

**SEDCO CAPITAL REIT FUND**  
(Managed by SEDCO Capital)

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S  
REPORT TO THE UNITHOLDERS**

**FOR THE YEAR ENDED 31 DECEMBER 2025**

# **SEDCO CAPITAL REIT FUND**

(Managed by SEDCO Capital)

## **FINANCIAL STATEMENTS**

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For the year ended 31 December 2025

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**INDEPENDENT AUDITOR'S REPORT  
To the Unitholders of SEDCO Capital REIT Fund**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of SEDCO Capital REIT Fund (the "Fund"), managed by SEDCO Capital Company (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2025, and the statement of income and comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia, as applicable to audit of financial statement of public interest entities. We have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matter**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to the key audit matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

**INDEPENDENT AUDITOR'S REPORT**  
**To the Unitholders of SEDCO Capital REIT Fund (continued)**

**Report on the Audit of the Financial Statements (continued)**

**Key Audit Matter (continued)**

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><b>Impairment of investment properties</b></p> <p>As at 31 December 2025, the carrying value of investment properties held by the Fund was ₪ 3,144.9 million (2024: ₪ 2,201.2 million), net of impairment of ₪91.5 million (2024: ₪125.5 million).</p> <p>The investment properties are stated at cost net of accumulated depreciation and impairment losses, if any. The carrying values of these investment properties are reviewed at each reporting date by the Fund Manager to assess whether there are indicators of impairment and, wherever indicators of impairment exist, an impairment assessment is performed by determining if the recoverable amounts of these investment properties are less than their carrying values.</p> <p>The Fund Manager engages two independent certified valuers to determine the recoverable amounts. The valuations are carried out using common methodologies and approaches, and this is considered a key audit matter as these methodologies and approaches involve significant judgement and estimates including estimated rental value per sqm per month, occupancy rates, escalations, exit yield and discount rates, including economic fluctuations impact on the Fund's business.</p> <p><i>Refer to note 3 which includes the disclosure of significant accounting judgement, estimates and assumptions for valuation of investment properties. Also, refer to note 4.2 for the disclosure of material accounting policy information relevant for recognition and measurement of investment properties. Also, refer to note 5 for details regarding investment properties.</i></p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the procedures in identifying impairment indicators in respect of investment properties.</li> <li>• Evaluated objectivity, independency, competence and experience of the valuers. We also ensured that the valuers are certified from Saudi Authority for Accredited Valuers.</li> <li>• On a sample-basis, we involved our specialists to perform the following: <ul style="list-style-type: none"> <li>○ Review the reasonableness of the fair values of the investment properties, and the critical assumptions including estimated rental value per sqm per month, occupancy rates, escalations, exit yield and discount rates.</li> <li>○ Analyze the significant assumptions and evaluate their impact on the fair values as well as assessing the impact of changes in the key assumptions to the fair values of the investment properties as determined by the valuers.</li> </ul> </li> <li>• We also compared the recoverable amounts, for a sample investment properties, with their carrying values to determine whether recognition of any impairment loss is required.</li> <li>• Evaluated the adequacy of presentation and disclosures in respect of investment properties, including disclosures of key assumptions and judgements.</li> </ul>



## **INDEPENDENT AUDITOR'S REPORT To the Unitholders of SEDCO Capital REIT Fund (continued)**

### **Report on the Audit of the Financial Statements (continued)**

#### **Other Information**

Other information consists of the information included in the Fund's 2025 annual report, other than the financial statements and our auditor's report thereon. The Fund Manager is responsible for the other information in its annual report. The Fund's 2025 annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Fund's 2025 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### **Responsibilities of the Fund Manager and Those Charged with Governance for the Financial Statements**

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants, and the applicable provisions of the Real Estate Investment Funds Regulations issued by the Board of the Capital Market Authority and the Fund's terms and conditions, and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Fund Board, are responsible for overseeing the Fund's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit, in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

**INDEPENDENT AUDITOR'S REPORT**  
**To the Unitholders of SEDCO Capital REIT Fund (continued)**

**Report on the Audit of the Financial Statements (continued)**

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for Ernst & Young Professional Services



Ahmed Ibrahim Reda  
Certified Public Accountant  
License No. (356)

Jeddah: 12 Shawwal 1447H  
(31 March 2026G)



# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	<i>2025</i> ¥	<i>2024</i> ¥
<b>ASSETS</b>			
<b>NON-CURRENT ASSET</b>			
Investment properties	5	<b>3,144,862,051</b>	2,201,225,799
<b>TOTAL NON-CURRENT ASSET</b>		<b>3,144,862,051</b>	2,201,225,799
<b>CURRENT ASSETS</b>			
Rent receivables	6	<b>139,700,314</b>	92,197,542
Prepayments and other assets		<b>329,470</b>	1,309,922
Cash and cash equivalents	7	<b>182,498,932</b>	183,299,076
		<b>322,528,716</b>	276,806,540
Asset held for sale	5.3	<b>63,539,399</b>	-
<b>TOTAL CURRENT ASSET</b>		<b>386,068,115</b>	276,806,540
<b>TOTAL ASSETS</b>		<b>3,530,930,166</b>	2,478,032,339
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITY</b>			
Financing facility from a bank	8	<b>1,800,775,342</b>	953,489,955
<b>TOTAL NON-CURRENT LIABILITY</b>		<b>1,800,775,342</b>	953,489,955
<b>CURRENT LIABILITIES</b>			
Dividends payable	9	<b>25,704,861</b>	23,382,275
Due to a related party	10	<b>24,202,117</b>	17,086,164
Property acquisition payable	5.8	<b>55,000,000</b>	-
Accrued expenses and other payable	11	<b>5,783,396</b>	10,173,586
Advance received against sale of asset held for sale	5.3	<b>100,750,000</b>	-
Deferred revenue	12	<b>39,531,261</b>	7,645,222
Current portion of financing facility from a bank	8	<b>19,384,927</b>	12,098,951
<b>TOTAL CURRENT LIABILITIES</b>		<b>270,356,562</b>	70,386,198
<b>TOTAL LIABILITIES</b>		<b>2,071,131,904</b>	1,023,876,153
<b>NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS</b>		<b>1,459,798,262</b>	1,454,156,186
<b>UNITS IN ISSUE</b>	13	<b>186,944,444</b>	186,944,444
<b>Net assets per unit ( ¥)</b>		<b>7.8087</b>	7.7785

The attached notes from 1 to 20 form an integral part of these financial statements.

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## STATEMENT OF INCOME AND COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Notes</i>	<b>2025</b> RM	<b>2024</b> RM
<b>INCOME</b>			
Rental income		<b>216,429,425</b>	173,534,076
Murabaha income	7 (a)	<b>8,081,638</b>	3,181,988
Other income	5.4	<b>5,000,000</b>	-
<b>TOTAL INCOME</b>		<b>229,511,063</b>	176,716,064
<b>EXPENSES</b>			
Depreciation	5	<b>45,716,997</b>	34,187,472
Management, administrative and shariah fees		<b>16,207,640</b>	17,102,783
Operating and other expenses	14	<b>18,467,763</b>	17,713,357
Impairment (reversal) / charge on investment properties	5	<b>(33,974,343)</b>	24,003,263
Expected credit loss on rent receivables	6.1	<b>3,000,000</b>	6,000,000
Financing fees and bank charges	8	<b>100,841,555</b>	63,299,349
<b>TOTAL EXPENSES</b>		<b>150,259,612</b>	162,306,224
<b>NET INCOME FOR THE YEAR</b>		<b>79,251,451</b>	14,409,840
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>79,251,451</b>	14,409,840

The attached notes from 1 to 20 form an integral part of these financial statements.

## SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 31 December 2025

	2025 #	2024 #
Net assets attributable to the unitholders at 1 January	1,454,156,186	1,533,218,570
Total comprehensive income for the year	79,251,451	14,409,840
Dividend (note 9)	<u>(73,609,375)</u>	<u>(93,472,224)</u>
Net assets attributable to the unitholders as at 31 December	<u><u>1,459,798,262</u></u>	<u><u>1,454,156,186</u></u>

The attached notes from 1 to 20 form an integral part of these financial statements.

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	<i>Notes</i>	<b>2025</b> ⌘	<b>2024</b> ⌘
<b>OPERATING ACTIVITIES</b>			
Net income for the year		<b>79,251,451</b>	14,409,840
<i>Adjustments to reconcile net income to net cash from operating activities:</i>			
Depreciation	5	<b>45,716,997</b>	34,187,472
(Reversal of)/ impairment charge on investment properties	5	<b>(33,974,343)</b>	24,003,263
Expected credit loss on rent receivables	6.1	<b>3,000,000</b>	6,000,000
Financing fees and bank charges	8	<b>100,841,555</b>	63,299,349
		<b>194,835,660</b>	141,899,924
<b>Net changes in operating assets and liabilities:</b>			
Rent receivables		<b>(50,502,772)</b>	(35,048,055)
Prepayments and other assets		<b>5,566</b>	3,471,121
Due to a related party		<b>7,115,953</b>	1,731,686
Accrued expenses and other payable		<b>(4,390,190)</b>	3,222,578
Deferred revenue		<b>31,886,039</b>	(1,037,206)
		<b>178,950,256</b>	114,240,048
<b>INVESTING ACTIVITIES</b>			
Payments made for the additions to investment properties		<b>(963,918,305)</b>	(1,151,292)
Advance received against sale of asset held for sale	5.3	<b>100,750,000</b>	(514,740)
		<b>(863,168,305)</b>	(1,666,032)
<b>FINANCING ACTIVITIES</b>			
Proceeds from loan and borrowings		<b>843,262,500</b>	167,500,000
Repayment of loan principal and interest		<b>(90,470,306)</b>	(58,163,277)
Movement in financing facility from a bank		<b>1,912,500</b>	-
Dividend paid during the year	9	<b>(71,286,789)</b>	(97,305,376)
		<b>683,417,905</b>	12,031,347
<b>Net change in cash and cash equivalents</b>		<b>(800,144)</b>	124,605,363
Cash and cash equivalents at beginning of the year		<b>183,299,076</b>	58,693,713
<b>Cash and cash equivalents at end of the year</b>		<b>182,498,932</b>	183,299,076

The attached notes from 1 to 20 form an integral part of these financial statements.

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

### 1 THE FUND AND ITS ACTIVITIES

SEDCO Capital REIT Fund (the "Fund") is a close-ended Shariah compliant real estate investment traded fund. The Fund is established and managed by Saudi Economic and Development Securities Company ("SEDCO Capital" or the "Fund Manager"), a subsidiary of Saudi Economic and Development Holding Company (the "Company"), for the benefit of the Fund's Unitholders. The Fund is ultimately supervised by the Fund Board.

SEDCO Capital, a Saudi closed joint stock company licensed by the Capital Market Authority ("CMA") under License No. 11157-37 dated 23/04/1430 H corresponding to 19/4/2009, manages the Fund. The Fund Manager conducts following securities activities:

- a) Dealing;
- b) Arranging;
- c) Managing and operating funds;
- d) Advising; and
- e) Custody

The Fund's objective is to provide periodic rental income to its Unitholders by investing mainly in developed properties generating income, in addition to potential capital growth of total value of Fund's assets when assets are sold later, or target assets are developed or expanded.

The Fund invests mainly in developed income generating real estate assets. The Fund may invest part of its assets and cash surplus in Murabaha transactions and short-term deposits in Saudi Riyals with banks that are licensed by the Saudi Central Bank ("SAMA") and operate in Saudi Arabia. The Fund may invest up to 25% of the fund's total assets in public money market funds and Murabaha deposits.

The terms and conditions of the Fund were approved by the Capital Market Authority (the "CMA") on 16 Rabi Awal 1439 H (corresponding to 4 December 2017). The offering year for the subscription of the units was from 24 January 2018 to 20 February 2018. Unitholders subscribed for the units of the Fund during the offering year and cash was held in a collection account of SNB Capital. The Fund commenced its activities on 1 April 2018 (the "inception date").

The Fund's term is ninety nine (99) years following the date of listing units on Tadawul. The term of the Fund may be extended at the Fund Manager's discretion subject to CMA approval.

The Fund is governed by the Real Estate Investment Funds Regulations (the "Regulations"), issued by the Board of the Capital Market Authority (CMA) pursuant to Resolution No. 1-193-2006 dated 19 Jumada Al-Thani 1427H (corresponding to 15 July 2006G), based on the Capital Market Law issued by Royal Decree No. M/30 dated 2 Jumada Al-Thani 1424H, and as amended by Resolution of the Board of the CMA No. 1-54-2025 dated 23 Dhul-Qi'dah 1446H (corresponding to 21 May 2025G), detailing requirements for real estate investment funds within the Kingdom of Saudi Arabia.

A special purpose entity was established, Saudi Economic and Development Company for Real Estate Funds (A Limited Liability Company) for legally owning and holding real estate properties on behalf of the Fund and for the benefit of the Unitholders.

### 2 BASIS OF PREPERATION

#### a) *Statement of compliance*

These financial statements have been prepared in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and in compliance with the applicable provisions of the Real Estate Investment Funds Regulations issued by Board of the Capital Market Authority, and the Fund's terms and conditions.

The Fund has prepared the financial statements on the basis that it will continue to operate as a going concern.

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

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## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

### 2 BASIS OF PREPERATION (continued)

#### *b) Basis of measurement*

These financial statements have been prepared under the historical cost convention using the accrual basis of accounting.

#### *c) Functional and presentation currency*

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). These financial statements are presented in Saudi Arabian Riyal (“**ﷲ**”) which is the Fund’s functional and presentation currency.

### 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Fund’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

#### *Valuation of investment properties*

The key inputs to valuation of investment properties include estimated rental value per sqm per month, rent growth per annum, occupancy rates, escalations, exit yield and discount rate. The Fund engaged two independent valuation specialists to assess fair values as at 31 December 2025 for the investment properties.

Using the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset’s life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behavior that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the investment properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long-term vacancy rate.

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

### 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

#### *Impairment of non-financial assets*

The Fund Manager reviews the carrying amounts of non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use.

Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised. A reversal of an impairment loss is recognized as income immediately in the statement of comprehensive income.

#### *Provision for expected credit losses of rent receivables*

The Fund uses a provision matrix to calculate ECLs for rent receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Fund's historical observed default rates. The Fund will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Fund's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Fund's rent receivables is disclosed in note 6.

#### **Useful lives of investment properties**

The Fund Manager determines the estimated useful lives of investment properties for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Fund manager reviews the residual value and useful lives annually and change in depreciation charges, if any, are adjusted in current and future years.

### 4 MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### **4.1 Current versus non-current classification**

The Fund presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
  - It is held primarily for the purpose of trading
  - It is due to be settled within twelve months after the reporting period
- Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Fund classifies all other liabilities as non-current.

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

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## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

### 4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 4.2 Investment properties

Investment properties are non-current assets held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of operations, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement of income in the period of derecognition.

#### 4.3 Assets held for sale

The Fund classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Investment properties are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

#### 4.4 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### *a) Financial assets*

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund's business model for managing them. With the exception of rent receivables that do not contain a significant financing component or for which the Fund has applied the practical expedient, the Fund initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Fund's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

# SEDCO CAPITAL REIT FUND

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## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

### 4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 4.4 Financial instruments – initial recognition and subsequent measurement (continued)

##### a) Financial assets (continued)

###### *Subsequent measurement*

###### *Financial assets at amortized cost*

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Fund's financial assets at amortized cost includes rent receivables, prepayments and other assets and cash and cash equivalents.

###### *Financial assets at fair value through income statement (FVIS)*

Financial assets at fair value through income statement are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of income. The Fund currently does not have any asset classified at FVIS.

###### *Financial assets at fair value through OCI (FVOCI)*

Upon initial recognition, the Fund can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to income statement. Dividends are recognised as other income in the statement of income when the right of payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Fund currently does not have any asset classified at FVOCI.

###### *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Fund's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, Or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

###### *Impairment*

The Fund recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For rent receivables, the Fund applies a simplified approach in calculating ECLs. Therefore, the Fund does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Fund has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

##### b) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through income statement, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Fund's financial liabilities include financing facility from a bank, dividends payable, due to a related party and other payables.

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

### 4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 4.4 Financial instruments – initial recognition and subsequent measurement (continued)

##### b) *Financial liabilities (continued)*

###### *Subsequent measurement*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Fund that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of income statement. Financial liabilities designated upon initial recognition at fair value through income statement are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Fund has not designated any financial liability as at fair value through income statement.

###### *Financial liabilities at amortized cost (financing facility from a bank)*

This is the category most relevant to the Fund. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of income statement.

###### *Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of income statement.

##### c) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

#### 4.5 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents are carried at amortised cost in the statement financial position.

#### 4.6 Provisions

Provisions are recognized when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Fund expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

### 4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 4.7 Zakat and income tax

Taxation/zakat is the obligation of the unitholders and therefore, no provision for such liability is made in these financial statements. Refer note 15.

#### 4.8 Dividend payable

Interim and final dividends are recorded as a liability in the year in which they are approved by the Fund Board.

#### 4.9 Revenue recognition

##### *Rental income*

The Fund classifies the lease agreements of the investment properties as operating leases as it does not transfer substantially all the risks and rewards incidental to ownership of the investment properties. Rental income arising from leasing of investment properties is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

##### *Murabaha income*

Income from Murabaha deposits is recognized using the effective profit rate over the period of the deposit agreement.

#### 4.10 Fund fees

In accordance with the approved terms and conditions of the fund, the fund pays the following fees:

- a) Administration and management fees
- b) Performance fee
- c) Financing arrangement fees
- d) Brokerage fee and acquisition fee
- e) Custody fee
- f) Shariah fees
- g) Property Management Fee
- h) Board fees
- i) Depository Centre Fees (Edaa fees)
- j) Tadawul fee

#### 4.11 Impact of new standards, interpretations and amendments adopted by the Fund

The Fund applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Fund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. These did not have any impact on the Fund's financial statements.

#### Standard, interpretation, amendments

Standard, interpretation, amendments	Description	Effective date
Amendment to IAS 21 Lack of exchangeability	–IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025

# SEDCO CAPITAL REIT FUND

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## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

### 4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 4.12 Standards issued but not yet effective

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments and revisions which are effective from periods on or after 1 January 2026. The Fund has opted not to early adopt these pronouncements and the management does not expect these to have a significant impact on the financial statements of the Fund.

Standard, interpretation and amendments	Description	Effective date
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective Date deferred indefinitely
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026
Amendments to IFRS 9 and IFRS 7 Contracts referencing Nature-dependent Electricity	Contracts Referencing Nature-dependent Electricity amends IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to more faithfully reflect the effects of contracts referencing nature-dependent electricity on an entity's financial statements.	1 January 2026
Annual improvements to IFRS – Volume 11	Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash Flows.	1 January 2026
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' (MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	1 January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability, and its parent produces consolidated financial statements under IFRS.	1 January 2027

**SEDCO CAPITAL REIT FUND**  
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**NOTES TO THE FINANCIAL STATEMENTS**

At 31 December 2025

**5 INVESTMENT PROPERTIES**

**5.1 The details of the investment properties as at 31 December 2025 is as follows:**

	Type	Location	Cost			Depreciation			Opening SAR	Impairment (Charge)/ reversal for the year SAR	Closing impairment SAR	Net Book value SAR	Fair Value SAR
			Opening SAR	Additions during the year SAR	Closing SAR	Opening SAR	Charge for the year SAR	Closing SAR					
Al Khaldiyah Business Centre	Commercial	Jeddah	166,744,640	-	166,744,640	(13,863,067)	(1,986,347)	(15,849,414)	(21,503,073)	10,607,847	(10,895,226)	140,000,000	140,000,000
Al Jazeera Residential Compound (note 5.3)	Residential	Riyadh	67,702,885	-	67,702,885	(3,641,129)	(522,357)	(4,163,486)	-	-	-	63,539,399	100,500,000
Hyper Panda	Commercial	Jeddah	39,300,000	-	39,300,000	(1,884,206)	(279,000)	(2,163,206)	-	-	-	37,136,794	40,550,000
Hyper Panda	Commercial	Riyadh	78,765,000	-	78,765,000	(3,801,840)	(562,950)	(4,364,790)	-	-	-	74,400,210	82,550,000
Public Prosecution Building	Commercial	Jeddah	64,401,692	-	64,401,692	(8,525,745)	(1,332,050)	(9,857,795)	-	-	-	54,543,897	63,950,000
Al Rawdah Business Centre	Commercial	Jeddah	126,506,450	-	126,506,450	(17,944,464)	(2,686,329)	(20,630,793)	(7,440,986)	7,440,986	-	105,875,657	107,000,000
Al Hayat Tower Apartments Hotel	Commercial	Riyadh	41,260,000	-	41,260,000	(3,688,735)	(290,107)	(3,978,842)	(16,589,765)	758,607	(15,831,158)	21,450,000	21,450,000
Banque Saudi Fransi Building	Commercial	Dammam	28,519,294	-	28,519,294	(2,883,498)	(447,863)	(3,331,361)	-	-	-	25,187,933	30,650,000
Hyper Panda	Commercial	Dammam	62,545,580	-	62,545,580	(4,782,225)	(747,861)	(5,530,086)	-	-	-	57,015,494	74,700,000
Al Hokair Time Centre	Commercial	Dammam	34,206,942	-	34,206,942	(2,863,867)	(447,863)	(3,311,730)	-	-	-	30,895,212	34,000,000
Ajdan Walk	Commercial	Al Khobar	356,274,715	-	356,274,715	(38,097,518)	(6,313,978)	(44,411,496)	(1,445,697)	(1,917,522)	(3,363,219)	308,500,000	308,500,000
Hyper Panda (Branch & Parking)	Commercial	Dammam	70,274,929	-	70,274,929	(3,547,421)	(1,236,911)	(4,784,332)	-	-	-	65,490,597	71,000,000
Al Olaya School	Commercial	Riyadh	63,776,863	-	63,776,863	(3,140,760)	(1,090,406)	(4,231,166)	-	-	-	59,545,697	74,250,000
Extra Store	Commercial	Dammam	52,984,181	-	52,984,181	(1,674,941)	(614,526)	(2,289,467)	-	-	-	50,694,714	54,900,000
Irqah Plaza	Commercial	Riyadh	96,018,786	-	96,018,786	(2,390,597)	(806,028)	(3,196,625)	(9,151,189)	2,879,028	(6,272,161)	86,550,000	86,550,000
Al Hamra Plaza	Commercial	Riyadh	71,346,032	-	71,346,032	(1,736,442)	(646,381)	(2,382,823)	-	-	-	68,963,209	70,850,000
Dar Al Baraa School	Commercial	Riyadh	165,807,140	-	165,807,140	(11,133,665)	(3,821,651)	(14,955,316)	-	-	-	150,851,824	175,950,000
Al Manahij School	Commercial	Riyadh	58,457,273	-	58,457,273	(2,291,004)	(853,469)	(3,144,473)	(203,769)	203,769	-	55,312,800	57,950,000
Amjad Qortuba School	Commercial	Riyadh	122,271,188	-	122,271,188	(5,050,688)	(1,882,306)	(6,932,994)	(1,351,500)	1,351,500	-	115,338,194	119,400,000
Ajdan Entertainment	Commercial	Al Khobar	178,400,907	-	178,400,907	(9,947,444)	(2,853,823)	(12,801,267)	(21,273,463)	8,090,592	(13,182,871)	152,416,769	153,250,000
Atelier La Vie (note 5.4)	Commercial	Jeddah	531,803,051	-	531,803,051	(7,783,989)	(4,058,819)	(11,842,808)	(46,509,062)	34,048,819	(12,460,243)	507,500,000	507,500,000
Dunecrest American School (note 5.7)	Commercial	Dubai, UAE	-	169,155,805	169,155,805	-	(1,992,138)	(1,992,138)	-	(1,713,667)	(1,713,667)	165,450,000	165,450,000
Palm View (note 5.8)	Commercial	Riyadh	-	703,625,000	703,625,000	-	(9,349,384)	(9,349,384)	-	(27,775,616)	(27,775,616)	666,500,000	666,500,000
BAN Abdulaziz (note 5.9)	Commercial	Riyadh	-	146,137,500	146,137,500	-	(894,450)	(894,450)	-	-	-	145,243,050	156,500,000
Transfer to asset held for sale (note 5.3)			(67,702,885)	-	(67,702,885)	3,641,129	522,357	4,163,486	-	-	-	(63,539,399)	(100,500,000)
			<u>2,409,664,663</u>	<u>1,018,918,305</u>	<u>3,428,582,968</u>	<u>(147,032,116)</u>	<u>(45,194,640)</u>	<u>(192,226,756)</u>	<u>(125,468,504)</u>	<u>33,974,343</u>	<u>(91,494,161)</u>	<u>3,144,862,051</u>	<u>3,263,400,000</u>

**SEDCO CAPITAL REIT FUND**  
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**NOTES TO THE FINANCIAL STATEMENTS**

At 31 December 2025

**5 INVESTMENT PROPERTIES (continued)**

5.1 The details of the investment properties as at 31 December 2024 is as follows:

	Type	Location	Cost				Depreciation			Impairment			Net Book value ﷲ	Fair Value ﷲ
			Opening ﷲ	Additions during the year ﷲ	Transfers ﷲ	Closing ﷲ	Opening ﷲ	Charge for the year ﷲ	Closing ﷲ	Opening ﷲ	(Charge)/reversal for the year ﷲ	Closing impairment ﷲ		
Al Khaldiyah Business Centre	Commercial	Jeddah	166,425,964	318,676	-	166,744,640	(11,793,105)	(2,069,962)	(13,863,067)	(18,576,859)	(2,926,214)	(21,503,073)	131,378,500	131,378,500
Al Jazeera Residential Compound	Residential	Riyadh	67,702,885	-	-	67,702,885	(3,110,042)	(531,087)	(3,641,129)	-	-	-	64,061,756	79,184,500
Hyper Panda	Commercial	Jeddah	39,300,000	-	-	39,300,000	(1,605,206)	(279,000)	(1,884,206)	-	-	-	37,415,794	39,330,500
Hyper Panda	Commercial	Riyadh	78,765,000	-	-	78,765,000	(3,238,890)	(562,950)	(3,801,840)	-	-	-	74,963,160	81,828,500
Public Prosecution Building	Commercial	Jeddah	64,091,202	310,490	-	64,401,692	(7,199,263)	(1,326,482)	(8,525,745)	-	-	-	55,875,947	60,329,000
Al Rawdah Business Centre	Commercial	Jeddah	126,503,000	3,450	-	126,506,450	(15,404,950)	(2,539,514)	(17,944,464)	(12,334,549)	4,893,563	(7,440,986)	101,121,000	101,121,000
Al Hayat Tower Apartments Hotel	Commercial	Riyadh	41,260,000	-	-	41,260,000	(3,412,786)	(275,949)	(3,688,735)	(17,061,714)	471,949	(16,589,765)	20,981,500	20,981,500
Banque Saudi Fransi Building	Commercial	Dammam	28,519,294	-	-	28,519,294	(2,435,637)	(447,861)	(2,883,498)	-	-	-	25,635,796	27,406,500
Hyper Panda	Commercial	Dammam	62,545,580	-	-	62,545,580	(4,034,362)	(747,863)	(4,782,225)	-	-	-	57,763,355	72,433,000
Al Hokair Time Centre	Commercial	Dammam	34,206,942	-	-	34,206,942	(2,416,006)	(447,861)	(2,863,867)	-	-	-	31,343,075	34,024,000
Ajdan Walk	Commercial	Al Khobar	356,274,715	-	-	356,274,715	(31,740,167)	(6,357,351)	(38,097,518)	-	(1,445,697)	(1,445,697)	316,731,500	316,731,500
Hyper Panda (Branch & Parking)	Commercial	Dammam	70,274,929	-	-	70,274,929	(2,310,509)	(1,236,912)	(3,547,421)	-	-	-	66,727,508	70,611,000
Al Olaya School	Commercial	Riyadh	63,776,863	-	-	63,776,863	(2,050,354)	(1,090,406)	(3,140,760)	-	-	-	60,636,103	71,855,000
Extra Store	Commercial	Dammam	52,984,181	-	-	52,984,181	(1,068,331)	(606,610)	(1,674,941)	(263,850)	263,850	-	51,309,240	52,111,500
Iraqah Plaza	Commercial	Riyadh	93,955,614	-	2,063,172	96,018,786	(1,610,662)	(779,935)	(2,390,597)	(10,020,952)	869,763	(9,151,189)	84,477,000	84,477,000
Al Hamra Plaza	Commercial	Riyadh	71,346,032	-	-	71,346,032	(1,090,063)	(646,379)	(1,736,442)	-	-	-	69,609,590	72,103,500
Dar Al Baraa School	Commercial	Riyadh	165,807,140	-	-	165,807,140	(7,312,015)	(3,821,650)	(11,133,665)	-	-	-	154,673,475	169,684,500
Al Manahij School	Commercial	Riyadh	58,457,273	-	-	58,457,273	(1,473,651)	(817,353)	(2,291,004)	(1,407,623)	1,203,854	(203,769)	55,962,500	55,962,500
Amjad Qortuba School	Commercial	Riyadh	122,271,188	-	-	122,271,188	(3,331,760)	(1,718,928)	(5,050,688)	(6,797,427)	5,445,927	(1,351,500)	115,869,000	115,869,000
Ajdan Entertainment	Commercial	Al Khobar	178,400,907	-	-	178,400,907	(6,675,538)	(3,271,906)	(9,947,444)	(7,337,369)	(13,936,094)	(21,273,463)	147,180,000	147,180,000
Atelier La Vie	Commercial	Jeddah	531,284,375	518,676	-	531,803,051	(3,172,476)	(4,611,513)	(7,783,989)	(27,664,898)	(18,844,164)	(46,509,062)	477,510,000	477,510,000
Work in progress			1,548,432	514,740	(2,063,172)	-	-	-	-	-	-	-	-	-
			<u>2,475,701,516</u>	<u>1,666,032</u>	<u>-</u>	<u>2,477,367,548</u>	<u>(116,485,773)</u>	<u>(34,187,472)</u>	<u>(150,673,245)</u>	<u>(101,465,241)</u>	<u>(24,003,263)</u>	<u>(125,468,504)</u>	<u>2,201,225,799</u>	<u>2,282,112,500</u>

# SEDCO CAPITAL REIT FUND

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## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

### 5 INVESTMENT PROPERTIES (continued)

5.2 At the reporting date, had the investment properties and asset held for sale been carried at their respective fair values, the net assets value and per unit value of the Fund would have been as follows:

	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>ﷲ</i>	<i>ﷲ</i>
Net assets as reported	<b>1,459,798,262</b>	1,454,156,186
Net appreciation in value based on valuation	<b>155,498,550</b>	80,886,701
<b>Net assets at fair value</b>	<b>1,615,296,812</b>	1,535,042,887
Net assets per unit, at cost	<b>7.8087</b>	7.7785
Impact on net assets per unit for the appreciation in value	<b>0.8317</b>	0.4327
<b>Net assets per unit at fair value</b>	<b>8.6405</b>	8.2112

### 5.3 Asset held for sale

On 30 December 2025, the Fund announced the execution of a sale agreement for Al Jazirah Residential Complex in Riyadh. The agreed consideration amounted to ﷲ100.75 million (excluding Real Estate Transaction Tax and any other transaction-related costs). The Fund received a cheque of ﷲ100.75 million, which has been classified as “Advance received against sale of asset held for sale”. Subsequent to year end, the legal procedures for sale of the property were finalized and the cheque was cleared.

As at the reporting date, Al Jazeera Residential Compound met the criteria for being classified as asset held for sale under IFRS 5 which have been presented as asset held for sale in these financial statements. The Fund stopped the depreciation of the investment property once the criteria for being classified as held for sale was met.

5.4 On 27 July 2025, the Fund signed sale and purchase agreement for the sale of “Atelier Lavie” property located in Jeddah for a total selling price of ﷲ 515 million (exclusive of real estate transaction tax and any other applicable selling fees). The buyer paid a non-refundable deposit of ﷲ 5 million, with the remaining purchase price to be settled and title transfer will be completed within 60 business days, extendable by mutual written agreement between the parties. On 26 October 2025, it was mutually agreed to extend the sale of the property for an additional period of 30 business days. The agreement was not extended further, accordingly, the Fund realized other income of ﷲ 5 million in relation to the non-refundable deposit.

5.5 The Fund Manager determines the estimated useful lives of investment properties for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. The estimated useful lives of the buildings in the investment properties is 33 years. Land and work in progress are not depreciated.

5.6 In accordance with article 36 of the Real Estate Investment Funds Regulations issued by Capital Market Authority (CMA), Kingdom of Saudi Arabia, the Fund Manager estimates the fair value of the Fund’s real estate assets based on the average of two valuations prepared by two independent valuers. The valuations of the investment properties as at 31 December 2025 were carried out by White Cubes and ValuStrat (2024: Jones Lang LaSalle Saudi Arabia Co. and Eshad), which are accredited valuers by Saudi Authority for Accredited Valuers (TAQEEM). The fair Value of the investment properties is recorded as the average value between the two accredited valuers. Key assumptions taken for valuation includes the rental income, occupancy rates, escalations, exit yield and discount rates.

5.7 On 13 May 2025, the Fund acquired Dunecrest American School, an educational complex located in Dubai, United Arab Emirates. The total acquisition cost amounted to ﷲ169.2 million, which includes acquisition fee and brokerage fees payable to the Fund Manager amounting to ﷲ 1.21 million and ﷲ2.02 million, respectively.

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

### 5 INVESTMENT PROPERTIES (continued)

- 5.8 On 1 June 2025, the Fund signed a sale and purchase agreement to acquire Palm View, which is an office complex located in Al-Diriyah, Riyadh for a total purchase price of ₪650 million. As per the agreement terms, the Fund paid ₪540 million on the date of title deed transfer. The remaining ₪110 million shall be paid in two instalments. The first instalment of ₪ 55 million was paid during the year while, the second instalment of ₪ 55 million remains unpaid as of 31 December 2025 and shall be settled during FY 2026. The cost of acquisition of ₪ 703.63 million also includes real estate transaction cost (RETT) of ₪32.5 million, as well as acquisition fee and brokerage fees payable to the Fund Manager amounting to ₪4.88 million and ₪16.25 million, respectively.
- 5.9 On 6 July 2025, the Fund completed the acquisition of an office property in Riyadh, Ban Abdulaziz, for ₪ 146.14 million. The cost of acquisition also includes real estate transaction cost (RETT) of ₪6.75 million, as well as acquisition fee paid to the Fund Manager amounting to ₪1.01 million and brokerage fees amounting to ₪3.38 million paid to third parties .

### 6 RENT RECEIVABLES

This represents rent receivables from tenants of investment properties in accordance with the terms of the corresponding tenancy agreements.

	2025 ₪	2024 ₪
Gross rent receivables	159,484,367	108,981,595
Allowance for expected credit losses (note 6.1)	(19,784,053)	(16,784,053)
	<u>139,700,314</u>	<u>92,197,542</u>

- 6.1 The movement in allowance for expected credit losses:

	2025 ₪	2024 ₪
Balance at 1 January	16,784,053	10,784,053
Charge for the year	3,000,000	6,000,000
Balance at year end	<u>19,784,053</u>	<u>16,784,053</u>

The aging of rent receivables is as follows:

	2025 ₪	2024 ₪
Not due	49,720,891	12,615,982
0-30 days	3,765,099	39,679,351
31 – 60 days	6,355,365	10,673,593
61 – 90 days	4,646,548	17,650,405
91 – 150 days	31,580,971	728,008
151 – 180 days	2,164,037	10,759,560
181 – 365 days	33,547,040	-
More than 365 days	27,704,416	16,874,696
	<u>159,484,367</u>	<u>108,981,595</u>

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

### 7 CASH AND CASH EQUIVALENTS

	2025 ₹	2024 ₹
Bank balances	26,748,932	1,299,076
Murabaha deposits with original maturities of less than three months (note (a) below)	55,000,000	182,000,000
Cheque (note (5.3))	100,750,000	-
	<u>182,498,932</u>	<u>183,299,076</u>

- a) During the year, the Fund earned Murabaha income of ₹ 8.08 million (2024: ₹3.18 million) at the rate of return ranging from 3.95% to 5.95% (2024: 4.60% to 5.65%).

At each reporting date, all bank balances including short-term Murabaha deposits are assessed to have low credit risk as they are held with reputable and high credit rating domestic banking institutions and there has been no history of default with any of the Fund's bank balances. Therefore, the probability of default based on forward looking factors and any loss given defaults are considered to be negligible.

### 8 FINANCING FACILITY FROM A BANK

During 2022, the Fund entered into a financing facility agreement with a local commercial bank with an approved limit of ₹ 1,175 million. During 2023, the approved limit increased to ₹ 1,716 million. During the current year, the facility limit increased from ₹ 1,716 million to ₹ 1,869 million for purpose of acquisition of new real estate assets.

The facility carries a commission of three months SAIBOR + 1% to be paid every three months and the principal is repayable in a single bullet payment on 16 October 2028. The facility is secured against all existing investment properties, except for Dunecrest American School which was acquired during the year.

As at 31 December 2025, the Fund has an undrawn amount of ₹56.325 million (31 December 2024: ₹748.5 million). The Fund has recorded financing charges based on effective commission rate method amounting to ₹100.842 million (31 December 2024: ₹63.3 million).

The above-mentioned financing arrangement has been disclosed in the statements of financial position as follows:

	31 December 2025 ₹	31 December 2024 ₹
Non-current liabilities	1,800,775,342	953,489,955
Current liabilities – current portion of financing from a bank	19,384,927	12,098,951
	<u>1,820,160,269</u>	<u>965,588,906</u>

Current portion of financing from a bank presented above represent accrued commission amounting to ₹19.38 million (31 December 2024: ₹12.10 million).

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

### 9 DIVIDENDS PAYABLE

During the year, the Fund Board declared and approved cash dividends amounting to ₪73.61 million (2024: ₪93.47 million). During the year, the Fund paid an amount of ₪71.29 million to the Fund's Unitholders (2024: ₪97.31 million). The details for the distributions are as follows:

Board Resolution date	The period paid for	Amount per unit (rounded)	Total ₪
15 May 2024	1 January 2024 – 31 March 2024	0.1250	23,368,056
9 July 2024	1 April 2024 – 30 June 2024	0.1250	23,368,056
13 November 2024	1 July 2024 – 30 September 2024	0.1250	23,368,056
26 December 2024	1 October 2024 – 31 December 2024	0.1250	23,368,056
23 April 2025	1 January 2025 – 31 March 2025	0.1250	23,368,056
14 July 2025	1 April 2025 – 30 June 2025	0.1313	24,536,458
04 November 2025	1 July 2025 – 30 September 2025	0.1375	25,704,861

### 10 RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions comprise of transactions with the Fund Manager, Fund Board, and other affiliates of the Fund Manager in the ordinary course of business, undertaken on mutually agreed terms. These transactions were carried out on the basis of approved terms and conditions of the Fund.

Following are the details of related party transactions during the year:

Related party	Nature of transaction	2025 ₪	2024 ₪
SEDCO Capital (Fund Manager)	Management fees	15,407,276	16,259,793
	Administrative Fees	770,364	812,990
	Shariah Fees	30,000	30,000
	Financing from Fund Manager	5,000,000	-
	Financing arrangement fee	1,912,500	-
	Brokerage and acquisition fees (Note 5.7, 5.8 & 5.9)	25,371,654	-
	Payment made on behalf of the fund	500,564	-
Al Mahmal Trading Company (Affiliate of Fund Manager)	Rent income	1,074,834	1,074,834
	Property management and rent collection fees	3,430,425	4,691,354
Fund Board	Board remuneration	60,000	60,000

The balance due to a related party as at 31 December 2025 amounting to ₪24.20 million (31 December 2024: ₪17.09 million) represents the amount payable to the Fund Manager. Additionally, the balance due to Al Mahmal Trading Company amounting to ₪1.34 million (31 December 2024: ₪2.77 million) represents the amount payable for property management and rent collections fees which is presented under accrued expenses and other payable (note 11).

Furthermore, the balance due to Fund Board amounted ₪30,000 (31 December 2024: Nil) which is presented under accrued expenses and other payable (note 11).

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

### 11 ACCRUED EXPENSES AND OTHER PAYABLE

Accrued expenses and other payables comprise of the following:

	2025 ₹	2024 ₹
Property management and rent collections fees payable (note 10)	1,341,484	2,770,202
Security deposits	1,708,907	2,880,211
VAT payable	1,129,343	2,964,960
Custody fee payable	937,834	971,935
Valuation fee payable	422,986	422,986
Accrued professional fees	151,315	112,765
Board fees payable (note 10)	30,000	-
Tadawul fee payable	15,000	5,000
Other payable	46,527	45,527
	<u>5,783,396</u>	<u>10,173,586</u>

### 12 DEFERRED REVENUE

This represents rental income received in advance as well as amounts billed in advance against which the Fund has contractual right to invoice and receive payment in respect of investment properties. Movement in deferred revenue is as follows:

	2025 ₹	2024 ₹
Balance at 1 January	7,645,222	8,682,428
Invoices issued and advance collection	248,315,464	172,496,870
Revenue earned	(216,429,425)	(173,534,076)
Balance at 31 December	<u>39,531,261</u>	<u>7,645,222</u>

### 13 UNITS IN ISSUE

The Fund initially issued a total of 60,000,000 units at the price of ₹ 10 per unit. During 2021, the Fund initiated a capital increase and issued additional 57,500,000 units at ₹10 per unit to reach total number of units issued of 117,500,000 units. Furthermore, during 2023, the Fund initiated a capital increase and issued additional 69,444,444 units at a discounted price of ₹8.64 per unit. Net proceeds from the capital increase amounted to ₹600 million. Total number of units issued as at year end is 186,944,444 units (31 December 2024: 186,944,444).

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

### 14 OPERATING AND OTHER EXPENSES

	2025 AED	2024 AED
Operating and maintenance expenses	14,034,054	14,067,891
Professional fees	924,500	1,123,026
Tadawul and Edaa fees	720,000	724,670
Custody fees	616,291	650,392
Insurance expenses	577,033	627,739
Board fees (note 10)	60,000	60,000
Other expenses	1,535,885	459,639
	<u>18,467,763</u>	<u>17,713,357</u>

### 15 ZAKAT

As per Zakat, Tax and Customs Authority (“ZATCA”) regulations, all Investment Funds are required to register and submit informative returns, and the responsibility of paying zakat will be at the unitholder level. The Fund has registered with ZATCA and filed an informative return for the year ended 31 December 2024.

The Fund has no liability to pay the Zakat and is only required to file the information only return. Zakat is the obligation of the unitholders and therefore, no provision for such liability is made in these financial statements.

The Zakat base is based on the following:

	2025 AED	2024 AED
Zakat base	118,141,987	223,506,506
Zakat due	<u>3,045,326</u>	<u>5,777,075</u>
Zakat per unit (rounded)	<u>0.01629</u>	<u>0.03090</u>

The Fund has no liability to pay the Zakat and is only required to file the information only return.

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

### 16 FINANCIAL RISK MANAGEMENT

The Fund's principal financial liabilities comprise financing facility from a bank, due to a related party, property acquisition payable, advance received against sale of asset held for sale and other payables. The main purpose of these financial liabilities is to finance the Fund's operations. The Fund's principal financial assets include rent receivables, cash and cash equivalents, asset held for sale and other receivables that derive directly from its operations. The Fund also holds investments properties. The Fund is exposed to market risk, credit risk and liquidity risk. The Fund Manager oversees the management of these risks. The Fund Manager is responsible for identifying and controlling risks. The Fund Board supervises the Fund Manager and is ultimately responsible for the overall management of the Fund.

Monitoring and controlling risks is primarily set up to be performed based on the limits established by the Fund Board. The Fund has its terms and conditions document that set out its overall business strategies, its tolerance of risks and its general risk management philosophy and is obliged to take actions to rebalance the portfolio in line with the investment guidelines. The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

#### a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: commission rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include financing facility from a bank and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 December in 2025 and 2024.

##### 1) *Commission rate risk*

Commission rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's exposure to the risk of changes in market interest rates relates primarily to the Fund's long-term financing facility which is at floating rate of interest and is subject to re-pricing on a regular basis.

The Fund analyses its commission rate exposure on a regular basis by monitoring commission rate trends and believes that the impact of such changes is not significant to the Fund.

##### *Commission rate sensitivity*

As at 31 December 2025, it is estimated that a general increase / decrease of 100 basis points in floating interest rates on financing facility, with all other variables held constant, would decrease / increase the Fund's net assets by approximately ₪18.2 million (2024: ₪9.7 million).

##### 2) *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates, and arises from financial instruments denominated in foreign currency. The Fund does not have any significant foreign exchange risk since the majority of its transactions are carried out in Saudi Riyal.

##### 3) *Price risk*

Price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and commission rate movements. The price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds. As of the date of statement of financial position, the Fund is not materially exposed to price risk.

#### b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Fund is exposed to credit risk from its operating activities (primarily rent receivables) and from its financing activities, including deposits with banks.

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

### 16 FINANCIAL RISK MANAGEMENT (continued)

#### b) Credit risk (continued)

It is the policy of the Fund to enter into financial instrument contracts with reputable counterparties. The Fund's risk management policies are designed to identify and to set appropriate risk limits and to monitor the risks and adherence to limits.

As at the reporting date, the Fund's maximum exposure to credit risk is represented by the respective carrying values of its financial assets exposed to credit risk which is as follows:

Assets	2025 ₹	2024 ₹
Cash and cash equivalents	182,498,932	183,299,076
Rent receivables	159,484,367	108,981,595
	<u>341,983,299</u>	<u>292,280,671</u>

The Fund implemented IFRS 9 – Financial Instruments which measures the probability of default for all rent receivables.

For the measurement of expected credit losses, all rent receivables are grouped together based on the common credit risk characteristics and the aging of these receivables, the ratios of the expected losses are approximately reasonable in respect of rent receivables losses. The expected loss ratios have been prepared based on the payments / collections of the rent receivables in data of 4 years and historical similar credit losses incurred during such period. The historical losses have been revised to reflect the information from macroeconomic factors and researchers that impacts the tenants' ability to settle receivables.

#### c) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund's terms and conditions provide redemption of units on liquidation of the Fund. All financial liabilities other than non-current liability are payable within 12 months from the date of statement of financial position.

The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, principally through rental income, or by taking short / long term loans from the financial institutions. As at 31 December 2025, the Fund has an undrawn amount of ₹ 56.33 million (31 December 2024: ₹ 748.5 million).

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

### 16 FINANCIAL RISK MANAGEMENT (continued)

#### c) Liquidity risk (continued)

Analysis of financial liabilities by remaining contractual maturities is as follows:

2025	<i>Less than 3 months</i>	<i>3 – 12 months</i>	<i>More than 1 year</i>	<i>Total</i>
Financing facility from a bank	-	19,384,927	1,800,775,342	1,820,160,269
Dividends payable	25,704,861	-	-	25,704,861
Due to a related party	24,202,117	-	-	24,202,117
Accrued expenses and other payables	2,945,146	1,708,907	-	4,654,053
	<u>52,852,124</u>	<u>21,093,834</u>	<u>1,800,775,342</u>	<u>1,874,721,300</u>
2024	<i>Less than 3 months</i>	<i>3 – 12 months</i>	<i>More than 1 year</i>	<i>Total</i>
⌘				
Financing facility from a bank	-	12,098,951	953,489,955	965,588,906
Dividends payable	23,382,275	-	-	23,382,275
Due to a related party	17,086,164	-	-	17,086,164
Accrued expenses and other payables	4,328,415	2,880,211	-	7,208,626
	<u>44,796,854</u>	<u>14,979,162</u>	<u>953,489,955</u>	<u>1,013,265,971</u>

### 17 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

### 17 FAIR VALUE MEASUREMENT (continued)

#### *Valuation technique and significant unobservable inputs for*

External valuers are involved for valuation of investment properties. The fair value of investment properties is classified within level 3 of the fair value hierarchy. Involvement of external valuers is determined and approved annually by the Fund Board. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every five years. The Fund Board decides, after discussions with the external valuers, which valuation techniques and inputs to use for each investment property.

At each reporting date, the Fund Manager analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Fund's accounting policies. For this analysis, the Fund Manager verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Fund Manager also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The Fund Manager deploys discounted cash flow (DCF) models for the valuation of underlying investment properties classified under level 3 of the fair value hierarchy. Significant unobservable inputs embedded in the models used by the Fund Manager include estimated rental value per sqm per month, occupancy rates, escalations, exit yield and discount rates.

Using the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long-term vacancy rate

Financial assets that are not measured at fair value include cash and cash equivalents and rent receivables and financial liabilities that are not measured at fair value include financing facility from a bank, dividend payable and due to a related party. The fair values of the financial instruments are not materially different from their carrying amounts.

### 18 LAST VALUATION DAY

The last valuation day of the year was 31 December 2025 (2024: 31 December 2024).

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

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## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

### 19 EVENTS AFTER REPORTING DATE

Subsequent to year-end, the Fund announced the distribution of cash dividends to the unitholders of the SEDCO Capital REIT Fund for the period from 1 October 2025 to 31 December 2025. The total dividend declared amounted to ₪ 26,873,264, with a distribution of ₪ 0.144 per unit.

Further, on 20 January 2026, the Fund's Board of Directors approved the signing of a purchase agreement for an office complex located in Riyadh. The property was acquired for a value of ₪ 125.8 million (excluding acquisition-related fees) subsequent to year end.

Furthermore, subsequent to the reporting date, geopolitical tensions in parts of the Middle East have increased. Public communications from government and regulatory authorities have continued to emphasise the resilience of the economy and the continuation of business operations across key sectors, supported by established business continuity and risk management frameworks.

These developments arose after the reporting period and have therefore been assessed as non-adjusting events in accordance with IAS 10 Events after the Reporting Period. Accordingly, no adjustments have been made to the amounts recognised in the financial statements as at 31 December 2025, which reflect conditions existing at that date.

The Fund Manager has assessed the potential implications of these events on its operations, financial position and performance. Based on information currently available, including the continuation of core business activities, it is not practicable to reliably estimate the full financial effect of these non-adjusting events on future periods.

The Fund Manager has also considered the impact of these events on the Fund's ability to continue as a going concern and has concluded that the going concern basis of preparation remains appropriate.

### 20 APPROVAL OF THE FINANCIAL STATEMENTS

These Financial statements have been approved by the Fund Board on 29 March 2026, (corresponding to 10 Shawwal 1447H.)