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ALKHABEER REIT FUND – Expressed in Saudi Riyal
(Managed by Alkhabeer Capital Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2024

ALKHABEER REIT FUND – Expressed in Saudi Riyal
(Managed by Alkhabeer Capital Company)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024

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Independent Auditor's Report

To: The Unitholders
Alkhabeer Reit Fund – Expressed in Saudi Riyal
(Managed by Alkhabeer Capital Company)
Jeddah, Kingdom of Saudi Arabia

Opinion

We have audited the financial statements of **Alkhabeer Reit Fund (a real estate investment traded fund) ("The Fund") managed by Alkhabeer Capital Company ("The Fund Manager")**, which comprise the statement of financial position as at December 31, 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity attributable to unitholders and statement of cash flows for the year then ended, and the accompanying notes to the financial statements, including material accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing 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 professional code of conduct and ethics, that are endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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, we do not provide a separate opinion on these matters.

Key Audit Matters	How We Addressed Key Audit Matters
Investment properties and right of use asset Impairment of investment properties and right of use asset. As at 31 December 2024, the book value of investment properties and right of use asset held by the Fund amounted to SR 1.609 million and SR 130.3 million respectively (2023: SR 1.688 million and SR 133 million respectively).	Our audit procedures in response to the assessed risk of material misstatement in the valuation of impairment in investment properties and right of use asset comprised of: ▪ Obtained an understanding of the management procedures for determining the impairment in the value of investment properties.

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Independent Auditor's Report - continued

To: The Unitholders
Alkhabeer Reit Fund – Expressed in Saudi Riyal
(Managed by Alkhabeer Capital Company)
Jeddah, Kingdom of Saudi Arabia

Key Audit Matters (Continued)

Key Audit Matters	How We Addressed Key Audit Matters
Investment properties and right of use asset is measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties is presenter at cost less accumulated depreciation and impairment losses, if any. However, the fair value of the investment property and right of use asset is disclosed along with its impact on net assets per unit. In accordance with the requirements of relevant IFRSs of impairment on its properties at each reporting date. In case such indicators are identified, the recoverable amount of these properties must be determined. As part of its assessment of impairment indicators, the Fund reviews both the internal and external indicators of impairment including, but not limited to, net cash outflows or operating losses, physical wear and tear of assets and adverse market changes or conditions. Moreover, the assessment of recoverable amounts require the use of complex valuation techniques. Since the evaluation of impairment indicators and recoverable amounts, where necessary, involves the exercise of significant judgment, it was consider a key audit matter. Notes 9 and 10 to the financial statements illustrate details of investment properties and right of use asset and the movement during the year. Note 4 illustrates the details of related accounting policies and significant judgements and assumptions applied in the determination of the recoverable amounts of the investment properties and right of use asset.	▪ Assessed the Fund manager's determination of the following: - The factors taken into consideration when assessing indicators of impairment, and - The base used to determine cash generating units, which is the level used to calculate the recoverable amount. ▪ Assessed the recoverable amount determined by the Fund by using valuation reports prepared by two independent valuers as of December 31, 2024 and examined the recoverable amount of investment properties and right of use asset, and assessed the model, assumptions and estimates used in the calculation of fair values less cost of disposal and value in use. ▪ Assessed the key assumptions and estimates used, including discount rate, rental income, operating expenditures. Checked sensitivity analysis, including assessment of the effect of reasonably possible changes in the discount rate and operating expenditures on the forecasted cash flows to measure the impact. ▪ Compared the recoverable amount of each cash-generating unit with its listed book value. ▪ We have reviewed the financial statement disclosures.

Independent Auditor's Report - continued

To: The Unitholders
Alkhabeer Reit Fund – Expressed in Saudi Riyal
(Managed by Alkhabeer Capital Company)
Jeddah, Kingdom of Saudi Arabia

Key Audit Matters (Continued)

Key Audit Matters	How We Addressed Key Audit Matters
The Fund uses valuation reports from the independent valuers appointed by the Fund manager to measure the fair value of properties at the reporting date. We considered this as a key audit matter since the valuation requires significant judgment with respect to the appropriateness of the method used, and any inaccurate inputs in this judgment could result in material misstatement of the financial statements disclosure.	▪ Assessed the independence, professional qualifications, competence and experience of the Fund's independent valuers, also ensured the valuers were certified by the Saudi Authority for Accredited Valuers. We used our specialists on this field to review the assumptions used in valuing the investment properties and right of use asset. ▪ Evaluated the observable inputs used in the valuations, such as rental income, occupancy rates, items details, and lease duration by referring to lease agreements for a sample of investment properties.

Other information included in the Fund's 2024 Annual Report

Other information consists of the information included in the Fund's 2024 Annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information included in its annual report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance regarding them.

In connection with our audit of the financial statements, our responsibility is to read the other information referred to above and, in doing so, consider whether the other information is materially inconsistent with the accompanying financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement on this other information, we are required to report that fact, and we have nothing to report about on this matter.

Independent Auditor's Report – continued

To: The Unitholders
Alkhabeer Reit Fund – Expressed in Saudi Riyal
(Managed by Alkhabeer Capital Company)
Jeddah, Kingdom of Saudi Arabia

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 International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants, the applicable provisions of the investment fund regulations issued by the Capital Market Authority and the Fund's terms and conditions and information memorandum, 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.

Those charged with governance (Fund 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 International Standards on Auditing 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.

As part of an audit in accordance with International Standards on Auditing 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.

Independent Auditor's Report – Continued

To The Unitholders
Alkhabeer Reit Fund – Expressed in Saudi Riyal
(Managed by Alkhabeer Capital Company)
Jeddah, Kingdom of Saudi Arabia

Auditor's Responsibilities for the Audit of the Financial Statements – continued

- 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 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, actions taken to eliminate threats or safeguards applied.

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 for the current period 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.

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C.R. No. 1010466353
سجل تجاري رقم ١٠١٠٤٦٦٣٥٣
Crowe Solutions For Professional Consulting

Abdullah M. AlAzem
License No. 335

Ramadan 20, 1446H (March 20, 2025)
Jeddah, Kingdom of Saudi Arabia

ALKHABEER REIT FUND – Expressed in Saudi Riyal
(Managed by Alkhabeer Capital Company)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024
(Expressed in Saudi Riyal)

	Note	As at December 31, 2024	2023
ASSETS			
Current assets			
Cash and cash equivalents	5	**108,023,128**	27,111,669
Account receivables	6	**11,793,506**	5,664,474
Prepaid expenses and other debit balances	7	**395,765**	6,414,706
Due from a related party	8 - a	**18,781**	18,781
Total current assets		**120,231,180**	39,209,630
Non-current assets			
Right of use asset	9 - a	**130,287,550**	133,031,169
Investment properties	10	**1,608,996,237**	1,688,339,039
Total non-current assets		**1,739,283,787**	1,821,370,208
Total assets		**1,859,514,967**	1,860,579,838
LIABILITIES AND EQUITY ATTRIBUTABLE TO UNITHOLDERS			
Current liabilities			
Due to related parties	8 - b	**5,917,440**	6,886,432
Lease liabilities – current portion	9 - b	**1,110,437**	1,082,497
Accrued expenses and other credit balances	12	**56,383,473**	55,759,944
Total current liabilities		**63,411,350**	63,728,873
Non-current liabilities			
Lease liabilities – non-current portion	9 - b	**12,880,053**	13,742,239
Credit facilities	11 - a	**737,500,000**	737,500,000
Total non-current liabilities		**750,380,053**	751,242,239
Total liabilities		**813,791,403**	814,971,112
EQUITY ATTRIBUTABLE TO UNITHOLDERS		**1,045,723,564**	1,045,608,726
Total liabilities and equity attributable to unitholders		**1,859,514,967**	1,860,579,838
Number of units issued (unit)		**141,008,848**	141,008,848
Equity per unit – book value (SR per unit)	10 - c	**7.4160**	7.4152
Equity per unit – fair value (SR per unit)	10 - c	**8.6703**	8.4592

The accompanying notes from (1) to (25) form an integral part of these financial statements.

ALKHABEER REIT FUND – Expressed in Saudi Riyal
(Managed by Alkhabeer Capital Company)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in Saudi Riyal)

		For the year ended December 31,	
	Note	**2024**	2023
Rental income	13	**129,362,126**	123,723,817
Expenses			
Properties management fees	15	**(11,030,424)**	(10,686,672)
Administration and custody fees	8,15	**(786,275)**	(792,593)
Management fees	8,15	**(9,218,174)**	(8,998,722)
Expected credit losses	6	**(174,283)**	(2,205,336)
Other expenses	14	**(4,846,137)**	(7,191,694)
Total expenses		**(26,055,293)**	(29,875,017)
Finance cost	11 – b	**(40,927,616)**	(31,825,865)
Gain from sale of investment properties		**22,222,390**	-
Income from bank deposits	5	**1,056,700**	-
Depreciation of investment properties and right of use asset	9,10	**(43,354,108)**	(43,539,904)
Reversal of impairment of investment properties	10	**17,034,355**	16,652,035
Profit for the year		**59,338,554**	35,135,066
Other comprehensive income		**-**	-
Total comprehensive income for the year		**59,338,554**	35,135,066

The accompanying notes from (1) to (25) form an integral part of these financial statements.

ALKHABEER REIT FUND – Expressed in Saudi Riyal
(Managed by Alkhabeer Capital Company)
STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO UNITHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in Saudi Riyal)

	Note	For the year ended December 31, 2024	2023
Equity attributable to unitholders			
Equity attributable to unitholders at the beginning of the year		**1,045,608,726**	1,069,697,376
Dividends	18	**(59,223,716)**	(59,223,716)
Comprehensive income for the year		**59,338,554**	35,135,066
Equity attributable to unitholders at the end of the year		**1,045,723,564**	1,045,608,726

Transactions in units for the year are summarized as follows:

	2024	2023
Number of units at the beginning of the year (unit)	**141,008,848**	141,008,848
Number of units at the end of the year (unit)	**141,008,848**	141,008,848

*No units were issued or disposed during the years ended December 31, 2024 and 2023.

The accompanying notes from (1) to (25) form an integral part of these financial statements.

ALKHABEER REIT FUND – Expressed in Saudi Riyal
(Managed by Alkhabeer Capital Company)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in Saudi Riyal)

	For the year ended December 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the year	**59,338,554**	35,135,066
Adjustments:		
Depreciation of investment properties and right of use asset	**43,354,108**	43,539,904
Reversal of impairment of investment properties	**(17,034,355)**	(16,652,035)
Gain from sale of investment properties	**(22,222,390)**	-
Income from bank deposits	**(1,056,700)**	-
Interest charged on lease liabilities (included in finance cost)	**744,754**	782,618
Finance cost	**40,182,862**	31,043,247
Expected credit losses	**174,283**	2,205,336
Changes in operating assets and liabilities:		
Account receivables	**(12,162,315)**	(4,303,579)
Prepaid expenses and other debit balances	**67,101**	431,151
Due to related parties	**(968,992)**	(352,811)
Accrued expenses and other credit balances	**(14,541,349)**	(22,581,361)
Net cash provided by operating activities	**75,875,561**	69,247,536
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to investment properties	**(2,049,094)**	(1,767,900)
Proceeds from the sale of investment properties	**87,601,390**	-
Proceeds from income on bank deposits	**1,056,700**	-
Additions to right of use asset	**(1,611,398)**	(1,475,919)
Net cash provided by / (used in) investing activities	**84,997,598**	(3,243,819)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	**(53,364,716)**	(40,023,537)
Lease payments	**(1,579,000)**	(1,579,000)
Finance cost paid	**(25,017,984)**	(20,716,470)
Net cash used in financing activities	**(79,961,700)**	(62,319,007)
Net change in cash and cash equivalent	**80,911,459**	3,684,710
Cash and cash equivalent at the beginning of the year	**27,111,669**	23,426,959
Cash and cash equivalent at the end of the year	**108,023,128**	27,111,669
Non-cash items:		
Dividends distributions through settlement of account receivables to unitholders	**5,859,000**	4,394,250
Transferred from other debit balances to additions to right-of-use asset	**(5,951,840)**	-
Unpaid dividends	**14,805,929**	14,805,929

The accompanying notes from (1) to (25) form an integral part of these financial statements.

1. THE FUND AND ITS ACTIVITIES

Alkhabeer REIT Fund (the "Fund") – expressed in Saudi Riyals is a closed-ended Sharia compliant real estate investment traded fund, established in accordance with the rules and regulations enforced in the Kingdom of Saudi Arabia as well as under the guidelines of the Capital Market Authority ("CMA"). The Fund has been established on December 16, 2018 and managed by Alkhabeer Capital Company ("Alkhabeer Capital" or the "Fund Manager"), for the benefit of the Fund's unitholders. The Fund is listed on the Saudi Stock Exchange (Tadawul). The Fund is ultimately supervised by the Fund Board of Directors. Alinma Investment Company acts as the Custodian of the Fund.

The Fund's main investment objective is to generate rental income yield and periodic cash distributions of not less than 90% of the Fund's annual net profit, by investing not less than 75% of the Funds total assets, according to its last audited financial statements, in income generating real estate assets in the Kingdom of Saudi Arabia excluding Makkah and Medina.

The terms and conditions of the Fund were approved by the Capital Market Authority ("CMA") on October 16, 2018 (corresponding to Safar 8, 1440 H), and the initial offering period was 15 days, starting from November 11, 2018 and ending on November 29, 2018. The Fund started its activities on December 16 2018, and the Fund was listed on Tadawul on March 20, 2019.

In dealing with the unitholders, the Fund Manager considers the Fund as an independent entity. Accordingly, the Fund prepares its own financial statements. Furthermore, unitholders are considered owners of the assets of the Fund and distributions is made in relation to their respective ownership in the total number of issued units.

The Fund's term is ninety-nine (99) year follow the date of listing units on Saudi Tadawul. The term of the Fund may be extended at the Fund Manager's discretion subject to CMA approval.

The Fund is subject to the Sharia Board's guidelines in its investments and transactions.

2. REGULATORY AUTHORITY

The Fund is governed by the Real Estate Investment Funds Regulations (the "Regulations") and REIT instructions published by CMA on Jumada al-Alkhirah 19, 1427H (corresponding to July 15, 2006) thereafter amended on Rajab 12, 1442H (corresponding to February 24, 2021), detailing requirements for all funds traded in real estate that must follow the Kingdom of Saudi Arabia.

3. BASIS OF PREPARATION

Basis of compliance

The financial statements for the Fund have been prepared in accordance with the International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA), and the provisions specified by the Fund regulations issued by the CMA, the terms and conditions of the Fund and the information memorandum.

Basis of measurement

These financial statements of the Fund have been prepared on a historical cost basis except for the items which measured at fair value, present value, net realizable value, and replacement cost in line with the accrual basis of accounting and going concern basis.

Functional and presentation currency

These financial statements are presented in Saudi Riyal, which is the Fund's functional and presentation currency.

Fair value measurement

The fair value represents the amount that may be collected from selling an asset or paying it to transfer a liability between informed parties under the same terms of business with others. The fair value measurement depends on the following conditions:

- The principal market for assets or liabilities, or
- The most advantageous market for assets and liabilities in the absence of a primary market, or
- Use discounted cash flows in the absence of a principal market or the most advantageous market.

Assets or liabilities measured at fair value

- Separate assets or liabilities.
- A group of assets or a group of liabilities or a group of assets and liabilities.
- A set of accounting policies and notes that require calculating the fair value of financial and non-financial assets and liabilities.
- The Fund uses market inputs that are observable as far as possible when measuring the fair value of assets and liabilities.

The Fund determines fair value using valuation techniques. The Fund also uses the following levels which reflect the importance of inputs used in determining fair value:

- **Level 1**: quoted prices (unadjusted) in an active market for similar assets or liabilities.
- **Level 2**: valuation methods based on inputs other than quoted prices included in Level 1 that can be observable for assets and liabilities, directly or indirectly.
- **Level 3**: valuation techniques that use inputs that have an important impact on fair value but are not based on observable inputs.

The Fund recognizes transfers between fair value levels at the end of the reporting period at the same time as the change occurs, the Fund Manager believes that its estimates and assumptions used are reasonable and sufficient.

New standards, amendments to standards and interpretations:

There are standards and interpretations that became effective from January 1, 2024. The fund manager believes that the amendments do not have a material impact on the Fund’s financial statements.

- Amendments to IFRS 16 – Lease Obligations on a Sale and Leaseback Basis:

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how the fund accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

- Amendments to IAS 1 – Non-Current Liabilities with Commitments and Classification of Liabilities as Current or Non-Current:

These amendments clarify how conditions with which the fund must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements:

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity’s liabilities, cash flows and exposure to liquidity risk.

Standards Issued but Not Yet Applied:

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2025 and earlier application is permitted for certain new standards and amendments; however, the Fund has not early adopted them in preparing these Financial Statements. The Fund is currently evaluating the impact of the adoption of these standards on the Financial Statements.

- Amendments to IAS 27 – Lack of Convertibility:

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.

- Amendments to IFRS 9 and IAS 7 – Classification and Measurement of Financial Instruments:

- Clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- Make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

- IFRS 18 – Presentation and Disclosure in Financial Statements:

This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- The structure of the statement of profit or loss;
- Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

4. SIGNEFICANT INFORMATION ON ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash at banks and deposits held at call with banks with a maturity of three months.

Investment properties

Investment properties are land, buildings, or both or part of them held either to earn rental income or for capital appreciation, or both, but not for sale in the normal course of business or in use in the production, supply of goods, provision of services, or administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Investment properties are subsequently carried at cost, less accumulated depreciation and accumulated impairment losses, if any. This cost includes the cost of replacing parts of investment properties and borrowing costs related to long-term construction projects, if the evidentiary criteria are met. When it is necessary to replace significant parts of investment properties in stages, the Fund recognizes such parts as separate assets with definite useful lives and depreciated accordingly. All repair and maintenance costs are recognized in profit or loss when incurred.

The carrying amount of investment properties is reviewed to determine if there is any impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If such evidence exists and the carrying amount exceeds the recoverable amount, the assets are then written down to their recoverable amount, which represents the higher of fair value less costs to sell and value in use

Investment properties are derecognized either when they are disposed of (i.e. when control is transferred to the receiving entity) or they are permanently withdrawn from use and no future economic benefits are expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period in which the derecognition is discontinued. The amount of consideration to be included in the profit or loss on derecognition of investment properties is determined in accordance with the requirements for determining the transaction price in IFRS 15 – "Revenue from Contracts with Customers".

Transfers are made to (from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the assumed cost for subsequent accounting is the fair value at the date of change in use.

When owner-occupied properties become investment properties, the Fund accounts for such properties in accordance with the policies applicable to property, plant and equipment up to the date of the change in use.

The following are the estimated useful life for investment properties:

Item	**Useful life**
Buildings	40 years

lands are not depreciated.

Impairment of non-financial assets

Assets subject to depreciation and amortization are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in profit or loss for the amount that exceeds the carrying amount of the asset over its recoverable amount. Recoverable amount is the fair value of the asset less costs to sell or value in use (whichever is higher). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are independent cash flows (cash-generating units). Prior impairment in non-financial assets (other than goodwill) are reviewed to reflect the potential impairment at each reporting date.

An impairment loss recognized in prior periods is evaluated at each reporting date to determine whether there are indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that could have been determined, net of depreciation or amortization, had the impairment loss not been recognized previously.

Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be withdrawn. In this case, the fee is deferred until the withdrawn occurs.

To the extent that there is no evidence that it is probable that some or all of the facility will be withdrawn, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it belongs.

IAS 23, “Borrowing Cost”, requires any incremental transaction cost to be amortized using the Effective Interest Rate (EIR). The Fund accounts for finance cost (interest cost and amortization of transaction cost) as per the effective interest rate method. For floating rate loans, EIR determined at initial recognition of loan liabilities is used for the entire contract period. Borrowing cost incurred for any qualifying assets are capitalized as part of the cost of the asset.

Accrued expenses and other credit liabilities

Liabilities are recognized for the amount to be paid in the future for services received, whether billed by the supplier or not.

Derivative financial instruments and hedge accounting

Derivative financial instruments, including forward foreign exchange contracts, interest rate swaps, and commodity derivatives, are measured at fair value. Derivatives are recognized as assets when the fair value is positive and as liabilities when the fair value is negative. Any related transaction costs are recognized in profit or loss when incurred. Fair values are obtained by referencing quoted market prices, discounted cash flow models, and pricing models, as applicable.

After initial recognition, any changes in fair value are recognized based on hedge accounting.

The fund designates its derivatives as hedging instruments in qualifying hedge relationships to manage exposure to risks such as interest rate, foreign currency, and commodity price risks, including exposures arising from highly probable forecast transactions and firm commitments in order to manage specific risks. The fund applies hedge accounting to transactions that meet specific criteria.

To qualify for hedge accounting, the hedge must be highly effective, meaning that changes in the fair value or cash flows of the hedging instrument must effectively offset corresponding changes in the hedged item, and must be reliably measurable at the inception of the hedge. The risk management objective and strategy are documented, including identifying the hedging instrument, the hedged item, the nature of the risk being hedged, and how the fund assesses the effectiveness of the hedge relationship. A formal evaluation is carried out by comparing the effectiveness of the hedging instrument in offsetting changes in the fair value or cash flows attributable to the hedged risk in the hedged item, both at the inception of the hedge and at the end of each financial quarter on an ongoing basis. Future effectiveness testing is primarily conducted by matching the key terms of both the hedged item and the hedging instrument.

Offsetting

Financial assets and financial liabilities are offset and only the net amount is presented in the financial statements when there is a legally enforceable right to set off the recognized amounts, and there is an intention to settle the assets and liabilities on a net basis, either to realize the asset and settle the liability simultaneously.

Expenses

All expenses are classified as operating expenses unless another classification is consistent with the nature of the expense category and circumstances of the Fund.

Revenue recognition

Revenue includes rental income from investment properties.

The Fund recognizes the rent resulting from the lease contracts using the straight-line method. After inception of the lease contracts, the Fund recognizes variable lease payments that are not based on a specific index or rate (payments based on performance or usage, for example) when earned. When the Fund provides incentives to its tenants, the cost of incentives is recognized using the straight-line method as a reduction for rental income.

The contracts include a fixed price, and the customer pays this amount based on the payment schedule. If the services provided by the Fund exceed the amount paid, an accrued rental income is recognized, but if the payments exceed the provided service, an unearned rental income is recognized.

Revenue is measured at the transaction price agreed upon under the contract. The disclosed amounts appear as revenue after deducting the variable consideration and payments to customers, which are not for distinct services. This consideration may include discounts, trade allowances, deductions and amounts collected on behalf of a third party.

Account receivables are recognized when services are delivered because this is the point in time at which the consideration is unconditional because the passage of time is only necessary before payment is due.

The fund recognizes revenue when a performance obligation is satisfied. The fund applies five step model given in IFRS 15 “Revenue from contract with customers” to determine when to recognize revenue which is as follows:

Step 1 – Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met;

Step 2 – Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer;

Step 3 – Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties;

Step 4 – Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 – Recognize revenue when (or as) the entity satisfies a performance obligation.

Right of use asset

The Fund recognizes right of use assets at the inception 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 recognized, initial direct costs incurred, and lease payments made at or before the inception 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 recognized right of use assets are depreciated on a straight-line basis over its estimated useful life or the lease term, whichever is shorter. The estimated useful life of the right of use asset used by the Fund is 18 years.

Provisions and contingent liabilities

Provisions are recognized when the Fund has a present obligation (legal or contractual) as a result of past events, and it is probable that an outflow of resources involving economic benefits will be required to settle the obligation. In addition, a reliable estimate of the amount of the obligation can be made.

Lease liabilities

At the inception date of the lease, the Fund recognizes 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 recognized as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Fund uses the internal cost of funds as the incremental borrowing rate at the lease inception date if the interest rate implicit in the lease is not readily determinable. After the inception date, the amount of lease liabilities is increased to reflect the accumulation of interest and reduction of the lease payments presented. In addition, the carrying amount of lease liabilities is remeasured if there is an adjustment, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Significant judgment in determining the lease term of the contracts with the option to renewal

The Fund determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Finance costs

Finance cost is recognized in the statement of profit or loss and other comprehensive income for all specific commission-bearing financial instruments using the effective interest rate method.

Trade receivable

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Dividends

Interim and final dividends are recorded as liability in the period in which they are approved by the Fund Board of directors.

Value added tax

Revenues, expenses and assets are recognized after deducting value added tax (“VAT”) except:

- When the value added tax incurred when purchasing assets or services is not recoverable from the tax authority, in which case the value added tax is recognized as part of the cost of acquiring the asset or as part of the expense item as applicable.
- Receivables and payables mentioned showing the amount of VAT included.

The net amount of VAT that is recoverable from ZATCA or payable is included as part of accounts receivable or payable in the statement of financial position.

Zakat

According to the rules for Zakat levy from investors in investment funds, investment funds are not obligated to pay zakat. Instead, they are only required to submit an Information declaration on the calculation of the zakat base for the fund. Therefore, no provision is made for such liabilities in these financial statements.

Net equity per unit

The net equity per unit is calculated and disclosed in the financial position by dividing the net assets of the Fund attributable to unitholders by the number of issued units.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Financial assets include the following:

a) Cash and cash equivalents
b) Equity instruments in another entity, or
c) A contractual right to receive cash or another financial asset from another entity or to exchange financial instruments with another entity under conditions are potentially favorable to the entity, or
d) A contract that may or will be settled at entity's owned equity instruments.

Classification and initial recognition

The Fund classifies its financial assets in the following measuring categories:

- Financial assets measured at fair value (either through profit or loss, or through other comprehensive income).
- Financial assets measured at amortized cost.

Classification depends on the business model of the Fund to manage financial assets, and on the contractual terms of cash flows.

For assets measured at fair value, gain and losses will either be recorded in profit and loss or other comprehensive income (OCI). For investment in debt instruments, this will depend on the business model in which investment is held. For investment in equity instruments, this will depend on whether the Fund has made an irrevocable election at the time of initial recognition to account for the equity instruments at fair value through OCI. The Fund reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition, the Fund measures its financial asset (not classified as part of fair value through profit or loss) at fair value, plus transaction costs that are directly attributable to the acquisition of the financial asset through other comprehensive income. However, in the case of financial assets classified as part of fair value through profit or loss, transaction costs are expensed in profit or loss.

Equity instruments

The Fund subsequently measures all equity investments at fair value. Where the Fund's management has elected to present fair value gains or losses on equity investments in OCI, there is no subsequent reclassification of fair value gains or losses to profit or loss. Dividends from such investments continue to be recognized in profit or loss as other income when the Fund's right to receive payments is established.

Impairment losses and reversal of impairment losses on equity investments measured at FVOCI are treated separately within the net assets.

Changes in the fair value of financial assets measured at fair value are recognized at fair value through profit and loss in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Fund's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Fund classified its debt instruments:

Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt instrument that is measured at amortized cost and is not part of a hedging relationship is recognized in statement of profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- **Financial assets at fair value through other comprehensive income**

Assets that are held for collection of contractual cash flows and for selling the financial assets, are measured at fair value through other comprehensive income (FVOCI). Movements in carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from OCI to retained earnings. Realized gain or loss are recognized in profit or loss.

- **Financial assets at fair value through profit or loss**

Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss. And is not part of a hedging relationship is recognized in profit or loss and presented net in profit or loss within other gains / (losses) in the year in which it arises. Interest income from these financial assets is included as financial interest in profit or losse.

Effective interest rate method

The effective interest rate method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment

The Fund assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Financial liabilities

A financial liability is classified as follows:

- Contractual obligation to deliver cash or another financial asset to another entity.
- Contractual obligation to exchange financial instruments with another entity under conditions that are potentially unfavorable.
- A non-derivative contract for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments.

Recognition and measurement

All financial liabilities are recognized initially at fair value. Subsequently, it is measured at amortized cost using effective interest rate methods. The Fund's financial liabilities include accrued expenses and other credit balances, credit facilities, lease liabilities and due to related parties.

Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Derecognition of financial assets

The Fund de-recognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognizes its retained interest in the asset and liability related to the amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognize the financial asset and also recognizes the liabilities associated with the proceeds received.

On de-recognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the amount of the consideration received and accrued is recognized in the profit or loss. In addition, on de-recognition of an investment in a debt instrument classified as at FVTOCI, the gain or loss previously recognized in the revaluation reserve is reclassified to the profit or loss. In contrast, on de-recognition of an investment in equity instrument which the Fund has elected on initial recognition to measure at FVTPL, the gains or losses are recognized in profit or loss.

The Fund's financial liabilities are de-recognized only if relieved, cancelled or expired. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable, including any non-cash assets transferred or liabilities incurred, is recognized in profit or loss.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Fund's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses and assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of assets or liabilities affected in future years.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to the models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and price volatility risk. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Provision for expected credit losses on receivables against operating leases

The Fund uses a provision matrix to calculate ECLs of receivable from operating leases. The provision matrix is initially based on the Fund's historical observed default rates. The Fund will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product, inflation rate and governmental spending) is expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate sector, the historical default rates are adjusted. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and forecasted economic conditions. The Fund's historical credit loss experience and forecast of economic conditions may also not be representative of the client’s actual default in the future.

The useful lives of investment properties and right of use asset

The Fund Manager determines the useful lives of investment properties and right of use asset in order to calculate depreciation. This estimate is determined after considering expected usage of the assets, and physical wear and tear. The Fund Manager reviews the residual value and useful lives annually and makes the necessary changes in current and future periods.

Impairment of investment properties

Investment properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the investment property exceeds its recoverable amount which is the higher of its net cost to sell or value in use. For the purpose of assessing impairment, investment properties are grouped at lowest levels for which there are separately identifiable cash flows (cash generating units). Where an impairment loss subsequently reverses, the carrying amount of the investment property or cash-generating unit 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 recognized for the investment property or cash generating unit in prior periods. A reversal of an impairment loss is recognized as other income immediately in profit or loss.

Impairment of right of use assets

The fund manager reviews the carrying value of the right-of-use asset to determine if there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized if the carrying amount of the right-of-use asset exceeds its recoverable amount, which represents the fair value of the right-of-use asset. The impaired right-of-use asset is tested for possible reversal of impairment at the date of each financial statement. An impairment loss is reversed only to the extent that the carrying value of the right-of-use asset does not exceed its carrying value that would have been determined, net of depreciation, had no impairment loss been recognized. Impairment losses are recognized in profit or loss.

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5. CASH AND CASH EQUIVALENTS

	2024	2023
Cash at banks	**28,023,128**	27,111,669
Bank deposits *	**80,000,000**	-
	108,023,128	27,111,669

*During 2024, an agreement was signed with a local bank to invest in short-term deposits (less than 3 months) amounting to SR 80 million (2023: nil). The duration of this agreement is two years, ending in August 2026. The finance income from short-term deposits during 2024, which carry a profit margin ranging between 5.15% and 6.15%, amounted to SR 1.1 million.

6. ACCOUNT RECEIVABLES

	2024	2023
Account receivables*	**64,173,125**	57,869,810
Expected credit losses	**(52,379,619)**	(52,205,336)
	11,793,506	5,664,474

*The accounts receivable balance includes both billed receivables and accrued rental income for the remaining period until the end of the year (to be invoiced later).

The movement in the provision for expected credit losses during the year is as follows:

	2024	2023
Balance at the beginning of the year	**52,205,336**	50,000,000
Charge for the year	**174,283**	2,205,336
	52,379,619	52,205,336

Below are the impaired accounts receivable balances based on their aging:

2024	**Total**	**≤90 Days**	**91 – 180 Days**	**181 – 365 Days**	**>365 Days**
Book value	**64,173,125**	**4,372,590**	**4,345,273**	**5,932,324**	**49,522,938**
Loss ratio	**%81.62**	**%0**	**%0**	**%48.15**	**%100**
Impairment	**52,379,619**	**-**	**-**	**2,856,681**	**49,522,938**

2023	Total	≤90 Days	91 – 180 Days	181 – 365 Days	>365 Days
Book value	57,869,810	1,331,334	3,853,978	630,409	52,054,089
Loss ratio	90.21%	0%	0%	23.99%	100%
Impairment	52,205,336	-	-	151,247	52,054,089

7. PREPAID EXPENSES AND OTHER DEBIT BALANCES

	2024	2023
Prepaid insurance expense	**329,141**	365,910
Value added tax deposits	**-**	66,956
Custody of development expenses	**-**	5,951,840
Other debit balances	**66,624**	30,000
	395,765	6,414,706

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8. RELATED PARTIES TRANSACTIONS AND BALANCES

Transactions with related parties represent payments on behalf of a related party, administrative fees, management fees, custody fees and compensation to the fund's independent board of directors.

a) Due from a related party comprises the following:

Related party	Nature of relationship	Nature of transactions	Volume of transactions for the year ended December 31, 2024	2023	Balance as of December 31, 2024	2023
Awal Al Malqa Real Estate Company	Subsidiary to custodian	Expenses paid on behalf of the Company	**10,887**	20,703		
		Repayments	**(10,887)**	(20,703)	**18,781**	18,781
					18,781	18,781

Alkhabeer Capital Company established Awal Al Malqa Real Estate Company, a limited liability company ("Special Purpose Vehicle"), registered under commercial registration No. 1010893802 on Shawwal 19, 1438H (corresponding to July 13, 2017). The company was created for the purpose of holding and registering real estate assets related to investment properties funds in the company's name. The fund contributed an amount of SR 20,000 as the capital of Awal Al Malqa Real Estate Company.

The title deeds of the properties have been registered under the name of Awal Al Malqa Real Estate Company, and the company has confirmed that it holds these properties on behalf of the fund. Since the fund is the beneficiary of these properties, they have been recorded in the fund's financial statements.

b) Due to related parties comprises the following:

Related parties	Nature of relationship	Nature of transactions	Volume of transactions for the year ended December 31, 2024	2023	Balance as of December 31, 2024	2023
Alkhabeer Capital Company	Fund Manager	Finance restructuring expenses*	**-**	1,300,000		
		Management fees	**9,218,174**	8,998,722		
		Administration fees	**307,272**	299,957		
		Repayments	**(10,973,441)**	(10,975,946)	**4,782,971**	6,230,966
Alinma Investment Company	Custodian	Custody fees	**479,003**	492,636		
		Repayments	**-**	(447,180)	**1,113,469**	634,466
Fund's Board of Directors	Board of Directors	Compensations to Independent Fund Board Members of Directors	**34,000**	34,000		
		Repayments	**(34,000)**	(55,000)	**21,000**	21,000
Unit holders	Unit holders	Settlement of dividends against receivable	**5,859,000**	4,394,250	**-**	-
					5,917,440	6,886,432

* According to fund's terms and conditions, the Fund manager is entitled to financing re-structuring fee 1.5% of the financing amount. On December 26, 2023, an agreement was signed to amend and restructure the credit facilities, where by the repayment period was extended for an additional 6 years, due on September 7, 2031, with financing structuring fee amounted to SR 11 million, however, upon approval by the Fund's Board of Directors, they decided to settle for SR 1.3 million.

c) All transactions with related parties are approved by the Fund Manager.

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9. LEASES

a) Right of use asset

The movement in right of use asset is as follows:

	Leased Land	Building - Investment Property	2024
Cost:			
Balance at the beginning of the year	**19,132,408**	**162,125,001**	**181,257,409**
Additions during the year	**-**	**1,611,398**	**1,611,398**
Transfers during the year (note 7)	**-**	**5,951,840**	**5,951,840**
Balance at the end of the year	**19,132,408**	**169,688,239**	**188,820,647**
Accumulated depreciation:			
Balance at the beginning of the year	**5,154,393**	**43,071,847**	**48,226,240**
Charged for the year	**1,048,351**	**9,258,506**	**10,306,857**
Balance at the end of the year	**6,202,744**	**52,330,353**	**58,533,097**
Balance as at December 31	**12,929,664**	**117,357,886**	**130,287,550**

	Leased Land	Building - Investment Property	2023
Cost:			
Balance at the beginning of the year	19,132,408	160,649,082	179,781,490
Additions during the year	-	1,475,919	1,475,919
Balance at the end of the year	19,132,408	162,125,001	181,257,409
Accumulated depreciation:			
Balance at the beginning of the year	4,106,042	34,199,803	38,305,845
Charged for the year	1,048,351	8,872,044	9,920,395
Balance at the end of the year	5,154,393	43,071,847	48,226,240
Balance as at December 31	13,978,015	119,053,154	133,031,169

Right of use asset represents the lease land which owned by the Tabuk Municipality, which was leased to Suleiman Al-Qudaibi Sons Contracting Company for 25 years to build commercial mall. a contract for the assignment of the leasehold rights was signed between Suleiman Al-Qudaibi Sons Contracting Company, and the fund, with the approval of the Tabuk Municipality, after the construction of the commercial mall on the leased land was completed. As a result, the land and the commercial mall are now subject to the agreement for the right-of-use asset. The fund has paid the rent for the building in advance to Suleiman Al-Qudaibi Sons Contracting Company and continued the lease term related to the land lease for the remaining period of the main lease contract, which is 18 years.

The kay assumptions used in determining the fair value of right of use asset are as follows:

Property Name	Property Type	Valuation Method	Location	Discount rate as of December 31, 2024	2023	Fair Value of at December 31, 2024	2023
Gallery Mall	Commercial	Income approach	Tabuk	**10% - 11%**	11.05%-11.32%	**137,831,000**	150,345,000

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The right-of-use asset was appraised by two certified and licensed real estate valuers accredited by the Saudi Authority for Accredited Valuers ("Taqeem").

The Fund appointed two independent valuers to assess the right-of-use asset as of December 31, 2024, as follows:

	Accredited valuer	**License Number**
Esnad real estate valuation company	Almohaned Alhosami	1210000934
21 Century real estate valuation company and partner	Alwaleed Alzoman	1210000038

b) Lease liabilities

The movement in lease liabilities is as follows:

	2024	2023
Balance at the beginning of the year	**14,824,736**	15,621,118
Paid during the year	**(1,579,000)**	(1,579,000)
Interest charge during the year	**744,754**	782,618
Total lease liabilities at the end of the year	**13,990,490**	14,824,736

Lease liabilities are classified as follows:

	2024	2023
Current portion	**1,110,437**	1,082,497
Non-current portion	**12,880,053**	13,742,239
Total lease liabilityies	**13,990,490**	14,824,736

The weighted average borrowing rate applied to lease liabilities was 5.01% (2023: 5.01%). The total interest expense on lease liabilities for the year ended December 31, 2024, amounted to SR 744,754 (compared to SR 782,618 for the year ended December 31, 2023).

Right of use asset represents a lease liability of the Gallery Mall under a lease contract and payments were made fully in advance over the duration of the contract.

The analysis of lease liabilities is as follows:

	2024	2023
Within one year	**1,110,437**	1,082,497
From two to 5 years	**3,973,202**	4,016,003
More than 5 years	**8,906,851**	9,726,236
	13,990,490	14,824,736

10. INVESTMENT PROPERTIES

a) The details of the investment properties are as follows:

	2024	2023
Residential and commercial properties and lands	**1,778,095,000**	1,858,045,000
Development costs	**8,795,139**	6,746,045
Accumulated depreciation	**(156,948,770)**	(126,895,269)
Accumulated impairment	**(20,945,132)**	(49,556,737)
	1,608,996,237	1,688,339,039

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b) The movement in impairment of investment properties is as follows:

	2024	2023
Balance at the beginning of the year	**49,556,737**	66,208,772
Reversal of impairment	**(17,034,355)**	(16,652,035)
Disposals during the year	**(11,577,250)**	-
	20,945,132	49,556,737

c) The movement details on investment properties related to the Fund is as follows:

2024:	**Lands***	**Residential and commercial properties***	**Total**
Cost:			
Balance at January 1, 2024	**519,975,542**	**1,344,815,503**	**1,864,791,045**
Additions during the year	**-**	**2,049,094**	**2,049,094**
Disposals during the year	**(56,000,000)**	**(23,950,000)**	**(79,950,000)**
Balance at December 31, 2024	**463,975,542**	**1,322,914,597**	**1,786,890,139**
Accumulated depreciation:			
Balance at January 1, 2024	**-**	**126,895,269**	**126,895,269**
Charge for the year	**-**	**33,047,251**	**33,047,251**
Disposals during the year	**-**	**(2,993,750)**	**(2,993,750)**
Balance at December 31, 2024	**-**	**156,948,770**	**156,948,770**
Net book value as of December 31, 2024	**463,975,542**	**1,165,965,827**	**1,629,941,369**
Accumulated Impairment			**(20,945,132)**
Balance at December 31, 2024			**1,608,996,237**

2023:	Lands*	Residential and commercial properties*	Total
Cost:			
Balance at January 1, 2023	519,975,542	1,343,047,603	1,863,023,145
Additions during the year	-	1,767,900	1,767,900
Balance at December 31, 2023	519,975,542	1,344,815,503	1,864,791,045
Accumulated depreciation:			
Balance at January 1, 2023	-	93,275,760	93,275,760
Charge for the year	-	33,619,509	33,619,509
Balance at December 31, 2023	-	126,895,269	126,895,269
Net book value as of December 31, 2023	519,975,542	1,217,920,234	1,737,895,776
Accumulated Impairment			(49,556,737)
Balance at December 31, 2023			1,688,339,039

* The residential and commercial properties and lands mentioned and detailed in Note (11) are pledged to a local bank under a credit facilities agreement amounting to SR 1,786,890,139 (2023: SR 1,864,791,045), except for Akun warehouses.

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d) The investment properties consist of the following projects:

December 31, 2024 Property name	Property type	Property location	Acquisition and development cost	Accumulated depreciation	Accumulated Impairment	Net book value	Fair value
Palazzo Center	Retail	Riyadh	95,632,500	(7,084,877)	(18,723,073)	69,824,550	69,824,550
Al-Malqa Complex	Residential	Riyadh	322,795,139	(39,519,427)	-	283,275,712	296,144,500
Elite Center	Multiple use	Jeddah	164,000,000	(15,951,814)	-	148,048,186	158,793,500
Ahlan Court Center	Retail	Jeddah	71,750,000	(2,263,236)	(204,764)	69,282,000	69,282,000
Bin 2 Center	Multiple use	Jeddah	92,250,000	(8,760,101)	-	83,489,899	96,197,500
Vision Colleges (formerly known as Al-Farabi Colleges)	Educational	Riyadh	215,250,000	(19,625,450)	-	195,624,550	210,074,900
Vision Colleges Training Center (formerly known as Al-Farabi Colleges)	Educational	Riyadh	66,625,000	(4,330,733)	-	62,294,267	81,346,700
Elegance Tower	Offices	Riyadh	424,350,000	(35,791,437)	-	388,558,563	487,372,600
Vision Educational Colleges - Jeddah	Educational	Jeddah	107,500,000	(8,217,055)	(2,017,295)	97,265,650	97,265,650
Akun warehouses	Logistics	Jeddah	226,737,500	(15,404,640)	-	211,332,860	212,010,000
			1,786,890,139	(156,948,770)	(20,945,132)	1,608,996,237	1,778,311,900

Movement in impairment during the year is as follows:

December 31, 2024 Property name	Accumulated impairment at the beginning of the year	Reversal of impairment for the year	Disposal during the year	Accumulated impairment at the end of the year
B&Q Commercial Center (formerly known as Homeworks Center) *	(11,577,250)	-	11,577,250	-
Palazzo Center	(20,908,438)	2,185,365	-	(18,723,073)
Al-Malqa Complex	(1,841,904)	1,841,904	-	-
Ahlan Court Center	(3,749,283)	3,544,519	-	(204,764)
Vision Educational Colleges - Jeddah	(4,985,676)	2,968,381	-	(2,017,295)
Akun warehouses	(6,494,186)	6,494,186	-	-
	(49,556,737)	17,034,355	11,577,250	(20,945,132)

*On March 5, 2024, the property of the B&Q Commercial Center (formerly known as Home Works Center) was sold for SR 87.6 million, with the pledge on the property being released. The average valuation by accredited valuers for the year ending December 31, 2023, was also relied upon.

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December 31, 2023 **Property name**	**Property type**	**Property location**	**Acquisition and development cost**	**Accumulated depreciation**	**Accumulated Impairment**	**Net book value**	**Fair value**
B&Q Commercial Center (formerly known as Homeworks Center)	Retail	Riyadh	79,950,000	(2,993,750)	(11,577,250)	65,379,000	65,379,000
Palazzo Center	Retail	Riyadh	95,632,500	(5,904,062)	(20,908,438)	68,820,000	68,820,000
Al-Malqa Complex	Residential	Riyadh	320,746,045	(32,749,141)	(1,841,904)	286,155,000	286,155,000
Elite Center	Multiple use	Jeddah	164,000,000	(13,255,733)	-	150,744,267	157,215,000
Ahlan Court Center	Retail	Jeddah	71,750,000	(1,880,717)	(3,749,283)	66,120,000	66,120,000
Bin 2 Center	Multiple use	Jeddah	92,250,000	(7,279,520)	-	84,970,480	90,145,000
Vision Colleges (formerly known as Al-Farabi Colleges)	Educational	Riyadh	215,250,000	(15,096,500)	-	200,153,500	208,432,000
Vision Colleges Training Center (formerly known as Al-Farabi Colleges)	Educational	Riyadh	66,625,000	(3,331,333)	-	63,293,667	80,865,000
Elegance Tower	Offices	Riyadh	424,350,000	(27,531,875)	-	396,818,125	489,225,000
Vision Educational Colleges - Jeddah	Educational	Jeddah	107,500,000	(5,869,324)	(4,985,676)	96,645,000	96,645,000
Akun warehouses	Logistics	Jeddah	226,737,500	(11,003,314)	(6,494,186)	209,240,000	209,240,000
			1,864,791,045	(126,895,269)	(49,556,737)	1,688,339,039	1,818,241,000

Movement in impairment during the year is as follows:

December 31, 2023 **Property name**	**Accumulated impairment at the beginning of the year**	**Reversal / (Impairment) for the year**	**Accumulated impairment at the end of the year**
B&Q Commercial Center (formerly known as Homeworks Center)	(13,771,000)	2,193,750	(11,577,250)
Palazzo Center	(21,069,250)	160,812	(20,908,438)
Al-Malqa Complex	(9,527,804)	7,685,900	(1,841,904)
Ahlan Court Center	(3,071,802)	(677,481)	(3,749,283)
Vision Educational Colleges - Jeddah	(8,978,405)	3,992,729	(4,985,676)
Akun warehouses	(9,790,511)	3,296,325	(6,494,186)
	(66,208,772)	16,652,035	(49,556,737)

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The following are the major assumptions used in determining the fair value of investment properties as at December 31, 2024:

Property Name	**Valuation Method**	**Discount Rate**
Palazzo Center	Income approach	9% - 10.37%
Al-Malqa Complex	Income approach	9.55% - 11%
Elite Center	Income approach	10% - 10.1%
Ahlan Court Center	Income approach	10% - 10.15%
Bin 2 Center	Income approach	9.55% - 12%
Vision Colleges (formerly known as Al-Farabi Colleges)	Income approach	9.4% - 9.5%
Vision Colleges Training Center (formerly known as Al-Farabi Colleges)	Income and cost approach	10%
Elegance Tower	Income approach	9% - 9.3%
Vision Educational Colleges - Jeddah	Income approach	9.34% - 9.5%
Akun warehouses	Income approach	9.5 - 9.75%

The investment properties were appraised by two certified and licensed real estate valuers accredited by the Saudi Authority for Accredited Valuers ("Taqeem").

The Fund appointed two independent valuers to assess the right-of-use asset as of December 31, 2024, as follows:

	Accredited valuer	**License Number**
Esnad real estate valuation company	Almohaned Alhosami	1210000934
21 Century real estate valuation company and partner	Alwaleed Alzoman	1210000038

IMPACT OF NET ASSETS VALUE IF INVESTMENT PROPERTIES AT FAIR VALUE

In accordance with Article 35 of the Real Estate Investment Funds Regulation issued by the Capital Market Authority in the Kingdom of Saudi Arabia, the fund manager evaluates the fund's assets based on the average of two appraisals conducted by independent valuers. As stated in the fund's terms and conditions, the reported net asset value is based on the market value obtained. However, in accordance with IFRS 40, the fund has chosen to use the cost method, where investment properties are recorded at cost less accumulated depreciation and impairment, if any, in these financial statements. Accordingly, the fair value is disclosed for illustrative purposes and has not been recognized in the fund's books.

a) The fair value of investment properties and right of use asset consist of the following:

	2024	2023
Cost of investment properties and right of use asset	**1,975,710,786**	2,046,048,454
Accumulated depreciation	**(215,481,867)**	(175,121,509)
Net value of investment properties and right of use asset	**1,760,228,919**	1,870,926,945
Change in fair value	**155,913,981**	97,659,055
Fair value of investment properties and right of use asset	**1,916,142,900**	1,968,586,000

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b) The equity attributable to unitholders at fair value method consists of the following:

	2024	2023
Equity attributable to unitholders	**1,045,723,564**	1,045,608,726
Unrealized gains from revaluation	**176,859,113**	147,215,792
Net asset at fair value	**1,222,582,677**	1,192,824,518

c) Net equity per unit at fair value (affected by fair value of investment properties and right of use asset):

	2024	2023
Equity per unit (SR per unit)	**7.4160**	7.4152
Unrealized gains from revaluation per unit (SR per unit)	**1.2543**	1.0440
Net equity per unit - (SR per unit) at fair value	**8.6703**	8.4592

11. CREDIT FACILITIES

a) On January 8, 2019, a credit facilities agreement was signed between the fund and a local bank to obtain a bank loan amounting to SR 737.5 million as of December 31, 2024 (2023: SR 737.5 million). This facility was primarily obtained under a financing agreement for the fund. The facility is secured by rental collections, with residential, commercial properties, and land mortgaged to the bank. These facilities is charged with financing fees based on prevailing rates in the Saudi interbank lending market (6-month SIBOR + 2.25% - 2.50% annually) and is due for repayment 5 years from the start of the facility. On December 26, 2023, a modification and restructuring agreement for the credit facilities was signed, extending the repayment period by an additional 6 years, due on September 7, 2031. The transfer fee was amended to (6-month SIBOR + 1.65%), as described in the loan agreement. The fund has financial covenants with the bank, including the debt-to-equity ratio and the profit service coverage ratio, and the fund has complied with all these covenants as of December 31, 2024, and December 31, 2023. Additionally, an extra provision for an overdraft facility of SR 30 million was added to the maximum limit of SR 1 billion, with an unutilized balance of SR 262.5 million.

b) The details of the financing costs in statement of profit or loss are as follows:

	For the year ended December 31,	
	2024	2023
The interest charged on lease liabilities – (Note 9)	**744,754**	782,618
Finance cost from credit facilities	**57,065,298**	56,569,269
Net gains from the settlement of the interest rate swap instrument – (Note 19)	**(16,882,436)**	(25,526,022)
	40,927,616	31,825,865

The fund has hedging agreements with local banks to fix the profit margin of the utilized facilities in order to protect the fund from fluctuations in the profit margin during the term of these facilities. This resulted in gains from the settlement of the interest rate swap instrument during the year ended December 31, 2024, amounting to SR 16.9 million (2023: SR 25.5 million), as mentioned in Note (19).

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12. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	2024	2023
Unearned rental income	**21,123,288**	23,854,758
Accrued dividends	**14,805,929**	14,805,929
Accrued finance cost	**15,164,878**	10,326,777
Accrued value added tax	**4,093,273**	-
Accrued professional and consulting fees	**218,500**	256,000
Accrued properties management fees	**90,968**	1,176,083
Accrued expenses from rescheduling of credit facilities	**-**	1,000,000
Other credit balances	**886,637**	4,340,397
	56,383,473	55,759,944

13. RENTAL INCOME

Revenue includes rental income from investment properties.

The Fund recognizes the rent resulting from the lease contracts using the straight-line method. After inception of the lease contracts, the Fund recognizes variable lease payments that are not based on a specific index or rate (Such as: payments based on performance or usage) when earned. When the Fund provides incentives to its tenants, the cost of incentives is recognized using the straight-line method as a reduction of rental income.

The contracts include a fixed price, and the tenant pays according to the payment schedule. If the services provided by the Fund exceed the amount paid, an accrued rental income is recognized, conversely, if the payments received exceed the provided service, an unearned rental income is recognized.

As of December 31, revenue from lease contracts were as follows:

	2024	2023
Within one year	**111,987,403**	131,633,089
From two to 5 years	**283,233,203**	337,860,960
More than 5 years	**629,707,019**	706,992,307
	1,024,927,625	1,176,486,356

14. OTHER EXPENSES

	For the year ended December 31,	
	2024	2023
Utilities expenses	**1,675,514**	2,304,630
Properties insurance expense	**977,284**	802,621
Registration and listing fees	**670,459**	693,108
Investment properties valuation fees	**347,300**	299,925
Consulting and legal fees	**307,040**	486,829
Rescheduling expenses of credit facilities	**-**	2,300,000
Other expenses	**868,540**	304,581
	4,846,137	7,191,694

15. ADMINISTRATIVE FEES AND OTHER EXPENSES

The Fund is managed by the Fund manager, management fee and other fees are calculated as per the terms and conditions of the Fund as follows:

a) Administrative fees

The Fund’s administrator is entitled to receive a fee equal to 0.025% annually (as stated in the Fund's terms and conditions) of the net asset value, which are calculated and accrued on each valuation day.

b) Management fees

The Fund Manager is entitled to receive a fee equal to 9% annually (as stated in the Fund's terms and conditions of the Fund) of net rental proceeds or 0.75% of the net asset value according to the latest valuation of the Fund - whichever is lower - on a quarterly basis.

c) Custody fees

The Custodian is entitled to receive a fee equal to 0.025% annually (as stated in the Fund's terms and conditions of the Fund) of the total assets, or a minimum of SR 200,000 per year, in addition to a one-time fee of SR 50,000 calculated and accrued on each valuation day.

d) Subscription fees

Subscription fees are waived during the initial offering period of the Fund. The Fund Manager is entitled to receive a subscription fee of 2% of the paid and allocated subscription amounts in the event of any future capital increases of the fund, and these subscription fees are deducted upon receipt of the subscription amount and paid to the Fund Manager, in addition to the subscription amount.

e) Capital structuring fees

The Fund Manager is entitled to obtain capital structuring fee equal to 1.5% of the total subscription amounts (cash and in kind) that were collected during the initial offering period or upon the collection of any other future subscription amounts, whether in cash or in kind.

f) Finance structuring fees

The Fund Manager is entitled to obtain a finance structuring fee equal to 1.5% of the drawn financing amount from the total amount of bank facilities compliant with the Sharia Authority controls that were obtained by the Fund or any of its affiliates.

g) Properties management fees

The Fund is entitled to all the fees related to operating, managing, maintaining and insuring all real estate owned by the Fund so that the fees are paid from the Fund's assets.

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16. ZAKAT BASE

In accordance with the Zakat levy rules for investors in investment fund, the investment funds are not required to pay zakat, and only an informational declaration is provided regarding the calculation of the zakat base for the fund. The details of the zakat base are as follows:

	2024
Adjustments to net adjusted profit:	
Book profit for the year	**59,338,554**
Adjusted profit for the year	**59,338,554**
Zakat base:	
Equity attributable to unitholders	**1,045,723,564**
Accrued dividends	**14,805,929**
Due to related parties	**5,917,440**
Long-term loans	**737,500,000**
Additions and other liabilities	**12,880,053**
Book value of non-current assets based on authority	**(1,739,283,787)**
Zakat base	**77,543,199**
Fund's zakat base is the higher of zakat base and adjusted profit	**77,543,199**
The value of zakat according to the fund’s zakat base	**2,004,259**
Outstanding units	**141,008,848**
The value of zakat per unit	**0.0142**

	2023
Adjustments to net adjusted profit:	
Book profit for the year	35,135,066
Charge to provision for expected credit losses	2,205,336
Adjusted profit for the year	37,340,402
Zakat base:	
Equity attributable to unitholders	1,045,608,726
Opening balance provisions	50,000,000
Long-term loans	752,324,736
Accrued dividends	14,805,292
The difference between the adjusted profit and the book profit	2,205,336
Additions and other liabilities	19,561,692
Book value of non-current assets based on authority	(1,821,370,208)
Zakat base	63,135,574
Fund's zakat base is the higher of zakat base and adjusted profit	63,135,574
The value of zakat according to the fund’s zakat base	1,627,433
Outstanding units	141,008,848
The value of zakat per unit	0.0115

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17. SHARIA COMPLIANCE

The Fund operates in accordance with the provisions of Sharia law, as determined by the Sharia advisor. The Sharia advisor has reviewed the Fund's public offering document and confirmed that it is in compliance with Sharia provisions.

18. DIVIDENDS

The Fund's Board of Directors approved to distribute dividends and the details of these distributions are as follows:

Approval Date	Dividends for the period	Amount per Unit	Total (SR)
2024			
January 31, 2024	**October 1, 2023 to December 31, 2023**	**0.105**	**14,805,929**
April 30, 2024	**January 1, 2024 to March 31, 2024**	**0.105**	**14,805,929**
July 30, 2024	**April 1, 2024 to June 30, 2024**	**0.105**	**14,805,929**
October 30, 2024	**July 1, 2024 to September 30, 2024**	**0.105**	**14,805,929**
			59,223,716
2023			
January 31, 2023	October 1, 2022 to December 31, 2022	0.105	14,805,929
April 30, 2023	January 1, 2023 to March 31, 2023	0.105	14,805,929
July 30, 2023	April 1, 2023 to June 30, 2023	0.105	14,805,929
October 31, 2023	July 1, 2023 to September 30, 2023	0.105	14,805,929
			59,223,716

19. HEDGING AGREEMENTS

On November 19, 2019, the fund entered into a profit rate swap agreement with a nominal value of SR 340 million with Banque Saudi Fransi to fix the margin on the facilities at a fixed profit rate of 4.69%. The contract became effective on January 31, 2020. The purpose of the contract was to manage the fund's cash flow risks associated with the profit rate. The contract expired on January 10, 2024.

On July 27, 2021, a "Sharia Compliant Hedging Agreement" was signed with Al-Rajhi Bank to fix the profit margin of the facilities used in the first additional offering for the amount of SR 397.5 million at a fixed rate of 4.44%. The purpose of the hedging facility is to protect the Fund from rate fluctuations during the financing term from September 1, 2021 to September 7, 2025.

On October 30, 2024, a Sharia-compliant hedging agreement was signed with Al Rajhi Bank for an amount of SR 170 million, representing 50% of the facilities used in the initial offering, to fix the SIBOR rate at a fixed rate of 5.04%. This agreement aims to protect the fund from fluctuations in the SIBOR rate during the term of these facilities, from February 4, 2025, to February 4, 2030.

20. LAST VALUATION DATE

The last valuation date during the year is December 31, 2024.

21. RISK MANAGEMENT

The Fund's activities are exposed to various financial risks, and these risks include: market risk (including currency risk, fair value risk and cash flow interest rate risk and price risk), credit risk and liquidity risk. The Fund's overall risk management program focuses on the unpredictability of financial market conditions and seeks to minimize potential adverse effects on the Fund's financial performance.

a) Market risk

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund's transactions are mostly in Saudi Riyal.

Fair value and cash flow interest rate risk

Fair value and cash flow interest rate risk are the exposures to various risks related to the effect of fluctuations in market interest rates on the financial position and cash flows of the Fund, and the Fund entered into hedging and interest rate swap agreements to mitigate these risks (Note 19).

Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. Whether these fluctuations were a result of variable factors of the instrument or its source or any other factors affecting all instrument in the market. The Fund is not subject to price risk.

b) Credit risk

Credit risk is the risk that one party will fail to fulfill an obligation and cause the other party to suffer a financial loss. The Fund is exposed to the risk of credit-related losses that may occur as a result of the inability or unwillingness of the counterparty or issuer to fulfill its obligations. The Fund is exposed to credit risk on its bank balances, accounts receivable, due from a related party, and other debit balances

A provision for credit losses is maintained and sufficient at the management's discretion to cover potential losses of arrears receivables. At the date of each financial reporting, bank balances are assessed as to whether they involve low credit risks as they are held by reputable financial institutions with a high local bank credit rating, and there is no history of delay on any of the bank balances. Therefore, the likelihood of default is based on forward-looking factors and any loss of resulting from default are consider negligible. As of the reporting date, there are no past-due payment obligation.

Due from a related party and other debit balances are unsecured, non-interest-bearing, and have no fixed repayments. There are no past-due balances from related parties as of the reporting date, it was overdue, taking into account the historical experience of default and the future of the industries in which the related parties operate. The management considers that the related parties balances are not impaired.

When calculating the provision for expected credit losses for receivables and due from a related party, a provision matrix is used based on historical loss rates over the expected lifetime of the receivables, adjusted for future estimates.

The Fund's maximum undiscounted exposure to credit risks for the components of the financial position and the related expected credit loss is as follows:

	Note	**2024**	2023
Cash and cash equivalents	5	**108,023,128**	27,111,669
Accounts receivable	6	**11,793,506**	5,664,474
Custody of development expenses and other debit balances	7	**-**	5,981,840
Due from a related party	8 - a	**18,781**	18,781

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c) Liquidity risk

Liquidity risk is the risk that an entity may encounter difficulties in securing the necessary liquidity to meet its financial instrument obligations. Liquidity risk may arise from the inability to sell a financial asset quickly and at a value close to its fair value. Liquidity risks are managed by periodically ensuring the availability of sufficient liquidity. As of December 31, 2023, the fund's current liabilities exceeded its current assets by SR 24,519,243. Additionally, as of that date, the balances of unearned rental income and due to related parties (components of current liabilities) amounted to SR 30,741,190. Therefore, the fund does not have a significant working capital deficiency.

December 31, 2024	**Book value**	**Less than one year**	**More than one year**
Non-derivative financial liabilities			
Credit facilities	**737,500,000**	**-**	**737,500,000**
Due to related parties	**5,917,440**	**5,917,440**	**-**
Lease liabilities	**13,990,490**	**1,110,437**	**12,880,053**
Accrued expenses and other credit balances	**56,383,473**	**56,383,473**	**-**
	813,791,403	**63,411,350**	**750,380,053**

December 31, 2023	**Book value**	**Less than one year**	**More than one year**
Non-derivative financial liabilities			
Credit facilities	737,500,000	-	737,500,000
Due to related parties	6,886,432	6,886,432	-
Lease liabilities	14,824,736	1,082,497	13,742,239
Accrued expenses and other credit balances	55,759,944	55,759,944	-
	814,971,112	63,728,873	751,242,239

22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The Fund uses valuation techniques that are appropriate under the prevailing circumstances and for which sufficient data is 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 as stated on basis of preparation of financial statement – fair value measurement note (3).

The Fund does not have any financial instruments measured at fair value.

23. OPERATING SEGMENTS

The Fund generates continuous rental income and all Fund operations are conducted in the Kingdom of Saudi Arabia. The Fund's operations are monitored by the Fund’s management under one sector, therefore, no separate segment information is required.

24. SUBSEQUENT EVENTS

On January 29, 2025, the fund's Board of Directors approved a dividend distribution for the period from October 1, 2024, to December 31, 2024, amounting to SR 0.105 per unit, with a total of SR 14,805,929 to unitholders.

25. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Fund’s Board of Directors for the year ended December 31, 2024 on Ramadan 20, 1446H (March 20, 2025).