ALALHI REIT FUND (1)
(Managed by SNB Capital Company)

INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)
For the six-month period ended 30 June 2026
together with
Independent Auditors' Review Report

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Independent Auditor's Report on the Review of the Interim Condensed Financial Statements to the Unit Holders of ALAHLI REIT FUND (1)
(Managed by SNB Capital Company)

Introduction
We have reviewed the accompanying interim condensed statement of financial position of ALAHLI REIT FUND (1) (the "Fund") as at 30 June 2026, and the related interim condensed statements of profit or loss and other comprehensive income, changes in net assets (equity) attributable to the unitholders and cash flows for the six-month period then ended, and explanatory notes. The Fund Manager is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

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

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

for Ernst & Young Professional Services

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Riyadh: 27 Safar 1448H
(10 August 2026G)

ALAHLI REIT FUND (1)
(Managed by SNB Capital Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2026

Expressed in Saudi Riyals '000 (unless otherwise stated)

	Note	**As at 30 June 2026 (Unaudited)**	As at 31 December 2025 (Audited)
Assets			
Current assets			
Cash and bank balances		**5,602**	19,902
Operating lease receivables	5	**67,524**	33,034
Due from related parties	10	**4,843**	-
Prepayments and other receivables		**9,664**	9,171
Total current assets		**87,633**	62,107
Non-current assets			
Investment properties	6	**1,776,714**	1,780,608
Property and equipment	7	**145,284**	145,695
Total non-current assets		**1,921,998**	1,926,303
Total assets		**2,009,631**	1,988,410
Liabilities			
Current liabilities			
Due to related parties	10	**32,544**	26,176
Unearned rentals		**54,394**	42,381
Other liabilities		**17,790**	19,879
Security deposits		**4,470**	4,646
Provision for Zakat	9	**345**	345
Total current liabilities		**109,543**	93,427
Non-current liabilities			
Borrowings	8	**743,224**	742,668
Employees' benefits – defined benefits obligations		**2,072**	-
Total non-current liabilities		**745,296**	742,668
Total liabilities		**854,839**	836,095
Net assets (equity) attributable to the unitholders		**1,154,792**	1,152,315
Units in issue (Numbers in thousands)		**137,500**	137,500
Net assets (equity) per unit (SAR)		**8.40**	8.38
Net assets (equity) per unit at fair value (SAR)	12	**10.44**	10.25

Fund Manager

Notes 1 to 19 form an integral part of these interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the six-month period ended 30 June 2026
Expressed in Saudi Riyals '000 (unless otherwise stated)

	Note	Period ended 30 June	
		2026	2025
Revenue			
Rental revenue from investment properties		**106,862**	82,730
Revenue from hotel operations		**10,953**	7,466
Gain on investments at fair value through profit or loss		**173**	18
Total revenue		**117,988**	90,214
Expenses			
Operational expenses		**(32,004)**	(29,425)
Depreciation	6&7	**(14,521)**	(14,190)
Allowance for expected credit loss	5	**(3,048)**	-
Management fees	10	**(10,933)**	(10,638)
Professional fees		**(255)**	(251)
Board fees		**(50)**	(50)
Tadawul fees		**(200)**	(401)
Custody fees		**(250)**	(201)
Shariah fees		**(12)**	(12)
Other operating expenses		**(644)**	(1,145)
Total operating expenses		**(61,917)**	(56,313)
Operating profit before finance cost and zakat		**56,071**	33,901
Finance cost	13	**(23,344)**	(24,746)
Operating profit before Zakat		**32,727**	9,155
Zakat		**-**	-
Profit for the period		**32,727**	9,155
Other comprehensive income for the year		**-**	-
Increase in net assets attributable to unitholders		**32,727**	9,155
Weighted average units outstanding (Numbers in thousands)		**137,500**	137,500
Earnings per unit (Basic and diluted)	14	**0.24**	0.07

Fund Manager

ALAHLI REIT FUND (1)
(Managed by SNB Capital Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS (UNAUDITED)

For the six-month period ended 30 June 2026
Expressed in Saudi Riyals ‘000 (unless otherwise stated)

	Note	Period ended 30 June	
		2026	2025
Net assets (equity) attributable to the unitholders at beginning of the period		**1,152,315**	1,195,803
Increase in net assets attributable to unitholders		**32,727**	9,155
Dividend declared during the period	15	**(30,250)**	(34,375)
Net assets (equity) attributable to the unitholders at end of the period		**1,154,792**	1,170,583

Fund Manager

Notes from 1 to 19 form an integral part of these interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2026
Expressed in Saudi Riyals ‘000 (unless otherwise stated)

	Note	Period ended 30 June	
		2026	2025
Cash flows from operating activities			
Operating profit before Zakat		**32,727**	9,155
Adjustments for non-cash items:			
Depreciation of investment properties	6	**12,078**	11,968
Depreciation of property and equipment	7	**2,443**	2,222
Finance cost	13	**23,344**	24,746
Allowance for expected credit loss		**3,048**	-
Employees’ benefit – defined obligation		**120**	-
Gain on investment at fair value through profit or loss	4	**(173)**	(18)
		73,587	48,073
Change in			
Receivables from operating leases		**(37,538)**	(18,018)
Prepayments and other receivables		**(493)**	(1,657)
Related parties		**3,650**	6,059
Unearned rentals		**12,013**	17,867
Other liabilities		**(2,068)**	3,209
Security deposits		**(176)**	(1,372)
Cash generated from operating activities		**48,975**	54,161
Employees’ benefit – defined obligation paid		**(173)**	-
Net cash generated from operating activities		**48,802**	54,161
Cash flows from investing activities			
Additions to investment properties	6	**(8,184)**	(614)
Additions to property and equipment	7	**(2,032)**	(11,828)
Addition of investment at fair value through profit or loss	4	**(12,000)**	(7,000)
Proceeds from disposal of investment at fair value through profit or loss	4	**12,173**	7,018
Net cash used in investing activities		**(10,043)**	(12,424)
Cash flows from financing activities			
Dividend paid	15	**(30,250)**	(34,375)
Proceeds from loan	8	**-**	20,346
Interest paid		**(22,809)**	(24,071)
Net cash used in financing activities		**(53,059)**	(38,100)
Net (decrease) increase in cash and cash equivalents		**(14,300)**	3,637
Cash and cash equivalents at the beginning of the period		**19,902**	10,585
Cash and cash equivalents at end of the period		**5,602**	14,222
Material non-cash transactions			
Transfer of Employees’ benefits – defined benefits obligations		**2,125**	-

Fund Manager

1 THE FUND AND ITS ACTIVITIES

AlAhli REIT Fund (1) ("Fund") is a closed-ended Shariah compliant real estate investment traded fund, established and managed by SNB Capital Company ("Fund Manager"), for the benefit of the Fund's unitholders. The Fund is ultimately supervised by the Fund Board.

As per license number 37-06046 granted by the Capital Market Authority ("CMA"), the Fund Manager is authorized to carry out the following activities with respect to securities:

a) Dealing as principal and agent, and underwriting;
b) Arranging;
c) Managing;
d) Advising; and
e) Custody.

The Fund's objective is to provide periodic rental income to its unitholders by investing mainly in developed income-generating properties and to potentially provide capital growth by developing and/or expanding and/or selling assets.

The Fund invests mainly in developed income-generating real estate assets and may invest part of its assets and cash surplus in Murabaha transactions and short-term deposits in Saudi Riyals with banks that are licensed by the Saudi Central Bank ("SAMA") and operate in Saudi Arabia. The Fund may also invest in public money market funds approved CMA.

The terms and conditions of the Fund were approved by CMA on 11 Rabi AlAwwal 1439H (corresponding to 29 November 2017). The offering period for the subscription of the units was from 6 December 2017 to 19 December 2017. Unitholders subscribed for the units of the Fund during the offering period and cash was held in collection account of SNB Capital. The cash was transferred to the bank account of the Fund on its commencement date which was used to purchase the investment properties and units were issued to the unitholders simultaneously. The Fund commenced its activities on 25 December 2017 (the "Inception Date"). On the Inception Date, the Fund issued 137,500 units for SR 1,375 million, which was considered as an initial capital contribution of the Fund.

The Fund's term is ninety-nine (99) years. The term of the Fund may be extended at the Fund Manager's discretion, subject to CMA approval.

The Fund was established, and units were offered in accordance with the Real Estate Investment Traded Funds Instructions issued by CMA pursuant to Resolution No. 6-130-2016, dated 23/1/1438H, corresponding to 24/10/2016G amended by Resolution No. 2-115-2018, dated 13/2/1440H corresponding to 22/10/2018G.

The Fund is governed by Real Estate Investment Funds Regulations issued by CMA on 19/6/1427 corresponding to 15/7/2006G.

As per the terms and conditions of the Fund, the Fund aims to distribute at least 90% of its net income to its unitholders.

2 BASIS OF ACCOUNTING

2.1 Statement of compliance

These interim condensed financial statements (the "Interim Financial Statements") for the six-month period ended 30 June 2026 have been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting" that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Fund's last annual financial statements as at and for the year ended 31 December 2025.

These interim financial statements do not include all the information and disclosures required in the annual financial statements in accordance with requirements of IFRS accounting standards endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA"). However, these interim financial statements include certain disclosures to explain some significant events and transactions to understand the changes in the Fund's financial position and performance since the last annual financial statements.

2 BASIS OF ACCOUNTING (continued)

2.2 Summary of material accounting policies

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended 31 December 2025.

2.3 Basis of measurement

These interim financial statements have been prepared under the historical cost convention using the accrual basis of accounting and the going concern assumption except for investment at fair value through profit or loss ("FVTPL") which is recorded at fair value.

2.4 Presentation and functional currency

The presentation and functional currency of the Fund is Saudi Riyals (SAR).

2.5 Critical accounting judgements, estimates and assumptions

The preparation of these interim condensed financial statements requires Fund Manager to make judgement, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Fund's accounting policies, Fund Manager has made the following estimates and judgements, which are significant to the financial statements:

- Provision for expected credit losses on receivables against operating leases
- Useful lives of investment properties and hotel property
- Determining fair values of investment properties and hotel property
- Impairment assessment of non-financial assets

Geopolitical developments
During the period ended 30 June 2026, the geopolitical tensions in the Middle East have escalated, leading to a state of regional instability. As of the date of issuance of these interim condensed financial statements, the Fund has not identified any material impact on its operations, supply chains, or financial position.

The current geopolitical situation has not materially impacted the significant accounting judgements, estimates and assumptions as at and for the period ended 30 June 2026. Management continues to monitor the geopolitical situation in the Middle East to assess if any further escalation or continuation of the conflict could result in any impact on the Fund's operations and results and any changes required will be reflected in future reporting periods.

3 AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended 31 December 2025.

The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2026, but these do not have an impact on the interim condensed financial statements of the Fund.

The new standards and amendments to standards disclosed in the Fund's annual financial statements remain unchanged.

3 AMENDMENTS TO STANDARDS AND INTERPRETATIONS (continued)

Standards issued but not yet effective

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements and will apply to annual reporting periods beginning on or after 1 January 2027. The Fund has not early adopted this new standard in preparing these interim financial statements; however, early adoption is permitted.

In April 2024, the International Accounting Standards Board ("IASB") issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements and becomes effective for annual reporting periods beginning on or after 1 January 2027. The new standard introduces new requirements and updates to the statement of profit or loss, with the main objective of improving comparability in the statement of profit or loss and enhancing transparency over management-defined performance measures.

The key new concepts introduced by IFRS 18 include:

- A revised structure of the statement of profit or loss, requiring classification of income and expenses into 5 defined categories based on the entity's main business activities and presentation of mandatory subtotals;
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general; and
- Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures).

The Fund is currently assessing the expected impact of the initial application of IFRS 18 on its financial statements.

A. Structure of the Statement of Profit or Loss
IFRS 18 requires entities to classify all income and expenses in the statement of profit or loss into the following categories: operating, investing, financing, zakat and income tax, and discontinued operations.

The classification of income and expenses depends on the entity's main business activities which is investing in investment properties.

The Fund's application of IFRS 18 will not affect net profit or net assets. However, the Fund will be required to present two new subtotals: operating profit and profit or loss before financing and income taxes. The operating profit subtotal under IFRS 18 differs from the current operating profit subtotal presented by the Fund. Based on the information currently available, the Fund expects changes to the existing structure of the statement of profit or loss as interest income and interest expenses, which are generally presented within finance income and finance costs under the Fund 's current accounting policies, will be presented under the financing category. Finance cost on employees' benefits – defined benefits obligations is currently included within operating expenses, will be reclassified to the finance category.

IFRS 18 also provides specific guidance on income and expenses classified within the investing and financing categories. The Fund is currently evaluating whether gain on investments at fair value through profit or loss may be appropriately classified within investing activities.

B. Management-Defined Performance Measures (MPMs)
Management-defined performance measures represent subtotals of income and expenses used in public communications outside the financial statements and reflect management's view of a particular aspect of the financial performance of the entity as a whole. The Fund will be required to disclose specified information relating to management-defined performance measures in a single note to the financial statements.

The Fund is currently identifying the public communications that should be considered when determining management-defined performance measures. These measures relate to the same reporting period covered by the financial statements. Accordingly, the management-defined performance measures that will be disclosed by the Fund upon adoption of IFRS 18 will be determined based on the Fund's public communications relating to the interim reporting period for 2027. The Fund is assessing whether performance measures currently communicated to investors, analysts and other stakeholders, outside the Fund financial statements meets the definition of an MPM under IFRS 18.

Expressed in Saudi Riyals '000 (unless otherwise stated)

3 AMENDMENTS TO STANDARDS AND INTERPRETATIONS (continued)

Standards issued but not yet effective (continued)

<u>IFRS 18 Presentation and Disclosure in Financial Statements (continued)</u>

C. Aggregation and Disaggregation Principles

IFRS 18 introduces enhanced principles regarding how information is aggregated in the financial statements and provides guidance on the material line items, expenses and income categories that may require enhanced disaggregation or presentation (i.e., aggregation and disaggregation of line items in both the primary financial statements and the notes). It also provides guidance on the naming and description of items presented in the primary financial statements or disclosed in the notes.

The Fund is currently assessing the aggregation of items based on similar and dissimilar characteristics. Based on this assessment, it will present line items in the primary financial statements that provide organized and useful summaries and will disclose additional material information in the notes.

The Fund is also assessing the line items currently labeled as others, including other operating expenses and will use more informative labels or disclose the composition of such items in the notes

D. Consequential Amendments

IFRS 18 introduces consequential amendments to IAS 7 Statement of Cash Flows, requiring entities to use the new operating profit subtotal as the starting point for preparing cash flows from operating activities when using the indirect method. The Fund currently uses profit for the year/period as the starting point for reconciling to cash flows generated from operating activities. As a result of the new starting point, certain reconciliation items included within that reconciliation will change.

The consequential amendments also provide specific guidance regarding the classification of cash flows related to dividends. Under this guidance, the Fund is currently evaluating classification of cash flows arising from dividends paid within financing activities.

The Fund's assessment remains ongoing and further refinements to the expected impact may arise as implementation activities progress and additional industry and regulatory guidance becomes available.

4 INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

The movement of the investment at FVPL is shown below:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
At the beginning of the period/year	-	-
Additions during the period/year	**12,000**	7,000
Change in fair value	**173**	18
Disposed during the period/year	**(12,173)**	(7,018)
At end of the period/year	**-**	-

During the period, the Fund has recognized gain of SR 172,669 (30 June 2025: SR 18,295) related to investment through profit and loss at Al Ahli Saudi Riyal Trade Fund managed by the Fund Manager (a related party).

Expressed in Saudi Riyals '000 (unless otherwise stated)

5 OPERATING LEASE RECEIVABLES

Operating lease receivables comprise of the following:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Operating lease receivables	**93,251**	55,713
Less: Allowance for expected credit loss	**(25,727)**	(22,679)
Operating lease receivables – net	**67,524**	33,034

The movement in allowance for expected credit loss is as follows:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Opening balance	**22,679**	23,232
Charge for the year	**3,048**	8,677
Written off during the year	**-**	(9,230)
Closing balance	**25,727**	22,679

6 INVESTMENT PROPERTIES

6.1 The Fund owns the following investment properties:

Name of the property	*Nature of property*	*Classification*	*Purchase price*
AlAndalus Mall, Jeddah (*notes 6.1(i), 6.1(ii)*)	Mall	Investment property	1,195,686
Salama Tower, Jeddah (*note 6.1(iii)*)	Office	Investment property	255,000
Qbic Plaza, Riyadh (*note 6.1(iv)*)	Office	Investment property	250,000

i. The Fund acquired AlAndalus Mall together with DoubleTree by Hilton AlAndalus Mall Hotel (which is classified as property and equipment) at the Fund's inception against cash consideration of SR 405 million (representing 30% of the total purchase values of SR 1,350 million) and by issuing units in the Fund valuing SR 945 million to AlAndalus Property Company, the previous owner.

AlAndalus Mall together with DoubleTree by Hilton AlAndalus Mall Hotel (which is classified as property and equipment) are pledged against the Islamic Financing Facility obtained from SNB Bank amounting to SR 760 million. The carrying values of AlAndalus Mall and DoubleTree by Hilton AlAndalus Mall Hotel aggregates to SR 1,466 million (31 December 2025: SR 1,454 million) as at the reporting date.

ii. The Fund acquired land measuring 9,669 square meters adjacent to AlAndalus Mall on 9 November 2020 against cash consideration of SR 45.7 million for the purpose of expanding AlAndalus Mall.

6 INVESTMENT PROPERTIES (continued)

iii. The Fund acquired Salama Tower on 4 August 2019 against cash consideration of SR 255 million. Currently, Salama Tower is being managed by a third party for the period starting from 19 February 2026 to 18 February 2027 and it can be renewed automatically for an additional year.

iv. The Fund acquired QBIC Plaza on 22 June 2020 against cash consideration of SR 250 million and financed the acquisition through additional Islamic financing. The property is leased for a net lease amount of SR 36 million per annum, for a period of 5 years.

v. The Fund's properties are held under the custody of Sandooq Tamkeen Real Estate Company ("SPV"), which is owned by AlBilad Capital (the Custodian of the Fund). The Fund pays a custody fee of 0.025% per annum based on the average market values of the properties.

Expressed in Saudi Riyals '000 (unless otherwise stated)

6 INVESTMENT PROPERTIES (continued)

6.2 At 30 June 2026 and 31 December 2025, investment properties represent the properties that were initially recognized at their cost and are subsequently measured at cost less accumulated depreciation and impairment. The break-up of the cost of investment properties is as follows:

	2026				
	Land	**Buildings**	**Other**	**Construction in progress***	**Total**
Cost:					
Balance at 1 January 2026	**983,523**	**921,123**	**3,257**	**20,897**	**1,928,800**
Additions during the period	**-**	**133**	**241**	**7,810**	**8,184**
Transfers during the period	**-**	**3,874**	**-**	**(3,874)**	**-**
Balance at 30 June 2026	**983,523**	**925,130**	**3,498**	**24,833**	**1,936,984**
Accumulated depreciation					
Balance at 1 January 2026	**-**	**(145,258)**	**(2,934)**	**-**	**(148,192)**
Depreciation during the period	**-**	**(11,935)**	**(143)**	**-**	**(12,078)**
Balance at 30 June 2026	**-**	**(157,193)**	**(3,077)**	**-**	**(160,270)**
Carrying amount at 30 June 2026	**983,523**	**767,937**	**421**	**24,833**	**1,776,714**

The carrying amounts of the investment properties are:

	30 June 2026	31 December 2025
AlAndalus Mall	**1,320,860**	1,320,746
Salama Tower	**225,021**	227,647
Qbic Plaza	**230,833**	232,215
	1,776,714	1,780,608

Expressed in Saudi Riyals ‘000 (unless otherwise stated)

6 INVESTMENT PROPERTIES (continued)

	2025				
	Land	Buildings	Others	Construction in progress*	Total
Cost:					
Balance at 1 January 2025	983,523	919,919	3,257	2,460	1,909,159
Additions during the year	-	1,204	-	18,437	19,641
Balance at 31 December 2025	983,523	921,123	3,257	20,897	1,928,800
Accumulated depreciation					
Balance at 1 January 2025	-	(121,501)	(2,721)	-	(124,222)
Depreciation during the year	-	(23,757)	(213)	-	(23,970)
Balance at 31 December 2025	-	(145,258)	(2,934)	-	(148,192)
Carrying amount at 31 December 2025	983,523	775,865	323	20,897	1,780,608

*The project under construction represents the expansion works for Al-Andalus Mall.

In accordance with Article 8 of the Real Estate Investment Traded Funds Instructions issued by CMA, the Fund Manager assesses the Fund’s real estate values by appointing two independent evaluators to determine the market values in conformity with the International Valuation Standards Council’s International Valuation Standards.

Expressed in Saudi Riyals '000 (unless otherwise stated)

6 INVESTMENT PROPERTIES (continued)

6.3 Market values

6.3.1 The assumptions used in determining the fair values of the investment properties are as follows:

Description	Valuation approach	Key assumptions	Market value 30 June 2026 (unaudited)	Market value 31 December 2025 (audited)
Evaluator: ESNAD				
AlAndalus Mall	Discounted cash flows	Discount rate: 10% (2025: 10%) Exit yield rate: 8% (2025: 8%) Occupancy rate: 99.58% (2025:99.02%)	**1,462,510**	1,453,348
Salama Tower	Discounted cash flows	Discount rate: 10.1% (2025:10.33%) Exit yield rate: 8.5% (2025:8.5%)	**263,676**	262,237
Qbic Plaza	Discounted cash flows	Discount rate: 10.60% (2025: 10.33%) Exit yield rate: 8.5% (2025: 8.5%)	**342,470**	340,767
			2,068,656	2,056,352
Evaluator: QIAM				
AlAndalus Mall	Discounted cash flows	Discount rate:9.9% (2025: 9.5%) Exit yield rate:8% (2025: 8%) Occupancy rate 89% (2025: 89%)	**1,412,289**	1,400,064
Salama Tower	Discounted cash flows	Discount rate:9.9% (2025: 10.4%) Exit yield rate:8% (2025: 7.5%)	**282,324**	277,292
Qbic Plaza	Discounted cash flows	Discount rate:9.9% (2025: 10.4%) Exit yield rate: 7.5% (2025: 8%)	**334,333**	328,896
			2,028,946	2,006,252

*Fair valuations of investment properties as at 30 June 2026 and 31 December 2025 were performed by ESNAD and QIAM

The above valuators are qualified and adhere to the Saudi Authority of Accredited Valuer (TAQEEM). The valuers have appropriate qualifications and experience in the valuation of properties at the relevant locations. The details of independent valuers as follows:

1- ESNAD: TAQEEM record No. 1210000934
2- QIAM: TAQEEM record No. 1210000052

The average fair value measurements of investment properties have been categorized as Level 3 fair values based on inputs to the valuation techniques used (as disclosed above).). The table shows the breakdown as at 30 June 2026 and 31 December 2025:

	Average fair value measurement at 30 June 2026		
	Level 1	**Level 2**	**Level 3**
Investment properties	-	-	**2,048,801**

	Average fair value measurement at 31 December 2025		
	Level 1	Level 2	Level 3
Investment properties	-	-	2,031,302

Expressed in Saudi Riyals '000 (unless otherwise stated)

7 PROPERTY AND EQUIPMENT

At 30 June 2026 and 31 December 2025, property and equipment represent the properties that were initially recognized at their cost and are subsequently measured at cost less accumulated depreciation and impairment. The break-up of the cost of hotel property is as follows:

	Land	Buildings	Furniture & fixture	Computer & hardware	Office equipment	Construction in progress	Total
Cost:							
Balance at 1 January 2026	**31,770**	**147,349**	**8,777**	**2,016**	**5,175**	**27,969**	**223,056**
Additions during the period	**-**	**-**	**-**	**-**	**-**	**2,032**	**2,032**
Transfer	**-**	**30,001**	**-**	**-**	**-**	**(30,001)**	**-**
Balance at 30 June 2026	**31,770**	**177,350**	**8,777**	**2,016**	**5,175**	**-**	**225,088**
Accumulated depreciation							
Balance at 1 January 2026	**-**	**(53,272)**	**(7,457)**	**(1,671)**	**(3,961)**	**-**	**(66,361)**
Depreciation during the period	**-**	**(1,797)**	**(396)**	**(104)**	**(146)**	**-**	**(2,443)**
	-	**(55,069)**	**(7,853)**	**(1,775)**	**(4,107)**	**-**	**(68,804)**
Accumulated impairment							
Balance at 1 January 2026	**-**	**(11,000)**	**-**	**-**	**-**	**-**	**(11,000)**
Impairment during the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-	**(11,000)**	**-**	**-**	**-**	**-**	**(11,000)**
Balance at 30 June 2026	**-**	**(66,069)**	**(7,853)**	**(1,775)**	**(4,107)**	**-**	**(79,804)**
Carrying amount at 30 June 2026	**31,770**	**111,281**	**924**	**241**	**1,068**	**-**	**145,284**

During the year ended 31 December 2025, the Fund tested DoubleTree by Hilton AlAndalus Mall Hotel for impairment and recognized an impairment loss of SR 3 million with respect to property and equipment. The key assumptions used are discount rate, occupancy rate, and yield rate in determining the fair value and value in use using the discounted cash flow method technique.

The Fund has pledged DoubleTree by Hilton AlAndalus Mall Hotel against Islamic financing facility that is obtained from Local Bank (note 13). The carrying values of DoubleTree by Hilton AlAndalus Mall Hotel aggregates to SR 145.3 million as at the reporting date (31 December 2025: SR 145.7 million).

Description	**Valuation approach**	**Key assumptions**
DoubleTree by Hilton AlAndalus Mall Hotel	Discounted cash flows	Discount rate: 10% (2025: 10%) Exit yield rate: 8% (2025: 8%) Occupancy rate: 65% (2025: 65%)

Expressed in Saudi Riyals '000 (unless otherwise stated)

7 PROPERTY AND EQUIPMENT (continued)

	Land	Buildings	Furniture & fixture	Computer & hardware	Office equipment	Construction in progress	Total
Cost:							
Balance at 1 January 2025	31,770	147,349	8,777	2,016	5,175	6,507	201,594
Additions during the year	-	-	-	-	-	21,462	21,462
Balance at 31 December 2025	31,770	147,349	8,777	2,016	5,175	27,969	223,056
Accumulated depreciation							
Balance at 1 January 2025	-	(50,140)	(6,654)	(1,465)	(3,669)	-	(61,928)
Depreciation during the year	-	(3,132)	(803)	(206)	(292)	-	(4,433)
	-	(53,272)	(7,457)	(1,671)	(3,961)	-	(66,361)
Accumulated impairment							
Balance at 1 January 2025	-	(8,000)	-	-	-	-	(8,000)
Impairment during the year	-	(3,000)	-	-	-	-	(3,000)
	-	(11,000)	-	-	-	-	(11,000)
Balance at 31 December 2025	-	(64,272)	(7,457)	(1,671)	(3,961)	-	(77,361)
Carrying amount at 31 December 2025	31,770	83,077	1,320	345	1,214	27,969	145,695

Expressed in Saudi Riyals ‘000 (unless otherwise stated)

8 BORROWINGS

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Opening balance	**742,668**	714,280
Financing facility utilized during the period/year	**-**	27,294
Amortization of loan arrangement fee	**556**	1,094
Closing balance	**743,224**	742,668

On 7 November 2018, the Fund signed an agreement of Islamic financing facility of SAR 650 million with Saudi National Bank (SNB). The Fund has pledged the properties, Al Andalus Mall and DoubleTree by Hilton AlAndalus Mall Hotel, in favour of Real Estate Development Company for Management and Ownership, a fully owned subsidiary of the SNB as a security against the Islamic financing facility.

On 1 August 2019, the Fund utilized SR 255 million as the first tranche from the Islamic financing facility. During the year 2020, the Fund utilized SAR 263 million as the Second tranche from the Islamic financing facility. During the year 2021, the Fund utilized further SAR 43 million. During the year 2022, the Fund utilized further SR 30 million. During the year 2023, the Fund utilized further SR 71 million. On 5 October 2023, the Fund signed another amendment of its agreement of Islamic financing facility wherein facility amount has been increased to SR 760 million instead of SR 650 million. An additional amount of the facility of SR 27.29 million and SR 54 million was utilized during 2025 and 2024. The unutilized balance as at 30 June 2026 is SR 17million (31 December 2025: SR 17 million).

Initially, the tenor of Islamic financing facility was 15 years where the first payment was due on 30 June 2026. The Islamic financing facility provides 5 years grace period during which only profit payments are to be made. Following the grace period, the principal amount shall be repaid over 10 years on a quarterly basis.

On 6 April 2023, the Fund signed an amendment of its agreement of Islamic financing facility changing the financing facility type to Murabaha from Ijarah. The Islamic financing facility carries commission rate of SAIBOR plus margin per annum and the term has been revised and now the whole outstanding balance will be due in July 2026. In December 2025, the tenure of the financing was revised, and the outstanding financing balance became payable in July 2029. Accordingly, the whole balance is disclosed as non-current.

The facility is subject to interest rates based on SAIBOR plus an agreed commission rate of 1.25% per annum. The above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained at certain thresholds. The Fund monitors the compliance of the loan covenants and reconciles with the lending bank on a timely basis. A future breach of any of these covenants may require the Fund to repay the related facility earlier than indicated above.

Expressed in Saudi Riyals ‘000 (unless otherwise stated)

9 ZAKAT

Zakat provision movement is as follows:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Opening balance	**345**	345
Payments made during the year	**-**	-
Closing balance	**345**	345

Zakat assessment status

The Fund has filed its Zakat returns with the Zakat, Tax and Customs Authority for the years up to 2022 and assessments have been finalized till 2022. The Fund paid zakat on a voluntary basis in the prior years and has now deregistered itself. Accordingly, starting from the year 2023, the Fund will only be submitting an information declaration with ZATCA, outlining the Zakat calculation to be paid by the unitholders.

10 RELATED PARTY TRANSACTIONS AND BALANCES

The Fund’s ultimate controlling company is the Al Andalus Property Company (APC).

The related parties of the Fund comprise of the following and the Fund transacts with these parties in its ordinary course of business at commercial terms:

Name of entity	**Relationship**
SNB Capital Company	Fund Manager
Saudi National Bank (SNB)	Parent of the Fund Manager
Al Andalus Property Company	Substantial Unitholder

Fund management fee

The Fund pays the Fund Manager a management fee of 1% per annum of the Fund’s total assets (based on the last valuation) less the Fund’s current liabilities. The management fee is payable in arrears on a semi-annual basis.

Agency fee and property management fee

The Fund via a master transfer agreement dated 25 December 2017 appointed APC as the “Property Agent”. Under the agreement, APC is appointed to exercise, perform and discharge all rights and obligations as an agent of AlAndalus Mall and DoubleTree by Hilton AlAndalus Mall Hotel. The Fund pays a fixed amount of SR 575,000 per annum to APC for the aforementioned agency services.

APC also manages the AlAndalus Mall for which it charges management fee from the Fund.

The Fund entered into the following transactions with related parties in the ordinary course of business at commercial rates. These transactions were carried out on the basis of approved terms and conditions of the Fund. All related party transactions were approved by the Fund’s Board

Expressed in Saudi Riyals '000 (unless otherwise stated)

10 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Related party	Nature of transactions	30 June 2026 (Unaudited)	30 June 2025 (Unaudited)
AlAndalus Property Company	Rent collected on behalf of the Fund	**9,457**	9,770
	Payment made to AlAndalus Property Company	**5,563**	5,051
	Miscellaneous expenses paid on behalf of the Fund	**4,168**	1,391
	Transfer of Employees' benefits – defined benefits obligations	**2,125**	-
	Management fee charged	**5,870**	8,566
	Agency fees charged	**288**	288
SNB Capital Company	Management fees charged	**10,933**	10,638
Saudi National Bank	Service fees charged	**-**	31
	Loan arrangement fees charged	**154**	154
	Payment made	**-**	188

The significant transactions with key management personnel are:

Key management personnel	Nature of transaction	30 June 2026 (Unaudited)	30 June 2025 (Unaudited)
Key management personnel	Board of Directors attendance fees	**50**	50

The above-mentioned transactions give rise to the following amounts due to related parties at the reporting date:

Due to related parties

Related party	30 June 2026 (Unaudited)	31 December 2025 (Audited)
SNB Capital Company	**32,544**	21,611
AlAndalus Property Company	**-**	4,411
Saudi National Bank	**-**	154
	32,544	26,176

Due from related parties

Related party	30 June 2026 (Unaudited)	31 December 2025 (Audited)
AlAndalus Property Company	**4,458**	-
Saudi National Bank	**385**	-
	4,843	-

11 OPERATING SEGMENT

The Fund has four reportable segments, as described below, which are the Fund’s strategic business segments. These strategic business segments offer different services and are managed separately because they require different management and marketing strategies.

For each of the strategic business units, the Fund Manager reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Fund’s reportable segments:

Retail Sector	This comprises of Al-Andalus Mall.
Hospitality Sector	This comprises of DoubleTree by Hilton AlAndalus Mall Hotel.
Offices Sector	This comprises of Salama Tower and QBIC Plaza.
Fund’s operations	This represents the Fund’s administrative activities.

The information related to each reportable segment is as follows:

Net sector profit before zakat is used to measure performance as the Fund Manager believes that this information is the most relevant in assessing the results of the relevant sector compared to other companies operating in the same industry.

Expressed in Saudi Riyals '000 (unless otherwise stated)

11 OPERATING SEGMENT (CONTINUED)

The summary of the financial position and financial performance of these segments is as below:

For the period ended	30 June 2026 (Unaudited)					30 June 2025 (Unaudited)				
	Retail	**Hospitality**	**Offices**	**Fund Operations**	**Total**	Retail	Hospitality	Offices	Fund Operations	Total
Revenue	**77,383**	**10,953**	**29,479**	**173**	**117,988**	63,533	7,466	19,196	19	90,214
Operational expenses	**(19,183)**	**(10,489)**	**(2,266)**	**(66)**	**(32,004)**	(18,800)	(8,695)	(1,777)	(153)	(29,425)
Allowance for expected credit loss	**(3,048)**	**-**	**-**	**-**	**(3,048)**	-	-	-	-	-
Net profit / (loss)	**40,087**	**(2,346)**	**6,732**	**(11,746)**	**32,727**	29,332	(3,660)	(4,634)	(11,883)	9,155

As at	30 June 2026 (Unaudited)					31 December 2025 (Audited)				
	Retail	**Hospitality**	**Offices**	**Fund Operations**	**Total**	Retail	Hospitality	Offices	Fund Operations	Total
Total assets	**1,353,733**	**153,312**	**501,010**	**1,576**	**2,009,631**	1,364,200	154,890	465,640	3,680	1,988,410
Total liabilities	**261,951**	**16,884**	**542,237**	**33,767**	**854,839**	269,786	16,880	526,546	22,883	836,095

The Fund's revenue are generated from contracts with customers by providing commercial unit rental services and hospitality services. Control over commercial units rental services is transferred over time, while control over hospitality services is transferred at a point in time.

12 EFFECT ON NET ASSETS (EQUITY) PER UNIT IF PROPERTIES ARE FAIR VALUED

	Notes	**30 June 2026 (Unaudited)**	31 December 2025 (Audited)
Fair value of properties		**2,203,023**	2,182,741
Less: Carrying value of investment properties and property and equipment	6.2 & 7	**(1,921,998)**	(1,926,303)
Increase in net assets (equity)		**281,025**	256,438
Units in issue in thousands (number)		**137,500**	137,500
Additional net assets (equity) per unit based on fair value		**2.04**	1.87
Net assets (equity) attributable to unitholders before fair value adjustment		**1,154,792**	1,152,315
Increase in net assets (equity)		**281,025**	256,438
Net assets (equity) attributable to unitholders after fair value adjustment		**1,435,817**	1,408,753
Net Assets Attributable to each unit			
Net assets (equity) per unit (SAR) before fair value adjustment		**8.40**	8.38
Increase in net assets (equity) per unit (SAR) based on fair value		**2.04**	1.87
Net assets (equity) attributable to unitholders after fair value adjustment		**10.44**	10.25

13 FINANCE COST

	30 June 2026 (Unaudited)	30 June 2025 (Unaudited)
Total finance cost	**23,344**	24,746
Finance cost charged to profit or loss	**23,344**	24,746

14 EARNINGS PER UNIT – BASIC AND DILUTED

Basic and diluted earnings per unit is calculated by dividing the profit for the period attributable to the unitholders of the Fund by the weighted average number of ordinary units outstanding during the period.

	30 June 2026 (Unaudited)	30 June 2025 (Unaudited)
Net profit for the period	**32,727**	9,155
Weighted average number of outstanding ordinary units (units)	**137,500**	137,500
Basic and diluted earnings per unit	**0.24**	0.07

The diluted earnings per unit are equal to the basic earnings per unit as there are no instruments with reduced earnings per unit

15 DIVIDEND DISTRIBUTION

30 June 2026
On 30 March 2026, the Board of Directors of the Fund approved the distribution of dividend amounting to SR 30.25 million (SR 0.22 per unit) and it was paid during the period.

31 December 2025
On 25 March 2025, the Fund's Board approved the distribution of dividends for the period from 1 July 2024 to 31 December 2024 amounted to SR 34,375,000 at SR 0.25 per unit. The same was paid on 6 April 2025.

On 25 August 2025, the Fund's Board approved the distribution of dividend for the period from 1 January 2025 to 30 June 2025 amounted to SR 27,500,000 at SR 0.20 per unit. The same was paid on 7 September 2025.

16 FAIR VALUE

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 and at prevailing market conditions regardless if the price is directly identified or estimated using other valuation technique.

All assets and liabilities whether measured at fair value or their fair values are disclosed in the financial statements in accordance with the hierarchical levels of fair value measurements as stated below are classified into the lowest level of measuring input which is considered significant for measuring the fair value as a whole.

Level 1: Declared (unadjusted) and quoted market prices in active markets for identical assets or liabilities.
Level 2: Inputs that are directly or indirectly observable or tracked for an asset or a liability other than declared prices mentioned in level 1.
Level 3: Inputs that are unobservable or not tracked for an asset or a liability.

Fair values of financial instruments
The Fund is exposed to risks as a result of using financial instruments. The following explains the Fund's objectives, policies and operations to manage these risks and methods used to measure them in addition to quantitative information related to these risks in the accompanying financial statements.

There were no significant changes that may expose the Fund to financial instrument risks through its objectives, policies and operations to manage these risks and methods used that are different from what have been used in prior years unless otherwise indicated.

- The Fund's financial assets consist of cash and cash equivalents, receivables from operating leases, and certain other receivables. The Fund's financial liabilities consist of borrowings, due to related parties and other liabilities.

- The Fund's management considers the fair value for all these financial assets and liabilities to be approximately equal to their carrying values because of the nature of these financial instruments.

- There were no transfers between level 1, 2 or 3 during the reporting period.

Financial instruments are exposed to change in value risk as a result of changes in commission rates of the financial assets and liabilities with variable commission. Actual commission rates and periods of re-pricing or maturity of financial assets and liabilities are mentioned in the related notes.

17 SUBSEQUENT EVENT

No matter has occurred up to and including the date of the approval of interim condensed financial statements by the Fund Board which could materially affect these interim condensed financial statements and the related disclosures for the period ended 30 June 2026.

18 LAST VALUATION DAY

The last valuation day for the period was 30 June 2026.

19 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Fund's Board on 27 Safar 1448H (corresponding to 10 August 2026G).