

MULKIA – GULF REAL ESTATE REIT FUND
Closed Ended Real Estate Investment Traded Fund
In Form Of A Special Purpose Entity
(Managed By Mulkia Investment Company)

The Interim Condensed Consolidated Financial Statements
For The Six-Month Period Ended 30 June 2025
And Independent Auditor's Review Report

**MULKIA GULF REAL ESTATE REIT FUND
CLOSED ENDED REAL ESTATE INVESTMENT TRADED FUND
IN FORM OF A SPECIAL PURPOSE ENTITY
(MANAGED BY MULKIA INVESTMENT COMPANY)**

**Interim Condensed Consolidated Financial Statements (Unaudited).
For the Six-Month Period Ended 30 June 2025
With the Independent Auditor's Review Report**

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**INDEPENDENT AUDITOR'S REVIEW REPORT
ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(1 /1)

**TO THE UNITHOLDERS OF MULKIA GULF REAL ESTATE REIT FUND
CLOSED ENDED REAL ESTATE INVESTMENT TRADED FUND
(Managed by Mulkia Investment)
Riyadh – Kingdom of Saudi Arabia**

INTRODUCTION

We have reviewed the accompanying interim consolidated statement of financial position of MULKIA GULF REAL ESTATE REIT FUND (the "Fund") and its subsidiary (collectively referred to as the "Group") as at 30 June 2025 and the related interim consolidated statements of profit or loss and other comprehensive income, changes in net assets (equity) attributable to the unitholders and cash flows for the six-month period then ended. Summary of Material accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

For PKF Al Bassam chartered accountants.



Ahmad Mohandis
Certified Public Accountant
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Corresponding to: 11 August 2025

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MULKIA GULF REAL ESTATE REIT FUND
CLOSED ENDED REAL ESTATE INVESTMENT TRADED FUND
IN FORM OF A SPECIAL PURPOSE ENTITY
(MANAGED BY MULKIA INVESTMENT COMPANY)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 JUNE 2025
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Note	30 June 2025 (Unaudited)	31 December 2024 (Audited)
<u>ASSETS</u>			
Cash and cash equivalent	4	25,930,663	16,380,261
Rent receivable, net	5	17,432,796	27,103,085
Accrued revenue		11,450,829	9,800,749
Murabaha deposits	6	-	7,883,260
Inventory		306,085	254,283
Prepayments and other receivables		1,450,611	1,537,704
Derivative financial instruments	7	2,668,825	4,617,932
Investment properties, net	8	1,410,489,474	1,456,346,294
Total Assets		1,469,729,283	1,523,923,568
<u>LIABILITIES</u>			
Unearned rent revenue	9	17,961,742	17,201,826
Due to a related party	10	20,800,474	28,211,406
Accounts payable		1,908,228	1,737,270
Accruals and others payables		2,516,549	5,046,492
Employee defined benefits plan obligation		332,887	264,000
Provision for the renovation of hotel assets		2,462,650	1,955,661
Zakat provision	11	124,096	261,489
Long-term financing	12	680,429,207	697,929,308
Total Liabilities		726,535,833	752,607,452
Net Assets Attributable to The Unitholders		743,193,450	771,316,116
Issued units (in numbers)		103,765,995	103,765,995
Book Value of Assets Per Unit		7.162	7.433
Fair Value of Assets Per Unit	13	8.441	8.604

Mohamed Abdullatif Nawas
Operations Manager

Omar bin Abdulkarim Alothaim
CEO

Sultan Mohammed Alhudaithi
Chairman of the Fund board

The accompanying notes (1) to (21) form an integral part of these interim condensed consolidated financial statements.

MULKIA GULF REAL ESTATE REIT FUND
CLOSED ENDED REAL ESTATE INVESTMENT TRADED FUND
IN FORM OF A SPECIAL PURPOSE ENTITY
(MANAGED BY MULKIA INVESTMENT COMPANY)

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the Six-Month Period Ended 30 June 2025

(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Note	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Revenues			
Rental income		42,730,681	35,695,712
Operating revenues from hotel		16,806,462	19,363,754
Capital gains from the sale of investment properties	8	4,935,587	-
Other revenue		588,893	308,902
Total Revenue		65,061,623	55,368,368
Expenses			
(Decrease) / Reversal of investment properties	8	(17,073,746)	7,569,771
Salaries and wages for hotel operating staff		(2,985,785)	(2,891,093)
Hotel management fees		(1,815,334)	(2,107,259)
Hotel operating costs		(3,876,833)	(4,465,958)
Depreciation of investment properties	8	(11,218,661)	(9,349,158)
Fund management fees	10	(7,728,212)	(6,744,629)
Custody fees		(164,206)	(162,430)
ECL Provision	5	(1,389,986)	(6,521,184)
Finance cost	14	(22,497,104)	(17,294,247)
Property Operating Costs		(2,189,859)	(2,832,922)
Other Expenses		(3,880,992)	(3,380,752)
Total Expenses		(74,820,718)	(48,179,861)
Net (loss)/ income for the period before zakat		(9,759,095)	7,188,507
Zakat expense	11	-	(227,242)
Net (loss)/ income for the period		(9,759,095)	6,961,265
OTHER COMPREHENSIVE INCOME			
Items that will be reclassified to statement of profit or loss			
Effective portion of changes in fair value of cash flow hedge	7	(1,761,013)	1,810,088
Total other comprehensive (loss)/ Income for the period		(1,761,013)	1,810,088
Total Other Comprehensive (Loss)/ Income		(11,520,108)	8,771,353

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(MANAGED BY MULKIA INVESTMENT COMPANY)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS (UNAUDITED)

For the Six-Month Period Ended 30 June 2025

(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	<u>Note</u>	<u>30 June 2025 (Unaudited)</u>	<u>30 June 2024 (Unaudited)</u>
Net assets, at the beginning of the period		771,316,116	790,840,690
Net (loss)/ income for the period		(9,759,095)	6,961,265
Effective portion of changes in fair value of cash flow hedge		(1,761,013)	1,810,088
Total Other (Comprehensive loss)/ Comprehensive Income		(11,520,108)	8,771,353
Dividends during the period	16	(16,602,558)	(18,677,879)
Net Assets at the End of The Period		743,193,450	780,934,164

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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the Six-Month Period Ended 30 June 2025
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	<u>Note</u>	<u>30 June 2025</u> <u>(Unaudited)</u>	<u>30 June 2024</u> <u>(Unaudited)</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) /income for the period before Zakat		(9,759,095)	7,188,507
Adjustments To Settlement Net Income to Net Cash from Operating Activities:			
Depreciation of investment properties	8	11,218,661	9,349,158
Finance costs		22,497,104	17,294,247
ECL Provision	5	1,389,986	6,521,184
Decrease /(Reversal) in investment properties	8	17,073,746	(7,569,771)
Gains from selling investment properties	8	(4,935,587)	-
Provision for end-of service benefits for hotel operating staff		68,887	56,935
Provision for renovating hotel assets		506,989	518,019
		<u>38,060,691</u>	<u>33,358,279</u>
Change in operating assets and liabilities			
Inventory		(51,802)	(11,382)
Rent receivable		8,280,303	(2,430,691)
Accrued revenue		(1,650,080)	468,225
Prepayments and other receivables		87,095	(979,318)
Unearned rent revenue		759,916	979,652
Due to a related party		(7,286,088)	3,451,304
Accounts payable		170,957	(36,070)
Accrued expenses and other payables		(2,654,787)	(2,378,954)
Zakat paid	11	(137,393)	(408,561)
Cash flows generated from operating activities		<u>35,578,812</u>	<u>32,012,484</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment properties additions	8	-	(12,201)
Proceeds from the sale of investment properties	8	22,500,000	-
Withdraw Murabaha deposits	6	7,883,260	-
Net cash generated from/ (used in) investing activities		<u>30,383,260</u>	<u>(12,201)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs paid	12	(40,955,304)	(18,550,726)
Collection from cash flow derivative financial instrument		1,146,192	1,154,135
Dividends	16	(16,602,558)	(18,677,879)
Net cash used in financing activities		<u>(56,411,670)</u>	<u>(36,074,470)</u>
Change in cash and cash equivalents during the period		9,550,402	(4,074,187)
Cash and cash equivalents at the beginning of the period	4	16,380,261	14,649,213
Cash and cash equivalents at the end of the period	4	<u>25,930,663</u>	<u>10,575,026</u>

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CLOSED ENDED REAL ESTATE INVESTMENT TRADED FUND
IN FORM OF A SPECIAL PURPOSE ENTITY
(MANAGED BY MULKIA INVESTMENT COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the Six-Month Period Ended 30 June 2025
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

1. FUND AND ITS ACTIVITIES

Mulkia Gulf Real Estate REIT Fund ("the Fund") is a Sharia-compliant closed public-traded listed real estate investment fund. The objective of the Fund is to acquire pre-developed real estate properties to obtain regular and periodic rental income, or under construction no more than 25% of the total value of the fund's assets and distribute a minimum of 90% of the Fund's net income during the lifetime of the Fund at least once annually within 90 days after the financial year-end which ends on December 31. The Fund commences its operations on 16 Safar 1439 H (corresponding to 5 November 2017).

During 2020, additional units were issued in exchange for in-kind contributions, where the number of issued units amounted to 8,108,652 units, and the subscription price of the unit was SAR 9.94, where the total proceeds from issuing the units amounted to SAR 80,600,000.

During 2021, the Fund's Board of Directors and the Capital Market Authority (CMA) issued approval for a non-fundamental change in the Fund, which is (completing the procedures for converting the Mulkia Gulf Real Estate REIT Fund into a Closed Public Traded Listed Real Estate Investment Fund that takes the form of a special purpose entity (SPE).

During 2023, additional units were issued for in-kind and cash subscriptions, as the issued units number reached 35,657,343 units, and the price per unit was SAR 6.68, as the total proceeds from issuing units amounted to SAR 238,191,051.

Fund Manager:

Mulkia Investment Company, a closed joint stock company licensed by the CMA under License No. 13170-37.

- **Address:** Prince Abdulaziz bin Musa'ed bin Jalawi Road - Al-Olaya District, P.O. Box 52775 - Riyadh 11573, Kingdom of Saudi Arabia.
- **Phone:** 8001199992, **Fax:** +966 (11) 293 2799

Custodian:

Albilad Capital Company, and custodian Address: King Fahd Road - P.O. Box 140 - Riyadh 11411, Kingdom of Saudi Arabia.

These interim condensed consolidated financial statements include information for Mulkiya Gulf Real Estate REIT Group and its subsidiary collectively (the Group) as of 30, June 2025.

Subsidiary Name	Main activity	Country	Shareholding percentages and voting rights
Aljadah Hotel Company	Hotel Management	Kingdom of Saudi Arabia	100%

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the "Regulations") which sets out the requirements that all real estate funds traded in the Kingdom of Saudi Arabia must follow.

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For the Six-Month Period Ended 30 June 2025
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

3. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

3.1 Statement of compliance

These interim condensed consolidated financial statements of the Fund have been prepared in accordance with International Accounting Standard (IAS) 34- Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) It should be read in conjunction with the group's latest annual consolidated financial statements for the year ending 31 December 2024. These interim condensed consolidated financial statements usually do not include all the information required to prepare the interim condensed consolidated financial statements, but specific accounting policies and explanatory clarifications have been included to explain important events and transactions to understand the changes in the financial position and performance of the group since 31, December 2024. The results of the six-months period ending on 30, June 2025 is not necessarily indicative of the financial statements on 31, December 2025.

3.2 Measurement bases

The interim condensed consolidated financial statements have been prepared on the basis of the historical cost principle, except for the following items included in the interim consolidated statement of financial position:

- Derivative financial instruments are measured at fair value.
- End-of-service benefits for hotel operating staff are measured at the present value of future obligations

3.3 Functional and presentation currency

These interim condensed consolidated financial statements have been presented in Saudi Riyals which is the group's functional and presentation currency.

3.4 New standards, amendments to standards and interpretations

There are new standards and a number of amendments to the standards effective from 1, January 2025, which have been described in the fund's annual consolidated financial statements, but they do not have a material impact on the group's interim condensed consolidated financial statements.

3.5 Impact accounting judgments and estimates

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Fund's accounting policies and the main sources of estimates were the same as those applied to the financial statements for the year ended 31 December 2024.

4. CASH AND CASH EQUIVALENTS

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Cash in banks	5,130,663	3,442,684
Murabaha deposits with original maturity 3 months or less (Note 6)	20,800,000	12,937,577
	25,930,663	16,380,261

*Cash and cash equivalent are deposited with a local bank with a good credit rating. The book value disclosed above approximates the fair value at the date of the consolidated statement of financial position.

The Murabaha return rate is disclosed in Note 6.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the Six-Month Period Ended 30 June 2025
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

5. RENT RECEIVABLE, NET

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Rent receivable	53,740,084	62,020,387
Less:		
ECL Provision	(36,307,288)	(34,917,302)
	17,432,796	27,103,085

The movement in ECL as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Balance at beginning of the period / year	34,917,302	28,525,344
Charge for the period / year	1,389,986	6,391,958
Balance at end of the period / year	36,307,288	34,917,302

As shown below are the due dates for the rents owed:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Not due	4,688,597	8,165,145
From 1 – 90 days	6,110,856	5,834,285
From 91 – 180 days	3,402,864	10,847,040
From 181 – 270 days	1,500,341	1,382,854
From 271 – 360 days	5,858,656	4,188,177
More than 360 days	32,178,770	31,602,886
Total	53,740,084	62,020,387

6. MURABAHA DEPOSITS

The Fund has made placements with a local bank having sound credit ratings as issued by rating agencies. The effective rate of return on these deposits ranges from 5% to 5.60%.

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Original maturity 3 months or less (Note 4)	20,800,000	12,937,577
Original maturity more than 3 months	-	7,883,260
	20,800,000	20,820,837

Murabaha deposits with an original maturity of three months or less are classified under “cash and cash equivalents” in the interim consolidated statement of financial position.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the Six-Month Period Ended 30 June 2025
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

7. DERIVATIVE FINANCIAL INSTRUMENTS

On 5, April 2022, the Group entered into a commission rate debt ceiling (compliant with Sharia controls) with Al Rajhi Bank on its facility amounting to (SAR 100,000,000). The commission rate ceiling agreement requires payment of a variable commission rate and SIBOR up to 3.71%, thereafter, the group will only pay a commission rate to capping of 3.71%, the maturity date of the agreement is until 9 January 2028, as shown in the table:

Maturity date	Effective date	Interest Rate Hedging	Nominal value	Type	Borrowing (Hedged Bank)
9 Jan 2028	3 Aug 2022	Variable (SAIBOR for 6 months)	100,000,000	Bank facilities	Al Rajhi Bank facility

For hedging purposes, the profit rate ceiling is classified as a cash flow hedge. The fair value of derivative financial instruments is determined using valuation techniques based on observable market data. The fair values of derivative financial instruments are as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Commission rate derivative contracts - assets	2,668,825	4,617,932

The hedge effectiveness was assessed to be effective, and during the period ended June 30, 2025, the net unrealized loss was SAR 1,761,013 and was included in the interim condensed statement of other comprehensive income and loss (unrealized gain during the period ended June 30, 2024: SAR 1,810,088).

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For the Six-Month Period Ended 30 June 2025
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8. INVESTMENT PROPERTIES, NET

(Unaudited)	Land	Building	Projects in Process	Total
Cost				
As at 1 January 2025	651,802,408	906,517,947	17,353,012	1,575,673,367
Disposals during the period	(8,546,700)	(10,853,848)	-	(19,400,548)
Balance as at 30 June 2025	643,255,708	895,664,099	17,353,012	1,556,272,819
Accumulated Depreciation	-	(98,158,766)	-	(98,158,766)
Balance as at 1 January 2025	-	(11,218,661)	-	(11,218,661)
Charged to the period	-	1,836,135	-	1,836,135
Disposals during the period	-	(107,541,292)	-	(107,541,292)
As at 30 June 2025	-	(98,158,766)	-	(98,158,766)
Impairment of investment properties				
Balance as at 1 January 2025	(10,469,782)	(6,270,328)	(4,428,197)	(21,168,307)
Charged to the period	(8,170,540)	(5,447,027)	(3,456,179)	(17,073,746)
As at 30 June 2025	(18,640,322)	(11,717,355)	(7,884,376)	(38,242,053)
Net Carrying Amount as of 30 June 2025	624,615,386	776,405,452	9,468,636	1,410,489,474
(Audited)	Land SAR	Building SAR	Projects in Process SAR	Total SAR
Cost				
As at 1 January 2024	594,630,650	747,096,794	17,257,702	1,358,985,146
Additions during the period	57,171,758	159,421,153	95,310	216,688,221
Balance as at 31 December 2024	651,802,408	906,517,947	17,353,012	1,575,673,367
Accumulated Depreciation				
Balance as at 1 January 2024	-	(77,485,422)	-	(77,485,422)
Charged to the period	-	(20,673,344)	-	(20,673,344)
As at 31 December 2024	-	(98,158,766)	-	(98,158,766)
Impairment of investment properties				
Balance as at 1 January 2024	(18,360,328)	(11,571,431)	(5,503,702)	(35,435,461)
Charged to the period	7,890,546	5,301,103	1,075,505	14,267,154
As at 31 December 2024	(10,469,782)	(6,270,328)	(4,428,197)	(21,168,307)
Net Carrying Amount as of 31 December 2024	641,332,626	802,088,853	12,924,815	1,456,346,294

Investment properties are recorded at historical cost. The fair value of the investment properties has been determined based on the average of two valuations of market value made by independent valuation experts (Note 13). These values are based on estimates by independent valuers due to estimation uncertainty.

Investment properties are as follows:

- West Avenue Building: It is a commercial complex (Mall) in Al-Faisaliah district, Dammam.
- The Elite "Elite Mall": A complex of restaurants, cafes, and offices on Prince Abdulaziz Bin Musa'ed bin Jiluwi Road in Sulaymaniyah district in Riyadh.
- Vivienda Compound: It is a hotel villas complex located in Prince Faisal bin Fahd bin Abdulaziz Road in, AlHada district, Riyadh.
- Dinar Commercial complex: It is a commercial complex on Prince Sultan Road in Al-Zahra District, Jeddah.
- Tegnia Industrial Commercial Complex: It is an industrial and commercial complex consisting of five auto maintenance centers, two auto showrooms, and a spare parts center located in the southeast of Riyadh.

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For the Six-Month Period Ended 30 June 2025
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8. INVESTMENT PROPERTIES, NET (CONTANUED)

- The First Room Hotel Apartments building: It is a building licensed as a furnished "3-star" accommodation facility in An Namudhajiya District in Riyadh.
- Al-Sheraa district project: It is a commercial two building project in Al-Sheraa district, Jeddah. It is included in under-construction projects.
- Khamis Mushait Building: consists of two buildings dedicated to restaurants and cafes in Khamis Mushait.
- Obhur Building: It is a restaurant building in Jeddah, Obhur Al Shamaliah district.
- Aljada Complex: It is a commercial hotel property with a hotel operated by RHG under Radisson Blue brand of 104 rooms, 16 hotel villas, 24 trade shows and 5 offices with a total construction area of 33,105.89 square meters.
- Al-Maather Residential and Commercial Tower: A residential and commercial building in Riyadh, Al-Sulaymaniyah District, Al-Maather Road. The building's area is 55,320.17 square meters. The property consists of 11 floors plus an upper extension comprising 205 leasable residential units and 8 retail outlets.

Mulkia Real Estate's title deed are registered in the name of Tamdeen First For Real Estate Trading Company, which is a company established for the purpose of preserving and registering the Fund's assets based on Capital Market Authority Resolution ("CMA") No. 1/6/4902/17 dated 28 September 2017, as the title deed of all properties invested in the Fund have been mortgaged in favor of Al Rajhi Development Limited Company (a subsidiary of Al Rajhi Bank), with the exception of some Title deed related to Aljada Complex, which are No. 781912000112 and 381912000111, with a coverage rate of no less than 200% of the total facilities as a guarantee for the financing granted to the Fund, provided that the mortgage on these instruments is released after paying the full value of the loan from Al Rajhi Bank. (note 12).

The fair value measurement as a whole is classified within Level 3 based on the valuation techniques used in estimating the fair value and the relevant inputs. The fair value of completed properties was determined based on the cash flow method and the direct capitalization method – income approach, where market rents for the properties are estimated in light of the rents of similar properties in the market, Operating expenses are estimated based on market averages and the appraiser's knowledge. The capitalization rate used is applied by reference to rates of return commonly used for similar properties and locations, and is adjusted based on the appraiser's knowledge of factors specific to the relevant properties.

*During the period, the Fund sold the Yasmine Building for SAR 22,500,000, achieving gains by SAR 4,935,587, which was recorded in the interim consolidated statement of profit or loss and other comprehensive income.

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9. UNEARNED RENT REVENUE

Unearned rent income represents billed amounts on investment properties lease revenue and does not relate to the period ended 30 June 2025:

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
Opening balance	17,201,826	13,250,305
Collections during the period	37,669,275	73,624,234
Earned during the period	(36,909,359)	(69,672,713)
Unearned of the period	17,961,742	17,201,826

10. RELATED PARTY TRANSACTIONS

Related parties to the Fund comprise Unitholders, Fund Manager, board members, and other funds managed by the Fund Manager. In the ordinary course of business, the Fund transacts with related parties. The related parties' transactions are governed by the regulations issued by CMA. All transactions with the related parties are approved by the Fund's Board of Directors, The Fund pays the Fund Manager a management fee of 1 % per annum calculated on the total assets of the Fund calculated and paid half-yearly to calculate management fees is based on the fair value of the investment properties. The Fund pays the following fees as well:

- Capital structure fees: The Fund Manager or any other party who arranges the capital structure charges the Fund a fee up to 1% of the total of any subscription amounts collected during future offering periods or upon collecting any other subscription amounts, whether in cash (by priority rights) or in kind. fee is paid once, immediately after closing any capital raising process.
- Finance structuring fees: The Fund Manager or any other party charges the Fund a financing structuring fee up to 1% totaling withdrawn under any bank facilities.
- Dealing fee: The Fund Manager charges the Fund a one-time dealing fee of up to 1% of the sale or acquisition value of any real estate asset throughout the term of the Fund.

A) significant transactions with the related party during the period:

Related party	Relationship	Nature of transaction	amount of the transaction during the six months	
			30 June 2025	30 June 2024
			(Unaudited)	(Unaudited)
Mulkia Investment Company	Fund manager	Management fees	7,728,212	6,744,629
		Expenses paid on behalf	(516,916)	(474,509)
		Dividends	583,534	656,476
		Lease revenue	(443,518)	-
Board of Directors members	Board of Directors	Attendance allowance	-	-

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10. RELATED PARTY TRANSACTIONS (CONTANUED)

B) The following are the balances due to the related party as follows:

Related Party	Nature of Transactions	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Mulkia Investment Company	Fund manager	20,800,474	28,211,406
		20,800,474	28,211,406

The unitholders' account as of 30 June 2025 includes 3,647,087 units (31 December 2024: 3,647,087 units) owned by Mulkia Investment Company (Fund manager).

11. ZAKAT PROVISION

During 2021, the Zakat, Tax and Customs Authority("ZATCA") approved the voluntary registration of real estate investment traded funds. The authority stipulated the existence of a legal person (a special purpose entity) for investment funds wishing to register with it to submit their returns and pay zakat. The Capital Market Authority ("CMA") announced the approval of the amendment of both the Investment Funds Regulations and the Real Estate Investment Funds Regulations so that fund managers wishing to obtain a special purpose facility license can apply to the Authority from the date these regulations come into force on 1, May 2021.

*During the year 2023, the Fund stopped calculating Zakat, that Zakat provided is due from investors in accordance with Ministerial Resolution No. (29791) dated 05/09/1444 AH regarding the rules for collecting Zakat from investors in investment funds. The amount generated during the year is represented in the Zakat of the subsidiary company "Aljadah Hotel."

a) The principal elements of Zakat base are the following:

Zakat is calculated on the total amount or the minimum amount, whichever is higher, unless it exceeds the maximum amount, according to Articles 27 and 28.

b) Below is the movement in Zakat provision:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Balance at the beginning of the period/ year	261,489	353,573
Provided during the period/ year	-	316,478
Paid during the period/ year	(137,393)	(408,562)
Balance at the end of the period/ year	124,096	261,489

c) Zakat Position

The subsidiary "AlJada Hotel company" submitted its due returns to the Zakat and Income Authority and obtained an empowerment certificate valid until 30 June 2026. As of the date of the financial statements, the fund has not received any zakat assessments during the period.

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12. LONG-TERM FINANCING

On 29 December 2021, a credit facility (Shariah compliant) was obtained from Al Rajhi Bank in the amount of SAR 600,000,000 to finance the fund's activities by guaranteeing the mortgage of most of the real estate Sukuk invested in the fund with a coverage rate of no less than 200% of totaling facilities (note 5), provided that all Amounts due after 7 years from the first withdrawal date.

On April 5, 2022, the Group entered into a commission rate debt ceiling (Shariah compliant) with Al Rajhi (Note 7).

On 19, March 2024, the Fund Manager announced that a facilities agreement had been signed with Al Rajhi Bank ("the Bank") with the aim of reducing the finance cost margin and increasing the limit of bank facilities granted to the Fund to finance capital expenditures and acquire new real estate assets in the interest of the unitholders. The most important provisions of the financing agreement are: raising the limit of bank facilities to SAR 750 million instead of SAR 600 million. Reducing the fixed portion of the finance cost to Cybor profit margin +1.4%.

The movement in the Bank facilities is as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Balance at the beginning of the period / year	699,278,966	477,913,350
Withdrawal during the period / year	-	215,000,000
Paid during the period / year	(40,955,304)	(34,538,560)
Finance burdens for the period / year * (Note14)	23,226,171	40,904,176
	681,549,833	699,278,966
Less:		
Deferred finance costs	(1,120,626)	(1,349,658)
	680,429,207	697,929,308

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Balance at the beginning of the year	19,925,743	13,560,127
Charged during the year (Note14)	23,226,171	40,904,176
Paid during the year	(24,207,126)	(34,538,560)
Balance at the end of the year	18,944,788	19,925,743

13. THE IMPACT ON NET ASSETS IF INVESTMENT PROPERTIES EVALUATED AT FAIR VALUE

According to the Real Estate Investment Funds Regulations issued by the CMA in the Kingdom of Saudi Arabia, the fund manager must value the fund's assets based on the average of two valuations prepared by independent valuation experts. As indicated in the Fund's terms and conditions, the declared net asset value and management fees have been calculated based on the market value obtained. In accordance with International Financial Reporting Standards approved in the Kingdom of Saudi Arabia, investment properties are carried at cost less accumulated depreciation and any accumulated impairment losses (if any).

The fair value of investment properties has determined by two evaluations: Barcode Company (an independent valuer approved by the Saudi Authority for Accredited Valuers) License holder No. 1210000001 and Qiam Valuation Real Estate Appraisal Office (an independent valuer approved by the Saudi Authority for Accredited Valuers) License holder No. 1210000052.

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13. THE IMPACT ON NET ASSETS IF INVESTMENT PROPERTIES EVALUATED AT FAIR VALUE
(CONTINUED)

The evaluation of the appraisers of the investment properties was as follows:

	Barcode Company	Qiam Valuation	Average
Fair value of investment properties on 30 June 2025	1,542,152,652	1,544,306,000	1,543,229,326
Fair value of investment properties on 31 December 2024	1,574,617,000	1,581,063,630	1,577,840,315

1. Below is a statement of the unrealized gains from properties that were identified based on real estate valuation processes (fair value) as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Fair value of investment properties	1,543,229,326	1,577,840,315
The net carrying amount of investment properties (Note 8)	(1,410,489,474)	(1,456,346,294)
Unrealized gains determined based on real estate valuation units Issued	132,739,852	121,494,021
	103,765,995	103,765,995
Unit share in unrealized gains based on real estate valuation	1.279	1.171

2. Below is the properties analysis of net assets value using properties fair value:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Net assets at cost presented in these interim condensed consolidated financial statements	743,193,450	771,316,116
Unrealized gains determined based on real estate evaluation (Note 13-1)	132,739,852	121,494,021
Net assets value (NAV) at fair value	875,933,302	892,810,137

3. Below is a breakdown of net assets per unit using properties fair value:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Net assets per unit at cost presented in these interim condensed consolidated financial statements	7.162	7.433
The impact on net asset value per unit due to unrealized gains determined based on real estate evaluation	1.279	1.171
Net assets value Per unit at fair value	8.441	8.604

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14. FINANCE COSTS

	For the six-months period ending 30 June 2025 (Unaudited)	30 June 2024 (Unedited)
Commission on long-term bank facilities (Note 12)	23,226,171	18,374,563
Derivative financial instruments income	(958,099)	(1,199,226)
Amortization of deferred finance expenses	229,032	118,910
	<u>22,497,104</u>	<u>17,294,247</u>

15. SEGMENT INFORMATION

The Fund's principal business is conducted in the Kingdom of Saudi Arabia. Transactions between the operating segments are on normal commercial judgments and conditions. The following are the Fund's total assets and liabilities as of 30 June 2025 and 30 June 2024, its total operating income and expenses, and the results for the years ending on that date, by operating sector:

Profit Or Loss and Other Comprehensive Income

	30 June 2025 (Unaudited)	
	Lease	Hotel
	Total	
REVENUES		
Lease and operating revenue	42,730,681	16,806,462
Sale of investment properties revenue	4,935,587	-
Other revenue	422,338	166,555
Total Revenue	<u>48,088,606</u>	<u>16,973,017</u>
EXPENSES		
Fund management fees	(7,728,212)	-
Salaries and wages for hotel operating staff	-	(2,985,785)
Hotel management fees	-	(1,815,334)
Operating expenses	-	(3,876,833)
Custody fees	(164,206)	-
ECL Provision	(1,389,986)	-
Depreciation of Properties investments	(11,218,661)	-
Finance costs	(22,497,104)	-
Property Operating Costs	(2,189,859)	-
Securities Depository and Trading Center Fees	(200,000)	-
Hotel Marketing Expenses	-	(535,354)
Other Expenses	(1,620,525)	(1,525,113)
Impairment of Properties investments	(17,073,746)	-
Total Expenses	<u>(64,082,299)</u>	<u>(10,738,419)</u>
Net income for the period before zakat	<u>(15,993,693)</u>	<u>6,234,598</u>
Zakat expense	-	-
Net income for the period	<u>(15,993,693)</u>	<u>6,234,598</u>
OTHER COMPREHENSIVE INCOME		
Items that will be reclassified to statement of profit or loss		
Gain on derivatives contracts	(1,761,013)	-
Total other comprehensive income for the period	<u>(1,761,013)</u>	<u>-</u>
Total comprehensive income/(loss)	<u>(17,754,706)</u>	<u>6,234,598</u>

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15. SEGMENT INFORMATION(CONTINUED)

Profit Or Loss and Other Comprehensive Income	For the period ended 30 June 2024 (Unaudited)		
	Lease	Hotel	Total
REVENUES			
Lease and operating income	35,695,712	19,363,754	55,059,466
Other revenue	143,815	165,087	308,902
Total Revenue	35,839,527	19,528,841	55,368,368
EXPENSES			
Fund management fees	(6,744,629)	-	(6,744,629)
Salaries and wages for hotel operating staff	-	(2,891,093)	(2,891,093)
Hotel management fees	-	(2,107,259)	(2,107,259)
Operating expenses	-	(4,465,958)	(4,465,958)
Custody fees	(162,430)	-	(162,430)
ECL Provision	(6,521,184)	-	(6,521,184)
Depreciation of Properties investments	(9,349,158)	-	(9,349,158)
Finance costs	(17,294,247)	-	(17,294,247)
Property Operating Costs	(2,832,922)	-	(2,832,922)
Securities Depository and Trading Center Fees	(302,489)	-	(302,489)
Hotel Marketing Expenses	-	(590,912)	(590,912)
Other Expenses	(940,244)	(1,547,107)	(2,487,351)
Impairment of Properties investments	7,569,771	-	7,569,771
Total Expenses	(36,577,532)	(11,602,329)	(48,179,861)
Net income for the period before zakat	(738,005)	7,926,512	7,188,507
Zakat	-	(227,242)	(227,242)
Net income for the period	(738,005)	7,699,270	6,961,265
OTHER COMPREHENSIVE INCOME			
Items that will be reclassified to statement of profit or loss			
Gain on derivatives contracts	1,810,088	-	1,810,088
Total other comprehensive loss for the period	1,810,088	-	1,810,088
Total comprehensive loss for period	1,072,083	7,699,270	8,771,353

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15. SEGMENT INFORMATION(CONTINUED)

Financial Position	30 June 2025 (Unaudited)		
	Lease	Hotel	Total
ASSETS			
Cash and cash equivalents	23,349,638	2,581,025	25,930,663
Rent receivable, net	14,167,440	3,265,356	17,432,796
Accrued revenues	11,450,829	-	11,450,829
Inventory	-	306,085	306,085
Prepayments and other receivables	530,421	920,190	1,450,611
Derivative financial instruments	2,668,825	-	2,668,825
Investment properties, net	1,410,489,474	-	1,410,489,474
Total Assets	1,462,656,627	7,072,656	1,469,729,283
LIABILITIES			
Unearned rent revenues	17,961,742	-	17,961,742
Due to related party	20,800,474	-	20,800,474
Accounts payable	-	1,908,228	1,908,228
Accruals and others payables	908,281	1,608,268	2,516,549
Employee defined benefits plan obligation	-	332,887	332,887
Provision for renovation of hotel assets	-	2,462,650	2,462,650
Zakat provision	-	124,096	124,096
Long-term financing	680,429,207	-	680,429,207
Total Liabilities	720,099,704	6,436,129	726,535,833
Net Assets Attributable to The Unitholders	742,556,923	636,527	743,193,450

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15. SEGMENT INFORMATION(CONTINUED)

Financial Position	31 December 2024 (Audited)		
	Lease	Hotel	Total
ASSETS			
Cash and cash equivalents	14,258,598	2,121,663	16,380,261
Lease receivable, net	20,714,798	6,388,287	27,103,085
Accrued revenues	9,800,749	-	9,800,749
Murabaha deposits	7,883,260	-	7,883,260
Inventory	-	254,283	254,283
Prepayments and other debit balances	185,331	1,352,373	1,537,704
Assets of derivative contracts	4,617,932	-	4,617,932
Properties investments, net	1,456,346,294	-	1,456,346,294
Total Assets	1,513,806,962	10,116,606	1,523,923,568
LIABILITIES			
Unearned lease revenues	17,201,826	-	17,201,826
Due to related party	28,211,406	-	28,211,406
Accounts payable	-	1,737,270	1,737,270
Accrued expenses and other credit balances	1,859,808	3,186,684	5,046,492
Defined benefits obligation	-	264,000	264,000
Provision for the renovation of hotel assets	-	1,955,661	1,955,661
Zakat provision	-	261,489	261,489
Long-term banking facilities	697,929,308	-	697,929,308
Total Liabilities	745,202,348	7,405,104	752,607,452
Net Assets Attributable to the Unitholders	768,604,614	2,711,502	771,316,116

16. DIVIDENDS

- On 20 April 2025, the fund manager announced the distribution of cash dividends to unitholders of the Mulkia Gulf Real Estate REIT Fund for the period from 1 January 2025 until 31 March 2025, in the amount of SAR 8,301,280.
- On 15 January 2025, the fund manager announced the distribution of cash dividends to unitholders of the Mulkia Gulf Real Estate REIT Fund for the period from 1 October 2024 until 31 December 2024, in the amount of SAR 8,301,278.
- On 16 January 2024, the fund manager announced the distribution of cash dividends to the unit holders of the Gulf Real Estate REIT Fund for the period from 1 October 2023 until 31 December 2023, in the amount of SAR 10,376,599.
- On 21 April 2024, the fund manager announced the distribution of cash dividends to the unit holders of the Gulf Real Estate REIT Fund for the period from 1 January 2024 until 31 March 2024, in the amount of SAR 8,301,280.

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17. Legal Position

The Fund has several outstanding financial claims against Saba Real Estate Company, the former tenant of the Dinar Building property, totaling SAR 28,389,690. During the period, an amount of SAR 529,301 was settled from the balance available in the client's account. On June 21, 2025, a legal case was filed against Saba Real Estate Company requesting the initiation of liquidation (bankruptcy) proceedings due to non-payment of its outstanding debts. A preliminary judgment was issued on July 22, 2025, approving the commencement of administrative liquidation procedures and appointing a Bankruptcy Committee.

18. IMPORTANT EVENTS

On May 22, 2025, Mulkia Investment Company, in its capacity as manager and operator of the Mulkia Gulf Real Estate REIT Fund ("the Fund"), signed an agreement to acquire a commercial land parcel on behalf of the REIT, with the following details:

- Property Location: Al-Faisaliyah district, Dammam city, on Omar ibn Al-Khattab Road.
- Land Area: Approximately 11,138.11 m².
- Acquisition Price: SAR 33,414,330, excluding VAT and brokerage fees

19. SUBSEQUENT EVENTS

On July 21, 2025, the Fund Manager announced the distribution of cash dividends to unitholders of the Gulf Real Estate Ownership REIT Fund for the period from 1 April 2025 to 30 June 2025 in the amount of SAR 8,301,280.

Otherwise, in the opinion of management, there were no other significant subsequent events after June 30, 2025, and up to the date of approval of the condensed consolidated interim financial statements that could have a material impact on the condensed consolidated interim financial statements as of June 30, 2025.

20. LAST VALUATION DAY

The last valuation day of the period is on 30 June 2025 (31 December 2024).

21. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Fund's Board of Directors on 16 Safar 1447 AH (10 August 2025).