the property under evaluation.

Status of residents

- This report has been prepared and verified by Ammar Qutb and Ammar Sindi, who have the qualifications, ability and experience to conduct the valuation of the property in question and as external evaluators.

Conflict of Interest

- We confirms that it has nothing to do with an existing or potential conflict of interest regarding this property

Date of Inspection

- We confirm that the Property was inspected by Abaad Team on 14 June 2023.

Date of Valuation

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

Basis of Valuation

- We have prepared our valuation on the basis of Market Value, which is defined in IVS 2022 as per the below:

Market Value:

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

Sources of Information

- We have relied upon the information provided to us by the Client with respect to the Subject Property, which is outlined below:
 - Title Deed
 - Krooki
 - Lease Contract

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Liability and Publication

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

Confidentiality

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

Assumptions and Special Assumptions

- According to the definition of the International Valuation Standards “Important Assumptions and special assumptions must be reasonable and relevant having regard to the purpose for which the valuation is required, and may be accepted as fact in the context of the valuation exercises without verification or validation in a specific manner. Moreover, they are matters which are accepted when stated. Such
- The payment date and contract details have been modified according to the client's statement.

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

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

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Macro Location - Infrastructure Projects



Operational

Current Status



2018

Completion Date



4 Stations

No. Stations

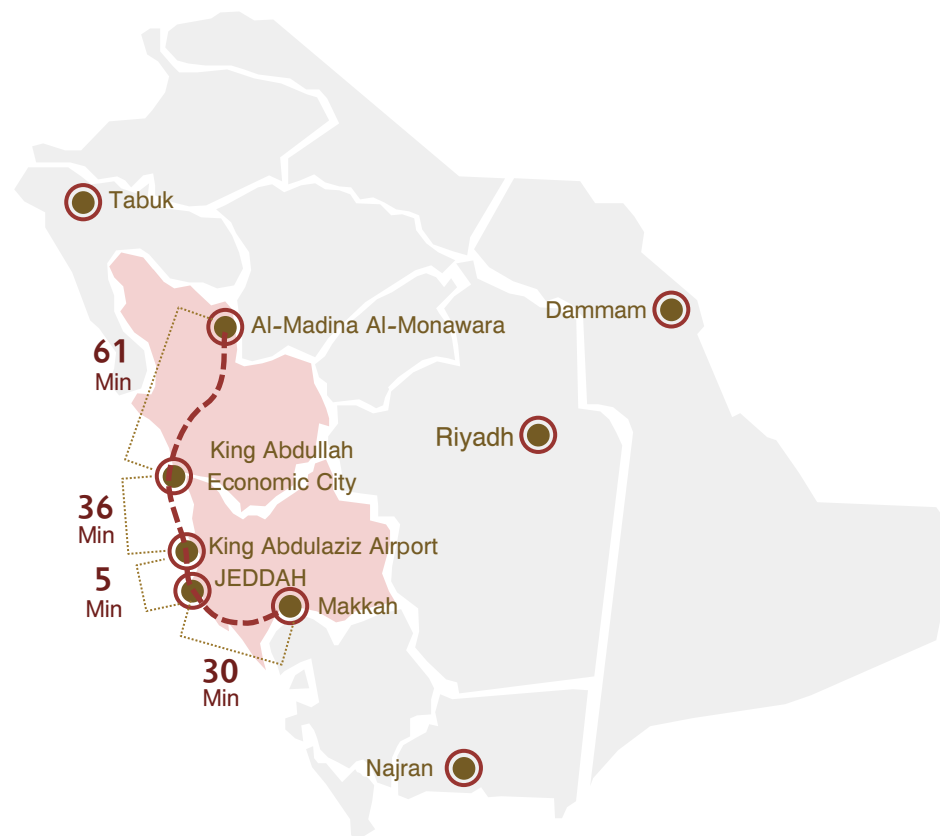


60 Million
Per Annum

Total Capacity

- The Haramain High-Speed Railway (HHSR) runs for approximately 450km, connecting the two holy cities of Makkah and Madinah, via the Central Jeddah Station, King Abdulaziz International Airport (KAIA), and King Abdullah Economic City Station (KAEC).
- The railway is expected to carry around 60 million passengers per annum, onboard a fleet of 35 trains, each consisting of 417 seats.
- Currently, the train line goes by Four stations, located as follows:
 - Jeddah Naseem Station.
 - Jeddah King Abdulaziz Int' Airport Station.
 - King Abdullah Economic City Station.
 - Madinah Station.

Public Transportation



Site Location Analysis

Macro Location - Infrastructure Projects



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



120 Room Keys



46 Gates



120 Retail Stores



21.6K parking Bays



Hajj and Umrah Terminal Complex

Site Location Analysis

Macro Location

Location

- Jeddah is one of the governorates of Makkah Province, Saudi Arabia located on the Red Sea coast. The province is **900** km from the capital, Riyadh, **75** km from Mecca, and **400** km from Medina, which is the economic and tourist capital of the Kingdom of Saudi Arabia,
- It is considered the first destination in the Kingdom for tourists, whether from inside or outside the Kingdom, and is the first in terms of towers and skyscraper projects.
- With a population of about **3,456,259** people, Jeddah is the second largest city in Saudi Arabia after the capital Riyadh, the largest city in the Makkah region and is considered the gateway to the Two Holy Mosques.
- It has the largest seaport on the Red Sea, is considered a financial and business center in Saudi Arabia and a major port for the export of non-oil goods and for importing local needs, and there are approximately **135** skyscrapers in Jeddah under construction.
- The subject property is approximately **11** km from King Abdulaziz International Airport.
- The map shows the location of the property under Valuation at the city level.



Site Location Analysis

Property Description

The property is at the neighborhood level

- The property is located north of Jeddah in Al-Marwah district, with a high population density and medium to high income.
- The property area is bordered by 3 streets, the most important of which is Prince Majid Road.
- The surrounding area of the property under evaluation can be accessed via Madinah Road and is one of the most important streets in Jeddah.
- All services are available in the area of the property under evaluation.

Property Description

- The property under evaluation is a 4-star hotel building (Clarion) located in Al-Marwah district in Jeddah.
- The land area is 3,311.25 square meters (according to the instrument) and the building area is 25,312.52 square meters (according to the building permit).
- The building consists of 3 basement floors, ground floor and frequent hotel floors.
- The basement consists of a car park for 204 cars, the ground floor contains a reception area and the first floor contains a restaurant. The typical hotel floors consist of 200 different hotel rooms, and the building also consists of a service area and outdoor seating.
- The property is located on Prince Majid Street, which is one of the most important commercial streets in Jeddah

Subject Property Map

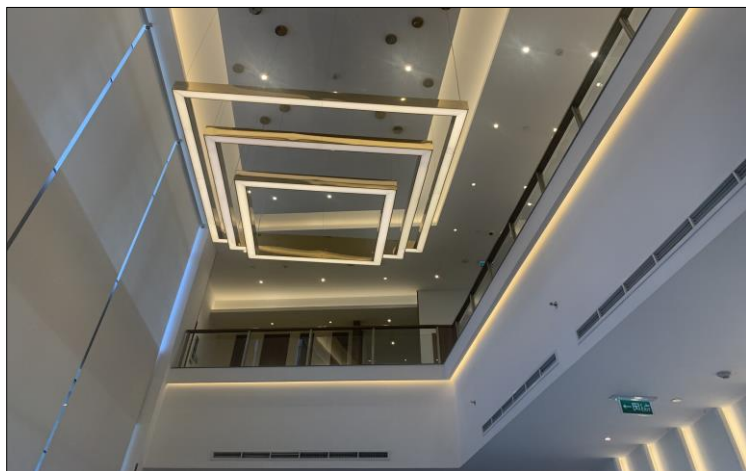


Site Location Analysis

Property Photographs



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Tenure



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Property Information

Property Details (Freehold Details)

ID	Description		
Owner	Hotel Development Real Estate Company		
Property Name	Clarion Hotel in Al-Marwah district in Jeddah		
Plot No.	33-32-31-30		
Masterplan No.	ب/أ المعدل 171		
District	Al Marwa		
Block No.	-		
Coordinates	21°37'43.2"N		39°11'00.3"E
City	Jeddah		
Ownership Type	Freehold		
Title Deed Info	Deed No.	499074003352	
	Deed Date	28/05/1444 H	

Dimensions and street widths

Side	Frontage Length	Street Name	Width (m)	Frontage
North	56.91	NA	16	2
South	-	neighbor	-	4
East	101.62	NA	15	3
West	95.58	Prince Majid Street	80	1

- Sources: Title Deed

Lease Contract Summary:

Year	Income
First party (owner)	Hotel Development Real Estate Company
Second Party (Tenant)	Seera Hospitality Company
Contract Period	5 years
First Year	11,598,777
Second Year	11,598,777
Third Year	11,598,777
Fourth Year	11,598,777
Fifth Year	11,598,777

No legal document has been verified for the subject property under Valuation, which includes planning, ownership, mortgage and some legal matters on which all or part of this report is based and considered reliable. It was assumed that the instrument was valid and binding. It was also assumed that the property is free from any legal obligations, mortgage rights or any Constraints.

- Sources: leasehold

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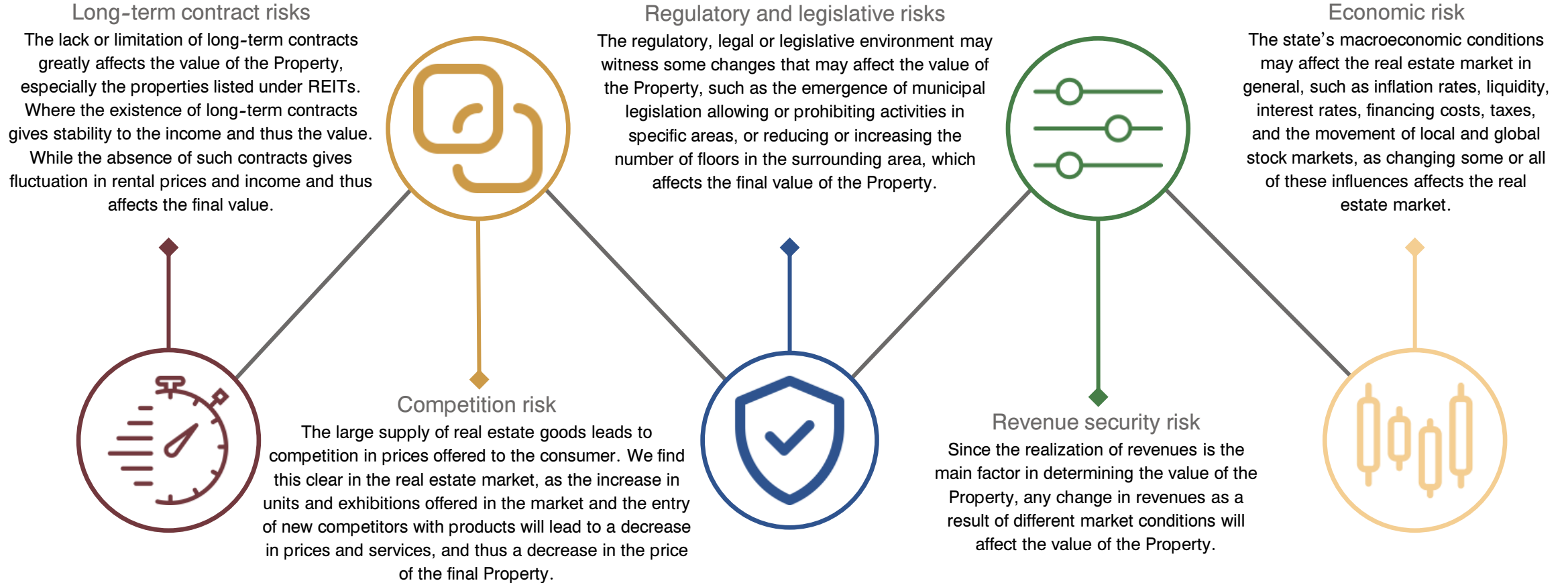
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Property Risk Analysis



The evaluation methods used

When selecting the most appropriate methodology for estimating the property value under appraisal, we took into consideration the information provided by the client, the current status of the property, as well as our own analysis of the local market conditions. In determining the fair value of the property under appraisal, the following methods and techniques were utilized:

The Income Approach (Income Method)

The Income Approach indicates value by converting future cash flows into a single present value. According to this approach, the value of the asset is determined by referencing the revenue, cash flows, or cost savings generated by the asset.

The Income Approach should be applied and given significant priority or weight in the following situations:

- A) When the asset's ability to generate income is the primary factor influencing its value from the perspective of the participants.
- B) Reasonable expectations exist for the amount of future revenue from the asset being appraised and its timing, but there are only a few relevant fair comparisons available, if any.

Regarding the evaluation of commercial assets such as hotels, we typically follow the Income Approach.

Earnings Method

When evaluating hotels, the approach involves estimating the earnings before interest, taxes, depreciation, and amortization (EBITDA) over a certain period. Typically, exit from these types of properties occurs within 10 years, and the time frame for cash flows is assumed to be 10 years.

Regarding EBITDA forecasts:

First: This is achieved through analyzing the current or future performance of the property under appraisal, taking into account factors such as location, hotel reputation, condition, specifications, and operational structure.

Second: We study the local hospitality sector by evaluating the current market performance in addition to the expected room entries into the market, as well as analyzing the hotel sector and some economic indicators.

Afterward, assumptions are made regarding the vacancy rate, average daily rent, revenue per available room, hotel department expenses, undistributed expenses, administrative fees, fixed charges, and reserves for furniture and equipment renewal.

Afterward, assumptions are made regarding the vacancy rate, average daily rent, revenue per available room, hotel department expenses, undistributed expenses, administrative fees, fixed charges, and reserves for furniture and equipment renewal.

Valuation

Market Research Analysis (Land Value)

We summarize below our research findings, which were used to value the Subject Property.

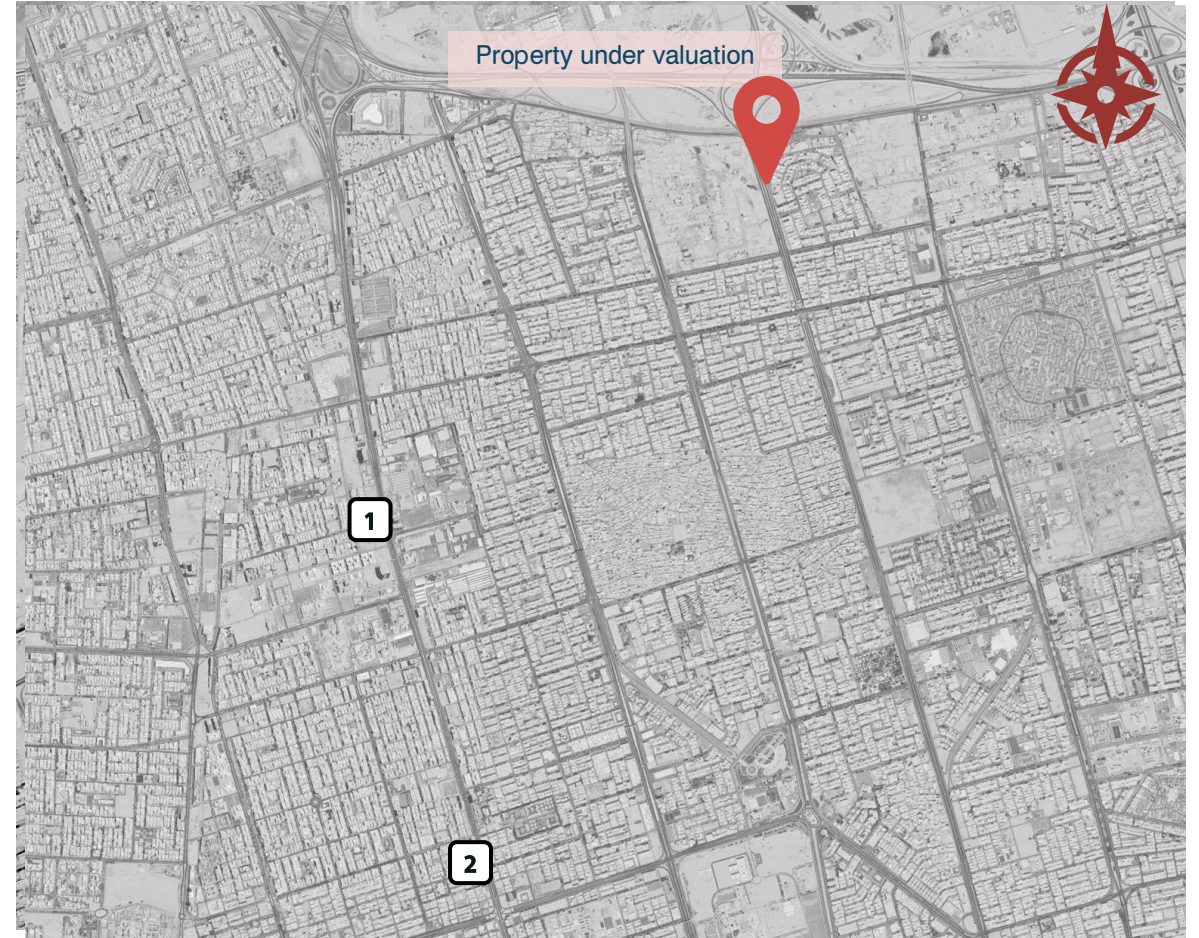
Comparable Sites

Hotel Name	Al Manzil Hotel	Centro Al Salama Hotel
classification	4 Stars	4 Stars
Average rental price in the middle of the week (SR/sqm.)	471	514
Average weekend rental price (SAR/sqm)	471	496

Market Commentary

When looking at the nature of the prices of the rooms offered in the region, there is a relative convergence between the prices governed by the location of the hotel, the area of the room, the services provided and the facilities, and through field research it becomes clear as follows: Comparisons show that prices range from 471 SAR/sqm to 514 SAR/sqm in the middle of the week and prices range from 471 SAR/sqm to 496 SAR/sqm on weekends. The map shows the locations of the comparisons used in the valuation, and was used to determine the expected income of the property, as shown in the following pages of this report.

Comparable Evidence Map



Valuation

Revenue Estimation

Revenue Calculation

Based on the analysis of hotel comparisons, the tables below show a summary of room revenue for the first two years.

In the cash flow assumptions of hotel units, occupancy of the hotel starting from the first year was assumed at 59% and stabilizing in the second year at 65%.

Table of room revenue for the first year

description	Midweek	Weekend	Total
Days	261	104	365
Number of rooms available	52,143	20,857	73,000
Occupancy (%)	65%	65%	65%
Number of occupied rooms	33,893	13,557	47,450
Average daily rent	520	520	520
Average yield for available rooms	338	338	338
Expected income	17,624,286	7,049,714	24,674,000

Summary of Future Performance Assumptions

Summary of cash flow assumptions (without inflation):

description	5	6	7	8	9	10
Number of rooms	200	200	200	200	200	200
Room Occupancy (%)	65%	65%	65%	65%	65%	65%
Average Room Rate (SAR)	597	614	631	649	667	685
RevPAR (SAR)	388	399	410	422	433	446
REVENUE and DEPARTMENTAL EXPENSES ASSUMPTIONS						
Rooms (%)	74.0%	74.0%	74.0%	74.0%	74.0%	74.0%
Food & Beverage (%)	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%
Meeting Rooms (%)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Other Revenue (%)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total Departmental Profit (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Department Expenses (%)	27.8%	27.8%	27.8%	27.8%	27.8%	27.8%
Department Revenue (%)	72.2%	72.2%	72.2%	72.2%	72.2%	72.2%
UNDISTRIBUTED & FIXED EXPENSES						
Administrative & General (%)	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Sales & Marketing (%)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Property Operations and Maintenance (%)	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Utilities (%)	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Total undistributed expenses (%)	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
MANAGEMENT FEES & FF&E RESERVE						
Total Management Fees (%)	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%
Total Fixed Charges (%)	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Reserve for Renewals (FF&E) (%)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
EBITDA						
(EBITDA) (SAR)	16,930	17,404	17,891	18,392	18,907	19,436
Net Profit Percentage (%)	44.2%	44.2%	44.2%	44.2%	44.2%	44.2%

Summary of Future Performance Assumptions

Summary of cash flow assumptions (without inflation):

description	5	6	7	8	9	10
Number of rooms	200	200	200	200	200	200
Room Occupancy (%)	65%	65%	65%	65%	65%	65%
Average Room Rate (SAR)	597	614	631	649	667	685
RevPAR (SAR)	388	399	410	422	433	446
REVENUE and DEPARTMENTAL EXPENSES ASSUMPTIONS						
Rooms (SAR)	28,327	29,120	29,936	30,774	31,636	32,522
Food & Beverage (SAR)	8,422	8,657	8,900	9,149	9,405	9,669
Meeting Rooms (SAR)	1,148	1,181	1,214	1,248	1,283	1,318
Other Revenue (SAR)	383	394	405	416	428	439
Total Departmental Profit (SAR)	38,280	39,352	40,454	41,587	42,751	43,948
Department Expenses (SAR)	10,642	10,940	11,246	11,561	11,885	12,218
Department Revenue (SAR)	27,638	28,412	29,208	30,025	30,866	31,730
UNDISTRIBUTED & FIXED EXPENSES						
Administrative & General (SAR)	3,062	3,148	3,236	3,327	3,420	3,516
Sales & Marketing (SAR)	1,148	1,181	1,214	1,248	1,283	1,318
Property Operations and Maintenance (SAR)	1,531	1,574	1,618	1,663	1,710	1,758
Utilities (SAR)	1,531	1,574	1,618	1,663	1,710	1,758
Total undistributed expenses (SAR)	7,273	7,477	7,686	7,901	8,123	8,350
MANAGEMENT FEES & FF&E RESERVE						
Total Management Fees (SAR)	2,383	2,449	2,518	2,588	2,661	2,735
Total Fixed Charges (SAR)	670	689	708	728	748	769
Reserve for Renewals (FF&E) (SAR)	383	394	405	416	428	439
EBITDA						
(EBITDA) (SAR)	16,930	17,404	17,891	18,392	18,907	19,436
Net Profit Percentage (%)	44.2%	44.2%	44.2%	44.2%	44.2%	44.2%

Valuation

Explicit Forecasting Period



Discounted Cash flow table:

- The property was valued by income from the lease for the remainder of the contract and then the expected income was assumed after the completion of the lease based on market as shown in the cash flow table below, and the following key assumptions were made:
- Inflation Rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average rate of inflation in the domestic product of the Kingdom of Saudi Arabia for the past 12 years as per the Central Bank of Saudi Arabia.
- Rate of return on capital: The rate of return is calculated according to the location of the property and the type of construction, as well as the field and office research for similar rates of return to the property under valuation, and according to our understanding of the real estate market in the Kingdom, a rate of 8.00% has been reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we applied a discount rate of 10.80%.

Cash flow table:

Year	1	2	3	4	5	6	7	8	9	10	Exit
Discount Period (000 SAR)	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	
Net Income from the Contract (SAR 000s)	11,599	11,599	11,599	11,599							
Net Income from the Market (SAR 000s)					16,930	17,404	17,891	18,392	18,907	19,436	
Total Net Income (SAR 000s)											155,355
Exit Value											242,955
Present Value (SAR 000s)	10,468	9,448	8,527	7,696	10,138	9,406	8,727	8,097	7,512	6,970	78,630
Market Value (Rounded)	165,620,000										
Room Value (SAR per room)	828,100										



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Valuation Summary

Valuation Summary

Opinion of Value

Abaad is of the opinion that the Fair Value of the Subject Properties, based upon assumptions and detail within this report, may be stated as follows:

The Fair Value of the property as of 31 December 2023 is:

- 165,620,000 SAR (one hundred sixty five million six hundred twenty thousand Saudi Riyal)

• Signatures & Authorizations

Amina Ogal

Taqeem ID: 1220003356

Membership Type: Provisional Member

Sector: Real Estate Sector

Membership Date: 07/08/2023

Contribution: Inspector, Valuer and Report Creator



Eng. Yousuf Abdullah Khan

Taqeem ID: 1220001989

Membership Type: Provisional Member

Sector: Real Estate Sector

Membership Date: 17/09/2020

Contribution: Valuation & Report Reviewer



Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 24/01/2016

Contribution: Report Reviewer & Authorizer



Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 22/12/2015

Contribution: Report Reviewer & Authorizer



Company Stamp

Company Name:

**Abaad & Partner for
Real Estate Valuation**

Company No.

11000111

CR No: 4030297686

CL No: 323/18/781



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بسم الله الرحمن الرحيم

**المملكة العربية السعودية
وزارة العدل
[٢٧٧]**



صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد: فإن قطعة الأرض رقم 30 / 32 / 31/
33 من المخطط رقم 171 ب / ح / ا المعدل الواقع في حي الفرعة بمدينة جدة - يحدها وأطوالها :
شمالاً: شارع عرض 16م بطول 56.91 سة و خمسون متر واحد وتسعون سنتمتر يبدأ من
الغرب الى الشرق ثم يتكرر بشطفه الى الجنوب الشرقي بطول 3.39م جنوبياً: جزء من حديقة على
شكل مثلث ثم ملحقى شوارع بطول 6.2 ستة متر وعشرون سنتمتر شرقاً: شارع عرض 15م بطول
101.62 مائة واحد متر واثنين وستون سنتمتر يبدأ من الشمال الى الجنوب على شكل قوس
غريباً: طريق الامير ماجد عرض 80م بطول 95.85 خمسة وتسعون متر وخمسمة ومائتون سنتمتري
يبدأ من الجنوب الشرقي الى الشمال الغربي ثم يتكرر بشطفه الى الشمال الشرقي بطول 3.84م
ومساحتها 3311.25 ثلاثة آلاف وثلاثمائة واحد عشر متراً مربعاً وخمسمة وعشرون سنتمتراً
مربعاً بموجب الصك الصادر من الوثائق بالرياض برقم 799684000718 في 21 / 12 /
1443 قد أصبحت في ملك شركة تسمية الفنادق العقارية (شركة شخص واحد) بموجب سجل
تجاري رقم 7025392254 بشأن وقدرته 14760000 فقط مائة وسبعة واربعين مليوناً
ستمائاً ألف ريال سعودي لا غير- وعليه جرى التصديق تحريراً في 28 / 05 / 1444 لاعتماده
بوصلى الله على نبينا محمد وآله وصحبه وسلم.

نسخة رقمية

صدرت هذه الوثيقة من وزارة العدل ، ويجب التحقق من بياناتها وسريانها عبر الخدمات الإلكترونية لوزارة العدل

(هذا النموذج مخصوص للاستخدام الخاص بالعميل ويستعمل كإحدى) نسخة واحدة (١٦٩ - ٠٤ - ٢٠٢٥)

صفحة رقم 1 من 1

Appendix 2: Valuation Glossary

Saudi Authority

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

Asset or Assets

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

Client

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

Intended Use

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

Intended User

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

Jurisdiction

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

May

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

Appendix 2: Valuation Glossary

Must

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

Participant

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

Purpose

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

Should

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

Appendix 2: Valuation Glossary

Significant and/or Material

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

Subject or Subject Asset:

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

Valuation

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

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

Valuation Reviewer

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

Value (n)

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

Valuer

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

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Appendix 2: Valuation Glossary

Weight

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

Weighting

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



Abaad & Partner For Real Estate Valuation Co.

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Oash Offices Building, 5th Floor, suite 21
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Final Valuation Report

Comfort Inn Hotel in Al-Zahra district in Jeddah

Client / Alinma REIT Hospitality Fund

26 March 2024

V230245

P230328

Introduction



Dear Alinma REIT Hospitality Fund

RE: Real Estate Valuation of Comfort Inn Hotel in Al-Zahra district in Jeddah

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

We have prepared our valuation on the basis of Market Value as of **07 March 2023** for Selling and Leasing purposes.

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

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

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

Eng. Ammar Abdulaziz Sindi

Chief Executive Officer

Kingdom of Saudi Arabia

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Email: asindi@sa-abaad.com

Registration Certificate



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Property Overview

- The subject property is a 3-star hotel (Comfort Inn Hotel) located in Al-Zahra district in Jeddah.
- The land area is 1,560 Sqm (according to the title deed) and the building area is 9,655.67 Sqm (according to the building permit).
- The building consists of a basement, ground floor, parking floor, mezzanine floor, and 5 hotel floors.
- The basement and the first floor consist of car parking and the ground floor consists of a reception area, a restaurant (serving breakfast only) and parking spaces with a total of 90 parking spaces spread over three floors.
- The typical hotel floors consist of 25 hotel rooms on each floor and a total of 125 various hotel rooms and 3 meeting rooms.

Property Details

Site Details	Information
Location	Al Zahra
Permitted Use	Commercial/Hospitality
Tenure	Freehold
Deed Number	399074003354
Deed Date	28/05/1444 H
Land Area (sqm)	1,560 (According to title deed)
Owner	Hotel Development Real Estate Company

Subject Property Pictures



Valuation Summary

Details	Information
Report Type	Detailed report
Purpose of Valuation	Financial Statements
Other independent Users	Fund Manager and Investors – Report Reviewers
Date of Approval	15 October 2023
Date of Inspection	14 June 2023
Date of Valuation	31 December 2023
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Valuation Approach	Income Approach
Currency	Saudi Arabian Riyal (SAR)
Property Fair Value	88,800,000 SAR (710,400 SAR / Key)

Executive Summary

Terms and Conditions

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

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Scope of work

- The scope of work is the estimation of the fair value of the property (Comfort Inn Hotel in Al-Zahra district in Jeddah) for the purpose of liquidation.

Professional Standards

- This evaluation task was carried out based on the International Valuation Standards (IVS) issued by the International Valuation Standards Board (IVSC) in 2022, the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem), and the professional procedures and rules recognized in the evaluation work of real estate assets, which are based on analysis, comparison and direct inspection of each property, and searching as much as possible for the positive and negative influences and characteristics of the property under evaluation.

Status of residents

- This report has been prepared and verified by Ammar Qutb and Ammar Sindi, who have the qualifications, ability and experience to conduct the valuation of the property in question and as external evaluators.

Conflict of Interest

- We confirm that it has nothing to do with an existing or potential conflict of interest regarding this property

Date of Inspection

- We confirm that the Property was inspected by Abaad Team on 14 June 2023.

Date of Valuation

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

Basis of Valuation

- We have prepared our valuation on the basis of Market Value, which is defined in IVS 2022 as per the below:

Market Value:

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

Sources of Information

- We have relied upon the information provided to us by the Client with respect to the Subject Property, which is outlined below:
 - Title Deed
 - Krooki
 - Lease Contract

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Liability and Publication

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

Confidentiality

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

Assumptions and Special Assumptions

- According to the definition of the International Valuation Standards “Important Assumptions and special assumptions must be reasonable and relevant having regard to the purpose for which the valuation is required, and may be accepted as fact in the context of the valuation exercises without verification or validation in a specific manner. Moreover, they are matters which are accepted when stated. Such
- The payment date and contract details have been modified according to the client's statement.

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

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

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Site Location Analysis

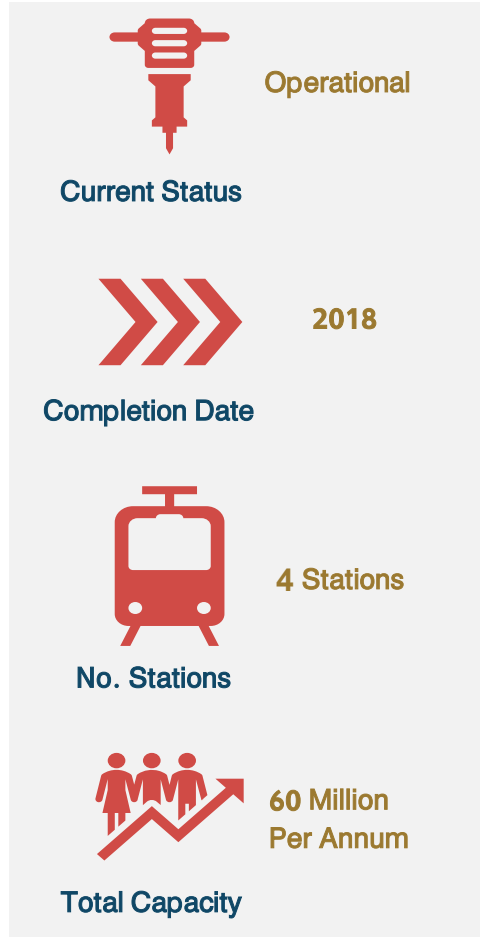
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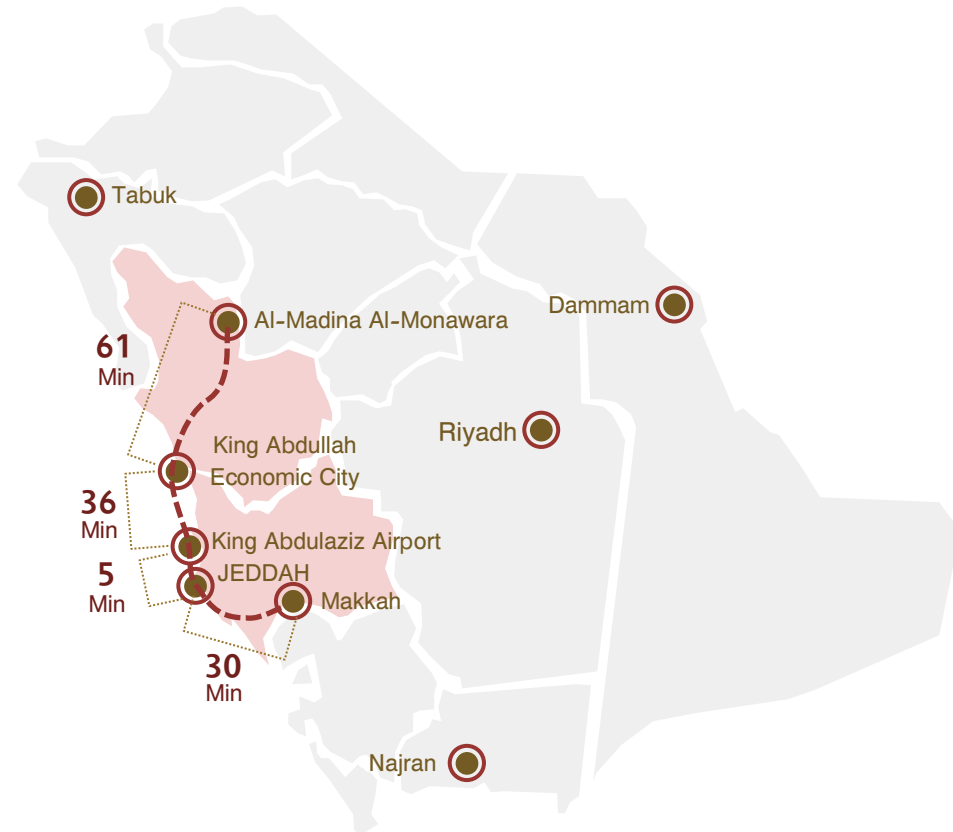
Site Location Analysis

Macro Location - Infrastructure Projects



- The Haramain High-Speed Railway (HHSR) runs for approximately **450km**, connecting the two holy cities of Makkah and Madinah, via the Central Jeddah Station, King Abdulaziz International Airport (KAIA), and King Abdullah Economic City Station (KAEC).
- The railway is expected to carry around **60** million passengers per annum, onboard a fleet of **35** trains, each consisting of **417** seats.
- Currently, the train line goes by Four stations, located as follows:
 - Jeddah Naseem Station.
 - Jeddah King Abdulaziz Int' Airport Station.
 - King Abdullah Economic City Station.
 - Madinah Station.

Public Transportation



Site Location Analysis

Macro Location - Infrastructure Projects



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



120 Room Keys



46 Gates



120 Retail Stores



21.6K parking Bays



Hajj and Umrah Terminal Complex

Site Location Analysis

Macro Location

Location

- Jeddah is one of the governorates of Makkah Province, Saudi Arabia located on the Red Sea coast. The province is **900 km** from the capital, Riyadh, **75 km** from Mecca, and **400 km** from Medina, which is the economic and tourist capital of the Kingdom of Saudi Arabia,
- It is considered the first destination in the Kingdom for tourists, whether from inside or outside the Kingdom, and is the first in terms of towers and skyscraper projects.
- With a population of about **3,456,259** people, Jeddah is the second largest city in Saudi Arabia after the capital Riyadh, the largest city in the Makkah region and is considered the gateway to the Two Holy Mosques.
- It has the largest seaport on the Red Sea, is considered a financial and business center in Saudi Arabia and a major port for the export of non-oil goods and for importing local needs, and there are approximately **135** skyscrapers in Jeddah under construction.
- The subject property is approximately **21.7 km** from King Abdulaziz International Airport.
- The map shows the location of the property under Valuation at the city level.



Site Location Analysis



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The Property at District Level



The property is located west of Jeddah in Al-Zahra district and borders the property from the west with King Abdulaziz Road with a direct view on it, and from the east by Naeem Bin Qadab Street.

The property is located southwest of King Abdulaziz International Airport and is bordered to the north by Al-Nahda neighborhood, to the south by Al-Khalidiya neighborhood, to the east by Al-Salama neighborhood, and to the west by Al-Shati neighborhood and the Red Sea.

The property can be accessed through King Abdulaziz Road.

All services are available in the area of the property under valuation.

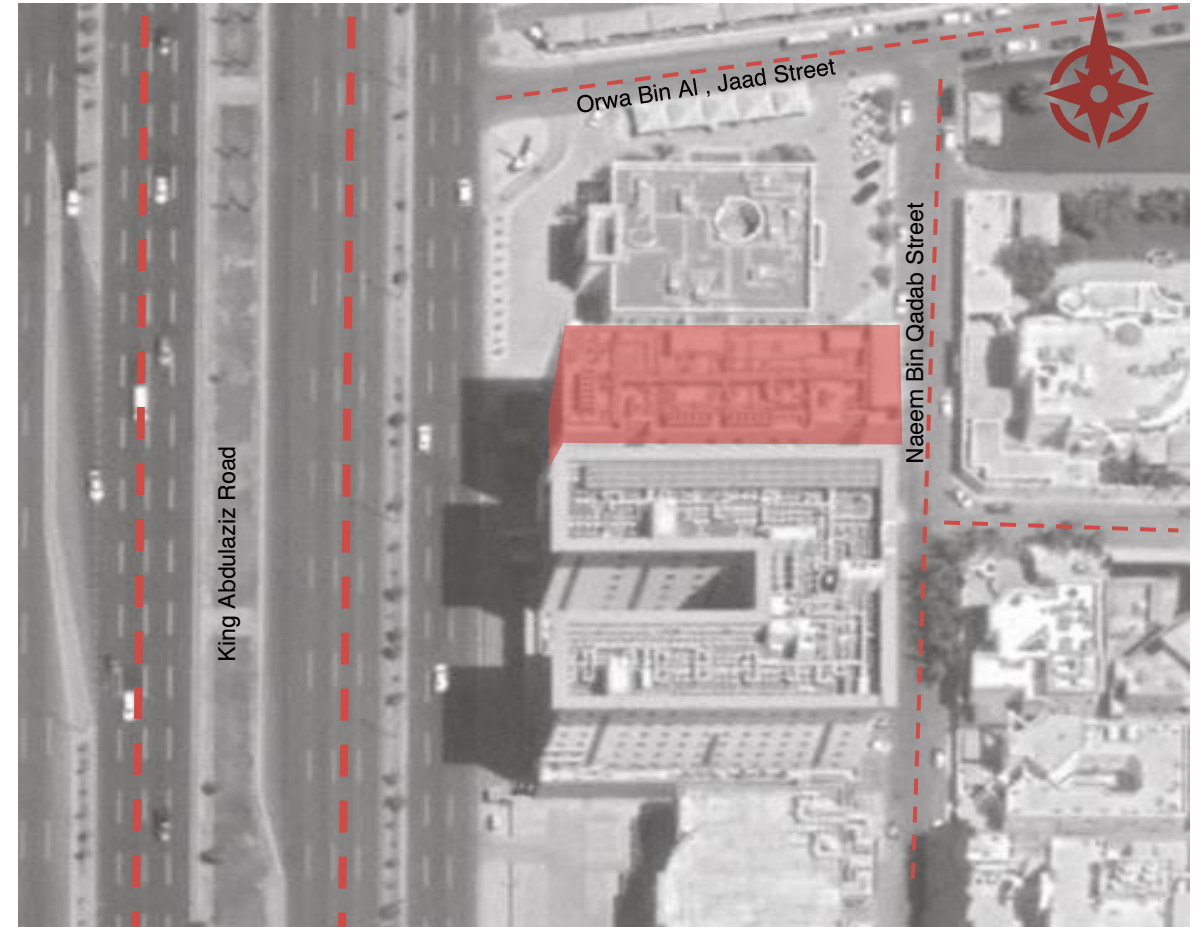
Site Location Analysis

Property Description

Property Description

- The subject property is a 3-star hotel (Comfort Inn Hotel) located in Al-Zahra district in Jeddah.
- The land area is 1,560 Sqm (according to the title deed) and the building area is 9,655.67 Sqm (according to the building permit).
- The building consists of a basement, ground floor, parking floor, mezzanine floor, and 5 hotel floors.
- The basement and the first floor consist of car parks and the ground floor consists of a reception area, a restaurant and parking lots with a total of 90 parking spaces spread over three floors.
- The hotel has administrative offices on the mezzanine floor.
- The hotel has a restaurant (serving breakfast only) and seats 75 people.
- The hotel has two guest elevators and one service elevator.
- The hotel has 3 meeting rooms.
- The typical hotel floors consist of 25 hotel rooms on each floor and a total of 125 various hotel rooms.
- The property is located on King Abdulaziz Road, which is one of the most important commercial streets in Jeddah.

Subject Property Map

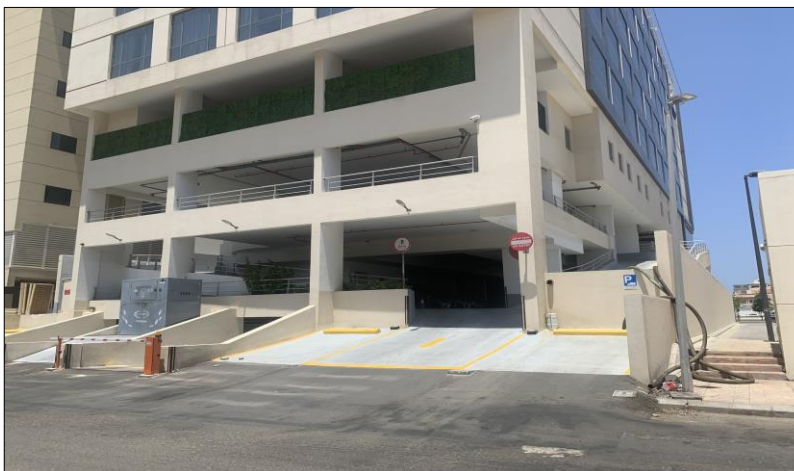


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Property Photographs



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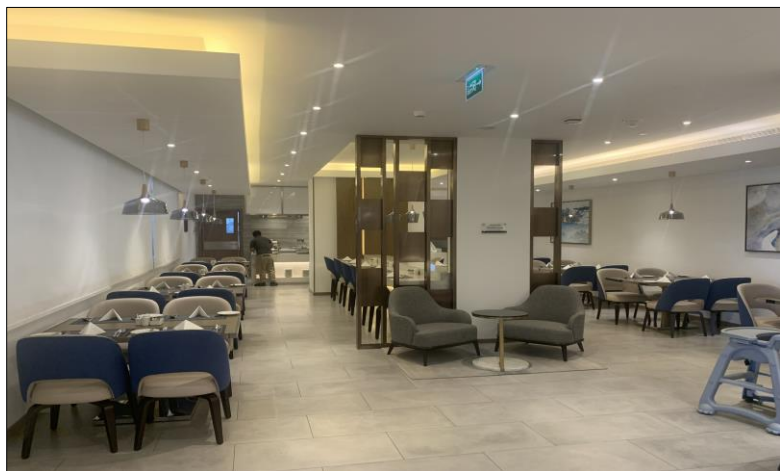


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Property Photographs



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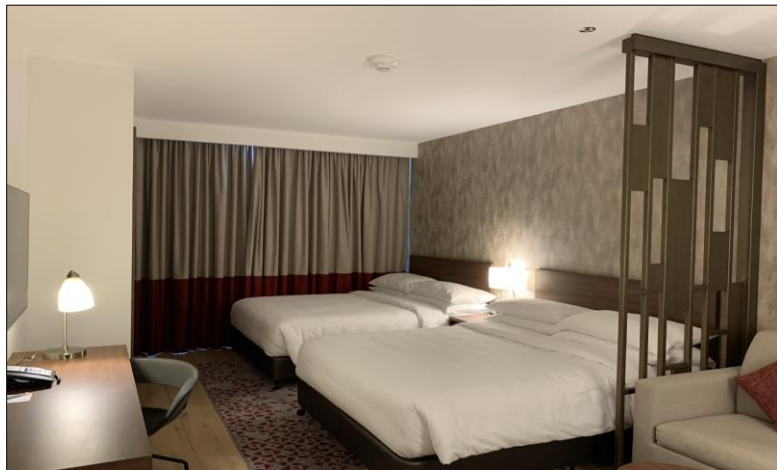


Site Location Analysis

Property Photographs



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Tenure



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Property Information

Property Details (Freehold Details)

ID	Description		
Owner	Hotel Development Real Estate Company		
Property Name	Comfort Inn Hotel in Al-Zahra district in Jeddah		
Plot No.	150		
Masterplan No.	ع / 488 / 3		
District	Al Zahra		
Block No.	-		
Coordinates	21°36'11.4"N		39°07'18.2"E
City	Jeddah		
Ownership Type	Freehold		
Title Deed Info	Deed No.	399074003354	
	Deed Date	28/05/1444 H	

Dimensions and street widths

Side	Frontage Length	Street Name	Width (m)	Frontage
North	60	neighbor	-	3
South	60	neighbor	-	4
East	26	Naeem Al Qadab Street	12	2
West	26	King Abdulaziz Road	75.6	1

- Sources: Title Deed

Lease Contract Summary:

#	description	Details
1	First party (owner)	Hotel Development Real Estate Company
2	Second Party (Tenant)	Seera Hospitality Company
3	Contract Period	5 years

Payments Summary:

Year	Income (Yearly/SAR)
The first 5 years	6,239,451
Management and operating fees	10,000
Net Operating Income	6,229,451

No legal document has been verified for the subject property under Valuation, which includes planning, ownership, mortgage and some legal matters on which all or part of this report is based and considered reliable. It was assumed that the instrument was valid and binding. It was also assumed that the property is free from any legal obligations, mortgage rights or any Constraints.

- Sources: leasehold

Valuation

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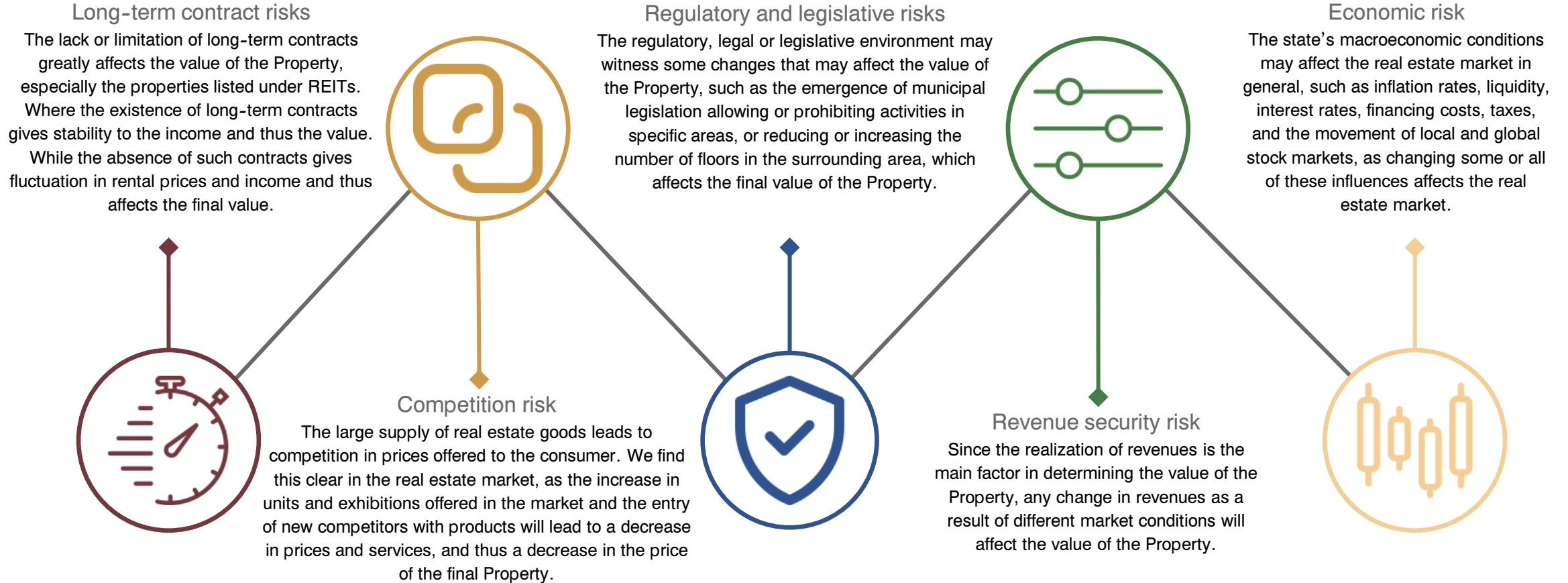
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Property Risk Analysis



The evaluation methods used

When selecting the most appropriate methodology for estimating the property value under appraisal, we took into consideration the information provided by the client, the current status of the property, as well as our own analysis of the local market conditions. In determining the fair value of the property under appraisal, the following methods and techniques were utilized:

The Income Approach (Income Method)

The Income Approach indicates value by converting future cash flows into a single present value. According to this approach, the value of the asset is determined by referencing the revenue, cash flows, or cost savings generated by the asset.

The Income Approach should be applied and given significant priority or weight in the following situations:

A) When the asset's ability to generate income is the primary factor influencing its value from the perspective of the participants.

B) Reasonable expectations exist for the amount of future revenue from the asset being appraised and its timing, but there are only a few relevant fair comparisons available, if any.

Regarding the evaluation of commercial assets such as hotels, we typically follow the Income Approach.

Earnings Method

When evaluating hotels, the approach involves estimating the earnings before interest, taxes, depreciation, and amortization (EBITDA) over a certain period. Typically, exit from these types of properties occurs within 10 years, and the time frame for cash flows is assumed to be 10 years.

Regarding EBITDA forecasts:

First: This is achieved through analyzing the current or future performance of the property under appraisal, taking into account factors such as location, hotel reputation, condition, specifications, and operational structure.

Second: We study the local hospitality sector by evaluating the current market performance in addition to the expected room entries into the market, as well as analyzing the hotel sector and some economic indicators.

Afterward, assumptions are made regarding the vacancy rate, average daily rent, revenue per available room, hotel department expenses, undistributed expenses, administrative fees, fixed charges, and reserves for furniture and equipment renewal.

Afterward, assumptions are made regarding the vacancy rate, average daily rent, revenue per available room, hotel department expenses, undistributed expenses, administrative fees, fixed charges, and reserves for furniture and equipment renewal.

Valuation

Market Research Analysis (Land Value)

We summarize below our research findings, which were used to value the Subject Property.

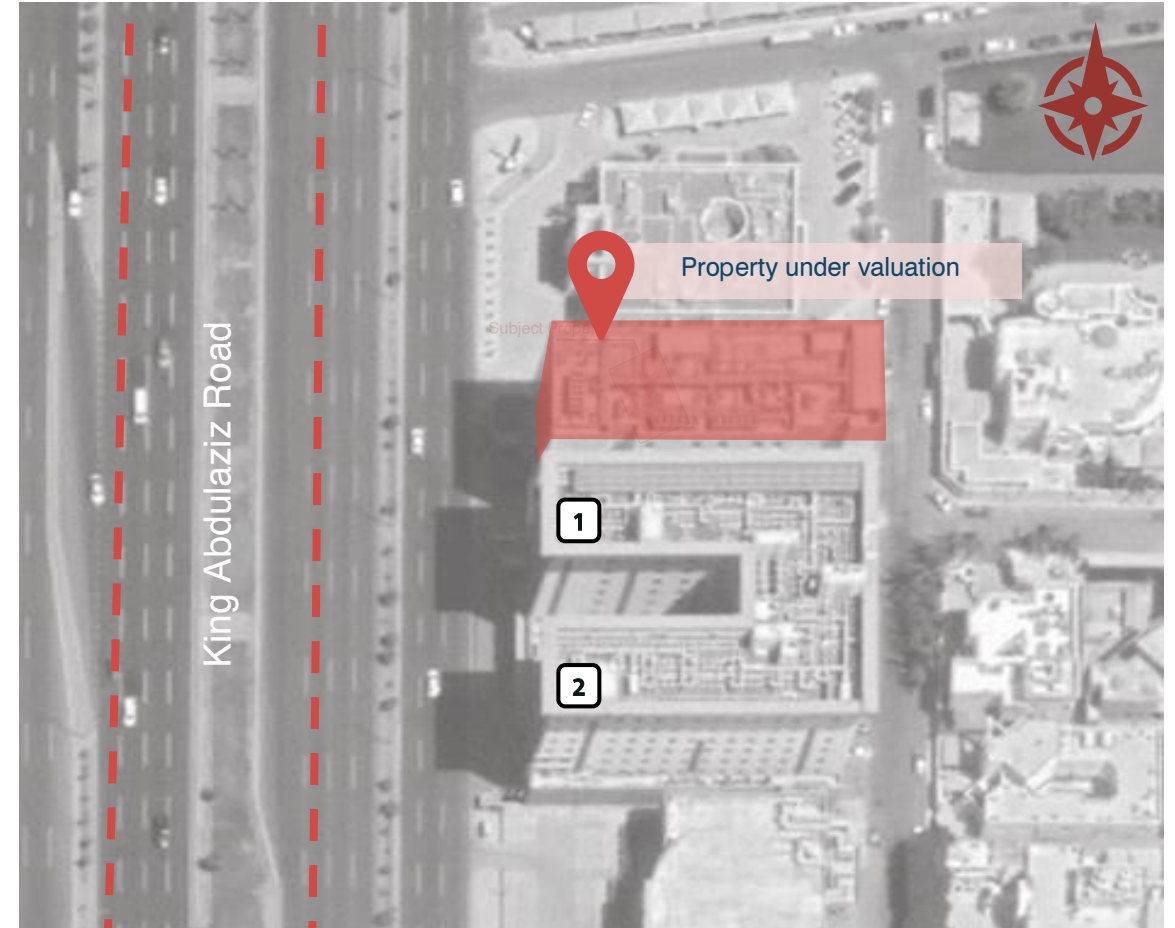
Comparable Sites

Hotel Name	Ibis Hotel	Hotel Adagio
classification	3 Stars	4 Stars
Average rental price in the middle of the week (SR/sqm.)	236	494
Average weekend rental price (SAR/sqm)	249	494

Market Commentary

- When looking at the nature of the prices of the rooms offered in the property area, there is a relative convergence between the prices, which is affected by the location of the hotel, the area of the room, the services provided and the facilities, and through field research it becomes clear as follows:
- Comparisons show that prices range from 317 SAR/sqm to 426 SAR/sqm in the middle of the week and prices range from 353 SAR/sqm to 456 SAR/sqm on weekends.
- The map shows the locations of the comparisons used in the valuation, and was used to determine the expected income of the property, as shown in the following pages of this report.

Comparable Evidence Map



Valuation



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Revenue Estimation

Revenue Calculation

Based on the analysis of hotel comparisons, the tables below show a summary of room revenue for the first three years.

In the cash flow assumptions of hotel units, occupancy of the hotel starting from the first year was assumed at 54% ,in the second year at 59%. And the third year at 60%.

Table of room revenue for the first year

description	Midweek	Weekend	Total
Days	261	104	365
Number of rooms available	32,589	13,036	45,625
Occupancy (%)	50%	65%	54%
Number of occupied rooms	16,295	8,473	24,768
Average daily rent	457	457	457
Average yield for available rooms	229	297	248
Expected income	7,446,652	3,872,259	11,318,911

Table of room revenue for the Third year

description	Midweek	Weekend	Total
Days	261	104	365
Number of rooms available	32,589	13,036	45,625
Occupancy (%)	60%	60%	60%
Number of occupied rooms	19,554	7,821	27,375
Average daily rent	504	504	504
Average yield for available rooms	302	302	302
Expected income	9,851,920	3,940,768	13,792,688

Table of room revenue for the second year

Description	Midweek	Weekend	Total
Days	261	104	365
Number of rooms available	32,589	13,036	45,625
Occupancy (%)	55%	70%	59%
Number of occupied rooms	17,924	9,125	27,049
Average daily rent	480	480	480
Average yield for available rooms	264	336	284
Expected income	8,600,883	4,378,631	12,979,514



Summary of Future Performance Assumptions

Summary of cash flow assumptions (after the lease contract expires):

description	5	6	7	8	9	10
Number of rooms	125	125	125	125	125	125
Room Occupancy (%)	60%	60%	60%	60%	60%	60%
Average Room Rate (SAR)	578	595	611	628	646	664
RevPAR (SAR)	347	357	367	377	388	398
REVENUE and DEPARTMENTAL EXPENSES ASSUMPTIONS						
Rooms (%)	87.0%	87.0%	87.0%	87.0%	87.0%	87.0%
Food & Beverage (%)	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Other Revenue (%)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total Departmental Profit (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Department Expenses (%)	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%
Department Revenue (%)	78.7%	78.7%	78.7%	78.7%	78.7%	78.7%
UNDISTRIBUTED & FIXED EXPENSES						
Administrative & General (%)	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Sales & Marketing (%)	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Property Operations and Maintenance (%)	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Utilities (%)	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Total undistributed expenses (%)	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
MANAGEMENT FEES & FF&E RESERVE						
Total Management Fees (%)	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%
Total Fixed Charges (%)	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Reserve for Renewals (FF&E) (%)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
EBITDA						
(EBITDA) (SAR)	9,073	9,327	9,588	9,857	10,133	10,417
Net Profit Percentage (%)	49.9%	49.9%	49.9%	49.9%	49.9%	49.9%



Summary of Future Performance Assumptions

Summary of cash flow assumptions (after the lease contract expires):

description	5	6	7	8	9	10
Number of rooms	125	125	125	125	125	125
Room Occupancy (%)	60%	60%	60%	60%	60%	60%
Average Room Rate (SAR)	578	595	611	628	646	664
RevPAR (SAR)	347	357	367	377	388	398
REVENUE and DEPARTMENTAL EXPENSES ASSUMPTIONS						
Rooms (%)	15,835	16,278	16,734	17,203	17,684	18,179
Food & Beverage (%)	2,184	2,245	2,308	2,373	2,439	2,508
Other Revenue (%)	182	187	192	198	203	209
Total Departmental Profit (%)	18,201	18,711	19,235	19,773	20,327	20,896
Department Expenses (%)	3,875	3,983	4,095	4,210	4,328	4,449
Department Revenue (%)	14,326	14,727	15,139	15,563	15,999	16,447
UNDISTRIBUTED & FIXED EXPENSES						
Administrative & General (%)	1,456	1,497	1,539	1,582	1,626	1,672
Sales & Marketing (%)	728	748	769	791	813	836
Property Operations and Maintenance (%)	728	748	769	791	813	836
Utilities (%)	728	748	769	791	813	836
Total undistributed expenses (%)	3,640	3,742	3,847	3,955	4,065	4,179
MANAGEMENT FEES & FF&E RESERVE						
Total Management Fees (%)	1,112	1,143	1,175	1,208	1,242	1,277
Total Fixed Charges (%)	319	327	337	346	356	366
Reserve for Renewals (FF&E) (%)	182	187	192	198	203	209
EBITDA						
(EBITDA) (SAR)	9,073	9,327	9,588	9,857	10,133	10,417
Net Profit Percentage (%)	49.9%	49.9%	49.9%	49.9%	49.9%	49.9%

Valuation

Explicit Forecasting Period

Cash flow table:

- The property was valued by income from the lease for the remainder of the contract and then the expected income was assumed after the completion of the lease based on market as shown in the cash flow table below, and the following key assumptions were made:
- Inflation Rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average rate of inflation in the domestic product of the Kingdom of Saudi Arabia for the past 12 years as per the Central Bank of Saudi Arabia.
- Rate of return on capital: The rate of return is calculated according to the location of the property and the type of construction, as well as the field and office research for similar rates of return to the property under valuation, and according to our understanding of the real estate market in the Kingdom, a rate of 8.00% has been reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we applied a discount rate of 10.80%.

Cash flow table:

Year	1	2	3	4	5	6	7	8	9	10	Exit
Discount Period (000 SAR)	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	
Net Income from the Contract (SAR 000s)	6,229	6,229	6,229	6,229							
Net Income from the Market (SAR 000s)					9,073	9,327	9,588	9,857	10,133	10,417	
Total Net Income (SAR 000s)											83,313
Exit Value											130,208
Present Value (SAR 000s)	5,622	5,074	4,580	4,133	5,433	5,041	4,677	4,339	4,026	3,735	42,141
Market Value (Rounded)	88,800,000										
Room Value (SAR per room)	710,400										



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Valuation Summary

Valuation Summary

Opinion of Value

Abaad is of the opinion that the Fair Value of the Subject Properties, based upon assumptions and detail within this report, may be stated as follows:

The fair value of the property in income Approach as of 31 December, 2023 is:

- 88,800,000 SAR (eighty-eight million eight hundred thousand Saudi Riyal)

Signatures & Authorizations

Amina Ogal

Taqeem ID: 1220003356

Membership Type: Provisional Member

Sector: Real Estate Sector

Membership Date: 07/08/2023

Contribution: Inspector, Valuer and Report Creator



Eng. Yousuf Abdullah Khan

Taqeem ID: 1220001989

Membership Type: Provisional Member

Sector: Real Estate Sector

Membership Date: 17/09/2020

Contribution: Valuation & Report Reviewer



Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 24/01/2016

Contribution: Report Reviewer & Authorizer



Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 22/12/2015

Contribution: Report Reviewer & Authorizer



Company Stamp

Company Name:

**Abaad & Partner for
Real Estate Valuation**

Company No.

11000111

CR No: 4030297686

CL No: 323/18/781



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Appendix 1: Subject Properties Documents
Appendix 2:Valuation Glossary

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الجمهورية العربية السورية
وزارة العدل
[٢٧٧]

تاريخ الصك: ١٤٤٤/٥/٢٨ هـ
رقم الصك: ٣٩٩٠٧٤٠٠٣٣٥٤

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد: فإن الفيلا المقامة على قطعة الأرض رقم 150 من المخطط رقم 3 / 488/ ع الواقع في حي الزهراء بمدينة جدة . وحدودها وأطوالها : شمالا: قطعة رقم 148 بطول 60 سنتون متر جنوبيا: قطعة رقم 152 بطول 60 سنتون متر شرقا: شارع عرض 12 م بطول 26 ستة و عشرون متر غربا: شارع عرض 75.60 م بطول 26 ستة و عشرون متر ومساحتها 1560 ألف و خمسمائة و سنتون متر مربعا بموجب الصك الصادر من الموثقين بالرياض 9 برقم 599684000717 في 21 / 12 / 1443 قد أصبحت في ملك/ شركة تنمية الفنادق القارية (شركة شخص واحد) بموجب سجل تجاري رقم 7025392254 بضمن وقدره: 79400000 فقط تسعة و سبعون مليوناً و أربعمائة ألف ريال سعودي لا غير . وعليه جرى التصديق تحريراً في 28 / 05 / 1444 لاعتياده .وصلى الله على نبيينا محمد وآله وصحبه وسلم.

صدرت هذه الوثيقة من وزارة العدل ، ويجب التحقق من بياناتها وسرياتها عبر الخدمات الإلكترونية لوزارة العدل
نموذج رقم (١٧ - ٢٠٠٩)

شهادة مطبوع المحكمة: ١٩٦١٢١٠٠ (هذا النموذج مخصوص للاستخدام بالخاص ولاي وصح للشطب)

صفحة رقم 1 من 1

Appendix 2: Valuation Glossary

Saudi Authority

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

Asset or Assets

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

Client

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

Intended Use

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

Intended User

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

Jurisdiction

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

May

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

Appendix 2: Valuation Glossary

Must

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

Participant

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

Purpose

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

Should

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

Appendix 2: Valuation Glossary

Significant and/or Material

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

Subject or Subject Asset:

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

Valuation

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

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

Valuation Reviewer

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

Value (n)

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

Valuer

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

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Appendix 2: Valuation Glossary

Weight

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

Weighting

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



Abaad & Partner For Real Estate Valuation Co.

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Final Valuation Report

Comfort Inn Hotel in the Olaya district of Riyadh

Client/ Alinma REIT Hotel Fund

26 March 2024

V230245

P230328

Introduction



Gentlemen / Alinma REIT Hotel Fund.

Subject / Comfort Inn Hotel in Al-Olaya district in Riyadh.

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

We have prepared our valuation on the basis of Market Value as of **09 August 2023** for internal financial statements purposes.

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

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

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

Eng. Ammar Abdulaziz Sindi
Chief Executive Officer
Kingdom of Saudi Arabia
Mobile: +966 (50) 730 0500
Email: asindi@sa-abaad.com

Registration Certificate



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Property Overview

Property Summary

- The property under evaluation is a 3-star hotel building (Comfort Hotel) located in the Olaya district of Riyadh.
- The land area is 1,512.36 square meters (according to the instrument) and the building area is 6,757.54 square meters (according to the building permit).
- The building consists of a basement, a mezzanine floor, a ground floor and 5 hotel floors.
- The basement consists of parking lots, the mezzanine floor of services, and the ground floor floor of reception and trade shows. The frequent hotel floors consist of 18 hotel rooms on each floor and a total of 90 various rooms.
- The restaurant has two main elevators and a service elevator, restaurant, gym, and rooftop outdoor seating.
- The property is located on 3 streets with a direct façade on Wadi Al Thumama Street.
- The property is 38 km from King Khalid International Airport

Property information

Site Details	Information
Location	Olaya
Permitted Use	Commercial/Hospitality
Tenure	Freehold
Deed Number	299074003353
Deed Date	28/05/1444
Total Land Area (sqm)	1,512.36 sqm (depending on instrument)
Owner	Hotel Development Real Estate Company

Property Photos



Valuation Summary

Details	Information
Report Type	Detailed report
Purpose of Valuation	Financial Statements
Other independent Users	Fund Manager and Investors – Report Reviewers
Date of Approval	15 October 2023
Date of Inspection	13 June 2023
Date of Valuation	31 December 2023
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Valuation Approach	Income Approach
Currency	Saudi Arabian Riyal (SAR)
Property Fair Value	71,080,000 SAR (807,727 SAR/ Key)

Executive Summary

Terms and Conditions

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

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Scope of work

- The scope of work is to estimate the fair value of Comfort Inn Hotel in the Olaya district of Riyadh. For the purpose of liquidation.

Professional Standards

- This evaluation task was carried out based on the International Valuation Standards (IVS) issued by the International Valuation Standards Board (IVSC) in 2022, the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem), and the professional procedures and rules recognized in the evaluation work of real estate assets, which are based on analysis, comparison and direct inspection of each property, and searching as much as possible for the positive and negative influences and characteristics of the property under evaluation.

Status of residents

- This report has been prepared and verified by Ammar Qutb and Ammar Sindi, who have the qualifications, ability and experience to conduct the valuation of the property in question and as external evaluators.

Conflict of Interest

- We confirms that it has nothing to do with an existing or potential conflict of interest regarding this property

Date of Inspection

- We confirm that the property was inspected on 30 June 2023.

Date of Valuation

- We confirm that the property was evaluated on 31 December 2023.

Basis of Valuation

- Our assessment will be presented on the basis of fair value, which is defined in accordance with the International Valuation Standards (IVS) in 2022 as follows: IAS 13 defines fair value as the price received for the sale of an asset or payment for the transfer of an obligation in a regulated transaction between market participants on the measurement date.

Sources of Information

- In preparing the evaluation report, we relied on a set of sources, information, and desk and field data that we believe are equivalent to the purpose and time of the evaluation. We also relied on the set of data provided by the client related to the property under evaluation, which will clearly affect the outputs of this report, and therefore any change or error in the data is considered incomplete and must be referred to the evaluator.
- The following documents and information provided by the client have been reviewed:
 - Title Deed
 - Krooki
 - Lease Contract

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Liability and Publication

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

Confidentiality

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

Assumptions and Special Assumptions

- According to the definition of the International Valuation Standards “Important Assumptions and special assumptions must be reasonable and relevant having regard to the purpose for which the valuation is required, and may be accepted as fact in the context of the valuation exercises without verification or validation in a specific manner. Moreover, they are matters which are accepted when stated. Such
- No assumptions or special assumptions were made.

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

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

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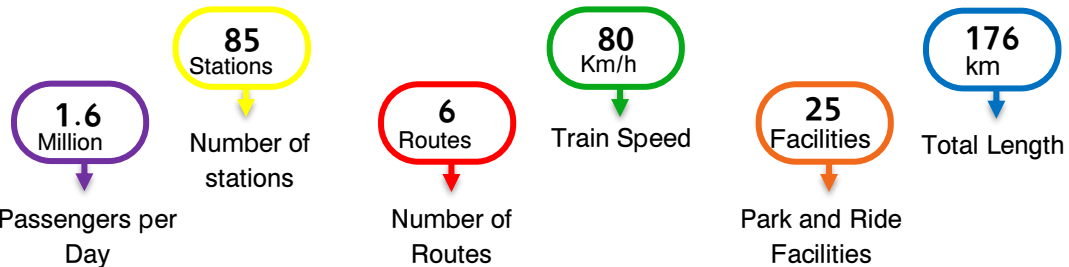
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Public Transport – Riyadh Metro

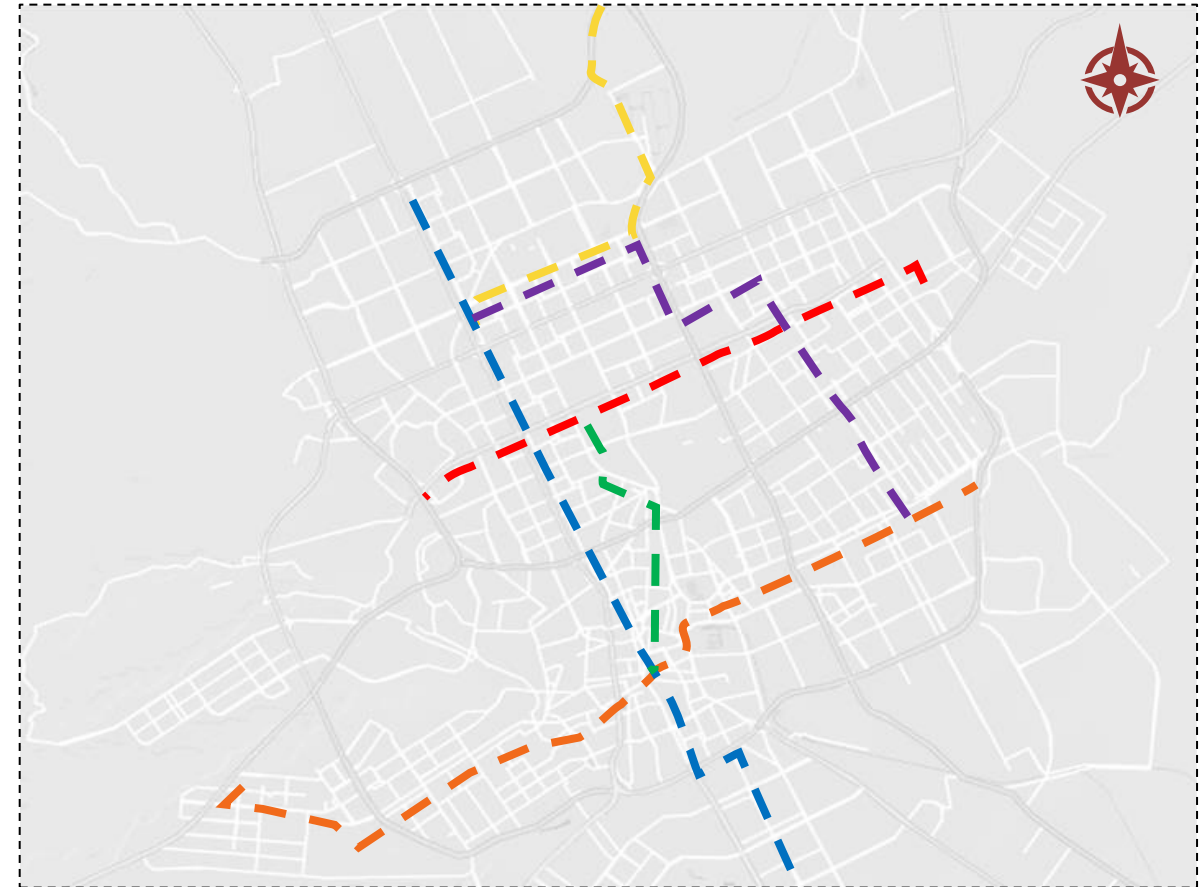
- Metro Riyadh is a high-speed transport system. It is currently under construction. It is one of the largest infrastructure projects in the City of Riyadh.
- The Metro is designed as a world-class transport system, including 756 metro cars, 85 stations, six metro lines, and a network spanning 176 kilometers.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



Length of Riyadh Metro Routes

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

Riyadh Metro Route Map:



Site Location Analysis

Development Projects at City Level



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

هيئة تطوير
بوابة الدرعية



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

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

Riyadh Art Project



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

Riyadh Boulevard

المسار الرياضي
Sports Boulevard



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

Green Riyadh

الرياض الخضراء
GREEN RIYADH

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

King Salman Park



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

Site Location Analysis

Macro Location



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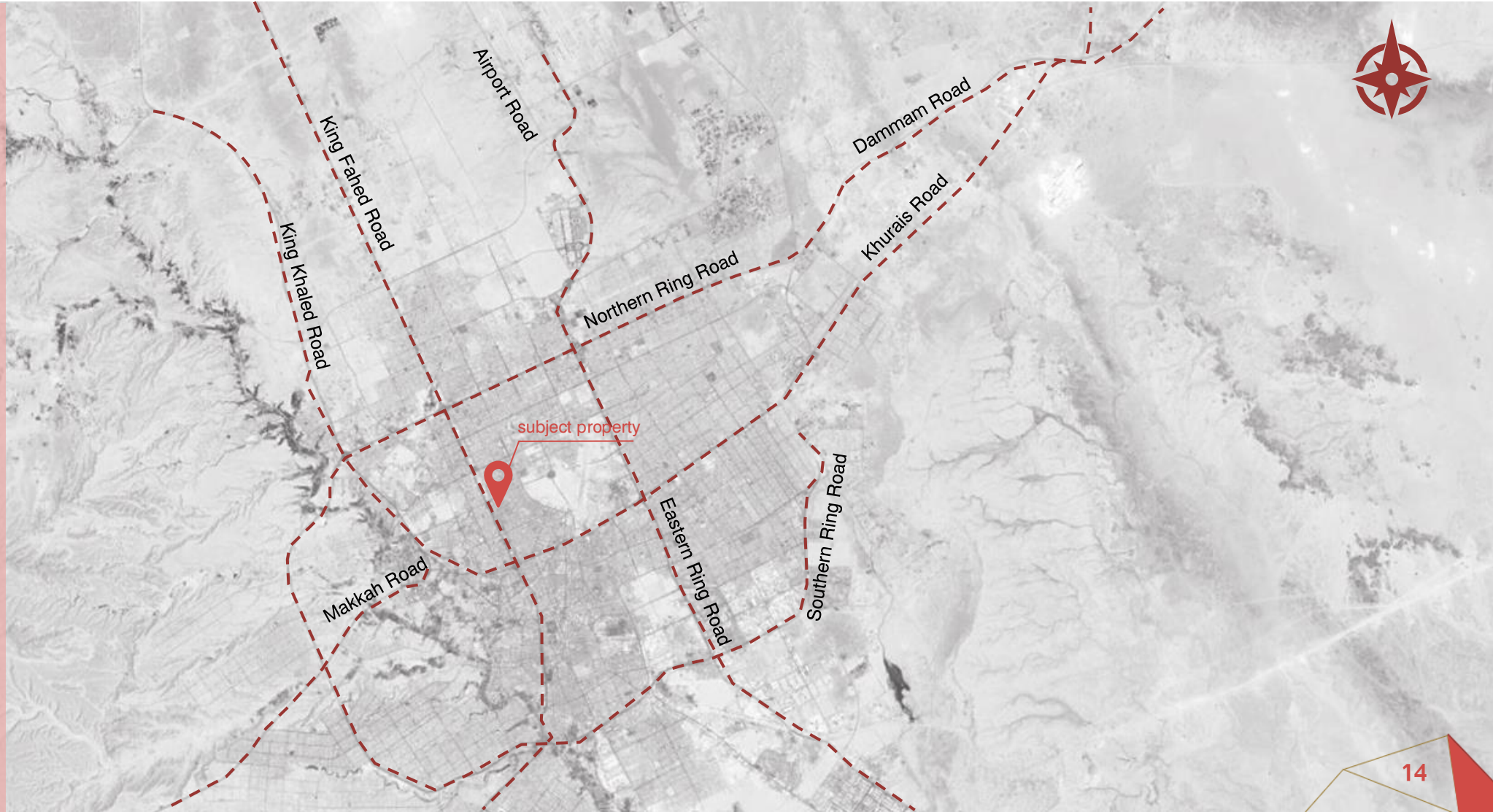
The subject property is located in Riyadh, the capital of Saudi Arabia and the largest of its cities. It is the seat of the Riyadh Region.

Riyadh is the most prominent Saudi city with a total population of 7.5 million in 1442/2022.

Riyadh is one of the largest cities of the Arab World in terms of area. The developed area of the city is around 1,973 square kilometers.

Riyadh is witnessing significant development of infrastructure and public transport, with the Riyadh Metro Project and the Public Transport Project currently in progress.

The subject property is located in downtown Riyadh, the property is approximately 40 kilometers from King Khalid International Airport.



Site Location Analysis

Property Description

The property is at the neighborhood level

The property is located north of Riyadh in the Olaya district and is bordered by the real estate area on the east by Wadi Al-Thumama Street, on the south by Street No. 84, bordered on the west by Wadi Al-Awsat Street, on the northwest side by the Kingdom Tower and on the southeast side by Al-Faisaliah Tower.

The area surrounding the property under evaluation can be accessed via King Fahd Road and Olaya Street, which is one of the most important streets in Riyadh and flourishes on both sides of economic and commercial activities.

All services are available in the area of the property under evaluation.

Property Description

The property under evaluation is a 3-star hotel building (Comfort Hotel) located in the Olaya district of Riyadh.

The land area is 1,512.36 square meters (according to the instrument) and the building area is 6,757.54 square meters (according to the building permit).

The building consists of a basement, a mezzanine floor, a ground floor and 5 hotel floors.

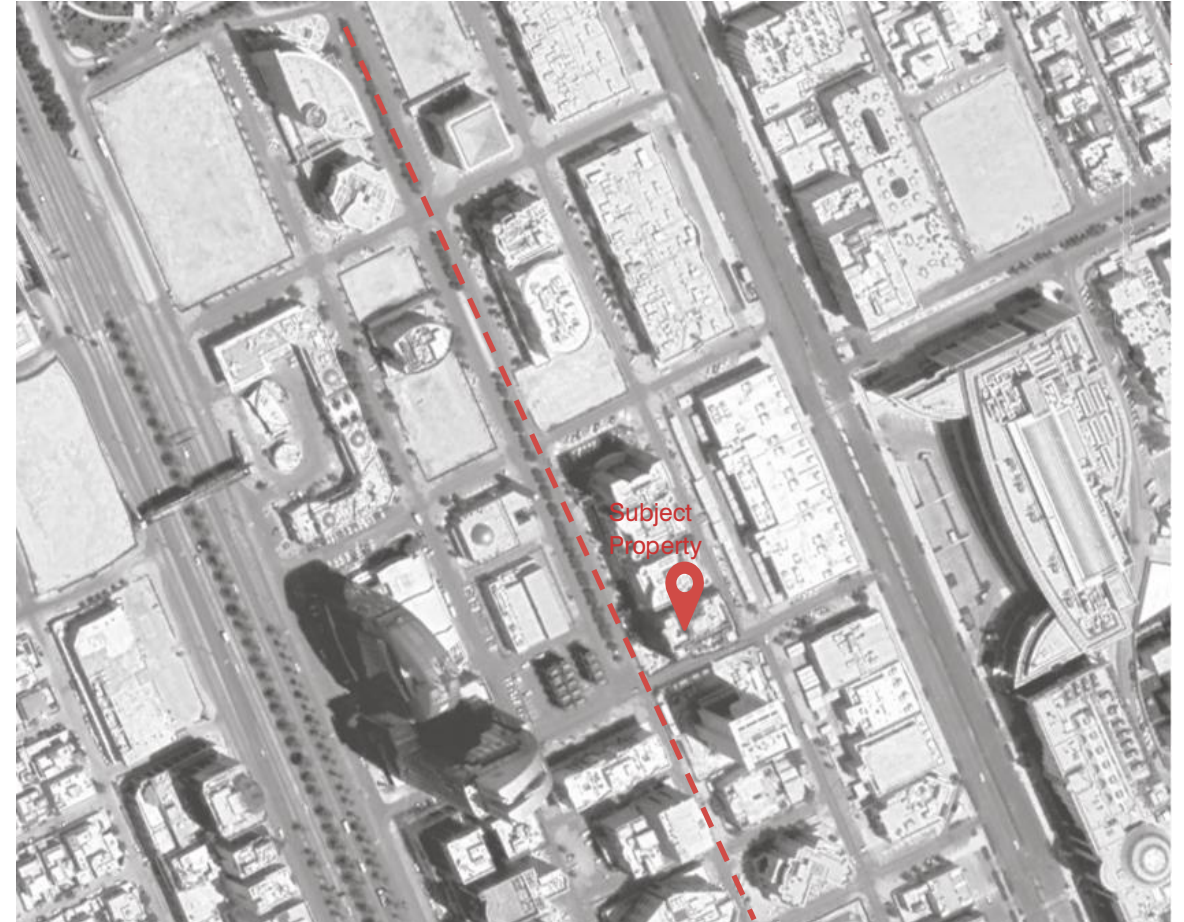
The basement consists of parking lots, the mezzanine floor of services, and the ground floor floor of reception and trade showrooms.

The Hotel consists of 88 rooms.

The restaurant has two main elevators and a service elevator, restaurant, gym, and rooftop outdoor seating.

The property is located on 3 streets with a direct façade on Wadi Al Thumama Street.

Subject Property Map

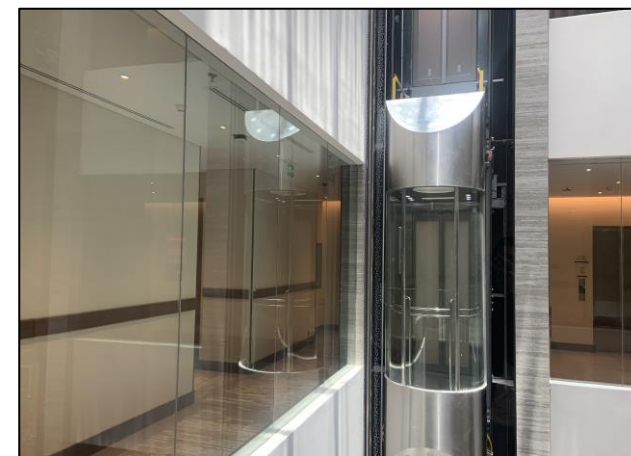
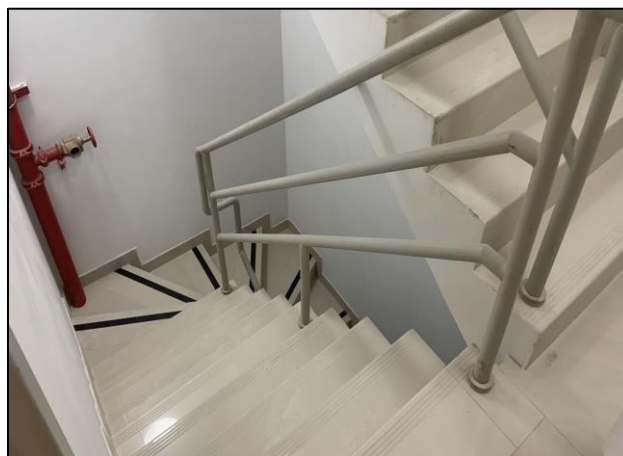


Site Location Analysis

Property Photographs



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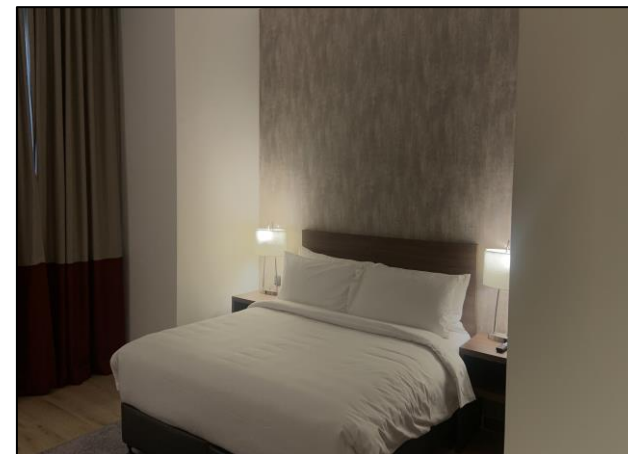
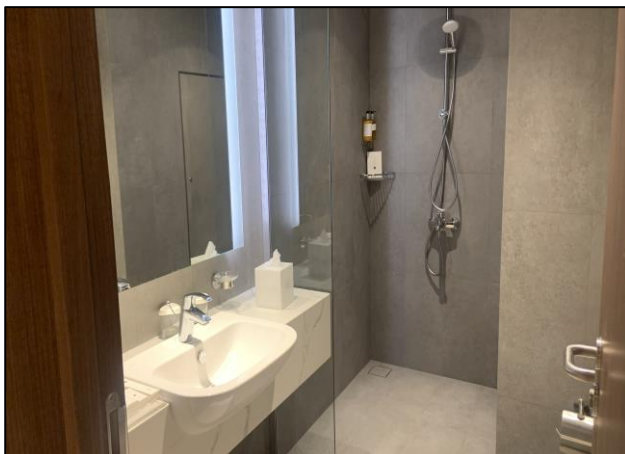


Site Location Analysis

Property Photographs



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للتقييم العقاري

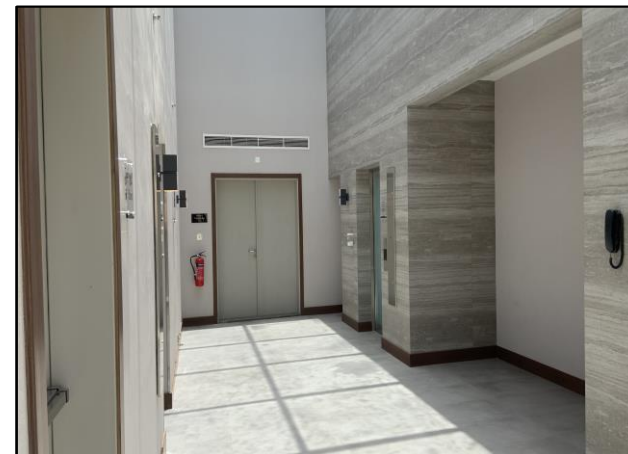
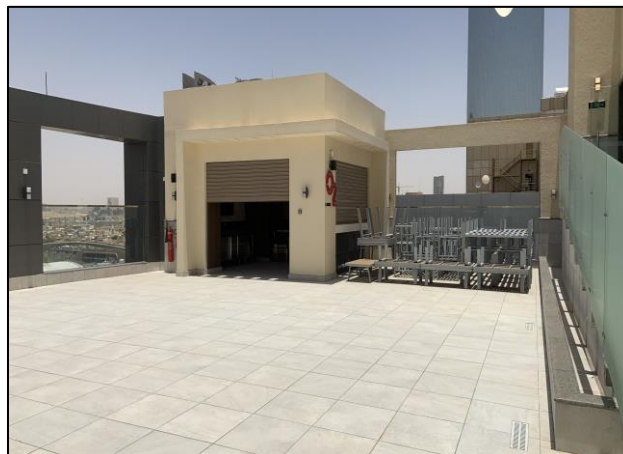
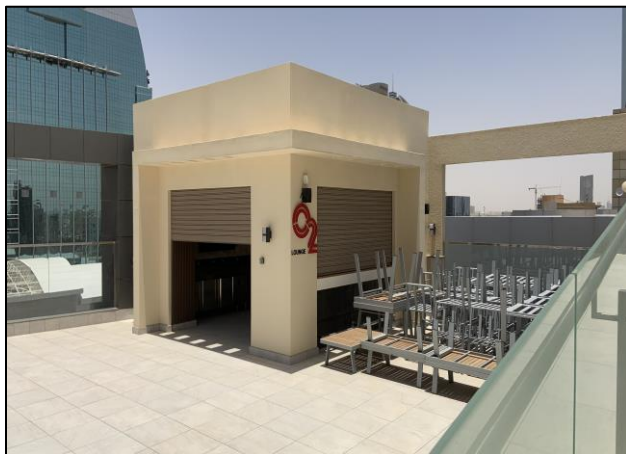


Site Location Analysis

Property Photographs



أبجد
للتقييم العقاري

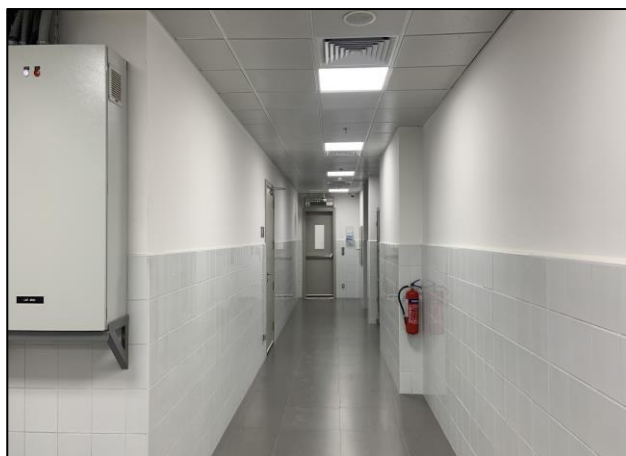


Site Location Analysis

Property Photographs



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Tenure



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Property Information

Property Details (Freehold Details)

ID	Description		
Owner	Hotel Development Real Estate Company		
Property Name	Comfort Inn Hotel in the Olaya district of Riyadh		
Plot No.	6/4		
Masterplan No.	I/1184		
District	Olaya		
Block No.	-		
Coordinates	46°40'37.4"E		46°40'38.1"E
City	Riyadh		
Ownership Type	Freehold		
Title Deed Info	Deed No.	299074003353	
	Deed Date	28/05/1444 H	

Side lengths and street widths

Side	Frontage Length	Street Name	Width (m)	Frontage
North	45	neighbor	-	4
South	45.53	Street No. 84	20	2
East	35.2	Wadi Al Thumama Street	20	3
West	29.15	Wadi Al , Awsat Street	30	1

- Sources: Title Deed

Lease Contract Summary:

Year	Income
First party (owner)	Hotel Development Real Estate Company
Second Party (Tenant)	Seera Hospitality Company
Contract Period	5 years
First Year	4,769,958
Second Year	4,769,958
Third Year	4,769,958
Fourth Year	4,769,958
Fifth Year	4,769,958

No legal document has been verified for the subject property under Valuation, which includes planning, ownership, mortgage and some legal matters on which all or part of this report is based and considered reliable. It was assumed that the instrument was valid and binding. It was also assumed that the property is free from any legal obligations, mortgage rights or any Constraints.

- Sources: leasehold

Valuation

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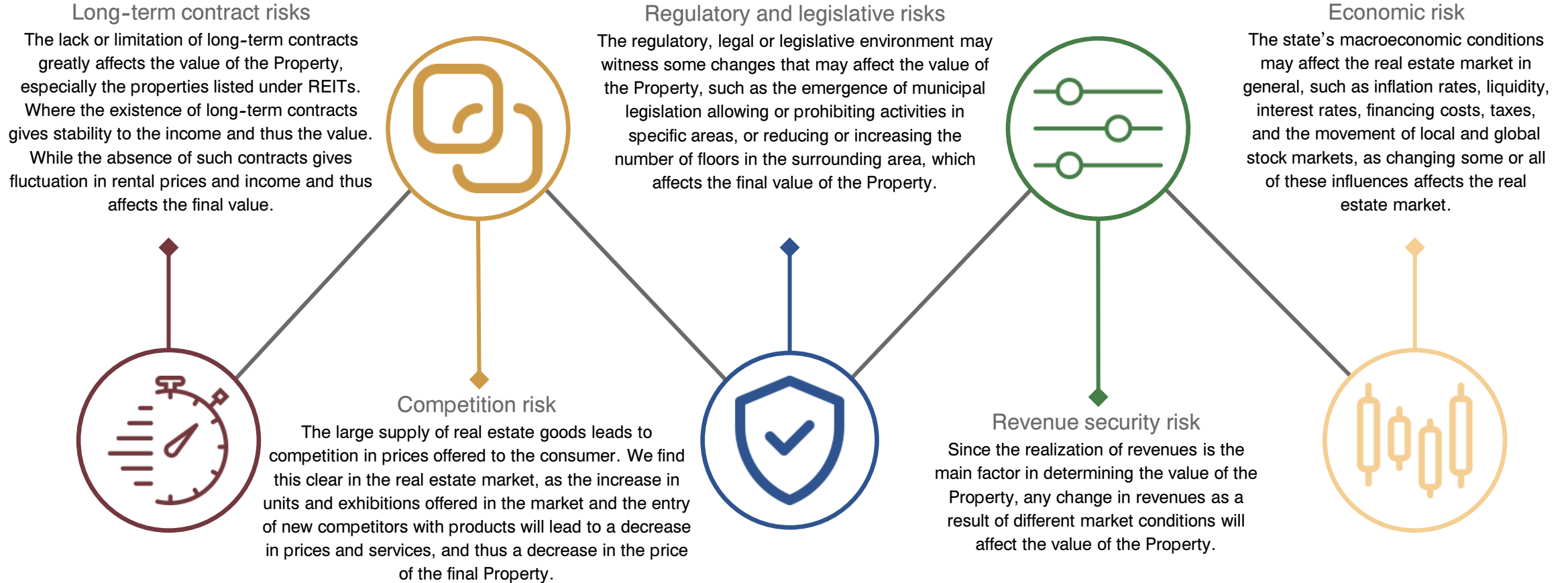
Valuation

Valuation Methodology
Market Approach valuation
Income Approach valuation
Value Summary

Disclaimers

Appendices

Property Risk Analysis



The evaluation methods used

When selecting the most appropriate methodology for estimating the property value under appraisal, we took into consideration the information provided by the client, the current status of the property, as well as our own analysis of the local market conditions. In determining the fair value of the property under appraisal, the following methods and techniques were utilized:

The Income Approach (Income Method)

The Income Approach indicates value by converting future cash flows into a single present value. According to this approach, the value of the asset is determined by referencing the revenue, cash flows, or cost savings generated by the asset.

The Income Approach should be applied and given significant priority or weight in the following situations:

A) When the asset's ability to generate income is the primary factor influencing its value from the perspective of the participants.

B) Reasonable expectations exist for the amount of future revenue from the asset being appraised and its timing, but there are only a few relevant fair comparisons available, if any.

Regarding the evaluation of commercial assets such as hotels, we typically follow the Income Approach.

Earnings Method

When evaluating hotels, the approach involves estimating the earnings before interest, taxes, depreciation, and amortization (EBITDA) over a certain period. Typically, exit from these types of properties occurs within 10 years, and the time frame for cash flows is assumed to be 10 years.

Regarding EBITDA forecasts:

First: This is achieved through analyzing the current or future performance of the property under appraisal, taking into account factors such as location, hotel reputation, condition, specifications, and operational structure.

Second: We study the local hospitality sector by evaluating the current market performance in addition to the expected room entries into the market, as well as analyzing the hotel sector and some economic indicators.

Afterward, assumptions are made regarding the vacancy rate, average daily rent, revenue per available room, hotel department expenses, undistributed expenses, administrative fees, fixed charges, and reserves for furniture and equipment renewal.

Afterward, assumptions are made regarding the vacancy rate, average daily rent, revenue per available room, hotel department expenses, undistributed expenses, administrative fees, fixed charges, and reserves for furniture and equipment renewal.

Valuation

Market Research Analysis (Land Value)

We summarize below our research findings, which were used to value the Subject Property.

Comparable Sites

Hotel Name	Ibis Hotel	Hotel Adagio
classification	3 stars	4 stars
Average rental price in the middle of the week (SR/sqm.)	236	494
Average weekend rental price (SAR/sqm)	249	494

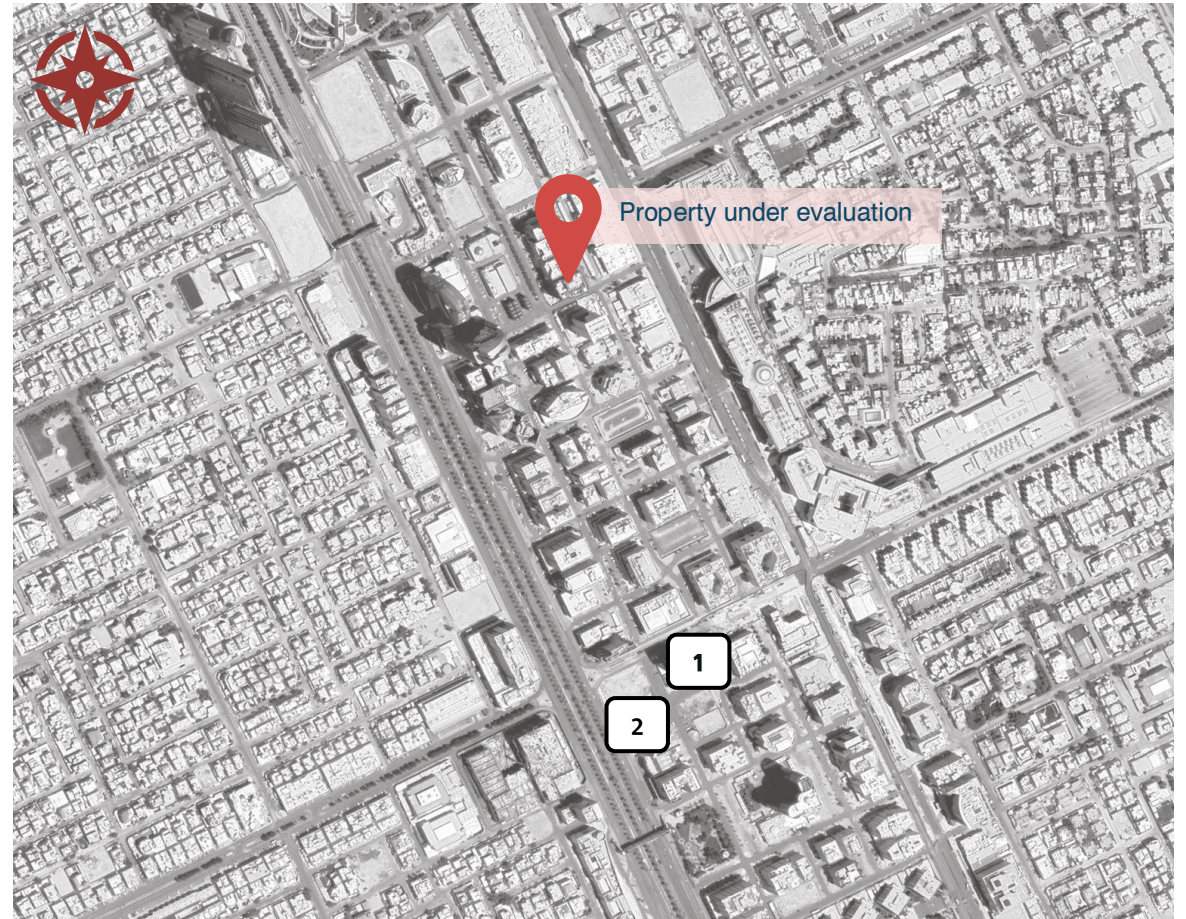
Market Commentary

When looking at the nature of the prices of the rooms offered in the region, there is a relative convergence between the prices governed by the location of the hotel, the area of the room, the services provided and the facilities, and through field research it becomes clear as follows:

It is clear from comparisons that prices range from 236 SAR / room / night to 494 SAR / room / night in the middle of the week and prices range from 249 SAR / room / night to 494 SAR / room / night on weekends.

The map shows the locations of the comparisons used in the assessment, and was used to determine expected room income, as shown in the following pages of this report.

Comparable Evidence Map



Valuation



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Revenue Estimation

Revenue Account

Based on the analysis of hotel comparisons, the tables below show a summary of room revenue for the first three years.

In the cash flow assumptions of hotel units, occupancy was assumed for the hotel starting from the first year at 59%/, the second year at 64%/, and the third year at 69%/.

Table of room revenue breakdown for the first year:

Description	Midweek	Weekend	Total
Days	261	104	365
Number of rooms available	32,589	13,036	45,625
Occupancy (%)	60%	55%	59%
Number of occupied rooms	19,554	7,170	26,723
Average daily rent	420	420	420
Average yield for available rooms	252	231	246
Expected income	8,212,500	3,011,250	11,223,750

Table detailing room revenues for the third year:

Description	Midweek	Weekend	Total
Days	261	104	365
Number of rooms available	32,589	13,036	45,625
Occupancy (%)	70%	80%	73%
Number of occupied rooms	22,813	10,429	33,241
Average daily rent	485	485	485
Average yield for available rooms	340	388	354
Expected income	11,072,332	5,061,638	16,133,970

Table detailing room revenues for the second year:

Description	Midweek	Weekend	Total
Days	261	104	365
Number of rooms available	32,589	13,036	45,625
Occupancy (%)	65%	60%	64%
Number of occupied rooms	21,183	7,821	29,004
Average daily rent	452	452	452
Average yield for available rooms	293	271	287
Expected income	9,564,141	3,531,375	13,095,516

Summary of future performance assumptions

Summary of cash flow assumptions (after the lease contract expires):

description	5	6	7	8	9	10
Number of rooms	88	88	88	88	88	88
Room Occupancy (%)	73%	73%	73%	73%	73%	73%
Average Room Rate (SAR)	557	573	589	605	622	640
RevPAR (SAR)	406	417	429	441	453	466
REVENUE and DEPARTMENTAL EXPENSES ASSUMPTIONS						
Rooms (%)	87.0%	87.0%	87.0%	87.0%	87.0%	87.0%
Food & Beverage (%)	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Other Revenue (%)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total Departmental Profit (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Department Expenses (%)	22.2%	22.2%	22.2%	22.2%	22.2%	22.2%
Department Revenue (%)	77.8%	77.8%	77.8%	77.8%	77.8%	77.8%
UNDISTRIBUTED & FIXED EXPENSES						
Administrative & General (%)	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Sales & Marketing (%)	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Property Operations and Maintenance (%)	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Utilities (%)	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Total undistributed expenses (%)	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
MANAGEMENT FEES & FF&E RESERVE						
Total Management Fees (%)	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Total Fixed Charges (%)	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Reserve for Renewals (FF&E) (%)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
EBITDA						
(EBITDA) (SAR)	7,351	7,556	7,768	7,985	8,209	8,439
Net Profit Percentage (%)	49.0%	49.0%	49.0%	49.0%	49.0%	49.0%

Valuation



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Summary of future performance assumptions

Summary of cash flow assumptions (after the lease contract expires):

description	5	6	7	8	9	10
Number of rooms	88	88	88	88	88	88
Room Occupancy (%)	73%	73%	73%	73%	73%	73%
Average Room Rate (SAR)	557	573	589	605	622	640
RevPAR (SAR)	406	417	429	441	453	466
REVENUE and DEPARTMENTAL EXPENSES ASSUMPTIONS						
Rooms (SAR)	13,040	13,405	13,781	14,166	14,563	14,971
Food & Beverage (SAR)	1,799	1,849	1,901	1,954	2,009	2,065
Other Revenue (SAR)	150	154	158	163	167	172
Total Departmental Profit (SAR)	14,989	15,408	15,840	16,283	16,739	17,208
Department Expenses (SAR)	3,321	3,414	3,510	3,608	3,709	3,813
Department Revenue (SAR)	11,667	11,994	12,330	12,675	13,030	13,395
UNDISTRIBUTED & FIXED EXPENSES						
Administrative & General (SAR)	1,199	1,233	1,267	1,303	1,339	1,377
Sales & Marketing (SAR)	600	616	634	651	670	688
Property Operations and Maintenance (SAR)	600	616	634	651	670	688
Utilities (SAR)	600	616	634	651	670	688
Total undistributed expenses (SAR)	2,998	3,082	3,168	3,257	3,348	3,442
MANAGEMENT FEES & FF&E RESERVE						
Total Management Fees (SAR)	907	932	958	985	1,013	1,041
Total Fixed Charges (SAR)	262	270	277	285	293	301
Reserve for Renewals (FF&E) (SAR)	150	154	158	163	167	172
EBITDA						
(EBITDA) (SAR)	7,351	7,556	7,768	7,985	8,209	8,439
Net Profit Percentage (%)	49.0%	49.0%	49.0%	49.0%	49.0%	49.0%

Valuation

Explicit forecasting period



Cash flow table:

- The property was valued by income from the lease for the remainder of the contract and then the expected income was assumed after the completion of the lease by market as shown in the cash flow table below, and the following main assumptions were relied upon:
- Inflation Rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate in Saudi Arabia's GDP for the past 12 years according to the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the location of the property and the type of construction, as well as field and office research for the rates of return similar to the property under evaluation, and also according to our understanding of the real estate market in the Kingdom, a rate of 8.00% was reached.
- Discount Rate: Based on our understanding of similar properties in the property area, and taking into account the characteristics of location, area, use, supply and demand, we have applied an 10.80% discount rate.

Cash flow table:

Year	1	2	3	4	5	6	7	8	9	10	Exit
Discount Period (000 SAR)	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	
Net Income from the Contract (SAR 000s)	4,770	4,770	4,770	4,770							
Net Income from the Market (SAR 000s)					7,351	7,556	7,768	7,985	8,209	8,439	
Total Net Income (SAR 000s)											66,388
Exit Value											105,487
Present Value (SAR 000s)	4,305	3,885	3,507	3,165	4,402	4,084	3,789	3,515	3,262	3,026	34,140
Market Value (Rounded)	71,080,000										
Room Value (SAR per room)	807,727										



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Valuation Summary

Valuation Summary

Opinion of Value

Abaad is of the opinion that the Fair Value of the Subject Properties, based upon assumptions and detail within this report, may be stated as follows:

The Fair Value of the property as of 31 December 2023 is:

71,080,000 Saudi Riyals (Seventy-One Million Eighty Thousand Saudi Riyals).

• Signatures & Authorizations

Amina Ogal

Taqeem ID: 1220003356

Membership Type: Provisional Member

Sector: Real Estate Sector

Membership Date: 07/08/2023

Contribution: Inspector, Valuer and Report Creator



Eng. Yousuf Abdullah Khan

Taqeem ID: 1220001989

Membership Type: Provisional Member

Sector: Real Estate Sector

Membership Date: 17/09/2020

Contribution: Valuation & Report Reviewer



Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 24/01/2016

Contribution: Report Reviewer & Authorizer



Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Membership Type: Fellow Member

Sector: Real Estate Sector

Membership Date: 22/12/2015

Contribution: Report Reviewer & Authorizer



Company Stamp

Company Name:

**Abaad & Partner for
Real Estate Valuation**

Company No.

11000111

CR No: 4030297686

CL No: 323/18/781



Valuation

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Property Documents
General terminology in the preparation of the evaluation report

General terminology in the preparation of the evaluation report

Authority

Refers to the Saudi Authority for Accredited Valuers (Taqeem) is the body concerned with setting the necessary controls and standards for the evaluation of real estate, economic establishments, equipment, movable property and the like, under the Accredited Valuers Law issued by Royal Decree No. (M/43) dated (9/7/1433 AH) and aims to develop the valuation profession, raise the level of its employees, set general rules for acquiring and maintaining the membership of the Authority at its various levels, and providing means of continuous development to upgrade its members to the best levels of practice and international standards of the profession, and enjoy (CMA) with a legal personality, non-profit, with an independent budget and operating under the supervision of the Ministry of Commerce and Investment

Asset or assets

To facilitate the reading of criteria and to avoid repetition, the terms "origin" and "assets" generally refer to the items that are the focus of the evaluation task. Unless otherwise provided in the standard, these terms may be considered to mean and include each of the following words: (asset, group of assets, obligation, group of liabilities, or group of assets and liabilities).

Client

The word "customer" refers to the person(s) or entity for whom the evaluation is performed. This includes: external clients (i.e. when the resident is contracted with a third party), as well as internal clients (i.e. evaluations prepared for the employer).

Jurisdiction

The word "jurisdiction" refers to the legal and regulatory environment in which the evaluation process is carried out. It includes laws and regulations enacted by government agencies such as: province, state, and municipality, and laws made by some regulators according to the purpose of evaluation, such as: central banks and securities regulatory authorities.

May be

The word "may" describes the actions that the evaluator has a responsibility to consider. The matters described in this way require the evaluator's attention and understanding. The applicability of these matters in the evaluation process depends on the evaluator's exercise of his judgment and professional experience in circumstances that are in line with the objectives of the standards..

Must

The word "must" refers to unconditional liability, i.e. the resident must fulfill responsibilities of this kind in all cases and circumstances to which the condition applies..

participant

"Participant" refers to the participants concerned according to the value base(s) used in the assessment task (see Standard 104 Value Base). Different foundations of value require the assessor to take into account different perspectives, such as: the views of market participants such as market value, fair value of IFRS, or a specific owner or potential buyer such as: investment value.

Purpose

The word "purpose" refers to the reason or reasons for conducting the valuation, and general purposes include (but are not limited to) the purposes of financial reporting, tax reporting, litigation support, transaction support, and secured lending decision support..



Abaad & Partner For Real Estate Valuation Co.

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