

# KSA REITs landscape

Sector Report I May 2026



## KSA REITs: A Compelling Yield Play with Valuation Cushion

### Head of Sell-Side Research

Jassim Al-Jabran

+966 11 225 6248

[j.aljabran@aljaziracapital.com.sa](mailto:j.aljabran@aljaziracapital.com.sa)

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The Saudi Arabian REIT sector is emerging as a defensive, income-oriented asset class, characterized by improving dividend yield spreads and undemanding valuations. As of FY25, the sector average dividend yield expanded to 5.7%, with expectations to reach 5.8% in FY26, offering a widening spread over a moderating SAIBOR (5.2% YTD). The investment case is supported by KSA REITs proving defensive amidst global macro uncertainty due to investor preference increasing towards steady income generating assets. While the “higher for longer” interest rate environment and Riyadh Rental Freeze present tactical headwinds, the combination of significant P/B discounts (~14%) and landmark regulatory reforms, particularly the removal of the QFI framework and access to Holy Cities, positions KSA REITs as a low-risk gateway to the Kingdom’s structural real estate growth. Hence, it becomes imperative to evaluate the attractiveness of the REITs and rank them based on the valuation and operational parameters. Our ranking factors in key parameters such as expected dividend yield, implied capital rate, debt parameters and relative valuation. Based on weighted ranking **Bonyan REIT, Alinma Hospitality REIT, AIMa’ather REIT, Alinma Retail REIT, and Alahli REIT** are our top 5 picks from the sector.

**Improving yield profiles and favorable spread dynamics:** KSA REITs continue to deliver healthy income yields, outperforming global benchmarks such as MSCI World and US REITs by approximately 200-300 bps. The sector’s average yield is projected to remain robust at 5.8% in FY26, with 13 out of 19 REITs expected to generate yields exceeding 6.5%. This performance is bolstered by a stabilizing domestic liquidity situation, which has seen the 6-month SAIBOR retreat to 5.2% from its 5.8% peak in FY24. Notable leaders in the sector include Bonyan REIT (FY26E DY: 7.89%), Alinma Hospitality (7.87%), and Alahli REIT 1 (7.78%). For income-focused investors, the yield gap over benchmark rates has become increasingly attractive, making the sector a primary vehicle for capturing recurring revenue in an environment where most other asset classes are being volatile amid global macro uncertainties.

**Valuation cushion and historical underperformance limit downside risk:** Despite stabilizing operational performance, the sector trades at a significant discount, offering a margin of safety against downside risks. The TASI REITs index is currently valued at 0.8x P/B, representing a 14% discount to its 5-year historical average. On a P/E basis, the discount is even steeper at 53% (trading at 29.4x vs. historical norms). While the broader TASI trades at a 9% discount to its 5-year P/E, REITs are trading at a 53% discount to its 4-year average, suggesting that much of the macro-related risk, including high finance costs, is already priced into current unit prices. This valuation gap, combined with a P/FFO of ~23.7x, indicates potential for a re-rating as macro conditions become more supportive and the interest rate cycle definitively turns.

**Regulatory evolution and strategic pivot to cash flows:** A fundamental shift in the Public Investment Fund (PIF) 2026-2030 strategy emphasizes near-term return visibility and domestic capital discipline, aligning with a strengthening leasing market where robust demand for usage-led assets is currently outpacing the broader transaction market. This shift is further reinforced by the February 2026 regulatory reforms, which serve as a significant catalyst for the sector by liberalizing foreign ownership to allow all categories of foreign investors direct access to REITs while bypassing previous AUM requirements. Furthermore, these reforms have unlocked the Holy Cities by granting CMA-licensed REITs the authority to acquire hospitality and retail assets in Makkah and Madinah (areas previously restricted to GCC nationals) and have enhanced the sector’s tax efficiency through a 5% Real Estate Transaction Tax (RETT) advantage for in-kind contributions, making REITs a significantly more efficient entry point for global capital than direct title holding.

**Finance costs and rental caps are key headwinds; selected REITs placed comparatively well:** The sector continues to face tactical challenges, primarily stemming from the Riyadh Rental Freeze effective September 2025, which caps residential and commercial rents at 2025 levels for a five-year period. While this restriction limits organic revenue growth for REITs with heavy exposure to the capital, such as Riyadh REIT and Jadwa REIT, the impact is partially buffered by pre-existing escalation clauses that remain legally enforceable. Compounding these regulatory constraints is the “higher for longer” global interest rate environment, which has kept finance costs elevated and pressured dividend distributions. Total sector debt rose 10.6% Y/Y to reach SAR 11.3bn in FY25 as funds aggressively leveraged their balance sheets in anticipation of rate cuts that have been slower to materialize than expected. Consequently, leverage has become a critical concern for specific entities like Musharaka and Alistithmar REITs, which have breached the 50% regulatory limit, potentially hampering their near-term growth prospects. In contrast, debt-free or low-leverage funds, such as Alinma Hospitality and Aljazeera, remain better positioned to navigate the persistent cost of capital and are strategically placed to pursue accretive acquisitions in an otherwise constrained market.

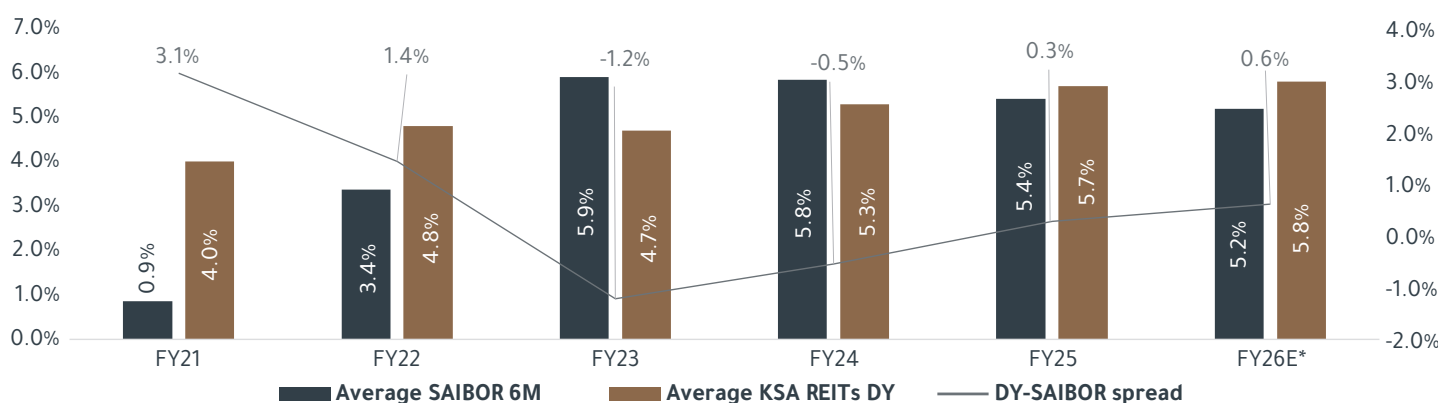
**Top REITs Picks:** The TASI universe includes 19 listed REITs. Hence, it becomes imperative to evaluate the attractiveness of the REITs and rank them based on the valuation and operational parameters. Our ranking factors in key parameters such as expected dividend yield, implied capital rate, debt parameters and relative valuation. Moreover, sectoral and geographical diversification of funds and liquidity of stocks were given due importance. Based on weighted ranking **Bonyan REIT, Alinma Hospitality REIT, AIMa’ather REIT, Alinma Retail REIT, and Alahli REIT** are our top 5 picks from the sector.

### KSA REITs: Yield spreads improving amid healthy payouts and easing SAIBOR, whilst current valuations offer the cushion

#### KSA REITs offer relatively attractive dividend yields with improving spreads over SAIBOR

KSA REITs continue to offer healthy income yields, with the sector's average dividend yield trending upward to ~5.7% in FY25 (vs. ~4.7% in FY23), supported by improved distributions and moderating funding costs. At the individual level, several REITs are currently offering high-single-digit yields, with leaders such as Bonyan REIT (8.3%), SEDCO Capital REIT (8.0%), and Alinma Hospitality REIT (7.7%) standing out. We expect dividend yields for Saudi REITs to remain healthy in FY26 averaging at 5.8%, average yield is even higher at 6.9% when non dividend paying REITs are excluded. On the other hand, SAIBOR rate is moderating amid easing domestic liquidity situation and rate cuts announce through FY24-25. SAIBOR 6M is averaging at 5.2% in FY26 YTD compared to 5.4% in FY25 and 5.8% in FY24. Thus, REITs dividend yields provide a higher spread over SAIBOR. This positions KSA REITs as compelling yield plays within the current macro backdrop.

**Fig 1. KSA REITs average dividend yield expands to 5.7% in FY25, reflecting improved income appeal**



Source: Argaam, Aljazeera Capital Research, \*FY26 SAIBOR 6M average YTD.

#### KSA REITs FY26E dividend yields to remain attractive with slight increase over FY25

We expect 9 out of 19 REITs to fetch a higher dividend yield in FY26E compared to FY25, mainly supported by improved financial performance. The sector's average dividend yield is expected to be slightly higher at 5.8% vs. 5.7% in FY25, while 13 out of 19 REITs are projected to generate dividend yield of more than 6.5%. **Alinma Retail, Bonyan, Alinma Hospitality** and **AlAhli REIT 1** REITs are expected to deliver the highest yield of 7.92%, 7.89%, 7.86% and 7.75%, respectively.

**Fig 2. Estimated dividend yields**

REIT	DPS		Dividend Yield	
	FY25	FY26E	FY26E	FY26E
Bonyan REIT	0.77	0.75	8.30%	7.89%
Alinma Hospitality REIT	0.64	0.64	7.71%	7.86%
Alahli REIT 1	0.42	0.50	6.67%	7.75%
Alinma Retail REIT	0.35	0.35	7.64%	7.92%
Al Maather REIT	0.67	0.67	7.60%	7.57%
Derayah REIT	0.35	0.40	6.77%	7.22%
Sedco Capital REIT	0.54	0.55	8.02%	7.36%
Alkhabeer REIT	0.42	0.42	7.59%	7.24%
Jadwa REIT Saudi	0.80	0.80	7.16%	7.03%
Mulkia REIT	0.32	0.32	6.93%	6.96%
Riyad REIT	0.32	0.35	6.45%	7.01%
Al Rajhi REIT	0.52	0.55	6.60%	6.69%
Taleem REIT	0.66	0.66	6.50%	6.55%
Musharaka REIT	0.20	0.24	4.90%	5.78%
Jadwa REIT Alharamain	0.30	0.25	6.06%	5.14%
Aljazira REIT	0.43	0.45	3.74%	4.02%
Alistithmar REIT	0.00	0.00	0.00%	0.00%
Al Aziziah REIT	0.00	0.00	0.00%	0.00%
Mefic REIT	0.00	0.00	0.00%	0.00%

Source: Argaam, Aljazeera Capital research. Note: FY25 dividend yields are based on the year end closing prices, and FY26E dividend yields based on the closing price of May 3<sup>rd</sup>, 2026

### KSA REITs Valuations remain undemanding, limiting downside risk

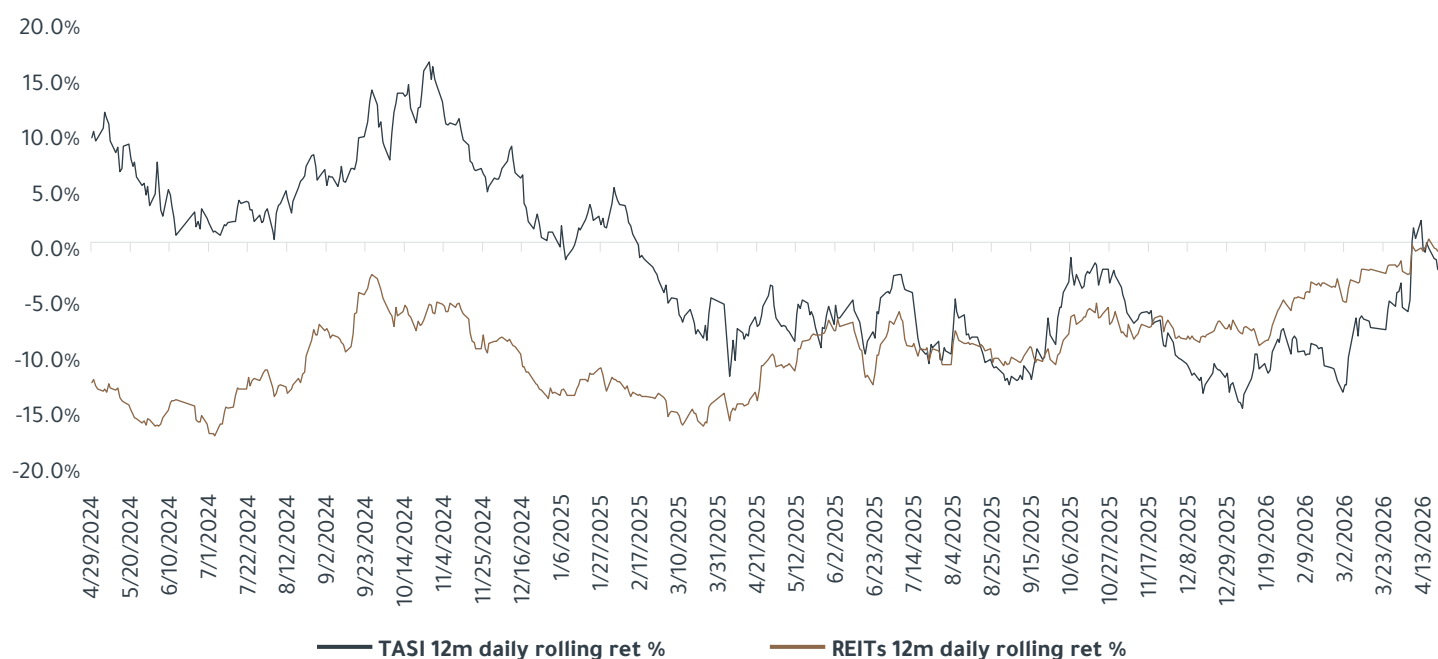
Despite recent stabilization in performance, KSA REITs continue to trade at discounted valuation levels, reflecting their historical underperformance versus the broader TASI. The sector is currently trading at ~0.8x P/B, implying a ~14% discount to its 5-year average, indicating that a significant portion of risks appears priced in.

On cash flow metrics, the sector's average P/FFO stands at ~23.7x, which remains reasonable in the context of improving yield profiles and a potentially declining interest rate cycle. The combination of discounted P/B multiples and moderate P/FFO valuations suggests limited downside risk from current levels, while offering scope for re-rating as macro conditions become more supportive.

An analysis of price returns across multiple time horizons (1-month, 3-month, 6-month, 12-month, 2-year, 3-year and 5-year) indicates a consistent underperformance of TASI REITs relative to the broader TASI index. In 4 out of 8 time horizons, TASI REITs underperformed TASI by 0.1% to 21.8%. This underperformance is steeper in the last 3 years. However, this underperformance has also materially lowered the P/E and P/B ratio for TASI REITs index, making it more attractive in terms of valuations.

The TASI REITs index is currently trading at 29.4x P/E and 0.8x P/B, implying 53.0% discount to its 4-year historical average and 14% discount to its 5-year historical average. This compares TASI (including Aramco), which is currently trading at 18.9x P/E implying 9% discount. While on P/B terms, it is currently trading at 2.2x P/B, implying 10% discount to its 5-year historical average.

**Fig 3. TASI REITs has been outperforming the main TASI index since April 2025**



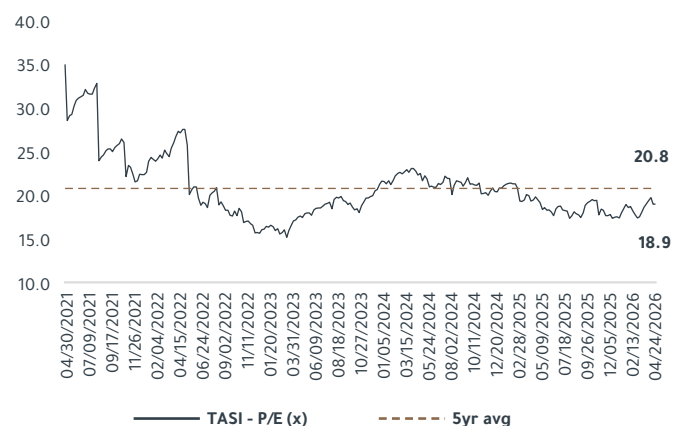
Source: Tadawul, Aljazeera Capital Research

**Fig 4. TASI REITs continues to lag the broader main TASI index, underperforming across most medium-to-long term timeframes, despite near-term resilience**

Price return %	YTD	1m	3m	6m	12m	2yr	3yr
TASI	6.6%	1.5%	-0.2%	-4.3%	-4.9%	-11.0%	-1.7%
REITs	2.5%	1.3%	2.7%	-0.2%	-3.9%	-14.3%	-23.6%

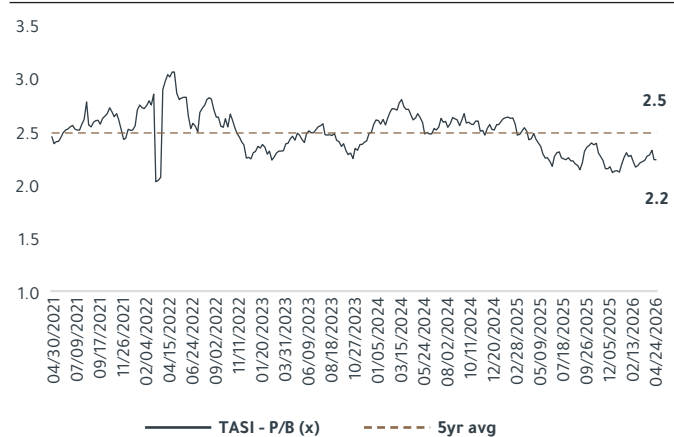
Source: Tadawul, Aljazeera Capital Research

**Fig 5. TASI P/E currently trading at 9% discount to 5-yr average P/E**



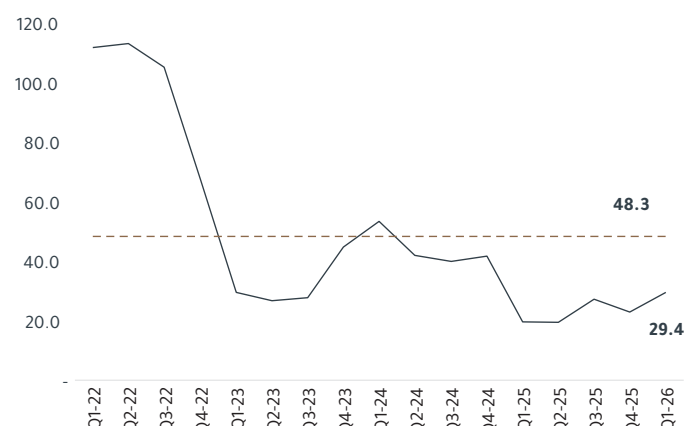
Source: Bloomberg, Aljazeera Capital Research

**Fig 7. TASI P/B currently trading at 10% discount to 5-yr average P/B**



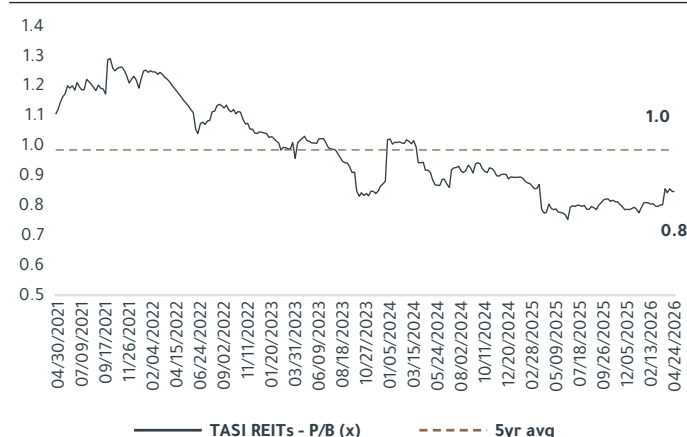
Source: Bloomberg, Aljazeera Capital Research

**Fig 6. TASI REITs relatively cheaper as it trades at 53% discount to 4-yr average P/E**



Source: Bloomberg, Aljazeera Capital Research

**Fig 8. TASI REITs relatively cheaper as it trades at 14% discount to 5-yr average P/B**



Source: Bloomberg, Aljazeera Capital Research

## KSA REITs emerge as a defensive play amid capital discipline shift

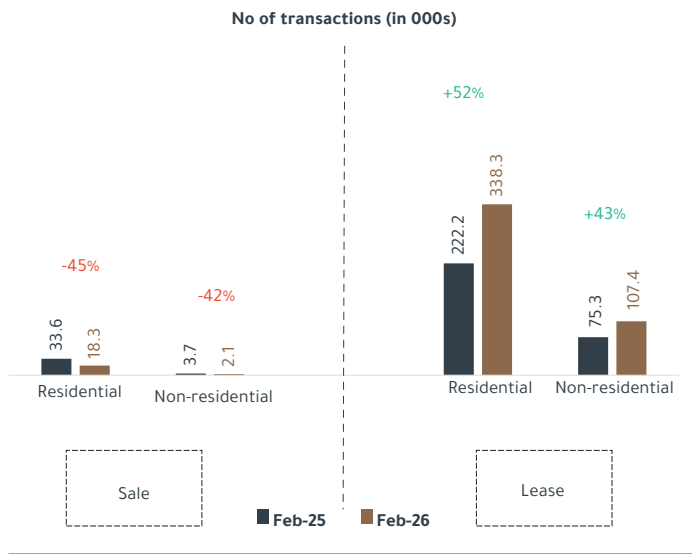
### REITs offers cash flow visibility, thus making it defensive asset class amidst global macro uncertainty

KSA's real estate market continues to benefit from strong structural drivers amidst global macro uncertainty. Population growth, rising tourism, infrastructure expansion and ongoing economic diversification are supporting demand across residential, retail, logistics, and commercial real estate segments. Global macro uncertainty has made investors cautious towards cyclical and speculative assets, thus increasing preference for REITs, who have stable cash generation and earnings visibility. Despite moderation in transaction activity, underlying leasing demand in KSA remains resilient, supporting REITs' positioning as a defensive real estate asset class backed by recurring rental income, operational assets, and relatively stable occupancy trends. We believe this positions KSA's REITs to benefit from the long-term real estate demand while offering relatively lower volatility during periods of disciplined capital allocation.

### Leasing market strength reinforces preference for income generating assets

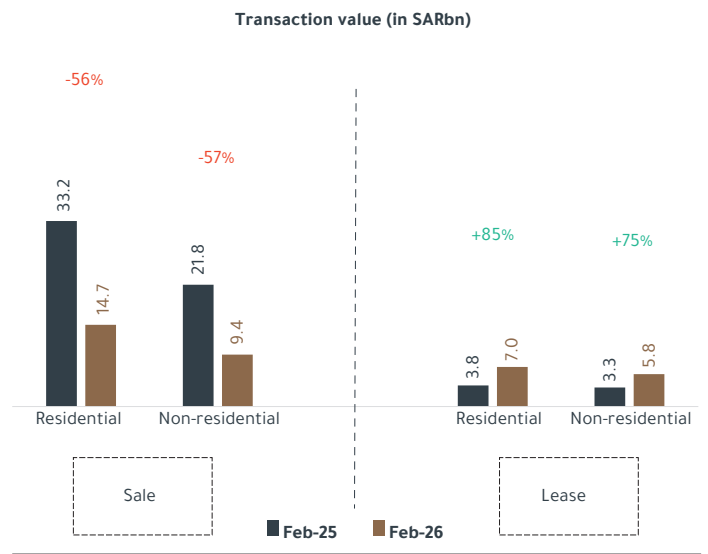
The divergence between transaction and leasing markets further highlights this shift toward cash-flow-generating assets. While real estate transactions have shown signs of moderation, leasing activity has remained robust, with strong growth in both residential and commercial lease values in early 2026. This dynamic is important because REIT earnings are directly linked to rental income, occupancy levels, and lease renewals rather than asset price appreciation or development cycles. This positions REITs as defensive instruments within the real estate spectrum—they offer relatively stable and recurring income streams, supported by contractual leases and diversified tenant bases. Unlike developers exposed to construction risk and cyclical demand swings, REITs benefit from operational assets that are already income-generating, making their cash flows less volatile and more predictable.

**Fig 9. Sales activity weaken in Feb-26 while leasing volumes surge, indicating a shift towards usage-led demand**



Source: Argaam, Aljazira Capital Research

**Fig 10. Sharp decline in sales value contrasted by strong growth in lease value, reinforces income-oriented real estate preference**

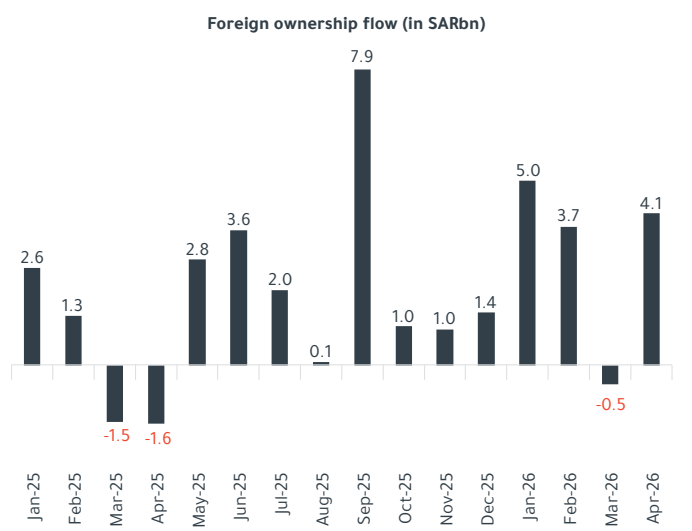


Source: Argaam, Aljazira Capital Research

### Market liberalization enhances REITs' role as a low-risk gateway to KSA's real estate

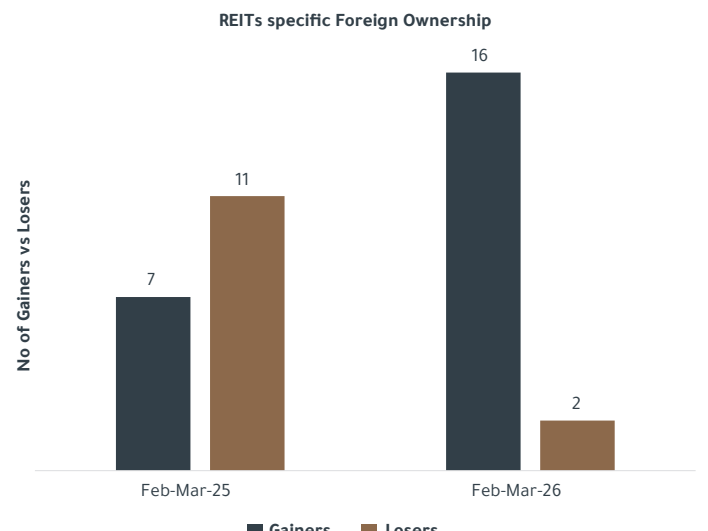
Recent regulatory reforms regarding the removal of restrictions on foreign participation in Saudi capital markets have improved accessibility to real estate as an asset class. In this evolving landscape, REITs stand out as low-risk entry point - offering liquidity, transparency, and steady dividend yields without the execution risks associated with direct development exposure. As investor focus shifts from speculative upside to income stability and capital preservation, REITs are increasingly being repositioned as a core allocation within Saudi real estate, particularly in an environment where mega-project risks remain elevated and capital discipline is becoming more pronounced.

**Fig 11. Post limit revision, foreign flows sustain momentum in YTD-26 with flows already reaching 60% of full-year 2025 levels, indicating rising global interest in Saudi markets**



Source: Tadawul, Aljazira Capital research

**Fig 12. REITs foreign ownership breadth improves materially since the February 2026 limit revision, with gainers significantly outpacing the losers**



Source: Argaam, Aljazira Capital research

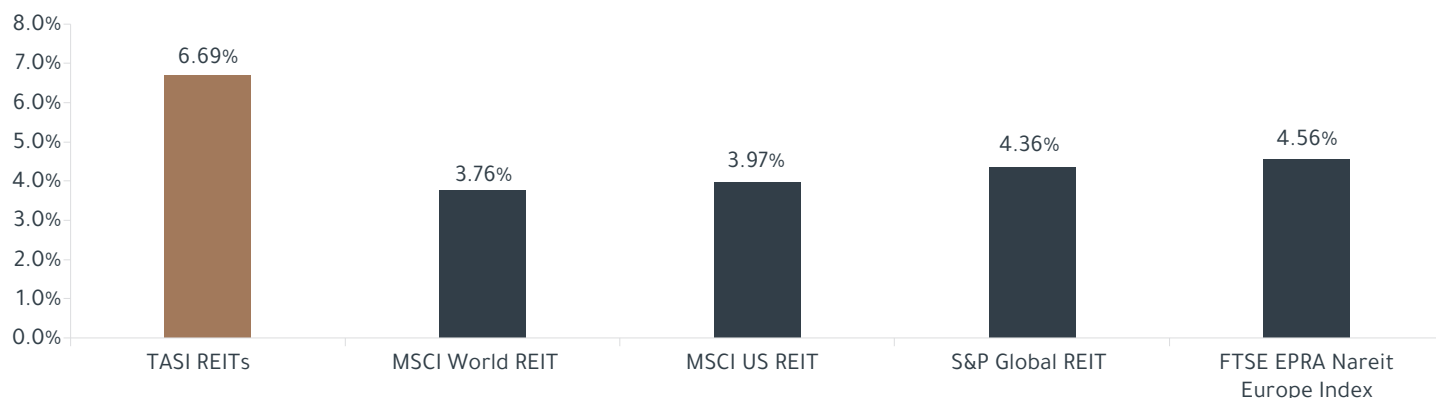
### KSA REITs outperformed global counterparts on dividend yields, and growth momentum continued to stay in FY26E

#### KSA REITs continue to offer superior yield propositions versus global counterparts

KSA-listed REITs continue to stand out on the global stage by offering a materially higher dividend yield compared to the developed market counterparts. As of March 2026, the TASI REITs index yields ~6.7%, significantly ahead of global benchmarks such as MSCI World REIT (~3.8%), MSCI US REIT (~4.0%), S&P Global REIT (~4.4%), and FTSE EPRA Nareit Europe (~4.6%). This translates into a yield gap of 200-300bps, reinforcing the Kingdom’s positioning as a high-income real estate market. The yield premium highlights the relative attractiveness of TASI-listed REITs for income focused investors, particularly in a global environment where developed market yields remain relatively compressed.

The higher yield profile of KSA REITs is underpinned by structural factors, including a stronger macroeconomic backdrop, stable real estate fundamentals, and a regulatory framework mandating higher payout ratios. Moreover, the ongoing push toward economic diversification under Vision 2030—driven by investments in tourism, infrastructure, and non-oil sectors—is expected to further deepen real estate demand and enhance asset quality. This creates a supportive environment for sustained cash flow generation, positioning KSA REITs to maintain their yield premium while offering exposure to a growing and increasingly institutionalizing real estate market.

**Fig 13. Global REITs Dividend Yield - KSA REITs have depicted the highest dividend yields versus the global REITs**



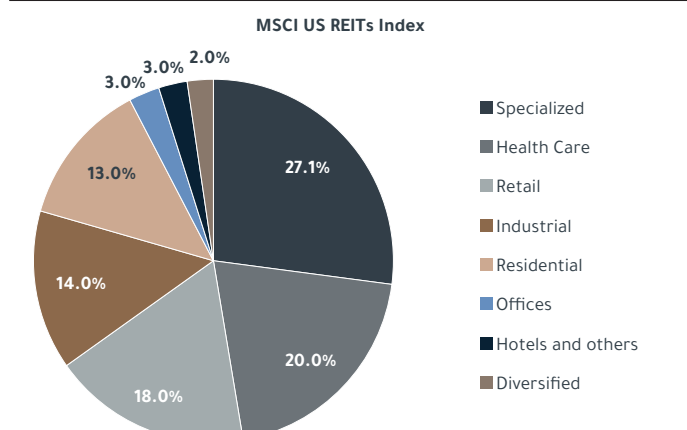
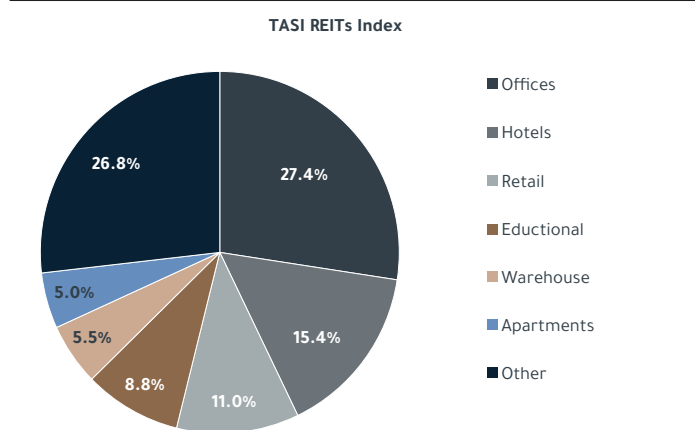
Source: MSCI, S&P, FTSE Russell, Argaam, Aljazeera Capital research. Data is updated for March 2026. TASI REITs dividend yield is as on the closing price of December 31, 2025. TASI REITs dividend yield has been calculated by dividing the total dividend declared by the 19-listed REITs in FY25 with the total market cap of TASI REITs

#### KSA REIT portfolio distribution is partially concentrated when compared to MSCI US REITs

KSA’s REITs index have the maximum concentration of assets in the Offices sector at 27.4% of total assets, followed by Hotels (15.4%) and Retail (11.0%). Meanwhile, MSCI US REITs Index has the highest contribution from Specialized REITs at 27.1%, followed by the Healthcare (20.3%) and Retail (17.8%) sectors. Notably, in KSA, offices displayed the largest growth in share of total segmentation, growing from 15.7% of total REITs’ assets in FY18, to 27.4% by FY25.

**Fig 14. Portfolios of KSAs REITs are highly skewed towards offices, hotels and retail as a category**

**Fig 15. While MSCI US REITs are skewed towards Specialized, Healthcare, Retail and Industrial as a category**



Source: Argaam, Aljazeera Capital Research. Note: 'Others' segment includes lands and hospital facilities

Source: MSCI, Aljazeera Capital Research

### Regulatory evolution in Saudi real estate sector to have net positive implications on KSA REITs

The Saudi real estate sector witnessed some big steps in terms of regulatory changes recently. The market previously operated under a restrictive “Qualified Foreign Investor” (QFI) framework, however, the current regime has pivoted towards a more open access across foreign investors, where REITs serve as the primary vehicle for global capital seeking direct exposure to the Kingdom’s “Giga-projects” and holy cities.

#### Liberalization of foreign ownership: REITs as the primary instrument for foreign inflows

The implementation of the amended Foreign Investment Rules on February 1, 2026, by eliminating the QFI and swap-based access models, the Capital Market Authority (CMA) has allowed all categories of foreign investors to hold listed securities, including REITs, directly.

#### Key Structural Shifts:

- **Direct Access:** Global institutional investors can now bypass the USD 500M AUM requirement previously mandated under the QFI framework.
- **Liquidity Influx:** Along with other securities REITs are also expected to see higher inflows from foreign investors.
- **Tax Efficiency:** The 5% Real Estate Transaction Tax (RETT) in Saudi Arabia is frequently exempted for assets transferred as in-kind contributions into CMA-regulated fund structures. This makes REITs a significantly more tax-efficient entry point than direct title holding, particularly for commercial and industrial portfolios where institutional scale allows for the navigation of the 5-year holding requirements.

#### Unlocking the high-yield potential in Makkah and Madinah

The implementation of the Real Estate Ownership Law in January 2026, alongside CMA’s 2026 market liberalization, has fundamentally redefined investment landscape for KSA REITs. Most notably, the new framework provides a definitive gateway for global capital into the previously restricted holy cities; while direct ownership in Makkah and Madinah remains limited to Muslim individuals, CMA-licensed investment funds and REITs are now explicitly excluded from these nationality-based barriers. This allows REITs to acquire prime hospitality and commercial assets within the holy precincts regardless of the nationality of their unitholders.

#### Strategic Hospitality Pivot

The new regulations allow REITs to acquire income-generating assets within the central zones of the Holy Cities, provided the fund is licensed by the CMA. This has triggered massive capital rotation from residential assets in the North of Riyadh toward hospitality and retail assets in the Hejaz region.

We anticipate that REITs with existing footprints in these cities, such as **Jadwa REIT Al Haramain** and **Al Rajhi REIT**, will benefit as they move to institutionalize previously fragmented family-owned hospitality portfolios.

#### Managing of headwinds of the Riyadh rental freeze; pre-existing contracts to help mitigate impact

Feature	Pre-2026 Framework	Post-2026 Framework
Holy City Ownership	Restricted to Saudis/GCC	Open to CMA-Licensed REITs/Funds
Foreign Entry Point	Indirect (Swaps/QFI)	Direct (All Foreign Investor Classes)
Asset Allocation	Heavy Commercial/Industrial	Hospitality (Makkah/Madinah) & Digital Infra

Source: Aljazeera Capital Research

While the national regulatory outlook is expansionary, the Riyadh Rental Freeze (effective September 25, 2025) presents a tactical challenge for REITs with heavy exposure to the capital’s residential and commercial sectors. The five-year freeze fixes rents at 2025 levels to stabilize the cost of living amidst the Vision 2030 population surge. For REIT managers, this necessitates a shift from rental growth strategies to operational efficiency strategies. Residential REITs are most affected, as the 13.9% villa rental growth seen in early 2025 has been capped. Managers must now focus on reducing vacancies and OPEX to maintain dividends.

**Pre-existing escalation clauses to remain intact:** According to the Real Estate General Authority (REGA), escalation clauses (e.g., a 5% annual increase) that were already written into contracts before September 25, 2025, remain valid and enforceable. The freeze does not retroactively void previously agreed-upon step-ups for the duration of that specific contract term.

**Fig 16. Projected Yield Impact of Riyadh Rental Freeze**

REIT Asset Class	Exposure to Riyadh	Projected Yield Compression	Mitigation Strategy
Residential	High (>60%)	-150 to -200 bps	Property tech integration; Service fees
Office/Commercial	Medium (40%)	-50 to -100 bps	Focus on Grade A long-term pre-2025 leases
Logistics/Industrial	Low (<20%)	Neutral	Expansion into Special Economic Zones (SEZs)

Source: S&P, Aljazeera Capital research

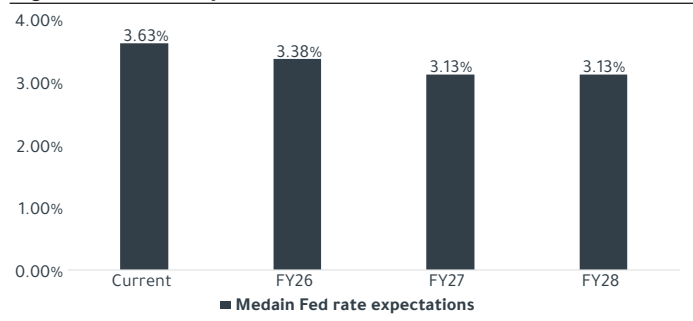
REITs with heavy Riyadh exposure like Riyad REIT, Jadwa REIT or Al Rajhi REIT would no longer benefit from rent hikes, while portfolio quality and occupancy stability would be the way forwards. Whereas REITs with long-term contracts with exposure to commercial assets and diversified geographical presence outside Riyadh are expected to be least impacted by the Riyadh rental freeze.

### Finance cost burden to persist with diminishing rate cut expectations and elevated leverage levels

#### Growing “Higher for Longer” sentiments amid energy cost inflation to weigh on finance costs of KSA REITs

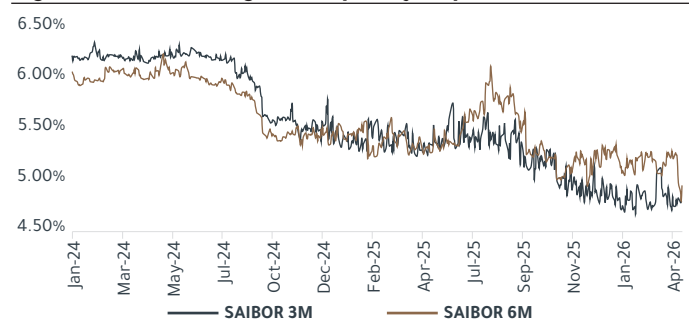
The latest Federal Reserve dot plot projections for 2026 and 2027 have reinforced a “higher for longer” interest rate environment, creating a persistent headwind for the Saudi Arabian real estate investment trust (REIT) sector. With the FOMC signaling a remarkably shallow easing path, projecting the federal funds rate to remain restrictive at a median of 3.25%-3.50% by year-end 2026 and only tapering slightly to 3.00%-3.25% by late 2027. The Saudi Central Bank (SAMA) is expected to maintain its repo rates at elevated levels to preserve the riyal’s dollar peg. This prolonged period of high benchmark rates is further cemented by sticky PCE inflation forecasts, which have been pushed upward to 2.7% for 2026 due to surging global energy costs and Middle Eastern geopolitical volatility. For KSA REITs, this translates into sustained pressure on finance costs as existing floating-rate debt facilities are repriced at these higher levels and new acquisitions face more expensive leverage. Consequently, the spread between property yields and the cost of debt remains compressed, likely weighing on dividend distribution growth and tempering the pace of portfolio expansions through 2027.

**Fig 17. Fed rate expectations**



Source: Bloomberg, Aljazeera Capital Research

**Fig 18. SAIBOR easing with liquidity improvement**



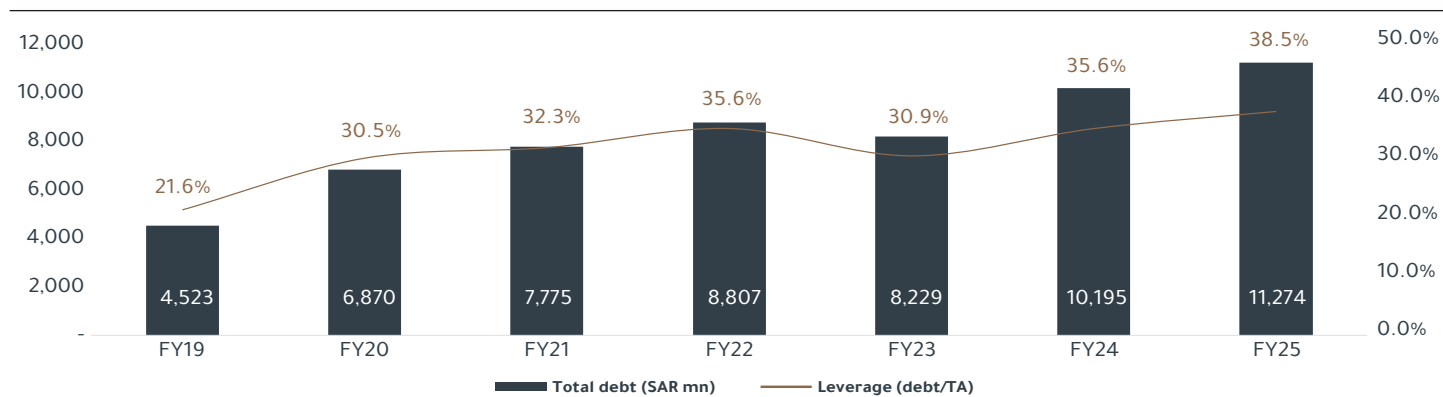
Source: Bloomberg, Aljazeera Capital Research

Despite the broader narrative of persistent high-interest rates, the Saudi REIT sector is experiencing a marginal reprieve as the 3-month SAIBOR has retreated from its FY24-25 peaks to hover around 4.84% in 2026 YTD. This downward trend in interbank rates is bolstered by a steady expansion in local liquidity, with Money Supply (M3) growing at approximately 8.4% Y/Y, which has helped compress the spread between the SAMA Repo rate, held steady at 4.25% and the cost of interbank lending. While this easing provides essential breathing room for funds with high floating-rate debt exposure by stabilizing interest coverage ratios, the relief remains relative; with consensus expectations for further rate cuts in 2026 diminishing to a mere 0-25 bps, the absolute cost of capital remains significantly above the historical averages seen during the sector’s high-growth era. Consequently, while improved liquidity prevents a systemic credit squeeze, the current SAIBOR levels still dictate a disciplined approach to leverage, as the narrowing “yield gap” between property cap rates and finance costs continues to limit the accretion potential of new debt-funded acquisitions.

#### Debt levels of KSA REITs picking up after falling in FY23 amid high interest rates; gradual rise in borrowings expected to fund asset growth as rate cuts start reflecting in financing costs

Saudi REITs sector debt increased in FY25 to SAR 11.3bn from SAR 10.2bn by the end of FY24, implying a Y/Y increase of 10.6%. In the past two years, REITs highly leveraged their balance sheet to fund asset growth and take advantage of monetary easing started in late 2024. However, rate cut cycle has been longer than expected and recently is being hindered by inflation concerns due to hike in energy prices amid ongoing geopolitical conflict in the Middle East. Although interest rates have reduced by 175 bps since the peak in FY23, the leverage of KSA REITs increased from 30.9% FY23 to 38.5% in FY25. Thus, with no major cuts expected this year, we expect finance cost pressure to persist for the REITs sector.

**Fig 19. KSA REITs started raising debt to fund asset growth amid rate cut anticipation**



Source: Argaam, Aljazeera Capital Research

### High leverage level may hinder near term growth prospects

Among listed REITs on Tadawul, **Musharaka** and **Alistithmar REITs** are most leveraged with borrowings to total assets ratio breaching the regulatory limit of 50%, at 54.5% and 53.8%, respectively, as of FY25. Additionally, both REITs have one of the lowest borrowing cost coverage ratios of 1.0x and 1.3x, respectively. Moreover, REITs with lower leverage and higher coverage ratio have more room for expansion of their asset portfolio. **Aljazeera** and **Alinma Hospitality REITs** have debt free balance sheet. **Al Maather** (6.6x) and **Bonyan** (4.3x) have highest borrowing cost coverage among the leveraged REITs, while **Musharaka REIT** (1.0x) and **Riyad REIT** (1.2x) have lowest coverage level.

**Fig 20. Debt profile based standing of Saudi REITs**

Borrowing to Total Assets FY25		Borrowing FY25		Borrowing Cost Coverages FY25		Effective Interest Rate FY25	
REITs	Borrowings to Assets	REITs	Borrowings (SAR mn)	REITs	Coverage	REITs	EIR
Alinma Hospitality REIT	0.0%	Alinma Hospitality REIT	0	Alinma Hospitality REIT	NA	Alinma Hospitality REIT	NA
Aljazeera REIT	0.0%	Aljazeera REIT	0	Aljazeera REIT	NA	Aljazeera REIT	NA
Jadwa REIT Saudi	24.4%	Al Aziziah REIT	150	Alahli REIT 1	NA	Al Maather REIT	4.2%
Al Rajhi REIT	28.1%	Al Maather REIT	205	Musharaka REIT	1.0	Sedco Capital REIT	5.5%
Al Maather REIT	28.1%	Jadwa REIT Alharamain	215	Riyad REIT	1.2	Al Rajhi REIT	5.6%
Jadwa REIT Alharamain	29.1%	Taleem REIT	297	Alistithmar REIT	1.3	Mulkia REIT	6.4%
Bonyan REIT	30.3%	Mefic REIT	386	Al Aziziah REIT	1.6	Alinma Retail REIT	6.5%
Taleem REIT	34.8%	Jadwa REIT Saudi	543	Mefic REIT	1.6	Riyad REIT	6.7%
Alkhabeer REIT	35.6%	Alkhabeer REIT	601	Sedco Capital REIT	1.8	Musharaka REIT	6.7%
Alahli REIT 1	37.3%	Derayah REIT	610	Alinma Retail REIT	1.8	Alahli REIT 1	6.7%
Al Aziziah REIT	37.8%	Alistithmar REIT	632	Derayah REIT	1.9	Bonyan REIT	6.9%
Derayah REIT	40.9%	Bonyan REIT	638	Alkhabeer REIT	2.1	Derayah REIT	7.0%
Mefic REIT	41.5%	Alinma Retail REIT	661	Mulkia REIT	2.2	Jadwa REIT Saudi	7.1%
Alinma Retail REIT	45.2%	Mulkia REIT	720	Jadwa REIT Alharamain	2.4	Alistithmar REIT	7.1%
Mulkia REIT	48.7%	Alahli REIT 1	743	Taleem REIT	3.0	Taleem REIT	7.1%
Riyad REIT	50.6%	Musharaka REIT	782	Al Rajhi REIT	3.9	Jadwa REIT Alharamain	7.3%
Sedco Capital REIT	51.5%	Al Rajhi REIT	896	Jadwa REIT Saudi	4.2	Al Aziziah REIT	7.4%
Alistithmar REIT	53.8%	Riyad REIT	1,376	Bonyan REIT	4.3	Mefic REIT	7.4%
Musharaka REIT	54.5%	Sedco Capital REIT	1,820	Al Maather REIT	6.6	Alkhabeer REIT	8.7%

Source: Argaam, Aljazeera Capital Research

Total sector debt for Saudi REITs climbed to SAR 11.3bn in FY25, representing a 10.6% year-on-year increase as funds began to preemptively raise capital for asset growth despite the prevailing high-interest-rate environment. This uptick in borrowing has created a stark divergence in growth potential; heavily leveraged entities with low borrowing cost coverage ratios could face challenges funding further expansion constrained by both regulatory limits to leverage more and a diminished capacity to absorb additional finance charges. Conversely, the investment landscape favors REITs with robust balance sheets and high coverage ratios, such as Al Maather and Bonyan, as well as those maintaining significant headroom like Jadwa Saudi REIT and Al Rajhi REIT, whose leverage remains well below the sector average, in addition to debt free fund such as Alinma Hospitality and Aljazeera REIT. For funds with elevated Effective Interest Rates, notably Alkhabeer REIT at 8.7%, the near-term growth trajectory remains muted as the high cost of debt continues to erode the spread on new acquisitions, making lower-leveraged funds the preferred vehicle for investors seeking portfolio expansion and dividend stability.

### Fundamentals of long-term growth in KSA REITs

#### Hospitality and Tourism: expanding the productive asset base

The hospitality sector is a primary beneficiary of the Kingdom’s goal to increase annual visitor numbers from 115.9mn in 2024 to 150mn by 2030. This target is supported by record-level visitor spending, which reached SAR 80bn in the first quarter of 2025 alone.

**Structural supply increases and Giga-project integration:** Growth in this segment is driven by massive investment in giga-projects such as NEOM, The Red Sea, Qiddiya, and Diriyah. The hospitality and tourism sector is underpinned by a projected 175% increase in total hotel room capacity by 2030. This expansion is characterized by a high degree of segment concentration, with approximately 70%-80% of the upcoming pipeline situated in the luxury and upscale categories, providing institutional vehicles like REITs with a targeted source of high-value, income-generating assets. Strategically, these vehicles offer a unique geographic advantage by facilitating institutional exposure to the real estate markets of Makkah and Madinah regions typically off-limits to direct foreign ownership but expected to undergo significant development and growth through the end of the decade.

#### Commercial Real Estate

**Scarcity-Driven Performance:** The commercial real estate market is characterized by significant structural tightness, with vacancy rates in the first quarter of 2025 recorded at remarkably low levels of 2%-3%. This imbalance between supply and demand, largely catalyzed by the government’s Regional Headquarters (RHQ) program and a sustained shortage of Grade A office space, has resulted in an 80% surge in rental rates since 2021. While the forward pipeline indicates that new supply in Riyadh will expand by 70%-80% by 2027, the prevalence of strong pre-leasing activity reported by developers suggests that incoming inventory is being absorbed rapidly by corporate entities, thereby sustaining the current cycle of market tightness.

**Retail and Logistics focus on monetization:** The retail sector is transitioning toward experiential retail and modernized community centers to meet rising consumer confidence and tourist demand. Simultaneously, the expansion of the broader real estate sector into subsectors like logistics is essential for supporting the Kingdom’s diversifying economy.

Significant new developments are expected to increase retail supply by 80% in Riyadh and 88% in Jeddah by 2027. While this creates oversupply risks, prime malls continue to benefit from healthy leasing activity, particularly in tourist-heavy zones.

Fig 21. Real Estate Sector Growth Indicators

Sector	Key Growth Driver	Current Status/Metric	Long-term Target/Projection
Hospitality	Tourism & Giga-projects	115.9mn Visitors (2024)	150mn Visitors by 2030
Commercial	RHQ Program	2%-3% Vacancy (Q1 2025)	70%-80% Supply Increase in Riyadh by 2027
Residential	Population Growth	65.4% Homeownership (2024)	70% Homeownership by 2030
Retail	Experiential Demand	5%-10% Rent Growth since 2020	80% Supply Increase in Riyadh by 2027

Source: S&P, Aljazeera Capital Research

**Residential addressing the supply lag:** The residential market remains structurally supported by robust demographic fundamentals, including significant population growth and the rapid formation of new households. These trends are deeply integrated with national strategic goals; having successfully reached a 65.4% homeownership rate in 2024, the sector maintains clear momentum toward its 70% target for 2030. However, a persistent demand imbalance continues to define the landscape, as the delivery of affordable housing, particularly in the Riyadh market, consistently lags behind current requirements. This persists despite the National Housing Company’s mandate to deliver 600,000 units by 2030, with half of that volume expected to be completed as early as the end of 2025. Looking ahead, the implementation of the new foreign ownership law in January 2026 is projected to act as a significant market catalyst, likely stimulating increased demand and attracting fresh foreign direct investment into the sector.

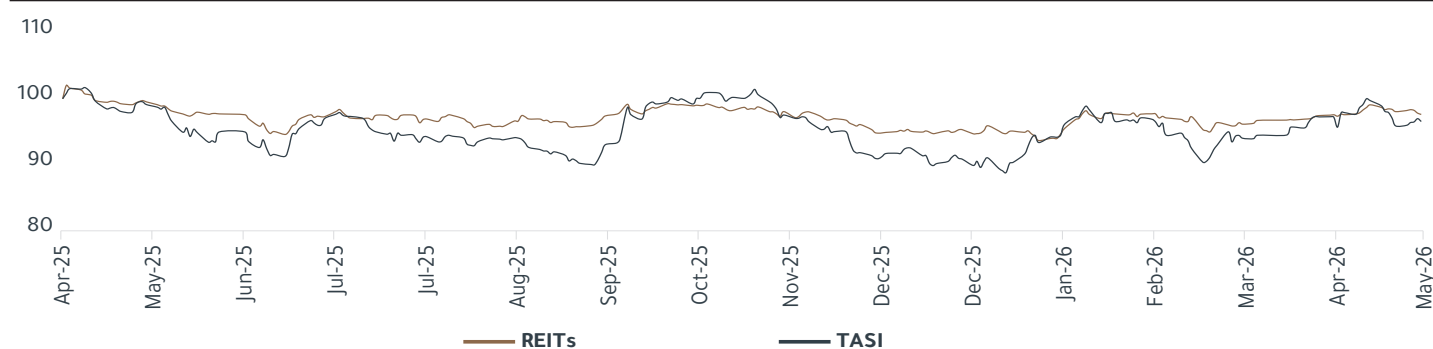
The Saudi real estate sector faces large funding needs as giga-projects transition from construction to operational phases. REITs are uniquely positioned to secure perpetual capital and provide local and international investors with consistent income yields. While short-term headwinds like the Riyadh rental freeze (effective September 2025) may restrict immediate revenue growth for certain leased assets, the underlying secular growth opportunities across hospitality, commercial, and residential sectors remain strong.

### KSA REITs financial performance improving but underperformance versus TASI on YTD basis

#### Outperformance of TASI REITs sector index compared to the main TASI index on Y/Y basis, but underperformance on YTD basis

On Y/Y basis TASI REITs index has overperformed the main TASI index but has underperformed on YTD basis as well. TASI REITs index fell from 3,068 points in April 2025 to 2,995 points in April 2026, implying a negative 2.4% Y/Y return. While on YTD basis it reported a positive 2.5% return. Over the said period TASI returned a negative 3.4% on Y/Y basis and a positive 6.6% on YTD basis.

**Fig 22. TASI vs REITs sector index performance**



Source: Tadawul, Aljazeera Capital Research

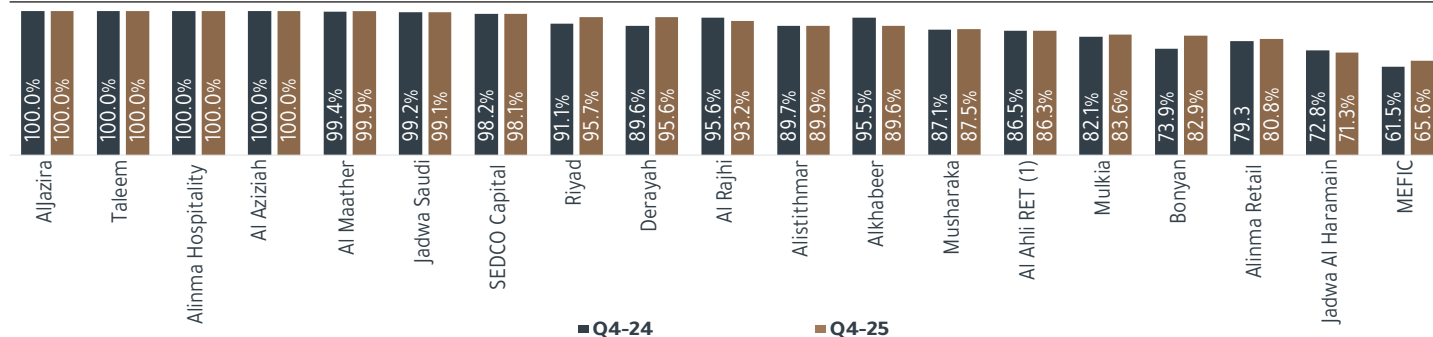
#### Q4-25 occupancy surge to an average of 90.5%, signaling strengthened fundamentals, with improved income stability and dividend headroom

The occupancy rates for KSA listed REITs has been rising consecutively for the few quarters, reaching to an average of 90.5% in Q4-25, implying a ~920bps Y/Y increase. **Bonyan REIT** reported the highest Y/Y increase in occupancy (900bps), followed by **Derayah REIT** (600bps). While on the other hand, **Alkhabeer REIT** and **Al Rajhi REIT** reported the highest Y/Y decrease at ~590bps and ~240bps, respectively.

This robust growth in the occupancy rates can lead to several positive outcomes for the KSA REITs landscape:

- **Higher rental income:** Increased occupancy rates indicates a greater number of properties in a REIT's portfolio are occupied, resulting in higher rental income. This is because more tenants are paying rent, contributing to a more stable revenue stream for the REIT.
- **Improved Cash Flow:** With higher rental income, the cash flow of the REITs improves, which enhances its ability to meet operational expenses, service debt, and make distributions to shareholders. This is particularly important since REITs are required to distribute a significant portion of their taxable income as dividends.
- **Potential for dividend increase:** REITs often adjust their dividends based on their cash flow and profitability. With rising occupancy and income, a REIT may be in a better position to increase its dividend payouts to investors, making it more attractive to income-seeking investors.

**Fig 23. Consistent increase in occupancy levels could improve rental income, cash flow position and potential for dividend increase**

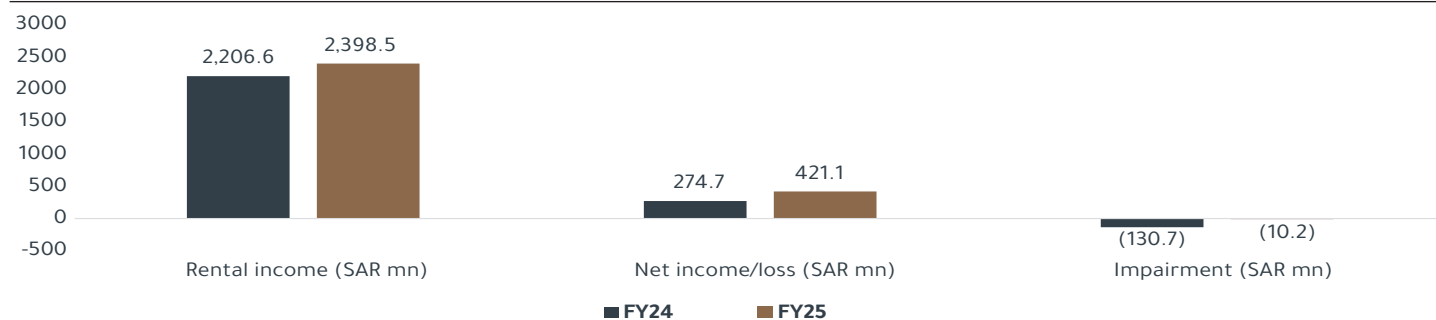


Source: Argaam, Aljazeera Capital Research

#### Signs of improvements in rental incomes in FY25 with steep fall in impairments aided the bottom-line growth momentum in FY25

In FY25, KSA's REIT funds aggregated a total rental income of SAR 2398.5mn, marking an 8.7% Y/Y increase. This was supported by increased economic activities. Residential property and Hotels benefited the most from increasing rents and occupancy due to 5% Y/Y rise in visitors in FY25, to the Kingdom. Out of the total 19 listed REITs, 15 REITs recorded increase in rental income in FY25. As a result, the sector registered a net profit of SAR 421.1mn, as against a net income of SAR 274.7mn in FY24. The growth in bottom-line was aided due to significant decrease in impairments on real estate investments, as it decreased from a negative SAR 130.7mn in FY24 to a negative SAR 10.1mn in FY25.

**Fig 24. Improvement in rental incomes and decrease in impairments leads to a rise in bottom-line growth momentum**

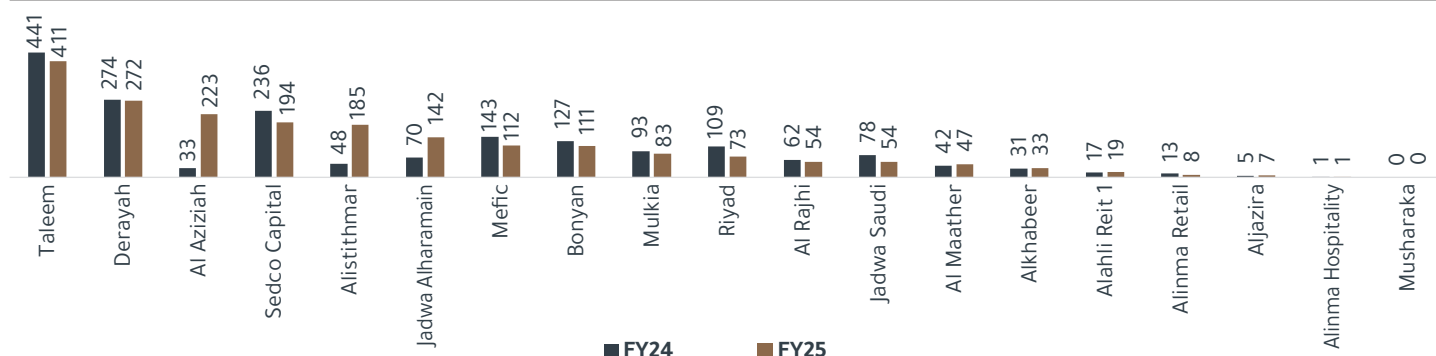


Source: Argaam, Aljazeera Capital Research

### Significant improvement seen in managing trade receivable days in FY25 despite total receivables growth outpacing rental income growth

We analyzed the trade receivable days for the 19 listed REITs in KSA over FY24 and FY25, based on TTM rental income and trade receivables. The trade receivable days for the sector increased marginally from 93 days in FY24 to 102 days in FY25. This was driven by a faster increase in total receivables versus rental income for the sector. Sector-wide receivables increased 18.7% Y/Y, outpacing the rental income growth of 8.7% Y/Y. **AlAziziah REIT** sector marked the highest increase in receivable days by 191 days which was partially offset by the highest improvement of 42 receivable days by **Sedco Capital REIT**. When looking at the absolute receivable days, **Taleem REIT** (411 receivable days in FY25) and **Derayah REIT** (272 receivable days in FY25) had the highest receivable days.

**Fig 25. Sector-wide trade receivable days - AlAziziah REIT reported the highest Y/Y increase, while Sedco Capital REIT showcased significant efficiency by improving its trade receivable days**

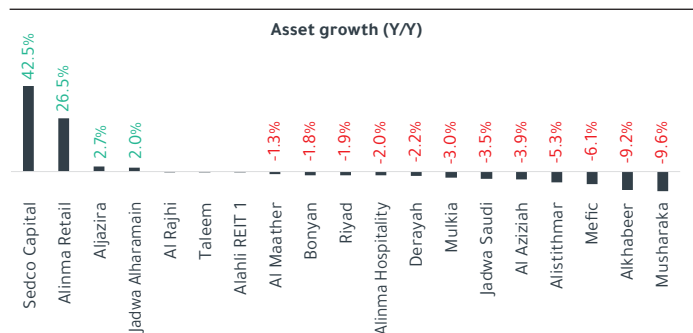


Source: Tadawul, Argaam, Aljazeera Capital Research

### Notable imbalance witnessed in FY25 as debt growth outpaced the asset growth

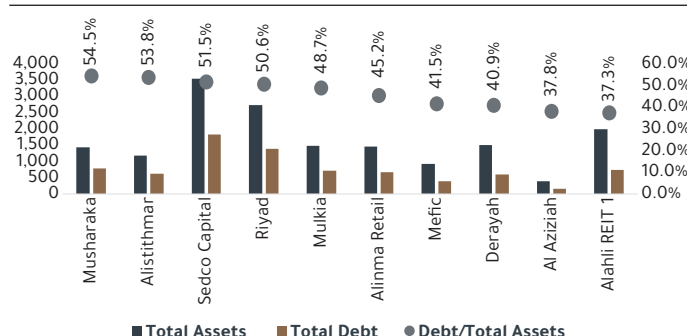
KSA's REITs sector experienced a notable imbalance with debt growth outpacing the asset growth in FY25. The sector witnessed increase in leverage from SAR 10.2bn in FY24, to SAR 11.3bn (10.6% Y/Y rise) to support the expansion and operational needs. However, it struggled to translate this into corresponding asset growth. While the debt levels rose sharply, the asset growth recorded a Y/Y growth of 2.2%, as the assets grew from SAR 28.6bn in FY24, to SAR 29.3bn in FY25. In FY25, **Musharaka REIT** and **Alistithmar REIT** were the most levered REITs with a debt/assets metric at 54.5% and 53.8%, respectively.

**Fig 26. Sedco Capital, Alinma Retail lead the sectoral asset growth, while Musharaka and Alkabeer drag the growth**



Source: Argaam, Aljazeera Capital Research

**Fig 27. Musharaka and Alistithmar REIT are the most levered REITs, with their debt/assets metric significantly above the average debt/assets for the sector**



Source: Argaam, Aljazeera Capital Research

## REITs Market Data

Fig 28. Operational and Fundamental characteristics of KSA's 19 listed REITs

REITs	Market Price	Book value/ Unit	Market value/ Unit	Price to Book	Expected Dividend yield (%)	Debt (SAR, mn)	Debt/ Assets	Units (mn)	Properties Mkt Value (SAR mn)	Average 3M turnover (SAR 000s)	Cash (SAR mn)
Alinma Hospitality REIT	8.1	10.0	11.1	0.8	<b>7.9%</b>	0	0.0%	102	1,076	1,671	26
Alistithmar REIT	7.4	8.6	11.2	0.9	<b>0.0%</b>	632	53.8%	61	1,230	406	58
Alkhabeer REIT	5.8	7.3	8.8	0.8	<b>7.2%</b>	601	35.6%	141	1,855	652	30
Al Aziziah REIT	5.2	4.2	5.3	1.2	<b>0.0%</b>	150	37.8%	57	449	1,242	7
Alahli REIT 1	6.5	8.4	10.2	0.8	<b>7.8%</b>	743	37.3%	138	2,126	336	20
Sedco Capital REIT	7.5	7.8	8.6	1.0	<b>7.4%</b>	1,820	51.5%	187	3,263	1,291	182
Derayah REIT	5.5	7.8	9.7	0.7	<b>7.2%</b>	610	40.9%	108	1,594	417	5
Al Rajhi REIT	8.2	8.2	9.4	1.0	<b>6.7%</b>	896	28.1%	276	3,315	2,051	0
Alinma Retail REIT	4.4	6.6	7.6	0.7	<b>7.9%</b>	661	45.2%	118	1,545	1,638	11
Jadwa REIT Saudi	11.4	8.9	11.8	1.3	<b>7.0%</b>	543	24.4%	187	2,558	2,048	75
Mefic REIT	3.5	7.0	7.8	0.5	<b>0.0%</b>	386	41.5%	73	837	586	0
Bonyan REIT	9.5	8.2	13.2	1.2	<b>7.9%</b>	638	30.3%	163	2,930	844	29
Riyad REIT	5.0	6.8	10.0	0.7	<b>7.0%</b>	1,376	50.6%	172	2,405	530	75
Aljazira REIT	11.2	7.5	8.1	1.5	<b>4.0%</b>	0	0.0%	12	96	312	2
Jadwa REIT Alharamain	4.9	7.8	7.9	0.6	<b>5.1%</b>	215	29.1%	66	690	266	8
Taleem REIT	10.1	10.8	14.9	0.9	<b>6.5%</b>	297	34.8%	51	973	558	11
Al Maather REIT	8.9	8.3	11.4	1.1	<b>7.6%</b>	205	28.1%	61	872	263	38
Musharaka REIT	4.2	7.0	8.9	0.6	<b>5.8%</b>	782	54.5%	88	1,383	267	29
Mulkia REIT	4.6	6.8	8.0	0.7	<b>7.0%</b>	720	48.7%	104	1,535	437	16

Source: Tadawul, Argaam, Aljazira Capital research. Note: Market Price as of the closing of May 3, 2026. Debt, Property market value and Cash in SAR mn, while Avg 3M turnover in 000's. Expected dividend yields based on the closing of May 3, 2026

## Real Estate Portfolio: sector and geographic distribution

Fig 29. Sector-wise overview of KSA's 19 listed REITs

REIT	Apartments	Commercial	Offices	Hotels	Industrial	Educational	Warehouse	Retail
Riyad REIT		✓	✓	✓		✓		✓
Jadwa AlHaramain		✓		✓				✓
AIMa'ather REIT		✓	✓	✓		✓	✓	
Musharaka REIT	✓	✓	✓	✓	✓		✓	
Mulkia - Gulf Real Estate REIT	✓	✓	✓	✓	✓			
AlAziziah REIT		✓		✓				
AlAhli REIT 1		✓	✓	✓				
Derayah REIT	✓	✓	✓	✓		✓	✓	
Alinma Retail REIT		✓	✓					
Jadwa Saudi REIT	✓	✓	✓	✓		✓	✓	
AlJazira REIT		✓					✓	
Taleem REIT						✓		
SEDCO CAPITAL REIT	✓	✓	✓	✓		✓		✓
Al Rajhi REIT		✓	✓			✓	✓	✓
MEFIC REIT	✓	✓		✓				✓
Bonyan REITS	✓	✓	✓	✓				
Alkhabeer REIT	✓	✓	✓		✓	✓	✓	✓
Alinma Hospitality REIT				✓				
Alistithmar REIT		✓	✓	✓			✓	

Source: Argaam, AlJazira Capital Research

Fig 30. Geography-wise overview of KSA's 19 listed REITs

REIT	Total Properties	Riyadh	Jeddah	Khobar	Dammam	Mecca	Jubail	Other
Riyad REIT	26	11	2	2				Washington (1), Escolinas (1), California (1), Dallas (1), Pennsylvania (1), Brussels (1), Missouri (2), South Carolina (1), Alabama (1), Texas (1)
Jadwa REIT AlHaramain	4					4		
AIMa'ather REIT	15	12		1				Unaizah (1), Sharjah (1)
Musharaka REIT	13	5		4	1		1	Al Kharj (1), Dubai (1)
Mulkia - Gulf Real Estate REIT	12	6	3		2			Khamis Mushayt (1)
AlAziziah REIT	4	1				3		
AlAhli REIT 1	4	1	3					
Derayah REIT	24	9	3	3	6		2	Al-Hasa (1)
Alinma Retail REIT	8	5						Hafr Al-Batin (1) Tabuk (1), Dawadmi (1)
Jadwa REIT Saudi	9	7	1		1			
AlJazira REIT	1		1					
Taleem REIT	7	6			1			
SEDCO REIT	24	11	5	2	5			Dubai (1)
Al Rajhi REIT	20	11	5	1	1			Al Kharj (1), Khamis Mushayt (1)
MEFIC REIT	5	3				2		
Bonyan REIT	13	7						Abha (1), Medina (2), Jazan (3)
Alkhabeer REIT	10	5	4					Tabuk (1)
Alinma Hospitality REIT	5	3	2					
Alistithmar REIT	7	3		1	1		1	Abha (1)

Source: Argaam, AlJazira Capital Research

### REITs liquidity as a parameter

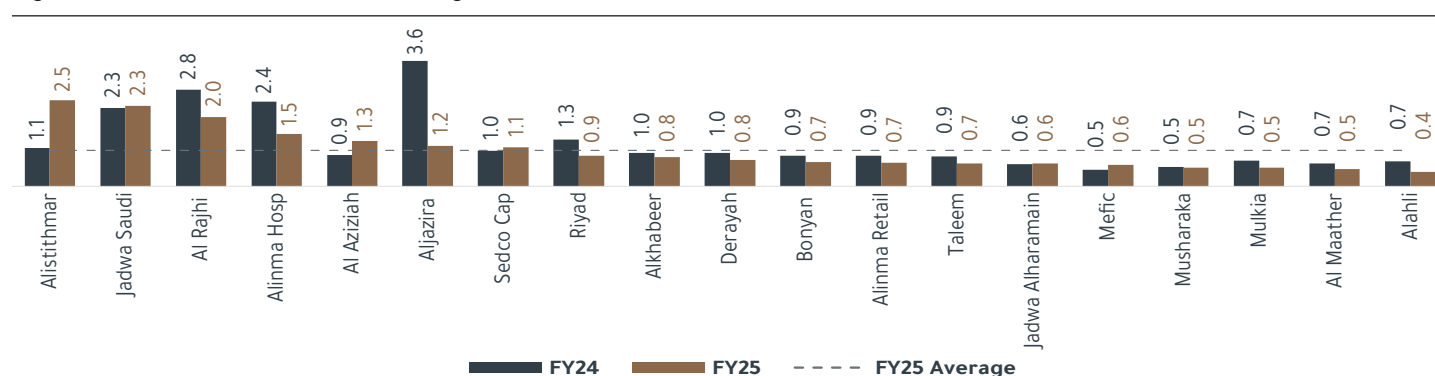
In the following sections we have analyzed the liquidity angle of Saudi Arabian REIT market by gauging the i) activity, ii) width, and iii) changes in the ease of entering and exiting a trade during periods of illiquidity. We ranked the 19 listed REITs by the average turnover over the last 12 months to gauge the ability of stocks to absorb a large buy or sell order. **Alistithmar REIT** is at the top, indicating good liquidity. The downside deviation measures the extent of a drop in REIT's trading activity when the REIT market is witnessing a decline in liquidity. The lower the downward deviation, the lower will be the drop in the liquidity of a REIT when the market is witnessing a decline in trading activity. **JADWA REIT SAUDI** and **JADWA REIT ALHARAMAIN** registered maximum deviation when trading in the REITs contracting market. Spread cost indicates how much one would pay to get in and out of a trade instantly. A lower spread percentage implies consensus in the market on the price of a REIT. A higher spread price indicates an illiquid asset, as lower participation leads to inefficient price discovery and, therefore, trading costs will increase if a participant wants to exit or enter a trade quickly. This is because the market price would be farther from the closest price the counterparty would be willing to buy or sell at. **Alistithmar REIT** and **MEFIC REIT** recorded the highest spread cost, calculated as the ratio of spread cost (bid-ask) to price

**Fig 31. Liquidity Parameters**

Most Active by Daily Turnover		Downside Turnover Deviation		Spread Cost	
REITs	12M avg turnover (SAR mn)	REITs	Downside deviation	REITs	Bid-Ask Spread to Price
Alistithmar REIT	2.5	Derayah REIT	1.68	Al Rajhi REIT	0.16
Jadwa REIT Saudi	2.3	Al Rajhi REIT	1.97	Jadwa REIT Saudi	0.22
Al Rajhi REIT	2.0	Sedco Capital REIT	1.97	Alinma Hospitality REIT	0.22
Alinma Hospitality REIT	1.5	Riyad REIT	2.03	Bonyan REIT	0.23
Al Aziziah REIT	1.3	Aljazira REIT	2.03	Al Maather REIT	0.24
Aljazira REIT	1.2	Alinma Retail	2.04	Sedco Capital REIT	0.25
Sedco Cap REIT	1.1	Mulkia REIT	2.16	Al Aziziah REIT	0.25
Riyad REIT	0.9	Alkhabeer REIT	2.17	Alkhabeer REIT	0.26
Alkhabeer REIT	0.8	Alistithmar REIT	2.32	Taleem REIT	0.27
Derayah REIT	0.8	Al Aziziah REIT	2.32	Aljazira REIT	0.28
Bonyan REIT	0.7	Musharaka REIT	2.35	Alahli REIT 1	0.29
Alinma Retail REIT	0.7	Alahli REIT 1	2.39	Riyad REIT	0.29
Taleem REIT	0.7	Mefic REIT	2.44	Mulkia REIT	0.31
Jadwa REIT Alharamain	0.6	Taleem REIT	2.54	Alinma Retail	0.33
Mefic REIT	0.6	Al Maather REIT	2.55	Jadwa REIT Alharamain	0.35
Musharaka REIT	0.5	Alinma Hospitality REIT	2.69	Derayah REIT	0.36
Mulkia REIT	0.5	Bonyan REIT	2.70	Musharaka REIT	0.39
Al Maather REIT	0.5	Jadwa REIT Alharamain	2.76	Mefic REIT	0.40
Alahli REIT 1	0.4	Jadwa REIT Saudi	2.99	Alistithmar REIT	0.49

Source: Bloomberg, Aljazira Capital research

**Fig 32. FY24 vs FY25 Traded value average (SARmn)**

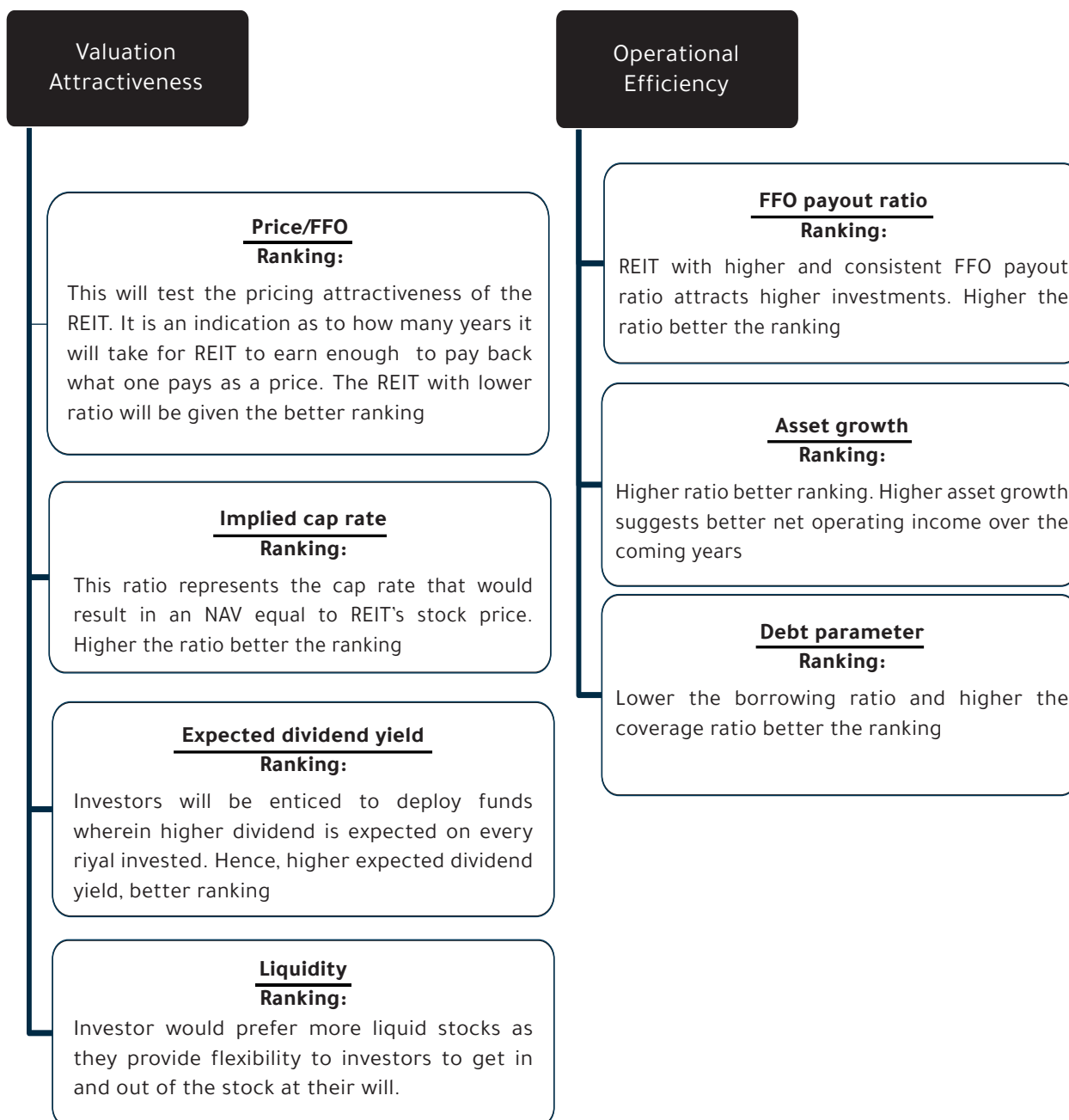


Source: Bloomberg, Aljazira Capital research

### Scoring Mechanism

Based on our proprietary developed model, we have analyzed the 19 listed REITs as of March 2026, for 7 quantitative parameters, with each parameter carrying a distinguished weight. The choice of these 7 parameters is based on i) valuation attractiveness; and ii) operational efficiency.

Fig 33. Proprietary scoring model



Source: Aljazira Capital research

### Below we have summarized our ranking methodology

- **Price-to-FFO:** Companies engaged in real estate use FFO as an operating benchmark. FFO is a measure of the cash generated by a REIT. The attractive pricing of a REIT was tested based on the ratio of its CMP to the funds it has generated for a given period (FFO). A REIT trading at a lesser market price for a given FFO per share is preferred. **Bonyan REIT** is the most attractive fund in the sector from this perspective as it is trading at the lowest P/FFO of 11.0x.
- **Implied Cap rate:** The implied cap rate indicates the yield of net operating income (NOI) produced at a certain share price. It is used as a benchmark for an investment decision, and also as a hurdle rate by a REIT manager to constitute a property portfolio. The REIT that generates the highest yield of NOI at its current market price is preferred. **Bonyan REIT** is the most attractive fund in the sector from this perspective due to its implied cap rate of 10.5%.
- **FFO pay-out ratio:** The FFO payout ratio is calculated by taking the current annual dividend rate of a REIT and dividing it by its FFO per share. It is a useful metric for analyzing the ability to cover the dividend payments. A payout ratio above 100% indicates that the REITs current dividend is higher than its cash income from operations, and the REIT may need to pull from its cash reserve to help cover the dividend. Although a payout ratio above 100% in the short term is not necessarily a concern, it is not sustainable in the long term; therefore, the REITs dividend payment plan may require adjustments. However, we preferred REITs that tends to have a high and consistent payout ratio. Thus, **Riyad REIT** with a payout ratio of 457% has been given the highest ranking under this parameter.
- **Expected Dividend Yield:** REITs is an asset class that distributes almost all of its earnings in the form of dividends. Thus, it is imperative to evaluate the dividend yields. The dividend yield is an estimate of the dividend-only return of a stock investment. Preference was given to the REIT with the highest expected dividend yield. In the current scenario, **Alinma Retail REIT** scored the highest with the highest expected yield of 7.9%.
- **Y/Y Asset Growth:** The funds invested in portfolios registering the highest asset growth on a Y/Y basis were preferred. Increase in asset size implies a rise in net operating income, which eventually helps in generating better value. **Sedco Capital REIT** has been rated highest in this parameter due to its asset growth of 42.5% Y/Y.
- **Debt parameter:** As per regulations, REITs cannot borrow funds valuing more than 50% of total assets. Hence, while determining the ranking, preference was given to funds that had not borrowed large sums and thus had scope for future expansion on the basis of available leverage. Additionally, REITs ability to serve debt based on FFO coverage (FFO/finance cost) was also considered with preference to REITs with higher coverage ratio. **Aljazira** and **Alinma Hospitality REITs** with a debt-free balance sheet have been ranked the highest on this parameter.
- **Liquidity:** We ranked the listed REITs by the average turnover over the last 12 months to gauge the ability of stocks to absorb a large buy or sell order. **Alistithmar REIT** stood at the top of the table with the highest average 12M turnover. We also took downside deviation and spread cost into account while ranking REITs on liquidity.

To evaluate the qualitative aspect of REITs, individual real estate REIT portfolios need to be understood. The REITs are judged on the basis of their concentration risk. Thus, it is imperative to identify and analyze the diversification of each REIT in terms of sectors as well as geography. In an ideal scenario, REITs with the most diverse portfolios are given the highest ranking, and those with extreme concentration in a particular sector or geography may not receive a high ranking.

### REITs performance scorecard and top 5 picks in the sector

We evaluated REITs on 7 parameters as per the scoring mechanism mentioned earlier. Based on weighted ranking, **Bonyan REIT**, **Alinma Hospitality REIT**, **AIMa'ather REIT**, **Alinma Retail REIT**, and **Alahli REIT** are our top 5 picks from the sector.

Fig 34. REIT performance scorecard based on our proprietary developed scoring mechanism

Weighted Rank	REITs	Expected dividend yield	Implied Cap Rate	Price/FFO (TTM)	FFO Payout ratio	Debt parameter score	Liquidity	Asset growth (Y/Y %)
	Weights	30%	20%	15%	10%	10%	10%	5%
1	<b>Bonyan REIT</b>	7.9%	10.5%	11.0x	91.2%	6.3	0	-1.8%
2	<b>Alinma Hospitality REIT</b>	7.9%	7.4%	12.7x	98.2%	1.5	1	-2.0%
3	<b>Al Maather REIT</b>	7.6%	8.1%	12.2x	93.0%	3.8	0	-1.3%
4	<b>Alinma Retail REIT</b>	7.9%	6.7%	13.8x	105.9%	13.5	0	26.5%
5	<b>Alahli REIT 1</b>	7.8%	7.8%	18.6x	123.9%	12.3	0	-0.2%
6	<b>Taleem REIT</b>	6.5%	9.5%	12.7x	82.7%	7.8	0	-0.2%
7	<b>Jadwa REIT Saudi</b>	7.0%	6.6%	18.3x	131.1%	3.5	1	-3.5%
8	<b>Sedco Capital REIT</b>	7.4%	6.4%	16.1x	129.0%	16.0	1	42.5%
9	<b>Derayah REIT</b>	7.2%	7.7%	18.4x	124.8%	11.8	0	-2.2%
10	<b>Mulkia REIT</b>	7.0%	8.9%	16.4x	113.4%	13.5	0	-3.0%
11	<b>Al Rajhi REIT</b>	6.7%	6.7%	15.4x	101.5%	5.3	1	0.0%
12	<b>Alkhabeer REIT</b>	7.2%	7.6%	13.2x	100.4%	9.3	0	-9.2%
13	<b>Riyad REIT</b>	7.0%	8.3%	70.9x	457.8%	16.3	0	-1.9%
14	<b>Jadwa REIT Alharamain</b>	5.1%	8.0%	18.7x	113.6%	6.5	0	2.0%
15	<b>Mefic REIT</b>	0.0%	9.2%	15.3x	0.0%	13.3	0	-6.1%
16	<b>Aljazira REIT</b>	4.0%	4.8%	24.7x	92.4%	1.5	1	2.7%
17	<b>Musharaka REIT</b>	5.8%	6.0%	35.5x	173.9%	18.8	0	-9.6%
18	<b>Alistithmar REIT</b>	0.0%	5.0%	39.0x	0.0%	17.5	1	-5.3%
19	<b>Al Aziziah REIT</b>	0.0%	3.7%	67.6x	0.0%	12.0	1	-3.9%

Source: Argaam, Aljazira Capital research. Implied cap rate and FFO payout are based on FY25 financials. Expected dividend and P/FFO are calculated based on the closing price of May 3, 2026

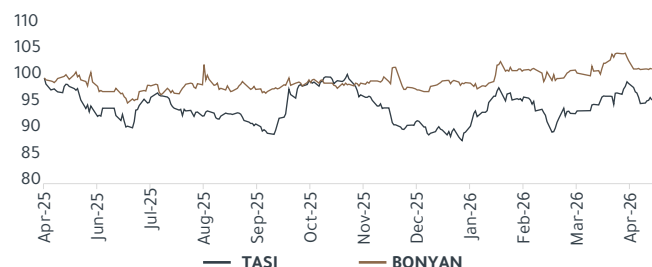
### Bonyan REIT

#### REIT's statistics

- Closed ended - Shariah compliant
- Listing date: 25<sup>th</sup> Jul 2018
- Dividend: Semi-Annual
- Fund Manager: Saudi Fransi Capital
- Major shareholder: Abdul Rahman Saad Al Rashid and sons Co.
- Foreign ownership: 1.5%
- 3<sup>rd</sup> largest fund by Market Cap

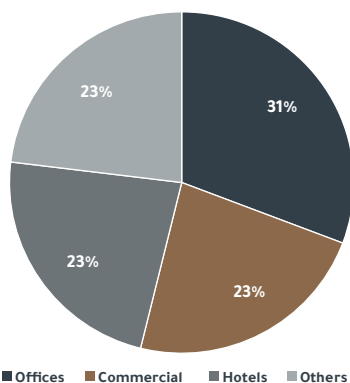
<b>CMP (3<sup>rd</sup> May, 2026)</b>	SAR 9.5
<b>Fund Size</b>	SAR 1,628.8mn
<b>NAV/unit</b>	SAR 8.2
<b>Management Fee</b>	0.50 %
<b>3M Average Turnover (000s)</b>	843.7
<b>FFO/unit</b>	0.84
<b>Dividend/Capital (%)</b>	7.70%
<b>Price/FFO</b>	11.0x
<b>P/E (REIT-TASI)</b>	14.6
<b>Total Revenue (FY25)</b>	SAR 278.1mn
<b>Net Profit (FY25)</b>	SAR 103.7mn
<b>Debt (FY25)</b>	SAR 638.1mn
<b>Occupancy Rate (%)</b>	83.3%
<b>P/B</b>	1.2
<b>Market Value of Assets/Unit</b>	13.2

#### Fund performance (Rebased)



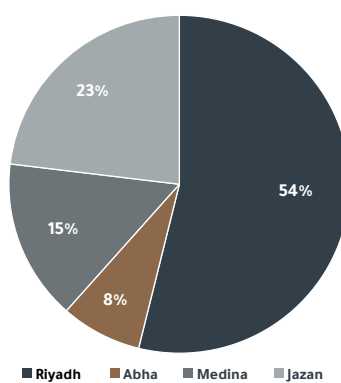
Source: Tadawul, Aljazeera Capital Research

#### Real estate portfolio



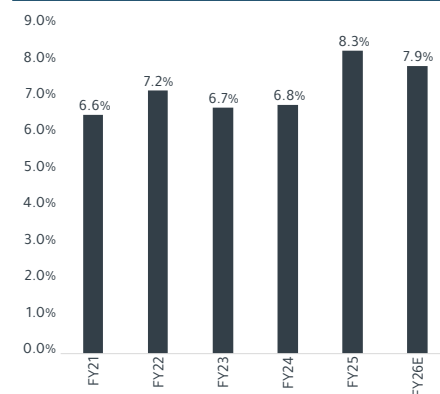
Source: Argaam, Aljazeera Capital Research

#### Geographic Distribution



Source: Argaam, Aljazeera Capital Research

#### Dividend Yield (%)



Source: Argaam, Aljazeera Capital Research

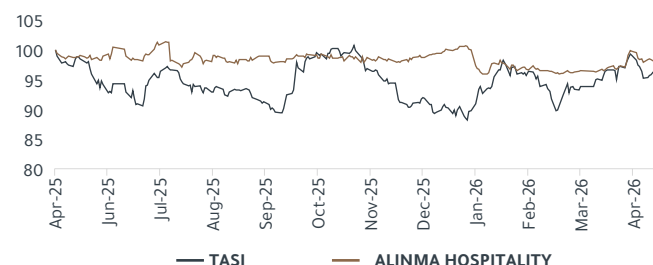
### Fund Outlook

Bonyan REIT has a diversified portfolio in terms of geography, while offices weighing the highest in terms sectors with 31% share of the total property portfolio. With a positive Y/Y growth in the rental incomes in FY25, the net profit Y/Y growth was significant in FY25. It has the lowest P/FFO of 11.0x in the sector. The implied cap rate of 10.5% generated by the fund is the best in the industry. Additionally, the fund is expected deliver the second highest dividend yield of 7.9% in FY26E.

### Alinma Hospitality REIT

- Closed ended - Shariah compliant
- Listing date: 28<sup>th</sup> Sept 2022
- Dividend: Semi-Annual
- Fund Manager: Alinma Capital Company
- Major shareholder: Seera Holding, Alinma Financial Co., Ashad Co.
- Foreign ownership: 4.33%
- 7<sup>th</sup> largest fund by Market Cap

#### Fund performance (Rebased)

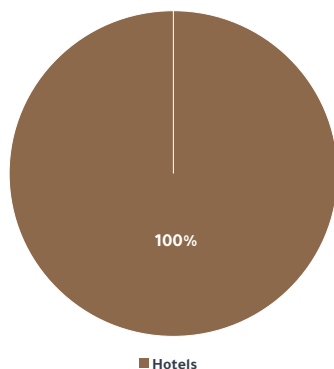


Source: Tadawul, Aljazira Capital Research

#### REIT's statistics

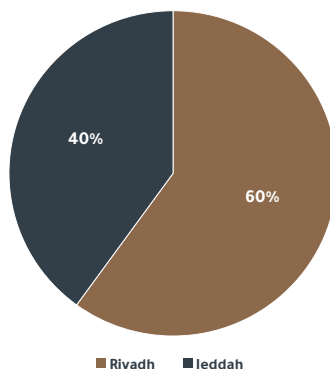
<b>CMP (3<sup>rd</sup> May, 2026)</b>	SAR 8.1
<b>Fund Size</b>	SAR 1,020.0mn
<b>NAV/unit</b>	SAR 10.0
<b>Management Fee</b>	0.80 %
<b>3M Average Turnover (000s)</b>	1,671.2
<b>FFO/unit</b>	0.65
<b>Dividend/Capital (%)</b>	6.40%
<b>Price/FFO</b>	12.7x
<b>P/E (REIT-TASI)</b>	17.3
<b>Total Revenue (FY25)</b>	SAR 74.4mn
<b>Net Profit (FY25)</b>	SAR 48.9mn
<b>Debt (FY25)</b>	SAR 0.0mn
<b>Occupancy Rate (%)</b>	100.0%
<b>P/B</b>	0.8
<b>Market Value of Assets/Unit</b>	11.1

#### Real estate portfolio



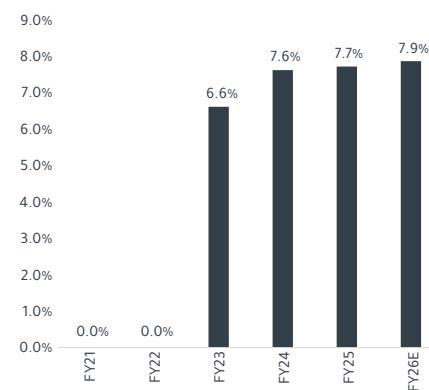
Source: Argaam, Aljazira Capital Research

#### Geographic Distribution



Source: Argaam, Aljazira Capital Research

#### Dividend Yield (%)



Source: Argaam, Aljazira Capital Research

### Fund Outlook

Alinma Hospitality REIT has presence only in Riyadh and Jeddah, with focus only on Hotels. The company has no impairments and reported flat Y/Y growth in rental income and net income in FY25. It has the third lowest P/FFO of 12.7x in the sector. It has a implied cap rate of 7.4%, with no dependency on debt. For the last 12 quarters it has consistently maintained a 100% occupancy rate. Additionally, the fund is expected to deliver the third highest dividend yield of 7.9% in FY26e.

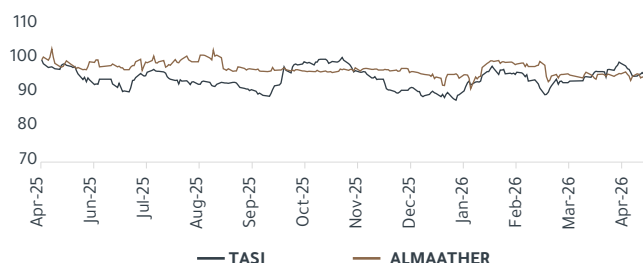
### AIMa'ather REIT

#### REIT's statistics

- Closed ended - Shariah compliant
- Listing date: 22<sup>nd</sup> Aug 2017
- Dividend: Semi-Annual
- Fund Manager: Osool & Bakheet Investment
- Major shareholder: Sahary Arabian Real Estate Co.
- Foreign ownership: 3.3%
- 10<sup>th</sup> largest fund by Market Cap

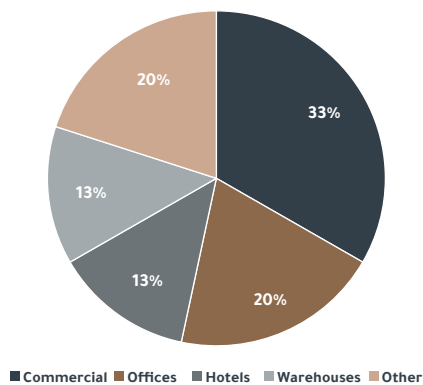
<b>CMP (3<sup>rd</sup> May, 2026)</b>	SAR 8.9
<b>Fund Size</b>	SAR 613.7mn
<b>NAV/unit</b>	SAR 8.3
<b>Management Fee</b>	0.5%
<b>3M Average Turnover (000s)</b>	263.4
<b>FFO/unit</b>	0.72
<b>Dividend/Capital (%)</b>	6.70%
<b>Price/FFO</b>	12.2x
<b>P/E (REIT-TASI)</b>	15.9
<b>Total Revenue (FY25)</b>	SAR 66.9mn
<b>Net Profit (FY25)</b>	SAR 34.0mn
<b>Debt (FY25)</b>	SAR 204.8mn
<b>Occupancy Rate (%)</b>	99.6%
<b>P/B</b>	1.1
<b>Market Value of Assets/Unit</b>	11.4

#### Fund performance (Rebased)



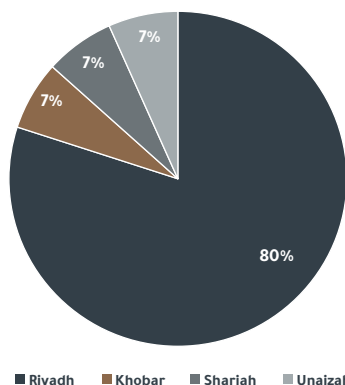
Source: Tadawul, Aljazira Capital Research

#### Real estate portfolio



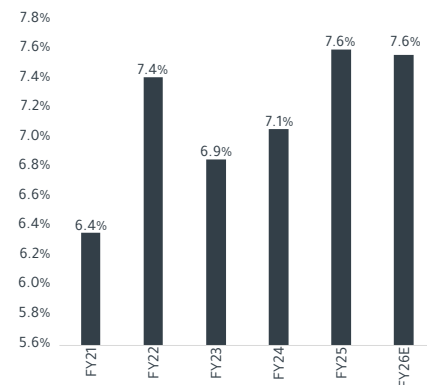
Source: Argaam, Aljazira Capital Research

#### Geographic Distribution



Source: Argaam, Aljazira Capital Research

#### Dividend Yield (%)



Source: Argaam, Aljazira Capital Research

### Fund Outlook

AIMa'ather fund's real estate assets are spread across different sectors mainly located in Riyadh. However, the fund also has operations outside KSA. Commercial accounts for the highest sector within properties with a share of 33%. Thus, the fund's rental income is expected to improve gradually with economic activities picking up and foreign companies setting up offices in the Kingdom. The fund's dividend yield is estimated to rise to 7.6% in FY26E. Its P/FFO of 12.2x is the second lowest in the sector. The fund has an implied cap rate of 8.1%.

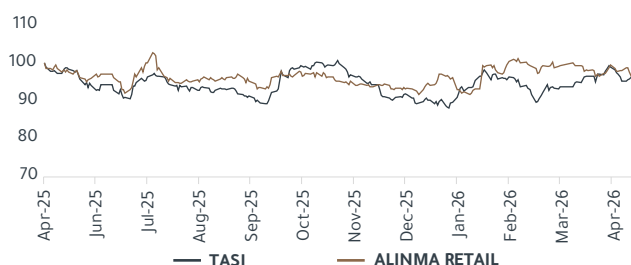
### Alinma Retail REIT

#### REIT's statistics

- Closed ended - Sharia compliant
- Listing date: 05<sup>th</sup> Aug 2018
- Dividend: Annual
- Fund Manager: Alinma Capital Capital
- Major shareholder: Suliman Abdullah, AG Real Estate
- Foreign ownership: 5.37%
- 11<sup>th</sup> largest fund by Market Cap

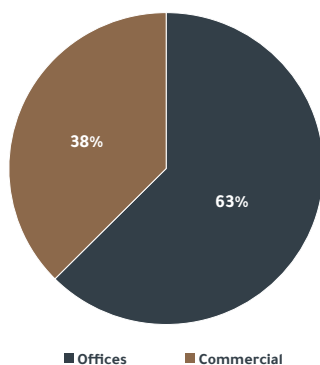
<b>CMP (3<sup>rd</sup> May, 2026)</b>	SAR 4.4
<b>Fund Size</b>	SAR 1,180.0mn
<b>NAV/unit</b>	SAR 6.6
<b>Management Fee</b>	0.75%
<b>3M Average Turnover (000s)</b>	1,637.8
<b>FFO/unit</b>	0.33
<b>Dividend/Capital (%)</b>	3.50%
<b>Price/FFO</b>	13.8x
<b>P/E (REIT-TASI)</b>	NEG
<b>Total Revenue (FY25)</b>	SAR 101.7mn
<b>Net Profit (FY25)</b>	SAR (21.0)
<b>Debt (FY25)</b>	SAR 660.8mn
<b>Occupancy Rate (%)</b>	80.6%
<b>P/B</b>	0.7
<b>Market Value of Assets/Unit</b>	7.6

#### Fund performance (Rebased)



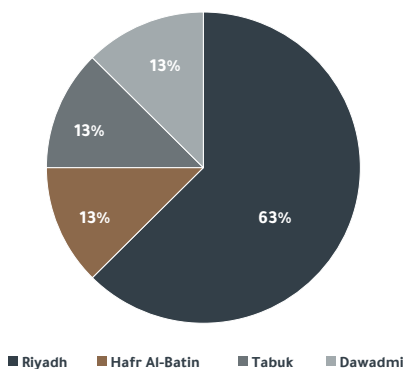
Source: Tadawul, Aljazira Capital Research

#### Real estate portfolio



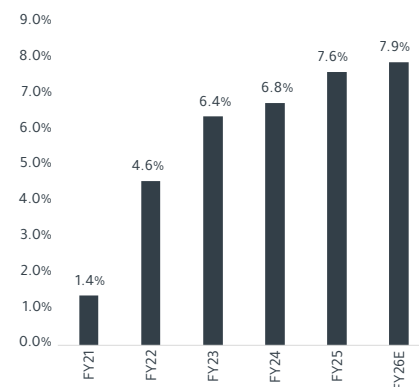
Source: Argaam, Aljazira Capital Research

#### Geographic Distribution



Source: Argaam, Aljazira Capital Research

#### Dividend Yield (%)



Source: Argaam, Aljazira Capital Research

### Fund Outlook

Alinma Retail REIT's asset portfolio consists of 8 properties with major skew to Riyadh. With 63% of assets in the offices sector, it is expected to benefit from improving commercial activities. The fund trades at a P/FFO of 13.8x and an implied cap rate of 6.7% which is below the industry median of 7.6%. The fund's dividend yield is expected at 7.9% in FY26E, which is the highest in the sector.

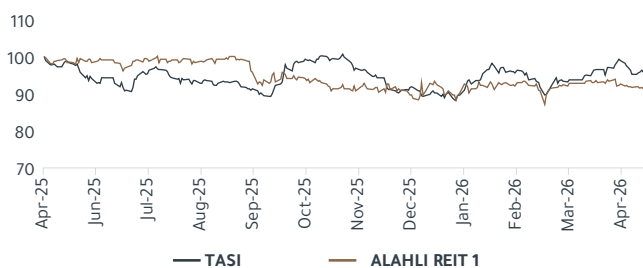
### AIAhli REIT 1

#### REIT's statistics

- Closed ended - Shariah compliant
- Listing date: 25<sup>th</sup> Dec 2017
- Dividend: Semi-Annual
- Fund Manager: SNB Capital
- Major shareholder: Al Andalus Real Estate
- Foreign ownership: 2.30%
- 5<sup>th</sup> largest fund by Market Cap

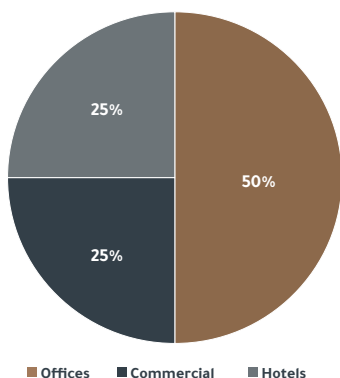
<b>CMP (3<sup>rd</sup> May, 2026)</b>	SAR 6.5
<b>Fund Size</b>	SAR 1,375.0mn
<b>NAV/unit</b>	SAR 8.4
<b>Management Fee</b>	1.00 %
<b>3M Average Turnover (000s)</b>	335.9
<b>FFO/unit</b>	0.34
<b>Dividend/Capital (%)</b>	4.20%
<b>Price/FFO</b>	18.6x
<b>P/E (REIT-TASI)</b>	47.1
<b>Total Revenue (FY25)</b>	SAR 196.7mn
<b>Net Profit (FY25)</b>	SAR 18.4mn
<b>Debt (FY25)</b>	SAR 742.7mn
<b>Occupancy Rate (%)</b>	90.0%
<b>P/B</b>	0.8
<b>Market Value of Assets/Unit</b>	10.2

#### Fund performance (Rebased)



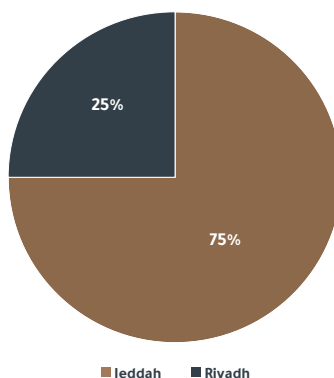
Source: Tadawul, Aljazeera Capital Research

#### Real estate portfolio



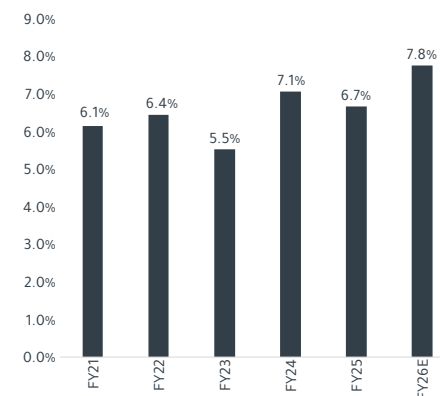
Source: Argaam, Aljazeera Capital Research

#### Geographic Distribution



Source: Argaam, Aljazeera Capital Research

#### Dividend Yield (%)



Source: Argaam, Aljazeera Capital Research

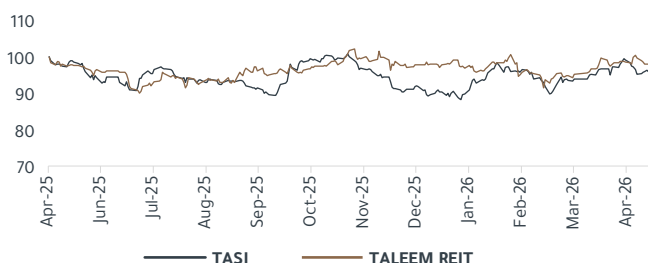
### Fund Outlook

Al Ahli REIT's asset portfolio consists of 4 properties in Riyadh and Jeddah. With 50% of assets in the offices sector, it is expected to benefit from improving commercial activities. The fund trades at a P/FFO of 18.6x and an implied cap rate of 7.8%, which is slightly above the industry median of 7.6%. The fund's dividend yield is expected at 7.8% in FY26E. The fund has healthy payout ratio of more than 120%.

### Taleem REIT

- Closed ended - Shariah compliant
- Listing date: 30<sup>th</sup> May 2017
- Dividend: Quarterly
- Fund Manager: Saudi Fransi Capital
- Major shareholder: Mohammed Bin Ahmed Al Rashid and Sons Holding Co.
- Foreign ownership: 2.58%
- 12<sup>th</sup> largest fund by Market Cap

#### Fund performance (Rebased)

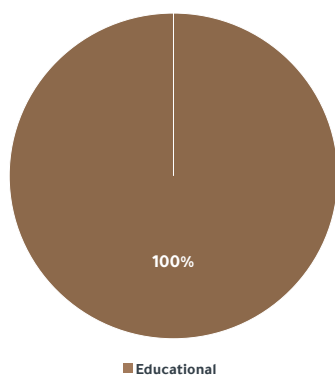


Source: Tadawul, Aljazeera Capital Research

#### REIT's statistics

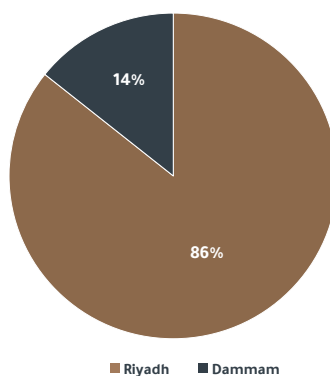
<b>CMP (3<sup>rd</sup> May, 2026)</b>	SAR 10.1
<b>Fund Size</b>	SAR 510mn
<b>NAV/unit</b>	SAR 10.8
<b>Management Fee</b>	0.75%
<b>3M Average Turnover (000s)</b>	558.1
<b>FFO/unit</b>	0.8
<b>Dividend/Capital (%)</b>	6.60%
<b>Price/FFO</b>	12.7x
<b>P/E (REIT-TASI)</b>	15.4
<b>Total Revenue (FY25)</b>	SAR 66.9mn
<b>Net Profit (FY25)</b>	SAR 33.7mn
<b>Debt (FY25)</b>	SAR 297.5mn
<b>Occupancy Rate (%)</b>	100.0%
<b>P/B</b>	0.9
<b>Market Value of Assets/Unit</b>	14.9

#### Real estate portfolio



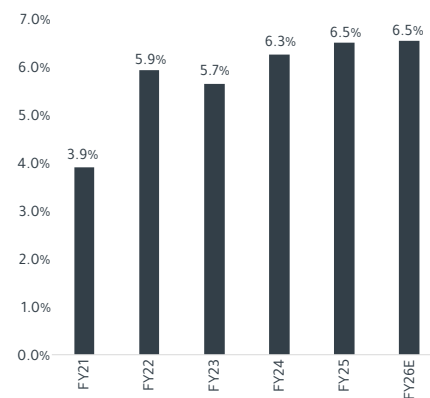
Source: Argaam, Aljazeera Capital Research

#### Geographic Distribution



Source: Argaam, Aljazeera Capital Research

#### Dividend Yield (%)



Source: Argaam, Aljazeera Capital Research

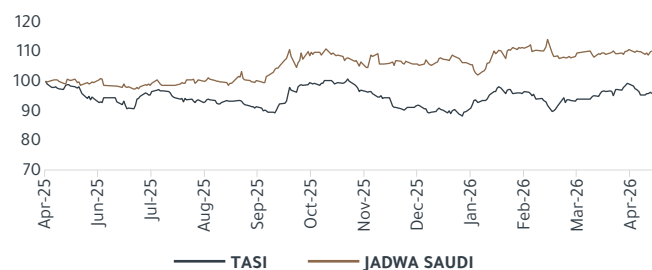
### Fund Outlook

Taleem has 100% portfolio of educational assets. The fund's assets declined 0.2% on Y/Y basis in FY25, while its rental income fell 1.2%. Its P/FFO ratio stood at 12.7x, significantly below the sector's median ratio. The fund has an implied cap rate of 9.5% compared with sector median of 7.6%. The stock is expected to generate a healthy dividend yield of 6.5% in FY26E. The company also scored well on our debt parameter to analyze impact of leverage and higher interest rates.

### Jadwa Saudi REIT

- Closed ended - Shariah compliant
- Listing date: 11<sup>th</sup> Feb 2018
- Dividend: Quarterly
- Fund Manager: Jadwa Investment Co
- Major shareholder: Jadwa Investment Company
- Foreign ownership: 5.40%
- 2<sup>nd</sup> largest fund by Market Cap

#### Fund performance (Rebased)

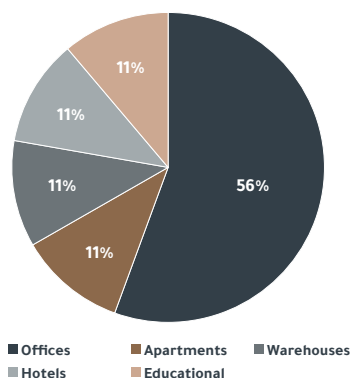


Source: Tadawul, Aljazira Capital Research

#### REIT's statistics

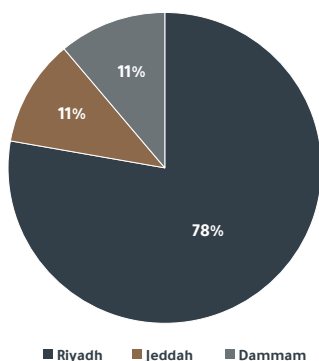
<b>CMP (3<sup>rd</sup> May, 2026)</b>	SAR 11.4
<b>Fund Size</b>	SAR 1,580.0mn
<b>NAV/unit</b>	SAR 8.9
<b>Management Fee</b>	0.75 %
<b>3M Average Turnover (000)</b>	2,048.3
<b>FFO/unit</b>	0.61
<b>Dividend/Capital (%)</b>	9.40%
<b>Price/FFO</b>	18.3x
<b>P/E (REIT-TASI)</b>	32.3
<b>Total Revenue (FY25)</b>	SAR 189.6mn
<b>Net Profit (FY25)</b>	SAR 64.6mn
<b>Debt (FY25)</b>	SAR 542.5mn
<b>Occupancy Rate (%)</b>	99.1%
<b>P/B</b>	1.3
<b>Market Value of Assets/Unit</b>	11.9

#### Real estate portfolio



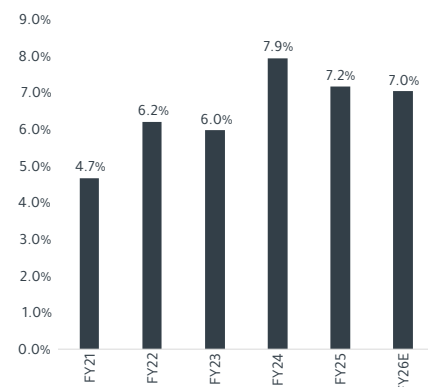
Source: Argaam, Aljazira Capital Research

#### Geographic Distribution



Source: Argaam, Aljazira Capital Research

#### Dividend Yield (%)



Source: Argaam, Aljazira Capital Research

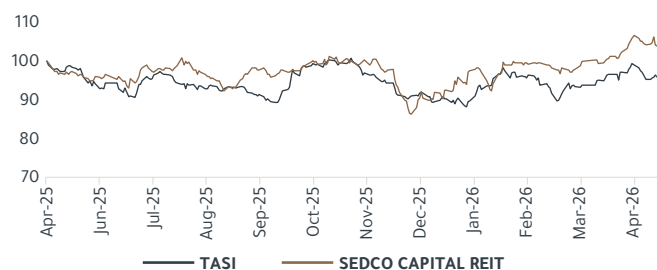
### Fund Outlook

Jadwa Saudi REIT has a diversified portfolio in terms of sector, with 56% share coming from Offices. In terms of geographies, the properties are concentrated in the Riyadh region. The fund reported 6.5% Y/Y growth in rental incomes, due to which the Y/Y net profit growth was significant in FY25. It has a P/FFO of 18.3x and an implied cap rate of 6.6%. The fund is expected to deliver a dividend yield of 7.0% in FY26E.

### Sedco Capital REIT

- Closed ended - Shariah compliant
- Listing date: 01<sup>st</sup> May 2018
- Dividend: Quarterly
- Fund Manager: Saudi Economic and Development Company
- Major shareholder: Sedco Holding, King Abdulaziz Aziziyah Waqaf
- Foreign ownership: 2.70%
- 4<sup>th</sup> largest fund by Market Cap

#### Fund performance (Rebased)

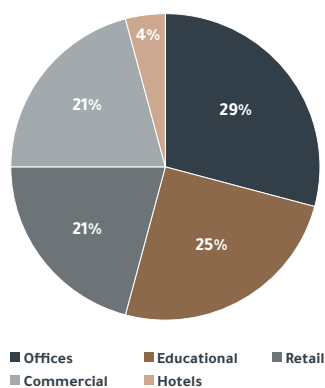


Source: Tadawul, Aljazira Capital Research

#### REIT's statistics

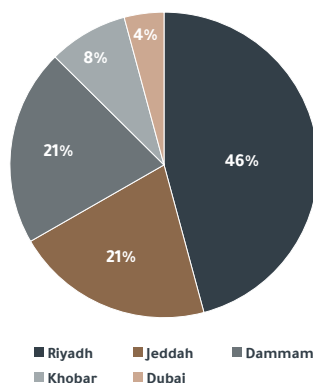
<b>CMP (3<sup>rd</sup> May, 2026)</b>	SAR 7.5
<b>Fund Size</b>	SAR 1,869.4mn
<b>NAV/unit</b>	SAR 7.8
<b>Management Fee</b>	1.0%
<b>3M Average Turnover (000s)</b>	1,291.2
<b>FFO/unit</b>	0.42
<b>Dividend/Capital (%)</b>	5.40%
<b>Price/FFO</b>	16.1x
<b>P/E (REIT-TASI)</b>	16.9x
<b>Total Revenue (FY25)</b>	SAR 216.4mn
<b>Net Profit (FY25)</b>	SAR 79.3mn
<b>Debt (FY25)</b>	SAR 1,820.2mn
<b>Occupancy Rate (%)</b>	97.6%
<b>P/B</b>	0.9
<b>Market Value of Assets/Unit</b>	8.6

#### Real estate portfolio



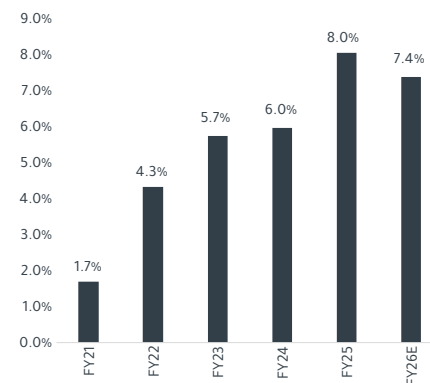
Source: Argaam, Aljazira Capital Research

#### Geographic Distribution



Source: Argaam, Aljazira Capital Research

#### Dividend Yield (%)



Source: Argaam, Aljazira Capital Research

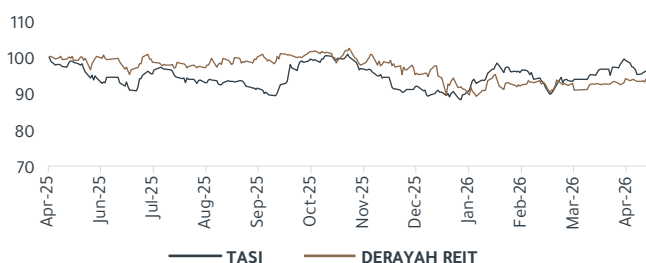
### Fund Outlook

SEDCO Capital REIT's dividend yield is estimated to decrease to 7.4% in FY26E from 8.0% in FY25. The stock currently trades at P/FFO of 16.1x, slightly below industry median. The fund generates implied cap rate of 6.4%. The fund recorded 42.5% Y/Y asset growth in FY25 and recorded 24.7% Y/Y growth in the rental incomes. The fund's balance sheet is among highly leveraged REITs in the sector.

### Derayah REIT

- Closed ended - Shariah compliant
- Listing date: 26<sup>th</sup> Mar 2018
- Dividend: Quarterly
- Fund Manager: Derayah Financial Co
- Major shareholder: Ibrahim Saleh Abdullah Al Jasser
- Foreign ownership: 4.53%
- 9<sup>th</sup> largest fund by Market Cap

#### Fund performance (Rebased)

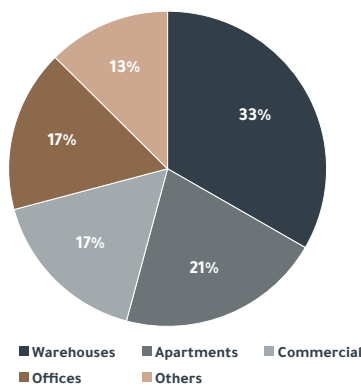


Source: Tadawul, Aljazeera Capital Research

#### REIT's statistics

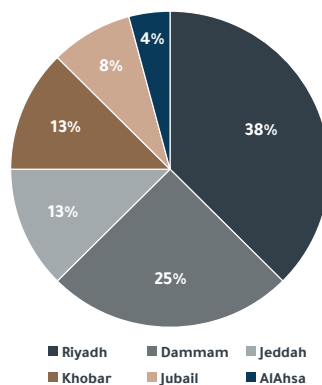
<b>CMP (3<sup>rd</sup> May, 2026)</b>	SAR 5.5
<b>Fund Size</b>	SAR 1,172.0mn
<b>NAV/unit</b>	SAR 7.8
<b>Management Fee</b>	0.85%
<b>3M Average Turnover (000s)</b>	417.5
<b>FFO/unit</b>	0.28
<b>Dividend/Capital (%)</b>	3.5%
<b>Price/FFO</b>	18.4x
<b>P/E (REIT-TASI)</b>	64.4
<b>Total Revenue (FY25)</b>	SAR 100.3mn
<b>Net Profit (FY25)</b>	SAR 8.7mn
<b>Debt (FY25)</b>	SAR 610.0mn
<b>Occupancy Rate (%)</b>	95.5%
<b>P/B</b>	0.7
<b>Market Value of Assets/Unit</b>	9.7

#### Real estate portfolio



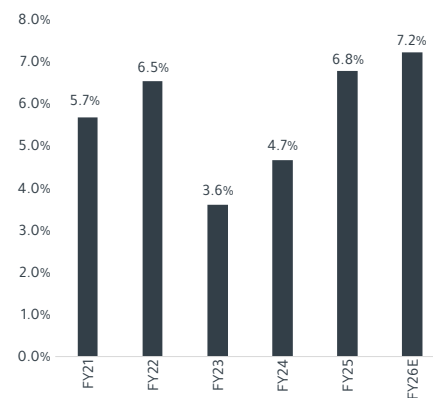
Source: Argaam, Aljazeera Capital Research

#### Geographic Distribution



Source: Argaam, Aljazeera Capital Research

#### Dividend Yield (%)



Source: Argaam, Aljazeera Capital Research

### Fund Outlook

Derayah REIT has assets located across the Kingdom, with major presence in Riyadh. Its assets are also diversified, with higher skew to Warehouses. The fund's assets declined 2.2% Y/Y in FY25, but its rental income grew 3.1%. However, its profit at after tax level decreased 41.2% in FY25. The fund has a implied cap rate of 7.7%, and a very high dividend yield of 6.8% in FY25. It is one of the REITs which is expected to have higher dividend yield in FY26E (7.2%). The company is moderately levered with debt/assets metric at 40.9% and has the second highest receivable days of 272 days basis FY25 financials.

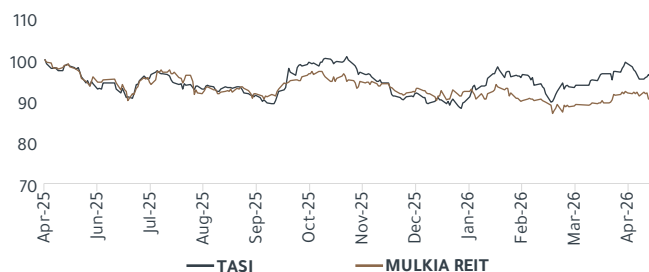
### Mulkia REIT

#### REIT's statistics

- Closed ended - Shariah compliant
- Listing date: 05<sup>th</sup> Nov 2017
- Dividend: Quarterly
- Fund Manager: Mulkia Investment Co
- Major shareholder: Gulf Real Estate Co
- Foreign ownership: 2.63%
- 13<sup>th</sup> largest fund by Market Cap

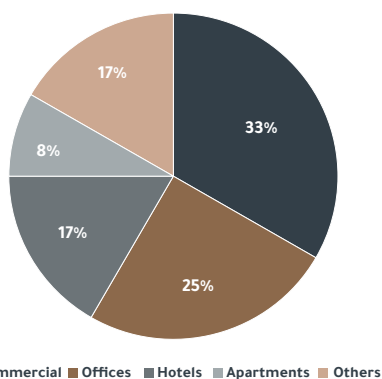
<b>CMP (3<sup>rd</sup> May, 2026)</b>	SAR 4.6
<b>Fund Size</b>	SAR 1,037.7mn
<b>NAV/unit</b>	SAR 6.8
<b>Management Fee</b>	1.0%
<b>3M Average Turnover (000s)</b>	436.7
<b>FFO/unit</b>	0.28
<b>Dividend/Capital (%)</b>	3.20%
<b>Price/FFO</b>	16.4x
<b>P/E (REIT-TASI)</b>	NEG
<b>Total Revenue (FY25)</b>	SAR 124.4
<b>Net Profit (FY25)</b>	SAR (28.4mn)
<b>Debt (FY25)</b>	SAR 720.1mn
<b>Occupancy Rate (%)</b>	92.6%
<b>P/B</b>	0.7
<b>Market Value of Assets/Unit</b>	8.0

#### Fund performance (Rebased)



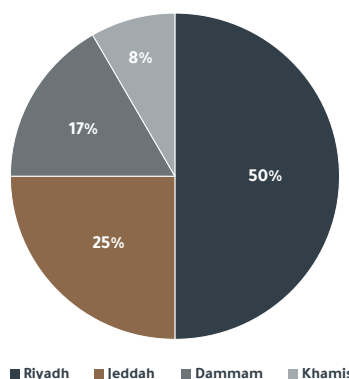
Source: Tadawul, Aljazeera Capital Research

#### Real estate portfolio



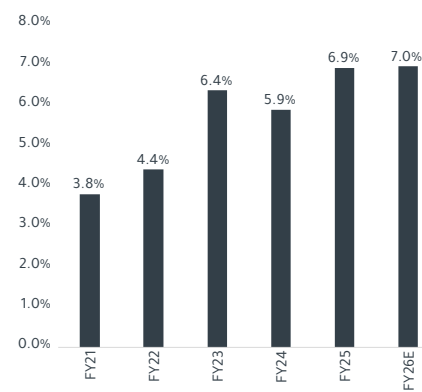
Source: Argaam, Aljazeera Capital Research

#### Geographic Distribution



Source: Argaam, Aljazeera Capital Research

#### Dividend Yield (%)



Source: Argaam, Aljazeera Capital Research

### Fund Outlook

Mulkia Gulf Real Estate REIT has assets across the Kingdom, with major presence in Riyadh. Its assets are diversified across Commercial, Offices, Hotels, Apartments. Its dividend yield is estimated to increase from 6.9% in FY25 to 7.0% in FY26E. The stock currently trades at P/FFO of 16.4x, at the industry median. The fund generates implied cap rate of 8.9%. The fund's asset growth declined 3.0% Y/Y in FY25, but it reported a 4.3% growth in its rental income. The fund reported the second highest impairment in the industry, due to which the net profit growth declined in FY25. The fund's balance sheet is moderately leveraged.

Director - Head of Sell-Side Research  
**Jassim Al-Jubran**  
+966 11 2256248  
j.aljabran@aljaziracapital.com.sa

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1. Overweight: This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. Underweight: This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. Neutral: The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. Suspension of rating or rating on hold (SR/RH): This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

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