

Derayah REIT

Jeddah Office Tower

December 2025

REF: 25-0832
Code: 1598591
Date: 31/12/2025

Subject: Valuation Report for an Office Tower – Jeddah 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

Table of Contents

EXECUTIVE SUMMARY	5
SCOPE OF WORK	7
1.1 INTRODUCTION	7
1.2 PURPOSE OF VALUATION	7
1.3 BASIS OF VALUATION	7
1.4 VALUATION METHODS	7
1.5 CURRENCY	7
1.6 SCOPE OF RESEARCH	8
1.7 INFORMATION SOURCES	8
1.8 ASSUMPTIONS AND SPECIAL ASSUMPTIONS	9
1.9 PROPERTY INSPECTION	10
1.10 USE, DISTRIBUTION, AND PUBLICATION RESTRICTIONS	10
1.11 LEGAL NOTES	10
PROPERTY AND LOCATION DESCRIPTION	12
2.1 PROPERTY DESCRIPTION	12
2.2 EASE OF ACCESS	12
2.3 INFRASTRUCTURE	12
2.4 LOCATION AND LANDMARKS	13
2.5 TITLE DEED AND OWNERSHIP	14
2.6 CONSTRUCTION PERMIT	14
2.7 PHOTOGRAPHS OF THE SUBJECT PROPERTY	15
MARKET INDICATORS	17
3.1 SAUDI ARABIA ECONOMIC INDICATORS	17
3.2 BUDGET ALLOCATION FOR 2023	17
3.3 REAL ESTATE MARKET OVERVIEW 2023	18
3.4 SECTOR BRIEF	21
PROPERTY VALUATION	24
4.1 VALUATION METHODS	24
4.2 DISCOUNTED CASH FLOW METHOD (DCF)	30
4.3 SUBJECT PROPERTY VALUE	33
4.4 ACCREDITED VALUERS	33
4.5 CONCLUSION	34
DOCUMENTS RECEIVED	36
5.1 TITLE DEEDS	36
5.2 REAL ESTATE VALUATION LICENSE	37



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EXECUTIVE SUMMARY

EXECUTIVE
SUMMARY

Executive Summary

Reference No.	25-0832
Dep. Code	1598591
Report Type	Detailed Report.
Valuer's Identity	Essam Mohammad Al Husaini, Basic Member of TAQEEM, License No. 1210000474
Client	Derayah REIT.
Report user	The Client.
Purpose of Valuation	Inclusion in financial statements.
Subject Property	Office Tower.
Property Location	Al-Zahraa district, Jeddah City.
Title Deed No.	494535004941
Title Deed Date	19/09/1444
Ownership Type	Title deed-restricted
Limitations	Mortgaged to Al Rajhi Invest.
Owner	شركة حفظ الدراية العقارية
Land Use	Commercial.
Land Area (Sqm)	2,691.83 Sqm
BUA (Sqm)	10,798.00 Sqm.
GLA (Sqm)	N/A
Basis of Value	Fair Value.
Value Hypothesis	Current use.
Valuation Approach	Market approach, Comparable method Income approach, DCF method- Cost Approach, DRC method.
Currency	Saudi Arabian Riyal
Final Property Value	ﷲ 66,000,000
Report Date	31/12/2025
Valuation Date	11/11/2025
Inspection Date	11/11/2025



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SCOPE OF WORK

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 (ﷲ) 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 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 10% 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

PROPERTY
DETAILS

Property and Location Description

2.1 Property Description

The subject property is an office tower located in Al-Zahraa district, Jeddah city, Saudi Arabia. The property's title deed and construction permit confirm the following:

- Total Land Area: 2,691.83 square meters.
- Total Built-Up Area (BUA): 10,798.00 square meters.

During the site inspection conducted for the purpose of valuation, it was observed that the property is open from 3 sides, the property offers a direct view of Sari Road from the south side.



2.2 Ease of Access

The access level of the subject property is classified as high due to its location on Sari 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
	
21°34'28.5"N 39°08'28.3"E	
H4FR+RFM Al Zahra, Jeddah	
Google Maps	

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:

City	Jeddah	Land Area	2,961.83
District	Al-Zahraa	Plot No.	503-504-505-506
T.D Type	Electronic	Block No.	N/A
T.D Number	494535004941	Layout No.	ب/91
T.D Date	19/09/1444	Ownership Type	Mortgage
Owner	شركة حفظ الدراية العقارية	Limitation of Document	Mortgaged to Al Rajhi Invest.
Issued From	Ministry Of Justice		
North Side	15 meters street	East Side	Private Property
South Side	52 meters street	West Side	15 meters street

2.6 Construction Permit

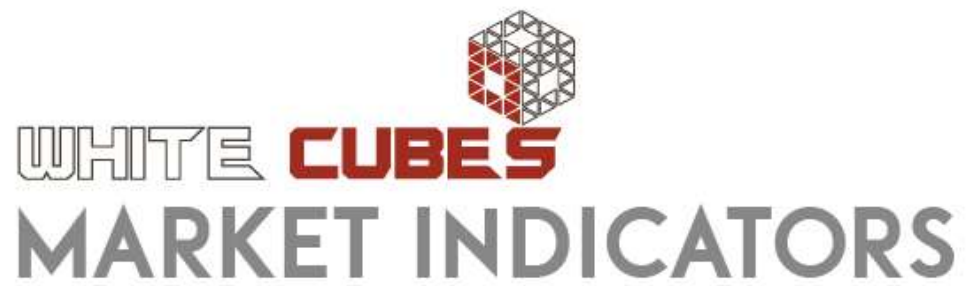
The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, the Client has provided us with a copy of the Construction Permit with the below details:

Construction Permit Type	Construction license	Built-Up Area (BUA)	10,798.00
Property Type	Apartments and showroom	Actual Age	16
Construction Permit No.	506146	State of Property	Fully Constructed
Construction Permit Date	08/04/1431	Completion Rate	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

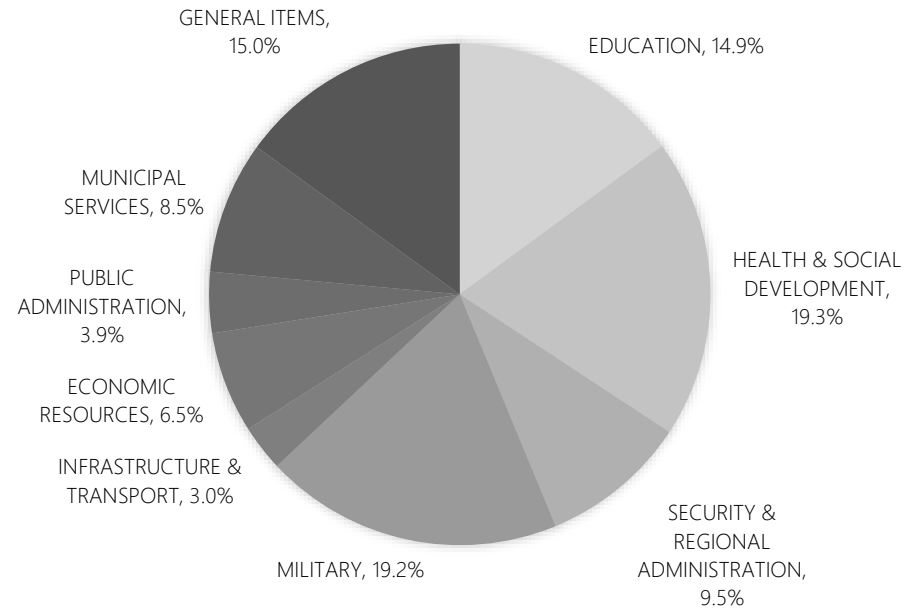
3.1 Saudi Arabia Economic Indicators

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

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

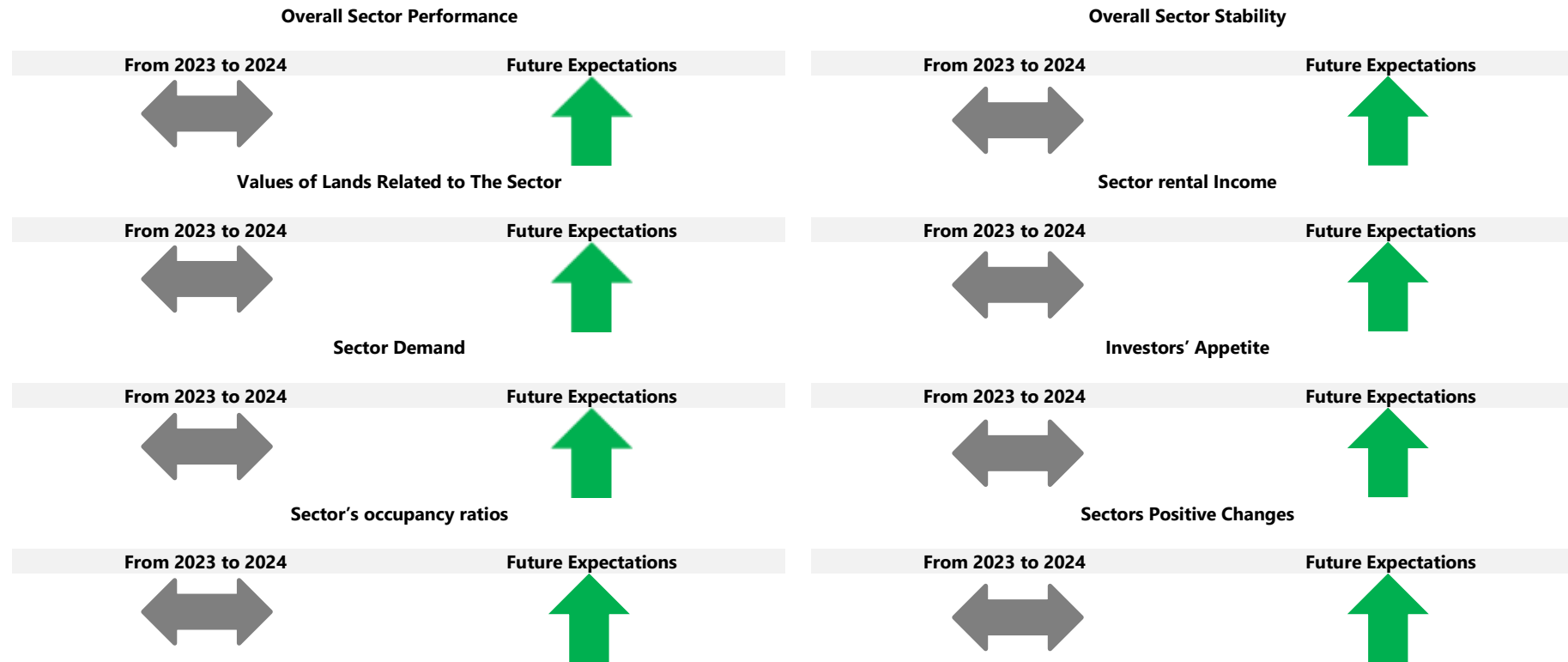
Location and Land Risks	Very Low Risk (1)	Minimal Risk (2)	Medium Risk (3)	Elevated Risk (4)	Very High Risk (5)
	6-12	13-18	19-24	25-30	31-36
Accessibility	-----	✓	-----	-----	-----
Infrastructure	-----	✓	-----	-----	-----
Surrounding area	-----	✓	-----	-----	-----
Risk Points	6 Points				

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



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.



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PROPERTY VALUATION

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	Transaction			
Date of Transaction	-----	12/11/2024	5/1/2025	4/3/2025			
City	Jeddah	Jeddah	Jeddah	Jeddah			
Sale Price	-----	SAR 5,673,191	SAR 6,999,919	SAR 6,599,700			
Data Source	Client	Agents	Agents	Agents			
Area Size	2,691.82	436.50	506.25	900.00			
SAR / Sqm	-----	SAR 12,997	SAR 13,827	SAR 7,333			

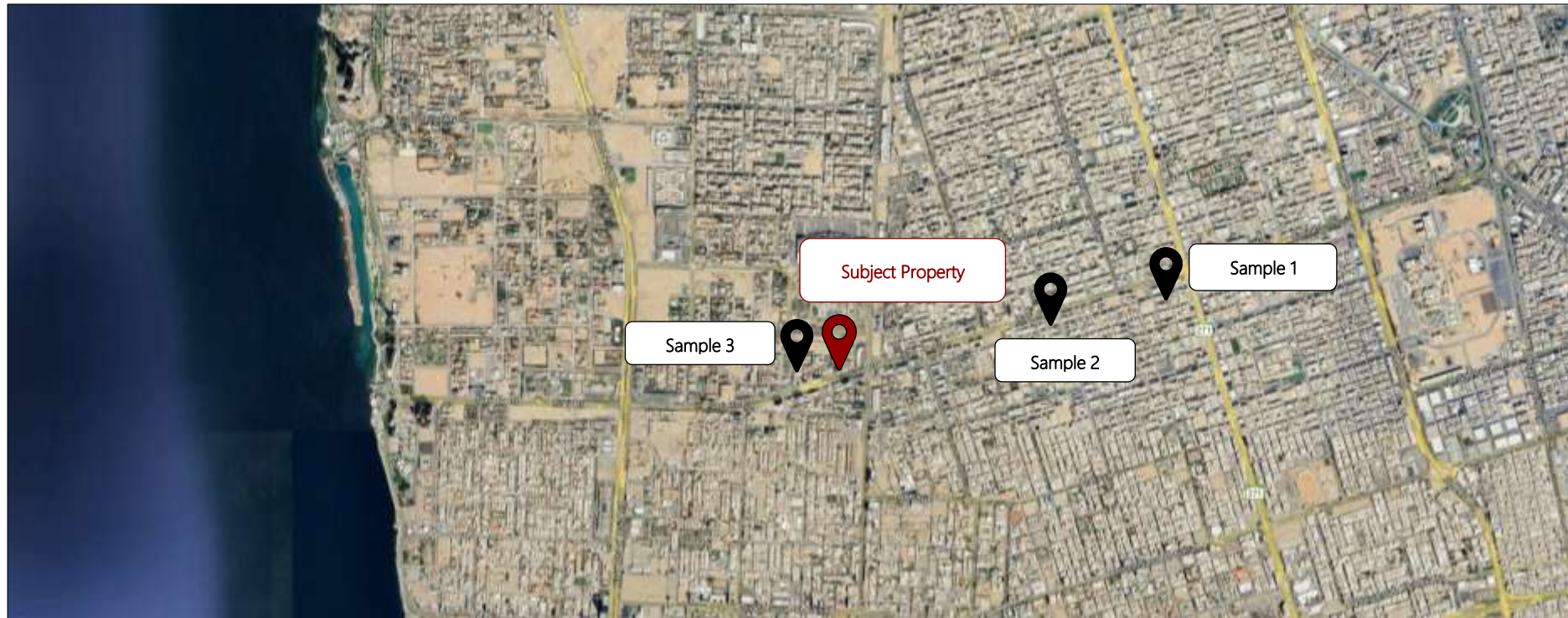
Market Conditions Adjustment Analysis							
	Subject Property	Sample 1	Sample 2	Sample 3			
SAR/ Sqm before Adj.	-----	SAR 12,997.0	SAR 13,827.0	SAR 7,333.0			
Mortgage	-----	Cash	Cash	Cash	0.00%	0.00%	0.00%
Market Conditions	-----	-----	-----	-----	0.00%	0.00%	0.00%
Total Adjustments Ratio		0.00%	0.00%	0.00%			
Total Adjustment Amount		SAR 0.00	SAR 0.00	SAR 0.00			
Net After Adjustment		SAR 12,997.00	SAR 13,827.00	SAR 7,333.00			

Location Adjustment Analysis							
	Subject Property	Sample 1	Sample 2	Sample 3			
Area Size	2,691.82	436.50	-31.03%	506.25	-30.07%	900.00	-24.65%
Location Desirability	High	Average	0.00%	Average	0.00%	Average	0.00%
Accessibility	Excellent	Average	0.00%	Average	0.00%	Average	0.00%
Main Street Width (m)	52	52	0.00%	52	0.00%	30	0.00%
Sides Open	3	3	0.00%	2	2.50%	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		-31.03%	-27.57%	-24.65%			
Total Adjustment Amount		-SAR 4,033.1	-SAR 3,812.3	-SAR 1,807.9			
Net After Adjustment		SAR 8,963.9	SAR 10,014.7	SAR 5,525.1			
Weighted Mean		50%	50%	0%			
		SAR 4,481.94	SAR 5,007.35	SAR 0.00			

SAR / Sqm	SAR 9,489
Rounded Value	SAR 9,500

Land Value	Sensitivity Analysis				
	-10%	-5%	0%	5%	10%
SAR 25,572,290	Land Area	2,692	2,692	2,692	2,692
	SAR / Sqm	SAR 8,550.0	SAR 9,025.0	SAR 9,500.0	SAR 9,975.0
	Property Value	SAR 23,015,061	SAR 24,293,676	SAR 25,572,290	SAR 26,850,905

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 8,000 and SAR 13,000 per square meter. For our valuation, we have applied a weighted rate of SAR 9,500 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 850	SAR 1,050	SAR 950
MEP	SAR 450	SAR 550	SAR 500
Finishing Materials	SAR 500	SAR 600	SAR 550
Fitouts and Appliance	SAR 250	SAR 350	SAR 300
Site Improvements	SAR 100	SAR 140	SAR 120
Owner Profit	18%	22%	20%

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
2,691.82	SAR 9,500		SAR 25,572,290

Building			
	Unit	No of Floors	Total BUA
Upper Floor	Sqm	1	9,898.00
Underground	Sqm	1	900.00
Total (SQM)	10,798.00		

Development Cost					
Hard Cost - (Upper Floors)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton and Block	9,898.00	SAR 950	SAR 9,403,100	100%	SAR 9,403,100
Electro Mechanic	9,898.00	SAR 500	SAR 4,949,000	100%	SAR 4,949,000
Finishing	9,898.00	SAR 550	SAR 5,443,900	100%	SAR 5,443,900
Fit outs and Appliances	9,898.00	SAR 300	SAR 2,969,400	100%	SAR 2,969,400
Furniture	9,898.00	SAR 0	SAR 0	100%	SAR 0
Site Improvement	2,691.82	SAR 120	SAR 323,018	100%	SAR 323,018
Total			SAR 23,088,418	100.00%	SAR 23,088,418

Hard Cost - (Underground)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	900.00	SAR 1,425	SAR 1,282,500	100%	SAR 1,282,500
Electro Mechanic	900.00	SAR 500	SAR 450,000	100%	SAR 450,000
Finishing	900.00	SAR 275	SAR 247,500	100%	SAR 247,500
Total			SAR 1,980,000	100.00%	SAR 1,980,000
Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 25,068,418	2.00%	SAR 501,368
Design			SAR 25,068,418	2.00%	SAR 501,368
Eng Consultant			SAR 25,068,418	2.50%	SAR 626,710
Management			SAR 25,068,418	3.00%	SAR 752,053
Contingency			SAR 25,068,418	3.00%	SAR 752,053
TOTAL				12.50%	SAR 3,133,552.30
Total Hard Cost	SAR 25,068,418			BUA	10,798.00
Total Soft Cost	SAR 3,133,552.30			SAR / Sqm	SAR 2,612
Total Construction Cost	SAR 28,201,970.70			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 28,201,971	Annual Dep. Rate	2.0%
Total Completion Rate	100.00%	Actual Age	16
Developer Profit Rate	20.0%	Total Dep. Rate	32.00%
Dev. Profit Amount	SAR 5,640,394	Add Appr. Rate	0.00%
Development Value	SAR 33,842,365	Net Dep. Rate	32.00%
Economic Age	50	Cost After Depreciation	SAR 23,012,808

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 23,012,808	SAR 25,572,290	SAR 48,585,098	SAR 48,600,000

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 78,520,000.00	SAR 51,210,000.00	SAR 34,650,000.00
NOI	SAR 5,889,000.00	SAR 4,096,800.00	SAR 2,945,250.00
Cap Rate	7.50%	8.00%	8.50%
Average Cap Rate	8.00%		

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%	%1.70		GASTAT
Market Risk Premium%	%1.00		Trading Economics
Company-specific Risk Premium %	%1.80		Team's experience.
Discount Rate%	10.00%		

Cash Flow		2025	2026	2027	2028	2029	2030
		0	1	2	3	4	5
Inflation		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expected Revenues							
Offices	Sqm	9,824.00	9,824.00	9,824.00	9,824.00	9,824.00	9,824.00
Rate (SAR)	SAR	700	700	700	700	700	700
Total	SAR	6,876,800	6,876,800	6,876,800	6,876,800	6,876,800	6,876,800
Overall Revenues		6,876,800	6,876,800	6,876,800	6,876,800	6,876,800	6,876,800
Vacancy and Credit Loss							
Offices	10.0%	687,680	687,680	687,680	687,680	687,680	687,680
Total		687,680	687,680	687,680	687,680	687,680	687,680
Effective Rental Income		6,189,120	6,189,120	6,189,120	6,189,120	6,189,120	6,189,120
Expenses							
CapEx	5.0%	309,456	309,456	309,456	309,456	309,456	309,456
OpEx	10.0%	618,912	618,912	618,912	618,912	618,912	618,912
Overall Expenses		928,368	928,368	928,368	928,368	928,368	928,368
NOI		5,260,752	5,260,752	5,260,752	5,260,752	5,260,752	5,260,752
Terminal Value	8.0%						65,759,400
Discount Rate	10.0%	1.00	0.91	0.83	0.75	0.68	0.62
Present Value		5,260,752	4,782,502	4,347,729	3,952,481	3,593,164	44,097,927
Net Present Value							66,000,000

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 66,000,000.00**
Sixty-Six Million 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

DOCUMENTS

5.1 Title deeds

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2

5.2 Real Estate Valuation License

تقييم
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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
من بياناتها عبر رمز QR أو بزيارة موقع الهيئة





Shaping visions

Building values

