

ALINMA RETAIL REIT FUND
(Formerly known as SWICORP WABEL REIT FUND)
(Managed by Alinma Investment Company)

INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

AND INDEPENDENT AUDITOR'S REVIEW REPORT

Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS
To the Unitholders of Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Alinma Retail REIT Fund ("the Fund") being managed by Alinma Investment Company (the "Fund Manager") as at 30 June 2022, and the related interim condensed statements of profit or loss and other comprehensive income, cash flows and changes in equity for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Fund Manager is responsible for the preparation and presentation of these interim condensed 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 financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 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 the interim financial information 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 financial statements is not prepared, in all material respects, in accordance with IAS 34, that is endorsed in the Kingdom of Saudi Arabia.

for Alluhaid & Alyahya Chartered Accountants



Saleh Al Yahya
Certified Public Accountant
License No. 473



Riyadh: 18 Muharram 1444H
(16 August 2022)

Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
ASSETS			
NON-CURRENT ASSETS			
Investment properties	5	897,868,321	896,848,797
CURRENT ASSETS			
Prepayment and other receivables		9,537,601	8,775,054
Rental income receivable	7	4,410,895	8,664,405
Amounts due from a related party	8	2,564,825	3,039,089
Financial assets at fair value through profit & loss ("FVTPL")	9	13,000,000	-
Cash and cash equivalents		14,600,265	29,348,717
TOTAL CURRENT ASSETS		44,113,586	49,827,265
TOTAL ASSETS		941,981,907	946,676,062
LIABILITIES AND EQUITY			
NON-CURRENT LIABILITIES			
Non-current portion of lease liabilities		6,523,835	7,014,911
CURRENT LIABILITIES			
Current portion of lease liabilities		650,000	650,000
Amounts due to related parties	8	2,472,868	63,592
Contract liabilities		549,290	1,564,580
Accrued expenses and other liabilities		1,687,226	1,219,817
Zakat payable		997,084	997,084
Dividend payable		147,491	2,301,584
TOTAL CURRENT LIABILITIES		6,503,959	6,796,657
TOTAL LIABILITIES		13,027,794	13,811,568
EQUITY			
Net assets attributable to unitholders		928,954,113	932,864,494
TOTAL LIABILITIES AND EQUITY		941,981,907	946,676,062
Units in issue (numbers)		118,000,000	118,000,000
Per unit value (SR)		7.87	7.90

The accompanying notes from 1 to 12 form an integral part of these interim condensed financial statements.

Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

	Note	<i>Unaudited</i>	
		<i>For the six-month period ended</i>	
		<i>30 June</i>	<i>30 June</i>
		<i>2022</i>	<i>2021</i>
		<i>SR</i>	<i>SR</i>
Income			
Rental income from investment properties		23,180,821	28,220,710
Total income		23,180,821	28,220,710
Operating expenses			
Depreciation on investment properties	5	(15,518,222)	(15,595,615)
Management fee		(3,469,633)	(3,521,951)
Custodian fee		(112,463)	(117,450)
(Charge for) reversal of expected credit loss rent receivables	7	(2,961,415)	2,375,271
General and administrative expenses		(1,221,247)	(1,515,453)
Property manager fee and other operating expenses	8	(8,217,000)	(9,409,406)
Total operating expenses		(31,499,980)	(27,784,604)
Net (loss) profit from operations		(8,319,159)	436,106
Other income		25,114	-
Financial charges		(158,924)	(166,402)
Net (loss) profit before impairment and zakat		(8,452,969)	269,704
Impairment reversal (loss) on investment properties	5	16,342,588	(8,353,478)
Profit (loss) before zakat		7,889,619	(8,083,774)
Zakat		-	(27,249)
Net profit (loss) for the period		7,889,619	(8,111,023)
Other comprehensive income for the period		-	-
Total comprehensive income (loss) for the period		7,889,619	(8,111,023)

The accompanying notes from 1 to 12 form an integral part of these interim condensed financial statements.

Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

	<i>Unaudited</i>	
	<i>For the six-month period ended</i>	<i>30 June</i>
	30 June	30 June
	2022	2021
	SR	SR
OPERATING ACTIVITIES		
Net profit (loss) before zakat	7,889,619	(8,083,774)
Adjustments for:		
Depreciation of investment properties	15,518,222	15,595,615
(Reversal of) charge of impairment loss on investment properties	(16,342,588)	8,353,478
Allowance for expected credit losses	2,961,415	(2,375,271)
Finance charges	158,924	166,402
	<u>10,185,592</u>	<u>13,656,450</u>
Changes in operating assets and liabilities:		
(Increase) decrease in prepayment and other receivables	(762,547)	965,884
Decrease in rental income receivable	1,292,095	1,349,984
Decrease in amounts due from a related party	474,264	2,366,574
Decrease in contract liabilities	(1,015,290)	-
Increase (decrease) in amounts due to related parties	2,409,276	(34,582)
(Decrease) increase in accrued expenses and other liabilities	467,409	31,954
	<u>13,050,799</u>	<u>18,336,264</u>
Zakat paid	-	(881,796)
Net cash flows from operating activities	<u>13,050,799</u>	<u>17,454,468</u>
INVESTING ACTIVITIES		
Additions to investment properties	(195,158)	(1,454,382)
Purchase of financial assets at FVTPL	(13,000,000)	-
Net cash flows used in investing activities	<u>(13,195,158)</u>	<u>(1,454,382)</u>
FINANCING ACTIVITIES		
Repayment of lease liabilities	(650,000)	(650,000)
Dividend paid	(13,954,093)	(1,920)
Net cash flows used in financing activities	<u>(14,604,093)</u>	<u>(651,920)</u>
Net (decrease) increase in cash and cash equivalents	<u>(14,748,452)</u>	<u>15,348,166</u>
Cash and cash equivalents at beginning of the period	29,348,717	21,333,060
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>14,600,265</u>	<u>36,681,226</u>
NON- CASH TRANSACTIONS		
Payments of lease liabilities	<u>650,000</u>	-

The accompanying notes from 1 to 12 form an integral part of these interim condensed financial statements.

Alinma Retail REIT Fund
 (Managed by Alinma Investment Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

	<i>Unaudited</i>	
	<i>For the six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>
	<i>SR</i>	<i>SR</i>
EQUITY AT THE BEGINNING OF THE PERIOD	932,864,494	(232,277,689)
Comprehensive income (loss):		
Net income (loss) for the period	7,889,619	(8,111,023)
Other comprehensive income for the period	-	-
Total comprehensive income (loss) for the period	7,889,619	(8,111,023)
Dividend distribution	(11,800,000)	-
EQUITY AT THE END OF THE PERIOD	928,954,113	(240,388,712)

UNIT TRANSACTIONS

Transactions in units for the period are summarised as follows:

	<i>Unaudited</i>	
	<i>For the six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>
	<i>Units</i>	<i>Units</i>
UNITS AT THE BEGINNING AND END OF THE PERIOD	118,000,000	118,000,000

The accompanying notes from 1 to 12 form an integral part of these interim condensed financial statements.

Alinma Retail REIT Fund (Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2022

1 INCORPORATION AND ACTIVITIES

Alinma Retail REIT Fund (the "Fund") is a closed-ended real estate investment traded fund established on 24 Dhul Qadah 1439H (corresponding to 6 August 2018). The Fund is listed on the Saudi Stock Exchange ("Tadawul"). The Capital of the Fund is SR 1,180,000,000 divided into 118,000,000 units of SR 10 each. The Fund has a term of 99 years, which is extendable on the discretion of the Fund Manager following the approval of the Capital Market Authority ("CMA").

The Board of Directors of the Fund on 23 February 2022 approved to change the name of the Fund from "Swicorp Wabel REIT Fund" to "Alinma Retail REIT Fund", which became effective from 5 April 2022.

The Fund is managed by Alinma Investment Company (the "Fund Manager"), a closed joint stock company with commercial registration number 1010269764, licensed by the Capital Market Authority of the Kingdom of Saudi Arabia ("CMA") under license number 09134-37.

While the Fund will primarily invest in developed real estate assets which are ready for use, it may also opportunistically invest in real estate development projects in a value not exceeding 25% of the Fund's total asset value with the aim of achieving an increase in value per unit; provided that:

- (i) at least 75% of the Fund's total assets are invested in developed real estate assets which generate periodic income and;
- (ii) the Fund shall not invest in white land.

In addition, the Fund can also invest up to 25% of the total value of the Fund according to the latest audited financial statements in each of the following, provided that all these investments are Shariah compliant:

- (i) Units of Real Estate Traded Funds publicly offered in the Saudi Stock Exchange and licensed by CMA,
- (ii) Units of private real estate funds licensed by CMA,
- (iii) Real estate investments outside the Kingdom of Saudi Arabia,
- (iv) Cash liquidity / holding of cash,
- (v) Money market funds publicly offered and licensed CMA,
- (vi) Shares of real estate companies listed on the Saudi Stock Exchange and licensed by CMA, and;
- (vii) Usufruct rights.

The Fund has appointed Albilad Investment Company (the "Custodian") to act as its custodian. The fees of the custodian are paid by the Fund.

1.1 *Change in Fund Manager*

SWICORP Company, the former fund manager, published on 18 August 2021G (corresponding to 10 Muharram 1443H) that it received a written request from a number of unitholders who owned more than 25% of the value of the Fund's units to call for a unitholders' meeting to remove SWICORP Company as the Fund Manager.

On 16 September 2021 (corresponding to 9 Safar 1443H) SWICORP Company announced the results of the Fund unitholders' meeting that had been held on Wednesday, 15 September 2021 (corresponding to 8 Safar 1443) through Tadawul web services, where the unitholders resolved to submit a request to the CMA to dismiss SWICORP Company as Fund Manager and prevent them from entering into any new investments or obtaining financing until the appointment of an alternative Fund Manager.

On 17 November 2021 (corresponding to 12 Rabi Al-Thani 1443H) SWICORP Company announced that they received a letter on 14 November 2021 (corresponding to 9 Rabi Al-Thani 1443H) from Alinma Investment Company expressing their intent to be appointed as an alternative manager for the Fund and to start the regulatory procedures.

Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2022

1 INCORPORATION AND ACTIVITIES (continued)

1.1 Change in Fund Manager (continued)

On 1 December 2021 (corresponding to 26 Rabi Al-Thani 1443H) SWICORP Company announced that they had received a notification from the CMA on 30 November 2021 (corresponding to 25 Rabi Al-Thani 1443H) about the issuance of the CMA Board's decision to dismiss SWICORP Company from managing the Fund, and to appoint Alinma Investment Company, a closed joint stock company licensed by Capital Market Authority of the Kingdom of Saudi Arabia with commercial registration number 1010269764, licensed by the CMA under license number 09134-37, as an alternative Fund Manager for the Fund based on Article 16 of the Real Estate Investment Funds Regulations. It should be noted that the approval of the CMA Board was issued based on the decision of the unit holders in their meeting held on 16 September 2021 (corresponding to 8 Safar 1443H).

SWICORP Company transferred all of their responsibilities as Fund Manager to Alinma Investment Company on 22 February 2022 (corresponding to 21 Rajab 1443H) which was 60 business days from the date of appointing them as the alternative Fund Manager. The legal proceedings and update to the terms and conditions of the Fund were completed during the period ended 30 June 2022.

2 REGULATING AUTHORITY

The Fund operates in accordance with Real Estate Investment Fund Regulations ("REIFR") and Real Estate Investment Traded Funds ("REITF") instructions issued by the CMA. The regulations detail the requirements for real estate funds and traded real estate funds within the Kingdom of Saudi Arabia.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These interim condensed financial statements for the six-month period ended 30 June 2022 of the Fund have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

The Fund Manager has prepared the interim condensed financial statements on the basis that the Fund will continue to operate as a going concern. The Fund Manager considers that there are no material uncertainties that may cast doubt significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Fund's annual financial statements as at 31 December 2021.

3.2 Basis of measurement

These interim condensed financial statements have been prepared under historical cost convention, except for the financial assets at FVTPL which are measured at fair value.

3.3 Functional and presentation currency

These interim condensed financial statements are presented in Saudi Riyal (SR), which is also the functional currency of the Fund. All financial information has been rounded off to the nearest SR, unless otherwise stated.

3.4 Use of judgements, estimates and assumptions

In preparing these interim condensed financial statements, the Fund Manager has made the judgement, estimates, and assumptions that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2022

3 BASIS OF PREPARATION (continued)

3.4 Use of judgements, estimates and assumptions (continued)

The significant judgments made by the Fund Manager in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual audited financial statements.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended 31 December 2021 except for the adoption of new standards, amendments and interpretations which are effective as of 1 January 2022. Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed financial statements of the Fund.

The Fund has not early adopted any standard, interpretation or amendment that has been issued but not effective yet.

5 INVESTMENT PROPERTIES

5.1 The composition of the investment properties as of the reporting date is summarized below:

30 June 2022 (Unaudited)

Description	Cost SR	Accumulated depreciation SR	Impairment (note 6.3.5) SR	Net book value SR
Dawadmi Mall	177,265,677	(30,848,570)	(14,478,784)	131,938,323
Al Khair Mall	325,066,236	(20,914,568)	(60,031,248)	244,120,420
Hafar Al-Batin Mall	472,045,477	(58,974,232)	(31,286,666)	381,784,579
Tabuk Mall	221,873,665	(26,348,110)	(55,500,556)	140,024,999
	<u>1,196,251,055</u>	<u>(137,085,480)</u>	<u>(161,297,254)</u>	<u>897,868,321</u>

31 December 2021 (Audited)

Description	Cost SR	Accumulated depreciation SR	Impairment (note 6.3.5) SR	Net book value SR
Dawadmi Mall	177,229,677	(27,838,410)	(52,749,942)	96,641,325
Al Khair Mall	324,997,973	(18,367,441)	(64,972,029)	241,658,503
Hafar Al-Batin Mall	471,970,278	(51,750,971)	(15,394,521)	404,824,786
Tabuk Mall	221,857,969	(23,610,436)	(44,523,350)	153,724,183
	<u>1,196,055,897</u>	<u>(121,567,258)</u>	<u>(177,639,842)</u>	<u>896,848,797</u>

Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2022

5 INVESTMENT PROPERTIES (continued)

5.2 The movement in investment properties during the period / year is as follows:

	<i>Land and buildings SR</i>	<i>Right-of-use asset SR</i>	<i>Total SR</i>
Cost			
1 January 2021	1,185,739,767	8,594,560	1,194,334,327
Additions	1,721,570	-	1,721,570
31 December 2021	1,187,461,337	8,594,560	1,196,055,897
Additions	195,158	-	195,158
30 June 2022	1,187,656,495	8,594,560	1,196,251,055
Accumulated depreciation			
1 January 2021	89,485,735	956,116	90,441,851
Depreciation charge	30,647,349	478,058	31,125,407
31 December 2021	120,133,084	1,434,174	121,567,258
Depreciation charge	15,281,158	237,064	15,518,222
30 June 2022	135,414,242	1,671,238	137,085,480
Accumulated impairment			
1 January 2021	187,706,641	-	187,706,641
Reversal of impairment loss	(10,066,799)	-	(10,066,799)
31 December 2021	177,639,842	-	177,639,842
Reversal of impairment loss	(16,342,588)	-	(16,342,588)
30 June 2022	161,297,254	-	161,297,254
Net book amount as at 30 June 2022	890,944,999	6,923,322	897,868,321
<i>Net book amount as at 31 December 2021</i>	<i>889,688,411</i>	<i>7,160,386</i>	<i>896,848,797</i>

Included above within land and buildings is land amounted to SR 312,274,760 (31 December 2021: SR 312,274,760).

During the period, depreciation charged to the interim condensed statement of profit or loss and other comprehensive income amounted to SR 15,518,222 (30 June 2021: SR 15,595,615).

5.2 a- The useful life of freehold properties is assessed at 25 years from date of acquisition

5.2 b- The useful life of Dawadmi Mall (leasehold) is assessed at 19 years from the date of acquisition.

5.3 Freehold and leasehold properties

Land comprises of the lands acquired or leased on which the buildings are built. The Fund acquired freehold properties in Riyadh, Hafar Al-Batin and Tabuk with an aggregate area of 185,721 square meter of land. Additionally, the Fund leased land in Dawadmi with an area of 72,678 square meter of land.

Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2022

5 INVESTMENT PROPERTIES (continued)

5.4 Listed below are the details of the investment properties:

5.4.1 Dawadmi Mall

This property is a fully constructed commercial facility on a leasehold land, located in Dawadmi, Kingdom of Saudi Arabia ("KSA").

5.4.2 Al Khair Mall

This property is a fully constructed commercial facility on a freehold land, located in Al Malga District, Riyadh, KSA.

5.4.3 Hafar Al-Batin Mall

This property is a fully constructed commercial facility on a freehold land, located in Al Rayan District, Hafar Al-Batin, KSA.

5.4.4 Tabuk Mall

This property is a fully constructed commercial facility on a freehold land, located in Al Rajhi District, Tabuk, KSA.

5.4.5 Impairment of investment properties

During the period, the investment properties were tested for impairment and the management recognized a net reversal of SR 16,342,588 (30 June 2021: Impairment loss of SR 8,353,478) to adjust the value of its investment properties to its recoverable amount based on the average value as at the reporting period determined by the independent appraisers as shown in note 6.

5.4.6 Ownership of investment properties

All properties are held in the name of Wabel Fund Company (the "SPV"). The SPV is holding these properties for the beneficial ownership of the Fund and does not possess any controlling interest or any stake in the properties.

6 EFFECTS ON NET ASSETS VALUE IF INVESTMENT PROPERTIES IS FAIR VALUED

In accordance with Article 35 and 36 of the REIFR issued by CMA in the Kingdom of Saudi Arabia, the Fund Manager evaluates the Fund's real estate assets based on two evaluations prepared by independent evaluators. However, in accordance with the requirement in the Kingdom of Saudi Arabia, investment in real estate properties are carried at cost less depreciation and impairment, if any, in these financial statements. Accordingly, the fair value below is disclosed for information purposes.

The fair value of the properties under development is determined by two selected appraisers, i.e., 'BARCODE Company' and 'BUSSMA Company and Partner for Real Estate Valuation'. As at 30 June 2022 and 31 December 2021, the valuation of properties under development are as follows:

	30 June 2022 (Unaudited)		
	Appraiser 1 (SR)	Appraiser 2 (SR)	Average (SR)
Dawadmi Mall	108,250,000	141,780,000	125,015,000
Al Khair Mall	355,000,000	351,080,000	353,040,000
Hafar Al-Batin Mall	281,750,000	263,980,000	272,865,000
Tabuk Mall	139,500,000	140,550,000	140,025,000
	<u>884,500,000</u>	<u>897,390,000</u>	<u>890,945,000</u>

Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2022

6 EFFECTS ON NET ASSETS VALUE IF INVESTMENT PROPERTIES IS FAIR VALUED
(continued)

	31 December 2021 (Audited)		
	Appraiser 1 (SR)	Appraiser 2 (SR)	Average (SR)
Dawadmi Mall	88,991,878	89,970,000	89,480,939
Al Khair Mall	245,537,005	237,780,000	241,658,502.5
Hafar Al-Batin Mall	411,329,569	398,320,000	404,824,784.5
Tabuk Mall	152,968,368	154,480,000	153,724,184
	<u>898,826,820</u>	<u>880,550,000</u>	<u>889,688,410</u>

Management has used the average of the two valuations for the purposes of disclosing the fair value of the investment properties.

The investment properties were valued taking into consideration number of factors, including the area and type of property. Below is an analysis of the investment properties' fair value against cost:

i. The unrealised gain on property inventories based on the fair value evaluation is set out below:

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Average fair value of investment properties	897,868,321	896,848,797
Less: Carrying value of investment properties (note 5.2)	(897,868,321)	(896,848,797)
Unrealised gain based on fair value evaluations	-	-
Units in issue (numbers)	118,000,000	118,000,000
Impact per unit share based on fair value evaluation (SR)	-	-

ii. The net asset value using the fair values of the investment properties is set out below:

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Net assets value at cost	928,954,113	932,864,494
Unrealised gain based on fair value evaluations	-	-
Net assets based on fair value	<u>928,954,113</u>	<u>932,864,494</u>

Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2022

6 EFFECTS ON NET ASSETS VALUE IF INVESTMENT PRIPERTIES IS FAIR VALUED
(continued)

iii The net asset value per unit, using fair values of the inventory property is set out below:

	<i>30 June 2022 (Unaudited) SR</i>	<i>31 December 2021 (Audited) SR</i>
Net assets value per unit at cost	7.87	7.90
Impact on net assets value per unit on account of unrealised gain based on evaluations	-	-
Net assets value per unit based on fair value	<u>7.87</u>	<u>7.90</u>

7 RENTAL INCOME RECEIVABLE

This represents rental income receivable from the investment properties in accordance with the terms of the corresponding tenancy agreements. The rental income receivables are current in nature and expected to settle within a short period of time.

During the period, the Fund has made an allowance for expected credit losses amounting to SR 2,961,415 (31 December 2021: SR 18,244,608).

	<i>30 June 2022 (Unaudited) SR</i>	<i>31 December 2021 (Audited) SR</i>
Rental income receivable	46,508,443	47,800,538
Less: Allowance for expected credit loss	<u>(42,097,548)</u>	<u>(39,136,133)</u>
	<u>4,410,895</u>	<u>8,664,405</u>

The following is the movement of allowance for expected credit losses as at the reporting date:

	<i>30 June 2022 (Unaudited) SR</i>	<i>31 December 2021 (Audited) SR</i>
At the beginning of the period / year	39,136,133	20,891,525
Charge for the period / year	<u>2,961,415</u>	<u>18,244,608</u>
At the end of the period/year	<u>42,097,548</u>	<u>39,136,133</u>

Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2022

8 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Fund Manager and entities / persons related to Fund Manager are considered as related parties of the Fund. In the ordinary course of its activities, the Fund transacts business with its related parties. All the related party transactions are approved by the Fund's Board of Directors.

a) Management fee

In consideration for managing the assets of the Fund, the Fund Manager in accordance with the terms and conditions of the Fund charges the Fund a management fee equal to 0.75% of the net asset value of the Fund calculated quarterly in arrears and payable quarterly.

b) Board of Directors remuneration

Each independent member of the Board of Directors is allowed a remuneration of SR 5,000 per board meeting.

8.1 Related party transactions

The following are the details of the significant transactions with related parties during the period

<i>Name of related party</i>	<i>Nature of relationship</i>	<i>Nature of transaction</i>	<i>Unaudited</i>	
			<i>For the six-month period ended</i>	<i>For the six-month period ended</i>
			<i>30 June</i>	<i>30 June</i>
			<i>2022</i>	<i>2021</i>
			<i>SR</i>	<i>SR</i>
Alinma Investment Company	Fund Manager	Management fees	2,447,868	-
Wabel Al Arabia for Investment Company	Former Property manager and unitholder	Rental income from investment properties	-	3,083,316
		Property manager fee and operating expenses	-	9,209,406
		Amounts paid on behalf of Wabel	120,530	(5,080,514)
		Amounts received on behalf of Wabel	(594,794)	(1,693,489)
SWICORP Company	Former Fund Manager	Management fees	1,021,765	3,521,951
		Payments made to SWICORP Company	(1,060,357)	-

Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2022

8 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

8.2 Related party balances

The following are the details of the related party balances at the period / year end:

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
<i>Amounts due from a related party</i>		
Wabel Al Arabia for Investment Company	2,564,825	3,039,089

8.2 Related party balances (continued)

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
<i>Amounts due to related parties</i>		
Alinma Investment Company	2,447,868	-
Board oversight fee	25,000	25,000
SWICORP Company	-	38,592
	2,472,868	63,592

As at 30 June 2022, board members of the Fund held 755,143 units (31 December 2021: 755,143 units).

9 FINANCIAL ASSETS AT FVTPL

Financial assets at FVTPL represents investment in Alinma Saudi Riyal Liquidity Fund, in an open-ended fund managed by Alinma Investment Company. The primary objective of the Fund is to invest in Shariah compliant Murabaha contract.

	30 June 2022 (Unaudited)		31 December 2021 (Audited)	
	Cost (SR)	Market value (SR)	Cost (SR)	Market value (SR)
Alinma Saudi Riyal Liquidity Fund	13,000,000	13,000,000	-	-

10 FAIR VALUE MEASUREMENT

Financial assets consists of cash and cash equivalents, rental income receivable, amounts due from a related party, and financial assets at FVTPL. Financial liabilities consists of lease liabilities, amounts due to related parties, contract liabilities and other liabilities.

Due to short-term nature of most of the financial instruments, their carrying amounts approximates to the fair values and all financial assets and financial liabilities are classified as level 2.

11 LAST VALUATION DATE

The last valuation date of the period was 30 June 2022 (31 December 2021: The last valuation date for the year was 31 December 2021).

Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2022

12 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Fund Manager on 18 Muharram 1444H (corresponding to 16 August 2022).