

In 2024, SEDCO received approval to create, a new subsidiary that will **oversee the three key pillars of our real estate portfolio:** Investment, Development, and Asset Management.

Our current portfolio consists of a land bank (54%), built assets (28%), real estate private equity (15%) and Real Estate Investment Trusts (REITs) through SEDCO's shareholding in SEDCO Capital REIT. Within the built-assets portfolio, our hospitality sector holds a prominent position, followed by retail space, residential real estate, and other segments. Guided by a financial investor mindset, our real estate initiatives will focus on delivering strong shareholder returns.

FROM STRATEGY TO ACTION

In 2024, Real Estate Group secured approval for its FY23-27 Strategy and Business Plan to deliver a well-balanced portfolio. The strategy emphasizes sectorial and geographical diversification, with a focus on expanding into new asset classes, such as infrastructure, developing mixed-use projects on existing land bank and new acquisitions.

We are implementing a robust organizational framework to further empower our team to achieve the strategic objectives and deliver strong returns for our shareholders. In addition, we are exploring multiple funding sources, including the potential sale of non-core assets, to facilitate accelerated investment deployment and ensure the success of the strategic plan.

In 2023, our portfolio comprised 60% income-generating assets and 40% non-income generating assets. The strategic plan aims to prioritize increasing the income-generating portion to 77%, primarily through new developments and investments in high-growth sectors. Concurrently, the plan seeks to optimize existing income-generating assets by increasing NOI yields from 5.0% to 6.4%.

- ✓ In 2024, SEDCO achieved a 15% increase in recurring income, exceeding our budget by 5%. We divested five assets, including the successful receipt of compensation.

To streamline asset management and ensure VAT compliance, we introduced REIS, an in-house electronic platform, and integrated it with ZATCA.



PORTFOLIO

Local Real Estate Investments

Retail

Red Sea Mall

Jeddah's largest mixed-use retail development boasting a blend of local and international brands and a variety of cafes, restaurants, shops and entertainment.



Al Balad Center

Al Bawadi Center

Tahlia Retail Plaza

Al Mahmal Center

a landmark shopping mall located in Al Balad, the historic district in Jeddah, which is classified as a UNESCO World Heritage site.



Residential

Current residential assets in multiple cities across the Kingdom including a gated community in Al Khobar.

Hospitality

Hotel Galleria Jeddah, Curio Collection by Hilton

SEDCO's flagship hotel on Jeddah's Tahlia Street, managed by Hilton's Curio Collection, blending luxury with Milan-inspired design.

Elaf Kinda

Elaf Bakkah

Industrial

Warehouses in Jeddah and Jizan.

Strategic Land Bank

Sizable land bank of prime assets located across the Kingdom with mixed-use development potential or long-leased to strategic tenants.

REGIONAL REAL ESTATE INVESTMENTS

Commercial buildings and land bank investments are held directly or through fund managers in regional geographic locations, including Lebanon, the UAE, Egypt, Bahrain, and East Asia.

REAL ESTATE HIGHLIGHTS 2024



Key milestones were achieved early in 2024, demonstrating the Real Estate Group's progress towards its strategic objectives.

Investment



Financial close has been achieved for the acquisition of a 240,100 sqm raw land parcel in Al Rimal, Riyadh, for the development of a residential master plan.

Development

- ✓ SEDCO signed a lease with APSCO for the built-to-suit (BTS) development of a gas station on a 5,772 sqm site in Al Oraïd, Madinah. The geotechnical study for the site was completed successfully. An engineering firm was appointed, and the concept design received final approval from the operator and submitted to Amanah for Approval.
- ✓ A proposal to SEDCO for a BTS retail development on a 9,250 sqm land plot in Al Roseifah, Makkah is under negotiation.
- ✓ Board Approval obtained to start the development of two mixed-use projects for two plots located in Jeddah, PMC, Development Manager, international design consultant and specialized consultants have been appointed for the projects to develop the pre-concept and concept design.
- ✓ Concept Design Masterplan for lots subdivision completed for a land located in Umm Al Joud, Makkah, Soil Geotechnical investigation and Hydrology studies completed successfully and approved by the authorities

Asset Management

- ✓ We successfully renewed the title deeds for a major asset valued at SAR 500 million, converting its status from non-transactable to transactable. Furthermore, we successfully transitioned two assets to an income generating status.
- ✓ New management took over Al Mahmal Center showing occupancy rates significantly improved from 69% to 79% through a revised tenant mix, driven by securing 79 lease renewals valued at SAR 9.6 million and signing 30 new leases worth SAR 2.9 million.
- ✓ SEDCO achieved financial close for The Point Abha, a smooth handover of the development was followed by an incentives package from the Ministry of Tourism being successfully negotiated.
- ✓ Al Nakheel Center has achieved a remarkable increase in net income, growing from SAR 419,200 to SAR 2,976,990, reflecting a 710% growth. The renovation works have been completed in accordance with the approved plan.
- ✓ The handover process for Souk Al Bawadi was successfully completed by January 1, 2025. A design consultant has been appointed to oversee the refurbishment works in compliance with Municipality (Amanah) regulations. The SEDCO team is now on-site, actively managing the property, with expectations to improve the income from this asset in 2025.

REAL ESTATE OUTLOOK FOR 2025

In 2025, SEDCO will focus on the successful execution of initiatives and strategies currently in progress. We aim to engage with all PIF entities to explore potential collaborative investment opportunities.

Plans to subdivide and sell a 1,500,029 sqm plot in Umm Al Joud, Makkah is underway.

The projects development in Jeddah, Madinah and Makkah will continue in 2025 to achieve Board Approval on the concept design and the overall development plans for mixed-use projects in Jeddah, achieve Building Permit and construction for the Gas station in Madinah and achieve approval of infrastructure design for Umm Al Joud land.

Renovation of two hospitality assets located in Jeddah and Makkah will commence in 2025 to upgrade both properties and enhance the revenue from these two assets.

In alignment with our strategy of divesting non-core holdings, we will continue the aggressive divestment of our international assets located in the UAE, Lebanon, and Egypt.

SEDCO is in the process of developing an ESG policy and procedure. Renovations are underway at Al Nakheel Center in Jeddah, which will upgrade energy efficiency. Additionally, we have requested a roadmap for achieving LEED certification and WELL Building Standard compliance, across our properties. Moving forward, we aim to integrate sustainability considerations into new investment contracts.