

ALINMA RETAIL REIT FUND
(Managed by Alinma Capital Company)

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

AND INDEPENDENT AUDITOR'S REVIEW REPORT

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

INTERIM CONDENSED FINANCIAL STATEMENTS
For the six-month period ended 30 June 2025

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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Alinma Retail REIT Fund ("the Fund") being managed by Alinma Capital Company (the "Fund Manager") as at 30 June 2025, and the related interim condensed statements of profit or loss and other comprehensive income, cash flows, and changes in equity for the six-month period then ended, and other explanatory notes. The Fund Manager is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting ("IAS 34")" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Conclusion

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

for Alluhaid & Alyahya Chartered Accountants



Saleh A. Alyahya
Certified Public Accountant
License number 473

Riyadh: 16 Safar 1447H
(10 August 2025)



Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	30 June 2025 (Unaudited) SR	31 December 2024 (Audited) SR
ASSETS			
NON-CURRENT ASSETS			
Investment properties	4.1	1,450,106,471	1,074,503,338
CURRENT ASSETS			
Financial asset at fair value through profit or loss (“FVTPL”)	6	45,790,702	54,613,743
Financial assets at amortised cost	7	-	16,107,691
Rental income and other receivables	8	33,241,965	5,765,566
Cash and cash equivalent		4,101,849	3,738,566
TOTAL CURRENT ASSETS		83,134,516	80,225,566
TOTAL ASSETS		1,533,240,987	1,154,728,904
LIABILITIES AND EQUITY			
NON-CURRENT LIABILITIES			
Non-current portion of lease liabilities	4.2	5,439,531	5,955,052
Long term borrowings	9	656,349,291	257,349,291
TOTAL NON-CURRENT LIABILITIES		661,788,822	263,304,343
CURRENT LIABILITIES			
Contract liabilities		43,846,661	42,157,846
Accrued expenses and other payables		7,034,822	11,816,456
Current portion of lease liabilities	4.2	650,000	650,000
Dividends payable		82,558	82,558
Zakat payable		997,084	997,084
TOTAL CURRENT LIABILITIES		52,611,125	55,703,944
TOTAL LIABILITIES		714,399,947	319,008,287
EQUITY			
Net assets attributable to unitholders		818,841,040	835,720,617
TOTAL LIABILITIES AND EQUITY		1,533,240,987	1,154,728,904
Redeemable units in issue (numbers)		118,000,000	118,000,000
Net assets value attributable to unitholders (SR)		6.94	7.08

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

	Notes	<i>Unaudited</i>	
		<i>For the six-month period ended</i> 30 June 2025 SR	30 June 2024 SR
CONTINUING OPERATIONS			
Revenue from investment properties	11	51,650,679	16,281,917
OPERATING EXPENSES			
Depreciation on investment properties	4.1	(19,218,685)	(14,752,408)
Property manager fee and related expenses		(5,928,201)	(9,284,823)
Management fees	10	(1,520,934)	(1,315,081)
Other operating expenses		(1,345,225)	(1,483,426)
Reversal of (charge for) expected credit loss	8	5,725,300	(3,194,023)
TOTAL OPERATING EXPENSES		(22,287,745)	(30,029,761)
OPERATING PROFIT (LOSS) FOR THE PERIOD		29,362,934	(13,747,844)
Finance cost		(20,466,303)	(8,130,593)
Income from financial asset at FVTPL	6	1,532,220	156,762
Special commission income		21,724	51,990
Other income		435	597,250
PROFIT (LOSS) FOR THE PERIOD BEFORE IMPAIRMENT		10,451,010	(21,072,435)
Charge for impairment on investment properties	4.1	(7,270,587)	(49,068,130)
PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		3,180,423	(70,140,565)
DISCONTINUED OPERATIONS			
Profit for the period from discontinued operations		-	3,263,168
NET PROFIT (LOSS) FOR THE PERIOD		3,180,423	(66,877,397)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		3,180,423	(66,877,397)

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

		<i>Unaudited</i>	
		<i>For the six-month period ended</i>	
		<i>30 June</i>	<i>30 June</i>
		<i>2025</i>	<i>2024</i>
	<i>Notes</i>	<i>SR</i>	<i>SR</i>
OPERATING ACTIVITIES			
Profit (loss) for the period from continuing operations		3,180,423	(70,140,565)
Profit for the period from discontinued operations		-	3,263,168
		<hr/>	<hr/>
Net profit (loss) for the period		3,180,423	(66,877,397)
<i>Adjustments for:</i>			
Depreciation on investment properties	4.1	19,218,685	18,021,755
(Reversal of) charge for expected credit loss allowance	8	(5,725,300)	3,194,023
Income from financial assets at FVTPL	6	(1,532,220)	(156,762)
Special commission income		(21,724)	(51,990)
Finance costs		20,466,303	8,130,593
Charge for impairment on investment properties	4.1	7,270,587	49,068,130
		<hr/>	<hr/>
		42,856,754	11,328,352
<i>Changes in operating assets and liabilities:</i>			
Increase in rental income and other receivables		(21,751,099)	(15,638,323)
Increase in contract liabilities		1,688,815	12,152,299
Decrease in accrued expenses and other liabilities		(4,781,634)	(7,623,372)
Decrease in dividend payables		-	(4,730)
		<hr/>	<hr/>
Net cash flows from operating activities		18,012,836	214,226
INVESTING ACTIVITIES			
Purchase of investment properties		(402,092,405)	(202,250,000)
Proceeds from maturity of financial assets at amortized cost		16,107,691	25,500,000
Proceeds from redemption of financial assets at FVTPL		9,674,104	-
Purchase of financial assets at FVTPL		-	(15,770,205)
Special commission income received		21,724	170,205
Dividend received		681,157	-
		<hr/>	<hr/>
Net cash flows used in investing activities		(375,607,729)	(192,350,000)
FINANCING ACTIVITIES			
Proceeds against long-term borrowings	9	399,000,000	202,249,291
Dividend distribution	14	(20,060,000)	(20,060,000)
Finance cost paid		(20,331,824)	-
Payment of lease liabilities	4.2	(650,000)	(650,000)
		<hr/>	<hr/>
Net cash flows from financing activities		357,958,176	181,539,291
		<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents		363,283	(10,596,483)
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the period		3,738,566	14,172,383
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period		4,101,849	3,575,900
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

	<i>Unaudited</i>	
	<i>For the six-month period ended</i>	
	<i>30 June 2025</i>	<i>30 June 2024</i>
	<i>SR</i>	<i>SR</i>
EQUITY AT THE BEGINNING OF THE PERIOD	835,720,617	865,350,740
Comprehensive income:		
Net income (loss) for the period	3,180,423	(66,877,397)
Other comprehensive income for the period	-	-
Total comprehensive income (loss) for the period	3,180,423	(66,877,397)
Dividend distribution (note 14)	(20,060,000)	(20,060,000)
	(16,879,577)	(86,937,397)
EQUITY AT THE END OF THE PERIOD	818,841,040	778,413,343

REDEEMABLE UNITS TRANSACTIONS

Transactions in redeemable units for the period are summarized as follows:

	<i>Unaudited</i>	
	<i>For the six-month period ended d</i>	
	<i>30 June 2025</i>	<i>30 June 2024</i>
	<i>Units</i>	<i>Units</i>
UNITS AT THE BEGINNING AND END OF THE PERIOD	118,000,000	118,000,000

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

Alinma Retail REIT Fund (Managed by Alinma Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2025

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 (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 of 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 1010929653, has been established and approved by CMA as a special purpose vehicle (“SPV”) for the beneficial interest 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 the CMA. The regulations detail the requirements for real estate funds and traded real estate funds within the Kingdom of Saudi Arabia.

3 BASIS OF PREPARATION

3.1 *Statement of compliance*

These interim condensed financial statements for the six-month period ended 30 June 2025 of the Fund have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organisation for Chartered and Professional Accountants (“SOCPA”).

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

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Fund’s annual financial statements for the year ended 31 December 2024.

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2025

3 BASIS OF PREPARATION (continued)

3.2 Basis of measurement

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

3.3 Functional and presentation currency

These interim condensed financial statements are presented in Saudi Arabian Riyals (“SR”), which is the Fund’s functional and presentation currency. All financial information presented has been rounded to the nearest SR.

3.4 Use of judgements, estimates and assumptions

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

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

3.5 New standards, interpretations and amendments adopted by the Fund

The material accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Fund’s annual financial statements for the year ended 31 December 2024 except for the adoption of amendments to existing standards effective as of 1 January 2025. Certain amendments apply for the first time in 2025, but do not have an impact on the interim condensed financial statements of the Fund.

Standards and amendments effective in the current period

The Fund has adopted all amendments to standards issued by the International Accounting Standards Board (“IASB”) as and when adopted by SOCPA that are mandatory for adoption in the annual periods beginning on or after 1 January 2025 and are applicable to the Fund. The management has assessed that the amendments have no significant impact on the Fund’s interim condensed financial statements.

Standard / interpretation	Description	Effective date
Amendment to IAS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025

Standards and amendments issued and not yet effective

The following standards, amendments, and interpretations were in issue at the date of authorization of these interim condensed financial statements but are not yet effective. In the opinion of the Fund’s management, these standards, amendments to standards and interpretation are not expected to have any significant impact on the Fund’s interim condensed financial statements when effective and endorsed by SOCPA. The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The Fund intends to adopt these standards, if applicable, when they become effective and endorsed by SOCPA.

<u>Standards / amendments to standards / interpretations</u>	<u>Effective date</u>
<i>Amendment to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred indefinitely
<i>Amendments to IFRS 9 and IFRS 7 – Financial Instruments and Financial Instruments: Disclosure</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

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2025

4 INVESTMENT PROPERTIES AND LEASE LIABILITY

4.1 Investment properties

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

	<i>Cost</i>	<i>Accumulated depreciation</i>	<i>Impairment (note 4.4.6)</i>	<i>Net book value</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
30 June 2025				
Hafar Al-Batin Mall (i)	479,415,655	(94,901,384)	(133,211,983)	251,302,288
Tabuk Mall (ii)	221,873,667	(39,260,305)	(94,329,431)	88,283,931
Dawadmi Mall (iii)	177,313,210	(56,053,498)	(38,037,072)	83,222,640
Signature Mall (iv)	55,128,000	(2,709,984)	-	52,418,016
Safir Office Building (v)	84,000,000	(2,172,317)	-	81,827,683
Jawharat Hittin Office Building (vi)	118,250,000	(3,004,293)	-	115,245,707
Jazl Office Building (vii)	386,400,000	(4,111,206)	-	382,288,794
Bin Jalawi Building (viii)	399,000,000	(3,482,588)	-	395,517,412
	<u>1,921,380,532</u>	<u>(205,695,575)</u>	<u>(265,578,486)</u>	<u>1,450,106,471</u>
31 December 2024				
Hafar Al-Batin Mall (i)	476,348,250	(89,527,819)	(129,342,431)	257,478,000
Tabuk Mall (ii)	221,873,667	(37,461,281)	(85,921,386)	98,491,000
Dawadmi Mall (iii)	177,313,210	(52,804,728)	(36,984,483)	87,523,999
Signature Mall (iv)	55,103,000	(2,169,994)	-	52,933,006
Safir Office Building (v)	84,000,000	(1,441,482)	-	82,558,518
Jawharat Hittin Office Building (vi)	118,250,000	(2,010,185)	-	116,239,815
Jazl Office Building (vii)	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>

- (i) **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.
- (ii) **Tabuk Mall:** This property is a fully constructed commercial facility on a freehold land, located in Al Rajhi District, Tabuk, KSA.
- (iii) **Dawadmi Mall:** This property is fully constructed commercial facility on leasehold land, located in Dawadmi, KSA.
- (iv) **Signature Mall:** This property is a fully constructed commercial facility on freehold land, located in Al Shuhada District, Riyadh, KSA.
- (v) **Safir Office Building:** This property is a fully constructed commercial facility on a freehold land, located in Al Qirawan District, Riyadh, KSA.
- (vi) **Jawhara Hittin Office Building:** This property is fully constructed commercial facility on a freehold land, located in AI Hittin district, Riyadh, KSA
- (vii) **Jazl Office Building:** This property is a fully constructed commercial facility on a freehold land, located in Yasmeen District, Riyadh, KSA.
- (viii) **Bin Jalawi Building:** This property is a fully constructed commercial facility on a freehold land located in Al Qirawan District, Riyadh, KSA

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2025

4 INVESTMENT PROPERTIES AND LEASE LIABILITY (continued)

4.1.2 Useful life

The useful life of Tabuk Mall, Hafer A1-Batin Mall, Signature Mall are assessed at 25 years from date of acquisition.

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

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

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

	<i>Land and buildings SR</i>	<i>Right-of-use asset SR</i>	<i>Total SR</i>
Cost			
Balances as at 1 January 2024	1,244,802,783	8,594,560	1,253,397,343
Additions during the period	591,256,349	-	591,256,349
Disposal during the period (note 4.1.8)	(325,365,565)	-	(325,365,565)
Balances as at 31 December 2024 (audited)	1,510,693,567	8,594,560	1,519,288,127
Additions during the period (note 4.1.7)	402,092,405	-	402,092,405
Balances as at 30 June 2025 (unaudited)	1,912,785,972	8,594,560	1,921,380,532
Accumulated depreciation			
Balances as at 1 January 2024	189,176,945	2,390,290	191,567,235
Depreciation charge during the period	34,690,838	479,367	35,170,205
Disposal during the period (note 4.1.8)	(40,260,550)	-	(40,260,550)
Balances as at 31 December 2024 (audited)	183,607,233	2,869,657	186,476,890
Depreciation charge during the period	18,981,620	237,065	19,218,685
Balances as at 30 June 2025 (unaudited)	202,588,853	3,106,722	205,695,575
Accumulated impairment			
Balances as at 1 January 2024	169,692,127	-	169,692,127
Impairment charged during the period	88,615,772	-	88,615,772
Balances as at 31 December 2024 (audited)	258,307,899	-	258,307,899
Impairment charged during the period	7,270,587	-	7,270,587
Balances as at 30 June 2025 (unaudited)	265,578,486	-	265,578,486
Net book amount as at 30 June 2025 (unaudited)	1,444,618,633	5,487,838	1,450,106,471
<i>Net book amount as at 31 December 2024 (audited)</i>	<i>1,068,778,435</i>	<i>5,724,903</i>	<i>1,074,503,338</i>

(i) Included above within land and buildings is land amounted to SR 545,955,709 (31 December 2024: SR 371,936,912).

(ii) During the year, depreciation charged to the statement of profit or loss and other comprehensive income amounted to SR 19,218,684 (2024: SR 14,752,408).

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2025

4 INVESTMENT PROPERTIES AND LEASE LIABILITY (continued)

4.1.4 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 and Tabuk with an aggregate area of 188,495 square meters of land (31 December 2024: 173,615 square meter). Additionally, the Fund leased land in Dawadmi with an area of 72,678 square meter of land (2024: 72,678 square meter).

4.1.5 Impairment of investment properties

During the period ended 30 June 2025, the investment properties were tested for impairment and the management recognised a net charge of SR 7,270,587 (30 June 2024: SR 49,068,130) to adjust the value of its investment properties to its recoverable amount based on the average fair value as at the reporting period, determined by the independent evaluators as shown in note 5.

4.1.6 Ownership of investment properties

The title deeds of the investment properties (except for Tabuk Mall and Dawadmi Mall) is pledged against the financing. The SPV owns these properties for the beneficial interest of the Fund and does not possess any controlling interest or any stake in the properties.

4.1.7 Additions during the year

Bin Jalawi Building is a fully constructed commercial facility on freehold land, located in Al Qairwan District, Riyadh, KSA. The Fund Manager acquired this building for an amount of SR 399 million, with an area of 14,880 square meters.

4.1.8 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 of SAR 25 million.

4.2 Lease liability

The movement in the lease liability during the period/year is as follows:

	30 June 2025 (Unaudited) SR	31 December 2024 (Audited) SR
Balance at the beginning of the period/year	6,605,052	6,973,457
Finance charges	134,479	281,595
Payment of lease liabilities	(650,000)	(650,000)
Balance at end of the period/year	6,089,531	6,605,052
Current portion of lease liabilities	650,000	650,000
Non-current portion of lease liabilities	5,439,531	5,955,052

Alinma Retail REIT Fund
(Managed by Alinma Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2025

5 EFFECTS ON NET ASSET VALUE IF INVESTMENTS IN REAL ESTATE 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 fair value of 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 interim condensed 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). The valuers are independent, not related to the Fund, who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment properties being valued.

As at 30 June 2025 and 31 December 2024, the valuation of investment properties are as follows:

	30 June 2025		
	(Unaudited)		
	<i>Appraiser 1</i>	<i>Appraiser 2</i>	<i>Average</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Hafar Al-Batin Mall	249,200,000	253,404,575	251,302,288
Tabuk Mall	87,500,000	89,067,861	88,283,931
Dawadmi Mall	84,900,000	81,545,279	83,222,640
Signature Office Building	71,000,000	73,758,828	72,379,414
Safir Office Building	97,300,000	104,285,710	100,792,855
Jawhara Hittin Office Building	147,900,000	129,825,214	138,862,607
Jazl Office Building	410,100,000	409,153,940	409,626,970
Bin Jalawi Building	425,150,000	436,901,411	431,025,706
	<u>1,573,050,000</u>	<u>1,577,942,818</u>	<u>1,575,496,411</u>
		31 December 2024	
		(Audited)	
	<i>Appraiser 1</i>	<i>Appraiser 2</i>	<i>Average</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Hafar Al-Batin Mall	269,300,000	245,656,000	257,478,000
Tabouk Mall	96,000,000	100,982,000	98,491,000
Dawadmi Mall	86,700,000	88,348,000	87,524,000
Signature Office Building	68,300,000	70,087,000	69,193,500
Safir Office Building	91,300,000	91,250,000	91,275,000
Jawhara Hittin Office Building	127,200,000	123,278,000	125,239,000
Jazl Office Building	389,300,000	369,258,000	379,279,000
	<u>1,128,100,000</u>	<u>1,088,859,000</u>	<u>1,108,479,500</u>

Management has used the average of the two valuations for the purpose of disclosing the fair value of the investment properties and assessing impairment.

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

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5 EFFECTS ON NET ASSET VALUE IF INVESTMENTS IN REAL ESTATE PROPERTIES ARE FAIR VALUED (continued)

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

	30 June 2025 (Unaudited) SR	31 December 2024 (Audited) SR
Average fair value of investment properties	1,575,496,411	1,108,479,500
Less: Carrying value of investment properties (note 4)	(1,450,106,471)	(1,074,503,338)
Unrealised gain based on fair value	125,389,940	33,976,162
Units in issue (numbers)	118,000,000	118,000,000
Impact per unit share based on fair value evaluation (SR)	1.06	0.29

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

	30 June 2025 (Unaudited) SR	31 December 2024 (Audited) SR
Net assets value (equity) at cost	818,841,040	835,720,617
Net impact based on fair value	125,389,940	33,976,162
Net assets based on fair value	944,230,980	869,696,779

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

	30 June 2025 (Unaudited) SR	31 December 2024 (Audited) SR
Net assets value per unit at cost	6.94	7.08
Impact on net assets value based on the evaluations	1.06	0.29
Net assets value per unit based on fair value	8.00	7.37

6 FINANCIAL ASSETS AT FVTPL

Financial assets at FVTPL represents investment of 2,072,944 units (31 December 2024: 1,359,453 units) in Alinma Saudi Riyal Liquidity Fund and 2,128,616 units (31 December 2024: 2,128,616 units) in Alinma Hospitality REIT Fund, an open-ended mutual fund managed by Fund Manager.

	30 June 2025 (Unaudited)		31 December 2024 (Audited)	
	Cost (SR)	Market value (SR)	Cost (SR)	Market value (SR)
Alinma Saudi Riyal Liquidity Fund	27,102,864	28,016,759	36,423,660	36,733,369
Alinma Hospitality REIT Fund	15,888,147	17,773,943	15,888,147	17,880,374
	42,991,011	45,790,702	52,311,807	54,613,743

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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6 FINANCIAL ASSETS AT FVTPL (continued)

The income from financial assets at FVTPL during the period amounted to SR 1,532,220 (30 June 2024: SR 156,762) which includes dividend income amounting to SR 681,157 (30 June 2024: Nil).

7 FINANCIAL ASSET AT AMORTISED COST

	30 June 2025 (Unaudited) SR	31 December 2024 (Audited) SR
Murabaha deposit (i)	-	15,831,000
Accrued special commission income	-	276,691
	<u>-</u>	<u>16,107,691</u>

(i) This represented investments placed with an investment company operating in Kingdom of Saudi Arabia having maturity of within 1 year and carried an average special commission income rate of 5.75%.

8 RENTAL INCOME AND OTHER RECEIVABLES

	30 June 2025 (Unaudited) SR	31 December 2024 (Audited) SR
Rental income receivable (8.1)	53,710,548	43,431,451
Less: Allowance for expected credit losses (8.2)	(26,347,596)	(41,650,320)
Rental income receivable, net	27,362,952	1,781,131
Advance to property manager	1,866,368	2,397,392
Prepayments	2,425,602	-
Receivable from ZATCA (8.3)	1,467,685	1,467,685
Other receivables	119,358	119,358
	<u>33,241,965</u>	<u>5,765,566</u>

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

8.2 Following is the movement of allowance for expected credit losses as at the reporting date:

	30 June 2025 (Unaudited) SR	31 December 2024 (Audited) SR
At the beginning of the period/ year	41,650,320	27,278,124
Write off during the period/year	(9,577,424)	-
(Reversal) charge during the period/year	(5,725,300)	14,372,196
At the end of the period/year	<u>26,347,596</u>	<u>41,650,320</u>

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8 RENTAL INCOME AND OTHER RECEIVABLES (continued)

8.3 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 of VAT return and payment of its VAT. The Fund filed for an appeal during the 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 issued the final appeal decision in favor of the Fund. The Fund Manager is still in the process of getting the refund.

9 LONG-TERM BORROWING

On 7 November 2022, the SPV, on behalf of the Fund, entered into an financing agreement (“agreement”) with Alinma Bank (the “Bank”) amounting to SR 750 million to finance acquisition of properties. As of 30 June 2025, SR 93.6 million (2024: SR 492.2 million) represents the unused portion of the facility.

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 all title deeds of the investment properties (except Tabuk Mall and Dawadmi Mall) (note 4).

The agreement is subjected to covenant, whereby the Fund is required to meet certain requirements. The Fund Manager aims to ensure that it meets financial covenants attached to the borrowings. Breaches in meeting the financial covenants would permit the Bank to immediately call borrowings. As of 30 June 2025, and 31 December 2024 the Fund is in compliance with these required covenants.

During the period ended 30 June 2025, the Fund incurred financial costs amounting to SR 20.3 million (30 June 2024: SR 8 million).

The movement in the long-term borrowings is as follows:

	30 June 2025 (Unaudited) SR	31 December 2024 (Audited) SR
Balance at the beginning of the period/year	257,349,291	55,100,000
Additions during the period/year	399,000,000	202,249,291
Balance at the end of the period/year	<u>656,349,291</u>	<u>257,349,291</u>

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 fees

In consideration for managing the assets of the Fund, the Fund Manager in accordance with the terms and conditions of the Fund charges the Fund a management fee equal to 0.75 % of the net asset value per annum, provided that the management fee does not exceed 12% of net cash flow from operating activities calculated and payable on quarterly basis.

Alinma Retail REIT Fund
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Board of Directors remuneration

Each independent member of the Board of Directors is allowed a remuneration of SR 5,000 per board meeting. The board remuneration fee charged during the period amounted to SR 18,596 (30 June 2024: SR 23,648).

10.1 Related party transaction

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

Name of related party	Nature of relationship	Nature of transaction	Unaudited	
			For the six-month period ended 30 June 2025 SR	30 June 2024 SR
Alinma Capital Company	Fund Manager	Management fees	(1,520,934)	(1,315,081)
Alinma Saudi Riyal Liquidity Fund	Fund managed by the Fund Manager	Proceeds from redemption of financial assets at FVTPL Purchase of financial assets at FVTPL	9,674,104 -	- (15,770,205)
Fund Board of Directors	Members	Board fees	(18,596)	(23,648)
Alinma Bank	Parent Company of Fund Manager	Drawdown of long-term borrowings	399,000,000	202,249,291

10.2 Related party balances

Period/year end balances (payable) arising from transactions with related parties are as follows:

Name of related party	Nature of balances	30 June 2025	31 December 2024
		(Unaudited) SR	(Audited) SR
Alinma Capital Company	Management fees payable	(3,256,726)	(3,295,245)
Alinma Saudi Riyal Liquidity Fund	Financial asset at FVTPL (note 6)	28,016,759	36,733,369
Alinma Hospitality REIT Fund	Financial asset at FVTPL (note 6)	17,773,943	17,880,374
Alinma Bank	Bank balance	3,686,324	3,994,606

As at 30 June 2025, board members of the Fund held 1,470,744 units (31 December 2024: 1,594,744 units).

11 REVENUE FROM INVESTMENT PROPERTIES

The Fund's revenue from investment properties is concentrated within one operating segment and geographical region of the Kingdom of Saudi Arabia, comprised of operating lease income generated from investment properties as disclosed in note 4.1.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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12 FAIR VALUE MEASUREMENT

Financial assets consist of cash and cash equivalents, rental income receivable, and financial assets at FVTPL. Financial liabilities consist of lease liabilities, other liabilities and long-term borrowings.

The fair values of financial assets held at FVTPL amounting to SR 45,790,702 (31 December 2024: SR 54,613,743) are classified under level 2.

Due to the short-term nature of most of the financial instruments, their carrying amounts appropriate their fair values. For the borrowings, the fair value is not materially different from its carrying amount since the special commission rate is repriced based on the market rate periodically.

13 COMMITMENT AND CONTINGENCIES

There were no significant commitments and contingencies as at 30 June 2025 and 31 December 2024.

14 DIVIDENDS DISTRIBUTION

During the period ended 30 June 2025, in accordance with the terms and conditions of the Fund, the Fund's Board has declared and paid dividend of SR 0.17 per unit (30 June 2024: SR 0.17 per unit) totalling to SR 20,060,000 (30 June 2024: SR 20,060,000).

15 LAST VALUATION DAY

The last valuation date for the period was 30 June 2025 (31 December 2024: The last valuation date of the year was 31 December 2024).

16 SUBSEQUENT EVENTS

On 1 July 2025 the Fund's Board approved to distribute dividend for the six-month period from 1 January 2025 to 30 June 2025 of SR 0.17 per unit amounting to SR 21,240,000 to its unitholders. Cash distribution entitlements to unitholders shall be based on the unitholder register on the end of 15 Muharram 1447H, corresponding to 10 July 2025.

17 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Fund Manager on 16 Safar 1447H (corresponding to 10 August 2025)