



# Alinma Retail REIT Fund

---

Annual Report

# 2025



## Table of Content

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



## 1- About the Fund

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

## 2- Fund’s Prominent Events

- 1 Completion of the acquisition of an office complex in Al Qirawan district, Riyadh, for SAR 380 million, targeting an annual yield of 8.95% on the purchase price.
- 2 The Fund intends to launch a unit buyback program to hold the units as treasury units, for use in asset swap transactions for the acquisition of new assets, or for future resale.
- 3 Non-renewal of the property management agreement with Retail Real Estate Company, and handover of property management responsibilities to Top Place for the Signature building in Riyadh and Al Makan Malls in Hafar Al Batin, Tabuk, and Al Dawadmi.
- 4 Cash dividends were distributed to the unitholders during 2025 amounting to SAR 41,300,000, at SAR 0.35 per unit.

### 3- An Overview of the Fund's Assets

#### A. Operations

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

#### C. Legal Cases Report

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

#### B. Leasing

Below is the Occupancy rate of the Properties:

Property	2025
Almakam Mall – Dwadmi	%84
Almkan Mall – Hafr Albatin	%57
Signature	%100
Sifr	%100
Aljawhrah	%100
Jazel	%100

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

Legal Case Status	2025
Number of cases referred to the law firm	103
Under process	31
Gained cases	36
settled	36

## 4- Assets in which the Fund Invests

The Fund in 2025 invests in the commercial and office complexes, as follows:

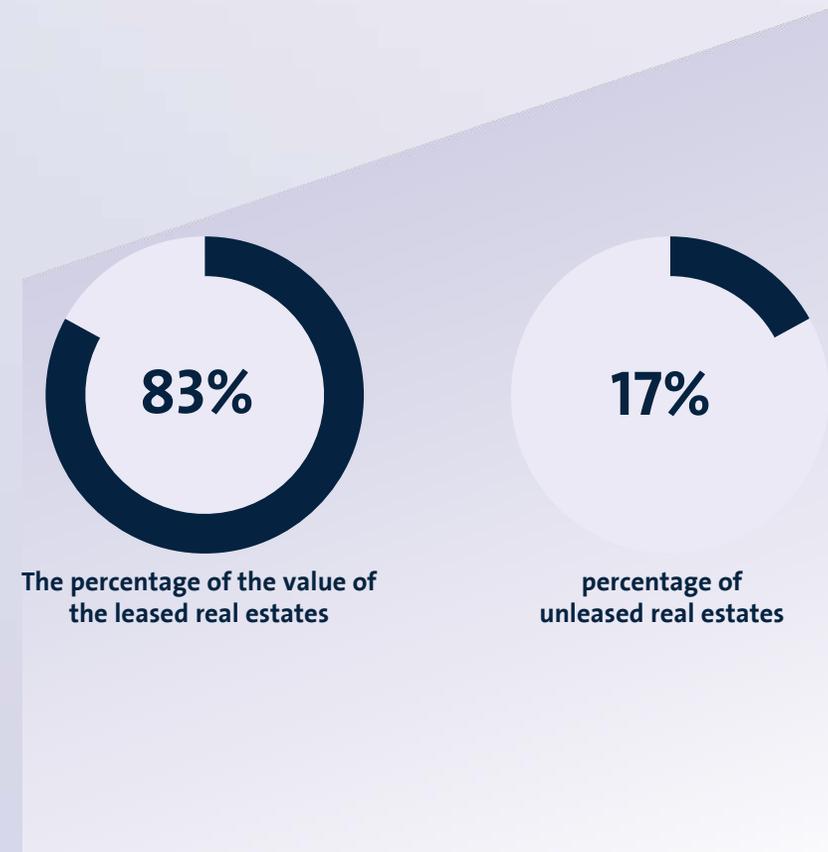
Property	Almkan Mall Hafr Albatin	Almakan Mall Tabouk	Almakan Mall Dwadmi	Jalawi	Jazel	Aljawhrah	Sifir	Signature
City	Hafr Albatin	Tabouk	Dwadmi	Riyadh	Riyadh	Riyadh	Riyadh	Riyadh
Type of Ownership	Freehold	Freehold	Usufruct contract	Freehold	Freehold	Freehold	Freehold	Freehold
Purchase Price (Million Saudi Riyals)	470.2	219.4	166.8	380	368	110	80	52
Percentage of Total Value of the Portfolio's Assets	25%	12%	9%	21%	20%	6%	4%	3%

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

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

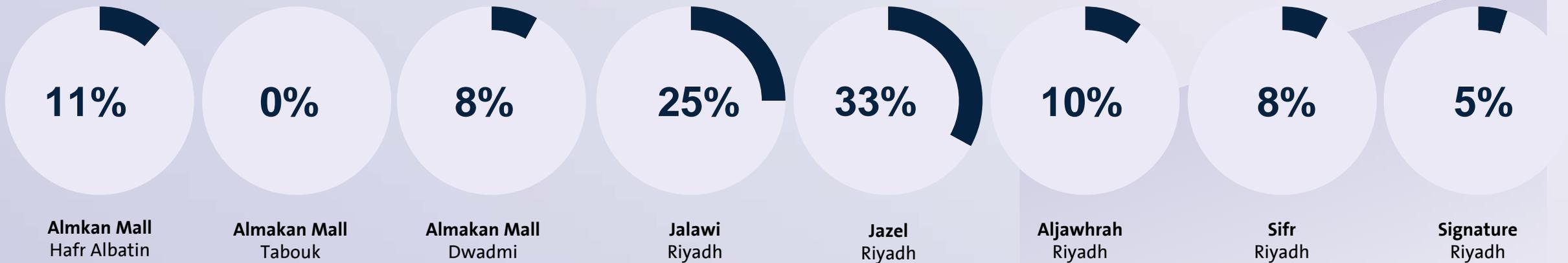


## 6- The percentage of the value of the leased real estates and the percentage of unleased real estates to the total value of the owned real estates, if any.



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

Proportion of each asset to total rental income.



Total 100%



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

Not  
Applicable

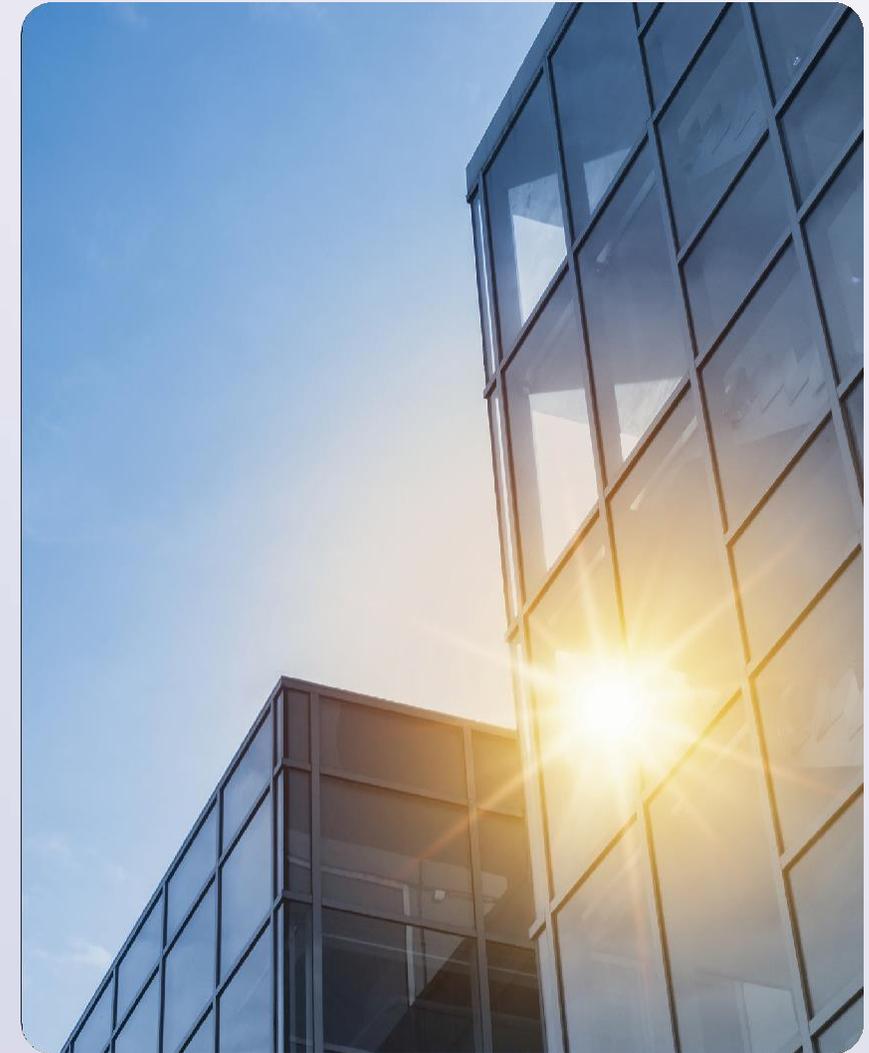
the ratio of non-cash  
expenditures from the fund's  
net profits

23%

The percentage of  
uncollected revenues from  
total revenues

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

Not Applicable



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

	2025	2024	2023	2022	2021	2020	2019
Net Asset Value of the Fund at the End of each Fiscal Year	773,413,864	835,720,617	865,350,740	905,661,150	932,864,494	947,722,311	1,149,508,173
Fund's Net Asset Value per Unit at the End of each Fiscal Year	6.55	7.08	7.33	7.68	7.9	8.03	9.74
Highest Net Asset Value of the Fund per Unit for each Fiscal Year	6.94	7.08	7.49	7.87	8.03	9.80	9.74
Lowest Net Asset Value of the Fund per Unit for each Fiscal Year	6.55	7.02	7.33	7.68	7.9	8.03	9.30
No of Units issued at the End of each Fiscal Year	118,000,000	118,000,000	118,000,000	118,000,000	118,000,000	118,000,000	118,000,000
Income Distribution per Unit (if any)*	0.35	0.32	0.30	0.225	0.10	0.0	0.43
Percentage of Costs borne by the Fund out of the Total Value of Assets*	%4.55	%2.35	%3	%3.19	%3.62	%3.39	%4.56
Results of Comparing Performance of the Fund's Benchmark Index with the Fund's Performance	Not Applicable						
Percentage of Borrowed Assets out of the Total Value of Assets, Duration of their Exposure, and Maturity Date	%45	%22	6%	Not Applicable	Not Applicable	Not Applicable	Not Applicable

\* It is worth noting that the increase in costs for 2025 is mainly attributable to financing costs related to the acquisition of Bin Jalawi Building. It should be noted that the Fund's costs, excluding financing costs, do not exceed 1.6% of the total asset value.

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

## 11- A performance record that covers the following

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

1 year	3 years	5 years	Since Establishment
101.89 Million Saudi Riyals	341.07 Million Saudi Riyals	448.85 Million Saudi Riyals	664.75 Million Saudi Riyals

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

2018	2019	2020	2021	2022	2023	2024	2025
70 Million Saudi Riyals	91.7 Million Saudi Riyals	54.2 Million Saudi Riyals	59.04 Million Saudi Riyals	48.74 Million Saudi Riyals	51.63 Million Saudi Riyals	188 Million Saudi Riyals	101.71 Million Saudi Riyals

The total return mentioned above represents all of the Fund's revenues.  
For comparison purposes, the revenue from the sale of Al Khair Mall has been excluded from the 2024 return.



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

Expenses	2025
Management Fees	3,857,564
Property Manager	1,544,585
Operations Expenses	15,335,087
Custody Fees	129,473
Administrative Expenses of the Fund	564,257
Rewarding Independent Directors	67,500
Auditor Fees	67,500
Real Estate Evaluator Fees	176,000
*Other Fees	1,221,747
Regulatory Fees	578,014
**Total Expense Ratio	%1.59

\*Other expenses refer to property insurance fees, legal fees, and miscellaneous expenses. It is worth noting that a significant portion of the increase in other expenses is attributable to legal collection fees, which resulted in the recovery of amounts that had been defaulted on by tenants.

\*\*The ratio of expenses to total assets.

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

The following updates were made to Fund's Terms & Conditions Updates during 2025G:

- Update of the Fund Manager's identity
- Update of the Custodian's details
- Update of the External Auditor's details
- Update of the Legal Advisor's details
- Update of the Property Valuer's details
- Update of the Fund's owned assets details
- Additional clarification on certain investment risks of the Fund
- Clarification of the unit trading mechanism
- Clarification of the Fund management fee calculation methodology
- Update of the Custodian fees following the change of custodian
- Update of the clause related to the External Auditor's fees
- Update of the arrangement fees
- Update of the insurance details
- Update of the Fund Board members' participation schedule in funds managed by the Fund Manager
- Update of the Fund manager's structure governance and the asset management
- Update of the complaints contact details

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

### Annual Report of the Board of Directors for Alinma Retail REIT for 2025

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

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

#### The resolutions passed by circulation during the previous period were presented, which included the following:

- Approval of cash distributions for the second half of 2024.
- Approval of the financial statements for the period ended 31 December 2024.
- Changes to certain service providers.
- Approval of the updated Terms and Conditions of the Fund.
- Approval to grant Asateer Entertainment Company (Malahy) a rent waiver for its unit in Hafar Al-Batin, following the expiry of its lease, given that it was the only tenant in the entertainment segment in the mall. The rent-free period contributed to retaining the tenant and positively supporting the mall's operations. It was also agreed to transfer the unit, including its equipment, to a new tenant who has signed a lease agreement with the Fund. This also contributed to leasing another tenant in the entertainment segment. It is worth noting that a potential conflict of interest was disclosed; accordingly, Mr. Mohammed Al-Nimr abstained from voting on this resolution.

#### The Fund Manager also presented updates on the Fund's properties, including:

- Updates on the electricity connection works for Al Makan Mall in Hafar Al-Batin.
- The closure of Panda's unit in Hafar Al-Batin.
- Leasing a unit in Al Makan Mall in Hafar Al-Batin to Makhazin Al Mamlaka Company.
- Leasing entertainment spaces to a replacement tenant for Asateer Entertainment Company (Malahy).

In addition, the Board was updated on the amendment of the lease agreement for Zero Building, extending the lease term from 5 years to 20 years, with the rent set at SAR 8.83 million for the first five years, subject to an increase every five years, noting that the rent at the time of acquisition in 2024 was SAR 7.3 million.

The Fund Manager also explained the financial impact of the approval of the regulatory provisions governing the relationship between landlords and tenants on the Fund.

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

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

## Other information

### Asset performance:

Below are the details of the fund's asset financial performance. Please note the following:

- The expenses shown below do not include fund-level expenses or financing costs.
- Jalawi building was acquired during 2025; therefore, the revenue presented below does not cover a full year.
- The operating expenses for the Al-Hafr Al-Batin Mall in 2025 included SAR 9.23 million for generator operation. These generator costs will be eliminated once the mall is connected to the public electricity grid. At that point, the fund will bear only the utility electricity charges, while each tenant will be responsible for the electricity meter of the leased space. The connection of the mall to the grid is expected to have a positive impact on the asset's performance.

Property	Properties			New Properties				
	Almkan Mall Hafr Albatin	Almkan Mall Tabouk	Almkan MallDwadmi	Jalawi	Jazel	Aljawhrah	Sifir	Signature
Revenue(Million)	11.04	0.46	8.09	25.16	33.51	9.86	8.14	5.88
Property Expenses (Million)	12.71	0.28	2.96	0.51	0	0	0	0.56
Property Net Revenue (million)	-1.67	0.18	5.13	24.66	33.51	9.86	8.14	5.88

### Rental Receivable:

During the year, SAR 9.8 million of rental receivables were written off. The Fund recovered 45.18 % of that amount through a settlement with the buyer of Al Khair Mall in Riyadh, where the discounts were granted to persuade tenants to vacate. A 26.6 % of the write off relates to a prior billing correction that aligns the invoicing with the contractual terms. The remaining SAR 2.7 million was written off for the following reasons:

- **Collection discount** – a discount was offered on the condition that the tenant settles other outstanding amounts. Such discounts are typically granted to tenants who have declared bankruptcy, or financially distressed, or face legal challenges.
  - **Retention discount** – a discount was provided to encourage the tenant to remain in the leased unit, where the tenant's evacuation would adversely affect the operation of the complex.
- It should be noted that the amounts mentioned above relate to prior years, starting from 2018, and that the Fund's assets located in secondary cities—subject to operational challenges—have diminished our negotiating leverage.

## 14- Risk Assessment Report:

### **Definition and identification of risks:**

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

### **Business risks of the Fund Manager:**

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

### **Financial Risks:**

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

### **Market Risks:**

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

### **Operational Risks:**

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

### **Compliance Risks:**

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

### **Risk assessment and measurement mechanism**

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

### **Monitoring mechanism to control risks**

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

### **Risk Review and Treatment**

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



### **Risk Avoidance**

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



### **Risk Mitigation**

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



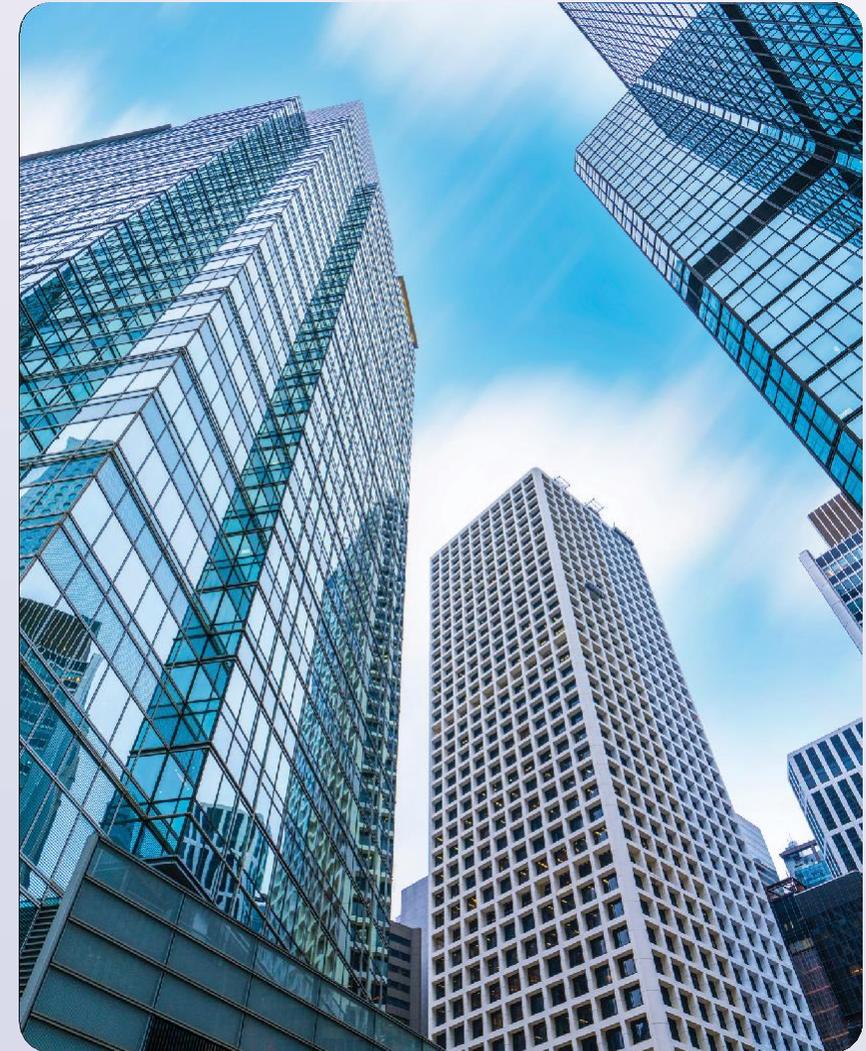
### **Risk transfer**

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



### **Acceptance of risks**

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





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

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



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

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

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

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



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

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

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

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

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

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



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

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

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

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

# Thank You

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

To call from within the Kingdom:8004413333

To call from mobile or from outside the Kingdom:920000343

Through Email: [info@alinmacapital.com](mailto:info@alinmacapital.com)

**Alinma Retail REIT Fund**  
**(Managed by Alinma Capital Company)**

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

**AND INDEPENDENT AUDITOR'S REPORT**

Alinma Retail REIT Fund  
(Managed by Alinma Capital Company)

---

FINANCIAL STATEMENTS  
31 December 2025

<b>INDEX</b>	<b>PAGE</b>
Independent auditor's report	1 – 5
Statement of financial position	6
Statement of profit or loss and other comprehensive income	7
Statement of cash flows	8
Statement of changes in equity	9
Notes to the financial statements	10 – 31

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

**Opinion**

We have audited the accompanying financial statements of Alinma Retail REIT Fund (the "Fund") managed by Alinma Capital Company (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2025, and the related statements of profit or loss and other comprehensive income, cash flows and changes in equity for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Fund as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

**Basis for Opinion**

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

**Key Audit Matters**

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

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

**Key Audit Matters (continued)**

Key Audit Matter	How our audit addressed the key audit matter
<p><b><u>Assessing impairment of investment properties</u></b></p> <p>The Fund owns a portfolio of investment properties comprising of commercial buildings located in the Kingdom of Saudi Arabia.</p> <p>Investment properties are held for capital appreciation and/or rental yields and are stated at cost less accumulated depreciation and any impairment losses.</p> <p>As at 31 December 2025, the carrying value of investment properties was SR 1.42 billion (31 December 2024: SR 1.07 billion) which was net of accumulated depreciation of SR 224 million (31 December 2024: SR 186 million).</p> <p>For assessing the impairment of investment properties, the Fund Manager monitors volatility of fair value of properties by engaging two independent certified property valuers to perform a formal valuation of the Fund's investment properties on semi-annual basis.</p> <p>We considered this as key audit matter since the impairment assessment of the investment properties requires significant judgement and estimates by the Fund Manager and the external valuers. Any input inaccuracies or unreasonable bases used in these judgements and estimates (such as in respect of estimated rental value and yield profile applied) could result in a material misstatement of the Statement of Financial Position and in the Statement of profit or loss and other comprehensive income.</p> <p><i>The Fund's accounting policy for investment properties is disclosed in note 5.6, the significant accounting estimates, judgement and assumptions relating to investment properties are disclosed in note 4, related disclosures about investment properties are included in notes 6 and 7 of the accompanying financial statements.</i></p>	<p>Our audit procedures related to assessing impairment of investment properties included:</p> <ul style="list-style-type: none"> <li>- We have obtained an understanding of the process and controls surrounding assessment of impairment of investment properties by performing walkthrough procedures.</li> <li>- We agreed the fair values of the investment properties to the independent management valuers' report.</li> <li>- We evaluated the valuers' credentials, their independence, professional qualifications, competence, experience and ensured that they are certified from Saudi Authority for Accredited Valuers (TAQEEM).</li> <li>- On sample basis, with the assistance of our independent expert, we performed the following:             <ul style="list-style-type: none"> <li>o Assessed the appropriateness of valuation methods, assumptions, and estimates used by management in the process of assessment of valuation of investment properties;</li> <li>o Engaged in discussions with management and assessed the relevant assumptions used based on market data where possible;</li> <li>o Assessed the key assumptions and estimates, such as discount rates, growth rate and capitalization rate used by the independent valuers in determining the fair values of the investment properties.</li> </ul> </li> <li>- We compared the fair value of the investment properties with their carrying values to determine whether recognition of any impairment loss is required.</li> <li>- We have assessed the adequacy of the disclosures included in the financial statements.</li> </ul>

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

**Other Information included in the Fund's 2025 Annual Report**

Fund Manager is responsible for the other information. The other information comprises the information included in the Fund's 2025 annual report other than the financial statements and our auditor's report thereon. The Fund's 2025 annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Fund's 2025 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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

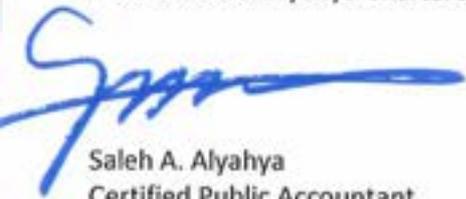
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken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

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

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

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

for Alluhaid & Alyahya Chartered Accountants



Saleh A. Alyahya  
Certified Public Accountant  
Registration No. 473

Riyadh: 12 Shawal 1447H  
(31 March 2026)



Alinma Retail REIT Fund  
(Managed by Alinma Capital Company)

STATEMENT OF FINANCIAL POSITION  
As at 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>SR</b>	<b>2024</b> <b>SR</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investment properties	6	1,419,872,793	1,074,503,339
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,419,872,793</b>	<b>1,074,503,339</b>
<b>CURRENT ASSETS</b>			
Rental income receivable	8	3,720,717	1,781,131
Prepayment and other receivables	9	149,096	3,984,435
Financial assets at fair value through profit or loss ("FVTPL")	11	26,273,269	54,613,743
Financial assets at amortised cost	12	-	16,107,691
Bank balance		10,776,624	3,738,566
<b>TOTAL CURRENT ASSETS</b>		<b>40,919,706</b>	<b>80,225,566</b>
<b>TOTAL ASSETS</b>		<b>1,460,792,499</b>	<b>1,154,728,905</b>
<b>LIABILITIES AND EQUITY</b>			
<b>NON-CURRENT LIABILITIES</b>			
Non-current portion of lease liabilities	13	5,569,332	5,955,052
Long-term borrowings	14	654,671,996	257,349,291
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>660,241,328</b>	<b>263,304,343</b>
<b>CURRENT LIABILITIES</b>			
Current portion of lease liabilities	13	650,000	650,000
Contract liabilities	15	17,578,843	42,157,846
Accrued expenses and other payables	16	8,908,464	12,896,098
<b>TOTAL CURRENT LIABILITIES</b>		<b>27,137,307</b>	<b>55,703,944</b>
<b>TOTAL LIABILITIES</b>		<b>687,378,635</b>	<b>319,008,287</b>
<b>EQUITY</b>			
Net assets attributable to unitholders		773,413,864	835,720,618
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,460,792,499</b>	<b>1,154,728,905</b>
Units in issue (number)		118,000,000	118,000,000
Net asset value per unit (SR)	7	6.55	7.08

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

Alinma Retail REIT Fund  
(Managed by Alinma Capital Company)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Notes</i>	<i>2025</i> <i>SR</i>	<i>2024</i> <i>SR</i>
<b>Revenue</b>			
Revenue from investment properties	18	101,705,705	79,840,216
Gain on disposal of investment property	6	-	107,894,985
		<u>101,705,705</u>	<u>187,735,201</u>
<b>Expenses</b>			
Depreciation on investment properties	6	(37,551,551)	(35,170,204)
Property manager fee and related expenses	20	(16,879,672)	(20,751,618)
Management fees	10	(3,857,564)	(3,261,116)
General and administrative expenses	19	(2,730,116)	(3,271,439)
Reversal of (charge for) expected credit losses	8,9	3,798,221	(14,372,196)
<b>Total expenses</b>		<u>(57,220,682)</u>	<u>(76,826,573)</u>
<b>Operating profit for the year</b>		<b>44,485,023</b>	<b>110,908,628</b>
Finance charges	21	(43,029,215)	(17,590,282)
Income from financial asset at FVTPL	11	2,333,630	2,501,965
Other income		60,481	925,339
<b>Profit for the year before impairment</b>		<u>3,849,919</u>	<u>96,745,650</u>
Charge for impairment on investment properties	6	(24,856,673)	(88,615,772)
<b>Net (loss) profit for the year</b>		<u>(21,006,754)</u>	<u>8,129,878</u>
Other comprehensive income		-	-
<b>Total comprehensive (loss) profit for the year</b>		<u>(21,006,754)</u>	<u>8,129,878</u>

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

Alinma Retail REIT Fund  
(Managed by Alinma Capital Company)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>SR</b>	<b>2024</b> <b>SR</b>
<b>OPERATING ACTIVITIES</b>			
(Loss) profit for the year		(21,006,754)	8,129,878
Adjustments for:			
Depreciation on investment properties	6	37,551,551	35,170,204
Charge for impairment on investment properties	6	24,856,673	88,615,772
(Reversal of) charge for expected credit loss allowance	8,9	(3,798,221)	14,372,196
Finance charges	21	43,029,215	17,590,282
Special commission income		(21,724)	(328,680)
Income from financial asset at FVTPL	11	(2,333,630)	(2,501,965)
Gain on disposal of investment property		-	(107,894,985)
		<u>78,277,110</u>	<u>53,152,702</u>
<b>Changes in operating assets and liabilities:</b>			
Decrease in prepayment and other receivables		2,207,957	466,243
Decrease (increase) in rental income receivable		3,486,017	(11,503,087)
(Decrease) increase in contract liabilities		(24,579,003)	33,972,107
(Decrease) increase in accrued expenses and other payables		(3,987,634)	4,303,771
Decrease in amounts due from a related party		-	1,219,338
		<u>55,404,447</u>	<u>81,611,074</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of investment properties		(407,777,678)	(223,256,348)
Proceeds from disposal of investment property	6	-	25,000,000
Proceeds from matured financial assets at amortised cost		16,107,691	9,669,000
Purchase of financial assets at FVTPL		(11,688,210)	(50,158,351)
Proceeds from disposal of financial asset at FVTPL		41,000,000	-
Dividend received		1,362,314	-
Special commission income received		21,724	170,204
		<u>(360,974,159)</u>	<u>(238,575,495)</u>
<b>FINANCING ACTIVITIES</b>			
Proceeds against drawdown of long-term borrowings	14	399,000,000	202,249,291
Payment of principal portion of lease liabilities	13	(650,000)	(650,000)
Payment for debt arrangement fees		(1,995,000)	-
Finance cost paid		(42,447,230)	(17,308,687)
Distributions	26	(41,300,000)	(37,760,000)
		<u>312,607,770</u>	<u>146,530,604</u>
<b>Net cash flows from financing activities</b>			
		<u>7,038,058</u>	<u>(10,433,817)</u>
<b>Net increase (decrease) in bank balance</b>			
Bank balance at the beginning of the year		3,738,566	14,172,383
		<u>10,776,624</u>	<u>3,738,566</u>
<b>Bank balance at end of the year</b>			
<b>NON-CASH TRANSACTIONS</b>			
Purchase of investment property		-	368,000,000

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

Alinma Retail REIT Fund  
(Managed by Alinma Capital Company)

STATEMENT OF CHANGES IN EQUITY  
For the year ended 31 December 2025

	<i>2025</i> <i>SR</i>	<i>2024</i> <i>SR</i>
<b>EQUITY AT THE BEGINNING OF THE YEAR</b>	835,720,618	865,350,740
<b>Comprehensive profit/(loss):</b>		
Net (loss) profit for the year	(21,006,754)	8,129,878
Other comprehensive income for the year	-	-
Total comprehensive (loss) income for the year	(21,006,754)	8,129,878
Dividend distribution (note 26)	(41,300,000)	(37,760,000)
<b>EQUITY AT THE END OF THE YEAR</b>	<b>773,413,864</b>	<b>835,720,618</b>

**REDEEMABLE UNIT TRANSACTIONS**

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

	<i>2025</i> <i>Units</i>	<i>2024</i> <i>Units</i>
<b>UNITS AT THE BEGINNING AND END OF THE YEAR</b>	<b>118,000,000</b>	<b>118,000,000</b>

Alinma Retail REIT Fund  
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS  
31 December 2025

**1 INCORPORATION AND ACTIVITIES**

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

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

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

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

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

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

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

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

**2 REGULATING AUTHORITY**

The Fund operates in accordance with Real Estate Investment Fund Regulations ("REIFR") issued by the CMA. The regulations details the requirements for Real Estate Investment Traded Fund within the Kingdom of Saudi Arabia.

**3 BASIS OF PREPARATION**

**3.1 Statement of compliance**

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

**3.2 Basis of measurement**

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

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

**3.3 Functional and presentation currency**

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

#### 4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Fund's financial statements in conformity with the IFRS Accounting Standards as endorsed in the Kingdom of Saudi Arabia requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, may differ from the related actual results.

Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

##### 4.1 *Useful lives of investment properties*

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

##### 4.2 *Impairment of investment properties*

The carrying values of non-financial assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset or cash generating unit ("CGU") exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. The value in use is based on a discounted cash flow ("DCF") model, whereby the future expected cash flows are discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and risks specific to the asset. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognised for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately in the statement of profit or loss and other comprehensive income.

##### 4.3 *Impairment of financial assets held at amortised cost*

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

As at the year end, the Fund has rental income receivable for which the Fund applies a simplified approach in calculating ECLs. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Fund has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment

##### 4.4 *Leases - Estimating the incremental borrowing rate*

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

#### 4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

##### 4.5 *Determining the lease term*

The Fund as a lessee determines the lease term as the non-cancellable period of a lease, together with both:

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

##### 4.6 *Property lease classification – Fund as lessor*

The Fund has entered into leases of commercial properties. The Fund has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial properties and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial properties, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

##### 4.7 *Fair value measurement*

The Fund measures its investments in mutual fund at fair value at each reporting date. The investment in the investee fund is valued based on the latest available redemption price of such units for each investee fund, as determined by the investee fund's manager.

The Fund discloses fair value of investment properties which is determined by real estate valuation experts using recognised valuation techniques and the principles of IFRS 13 Fair Value Measurement. The significant methods and assumptions used by valuers in estimating the fair value of investment properties are set out in note 22.

##### 4.8 *Going concern*

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

#### 5 MATERIAL ACCOUNTING POLICIES INFORMATION

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

##### 5.1 *Financial Instruments*

###### 5.1.1 *Financial Instruments - Initial recognition and subsequent measurement*

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

###### i) *Financial assets*

###### **Initial recognition and measurement**

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

**5 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)**

**5.1 Financial Instruments (continued)**

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

**i) Financial assets**

**Initial recognition and measurement (continued)**

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

**Subsequent measurement**

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

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

**Financial assets measured at amortised cost**

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

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

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

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

**Derecognition**

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

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

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

**Impairment**

The Fund considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

**5 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)**

**5.1 Financial instruments (continued)**

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

**i) Financial assets (continued)**

**Impairment (continued)**

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); and
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Fund's financial assets fall into this category.

12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses are recognized for the second and third category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

For financial assets at amortised cost, the Fund applies the low credit risk simplification. At every reporting date, the Fund evaluates whether the financial asset at amortised cost is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Fund reassesses the internal credit rating of the financial assets at amortised cost. In addition, the Fund considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

For rental income receivables, the Fund applies a simplified approach in calculating ECLs. Therefore, the Fund does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Fund has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**ii) Financial liabilities**

**Initial recognition and measurement**

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

**Subsequent measurement**

**Financial liabilities at amortised cost**

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

**Derecognition**

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

**iii) Offsetting financial instruments**

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

31 December 2025

**5 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)**

**5.1 Financial Instruments (continued)**

**5.1.2 Current versus non-current classification**

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

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

A liability is current when:

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

The Fund classifies all other liabilities as non-current.

**5.2 Fair value measurement**

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

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

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

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

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

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

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

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

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

## 5 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

### 5.2 Fair value measurement (continued)

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

### 5.3 Impairment of non-financial assets

The Fund assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Fund estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Fund estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income.

### 5.4 Right-of-use assets

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

### 5.5 Lease liabilities

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

### 5.6 Investment properties

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

Investment property is derecognised either when it has been disposed of (i.e., at the date the recipient obtains control of the investment property in accordance with the requirements for determining when a performance obligation is satisfied in IFRS 15) or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration to be included in the gain or loss arising from the derecognition of investment property, the Fund considers the effects of variable consideration, the existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any) in accordance with the requirements for determining the transaction price in IFRS 15. The fair value of investment properties is disclosed in note 6 and 22 in these financial statements.

Alinma Retail REIT Fund  
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)  
31 December 2025

**5 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)**

**5.7 Contract liabilities**

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

**5.8 Management fees, custodian fees and other expenses**

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

**5.9 Rental income**

The Fund's revenue mainly comprises rental income from leasing properties classified as investment properties. Rental income arising from operating lease on investment properties is recognised, in accordance with the terms of leases over the lease term on a straight-line basis, except where an alternative basis is more representative of the pattern of benefits to be derived from the lease asset. In addition, the Fund subleases investment property acquired under head leases with lease terms exceeding 12 months at commencement. Subleases are classified as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying investment property. All the Fund's subleases are classified as operating leases.

**5.10 Net assets value**

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

**5.11 Distribution**

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

**5.12 Finance Cost**

Finance cost is recognised in statement of profit or loss and other comprehensive income in the period in which they are incurred.

**5.14 Zakat and income tax**

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

**5.15 New and amended standards and interpretations**

The Fund applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated).

**Amendments to IAS 21: Lack of exchangeability:**

The Effects of Changes in Foreign Exchange Rates requires an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determine the exchange rate to use and the disclosures to provide. The amendment has no impact on the Fund's financial statements.

**5.16 Standards issued but not yet effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these new and amended standards and interpretations, if applicable when they become effective and are endorsed by SOCPA.

**Standards / amendments to standards / interpretations**

**Effective date**

<i>Amendments to IFRS 9 and IFRS 7: Contracts referencing Nature-dependent Electricity</i>	1 January 2026
<i>Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments</i>	1 January 2026
<i>IFRS 18 - Presentation and Disclosure in Financial Statements</i>	1 January 2027
<i>IFRS 19 - Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027

Alinma Retail REIT Fund  
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)  
31 December 2025

6 INVESTMENT PROPERTIES

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

31 December 2025

<i>Description</i>	<i>Cost SR</i>	<i>Accumulated depreciation SR</i>	<i>Impairment (note 6.4) SR</i>	<i>Net book value SR</i>
Hafar Al-Batin Mall	485,063,828	(100,847,817)	(137,214,113)	247,001,898
Tabuk Mall	221,873,667	(41,089,148)	(107,539,066)	73,245,453
Dawadmi Mall	177,313,210	(59,355,474)	(38,411,393)	79,546,343
Signature Building	55,165,100	(3,262,551)	-	51,902,549
Safir Office Building	84,000,000	(2,915,266)	-	81,084,734
Jawhara Hittin Building	118,250,000	(4,014,878)	-	114,235,122
Jazl Office Building	386,400,000	(7,211,561)	-	379,188,439
Bin Jalawi Building	399,000,000	(5,331,745)	-	393,668,255
	<u>1,927,065,805</u>	<u>(224,028,440)</u>	<u>(283,164,572)</u>	<u>1,419,872,793</u>

31 December 2024

<i>Description</i>	<i>Cost SR</i>	<i>Accumulated depreciation SR</i>	<i>Impairment (note 6.4) SR</i>	<i>Net book value SR</i>
Hafar Al-Batin Mall	476,348,250	(89,527,819)	(129,342,431)	257,478,000
Tabuk Mall	221,873,667	(37,461,281)	(85,921,386)	98,491,000
Dawadmi Mall	177,313,210	(52,804,727)	(36,984,483)	87,524,000
Signature Building	55,103,000	(2,169,994)	-	52,933,006
Safir Office Building	84,000,000	(1,441,482)	-	82,558,518
Jawhara Hittin Building	118,250,000	(2,010,185)	-	116,239,815
Jazl Office Building	386,400,000	(1,061,401)	(6,059,599)	379,279,000
	<u>1,519,288,127</u>	<u>(186,476,889)</u>	<u>(258,307,899)</u>	<u>1,074,503,339</u>

Alinma Retail REIT Fund  
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)  
31 December 2025

6 INVESTMENT PROPERTIES (CONTINUED)

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

	<i>Freehold lands and buildings</i>	<i>Right-of-use asset</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
<i>Cost</i>			
Balance as at 1 January 2024	1,244,802,784	8,594,560	1,253,397,344
Additions during the year	591,256,348	-	591,256,348
Disposals during the year	(325,365,565)	-	(325,365,565)
Balance as at 31 December 2024	1,510,693,567	8,594,560	1,519,288,127
Additions during the year (note 6.7)	407,777,678	-	407,777,678
Balance as at 31 December 2025	1,918,471,245	8,594,560	1,927,065,805
<i>Accumulated depreciation</i>			
Balance as at 1 January 2024	189,176,945	2,390,290	191,567,235
Depreciation charge during the year	34,690,837	479,367	35,170,204
Disposal during the year	(40,260,550)	-	(40,260,550)
Balance as at 31 December 2024	183,607,232	2,869,657	186,476,889
Depreciation charge during the year	37,073,493	478,058	37,551,551
Balance as at 31 December 2025	220,680,725	3,347,715	224,028,440
<i>Accumulated impairment</i>			
Balance as at 1 January 2024	169,692,127	-	169,692,127
Impairment during the year	88,615,772	-	88,615,772
Balance as at 31 December 2024	258,307,899	-	258,307,899
Impairment during the year	24,856,673	-	24,856,673
Balance as at 31 December 2025	283,164,572	-	283,164,572
<i>Net book amount as at 31 December 2025</i>	<u>1,414,625,948</u>	<u>5,246,845</u>	<u>1,419,872,793</u>
<i>Net book amount as at 31 December 2024</i>	<u>1,068,778,436</u>	<u>5,724,903</u>	<u>1,074,503,339</u>

- i) Included above within land and buildings is land amounted to SR 596,918,116 (2024: SR 371,936,912).
- ii) During the year, depreciation charged to the statement of profit or loss and other comprehensive income amounted to SR 37,551,550 (2024: SR 35,170,205).

6.2 *Useful life*

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

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

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

**6 INVESTMENT PROPERTIES (continued)**

**6.3 Freehold and leasehold properties**

Freehold and leasehold properties comprises of the parcel of land acquired or leased on which the buildings are built. The Fund acquired freehold properties in Riyadh, Hafar Al-Batin, Dawadmi and Tabuk with an aggregate area of 188,495 square meter (2024: 188,495 square meter). The Fund leased land in Dawadmi with an area of 72,678 square meter (2024: 72,678 square meter).

**6.4 Listed below are the details of the investment properties:**

<i>Description</i>	
<i>Dawadmi Mall</i>	Property is a fully constructed commercial facility on a leasehold land, located in Dawadmi, Kingdom of Saudi Arabia ("KSA").
<i>Hafar Al-Batin Mall</i>	Property is a fully constructed commercial facility on a freehold land, located in Al Rayan District, Hafar Al-Batin, KSA.
<i>Tabuk Mall</i>	Property is a fully constructed commercial facility on a freehold land, located in Al Rajhi District, Tabuk, KSA.
<i>Signature Building</i>	Property is a fully constructed commercial facility on a freehold land, located in Al Suhada District, Riyadh, KSA.
<i>Safir Office Building</i>	Property is a fully constructed commercial facility on a freehold land, located in Al Hitin District, Riyadh, KSA.
<i>Jawhara Hittin Building</i>	Property is a fully constructed commercial facility on a freehold land, located in Al Hitin District, Riyadh, KSA.
<i>Jazl Office Building</i>	Property is a fully constructed commercial facility on a freehold land, located in Yasmeen District, Riyadh, KSA.
<i>Bin Jalawi Building</i>	Property is a fully constructed commercial facility on a freehold land, located in Al Qirawan District, Riyadh, KSA.

**6.5 Impairment of investment properties**

During the year, the investment properties were tested for impairment and the management recognized a net charge of SR 24,856,673 (2024: SR 88,615,772) to adjust the value of its investment properties to its recoverable amount based on the average value as at the reporting period determined by the independent evaluators as shown in note 7.

The key assumptions used for valuation as at 31 December for these investment properties are disclosed in note 22.

**6.6 Ownership of investment properties**

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

**6.7 Additions during the year**

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

**6.8 Disposal of AlKhair Mall and acquisition of Jazl Office Building**

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

Alinma Retail REIT Fund  
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2025

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

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

The fair value measurement of the investment properties was determined by two selected independent valuers, accredited by the Saudi Authority for Accredited Valuers (Taqeem"), i.e., Abaad Real Estate Valuation Company (Appraiser 1), and Elite Real Estate Valuation Company (Appraiser 2) (31 December 2024: Abaad real estate valuation company (Appraiser 1) and Esnad Real Estate Valuation Company (Appraiser 2). The valuers are independent, not related to the Fund, who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment properties being valued.

7.1 As at 31 December, the valuation of the investment properties are as follows:

	<i>Appraiser 1</i> <i>SR</i>	<i>Appraiser 2</i> <i>SR</i>	<i>Average</i> <i>SR</i>
<b>31 December 2025</b>			
<b><u>Freehold properties</u></b>			
Hafar Al-Batin Mall	245,700,000	248,303,796	247,001,898
Tabuk Mall	76,600,000	69,890,905	73,245,453
Signature Building	70,700,000	75,228,365	72,964,183
Safir Office Building	113,200,000	109,271,807	111,235,904
Jawhara Hittin Building	135,000,000	136,241,098	135,620,549
Jazl Office Building	394,000,000	408,300,362	401,150,181
Bin Jalawi Building	413,820,000	447,229,341	430,524,671
<b><u>Leasehold properties</u></b>			
Dawadmi Mall *	77,200,000	69,454,021	73,327,011
	<b>1,526,220,000</b>	<b>1,563,919,695</b>	<b>1,545,069,850</b>
<b>31 December 2024</b>			
<b><u>Freehold properties</u></b>			
Hafar Al-Batin Mall	269,300,000	245,656,000	257,478,000
Tabuk Mall	96,000,000	100,982,000	98,491,000
Signature Building	68,300,000	70,087,000	69,193,500
Safir Office Building	91,300,000	91,250,000	91,275,000
Jawhara Hittin Building	127,200,000	123,278,000	125,239,000
Jazl Office Building	389,300,000	369,258,000	379,279,000
<b><u>Leasehold properties</u></b>			
Dawadmi Mall*	86,700,000	88,348,000	87,524,000
	<b>1,128,100,000</b>	<b>1,088,859,000</b>	<b>1,108,479,500</b>

\* The fair value of Dawadmi Mall is provided net of lease liabilities, determined by incorporating both expected future cash inflows and the impact of future lease payments. As of 31 December 2025, the gross carrying value of the said investment property amounted to SR 79,546,343 and the related lease liabilities amounted to SR 6,219,332, accordingly net carrying value amounted to SR 73,327,011.

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

Alinma Retail REIT Fund  
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)  
31 December 2025

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

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

	<i>2025</i> <i>SR</i>	<i>2024</i> <i>SR</i>
Average fair value of investments properties (note 7.1)	1,545,069,850	1,108,479,500
Less: Carrying value of investments properties (note 6.1)	<u>(1,419,872,793)</u>	<u>(1,074,503,339)</u>
Net impact based on the fair valuation	<u>125,197,057</u>	<u>33,976,161</u>
Units in issue (numbers)	<u>118,000,000</u>	<u>118,000,000</u>
Impact per unit share based on fair valuation (SR)	<u>1.06</u>	<u>0.29</u>

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

	<i>2025</i> <i>SR</i>	<i>2024</i> <i>SR</i>
Net asset value at cost	773,413,864	835,720,618
Net impact based on fair valuation	<u>125,197,057</u>	<u>33,976,161</u>
Net asset based on fair value	<u>898,610,921</u>	<u>869,696,779</u>

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

	<i>2025</i> <i>SR</i>	<i>2024</i> <i>SR</i>
Net asset value per unit at cost	6.55	7.08
Impact on net asset value per unit on account of unrealised gain using fair value	<u>1.06</u>	<u>0.29</u>
Net asset value per unit based on fair value	<u>7.61</u>	<u>7.37</u>

Alinma Retail REIT Fund  
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2025

**8 RENTAL INCOME RECEIVABLE**

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

As at 31 December 2025, the Fund had an allowance for expected credit losses amounting to SR 26,428,152 (2024: SR 41,650,320). Information about the Fund's exposure to expected credit loss are shown in note 24.1.

	2025 SR	2024 SR
Rental income receivable	30,148,869	43,431,451
Less: Allowance for expected credit losses	(26,428,152)	(41,650,320)
	<u>3,720,717</u>	<u>1,781,131</u>

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

	31 December 2025			31 December 2024		
	<i>Gross receivables SR</i>	<i>ECL allowance SR</i>	<i>Loss rate %</i>	<i>Gross receivables SR</i>	<i>ECL allowance SR</i>	<i>Loss rate %</i>
Less than 90 days	3,646,867	1,336,735	37%	4,111,944	2,932,561	71%
Between 91 to 180 days	3,021,549	2,293,626	76%	2,985,134	2,582,534	87%
Between 181 to 360 days	6,576,350	5,893,689	90%	3,506,923	3,307,776	94%
More than 360 days	16,904,103	16,904,103	100%	32,827,450	32,827,449	100%
	<u>30,148,869</u>	<u>26,428,153</u>	<u>88%</u>	<u>43,431,451</u>	<u>41,650,320</u>	<u>96%</u>

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

	2025 SR	2024 SR
At the beginning of the year	41,650,320	27,278,124
(Reversal of) charge for the year	(5,425,603)	14,372,196
Written off during the year (note a)	(9,796,565)	-
<b>At the end of the year</b>	<u>26,428,152</u>	<u>41,650,320</u>

a) On May 20, 2025, the Fund Manager approved the write-off of SR 9,796,565 in rental income receivables. This decision was driven by the economic decline in secondary cities and the insolvency of several tenants who have ceased operations or declared bankruptcy. A major portion of the write-off relates to long-standing arrears outstanding since 2018, which are considered no longer recoverable due to legal enforcement challenges and the financial distress of certain key debtors.

**9 PREPAYMENT AND OTHER RECEIVABLES**

	2025 SR	2024 SR
Receivable from property manger	1,627,382	2,516,750
Prepaid expenses	149,096	-
Receivable from ZATCA	-	1,467,685
	<u>1,776,478</u>	<u>3,984,435</u>
Less: Provision against receivable from property manager	(1,627,382)	-
	<u>149,096</u>	<u>3,984,435</u>

Alinma Retail REIT Fund  
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)  
31 December 2025

**10 RELATED PARTY TRANSACTIONS AND BALANCES**

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

**a) Management fee**

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

**b) Board of Directors remuneration**

Each independent member of the Board of Directors is allowed a remuneration of SR 5,000 (Y·Y£: SR 5,000) per board meeting.

**10.1 Related party transactions**

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

<i>Name of Related party</i>	<i>Nature of relationship</i>	<i>Nature of transactions</i>	<i>2025 SR</i>	<i>2024 SR</i>
Alinma Capital Company	Fund Manager	Management fees	(3,857,564)	(3,261,116)
Fund Board of Directors	Members of the Board	Board remuneration (note 19)	(67,500)	(52,500)
Alinma Saudi Riyal Liquidity Fund	Fund Managed by Fund Manager	Purchase of financial assets at FVTPL Proceeds from redemption of financial assets at FVTPL	(11,688,210) 41,000,000	(50,158,351) -
Alinma Bank	Parent Company of Fund Manager	Drawdown of long term borrowings	399,000,000	202,249,291

**10.2 Related party balances**

Year end balances (payable) arising from transactions with related parties are as follows:

<i>Name of related party</i>	<i>Nature of balances</i>	<i>As at 31 December 2025 SR</i>	<i>As at 31 December 2024 SR</i>
Alinma Capital Company	Management fees payable (note 16) Administration fees payables	(3,863,521) (564,257)	(4,340,741) (46,111)
Alinma Saudi Riyal Liquidity Fund	Financial assets at FVTPL (note 11)	8,605,756	36,733,369
Alinma Hospitality REIT Fund	Financial assets at FVTPL (note 11)	17,667,513	17,880,374
Alinma Bank	Bank balance Financial assets at amortised cost (note 12) Long-term borrowings (note 14)	10,776,624 - 654,671,996	3,738,566 16,107,691 257,349,291

As at 31 December 2025, board members of the Fund held 1,508,172 units of the Fund (2024: 1,594,744 units).

Alinma Retail REIT Fund  
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)  
31 December 2025

**11 FINANCIAL ASSETS AT FVTPL**

Financial assets at FVTPL represents investment of 619,916 units (31 December 2024: 2,790,651 units) in Alinma Saudi Riyal Liquidity Fund and 2,128,616 units (31 December 2024: 2,128,616 units) in Alinma Hospitality REIT Fund, an open-ended fund managed by the Fund Manager.

	<i>31 December 2025</i>		<i>31 December 2024</i>	
	<i>Cost</i>	<i>Fair value</i>	<i>Cost</i>	<i>Fair value</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Alinma Saudi Riyal Liquidity Fund	8,313,078	8,605,756	36,423,660	36,733,369
Alinma Hospitality REIT Fund	15,888,147	17,667,513	15,888,147	17,880,374
	<u>24,201,225</u>	<u>26,273,269</u>	<u>52,311,807</u>	<u>54,613,743</u>

The income from financial assets at FVTPL during the year amounted to SR 2,333,630 (31 December 2024: SR 2,501,965), which represent gain or loss on disposal, movement in change in fair value and dividends.

**12 FINANCIAL ASSETS AT AMORTIZED COST**

	<i>2025</i>	<i>2024</i>
	<i>SR</i>	<i>SR</i>
Wakala investment (i)	-	15,831,000
Accrued Special commission income	-	276,691
	<u>-</u>	<u>16,107,691</u>

- (i) This represented investments placed with Alinma Bank matured within 1 year and carried an average special commission income rate of 5.75%.

**13 LEASE LIABILITIES**

	<i>31 December</i>	<i>31 December</i>
	<i>2025</i>	<i>2024</i>
	<i>SR</i>	<i>SR</i>
Balance at the beginning of the year	6,605,052	6,973,457
Add: finance charges	264,280	281,595
Less: payments made during the year	(650,000)	(650,000)
Balance at the end of the year	<u>6,219,332</u>	<u>6,605,052</u>
Less: Current portion of lease liabilities	<u>(650,000)</u>	<u>(650,000)</u>
Non-current portion of lease liabilities	<u>5,569,332</u>	<u>5,955,052</u>

**14 LONG-TERM BORROWINGS**

On 7 November 2022, the SPV of the Fund, on behalf of the Fund, entered into a financing agreement ("agreement") with Alinma Bank (the "Bank") amounting to SR 750 million to finance acquisition of properties. As of 31 December 2025 SR 93.6 million (2024:SR 492.2 million) represents the unused portion of the facility.

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

The agreement is secured against the pledge of all title deeds of the investment properties (except Tabuk Mall and Dawadmi Mall) (note 6).

Alinma Retail REIT Fund  
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)  
31 December 2025

**14 LONG-TERM BORROWINGS (continued)**

The agreement is subject to covenant clauses, whereby the Fund is required to meet certain financial and non-financial requirements. The Fund Manager aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings. Breaches in meeting the financial covenants would permit the Bank to immediately call loans and borrowings. The covenants are tested half-yearly at 30 June and as at the year end. The Fund did not breach any of its loan covenant and has no indication that it will have difficulty complying with these covenants.

	<i>31 December</i> <i>2025</i> <i>SR</i>	<i>31 December</i> <i>2024</i> <i>SR</i>
<i>Principal:</i>		
Balance at the beginning of the year	257,349,291	55,100,000
Additions during the year	399,000,000	202,249,291
<b>Balance at the end of the year</b>	<b>656,349,291</b>	<b>257,349,291</b>
<i>Debt arrangement fees:</i>		
Additions during the year	(1,995,000)	-
Amortisation of debt arrangement fee	317,705	-
	<b>(1,677,295)</b>	<b>-</b>
	<b>654,671,996</b>	<b>257,349,291</b>

During the year ended 31 December 2025, the Fund incurred financial charges amounted to SR 42,447,230 (2024:SR 17,308,687) (note 21).

**15 CONTRACT LIABILITIES**

Contract liabilities represents rental income received in advance from tenants for which the Fund has not yet satisfied the related performance obligations. Revenue is recognised in the statement of profit or loss as the underlying services are rendered over the lease term. The movement in contract liabilities for the year is as follows:

	<i>2025</i> <i>SR</i>	<i>2024</i> <i>SR</i>
At the beginning of the year	42,157,846	8,185,737
Received during the year	70,839,178	107,523,525
Recognized during the year	(95,418,181)	(73,551,416)
<b>At the end of the year</b>	<b>17,578,843</b>	<b>42,157,846</b>

**16 ACCRUED EXPENSES AND OTHER PAYABLES**

	<i>2025</i> <i>SR</i>	<i>2024</i> <i>SR</i>
Management fees (note 10)	3,863,521	4,340,741
Advance from customers	1,338,271	600,826
Value added tax payable	1,090,127	5,034,217
Dividend payable	55,153	82,558
Custody fees	50,000	90,958
Others	2,511,392	2,746,798
	<b>8,908,464</b>	<b>12,896,098</b>

Alinma Retail REIT Fund  
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)  
31 December 2025

**17 ZAKAT**

The Ministry of Finance Kingdom of Saudi Arabia has issued a resolution ("MR") numbered 1007 dated 19th Shaban 1445H (corresponding to 29 February 2024) publishing new Zakat regulations applicable from the financial year commencing 1 January 2024. According to the MR, the Fund is not subject to Zakat being not engaged into financing activities. The Fund, however, is required to submit annual information declaration to Zakat, Tax and Customs Authority ("ZATCA"). The Fund has submitted annual information declaration to ZATCA up to the financial year ended 31 December 2025.

**18 REVENUE FROM INVESTMENT PROPERTIES**

	2025 SR	2024 SR
Rental income	<u>101,705,705</u>	<u>79,840,216</u>

- (i) The Fund's rental income from investment properties is concentrated within one operating segment and geographical region of the Kingdom of Saudi Arabia, comprising of 8 (2024: 7) investment properties.

**19 GENERAL AND ADMINISTRATIVE EXPENSES**

	2025 SR	2024 SR
Administration fees	564,257	610,792
Professional fees	495,675	567,810
Regulator fees	409,500	400,000
Property insurance	383,069	444,232
Legal fees	302,615	325,378
Listing fees	168,514	181,140
Custodian fees	129,473	215,258
Board remuneration	67,500	52,500
Others	209,513	474,329
	<u>2,730,116</u>	<u>3,271,439</u>

**20 PROPERTY MANAGER FEE AND RELATED EXPENSES**

	2025 SR	2024 SR
Operating expenses	15,335,087	18,189,946
Property manager fees	1,544,585	2,561,672
	<u>16,879,672</u>	<u>20,751,618</u>

**21 FINANCIAL CHARGES**

	2025 SR	2024 SR
Long-term borrowings finance charge	42,447,230	17,308,687
Debt arrangement fees	317,705	-
Finance charge on lease liabilities (note 13)	264,280	281,595
	<u>43,029,215</u>	<u>17,590,282</u>

Alinma Retail REIT Fund  
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)  
31 December 2025

22 FAIR VALUE MEASUREMENT

22.1 *Financial instruments*

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

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
<i>As at 31 December 2025</i>				
Financial assets at FVTPL (note 11)	17,667,513	8,605,756	-	26,273,269
<i>As at 31 December 2024</i>				
Financial assets at FVTPL (note 11)	17,880,374	36,733,369	-	54,613,743

22.2 *Non-financial assets*

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

<i>Property name</i>	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>Level 3</i> <i>SR</i>	<i>Level 3</i> <i>SR</i>
Hafar Al-Batin Mall	247,001,898	257,478,000
Tabuk Mall	73,245,453	98,491,000
Dawadmi Mall	73,327,011	87,524,000
Signature Building	72,964,183	69,193,500
Safir Office Building	111,235,904	91,275,000
Jawhara Hittin Building	135,620,549	125,239,000
Jazl Office building	401,150,181	379,279,000
Bin Jalawi Building	430,524,671	-
	<u>1,545,069,850</u>	<u>1,108,479,500</u>

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

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

Alinma Retail REIT Fund  
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)  
31 December 2025

**22 FAIR VALUE MEASUREMENT (continued)**

**22.2 Non-financial assets**

The fair values of investment properties were assessed by Abaad Company and Elite Company (2024: Abaad and Esnad) as disclosed in note 7. They are accredited independent valuers with a recognised and relevant professional qualification and with recent experience in the location and category of the investment properties being valued.

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

Valuation approach	Key assumptions	Range	
		2025	2024
Discounted cash flow	Discount rate (%)	8.07%-12.77%	10.20%-11.45%
	Growth rate (%)	2%-3.3%	2.70%
	Capitalisation rate (%)	7.25%-8.5%	7.5%-8.5%

**23 LEASE COMMITMENTS**

Future rental commitments under the leases are as follows:

	2025 SR	2024 SR
No later than one year	100,659,684	72,613,203
Later than one year and not later than five years	223,064,477	153,567,804
Later than five years	191,612,688	23,554,253
	<u>515,336,849</u>	<u>249,735,260</u>

**24 FINANCIAL RISK MANAGEMENT**

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

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

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

**24.1 Credit risk**

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

	2025 SR	2024 SR
Bank balance	10,776,624	3,738,566
Rental income receivables (note 8)	3,501,576	1,781,131
Receivable from property manger	-	2,516,750
Financial assets at amortised cost	-	16,107,691
	<u>14,278,200</u>	<u>24,144,138</u>

Alinma Retail REIT Fund  
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2025

24 FINANCIAL RISK MANAGEMENT (continued)

24.1 Credit risk (continued)

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

The Fund applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for rent receivables, which is disclosed in note 8.

24.2 Liquidity risk

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

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

	<i>On demand SR</i>	<i>Less than 12 months SR</i>	<i>More than 12 months SR</i>	<i>Total SR</i>
<i>31 December 2025</i>				
Lease liabilities	-	896,957	8,483,711	9,380,668
Contract liabilities	-	17,578,843	-	17,578,843
Long-term borrowing	-	40,470,646	815,017,107	855,487,753
Management fees	-	3,863,521	-	3,863,521
Other	55,153	1,564,308	-	1,619,461
	<u>55,153</u>	<u>64,374,275</u>	<u>823,500,818</u>	<u>887,930,246</u>
<i>31 December 2024</i>				
Lease liabilities	-	914,280	9,380,668	10,294,948
Contract liabilities	-	42,157,846	-	42,157,846
Long-term borrowing	-	17,451,281	335,430,446	352,881,727
Management fees	-	4,340,741	-	4,340,741
Other	82,558	1,840,672	-	1,923,230
	<u>82,558</u>	<u>66,704,820</u>	<u>344,811,114</u>	<u>411,598,492</u>

24.3 Currency risk

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

25 OPERATING SEGMENT

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

Alinma Retail REIT Fund  
(Managed by Alinma Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)  
31 December 2025

**26 DISTRIBUTIONS**

In accordance with the terms and conditions of the Fund, amounts paid as distribution to unitholders were as follows:

	<b>Dividend rate (per unit) SR</b>	<b>For the year ended 31 December 2025 SR</b>
Final half yearly dividend for the year ended 31 December 2024	0.17	20,060,000
First half yearly interim dividend for the year ended 31 December 2025	0.18	21,240,000
		<u>41,300,000</u>

	<b>Dividend rate (per unit) SR</b>	<b>For the year ended 31 December 2024 SR</b>
Final half yearly dividend for the year ended 31 December 2023	0.17	20,060,000
First half yearly interim dividend for the year ended 31 December 2024	0.15	17,700,000
		<u>37,760,000</u>

**27 LAST VALUATION DAY**

The last valuation day for the year was 31 December 2025 (2024: 31 December 2024).

**28 EVENTS AFTER THE REPORTING DATE**

On 4 January 2026 the Board of the Fund announced profit distribution of SR 0.17 per unit totalling to SR 20,060,000 which is payable on 12 January 2026. Other than the above, there have been no other subsequent events after the reporting date that require adjustment or disclosure in these financial statements.

**29 APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved by the Fund's Board of Directors on 30 March 2026 (corresponding to 11 Shawal 1447H).