Crowe

Smart decison. Lasting value.

Crowe Solutions For Professional Consulting
Member Crowe Global

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

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND THE INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026

ALKHABEER REIT FUND - Expressed in Saudi Riyal
(Managed by Alkhabeer Capital Company)
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND THE INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026

INDEX	**PAGE**

Crowe Solutions
For Professional Consulting
Member Crowe Global
P.O.Box. 10504 Riyadh 11443
Kingdom of Saudi Arabia
Telephone: +966 11 217 5000
Facesimile: +966 11 217 6000
www.crowe.com/sa

Independent Auditor's Review Report on the Interim Condensed Financial Statements

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

Introduction

We have reviewed the interim condensed statement of financial position of **Alkhabeer Reit Fund - Expressed in Saudi Riyal (a real estate investment traded fund) ("The Fund") managed by Alkhabeer Capital Company ("The Fund Manager")** as of June 30, 2026, and interim condensed statements of profit or loss and other comprehensive income, changes in equity attributable to unitholders and cash flows for the six-month period then ended, and other explanatory notes. The Fund Manager is responsible for the preparation and presentation of these interim condensed financial statements in accordance with the International Accounting Standard (34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

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

Conclusion

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

Crowe Solutions for Professional Consulting

شركة حلول كرو للإستشارات المهنية
C.R. No. 1010466353
سجل تجاري رقم ١٠١٠٤٦٦٣٥٣
Crowe Solutions For Professional Consulting K

Mohammad A. AlHajri
License No. 705

Safar 27, 1448H (August 10, 2026)
Jeddah, Kingdom of Saudi Arabia

ALKHABEER REIT FUND – Expressed in Saudi Riyal

(Managed by Alkhabeer Capital Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2026

(Expressed in Saudi Riyal)

	Note	**As of June 30, 2026 (Unaudited)**	As of December 31, 2025 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents		**15,337,364**	30,117,046
Account receivables		**18,855,318**	11,319,907
Prepaid expenses and other debit balances – current portion		**14,468,578**	10,859,181
Derivative financial assets	12	**4,711,439**	-
Due from a related party	6 - a	**18,781**	18,781
Total current assets		**53,391,480**	52,314,915
Non-current assets			
Prepaid expenses and other debit balances – non-current portion		**-**	3,500,000
Right of use asset	7 - a	**115,039,666**	120,089,997
Investment properties	8	**1,497,741,162**	1,512,848,699
Total non-current assets		**1,612,780,828**	1,636,438,696
Total assets		**1,666,172,308**	1,688,753,611
LIABILITIES AND EQUITY ATTRIBUTABLE TO UNITHOLDERS			
Current liabilities			
Due to related parties	6 - b	**5,565,693**	6,918,355
Lease liabilities – current portion	7 - b	**1,361,223**	1,139,846
Derivative financial liabilities	12	**-**	4,516,549
Accrued expenses and other credit balances		**48,391,118**	52,740,920
Total current liabilities		**55,318,034**	65,315,670
Non-current liabilities			
Lease liabilities – non-current portion	7 - b	**10,829,123**	11,972,568
Credit facilities	9	**587,500,000**	587,500,000
Total non-current liabilities		**598,329,123**	599,472,568
Total liabilities		**653,647,157**	664,788,238
EQUITY ATTRIBUTABLE TO UNITHOLDERS		**1,012,525,151**	1,023,965,373
Total liabilities and equity attributable to unitholders		**1,666,172,308**	1,688,753,611
Number of units issued (unit)		**141,008,848**	141,008,848
Equity per unit – book value (SR per unit)	8	**7.1806**	7.2617
Equity per unit – fair value (SR per unit)	8	**8.9856**	8.8362

The accompanying notes from (1) to (18) form an integral part of these interim condensed financial statements.

ALKHABEER REIT FUND – Expressed in Saudi Riyal
(Managed by Alkhabeer Capital Company)
INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026
(Expressed in Saudi Riyal)

	Note	For the six-month period ended June 30, 2026 (Unaudited)	2025 (Unaudited)
Rental income		**62,005,651**	71,491,530
Expenses			
Properties management fees		**(3,646,049)**	(5,813,287)
Administration and custody fees	6 - b	**(389,097)**	(393,501)
Management fees	6 - b	**(3,838,645)**	(3,947,899)
Other expenses		**(3,957,880)**	(2,891,441)
Total expenses		**(11,831,671)**	(13,046,128)
Finance costs	9 - b	**(11,371,703)**	(23,760,128)
Income from bank deposits		**-**	1,894,154
Depreciation of investment properties and right of use asset	7 & 8	**(21,580,915)**	(21,738,146)
Reversal of impairment of investment properties	8 - b	**950,274**	3,088,057
Profit for the period		**18,171,636**	17,929,339
Other comprehensive income		**-**	-
Total comprehensive income for the period		**18,171,636**	17,929,339

The accompanying notes from (1) to (18) form an integral part of these interim condensed financial statements.

ALKHABEER REIT FUND – Expressed in Saudi Riyal
(Managed by Alkhabeer Capital Company)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO UNITHOLDERS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026
(Expressed in Saudi Riyal)

	Note	**For the six-month period ended June 30,**	
		2026	2025
		(Unaudited)	(Unaudited)
Equity attributable to unitholders			
Equity attributable to unitholders at the beginning of the period		**1,023,965,373**	1,045,723,564
Dividends	11	**(29,611,858)**	(29,611,858)
Comprehensive income for the period		**18,171,636**	17,929,339
Equity attributable to unitholders at the end of the period		**1,012,525,151**	1,034,041,045

<u>**Transactions in units for the period are summarized as follows:**</u>

Number of units at the beginning of the period (unit)	**141,008,848**	141,008,848
Number of units at the end of the period (unit)	**141,008,848**	141,008,848

*No units were issued or disposed during the periods ended June 30, 2026 and June 30, 2025.

The accompanying notes from (1) to (18) form an integral part of these interim condensed financial statements.

ALKHABEER REIT FUND – Expressed in Saudi Riyal
(Managed by Alkhabeer Capital Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026
(Expressed in Saudi Riyal)

	For the six-month period ended June 30,	
	2026 (Unaudited)	2025 (Unaudited)
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit for the period	**18,171,636**	17,929,339
Adjustments:		
Depreciation of investment properties and right of use asset	**21,580,915**	21,738,146
Reversal of impairment of investment properties	**(950,274)**	(3,088,057)
Income from bank deposits	**-**	(1,894,154)
Interest charged on lease liabilities (included in finance cost)	**656,932**	700,924
Finance cost	**10,714,771**	23,059,204
Changes in operating assets and liabilities:		
Account receivables	**(10,464,911)**	(10,762,411)
Prepaid expenses and other debit balances	**(109,397)**	(72,842)
Due to related parties	**(1,352,662)**	(449,569)
Accrued expenses and other credit balances	**(12,162,835)**	(28,078,079)
Net cash generated from operating activities	**26,084,175**	19,082,501
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to investment properties	**(342,121)**	(2,158,456)
Proceeds from income from bank deposits	**-**	1,894,154
Additions to right of use asset	**(130,652)**	(57,104)
Net cash used in investing activities	**(472,773)**	(321,406)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	**(26,682,358)**	(26,682,358)
Lease payments	**-**	(1,579,000)
Finance cost paid	**(13,708,726)**	(5,188,933)
Net cash used in financing activities	**(40,391,084)**	(33,450,291)
Net change in cash and cash equivalent	**(14,779,682)**	(14,689,196)
Cash and cash equivalent at the beginning of the period	**30,117,046**	108,023,128
Cash and cash equivalent at the end of the period	**15,337,364**	93,333,932
Non-cash items:		
Lease payments settle against accruals	**(1,579,000)**	-
Dividends distributions through settlement of account receivables to unitholders	**2,929,500**	2,929,500
Unpaid dividends	**14,805,929**	14,805,929

The accompanying notes from (1) to (18) form an integral part of these interim condensed 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 18 days, starting from November 11, 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 INTERIM CONDENSED FINANCIAL STATEMENTS

Basis of compliance

These interim condensed financial statements have been prepared in accordance with the International Accounting Standard (34) “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The interim condensed financial statements do not include all of the information and disclosures required for the annual financial statements, and should be read in conjunction with the Fund’s annual financial statements for the year ended December 31, 2025.

3. BASIS OF PREPARATION INTERIM CONDENSED FINANCIAL STATEMENTS - CONTINUED

Basis of measurement

These interim condensed 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

The accompanying interim condensed financial statements are presented in Saudi Riyal, which is the Fund's functional and presentation currency.

4. MATERIAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended December 31, 2025, except for the adoption of new standards, amendment to standards, and interpretation effective, as mentioned in note 4.1.

4.1 New standards, amendment to standards, and interpretation being applied to the fund

There are new standards and a number of amendments to existing standards became effective from January 1, 2026, but these do not have a material impact on the condensed interim financial statements. The accounting policies used in preparing the condensed interim financial statements are consistent with those used in preparing the Fund's annual financial statements for the year ended on December 31, 2025.

5. JUDGEMENTS AND ESTIMATES

The preparation of these interim condensed financial statements requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from those estimates.

The significant estimates made by management in applying the Fund's accounting policies and the key sources of estimation uncertainty were consistent with those disclosed in the financial statements for the year ended December 31, 2025.

Going concern

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

ALKHABEER REIT FUND – Expressed in Saudi Riyal
(Expressed in Saudi Riyal)

6. RELATED PARTIES TRANSACTIONS AND BALANCES

Transactions with related parties represent expenses paid on behalf of related parties, administrative fees, management fees, custody fees and compensation to the Fund's independent Board Members.

a) Due from a related party comprises the following:

Related party	Nature of relationship	Nature of transaction	Volume of transactions For the six-month period ended June 30, 2026 (Unaudited)	2025 (Unaudited)	Balance As of June 30, 2026 (Unaudited)	As of December 31, 2025 (Audited)
Awal Al Malqa Real Estate Company	Subsidiary to custodian	Expenses paid on behalf of the Company	**-**	4,339		
		Repayments	**-**	(4,339)	**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 condensed interim financial statements.

b) Due to related parties comprises the following:

Related parties	Nature of relationship	Nature of transaction	Volume of transactions For the six-month period ended June 30, 2026 (Unaudited)	2025 (Unaudited)	Balance As of June 30, 2026 (Unaudited)	As of December 31, 2025 (Audited)
Alkhabeer Capital Company	Fund Manager	Management fees	**3,838,645**	3,947,899		
		Administration fees	**157,603**	154,323		
		Repayments	**(5,572,363)**	(4,782,969)	**3,996,248**	5,572,363
Alinma Investment Company	Custodian	Custody Fees	**231,494**	239,178	**1,556,486**	1,324,992
Fund's Board of Directors	Board of Directors	Compensations to Independent Fund Board Members of Directors	**12,959**	13,000		
		Repayments	**(21,000)**	(21,000)	**12,959**	21,000
Unit holders	Unit holders	Settlement of dividends against receivable	**2,929,500**	2,929,500	**-**	-
					5,565,693	6,918,355

c) All transactions with related parties are approved by the Fund board of directors.

ALKHABEER REIT FUND – Expressed in Saudi Riyal
(Expressed in Saudi Riyal)

7. LEASES

a) Right of use asset

The movement in right of use asset is as follows:

	Leased Land	**Building - Investment Property**	**Total as of June 30, 2026 (Unaudited)**
Cost:			
Balance at the beginning of the period	**19,132,408**	**169,842,823**	**188,975,231**
Additions during the period	**-**	**130,652**	**130,652**
Balance at the end of the period	**19,132,408**	**169,973,475**	**189,105,883**
Accumulated depreciation:			
Balance at the beginning of the period	**7,251,095**	**61,634,139**	**68,885,234**
Charged for the period	**524,176**	**4,656,807**	**5,180,983**
Balance at the end of the period	**7,775,271**	**66,290,946**	**74,066,217**
Balance as of June 30, 2026	**11,357,137**	**103,682,529**	**115,039,666**

	Leased Land	Building - Investment Property	Total as of December 31, 2025 (Audited)
Cost:			
Balance at the beginning of the year	19,132,408	169,688,239	188,820,647
Additions during the year	-	154,584	154,584
Balance at the end of the year	19,132,408	169,842,823	188,975,231
Accumulated depreciation:			
Balance at the beginning of the year	6,202,744	52,330,353	58,533,097
Charged for the year	1,048,351	9,303,786	10,352,137
Balance at the end of the year	7,251,095	61,634,139	68,885,234
Balance as of December 31, 2025	11,881,313	108,208,684	120,089,997

The right-of-use asset relates to land owned by Tabuk Municipality, which was originally leased to Suleiman Al-Qudaibi Sons Contracting Company for a period of 25 years for the construction of a commercial mall. Following completion of the construction, the Fund entered into an agreement, with the approval of Tabuk Municipality, to acquire the leasehold rights from Suleiman Al-Qudaibi Sons Contracting Company. As a result, the Fund obtained the right to use the land together with the commercial mall for the remaining lease term.

As consideration for the assignment of the leasehold rights and the commercial mall, the Fund paid SR 155 million in advance to Suleiman Al-Qudaibi Sons Contracting Company. Separately, the Fund continues to be obligated to make lease payments to Tabuk Municipality in respect of the underlying land lease for the remaining term of the original lease agreement, being 18 years. Accordingly, a lease liability continues to be recognized in accordance with IFRS 16 in respect of the remaining land lease payments.

ALKHABEER REIT FUND – Expressed in Saudi Riyal
(Expressed in Saudi Riyal)

7. LEASES - CONTINUED

a) Right of use asset - continued

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 June 30, 2026 (Unaudited)**	**Fair Value as of June 30, 2026 (Unaudited)**
Gallery Mall	**Commercial**	**Income approach**	**Tabuk**	**9.43% - 11.21%**	**134,026,500**

Property Name	Property Type	Valuation Method	Location	Discount rate as of December 31, 2025 (Audited)	Fair Value as of December 31, 2025 (Audited)
Gallery Mall	Commercial	Income approach	Tabuk	9.93% - 11.5%	137,924,000

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 June 30, 2026, 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:

	As of June 30, 2026 (Unaudited)	As of December 31, 2025 (Audited)
Balance at the beginning of the period / year	**13,112,414**	13,990,490
Paid during the period / year	**-**	(1,579,000)
Transfer to accruals	**(1,579,000)**	-
Interest charged during the period / year	**656,932**	700,924
Total lease liabilities at the end of the period / year	**12,190,346**	13,112,414

Lease liabilities are classified as follows:

	As of June 30, 2026 (Unaudited)	As of December 31, 2025 (Audited)
Current portion	**1,361,223**	1,139,846
Non-current portion	**10,829,123**	11,972,568
Total lease liabilities	**12,190,346**	13,112,414

The weighted average borrowing rate applied to lease liabilities for the six-month period ended June 30, 2026 and for the year ended December 31, 2025 was 5.01%. The total interest expense on lease liabilities for the six-month period ended June 30, 2026 amounted to SR 656,932 (compared to SR 700,924 for the year ended December 31, 2025).

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.

ALKHABEER REIT FUND – Expressed in Saudi Riyal
(Expressed in Saudi Riyal)

7. LEASES - CONTINUED

b) Lease liabilities - continued

The analysis of lease liabilities is as follows

	As of June 30, 2026 (Unaudited)	As of December 31, 2025 (Audited)
Within one year	**1,361,223**	1,139,846
From two to 5 years	**4,381,290**	4,172,259
More than 5 years	**6,447,833**	7,800,309
	12,190,346	13,112,414

8. INVESTMENT PROPERTIES

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

	As of June 30, 2026 (Unaudited)	As of December 31, 2025 (Audited)
Investments in residential and commercial properties and land	**1,706,345,000**	1,706,345,000
Development costs	**13,175,916**	12,833,795
Accumulated depreciation	**(203,853,276)**	(187,453,344)
Accumulated impairment	**(17,926,478)**	(18,876,752)
	1,497,741,162	1,512,848,699

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

	As of June 30, 2026 (Unaudited)	As of December 31, 2025 (Audited)
Balance at the beginning of the period / year	**18,876,752**	20,945,132
Reversal of impairment during the period / year	**(950,274)**	(1,863,616)
Disposals during the period / year	**-**	(204,764)
	17,926,478	18,876,752

c) The details of the movement in investment properties related to the Fund are as follows:

June 30, 2026 (Unaudited):	**Lands***	**Residential and commercial properties***	**Total**
Cost:			
Balance as of January 1, 2026	**407,526,292**	**1,311,652,503**	**1,719,178,795**
Additions during the period	**-**	**342,121**	**342,121**
Balance as of June 30, 2026	**407,526,292**	**1,311,994,624**	**1,719,520,916**
Accumulated depreciation:			
Balance as of January 1, 2026	**-**	**187,453,344**	**187,453,344**
Charged for the period	**-**	**16,399,932**	**16,399,932**
Balance as of June 30, 2026	**-**	**203,853,276**	**203,853,276**
Net book value as of June 30, 2026	**407,526,292**	**1,108,141,348**	**1,515,667,640**
Accumulated Impairment			**(17,926,478)**
Balance as of June 30, 2026			**1,497,741,162**

ALKHABEER REIT FUND – Expressed in Saudi Riyal
(Expressed in Saudi Riyal)

8. INVESTMENT PROPERTIES - CONTINUED

December 31, 2025 (Audited):	Lands*	Residential and commercial properties*	Total
Cost:			
Balance as of January 1, 2025	463,975,542	1,322,914,597	1,786,890,139
Additions during the year	-	4,038,656	4,038,656
Disposals during the year	(56,449,250)	(15,300,750)	(71,750,000)
Balance as of December 31, 2025	407,526,292	1,311,652,503	1,719,178,795
Accumulated depreciation:			
Balance as of January 1, 2025	-	156,948,770	156,948,770
Charge for the year	-	32,959,069	32,959,069
Disposals during the year	-	(2,454,495)	(2,454,495)
Balance as of December 31, 2025	-	187,453,344	187,453,344
Net book value as of December 31, 2025	407,526,292	1,124,199,159	1,531,725,451
Accumulated Impairment			(18,876,752)
Balance as of December 31, 2025			1,512,848,699

* The residential and commercial properties and lands mentioned and detailed in note (9) are pledged to a local bank under a credit facilities agreement as of June 30, 2026 in the amount of SR 1,719,520,916 (December 31, 2025: SR 1,719,178,795), except for Akun warehouses.

ALKHABEER REIT FUND – Expressed in Saudi Riyal
(Expressed in Saudi Riyal)

8. INVESTMENT PROPERTIES – CONTINUED

d) The details of investment properties are as follows:

June 30, 2026 (Unaudited) Property name	Property type	Property location	Acquisition and development cost	Accumulated depreciation	Accumulated Impairment	Net book value	Fair value
Palazzo Center	Retail	Riyadh	**96,630,177**	**(8,884,949)**	**(17,926,478)**	**69,818,750**	**69,818,750**
Al-Malqa Complex	Residential	Riyadh	**325,173,778**	**(49,791,888)**	**-**	**275,381,890**	**294,427,000**
Elite Center	Multiple use	Jeddah	**164,000,000**	**(19,995,936)**	**-**	**144,004,064**	**165,647,000**
Bin 2 Center	Multiple use	Jeddah	**92,250,000**	**(10,980,971)**	**-**	**81,269,029**	**100,350,500**
Vision Colleges (formerly known as Al-Farabi Colleges)	Educational	Riyadh	**215,250,000**	**(26,418,875)**	**-**	**188,831,125**	**211,049,250**
Vision Colleges Training Center (formerly known as Al-Farabi Colleges)	Educational	Riyadh	**66,625,000**	**(5,829,833)**	**-**	**60,795,167**	**82,894,250**
Elegance Tower	Offices	Riyadh	**425,354,461**	**(48,205,546)**	**-**	**377,148,915**	**499,991,750**
Vision Educational Colleges - Jeddah	Educational	Jeddah	**107,500,000**	**(11,738,649)**	**-**	**95,761,351**	**99,792,100**
Akun warehouses	Logistics	Jeddah	**226,737,500**	**(22,006,629)**	**-**	**204,730,871**	**209,302,000**
			1,719,520,916	**(203,853,276)**	**(17,926,478)**	**1,497,741,162**	**1,733,272,600**

Movement in impairment during the period is as follows:

June 30, 2026 (Unaudited) Property name	Accumulated impairment at the beginning of the period	Reversal of impairment for the period	Accumulated impairment at the end of the period
Palazzo Center	**(18,876,752)**	**950,274**	**(17,926,478)**
	(18,876,752)	**950,274**	**(17,926,478)**

ALKHABEER REIT FUND – Expressed in Saudi Riyal
(Expressed in Saudi Riyal)

8. INVESTMENT PROPERTIES – CONTINUED

December 31, 2025 (Audited) Property name	Property type	Property location	Acquisition and development cost	Accumulated depreciation	Accumulated Impairment	Net book value	Fair value
Palazzo Center	Retail	Riyadh	96,590,177	(8,282,075)	(18,876,752)	69,431,350	69,431,350
Al-Malqa Complex	Residential	Riyadh	325,014,157	(46,364,201)	-	278,649,956	295,180,000
Elite Center	Multiple use	Jeddah	164,000,000	(18,647,895)	-	145,352,105	160,922,000
Bin 2 Center	Multiple use	Jeddah	92,250,000	(10,240,681)	-	82,009,319	96,752,500
Vision Colleges (formerly known as Al-Farabi Colleges)	Educational	Riyadh	215,250,000	(24,154,400)	-	191,095,600	211,511,750
Vision Colleges Training Center (formerly known as Al-Farabi Colleges)	Educational	Riyadh	66,625,000	(5,330,133)	-	61,294,867	82,262,950
Elegance Tower	Offices	Riyadh	425,211,961	(44,063,209)	-	381,148,752	487,391,300
Vision Educational Colleges - Jeddah	Educational	Jeddah	107,500,000	(10,564,784)	-	96,935,216	98,657,550
Akun warehouses	Logistics	Jeddah	226,737,500	(19,805,966)	-	206,931,534	214,928,500
			1,719,178,795	(187,453,344)	(18,876,752)	1,512,848,699	1,717,037,900

Movement in impairment during the period is as follows:

December 31, 2025 (Audited) 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
Palazzo Center	(18,723,073)	(153,679)	-	(18,876,752)
Ahlan Court Center*	(204,764)	-	204,764	-
Vision Educational Colleges - Jeddah	(2,017,295)	2,017,295	-	-
	(20,945,132)	1,863,616	204,764	(18,876,752)

*On July 21, 2025, the property of Ahlan Court Center was sold for SR 71.8 million, with the pledge on the property being released. The average valuation by accredited valuers for the year ending June 30, 2025, was also relied upon.

ALKHABEER REIT FUND – Expressed in Saudi Riyal
(Expressed in Saudi Riyal)

8. INVESTMENT PROPERTIES – CONTINUED

The following are the major assumptions used in determining the fair value of investment properties as of June 30, 2026:

Property Name	**Valuation Method**	**Discount rate**
Palazzo Center	Income approach	9.21% - 10.33%
Al-Malqa Complex	Income approach	9.21% - 9.83%
Elite Center	Income approach	11.71% - 12.80%
Bin 2 Center	Income approach	11.71% - 12.83%
Vision Colleges (formerly known as Al-Farabi Colleges)	Income approach	9.40% - 9.50%
Vision Colleges Training Center (formerly known as Al-Farabi Colleges)	Income approach	9.60% - 10.21%
Elegance Tower	Income approach	9.21% - 9.50%
Vision Educational Colleges - Jeddah	Income approach	8.83% - 9.71%
Akun warehouses	Income approach	8.71% - 9.90%

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 June 30, 2026, 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 interim condensed 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:

	As of June 30, 2026 (Unaudited)	As of December 31, 2025 (Audited)
Cost of investment properties and right of use asset	**1,908,626,799**	1,908,154,026
Accumulated depreciation	**(277,919,493)**	(256,338,578)
Net value of investment properties and right of use asset	**1,630,707,306**	1,651,815,448
Change in fair value	**236,591,794**	203,146,452
Fair value of investment properties and right of use asset	**1,867,299,100**	1,854,961,900

ALKHABEER REIT FUND – Expressed in Saudi Riyal
(Expressed in Saudi Riyal)

8. INVESTMENT PROPERTIES – CONTINUED

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

	As of June 30, 2026 (Unaudited)	As of December 31, 2025 (Audited)
Equity attributable to unitholders	**1,012,525,151**	1,023,965,373
Unrealized gains from revaluation	**254,518,272**	222,023,204
Net asset at fair value	**1,267,043,423**	1,245,988,577

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

	As of June 30, 2026 (Unaudited)	As of December 31, 2025 (Audited)
Equity per unit (SR per unit)	**7.1806**	7.2617
Unrealized gains from revaluation per unit (SR per unit)	**1.8050**	1.5745
Net equity per unit - (SR per unit) at fair value	**8.9856**	8.8362

9. 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 587.5 million as of June 30, 2026 (December 31, 2025: SR 587.5 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 are 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 credit facilities 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, 2025, and December 31, 2024. 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 447.5 million.

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

	For the six-month period ended June 30,	
	2026 (Unaudited)	2025 (Unaudited)
The interest charged on lease liabilities – (note 7)	**656,932**	700,924
Finance cost from credit facilities	**20,441,555**	26,172,225
Changes in fair value of derivatives – (note 12)	**(9,227,988)**	-
Net gains from the settlement of the interest rate swap instrument – (note 12)	**(498,796)**	(3,113,021)
	11,371,703	23,760,128

ALKHABEER REIT FUND – Expressed in Saudi Riyal
(Expressed in Saudi Riyal)

9. CREDIT FACILITIES - CONTINUED

The Fund has profit rate swap 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. These agreements resulted in gains from the settlement of the interest rate swap instrument, which were recorded under finance costs in the statement of profit or loss, as mentioned in note (12).

10. 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.

11. 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)
June 30, 2026:			
January 29, 2026	**October 1, 2025 to December 31, 2025**	**0.105**	**14,805,929**
April 30, 2026	**January 1, 2026 to March 31, 2026**	**0.105**	**14,805,929**
			29,611,858
June 30, 2025:			
January 29, 2025	October 1, 2024 to December 31, 2024	0.105	14,805,929
April 29, 2025	January 1, 2025 to March 31, 2025	0.105	14,805,929
			29,611,858

12. PROFIT RATE SWAP AGREEMENTS

On November 19, 2019, the Fund entered into a profit rate swap (PRS) 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 March 12, 2025, the terms of this agreement were amended. See the paragraph below.

On October 30, 2024, the Fund entered into a Shari’ah-compliant hedging agreement with Al Rajhi Bank with a notional amount of SR 170 million, representing 50% of the facilities utilized in the initial offering, to fix the SAIBOR rate at 5.04%, in order to hedge against fluctuations in SAIBOR over the tenure of these facilities from February 4, 2025 to February 4, 2030. On February 3, 2026, the Board of Directors approved the termination of the PRS agreement, resulting in SR 20 million of the facilities related to the initial offering remaining unhedged.

On March 12, 2025, the Fund has entered into Islamic PRS arrangements with Al Rajhi Bank in connection with its floating rate Shari’ah-compliant borrowings to manage exposure to profit rate volatility. Pursuant to these agreements, the Fund’s variable profit rate exposure on a total notional amount of SR 567.5 million was converted into a fixed profit rate obligation. Under the terms of the PRS, the profit rate accruing on the hedged principal is payable to the bank at a fixed rate of 4.96% per annum, in exchange for receiving floating installments based on 6-month SAIBOR. These arrangements, which mature in February 2030, provide for semi-annual settlements. As of June 30, 2026, the fair value of these derivative instruments resulted in a net derivative financial asset of SR 4,711,439 (December 31, 2025: net derivative financial liability of SR 4,516,549).

12. PROFIT RATE SWAP AGREEMENTS - CONTINUED

The movement in derivative financial assets and liabilities during the year is as follows:

	As of June 30, 2026 (Unaudited)	As of December 31, 2025 (Audited)
Balance at beginning of the year	**4,516,549**	**-**
(Gain) / loss during the year	**(9,227,988)**	4,516,549
Derivative financial (assets) / liabilities	**(4,711,439)**	4,516,549

13. LAST VALUATION DATE

The last date for valuation during the period is June 30, 2026.

14. 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 12).

To mitigate this exposure, the Fund has entered into interest rate swap arrangements under which it pays fixed rates and receives a floating rate based on 6-month SAIBOR. These arrangements economically convert a portion of the Fund's variable rate borrowings into fixed rate obligations.

As a result, the Fund's exposure to fluctuations in market interest rates is significantly reduced, as the variability in cash flows from floating rate borrowings is offset by the corresponding receipts under the swap agreements.

Sensitivity analysis for variable rate instruments

Presently, the Fund have credit facilities which expose the Fund to cash flow interest / profit rate risk which are as follows:

Variable rate instruments

Financial liabilities:

	As of June 30, 2026 (Unaudited)	As of December 31, 2025 (Audited)
Credit facilities	**587,500,000**	587,500,000
	587,500,000	587,500,000

If SAIBOR had been 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by SR 200,000 for June 30, 2026 (December 31, 2025: SR 200,000) reflecting only the impact on the portion of credit facilities with an unfixed profit margin**.**

ALKHABEER REIT FUND – Expressed in Saudi Riyal
(Expressed in Saudi Riyal)

14. RISK MANAGEMENT - CONTINUED

a) Market risk - continued

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 lease termination receivable.

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 lease termination receivable are unsecured, non-interest-bearing, and have no fixed repayments. The management considers that the related parties balances are immaterial to the condensed interim financial statements therefore no expected credit loss has been recognized.

When calculating the provision for expected credit losses for accounts receivable and lease termination receivable 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:

	As of June 30, 2026 (Unaudited)	As of December 31, 2025 (Audited)
Cash and cash equivalents	**15,337,364**	30,117,046
Accounts receivable	**18,855,318**	11,319,907
Lease termination receivable	**14,000,000**	14,000,000
Due from a related party	**18,781**	18,781

Concertation of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations indicate the relative sensitivity of the Fund’s performance to developments affecting a particular industry. At the reporting date, one major customer constitute 65.38% (December 31, 2025: one major customer constitute 73.11%) of total gross receivables. Management has assessed the concentration of credit risk relating to trade receivables and has recognized an appropriate allowance for expected credit losses in accordance with IFRS 9. Based on this assessment, management believes that the related credit risk is adequately provided for and appropriately managed.

ALKHABEER REIT FUND – Expressed in Saudi Riyal
(Expressed in Saudi Riyal)

14. RISK MANAGEMENT – CONTINUED

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 June 30, 2026, the Fund's current liabilities exceeded its current assets by SR 1,926,554. However, as of that date, unearned rental income represents a deferred revenue obligation that does not require a future cash primary outflow, but rather the passage of time and provision of space. Similarly, due to related party balances are often managed through internal liquidity arrangements. The Fund maintains an unutilized SR 30 million overdraft facility within its SR 1 billion credit limit which able the Fund to meet its obligation when the payment becomes due.

June 30, 2026 (Unaudited)	**Book value**	**Less than one year**	**More than one year**
Non-derivative financial liabilities			
Credit facilities	**587,500,000**	**-**	**587,500,000**
Due to related parties	**5,565,693**	**5,565,693**	**-**
Lease liabilities	**12,190,346**	**1,361,223**	**10,829,123**
Accrued expenses and other credit balances	**48,391,118**	**48,391,118**	**-**
	653,647,157	**55,318,034**	**598,329,123**

December 31, 2025 (Audited)	**Book value**	**Less than one year**	**More than one year**
Non-derivative financial liabilities			
Credit facilities	587,500,000	-	587,500,000
Due to related parties	6,918,355	6,918,355	-
Lease liabilities	13,112,414	1,139,846	11,972,568
Accrued expenses and other credit balances	52,740,920	52,740,920	-
	660,271,689	60,799,121	599,472,568

Profit rate swap arrangements

The Fund uses derivatives to hedge exposure for credit facilities. These include interest rate swaps which are not designated as qualifying hedges or apply formal hedge accounting under IFRS 9.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market profit rates. The Fund is exposed to interest rate risk primarily from its variable rate borrowings linked to SAIBOR. The Fund has entered into PRS arrangements to mitigate this exposure.

Management monitors interest rate exposure on an ongoing basis.

Sensitivity analysis for profit rate swap

Presently, the Fund have interest rate swap which expose the Fund to cash flow interest / profit rate risk. If SAIBOR had been 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by SR 200,000 (December 31, 2025: SR 200,000).

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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.

The Fund’s derivative financial instruments are classified as financial assets or financial liabilities at fair value through profit or loss and are remeasured at fair value at each reporting date. Their fair value measurements are classified within Level 2 of the fair value hierarchy.

16. OPERATING SEGMENTS

The Fund generates continuous rental income. 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.

17. SUBSEQUENT EVENTS

There have been no material subsequent events have occurred after June 30, 2026 until the date of independent auditor’s review report that require disclosure or adjustment in these interim condensed financial statements.

18. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements for the six-month period ended June 30, 2026 were approved by the Fund’s Board of Directors on 27 Safar 1448 H (10 August 2026).