CORPORATE CREDIT RATING SUMMARY REPORT

Ladun Investment Company

Joint Stock Company

October 2026

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Related Criteria and Methodology

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Table of Contents

1. Tassnief's Rating Opinion 1

2. Rating Rationale 1

3. Rating Triggers 2

1. Tassnief's Rating Opinion

Tassnief has maintained long-term entity rating of **"BBB+" (Triple B Plus)** and short-term entity rating of **"T-4"** to **Ladun Investment Company**. The outlook on the long-term rating has been revised from **"Stable" to "Negative"** due to weakening of financial performance owing to challenging operating environment.

Ladun Investment Company – Entity Rating	
Domicile	Saudi Arabia
Long-Term Rating	BBB+
Outlook	Negative
Short-Term Rating	T-4
Rating Watch	None
Rating Action	Maintained
Rating Type	Solicited
Date of Initial Rating	February 2023
Date of Last Review	October 2025
Methodologies Deviation	None

About the Company:

Ladun Investment Company (Ladun), established in 1968 and based in Riyadh, operates as a public joint stock entity with three subsidiaries in diverse sectors. Ladun specializes in property development, construction, and off-plan residential sales, alongside generating revenue from construction materials, maintenance, rentals, and HR services. Ladun completed transition from Nomu to TASI market in August 2026.

2. Rating Rationale

The ratings assigned take into account the Company's extensive track record, large scale of operations, integrated operations across the real estate value chain, and sound governance framework. The ratings also drawn comfort from diversification across multiple business segments, broad geographic coverage, and sizable order backlog. The ratings action also incorporates weakening in financial performance due to challenging operating environment, though a recovery in operating and financial performance is expected from 2027.

The Company's business profile drawn comfort from its diversified estate development services, including design, construction, and engineering, along with facility management services. Initially focused on in-house operations, these services have expanded to external customers, supported by specialized subsidiaries. Revenue diversity in terms of customer types and activities remains satisfactory. Revenue

granularity has improved on a timeline basis. The recent award of sizeable contracts has strengthened the Company's order backlog, providing improved revenue visibility.

The financial performance has weakened due to challenging operating environment which has resulted in sharp slowdown in contracting project awards. The decline in revenue in 2025 and 6M2026 has impacted the Company's margins and cashflow generation, putting pressure on coverage indicators. Leverage indicators are also elevated due to some reduction in equity base, while working capital cycle has room for improvement. Nevertheless, Tassnief anticipates recovery in margins and cashflow generation, supported by commencement and execution of newly awarded projects, the planned sale of Al-Usaylah project, and a potential improvement in market conditions. The timely execution of the management's strategic initiative and their translation into sustained improvement profitability, coverage, and leverage indicators is crucial from the ratings perspective going forward.

3. Rating Triggers

The ratings are dependent on recovery in revenue profile, profit margins, and cashflow generation, along with sustained improvement in coverage indicators and rationalization of leverage indicators. Conversely, continued weakness in operating performance and key financial indicators could lead to a downward pressure on the ratings.

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

Classification	Risk Level	Long-Term Rating	Short-Term Mapping	
High Grade	Negligible Risk	AAA	T-1	
		AA+		T-2
		AA		
		AA-		
Investment Grade	Very Low Risk	A+		
		A	T-3	
		A-		
Investment Grade	Low Risk	BBB+		T-4
		BBB		
		BBB-		
Near Prime	Low to Moderate Risk	BB+	T-5	
		BB		
		BB-		
Sub Prime	High Risk	B+		T-6
		B		
		B-		
Credit Watch	Very High Risk	CCC+		
		CCC		
		CCC-		
Distressed	Extremely High Risk	CC		
		C		
	Default	D	T-7	

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 ---