



Alinma Retail REIT Fund

Annual Report
2024



Table of Content

| Headline | Page No. |
|---|----------|
| About the Fund | 3 |
| Prominent Events | 3 |
| An Overview of the Assets' Developments | 4 |
| Assets in which the Fund Invests | 5 |
| Assets in which the Fund Aims to Invests | 6 |
| The Ratio of the Rented Property Value and the Ratio of Non- Rented Property Value to the Total Value of Owned Property | 6 |
| The Rental Ratio for each of the Fund's Assets Out of the Total Rents of the Fund's Assets | 7 |
| Ratio of Uncollected Revenues Out of the Total Revenues and Non-Cash Expenses out of the Fund's Net Profits | 8 |
| Description of the Fund's Benchmark Index | 8 |
| A comparison Table Covering the Fund's Performance During the Last Three Fiscal Years (or Since the Fund was Established) | 9 |
| Fund's Performance Record | 10 |
| Fundamental or Non - Fundamental Changes During the Period | 12 |
| Fund's Board of Directors' Report | 14 |
| Statement on the Special Commissions Obtained by the Fund's Manager During the Period | 14 |
| Risk Assessment Report | 15 |



1- About the Fund

Alinma Retail REIT Fund is a Closed-end Real Estate Investment Fund offered publicly, in compliance with the provisions of Islamic Sharia. It is listed on the Saudi Exchange Market “Tadawul” under Index No. 4345. The Fund aims to invest in real estate assets within the Kingdom of Saudi Arabia, and to distribute no less than 90% of its net profits annually to unit owners.

2- Fund’s Prominent Events

- 1 The Fund manager completed the acquisition and ownership transfer of an office building (sifr) in Riyadh. The acquisition value amounted to SAR 80,000,000. excluding RETT , and there were no commission fees on the deal. The acquisition was fully financed through the fund’s available bank facilities
- 2 The Fund manager completed the acquisition and ownership transfer of an office building (Aljawhara) in Riyadh. The acquisition value amounted to SAR 110,000,000. excluding RETT , and there were no commission fees on the deal. The acquisition was fully financed through the fund’s available bank facilities
- 3 The Fund manager completed the Osus Transaction , under which Almadan Mall – Riyadh was sold for SAR 393,000,000. excluding RETT , in exchange for purchasing a fully leased office property from Osus for SAR 368,000,000. excluding RETT.
- 4 Alinma Capital on behalf of the Fund , demanded Swicorp to Refund the Fund Management fees during the responsibilities transaction period, the Committee for Resolution of Securities Disputes issued a ruling in favor of the fund, and the amount was collected. Additionally, Alinma Capital waived the fund’s management fees for transaction period from the Fund amounting to SAR 1.2 Million
- 5 The Fund acquired property located in Qirwan district in Riyadh. It is an Office Complex built on a land area of (14,880) square meters. The purchase price is 380 million Saudi Riyals and the net annual return is 8.95% of the purchase price.

3- An Overview of the Fund's Assets

A. Operations

- We have initiated the process of connecting Almadan Mall – Hafr Albatin to the Saudi Electricity company's grid, allowing individual electricity meters to be issued for tenants, who will then be responsible for their actual consumption. The connection work has commenced, with 25% completion rate achieved. This initiative is expected to reduce the Mall's operating expenses , equivalent to approximately 25% of its revenue.
- The mall is facing a challenge with the exit of key tenants. The fund manager in collaboration with the property manager is working on an enhanced leasing strategy to maintain mall operational efficiency
- All Operation costs are being reviewed , and competitive quotations are being obtained to reduce operational expenses. The quality of services provided will periodically assessed to evaluate potential services provider changes

B. Leasing

Below is the Occupancy rate of the Properties:

| Property | 2024 |
|----------------------------|------|
| Almadan Mall – Dwadmi | %87 |
| Almkan Mall – Hafr Albatin | %64 |
| Signature | %100 |
| Sifr | %100 |
| Aljawhrah | %100 |
| Jazel | %100 |

* Al Makan mall in Tabuk has not added due to its closure

C. Legal Cases Report

Due to outstanding amounts owed by tenants of the Fund's assets that the property manager was unable to collect, a number of Legal collectors were appointed to study and handle the cases. We encountered several issues, as the signed contracts are in paper format and not documented on Ejar platform, which requires contract status verification, a process that face some challenges. You will find in the table the number of the cases and their status.

| 2024 | Legal Case Status |
|------|--|
| 83 | Number of cases referred to the law firm |
| 46 | Filed |
| 17 | Won cases |
| 20 | Ongoing cases |
| 9 | Cases settled Amicably |

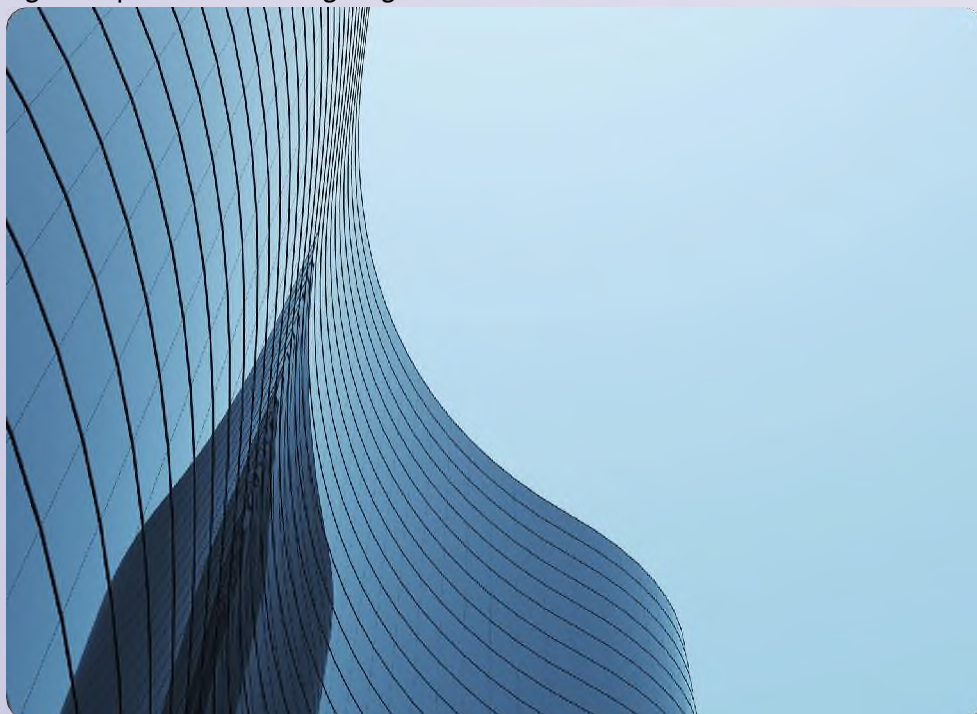
4- Assets in which the Fund Invests

The Fund in 2024 invests in the commercial and office complexes, as follows:

| Property | Almkan Mall Hafr Albatin | Almakan Mall Tabouk | Almakan Mall Dwadmi | Signature | Sifr | Aljawhrah | Jazel |
|---|-----------------------------|------------------------|------------------------|-----------|----------|-----------|----------|
| City | Hafr Albatin | Tabouk | Dwadmi | Riyadh | Riyadh | Riyadh | Riyadh |
| Type of Ownership | Freehold | Freehold | Usufruct contract | Freehold | Freehold | Freehold | Freehold |
| Purchase Price (Million Saudi Riyals) | 470.2 | 219.4 | 166.8 | 52 | 80 | 110 | 368 |
| Percentage of Total Value of the Portfolio's Assets | %32 | %15 | %11 | %4 | %5 | %8 | %25 |

5- Assets in which the fund is aiming to invest in, if any.

The fund manager continuously seeks new acquisition opportunities aligned with the fund's investment strategy by conducting periodic market analysis to identify high potential properties that enhance returns and ensure sustainable profitability. The focus remains on assets located in strategic areas with strong growth potential, ensuring long term stable returns for investor



6- The percentage of the value of the leased real estates and the percentage of unleased real estates to the total value of the owned real estates, if any.



7- The percentage of rent amount for each asset in the total rent of the fund's assets.

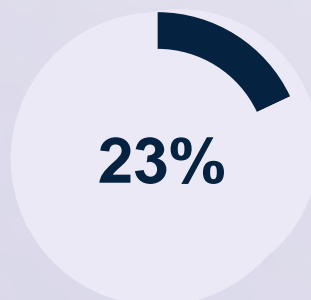


Total 100%

8- The percentage of uncollected revenues from total revenues, and the ratio of non-cash expenditures from the fund's net profits.



the ratio of non-cash
expenditures from the fund's
net profits



The percentage of
uncollected revenues from
total revenues

9- Description of the fund's benchmark – where applicable – and the service provider's website (if any).

Not Applicable



10- A comparative table covering the performance of the fund during the last (3) fiscal years (or since the establishment) including:

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Net Asset Value of the Fund at the End of each Fiscal Year | 835,720,617 | 865,350,740 | 905,661,150 | 932,864,494 | 947,722,311 | 1,149,508,173 |
| Fund's Net Asset Value per Unit at the End of each Fiscal Year | 7.08 | 7.33 | 7.68 | 7.9 | 8.03 | 9.74 |
| Highest Net Asset Value of the Fund per Unit for each Fiscal Year | 7.08 | 7.49 | 7.87 | 8.03 | 9.80 | 9.74 |
| Lowest Net Asset Value of the Fund per Unit for each Fiscal Year | 7.02 | 7.33 | 7.68 | 7.9 | 8.03 | 9.30 |
| No of Units issued at the End of each Fiscal Year | 118,000,000 | 118,000,000 | 118,000,000 | 118,000,000 | 118,000,000 | 118,000,000 |
| Income Distribution per Unit (if any)* | 0.32 | 0.30 | 0.225 | 0.10 | 0.0 | 0.43 |
| Percentage of Costs borne by the Fund out of the Total Value of Assets* | %2.35 | %3 | %3.19 | %3.62 | %3.39 | %4.56 |
| Results of Comparing Performance of the Fund's Benchmark Index with the Fund's Performance | Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable |
| Percentage of Borrowed Assets out of the Total Value of Assets, Duration of their Exposure, and Maturity Date | %22 | 6% | Not Applicable | Not Applicable | Not Applicable | Not Applicable |

* None cash costs are excluded

**The credit facilities tenure is 8 years and matures in 30/11/2030G

11- A performance record that covers the following

A. The total revenue for (1), (3) and (5) years (or since establishment).

| 1 year | 3 years | 5 years | Since Establishment |
|-----------------------------|--------------------------------|--------------------------------|--------------------------------|
| 188 Million Saudi Riyals | 288.37 Million Saudi Riyals | 401.61 Million Saudi Riyals | 563.31 Million Saudi Riyals |

B. Annual Total Return for each of the past 10 fiscal years (or since establishment):

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|-------------------------------|-----------------------------|
| 70 Million Saudi Riyals | 91.7 Million Saudi Riyals | 54.2 Million Saudi Riyals | 59.04 Million Saudi Riyals | 48.74 Million Saudi Riyals | 51.63 Million Saudi Riyals | 188 Million Saudi Riyals |

Net Flows from Operating Activities

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| 3.88 Million Saudi Riyals | 67.18 Million Saudi Riyals | 10.79 Million Saudi Riyals | 19.38 Million Saudi Riyals | 56.27 Million Saudi Riyals | 80.62 Million Saudi Riyals |

A table showing the Fees, Commissions and Fees charged by the Fund to Third Parties throughout the year:

| Expenses | Value |
|-------------------------------------|------------|
| Management Fees | 3,261,116 |
| Property Manager | 2,561,671 |
| Operations Expenses | 18,189,946 |
| Custody Fees | 215,258 |
| Administrative Expenses of the Fund | 610,792 |
| Rewarding Independent Directors | 52,500 |
| Auditor Fees | 67,500 |
| Real Estate Evaluator Fees | 271,000 |
| *Other Fees | 775,720 |
| Regulatory Fees | 1,148,950 |
| **Total Expense Ratio | %2.35 |

*Other expenses include real estate insurance fees, attorney fees, and incidental expenses.

**The ratio of expenses to total assets.



12-If Fundamental or Non-fundamental Changes occur during the period and affect the Fund's Performance, they must be disclosed:

1. Alinma Capital Company announces the distribution of cash dividends to unit owners of Alinma Retail REIT Fund for the period from July 2024 to December 2024, amounting to 0.17 Saudi Riyals per unit, bringing the total distribution during the year to 0.32 Saudi Riyals per unit.
2. Alinma Capital, in its capacity as Fund Manager of Alinma Retail REIT Fund, announces the signing of an agreement to purchase an office property in Riyadh on 15/05/1446 AH corresponding to 17/11/2024 AD (the "Agreement"). The property located in AlQirawan district on a land area of (14,880) square meters, with a built-up area exceeding 65 Thousand square meters.
3. Alinma Capital announces a change in the membership of the board of Retail REIT Fund due to resignation of board member Mr. Faisal Al Abdulkareem (dependent).as of 27/11/1445 H corresponding to 04/06/2024G.
4. Alinma Capital announces the distribution of cash dividends to the Unitholders of the Alinma Retail REIT Fund for (the period from January 1, 2024 to June 30, 2024)amounting to 0.15 Saudi Rials per unit.
5. Alinma Capital, in its capacity as the Fund manager of the Alinma Retail REIT Fund, announces the signing of an agreement on 03/13/2024 with Osus Real Estate Company. Accordingly, the Fund will acquire new real estate property in exchange for an in-kind portion represented by Al Makan Mall in Riyadh
6. Alinma Capital, in its capacity as Fund Manager of Alinma Retail REIT Fund, announces the signing of an agreement to purchase an office property in Riyadh on 28/06/1445 AH corresponding to 10/01/2024 AD (the "Agreement"). The property located in Alqirwan district on a land area of (3,780) square meters, with a built-up area exceeding 12.8 Thousand square meters.
7. Alinma Capital, in its capacity as Fund Manager of Alinma Retail REIT Fund, announces the signing of an agreement to purchase an office property in Riyadh on 19/06/1445 AH corresponding to 01/01/2024 AD (the "Agreement"). The property located in Hittin district on a land area of (5,180.7) square meters, with a built-up area exceeding 15 Thousand square meters.

Fund's Terms & Conditions Updates during 2024G

- Changing Of one of the Real Estate Valuator.
- Deleting any related Information to Mr. Faisal Alabdulkareem Due to his resignation from the Fund Board of Directors.
- Updating the title deed number for Al Makan Mall in Tabuk, as its mortgage was released before the auction was held
- More disclosure and clarification regarding the use of the proceeds of the offering and subscription
- Adding the tax and Zakat consultant fees as part of other expenses
- Updating insurance coverage data for assets
- Updating the fund manager's data



13- The fund's annual report approved by the fund's board including, the topics discussed and issued resolutions, including the fund's performance and fund's achievement of its objectives.

Annual Report of the Board of Directors for Alinma Retail REIT for 2024

The annual report of the Fund's Board of Directors includes the topics discussed and the decisions issued regarding them, including the Fund's performance and the extent to which it achieves its objectives. After this report is approved by the members of the Board of Directors, it will be included therein the Fund's annual report.

The Fund Manager met with the members of the Fund's Board of Directors to discuss the following:

| Circulated resolutions | Date | Circulated resolutions | Date |
|--|-------------------|---|-------------------|
| Approval to purchase an office property in Alqirwan District | 14 November 2024G | Approval to update the Fund's Terms and Conditions | 13 June 2024G |
| Adoption of the voting policy on the Fund's assets | 19 August 2024G | Approval of the financial statements for the period ending 31 December 2023G | 28 March 2024G |
| Approval to purchase units in Alinma Hospitality REIT | 18 August 2024G | Approval to Sell Almakani Mall- Riyadh and purchase new property in Alyaseen District | 12 March 2024G |
| Approval to distribute cash dividends for the first half of 2024G | 09 July 2024G | Approval of the mechanism for the Fund Manager's engagement with fund related Risks | 27 February 2024G |
| Approval to Amend Osus Real Estate Deal | 13 June 2024G | Approval to distribute cash dividends for the second half of 2023G | 01 January 2024 |
| Approval to Implement the Electrical connection for Almakani Mall - Hafr Albatin | 13 June 2024G | Approval to purchase two new properties in Alqirwan and Hittin District | 18 Dec 2023G |
| Approval to Appoint the real estate appraiser | 13 June 2024G | | |

A Statement on the Special Commissions which the Fund Manager received during the period, clearly stating their nature and how to benefit therefrom

Not applicable - as the Fund Manager did not receive any commissions during the period.



14- Risk Assessment Report:

Definition and identification of risks:

The activities of real estate investment funds shall be reviewed to determine the risks associated with the Fund to protect the interests of the company and investors. The Fund's activities shall be reviewed in relation to the Fund Manager's business risks, financial risks, market risks, operational risks, and compliance risks, etc.

Business risks of the Fund Manager:

The risks specific to the nature and activities of the Fund's investments.

Financial Risks:

The risks related to the financial management of the Fund, including the provided facilities, if any, the payments and their maturity, in addition to the administrative fees for the Fund Manager and their adequacy, and distributions to Unitholders, if any.

Market Risks:

The special risks related to all aspects that affect the Fund's financial performance, which are related to the risks of changing the prices of profit rates in the event of financing, in addition to the real estate evaluation mechanism, and the risks of competitors that may lead to a decrease in the Fund's revenues and cash flows.

Operational Risks:

The special risks related to the Fund's management mechanism by the Fund Manager, which leads to a negative impact on the Fund's performance.

Compliance Risks:

The risks related to the laws and regulations of the legislating bodies, which shall be adhered to and implemented in all cases and in the event of changes to those regulations or the issuance of other relevant regulations.

Risk assessment and measurement mechanism

The inherent risks of real estate funds and their potential relative importance shall be assessed, in addition to identifying and testing a methodology for their measurement. The risks associated with the Fund's business shall be included, as mentioned in the terms and conditions memorandum, and the possibility of their occurrence and their impact on the company in general and on the Fund's performance in particular.

Monitoring mechanism to control risks

The inherent risks of real estate funds and their potential relative importance shall be assessed, in addition to identifying and testing a methodology for their measurement. The risks associated with the Fund's business shall be included, as mentioned in the terms and conditions memorandum, and the possibility of their occurrence and their impact on the company in general and on the Fund's performance in particular.

Risk Review and Treatment

One of the following strategies is used to review and treat the risks:



Risk Avoidance

In the event that the Fund is unable to bear the risks, or if such risks may be considered a violation of the set laws and regulations.



Risk Mitigation

The mechanism followed for accepted risks due to the nature of the Fund's operations, which the Fund acknowledges its existence and is considered an "inherent risk", which may need to develop a mechanism to manage such risks.



Risk transfer

and transferring them to other parties: This is through insurance products or outsourcing, etc.



Acceptance of risks

The Fund adopts an approach to accept certain risks based on their classification. The Fund Manager may choose several controls to reduce the current risks or maintain similar risk levels that are subject to constant monitoring.



To define and determine the risks, the following is an assessment of the Fund's risks, which were discussed in the Fund's terms and conditions memorandum, the probability of its occurrence, and the mechanism for evaluating the specific risks.

| No. | Type of risk | Description of risks | Probability of its occurrences | | | Risk assessment mechanism |
|--------------------------------|--|--|--------------------------------|--------|-----|--|
| | | | High | Medium | Low | |
| A. Risks related to the Fund : | | | | | | |
| 1 | Risks of concentrating the Fund's investments in the commercial centers sector | When the fund was established, the fund's investments were concentrated in the retail sector by owning three real estate assets and one usufruct contract consisting of commercial complexes. As a result, the Fund's revenues and net income are linked to the demand for commercial space in the cities in which those assets are located. Any decline in the level of demand for commercial spaces in general in those cities may affect the fund's performance and the value of its units to a greater extent than if the fund's investments were in real estate assets distributed among different sectors. | | ✓ | | The Fund Manager works to investigate and anticipate the investment feasibility of the fund by analyzing the economic situation, the target market, and the suitability of the fund's assets to achieve its investment goals. Concentrating the fund's assets in one sector would focus all operating parties on the specific sector and appoint the operating companies according to their specialization in the sector, the most important of which is the Property and Leasing Manager, which is one of the companies specialized in the commercial centers sector |
| 2 | Risks of no past operational past of the Fund | The fund is newly established with no previous operating history which enables potential investors to predict the future performance of the fund. Also, the previous results of similar funds or the previous performance of the real estate assets subject to the fund's acquisition are not necessarily an indication of the fund's future performance. Therefore, the recent inception of the fund may negatively affect the fund manager's expectations and thus the unit returns | | | ✓ | The current fund manager has extensive experience in managing investment funds, and all risks resulting from subscribing to the fund have been stipulated in the fund's terms and conditions |
| 3 | Risks of relying on key employees of the fund manager | The Fund shall rely on management and advisory services provided by the Fund Manager's employees. It may be difficult to replace some key personnel, especially in the fund manager's senior management. If one of these employees leaves work and the Fund Manager is not able to find a suitable replacement for him/her, the performance of the Fund's business may be negatively affected. | | | ✓ | The fund manager is a financial company that is proficient in the scope of the funds' work, with a distinguished professional team that can cover the loss of any member of its administrative staff with the same efficiency and ability, without affecting the course of the fund's work. |
| 4 | Liquidity risk | Investors usually maintain their investments and rely on the returns accrued on the invested capital. But in other cases, some investors want to liquidate their investments depending on many factors, including the income and value of real estate assets, the overall performance of the fund and similar investment instruments. Given that the amount of liquidity for traded real estate investment fund units may be less than its counterpart for traded company shares, it is possible that the investor in the fund's units will face difficulty in exiting and liquidating his units in the fund at the price offered by that investor, which may lead to the investor exiting of the fund at a value less than the market value of the fund's assets. | | ✓ | | The Fund Manager ensures consideration of market conditions and studies the appropriate procedures when planning to sell fund assets, knowing that there is no interest to sell the assets in the near future. |

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| No. | Type of risk | Description of risks | Probability of its occurrences | | | Risk assessment mechanism |
|--------------------------------|--|---|--------------------------------|--------|-----|--|
| | | | High | Medium | Low | |
| A. Risks related to the Fund : | | | | | | |
| 5 | Risk of trading at a price lower than the market value | Trading in units may be exposed to factors that lead to fluctuations in their value, including factors that may negatively affect local and global stock markets, prevailing and expected economic conditions, interest rates, financing costs, investor trends, general economic conditions, and large sales of fund units. Accordingly, purchasing units is only suitable for investors who can bear the risks associated with these investments, especially since this may lead to difficulty for the investor to exit the fund or to exit with a value less than the fair value of the fund's assets. If the Fund Manager decides with the unit holders to increase the Fund's capital by issuing new units, whether in exchange for in-kind or cash contributions, this will lead to a reduction in the relative shares of the unit holders in the Fund at that time in the event that the Fund's capital is increased by issuing new units in exchange for In-kind subscriptions. Also, if the fund's capital is increased by issuing new units in exchange for cash subscriptions, this could lead to a reduction in the relative shares of the unit owners in the fund at that time to some extent, unless the unit owners at that time exercise their rights to subscribe to the new units. The capital increase may negatively affect the value of the units, which negatively affects the investments of the unit owners. | | ✓ | | The Saudi stock market shall be considered one of the largest markets in the region, and the fact that the fund's units are traded in the main market reduces the aforementioned risks. |
| 6 | Risks of increasing the fund's capital | There will be no guarantee that the operations of the Fund's assets will generate profits, or that the Fund will succeed in avoiding losses, nor will the Fund generally have any source of funds from which to pay distributions to unit owners other than returns from rents and capital returns that may come from the sale of Some or all of its assets. Therefore, there is no guarantee that the Fund will achieve returns on unitholders' investments in the Fund, and it is possible that investors in the Fund may lose all or some of their capital invested in the Fund. | | ✓ | | The fund manager works to study the most appropriate structure for the fund's capital in a way that achieves the maximum interest of the fund's unitholders, and this shall be clarified in the terms and conditions of the fund. |
| 7 | Risk of not achieving returns on investment | | | ✓ | | The fund manager analyzes the economic situation, the target market, and the suitability of the fund's assets to achieve its investment goals. The fund manager also works to review the fund's assets and developments with the aim of making the optimal decision that will serve the fund and achieve its goals. |
| 8 | Risks of conflict of interest | Situations may arise in which the interests of the Fund, the Fund Manager, or members of the Fund's Board of Directors conflict with the related parties or with the Fund. Which may negatively affect the Fund's investments, returns, and distributions. | | | ✓ | The fund manager works to ensure that there is no conflict of interest that has not been disclosed, and in the event of a conflict of interest, the Fund's governance regulations and conflict of interest policies shall be applied. |

To define and determine the risks, the following is an assessment of the Fund's risks, which were discussed in the Fund's terms and conditions memorandum, the probability of its occurrence, and the mechanism for evaluating the specific risks.

| No. | Type of risk | Description of risks | Probability of its occurrences | | | Risk assessment mechanism |
|---|--|--|--------------------------------|--------|-----|---|
| | | | High | Medium | Low | |
| A. Risks related to the Fund : | | | | | | |
| 9 | Risks of appointing a replacement fund manager | A decision was issued by the unit owners and Capital Market Authority on 25/02/1443 AH corresponding to 30/11/2021 AD to remove the previous fund manager and appoint Alinma Investment Company as an alternative fund manager. The alternative fund manager may face difficulty in making some decisions due to the lack of all previous information or inaccuracy and inadequacy of the information, data and documents provided by the previous fund manager, which may affect his ability to make a decision regarding the management of the fund, and the alternative fund manager does not bear responsibility for the decisions or actions taken from the date of the founding of the fund until the date of the dismissal of the previous fund manager and the resulting risks or losses.. | | | ✓ | During the period of transfer of duties, the previous fund manager worked on handing over the contracts and agreements related to the fund to the current fund manager, who in turn shall analyze the data related to the fund and build a strategy that seeks to achieve the fund's investment objectives. |
| B. Risks related to the Fund's Assets : | | | | | | |
| 1 | General risks of real estate investment | The return on real estate investments is subject to many interrelated factors, including adverse changes in local, regional, or international economic conditions, adverse conditions in the local market, the financial conditions of renters, buyers, and sellers of real estate, changes in operating expenses, environmental laws and regulations, and governmental laws, Financial policies, energy prices, changes in the relative demand for various types and locations of real estate, risks resulting from reliance on cash flows, operational problems and risks, in addition to force majeure, uninsurable losses and other factors outside the fund manager's control. Any of these factors may contribute to material risks that negatively affect the value of the Fund's assets and the Fund's ability to generate any returns on its investments. | | | ✓ | يعمل مدير الصندوق على تحري وتوقع الجدوى الاستثمارية للصندوق وذلك من خلال تحليل الوضع الاقتصادي والسوق المستهدف وملائمة أصول الصندوق لتحقيق مستهدفاته الاستثمارية. كما يعمل مدير الصندوق على تعيين شركة متخصصة في أعمال إدارة الأملاك والتأجير مما يحفز تشغيل الأصول المملوكة للصندوق بأفضل الظروف الممكنة. |
| 2 | Risks of fluctuations in the value of real estate and liquidity deficiency | Real estate shall be considered an asset class with low liquidity, and its degree of liquidity fluctuates depending on the demand and desire for this type of investment. If the Fund needs to liquidate its real estate investments, or part of them, at an inappropriate time, the selling price may be less than the book value. Therefore, any delay or difficulty that the Fund may encounter in disposing of its assets may negatively and significantly affect the return obtained by unit holders. | | | ✓ | يعمل مدير الصندوق على تحري وتوقع الجدوى الاستثمارية للصندوق وذلك من خلال تحليل الوضع الاقتصادي والسوق المستهدف وملائمة أصول الصندوق لتحقيق مستهدفاته الاستثمارية. كما يعمل مدير الصندوق على البحث عن طرق بديله مناسبة في حال كان هناك حاجة لتسييل استثمارات الصندوق العقارية |
| 3 | Risks of challenging the ownership of the fund for real estate assets | The integrity of the title deeds does not necessarily represent the full rights to dispose of real estate ownership and may be subject to challenge. Therefore, the real estate assets acquired by the Fund may be subject to any legal disputes related to the ownership of those assets, which in turn may impair the Fund's ability to dispose of or transfer the real estate assets in a manner free of mortgage and restrictions, and this may in some cases cause the Fund to lose ownership of the real estate assets Which it believes was acquired legally. In addition, these disputes over ownership may materially affect the value of real estate assets, and thus the value of units in the Fund. | | | ✓ | فيما يتعلق بالأمول المستحوذ عليها حاليا من الصندوق فإنه قد مضت على استحوادها مدة كافية لتوقع بأن الخطر يعد منخفضا بوجود رهون أو قيود أو نزاعات أو خلافات حول ملكية الأصول. كما أن مدير الصندوق يعين مكتب قانوني متخصص يعمل على التحري حيال ملكية الأصول من قبل الجهات القانونية المتخصصة والتأكد من أنها تمثل كامل حقوق التصرف وليست عليها أي رهن أو حق أو طعن لم يتم الإفصاح عنه، كما أن عقود شراء العقار تتضمن التزام البائع بخلو العقار مما المخاطر المذكورة. |

To define and determine the risks, the following is an assessment of the Fund's risks, which were discussed in the Fund's terms and conditions memorandum, the probability of its occurrence, and the mechanism for evaluating the specific risks.

| No. | Type of risk | Description of risks | Probability of its occurrences | | | Risk assessment mechanism |
|---|--|--|--------------------------------|--------|-----|---|
| | | | High | Medium | Low | |
| B. Risks related to the Fund's Assets : | | | | | | |
| 4 | Risks of competitive nature in the retail sectors and commercial centers in the Kingdom | <p>Some of the initial real estate assets are located in areas characterized by strong competition in the retail sector in general and the commercial centers sector in particular. In addition, commercial centers may be developed and established located directly near real estate assets, which leads to creating direct competition with real estate assets. In light of this, the returns and market value of real estate assets will depend on the ability of real estate assets to compete for tenants with other competitors. Therefore, the success of other competitors in attracting and retaining tenants may affect the Fund's real estate asset returns and have a material adverse effect on the Fund's business, financial condition, cash flows and operating results.</p> <p>There can be no assurance that the Fund will be able to attract and retain suitable tenants on the terms and conditions it seeks. Moreover, the financial stability of the Fund's tenants may affect the Fund's financial performance. The financial stability of tenants may change over time as a result of factors directly related to tenants or the overall economy of the Kingdom, which may affect their ability to pay rent amounts. In addition, the Fund may incur costs related to retaining existing tenants and attracting new tenants, and the costs and time required to enforce the rights under the lease with a distressed tenant, including eviction and re-letting costs, which may be huge. Failure to attract and retain suitable tenants may have a material adverse effect on the Fund's business, financial condition, cash flows and operating results, and may also negatively affect the value of real estate assets.</p> | | ✓ | | <p>The Fund Manager works to investigate and anticipate the investment feasibility of the fund by analyzing the economic situation, the target market, and the suitability of the fund's assets to achieve its investment goals.</p> <p>The fund manager is also working to appoint a company specialized in property management and leasing, which stimulates the operation of the assets owned by the fund in the best possible conditions.</p> |
| 5 | Risks that the Fund's future rental income will depend on its ability to attract and retain suitable tenants and its effective management of real estate assets. | <p>There can be no assurance that the Fund will be able to attract and retain suitable tenants on the terms and conditions it seeks. Moreover, the financial stability of the Fund's tenants may affect the Fund's financial performance. The financial stability of tenants may change over time as a result of factors directly related to tenants or the overall economy of the Kingdom, which may affect their ability to pay rent amounts. In addition, the Fund may incur costs related to retaining existing tenants and attracting new tenants, and the costs and time required to enforce the rights under the lease with a distressed tenant, including eviction and re-letting costs, which may be huge. Failure to attract and retain suitable tenants may have a material adverse effect on the Fund's business, financial condition, cash flows and operating results, and may also negatively affect the value of real estate assets.</p> <p>If some or all of the major tenants decide not to continue or do not renew their leases, this may result in potentially significant rental space becoming vacant, which may delay the rapid finding of a replacement tenant to occupy those spaces. Therefore, terminating the contracts of any of the major tenants or not renewing them may negatively affect the financial position, cash flows and operating results, and may also negatively affect the value of real estate assets.</p> | | ✓ | | <p>The Fund Manager works to investigate and anticipate the investment feasibility of the fund by analyzing the economic situation, the target market, and the suitability of the fund's assets to achieve its investment goals.</p> <p>The fund manager is also working to appoint a company specialized in property management and leasing, which stimulates the operation of the assets owned by the fund in the best possible conditions.</p> |
| 6 | Risks of loss of main tenants in the initial real estate assets | <p>If some or all of the major tenants decide not to continue or do not renew their leases, this may result in potentially significant rental space becoming vacant, which may delay the rapid finding of a replacement tenant to occupy those spaces. Therefore, terminating the contracts of any of the major tenants or not renewing them may negatively affect the financial position, cash flows and operating results, and may also negatively affect the value of real estate assets.</p> | | ✓ | | <p>The fund manager has appointed a company specialized in property management and leasing, which stimulates the operation of the assets owned by the fund in the best possible conditions. If the tenants leave, the fund manager shall work in cooperation with the property manager to study the economic situation, the market, rent the units to other tenants, and operate the assets in the best possible conditions.</p> |

To define and determine the risks, the following is an assessment of the Fund's risks, which were discussed in the Fund's terms and conditions memorandum, the probability of its occurrence, and the mechanism for evaluating the specific risks.

| No. | Type of risk | Description of risks | Probability of its occurrences | | | Risk assessment mechanism |
|---|---|---|--------------------------------|--------|-----|--|
| | | | High | Medium | Low | |
| B. Risks related to the Fund’s Assets : | | | | | | |
| 7 | Risks that the Fund may be subject to certain fixed costs that will not decrease as revenues decrease | <p>Rents and operating income that will be returned to the Fund may decrease as a result of various adverse changes affecting the Fund's real estate assets or tenants. It shall be noted that some of the Fund's main expenses, including management fees, maintenance costs, and operational costs of real estate assets, will not be reduced due to the decrease in revenues. Therefore, if rents and operating income decline while costs remain the same, the Fund's revenues and available funds for distribution to unit owners may decline.</p> | | ✓ | | <p>The fund manager studies all circumstances and the possibility of reducing costs as much as possible and operating the fund in the best possible conditions, in cooperation with the property manager, who works hard to maintain the current operating expenses rate Through its effective management.</p> |
| 8 | Risk of not guaranteeing that rental prices will be maintained in accordance with prevailing market prices | <p>Rental prices for real estate assets depend on several factors, including, but not limited to, the prevailing supply and demand conditions and the quality and designs of the real estate assets. There is no guarantee that the Fund Manager (through the Property Manager) will be able to secure new leases or renew existing ones at prevailing rental rates. Accordingly, the failure of the Fund Manager (through the Property Manager) to do so may have a material adverse effect on the Fund’s business, financial condition and operating results.</p> | | ✓ | | <p>Alinma Investment Company works to investigate and anticipate the investment feasibility of the fund by analyzing the economic situation, the target market, and the suitability of the fund’s assets to achieve its investment goals.</p> <p>The fund manager is also working to appoint a company specialized in property management and leasing, which stimulates the operation of the assets owned by the fund in the best possible conditions.</p> |
| 9 | Risks of the Fund relying on significant operational support from the property manager | <p>The real estate assets shall be managed by the retail real estate company in accordance with a real estate management and operation agreement signed between the fund manager and the retail real estate company. The delay or failure of the retail real estate company in fulfilling its obligations, including the maintenance of real estate assets, may have a material negative impact on the Fund’s business, financial condition and operating results.</p> | | ✓ | | <p>The fund manager also periodically evaluates the companies providing essential services to the fund, and presents this evaluation to the fund’s board of directors. In the event that it turns out that the property manager’s evaluation is not consistent with Fund requirements, corrective action shall be taken.</p> |
| 10 | Risks of Negative Impact of Lack or Non-Compliance with Regulatory Approvals and Licensing Requirements of Real Estate Assets | <p>All regulatory approvals and licenses for operation of commercial centers shall be obtained. It is not possible to guarantee that all regulatory approvals for real estate assets will be obtained or renewed in a timely manner. In addition, violation of the terms of any of these regulatory approvals may result in cancellation, withdrawal, suspension or imposition of financial penalties by the relevant regulatory authorities. Any amendments to existing laws and regulations may impose unexpected and more expensive requirements and the Fund’s compliance with such laws or regulations will result in incurring large capital expenses, or other obligations or responsibilities, which may have a substantial negative impact on the Fund’s business, financial position, cash flows and operating results.</p> | | ✓ | | <p>Appointing a property management and leasing management company would mitigate risks related to regulatory issues , given the property manager’s experience in managing assets similar to those owned by the fund. Additionally, the fund manager continuously reviews the latest updates and changes in the legal regulatory to ensure the fund’s compliance</p> |

To define and determine the risks, the following is an assessment of the Fund's risks, which were discussed in the Fund's terms and conditions memorandum, the probability of its occurrence, and the mechanism for evaluating the specific risks.

| No. | Type of risk | Description of risks | Probability of its occurrences | | | Risk assessment mechanism |
|---|--|---|--------------------------------|--------|-----|--|
| | | | High | Medium | Low | |
| B. Risks related to the Fund's Assets : | | | | | | |
| 11 | Risks that real estate assets may be subject to significant damage due to natural disasters and other causes beyond the fund manager's control and for which insurance (if any) may not be sufficient. | <p>Real estate assets may be vulnerable to physical damage from fire, storms, earthquakes, or other natural disasters, or other causes such as political unrest. If any such event occurs, the Fund may lose the invested capital in real estate assets, as well as expected income. In addition, no assurance can be given that resulting losses (including loss of rental income) may be fully compensated under insurance cover (if any) and there are certain types of risks and losses (for example, losses resulting from political unrest, business war or some natural disasters) may not be economically or generally insured. If any of these events occur, it may have a material negative impact on the Fund's business, financial condition, cash flows and operating results.</p> <p>The state has the right to compulsorily seize real estate for public benefit, including - but not limited to - building roads and public facilities. Although compensation may be paid for expropriation, there is a risk that the value of the compensation will be insufficient in comparison to the size of the investment, the lost profit or the increase in the value of the investment. If expropriation is achieved, the value of distributions to unitholders, the value and trading price of the units may decline, and unitholders may lose all or part of their invested capital</p> | | ✓ | | <p>The Fund Manager analyzes the risks that may arise from natural disasters and takes them into account. It is customary to insure the investments properties to mitigate force majeure risks, thereby reducing potential risks resulting from force majeure events.</p> |
| 12 | Risks of expropriation of real estate assets | <p>store tenants in initial real estate assets mainly rely on traditional sales operations through existing outlets in commercial markets. These traditional businesses may be negatively affected by the noticeable increase in electronic stores that use the Internet as their platform, which has arisen with great demand from consumers and sellers of retail products, as this may lead to a shrinkage of the customer base of traditional stores and visitors to malls, which could have a material negative impact on the Fund's business, financial condition and operating results.</p> <p>Developing and marketing a new real estate project involves several risks, including but not limited to: delay in timely completion of work, exceeding specified costs, poor quality of work, inability to achieve sales, and force majeure. Starting a new project also involves other risks, including delays in obtaining the necessary governmental approvals and permits for development, and other required governmental approvals and permits, and since investing in units in the Fund is an indirect investment in any real estate development project in which the Fund invests, any development of a real estate project (if any) shall have a direct and significant impact on the value of the fund's units.</p> | | ✓ | | <p>Risks of the possibility of challenging the ownership of the real estate shall be considered relatively low, based on the structure of the fund before its establishment, which was conducted through due diligence studies.</p> <p>If there is expropriation, the Fund shall be compensated with the value of the expropriated assets</p> |
| 13 | Risks of e-commerce changing the competitive environment of traditional retail businesses | | | ✓ | | <p>The fund manager works to investigate and anticipate the investment feasibility of the fund by analyzing the economic situation, the target market, the suitability of the fund's assets to achieve its investment goals, and by searching for the best investments that may have a positive impact for the fund</p> |
| 14 | Real estate development risks | | | | ✓ | <p>Appointing a development company with sufficient experience in the field of real estate development would reduce development risks, and the fund manager has sufficient experience to deal with events that may arise during the real estate development phase with the developer, including the quality of work and delays in completing the work.</p> |

To define and determine the risks, the following is an assessment of the Fund's risks, which were discussed in the Fund's terms and conditions memorandum, the probability of its occurrence, and the mechanism for evaluating the specific risks.

| No. | Type of risk | Description of risks | Probability of its occurrences | | | Risk assessment mechanism |
|---|--|--|--------------------------------|--------|-----|---|
| | | | High | Medium | Low | |
| B. Risks related to the Fund's Assets : | | | | | | |
| 15 | Financing Risk | <p>It is possible that the Fund may obtain bank financing to finance the development of its assets, or the acquisition of additional real estate, which involves a high degree of risk, and may expose the Fund and its investments to other factors such as high financing costs (the financing cost obtained by the Fund may increase if High rates of financing profits, which negatively affects its performance. In addition, the fund's assets may be mortgaged to financing donors, and the financing bank may demand execution on the assets in the event of any default by the fund, which also depends on the terms of that financing.</p> | ✓ | | | <p>The Fund Manager is working on studying the most appropriate structure for the fund's capital in a way that achieves the maximum interest of the fund's unitholders.</p> |
| 16 | Risks of investing in money market funds | <p>These are all risks similar to the risks of investing in money market funds licensed by the Capital Market Authority, which may be exposed to other investment funds in which the Fund may invest, which are represented by the failure of any debtor to the Monetary Fund to fulfill its contractual obligations with the party agreed upon with it, which may cause a loss to the Fund for all or part of the amount invested in these transactions, which in turn may negatively affect the fund's performance and thus the value of the unit will decrease.</p> | | ✓ | | <p>The fund manager works to invest cash surpluses in low-risk products, provided that the returns of these funds and the risks associated with them shall be reviewed, noting that the amounts invested in money market funds shall be considered insignificant compared to the size of the fund's assets.</p> <p>Investment returns in money market funds shall also be included in the periodic reports to unitholders and the fund's financial statements</p> |
| 17 | Risk of uninsured losses | <p>The Fund will maintain commercial liability insurance, title insurance, and other types of insurance covering all properties owned and managed by the Fund, to the type and limits that it believes are adequate and appropriate given the relative risks applicable to the property and at the cost of appropriate coverage, while applying good industry practices. It is also possible to insure against certain losses, taking into account some contracts, including the restrictions of insurance policies.</p> <p>Therefore, the Fund may incur material losses that exceed insurance proceeds and may become unable to continue obtaining insurance coverage at commercially reasonable prices. If the Fund faces an uninsured loss or a loss that exceeds its insurance limits in relation to the ownership of one or more properties, it is possible that the Fund will lose the invested capital in the damaged property as well as the expected future returns from this property.</p> <p>Certainly, any such loss is likely to negatively affect the Fund's financial condition, the results of its operations and the resulting cash flows, and thus the Fund's ability to provide financial distributions to unit holders.</p> | | ✓ | | <p>The fund manager works to insure the real estate subject of investment to avoid the risks of force majeure and losses, and thus the potential risks resulting from all losses are reduced. The fund manager seeks to ensure that the insurance coverage is sufficient for all risks that may arise on the assets.</p> |

To define and determine the risks, the following is an assessment of the Fund's risks, which were discussed in the Fund's terms and conditions memorandum, the probability of its occurrence, and the mechanism for evaluating the specific risks.

| No. | Type of risk | Description of risks | Probability of its occurrences | | | Risk assessment mechanism |
|----------------|---|---|--------------------------------|--------|-----|--|
| | | | High | Medium | Low | |
| C. Other Risks | | | | | | |
| 1 | Risks of the Fund's dependence on the Kingdom's economy and its position in the global market | The Fund's results and financial condition will be affected by the state of the economy in the Kingdom and global economic conditions that affect the Kingdom's economy. Despite its growth in other sectors, the Saudi economy still depends on the price of oil and gas in global markets, and therefore a decline in oil and gas prices may slow down or disrupt the Saudi economy, and the resulting impact on liquidity could negatively affect demand in Real estate sector. In addition, any adverse change in one or more macroeconomic factors, such as the exchange rate, commission rates, inflation, wage levels, unemployment, foreign investment and international trade, could have a material adverse effect on the Fund's business, financial condition and operating results.. | | ✓ | | In the event of negative impacts resulting from unexpected economic events that may affect the fund's performance, the fund manager will discuss them with fund's board of directors by analyzing the negative impact on the fund and developing a strategy to mitigate potential damage |
| 2 | Risks of continuing political, economic and legal environments being subject to ongoing changes | The political, economic and legal environments in the Kingdom have undergone continuous developments. Adverse social, economic and political developments in the Kingdom, neighboring countries or others in the region may have a material adverse impact on the Fund's business, financial condition, cash flows and operating results. | | ✓ | | The fund manager analyzes the events surrounding the fund's investments, seeks to avoid avoidable risks, and reduces the distribution of those risks, with the aim of avoiding potential harm. |
| 3 | Risks of litigation with others (third parties) | The Fund's asset activities are likely to be exposed to the risks of entering into legal disputes with third parties, and the Fund will bear defense fees against third party claims and settlement amounts or judgments, which would affect the Fund's assets and reduce potential distributions. | | | ✓ | The Fund Manager will claim the Fund's rights amicably or through the judicial authorities. As usual, litigation and pleading fees are claimed from the losing party. The Fund Manager will work to take the necessary legal advice to protect the Fund from legal claims from others, the Fund Manager in cooperation with the Fund's advisor, will investigate the likelihood of success of any case before claiming it. |
| 4 | Risks of future data or future statements | <p>Certain statements in these terms and conditions constitute or may be deemed to constitute "future statements". It is possible to infer these future statements through the use of some future words such as "intends," "estimates," "believes," "anticipates," "expects," "targets," "targeted," "it is possible," or "it will be." or "must" or "expected" or precluding forms of these words and other words that are close or similar in meaning. These future statements reflect the Fund Manager's current view regarding future events, but do not constitute a guarantee of future performance.</p> <p>There are many factors that may lead to the actual results, actual performance or actual achievements achieved by the Fund Manager being significantly different from what was explicitly or implicitly expected. Article 10 (Risks of Investing in the Fund) of these Terms and Conditions contains a more detailed description of some of the risks and factors that could lead to such an effect. If one or more of these risks or uncertainties materialize, or if any of the assumptions prove incorrect or accurate, the Fund's actual results may differ materially from the results stated in these terms and conditions as estimated, believed, expected or planned. Accordingly, potential investors shall examine all future statements in light of these interpretations and not rely solely on these statements.</p> | | | ✓ | In the Event of materially adverse effects that differ from forward-looking statements and may impact the fund's performance, the fund manager will discuss them with fund's board of directors by analyzing the negative impact on the fund and developing a strategy to mitigate potential damage |



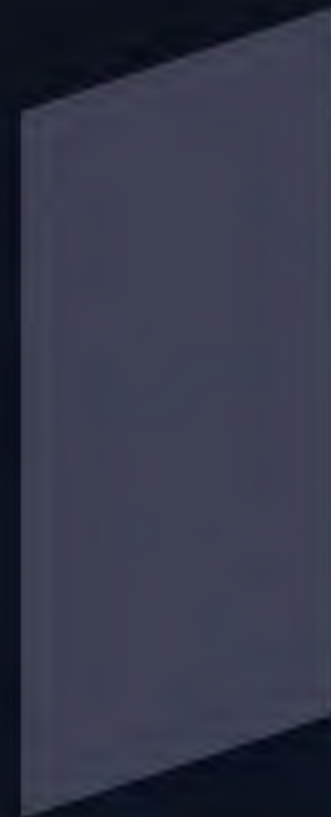
Thank You

For more information about the fund and project, Please contact us via one of the following channels:

To call from within the Kingdom:8004413333

To call from mobile or from outside the Kingdom:920000343

Through Email: info@alinmacapital.com





Alinma Retail REIT Fund

Annual Report
2024



Table of Content

| Headline | Page No. |
|---|----------|
| About the Fund | 3 |
| Prominent Events | 3 |
| An Overview of the Assets' Developments | 4 |
| Assets in which the Fund Invests | 5 |
| Assets in which the Fund Aims to Invests | 6 |
| The Ratio of the Rented Property Value and the Ratio of Non- Rented Property Value to the Total Value of Owned Property | 6 |
| The Rental Ratio for each of the Fund's Assets Out of the Total Rents of the Fund's Assets | 7 |
| Ratio of Uncollected Revenues Out of the Total Revenues and Non-Cash Expenses out of the Fund's Net Profits | 8 |
| Description of the Fund's Benchmark Index | 8 |
| A comparison Table Covering the Fund's Performance During the Last Three Fiscal Years (or Since the Fund was Established) | 9 |
| Fund's Performance Record | 10 |
| Fundamental or Non - Fundamental Changes During the Period | 12 |
| Fund's Board of Directors' Report | 14 |
| Statement on the Special Commissions Obtained by the Fund's Manager During the Period | 14 |
| Risk Assessment Report | 15 |



1- About the Fund

Alinma Retail REIT Fund is a Closed-end Real Estate Investment Fund offered publicly, in compliance with the provisions of Islamic Sharia. It is listed on the Saudi Exchange Market “Tadawul” under Index No. 4345. The Fund aims to invest in real estate assets within the Kingdom of Saudi Arabia, and to distribute no less than 90% of its net profits annually to unit owners.

2- Fund’s Prominent Events

- 1 The Fund manager completed the acquisition and ownership transfer of an office building (sifr) in Riyadh. The acquisition value amounted to SAR 80,000,000. excluding RETT , and there were no commission fees on the deal. The acquisition was fully financed through the fund’s available bank facilities
- 2 The Fund manager completed the acquisition and ownership transfer of an office building (Aljawhara) in Riyadh. The acquisition value amounted to SAR 110,000,000. excluding RETT , and there were no commission fees on the deal. The acquisition was fully financed through the fund’s available bank facilities
- 3 The Fund manager completed the Osus Transaction , under which Almadan Mall – Riyadh was sold for SAR 393,000,000. excluding RETT , in exchange for purchasing a fully leased office property from Osus for SAR 368,000,000. excluding RETT.
- 4 Alinma Capital on behalf of the Fund , demanded Swicorp to Refund the Fund Management fees during the responsibilities transaction period, the Committee for Resolution of Securities Disputes issued a ruling in favor of the fund, and the amount was collected. Additionally, Alinma Capital waived the fund’s management fees for transaction period from the Fund amounting to SAR 1.2 Million
- 5 The Fund acquired property located in Qirwan district in Riyadh. It is an Office Complex built on a land area of (14,880) square meters. The purchase price is 380 million Saudi Riyals and the net annual return is 8.95% of the purchase price.

3- An Overview of the Fund's Assets

A. Operations

- We have initiated the process of connecting Almakani Mall – Hafr Albatin to the Saudi Electricity company's grid, allowing individual electricity meters to be issued for tenants, who will then be responsible for their actual consumption. The connection work has commenced, with 25% completion rate achieved. This initiative is expected to reduce the Mall's operating expenses , equivalent to approximately 25% of its revenue.
- The mall is facing a challenge with the exit of key tenants. The fund manager in collaboration with the property manager is working on an enhanced leasing strategy to maintain mall operational efficiency
- All Operation costs are being reviewed , and competitive quotations are being obtained to reduce operational expenses. The quality of services provided will periodically assessed to evaluate potential services provider changes

B. Leasing

Below is the Occupancy rate of the Properties:

| Property | 2024 |
|------------------------------|------|
| Almakani Mall – Dwadmi | %87 |
| Almakani Mall – Hafr Albatin | %64 |
| Signature | %100 |
| Sifr | %100 |
| Aljawhrah | %100 |
| Jazel | %100 |

* Al Makan mall in Tabuk has not added due to its closure

C. Legal Cases Report

Due to outstanding amounts owed by tenants of the Fund's assets that the property manager was unable to collect, a number of Legal collectors were appointed to study and handle the cases. We encountered several issues, as the signed contracts are in paper format and not documented on Ejari platform, which requires contract status verification, a process that face some challenges. You will find in the table the number of the cases and their status.

| 2024 | Legal Case Status |
|------|--|
| 83 | Number of cases referred to the law firm |
| 46 | Filed |
| 17 | Won cases |
| 20 | Ongoing cases |
| 9 | Cases settled Amicably |



4- Assets in which the Fund Invests

The Fund in 2024 invests in the commercial and office complexes, as follows:

| Property | Almkan Mall Hafr Albatin | Almakan Mall Tabouk | Almakan Mall Dwadmi | Signature | Sifr | Aljawhrah | Jazel |
|---|-----------------------------|------------------------|------------------------|-----------|----------|-----------|----------|
| City | Hafr Albatin | Tabouk | Dwadmi | Riyadh | Riyadh | Riyadh | Riyadh |
| Type of Ownership | Freehold | Freehold | Usufruct contract | Freehold | Freehold | Freehold | Freehold |
| Purchase Price (Million Saudi Riyals) | 470.2 | 219.4 | 166.8 | 52 | 80 | 110 | 368 |
| Percentage of Total Value of the Portfolio's Assets | %32 | %15 | %11 | %4 | %5 | %8 | %25 |

5- Assets in which the fund is aiming to invest in, if any.

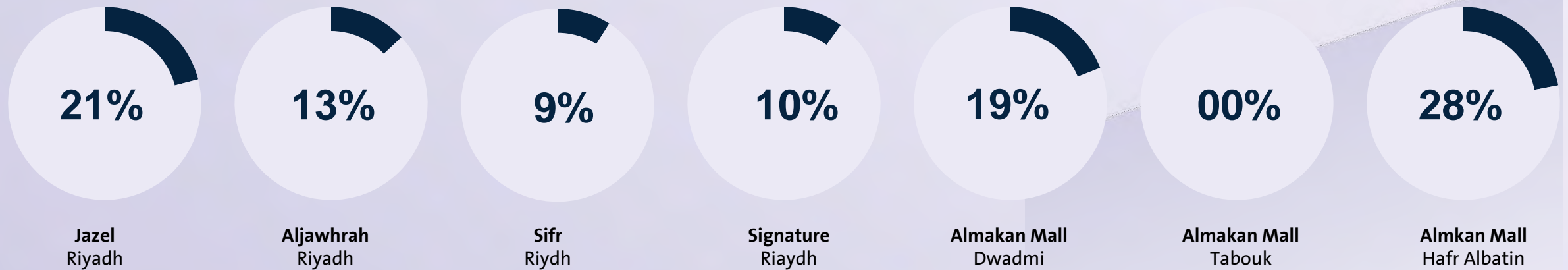
The fund manager continuously seeks new acquisition opportunities aligned with the fund's investment strategy by conducting periodic market analysis to identify high potential properties that enhance returns and ensure sustainable profitability. The focus remains on assets located in strategic areas with strong growth potential, ensuring long term stable returns for investor



6- The percentage of the value of the leased real estates and the percentage of unleased real estates to the total value of the owned real estates, if any.



7- The percentage of rent amount for each asset in the total rent of the fund's assets.

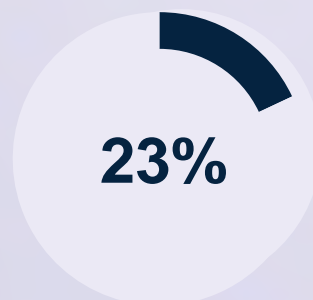


Total 100%

8- The percentage of uncollected revenues from total revenues, and the ratio of non-cash expenditures from the fund's net profits.



the ratio of non-cash
expenditures from the fund's
net profits



The percentage of
uncollected revenues from
total revenues

9- Description of the fund's benchmark – where applicable – and the service provider's website (if any).

Not Applicable



10- A comparative table covering the performance of the fund during the last (3) fiscal years (or since the establishment) including:

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Net Asset Value of the Fund at the End of each Fiscal Year | 835,720,617 | 865,350,740 | 905,661,150 | 932,864,494 | 947,722,311 | 1,149,508,173 |
| Fund's Net Asset Value per Unit at the End of each Fiscal Year | 7.08 | 7.33 | 7.68 | 7.9 | 8.03 | 9.74 |
| Highest Net Asset Value of the Fund per Unit for each Fiscal Year | 7.08 | 7.49 | 7.87 | 8.03 | 9.80 | 9.74 |
| Lowest Net Asset Value of the Fund per Unit for each Fiscal Year | 7.02 | 7.33 | 7.68 | 7.9 | 8.03 | 9.30 |
| No of Units issued at the End of each Fiscal Year | 118,000,000 | 118,000,000 | 118,000,000 | 118,000,000 | 118,000,000 | 118,000,000 |
| Income Distribution per Unit (if any)* | 0.32 | 0.30 | 0.225 | 0.10 | 0.0 | 0.43 |
| Percentage of Costs borne by the Fund out of the Total Value of Assets* | %2.35 | %3 | %3.19 | %3.62 | %3.39 | %4.56 |
| Results of Comparing Performance of the Fund's Benchmark Index with the Fund's Performance | Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable |
| Percentage of Borrowed Assets out of the Total Value of Assets, Duration of their Exposure, and Maturity Date | %22 | 6% | Not Applicable | Not Applicable | Not Applicable | Not Applicable |

* None cash costs are excluded

**The credit facilities tenure is 8 years and matures in 30/11/2030G

11- A performance record that covers the following

A. The total revenue for (1), (3) and (5) years (or since establishment).

| 1 year | 3 years | 5 years | Since Establishment |
|-----------------------------|--------------------------------|--------------------------------|--------------------------------|
| 188 Million Saudi Riyals | 288.37 Million Saudi Riyals | 401.61 Million Saudi Riyals | 563.31 Million Saudi Riyals |

B. Annual Total Return for each of the past 10 fiscal years (or since establishment):

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|-------------------------------|-----------------------------|
| 70 Million Saudi Riyals | 91.7 Million Saudi Riyals | 54.2 Million Saudi Riyals | 59.04 Million Saudi Riyals | 48.74 Million Saudi Riyals | 51.63 Million Saudi Riyals | 188 Million Saudi Riyals |

Net Flows from Operating Activities

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| 3.88 Million Saudi Riyals | 67.18 Million Saudi Riyals | 10.79 Million Saudi Riyals | 19.38 Million Saudi Riyals | 56.27 Million Saudi Riyals | 80.62 Million Saudi Riyals |

A table showing the Fees, Commissions and Fees charged by the Fund to Third Parties throughout the year:

| Expenses | Value |
|-------------------------------------|------------|
| Management Fees | 3,261,116 |
| Property Manager | 2,561,671 |
| Operations Expenses | 18,189,946 |
| Custody Fees | 215,258 |
| Administrative Expenses of the Fund | 610,792 |
| Rewarding Independent Directors | 52,500 |
| Auditor Fees | 67,500 |
| Real Estate Evaluator Fees | 271,000 |
| *Other Fees | 775,720 |
| Regulatory Fees | 1,148,950 |
| **Total Expense Ratio | %2.35 |

*Other expenses include real estate insurance fees, attorney fees, and incidental expenses.

**The ratio of expenses to total assets.



12-If Fundamental or Non-fundamental Changes occur during the period and affect the Fund's Performance, they must be disclosed:

1. Alinma Capital Company announces the distribution of cash dividends to unit owners of Alinma Retail REIT Fund for the period from July 2024 to December 2024, amounting to 0.17 Saudi Riyals per unit, bringing the total distribution during the year to 0.32 Saudi Riyals per unit.
2. Alinma Capital, in its capacity as Fund Manager of Alinma Retail REIT Fund, announces the signing of an agreement to purchase an office property in Riyadh on 15/05/1446 AH corresponding to 17/11/2024 AD (the "Agreement"). The property located in AlQirawan district on a land area of (14,880) square meters, with a built-up area exceeding 65 Thousand square meters.
3. Alinma Capital announces a change in the membership of the board of Retail REIT Fund due to resignation of board member Mr. Faisal Al Abdulkareem (dependent).as of 27/11/1445 H corresponding to 04/06/2024G.
4. Alinma Capital announces the distribution of cash dividends to the Unitholders of the Alinma Retail REIT Fund for (the period from January 1, 2024 to June 30, 2024)amounting to 0.15 Saudi Rials per unit.
5. Alinma Capital, in its capacity as the Fund manager of the Alinma Retail REIT Fund, announces the signing of an agreement on 03/13/2024 with Osus Real Estate Company. Accordingly, the Fund will acquire new real estate property in exchange for an in-kind portion represented by Al Makan Mall in Riyadh
6. Alinma Capital, in its capacity as Fund Manager of Alinma Retail REIT Fund, announces the signing of an agreement to purchase an office property in Riyadh on 28/06/1445 AH corresponding to 10/01/2024 AD (the "Agreement"). The property located in Alqirwan district on a land area of (3,780) square meters, with a built-up area exceeding 12.8 Thousand square meters.
7. Alinma Capital, in its capacity as Fund Manager of Alinma Retail REIT Fund, announces the signing of an agreement to purchase an office property in Riyadh on 19/06/1445 AH corresponding to 01/01/2024 AD (the "Agreement"). The property located in Hittin district on a land area of (5,180.7) square meters, with a built-up area exceeding 15 Thousand square meters.

Fund's Terms & Conditions Updates during 2024G

- Changing Of one of the Real Estate Valuator.
- Deleting any related Information to Mr. Faisal Alabdulkareem Due to his resignation from the Fund Board of Directors.
- Updating the title deed number for Al Makan Mall in Tabuk, as its mortgage was released before the auction was held
- More disclosure and clarification regarding the use of the proceeds of the offering and subscription
- Adding the tax and Zakat consultant fees as part of other expenses
- Updating insurance coverage data for assets
- Updating the fund manager's data



13- The fund's annual report approved by the fund's board including, the topics discussed and issued resolutions, including the fund's performance and fund's achievement of its objectives.

Annual Report of the Board of Directors for Alinma Retail REIT for 2024

The annual report of the Fund's Board of Directors includes the topics discussed and the decisions issued regarding them, including the Fund's performance and the extent to which it achieves its objectives. After this report is approved by the members of the Board of Directors, it will be included therein the Fund's annual report.

The Fund Manager met with the members of the Fund's Board of Directors to discuss the following:

| Circulated resolutions | Date | Circulated resolutions | Date |
|---|-------------------|--|-------------------|
| Approval to purchase an office property in Alqirwan District | 14 November 2024G | Approval to update the Fund's Terms and Conditions | 13 June 2024G |
| Adoption of the voting policy on the Fund's assets | 19 August 2024G | Approval of the financial statements for the period ending 31 December 2023G | 28 March 2024G |
| Approval to purchase units in Alinma Hospitality REIT | 18 August 2024G | Approval to Sell Almakam Mall- Riyadh and purchase new property in Alyaseen District | 12 March 2024G |
| Approval to distribute cash dividends for the first half of 2024G | 09 July 2024G | Approval of the mechanism for the Fund Manager's engagement with fund related Risks | 27 February 2024G |
| Approval to Amend Osus Real Estate Deal | 13 June 2024G | Approval to distribute cash dividends for the second half of 2023G | 01 January 2024 |
| Approval to Implement the Electrical connection for Almakam Mall - Hafr Albatin | 13 June 2024G | Approval to purchase two new properties in Alqirwan and Hittin District | 18 Dec 2023G |
| Approval to Appoint the real estate appraiser | 13 June 2024G | | |

A Statement on the Special Commissions which the Fund Manager received during the period, clearly stating their nature and how to benefit therefrom

Not applicable - as the Fund Manager did not receive any commissions during the period.



14- Risk Assessment Report:

Definition and identification of risks:

The activities of real estate investment funds shall be reviewed to determine the risks associated with the Fund to protect the interests of the company and investors. The Fund's activities shall be reviewed in relation to the Fund Manager's business risks, financial risks, market risks, operational risks, and compliance risks, etc.

Business risks of the Fund Manager:

The risks specific to the nature and activities of the Fund's investments.

Financial Risks:

The risks related to the financial management of the Fund, including the provided facilities, if any, the payments and their maturity, in addition to the administrative fees for the Fund Manager and their adequacy, and distributions to Unitholders, if any.

Market Risks:

The special risks related to all aspects that affect the Fund's financial performance, which are related to the risks of changing the prices of profit rates in the event of financing, in addition to the real estate evaluation mechanism, and the risks of competitors that may lead to a decrease in the Fund's revenues and cash flows.

Operational Risks:

The special risks related to the Fund's management mechanism by the Fund Manager, which leads to a negative impact on the Fund's performance.

Compliance Risks:

The risks related to the laws and regulations of the legislating bodies, which shall be adhered to and implemented in all cases and in the event of changes to those regulations or the issuance of other relevant regulations.

Risk assessment and measurement mechanism

The inherent risks of real estate funds and their potential relative importance shall be assessed, in addition to identifying and testing a methodology for their measurement. The risks associated with the Fund's business shall be included, as mentioned in the terms and conditions memorandum, and the possibility of their occurrence and their impact on the company in general and on the Fund's performance in particular.

Monitoring mechanism to control risks

The inherent risks of real estate funds and their potential relative importance shall be assessed, in addition to identifying and testing a methodology for their measurement. The risks associated with the Fund's business shall be included, as mentioned in the terms and conditions memorandum, and the possibility of their occurrence and their impact on the company in general and on the Fund's performance in particular.

Risk Review and Treatment

One of the following strategies is used to review and treat the risks:



Risk Avoidance

In the event that the Fund is unable to bear the risks, or if such risks may be considered a violation of the set laws and regulations.



Risk Mitigation

The mechanism followed for accepted risks due to the nature of the Fund's operations, which the Fund acknowledges its existence and is considered an "inherent risk", which may need to develop a mechanism to manage such risks.



Risk transfer

and transferring them to other parties: This is through insurance products or outsourcing, etc.



Acceptance of risks

The Fund adopts an approach to accept certain risks based on their classification. The Fund Manager may choose several controls to reduce the current risks or maintain similar risk levels that are subject to constant monitoring.



To define and determine the risks, the following is an assessment of the Fund's risks, which were discussed in the Fund's terms and conditions memorandum, the probability of its occurrence, and the mechanism for evaluating the specific risks.

| No. | Type of risk | Description of risks | Probability of its occurrences | | | Risk assessment mechanism |
|--------------------------------|--|---|--------------------------------|--------|-----|---|
| | | | High | Medium | Low | |
| A. Risks related to the Fund : | | | | | | |
| 1 | Risks of concentrating the Fund's investments in the commercial centers sector | <p>When the fund was established, the fund's investments were concentrated in the retail sector by owning three real estate assets and one usufruct contract consisting of commercial complexes. As a result, the Fund's revenues and net income are linked to the demand for commercial space in the cities in which those assets are located. Any decline in the level of demand for commercial spaces in general in those cities may affect the fund's performance and the value of its units to a greater extent than if the fund's investments were in real estate assets distributed among different sectors.</p> | | ✓ | | <p>The Fund Manager works to investigate and anticipate the investment feasibility of the fund by analyzing the economic situation, the target market, and the suitability of the fund's assets to achieve its investment goals.</p> <p>Concentrating the fund's assets in one sector would focus all operating parties on the specific sector and appoint the operating companies according to their specialization in the sector, the most important of which is the Property and Leasing Manager, which is one of the companies specialized in the commercial centers sector</p> |
| 2 | Risks of no past operational past of the Fund | <p>The fund is newly established with no previous operating history which enables potential investors to predict the future performance of the fund. Also, the previous results of similar funds or the previous performance of the real estate assets subject to the fund's acquisition are not necessarily an indication of the fund's future performance. Therefore, the recent inception of the fund may negatively affect the fund manager's expectations and thus the unit returns</p> | | | ✓ | <p>The current fund manager has extensive experience in managing investment funds, and all risks resulting from subscribing to the fund have been stipulated in the fund's terms and conditions</p> |
| 3 | Risks of relying on key employees of the fund manager | <p>The Fund shall rely on management and advisory services provided by the Fund Manager's employees. It may be difficult to replace some key personnel, especially in the fund manager's senior management. If one of these employees leaves work and the Fund Manager is not able to find a suitable replacement for him/her, the performance of the Fund's business may be negatively affected.</p> | | | ✓ | <p>The fund manager is a financial company that is proficient in the scope of the funds' work, with a distinguished professional team that can cover the loss of any member of its administrative staff with the same efficiency and ability, without affecting the course of the fund's work.</p> |
| 4 | Liquidity risk | <p>Investors usually maintain their investments and rely on the returns accrued on the invested capital. But in other cases, some investors want to liquidate their investments depending on many factors, including the income and value of real estate assets, the overall performance of the fund and similar investment instruments. Given that the amount of liquidity for traded real estate investment fund units may be less than its counterpart for traded company shares, it is possible that the investor in the fund's units will face difficulty in exiting and liquidating his units in the fund at the price offered by that investor, which may lead to the investor exiting of the fund at a value less than the market value of the fund's assets.</p> | | ✓ | | <p>The Fund Manager ensures consideration of market conditions and studies the appropriate procedures when planning to sell fund assets, knowing that there is no interest to sell the assets in the near future.</p> |

To define and determine the risks, the following is an assessment of the Fund's risks, which were discussed in the Fund's terms and conditions memorandum, the probability of its occurrence, and the mechanism for evaluating the specific risks.

| No. | Type of risk | Description of risks | Probability of its occurrences | | | Risk assessment mechanism |
|--------------------------------|--|--|--------------------------------|--------|-----|--|
| | | | High | Medium | Low | |
| A. Risks related to the Fund : | | | | | | |
| 5 | Risk of trading at a price lower than the market value | Trading in units may be exposed to factors that lead to fluctuations in their value, including factors that may negatively affect local and global stock markets, prevailing and expected economic conditions, interest rates, financing costs, investor trends, general economic conditions, and large sales of fund units. Accordingly, purchasing units is only suitable for investors who can bear the risks associated with these investments, especially since this may lead to difficulty for the investor to exit the fund or to exit with a value less than the fair value of the fund's assets. | | ✓ | | The Saudi stock market shall be considered one of the largest markets in the region, and the fact that the fund's units are traded in the main market reduces the aforementioned risks. |
| 6 | Risks of increasing the fund's capital | If the Fund Manager decides with the unit holders to increase the Fund's capital by issuing new units, whether in exchange for in-kind or cash contributions, this will lead to a reduction in the relative shares of the unit holders in the Fund at that time in the event that the Fund's capital is increased by issuing new units in exchange for In-kind subscriptions. Also, if the fund's capital is increased by issuing new units in exchange for cash subscriptions, this could lead to a reduction in the relative shares of the unit owners in the fund at that time to some extent, unless the unit owners at that time exercise their rights to subscribe to the new units. The capital increase may negatively affect the value of the units, which negatively affects the investments of the unit owners. | | ✓ | | The fund manager works to study the most appropriate structure for the fund's capital in a way that achieves the maximum interest of the fund's unitholders, and this shall be clarified in the terms and conditions of the fund. |
| 7 | Risk of not achieving returns on investment | There will be no guarantee that the operations of the Fund's assets will generate profits, or that the Fund will succeed in avoiding losses, nor will the Fund generally have any source of funds from which to pay distributions to unit owners other than returns from rents and capital returns that may come from the sale of Some or all of its assets. Therefore, there is no guarantee that the Fund will achieve returns on unitholders' investments in the Fund, and it is possible that investors in the Fund may lose all or some of their capital invested in the Fund. | | ✓ | | The fund manager analyzes the economic situation, the target market, and the suitability of the fund's assets to achieve its investment goals. The fund manager also works to review the fund's assets and developments with the aim of making the optimal decision that will serve the fund and achieve its goals. |
| 8 | Risks of conflict of interest | Situations may arise in which the interests of the Fund, the Fund Manager, or members of the Fund's Board of Directors conflict with the related parties or with the Fund. Which may negatively affect the Fund's investments, returns, and distributions. | | | ✓ | The fund manager works to ensure that there is no conflict of interest that has not been disclosed, and in the event of a conflict of interest, the Fund's governance regulations and conflict of interest policies shall be applied. |

To define and determine the risks, the following is an assessment of the Fund's risks, which were discussed in the Fund's terms and conditions memorandum, the probability of its occurrence, and the mechanism for evaluating the specific risks.

| No. | Type of risk | Description of risks | Probability of its occurrences | | | Risk assessment mechanism |
|---|--|---|--------------------------------|--------|-----|--|
| | | | High | Medium | Low | |
| A. Risks related to the Fund : | | | | | | |
| 9 | Risks of appointing a replacement fund manager | <p>A decision was issued by the unit owners and Capital Market Authority on 25/02/1443 AH corresponding to 30/11/2021 AD to remove the previous fund manager and appoint Alinma Investment Company as an alternative fund manager. The alternative fund manager may face difficulty in making some decisions due to the lack of all previous information or inaccuracy and inadequacy of the information, data and documents provided by the previous fund manager, which may affect his ability to make a decision regarding the management of the fund, and the alternative fund manager does not bear responsibility for the decisions or actions taken from the date of the founding of the fund until the date of the dismissal of the previous fund manager and the resulting risks or losses..</p> | | | ✓ | <p>During the period of transfer of duties, the previous fund manager worked on handing over the contracts and agreements related to the fund to the current fund manager, who in turn shall analyze the data related to the fund and build a strategy that seeks to achieve the fund's investment objectives.</p> |
| B. Risks related to the Fund's Assets : | | | | | | |
| 1 | General risks of real estate investment | <p>The return on real estate investments is subject to many interrelated factors, including adverse changes in local, regional, or international economic conditions, adverse conditions in the local market, the financial conditions of renters, buyers, and sellers of real estate, changes in operating expenses, environmental laws and regulations, and governmental laws, Financial policies, energy prices, changes in the relative demand for various types and locations of real estate, risks resulting from reliance on cash flows, operational problems and risks, in addition to force majeure, uninsurable losses and other factors outside the fund manager's control. Any of these factors may contribute to material risks that negatively affect the value of the Fund's assets and the Fund's ability to generate any returns on its investments.</p> | | | ✓ | <p>يعمل مدير الصندوق على تحري وتوقع الجدوى الاستثمارية للصندوق وذلك من خلال تحليل الوضع الاقتصادي والسوق المستهدف وملائمة أصول الصندوق لتحقيق مستهدفاته الاستثمارية.</p> <p>كما يعمل مدير الصندوق على تعيين شركة متخصصة في أعمال إدارة الأملاك والتأجير مما يحفز تشغيل الأصول المملوكة للصندوق بأفضل الظروف الممكنة.</p> |
| 2 | Risks of fluctuations in the value of real estate and liquidity deficiency | <p>Real estate shall be considered an asset class with low liquidity, and its degree of liquidity fluctuates depending on the demand and desire for this type of investment. If the Fund needs to liquidate its real estate investments, or part of them, at an inappropriate time, the selling price may be less than the book value. Therefore, any delay or difficulty that the Fund may encounter in disposing of its assets may negatively and significantly affect the return obtained by unit holders.</p> | | | ✓ | <p>يعمل مدير الصندوق على تحري وتوقع الجدوى الاستثمارية للصندوق وذلك من خلال تحليل الوضع الاقتصادي والسوق المستهدف وملائمة أصول الصندوق لتحقيق مستهدفاته الاستثمارية.</p> <p>كما يعمل مدير الصندوق على البحث عن طرق بديله مناسبة في حال كان هناك حاجة لتسييل استثمارات الصندوق العقارية</p> |
| 3 | Risks of challenging the ownership of the fund for real estate assets | <p>The integrity of the title deeds does not necessarily represent the full rights to dispose of real estate ownership and may be subject to challenge. Therefore, the real estate assets acquired by the Fund may be subject to any legal disputes related to the ownership of those assets, which in turn may impair the Fund's ability to dispose of or transfer the real estate assets in a manner free of mortgage and restrictions, and this may in some cases cause the Fund to lose ownership of the real estate assets Which it believes was acquired legally. In addition, these disputes over ownership may materially affect the value of real estate assets, and thus the value of units in the Fund.</p> | | | ✓ | <p>فيما يتعلق بالأمول المستحوذ عليها حاليا من الصندوق فإنه قد مضت علي استحوادها مدة كافية لتوقع بأن الخطر يعد منخفضا بوجود رهون أو قيود أو نزاعات أو خلافات حول ملكية الأصول.</p> <p>كما أن مدير الصندوق يعين مكتب قانوني متخصص يعمل على التحري حيال ملكية الأصول من قبل الجهات القانونية المتخصصة والتأكد من أنها تمثل كامل حقوق التصرف وليست عليها أي رهن أو حق أو طعن لم يتم الإفصاح عنه، كما أن عقود شراء العقار تتضمن التزام البائع بخلو العقار مما المخاطر المذكورة.</p> |

To define and determine the risks, the following is an assessment of the Fund's risks, which were discussed in the Fund's terms and conditions memorandum, the probability of its occurrence, and the mechanism for evaluating the specific risks.

| No. | Type of risk | Description of risks | Probability of its occurrences | | | Risk assessment mechanism |
|---|--|--|--------------------------------|--------|-----|---|
| | | | High | Medium | Low | |
| B. Risks related to the Fund's Assets : | | | | | | |
| 4 | Risks of competitive nature in the retail sectors and commercial centers in the Kingdom | <p>Some of the initial real estate assets are located in areas characterized by strong competition in the retail sector in general and the commercial centers sector in particular. In addition, commercial centers may be developed and established located directly near real estate assets, which leads to creating direct competition with real estate assets. In light of this, the returns and market value of real estate assets will depend on the ability of real estate assets to compete for tenants with other competitors. Therefore, the success of other competitors in attracting and retaining tenants may affect the Fund's real estate asset returns and have a material adverse effect on the Fund's business, financial condition, cash flows and operating results.</p> <p>There can be no assurance that the Fund will be able to attract and retain suitable tenants on the terms and conditions it seeks. Moreover, the financial stability of the Fund's tenants may affect the Fund's financial performance. The financial stability of tenants may change over time as a result of factors directly related to tenants or the overall economy of the Kingdom, which may affect their ability to pay rent amounts. In addition, the Fund may incur costs related to retaining existing tenants and attracting new tenants, and the costs and time required to enforce the rights under the lease with a distressed tenant, including eviction and re-letting costs, which may be huge. Failure to attract and retain suitable tenants may have a material adverse effect on the Fund's business, financial condition, cash flows and operating results, and may also negatively affect the value of real estate assets.</p> | | ✓ | | <p>The Fund Manager works to investigate and anticipate the investment feasibility of the fund by analyzing the economic situation, the target market, and the suitability of the fund's assets to achieve its investment goals.</p> <p>The fund manager is also working to appoint a company specialized in property management and leasing, which stimulates the operation of the assets owned by the fund in the best possible conditions.</p> |
| 5 | Risks that the Fund's future rental income will depend on its ability to attract and retain suitable tenants and its effective management of real estate assets. | <p>There can be no assurance that the Fund will be able to attract and retain suitable tenants on the terms and conditions it seeks. Moreover, the financial stability of the Fund's tenants may affect the Fund's financial performance. The financial stability of tenants may change over time as a result of factors directly related to tenants or the overall economy of the Kingdom, which may affect their ability to pay rent amounts. In addition, the Fund may incur costs related to retaining existing tenants and attracting new tenants, and the costs and time required to enforce the rights under the lease with a distressed tenant, including eviction and re-letting costs, which may be huge. Failure to attract and retain suitable tenants may have a material adverse effect on the Fund's business, financial condition, cash flows and operating results, and may also negatively affect the value of real estate assets.</p> <p>If some or all of the major tenants decide not to continue or do not renew their leases, this may result in potentially significant rental space becoming vacant, which may delay the rapid finding of a replacement tenant to occupy those spaces. Therefore, terminating the contracts of any of the major tenants or not renewing them may negatively affect the financial position, cash flows and operating results, and may also negatively affect the value of real estate assets.</p> | | ✓ | | <p>The Fund Manager works to investigate and anticipate the investment feasibility of the fund by analyzing the economic situation, the target market, and the suitability of the fund's assets to achieve its investment goals.</p> <p>The fund manager is also working to appoint a company specialized in property management and leasing, which stimulates the operation of the assets owned by the fund in the best possible conditions.</p> |
| 6 | Risks of loss of main tenants in the initial real estate assets | <p>If some or all of the major tenants decide not to continue or do not renew their leases, this may result in potentially significant rental space becoming vacant, which may delay the rapid finding of a replacement tenant to occupy those spaces. Therefore, terminating the contracts of any of the major tenants or not renewing them may negatively affect the financial position, cash flows and operating results, and may also negatively affect the value of real estate assets.</p> | | ✓ | | <p>The fund manager has appointed a company specialized in property management and leasing, which stimulates the operation of the assets owned by the fund in the best possible conditions. If the tenants leave, the fund manager shall work in cooperation with the property manager to study the economic situation, the market, rent the units to other tenants, and operate the assets in the best possible conditions.</p> |

To define and determine the risks, the following is an assessment of the Fund's risks, which were discussed in the Fund's terms and conditions memorandum, the probability of its occurrence, and the mechanism for evaluating the specific risks.

| No. | Type of risk | Description of risks | Probability of its occurrences | | | Risk assessment mechanism |
|---|---|---|--------------------------------|--------|-----|--|
| | | | High | Medium | Low | |
| B. Risks related to the Fund’s Assets : | | | | | | |
| 7 | Risks that the Fund may be subject to certain fixed costs that will not decrease as revenues decrease | <p>Rents and operating income that will be returned to the Fund may decrease as a result of various adverse changes affecting the Fund's real estate assets or tenants. It shall be noted that some of the Fund's main expenses, including management fees, maintenance costs, and operational costs of real estate assets, will not be reduced due to the decrease in revenues. Therefore, if rents and operating income decline while costs remain the same, the Fund's revenues and available funds for distribution to unit owners may decline.</p> | | ✓ | | <p>The fund manager studies all circumstances and the possibility of reducing costs as much as possible and operating the fund in the best possible conditions, in cooperation with the property manager, who works hard to maintain the current operating expenses rate Through its effective management.</p> |
| 8 | Risk of not guaranteeing that rental prices will be maintained in accordance with prevailing market prices | <p>Rental prices for real estate assets depend on several factors, including, but not limited to, the prevailing supply and demand conditions and the quality and designs of the real estate assets. There is no guarantee that the Fund Manager (through the Property Manager) will be able to secure new leases or renew existing ones at prevailing rental rates. Accordingly, the failure of the Fund Manager (through the Property Manager) to do so may have a material adverse effect on the Fund’s business, financial condition and operating results.</p> | | ✓ | | <p>Alinma Investment Company works to investigate and anticipate the investment feasibility of the fund by analyzing the economic situation, the target market, and the suitability of the fund’s assets to achieve its investment goals.</p> <p>The fund manager is also working to appoint a company specialized in property management and leasing, which stimulates the operation of the assets owned by the fund in the best possible conditions.</p> |
| 9 | Risks of the Fund relying on significant operational support from the property manager | <p>The real estate assets shall be managed by the retail real estate company in accordance with a real estate management and operation agreement signed between the fund manager and the retail real estate company. The delay or failure of the retail real estate company in fulfilling its obligations, including the maintenance of real estate assets, may have a material negative impact on the Fund’s business, financial condition and operating results.</p> | | ✓ | | <p>The fund manager also periodically evaluates the companies providing essential services to the fund, and presents this evaluation to the fund’s board of directors. In the event that it turns out that the property manager’s evaluation is not consistent with Fund requirements, corrective action shall be taken.</p> |
| 10 | Risks of Negative Impact of Lack or Non-Compliance with Regulatory Approvals and Licensing Requirements of Real Estate Assets | <p>All regulatory approvals and licenses for operation of commercial centers shall be obtained. It is not possible to guarantee that all regulatory approvals for real estate assets will be obtained or renewed in a timely manner. In addition, violation of the terms of any of these regulatory approvals may result in cancellation, withdrawal, suspension or imposition of financial penalties by the relevant regulatory authorities. Any amendments to existing laws and regulations may impose unexpected and more expensive requirements and the Fund’s compliance with such laws or regulations will result in incurring large capital expenses, or other obligations or responsibilities, which may have a substantial negative impact on the Fund’s business, financial position, cash flows and operating results.</p> | | ✓ | | <p>Appointing a property management and leasing management company would mitigate risks related to regulatory issues , given the property manager’s experience in managing assets similar to those owned by the fund. Additionally, the fund manager continuously reviews the latest updates and changes in the legal regulatory to ensure the fund’s compliance</p> |

To define and determine the risks, the following is an assessment of the Fund's risks, which were discussed in the Fund's terms and conditions memorandum, the probability of its occurrence, and the mechanism for evaluating the specific risks.

| No. | Type of risk | Description of risks | Probability of its occurrences | | | Risk assessment mechanism |
|---|--|---|--------------------------------|--------|-----|--|
| | | | High | Medium | Low | |
| B. Risks related to the Fund's Assets : | | | | | | |
| 11 | Risks that real estate assets may be subject to significant damage due to natural disasters and other causes beyond the fund manager's control and for which insurance (if any) may not be sufficient. | <p>Real estate assets may be vulnerable to physical damage from fire, storms, earthquakes, or other natural disasters, or other causes such as political unrest. If any such event occurs, the Fund may lose the invested capital in real estate assets, as well as expected income. In addition, no assurance can be given that resulting losses (including loss of rental income) may be fully compensated under insurance cover (if any) and there are certain types of risks and losses (for example, losses resulting from political unrest, business war or some natural disasters) may not be economically or generally insured. If any of these events occur, it may have a material negative impact on the Fund's business, financial condition, cash flows and operating results.</p> <p>The state has the right to compulsorily seize real estate for public benefit, including - but not limited to - building roads and public facilities. Although compensation may be paid for expropriation, there is a risk that the value of the compensation will be insufficient in comparison to the size of the investment, the lost profit or the increase in the value of the investment. If expropriation is achieved, the value of distributions to unitholders, the value and trading price of the units may decline, and unitholders may lose all or part of their invested capital</p> | | ✓ | | <p>The Fund Manager analyzes the risks that may arise from natural disasters and takes them into account. It is customary to insure the investments properties to mitigate force majeure risks, thereby reducing potential risks resulting from force majeure events.</p> |
| 12 | Risks of expropriation of real estate assets | <p>store tenants in initial real estate assets mainly rely on traditional sales operations through existing outlets in commercial markets. These traditional businesses may be negatively affected by the noticeable increase in electronic stores that use the Internet as their platform, which has arisen with great demand from consumers and sellers of retail products, as this may lead to a shrinkage of the customer base of traditional stores and visitors to malls, which could have a material negative impact on the Fund's business, financial condition and operating results.</p> <p>Developing and marketing a new real estate project involves several risks, including but not limited to: delay in timely completion of work, exceeding specified costs, poor quality of work, inability to achieve sales, and force majeure. Starting a new project also involves other risks, including delays in obtaining the necessary governmental approvals and permits for development, and other required governmental approvals and permits, and since investing in units in the Fund is an indirect investment in any real estate development project in which the Fund invests, any development of a real estate project (if any) shall have a direct and significant impact on the value of the fund's units.</p> | | ✓ | | <p>Risks of the possibility of challenging the ownership of the real estate shall be considered relatively low, based on the structure of the fund before its establishment, which was conducted through due diligence studies.</p> <p>If there is expropriation, the Fund shall be compensated with the value of the expropriated assets</p> |
| 13 | Risks of e-commerce changing the competitive environment of traditional retail businesses | | | ✓ | | <p>The fund manager works to investigate and anticipate the investment feasibility of the fund by analyzing the economic situation, the target market, the suitability of the fund's assets to achieve its investment goals, and by searching for the best investments that may have a positive impact for the fund</p> |
| 14 | Real estate development risks | | | | ✓ | <p>Appointing a development company with sufficient experience in the field of real estate development would reduce development risks, and the fund manager has sufficient experience to deal with events that may arise during the real estate development phase with the developer, including the quality of work and delays in completing the work.</p> |

To define and determine the risks, the following is an assessment of the Fund's risks, which were discussed in the Fund's terms and conditions memorandum, the probability of its occurrence, and the mechanism for evaluating the specific risks.

| No. | Type of risk | Description of risks | Probability of its occurrences | | | Risk assessment mechanism |
|---|--|--|--------------------------------|--------|-----|---|
| | | | High | Medium | Low | |
| B. Risks related to the Fund's Assets : | | | | | | |
| 15 | Financing Risk | <p>It is possible that the Fund may obtain bank financing to finance the development of its assets, or the acquisition of additional real estate, which involves a high degree of risk, and may expose the Fund and its investments to other factors such as high financing costs (the financing cost obtained by the Fund may increase if High rates of financing profits, which negatively affects its performance. In addition, the fund's assets may be mortgaged to financing donors, and the financing bank may demand execution on the assets in the event of any default by the fund, which also depends on the terms of that financing.</p> | ✓ | | | <p>The Fund Manager is working on studying the most appropriate structure for the fund's capital in a way that achieves the maximum interest of the fund's unitholders.</p> |
| 16 | Risks of investing in money market funds | <p>These are all risks similar to the risks of investing in money market funds licensed by the Capital Market Authority, which may be exposed to other investment funds in which the Fund may invest, which are represented by the failure of any debtor to the Monetary Fund to fulfill its contractual obligations with the party agreed upon with it, which may cause a loss to the Fund for all or part of the amount invested in these transactions, which in turn may negatively affect the fund's performance and thus the value of the unit will decrease.</p> | | ✓ | | <p>The fund manager works to invest cash surpluses in low-risk products, provided that the returns of these funds and the risks associated with them shall be reviewed, noting that the amounts invested in money market funds shall be considered insignificant compared to the size of the fund's assets.</p> <p>Investment returns in money market funds shall also be included in the periodic reports to unitholders and the fund's financial statements</p> |
| 17 | Risk of uninsured losses | <p>The Fund will maintain commercial liability insurance, title insurance, and other types of insurance covering all properties owned and managed by the Fund, to the type and limits that it believes are adequate and appropriate given the relative risks applicable to the property and at the cost of appropriate coverage, while applying good industry practices. It is also possible to insure against certain losses, taking into account some contracts, including the restrictions of insurance policies.</p> <p>Therefore, the Fund may incur material losses that exceed insurance proceeds and may become unable to continue obtaining insurance coverage at commercially reasonable prices. If the Fund faces an uninsured loss or a loss that exceeds its insurance limits in relation to the ownership of one or more properties, it is possible that the Fund will lose the invested capital in the damaged property as well as the expected future returns from this property.</p> <p>Certainly, any such loss is likely to negatively affect the Fund's financial condition, the results of its operations and the resulting cash flows, and thus the Fund's ability to provide financial distributions to unit holders.</p> | | ✓ | | <p>The fund manager works to insure the real estate subject of investment to avoid the risks of force majeure and losses, and thus the potential risks resulting from all losses are reduced. The fund manager seeks to ensure that the insurance coverage is sufficient for all risks that may arise on the assets.</p> |

To define and determine the risks, the following is an assessment of the Fund's risks, which were discussed in the Fund's terms and conditions memorandum, the probability of its occurrence, and the mechanism for evaluating the specific risks.

| No. | Type of risk | Description of risks | Probability of its occurrences | | | Risk assessment mechanism |
|----------------|---|---|--------------------------------|--------|-----|--|
| | | | High | Medium | Low | |
| C. Other Risks | | | | | | |
| 1 | Risks of the Fund's dependence on the Kingdom's economy and its position in the global market | The Fund's results and financial condition will be affected by the state of the economy in the Kingdom and global economic conditions that affect the Kingdom's economy. Despite its growth in other sectors, the Saudi economy still depends on the price of oil and gas in global markets, and therefore a decline in oil and gas prices may slow down or disrupt the Saudi economy, and the resulting impact on liquidity could negatively affect demand in Real estate sector. In addition, any adverse change in one or more macroeconomic factors, such as the exchange rate, commission rates, inflation, wage levels, unemployment, foreign investment and international trade, could have a material adverse effect on the Fund's business, financial condition and operating results.. | | ✓ | | In the event of negative impacts resulting from unexpected economic events that may affect the fund's performance, the fund manager will discuss them with fund's board of directors by analyzing the negative impact on the fund and developing a strategy to mitigate potential damage |
| 2 | Risks of continuing political, economic and legal environments being subject to ongoing changes | The political, economic and legal environments in the Kingdom have undergone continuous developments. Adverse social, economic and political developments in the Kingdom, neighboring countries or others in the region may have a material adverse impact on the Fund's business, financial condition, cash flows and operating results. | | ✓ | | The fund manager analyzes the events surrounding the fund's investments, seeks to avoid avoidable risks, and reduces the distribution of those risks, with the aim of avoiding potential harm. |
| 3 | Risks of litigation with others (third parties) | The Fund's asset activities are likely to be exposed to the risks of entering into legal disputes with third parties, and the Fund will bear defense fees against third party claims and settlement amounts or judgments, which would affect the Fund's assets and reduce potential distributions. | | | ✓ | The Fund Manager will claim the Fund's rights amicably or through the judicial authorities. As usual, litigation and pleading fees are claimed from the losing party. The Fund Manager will work to take the necessary legal advice to protect the Fund from legal claims from others, the Fund Manager in cooperation with the Fund's advisor, will investigate the likelihood of success of any case before claiming it. |
| 4 | Risks of future data or future statements | <p>Certain statements in these terms and conditions constitute or may be deemed to constitute "future statements". It is possible to infer these future statements through the use of some future words such as "intends," "estimates," "believes," "anticipates," "expects," "targets," "targeted," "it is possible," or "it will be." or "must" or "expected" or precluding forms of these words and other words that are close or similar in meaning. These future statements reflect the Fund Manager's current view regarding future events, but do not constitute a guarantee of future performance.</p> <p>There are many factors that may lead to the actual results, actual performance or actual achievements achieved by the Fund Manager being significantly different from what was explicitly or implicitly expected. Article 10 (Risks of Investing in the Fund) of these Terms and Conditions contains a more detailed description of some of the risks and factors that could lead to such an effect. If one or more of these risks or uncertainties materialize, or if any of the assumptions prove incorrect or accurate, the Fund's actual results may differ materially from the results stated in these terms and conditions as estimated, believed, expected or planned. Accordingly, potential investors shall examine all future statements in light of these interpretations and not rely solely on these statements.</p> | | | ✓ | In the Event of materially adverse effects that differ from forward-looking statements and may impact the fund's performance, the fund manager will discuss them with fund's board of directors by analyzing the negative impact on the fund and developing a strategy to mitigate potential damage |



Thank You

For more information about the fund and project, Please contact us via one of the following channels:

To call from within the Kingdom:8004413333

To call from mobile or from outside the Kingdom:920000343

Through Email: info@alinmacapital.com



Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

AND INDEPENDENT AUDITOR'S REPORT

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

FINANCIAL STATEMENTS
31 December 2024

| INDEX | PAGE |
|-----------------------------------|---------|
| Independent auditor's report | 1 – 5 |
| Statement of financial position | 6 |
| Statement of comprehensive income | 7 |
| Statement of cash flows | 8 |
| Statement of changes in equity | 9 |
| Notes to the financial statements | 10 – 30 |

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF ALINMA RETAIL REIT FUND
(Managed by Alinma Capital Company)**

Opinion

We have audited the accompanying financial statements of Alinma Retail REIT Fund (the "Fund") managed by Alinma Capital Company (formerly known as Alinma Investment Company) (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2024, and the related statements of profit or loss and other comprehensive income, cash flows and changes in equity for the year then ended, and notes to the financial statements, including a material accounting policy information.

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Fund as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) ("the Code"), that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Fund's financial statements and we have fulfilled our ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT (continued)
TO THE UNITHOLDERS OF ALINMA RETAIL REIT FUND
(Managed by Alinma Capital Company)

Key Audit Matters (continued)

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| <p>Assessing impairment of investment properties</p> <p>The Fund owns a portfolio of investment properties comprising of malls and buildings located in the Kingdom of Saudi Arabia.</p> <p>Investment properties are held for capital appreciation and/or rental yields and are stated at cost less accumulated depreciation and any impairment losses.</p> <p>As at 31 December 2024, the carrying value of investment properties was SR 1.075 billion (31 December 2023: SR 892 million) which was net of accumulated depreciation of SR 186 million (31 December 2023: SR 192 million).</p> <p>For assessing the impairment of investment properties, the Fund Manager monitors volatility of fair value of properties by engaging two independent certified property valuers to perform a formal valuation of the Fund's investment properties on semi-annual basis.</p> <p>The valuations are carried out using common methodologies and approaches, and this is considered a key audit matter as these methodologies and approaches involve significant judgement and estimates including discount rates, growth rate, capitalization rate and others, including economic fluctuations impact on the Fund's business.</p> <p><i>The Fund's accounting policy for investment properties is disclosed in note 5.6, the significant accounting estimates, judgement and assumptions relating to investment properties are disclosed in note 4, related disclosures about investment properties are included in notes 6 and 7 of the accompanying financial statements.</i></p> | <p>Our audit procedures related to assessing impairment of investment properties included:</p> <ul style="list-style-type: none"> - We have obtained an understanding of the process and controls surrounding assessment of impairment of investment properties by performing walkthrough procedures. - We agreed the fair values of the investment properties as appearing in note 7 of the accompanying financial statements to the independent management valuers' report. - We evaluated the valuers' credentials, their independence, professional qualifications, competence, experience and ensured that they are certified from Saudi Authority for Accredited Valuers (TAQEEM). - On sample basis, with the assistance of our independent expert, we performed the following. <ul style="list-style-type: none"> o We assessed the appropriateness of valuation methods, assumptions, and estimates used by management in the process of assessment of valuation of investment properties; o We engaged in discussions with management and assessed the relevant assumptions used based on market data where possible; o We assessed the key assumptions and estimates, such as discount rates, growth rate and capitalization rate used by the independent valuers in determining the fair values of the investment properties for the purpose of assessment of impairment. <p>We compared the recoverable amounts of the investment properties with their carrying values to determine whether recognition of any impairment loss is required.</p> <p>We have assessed the adequacy of the disclosures included in the financial statements.</p> |

INDEPENDENT AUDITOR'S REPORT (continued)
TO THE UNITHOLDERS OF ALINMA RETAIL REIT FUND
(Managed by Alinma Capital Company)

Other Information included in the Fund's 2024 Annual Report

Fund Manager is responsible for the other information. The other information comprises the information included in the Fund's 2024 annual report other than the financial statements and our auditor's report thereon. The Fund's 2024 annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Fund's 2024 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Fund Manager and Those Charged with Governance for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA and the applicable provisions of the Real Estate Investment Funds Regulations issued by the Board of Capital Market Authority, and the Fund's terms and conditions, and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)
TO THE UNITHOLDERS OF ALINMA RETAIL REIT FUND
(Managed by Alinma Capital Company)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

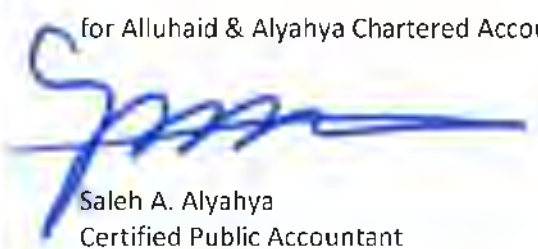
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT (continued)
TO THE UNITHOLDERS OF ALINMA RETAIL REIT FUND
(Managed by Alinma Capital Company)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for Alluhaid & Alyahya Chartered Accountants



Saleh A. Alyahya
Certified Public Accountant
Registration No. 473

Riyadh: 27 Ramadan 1446H
(27 March 2025)



Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

STATEMENT OF FINANCIAL POSITION
31 December 2024

| | Notes | 2024 SR | 2023 SR |
|---|-------|----------------------|-------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Investment properties | 6 | 1,074,503,338 | 892,137,982 |
| TOTAL NON-CURRENT ASSETS | | 1,074,503,338 | 892,137,982 |
| CURRENT ASSETS | | | |
| Rental income receivable | 8 | 1,781,131 | 4,808,912 |
| Prepayment and other receivables | 9 | 3,984,435 | 4,468,210 |
| Amounts due from a related party | 10 | - | 1,219,338 |
| Financial assets at fair value through profit or loss ("FVTPL") | 11 | 54,613,743 | 1,953,427 |
| Financial assets at amortised cost | 12 | 16,107,691 | 25,618,215 |
| Cash and bank balance | | 3,738,566 | 14,172,383 |
| TOTAL CURRENT ASSETS | | 80,225,566 | 52,240,485 |
| TOTAL ASSETS | | 1,154,728,904 | 944,378,467 |
| LIABILITIES AND EQUITY | | | |
| NON-CURRENT LIABILITIES | | | |
| Non-current portion of lease liabilities | 13 | 5,955,052 | 6,323,457 |
| Long-term borrowings | 14 | 257,349,291 | 55,100,000 |
| TOTAL NON-CURRENT LIABILITIES | | 263,304,343 | 61,423,457 |
| CURRENT LIABILITIES | | | |
| Current portion of lease liabilities | 13 | 650,000 | 650,000 |
| Contract liabilities | 15 | 42,157,846 | 8,185,737 |
| Accrued expenses and other payables | 16 | 11,816,456 | 7,671,363 |
| Zakat payable | 17 | 997,084 | 997,084 |
| Dividend payable | 26 | 82,558 | 100,086 |
| TOTAL CURRENT LIABILITIES | | 55,703,944 | 17,604,270 |
| TOTAL LIABILITIES | | 319,008,287 | 79,027,727 |
| EQUITY | | | |
| Net assets attributable to unitholders | | 835,720,617 | 865,350,740 |
| TOTAL LIABILITIES AND EQUITY | | 1,154,728,904 | 944,378,467 |
| Units in issue (number) | | 118,000,000 | 118,000,000 |
| Net asset value per unit (SR) | 7 | 7.08 | 7.33 |
| Per unit fair value (SR) | 7 | 7.37 | 7.95 |

The accompanying notes from 1 to 29 form an integral part of these financial statements.

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2024

| | Notes | 2024 SR | 2023 SR |
|---|-------|-------------------------|----------------------------|
| Revenue | | | |
| Rental income from investment properties | 18 | 79,840,216 | 51,633,469 |
| Gain on disposal of investment property | 6 | 107,894,985 | - |
| | | <u>187,735,201</u> | <u>51,633,469</u> |
| Expenses | | | |
| Depreciation on investment properties | 6 | (35,170,205) | (38,194,642) |
| Property manager fee and related expenses | 20 | (20,751,618) | (20,280,974) |
| Management fees | 10 | (3,261,116) | (5,132,497) |
| Settlement discounts | | - | (2,139,910) |
| General and administrative expenses | 19 | (3,271,439) | (2,983,069) |
| Charge (for) reversal of expected credit losses | 8 | (14,372,196) | 22,510,670 |
| Total expenses | | <u>(76,826,574)</u> | <u>(46,220,422)</u> |
| Operating profit for the year | | 110,908,627 | 5,413,047 |
| Finance charges | 21 | (17,590,282) | (4,468,269) |
| Special commission income | | 328,680 | 182,381 |
| Gain from financial asset at FVTPL | | 2,501,965 | 114,281 |
| Other income | | 596,659 | 9,750 |
| Profit for the year before impairment | | 96,745,649 | 1,251,190 |
| Charge for impairment on investment properties | 6 | (88,615,772) | (11,471,600) |
| Profit (loss) for the year | | 8,129,877 | (10,220,410) |
| Net profit (loss) for the year | | <u>8,129,877</u> | <u>(10,220,410)</u> |
| Other comprehensive income | | - | - |
| Total comprehensive profit (loss) for the year | | <u>8,129,877</u> | <u>(10,220,410)</u> |

The accompanying notes from 1 to 29 form an integral part of these financial statements.

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

| | 2024 SR | 2023 SR |
|--|---------------|--------------|
| OPERATING ACTIVITIES | | |
| Profit (loss) for the year before zakat | 8,129,877 | (10,220,410) |
| Adjustments for: | | |
| Depreciation on investment properties | 34,690,838 | 37,716,585 |
| Charge for impairment on investment properties | 88,615,772 | 11,471,600 |
| Charge for/ (reversal of) expected credit loss allowance | 14,372,197 | (22,510,670) |
| Finance charges | 16,579,032 | 4,468,270 |
| Depreciation on right-of-use assets | 479,367 | 478,059 |
| Special commission income | (328,680) | (182,381) |
| Gain from financial asset at FVTPL | (2,501,965) | (114,281) |
| Gain on disposal of investment property | (107,894,985) | - |
| | 52,141,453 | 21,106,772 |
| Changes in operating assets and liabilities: | | |
| Decrease in prepayment and other receivables | 483,771 | 7,198,178 |
| (Decrease) dIncrease in rental income receivable | (11,503,088) | 21,481,013 |
| Increase contract liabilities | 33,972,107 | 7,261,914 |
| Increase (decrease) in accrued expenses and other payables | 4,303,771 | (595,059) |
| Decrease in amounts due from a related party | 1,219,338 | - |
| Cash flows from operating activities | 80,617,352 | 56,452,818 |
| Zakat paid | - | (181,777) |
| Net cash flows from operating activities | 80,617,352 | 56,271,041 |
| INVESTING ACTIVITIES | | |
| Purchase of investment properties | (223,256,348) | (56,976,897) |
| Proceeds from disposal of investment property | 25,000,000 | - |
| Purchase of financial assets at amortised cost | - | (10,500,000) |
| Proceeds from maturity of financial assets at amortised cost | 9,669,000 | - |
| Purchase of financial assets at FVTPL | (50,158,351) | (15,111,831) |
| Proceeds from disposal of financial asset at FVTPL | - | 13,272,688 |
| Special commission income received | 170,204 | 111,828 |
| Net cash flows used in investing activities | (238,575,495) | (69,204,212) |
| FINANCING ACTIVITIES | | |
| Proceeds against drawdown of long term borrowings | 202,249,291 | 55,100,000 |
| Payment of principal portion of lease liabilities | (650,000) | (650,000) |
| Finance cost paid | (16,297,437) | (4,171,561) |
| Distributions | (37,777,528) | (30,090,000) |
| Net cash flows from financing activities | 147,524,326 | 20,188,439 |
| Net (decrease)/ increase in cash and bank balance | (10,433,817) | 7,255,268 |
| Cash and cash equivalents at the beginning of the year | 14,172,383 | 6,917,115 |
| Cash and cash equivalents at end of the year | 3,738,566 | 14,172,383 |
| NON-CASH TRANSACTIONS | | |
| Purchase of investment property | 368,000,000 | - |

The accompanying notes from 1 to 29 form an integral part of these financial statements.

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2024

| | <i>2024</i> <i>SR</i> | <i>2023</i> <i>SR</i> |
|--|--------------------------|--------------------------|
| EQUITY AT THE BEGINNING OF THE YEAR | 865,350,740 | 905,661,150 |
| Comprehensive profit/(loss): | | |
| Net profit/(loss) for the year | 8,129,877 | (10,220,410) |
| Other comprehensive income for the year | - | - |
| Total comprehensive profit/(loss) for the year | 8,129,877 | (10,220,410) |
| Distribution (note 26) | (37,760,000) | (30,090,000) |
| EQUITY AT THE END OF THE YEAR | 835,720,617 | 865,350,740 |

REDEEMABLE UNIT TRANSACTIONS

Transactions in units for the year ended are summarised as follows:

| | <i>2024</i> <i>Units</i> | <i>2023</i> <i>Units</i> |
|---|-----------------------------|-----------------------------|
| UNITS AT THE BEGINNING AND END OF THE YEAR | 118,000,000 | 118,000,000 |

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024

1 INCORPORATION AND ACTIVITIES

Alinma Retail REIT Fund (the “Fund”) is a closed-ended real estate investment traded fund established on 24 Dhul Qa’dah 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 Fund is managed by Alinma Capital Company - formerly known as 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 by CMA,
- (vi) Shares of real estate companies listed on the Saudi Stock Exchange and licensed by CMA, and;
- (vii) Usufruct rights.

Wabel Fund Company, a limited liability company with commercial registration number 101929653, has been established and approved by CMA as a special purpose vehicle (“SPV”) for the beneficial interests of the Fund. The SPV owns all the properties of the Fund and is liable for its contractual liabilities on behalf of the Fund.

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

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 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 financial statements have been prepared in accordance IFRS Accounting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organisation for Chartered and Professional Accountants (collectively hereafter referred to as IFRS Accounting Standards as endorsed in Kingdom of Saudi Arabia”).

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, using the accrual basis of accounting except for financial assets at FVTPL that have been measured at fair value. The financial statement has been prepared on the basis that the Fund will continue to operate as a going concern.

The preparation of these financial statements required the use of certain accounting estimates. It also requires the Fund Manager to exercise its judgement in the process of applying the Fund’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements which are disclosed in note 4 to these financial statements.

3.3 Functional and presentation currency

These financial statements are presented in Saudi Riyals (“SR”), which is the functional currency of the Fund. All financial information has been rounded off to the nearest SR.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the ordinary course of business, the preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are reviewed and in any future period affected. The significant accounting judgments and estimates applied in the preparation of these financial statements are as follows:

4.1 *Useful lives of investment properties*

The management determines the estimated useful lives of investment properties for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Management reviews the residual value and useful lives annually and change in depreciation charges, if any, are adjusted in current and future periods. The estimated useful lives of the investment properties are disclosed in note 6.1.

4.2 *Impairment of investment properties*

Impairment exists when the carrying value of an asset or cash generating units exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the fund is not yet committed to or significant future investments that will enhance the performance of the investment properties being tested. The recoverable amount for the different investment properties, are disclosed and further explained in note 22.

4.3 *Impairment of financial assets held at amortised cost*

The Fund recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As at the year end, the Fund has rents receivable. For rental income receivables, the Fund applies a simplified approach in calculating ECLs. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Fund has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The information about the ECLs on the Fund's rental income receivables is disclosed in note 8 and note 24.1 in these financial statements.

4.4 *Leases - Estimating the incremental borrowing rate*

The Fund cannot readily determine the interest rate implicit in leases where it is the lessee, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Fund would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Fund 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Fund estimates the IBR using observable inputs such as market interest rates, as and when available.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.5 Determining the lease term

The Fund as a lessee determines the lease term as the non-cancellable period of a lease, together with both:
(a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option and;
(b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.
For contracts that include extension and termination options, the Fund uses judgement in evaluating whether it is reasonably certain whether to exercise the option to renew or terminate the lease. In doing so, it considers all relevant factors that create an economic incentive for it to exercise the renewal or termination. Those factors include current and expected retail unit performance, availability, cost and other terms of substitutes, magnitude of leasehold improvements, length of extension or renewal, and cost of extension or renewal. Following the commencement date, the Fund reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the Fund and affects its assessment on whether or not to exercise an option previously included in its determination of the lease term.

4.6 Going concern

The Fund Manager has made an assessment of Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the Fund Manager is not aware of any material uncertainties that may cast significant doubt on Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

5 MATERIAL ACCOUNTING POLICIES INFORMATION

The material accounting policies used in the preparation of these financial statements are as follows:

5.1 Financial instruments

5.1.1 Financial Instruments - Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund's business model for managing them. In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. The Fund's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories.

- Financial assets at amortised cost
- Financial assets measured at fair value through profit or loss ("FVTPL")

Financial assets measured at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Fund's financial assets at amortised cost includes bank balance, Murabaha and accrued special commission.

5 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

5.1 Financial instruments (continued)

5.1.1 Financial Instruments - Initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Financial assets measured at fair value through profit or loss ("FVTPL")

Financial asset at fair through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes investment in mutual funds. Dividends are recognized in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Fund's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of the Fund's continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

ii) Financial liabilities

Initial recognition and measurement

The Fund's financial liabilities include dividend payable, amounts due to related parties and other liabilities. Financial liabilities are measured at amortised cost.

Subsequent measurement

Financial liabilities at amortised cost

This is the category most relevant to the Fund. After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the statement of financial position.

5 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

5.1 Financial instruments (continued)

5.1.2 Current versus non-current classification

The Fund presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
 - Held primarily for the purpose of trading
 - Expected to be realised within twelve months after the reporting period
- Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
 - All other assets are classified as non-current

A liability is current when:

- It is expected to be settled in the normal operating cycle
 - It is held primarily for the purpose of trading
 - It is due to be settled within twelve months after the reporting period
- Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Fund classifies all other liabilities as non-current.

5.2 Fair value measurement

The Fund measures financial instruments such as equity instruments at fair value at each statement of financial position.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in financial statements at fair value on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each year. The Fund determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

5 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

5.2 Fair value measurement (continued)

At each reporting date, the Fund analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Fund's accounting policies. For this analysis, the Fund verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Fund also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed are discussed in note 22.

5.3 Impairment of non-financial assets

The carrying values of non-financial assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognised for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately in the statement of comprehensive income.

5.4 Right-of-use assets

The Fund recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Fund is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

5.5 Lease liabilities

At the commencement date of the lease, the Fund recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Fund and payments of penalties for terminating a lease, if the lease term reflects the Fund exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

5.6 Investment properties

Investment properties comprise completed freehold or leasehold properties that are held to earn rentals or for capital appreciation or both. Investment properties under freehold are stated at cost including transaction costs net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes expenditure that is directly attributable to the acquisition of the items. Whereas investment properties under leasehold are accounted for in accordance with IFRS 16. The cost less estimated residual value, if any, of investment property under freehold is depreciated on a straight-line basis over the estimated useful lives of the assets. Land, on the other hand, is reported at cost.

5 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

5.6 Investment properties (continued)

Investment property is derecognised either when it has been disposed of (i.e., at the date the recipient obtains control of the investment property in accordance with the requirements for determining when a performance obligation is satisfied in IFRS 15) or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration to be included in the gain or loss arising from the derecognition of investment property, the Fund considers the effects of variable consideration, the existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any) in accordance with the requirements for determining the transaction price in IFRS 15.

The fair value of investment properties is disclosed in note 7 and 22 in these financial statements.

5.7 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Fund has received consideration from the customer. Contract liabilities are recognised as revenue when the Fund performs under the contract.

5.8 Management fees, custodian fees and other expenses

Management fees, custodian fees, administration fees and other expenses are charged at rates / amounts within limits mentioned in the terms and conditions of the Fund.

5.9 Rental income

Rental income from operating lease of property is recognised on a straight-line basis over the term of the operating lease. In addition, the Fund subleases investment property acquired under head leases with lease terms exceeding 12 months at commencement. Subleases are classified as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying investment property. All the Fund's subleases are classified as operating leases.

5.10 Net assets value

The net assets value per unit disclosed in the financial statements is calculated by dividing the net assets of the Fund by the number of units in issue at the year-end.

5.11 Distribution

The Fund has a policy of distributing and paying at least 90% percent of the Fund's net profits on semi-annual basis, the fund manager can make additional distributions during the year.

5.12 Finance Cost

Finance cost is recognised in statement of comprehensive income in the period in which they are incurred.

5.14 Zakat and income tax

Fund is not liable to pay any zakat or income tax which are considered to be the obligation of the unitholders and are as such not provided in the accompanying financial statements.

5.15 New standards, amendments and interpretations issued and effective from 1 January 2024

The Fund applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Fund has not early adopted any other standards, interpretations or amendment that has been issued but not yet effective.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the International Accounting Standards Board ("IASB") issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The transition rules clarify that an entity is not required to provide the disclosures in any of the year of initial application of the amendments. Thus, the amendments had no impact on the Fund's financial statements.

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2024

5 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

5.15 New standards, amendments and interpretations issued and effective from 1 January 2024 (continued)

Amendments to IAS 7 and IFRS 7 on Supplier finance agreements

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments.

Thus, the amendments had no impact on the Fund's financial statements.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Fund's financial statements.

5.16 Standards issued but not yet effective

The following standards, amendments to standards and interpretations are not yet effective:

| <u>Standards / amendments to standards / interpretations</u> | <u>Effective date</u> |
|---|-----------------------|
| <i>Amendments to IAS 21: Lack of exchangeability</i> | 1 January 2025 |
| <i>Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments</i> | 1 January 2026 |
| <i>IFRS 18: Presentation and disclosure in Financial Statements</i> | 1 January 2027 |
| <i>IFRS 19: Subsidiaries without Public Accountability: Disclosures</i> | 1 January 2027 |

In the opinion of the Fund Manager, these standards, amendments to standards and interpretations are not expected to impact the Fund. The Fund intends to adopt these standards, if applicable, when they become effective and endorsed by SOCPA.

6 INVESTMENT PROPERTIES

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

31 December 2024

| Description | Cost SR | Accumulated depreciation SR | Impairment (note 6.4) SR | Net book value SR |
|-------------------------|----------------------|-----------------------------------|--------------------------------|-------------------------|
| Hafar Al-Batin Mall | 476,348,250 | (89,527,819) | (129,342,431) | 257,478,000 |
| Tabuk Mall | 221,873,667 | (37,461,281) | (85,921,386) | 98,491,000 |
| Dawadmi Mall | 177,313,210 | (52,804,728) | (36,984,483) | 87,523,999 |
| Signature Building | 55,103,000 | (2,169,994) | | 52,933,006 |
| Sfir Office Building | 84,000,000 | (1,441,482) | - | 82,558,518 |
| Jawhara Hittin Building | 118,250,000 | (2,010,185) | - | 116,239,815 |
| Jazl Office Building | 386,400,000 | (1,061,401) | (6,059,599) | 379,279,000 |
| | <u>1,519,288,127</u> | <u>(186,476,890)</u> | <u>(258,307,899)</u> | <u>1,074,503,338</u> |

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)
NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 2024

6 INVESTMENT PROPERTIES (continued)

31 December 2023

| Description | Cost SR | Accumulated depreciation SR | Impairment (note 6.4) SR | Net book value SR |
|---------------------|----------------------|-----------------------------------|--------------------------------|-------------------------|
| Hafar Al-Batin Mall | 473,741,902 | (77,887,644) | (82,674,258) | 313,180,000 |
| AlKhair Mall | 325,365,563 | (34,781,699) | - | 290,583,864 |
| Tabuk Mall | 221,873,668 | (33,765,797) | (87,017,869) | 101,090,002 |
| Dawadmi Mall | 177,313,210 | (44,053,178) | - | 133,260,032 |
| Signature Building | 55,003,000 | (1,078,916) | - | 54,024,084 |
| | <u>1,253,397,343</u> | <u>(191,567,234)</u> | <u>(169,692,127)</u> | <u>892,137,982</u> |

6.1 The movement in the investment properties during the year is as follows:

| | Land and buildings SR | Right-of-use asset SR | Total SR |
|---|-----------------------------|-----------------------------|----------------------|
| Cost | | | |
| Balance as at 1 January 2023 | 1,187,825,887 | 8,594,560 | 1,196,420,447 |
| Additions during the year 2023 | 56,976,896 | - | 56,976,896 |
| Balance as at 31 December 2023 | 1,244,802,783 | 8,594,560 | 1,253,397,343 |
| Additions during the year (note 6.6) | 591,256,349 | - | 591,256,349 |
| Disposals during the year (note 6.7) | (325,365,565) | - | (325,365,565) |
| Balance as at 31 December 2024 | 1,510,693,567 | 8,594,560 | 1,519,288,127 |
| Accumulated depreciation | | | |
| Balance as at 1 January 2023 | 151,460,360 | 1,912,233 | 153,372,593 |
| Depreciation charge during the year | 37,716,585 | 478,057 | 38,194,642 |
| Balance as at 31 December 2023 | 189,176,945 | 2,390,290 | 191,567,235 |
| Depreciation charge during the year | 34,690,838 | 479,367 | 35,170,205 |
| Disposal during the year (note 6.7) | (40,260,550) | - | (40,260,550) |
| Balance as at 31 December 2024 | 183,607,233 | 2,869,657 | 186,476,890 |
| Accumulated impairment | | | |
| Balance as at 1 January 2023 | 158,220,527 | - | 158,220,527 |
| Impairment during the year | 11,471,600 | - | 11,471,600 |
| Balance as at 31 December 2023 | 169,692,127 | - | 169,692,127 |
| Impairment during the year | 88,615,772 | - | 88,615,772 |
| Balance as at 31 December 2024 | 258,307,899 | - | 258,307,899 |
| Net book amount as at 31 December 2024 | <u>1,068,778,435</u> | <u>5,724,903</u> | <u>1,074,503,338</u> |
| Net book amount as at 31 December 2023 | <u>885,933,712</u> | <u>6,204,270</u> | <u>892,137,982</u> |

6 INVESTMENT PROPERTIES (continued)

6.1 The movement in the investment properties during the year is as follows: (continued)

Included above within land and buildings is land amounted to SR 371,936,912 (2023: SR 340,187,260).

During the year, depreciation charged to the statement of profit or loss and other comprehensive income amounted to SR 35,170,205 (2023: SR 38,194,642).

a- The useful life of Tabuk Mall , Hafer Al-Batin Mall, Signature Building are assessed at 25 years from date of acquisition .

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

c- The useful life of Siafar Office Building, Jawhara Hittin Building and Jazl Office Building is assessed at 40 years from the date of acquisition.

6.2 Freehold and leasehold properties

Free hold and leasehold properties comprises of the lands acquired or leased on which the buildings are built. The Fund acquired freehold properties in Riyadh, Hafar Al-Batin, Dawadmi and Tabuk with an aggregate area of 173,615 square meter (2023: 190,596 square meter). The Fund leased land in Dawadmi with an area of 72,678 square meter (2023: 72,678 square meter).

6.3 Listed below are the details of the investment properties:

Description

Dawadmi Mall

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

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.

Tabuk Mall

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

Signature Building

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

Safir Office Building

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

Jawhara Hittin Building

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

Jazl Office Building

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

6.4 Impairment of investment properties

During the year, the investment properties were tested for impairment and the management recognized a net charge of SR 88,615,772 (2023: SR 11,471,600) 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 evaluators as shown in note 7. The key assumptions used for valuation as at 31 December for these investment properties are disclosed in note

6 INVESTMENT PROPERTIES (continued)

6.5 Ownership of investment properties

The title deeds of the investment properties (except for Tabuk Mall) is pledged against the financing, except for Dawadmi Mall, which is a leased property. 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.

6.6 Additions during the year

During the year, the Fund Manager acquired three new office buildings as follows:

Siafar Office Building - a fully constructed commercial facility on a freehold land, located in Al Qairwan District, Riyadh, KSA. The Fund Manager acquired this building for an amount of SR 80 million (excluding real estate transaction tax) having an area of 3,780 Square meter.

Jawhara Hittin Building – a fully constructed commercial facility on a freehold land, located in Al Hitin District, Riyadh, KSA. The Fund Manager acquired this building for an amount of SR 110 million (excluding real estate transaction tax & broker fees) having an area of 5,180 Square meter.

Jazl Office Building - a fully constructed commercial facility on a freehold land, located in Yasmeen District, Riyadh, KSA. The Fund Manager acquired this building for an amount of SR 368 million (excluding real estate transaction tax) having an area of 11,353 square meter in exchange for the sale of Al Khair Mall (please refer note 6.7).

6.7 Disposal of AlKhair Mall and acquisition of Jazl Office Building

On 13 June 2024, the Board of Directors approved to sell Al Khair Mall property in exchange for the acquisition of Jazl Office Building. The exchange agreement and the transfer of real estate ownership was completed on 28 October 2024. Al Khair Mall with a total net carrying amount of SR 285 million was disposed off, resulting in SR 108 million net gains on disposal, representing the difference between the price of AlKhair Mall (SR 393 million) and the price of the Jazl Office Building (SAR 368 million) with a cash amount owed to the Fund of SAR 25 million.

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2024

7 EFFECTS ON NET ASSET VALUE IF INVESTMENT PROPERTIES ARE FAIR VALUED

In accordance with Article 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, investment properties are carried at cost less depreciation and impairment, if any, in these financial statements.

The fair value measurement of the investment properties was determined by two selected independent valuers, accredited by the Saudi Authority for Accredited Valuers ("Taqeem"), i.e., Abaad Real Estate Valuation Company (Appraiser 1), and Esnad Real Estate Valuation Company (Appraiser 2) (31 December 2023: Abaad real estate valuation company (Appraiser 1) and Value expert real estate company (Appraiser 2). The valuers are independent, not related to the Fund, who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment properties being valued.

The discounted cash flow ("DCF") and income capitalisation valuation model (refer note 21) has been applied in accordance with the Royal Institution of Chartered Surveyors ("RICS") Valuation Standards, International Valuation Standards issued by International Valuation Standards Council ("IVSC") and applied by Saudi Authority for Accredited Valuers ("TAQEEM").

7.1 As at 31 December 2024, the valuation of the investment properties, excluding the right of use of assets for Dawadmi mall, are as follows:

| | <i>Appraiser 1</i> | <i>Appraiser 2</i> | <i>Average</i> |
|-------------------------|----------------------|----------------------|----------------------|
| | <i>SR</i> | <i>SR</i> | <i>SR</i> |
| 31 December 2024 | | | |
| Hafar Al-Batin Mall | 269,300,000 | 245,656,000 | 257,478,000 |
| Tabuk Mall | 96,000,000 | 100,982,000 | 98,491,000 |
| Dawadmi Mall | 86,700,000 | 88,348,000 | 87,524,000 |
| Signature Building | 68,300,000 | 70,087,000 | 69,193,500 |
| Safir Office Building | 91,300,000 | 91,250,000 | 91,275,000 |
| Jawhara Hittin Building | 127,200,000 | 123,278,000 | 125,239,000 |
| Jazl Office Building | 389,300,000 | 369,258,000 | 379,279,000 |
| | 1,128,100,000 | 1,088,859,000 | 1,108,479,500 |
| | | | |
| | <i>Appraiser 1</i> | <i>Appraiser 2</i> | <i>Average</i> |
| | <i>SR</i> | <i>SR</i> | <i>SR</i> |
| 31 December 2023 | | | |
| Hafar Al-Batin Mall | 299,100,000 | 327,260,000 | 313,180,000 |
| AlKhair Mall | 329,200,000 | 376,080,000 | 352,640,000 |
| Tabuk Mall | 100,200,000 | 101,980,000 | 101,090,000 |
| Dawadmi Mall | 125,300,000 | 135,530,000 | 130,415,000 |
| Signature Mall | 66,700,000 | 69,340,000 | 68,020,000 |
| | 920,500,000 | 1,010,190,000 | 965,345,000 |

Management has used the average of the two valuations for the purpose of disclosing the fair value of the investment properties. The investment properties were valued taking into consideration a number of factors, including the area and type of property and rent amount. The inputs used in the above level 3 fair valuation are disclosed in note 22.

7.2 The unrealised gain on investment properties based on fair value evaluation is set out below:

| | <i>2024</i> | <i>2023</i> |
|---|--------------------|--------------------|
| | <i>SR</i> | <i>SR</i> |
| Average fair value of investments properties (note 7.1) | 1,108,479,500 | 965,345,000 |
| Less: Carrying value of investments properties (note 6.1) | (1,074,503,338) | (892,137,982) |
| Net impact based on the fair valuation | 33,976,162 | 73,207,018 |
| Units in issue (numbers) | 118,000,000 | 118,000,000 |
| Impact per unit share based on fair value evaluation (SR) | 0.29 | 0.62 |

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2024

7 EFFECT ON NET ASSET VALUE IF INVESTMENT PROPERTIES ARE FAIR VALUED (continued)

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

| | 2024 | 2023 |
|---------------------------------|--------------------|--------------------|
| | SR | SR |
| Net asset value at cost | 835,720,617 | 865,350,740 |
| Net impact based on evaluations | 33,976,162 | 73,207,018 |
| Net asset based on fair value | 869,696,779 | 938,557,758 |

7.4 The net asset value per unit, using the fair values of the investment properties is set out below:

| | 2024 | 2023 |
|--|-------------|-------------|
| | SR | SR |
| Net asset value per unit at cost | 7.08 | 7.33 |
| Impact on net asset value per unit on account of unrealised profit based on fair value | 0.29 | 0.62 |
| Net asset value per unit based on fair value | 7.37 | 7.95 |

8 RENTAL INCOME RECEIVABLE

This represents the rental income receivable from the investment properties in accordance with the terms of the corresponding tenancy agreements. Rental income receivables are current in nature

As at 31 December 2024, the Fund had an allowance for expected credit losses amounting to SR 32,072,896 (2023: SR 27,278,124). Information about the Fund's exposure to expected credit loss are shown in note 21.1.

| | 2024 | 2023 |
|--|---------------------|---------------------|
| | SR | SR |
| Rental income receivable | 43,431,451 | 32,087,036 |
| Less: Allowance for expected credit losses | (41,650,320) | (27,278,124) |
| | 1,781,131 | 4,808,912 |

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2024

8 RENTAL INCOME RECEIVABLE (continued)

The following is the aging analysis of the rental income receivables as at the reporting date:

| | <i>2024</i> | <i>2023</i> |
|-------------------------|-------------------|-------------------|
| | <i>SR</i> | <i>SR</i> |
| Less than 90 days | 4,798,787 | 921,845 |
| Between 91 to 180 days | 9,625,486 | 3,033,022 |
| Between 181 to 360 days | 3,722,653 | 5,307,749 |
| More than 360 days | 25,284,525 | 22,824,420 |
| | <u>43,431,452</u> | <u>32,087,036</u> |

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

| | <i>2024</i> | <i>2023</i> |
|--------------------------------|-------------------|-------------------|
| | <i>SR</i> | <i>SR</i> |
| At the beginning of the year | 27,278,124 | 49,788,794 |
| Charge (Reversal) for the year | 14,372,196 | (22,510,670) |
| At the end of the year | <u>41,650,320</u> | <u>27,278,124</u> |

9 PREPAYMENT AND OTHER RECEIVABLES

| | <i>2024</i> | <i>2023</i> |
|-------------------------|------------------|------------------|
| | <i>SR</i> | <i>SR</i> |
| Trade receivable | 2,516,750 | 2,932,168 |
| Receivable from ZATCA * | 1,467,685 | 1,467,685 |
| Prepaid expenses | - | 68,357 |
| | <u>3,984,435</u> | <u>4,468,210</u> |

*During 2021, the Fund has received value added tax ("VAT") assessment from the ZATCA for the period ended 31 December 2018 and year ended 31 December 2021 amounting to SR 18,276,974 for non-submission and payment of its VAT returns. The Fund filed an appeal during the financial year 2021 with ZATCA and the General Secretariate of Tax Committees ("GSTC") stating that the Fund has submitted and paid the due amounts of VAT through one of its related parties and believes that as the VAT was calculated and submitted based on the regulations of ZATCA accordingly, the demand is not justified. The amount of SR 1.5 million represents the payments made to ZATCA as for the eligibility to file an appeal. During the year ended 31 December 2023 the GSTC has issued the final appeal decision in favour of the Fund. ,the management still in processing this matter with ZATCA in 31 December 2024.

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2024

10 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% (2023:0.75%) of the net asset value of the Fund given that it does not exceed 12% of the Fund's operating cash flow. Management fees are 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 (2023: SR 5,000) per board meeting.

10.1 Related party transactions

The following are the details of the transactions with related parties during the year:

| <i>Name of Related party</i> | <i>Nature of relationship</i> | <i>Nature of transactions</i> | <i>2024 SR</i> | <i>2023 SR</i> |
|------------------------------|--------------------------------|----------------------------------|--------------------|--------------------|
| Alinma Capital Company | Fund Manager | Management fees | (3,261,116) | (5,132,497) |
| Fund Board | Board Manager | Fund Board fee | (52,500) | (57,500) |
| Alinma Bank | Parent Company of Fund Manager | Drawdown of long term borrowings | 202,249,291 | 55,100,000 |

10.2 Related party balances

Following are the details of the related party balances at the year-end:

(a) Amounts due from a related party

| | <i>2024 SR</i> | <i>2023 SR</i> |
|---------|--------------------|--------------------|
| SWICORP | - | 1,219,338 |

As at 31 December 2024, board members of the Fund held 1,594,744 units (2023: 340,000 units).

11 FINANCIAL ASSETS AT FVTPL

Financial assets at FVTPL represents investment of 1,359,453 units (31 December 2023: 156,621 units) in Alinma Saudi Riyal Liquidity Fund and also 2,128,616 units in Alinma Hospitality REIT Fund, an open-ended fund managed by the Fund Manager. The primary objective of the Fund is to invest in Shariah compliant Murabaha contracts.

| | <i>31 December 2024</i> | | <i>31 December 2023</i> | |
|-----------------------------------|-------------------------|----------------------------|-------------------------|----------------------------|
| | <i>Cost SR</i> | <i>Market value SR</i> | <i>Cost SR</i> | <i>Market value SR</i> |
| Alinma Saudi Riyal Liquidity Fund | 36,423,660 | 36,733,369 | 1,886,160 | 1,953,427 |
| Alinma Hospitality REIT Fund | 15,888,147 | 17,880,374 | - | - |
| | | 54,613,734 | | 1,953,427 |

The income from financial assets at FVTPL during the year amounted to SR 2,501,965 (31 December 2024: SR 114,281).

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 2024

12 FINANCIAL ASSETS AT AMMORTISED COST

| | <i>2024</i> | <i>2023</i> |
|-----------------------------------|-------------------|-------------------|
| | <i>SR</i> | <i>SR</i> |
| Wakala investment (i) | 15,831,000 | 25,500,000 |
| Accrued Special commission income | 276,691 | 118,215 |
| | <u>16,107,691</u> | <u>25,618,215</u> |

- (i) This represents investments placed with an investment company operating in Kingdom of Saudi Arabia maturity within 1 year and carries an average special commission income rate of 5.75% per annum (31 December 2023: 5.75%).

13 LEASE LIABILITIES

| | <i>31 December</i> | <i>31 December</i> |
|--|--------------------|--------------------|
| | <i>2024</i> | <i>2023</i> |
| | <i>SR</i> | <i>SR</i> |
| Balance at the beginning of the year | 6,973,457 | 7,326,748 |
| Add: finance charges | 281,595 | 296,709 |
| Less: payments made during the year | (650,000) | (650,000) |
| Balance at the end of the year | 6,605,052 | 6,973,457 |
| Less: Current portion of lease liabilities | (650,000) | (650,000) |
| Non-current portion of lease liabilities | <u>5,955,052</u> | <u>6,323,457</u> |

14 LONG-TERM BORROWINGS

On 7 November 2022, the SPV Of the Fund, on behalf of the Fund, entered into a financing agreement ("agreement") with Alinma Bank (the "Bank") amounting to SR 750 million to finance acquisition of properties. During the year, the Fund had made a drawdown of SR 257 million and 493 million represents the unused portion of the facility (2023:SR 55.1 million and SR 694.9 million).

The agreement bears a commission rate of three-month SAIBOR + 1.3% per annum, payable annually. The principal amount is scheduled to be paid in full at the end of the term of agreement on 30 November 2030.

The agreement is secured against the pledge of title deed of the investment properties (except Tabuk Mall) (note 6).

The agreement is subjected to covenant clauses, whereby the Fund is required to meet certain requirements. The Fund Manager aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. During the current year, the Fund did not breach any of its loan covenant and is in compliance with these requirements.

| | <i>31 December</i> | <i>31 December</i> |
|--------------------------------------|--------------------|--------------------|
| | <i>2024</i> | <i>2023</i> |
| | <i>SR</i> | <i>SR</i> |
| Principal: | | |
| Balance at the beginning of the year | 55,100,000 | - |
| Additions during the year | 202,249,291 | 55,100,000 |
| Balance at the end of the year | <u>257,349,291</u> | <u>55,100,000</u> |

During the year ended 31 December 2024, the Fund incurred financial charges amounted to SR 17,308,687 (2023:SR 4,171,560).

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 2024

15 CONTRACT LIABILITIES

Contact liabilities represents rental income received during the year but not yet recognised as revenue. The movement in contract liabilities for the year is as follows:

| | 2024 SR | 2023 SR |
|------------------------------|-------------------|------------------|
| At the beginning of the year | 8,185,737 | 409,381 |
| Received during the year | 107,523,525 | 59,409,825 |
| Recognized during the year | (73,551,416) | (51,633,469) |
| At the end of the year | <u>42,157,846</u> | <u>8,185,737</u> |

16 ACCRUED EXPENSES AND OTHER PAYABLES

| | 2024 SR | 2023 SR |
|---------------------------|-------------------|------------------|
| Value added tax payable | 5,034,217 | 1,049,896 |
| Management fees (note 10) | 4,340,741 | 6,371,166 |
| Custody fees | 90,958 | 83,913 |
| Other expenses | 2,350,540 | 166,388 |
| | <u>11,816,456</u> | <u>7,671,363</u> |

17 ZAKAT

17.1 Status of assessment

The Ministry of Finance has issued a resolution ('MR') numbered 29791, dated 9 Jumada Al-Awwal 144 H (corresponding to 3 December 2022) publishing certain zakat filing rules to be complied by investments funds in the Kingdom of Saudi Arabia. According to the MR the Fund is not subject to zakat or tax, however, will be required to file certain financial information with Zakat, Tax and Customs Authority ("ZATCA"). The filing with ZATCA is due by 30 April 2025.

18 RENTAL INCOME FROM INVESTMENT PROPERTIES

| | 2024 SR | 2023 SR |
|---------------|-------------------|-------------------|
| Rental income | <u>79,840,216</u> | <u>51,633,469</u> |

- (i) The Fund's rental income from investment properties is concentrated within one operating segment and geographical region of the Kingdom of Saudi Arabia, comprising of 7 (2023: 5) investment properties.

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 2024

19 GENERAL AND ADMINISTRATIVE EXPENSES

| | <i>2024</i> <i>SR</i> | <i>2023</i> <i>SR</i> |
|----------------------|--------------------------|--------------------------|
| Administration fees | 610,792 | 458,515 |
| Professional fees | 567,810 | 928,100 |
| Property insurance | 444,232 | 486,614 |
| Regulator fees | 400,000 | 400,000 |
| Legal fees | 325,378 | 195,685 |
| Custodian fees | 215,258 | 181,024 |
| Listing fees | 181,140 | 190,679 |
| Board oversight fees | 52,500 | 57,500 |
| Others | 474,329 | 84,952 |
| | 3,271,439 | 2,983,069 |

20 PROPERTY MANAGER FEE AND RELATED EXPENSES

| | <i>2024</i> <i>SR</i> | <i>2023</i> <i>SR</i> |
|-----------------------|--------------------------|--------------------------|
| Operating expenses | 18,189,946 | 17,186,882 |
| Property manager fees | 2,561,672 | 3,094,092 |
| | 20,751,618 | 20,280,974 |

21 FINANCIAL CHARGES

| | <i>2024</i> <i>SR</i> | <i>2023</i> <i>SR</i> |
|-------------------------------------|--------------------------|--------------------------|
| Long-term borrowings finance charge | 17,308,687 | 4,171,560 |
| Lease liability finance charge | 281,595 | 296,709 |
| | 17,590,282 | 4,468,269 |

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2024

22 FAIR VALUE MEASUREMENT

22.1 Financial instruments

Financial assets consist of cash and bank balance, rental income receivables, financial assets at amortised cost and other receivables. Financial liabilities consist of dividend payable, due to related parties, management fee payable, and borrowings. The fair values of financial assets and financial liabilities are not materially different from their carrying value due to short term nature and are classified as level 2.

| | <i>Level 1</i> | <i>Level 2</i> | <i>Level 3</i> | <i>Total</i> |
|-------------------------------------|----------------|----------------|----------------|--------------|
| | <i>SR</i> | <i>SR</i> | <i>SR</i> | <i>SR</i> |
| <i>As at 31 December 2024</i> | | | | |
| Financial assets at FVTPL (note 11) | 17,880,374 | 36,733,369 | - | 54,613,743 |
| <i>As at 31 December 2023</i> | | | | |
| Financial assets at FVTPL (note 11) | - | 1,953,427 | - | 1,953,427 |

22.2 Non-financial assets

The following table shows the fair value of investment properties disclosed as at year end:

| | |
|------------------------------|----------------|
| <i>31 December 2024</i> | <i>Level 3</i> |
| | <i>SR</i> |
| <i>Investment properties</i> | |
| Hafar Al-Batin Mall | 257,478,000 |
| Tabuk Mall | 98,491,000 |
| Dawadmi Mall | 87,524,000 |
| Signature Mall | 69,193,500 |
| Safar Building | 91,275,000 |
| Jawhara Hittin Building | 125,239,000 |
| Jazl Office building | 379,279,000 |
| | 1,108,479,500 |
| <i>31 December 2023</i> | <i>Level 3</i> |
| | <i>SR</i> |
| <i>Investment properties</i> | |
| Hafar Al-Batin Mall | 313,180,000 |
| AlKhair Mall | 352,640,000 |
| Tabuk Mall | 101,090,000 |
| Dawadmi Mall | 130,415,000 |
| Signature Mall | 68,020,000 |
| | 965,345,000 |

When the fair value of items disclosed in these financial statements cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The key assumptions are listed below.

Changes in assumptions about these factors could affect the fair value of items disclosed in these financial statements and the level where the items are disclosed in the fair value hierarchy.

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 2024

22 FAIR VALUE MEASUREMENT (continued)

22.2 Non-financial assets

The fair values of investment properties were assessed by Abaad Company and Esnad Company as disclosed in note 7. They are accredited independent valuers with a recognised and relevant professional qualification and with recent experience in the location and category of the investment properties being valued.

The valuation models have been applied in accordance with the Royal Institution of Chartered Surveyors ("RICS") Valuation Standards, in addition to recently published International Valuation Standards issued by International Valuation Standards Council ("IVSC") and applied by Saudi Authority for Accredited Valuers ("TAQEEM").

| Valuation approach | Key assumptions | Range | |
|----------------------|-------------------------|---------------|-----------------|
| | | 2024 | 2023 |
| Discounted cash flow | Discount rate (%) | 10.20%-11.45% | 10.30% - 11.55% |
| | Growth rate (%) | 2.70% | 2.8% - 2.01% |
| | Capitalisation rate (%) | 7.5%-8.5% | 7.5% - 9% |

23 LEASE COMMITMENTS

Future rental commitments under the leases are as follows:

| | 2024 SR | 2023 SR |
|---|--------------------|--------------------|
| No later than one year | 72,613,203 | 43,590,249 |
| Later than one year and not later than five years | 153,567,804 | 93,688,679 |
| Later than five years | 23,554,253 | 42,418,663 |
| | 249,735,260 | 179,697,591 |

24 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The Fund Manager is responsible for identifying and controlling risks. The Fund Board supervises the Fund Manager and is ultimately responsible for the overall management of the Fund.

The Fund has its terms and conditions document that sets out its overall business strategies, its tolerance of risks and its general risk management philosophy.

24.1 Credit risk

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund is exposed to credit risks on the following financial instruments:

| | 2024 SR | 2023 SR |
|---|-------------------|-------------------|
| Financial assets at amortised cost | 16,107,691 | 25,618,215 |
| Cash and cash equivalents | 3,738,566 | 14,172,383 |
| Rental income receivables (note 8) | 1,781,131 | 4,808,912 |
| Trade receivable | 2,516,750 | 2,932,168 |
| Amount due from a related party (note 10) | - | 1,219,338 |
| | 24,144,138 | 48,751,016 |

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 2024

24 FINANCIAL RISK MANAGEMENT (continued)

24.1 Credit risk (continued)

The carrying amount of financial assets represents the maximum credit exposure. The Fund seeks to limit its credit risk with respect to rental income receivables by charging rent in advance, and by monitoring outstanding balances on an ongoing basis with the actual results for the Fund. As at the year-end, the related parties have sound financial position and have the ability to repay their debts towards the Fund. For banks and financial institutions, the Fund only deals with reputable banks with sound credit ratings.

24.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

The table below summarises the maturity profile of the Fund's financial liabilities based on contractual undiscounted payments:

| | <i>On demand SR</i> | <i>Less than 12 months SR</i> | <i>More than 12 months SR</i> | <i>Total SR</i> |
|-------------------------|-------------------------|---------------------------------------|---------------------------------------|---------------------|
| 31 December 2024 | | | | |
| Lease liabilities | - | 650,000 | 5,955,052 | 6,605,052 |
| Contract liabilities | - | 42,157,846 | - | 42,157,846 |
| Long-term borrowing | - | - | 257,349,291 | 257,349,291 |
| Dividend payable | 82,558 | - | - | 82,558 |
| | <u>82,558</u> | <u>42,807,846</u> | <u>263,304,343</u> | <u>306,194,747</u> |
| | | | | |
| | <i>On demand SR</i> | <i>Less than 12 months SR</i> | <i>More than 12 months SR</i> | <i>Total SR</i> |
| 31 December 2023 | | | | |
| Lease liabilities | - | 650,000 | 8,450,000 | 9,100,000 |
| Contract liabilities | - | 8,185,737 | - | 8,185,737 |
| Dividend payable | 100,086 | - | - | 100,086 |
| Long-term borrowing | - | - | 55,100,000 | 55,100,000 |
| | <u>100,086</u> | <u>8,835,737</u> | <u>63,550,000</u> | <u>72,485,823</u> |

24.3 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Fund does not have any significant exposure to currency risk as all its monetary assets and monetary liabilities are denominated in Saudi Riyals.

25 OPERATING SEGMENT

The Fund is organised into one operating segment. All of the Fund's activities are interrelated and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the fund as one segment.

26 DISTRIBUTIONS

In accordance with the approved terms and conditions of the Fund, the Fund's Board announced profit distribution of SR 37,760,000 as following.

- On 1 April 2024 the Fund board approved distribution of SR 0.17 per unit totalling to SR 20,060,000
- On 11 July 2024 the Fund board approved distribution of SR 0.15 per unit totalling to SR 17,700,000

An amount of SR 37,760,000 (2023:SR 30,090,000) was paid during the year ended 31 December 2024. Furthermore, As of 31 December 2024, an amount of SR 82,558 (2023: SR 100,086) is still payable in relation to Fund's distribution.

27 LAST VALUATION DAY

The last valuation day for the year was 31 December 2024 (2023: 31 December 2023).

28 EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting date the Board of the Fund announced profit distribution of SR 0.17 per unit totalling to SR 20,060,000 which is payable on 9 January 2025.

Further, the Fund Manager has signed an agreement to purchase an office property located in AlQirawan district, in Riyadh, Kingdom of Saudi Arabia for a price of SR 380 million (excluding real estate transaction tax) which will be acquired during the first quarter of 2025.

There were no other events subsequent to the reporting date which requires adjustments or disclosures in the financial statements or notes thereto.

29 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Fund's Board of Directors on [27 March 2025] (corresponding to [27 Ramadan 1446 H]).