

Derayah REIT

# **Al-Fanar Commercial Complex**

December 2025

**REF:** 25-0832  
**Code:** 1598327  
**Date:** 31/12/2025

## **Subject: Valuation Report for a Commercial Complex in Al Khobar City, Saudi Arabia**

**Dear Derayah REIT,**

Pursuant to your request dated 10th November 2025, we are pleased to submit our comprehensive valuation report for the subject property. This report includes an in-depth market assessment, an economic analysis, and a detailed explanation of the valuation methodologies adopted.

At WHITE CUBES, we place the highest priority on maintaining the confidentiality of our clients' information. Our rigorous protocols ensure the protection of all sensitive data. Additionally, we affirm our commitment to delivering impartial and objective valuations. WHITE CUBES maintains no vested interests or affiliations that could compromise the transparency, accuracy, or integrity of this evaluation.

We trust that this report will meet your expectations and provide valuable insights to support your decision-making process.

### **WHITE CUBES Consulting Services Co.**

#### **Essam Mohammad Al Husaini – President**

Basic Member of the Saudi Authority of Accredited Valuers

License No. 13093

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WHITE CUBES Co. Real Estate Valuation Membership No: 11000171

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# EXECUTIVE SUMMARY

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EXECUTIVE  
SUMMARY

## Executive Summary

<b>Reference No.</b>	25-0832
<b>Dep. Code</b>	1598327
<b>Report Type</b>	Detailed Report.
<b>Valuer's Identity</b>	Essam Mohammad Al Husaini, Basic Member of TAQEEM, License No. 1210000474
<b>Client</b>	Derayah REIT.
<b>Report user</b>	The Client.
<b>Purpose of Valuation</b>	Inclusion in financial statements.
<b>Subject Property</b>	Commercial Complex.
<b>Property Location</b>	Al Rakah Al Janubiyah district, Al Khobar City.
<b>Title Deed No.</b>	430208016665
<b>Title Deed Date</b>	09/11/1444
<b>Ownership Type</b>	Title deed-restricted
<b>Limitations</b>	Mortgaged to Al Rajhi Invest.
<b>Owner</b>	شركة حفظ الدراية العقارية
<b>Land Use</b>	Commercial.
<b>Land Area (Sqm)</b>	14,025.00 Sqm
<b>BUA (Sqm)</b>	14,058.68 Sqm.
<b>GLA (Sqm)</b>	N/A
<b>Basis of Value</b>	Fair Value.
<b>Value Hypothesis</b>	Current use.
<b>Valuation Approach</b>	Market approach, Comparable method Income approach, DCF method- Cost Approach, DRC method.
<b>Currency</b>	Saudi Arabian Riyal
<b>Final Property Value</b>	ﷲ 62,500,000
<b>Report Date</b>	31/12/2025
<b>Valuation Date</b>	11/11/2025
<b>Inspection Date</b>	11/11/2025



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SCOPE OF WORK

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SCOPE OF  
WORK

## Scope of Work

### 1.1 Introduction

This report has been prepared by WHITE CUBES Co. in compliance with the International Valuation Standards (IVS 2025) issued by the International Valuation Standards Council (IVSC) and the Practice and Regulatory Guidelines set forth by the Saudi Authority for Accredited Valuers (Taqeem). The report aims to ensure accurate and complete access to information and must be read in its entirety. Our firm is pleased to provide its valuation services to: **Derayah REIT** to determine the **fair value** of the subject property.

### 1.2 Purpose of valuation

The purpose of this valuation is to assess the subject property for **Inclusion in Financial Statements**, in accordance with the client's request.

### 1.3 Basis of Valuation

**Fair Value:** Defined in line with IFRS 13 as the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the valuation date. This valuation reflects the principle of an exit price as determined under current market conditions.

### 1.4 Valuation Methods

To meet the objectives of this valuation and at the request of the client, we have applied the following recognized valuation approaches:

1. **Market Approach: Comparable Method.**
2. **Cost Approach: Depreciation Replacement Cost (DRC) Method.**
3. **Income Approach: Discounted Cash Flow (DCF) Method.**

### 1.5 Currency

All values in this report are stated in Saudi Arabian Riyals (ﷻ) unless otherwise noted.

## 1.6 Scope of Research

Research plays a pivotal role in the valuation process as it enables a comprehensive analysis of various factors that can significantly influence the value of a property or asset. Our valuation approach involves conducting extensive research and analysis to ensure a robust evaluation. This includes investigating market conditions, studying comparable sales data, examining key property characteristics, assessing income potential, and considering pertinent legal and regulatory factors. By diligently conducting thorough research, we aim to provide an accurate and well-informed assessment of the property or asset's value in this valuation report.

## 1.7 Information Sources

A thorough on-site field survey was carried out by our team to verify the accuracy of essential market data and other key elements influencing the evaluation process. This survey included the collection of data on nearby asset prices, occupancy rates, and specific characteristics of the property under evaluation. The following sources were diligently utilized during field research:

1. **Property Records:** Ownership documents such as title deeds and construction permits.
2. **Market Trends:** Analysis of current market conditions and comparable property transactions.
3. **Income Analysis:** Review of income streams, operating expenses, and potential cash flows.
4. **Inspection:** On-site visual assessment of the property's physical condition and attributes.
5. **Historical Data:** Reference to market data and historical trends for comparable assets.
6. **Specialist Input:** Consultations with industry experts and agents for market insights.

By employing these comprehensive research methods, we have ensured the collection of accurate and relevant data, forming the solid foundation for determining the true market value of the asset under evaluation.



## 1.8 Assumptions and Special Assumptions

In addition to the standard assumptions outlined above, the following special assumptions have been applied for this specific valuation project. These assumptions are subject to change depending on the property type, client request, or specific valuation circumstances:

1. **Absolute Ownership:** The property under evaluation is assumed to have been mortgaged to Al Rajhi Invest, implying that there are no legal or ownership disputes affecting its value.
2. **Accuracy of Client Information:** It is assumed that all information provided by the client, whether oral or written, is accurate and up to date as of the date of the evaluation.
3. **Capitalization Rate:** The capitalization rate used to determine the property's value is assumed to be 8%. This rate reflects the current market conditions, investor expectations, and property-specific risks at the valuation date.
4. **Discount Rate:** For valuations applying the Discounted Cash Flow (DCF) method, the discount rate has been assumed at 10%. This rate accounts for the time value of money, risk factors, and the anticipated returns required by investors.
5. **Vacancy Rate:** For income-generating properties, it is assumed that the property maintains an average vacancy rate of 5% over the valuation period.
6. **Valuation Report Scope:** This report focuses on valuation and does not encompass a structural survey. Therefore, utility checks, service checks, soil tests, and similar assessments have not been conducted unless specified otherwise by the client.
7. **Market-Based Valuation Methodologies:** The valuation methodologies employed in this report are based on market data compiled using our relevant market knowledge and experience. These methodologies provide a framework for estimating the property's value.
8. **Output and Estimates:** The final value presented in this report is derived from the assumptions used, documents received from the client, and relevant market data. It should be noted that this value serves as an indicative figure under current market conditions.
9. **Development Potential:** It is assumed that the property has development or redevelopment potential, subject to obtaining the necessary permits and approvals.
10. **Construction Status:** It is assumed that any ongoing construction or development will be completed within the specified timeframe and budget as provided by the client.
11. **Economic Stability:** The valuation assumes that there will be no significant economic or market disruptions during the forecasted period.

## **1.9 Property Inspection**

As part of this valuation report, an extensive site visit was conducted to assess the physical attributes, performance, and relevant factors of the subject property. This inspection, carried out on 11/11/2025, involved the examination of key specifications such as land area, building design, rental rates, services, public utilities, and various other components. It should be noted that the inspection was not a technical evaluation but rather a visual overview and documentation of the observed characteristics. The information gathered forms the foundation for expressing an opinion on the property's value in this report.

## **1.10 Use, Distribution, and Publication Restrictions**

This report has been prepared by WHITE CUBES Co. to determine the fair value of the assets under evaluation. Please note that there are limitations on the transfer, referencing, and disclosure of this report and its contents to any third party, except as explicitly stated in the contract letter. Any use of this report for purposes other than those specified herein requires prior written consent from WHITE CUBES Co.

## **1.11 Legal Notes**

To the best of our knowledge and based on the available information, there are no ongoing or pending legal notices affecting the subject property as of the valuation date. This assessment is based solely on the documents and data provided to us at the time of the report preparation.



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PROPERTY DETAILS

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PROPERTY  
DETAILS

## **Property and Location Description**

### **2.1 Property Description**

The subject property is a Commercial Complex located in Al Rakah Al Janubiyah district, Al Khobar city, Saudi Arabia. The property's title deed and construction permit confirm the following:

- Total Land Area: 14,025 square meters.
- Total Built-Up Area (BUA): 14,058.68 square meters.

During the site inspection conducted for the purpose of valuation, it was observed that the property is open from 2 side, the property features a direct view of King Fahad Road from the West side.



### **2.2 Ease of Access**

The access level of the subject property is classified as high due to its location on King Fahad Road.

### **2.3 Infrastructure**

Infrastructure such as water, electricity, sewage, and telecommunications are available in the surrounding area and connected to the property.

## 2.4 Location and Landmarks

City Scale	District Scale
 <p>A satellite map of Al Khobar, Saudi Arabia, showing the city's location relative to the Persian Gulf. The map highlights the city's layout, including major roads and the surrounding desert landscape. A red pin marks the specific location of the project.</p>	 <p>A detailed satellite map of the district in Al Khobar, showing the project location in more detail. The map shows the surrounding urban area, including buildings, roads, and green spaces. A red pin marks the specific location of the project.</p>
26°20'30.3"N 50°11'52.6"E	
85RX+M5W Al Khobar	
<a href="#">Google Maps</a>	

## 2.5 Title Deed and Ownership

The client has provided us with a copy of the title deeds pertaining to the subject property, which is jointly owned by one title deeds. Here are the details of the subject property:

<b>City</b>	Al Khobar	<b>Land Area</b>	14,025 Sqm
<b>District</b>	Al Rakah Al Janubiyah	<b>Plot No.</b>	بدون/ت
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	430208016665	<b>Layout No.</b>	2/38
<b>T.D Date</b>	09/11/1444	<b>Ownership Type</b>	Mortgage
<b>Owner</b>	شركة حفظ الدراية العقارية	<b>Limitation of Document</b>	Mortgaged to Al Rajhi Invest.
<b>Issued From</b>	Ministry of Justice		
<b>North Side</b>	Private property	<b>East Side</b>	30 meters street
<b>South Side</b>	Private property	<b>West Side</b>	Private property

## 2.6 Construction Permit

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, the Client has provided us with a copy of the Construction Permit with the below details:

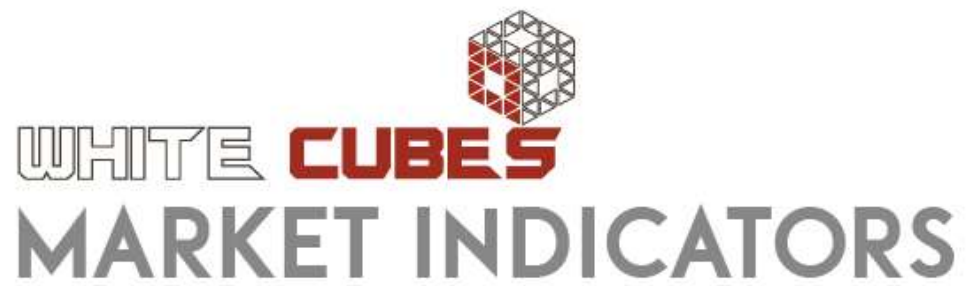
<b>Construction Permit Type</b>	Construction license	<b>Built-Up Area (BUA)</b>	14,058.68
<b>Property Type</b>	New Construction	<b>Actual Age</b>	30
<b>Construction Permit No.</b>	417/10332	<b>State of Property</b>	Fully Constructed
<b>Construction Permit Date</b>	26/08/1417	<b>Completion Rate</b>	100%

**Note:** The client has provided us with a copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.



## 2.7 Photographs of the Subject Property





MARKET  
INDICATORS



## Market Indicators

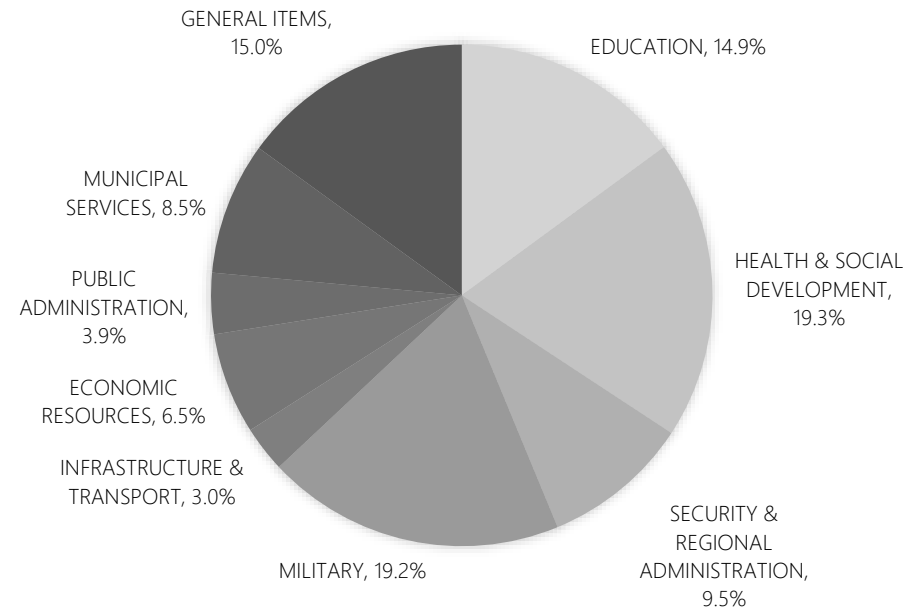
### 3.1 Saudi Arabia Economic Indicators

Economic Indicator	Actual	Estimates	Budget	Projections	
	2023	2024	2025	2026	2027
Total Revenue	1,2121	1,230	1,184	1,198	1,289
Total Expenses	1,293	1,345	1,285	1,328	1,429
Budget Surplus	-81	-115	-101	-130	-140
Debt	1,050	1,199	1,300	1,430	1,570
GDP growth	-0.8%	0.8%	4.60%	3.50%	4.1070
Nominal GDP	4,003	4,091	4,352	4,431	4,718
Inflation	2.30%	1.70%	1.90%	1.90%	1.90%

### 3.2 Budget Allocation for 2024

<b>Public Administration Sector</b>	ﷲ 53.00	bn
<b>Military Sector</b>	ﷲ 259.00	bn
<b>Security and Regional Administration Sector</b>	ﷲ 128.00	bn
<b>Municipal Services Sector</b>	ﷲ 115.00	bn
<b>Education Sector</b>	ﷲ 201.00	bn
<b>Health and Social Development Sector</b>	ﷲ 260.00	bn
<b>Economic Resources Sector</b>	ﷲ 88.00	bn
<b>Infrastructure and Transportation Sector</b>	ﷲ 40.00	bn
<b>General Items</b>	ﷲ 202.00	bn

Source: Ministry of Finance



### **3.3 Real Estate Market Overview 2024**

Saudi Arabia's real estate market is undergoing a major transformation, driven by Vision 2030, government-backed investments, and rapid urbanization. Despite economic fluctuations, non-oil sector growth remains robust, fueling demand across residential, commercial, hospitality, and industrial sectors.

#### **1. Economic Landscape and Market Drivers**

The economy is expanding, with non-oil GDP growing by 5.4%, supported by large-scale infrastructure and real estate investments totaling \$1.3 trillion. Initiatives such as the Premium Residency Visa for property owners, allowing foreigners to purchase real estate, are attracting global investors, particularly in Makkah and Madinah, where 84% of international buyers show interest.

#### **2. Residential Market Growth and Shifting Preferences**

The residential sector in Riyadh and Jeddah continues to witness strong demand, with sales prices rising 12% in Riyadh and 6% in Jeddah, while rental rates increased 10% and 8%, respectively. Over 660,000 units are under development, with an increasing preference for apartments over villas due to affordability. In Jeddah, 83% of transactions involved apartments, and in Riyadh, apartment prices surged 17% in Q3 2024 alone.

#### **3. Hospitality and Tourism Expansion**

Saudi Arabia's hospitality sector is thriving, targeting 150 million annual visitors by 2030, a 50% increase from previous goals. \$37.8 billion is being invested in hotel developments, and NEOM is leading the supply pipeline. Riyadh's King Khalid International Airport is undergoing expansion to become the largest airport globally by 2050, supporting this tourism boom.

#### **4. Office and Commercial Market Strength**

The office market in Riyadh is experiencing high demand and limited supply, causing Grade A office rents to rise by 14%. Investors see strong commercial real estate yields, with office spaces offering 7.75% returns and industrial warehouses at 8.25%. However, foreign ownership restrictions remain a challenge, though ongoing policy adjustments could open the market further.

## 5. Industrial and Logistics Sector Development

Saudi Arabia is rapidly expanding its industrial and logistics sector, with \$2 billion in new investments for industrial cities in Makkah and Al-Kharj. The market is seeing growing demand for warehouse spaces, aligning with the Kingdom's vision to become a regional logistics hub.

### Future Outlook and Investment Opportunities

Saudi Arabia's real estate sector is set for sustained growth and transformation, with rising domestic and foreign investor interest. The expansion of branded residential projects, the introduction of long-term residency options for investors, and the rapid development of giga-projects are expected to fuel the market further. Additionally, improvements in mortgage availability and government-backed housing programs are making homeownership more accessible.

With strong economic fundamentals, a thriving tourism sector, and unprecedented infrastructure investments, Saudi Arabia is emerging as a global real estate powerhouse and a key investment destination for international buyers and developers.

**Source: CBRE, JLL, Knight Frank**

### 3.4 Risk Analysis

Market and Economic Risks	Very Low Risk (1)	Minimal Risk (2)	Medium Risk (3)	Elevated Risk (4)	Very High Risk (5)
	6-12	13-18	19-24	25-30	31-36
Inflation	✓	-----	-----	-----	-----
Interest Rate	-----	✓	-----	-----	-----
Overall economic conditions	-----	✓	-----	-----	-----
Risk Points	5 Points				

Operational Risks	Very Low Risk (1)	Minimal Risk (2)	Medium Risk (3)	Elevated Risk (4)	Very High Risk (5)
	6-12	13-18	19-24	25-30	31-36
Building quality	-----	✓	-----	-----	-----
Facilities	-----	✓	-----	-----	-----
Property management	-----	✓	-----	-----	-----
Risk Points	6 Points				

Competitive Risks	Very Low Risk (1)	Minimal Risk (2)	Medium Risk (3)	Elevated Risk (4)	Very High Risk (5)
	6-12	13-18	19-24	25-30	31-36
Real estate supply	-----	-----	✓	-----	-----
Demand levels	-----	-----	✓	-----	-----
Market competition	-----	-----	✓	-----	-----
Risk Points	9 Points				




Location and Land Risks	Very Low Risk (1)	Minimal Risk (2)	Medium Risk (3)	Elevated Risk (4)	Very High Risk (5)
	6-12	13-18	19-24	25-30	31-36
Accessibility	-----	✓	-----	-----	-----
Infrastructure	-----	✓	-----	-----	-----
Surrounding area	-----	✓	-----	-----	-----
Risk Points	6 Points				

The subject property has a total risk score of **26 points**, placing it in the **Minimal Risk** category. This indicates a low overall risk, with manageable challenges and a stable outlook for operations, market conditions, and location.









### 3.5 Sector Brief

In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication of the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side, In addition to some current economic changes in general.











-  Indicator showing a decrease in the current performance compared to last year
-  Indicator showing an increase in the current performance compared to last year
-  Indicator showing a stable position in the current performance compared to last year

#### Overall Sector Performance

From 2023 to 2024	Future Expectations
	
Values of Lands Related to The Sector	
From 2023 to 2024	Future Expectations
	
Sector Demand	
From 2023 to 2024	Future Expectations
	
Sector's occupancy ratios	
From 2023 to 2024	Future Expectations
	

#### Overall Sector Stability

From 2023 to 2024	Future Expectations
	
Sector rental Income	
From 2023 to 2024	Future Expectations
	
Investors' Appetite	
From 2023 to 2024	Future Expectations
	
Sectors Positive Changes	
From 2023 to 2024	Future Expectations
	

White Cubes Team's Analysis

### 3.6 New Regulatory Provisions

Under the guidance of His Royal Highness Prince Mohammed bin Salman, the Kingdom has introduced a new system aimed at regulating the rental market in Riyadh. The key provisions include:

- Suspending the annual escalation of rental values for residential and commercial properties within Riyadh's urban area for five years starting from September 25, 2025.
- Existing lease agreements will remain valid, but renewal values cannot exceed the previous rent.
- Implementing a unified electronic rental contract system across Riyadh.
- Allowing tenants and landlords to request contract termination up to 60 days before its expiration, subject to mutual consent.
- Either party may request an extension up to 60 days after contract expiration, unless the other party objects.
- Landlords are not allowed to reject lease renewal without legitimate justification, except in specific cases such as:
  1. Tenant's default on rent payments.
  2. Existence of a unified technical report confirming structural unsafety.
  3. The landlord's own need for the property for personal or family use.



The application of these provisions may be extended to other regions by decision of the Real Estate General Authority and approval of the Council of Economic and Development Affairs.

#### Impact on Investment Stability

These new regulations aim to balance the relationship between landlords and tenants, and between the market and investors. The purpose is to enhance market transparency, reduce speculative risks, and encourage long-term planning by investors through predictable and stable returns.

It is important to note that these regulations are not intended to restrict investors but to create a healthier, more sustainable real estate market environment.



WHITE **CUBES**

PROPERTY VALUATION

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PROPERTY  
VALUATION

## Property Valuation

### 4.1 Valuation Methods

#### Valuation Methods According to Standard 103

The valuation process relies on three main approaches: **Market Approach, Income Approach, and Cost Approach**. The appropriate approach is selected based on the nature of the asset being valued, the availability of data, and the required valuation basis. In some cases, multiple approaches may be used to obtain a reliable value indicator.

##### First: Market Approach

The Market Approach is one of the most commonly used methods, relying on comparing the asset under valuation to similar or identical assets traded in the market, using available price data. To ensure accuracy, the data must be recent and highly reliable, considering the volume and frequency of transactions. This approach includes two primary methods:

1. **Comparable Method** – This method involves analysing past transaction prices of similar assets while making necessary adjustments for differences between the asset under valuation and the comparable assets.
2. **Guideline Public Company Method** – Used when publicly available financial market data exists, this method compares the asset to publicly traded assets with adjustments for geographical, regulatory, and market conditions.

##### Second: Income Approach

The Income Approach determines the asset's value by analysing its expected future cash flows and converting them into present value using an appropriate discount rate. This approach is applied when the asset's income-generating ability is the primary determinant of its value. There are four main methods under this approach:

1. **Discounted Cash Flow (DCF) Method** – This involves projecting the expected cash flows of the asset over a specified period and discounting them using a rate that reflects risk levels and required returns.
2. **Income Capitalization Method** – Used when revenue and growth rates are stable, this method calculates value based on a fixed capitalization rate applied to expected income.



3. **Residual Land Value (RLV) Method** – This method divides the asset's value into two parts: the portion consumed over a specific period and the residual portion remaining afterward. The consumed portion is valued based on expected cash flows, while the residual portion is estimated based on the potential market value of the asset at the end of the given period.
4. **Profits Method** – Commonly used for business and company valuations, this method determines asset value based on future expected profits, applying a multiplier that depends on the nature of the business and associated risks.

### Third: Cost Approach

The Cost Approach estimates the asset's value based on the cost to replace or reproduce it while considering depreciation, obsolescence, or any loss of utility. This approach is typically used when the asset does not directly generate income or when it is unique and lacks sufficient market transactions for comparison. The three main methods under this approach are:

1. **Replacement Cost Method** – Determines the cost of creating a new asset that serves the same function and utility.
2. **Reproduction Cost Method** – Estimates the cost to produce an exact replica of the asset under valuation.
3. **Summation Method** – Involves valuing each component of the asset separately and then summing them to determine the total asset value.

### General Considerations When Selecting a Valuation Approach

The valuer must choose the approach that best suits the nature of the asset and market conditions. In some cases, using multiple approaches may be necessary to achieve a more accurate and reliable result. Adjustments should be made for factors that may influence value, such as geographic location, regulatory constraints, and the availability of market data. When multiple approaches are used, differences in results must be analysed to arrive at a final, well-supported valuation conclusion.

### Selected Valuation Method

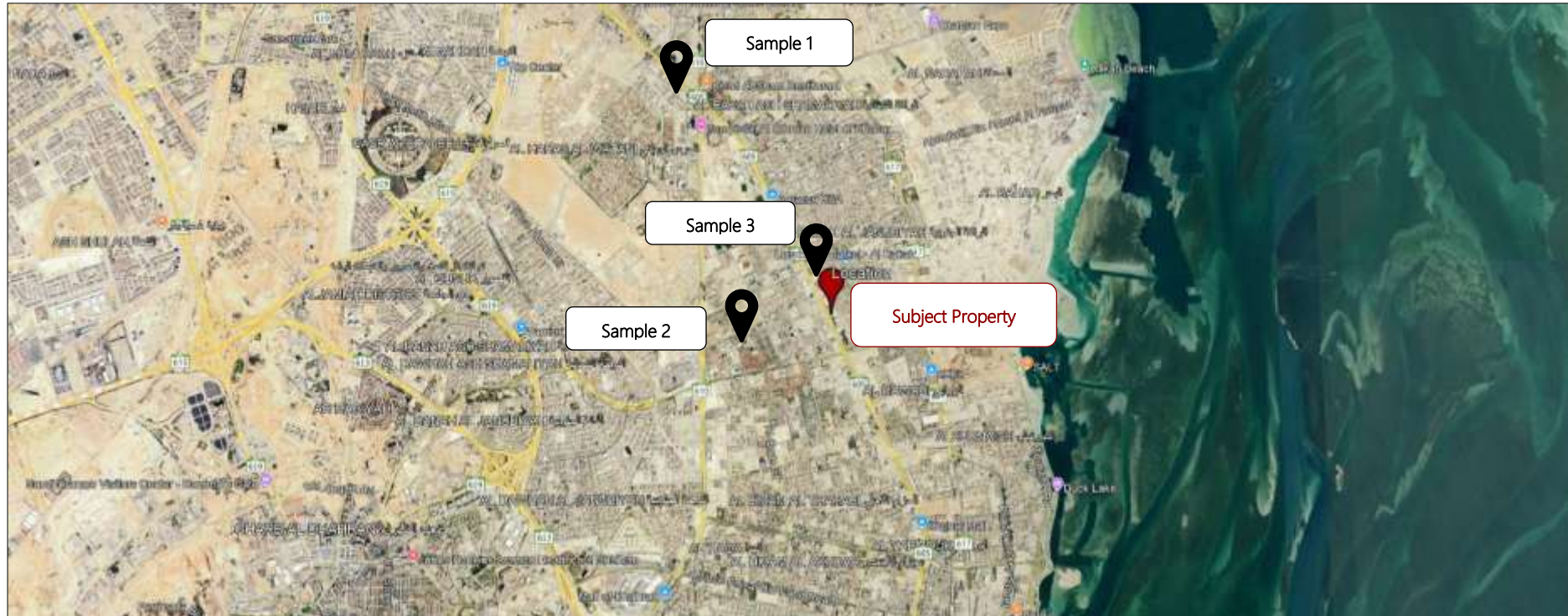
After analysing the nature of the asset, market conditions, and data availability, the Market approach, Comparable method Income approach, DCF method- Cost Approach, DRC method has been selected as the most appropriate approach for this valuation.

## 4.2 Market Approach- Comparable Method

Characteristics of Samples							
	Subject Property	Sample 1		Sample 2		Sample 3	
Quoting	-----	Transaction		Transaction		Offering	
Date of Transaction	-----	10/30/2024		12/15/2024		-----	
City	Dammam	Dammam		Dammam		Dammam	
Sale Price	-----	SAR 14,355,000		SAR 34,692,000		SAR 48,964,250	
Data Source	Client	Agents		Agents		Agents	
Area Size	14,025.00	4,350.00		11,564.00		11,521.00	
SAR / Sqm	-----	SAR 3,300		SAR 3,000		SAR 4,250	
Market Conditions Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
SAR/ Sqm before Adj.	-----	SAR 3,300.0		SAR 3,000.0		SAR 4,250.0	
Mortgage	-----	Cash	0.00%	Cash	0.00%	-----	0.00%
Market Conditions	-----	-----	0.00%	-----	0.00%	-----	0.00%
Total Adjustments Ratio			0.00%		0.00%		0.00%
Total Adjustment Amount			SAR 0.00		SAR 0.00		SAR 0.00
Net After Adjustment			SAR 3,300.00		SAR 3,000.00		SAR 4,250.00
Location Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
Area Size	14,025.00	4,350.00	-11.50%	11,564.00	-2.92%	11,521.00	-2.98%
Location Desirability	High	High	0.00%	High	0.00%	High	0.00%
Accessibility	Excellent	Excellent	0.00%	Excellent	0.00%	Excellent	0.00%
Main Street Width (m)	100	100	0.00%	100	0.00%	100	0.00%
Sides Open	1	1	0.00%	1	0.00%	1	0.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%	Regular	0.00%
Close to main street	Yes	Yes	0.00%	Yes	0.00%	Yes	0.00%
Total Adjustments Ratio			-11.50%		-2.92%		-2.98%
Total Adjustment Amount			-SAR 379.4		-SAR 87.7		-SAR 126.5
Net After Adjustment			SAR 2,920.6		SAR 2,912.3		SAR 4,123.5
Weighted Mean			25%		50%		25%
			SAR 730.15		SAR 1,456.13		SAR 1,030.88
SAR / Sqm	SAR 3,217						
Rounded Value	SAR 3,200						

Land Value	Sensitivity Analysis					
		-10%	-5%	0%	5%	10%
SAR 44,880,000	Land Area	14,025	14,025	14,025	14,025	14,025
	SAR / Sqm	SAR 2,880.0	SAR 3,040.0	SAR 3,200.0	SAR 3,360.0	SAR 3,520.0
	Property Value	SAR 40,392,000	SAR 42,636,000	SAR 44,880,000	SAR 47,124,000	SAR 49,368,000

Based on the market samples obtained with the assistance of real estate experts in the region and the inspection conducted by our team, the price range for similar properties falls between SAR 3,000 and SAR 4,500 per square meter. For our valuation, we have applied a weighted rate of SAR 3,200 per square meter. When comparing with the results of the comparative analysis, we found that the property's value aligns with this range and is in close proximity to the market average values.



### 4.3 Depreciated Replacement Cost (DRC)

As a first step, the cost of reconstructing the building (the cost of replacement) was estimated, based on the average construction costs of similar properties and at the same level of finishes, services, utilities, and others. The opinion of some engineering experts was used in this regard.

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
Concrete Cost	SAR 650	SAR 850	SAR 750
MEP	SAR 450	SAR 550	SAR 500
Finishing Materials	SAR 200	SAR 400	SAR 300
Fitouts and Appliance	SAR 110	SAR 130	SAR 120
Site Improvements	SAR 80	SAR 100	SAR 90
Owner Profit	14%	20%	17%

In the following table, we will estimate the direct replacement cost of the property taking into consideration the main components of the building, such as the concrete structure, electromechanical work, finishes, site improvements, etc. Then we will estimate the value of the indirect costs as a percentage of the total direct costs to estimate the total construction costs of the project.

Land			
Land Area	SAR / Sqm		Total Value
14,025.00	SAR 3,200		SAR 44,880,000

Building			
	Unit	No of Floors	Total BUA
Upper Floor	Sqm	1	14,058.68
Total (SQM)	14,058.68		

Development Cost					
Hard Cost - (Upper Floors)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton and Block	14,058.68	SAR 750	SAR 10,544,010	100%	SAR 10,544,010
Electro Mechanic	14,058.68	SAR 500	SAR 7,029,340	100%	SAR 7,029,340
Finishing	14,058.68	SAR 300	SAR 4,217,604	100%	SAR 4,217,604
Fit outs and Appliances	14,058.68	SAR 120	SAR 1,687,042	100%	SAR 1,687,042
Site Improvement	14,025.00	SAR 90	SAR 1,262,250	100%	SAR 1,262,250
Total			SAR 24,740,246	100.00%	SAR 24,740,246

Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 24,740,246	0.50%	SAR 123,701
Design			SAR 24,740,246	0.50%	SAR 123,701
Eng Consultant			SAR 24,740,246	1.00%	SAR 247,402
Management			SAR 24,740,246	1.50%	SAR 371,104
Contingency			SAR 24,740,246	1.50%	SAR 371,104
Others			SAR 24,740,246	0.00%	SAR 0
<b>TOTAL</b>				<b>5.00%</b>	<b>SAR 1,237,012.28</b>
Total Hard Cost	SAR 24,740,246			BUA	14,058.68
Total Soft Cost	SAR 1,237,012.28			SAR / Sqm	SAR 1,848
Total Construction Cost	SAR 25,977,257.88			Overall Completion	100.0%

After knowing the total construction costs, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building.

Development Value			
Total Dev. Cost	SAR 25,977,258	Annual Dep. Rate	2.0%
Total Completion Rate	100.00%	Actual Age	30
Developer Profit Rate	17.0%	Total Dep. Rate	60.00%
Dev. Profit Amount	SAR 4,416,134	Add Appr. Rate	0.00%
Development Value	SAR 30,393,392	Net Dep. Rate	60.00%
Economic Age	50	Cost After Depreciation	SAR 12,157,357

In order to determine the full value of the property, the construction costs will be added to the market value of the land as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 12,157,357	SAR 44,880,000	SAR 57,037,357	SAR 57,000,000

## 4.4 Discounted Cash Flow Method (DCF)

### Analysis of Operating and Maintenance Expenses

The operating expenses of comparable properties reached between 15% to 20% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	5% to 7%
Operating and maintenance expenses	5% to 6%
General service bills expenses	3% to 4%
Other incidental expenses	2% to 3%

### Property Operation and Maintenance Expenses

The client has provided us with specific details regarding the maintenance and operational costs of the project. Based on this information, we will rely on these details for our valuation. For the purpose of our valuation, we will utilize an OPEX (operating expenses) rate of 15%, calculated based on the total revenues of the property. The selection of this ratio takes into consideration factors such as the condition and quality of the property, as well as the type of services and public facilities available within the property itself.

### Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 8%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate.

## Capitalization Rate Used for the Valuation

The capitalization rate used in the valuation was determined based on market research, which revealed a range of 6% to 8%. Considering the specific characteristics of the property and after evaluating comparable properties, a capitalization rate of 8.0% was deemed reasonable. This rate represents the expected return the property is anticipated to generate at the end of the period. It will be applied to the net operating income of the property during the valuation process.

	Sample 1	Sample 2	Sample 3
Sale Price	SAR 58,420,000.00	SAR 30,500,000.00	SAR 65,000,000.00
NOI	SAR 4,381,500.00	SAR 2,440,000.00	SAR 5,525,000.00
Cap Rate	7.50%	8.00%	8.50%
<b>Average Cap Rate</b>	<b>8.00%</b>		

## Discount Rate of Cash Flows

In order to estimate the discount rate employed in the cash flow method, we will utilize The Build-Up Model. This model involves calculating various risk factors associated with the real estate industry to determine the present value of future cash flows. The estimation of the applicable risk rates takes into account the latest developments in the real estate market.

Discount Rate% (The Build-Up Model)			
Free-Risk rate%	%5.50	Source	SAMA
Inflation Rate%	%2.00		GASTAT
Market Risk Premium%	%1.50		Trading Economics
Company-specific Risk Premium %	%1.00		Team's experience.
<b>Discount Rate%</b>	<b>10.00%</b>		



Cash Flow		2025	2026	2027	2028	2029	2030
		0	1	2	3	4	5
<b>Inflation</b>		<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Expected Revenues</b>							
Showrooms	Sqm	6,067.36	6,067.36	6,067.36	6,067.36	6,067.36	6,067.36
Rate (SAR)	SAR	790	790	790	790	790	790
<b>Total</b>	<b>SAR</b>	<b>4,793,214</b>	<b>4,793,214</b>	<b>4,793,214</b>	<b>4,793,214</b>	<b>4,793,214</b>	<b>4,793,214</b>
Warehouse	Sqm	4,382.89	4,382.89	4,382.89	4,382.89	4,382.89	4,382.89
Rate (SAR)	SAR	200	200	200	200	200	200
<b>Total</b>	<b>SAR</b>	<b>876,578</b>	<b>876,578</b>	<b>876,578</b>	<b>876,578</b>	<b>876,578</b>	<b>876,578</b>
<b>Overall Revenues</b>		<b>5,669,792</b>	<b>5,669,792</b>	<b>5,669,792</b>	<b>5,669,792</b>	<b>5,669,792</b>	<b>5,669,792</b>
<b>Vacancy and Credit Loss</b>							
Showrooms	2.5%	119,830	119,830	119,830	119,830	119,830	119,830
Warehouse	2.5%	21,914	21,914	21,914	21,914	21,914	21,914
<b>Total</b>		<b>141,745</b>	<b>141,745</b>	<b>141,745</b>	<b>141,745</b>	<b>141,745</b>	<b>141,745</b>
<b>Effective Rental Income</b>		<b>5,528,048</b>	<b>5,528,048</b>	<b>5,528,048</b>	<b>5,528,048</b>	<b>5,528,048</b>	<b>5,528,048</b>
<b>Expenses</b>							
CapEx	5.0%	276,402	276,402	276,402	276,402	276,402	276,402
OpEx	5.0%	276,402	276,402	276,402	276,402	276,402	276,402
<b>Overall Expenses</b>		<b>552,805</b>	<b>552,805</b>	<b>552,805</b>	<b>552,805</b>	<b>552,805</b>	<b>552,805</b>
<b>NOI</b>		<b>4,975,243</b>	<b>4,975,243</b>	<b>4,975,243</b>	<b>4,975,243</b>	<b>4,975,243</b>	<b>4,975,243</b>
<b>Terminal Value</b>	<b>8.0%</b>						<b>62,190,535</b>
Discount Rate	10.0%	1.00	0.91	0.83	0.75	0.68	0.62
<b>Present Value</b>		4,975,243	4,522,948	4,111,771	3,737,974	3,398,158	41,704,664
<b>Net Present Value</b>							<b>62,500,000</b>



## 4.5 Subject Property Value

Based on our analysis utilizing the discounted cash flow (DCF) method and considering the intended purpose of valuation, we have reached the conclusion that the total fair value of the subject property is as follows:

**Property Value:** **ﷲ 62,500,000.00**  
**Sixty-Two Million Five Hundred Thousand Saudi Riyals.**

## 4.6 Accredited Valuers

**Essam M. Al Husaini**  
President



Fellow Member of (RE Valuation)  
License No. 1210000474

**Nabeel M. Al Husaini**  
CEO



Member of (RE Valuation)  
License No. 1210002782

**Farah E. Al Husaini**  
Valuation Manager



Member of (RE Valuation)  
License No. 1210001964

**Abdulrahman A. Al Rajih**  
Valuer



Fellow Member of (RE Valuation)  
License No. 1210002523

**WHITECUBES Stamp**



## 4.7 Valuer's Opinion of Value

Based on the analysis and appraisal conducted in accordance with the established methodologies in real estate valuation, and after considering all factors influencing the value of the property in question—whether related to location, type, market conditions, intended use, or any special circumstances—I believe that the estimated value of the property is fair and accurate according to the available data.

All necessary considerations were taken into account during the appraisal, including market comparison studies, costs, expected returns, and potential risks. Additionally, the appropriate methodologies were applied, such as (describe the methodology used, such as the income approach, market approach, or cost approach), while factoring in the rates commonly accepted in the local market.

Through this appraisal, it can be stated that the estimated value is reasonable and reflects the current market conditions, while also indicating factors that may affect the property's future value. Therefore, I consider the derived value to be a fair and balanced reflection of the property's actual condition at present.

## 4.8 Conclusion

In conclusion, this evaluation report offers a comprehensive assessment of the subject property's value, considering pertinent factors and adhering to established valuation standards. The information contained in this report is confidential and intended exclusively for the client's review and consideration. Reproduction or distribution of this report necessitates written consent from the valuer.

It is important to note that the value presented in this report is based on the available information and professional expertise. However, it is subject to limitations and external factors that may influence the property's value.



WHITE **CUBES**  
DOCUMENTS

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DOCUMENTS

### 5.1 Title deeds

[illegible]

## 5.2 Real Estate Valuation License

**تقييم**  
**TAQEEM**  
الهيئة السعودية للمقيمين المعتمدين  
Saudi Authority of Accredited Valuers

رقم الترخيص : 13093  
تاريخ الإصدار : 1437/08/02 هـ  
تاريخ الانتهاء : 1452/10/20 هـ  
رقم نسخة الترخيص : 3

### ترخيص مزاوله مهنة التقييم ( العقارات )

يرخص للعضو الأساسي / **عصام محمد عبدالله الحسيني** "سعودي الجنسية" بموجب هوية وطنية رقم : **1044275947** لمزاوله مهنة التقييم في **[العقارات]** في المملكة العربية السعودية وذلك بناء على المادة [الثامنة] من نظام المقيمين المعتمدين الصادر بالمرسوم الملكي رقم (م/43) وتاريخ 1433/07/09 هـ، وتوفر شروط الترخيص الواردة في المادة [الثالثة عشرة] من اللائحة التنفيذية لنظام المقيمين المعتمدين الصادرة بالقرار الوزاري رقم [107] وتاريخ 1445/01/28 هـ.

الرئيس التنفيذي  
م. فيصل بن بدر المنديل

هذه الوثيقة إلكترونية ولا تحتاج إلى توقيع ويمكن التحقق  
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Shaping visions

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