



SED CO Capital REIT Fund

Annual Report - 2024

December 2024



Table of Contents

#	Subject	Page Number
01	Management Statement	03
02	Fund Factsheet and Strategy	04
03	Fund Updates and Investment Activities Review During the Period	04
04	Portfolio Description	05
05	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	13
07	Dividend Distributions	14
08	Material Development During the Period	15
09	Changes to the Fund's Documents During the Year and the Subsequent Events	15
10	Summary of Fund's Performance	15
11	Stock/Unit performance	15
12	Topics Discussed and Resolutions Issued by the Fund Board	16
13	Financial Performance	17
14	Risk Assessment	19
15	Socioeconomic and Demographic Overview	24
16	Real Estate Sector Overview	26
17	Fund Manager, Custodian and Auditor	31
18	Financial Statements	33



Management Statements

It is our honor to present the annual report of SEDCO Capital REIT Fund to unitholders. This report highlights key activities, achievements, operational results and general views with regards to the portfolio along with the financial statements for the period ended 31 December 2024.

SEDCO Capital REIT Fund portfolio comprises 21 income-generating assets, geographically diversified across the Eastern Province (32%), Jeddah (37%) and Riyadh (31%). The portfolio enjoys sectoral diversification across the entertainment (44%), office (14%), retail (20%), residential (3%), hospitality (2%) and Education (17%) sectors.

Despite the challenging market conditions facing the portfolio over the year, the average occupancy rate stood at 97.2%, recording a slight increase of 0.2% compared to December 2023.

Properties leased to single tenant represent 54% of the current portfolio with long term leases permitting for stability, while 46% of the properties are leased to multi-tenanted with multiple lease agreements providing growth potential. The weighted average lease expiry (WALE) stood at 5.6 years.

The average value of the Fund's property portfolio, as valued by two independent valuers, was estimated at SAR 2,282 million, there's a decrease of 2.8% compared to the total purchase price.

In terms of dividend distribution, the Fund distributed SAR 0.50 per unit amounting to SAR 93,472,224 for the period from 01 January 2024 to 31 December 2024 which translate to 5.00% yield on annualized basis.

We would like to express gratitude towards 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 for the portfolio

"As we close out 2024, the Saudi real estate market has continued to demonstrate resilience amid evolving global economic conditions. Despite initial caution at the start of the year, stabilizing interest rates and improved financing conditions have contributed to a more favorable investment climate. The Kingdom's real estate sector, underpinned by strong fundamentals and ambitious Vision 2030 initiatives, has remained a key driver of economic growth.

Throughout the year, we have observed a gradual recovery in transactional activity, particularly in income-generating real estate. Residential assets – especially leased residential compounds – maintained high occupancy rates and rental growth across major cities. Meanwhile, the commercial sector, including Grade A business parks and mixed-use developments in Riyadh, Jeddah, and the Dammam metropolitan area, attracted sustained interest due to corporate expansion and government-led infrastructure projects. Additionally, the industrial and logistics sectors have seen continued momentum, benefiting from the Kingdom's push to diversify its economy and enhance supply chain capabilities.

SEDCO Capital has remained proactive in identifying and executing strategic investments aligned with our fund's objectives. Our disciplined approach, focused on high-quality assets with strong income fundamentals, has allowed us to navigate shifting market conditions while ensuring stable returns and long-term value creation for our investors.

Looking Ahead to 2025

As we enter 2025, we anticipate further improvements in market conditions, driven by continued economic diversification, increased foreign direct investment, and a potential easing of monetary policy. With interest rate cuts expected to gain traction, financing costs are likely to decline, enhancing the attractiveness of real estate investments and supporting market liquidity.

Our focus remains on identifying high-potential assets, optimizing portfolio performance, and capitalizing on emerging opportunities. We will continue to align our strategy with evolving market trends, ensuring that our REIT remains well-positioned to generate sustainable growth and deliver long-term value for our unitholders.

We appreciate your continued trust and confidence in SEDCO Capital as we look ahead to another promising year."

Abdulwahhab Ahmed 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)	5.00%

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.
- Re-invest 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 lease price, 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.

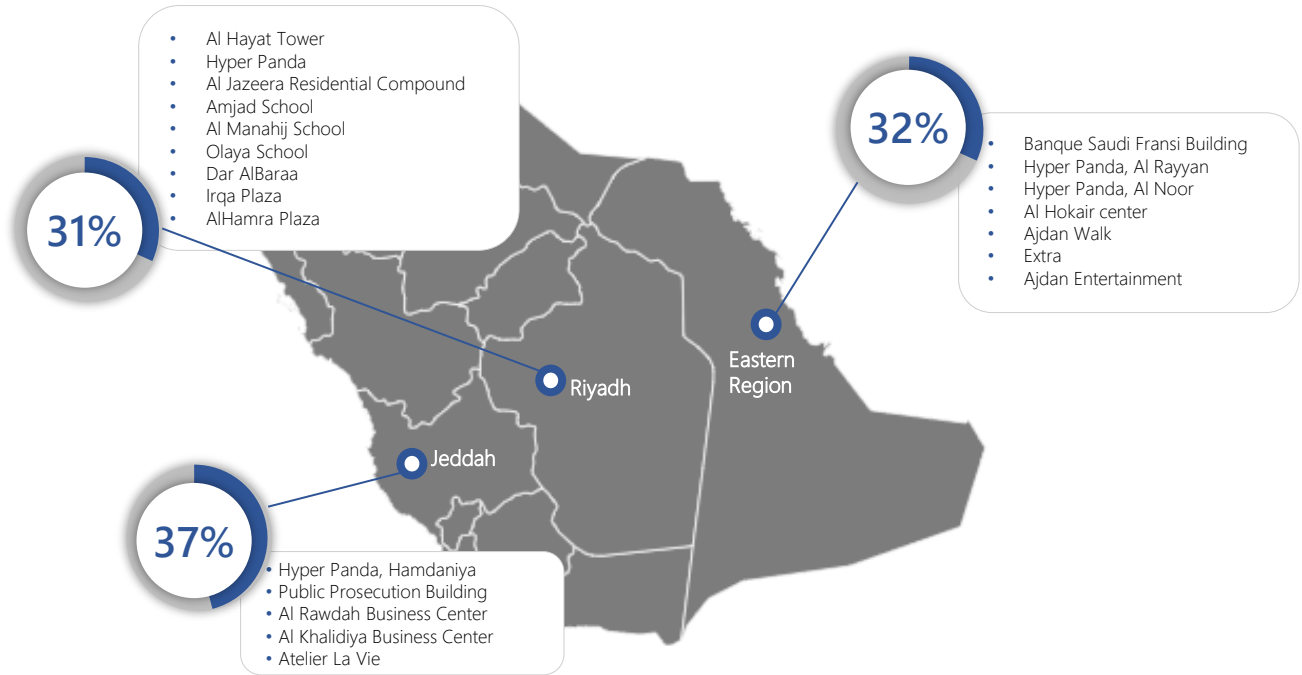
A review of the Investment Activities during the period and Fund Updates

- The occupancy rate stood at 97.2%, recording a slight increase of 0.2% compared to December 2023.
- JLL and Esnad valued SEDCO Capital REIT Fund properties. As of 31 December 2024, the fair value of the Fund's assets has decreased by 2.5% reaching SAR 2,282 in comparison to latest exercise in June 2024.
- The Fund's cash balance amounted to SAR 1,299,076 as of 31 December 2024. An amount of SAR 182,000,000 was placed in Murabaha to be matured in the 1st quarter of 2025. The cash balances will be used in operational activates and to pay the Fund's obligations.

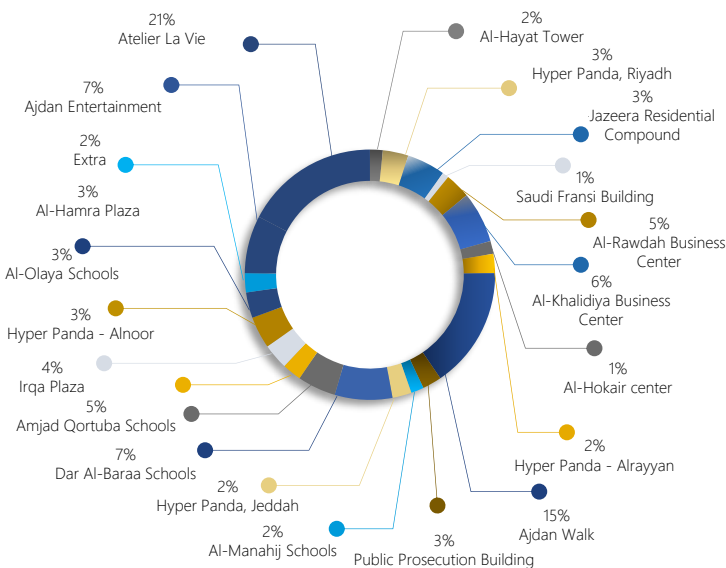
Portfolio Description

Geographical Diversity:

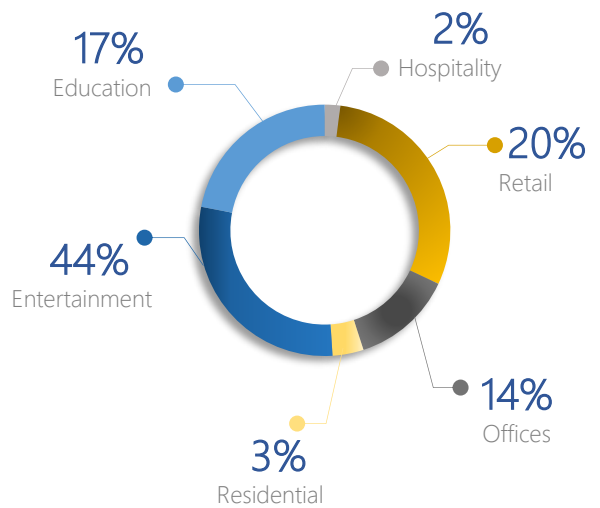
The Fund's assets are diversified across Riyadh 31%, Jeddah 37% and Eastern Province 32%.



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 1,500,000 represents 0.87% of the total rent
Uncollected Revenue From Total Revenue	0.84%
Tenant	Al Hafra Al Raeah Hotel Apartment Est.
Weighted Average Lease Expiry	2.0 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 3.56% of the total rent
Uncollected Revenue From Total Revenue	N/A
Tenant	Panda Retail Company
Weighted Average Lease Expiry	3.4 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	97%
Annual Income	SAR 7,864,000 represents 4.58% of the total rent
Uncollected Revenue From Total Revenue	0.29%
Tenant	Multiple tenants
Weighted Average Lease Expiry	0.5 years

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 3.16% of the total rent
Uncollected Revenue From Total Revenue	N/A
Tenant	Unified Real Estate Development
Weighted Average Lease Expiry	1.0 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	97%
Annual Income	SAR 6,851,699 represents 3.99% of the total rent
Uncollected Revenue From Total Revenue	0.59%
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 2.47% of the total rent
Uncollected Revenue From Total Revenue	1.37%
Tenant	Nabaa Education Co.
Weighted Average Lease Expiry	8.4 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 12,134,063 represents 7.06% of the total rent
Uncollected Revenue From Total Revenue	5.30%
Tenant	Al Mseef Education Co.
Weighted Average Lease Expiry	16.8 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 3.01% of the total rent
Uncollected Revenue From Total Revenue	0.11%
Tenant	Tadrees Co. Ltd
Weighted Average Lease Expiry	8.5 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 8,427,542 represents 4.90% of the total rent
Uncollected Revenue From Total Revenue	5.06%
Tenant	Amjad Qortuba for Educational Services Co.
Weighted Average Lease Expiry	7.4 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 2.69% of the total rent
Uncollected Revenue From Total Revenue	2.37%
Tenant	Public Prosecution
Weighted Average Lease Expiry	0.2 year

Al Khalidiya Business Center



Description	A commercial/office center located on Prince Sultan Street, Al Khalidiyah District, Jeddah
Sector	Office
Land Area/m ²	7,903
Building Area/m ²	26,713
Occupancy Rate	74%
Annual Income	SAR 9,294,083 represents 5.41% of the total rent
Uncollected Revenue From Total Revenue	3.80%
Tenant	Multiple tenants
Weighted Average Lease Expiry	0.9 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 1.74% of the total rent
Uncollected Revenue From Total Revenue	N/A
Tenant	Panda Retail Company
Weighted Average Lease Expiry	3.1 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	100%
Annual Income	SAR 8,661,687 represents 5.04% of the total rent
Uncollected Revenue From Total Revenue	8.00%
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	87%
Annual Income	SAR 33,351,737 represents 19.41% of the total rent
Uncollected Revenue From Total Revenue	11.13%
Tenant	Multiple tenants
Weighted Average Lease Expiry	2.6 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 1.16% of the total rent
Uncollected Revenue From Total Revenue	N/A
Tenant	Banque Saudi Fransi
Weighted Average Lease Expiry	9.0 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 5,228,170 represents 3.04% of the total rent
Uncollected Revenue From Total Revenue	1.51%
Tenant	Panda Retail Company
Weighted Average Lease Expiry	5.1 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 1.28% of the total rent
Uncollected Revenue From Total Revenue	2.66%
Tenant	Abdulmohsen Al Hokair Group for Tourism and Development Company
Weighted Average Lease Expiry	12.3 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 26,250,000 represents 15.28% of the total rent
Uncollected Revenue From Total Revenue	8.31%
Tenant	AlOula Real Estate Development Company
Weighted Average Lease Expiry	5.1 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 5,021,569 represents 2.92% of the total rent
Uncollected Revenue From Total Revenue	N/A
Tenant	Panda Retail Company
Weighted Average Lease Expiry	9.9 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 2.29% of the total rent
Uncollected Revenue From Total Revenue	N/A
Tenant	United Electronics Company
Weighted Average Lease Expiry	8.6 years

Ajdan Entertainment

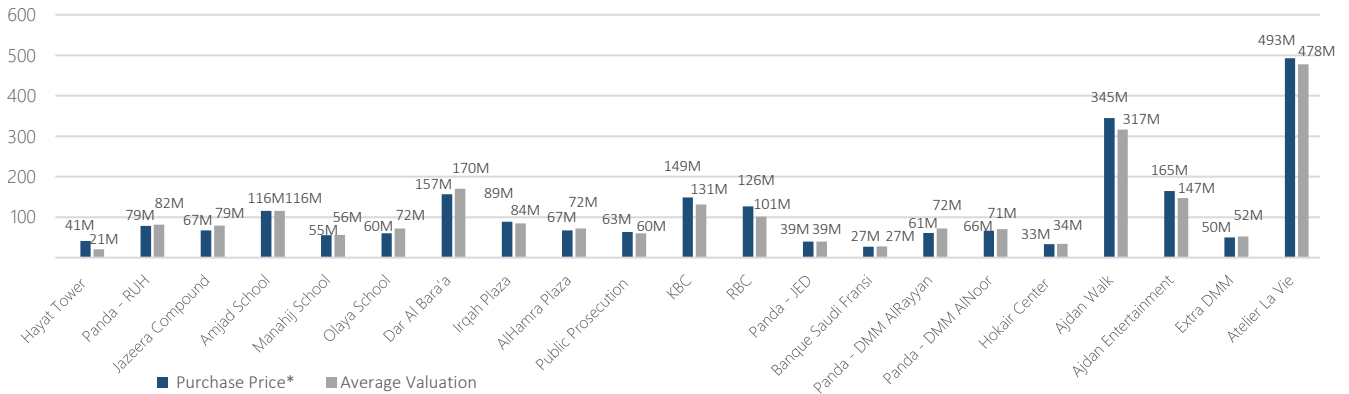


Description	Ajdan Entertainment is located on Prince Turki Street in Al Khobar
Sector	Entertainment
Land Area/m ²	6,866
Building Area/m ²	16,093
Occupancy Rate	100%
Annual Income	SAR 10,521,700 represents 6.12% of the total rent
Uncollected Revenue From Total Revenue	11.44%
Tenant	Multiple tenants
Weighted Average Lease Expiry	11.9 years

Fair value vs. Purchase Price and Book Value

As at the end of December 2024 and based on the average valuation of two independent accredited real estate valuers; JLL and Esnad, the fair value of the Fund’s assets recorded a 2.5% decrease when compared to June 2024. The portfolio recorded a 2.8% decrease when compared to the total purchase cost –(excluding transaction costs). The fair value of the total Fund’s assets as of 31 December 2024 is SAR 2,282 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%	2.0 years
Hyper Panda - Riyadh	Leased	100%	3.4 years
Al Jazeera Residential Compound	Leased	97%	0.5 years
Public Prosecution Building	Leased	100%	0.2 years
Al Khalidiya Business Center	Leased	74%	0.9 years
Hyper Panda - Jeddah	Leased	100%	3.1 years
Al Rawdah Business Center	Leased	100%	2.1 years
Building leased to Banque Saudi Fransi	Leased	100%	9.0 years
Hyper Panda – DMM AlRayyan	Leased	100%	5.1 years
Al Hokair Center	Leased	100%	12.3 years
Ajdan Walk	Leased	100%	5.1 years
Al Manahij Schools	Leased	100%	8.4 years
Dar Al Baraa Private Schools	Leased	100%	16.8 years
Extra Center	Leased	100%	8.6 years
Al Hamra Plaza Center	Leased	100%	1.0 years
Olaya Private Schools	Leased	100%	8.5 years
Hyper Panda – DMM AlNoor	Leased	100%	9.9 years
Amjad Qurtoba Private Schools	Leased	100%	7.4 years
Iraqh Plaza Center	Leased	97%	2.0 years
Ajdan Entertainment	Leased	100%	11.9 years
Atelier La Vie	Leased	87%	2.6 years

100% of the Fund’s assets are leased and generating income **Portfolio Average Occupancy Rate 97.2%** **Portfolio Average WALE 5.8 years**

Portfolio Occupancy Rate

As of 31 December 2024, the occupancy rate stood at 97.2%, recording a slight increase of 0.2% compared to December 2023.



Occupancy Rate

Dividend Distributions

The Fund Manager aims to distribute semi-annual dividends to investors at a rate of not less than 90% of the Fund's net profits within a period of 90 business days from the date of announcing the distributions. It is expected that the Fund Manager will announce the dividends, their due date and distribution date within 40 business days from the end of June and December of each calendar year. Dividends will be deposited within 90 business days of the announcement. Excluding capital gains from the sale of assets which may be reinvested for acquiring assets for the interests of unitholders. Since listing, the Fund has distributed the following CoC dividends:

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

* Annual basis

Material Development During the Year

During the year, the Fund Manager announced the extension of the Memorandum of Understanding (MoU) for the purchase of an educational complex property ("the Property") in the United Arab Emirates for the purpose of completing the legal and technical due diligence of the Property. It is worth noting that the MoU had been extended in previous periods and this was announced at the time.

Subsequent Events

NA

Changes to the Fund's Documents During the Year

NA

Summary of Fund's Performance

Based on the financial results and achievements during the year The Fund has successfully distribute 5.00% cash dividend -on an annual basis- for the period from 1 January 2024 to 31 December 2024.

Stock Performance

The stock witnessed different levels of volatility during the period, recording its highest price at 9.00 SAR, and lowest at 7.30 SAR, to end the last trading session on 31 Dec 2024 at 8.39 SAR.

Stock/Unit Performance



Topics Discussed and Resolutions Issued by the Fund Board

Date	Topic	Resolution
28 March 2024	<ul style="list-style-type: none"> Draft of financial statements period ended 31 December 2023 	<ul style="list-style-type: none"> The Fund's Board of Directors approved the financial statements for the period ended 31 December 2023
30 April 2024	<ul style="list-style-type: none"> Change the property manager of Atelier La Vie 	<ul style="list-style-type: none"> The Fund Board of Directors approved to change the property manager of Atelier La Vie under SEDCO Capital REIT Fund
15 May 2024	<ul style="list-style-type: none"> Q1 2024 dividend distribution 	<ul style="list-style-type: none"> The Fund's Board of Directors approved the distribution of quarterly cash dividends for the period (Q1 2024: 01 January 2024 to 31 March 2024) to SEDCO Capital REIT Fund unitholders. The total amount to be distributed is SAR 23,368,056 being an annualized return of 5.00%.
09 July 2024	<ul style="list-style-type: none"> Q2 2024 dividend distribution 	<ul style="list-style-type: none"> The Fund's Board of Directors approved the distribution of quarterly cash dividends for the period (Q2 2024: 01 April 2024 to 30 June 2024) to SEDCO Capital REIT Fund unitholders. The total amount to be distributed is SAR 23,368,056 being an annualized return of 5.00%.
08 August 2024	<ul style="list-style-type: none"> Draft of financial statements - period ended 30 June 2024 	<ul style="list-style-type: none"> The Fund's Board of Directors approved the financial statements of SCREIT for the period ended 30 June 2024
29 October 2024	<ul style="list-style-type: none"> Dunecrest American School - Dubai 	<ul style="list-style-type: none"> To acquire Dunecrest American School in Dubai (the Subject Property) on behalf of SEDCO Capital REIT for a maximum purchase price of AED 158.0 Mn (or SAR 161.2 Mn) excluding acquisition costs. Drawdown the required facility amounts from the existing bank facility available to finance the transaction.
13 November 2024	<ul style="list-style-type: none"> Q3 2024 dividend distribution 	<ul style="list-style-type: none"> The Fund's Board of Directors approved the distribution of quarterly cash dividends for the period (Q3 2024: 01 July 2024 to 30 September 2024) to SEDCO Capital REIT Fund unitholders. The total amount to be distributed is SAR 23,368,056 being an annualized return of 5.00%.
26 December 2024	<ul style="list-style-type: none"> Q4 2024 dividend distribution 	<ul style="list-style-type: none"> The Fund's Board of Directors approved the distribution of quarterly cash dividends for the period (Q4 2024: 01 October 2024 to 31 December 2024) to SEDCO Capital REIT Fund unitholders. The total amount to be distributed is SAR 23,368,056 being an annualized return of 5.00%.

Financial Performance

Indicator	As of 31 Dec 2024	As of 31 Dec 2023	As of 31 Dec 2022	As of 31 Dec 2021
Net market value of the Fund's assets at the end of the financial year (Fair Value)	1,535,042,887	1,619,968,000	1,032,202,870	1,062,310,241
Net market value of the Fund's assets per unit at the end of the financial year (Fair Value)	8.2112	8.6655	8.7847	9.0409
Net market value of the Fund's assets at the end of the financial year (Book Value)	1,454,156,186	1,533,218,570	997,395,948	1,039,710,604
Net market value of the Fund's assets per unit at the end of the financial year (Book Value)	7.7785	8.2015	8.4885	8.8486
Highest net asset value per unit for each financial year (Fair Value)	8.7298	8.6655	8.8489	9.0409
Lowest net asset value per unit for each financial year (Fair Value)	8.2112	8.6390	8.7847	8.9975
Income distribution per unit	0.95	0.87	1.35	0.62
Percentage of expenses borne by the Fund	10.57%	7.96%	11.43%	10.20%
Net income / (Loss)	14,409,840	33,561,234	41,110,344	(35,437,775)
Distribution yield (based on market traded price)	5.96%	6.37%	6.88%	2.54%
Number of units in issue	186,944,444	186,944,444	117,500,000	117,500,000

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

Indicator	As of 31 Dec 2024	As of 31 Dec 2023	Cap (Limit)
Operating expenses	16,223,413	13,768,872	Not to exceed 7% of the rental income of the property
Management fees	16,259,793	13,292,704	1% of the Fund's net assets according to the latest financial statements
Finance fees	59,563,337	54,129,449	NA
Professional fees	1,213,026	1,315,867	NA
Other costs	7,119,909	7,089,222	1% of the Fund's net assets according to the latest financial statements
Depreciation and amortization	61,926,746	39,356,940	NA
Total expenses	162,306,224	128,953,054	NA
Expenses ratio	6.34%	5.22%	NA
Ratio of Non-Cash Expenses to the Net income of the Fund	404%	117%	NA

Performance Record

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

Period	Since Inception	One Year	Three Years	Five Years
Annual Total Return	6.10%	5.00%	6.05%	6.00%

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

Period	2024	2023	2022	2021	2020	2019
Annual Total Return	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 2024	As of 31 Dec 2023	As of 31 Dec 2022	As of 31 Dec 2021
Financing amount (in Million)	967.5	800	800	625
Financing amount percentage of the Fund's total asset value	38%	33%	42%	36%
Loan exposure period	3.8 Y	4.8 Y	5.8 Y	6.8 Y
Maturity date	16 OCT 2028	16 OCT 2028	16 OCT 2028	31 DEC 2024

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 2024.

Transactions with Related Parties

The Fund Manager's transactions with related parties are summarized as follows:

- Maintenance and operation of the rental of units at Al Khalidiya Business Center.
- Contracts for three of the Fund's properties.

Rents with related parties represent 0.62% of total Fund revenues whereas maintenance contracts account for 1.71% of total Fund expenses. The Fund Manager confirms that all these transactions and contracts have been based on the principle of equality among all customers and without any preference.

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/</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. 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. The Manager employs a comprehensive approach by generating multiple scenarios and carefully evaluating opportunities at a fund level in order to mitigate risks. 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 and Risk Management 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 legal suits, 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
<p>Risks Related to Geopolitical Events, Natural Catastrophes, Terrorism and Health Pandemics</p>	<p>Geopolitical events, instability, terrorism, natural catastrophes and events such as health pandemic may negatively impact assets from valuation as well as income perspective.</p>	<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>
<p>Property Management Risk</p>	<p>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>	<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>
<p>Inflationary Pressure / Supply chain issues</p>	<p>Risk that production and supply chain bottlenecks likely to lead to unexpected inflation level.</p>	<p>While inflation is a risk factor, there is some mitigation of inflation through rent escalations in lease agreements. Based on historical data, REITs provide reasonable protection against inflation because rents are not as sticky as other prices.</p> <p>The alleviation of pandemic restrictions may ease some supply chain bottlenecks that have been a cause of inflation.</p>



Risk Assessment – Cont.

Main Risks	Description	Assessment
<p>Concentration Risk</p>	<p>Risk of a scenario where too much investment capital has been put into a single property type or geographical location.</p>	<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>
<p>Risk of Global Recession</p>	<p>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>	<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>
<p>Risk of Artificial intelligence (AI) productivity boost</p>	<p>Risks to disrupt traditional real estate practices by streamlining processes, reducing costs, and increasing efficiency. 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>	<p>Manager recognizes that the greater and more rapid the investment in new technologies, the greater the potential impact on productivity. However, changes in productivity tended to be signaled a few years in advance. Therefore, any development in this area is to be closely monitored by the Manager.</p>



Socioeconomic and Demographic Overview

KSA



Country Profile

Saudi Arabia holds an estimated 17% of the world's proven oil reserves and has the largest economy in MENA, making it a critical player not only in the region, but on a global scale.

Saudi Arabia initiated Vision 2030 as a comprehensive strategy to foster economic development and reduce reliance on oil. This visionary plan incorporates various economic and financial reforms with the objective of transforming the Saudi economy into a diversified and sustainable one.

According to preliminary estimates by the General Authority for Statistics (GASTAT), Saudi Arabia's real GDP grew by 1.3% in 2024 compared to the previous year. This growth was driven by a 4.3% rise in non-oil activities and a 2.6% increase in government activities, while oil activities declined by 4.5%.

However, International Monetary Fund (IMF) has lowered Saudi Arabia's 2025 growth forecast due to extended oil production cuts, impacting regional projections while the country continues efforts to diversify its economy.

GDP

The data released by the government revealed that in Q4 2024, real GDP of the kingdom recorded its highest quarterly growth rate in two years, rising by 4.4% compared to Q4 2023. This growth was driven by increases across all major economic sectors, with non-oil activities expanding by 4.6%, oil activities by 3.4%, and government activities by 2.2% year-on-year.

Real GDP expanded by 2.8% in Q3 2024 compared to the same period in 2023, while seasonally adjusted GDP increased by 0.9% from Q2 2024. Non-oil activities grew by 4.3% year-on-year and 0.7% quarter-on-quarter. Government activities rose by 3.1% annually but declined by 0.3% from the previous quarter. Oil activities recorded slight growth of 0.05% year-on-year and 1.2% quarter-on-quarter.

Analysts had expected a significant increase in Saudi Arabia's economic growth in 2025, following two years of modest expansion. However, the delay in increasing oil output has led to lowered projections. The IMF has revised its 2025 GDP growth forecast for Saudi Arabia to 3.3%, down from the previous estimate of 4.6%, primarily due to extended oil production cuts by OPEC+.

Despite these challenges, Saudi Arabia continues to implement plans to diversify its economy and enhance non-oil growth.

Inflation

In 2024, the average annual inflation rate for consumer prices in Saudi Arabia reached 1.7% compared to the previous year. This increase was primarily driven by an 8.8% rise in housing, water, electricity, gas, and fuel prices, along with a 0.8% increase in food and beverages, which exerted the most significant upward pressure on inflation.

Food and beverage prices rose by 0.8%, driven by a 2.9% increase in meat and poultry prices. Personal goods and services saw a 2.2% rise, influenced by a 20.2% jump in jewelry, watches, and antiques. Restaurant and hotel prices increased by 0.9%, with hotel and furnished apartment services up 2.3%.

In December 2024, the annual inflation rate in the Kingdom stood at 1.9% compared to the same month in 2023. This was mainly driven by an 8.9% rise in housing, water, electricity, gas, and fuel prices, along with increases of 0.8% in food and beverages and 2.2% in personal goods and services.

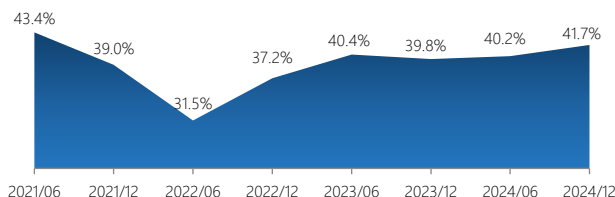
In contrast, transportation prices declined by 2.5%.

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

Private Consumption

Private Consumption accounted for 41.7% of nominal GDP in Dec 2024, compared to 42.8% in the previous quarter. Private Consumption share has grown in the recent years, with the average ratio standing at 40.1% from March 2020 to Dec 2024.

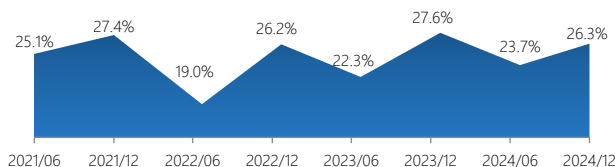
Private Consumption % of GDP



Public Consumption

Public Consumption accounted for 26.3% of nominal GDP in Dec 2024, compared to 23.9% in the previous quarter. Public consumption share has an average ratio of 24.2% from March 2020 to Dec 2024.

Public Consumption % of GDP



Saudi Arabia Vision 2030

Since the launch of Saudi Arabia's Vision 2030 in 2016, the Kingdom has made significant strides in diversifying its economy beyond oil dependence. Notably, the participation of Saudi women in the labor force has increased, reaching 30.7% in the first quarter of 2024, up from 25.5% in 2011. The overall female labor force also grew to 35.8% during the same period.

Labor market reforms under Vision 2030 have led to a sharp rise in female workforce participation, reaching 30.7% in Q1 2024, up from 25.5% in 2011, while overall female labor force participation hit 35.8%. The private sector has also expanded, with foreign direct investment (FDI) inflows increasing, driven by initiatives like the National Investment Strategy and major projects such as NEOM and the Public Investment Fund's (PIF) investments.

Since the 2016 launch of Vision 2030, Saudi Arabia has doubled its investment volume, reaching SAR 1.2 trillion (\$320 billion) by the end of last year, with the economy expanding to SAR 4 trillion. The Public Investment Fund (PIF) has played a pivotal role, with its local content spending increasing from SAR 69 billion in 2020 to SAR 153 billion in 2023—a 122% rise. Additionally, the number of global companies establishing regional headquarters in Saudi Arabia has grown to nearly 600.

Real Estate Sector Overview

Riyadh, Jeddah and Dammam





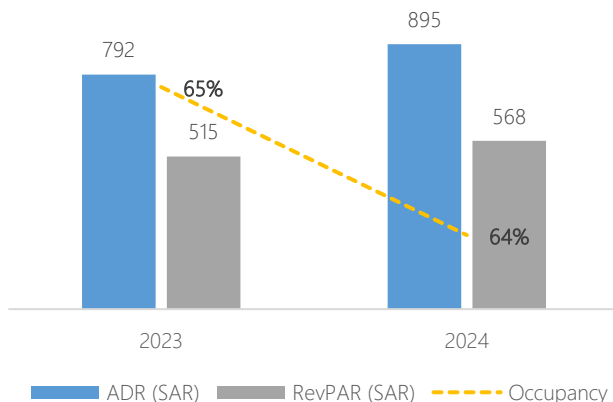
Real Estate Market Overview – Riyadh

Hospitality Sector

Saudi Arabia’s hospitality sector is expanding rapidly, driven by evolving market dynamics and changing consumer preferences. A key trend shaping this transformation is the growing emphasis on co-located hotels and branded residences. This approach aims to seamlessly integrate luxury accommodation with premium residential living, catering to the increasing demand from the region’s high-net-worth individuals.

In Riyadh, the hospitality sector demonstrated strong performance from 2023 to 2024, with key performance indicators (KPIs) reflecting positive growth. The city’s occupancy rate remained stable at 64%, while the average daily rate (ADR) climbed to SAR 895. This upward trend is largely driven by the introduction of new 5-star hotels, major projects such as Diriyah Gate, and the increased demand generated by Riyadh Season. These factors continue to solidify Riyadh’s position as a leading destination for both business and leisure travelers.

Hospitality Sector Performance Riyadh



Office Sector Performance – Rental Rates and deliveries

Grade A office
Rental
17% YoY



Grade A office
Rental
SAR 2,100 per sqm



5% Y-o-Y in office
supply



6.4m
Sqm

Total Stock

Office Sector

Riyadh’s office market remains strong, driven by high demand and limited availability for immediate lease. By the end of the year, the total office supply in Riyadh reached 6.4 million sqm—significantly outpacing Jeddah’s 2.2 million sqm and Dammam’s 1.5 million sqm. Notable developments such as Laysen Valley, STC Square Phase 1, and the New East project contributed a combined 146,000 sqm of gross leasable area. Moreover, a large segment of the office space within the King Abdullah Financial District (KAFD) was successfully delivered, underscored by high pre-leasing and leasing rates. Riyadh’s continued expansion, especially through the development of new Grade A office spaces, is increasingly putting pressure on older stock in secondary areas. Despite rising costs, international companies and investors remain attracted to Kingdom, supported by the continued growth of Regional Headquarters (RHQ) licenses. While the long-term pipeline has expanded due to major projects, most new supply in 2025 and 2026 is expected to come from private developers, including STC Square and other commercial towers along Olaya Street and King Fahad Road.

Retail Market

Riyadh’s retail market continues to expand, supported by strong consumer spending and upcoming large-scale developments. In 2024, Saudi Arabia’s retail sector recorded sales of approximately SAR 670 billion, marking a 9% year-on-year increase from SAR 614 billion in 2023. However, growth in the food and beverage (F&B) segment moderated, rising 7% year-on-year compared to 14% in 2023. Several major retail projects are set to reshape Riyadh’s shopping landscape. Solitaire Mall is nearing completion, while The 25 Mall Complex and Al Hamra Entertainment Complex are expected to open by late 2025 and early 2026, respectively. Additionally, Jawharat Riyadh Mall from Cenomi Group is forecasted to commence operations in early 2026, followed by the highly anticipated Avenues Mall in early 2027. Combined, these projects will introduce over 600,000 sqm of gross leasable area to the market. The launch of the Riyadh Metro is also expected to enhance retail foot traffic, particularly for malls near metro stations, as the city addresses congestion challenges. While rental and occupancy rates have seen consistent growth, the significant pipeline of new retail space could shift the market balance in favor of tenants in the medium term.

Retail Sector Performance – Rental Rates and deliveries

Regional &
Superregional Malls
Rent
1% YoY



Regional &
Superregional Malls
Rent
SAR 1,800 to 4000
per sqm



5% Y-o-Y in retail
supply



3.9m
Sqm

Total Stock

Source: Deloitte, CBRE



Real Estate Market Overview – Jeddah

Residential Sector

In 2024, Jeddah's housing market experienced the highest growth in both transaction volume and value across the country. Residential transactions surged by 53%, while the total value of deals increased by 43%. This growth was largely driven by the Saudi Central Bank's reduction of the down payment requirement for Saudi nationals, from 30% to 5%. Apartment prices rose by 3.1%, reaching an average of SAR 4,215 per square meter, while villa prices saw a slight decrease of 1.7%, averaging SAR 5,000 per square meter. Premium districts such as Al Shatea and Al Khaldiya continued to maintain higher villa prices.

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In 2024, the housing stock grew by 17,830 new units, bringing the total to 909,360 units. This number is expected to rise to 965,150 units by 2027. Notable projects set for completion in the next three years include the Venan Housing Project (1,708 units), Telal Goroob (3,392 units), and the Sama Jeddah Housing Project (858 units).

Residential Sector Performance – Indicators

Change in residential transactions



53% YoY
28,072 Deals
Volume



43% YoY
SAR 29.3bn
Value

Change in sales price

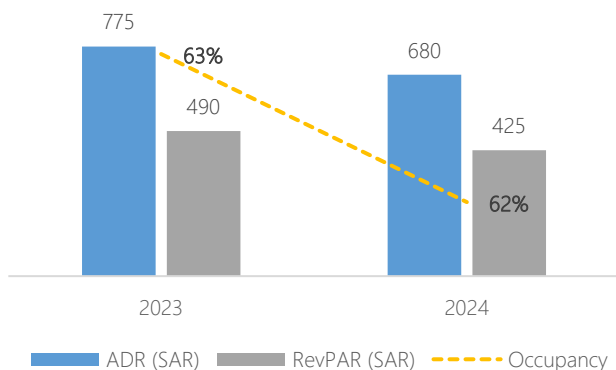


Villas
-1.7% YoY



Apartments
+3.1% YoY

Hospitality Sector Performance Jeddah



Hospitality Sector

Saudi Arabia's growth is being propelled by key Vision 2030 initiatives, which focus on infrastructure investments, urban development, and the restoration of cultural and historical landmarks. Significant progress has been made on major mega-projects like the Red Sea Project and Diriyah Gate, with their first hotels opening in 2024. Additionally, the successful bid to host the 2034 FIFA World Cup has further accelerated development, attracting global attention and driving increased investments across various sectors. With these efforts, the Kingdom continues to position itself as a premier global destination for tourism, business, and cultural experiences.

Meanwhile, Jeddah's hospitality sector saw a slight decline during the same period, with the occupancy rate dipping to 62% and the average daily rate (ADR) decreasing to SAR 680. However, Jeddah remains a vital tourism and cultural destination, with ongoing waterfront and heritage developments expected to rejuvenate the city's hospitality sector in the coming years.



Real Estate Market Overview – Dammam

Residential Sector

The residential market in the Dammam Metropolitan Area (DMA) experienced significant growth in 2024, with transaction volumes increasing by 49%, totaling 11,275 deals, and transaction values rising by 44% to SAR 13.5 billion.

Apartment prices in the DMA saw a 6.2% increase, averaging SAR 3,743 per square meter, with Khobar leading the market at SAR 4,070 per square meter.

Villa prices in the DMA rose by 2.7%, reaching an average of SAR 3,530 per square meter.

The Ministry of Housing added 2,838 units in 2024 across nine projects, including Sadeen Suburb (1,107 units) and Al Wajaha (590 units), with a further 22,000 units planned for development.

Tilal Real Estates launched the Heart of Khobar, one of the DMA's most significant projects, covering 268,813 square meters. This development offers family-friendly housing in a sustainable urban environment, with 89% of the area dedicated to pedestrian mobility.

Source: Knightfrank, Deloitte

Residential Sector Performance – Indicators

Change in residential transactions



49% YoY
11,275 Deals
Volume



44% YoY
SAR 13.6bn
Value

Change in sales price



Villas
2.7% YoY



Apartments
6.2% YoY



Education Sector Overview

The education sector in the Kingdom of Saudi Arabia is undergoing a substantial transformation, driven by the considerable population growth and the government's steadfast commitment to delivering top-tier educational opportunities. In 2024, Saudi Arabia allocated SAR 195 billion to the education sector, reflecting its commitment to human capital development. For 2025, the Kingdom has increased its education budget to SAR 201 billion, accounting for 16% of total government expenditures.

According to the latest data from the Saudi Ministry of Education, 6.72 million students are currently enrolled in general education. The Kingdom has 36,800 schools housed in 22,000 buildings. Primary school students make up 49% of total enrollment, while intermediate students account for over 23%. The total number of teachers in Saudi Arabia has surpassed 513,000, with approximately 245,000 dedicated to primary education.

A key initiative in the sector includes teaching Chinese to approximately 102,000 public school students annually, with instruction provided by 175 educators. This initiative, part of an agreement between Saudi Arabia and China, aims to enhance job prospects and academic opportunities, particularly for those considering Chinese universities. The program began with pilot schools and will expand to high schools by 2029.

The Kingdom also plans to increase kindergarten enrollment to 40%, working toward a 90% target by 2030, while also constructing sports halls for girls in public schools. Specialized education for students with disabilities is a priority, with plans to expand enrollment and enhance tailored support. Mansoor Ahmed, an independent adviser in multiple sectors including education, reports that Saudi Arabia has identified approximately 293,000 children with disabilities, and under the National Transformation Program 2020, at least 200,000 children aged 6-18 are expected to benefit from specialized education programs and services. Additionally, the Rights of Students with Disabilities and Equal Participation in Education (RSEPI) guarantees free and appropriate education, including individualized learning plans, early intervention, and transition services.

Higher education is also undergoing a transformation, with a strategic shift toward fields such as AI, robotics, and renewable energy. Increased investment in research and development aims to bridge skill gaps and align education with evolving labor market needs. Three new institutions for gifted students will open, focusing on specialized fields such as sports and technology, with one based in Riyadh. The private sector is playing a growing role in special education, highlighted by Amanat's SAR 220.3 Million acquisition of a 60% stake in Human Development Co., which operates nine schools, 22 daycare centers, and rehabilitation clinics across six provinces.

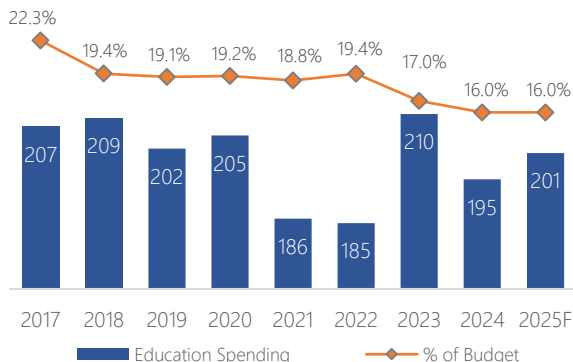
Infrastructure investments are further reshaping the sector, with 30 new schools being developed in Madinah through a public-private partnership., with 30 new schools being built in Madinah under a public-private partnership. Additionally, three Saudi cities—Madinah, Al-Ahsa, and King Abdullah City in Thuwal—were added to UNESCO's Network of Learning Cities, supporting lifelong learning and workforce readiness.

Key Achievements in 2024

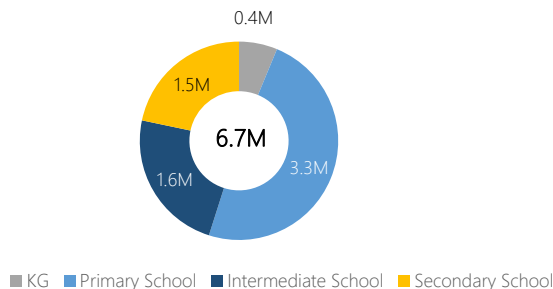
- The Kingdom is strengthening its research and development ecosystem by establishing 40 innovation and technology centers, which have contributed to a 10% increase in gifted student enrollment, bringing the total to 28,264 scholars in the National Program for Gifted Identification. Saudi Arabia also secured six international awards in education, innovation, and technical development.
- Further advancing the sector, PwC Middle East acquired Emkan Education, a Saudi consultancy specializing in skills development. The acquisition integrates prominent Saudi female education leaders into PwC's regional practice, reinforcing the Kingdom's commitment to innovation, workforce empowerment, and economic diversification.

Source: Saudi Ministry of Finance

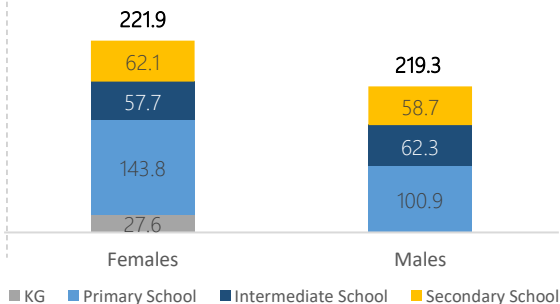
Education Expenditure % of GDP and % of Budget



Number of Students by Educational Stage



Teachers by Educational Stage (in '000)





Entertainment Sector Overview

Travel, tourism, and entertainment are key sectors within Saudi Arabia's Vision 2030 strategy for economic diversification. The government of Saudi Arabia is dedicated to boosting domestic household expenditure on leisure and entertainment pursuits while positioning the nation as a leading global travel destination.

Saudi Arabia's tourism sector continues to expand, with the workforce experiencing a notable 5.1% year-on-year increase in the second quarter of 2024. According to data from the General Authority for Statistics (GASTAT), the number of employees in tourism-related roles has risen to 959,175, reflecting the sector's rapid development and growing contribution to the national economy. The workforce in the tourism industry also recorded a quarter-on-quarter increase of 1.57%, highlighting sustained job creation within the sector. This growth is driven by Saudi Arabia's ongoing investments in hospitality, infrastructure, and entertainment, in line with Vision 2030's goal of making tourism a key pillar of economic diversification. Tourism-related jobs now make up 5.7% of the Kingdom's total workforce and 8.6% of private-sector employment. This underscores the sector's increasing significance in job creation and its role in reducing reliance on oil revenues. The expansion of the workforce also reflects the broader growth in hospitality, entertainment, and cultural tourism, spurred by major initiatives such as NEOM, the Red Sea Project, and Diriyah Gate.

The Ministry of Tourism, in a event marking World Tourism Day on September 27, highlighted the sector's remarkable progress, citing a surge in international tourist arrivals. Between January and July 2024, Saudi Arabia welcomed 17.5 million international visitors, reflecting a 10% increase compared to the same period in 2023 and an impressive 73% rise from 2019 levels. Among the most notable developments is the surge in entertainment and holiday tourism, which saw a 656% increase since 2019. A total of 4.2 million tourists visited the Kingdom for leisure purposes in the first seven months of 2024, marking a 25% rise from the previous year.

These milestones underscore the success of Saudi Arabia's long-term tourism strategy, which aims to establish the country as a global tourism hub. Originally targeting 100 million tourists by 2030, the Kingdom remarkably achieved this goal in 2023—seven years ahead of schedule. The latest UN World Tourism Barometer, released in September, recognized Saudi Arabia as the fastest-growing G20 nation in both international tourist arrivals and tourism revenues. This recognition highlights the Kingdom's strategic focus on sustainable tourism development, infrastructure enhancement, and global promotion efforts.

Saudi Arabia's rapid tourism expansion reflects the effectiveness of its policies and investments, reinforcing its position as a key player in the global travel industry. With ongoing developments and a commitment to long-term growth, the Kingdom is poised to further solidify its status as a premier international tourism destination.

Source: ETHRWorldEMEA, Ministry of Tourism Reports



Fund Manager

Saudi Economic and Development Securities Company (SEDCO Capital)

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King Abdulaziz (Malik) Road
P.O. Box 13396 Jeddah, 21491
Kingdom of Saudi Arabia
Tel: +966 12 690 6555
Fax: +966 12 690 6599
Website: www.sedcocapital.com
E-Mail: info@sedcocapital.com



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 INVESTMENT COMPANY

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



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



www.sedcocapital.com



License No. 11157-37



info@sedcocapital.com

Financial Statements

As of 31 December 2024

SEDCO CAPITAL REIT FUND
(Managed by SEDCO Capital)

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

FOR THE YEAR ENDED 31 DECEMBER 2024

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

FINANCIAL STATEMENTS

For the year ended 31 December 2024

INDEX	PAGE
Independent auditor's report	1 - 4
Statement of financial position	5
Statement of income and other comprehensive income	6
Statement of changes in net assets attributable to unitholder	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 2024, and the statement of income and other 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 2024, 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 that is relevant to our audit of the financial statements, and 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 2024, the carrying value of investment properties held by the Fund was ₪ 2,201.2 million (2023: ₪ 2,257.8 million), net of impairment of ₪ 125.5 million (2023: ₪ 101.5 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 2024 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 2024 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.

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 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: 26 Ramadan 1446H
(26 March 2025G)



SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	<i>2024</i> ₤	<i>2023</i> ₤
ASSETS			
NON-CURRENT ASSET			
Investment properties	5	2,201,225,799	2,257,750,502
TOTAL NON-CURRENT ASSET		2,201,225,799	2,257,750,502
CURRENT ASSETS			
Rent receivables	6	92,197,542	63,149,487
Prepayments and other assets		1,309,922	4,781,043
Cash and cash equivalents	7	183,299,076	58,693,713
TOTAL CURRENT ASSETS		276,806,540	126,624,243
TOTAL ASSETS		2,478,032,339	2,384,374,745
LIABILITIES			
NON-CURRENT LIABILITY			
Financing facility from a bank	8	953,489,955	782,253,943
TOTAL NON-CURRENT LIABILITY		953,489,955	782,253,943
CURRENT LIABILITIES			
Dividends payable	9	23,382,275	27,215,427
Due to a related party	10	17,086,164	15,354,478
Accrued expenses and other payable	11	10,173,586	6,951,008
Deferred revenue	12	7,645,222	8,682,428
Current portion of financing facility from a bank	8	12,098,951	10,698,891
TOTAL CURRENT LIABILITIES		70,386,198	68,902,232
TOTAL LIABILITIES		1,023,876,153	851,156,175
NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS		1,454,156,186	1,533,218,570
UNITS IN ISSUE	13	186,944,444	186,944,444
Net assets per unit (₤)		7.7785	8.2015

The attached notes from 1 to 19 form an integral part of these financial statements.

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Notes</i>	2024 #	2023 #
INCOME/(LOSS)			
Rental income		173,534,076	161,784,997
Murabaha income	7 (a)	3,181,988	3,835,325
Net loss on derivative instruments at FVTIS		-	(3,111,034)
Other income		-	5,000
TOTAL INCOME		176,716,064	162,514,288
EXPENSES			
Depreciation	5	34,187,472	31,966,107
Management, administrative and shariah fees		17,102,783	13,984,509
Operating and other expenses	14	17,713,357	17,482,156
Impairment charge on investment properties	5	24,003,263	4,298,869
Expected credit loss on rent receivables	6.1	6,000,000	4,000,000
Financing fees and bank charges	8	63,299,349	57,221,413
TOTAL EXPENSES		162,306,224	128,953,054
NET INCOME FOR THE YEAR		14,409,840	33,561,234
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		14,409,840	33,561,234

The attached notes from 1 to 19 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 2024

	2024	2023
	₹	₹
Net assets attributable to the unitholders at 1 January	1,533,218,570	997,395,948
Total comprehensive income for the year	14,409,840	33,561,234
Issue of additional units (note 13)	-	694,444,440
Discount on issuance of units (note 13)	-	(94,444,440)
Dividend (note 9)	(93,472,224)	(97,738,612)
Net assets attributable to the unitholders as at 31 December	<u>1,454,156,186</u>	<u>1,533,218,570</u>

The attached notes from 1 to 19 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 2024

	<i>Notes</i>	2024 #	2023 #
OPERATING ACTIVITIES			
Net income for the year		14,409,840	33,561,234
<i>Adjustments to reconcile net income to net cash from operating activities:</i>			
Depreciation	5	34,187,472	31,966,107
Impairment on investment properties	5	24,003,263	4,298,869
Expected credit loss on rent receivables	6.1	6,000,000	4,000,000
Net loss on derivative at FVTIS		-	3,111,034
Financing fees and bank charges	8	63,299,349	57,221,413
		141,899,924	134,158,657
Net changes in operating assets and liabilities:			
Rent receivables		(35,048,055)	(37,571,826)
Prepayments and other assets		3,471,121	1,494,353
Due to a related party		1,731,686	32,086
Accrued expenses and other payable		3,222,578	4,234,750
Derivative instruments at FVTIS		-	18,534,288
Deferred revenue		(1,037,206)	(4,800,257)
		114,240,048	116,082,051
INVESTING ACTIVITIES			
Payments made for the additions to investment properties		(1,151,292)	(532,083,968)
Payments made for work in progress		(514,740)	(1,548,432)
		(1,666,032)	(533,632,400)
FINANCING ACTIVITIES			
Proceeds from issuance of new units	13	-	600,000,000
Proceeds from loans and borrowings		167,500,000	-
Repayment of loan principal and interest		(58,163,277)	(51,724,298)
Movement in financing facility from a bank		-	(6,762,500)
Dividend paid during the year	9	(97,305,376)	(91,820,060)
		12,031,347	449,693,142
Net change in cash and cash equivalents			
		124,605,363	32,142,793
Cash and cash equivalents at beginning of the year		58,693,713	26,550,920
		183,299,076	58,693,713

The attached notes from 1 to 19 form an integral part of these financial statements.

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2024

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 will be 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 CMA pursuant to Resolution No. 1-193-2006 dated 19 Jumada Al-akhirah 1427H (corresponding to 15 July 2006) and as amended by the Resolution of the Board of the CMA No. 2-22-2021 dated 12 Rajab 1442H, corresponding to (24 February 2021G), 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 2024

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 (“SR” or “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 Fund carries its investment properties at cost, with changes in fair value being disclosed in the statement of income. For investment properties, a valuation methodology based on a discounted cash flow (DCF) model was used. 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 2024 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 2024

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 2024

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 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.

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.

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2024

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.3 Financial instruments – initial recognition and subsequent measurement (continued)

a) Financial assets (continued)

Subsequent measurement (continued)

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.

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.

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2024

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.3 Financial instruments – initial recognition and subsequent measurement (continued)

b) *Financial liabilities (continued)*

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.

4.4 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Fund uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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 2024

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 Expenses

a) Administration and management fees

The Fund Manager is entitled to receive an administration and management fee of 0.05% and 1% respectively per annum of the fair value of the Fund's net assets calculated based on the most recent audited financial statements and paid on a semi-annual basis.

b) Performance fee

The Fund Manager is entitled to a performance fee with respect to 20% of any cash dividend distributions in excess of 7% annually and 10% of any realized capital gain from the sale of real estate assets.

c) Financing arrangement fees

The Fund Manager is entitled to receive a fee equal to 1.25% for each external financing made available to the Fund. The fees are paid to the Fund Manager once the financing is available after deducting bank arrangement fees, valuation fees, legal fees and due diligence fees associated with obtaining the financing and amortized on the loan lifetime.

d) Brokerage fee and acquisition fee

The Fund Manager is entitled to receive a brokerage fee up to 2.50% and acquisition fee of 0.75% of the purchase price / sale proceeds of any real estate property. The brokerage and acquisition fee is capitalized as a part of cost of property.

e) Custody fee

The Custodian is entitled to a one-time set-up fee of ₪ 30,000, payable on the Closing Date, i.e. at the termination date of the offering period. Thereafter, the Custodian is entitled to an annual fee equal to 0.04% of the fair value of the Fund's net assets calculated at the beginning of each year, subject to a minimum of ₪200,000, paid on a semi-annual basis.

f) Shariah fees

The Fund Manager is entitled to receive annual sharia fee amounting to ₪ 30,000.

g) Property Management Fee

Property management fees are due to multi-tenant real estate properties, and any property management fees paid from the fund to any property manager appointed by the Fund Manager are negotiated according to the market prices.

h) Board fees

The fund pays to the independent fund board members an amount of ₪30,000 annually for each member, and the fund board fees will not exceed ₪60,000, annually.

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2024

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.10 Expenses (continued)

i) Depository Centre Fees (Edaa fees)

The depository company, Edaa, is entitled to receive a fee for creating the unitholder register (₪ 50,000 plus 2 ₪ for each unit holder, not to exceed ₪ 500,000) and annual fees of ₪400,000 for managing the unitholder register. The aforementioned fees are subject to change as determined by Tadawul.

j) Tadawul fee

Tadawul is entitled to receive a one-time fee for listing of the Fund equal to ₪ 50,000 and an annual fee of 0.03% of the Fund's unit market value, with a minimum of ₪50,000 and maximum of ₪300,000, for the continuing of listing for the Fund. The aforementioned fees are subject to change as determined by Tadawul.

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 2024 (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 IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024
Amendment to IAS 1 – Non-current liabilities with covenants and Classification of liabilities as current or non-current	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	1 January 2024

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2024

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 2025. 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, 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
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 Accounting Standards 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 Accounting Standards.	1 January 2027

SEDCO CAPITAL REIT FUND
(Managed by SEDCO Capital)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2024

5 INVESTMENT PROPERTIES

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

	Type	Location	Additions during the year			Depreciation			Impairment			Net Book value £	Fair Value £	
			Opening £	Transfers £	Closing £	Opening £	Charge for the year £	Closing £	Opening £	(Charge)/reversal for the year £	Closing impairment £			
			Cost											
Al Khaldiayah 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 Jazera 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 (note 5.6)			1,548,432	514,740	(2,063,172)	-	-	-	-	-	-	-	-	-
			2,475,701,516	1,666,032	-	2,477,367,548	(116,485,773)	(34,187,472)	(150,673,245)	(101,465,241)	(24,003,263)	(125,468,504)	2,201,225,799	2,282,112,500

SEDCO CAPITAL REIT FUND
(Managed by SEDCO Capital)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2024

5 INVESTMENT PROPERTIES (continued)

5.2 The details of the investment properties as at 31 December 2023 is as follows:

	Type	Location	Cost			Depreciation			Impairment			Net Book value R	Fair Value R
			Opening R	Additions during the year R	Closing R	Opening R	Charge for the year R	Closing R	Opening R	(Charge)/ reversal for the year R	Closing impairment R		
Al Khaldiyyah Business Centre	Commercial	Jeddah	166,425,964	-	166,425,964	(9,770,345)	(2,022,760)	(11,793,105)	(19,970,619)	1,393,760	(18,576,859)	136,056,000	136,056,000
Al Jazeera Residential Compound	Residential	Riyadh	67,702,885	-	67,702,885	(2,578,956)	(531,086)	(3,110,042)	-	-	-	64,592,843	72,752,000
Hyper Panda	Commercial	Jeddah	39,300,000	-	39,300,000	(1,326,206)	(279,000)	(1,605,206)	-	-	-	37,694,794	39,154,500
Hyper Panda	Commercial	Riyadh	78,765,000	-	78,765,000	(2,675,940)	(562,950)	(3,238,890)	-	-	-	75,526,110	80,723,000
Public Prosecution Building	Commercial	Jeddah	63,395,580	695,622	64,091,202	(6,024,783)	(1,174,480)	(7,199,263)	(4,620,799)	4,620,799	-	56,891,939	59,677,000
Al Rawdah Business Centre	Commercial	Jeddah	126,503,000	-	126,503,000	(12,769,938)	(2,635,012)	(15,404,950)	(9,148,062)	(3,186,487)	(12,334,549)	98,763,501	98,763,500
Al Hayat Tower	Commercial	Riyadh	41,260,000	-	41,260,000	(3,177,656)	(235,130)	(3,412,786)	(18,422,344)	1,360,630	(17,061,714)	20,785,500	20,785,500
Apartments Hotel	Commercial	Dammam	28,519,294	-	28,519,294	(1,987,774)	(447,863)	(2,435,637)	-	-	-	26,083,657	27,094,000
Banque Saudi Fransi Building	Commercial	Dammam	62,545,580	-	62,545,580	(3,286,499)	(747,863)	(4,034,362)	-	-	-	58,511,218	70,215,000
Hyper Panda	Commercial	Dammam	34,206,942	-	34,206,942	(1,968,143)	(447,863)	(2,416,006)	-	-	-	31,790,936	33,999,000
Al Hokair Time Centre	Commercial	Dammam	356,274,715	-	356,274,715	(25,382,818)	(6,357,349)	(31,740,167)	-	-	-	324,534,548	362,424,500
Ajdan Walk	Commercial	Al Khobar	70,170,958	103,971	70,274,929	(1,120,696)	(1,189,813)	(2,310,509)	(1,550,262)	1,550,262	-	67,964,420	69,592,500
Hyper Panda (Branch & Parking)	Commercial	Dammam	63,776,863	-	63,776,863	(987,528)	(1,062,826)	(2,050,354)	(919,335)	919,335	-	61,726,509	69,587,500
Al Olaya School	Commercial	Riyadh	52,984,181	-	52,984,181	(528,234)	(540,097)	(1,068,331)	(2,480,947)	2,217,097	(263,850)	51,652,000	51,652,000
Extra Store	Commercial	Dammam	93,955,614	-	93,955,614	(865,449)	(745,213)	(1,610,662)	(9,115,165)	(905,787)	(10,020,952)	82,324,000	82,324,000
Irqah Plaza	Commercial	Riyadh	71,346,032	-	71,346,032	(529,673)	(560,390)	(1,090,063)	(2,866,359)	2,866,359	-	70,255,969	70,418,000
Dar Al Baraa School	Commercial	Riyadh	165,807,140	-	165,807,140	(3,556,970)	(3,755,045)	(7,312,015)	(2,220,170)	2,220,170	-	158,495,125	165,180,500
Al Manahij School	Commercial	Riyadh	58,457,273	-	58,457,273	(764,890)	(708,761)	(1,473,651)	(5,027,383)	3,619,760	(1,407,623)	55,575,999	55,576,000
Anjad Qoruba School	Commercial	Riyadh	122,271,188	-	122,271,188	(1,725,141)	(1,606,619)	(3,331,760)	(10,541,047)	3,743,620	(6,797,427)	112,142,001	112,142,000
Ajdan Entertainment	Commercial	Riyadh	178,400,907	-	178,400,907	(3,492,027)	(3,183,511)	(6,675,538)	(10,283,880)	2,946,511	(7,337,369)	164,388,000	164,388,000
Atelier La Vie	Commercial	Al Khobar	531,284,375	-	531,284,375	-	(3,172,476)	(3,172,476)	(27,664,898)	(27,664,898)	-	500,447,001	500,447,000
Work in progress (note 5.6)		Jeddah	-	1,548,432	1,548,432	-	-	-	-	-	-	1,548,432	-
			<u>1,942,069,116</u>	<u>533,632,400</u>	<u>2,475,701,516</u>	<u>(84,519,666)</u>	<u>(31,966,107)</u>	<u>(116,485,773)</u>	<u>(97,166,372)</u>	<u>(4,298,869)</u>	<u>(101,465,241)</u>	<u>2,257,750,502</u>	<u>2,342,951,500</u>

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2024

5 INVESTMENT PROPERTIES (continued)

5.3 At the reporting date, had the investment properties 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</i> <i>2024</i> S	<i>31 December</i> <i>2023</i> S
Net assets as reported	1,454,156,186	1,533,218,570
Net appreciation in value based on valuation	80,886,701	86,749,430
Net assets at fair value of investment properties	1,535,042,887	1,619,968,000
Net assets per unit, at cost	7.7785	8.2015
Impact on net assets per unit for the appreciation in value	0.4327	0.4640
Net assets per unit at fair value	8.2112	8.6655

5.4 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.

5.5 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 2024 were carried out by Jones Lang LaSalle Saudi Arabia Co. and Esnad (2023: Jones Lang LaSalle Saudi Arabia Co. and Esnad), 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.

5.6 The work in progress was related to restoration of the floor in Irqah Plaza which was completed during the year.

6 RENT RECEIVABLES

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

	<i>31 December</i> <i>2024</i> S	<i>31 December</i> <i>2023</i> S
Gross rent receivables	108,981,595	73,933,540
Allowance for expected credit losses (note 6.1)	(16,784,053)	(10,784,053)
	92,197,542	63,149,487

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2024

6 RENT RECEIVABLES (continued)

6.1 The movement in allowance for expected credit losses:

	2024 ₹	2023 ₹
Balance at 1 January	10,784,053	6,784,053
Charge for the year	6,000,000	4,000,000
Balance at year end	<u>16,784,053</u>	<u>10,784,053</u>

The aging of rent receivables is as follows:

	2024 ₹	2023 ₹
Not due	12,615,982	8,801,465
0-30 days	39,679,351	15,932,799
31 – 60 days	10,673,593	6,428,897
61 – 90 days	17,650,405	2,750,584
91 – 150 days	728,008	843,333
151 – 180 days	10,759,560	6,778,282
More than 181 days	16,874,696	32,398,180
	<u>108,981,595</u>	<u>73,933,540</u>

7 CASH AND CASH EQUIVALENTS

	31 December 2024 ₹	31 December 2023 ₹
Bank balances	1,299,076	6,193,713
Murabaha deposits with original maturities of less than three months (note (a) below)	182,000,000	52,500,000
	<u>183,299,076</u>	<u>58,693,713</u>

- a) During the year, the Fund earned Murabaha income of ₹3,181,988 (2023: ₹3,835,325) at the rate of return ranging from 4.60% to 5.65% (2023: 3.60% to 5.80%).

At each reporting date, all bank balances including short-term Murabaha are assessed to have low credit risk as they are held with reputable and high credit rating domestic and international 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.

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2024

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 the 2023, the approved limit increased to ₺1,716 million.

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.

As at 31 December 2024, the Fund has an undrawn amount of ₺748.5 million (31 December 2023: ₺916 million). The Fund has recorded financing charges based on effective commission rate method amounting to ₺63.3 million (31 December 2023: ₺57.2 million).

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

	<i>31 December</i> <i>2024</i> ₺	<i>31 December</i> <i>2023</i> ₺
Non-current liabilities	953,489,955	782,253,943
Current liabilities – current portion of financing from a bank	12,098,951	10,698,891
	<u>965,588,906</u>	<u>792,952,834</u>

Current portion of financing from a bank presented above represent accrued commission amounting to ₺12.10 million (31 December 2023: ₺10.70 million).

9 DIVIDEND PAYABLE

During the year ended 31 December 2024, the Fund Board declared and approved cash dividends amounting to ₺93.47 million (2023: ₺97.74 million). During the year ended 31 December 2024, the Fund paid an amount of ₺97.31 million to the Fund's Unitholders (2023: ₺91.82 million). The details for the distributions as follows:

Board Resolution date	The period paid for	Amount per unit (rounded)	Total ₺
04-May-23	1 January 2023 – 31 March 2023	0.1563	18,359,375
26-Jul-23	1 April 2023 – 30 June 2023	0.1341	25,071,875
17-Oct-23	1 July 2023 – 30 September 2023	0.1450	27,106,944
26-Dec-23	1 October 2023 – 31 December 2023	0.1455	27,200,418
15-May-24	1 January 2024 – 31 March 2024	0.1250	23,368,056
9-Jul-24	1 April 2024 – 30 June 2024	0.1250	23,368,056
13-Nov-24	1 July 2024 – 30 September 2024	0.1250	23,368,056
26-Dec-24	1 October 2024 – 31 December 2024	0.1250	23,368,056

10 RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions comprise of transactions with the Fund Manager, Fund Board, Fund Custodian, 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.

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2024

10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

<i>Related party</i>	<i>Nature of transaction</i>	<i>2024</i> AED	<i>2023</i> AED
SEDCO Capital (Fund Manager)	Management fees	16,259,793	13,236,106
	Administrative Fees	812,990	661,805
	Shariah Fees	30,000	30,000
	Financing arrangement fee	-	6,762,500
	Brokerage and acquisition fees	-	14,159,375
	Payment of Fund Manager fees and reimbursement of fees paid on behalf of the Fund	(15,371,096)	(34,817,700)
Al Mahmal Trading Company (Affiliate of Fund Manager)	Rent income	1,074,834	1,004,110
	Property management and rent collection fees	4,691,354	5,103,850
Al-Inma Investment Company (Custodian)	Custody fees	650,392	531,566
Fund Board	Board remuneration	60,000	60,000

The balance due to a related party as at 31 December 2024 amounted to AED17,086,164 (31 December 2023: AED15,354,478) which represents the amount payable to the Fund Manager. Additionally, the balance due to Al Mahmal Trading Company amounted to AED2,770,202 (31 December 2023: AED1,610,112) represents the amount payable for property management and rent collections fees which is presented under accrued expenses and other payable (note 11). Moreover, the balance due to the custodian of the Fund amounted to AED971,935 (2023: AED321,543), which is presented under accrued expenses and other payable (note 11).

11 ACCRUED EXPENSES AND OTHER PAYABLE

Accrued expenses and other payables comprise of the following:

	<i>31 December</i> <i>2024</i> AED	<i>31 December</i> <i>2023</i> AED
Property management and rent collections fees payable (note 10)	2,770,202	1,610,112
Security deposits	2,880,211	4,469,024
Valuation fee payable	422,986	428,453
Custody fee payable (note 10)	971,935	321,543
Tadawul fee payable	5,000	-
Accrued professional fees	112,765	93,565
Other payable	3,010,487	28,311
	<u>10,173,586</u>	<u>6,951,008</u>

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2024

12 DEFERRED REVENUE

This represents rental income received in advance in respect of investment properties. Movement in deferred revenue is as follows:

	2024 SAR	2023 SAR
Balance at 1 January	8,682,428	13,482,685
Rent received during the year	27,146,542	60,023,435
Adjusted against revenue earned during the year	(28,183,748)	(64,823,692)
Balance at 31 December	7,645,222	8,682,428

13 UNITS IN ISSUE

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

14 OPERATING AND OTHER EXPENSES

	2024 SAR	2023 SAR
Operating expenses	12,669,839	9,759,798
Tadawul and Edaa fees	724,670	886,739
Professional fees	1,123,026	1,225,867
Custody fees (note 10)	650,392	531,566
Board fees (note 10)	60,000	60,000
Al Jazeera Capital (Lead Manager)	-	1,400,066
Receiving Banks (Riyad Bank – Rajhi Bank – SNB)	-	1,840,000
Fees of the legal advisor	-	258,750
Other expenses	2,485,430	1,519,370
	17,713,357	17,482,156

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 2023.

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.

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2024

15 ZAKAT (continued)

The Zakat base is based on the following:

	2024 ₹
Adjustment to the adjusted net income	
Net income for the year	14,409,840
Expected credit loss on rent receivables	-
Net (loss) / gain on derivative instruments at FVTIS	-
	<hr/>
Adjusted net income for the year	14,409,840
Owner's equity and equivalent:	
Net assets attributable to the unitholders	1,454,156,186
Due to related parties	17,086,164
	<hr/>
Total Owner's equity and equivalents	1,471,242,350
Long-term Liabilities:	
Financing facility from a bank	953,489,955
	<hr/>
Liabilities and equivalents up to the limit of the deductions	953,489,955
Total additions including adjustments	2,424,732,305
Less: Investment properties	2,201,225,799
	<hr/>
Total deductions	(2,201,225,799)
Zakat Base	223,506,506
Zakat base or minimum or maximum zakat cap	223,506,506
Zakat due @366/354	5,777,075
Minimum Zakat cap calculation as per Art. 27	14,409,840
Maximum Zakat cap calculation as per Art. 28	1,471,242,350
Deductible items listed Under Current Assets Amounts	
Total	-
Current liabilities	53,300,034
Current assets	276,806,540
Percentage	0.00%
Non - Deductible items listed Under Non-Current Assets Amounts	
Total	-
Current liabilities	953,489,955
Current assets	2,201,225,799
Percentage	0.00%
Number of Unit	186,944,444
Zakat per unit (rounded)	0.03090

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 2024

16 FINANCIAL RISK MANAGEMENT

The Fund's principal financial liabilities comprise financing facility from a bank, due to a related party, 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 and other receivables that derive directly from its operations. The Fund also holds investments properties and enters into derivative transactions. 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 2024 and 2023.

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 2024, 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 ₪9.7 million (2023: ₪7.9 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 2024

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	31 December 2024 ₹	31 December 2023 ₹
Cash and cash equivalents	183,299,076	58,693,713
Rent receivables	108,981,595	73,933,540
	<u>292,280,671</u>	<u>132,627,253</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 2024, the Fund has an undrawn amount of ₹748.5 million (31 December 2023: ₹916 million).

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2024

16 FINANCIAL RISK MANAGEMENT (continued)

c) Liquidity risk (continued)

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

<i>31 December 2024</i> ⌘	<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>
<i>31 December 2023</i> ⌘	<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	-	10,698,891	782,253,943	792,952,834
Dividends payable	27,215,427	-	-	27,215,427
Due to a related party	15,354,478	-	-	15,354,478
Accrued expenses and other payables	2,481,984	4,469,024	-	6,951,008
	<u>45,051,889</u>	<u>15,167,915</u>	<u>782,253,943</u>	<u>842,473,747</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:

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2024

17 FAIR VALUE MEASUREMENT (continued)

- 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.

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.

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 2024 (2023: 31 December 2023).

19 APPROVAL OF THE FINANCIAL STATEMENTS

These Financial statements have been approved by the Fund Board on 25 March 2025, (corresponding to 25 Ramadan 1446H.)