CORPORATE CREDIT RATING SUMMARY REPORT

Sumou Real Estate Company

Saudi Joint Stock Company

July 2026

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Related Criteria and Methodology

The specific rating methodologies and criteria applied in this analysis are available on the Tassnief website. To view or download these documents, please visit www.tassnief.com.

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1. Tassnief's Rating Opinion

Tassnief has maintained a long-term entity rating of **"BBB+" (Triple B Plus)** and short-term entity rating of **"T-3"** to Sumou Real Estate Company. The outlook on the rating is **"Stable"**.

About the Company:

Sumou Real Estate Company, referred to as 'Sumou' or 'The Company' is a public-listed Saudi Joint Stock Company, registered in the Kingdom of Saudi Arabia (KSA) under the Commercial Registration Number (CR No.) 2051034841, dated June 2007. Sumou was initially listed on the Nomu Parallel Market in May 2020, before successfully transferring its listing to the Main Market (TASI) in September 2023. The core activities include executing and managing real estate development and investment projects including shopping malls, residential complexes, housing units, as well as infrastructure for industrial and commercial facilities, economic cities, and free zones. Headquartered in Al Khobar, with two additional branches strategically located in Jeddah and Riyadh.

Sumou Real Estate Company – Entity Rating	
Domicile	Saudi Arabia
Long-Term Rating	BBB+
Outlook	Stable
Short-Term Rating	T-3
Rating Watch	None
Rating Action	Maintained
Rating Type	Solicited
Date of Initial Rating	October 2022
Date of Last Review	March 2025
Deviation from Methodology	None

2. Rating Rationale

Ratings continue to factor in Sumou Real Estate Company's (Sumou or the Company) established market position and 18-year track record in real estate and development management. Key positive rating drivers include increasing operational scale, a broad geographical footprint focused heavily on the Western Region, and an exceptional order backlog. Additionally, the ratings incorporate the substantial asset base and financial strength of its majority sponsor, Sumou Holding Company.

Governance framework remains comprehensive and adheres to listed company standards, characterized by a seven-member Board featuring three independent directors and an active, independently chaired Audit Committee. The recent transition to an independent, in-house Internal Audit function substantially enhances institutional oversight. Seasoned corporate leadership, disciplined project-selection frameworks, ISO certifications, and a satisfactory IT infrastructure support operational execution.

The business risk profile is structurally evolving as the entity shifts from an asset-light, low-risk development management model to intensive real estate development, which escalated to 61% of the revenue mix in 2025. This structural shift increases the Company's vulnerability to cost inflation and cyclical market volatility. Furthermore, the rating incorporates the constraints of a concentrated client base, where the top three counterparties account for over 80% of total revenue and a single prominent institutional partner represents nearly two-thirds of the business. However, revenue visibility remains strong, underpinned by a robust backlog which represents approximately eight times current revenue. Spanning both development management and real estate across a broad pipeline of ongoing projects, this substantial backlog serves as a vital credit mitigant to current client and project concentration by securing and stabilizing long-term revenue streams.

Financial risk assessment is characterized by sustained double-digit revenue growth alongside healthy, albeit moderating, profit margins as the business mix transitions toward real estate development. Despite this margin compression, absolute profitability is projected to trend upward, driven by higher projected transaction volumes. Liquidity remains supported by a strong cash position and customer advances, though a substantial portion is restricted within project-specific escrow accounts. Leverage remains low and manageable, while overall capital structure considerations incorporate expanding land obligations related to projects under development.

Broader rating constraints reflect macroeconomic and sectoral headwinds. The regional conflict initiated in early 2026 has induced persistent inflationary pressures and elevated interest rates, contributing to a documented cool-down in the Saudi real estate sector. Aggressive operational targets remain contingent on navigating these pressures, adjusting to the five-year Riyadh rent freeze, and managing the compliance costs associated with the overhauled Idle Land & Vacant Properties Fees Law.

3. Rating Triggers

- Ratings remain contingent on the ability to scale operations while upholding business and financial risk profile.
- Sustaining healthy profitability remains critical, despite the ongoing shift in business mix.

- Key sensitivities include any significant rise in leverage or weakening cash flow coverage.
- Disciplined financial management, effective funding strategies, and consistent operational execution will be essential to supporting the current rating level.

Tassnief's Long-Term and Short-Term Rating Scale

<table>
<tr><th>Classification</th><th>Risk Level</th><th>Long-Term Rating</th><th colspan="2">Short-Term Mapping</th></tr>
<tr><td rowspan="4">High Grade</td><td rowspan="4">Negligible Risk</td><td>AAA</td><td>T-1</td><td></td></tr>
<tr><td>AA+</td><td></td><td rowspan="5">T-2</td></tr>
<tr><td>AA</td><td></td></tr>
<tr><td>AA-</td><td></td></tr>
<tr><td rowspan="3">Investment Grade</td><td rowspan="3">Very Low Risk</td><td>A+</td><td></td></tr>
<tr><td>A</td><td rowspan="3">T-3</td></tr>
<tr><td>A-</td><td></td></tr>
<tr><td rowspan="3">Investment Grade</td><td rowspan="3">Low Risk</td><td>BBB+</td><td rowspan="3">T-4</td></tr>
<tr><td>BBB</td><td></td></tr>
<tr><td>BBB-</td><td></td></tr>
<tr><td rowspan="3">Near Prime</td><td rowspan="3">Low to Moderate Risk</td><td>BB+</td><td rowspan="4">T-5</td><td></td></tr>
<tr><td>BB</td><td></td></tr>
<tr><td>BB-</td><td></td></tr>
<tr><td rowspan="3">Sub Prime</td><td rowspan="3">High Risk</td><td>B+</td><td rowspan="8">T-6</td></tr>
<tr><td>B</td><td></td></tr>
<tr><td>B-</td><td></td></tr>
<tr><td rowspan="3">Credit Watch</td><td rowspan="3">Very High Risk</td><td>CCC+</td><td></td></tr>
<tr><td>CCC</td><td></td></tr>
<tr><td>CCC-</td><td></td></tr>
<tr><td rowspan="3">Distressed</td><td rowspan="2">Extremely High Risk</td><td>CC</td><td></td></tr>
<tr><td>C</td><td></td></tr>
<tr><td>Default</td><td>D</td><td>T-7</td><td></td></tr>
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Tassnief's Long-Term Rating Definitions

Long-Term Rating Scale	Definitions
AAA	**Extremely Robust**; Tassnief considers the rated issuer or issuance hold the **highest creditworthiness**, thus **negligible credit risk**
AA+ AA AA-	**Very Robust**; Tassnief considers the rated issuer or issuance to hold **very high creditworthiness**, thus **minimal credit risk**. Risk profile may vary slightly with changes in economic / sector conditions
A+ A A-	**Robust**; Tassnief considers the rated issuer or issuance to hold **high creditworthiness**, thus **very low credit risk**. Risk profile may vary with changes in economic / sector conditions
BBB+ BBB BBB-	**Moderate**; Tassnief considers the rated issuer or issuance hold **adequate creditworthiness**, thus **low credit risk**. Risk profile may exhibit moderately high variation with changes in economic / sector conditions
BB+ BB BB-	Tassnief considers the rated issuer or issuance hold **low to moderate credit risk**. Risk profile may exhibit wide variation with changes in economic or sector conditions.
B+ B B-	Tassnief considers the rated issuer or issuance hold **very low creditworthiness**, thus **high credit risk**
CCC+ CCC CCC-	Tassnief considers the rated issuer or issuance hold **extremely low creditworthiness**, thus **very high credit risk**
CC C	**Highly speculative credit profile**, and the default is imminent
D	Tassnief considers the rated issuer or issuance have **defaulted or may default soon.**

--- End of Report ---