



Entity Rating Report

Innovest Real Estate Company

(Closed Joint Stock Company)

July 2025

RELATED CRITERIA AND METHODOLOGY

Rating Methodology for Corporate (v.2. 2019) can be found on the website:
www.tassnief.com

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- This rating has not been amended following disclosure to the rated entity or its related party(ies). The rating scale can be found in the link above. The rated entity has not conducted any rating activity with regards to its rating. No part of the rating activities was outsourced.

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Innovest Real Estate Company

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July 20, 2025

Rating Summary

1.1 TASSNIEF Opinion:

<i>Innovest Real Estate Company</i>	
<i>Domicile</i>	<i>Saudi Arabia</i>
<i>Long-Term Rating</i>	<i>BBB-</i>
<i>Outlook</i>	<i>Stable</i>
<i>Short-Term Rating</i>	<i>T-4</i>
<i>Rating Watch</i>	<i>No</i>
<i>Action Type</i>	<i>Initial</i>
<i>Last Rating Action</i>	<i>N/A</i>

Tassnief has assigned a long-term entity rating of “**BBB-**” (**Triple B Minus**) and short-term entity rating of “**T-4**” to Innovest Real Estate Company. The outlook on the rating is “Stable”.

1.2 TASSNIEF Rating Rationale:

The assigned ratings take into account Innovest's satisfactory operational track record, growing presence in the real estate development sector, and a strong portfolio of ongoing residential projects across key regions in Saudi Arabia. The ratings also reflect the Company's sizeable land holdings, which provide the Company with financial flexibility. The Company also has a satisfactory governance framework including effective board oversight, sound internal controls and experienced management team.

However, the ratings are constrained by historical volatility in business and financial risk profile, low quantum of cash flow generated from core real estate business over the last 3 years and weak leverage profile in terms of debt-to-FFO. Meanwhile, comfort is drawn from strong revenue visibility over the rating horizon which is expected to translate into an improved business and financial risk profile.

The business risk profile reflects strong execution capabilities, with over 1,137 residential units developed historically and ~2,000 units currently under development. Revenue witnessed growth to SAR 199.3mn in 2024 (2023: SAR 70.0mn), driven by the execution of key projects such as Jadan Al Fursan and Jadan Al Sadan. The Company maintains reasonable business and geographic diversity, with projects spread across Riyadh, Jeddah, Madinah, Dammam, and Al Ahsa.

Revenue visibility is underpinned by a SAR 1.6bn+ ongoing project pipeline, with ~63.7% of villas already sold. However, business profile remains exposed to cyclicity associated with the real estate development sector and execution risk in the medium term due to a shift from government-backed to privately sourced developments.

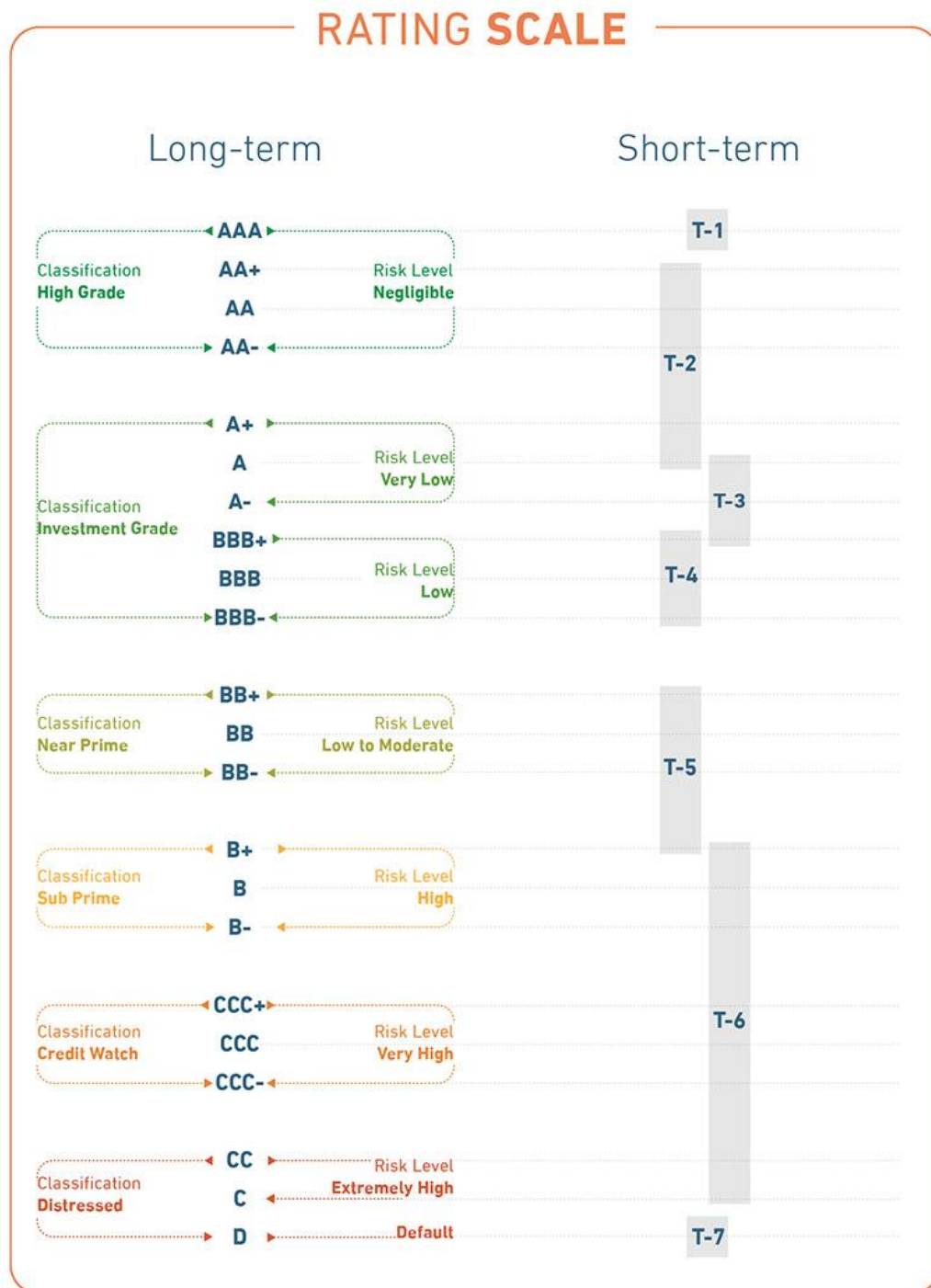
The Company plans to fund its expanding development portfolio and refinance existing debt through a listed Sukuk program of SAR 1bn, with the first tranche of SAR 200mn to be launched in 2025. Asset coverage is supported by investments in properties, which include strategic land holdings and mortgaged plots against existing borrowings. Issuance of the Sukuk will provide financial flexibility in meeting the extensive funding requirements for ongoing projects, as well as potential new initiatives under development and diversification of the revenue stream.

1.3 Rating Triggers

An improvement in the Company's revenue profile and operating cash flow generation, coupled with the development of a more stable and predictable business and financial position, would be viewed as credit positive. Further comfort would be derived from the strengthening of coverage metrics in line with projected levels. Conversely, any significant increase in leverage indicators from current levels that adversely affects the Company's debt-servicing capacity would be viewed as a credit negative.

Classification: [Restricted](#)

TASSNIEF's Long-term & Short-term Rating Scale



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Entity Rating Scale

Long-Term Rating Scale	Definitions
AAA	Extremely Robust ; Tassnief considers the rated issuer or issuance hold the highest creditworthiness , thus negligible credit risk
AA+ AA AA-	Very Robust ; Tassnief considers the rated issuer or issuance hold very high creditworthiness , thus minimal credit risk . Risk profile may vary slightly with changes in economic / sector conditions
A+ A A-	Robust ; Tassnief considers the rated issuer or issuance hold high creditworthiness , thus very low credit risk . Risk profile may vary with changes in economic / sector conditions
BBB+ BBB BBB-	Moderate ; Tassnief considers the rated issuer or issuance hold adequate creditworthiness , thus low credit risk . Risk profile may exhibit moderately high variation with changes in economic / sector conditions
BB+ BB BB-	Tassnief considers the rated issuer or issuance hold low to moderate credit risk . Risk profile may exhibit wide variation with changes in economic / sector conditions.
B+ B B-	Tassnief considers the rated issuer or issuance hold very low creditworthiness , thus high credit risk
CCC+ CCC CCC-	Tassnief considers the rated issuer or issuance hold extremely low creditworthiness , thus very high credit risk
CC C	Highly speculative credit profile , and the default is imminent
D	Tassnief considers the rated issuer or issuance have defaulted or may default soon .

****End of Report****