Knight Frank

Valuation Report.

Al Andalus Mall Hotel, Jeddah, KSA

Prepared for **SNB Capital.**
Valuation date: 31 December 2022

Locally expert, globally connected.

SNB Capital
Riyadh, Kingdom of Saudi Arabia

For the attention of Danial Mahfooz, CFA
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Our ref: KFV377-2022

Date of issue: 16 February 2023

Dear Sirs

Valuation Report – Al Andalus Mall Hotel, Old Airport, Al Fayha District, Jeddah, Kingdom of Saudi Arabia.

Further to your instructions, we are pleased to provide our Valuation Report in respect of the above property. If you have any queries regarding this report, please let us know as soon as possible.

Signed for and on behalf of Knight Frank Spain Saudi Arabia Real Estate Valuations Company

Talal Raqaban, MRICS
RICS Registered Valuer - Taqeem No. 1210001810
Partner, Valuation & Advisory, KSA
For and on behalf of Knight Frank Spain Saudi
Arabia Real Estate Valuations Company

This report has been reviewed, but not undertaken, by:

Stephen Flanagan, MRICS
RICS Registered Valuer - Taqeem No. 1220001936
Partner, Head of Valuation & Advisory, MENA
For and on behalf of Knight Frank Spain Saudi
Arabia Real Estate Valuations Company

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Executive summary

This Executive summary is a brief overview of our Valuation Report and must not be relied upon in isolation. It is intended to be read in conjunction with the whole report and is subject to any assumptions, caveats and comments stated within the body of this report.

Addressee	SNB Capital
Property	Al Andalus Mall Hotel (the Property) is currently an owner-operated serviced apartment hotel located in the Al Fayhaa district of Jeddah in the Western Province of the Kingdom of Saudi Arabia (KSA). It is planned to be operated by Hilton International starting January 2023 with no brand and be officially branded under "Doubletree by Hilton" starting January 2024. Opened in May 2017, the Property features 164 serviced apartments, one outdoor swimming pool, one fitness centre, one male spa and one tennis court. The Property is located at the junction of Prince Majid Road (Highway 70) and King Abdullah Road (Highway 45), just south of a large roundabout / interchange. The site is bounded by the districts of Al Worood and Al Naseem to the north of the subject and Jeddah Gate to the west. Prince Majid Road is one of the major north – south arterial highways linking the north of Jeddah and the international airport with the south of Jeddah. King Abdulaziz International Airport is located some 18 km to the north, with a driving time of 30-40 minutes depending on traffic conditions. Jeddah Islamic Port is located some 6 km to the west of the subject.
Tenure	Freehold.
Valuation Considerations	Our projections are prepared in accordance with The Uniform System of Accounts for the Lodging Industry (USALI) as used by the hotel and leisure industry worldwide. We have made a number of assumptions within our valuation which we have listed below: • We have assumed the capital expenditure assumed and approved by the Client is deducted from the valuation. The valuation is based on the EBITDA of the hotel, with an allowance to the future FF&E reserve. • Unless otherwise stated, ADR (Average Daily Rate) in our calculations is exclusive of service charges, tax and municipality fees. • Our cash flow is prepared on the basis of a fiscal year. Year 1 of the cash flow starts from the date of valuation. • The valuation is based on the information, lease agreements and fee structure provided within the hotel management agreement, assuming the hotel will be efficiently managed by a competent and efficient operator under the individual names of the relevance to the assets. • The Property has all relevant documentation and permissions required from the relevant planning and trading authorities in Jeddah, KSA.

	• We have assumed the rate of inflation to be 2.50% per annum. • We have adopted a capitalisation rate of 8.75%. • We have adopted a discount rate of 11.25%. • We have valued the Property having had due regard to its projected performance, current forecasts, and our own market expectations.
Valuation date	31 December 2022
Market Value	We are of the opinion that the Market Value of the freehold interest in the Property, subject to the management agreement and assumptions described within this report as at the valuation date is: **SAR 133,100,000** **(One Hundred and Thirty Three Million, One Hundred Thousand Saudi Arabian Riyals)**

1. Terms of engagement

Engagement of Knight Frank Spain Saudi Arabia Real Estate Valuations Company

1.1 This valuation report (the "Valuation") has been prepared in accordance with our Terms of Engagement letter and our General Terms of Business for Valuation Services (together the "Agreement"). A copy of this document is attached at Appendix 1 (along with your original instruction for reference purposes).

Client

1.2 We have been instructed to prepare the Valuation by SNB Capital (the "Client"), as manager on behalf of Al-Ahli REIT Fund, a real estate investment traded fund in the Saudi Stock Exchange (Tadawul).

Valuation standards

1.3 This valuation has been undertaken in accordance with the current editions of RICS Valuation - Global Standards, which incorporate the International Valuation Standards (the "Red Book") and Taqeem Standards**.** As required by the Red Book / IVS, some key matters relating to this instruction are set out below.

Independence and expertise

Disclosure of any conflicts of interest

1.4 We have valued the property for the same client in 2017, 2018, 2019, 2020 and 2021. We confirm that we do not have any material connection or involvement giving rise to a conflict of interest and are providing an objective and unbiased valuation.

1.5 This has been disclosed to you and you have given your consent to us proceeding with this instruction. We confirm that we are not aware of any undisclosed matter giving rise to a potential conflict of interest and that we are providing an objective and unbiased valuation.

Valuer and expertise

1.6 The valuer, on behalf of Knight Frank Spain Saudi Arabia Real Estate Valuation Company with the responsibility for this report is Talal Raqaban MRICS, Partner, RICS Registered Valuer and Fellow member of Taqeem. Parts of this valuation have been undertaken by additional valuers as listed on our file.

1.7 We confirm that the valuer and additional valuers meet the requirements of the Red Book / IVS and Taqeem Regulations, having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.

1.8 We are appointed as your valuation advisors; our role is limited to providing property valuation services in accordance with the Red Book and the terms of this Agreement.

1.9 For the purposes of the Red Book / IVS, we are acting as External Valuers.

1.10 This report has been vetted as part of Knight Frank Spain Saudi Arabia Real Estate Valuation Company quality assurance procedures.

Use of this Valuation

Purpose of valuation

1.11 The client has confirmed that this valuation report is required for REIT reporting to the Saudi Capital Market Authority (CMA) for the semi-annual reporting of Market Value (MV) in accordance with Taqeem regulations (the "Purpose"). This valuation has been prepared solely for the aforementioned purpose and may not be used for any other purpose without our express written consent.

Reliance

1.12 This Valuation has been prepared for the Client only. No other person is entitled to rely on the Valuation for any purpose. We accept no liability to anyone for any improper or unauthorised reliance on this Valuation.

Disclosure & publication

1.13 The Valuation has been prepared for the Client and in accordance with the Agreement which governs its purpose and use. As stated in the Agreement, this Valuation is confidential and must not be disclosed to any person other than the Client without our express written consent. Nor may the whole nor any part of this valuation nor any reference thereto may be included in any prospectus, listing particulars, published document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.

Limitations on liability

1.14 Knight Frank Spain Saudi Arabia Real Estate Valuation Company's total liability for any direct loss or damage (whether caused by negligence or breach of contract or otherwise) arising out of or in connection with this Valuation is limited to the amount specified in our Terms of Engagement, a copy of which is attached. Knight Frank Spain Saudi Arabia Real Estate Valuation Company accepts no liability for any indirect or consequential loss or for loss of profits.

1.15 We confirm that we hold adequate and appropriate PII cover for this instruction.

1.16 No claim arising out of or in connection with this Valuation may be brought against any employee, director, member, partner or consultant of Knight Frank Spain Saudi Arabia Real Estate Valuation Company**.** Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Knight Frank Spain Saudi Arabia Real Estate Valuation Company.

1.17 Nothing in this Valuation shall exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.

Scope of work

1.18 In this report we have been provided with the following information by you, your advisors or other third parties and we have relied upon this information as being materially correct in all aspects.

1.19 In particular, we detail the following:

- Copy of the title deed
- Hotel profit and loss statements from May 2017 to Nov YTD 2022
- STR competitive set data from 2016 to Nov YTD 2022
- Copy of the management agreement with Hilton International

1.20 In the absence of any documents or information provided, we have had to rely solely upon our own enquiries as outlined in this report. Any assumptions resulting from the lack of information are also set out in the relevant section of this report.

Valuation Date

1.21 The valuation date is 31 December 2022.

2. The Property

2.1 The property we have valued, including the inspection details, is as follows:

Property address	Inspected by	Inspection date
Al Andalus Hotel, Old Airport, Al Fayhaa District, Jeddah, KSA	Faris Gari	14 June 2022

Location

2.2 As can be seen from the map below, the Property is located in the Al Fayhaa district of Jeddah in the Western Province of the Kingdom of Saudi Arabia. The property is located at the junction of Prince Majid Road (Highway 70) and King Abdullah Road (Highway 45), just south of King Abdulaziz roundabout. The site is bounded by the districts of Al Worood and Al Naseem to the north of the subject property and Jeddah New City / Jeddah Gate to the west. Prince Majid Road is one of the major north – south arterial highways linking the north of Jeddah and the international airport with the south of Jeddah.

2.3 The King Abdulaziz International Airport is located some 20 km to the north of the property, with a driving time of 30 – 40 minutes depending on traffic conditions. Jeddah Islamic Port is located some 6 km to the west of the property.

Source: Google Earth / Knight Frank Research

Site

Site area

2.4 We have been provided with a copy of the title deed, from which we understand that the Property is sharing with the Al Andalus Mall over 159,133.96 sq m of land.

Description

2.5 Al Andalus Mall Hotel is an upscale serviced apartment adjacent to Al Andalus Mall in Jeddah, KSA. The subject property opened its doors to the public on 23 May 2017 and was previously (until recently) operated by InterContinental Hotel Group (IHG) under the Staybridge Suites brand. However, to date, InterContinental Hotel Group (IHG) are no longer managing the property, and the Property continues to be owner-operated. The Client has informed us that Hilton International has been appointed to operate the hotel starting January 2023 with no brand, and starting January 2024 under the brand "Doubletree by Hilton".

2.6 The total built up area for the subject property is 18,820 square metres, this is made up over B+G+16 floors, providing 164 guest rooms, 236 parking spaces, seven meeting rooms, two F&B outlets, two male massage rooms, swimming pool, tennis court and gymnasium.

Guest Rooms

2.7 There are 164 guestrooms split into three room types; Studio, one bedroom and two bedroom.

2.8 All guest rooms comprise a fitted kitchen with working white units, bedroom, living room and bathroom fixtures and fittings.

Table 1: Room Breakdown

Unit	Unit Breakdown	Gross Internal Area (sq m)	Gross Internal Area (sq ft)
Two Bedroom Type 1	15	110	1,650
Two Bedroom Type 2	15	100	1,500
Studio Type 1	14	55	825
Studio Type 2	15	50	750
Studio Type 3	15	60-69	894
One Bedroom Type 1	75	65-85	5,369
One Bedroom Type 2	15	65-85	1,155
Total Keys	**164**		**12,143**

Food and Beverage Outlets

2.9 There are 2 food and beverage outlets in the subject property. These are highlighted below:

- The all-day dining option accommodating 75 covers and offering breakfast, lunch and dinner.

- The Lobby Café is a healthy option located on the ground floor, offering no covers, with a stronger focus on a 'grab and go' concept for passing trade from guests entering and exiting the building.
- It should be noted there are numerous F&B options provided in Al Andalus Mall and as the property is positioned as a serviced apartment, the F&B offering is typically limited, as the concept of the accommodation offers kitchens and kitchenettes in the guest rooms.

Table 2: F&B Breakdown by type and location

F&B Outlets	Type	Level
Lobby café	Grab and go	Ground Floor
All Day Dining	Breakfast, Lunch, Dinner	1st Floor

Leisure Facilities

2.10 The leisure facilities comprise:

- An outdoor swimming pool
- Gymnasium
- 2 male massage rooms
- Male sauna and steam room
- 1 Tennis court

Meeting and Conference Facilities

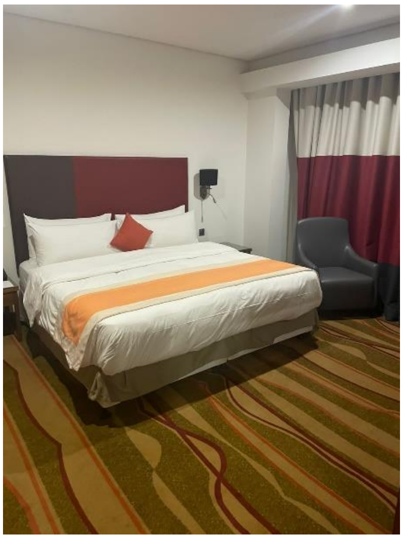
2.11 The meeting and business facilities are located on the first and second floors. There are 2 meeting rooms on the ground floor ranging in size from 62 sq m to 72 sq m Meeting room 3 measuring 785 sq m in total and is situated on the 2nd floor which can be used as a ballroom or split into 5 separate meeting rooms, catering to the MICE segmentation in Jeddah.

Table 3: Meeting Room breakdown

Meeting Room	Area	Level
Meeting Room 1	62 Sq m	1st Floor
Meeting Room 2	72 Sq m	1st Floor
Meeting Room 3	785 Sq m	2nd Floor

Source: Client

2.12 A selection of photos taken during our inspection is provided below:



Accommodation

2.13 The building has been purpose-built as a serviced apartment by the master developer. It has been fitted and furnished to the standards of a deluxe serviced apartment.

2.14 As agreed with the client, we have relied upon the room facilities and details provided to us by SNB Capital. No further verification has been undertaken.

Services

2.15 In accordance with the General Terms of Business, no tests have been undertaken on any of the services.

2.16 We have assumed for the purposes of this valuation that mains gas, water, electricity, drainage and telecommunications are all available to the subject property.

2.17 Main electricity is available to the hotel via the national grid (SCICO), in addition there are emergency diesel generators should mains power be interrupted.

Legal Title Deed – Overall Property

Land ownership

2.18 We have been provided with copy of the Property's (land) title deed (including the Al Andalus Mall), the details of which is presented in the following table:

Table 4: Title Deed Summary

Item	Description
Title Deed Number	320211029670
Date	23/10/1440 – 27/06/2019
Size	159,133.96 sq m
Owner	Al Akaria Development Company for Ownership and Management

Source: Client

2.19 A copy of the Title Deed can be found in Appendix 2.

2.20 These assumptions should be verified by your legal advisors. If they prove incorrect, any variation may have a material impact on value and should be referred back to us for further comment.

2.21 For the purposes of this valuation report we have assumed that the property is held on a freehold basis and is free from any encumbrances and third-party interests.

Covenants

2.22 We have assumed that the property is not subject to any unusual or onerous covenants, restrictions, encumbrances or outgoings.

2.23 We reserve the right to amend our valuation accordingly in the event the above assumption is proven to be incorrect.

Tenure

Commercial Register

2.24 We have been provided with a copy of the proof of Ownership Licence for the site dated, further details are as follows:

Table 5: Ownership Licence

Item	Description
Type	Limited Liability Company
Main HQ	Riyadh, Kingdom of Saudi Arabia
Date Established	14 December 2017

Trade Name	Al Andalus Mall Hotel
Address	Prince Majid Street, Al Fayha District, Jeddah
Activity	24th February 2016 gaining the tourist accommodation licence

Source: Client

Classification

2.25 We have not been provided with the hotel operating classification licence from the client for the subject property. However, in our valuation report, we have assumed that the subject property will be granted a 5-Star Operating License and continue to operate at a 5-Star standard, in line with the license acquired in the past under the management of Staybridge Suites.

Covenants

2.26 We have assumed that the property is not subject to any unusual or onerous covenants, restrictions, encumbrances or outgoings.

2.27 We reserve the right to amend our valuation accordingly in the event the above assumption is proven to be incorrect

Hotel Management Agreement

2.28 The Property started operating in May 2017 under a 15-year management agreement under the Staybridge Suites brand, part of InterContinental Hotels Group (IHG). The agreement was dated 17th June 2013 and made between Alandalus Property Company (owner) and Holiday Inns Middle East Limited (operator). However, the client has informed us that they have terminated the agreement with Holiday Inns Middle East Limited and has appointed Hilton International to operate the Property starting January 2023 with no brand, and starting January 2024 under the brand "Doubletree by Hilton".

2.29 The Client has provided us with the commercial terms of the new operator Hilton International. We have summarised the salient details of the key terms of the hotel management agreement below as follows:

Table 6: Hotel Management Agreement

Property:	164 key 5 star serviced apartments located adjacent to Al-Andalus Mall in Jeddah
Name:	Doubletree by Hilton Jeddah Al Andalus Mall
Commencement Date	January 2024
Term:	15 years from HMA signature
License Fee:	% of Total Operating Revenue • Year 1 = 0.9% • Year 2 and 3 = 1% • Year 4 and 5 = 1.25%

	• Year 6 and for the remainder of the Operating Term = 1.5%
Incentive Management Fee:	% of Adjusted Gross Operating Profit where Adjusted Gross Operating Profit is the Gross Operating Profit less the License Fee, as follows: • If GOP is less than 20% = 0% • If GOP is equal to or greater than 20%, and less than 25% = 4% • If GOP is equal to or greater than 25%, and less than 30% = 5% • If GOP is equal to or greater than 30%, and less than 35% = 6% • If GOP is equal to or greater than 35%, and less than 40% = 7% • If GOP is equal to or greater than 40% = 7.5%
Group Services & Benefits	2.0% of Gross Revenue
***FF&E Reserve:**	In each year the greater of 1% of the budgeted Total Operating Revenue or the budgeted amount for FF&E. Budgeted amount for FF&E: • 2% of Gross Revenues – first year of operations under new management • 3% of Gross Revenues – second year of operations and thereafter

Source: Client

* The budgeted amount for FF&E is not available in the proposed Branding & Management Agreement by Hilton International, we have therefore made our own assumptions.

Property Improvement Plan

2.30 Property Improvement Plan (PIP) is an action plan designed to bring a hotel property into compliance with the latest brand standards. As the Property is currently transitioning into a "Doubletree by Hilton" branded hotel, a PIP is required. The Client has informed us that there will be capital expenditures as part of the PIP to bring the Property to "Doubletree" brand standard. The refurbishment will take place in Q1 2023 and is expected to finish by the end of 2023. However, we have not been provided with a budget.

2.31 We have then assumed a reasonable budget for the capital expenditure. Below is a summary of the expenditure we have assumed and deducted from the valuation of the Property:

Refurbishment	SAR (per unit)	Units	Total
Refurbishment cost per key	28,125	164	4,612,500

Condition

Scope of inspection

2.32 We have not undertaken a building or site survey of the Property.

2.33 During our inspection we did not inspect any inaccessible areas. We are unable to confirm whether the Property is free from urgent or significant defects or items of disrepair.

2.34 Apart from any matters specifically referred to below, we have assumed is the Property is free from structural faults, rot, infestation, or other defects, and that the services are in a satisfactory condition.

2.35 At the date of inspection, the buildings appeared to be in a generally reasonable state of repair commensurate with their age and use. No urgent or significant defects or items of disrepair were noted which would be likely to give rise to substantial expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance programme

Ground conditions

2.36 We have not been provided with a copy of a ground condition report for the site. We have assumed that there are no adverse ground or soil conditions.

Environmental, Social and Governance (ESG)

Sustainability

2.37 The issue of sustainability and the ESG agenda is becoming increasingly important to participants in the property market. There is a general expectation that buildings that minimise environmental impact through all parts of the building life cycle and focus on improved health and wellbeing for their occupiers may retain value over a longer term than those that do not. There is an increasing market opinion that although it is not possible to explicitly quantify a ‘green premium’ for a building, a ‘brown discount’ for a poorer performing property is being considered by market participants. There is an increasing market opinion that although it is not possible to explicitly quantify a ‘green premium’ for a building, a ‘brown discount’ for a poorer performing property is being considered by market participants. There is an increasing market opinion that although it is not possible to explicitly quantify a ‘green premium’ for a building, a ‘brown discount’ for a poorer performing property is being considered by market participants. is an increasing market opinion that although it is not possible to explicitly quantify a ‘green premium’ for a building, a ‘brown discount’ for a poorer performing property is being considered by market participants

2.38 Our valuation provides our opinion of value at the valuation date based on our understanding of how ESG issues and related factors are being taken into account by the market at that date.

Contamination

2.39 Investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Knight Frank is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

2.40 Subject to the above, while carrying out our valuation inspection, we have not been made aware of any uses conducted at the subject Property that would give cause for concern as to possible environmental contamination. Our valuation is provided on the assumption that the Property is unaffected.

Planning

Sources of planning information

2.41 We have not been provided with any planning information.

2.42 It is assumed that the buildings comply with all necessary planning and building regulation approvals as appropriate.

Statutory licences & certificates

Classification Certificate

2.43 We have assumed in our valuation that all regulations, statutory licences & certificates have been complied with.

Fire safety

2.44 We have not viewed any documents relating to the fire safety within the Property and have assumed for the purposes of our valuation that the relevant legal requirements have been fully complied with.

3. Hotel Market Analysis

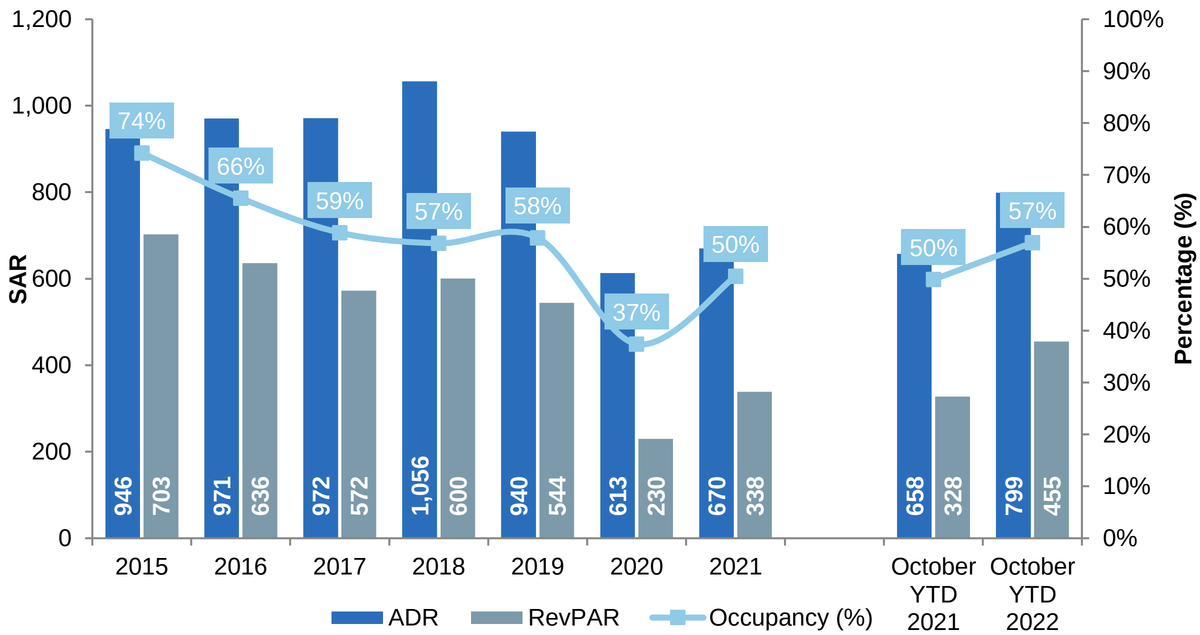
Jeddah Hospitality Performance

3.1 Between 2009 to 2014 the market was experiencing fluctuating occupancy rates between 71% and peaking in 2012 at 79%. During this period rate was steadily rising with RevPAR growing 50% in those six years peaking in 2014 at SAR 719.

3.2 Between 2014 and 2019 the market has been in a period of decline as supply has been entering the market and as a result of a rise in regional conflicts and a decline in oil prices, which led governments to cut back on spending. Demand was not able to keep pace with occupancy continuing its steady decline and settling at 57% to 58% in 2018 and 2019. Despite rate peaking at SAR 1,056 in 2018, RevPAR recorded a 24% decline in this five-year period, recording a rate of SAR 544 in 2019.

3.3 Hotels in Jeddah have historically relied on business from the King and Crown Prince's Affairs and in recent years, these lucrative groups have tightened expenditures (in particular the Crown Prince's Affair), which has likely exacerbated rate performance.

3.4 The COVID-19 pandemic affected Jeddah dramatically recording a 61% decline in RevPAR in 2020. The market partially recovered in 2021 with a 46% recovery from 2020, but still 38% below the targeted baseline recovery year of 2019.



Source: STR

3.5 October YTD 2022 shows the market is continuing the recovery at a pace with a 21% increase in ADR and 39% in RevPAR compared to the same period in 2021. The RevPAR growth is a result of growth in both rate and occupancy which rose from 50% to 57% to October YTD 2022.

3.6 Despite the fact that RevPAR faced downward pressure stemming from weaker oil prices coupled with the outbreak and recovery from COVID-19, we expect the hospitality sector to recover over the medium term but at a slower pace as more supply enters the market in the next four years that will likely lead to further rate decline.

3.7 Despite the limited growth potential in the next four years, Jeddah remains a focal point for domestic tourism, religious tourism (a transport conduit for pilgrims visiting Makkah) and business growth, supported by governmental infrastructure and tourism investments in line with Vision 2030. This will likely lead to a return to more pronounced, real terms growth from 2025/26.

Seasonality

3.8 We have made a number of observations regarding seasonality from 2019 as the COVID-19 pandemic has distorted the 2020 and 2021 data. Seasonality in Jeddah differs from the typical seasonality pattern recorded across other GCC cities. The high season in Jeddah is considered to be during the summer period. This is primarily attributed to the demand generated by the King and Crown Prince's Affair, which will often travel to Jeddah during the Ramadan and Hajj periods.

3.9 Occupancy and ADRs are volatile throughout the year, with occupancy characterised by seasonality highs from May to September and lows from October to April. The lowest occupancy level in 2019 was observed in February, while the highest occupancy was noted in July.

3.10 Rate follows a similar pattern to that of occupancy with highs from May to September. However, the low season is considered to be from November and March, while the month of April and October are shown as the shoulder months.

3.11 In general, citywide ADRs are more volatile than occupancy levels, with higher peaks and lower troughs. Hotel operators capitalise on high rates and occupancy during the summer months as a result of the King and Crown Prince's Affairs.

3.12 Seasonality is extremely pronounced when analysing RevPAR, which recorded peaks between May and September and lows from November to March. July noted the highest RevPAR in 2019, while November recorded the lowest RevPAR. April and October are considered to the shoulder months.

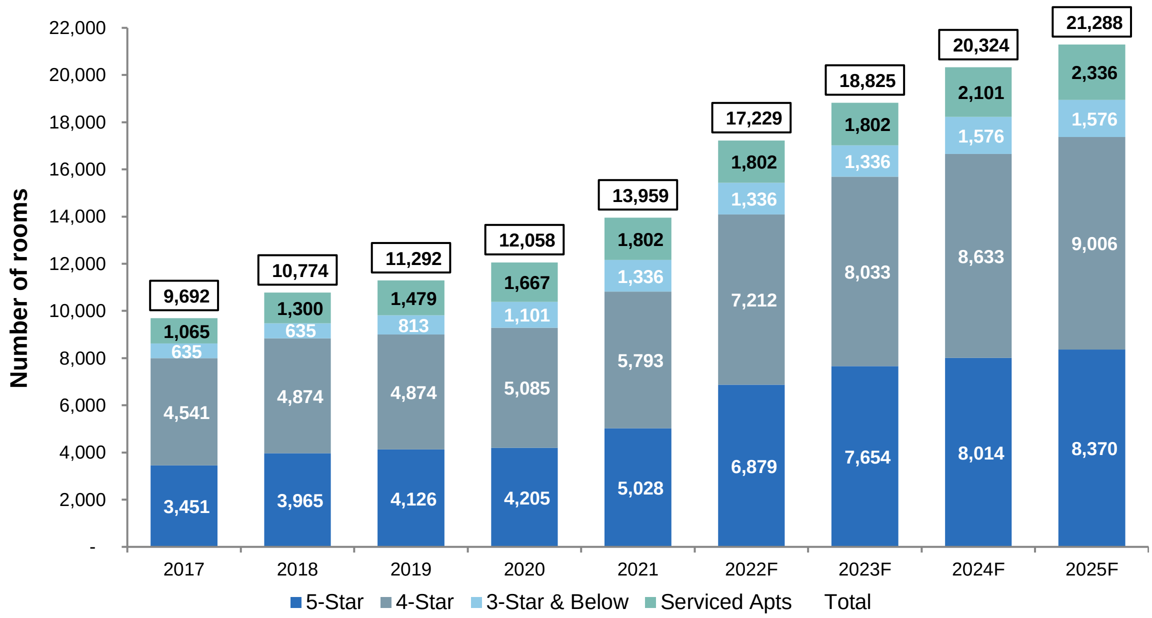
Supply

3.13 At the end of 2020, the total quality room supply in Jeddah stood at 12,058 keys, of which 58% (7,004 keys) of the total quality key count comprised internationally branded rooms.

3.14 The quality hotel market in Jeddah recorded an annual growth rate of 5.1% over the last 11 years (2010 to 2020) and 8.8% over the last 5 years (2016-2020) indicating continued growth despite an economic slowdown. Between 2010 and 2020, the serviced apartment segment recorded the highest annual growth rate of 12.2%; however, it is important to note that the segment started with a small base of 526 rooms in 2010. The 3-Star & below segment recorded the second highest annual growth rate of 5.7 %, while the 5-Star and 4-Star segments recorded annual growth rates of 5.1% and 3.6% respectively.

3.15 Given the supply pipeline until the end of 2025, the market is expected to expand at a faster pace compared to historical figures with a compounded annual growth rate of 12% (2021-2025). The quality room supply is estimated to increase by nearly double (10,605 quality rooms); however, it should be noted that the annual historical materialisation rate stood between 40% and 60% and therefore a number of these projects would likely be delayed resulting in growth rates contracting.

3.16 The majority of the segments are estimated to record a faster growth rate between 2022 and 2025 compared to growth rates noted between 2010 and 2020, especially as supply has been pent up during the period of the COVID-19 pandemic. The 5-Star and 4-Star segments are anticipated to grow at an annual compound rate of 14.8% and 12.1% respectively. The serviced apartment segment is the only segment that is anticipated to register a slower growth rate at 7.0% in the next five years.



Source: STR

GCC Hospitality Investment Market

3.17 In benchmarking our hotel value per key, we have had regard to the following anecdotal sales transactions in the MENA region, which have occurred over previous years, providing good indicators of where the market lies.

Location	Country of Origin	Transaction Date	Star Rating	Sales Price (USD) (Rounded)	Keys	Value per Key (USD)
Ritz Carlton DIFC	UAE	2011	5 Star	300,000,000	300	600,000

Location	Country of Origin	Transaction Date	Star Rating	Sales Price (USD) (Rounded)	Keys	Value per Key (USD)
Ocean View Residence	UAE	2011	4 Star	98,000,000	342	354,223
Marina View Hotel	UAE	2013	4 Star	60,000,000	224	272,480
Business Bay Hotel	UAE	2014	5 Star	79,000,000	296	266,892
Moevenpick Bur Dubai	UAE	2014	5 Star	95,000,000	312	299,728
Yasat Gloria	UAE	2014	4 Star –	259,000,000	1,019	245,232
Moevenpick JBR	UAE	2014	5 Star	130,000,000	294	435,967
Business Bay Hotel	UAE	2015	4 Star	140,000,000	367	381,471
Kenzi Hotel	KSA	2015	5 Star	400,000,000	759	527,009
Bahrain Tourism Co.	Bahrain	2015	-	92,000,000	246	373,984
Bakkah ARAC Hotel	KSA	-	4 Star	88,000,000	426	206,573
Moevenpick City Star Jeddah Hotel	KSA	2016	4 Star	69,000,000	228	302,632
Al Falaj Hotel	Oman	2016	4 Star	36,000,000	150	240,000
Warwick Hotel	UAE	2017	4 Star	136,000,000	357	381,624
Emaar Portfolio	UAE	2018	5/4 Star portfolio	600,000,000	993	604,230
Shangri La*	UAE	2019	5 Star	700,200,000	428	445,771
Address Sky View	UAE	2020	5 Star	204,400,000	169	1,209,229
Westin Abu Dhabi Golf Resort & Spa**	UAE	2020	5 Star	49,000,000	172	285,153
Rixos Bab Al Bahr	UAE	2022	5 Star	209,800,000	715	293,400

**Note that there was an office component also located within the Properties which we understand was part of the sale so the actual rate per key would be lower than has been stated above.*

***Note that there was a large plot of high-value residential development land also located within the Properties which we understand was part of the sale so the actual rate per key would be lower than has been stated above.*

Hotel Discount Rate / Exit Yield

3.18 In general, yield evidence for management encumbered hotels in KSA is extremely rare. As a development led market, sales of existing assets with established operating history are rare and if they do occur, the transaction details are usually highly confidential and not transparent so it is difficult to establish the income the sales price was based on to derive a yield of the transaction. However, despite this fact, sales rates per room are usually more readily available and with market analysis of operating performance a likely yield can be estimated.

3.19 We can benchmark hotels as an asset class against long-term secure income in the logistics sector (20-year income) which has shown deals at 8.5% initial yields, and in the commercial office sector for initial yields for mid to long-term income at 7+%. The fact that there is typically no confirmed / contracted income to the owner, as majority of hotels are run under management agreements rather than leases in KSA, suggests that the yield sought by investors should be higher than other asset classes with long term contracted income.

3.20 However, the sector positivity and growth in tourism, particularly considering domestic corporate tourism and Jeddah's growth as an urban centre has led investors to be particularly positive on this asset class. These reasons and the Saudi Vision 2030 mean hospitality and tourism will be prioritised asset classes in the next 15 years which is likely to lead to further growth and maturation of the market to improve its appeal to investors.

3.21 We would further comment that the majority of the above transactions happened prior to the first quarter of 2015 when the hospitality market had not showed obvious signs of deceleration, and investors' confidence was a lot higher.

3.22 Despite some renewed interest in certain segments of the sector, the market remains uncertain. The impact of COVID-19 is still being felt, with most global observers and advisors expecting hotel markets to recover by 2023/24. Jeddah in general is recovering slower from COVID-19 as at YTD April 2022 and while rate decline is likely to continue in the next few years for reasons cited in this report, we expect the market to recover in the five to ten-year horizon.

4. Hotel Competitive Set Commentary

Competitive Set

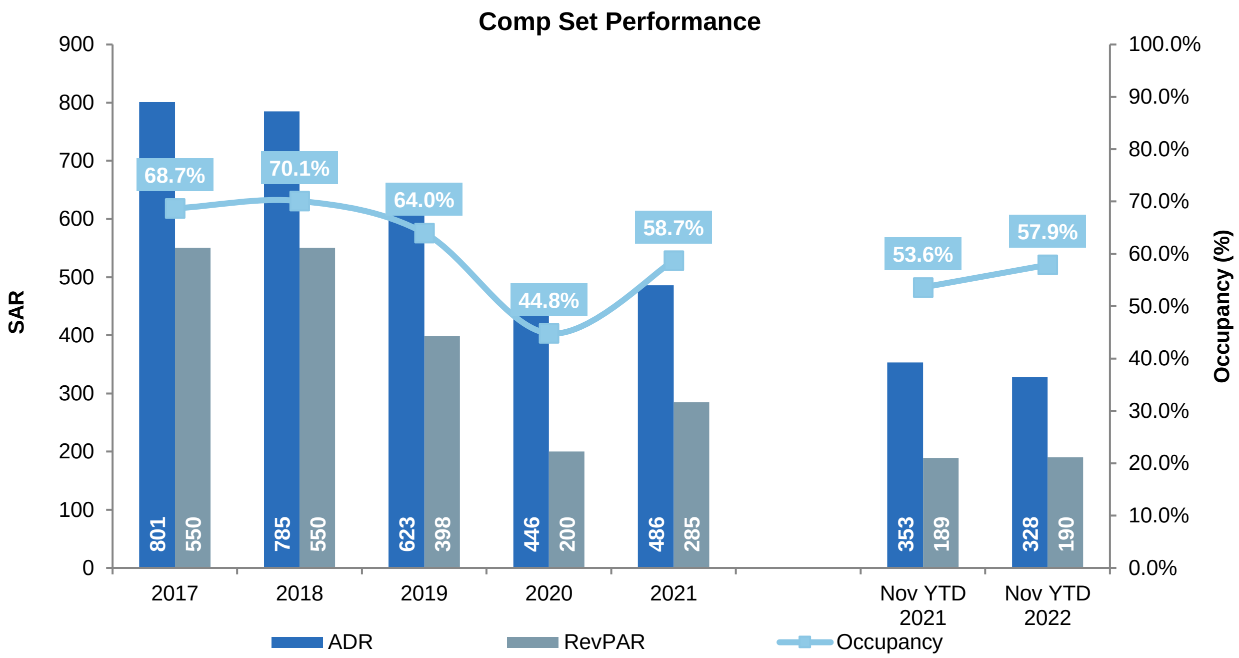
4.1 We have been provided with a competitive set of the Property which is set out in the list below.

Hotel	Class	Open Date	Rooms
Ascott Tahlia Jeddah	Upper Upscale Class	Sep 2015	125
Citadines Al Salamah Jeddah	Upscale Class	Feb 2016	129
Radisson Blu Plaza Hotel Jeddah	Upper Upscale Class	Jul 2015	112
Crowne Plaza Jeddah	Upscale Class	Oct 1984	323
Novotel Jeddah Tahlia Street	Upscale Class	Mar 2017	139

4.2 The set consists of five upscale to upper upscale hotels in Jeddah with an average room count of 166. Two of the set hotels are serviced apartment hotels like the Property, and the other three are hotels with typical guestrooms.

Competitive Set Performance

4.3 The KPI's for the Property competitive set are summarised below:



4.4 Between 2017 and 2019, the set recorded a decrease in performance, featuring declining ADR and fluctuating occupancy. 2018 was noted for a levelled RevPAR with 2017 driven by a slight increase in occupancy and marginal drop in ADR. In 2019, RevPAR declined considerably by 27.6%, a result of declines in both rates (by 20.6%) and occupancy (by 6.1 percentage points).

4.5 While COVID-19 affected the hotel market city-wide, the competitive set experienced a milder shock which still halved its RevPAR in 2020. Both rate and occupancy recorded smaller declines compared to the market by year-on-year. 2021 witnessed growth across all indices for the set hotels, indicating that the market was on course for recovery.

4.6 However, RevPAR Nov YTD 2022 almost levelled with that of Nov YTD 2021, signalling stagnant recovery of the set. While the market wide hotels recorded growth in both occupancy and rate, the competitive set's ADR decreased further.

4.7 Moving forward, we expect the competitive set's slow recovery to continue especially when new quality hotel rooms of similar positioning will be introduced into the market in the new future. The occupancy is likely to recover to 2019 level as the tourism market is expected to be further developed and expanded in Jeddah. The rate, however, is predicted to encounter more challenges in terms of recovery.

4.8 We have set out below a table of the Property's performance compared to the competitive set:

	Occupancy (%)			ADR (SAR)					RevPAR (SAR)				
Year	**Hotel**	**Comp Set**	**MPI**	**Hotel**	**%**	**Comp Set**	**%**	**ARI**	**Hotel**	**%**	**Comp Set**	**%**	**RGI**
2017	48.0	68.7	0.70	569		801		0.71	273		550		0.50
2018	62.0	70.1	0.88	599	*5*	785	*-2*	0.76	371	*36*	550	*0*	0.68
2019	42.7	64.0	0.67	560	*-7*	623	*-21*	0.90	239	*-36*	398	*-28*	0.60
2020	20.6	44.8	0.46	556	*-1*	446	*-28*	1.25	115	*-52*	200	*-50*	0.57
2021	67.0	58.7	1.14	232	*-58*	486	*9*	0.48	155	*36*	285	*43*	0.54
Nov YTD 2021	34.0	53.6	0.63	419		353		1.19	143		189		0.75
Nov YTD 2022	51.1	57.9	0.88	362	*-14*	328	*-7*	1.10	185	*30*	190	*5*	0.97

4.9 The performance of the competitive set compared to the overall submarket is characterised by three different index metrics. The Revenue Generating Index (RGI) shows how the competitive set's RevPAR is compared to the Submarket's, while the Market Penetration Index (MPI) and Average Rate Index (ARI) compares occupancy and ADR respectively.

4.10 Since its opening in May 2017, the Property's performance was characterised by increasing ARI, as a result of pre-stabilisation ramp up. MPI improved from 0.70 to 0.88 but then quickly declined to 0.67 from 2017 to 2019 with a fluctuating occupancy performance. Starting 2020, the Hotel's performance shifted drastically with high rate and low occupancy in 2020 and low rate and high occupancy in 2021. the Property had been underperforming its competitors ever since 2017 with its year-end RGI hovering around 0.58.

4.11 Performance November YTD 2022 was noted for increases across MPI and RGI, indicating that the Property is recovering faster than the competitive set. However, the further decrease in rate is alarming as it is opposed to the market wide ADR recovery.

5. Hotel Operating Projections

Introduction

5.1 The assumptions behind the projections on which we have based our valuation are described below. These represent our opinion of the likely projections that would be adopted by a potential purchaser when considering the proposed hotel's likely future performance and do not necessarily match those that might be forecast by current hotel management. In arriving at our projections, we have, where relevant, benchmarked the operating performance against similarly positioned and located hotels in Dubai in order to analyse revenues and costs on a per occupied room (POR), per available room (PAR) and a percentage basis. Whilst we expect that a reasonably efficient operator (REO) of the proposed hotel could achieve a level of operating performance in line with our projections, it should be emphasised that achievement of them largely remains reliant on the skill and expertise of hotel management.

5.2 Our forecasts represent indicative assessments of possibilities rather than certain projections and although they have been conscientiously prepared on the basis of information provided to us, we do not guarantee their fulfilment. Whilst we would expect that a reasonably competent operator of a hotel of the given product quality in this location to be capable of achieving a level of trading in line with our projections, it should be emphasised that achievement of trading performance remains largely reliant on the skill and expertise of the hotel management. Some assumptions inevitably will not materialise, and unanticipated events and circumstances may occur.

5.3 It should be emphasised that real estate investment markets are subject to fluctuations and that trading forecasts may become out of date after an extended period from the date of this report. We strongly recommend that these estimates are reviewed on a regular basis in order to monitor the market's performance, especially where there is the potential for changes in supply or underlying trends relating to consumer preferences and demand patterns change.

5.4 It is also important to note that the current P&Ls of the Property provided are not in Uniform System of Accounts for the Lodging Industry (USALI) format. USALI is the standard for hotel accounting practises, and it enables the classification, organisation, and presentation of financial information in a uniform and consistent manners. We have re-organised the hotel P&L into USALI format and based our valuation on the reformatted accounts. This will improve comprehensibility of the operating statement and allow us to compare like-for-like when we benchmark the Property performance against the industry.

Projections Summary

5.5 We have projected future hotel performance for the next three years as follows:

Performance measure	2023	2024	2025
Inventory	164	164	164

Occupancy	52.8%	71.3%	74.8%
ADR (SAR)	382	477	501
RevPAR (SAR)	201	340	375
Total Revenue (SAR 000's)	15,311	24,821	27,365
EBITDA (SAR 000's)	6,602	11,490	12,940
EBITDA (% of Total Revenue)	43.1%	46.3%	47.3%

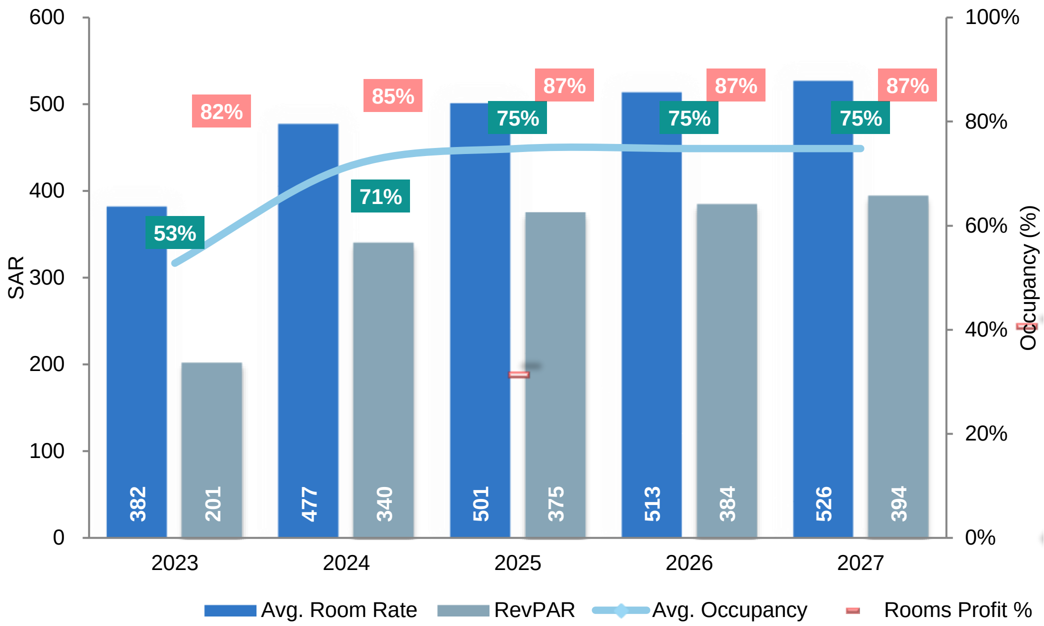
5.6 We have formed our own professional opinion along with commentary and reasoning, in providing projections of hotel performance in our 10-year cash flow, these can be found in the following sections below:

Occupancy and ADR

5.7 Projections of occupancy depend on trading performance to date, the current and future supply of new hotels of similar category and location, forecast room demand and the existing situation surrounding the recovery from the impact of COVID-19.

5.8 Hotel ADR is predicted to stabilise in year three at SAR 501 and occupancy at 74.8%, resulting in a RevPAR of SAR 375. Only inflationary growth of 2.5% will be expected after the years upon stabilisation. We are aware that the occupancies projected are higher than what were achieved historically, however, they are typical and achievable for similar properties in Jeddah and more specifically, the Property is a serviced apartment hotel which will attract more longer stay business, bringing the occupancy rate higher compared to hotels with typical guestrooms. ADR are also projected to be lower than history to reflect the longer-stay nature of the Property as well as the market wide trend of tendered rates,

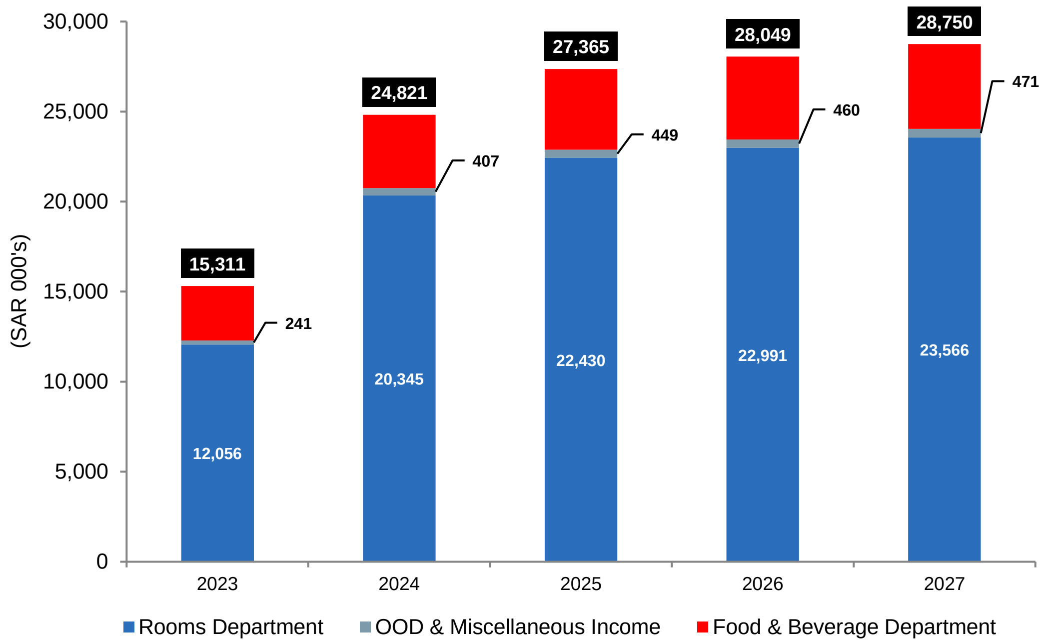
5.9 There is also expected to be large influx of quality hotels rooms in Jeddah in the next years, especially serviced apartment hotels. The introduction of new hotel rooms will increase the competition further, making it more challenging for the Property to outperform.



Operating projections

Total Revenue

5.10 The following is a table of the projected five-year total revenue:



5.11 The room revenues are the major component of the total revenue, contributing a total of 82.0%. F&B revenue of the hotel is benchmarked against other similarly positioned serviced apartments in Dubai, and they share 16.4% of the total revenue. Upon stabilisation in year three (2025), F&B revenue, and other operating department (OOD) revenue per occupied room night are expected to be SAR 100.2 and SAR 10.0, respectively.

Undistributed Expenses

5.12 A summary of our projected Undistributed Expenses is set out below.

(SAR 000s)	2023		2024		2025	
Administration & General	919	6.0%	1,489	6.0%	1,916	7.0%
Sales and Marketing	459	3.0%	745	3.0%	821	3.0%
Property Operation and Maintenance	459	3.0%	745	3.0%	821	3.0%
Utilities	1,072	7.0%	1,737	7.0%	1,916	7.0%
Total Undistributed Operating Expenses	**3,139**	**20.5%**	**5,088**	**20.5%**	**5,883**	**21.5%**

5.13 We have projected the undistributed operating expenses based on the benchmark of similar properties in the market as well as on the Property's historical performance. We expect the total undistributed operating expenses per available room night (PARN) to be at SAR 98 in stabilisation year 2025.

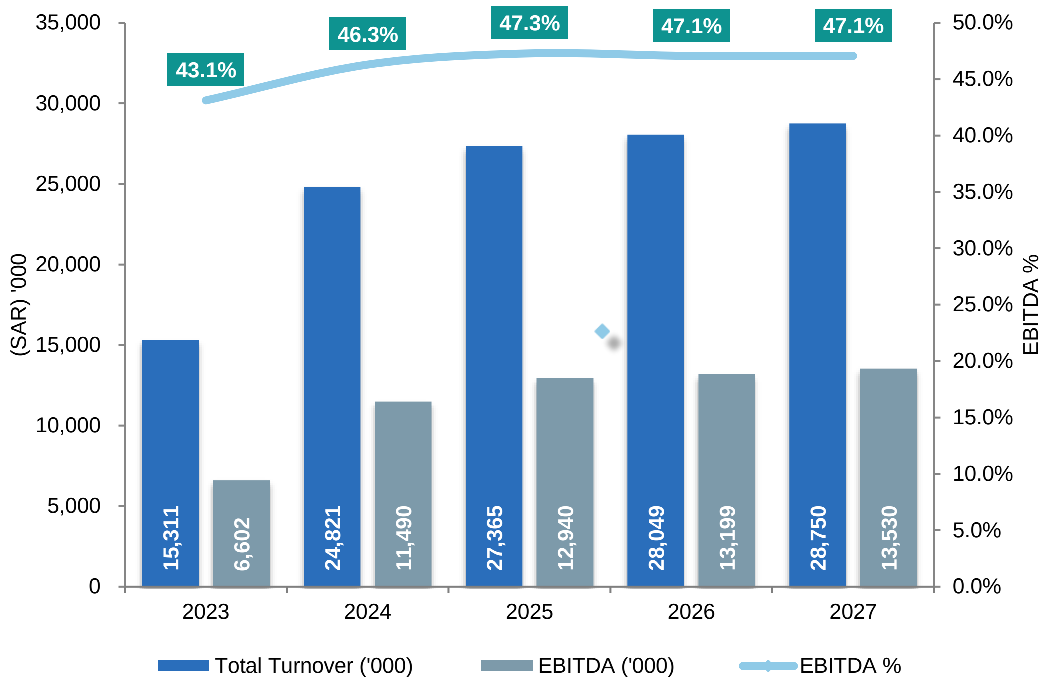
Forecast EBITDA

5.14 We have run our projections on a competent operator basis, assuming that the hotel is effectively managed, positioned and operated.

5.15 Royalty fees and marketing fees have been calculated according to the management agreement terms we have assumed set out in the section above.

5.16 Insurance is calculated to be 0.5% (SAR 75,811) of the total revenue in year one based on benchmarks obtained in the market. The amount will then grow at the inflation rate 2.5% in the years thereafter.

5.17 We have projected the EBITDA margin to improve to around 47.3% of total revenue in year three (2025). The exhibit below highlights Knight Frank's projected total turnover and EBITDA:



5.18 The table set out below shows the projected operating performance for the next ten years.

Currency (SAR) 000	Operating Projections									
	Year 1 2023		Year 2 2024		Year 3 2025		Year 4 2026		Year 5 2027	
Room Count	164		164		164		164		164	
Occupancy (%)	53%		71%		75%		75%		75%	
Average Daily Rate (ADR)	376		470		494		506		519	
RevPAR	198		335		369		378		388	
Rooms Occupied	31,595		42,653		44,786		44,786		44,786	
Total Sales	15,088		24,459		26,966		27,640		28,331	
Rooms Department										
Sales	11,881	78.7%	20,048	82.0%	22,103	82.0%	22,656	82.0%	23,222	82.0%
Expenses	2,138	18.0%	3,007	15.0%	2,873	13.0%	2,945	13.0%	3,019	13.0%
Departmental Profit	9,742	82.0%	17,041	85.0%	19,230	87.0%	19,711	87.0%	20,203	87.0%
Food & Beverage Department										
Sales	2,970	19.7%	4,010	16.4%	4,421	16.4%	4,531	16.4%	4,644	16.4%
Expenses	1,931	65.0%	2,506	62.5%	2,652	60.0%	2,719	60.0%	2,787	60.0%
Departmental Profit	1,040	35.0%	1,504	37.5%	1,768	40.0%	1,812	40.0%	1,858	40.0%
Other Operating Department										
Sales	238	1.6%	401	1.6%	442	1.6%	453	1.6%	464	1.6%
Expenses	48	20.0%	80	20.0%	88	20.0%	91	20.0%	93	20.0%
Departmental Profit	190	80.0%	321	80.0%	354	80.0%	362	80.0%	372	80.0%
Total Sales / Operation Revenue ('000)	**15,088**	100%	**24,459**	100%	**26,966**	100%	**27,640**	100%	**28,331**	100%
Total Departmental Expenses	4,117	27.3%	5,594	22.9%	5,614	20.8%	5,755	20.8%	5,898	20.8%
Gross Operating Income ('000)	**10,972**	73%	**18,866**	77%	**21,352**	79.2%	**21,886**	79%	**22,433**	79%
Undistributed Operating Expenses										
Administration & General	905	6.0%	1,468	6.0%	1,888	7.0%	1,935	7.0%	1,983	7.0%
IT	226	1.5%	367	1.5%	404	1.5%	415	1.5%	425	1.5%
Sales and Marketing	453	3.0%	734	3.0%	809	3.0%	829	3.0%	850	3.0%
Property Operation and Maintenance	453	3.0%	734	3.0%	809	3.0%	829	3.0%	850	3.0%
Utilities	1,056	7.0%	1,712	7.0%	1,888	7.0%	1,935	7.0%	1,983	7.0%
Total Undistributed Expenses ('000)	3,093	20.5%	5,014	20.5%	5,798	21.5%	5,943	21.5%	6,091	21.5%
Gross Operating Profit ('000)	**7,879**	52%	**13,851**	57%	**15,554**	58%	**15,943**	58%	**16,342**	58%
License Fee	136	0.9%	245	1.0%	270	1.0%	346	1.3%	354	1.3%
Group Services & Benefits	302	2.0%	489	2.0%	539	2.0%	553	2.0%	567	2.0%
Incentive Royalty Fee (?% of AGOP)	558	7.5%	984	7.5%	1,106	7.5%	1,128	7.5%	1,157	7.5%
Insurance	75	0.5%	77	0.3%	79	0.3%	81	0.3%	83	0.3%
Total Non-Operating Income and Expenses	**75**	0.5%	**77**	0.3%	**78**	0.3%	**80**	0.3%	**82**	0.3%
Replacement Reserve	302	2.0%	734	3.0%	809	3.0%	829	3.0%	850	3.0%
EBITDA - ('000)	**6,506**	43.1%	**11,323**	46.3%	**12,752**	47.3%	**13,007**	47.1%	**13,333**	47.1%

Currency (SAR) 000	Operating Projections									
	Year 6 2028		Year 7 2029		Year 8 2030		Year 9 2031		Year 10 2032	
Room Count	164		164		164		164		164	
Occupancy (%)	75%		75%		75%		75%		75%	
Average Daily Rate (ADR)	531		545		558		572		587	
RevPAR	398		408		418		428		439	
Rooms Occupied	44,786		44,786		44,786		44,786		44,786	
Total Sales	29,040		29,766		30,510		31,272		32,054	
Rooms Department										
Sales	23,803	82.0%	24,398	82.0%	25,008	82.0%	25,633	82.0%	26,274	82.0%
Expenses	3,094	13.0%	3,172	13.0%	3,251	13.0%	3,332	13.0%	3,416	13.0%
Departmental Profit	20,709	87.0%	21,226	87.0%	21,757	87.0%	22,301	87.0%	22,858	87.0%
Food & Beverage Department										
Sales	4,761	16.4%	4,880	16.4%	5,002	16.4%	5,127	16.4%	5,255	16.4%
Expenses	2,856	60.0%	2,928	60.0%	3,001	60.0%	3,076	60.0%	3,153	60.0%
Departmental Profit	1,904	40.0%	1,952	40.0%	2,001	40.0%	2,051	40.0%	2,102	40.0%
Other Operating Department										
Sales	476	1.6%	488	1.6%	500	1.6%	513	1.6%	525	1.6%
Expenses	95	20.0%	98	20.0%	100	20.0%	103	20.0%	105	20.0%
Departmental Profit	381	80.0%	390	80.0%	400	80.0%	410	80.0%	420	80.0%
Total Sales / Operation Revenue ('000)	**29,040**	100%	**29,766**	100%	**30,510**	100%	**31,272**	100%	**32,054**	100%
Total Departmental Expenses	6,046	20.8%	6,197	20.8%	6,352	20.8%	6,511	20.8%	6,674	20.8%
Gross Operating Income ('000)	**22,994**	79%	**23,568**	79%	**24,158**	79%	**24,762**	79%	**25,381**	79%
Undistributed Operating Expenses										
Administration & General	2,033	7.0%	2,084	7.0%	2,136	7.0%	2,189	7.0%	2,244	7.0%
IT	436	1.5%	446	1.5%	458	1.5%	469	1.5%	481	1.5%
Sales and Marketing	871	3.0%	893	3.0%	915	3.0%	938	3.0%	962	3.0%
Property Operation and Maintenance	871	3.0%	893	3.0%	915	3.0%	938	3.0%	962	3.0%
Utilities	2,033	7.0%	2,084	7.0%	2,136	7.0%	2,189	7.0%	2,244	7.0%
Total Undistributed Expenses ('000)	6,244	21.5%	6,400	21.5%	6,560	21.5%	6,724	21.5%	6,892	21.5%
Gross Operating Profit ('000)	**16,750**	58%	**17,169**	58%	**17,598**	58%	**18,038**	58%	**18,489**	58%
License Fee	436	1.5%	446	1.5%	458	1.5%	469	1.5%	481	1.5%
Group Services & Benefits	581	2.0%	595	2.0%	610	2.0%	625	2.0%	641	2.0%
Incentive Royalty Fee (?% of AGOP)	1,180	7.5%	1,210	7.5%	1,240	7.5%	1,271	7.5%	1,303	7.5%
Insurance	85	0.3%	87	0.3%	90	0.3%	92	0.3%	94	0.3%
Total Non-Operating Income and Expenses	**83**	0.3%	**85**	0.3%	**87**	0.3%	**88**	0.3%	**90**	0.3%
Replacement Reserve	871	3.0%	893	3.0%	915	3.0%	938	3.0%	962	3.0%
EBITDA - ('000)	**13,599**	46.8%	**13,940**	46.8%	**14,289**	46.8%	**14,646**	46.8%	**15,013**	46.8%

6. Valuation

Methodology

6.1 Our valuation has been undertaken using appropriate valuation methodology and our professional judgement.

Profits Method (DCF)

6.2 We value operational property assets by reference to the earnings potential, as this is the basis on which such properties are commonly bought or sold.

6.3 The income capitalisation approach is based on the principle that the value is indicated by its net return, or present worth of future benefits, i.e. the future forecast income and expenditure along with the proceeds from a future sale. These benefits are converted into an indication of market value through capitalisation and DCF process.

6.4 Of the three valuation approaches available to a valuer, the income capitalisation approach provides the most persuasive and supportable conclusions when valuing a hotel facility. Using a 10 year forecast and an exit yield most accurately reflects the real actions of hotel buyers, who buy based on their leveraged discounted cash flow.

Valuation General Consideration & Assumptions

6.5 Our projections are prepared in accordance with the Uniform System of Accounts for the Lodging Industry (USALI) as used by the hotel and leisure industry worldwide. We have made a number of assumptions within our valuation which we have listed below:

- We have assumed the capital expenditure assumed and approved by the Client is deducted from the valuation. The valuation is based on the EBITDA of the hotel, with an allowance to the future FF&E reserve.
- Unless otherwise stated, ADR (Average Daily Rate) in our calculations is exclusive of service charges, tax and municipality fees.
- Our cash flow is prepared on the basis of a fiscal year. Year 1 of the cash flow starts from the date of valuation.
- The Property has all relevant documentation and permissions required from the relevant planning and trading authorities in Jeddah, KSA.
- We have adopted a discount rate of 11.25%. The discount rate consists of three components, namely, capitalisation rate (exit yield), inflation rate, as well as stabilisation risk rate.
  - As discussed above, we have adopted an exit yield of 8.75% for the Property
  - We have assumed the rate of inflation to be 2.50% per annum.
  - We have not assumed a stabilisation risk rate.
- We have valued the Property having had due regard to its projected performance, current forecasts and our own market expectations.

Valuation Basis

Market Value

6.6 Market Value is defined within **RICS Valuation - Global Standards / IVS** as:

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

Valuation Date

Valuation Date

6.7 The valuation date is 31 December 2022.

Market Value

Assumptions

6.8 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our Terms of Engagement letter and within this report.

Market Value

6.9 We are of the opinion that the Market Value of the freehold interest in the Property, subject to the management agreement and assumptions described within this report as at the valuation date is:

SAR 133,100,000

(One Hundred and Thirty Three Million, One Hundred Thousand Saudi Arabian Riyals)

Appendix 1 Instruction documentation

AlAhli REIT Fund (1)
Riyadh
Kingdom of Saudi Arabia

For the attention of Danial Mahfooz

Our Ref: SNB Capital

11 July 2022

Dear Sirs

Terms of Engagement for Valuation Services for the properties listed in section 2

Thank you for your enquiry of 07 June 2022 requesting a valuation report in respect of the properties detailed below (the "Properties"). We are writing to set out our agreed terms of engagement for carrying out this instruction which comprise this Terms of Engagement letter (this "Letter") together with our General Terms of Business for Valuation Services (the "General Terms"). This Letter and the General Terms (together, the "Agreement") exclude any other terms which are not specifically agreed by us in writing. To the extent that there is any inconsistency between this Letter and the General Terms, this Letter shall take precedence.

1. Client

Our client for this instruction is AlAhli REIT Fund (1) (the "Client", "you", "your").

2. Properties to be valued

The Properties to be valued are as follows:

Property Address	Tenure	Occupancy
Asset 1: Al Andalus Mall (including extension land) and Staybridge Suites Hotel Apartments, Jeddah, Kingdom of Saudi Arabia	Freehold	Tenanted - subject to more than one lease or tenancy
Asset 2: Qbic Building, King Abdulaziz Road Al Ghadeer District, Riyadh, Kingdom of Saudi Arabia	Freehold	Tenanted - subject to more than one lease or tenancy
Asset 3: Salama Building, Madinah Road Salamah District, Jeddah, Kingdom of Saudi Arabia	Freehold	Tenanted - subject to more than one lease or tenancy

3. Valuation standards

The Valuation will be undertaken in accordance with the current editions of RICS Valuation - Global Standards, incorporating the International Valuation Standards, and the Taqeem regulations of KSA.

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T +966 5308 03297
knightfrank.com.sa

4. Status of valuer and disclosure of any conflicts of interest

For the purposes of the Red Book, we are acting as External Valuers, as defined therein.

We confirm that we do not have any material connection or involvement giving rise to a conflict of interest and are in a position to provide an objective and unbiased valuation.

We draw to your attention that if you subsequently request and we agree to the Valuation being re-addressed to a lender (for which we shall make an additional charge), the Valuation may not meet their requirements, having originally been requested by you. We will only readdress the Valuation once we have received a signed reliance letter in our standard format from the new addressee. Please note also that no update or alterations will be made to the Valuation prior to its release to any new addressee.

5. Valuer and competence disclosure

The valuer, on our behalf, with responsibility for the Valuation will be Stephen Flanagan MRICS, RICS Registered Valuer, Taqeem Fellow Valuer with Membership Number 1220001318 (the "Lead Valuer"). Parts of the Valuation may be undertaken by additional valuers within the firm.

We confirm that we meet the requirements of the Red Book in having sufficient current knowledge of the particular market and the skills and understanding to undertake the Valuation competently.

6. Purpose of valuation

The Valuation is provided solely for the purpose of REIT Year-end reporting (the "Purpose") and in accordance with clause 4.1 of our General Terms may not be used for any other purpose without our express written consent.

7. Limitation of liability and restrictions on use

Clause 3.1 of the General Terms limits our liability to SAR 1 million under this instruction.

Nothing in this Agreement excludes or limits our liability to the extent that such liability may not be excluded or limited as a matter of applicable law.

Third party reliance

Clause 4.2 of the General Terms states that no liability is accepted to any third party for the whole or any part of the Valuation.

Disclosure

Clauses 4.3 to 4.6 of the General Terms limits disclosure and generally prohibits publication of the Valuation. As stated therein, the Valuation is confidential to the Client and neither the whole, nor any part, of the Valuation nor any reference thereto may be included in any published document, circular or statement, nor published in any way, without our prior written consent and written approval of the form or context in which it may appear.

8. Basis of valuation

The Valuation will be undertaken on the following basis, as defined in the Red Book:

- Market Value.

9. Special assumptions and assumptions

Special assumptions

In addition to section 8 above, the Valuation will be undertaken on the following special assumptions:

- You have not requested any valuations on special assumptions.

Assumptions

The Valuation will necessarily be based upon a number of assumptions, as set out in the General Terms, this Letter and within the Valuation.

10. Valuation date

The valuation dates are 30 June 2022 and 31 December 2022.

11. Currency to be adopted

The valuation figures will be reported in Saudi Riyals (SAR).

12. Extent of inspection and investigations

We have agreed the following specific requirements in relation to the Valuation:

Inspection

You have instructed us to inspect the Properties internally / by going onto the site, as well as externally.

13. Information to be relied upon

We will rely on information provided to us by you or a third party and will assume it to be correct. This information will be relied upon by us in the Valuation, subject only to any verification that we have agreed to undertake.

Where we express an opinion in respect of (or which depends upon) legal issues, any such opinion must be verified by your legal advisers before any Valuation can be relied upon.

Please inform us as to whether there has been a purchase price recently agreed or transacted in respect of the Properties. Please note that the Valuation will comment as to whether any such information has been revealed and if not, will contain a further request that this information must be provided to us before the Valuation is relied upon.

14. Report format

The Valuation will be prepared in our standard format which will be compliant with the Red Book and Taqeem and will take into account any reasonable requests made by you at the relevant time.

15. Fees and expenses

Payment details

Our fee for undertaking this instruction will be Saudi Riyals (SAR) [redacted] excluding VAT for each re-valuation, and reasonable disbursements divided into two payment, set out below.

June 2022 revaluation:

Advance Payment	Saudi Riyals (SAR) [redacted]
Final payment	Saudi Riyals (SAR) [redacted]

December 2022 revaluation:

Advance Payment	Saudi Riyals (SAR) [redacted]
Final payment	Saudi Riyals (SAR) [redacted]

Our timeframe for completion of draft reports shall be by 15 working days from receipt of the initial invoice payment and receipt of all information contained within Appendix 4. Where any additional work is undertaken by Knight Frank Spain Saudi Arabia Real Estate Valuations Company or the time period of the assignment is extended due to reasons outside our control, we reserve the right to seek additional fees charged on an as-incurred basis in agreement with the client.

Where we are unable to complete the report as a result on information not being made available by the Client we reserve the right to proceed with the billing of any outstanding fees.

In accordance with clause 10.4 of the General Terms, if you end this instruction at any stage, we will charge abortive fees on the basis of reasonable time and expenses incurred, with a minimum charge of 50% of the above fee if the Properties have been inspected.

Payment of our fee is required in advance. Before the Valuation is discussed or issued the invoice must have been settled.

The scope of our work is set out in the Agreement. In accordance with clause 10.5 of the General Terms, if we are instructed to carry out additional work that we consider either to be beyond the scope of providing the Valuation or to have been requested after we have finalised the Valuation (including, but not limited to, commenting on reports on title) we will charge additional fees for such work. We will endeavour to agree any additional fees with you prior to commencing the work, however, where this is not possible our hourly rates will apply.

Where additional work is requested after we have issued the Valuation, please note that we cannot guarantee the availability of the Lead Valuer or any additional valuers that may have been involved in the preparation of the Valuation (especially where such requests are received on short notice). Please note also that we will require sufficient time for completion of such additional work.

16. Acceptance

Please sign and return a copy of this Letter signifying your acceptance of the terms of the Agreement. We reserve the right to withhold any Valuation and/or refrain from discussing it with you until this Letter has been countersigned and returned. Your attention is drawn to the "Important Notice" in the General Terms. If you have any questions regarding this Letter and/or the terms of the Agreement between us please let us know before signing this Letter or otherwise giving us instructions to proceed.

Thank you for instructing Knight Frank Spain Saudi Arabia Real Estate Valuations Company.

Our Ref: SNB Capital

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Yours faithfully

Stephen Flanagan MRICS
Partner - Head of Valuation & Advisory, MENA,
Valuation & Advisory, MENA
For and on behalf of Knight Frank Spain Saudi Arabia
Real Estate Valuations Company
stephen.flanagan@me.knightfrank.com
T +971 4 4267 617
M +971 50 8133 402

Attached - General Terms of Business for Valuation Services

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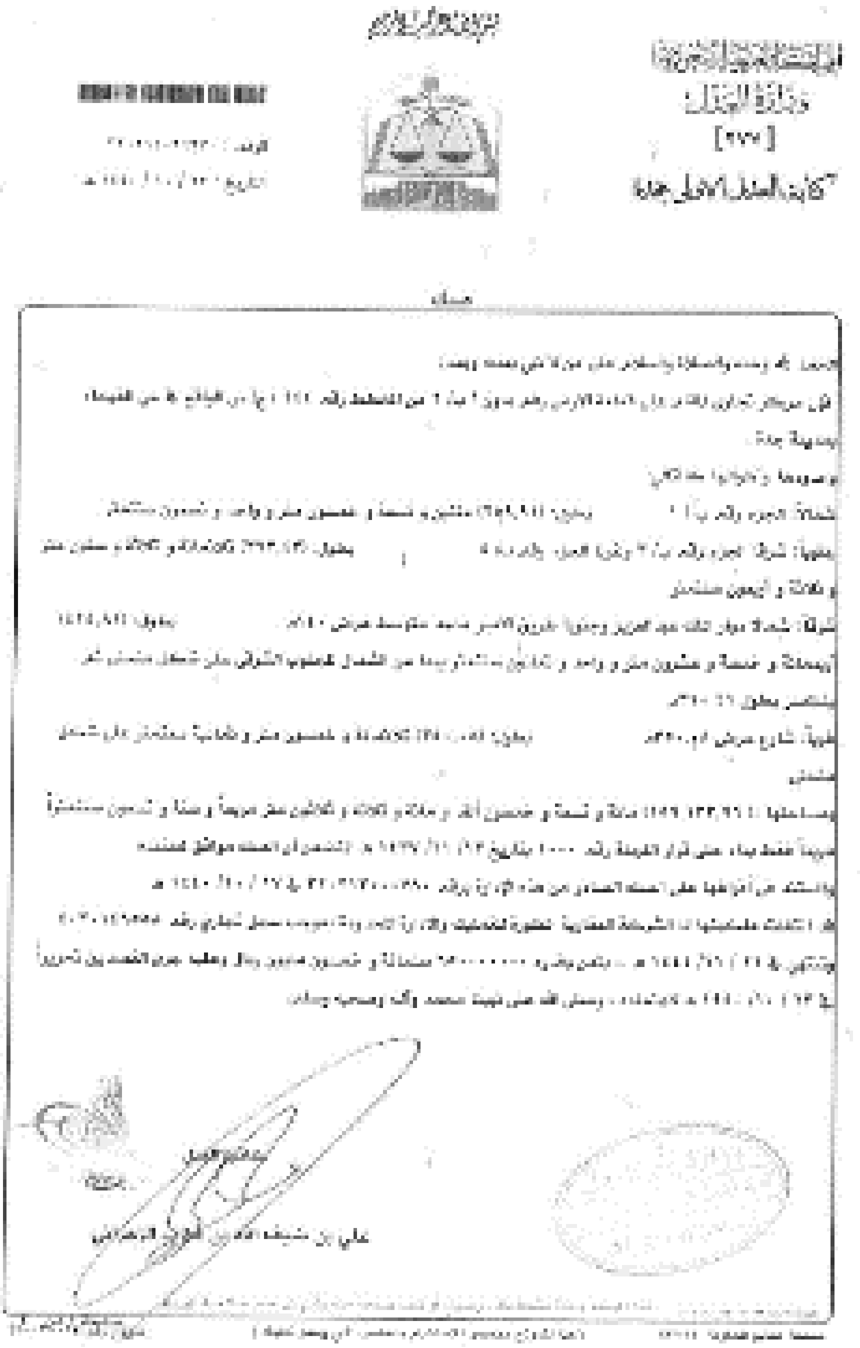
Signed for and on behalf of AlAhli REIT Fund (1) Date

KF Ref: SNB Capital

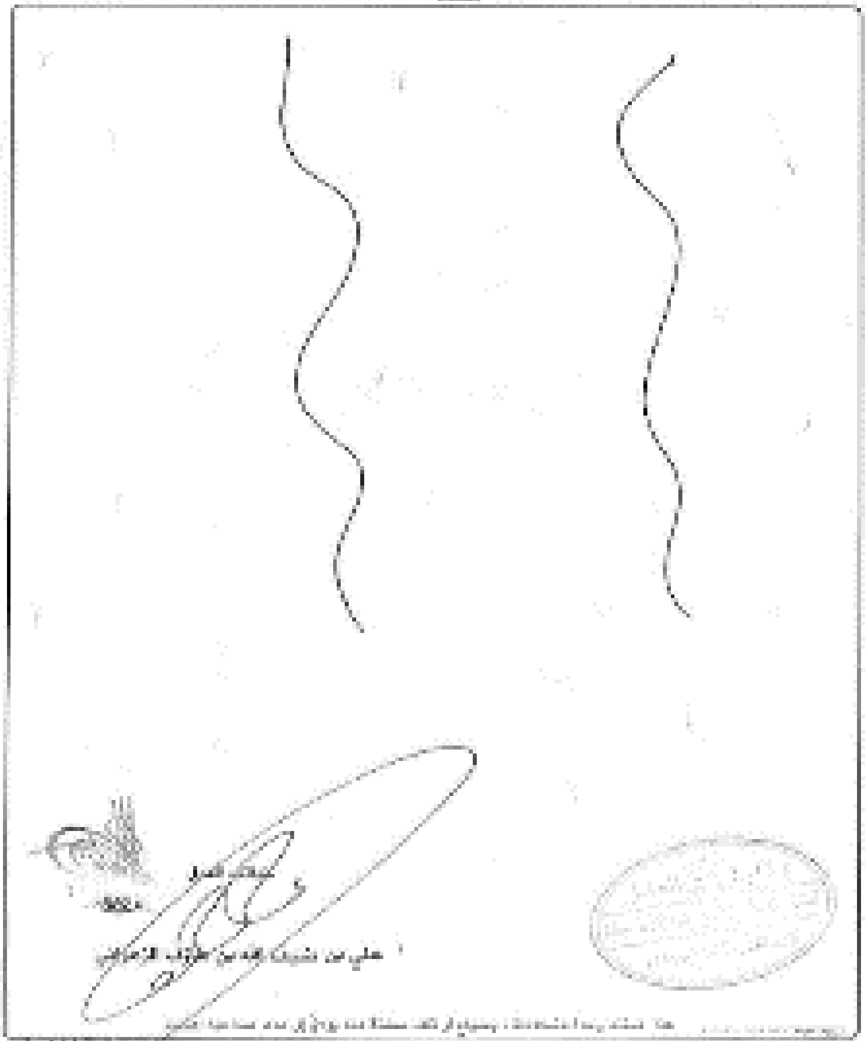
Our Ref: SNB Capital 6

Appendix 2 Title Deed



Knight Frank

المملكة العربية السعودية
وزارة العدل
[٢٧٧]
كتابة العدل الأولى بجدة



كاتب العدل

Knight Frank

بسم الله الرحمن الرحيم

المملكة العربية السعودية
وزارة العدل
[٢٧٧]
كتابة العدل الأولى بجدة

الرقم : [illegible]
التاريخ : [illegible]

عبد الرحمن بن سعيد بن عبد الله [illegible]