



SED CO Capital REIT Fund

Annual Report - 2025

December 2025



Table of Contents

#	Subject	Page Number
01	Fund Manager's Statement	03
02	Fund Factsheet and Strategy	04
03	Fund Updates and Investment Activities Review During the Period	04
04	Portfolio Description	05
05	Fund Properties	06
06	Fair value vs. Purchase Price and Book Value and Summary of Leased and Non-leased Assets, Occupancy Rate, and Weighted Average Lease Expiry	14
07	Dividend Distributions	15
08	Material Development During the Period	16
09	Changes to the Fund's Documents During the Year and the Subsequent Events	16
10	Summary of Fund's Performance	16
11	Stock/Unit performance	16
12	Topics Discussed and Resolutions Issued by the Fund Board	17
13	Financial Performance	19
14	Risk Assessment	21
15	Socioeconomic and Demographic Overview	25
16	Real Estate Sector Overview	27
17	Education and Entertainment Sector Overview	31
18	Fund Manager, Custodian and Auditor	34
19	Financial Statements	36



Fund Manager's Statement

We are pleased to present the annual report of SEDCO Capital REIT Fund to unitholders. This report highlights key activities, achievements, operational results and general insights regarding the portfolio along with the financial statements for the period ended 31 December 2025.

The Fund's portfolio comprises 24 income-generating assets, geographically diversified across Riyadh (46%), Jeddah (26%), the Eastern Province (23%), and Dubai (5%). The portfolio also benefits from sector diversification, including offices (34%), entertainment (31%), education (17%), retail (15%), residential (2%), and hospitality (1%), supporting a balanced risk profile and diversified income streams.

Despite the challenging market conditions facing the portfolio over the year, the average occupancy rate stood at 97.9%, reflecting a slight increase of 0.7% compared to December 2024.

Properties leased to single tenant represent 67% of the current portfolio with long term leases providing stability, while 33% of the properties are leased to multiple tenants with multiple lease agreements providing growth potential. The weighted average lease expiry (WALE) stood at 5.7 years.

The average value of the Fund's property portfolio, as valued by two independent valuers, was estimated at SAR 3,363.9 million, representing an increase of 2.1% compared to the total purchase price.

With respect to distributions, the Fund declared dividends of SAR 0.54 per unit, totaling SAR 100,482,639 for the period from 1 January 2025 to 31 December 2025, representing an annual yield of 5.38%.

We would like to express our gratitude to our unitholders for their trust during these challenging times. We remain committed to efficiently managing our properties and proactively addressing operational risks and challenges, while capitalizing on growth opportunities across the portfolio

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2025 marked a pivotal phase in the evolution of Saudi Arabia's real estate market, as the focus shifted from the development of regulatory and legislative frameworks—including price regulation policies and property ownership regulations—to their effective implementation on the ground. This transition took place alongside a strategic reprioritization of government spending within the Kingdom's budget. As a result, market dynamics began to reflect this shift, with reduced reliance on expectation-driven price increases and a stronger emphasis on tangible execution, operational sustainability, and disciplined capital allocation—factors that collectively enhance market stability and provide greater clarity on its future trajectory.

Transaction activity improved gradually over the course of the year, particularly in income-generating real estate assets, signaling a clear shift toward asset quality and their ability to deliver sustainable returns.

Across sectors, the residential market moved toward greater balance, supported by an increase in the supply of new housing units in preparation for the implementation of foreign ownership regulations at the beginning of 2026, which is expected to enhance demand and diversify the investor base. Meanwhile, demand for prime office space remained strong in the commercial sector, with tenants increasingly favoring high-quality spaces in strategic locations. In parallel, the retail sector continued its transformation from traditional malls into integrated, experience-driven destinations that combine physical presence with digital channels, in line with the sector's sustained growth outlook. As for the hospitality sector, development activity remained focused on high-end, heritage-inspired projects in partnership with global brands.

As we enter 2026, the Kingdom's real estate market is witnessing an acceleration in the pace of actual project execution, driven by the continued progress of Vision 2030 initiatives and increasing clarity of regulatory frameworks, alongside growing interest from international investors in the Saudi market. This integration of government spending, regulatory advancement, and rising foreign investment reflects a more advanced stage of market maturity, further reinforcing its attractiveness as a key destination for long-term investment.

SEDCO Capital continues to proactively anticipate market developments by identifying investment opportunities aligned with the fund's objectives and long-term vision. By combining strategic insight with disciplined investment practices, and maintaining a focus on high-quality, income-generating assets, the firm aims to deliver sustainable growth and enhance long-term value for its investors. //

Abdulwahhab Abed
Chief Executive Officer
SEDCO Capital

Fund Factsheet and Strategy

Fund Name

SEDCO Capital REIT Fund is a closed-ended Shariah-compliant traded real estate investment Fund, established in accordance with the laws and regulations applicable in the Kingdom of Saudi Arabia and complies with the regulations and instructions of the Capital Market Authority ("CMA").

Fund Factsheet

Fund Size Upon Listing	SAR 600,000,000
Number of Units Upon Listing	60,000,000 units
Fund Size After Increasing the Fund's Assets	SAR 1,869,444,440
Number of Units After Increasing the Fund's Assets	186,944,444 units
Currency	Saudi Riyals (SAR)
Headquarter	Kingdom of Saudi Arabia
Operation Date	1 April 2018
Listing Date	1 May 2018
Fund Term	99 years following the date of listing
Actual Dividend as of Reporting Date (on an annual basis)	5.38%

Fund Strategy

and Objectives and Dividend Policy

Acquiring developed real estate that generates rental and periodic income and distributing periodic income to unitholders amounting to no less than 90% of the fund's net profits during the fund's term, within 90 business days from the date of announcing the dividends. The Fund manager is expected to announce the dividends, their due date, and their distribution date within 40 business days from the end of June and December of each calendar year, with the exception of capital gains resulting from the sale of real estate assets, which are reinvested in additional assets to serve the interests of unitholders.

Assets Targeted by the Fund for Investment

The Fund intends to achieve its objectives and enhance the value of shareholders' capital by:

- Investing in developed and ready to use properties in order to generate regular rental income.
- Reinvesting the annual retained earnings (10% of total annual income) and capital gains from property sales in developed and ready to use assets in order to generate regular rental income, upon distribution of at least 90% of the Fund's net profit throughout the term of the Fund to the unitholders.
- Invest in low-performing assets, but promising, as the Fund Manager sees in view of their location or structural and design characteristics, in order to increase their operational efficiency and raise their rates of return more than those generated at the time of acquisition by modifying one or some of the characteristics such as design, leasing strategies associated with tenant mix and rental pricing, and reasons for use.
- Invest no more than 25% of the Fund's total assets value, according to the latest audited financial statements, in real estate development activities, whether owned by the Fund or not, or to renovate or redevelop those assets.

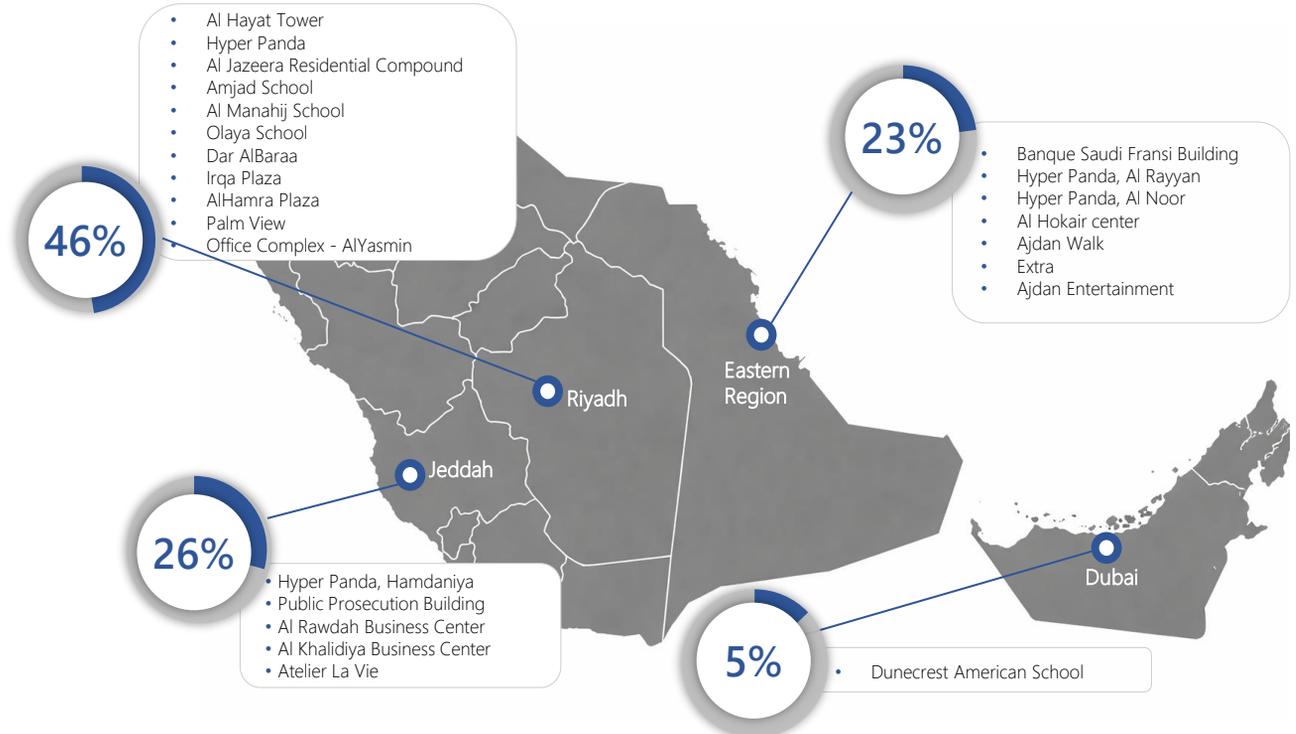
A review of the Investment Activities during the period and Fund Updates

- The occupancy rate stood at 97.9%, recording a slight increase of 0.7% compared to December 2024.
- Valustrat and White Cubes valued SEDCO Capital REIT Fund properties. As of 31 December 2025, the fair value of the Fund's assets has increased by 6.6% reaching SAR 3,363.9 compared to the latest valuation in June 2025, primarily due to the acquisition of Office Complex in Riyadh.
- The Fund's cash balance amounted to SAR 26,748,932 as of 31 December 2025. An amount of SAR 55,000,000 was placed in Murabaha to mature in Q1 2026. The cash balances will be used in operational activities and to pay the Fund's obligations.

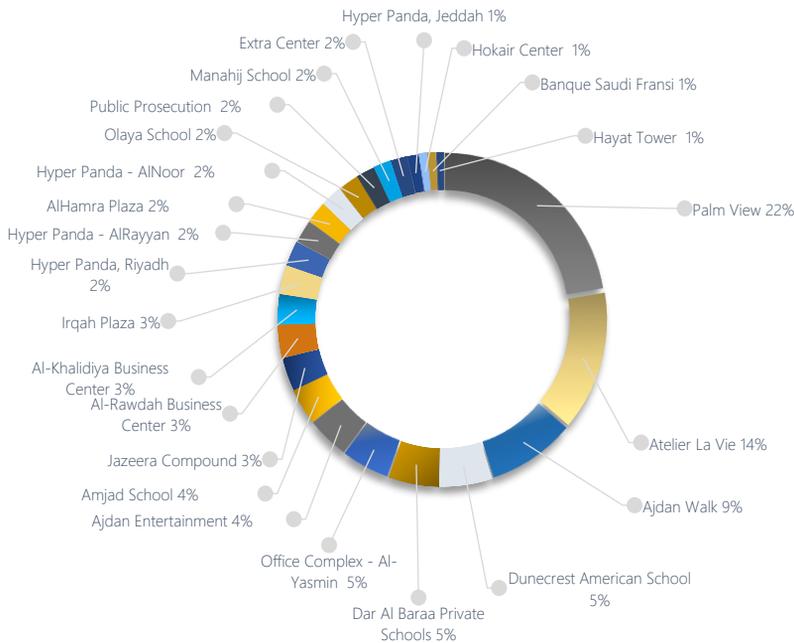
Portfolio Description

Geographical Diversity:

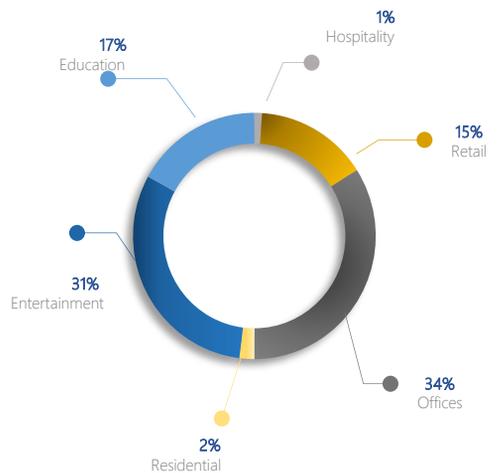
The Fund's assets are diversified across Riyadh 46%, Jeddah 26%, Eastern Province 23%, and Dubai 5%.



Assets Allocation



Sectoral Diversification of the Portfolio



Fund Properties

Properties – Riyadh

Al Hayat Tower Apartments Hotel



Description	Hotel apartments are located on Ka'ab Bin Malik Street, Al Maathar District, Riyadh
Sector	Hospitality
Land Area/m ²	1,495
Building Area/m ²	6,574
Occupancy Rate	100%
Annual Income	SAR 1,600,000 represents 0.64% of the total rent
Uncollected Revenue From Total Revenue	1.49%
Tenant	Al Hafla Al Raeah Hotel Apartment Est.
Weighted Average Lease Expiry	1.0 years

Hyper Panda - Riyadh



Description	Hyper Panda is located on Ishbillia District Branch, Riyadh
Sector	Retail
Land Area/m ²	23,604
Building Area/m ²	10,784
Occupancy Rate	100%
Annual Income	SAR 6,116,250 represents 2.45% of the total rent
Uncollected Revenue From Total Revenue	0.32%
Tenant	Panda Retail Company
Weighted Average Lease Expiry	2.4 years

Al Jazeera Residential Compound



Description	Residential compound located in the center of Riyadh on Mashaja Bin Saud St. Sulaymaniyah District
Sector	Residential
Land Area/m ²	20,758
Building Area/m ²	12,696
Occupancy Rate	99%
Annual Income	SAR 8,322,000 represents 3.33% of the total rent
Uncollected Revenue From Total Revenue	0.40%
Tenant	Multiple tenants
Weighted Average Lease Expiry	0.5 years

*The property sale agreement was signed at the end of 2025, and the exit was executed in a subsequent period after the reporting date.

Properties – Riyadh

Al Hamra Plaza Center



Description	Al Hamra Center is located in the center of Riyadh, Batha St. Al Mansoura District
Sector	Retail
Land Area/m ²	21,120
Building Area/m ²	13,021
Occupancy Rate	100%
Annual Income	SAR 5,432,000 represents 2.18% of the total rent
Uncollected Revenue From Total Revenue	N/A
Tenant	Unified Real Estate Development
Weighted Average Lease Expiry	0.0 year

Irqah Plaza Center



Description	Irqah Center is located on Al Irqah Dist. Pr. Mishaal Bin Abdulaziz St. Riyadh
Sector	Retail
Land Area/m ²	14,269
Building Area/m ²	9,148
Occupancy Rate	98%
Annual Income	SAR 7,392,660 represents 2.96% of the total rent
Uncollected Revenue From Total Revenue	2.96%
Tenant	Multiple tenants
Weighted Average Lease Expiry	2.0 years

Al Manahij School



Description	Al Manahij School is located on Al Ghadeer Dist. North of Northern Ring. Riyadh
Sector	Education
Land Area/m ²	9,200
Building Area/m ²	17,058
Occupancy Rate	100%
Annual Income	SAR 4,240,000 represents 1.70% of the total rent
Uncollected Revenue From Total Revenue	0.02%
Tenant	Nabaa Education Co.
Weighted Average Lease Expiry	7.4 years

Properties – Riyadh

Dar Al Baraa Schools



Description	Dar Al-Baraa Schools are located on Al-Sunbula St. Al-Narjis District
Sector	Education
Land Area/m ²	15,385
Building Area/m ²	33,429
Occupancy Rate	100%
Annual Income	SAR 13,044,117 represents 5.22% of the total rent
Uncollected Revenue From Total Revenue	9.98%
Tenant	Al Mseef Education Co.
Weighted Average Lease Expiry	15.8 years

Olaya Schools



Description	Olaya Schools are located on Abdulaziz Abu Hussein St. Al-Murasalat District
Sector	Education
Land Area/m ²	10,500
Building Area/m ²	12,314
Occupancy Rate	100%
Annual Income	SAR 5,180,116 represents 2.07% of the total rent
Uncollected Revenue From Total Revenue	0.22%
Tenant	Tadrees Co. Ltd
Weighted Average Lease Expiry	7.5 years

Amjad Qortuba Schools



Description	Amjad Qortuba Schools are located on Dammam St. Qortuba District
Sector	Education
Land Area/m ²	14,300
Building Area/m ²	34,231
Occupancy Rate	100%
Annual Income	SAR 8,923,280 represents 3.57% of the total rent
Uncollected Revenue From Total Revenue	1.01%
Tenant	Amjad Qortuba for Educational Services Co.
Weighted Average Lease Expiry	6.3 years



Properties – Riyadh

Office Complex – Al Yasmin



Description	The Office Complex is located on King Abdulaziz Road, within Al Yamin District, Riyadh
Sector	Offices
Land Area/m ²	3,850
Building Area/m ²	13,460
Occupancy Rate	100%
Annual Income	SAR 11,761,400 represents 4.71% of the total rent
Uncollected Revenue From Total Revenue	NA
Tenant	National Transport Safety Center
Weighted Average Lease Expiry	4.2 years

Palm View



Description	Palm View is located along both Imam Saud ibn Faisal Road and The Kings Road, Al Asemah District, Ad Diriyah
Sector	Offices
Land Area/m ²	10,326
Building Area/m ²	48,181
Occupancy Rate	100%
Annual Income	SAR 55,550,660 represents 22.25% of the total rent
Uncollected Revenue From Total Revenue	NA
Tenant	Jadwa Al Basateen Real Estate Company
Weighted Average Lease Expiry	7.6 years

Properties – Dubai

Dunecrest American School



Description	Dunecrest American Schools is located in Wadi Al Safa 3, Dubai, United Arab Emirates
Sector	Education
Land Area/m ²	36,693
Building Area/m ²	19,510
Occupancy Rate	100%
Annual Income	SAR 12,546,000 represents 5.03% of the total rent
Uncollected Revenue From Total Revenue	4.27%
Tenant	Dunecrest American School LLC
Weighted Average Lease Expiry	20.9 years

Properties – Jeddah

Public Prosecution Building



Description	The Public Prosecution Building, located on the Rahmaniya Road, Al Rayyan District, Jeddah
Sector	Office
Land Area/m ²	4,767
Building Area/m ²	19,342
Occupancy Rate	100%
Annual Income	SAR 4,620,000 represents 1.85% of the total rent
Uncollected Revenue From Total Revenue	4.25%
Tenant	Public Prosecution
Weighted Average Lease Expiry	0.2 year

Al Khaldiya Business Center



Description	A commercial/office center located on Prince Sultan Street, Al Khaldiya District, Jeddah
Sector	Office
Land Area/m ²	7,903
Building Area/m ²	26,713
Occupancy Rate	71%
Annual Income	SAR 8,650,463 represents 3.46% of the total rent
Uncollected Revenue From Total Revenue	3.71%
Tenant	Multiple tenants
Weighted Average Lease Expiry	0.3 year

Hyper Panda - Jeddah



Description	Hyper Panda is located on Hamdaniya St. Al Hamdaniya District. Jeddah
Sector	Retail
Land Area/m ²	13,686
Building Area/m ²	5,858
Occupancy Rate	100%
Annual Income	SAR 2,988,844 represents 1.20% of the total rent
Uncollected Revenue From Total Revenue	NA
Tenant	Panda Retail Company
Weighted Average Lease Expiry	2.1 years

Properties – Jeddah

Al Rawdah Business Center



Description	A commercial/office center located on Prince Saud Al Faisal St. Al Rawdah District
Sector	Office
Land Area/m ²	2,463
Building Area/m ²	17,526
Occupancy Rate	97%
Annual Income	SAR 8,302,248 represents 3.33% of the total rent
Uncollected Revenue From Total Revenue	6.27%
Tenant	Multiple tenants
Weighted Average Lease Expiry	2.1 years

Atelier La Vie



Description	Atelier La Vie is located on King Abdulaziz Road.
Sector	Entertainment
Land Area/m ²	29,746
Building Area/m ²	27,489
Occupancy Rate	92%
Annual Income	SAR 33,576,448 represents 13.45% of the total rent
Uncollected Revenue From Total Revenue	15.55%
Tenant	Multiple tenants
Weighted Average Lease Expiry	2.0 years

Properties – Dammam & Khobar

Banque Saudi Fransi Building



Description	A building leased by Banque Saudi Fransi located on Imam Ali Bin Abi Talib, Al Rayyan Dist. Dammam
Sector	Retail
Land Area/m ²	5,191
Building Area/m ²	879
Occupancy Rate	100%
Annual Income	SAR 2,000,000 represents 0.80% of the total rent
Uncollected Revenue From Total Revenue	N/A
Tenant	Banque Saudi Fransi
Weighted Average Lease Expiry	7.9 years

Properties – Dammam & Khobar

Hyper Panda – Dammam Al Rayyan



Description	Hyper Panda is located on Imam Ali bin Abi Talib St. in Al-Rayyan dist. Dammam
Sector	Retail
Land Area/m ²	18,145
Building Area/m ²	9,800
Occupancy Rate	100%
Annual Income	SAR 5,490,000 represents 2.20% of the total rent
Uncollected Revenue From Total Revenue	2.58%
Tenant	Panda Retail Company
Weighted Average Lease Expiry	4.1 years

Al Hokair Center



Description	Al Hokair Center is located on the East Coast of Dammam
Sector	Entertainment
Land Area/m ²	5,156
Building Area/m ²	3,326
Occupancy Rate	100%
Annual Income	SAR 2,200,000 represents 0.88% of the total rent
Uncollected Revenue From Total Revenue	3.15%
Tenant	Ban Group Holding Company
Weighted Average Lease Expiry	11.3 years

Ajdan Walk



Description	Ajdan Walk is located on Prince Turki Street in Al Khobar
Sector	Entertainment / Office
Land Area/m ²	16,966
Building Area/m ²	32,212
Occupancy Rate	100%
Annual Income	SAR 22,000,000 represents 8.81% of the total rent
Uncollected Revenue From Total Revenue	11.07%
Tenant	Ajdan Real Estate Development Company
Weighted Average Lease Expiry	3.0 years

Properties – Dammam & Khobar

Hyper Panda – Dammam Al Noor



Description	Hyper Panda is located on Al Noor Dist. King Saud st, Dammam
Sector	Retail
Land Area/m ²	13,806
Building Area/m ²	5,348
Occupancy Rate	100%
Annual Income	SAR 5,257,776 represents 2.11% of the total rent
Uncollected Revenue From Total Revenue	0.26%
Tenant	Panda Retail Company
Weighted Average Lease Expiry	8.9 years

Extra Center



Description	Extra Center is located on Al Azizeah Dist. Gulf Road, Dammam
Sector	Retail
Land Area/m ²	8,258
Building Area/m ²	4,404
Occupancy Rate	100%
Annual Income	SAR 3,937,024 represents 1.58% of the total rent
Uncollected Revenue From Total Revenue	NA
Tenant	United Electronics Company
Weighted Average Lease Expiry	7.6 years

Ajdan Entertainment



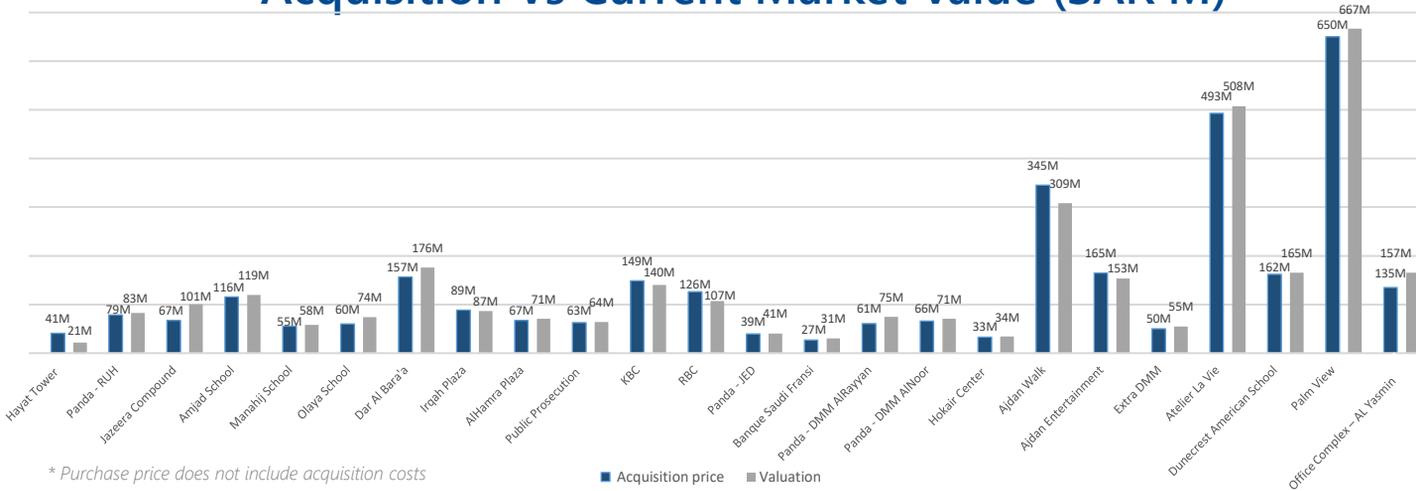
Description	Ajdan Entertainment is located on Prince Turki Street in Al Khobar
Sector	Entertainment
Land Area/m ²	6,866
Building Area/m ²	16,093
Occupancy Rate	100%
Annual Income	SAR 10,521,700 represents 4.21% of the total rent
Uncollected Revenue From Total Revenue	5.90%
Tenant	Multiple tenants
Weighted Average Lease Expiry	11.0 years

Fair value vs. Purchase Price and Book Value

As at the end of December 2025 and based on the average valuation of two independent accredited real estate valuers; White Cubes and Valustrat, the fair value of the Fund’s assets recorded a 6.6% increase when compared to June 2025, primarily due to the acquisition of Office Complex in Riyadh.

The portfolio recorded a 2.1% increase when compared to the total purchase cost – (excluding transaction costs). The fair value of the total Fund’s assets as of 31 December 2025 is SAR 3,363.9 million.

Acquisition Vs Current Market Value (SAR M)



* Purchase price does not include acquisition costs

Summary of Leased and Non-leased Assets, Occupancy Rate, and Weighted Average Lease Expiry (WALE)

Property	Leased/Non-leased	Occupancy	WALE
Al Hayat Hotel Apartments Tower	Leased	100%	1.0 years
Hyper Panda - Riyadh	Leased	100%	2.4 years
Al Jazeera Residential Compound	Leased	99%	0.5 years
Public Prosecution Building	Leased	100%	0.2 years
Al Khaldiya Business Center	Leased	71%	0.3 years
Hyper Panda - Jeddah	Leased	100%	2.1 years
Al Rawdah Business Center	Leased	97%	2.1 years
Building leased to Banque Saudi Fransi	Leased	100%	7.9 years
Hyper Panda – DMM AlRayyan	Leased	100%	4.1 years
Al Hokair Center	Leased	100%	11.3 years
Ajdan Walk	Leased	100%	3.0 years
Al Manahij Schools	Leased	100%	7.4 years
Dar Al Baraa Private Schools	Leased	100%	15.8 years
Extra Center	Leased	100%	7.6 years
Al Hamra Plaza Center	Leased	100%	0.0 years
Olaya Private Schools	Leased	100%	7.5 years
Hyper Panda – DMM AlNoor	Leased	100%	8.9 years
Amjad Qurtoba Private Schools	Leased	100%	6.3 years
Iraqh Plaza Center	Leased	98%	2.0 years
Ajdan Entertainment	Leased	100%	11.0 years
Atelier La Vie	Leased	92%	2.0 years
Dunecrest American School	Leased	100%	20.9 years
Palm View	Leased	100%	7.6 years
Office Complex – Al Yasmin	Leased	100%	4.2 years
100% of the Fund’s assets are leased and generating income		Portfolio Average Occupancy Rate 97.9%	Portfolio Average WALE 5.7 years

Portfolio Occupancy Rate

As of 31 December 2025, the occupancy rate stood at 97.9%, recording a slight increase of 0.7% compared to December 2024.



Occupancy Rate

Dividend Distributions

The Fund Manager aims to distribute semi-annual dividends to investors of no less than 90% of the Fund's net profits within 90 business days from the date of the distribution announcement. It is expected that the Fund Manager will announce the profits, the record date, and the distribution date within 40 business days following the end of June and December of each calendar year. This excludes capital gains resulting from the sale of real estate assets, which will be reinvested in additional assets in the best interests of the unitholders. Since listing, the Fund has announced the following cash distributions:

2018	Q2	Q3	Q4
Yield*	6.1%	6.1%	6.1%
Total amount	9,150,000	9,150,000	9,150,000
Per unit (SAR)	0.1525	0.1525	0.1525
Number of units	60,000,000	60,000,000	60,000,000

2019	Q1	Q2	Q3	Q4
Yield*	6.6%	6.6%	6.6%	6.6%
Total amount	9,900,000	9,900,000	9,900,000	9,900,000
Per unit (SAR)	0.165	0.165	0.165	0.165
Number of units	60,000,000	60,000,000	60,000,000	60,000,000

2020	Q1	Q2	Q3	Q4
Yield*	6.1%	6.1%	5.0%	5.0%
Total amount	9,150,000	9,150,000	7,500,000	7,500,000
Per unit (SAR)	0.1525	0.1525	0.125	0.125
Number of units	60,000,000	60,000,000	60,000,000	60,000,000

2021	Q1	Q2	Q3	Q4
Yield*	6.1%	6.1%	6.5%	6.5%
Total amount	9,150,000	9,150,000	9,750,000	9,750,000
Per unit (SAR)	0.1525	0.1525	0.1625	0.1625
Number of units	60,000,000	60,000,000	60,000,000	60,000,000

2022	Q1	Q2	Q3	Q4
Yield*	6.9%	7.0%	7.25%	7.25%
Total amount	20,268,750	20,562,500	21,296,875	21,296,875
Per unit (SAR)	0.1725	0.1750	0.18125	0.18125
Number of units	117,500,000	117,500,000	117,500,000	117,500,000

2023	Q1	Q2	Q3	Q4
Yield*	6.25%	5.65%	6.11%	6.13%
Total amount	18,359,375	25,071,875	27,106,944	27,200,418
Per unit (SAR)	0.15625	0.13411404	0.145000	0.14550001
Number of units	117,500,000	186,944,444	186,944,444	186,944,444

2024	Q1	Q2	Q3	Q4
Yield*	5.00%	5.00%	5.00%	5.00%
Total amount	23,368,056	23,368,056	23,368,056	23,368,056
Per unit (SAR)	0.125	0.125	0.125	0.125
Number of units	186,944,444	186,944,444	186,944,444	186,944,444

2025	Q1	Q2	Q3	Q4
Yield*	5.00%	5.25%	5.50%	5.75%
Total amount	23,368,056	24,536,458	25,704,861	26,873,264
Per unit (SAR)	0.125	0.13125	0.13750	0.14375
Number of units	186,944,444	186,944,444	186,944,444	186,944,444

* Annual basis

Material or Non-Material Changes During the Period That Affected the Fund’s Performance

- The Fund Manager signed a memorandum of understanding on 12 February 2025 to acquire a diversified real estate portfolio located in several cities across the Kingdom from a single seller, with a total land area of approximately 152,083 sqm and a total built-up area of approximately 142,260 sqm.
- Board member Mr. Samer Abu Aker (Non-Independent Member) resigned from the Fund’s Board of Directors.
- The Fund Manager signed two non-binding memoranda of understanding on 1 May 2025 to acquire four office complexes in Riyadh.
- The Fund Manager signed a purchase agreement and completed the acquisition of an educational complex in Dubai, United Arab Emirates (Dunecrest American School), with a total land area of approximately 36,693 sqm and a total built-up area of approximately 19,510 sqm.
- The Fund’s Board of Directors approved an increase in the credit facilities limit provided by Bank AlJazira from SAR 1,716,000,000 to SAR 1,869,000,000.
- The Fund’s Board of Directors approved the signing of a purchase agreement and completion of the acquisition of an office complex on King Abdulaziz Road, Al Yasmin District, Riyadh, with an acquisition value of SAR 135,000,000 (excluding any acquisition-related fees).
- A sale and purchase agreement was signed for Atelier La Vie property in Jeddah for SAR 515,000,000 (excluding real estate transaction tax and any other sale-related fees). The agreement period was extended pending completion of the remaining payment and title transfer procedures.
- A sale agreement was signed for Al Jazira Residential Compound in Riyadh for SAR 100,750,000 (excluding real estate transaction tax and any other sale-related fees) on 29 December 2025.

Subsequent Events

NA

Changes to the Fund’s Documents During the Year

The composition of the Fund’s Board of Directors was updated following the change resulting from the resignation of Board member Mr. Samer Abu Aker.

Summary of Fund’s Performance

Based on the Fund’s achievements and the financial results realized during the period, the distribution rate for the period from 1 January 2025 to 31 December 2025 amounted to 5.38% on an annualized basis.

Stock Performance

The unit price experienced varying levels of volatility during the year, recording a high of SAR 8.37 and a low of SAR 6.15. The unit closed its last trading session on 31 December 2025 at SAR 6.70.

Stock/Unit Performance



Topics Discussed and Resolutions Issued by the Fund Board

Date	Topic	Resolution
12 February 2025	<ul style="list-style-type: none"> Proposed Acquisition of Portfolio 	<ul style="list-style-type: none"> Approval to sign a Memorandum of Understanding (MoU). Approval of a budget of SAR 1,000,000, representing approximately 0.14% of the transaction value. Approval to proceed with comprehensive due diligence on the targeted assets.
25 March 2025	<ul style="list-style-type: none"> Update of the Terms and Conditions 	<ul style="list-style-type: none"> Approval of the updated Terms and Conditions.
25 March 2025	<ul style="list-style-type: none"> Final Version of the Fund's Financial Statements 	<ul style="list-style-type: none"> Approval of the final audited financial statements of the Fund as of 31 December 2024.
08 April 2025	<ul style="list-style-type: none"> Fund Annual Report 2024 	<ul style="list-style-type: none"> Approval of the Fund's Annual Report for 2024.
08 April 2025	<ul style="list-style-type: none"> Sultan Mall Auction 	<ul style="list-style-type: none"> Approval to participate in the Sultan Mall auction, provided that the maximum offer does not exceed SAR 238 million. Approval to initiate comprehensive internal due diligence on the targeted property.
23 April 2025	<ul style="list-style-type: none"> Q1 2025 dividend distribution 	<ul style="list-style-type: none"> Approval to distribute dividends to unitholders for Q1 2025 (1 January 2025 – 31 March 2025) totaling SAR 23,368,056, representing 5.00% annually.
02 June 2025	<ul style="list-style-type: none"> Acquisition of Palm View 	<ul style="list-style-type: none"> Approval to withdraw the required amount from existing banking facilities to finance the transaction. Approval to acquire the Palm View office building in Riyadh for SAR 650 million (excluding transaction costs), according to the following payment structure: <ul style="list-style-type: none"> SAR 540 million upon purchase SAR 55 million upon issuance of the completion certificate SAR 55 million one year after contract signing Approval to enter into a principal lease agreement with Jadwa Real Estate for a period of 8 years, with a total lease value of SAR 55,550,660 and a 10% increase after the fifth year. Approval to sign a property management agreement with Jadwa Real Estate for 10 years, including a 10% increase after the fifth year, with an annual management fee of SAR 3,000,000.

Topics Discussed and Resolutions Issued by the Fund Board

Date	Topic	Resolution
26 June 2025	<ul style="list-style-type: none"> Board of Directors Meeting No. 16 	<ul style="list-style-type: none"> Fund Manager's report and review of the Fund's performance. Governance and compliance observations. Ratification of all resolutions passed by circulation during the previous period, confirming that no material changes affect the independence of the independent board members.
26 June 2025	<ul style="list-style-type: none"> Acquisition of Office Complex 	<ul style="list-style-type: none"> Approval to increase the financing limit from SAR 1,716 million to SAR 1,865 million. Approval to acquire King Abdulaziz Complex in Riyadh for SAR 135 million (excluding transaction costs).
14 July 2025	<ul style="list-style-type: none"> Q2 2025 dividend distribution 	<ul style="list-style-type: none"> Approval to distribute dividends to unitholders for Q2 2025 (1 April 2025 – 30 June 2025) totaling SAR 24,536,458, representing 5.25% annually.
11 August 2025	<ul style="list-style-type: none"> Final Version of the Fund's Financial Statements 	<ul style="list-style-type: none"> Approval of the final financial statements of the Fund as of 30 June 2025.
04 November 2025	<ul style="list-style-type: none"> Q3 2025 dividend distribution 	<ul style="list-style-type: none"> Approval to distribute dividends to unitholders for Q3 2025 (1 July 2025 – 30 September 2025) totaling SAR 25,704,861 representing 5.50% annually.
02 December 2025	<ul style="list-style-type: none"> Board of Directors Meeting No. 17 	<ul style="list-style-type: none"> Fund Manager's report and review of the Fund's performance. Governance and compliance observations. Ratification of all resolutions passed by circulation during the previous period, confirming that no material changes affect the independence of the independent board members.
22 December 2025	<ul style="list-style-type: none"> Sale of Aljazira Compound (Riyadh) 	<ul style="list-style-type: none"> Approval to sign a Sale and Purchase Agreement (SPA) with the buyer for a total value of SAR 100,750,000 (excluding transaction costs). Approval to complete the transaction with the buyer and disclose it in accordance with applicable rules and regulations.

Financial Performance

Indicator	As of 31 Dec 2025	As of 31 Dec 2024	As of 31 Dec 2023	As of 31 Dec 2022
Net market value of the Fund's assets at the end of the financial year (Fair Value)	1,615,296,812	1,535,042,887	1,619,968,000	1,032,202,870
Net market value of the Fund's assets per unit at the end of the financial year (Fair Value)	8.6405	8.2112	8.6655	8.7847
Net market value of the Fund's assets at the end of the financial year (Book Value)	1,459,798,262	1,454,156,186	1,533,218,570	997,395,948
Net market value of the Fund's assets per unit at the end of the financial year (Book Value)	7.8087	7.7785	8.2015	8.4885
Highest net asset value per unit for each financial year (Fair Value)	8.6405	8.7298	8.6655	8.8489
Lowest net asset value per unit for each financial year (Fair Value)	8.2720	8.2112	8.6390	8.7847
Income distribution per unit	1.23	0.95	0.87	1.35
Percentage of expenses borne by the Fund	%9.30	10.57%	7.96%	11.43%
Net income / (Loss)	79,251,451	14,409,840	33,561,234	41,110,344
Distribution yield (based on market traded price)	%5.88	5.96%	6.37%	6.88%
Number of units in issue	186,944,444	186,944,444	186,944,444	117,500,000

Services, Fees and Commissions Charged to the Fund Throughout the period

Indicator	As of 31 Dec 2025	Cap (Limit)
Operating expenses	11,985,824	Not to exceed 7% of the rental income of the property
Management fees	15,407,276	1% of the Fund's net assets according to the latest financial statements
Finance fees	96,818,668	NA
Professional fees	1,014,500	NA
Other costs	9,267,803	1% of the Fund's net assets according to the latest financial statements
Depreciation and amortization	15,765,541	NA
Total expenses	150,259,612	NA
Expenses ratio	%4.08	NA
Ratio of Non-Cash Expenses to the Net income of the Fund	%15.0	NA

Performance Record

Total return for one year, three years, five years:

Period	Since Inception	One Year	Three Years	Five Years
Annual Total Return	6.00%	5.38%	5.47%	5.96%

Annual Total Return for each of the Past Fiscal Years (since inception):

Period	2025	2024	2023	2022	2021	2020	2019
Annual Total Return	5.38%	5.00%	6.03%	7.10%	6.30%	5.55%	6.60%

Leverage (Borrowing percentage of the Fund's Total Asset Value and Maturity Date)

Indicator	As of 31 Dec 2025	As of 31 Dec 2024	As of 31 Dec 2023	As of 31 Dec 2022
Financing amount (in Million)	1,812.7	967.5	800	800
Financing amount percentage of the Fund's total asset value	49%	38%	33%	42%
Loan exposure period	2.8 Y	3.8 Y	4.8 Y	5.8 Y
Maturity date	16 OCT 2028	16 OCT 2028	16 OCT 2028	16 OCT 2028

Special Commissions Received by the Fund Manager

The Fund Manager has not received any special commission during the period.

Fund Manager's Investment

The Fund Manager holds 678,307 units as at the end of 31 December 2025.

Transactions with Related Parties

The Fund Manager has entered into transactions with related parties, which are as follows:

- Leasing of units at Al Khalidiyah Business Center.
- Maintenance and operation contracts for three of the Fund's properties.

Rent from related parties represents 0.50% of the Fund's total revenues, while maintenance contracts represent 0.89% of the Fund's total expenses. The Fund Manager confirms that all such transactions and contracts were conducted on an arm's length basis, ensuring equal treatment among all clients without any preferential terms.

The Related parties are:

- Al Mahmal Facilities Services Company
- Tazweid Talent Co.

Risk Assessment

The Fund’s activities expose it to a variety of different risk factors that are exogenous such as market risk, credit risk, and liquidity risk as well as operational process-related risks. Furthermore, there are risks related to the asset class REITs as such.

The Fund’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Fund’s financial performance.

Consequently, the risk assessment process focuses on the most significant risk factors, which include but are not limited to:

Main Risks	Description	Assessment
Market Risk	Market Risk arises from external factors such as macroeconomic conditions, competition, supply & demand, political changes, FX etc.	<p>The Manager monitors on a regular basis the fluctuation and changes in the overall economic environment, local real estate markets including cap rates, inflation rate, taxes, valuations, competition from other available premises and various other factors. Given these factors, the Manager believes that the impact of current market factors is mitigated through diversification of assets that adds stability to the portfolio while reducing vulnerability to economic fluctuations. Additionally, vacancy risks are managed through a proactive asset management approach. Market research is conducted to avoid any economic constraints as much as possible.</p> <p>Given current trends and changes in demand patterns of the real estate sector, the Manager highlights the following points: 1) The wider acceptance of work from home could have implications for the office market and may lower demand for office space and related services 2) The rising interest rates over the last years have led to widening cap rates and may impact market dynamics for buy/sale transactions and leasing.</p> <p>Manager also recognizes that the Saudi government is actively supporting the real estate sector through various reforms and initiatives aimed at facilitating investment. In result, the volume of investment and development witnessed notable increases, indicating vigorous market activity.</p> <p>Therefore, the future supply/demand situation is to be closely monitored by the Manager.</p> <p>Several approaches to mitigate this risk are under consideration including diversification of property types, stakeholder engagement, sustainability/adaptability. Manager also regularly conduct market research to understand demographic trends, employment rates, and economic indicators to make informed decisions about which types of properties to develop and where to focus efforts.</p>
Risks Related to the Use of Debt	The use of debt results in risks such as challenges with (extended) periods of high interest/profit rate levels, and leverage related to refinancing risks. Profit/interest rate risk is the potential for financial loss arising from increases in profit/interest rates and ultimately adversely impacting the financing terms of the Fund.	<p>The Manager uses debt with the objective to enhance investor returns.</p> <p>Based on the expected trend of profit/interest rates, the Manager may consider other financial instruments to manage/hedge this risk. Leveraging may also further exacerbate any losses.</p> <p>Additionally, while increasing profit/interest rates may be a challenge, which can impact cap rates, real estate investments may nevertheless perform in a rising rate environment due to variety of factors, such as increasing rent revenue, demand, and prices.</p>
Credit Risk	Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments.	Credit risk is mitigated by industrial and geographical diversification, diversity both in its tenant mix and asset mix and by conducting tenant credit assessments. For new leases, credit evaluation is performed and on an ongoing basis, tenant credit and arrears are closely monitored by the Manager.

Risk Assessment – Cont.

Main Risks	Description	Assessment
Completion Risk	Risk associated with development projects underway include construction delays and their impact on financial performance, cost overruns which could impact the profitability and/or financial viability of a project; and the inability to meet revenue projections upon completion. Delays may result in legal risk.	This risk is somewhat mitigated due to the limit that the Fund can invest only up to 25% of the value of its assets in real estate development. The Manager also aims to mitigate this risk through management of the contractual framework of the properties.
Operational Risk	Risk of loss resulting from failure of internal processes, operational procedures, external events, loss of key personnel, service provider and counterparty risk as well as business continuity risk.	The Manager has in place a monitoring framework to manage the day-to-day activities and mitigate operational risks. These include periodic meetings to identify potential operational risks, reviewing and resolving operational issues. Internal audits are also carried out periodically to review compliance with processes, and to identify and rectify any lapses in procedures. A business continuity plan is in place to mitigate the business continuity risk of interruptions or catastrophic loss to its operations. Service providers and counterparty performance is regularly monitored. Moreover, Manager’s ability to uphold a robust reputation and foster strong relationships with other service providers ensures that the Manager has reliable support available whenever needed.
Liquidity Risk	Liquidity Risk has many dimensions such as the risk of being unable to meet any payment obligations for exiting properties according to plan.	Cash flow generated from operating the property portfolio represents the primary source of liquidity used to service the interest on debt, Fund general and administrative expenses. Therefore, the Manager ensures that there are adequate funds to repay obligation in a timely and cost-effective manner. Additionally, the Fund Manager also has a cash management process, in which he has the option to utilize any excess cash for short-term deposits. Any decline in liquidity in the Saudi real estate market may affect valuations. Any exit below acquisition cost (including transaction cost) can lower the returns.
Regulatory Risk	Fund operates within guidelines as set out in the “Real Estate Investment Traded Funds Instructions” from Capital Market Authority. There can be further regulatory risk related to real estate market or public policy. Examples include new taxation, building code requirements, energy efficiency standards, Operational improvement requirements, etc. Changing regulations can add substantial time, risk, and cost to completing development projects and can also impose new and often burdensome operating restrictions on existing properties.	The Manager has implemented processes to monitor regulatory requirements in all Fund management functions, such as Compliance department aim to provide another layer of assurance that proper controls are in place to avoid any non-compliance.



Risk Assessment – Cont.

Main Risks	Description	Assessment
Legal Risk	Risks involved in legal arrangements, contracts, agreements and obligations.	The Manager has dedicated Legal and Compliance departments, who are responsible to provide guidance to ensure that all regulatory and compliance matters are adhered to. Regarding litigation, any adverse ruling may potentially have a negative financial impact on the Fund.
Risk of Crimes such as Cyber Security Risks	Crimes such as cyber security incident includes any material adverse event that threatens the confidentiality, integrity and/or availability of SC’s information resources and may result in financial losses.	The Manager has implemented processes, procedures, and controls to help mitigate these risks. However, these measures, as well as its increased awareness of a risk of a cyber-incident, do not guarantee that its financial results would not be negatively impacted by the occurrence of any such event.
Valuation Risk	Risk that the valuation is notably incoherent from actual market prices.	Two independent appraisals are performed for asset valuations. The 3rd party Valuers are accredited by TAQEEM (i.e., Saudi Authority for Accredited Valuers). The Fund Manager uses the average of the two independent Valuers for reporting purpose. In case of any material contradiction between the two Valuers, the Fund Manager assigns third Valuer.
Capital Deployment Risk and Reinvestment Risks	Risk of delay in capital deployment.	There is notable risk mitigation currently since the Fund has largely deployed its capital. Nevertheless, any actions such as portfolio rebalancing may create future deployment and/or reinvestment risks.
General Risks Related to the Asset Class REIT	General risks of the asset class include among other aspects volatility of the share price, potential deviations between net asset value and the share price in the market, potential drop in share price and liquidity risks.	The market price of the Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors beyond the control of the Manager.
Environmental, Social and Governance (ESG) Risks, in Particular Climate Risk	<p>Environmental, Social, and Governance (ESG) risks refer to the three factors in measuring the sustainability and societal impact of an investment.</p> <p>ESG criteria can help to better determine the future financial performance of companies (return and risk).</p> <p>Any environmental issues of properties, such as the use of hazardous materials, could adversely impact its value.</p> <p>As part of ESG risks, climate risks may result in increased exposure to loss as assets become less liquid, generate lower income or may be subject to environmental regulation. Additionally, Climate change could make insurance prohibitively expensive.</p> <p>New regulations for mitigating carbon emissions may cause future capital expense requirements and/or decrease real estate market values.</p>	<p>The Manager assesses ESG risks in the analysis of investment opportunities and in its monitoring according to its responsible investment policy. In the Manager’s experience, ESG assessment can complement traditional financial analysis and due diligence.</p> <p>The Manager has implemented processes, procedures and controls to help mitigate these risks. However, these measures, as well as its increased awareness of ESG risks, do not guarantee that its financial results will not be negatively impacted by the occurrence of any such event.</p>



Risk Assessment – Cont.

Main Risks	Description	Assessment
Risks Related to Geopolitical Events, Natural Catastrophes, Terrorism and Health Pandemics	Geopolitical events, instability, terrorism, natural catastrophes and events such as health pandemic may negatively impact assets from valuation as well as income perspective.	<p>The escalation of geopolitical conflicts may be reflected in the risk premia of global risk assets and thus may impact the Fund, too.</p> <p>Given the fact that these events are highly uncertain and unpredictable and therefore the Fund as well as the Manager may be negatively impacted by the occurrence of any such event.</p>
Property Management Risk	Risk of lower income (i.e., return on investment) due to inappropriate or insufficient property management, resulting in high vacancy rates, high operating expenses and below market rental income etc.	<p>Manager recognizes that management is essential to success in real estate investment and therefore, mitigates this risk by engaging suitable, qualified, and experienced property managers when outsourcing is done. In this regard, roles & responsibilities are clearly defined and agreed through legal documentation i.e., agreements, contracts etc.</p> <p>The Manager has implemented necessary processes to mitigate insufficiencies related to property management. Particularly, increasing energy costs may bring heightened focus on the energy efficiency of buildings, because of the impact on tenants' bills.</p>
Inflationary Pressure	Risk that economic supply constraints to lead to unexpected inflation level.	<p>While inflation (possibly in aggravated by rent-freezes) is a risk factor, there is some mitigation of inflation through diversification and active property management. Based on historical data, REITs provide reasonable protection against inflation because rents are not as sticky as other prices.</p>
Concentration Risk	Risk of a scenario where too much investment capital has been put into a single property type or geographical location.	<p>Manager recognizes portfolio diversification to manage concentration risk involves spreading investment capital across different property types as well as different geographical locations. Tenant diversification is an important factor considered by the Manager.</p> <p>This practice can reduce concentration risk and reduce exposure to market volatility or asset devaluations.</p>
Risk of Global Recession	Risk of a regional or global recession and a string of financial crises in emerging market and developing economies that would do them lasting harm.	<p>While such factors are beyond the control of the Manager, the proactive action plan to be in place for any potential slowing of businesses.</p>
Risk of Artificial intelligence (AI) productivity boost	Risks to disrupt traditional real estate practices by streamlining processes, reducing costs, and increasing efficiency. AI may impact real estate due to certain infrastructure requirements such as data centers as well as elevated energy supply. This disruption may also lead to job displacement and market consolidation, impacting real estate professionals and smaller businesses. Additionally, the adoption of AI in real estate may widen economic disparities by favoring larger firms and investors with access to advanced AI technologies and data analytics capabilities.	<p>Manager recognizes that the greater and more rapid the investment in new technologies, the greater the potential impact on productivity. Any development in this area is to be closely monitored by the Manager.</p>

Socioeconomic and Demographic Overview

KSA



Country Profile

Saudi Arabia continues to attract strong foreign direct investment (FDI), reflecting rising global confidence in the Kingdom's economic transformation under Vision 2030. According to the General Authority for Statistics (GASTAT), net FDI inflows reached SAR 24.9Bn (USD 6.6Bn) in Q3 2025, marking a 34.5% increase compared to the same period in 2024 and a 5.2% rise from the previous quarter. This steady growth highlights Saudi Arabia's increasing attractiveness as a destination for international capital. The increase in investment flows reflects the Kingdom's ongoing efforts to diversify its economy beyond oil and improve its business environment. Through Vision 2030 reforms, Saudi Arabia has expanded foreign ownership opportunities and opened key sectors such as tourism, technology, renewable energy, and entertainment to global investors. Official data also shows that total FDI inflows reached about SAR 27.7Bn, representing a 4.4% YoY increase, while foreign investment outflows declined significantly to around SAR 2.7Bn, a 65.7% drop compared to the previous year. The decline in outflows strengthened net investment inflows and indicates stronger investor retention within the Kingdom. Overall, the continued rise in FDI supports Saudi Arabia's long-term goal of attracting USD 100Bn in annual foreign investment by 2030, positioning the country as an increasingly competitive hub for global investment.

GDP

On an annual basis, the Saudi economy expanded by 4.5% in 2025, accelerating from 2.7% growth in 2024. The General Authority for Statistics (GASTAT) released Saudi Arabia's Q4 2025 real Gross Domestic Product (GDP) results. According to the official data, the Kingdom's real GDP grew by 5.0% in the fourth quarter of 2025 compared with the same period in 2024. This broad-based expansion reflected growth across all major economic activities. Oil activities increased by 10.8%, while non-oil activities grew by 4.3% while the government activities contracted by 1.2% year-on-year. By activity, crude petroleum and natural gas extraction posted the largest gain in Q4 (12.4%), followed by wholesale and retail trade, restaurants, and hotels (5.4%), petroleum refining (5%), manufacturing excluding petroleum refining (5%), and finance, insurance, and business services (4.5%).

Inflation

Saudi Arabia's annual inflation rate rose slightly to 1.8% in January 2026, up from 1.7% in December 2025. The increase was driven by faster price growth in categories such as personal care and miscellaneous goods and services (7.9% vs 7.5%), insurance and financial services (3.3% vs 3.0%), and recreation, sport, and culture (2.3% vs 2.0%). Although inflation in housing, water, electricity, gas, and other fuels eased slightly to 4.2% from 4.3%, this segment remained the biggest contributor to overall inflation, mainly due to a 5.2% increase in actual housing rents. Notably, this category accounts for a significant portion of the consumer price index (CPI). On the other hand, inflation slowed for food and beverages (0.2% vs 0.3%) and restaurants and accommodation services (1.0% vs 1.1%). Meanwhile, deflation continued in furnishings and household equipment (-0.3% vs -0.5%), health (-0.1% vs -0.2%), and transport (-0.7% vs -0.8%).

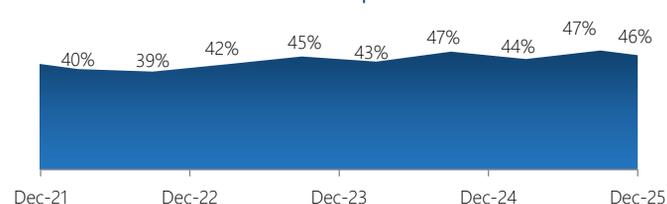
On a monthly basis, consumer prices rose by 0.2% in January, following a 0.1% increase in December.

Source: OPEC Saudi Arabia, Reuters, worldbank.org, General Authority for Statistics, wionews.com, arabnews.com, pwc.com.

Private Consumption

Private Consumption accounted for 45.5 % of its Nominal GDP in Dec 2025, compared with a ratio of 47.4 % in the previous quarter. Private Consumption contribution to Nominal GDP ratio is updated quarterly, available from Mar 2003 to Dec 2025, with an average share of 31.9 %.

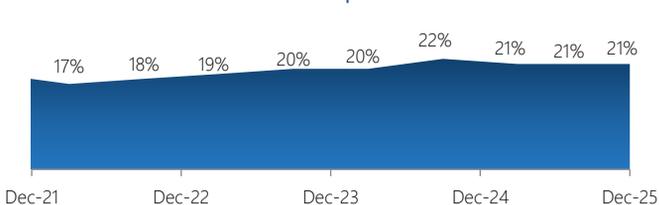
Private Consumption % of GDP



Public Consumption

Public Consumption accounted for 21.1 % of its Nominal GDP in Dec 2025, compared with a share of 21.0 % in the previous quarter. Public Consumption share of nominal GDP, from March 2003 to December 2025, averages 24.1%, peaking at 32.3% in December 2020 and dipping to a record low of 15.5% in March 2008.

Public Consumption % of GDP



Saudi Arabia Vision 2030

Saudi Arabia's Vision 2030, launched in 2016, is a long-term strategy aimed at diversifying the Kingdom's economy and reducing its reliance on oil revenues. The plan focuses on strengthening non-oil sectors such as tourism, technology, infrastructure, and manufacturing while increasing private sector participation.

Key targets include raising the private sector's GDP contribution from 40% to 65%, increasing SMEs' share of GDP from 20% to 35%, boosting FDI from 3.8% to 5.7% of GDP, and expanding non-oil exports from 18.7% to 50% of non-oil GDP. The initiative also aims to grow the Public Investment Fund's assets to over USD 1.8 trillion, positioning it as a major global investment vehicle supporting large-scale projects.

A key component of this strategy is the National Transformation Program (NTP), launched in 2016 to improve government efficiency, develop the digital economy, and enhance public services. The program includes 300+ initiatives and 79 KPIs across more than 50 government entities and has already achieved 34 of the 96 Vision 2030 strategic goals.

Key targets include increasing the digital economy's share of GDP to 19.2%, improving digital government maturity to 92%, raising FDI inflows to SAR 95.4Bn, and expanding the volunteer base to 600,000, while also supporting SMEs, improving business conditions, and advancing sectors such as retail, investment, and sustainability.

Real Estate Sector Overview

Riyadh, Jeddah and Dammam





Real Estate Market Overview – Riyadh

Hospitality Sector

Riyadh, Saudi Arabia's primary business travel hub, has experienced a slight moderation in hotel performance following exceptional growth in 2022–2023. Over the past 12 months, hotel occupancy has averaged around 60–62%, declining by approximately 2–2.5% year-on-year, while average daily rates (ADR) remain among the highest in the Kingdom at about ~SAR 848 (USD 226). The RevPAR decline reflects the impact of a rapid influx of new upscale hotel supply and a normalization of demand following the post-pandemic surge and major events hosted in 2023. Despite this short-term pressure, Riyadh continues to maintain the strongest pricing power in the Saudi hospitality market, supported by its role as the Kingdom's political, financial, and corporate center.



SAR
848

Average Daily Rate in Riyadh
(-3.5% YoY change)



SAR
525

Revenue Per Available Room
(-5.5% YoY change)



62.1%

Occupancy Rate
(-2.0% YoY change)



120K

Planned Hotel Rooms in Riyadh
(By 2030)



SAR
2,333

Average Rents
(Per square meter)



52%

Share of TMT, Financial Services
and Healthcare Sectors to Demand



98.5%

Grade A Occupancy Rate
(Q4 2025)



1.5Mn

Office Supply (square meters)
(From 2026 - 2028)

Office Sector

Riyadh's office market continues to demonstrate strong fundamentals, supported by the Kingdom's economic diversification and the government's Regional Headquarters (RHQ) program. This has resulted in the influx more than 700 of international firms being licensed to establish regional headquarters in Riyadh.

Grade A office occupancy reached approximately 98.5% in Q4 2025, reflecting a severe shortage of premium office space.

Prime office rents have increased ~12% Y-o-Y, although upcoming supply of commercial space (including giga-projects) in 2027 and 2028 is anticipated to ease supply constraints over the medium term.

Meanwhile, the five-year rent freeze has stabilized rental levels in Q4 2025, improving cost predictability and supporting steady occupancy.

Residential Sector

Riyadh's residential market remains the most active segment of Saudi Arabia's real estate sector, transitioning from rapid price growth to a more stable phase as supply increases.

In Q4 2025, residential prices declined by ~2.2% Y-o-Y, reflecting higher completions of ~22,500 units in 2025 and a strong pipeline, with ~70,000 units expected over the next 24 months. Policy measures such as the White Land Tax are further supporting market balance by encouraging land development and increasing supply (following fee increases to a maximum of 10%, land prices across northern Riyadh have typically dropped).

Despite this moderation, demand fundamentals remain robust, with residential rents rising 10.8% YoY, supported by population growth, government housing initiatives, and the foreign ownership law (Jan 2026), which is expected to enhance long-term market stability.



SAR
5,670

Avg. Apartment Values of Riyadh
in Q4'25 (Per square meter)



SAR
5,480

Avg. Villa Values of Riyadh in
Q4'25 (Per square meter)



70K

Expected Units to be Delivered
over next 2 Years in Riyadh



10.8%

Residential Rental Rates in Riyadh
(YoY increase in Q4 2025)



Real Estate Market Overview – Jeddah

Office Sector

In Jeddah, Grade A office occupancy stood at 95% by year-end, while average rents increased, reflecting strong demand for high-quality office space.

This trend is further supported by sustained corporate expansion and increasing demand from regional and international occupiers, which is deepening the tenant base and reinforcing market resilience. At the same time, limited near-term additions to Grade A supply are expected to maintain upward momentum in rents, supporting strong income growth for landlords. The market is also benefiting from a gradual shift toward higher-quality, well-located office environments, positioning Jeddah as an increasingly attractive destination for business activity and investment.



SAR
1,490

Average Rents
(Per square meter)



95.0%

Grade A Occupancy Rate
(Q4 2025)



Real Estate Market Overview – Dammam



SAR
917

Average Rents
(Per square meter)



82.8%

Grade A Occupancy Rate
(Q4 2025)



223K

Office Supply (square meters)
(2026)

Office Sector

The office market in Dammam continues to be supported by government-related entities and oil sector companies, providing a stable and well-established occupier base. Demand remains steady, with gradual expansion across the market, particularly in Khobar where occupiers are increasingly drawn to higher-quality office developments. Rental rates have remained resilient, with Grade A offices averaging SAR 994 per sqm per annum and Grade B at SAR 840.

Grade A offices continue to see strong interest, driven by a clear preference for well-located, high-quality spaces, while Grade B offices continue to attract steady demand from cost-conscious occupiers. This dynamic is helping strengthen overall market fundamentals and supporting Dammam's evolution as an increasingly attractive business destination.



Retail Real Estate Market Overview – Saudi Arabia

Saudi Arabia’s retail real estate sector is undergoing a significant transformation, shifting from traditional shopping formats toward experiential, lifestyle-driven destinations.

This evolution is driven by rising consumer demand for entertainment, dining, and **integrated mixed-use environments**, alongside the rapid growth of e-commerce.

Super-regional malls are emerging as dominant assets, with **rents stabilizing at ~SAR 2,820 per sqm per annum**, supported by a clear “flight-to-quality” toward premium retail spaces.

The sector is also witnessing strong momentum in luxury retail and F&B, with **restaurants and cafés accounting for ~13% of total POS transactions** by Q4 2025, reflecting changing consumption patterns.

At the same time, **e-commerce penetration has reached ~21% of retail POS transactions**, accelerating the shift toward omnichannel retail models.

Developers are increasingly integrating wellness, luxury, and digital solutions, positioning retail as a core component of broader mixed-use and community developments.

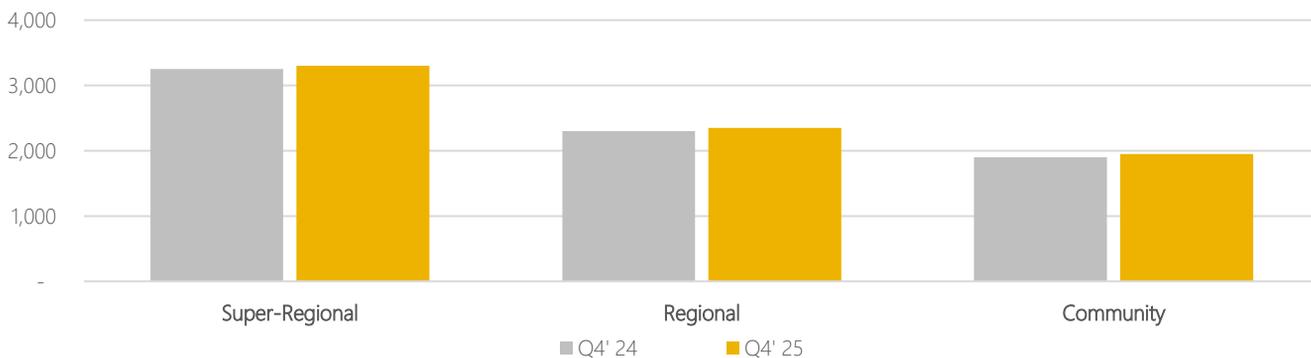
KEY PROJECTS

- The Avenues Riyadh: ~370,000 sqm GLA (~80% complete)
- Westfield Riyadh: ~185,000 sqm GLA, expected Q3 '26)
- Westfield Jeddah: ~87,000 sqm GLA (~97% complete)
- Jeddah Front Development: Mixed-use retail and leisure
- ROSHN Front (Riyadh): Integrated retail and lifestyle hub
- ALAROUS Community (Jeddah – ROSHN): 2.4 km pedestrian retail boulevard under development
- The Avenues Dammam: ~180,000 sqm GLA expected Q2' 27

Saudi Arabia, Retail POS (Total Value and Volume in billions)



Saudi Arabia, Retail Rents, Q4 2024 v Q4 2025, (SAR/sqm/annum)



Education and Entertainment Sector Overview



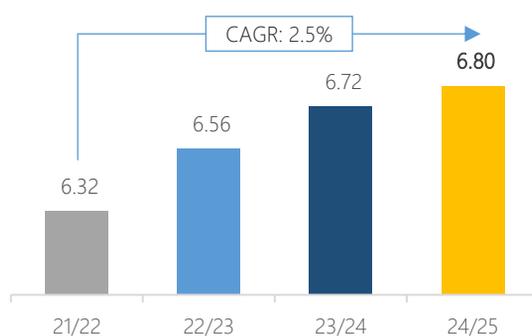
Education Sector Overview

- Saudi Arabia’s education sector continues to transform under Vision 2030 with a strong push toward global standards, innovation, and workforce readiness.
- Recent policy moves, including updated investment-linked educational initiatives and new regulations for private schools and nurseries, aim to improve quality and broaden access across the Kingdom.
- The inclusion of three Saudi cities in UNESCO’s Global Network of Learning Cities highlights progress in lifelong learning, while nationwide AI literacy and workforce programs like SAMAI 2 are embedding advanced technology skills into education. These developments reflect a shift toward a more globally competitive, technology-enabled education ecosystem.
- Education reforms under Vision 2030 aim to transition the Kingdom toward a knowledge-based economy by strengthening skills, quality of education, and workforce readiness.
- Key initiatives include digital and AI curricula across more than 1.5 million students, expanded STEM integration, and teacher training programs reaching over 200,000 educators, alongside greater private sector participation. Standardized assessments across public schools have already produced measurable improvements, with Grade 4 reading scores rising by 15% between 2016 and 2021.
- Reforms also emphasize inclusivity and workforce participation, with female labor force participation exceeding 33% in 2025. Saudi Arabia is also launching 166 “Schools Without Walls” across six cities—Riyadh, Jeddah, Dammam, Al Ahsa, Tabuk, and Medina - to transform traditional schools into community learning hubs.
- Developed by Tatweer Building Company, these schools will function as educational facilities during the day while hosting community programs, cultural events, and recreational activities during evenings and weekends.
- Designed with modern layouts and shared spaces, the initiative aims to strengthen community engagement and expand access to lifelong learning opportunities.
- Collectively, these initiatives highlight Saudi Arabia’s broader strategy to build a globally competitive, inclusive, and future-ready education system aligned with the Kingdom’s long-term economic transformation.

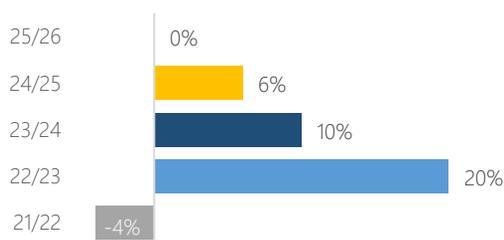
Education Expenditure % of GDP and % of Budget



No of Students In KSA (Mn)



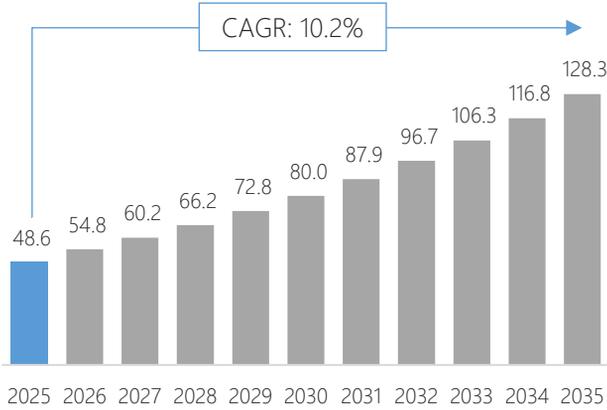
KSA Private Education growth



Education Sector Overview – Dubai, UAE

- Dubai’s private education sector is set for strong expansion in the 2025–26 academic year, with the addition of **6 new schools, 16 early childhood centers, and 3 international universities**, creating over **11,700 school seats and capacity for 2,400+** early learners in the 2024-25 academic year.
- Student **enrolment** in private schools grew **~6% in 2024–25**, driven by increasing demand and focus on strengthening its education ecosystem.
- The Knowledge and Human Development Authority (KHDA) aims to license over **100 private schools by 2033**, in line with its broader Education Strategy 2033.
- Investment in the Dubai Schools initiative has accelerated significantly, increasing from AED 62Mn in 2021 to **AED 1bn in 2025**, with a target of AED 4 Bn by 2033, reflecting strong long-term commitment to the sector.

KSA Entertainment & Events Market Size (SAR Bn)



Tourism Expansion Driving Demand



122Mn

Domestic & International Tourists in 2025 (Up by 5% YoY)



SAR 300Bn

Tourism Spending (Up by 6% YoY)



17%

YoY Increase in Domestic Leisure Travel in Summer



42%

Market Share of Riyadh in Entertainment and Events Market

Key Developments Advancing Saudi Arabia's Entertainment Sector Under Vision 2030

Tourism Spending & Investments Accelerating Sector Development

- In 2025, the Kingdom welcomed over **122Mn domestic and international tourists**, that keeps the kingdom firmly on course to achieve its ambitious target of 150Mn visitors by the end of the decade.
- Large-scale developments backed by the Public Investment Fund (PIF) are transforming the tourism and entertainment landscape, including flagship projects such as Diriyah, which will feature **40 luxury hotels, 1,000 retail outlets, 150 dining venues and 26 cultural attractions**, and the Red Sea destination, where **10 resorts are already operational**.
- Amaala is expected to launch its **first phase in 2026 with nine luxury resorts**, further strengthening Saudi Arabia's positioning as a global leisure and entertainment destination.

Cinema & Film Industry Expansion

- Saudi Arabia's cinema sector continues to experience strong growth as audiences increasingly embrace domestic and international content.
- In 2025, Saudi cinemas screened **538 films, attracting 18.8Mn moviegoers and generating SAR 920.8Mn (~USD 245Mn)** in box office revenue.
- Investment in local film production is also increasing, with Telfaz11 committing **SAR 506Mn (USD 135Mn)** over the next five years to support the development of Saudi film content.
- At the same time, production incentives are attracting international studios, with filming locations such as Al Ula offering up to a **40% cash rebate**, positioning the Kingdom as an emerging regional hub for film and media production.

Gaming & Esports

- Gaming and esports are emerging as a strategic pillar within Saudi Arabia's entertainment sector, supported by strong demographic demand and large-scale investment.
- The Kingdom has approximately **23.5Mn gamers**, representing around **67% of the population, with nearly 89% of citizens under the age of 35** driving sustained growth in digital entertainment consumption.
- The gaming and esports ecosystem is projected to generate ~SAR 50Bn (USD 13.3Bn) in economic value by 2030, **contributing over SAR 50Bn to GDP and creating more than 39,000 jobs** across development, publishing and infrastructure.
- Strategic investments such as Scopely's SAR 3.8Bn (USD 1Bn) acquisition of Turkish game developer Pixel Flow and **Saudi Arabia's hosting of the Esports World Cup in Riyadh (2024-2025)** highlight the Kingdom's ambition to position itself as a global hub for interactive entertainment.

Major Events Driving Tourism and Entertainment Growth



Fund Manager

Saudi Economic and Development Securities Company (SEDCO Capital)

South Tower – Red Sea Mall
King Abdulaziz (Malik) Road
PO Box 13396 Jeddah 21491,
Kingdom of Saudi Arabia
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Saudi Economic and Development Securities Company (SEDCO Capital) is a Saudi closed joint stock company registered under Commercial Registration No. 4030194994 and licensed as a "Capital Market Institution" under CMA License No. 11157-37 dated 19/04/2009 to deal, provide custody services, manage investments and operating Funds, arrange and advise.

Custodian

ALINMA Capital

Burj Al Anoud 2, Level 20
King Fahad Road, Olaya
P.O Box: 66333 ,Riyadh 11576
Kingdom of Saudi Arabia



Responsibilities of the Custodian:

- Registering the real estate assets of the Fund in the name of a subsidiary of the Custodian for the Fund or in the name of a subsidiary of an authorized financier that has provided financing for the Fund.
- Take all necessary procedures to separate the assets of the Fund from any other assets independently, including the assets of the custodian.
- Keeping all necessary records and other documents that document the fulfilment of its contractual obligations.
- Comply with all requirements for custody the fund's assets and related documents in accordance with the Real Estate Investment Funds Regulations.

Auditor

Ernst & Young Professional Services

King's Road Tower - 13th floor
King Abdulaziz Road
PO Box 1994
Jeddah 21441
Kingdom Saudi Arabia



The Fund's report is available upon request free of charge

- There are no material changes to the Fund's Terms and Conditions except for what is mentioned in this report.
- The Fund doesn't invest substantially in other investment funds.
- There's no other information that would enable the unitholders of making an informed judgement about the Fund's activities during the period.
- There is no other data or information required by the Real Estate Investment Funds Regulations.
- Other than what is mentioned in this report, there are no material changes that occurred during the period and affected the performance of the Fund.
- The Fund Manager has not waived or rebated any fees.

Important Notice

This document does not constitute an offer to buy, subscribe or participate in the SEDCO Capital REIT Fund (the "Fund"), nor shall it (or any part of it) form the basis of, or be relied on, in connection with, or act as inducement to enter into any contract whatsoever.

Prospective investors should carefully read the Fund's Terms and Conditions and should seek advice from a qualified investment advisor on the suitability of the Fund as an investment prior entering into an investment in the Fund. Investing in the Fund could carry risks; therefore, may not be suitable for all investors. Hence, prospective investors must be willing to undertake the risks associated with any investment in the Fund.

This document has been prepared using data and information from reliable sources, The Fund Manager shall not be liable for any loss that may arise from the use of this report or any of its contents or otherwise arising in connection therewith. Past performance of the Fund is not an indication nor a guarantee of future performance. The value of units, dividends derive from them, as well as Fund prices, and their currencies may decrease or rise, and changes in currency rates may adversely affect the value of securities, prices, or income. The Fund's assets may also be subject to risks in the financial markets in which the assets are invested It may be difficult for the investor to sell illiquid securities or make profits from them and obtain reliable information about its value or the extent of the risks it is exposed to, and additional fees / expenses may apply. Dividends or income may fluctuate, and part of the invested capital may be used to pay dividends income. By investing in the Fund, the investor acknowledges having read and accepted the Fund's Terms and Conditions.

For more information



+966 9200 13317



P.O. Box 13396, Jeddah 21493, Kingdom of Saudi Arabia



License No. 11157-37



www.sedcocalpital.com



info@sedcocalpital.com

Financial Statements

As of 31 December 2025

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

For the year ended 31 December 2025

INDEX	PAGE
Independent auditor's report	1 - 4
Statement of financial position	5
Statement of income and comprehensive income	6
Statement of changes in net assets attributable to unitholders	7
Statement of cash flows	8
Notes to the financial statements	9 – 29



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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)

Key audit matter	How our audit addressed the key audit matter
<p>Impairment of investment properties</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"> • Reviewed the procedures in identifying impairment indicators in respect of investment properties. • Evaluated objectivity, independency, competence and experience of the valuers. We also ensured that the valuers are certified from Saudi Authority for Accredited Valuers. • On a sample-basis, we involved our specialists to perform the following: <ul style="list-style-type: none"> ○ 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. ○ 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. • 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. • Evaluated the adequacy of presentation and disclosures in respect of investment properties, including disclosures of key assumptions and judgements.



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> ¥
ASSETS			
NON-CURRENT ASSET			
Investment properties	5	3,144,862,051	2,201,225,799
TOTAL NON-CURRENT ASSET		3,144,862,051	2,201,225,799
CURRENT ASSETS			
Rent receivables	6	139,700,314	92,197,542
Prepayments and other assets		329,470	1,309,922
Cash and cash equivalents	7	182,498,932	183,299,076
		322,528,716	276,806,540
Asset held for sale	5.3	63,539,399	-
TOTAL CURRENT ASSET		386,068,115	276,806,540
TOTAL ASSETS		3,530,930,166	2,478,032,339
LIABILITIES			
NON-CURRENT LIABILITY			
Financing facility from a bank	8	1,800,775,342	953,489,955
TOTAL NON-CURRENT LIABILITY		1,800,775,342	953,489,955
CURRENT LIABILITIES			
Dividends payable	9	25,704,861	23,382,275
Due to a related party	10	24,202,117	17,086,164
Property acquisition payable	5.8	55,000,000	-
Accrued expenses and other payable	11	5,783,396	10,173,586
Advance received against sale of asset held for sale	5.3	100,750,000	-
Deferred revenue	12	39,531,261	7,645,222
Current portion of financing facility from a bank	8	19,384,927	12,098,951
TOTAL CURRENT LIABILITIES		270,356,562	70,386,198
TOTAL LIABILITIES		2,071,131,904	1,023,876,153
NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS		1,459,798,262	1,454,156,186
UNITS IN ISSUE	13	186,944,444	186,944,444
Net assets per unit (¥)		7.8087	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>	2025 RM	2024 RM
INCOME			
Rental income		216,429,425	173,534,076
Murabaha income	7 (a)	8,081,638	3,181,988
Other income	5.4	5,000,000	-
TOTAL INCOME		229,511,063	176,716,064
EXPENSES			
Depreciation	5	45,716,997	34,187,472
Management, administrative and shariah fees		16,207,640	17,102,783
Operating and other expenses	14	18,467,763	17,713,357
Impairment (reversal) / charge on investment properties	5	(33,974,343)	24,003,263
Expected credit loss on rent receivables	6.1	3,000,000	6,000,000
Financing fees and bank charges	8	100,841,555	63,299,349
TOTAL EXPENSES		150,259,612	162,306,224
NET INCOME FOR THE YEAR		79,251,451	14,409,840
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		79,251,451	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>	2025 #	2024 #
OPERATING ACTIVITIES			
Net income for the year		79,251,451	14,409,840
<i>Adjustments to reconcile net income to net cash from operating activities:</i>			
Depreciation	5	45,716,997	34,187,472
(Reversal of)/ impairment charge on investment properties	5	(33,974,343)	24,003,263
Expected credit loss on rent receivables	6.1	3,000,000	6,000,000
Financing fees and bank charges	8	100,841,555	63,299,349
		194,835,660	141,899,924
Net changes in operating assets and liabilities:			
Rent receivables		(50,502,772)	(35,048,055)
Prepayments and other assets		5,566	3,471,121
Due to a related party		7,115,953	1,731,686
Accrued expenses and other payable		(4,390,190)	3,222,578
Deferred revenue		31,886,039	(1,037,206)
		178,950,256	114,240,048
INVESTING ACTIVITIES			
Payments made for the additions to investment properties		(963,918,305)	(1,151,292)
Advance received against sale of asset held for sale	5.3	100,750,000	(514,740)
		(863,168,305)	(1,666,032)
FINANCING ACTIVITIES			
Proceeds from loan and borrowings		843,262,500	167,500,000
Repayment of loan principal and interest		(90,470,306)	(58,163,277)
Movement in financing facility from a bank		1,912,500	-
Dividend paid during the year	9	(71,286,789)	(97,305,376)
		683,417,905	12,031,347
Net change in cash and cash equivalents		(800,144)	124,605,363
Cash and cash equivalents at beginning of the year		183,299,076	58,693,713
Cash and cash equivalents at end of the year		182,498,932	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)

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)

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

(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)

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

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
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SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

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
(Managed by SEDCO Capital)

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
(Managed by SEDCO Capital)

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
Irqah 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

(Managed by SEDCO Capital)

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	1,459,798,262	1,454,156,186
Net appreciation in value based on valuation	155,498,550	80,886,701
Net assets at fair value	1,615,296,812	1,535,042,887
Net assets per unit, at cost	7.8087	7.7785
Impact on net assets per unit for the appreciation in value	0.8317	0.4327
Net assets per unit at fair value	8.6405	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)

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.)