

AL RAJHI REIT FUND
(Managed by Al Rajhi Capital)
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

AI RAJHI REIT FUND
(Managed by Al Rajhi Capital)

INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

**TO THE UNITHOLDERS OF
AL RAJHI REIT FUND**

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Al Rajhi REIT Fund (the "Fund") managed by Al Rajhi Capital (the "Fund Manager") as at 30 June 2025 and the related interim statements of comprehensive income, changes in net assets attributable to the unitholders and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed financial statements"). Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

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

CONCLUSION

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

For PKF Albassam
Chartered Accountants



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AI RAJHI REIT FUND
(Managed by Al Rajhi Capital)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2025

	<i>Notes</i>	30 June 2025 (Unaudited) SR	31 December 2024 (Audited) SR
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	13,138,019	125,000
Investment held at fair value through profit or loss (FVTPL)	6	80,026,385	130,106,379
Rental income receivable, net		57,605,371	35,357,145
Contract assets		35,733,980	33,462,453
Prepayment and other assets		961,552	1,056,125
TOTAL CURRENT ASSETS		187,465,307	200,107,102
NON-CURRENT ASSETS			
Investment properties	7	2,997,811,464	2,986,048,122
Derivative instruments at fair value through profit or loss (FVTPL)	8	126,922	210,272
TOTAL NON-CURRENT ASSETS		2,997,938,386	2,986,258,394
TOTAL ASSETS		3,185,403,693	3,186,365,496
LIABILITIES			
CURRENT LIABILITIES			
Unearned rental income		10,511,155	15,953,843
Accrued expenses and other liabilities		10,904,501	9,171,325
Accrued special commission	10	7,812,454	7,445,384
Accrued management fee	10	12,230,069	6,615,027
TOTAL CURRENT LIABILITIES		41,458,179	39,185,579
NON-CURRENT LIABILITIES			
Murabaha facilities	10	896,399,599	896,399,599
TOTAL NON-CURRENT LIABILITIES		896,399,599	896,399,599
TOTAL LIABILITIES		937,857,778	935,585,178
EQUITY			
Net assets attributable to unitholders		2,247,545,915	2,250,780,318
TOTAL LIABILITIES AND EQUITY		3,185,403,693	3,186,365,496
Units in issue (number)		275,607,498	275,607,498
Per unit value (SR)		8.15	8.17
Per unit fair value (SR)	9.4	9.06	8.73

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

AI RAJHI REIT FUND
(Managed by Al Rajhi Capital)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six-month period ended 30 June 2025

	<i>Notes</i>	<i>For six-month period ended 30 June 2025 SR</i>	<i>For six-month period ended 30 June 2024 SR</i>
INCOME			
Rental income from investment properties		114,308,490	116,833,860
Realised gain from investment at FVTPL		1,683,589	498,064
Unrealised gain from investment measured at FVTPL	6	1,336,416	909,248
Net gain on derivative instruments at FVTPL		299,345	792,307
		<hr/>	<hr/>
TOTAL INCOME		117,627,840	119,033,479
		<hr/>	<hr/>
EXPENSES			
Investment properties depreciation	7	(24,516,583)	(23,895,737)
Management fees	10	(12,536,759)	(12,355,403)
Property management expenses		(2,847,041)	(2,815,501)
(Impairment loss) / reversal of expected credit loss		(14,029,664)	1,536,938
Other expenses		(2,421,607)	(2,001,422)
		<hr/>	<hr/>
TOTAL EXPENSES		(56,351,654)	(39,531,125)
		<hr/>	<hr/>
OPERATING PROFIT		61,276,186	79,502,354
		<hr/>	<hr/>
Finance cost	10	(25,279,738)	(27,594,867)
		<hr/>	<hr/>
PROFIT FOR THE PERIOD BEFORE IMPAIRMENT		35,996,448	51,907,487
		<hr/>	<hr/>
Reversal of impairment in investment properties	7	35,183,173	19,670,802
		<hr/>	<hr/>
PROFIT FOR THE PERIOD		71,179,621	71,578,289
		<hr/>	<hr/>
Other comprehensive income for the period		-	-
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		71,179,621	71,578,289
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

AI RAJHI REIT FUND
(Managed by Al Rajhi Capital)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six-month period ended 30 June 2025

	<i>Note</i>	<i>For six-month period ended 30 June 2025 SR</i>	<i>For six-month period ended 30 June 2024 SR</i>
Net asset value attributable to the unitholders at the beginning of the period		2,250,780,318	2,213,739,529
Total comprehensive income for the period		71,179,621	71,578,289
Dividends paid during the period	13	(74,414,024)	(75,792,062)
Net asset value attributable to the unitholders at the end of the period		2,247,545,915	2,209,525,756

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

AI RAJHI REIT FUND
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INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2025

	<i>Notes</i>	<i>For six-month period ended 30 June 2025 SR</i>	<i>For six-month period ended 30 June 2024 SR</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		71,179,621	71,578,289
<i>Adjustment to reconcile net profit to net cash from operating activities:</i>			
Reversal of impairment in investment properties	7	(35,183,173)	(19,670,802)
Depreciation expenses on investment properties	7	24,516,583	23,895,737
Realised gain from investment carried at FVTPL		(1,683,589)	-
Impairment loss of / (reversal of) expected credit loss		14,029,664	(1,536,938)
Finance costs	10	25,279,738	27,594,867
Unrealised gain from investment measured at FVTPL	6	(1,336,416)	(909,248)
Net gain on derivative instruments at fair value through profit or loss		(299,345)	(792,307)
		96,503,083	100,159,598
<i>Working capital adjustments:</i>			
Rental income receivables, net		(38,379,492)	9,396,593
Contract assets		(2,271,527)	(4,603,199)
Prepayment and other assets		94,573	246,535
Unearned rental income		(5,442,688)	5,855,249
Accrued expenses and other liabilities		(9,314,437)	162,794,604
Accrued management fee		5,615,042	12,355,404
Accrued special commission		367,070	439,000
Finance costs paid		(14,232,125)	(185,365,390)
Net cash flows from operating activities		32,939,499	101,278,394
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment properties	7	(1,096,752)	(629,900)
Purchase of investment held at FVTPL	6	(130,302,978)	(103,990,323)
Disposal of investment held at FVTPL	6	183,402,977	99,319,132
Derivative instrument held at FVTPL		382,695	757,766
Net cash flows from / (used in) investing activities		52,385,942	(4,543,325)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid	13	(72,312,422)	(73,609,630)
Net cash flows used in financing activities		(72,312,422)	(73,609,630)
Net increase in cash and cash equivalents		13,013,019	23,125,439
Cash and cash equivalents at the beginning of the period		125,000	125,000
Cash and cash equivalents at the end of the period		13,138,019	23,250,439
<u>NON-CASH TRANSACTIONS</u>			
Dividends netted off against rental income receivable	13	2,101,602	2,182,432

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

AL RAJHI REIT FUND

(Managed by Al Rajhi Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2025

1 CORPORATE INFORMATION

Al Rajhi REIT Fund (the “Fund” or “REIT”) is a closed-ended shariah compliant real estate investment traded fund established on 3 Rajab 1439H (corresponding to 20 March 2018). The Fund is listed on Saudi Stock Exchange (“Tadawul”) and the units of the Fund started to be traded on Tadawul in accordance with its rules and regulations on 3 Rajab 1439H (corresponding to 20 March 2018). The initial subscribed units of the Fund were 122,200,609 units at par value of SR 10 per unit resulting in capital of SR 1,222,006,090. However, during the year 2019, as a part of increasing its total assets, the Fund issued 39,656,248 new units of par value SR 10 per unit at an issue price of SR 8.8 per unit. During the year 2023, the Fund issued second additional offering units for acquiring the additional real estate assets 113,750,641 new units of par value SR 10 per unit at an issue price of SR 8.90 per unit. Thus, currently the total subscribed units of the Fund stand at 275,607,498 units. The Fund has a term of 99 years, which is extendable on the discretion of the Fund Manager following the approval of Fund Board and followed by Capital Market Authority “CMA”.

The Fund is managed by Al Rajhi Capital (the "Fund Manager"), a Saudi closed joint stock company with commercial registration no.1010241681, and a capital market institution licensed by the CMA under license no. 07068-37 dated 25 June 2007. The primary investment objective of the Fund is to provide its investors with regular income by investing in income generating real estate assets in Saudi Arabia. The Fund’s Manager’s registered office is King Fahd Branch Road, Al Muruj District, Riyadh 12214, Kingdom of Saudi Arabia.

The Fund currently has a diversified portfolio of 20 properties (31 December 2024: 20 properties) across various sectors such as retail, education, commercial offices, logistics and healthcare.

All properties of Al Rajhi REIT Fund are held in the name of Privileged Warehouse Company 2 and Gulf Fund Company for development and real estate investment (the “SPVs”). The SPVs are holding these properties for the beneficial ownership of the Fund and does not possess any controlling interest or any stake in the properties.

The Fund has appointed KASB Capital (the “Custodian”) to act as its custodian. The fee of the custodian are paid by the Fund.

During the period 2025, the Fund updated its term and conditions with effective date on 4 Muharram 1447 AH (corresponding to 29 June 2025).

2 REGULATING AUTHORITY

The Fund operates in accordance with Real Estate Investment Fund Regulations (“REIFR”) issued by the CMA. The regulations detail requirements for real estate funds and traded real estate funds within the Kingdom of Saudi Arabia.

3 BASIS OF PREPARATION

3.1 *Statement of compliance*

These interim condensed financial statements have been prepared on a going concern basis and in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’ that is endorsed in the 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 for the year ended 31 December 2024.

These interim condensed financial statements do not include all of the information normally required for a complete set of financial statements; however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund’s financial position and performance since 31 December 2024.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

AI RAJHI REIT FUND
(Managed by Al Rajhi Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2025

3 BASIS OF PREPARATION (continued)

3.2 Basis of measurement

These interim condensed financial statements have been prepared under the historical cost convention, using accrual basis of accounting and the going concern concept except for financial assets measured at fair value through profit or loss..

3.3 Used of judgements, estimates and assumptions

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

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

3.4 Functional and presentation currency

These interim condensed financial statements are presented in Saudi Riyals ("SR"), which is the Fund's functional currency. All financial information presented has been rounded to the nearest SR, unless otherwise indicated.

4 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2025 and has been explained in annual financial statements, but they do not have a material effect on the Fund's interim condensed financial statements.

4.1 New standards, amendments and interpretations issued and effective from 1 January 2025

The accounting policies adopted, and method of computation followed are consistent with those of previous financial year except for the items disclosed below:

<u>Description</u>	<u>Effective Date</u>
<i>Amendment to IAS 27 - Lack of Exchangeability</i>	1 January 2025

These amendments had no material impact on the financial statements of the Fund.

4.2 New standards, amendments and interpretations effective 1 January 2025 and have not early adopted

The following standards, amendments to standards and interpretations are not yet effective and neither expected to have a significant impact on the Fund's financial statements:

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.

<u>Description</u>	<u>Effective Date</u>
<i>Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments</i>	1 January 2026
<i>Annual improvements to IFRS – Volume 11</i>	1 January 2026
<i>Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
<i>IFRS 18 Presentation and Disclosures in Financial Statements</i>	1 January 2027
<i>IFRS 19 Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
<i>Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures</i>	Effective date not yet decided

AI RAJHI REIT FUND
(Managed by Al Rajhi Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2025

5 CASH AND CASH EQUIVALENTS

	<i>30 June 2025</i> <i>(Unaudited)</i> SR	<i>31 December 2024</i> <i>(Audited)</i> SR
Cash at bank	13,138,019	125,000
Cash and cash equivalents at the end of the period/year	13,138,019	125,000

6 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Investment held at fair value through profit or loss represents investment in a mutual fund managed by the Fund Manager (a related party) and comprises of the following:

<i>30 June 2025 (Unaudited)</i>	<i>Fund Manager</i>	<i>Number of units</i>	<i>Cost</i>	<i>Market value</i>
AL Rajhi Saving and Liquidity Fund SAR	Al Rajhi Capital	148,009	24,014,671	27,419,055
AL Rajhi Awaheed Fund SAR	Al Rajhi Capital	48,242,036	51,233,197	52,593,468
Cash in investment account	Al Rajhi Capital	-	-	13,862
		48,390,045	75,247,868	80,026,385

<i>31 December 2024 (Audited)</i>	<i>Fund Manager</i>	<i>Number of units</i>	<i>Cost</i>	<i>Market value</i>
AL Rajhi Saving and Liquidity Fund SAR	Al Rajhi Capital	148,009	24,014,671	26,823,966
AL Rajhi Awaheed Fund SAR	Al Rajhi Capital	64,292,457	67,511,774	68,130,717
Cash in investment account	Al Rajhi Capital	-	-	35,151,696
		64,440,466	91,526,445	130,106,379

The following is the movement held in investment carried at FVTPL:

	<i>30 June 2025</i> <i>(Unaudited)</i>	<i>31 December 2024</i> <i>(Audited)</i>
At the beginning of the period/year	130,106,379	58,714,363
Purchase during the period/year	130,302,978	495,681,417
Disposal during the period/year	(183,402,977)	(427,839,986)
Realised gain on investment carried at FVTPL	1,683,589	1,811,724
Unrealised gain on investment carried at FVTPL	1,336,416	1,738,861
At the end of the period/year	80,026,385	130,106,379

All investments measured at fair value through profit or loss are held in the name of Privileged Warehouse Company 2 and Gulf Fund Company for development and real estate investment (the "SPV's"). The SPV's are holding these investments for the beneficial ownership of the Fund and does not possess any controlling interest or any stake in the investments.

AI RAJHI REIT FUND
(Managed by Al Rajhi Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2025

7 INVESTMENT PROPERTIES

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

As at 30 June 2025 (Unaudited)

	<i>Land</i> SR	<i>Building</i> SR	<i>Total</i> SR
Cost:			
At the beginning of the period	1,685,991,365	1,691,430,142	3,377,421,507
Additions during the period	-	1,096,752	1,096,752
At the end of the period	<u>1,685,991,365</u>	<u>1,692,526,894</u>	<u>3,378,518,259</u>
Accumulated Depreciation:			
At the beginning of the period	-	(205,232,260)	(205,232,260)
Charge for the period	-	(24,516,583)	(24,516,583)
At the end of the period	<u>-</u>	<u>(229,748,843)</u>	<u>(229,748,843)</u>
Accumulated Impairment:			
At the beginning of the period	(177,106,919)	(9,034,206)	(186,141,125)
Reversal for the period	33,475,587	1,707,586	35,183,173
At the end of the period	<u>(143,631,332)</u>	<u>(7,326,620)</u>	<u>(150,957,952)</u>
Book Value as of 30 June 2025	<u><u>1,542,360,033</u></u>	<u><u>1,455,451,431</u></u>	<u><u>2,997,811,464</u></u>

As at 31 December 2024 (Audited)

	<i>Land</i> SR	<i>Building</i> SR	<i>Total</i> SR
Cost:			
At the beginning of the year	1,744,103,939	1,693,489,347	3,437,593,286
Additions during the year	58,112,574	6,330,107	64,442,681
Disposals during the year	(116,225,148)	(8,389,312)	(124,614,460)
At the end of the year	<u>1,685,991,365</u>	<u>1,691,430,142</u>	<u>3,377,421,507</u>
Accumulated depreciation:			
At the beginning of the year	-	(157,694,383)	(157,694,383)
Charge for the year	-	(48,359,453)	(48,359,453)
Disposals during the year	-	821,576	821,576
At the end of the year	<u>-</u>	<u>(205,232,260)</u>	<u>(205,232,260)</u>
Accumulated Impairment:			
At the beginning of the year	(177,106,919)	(90,844,971)	(267,951,890)
Charge for the year	-	65,386,669	65,386,669
Disposals during the year	-	16,424,096	16,424,096
At the end of the year	<u>(177,106,919)</u>	<u>(9,034,206)</u>	<u>(186,141,125)</u>
Book value as of 31 December 2024	<u><u>1,508,884,446</u></u>	<u><u>1,477,163,676</u></u>	<u><u>2,986,048,122</u></u>

AI RAJHI REIT FUND
(Managed by Al Rajhi Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2025

7 INVESTMENT PROPERTIES (continued)

7.1 - The Fund has the policy of charging depreciation on building over 33 years. The depreciation is charged on depreciable amount i.e., cost less residual value.

7.2 - All properties are held in the name of Privileged Warehouse Company 2 and Gulf Fund Company for development and real estate investment (the "SPVs"). The SPVs are holding these properties for the beneficial ownership of the Fund and does not possess any controlling interest or any stake in the properties.

7.3 - The investment properties were tested for impairment and the Fund Manager noted that certain properties carrying amount are less than its recoverable amount. based on the average fair value as at the reporting date determined by the independent valuers. Accordingly, the Fund Manager reversal of impairment of SR 35,183,173 for the period ended 30 June 2025 (30 June 2024: The Fund Manager noted that certain properties carrying amount are less than its recoverable amount. based on the average fair value as at the reporting date determined by the independent valuers. Accordingly, the Fund Manager made reversal of impairment of SR 19,670,802) to adjust the value of its investment properties to its recoverable amount.

7.4 - The net rental income from investment properties amounted to SR 114,308,490 during the period ended 30 June 2025 (30 June 2024: SR 116,833,860).

7.5 - The investment properties represent Twenty (2024: Twenty) properties. Listed below are the details of these investment properties:

Properties	Type of agreement
1- Riyadh Avenue, Riyadh	Triple net lease - retail sector
2- AlHenaki Business Center, Jeddah	Triple net lease - commercial sector
3- Rowad Al Khaleej International School, Dammam	Triple net lease - education sector
4- Lulu Hypermarket, Riyadh	Triple net lease - retail sector
5- Rowad Al Khaleej International School, Riyadh	Triple net lease - education sector
6- Panda Marwah Jeddah	Triple net lease - retail sector
7- Blue Tower, Khobar	Triple net lease - retail sector
8- Al Salam Hospital, Riyadh	Triple net lease - healthcare sector
9- Faris International School, Riyadh	Triple net lease - education sector
10- Lulu'ah warehouse, Riyadh	Triple net lease - logistics sector
11- Oasis Mall, AlKharj	Triple net lease - commercial sector
12- Al Andalus, Jeddah	Multi-tenanted - commercial sector
13- Al Ahsa Square, Riyadh	Multi-tenanted - retail sector
14- Al Narjes Plaza, Riyadh	Triple net lease - retail sector
15- LULU Logistics Warehouse, Riyadh	Triple net lease - logistics sector
16- Panda, Khamis Mushait	Triple net lease - retail sector
17- Rama Plaza, Riyadh	Multi-tenanted - retail sector
18- Panda Madain Fahad, Jeddah	Triple net lease - retail sector
19- Panda Rowdah, Jeddah	Triple net lease - retail sector
20- Baraem Rowad Al Khaleej Intl Kindergarten, Riyadh	Triple net lease - education sector

7.6 - On 25 November 2024, the Fund completed the sale of the Anwar property located in Riyadh with a total area 9,981.76 sqm. This transaction was executed in accordance with the Sale and Purchase Agreement ("SPA"). The property's carrying value at disposal was SR 46,341,559. The Fund received proceeds of SR 64,000,000, resulting in a recognised gain on disposal of SR 17,658,442.

AI RAJHI REIT FUND
(Managed by Al Rajhi Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2025

8 DERIVATIVE INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The Fund uses derivative financial instruments, such as profit rate swaps, to hedge its profit rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The resulting gain/loss is recognised in the statement of comprehensive income.

On 12 October 2022, the Fund entered into a profit rate swap contract with a nominal value of SAR 193 million in order to fix the facility profit margin. The contract is expired on 22 March 2023. The purpose of the contract is to manage the cash flow risk of the Fund.

9 EFFECTS ON NET ASSET VALUE IF INVESTMENT IN REAL ESTATE PROPERTIES ARE FAIR VALUED

In accordance with the Real Estate Investments Funds Regulations issued by CMA in the Kingdom of Saudi Arabia, the Fund Manager evaluates the Fund's assets based on an average of two evaluations prepared by independent evaluators. As set out in the terms and conditions of the Fund, net asset value declared are based on the market value obtained. However, in accordance with accounting policy of the Fund, investment properties are carried at cost less accumulated depreciation and impairment if any in these financial statements.

The fair value of the investment properties is determined by two selected appraisers for each of the 20 properties. The appraisers that evaluated these properties are Century 21 Valuation Company and Esnad Real Estate Valuation Company (2024: Knight Frank Valuation Company and Barcode for Real Estate Valuation Company). 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"). These models comprise both the income capitalisation approach, Land Value and depreciated replacement cost ("DRC").

9.1 As at 30 June 2025, the valuation of investment properties are as follows:

<i>30 June 2025 (Unaudited)</i>	<i>Appraiser 1 SR</i>	<i>Appraiser 2 SR</i>	<i>Average SR</i>
Investment properties	<u>3,256,394,000</u>	<u>3,238,875,000</u>	<u>3,247,634,500</u>
<i>31 December 2024 (Audited)</i>	<i>Appraiser 1 SR</i>	<i>Appraiser 2 SR</i>	<i>Average SR</i>
Investment properties	<u>2,942,170,000</u>	<u>3,340,103,000</u>	<u>3,141,136,500</u>

The Fund Manager has used the average of the two valuations for the purposes of disclosing the fair value of the investment properties. The investment properties were valued taking into consideration number of factors, including the area and type of property and valuation techniques using significant unobservable inputs, including the financial and fragmentation plot analysis, the income method, and value in use method. The fair value versus cost analysis of the investment properties is presented in note 9.2. The inputs used in the above level 3 fair valuation are disclosed in note 11.

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9 EFFECTS ON NET ASSET VALUE IF INVESTMENT PROPERTIES ARE FAIR VALUED (continued)

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

	30 June 2025 <i>(Unaudited)</i> SR	31 December 2024 <i>(Audited)</i> SR
Fair value of investment in real properties (note 9.1)	3,247,634,500	3,141,136,500
Less: Carrying value of investments in real estate properties (note 7)	(2,997,811,464)	(2,986,048,122)
Net impact based on fair value evaluation	249,823,036	155,088,378
Units in issue (numbers)	275,607,498	275,607,498
Impact per unit share based on fair value evaluation (SR)	0.91	0.56

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

	30 June 2025 <i>(Unaudited)</i> SR	31 December 2024 <i>(Audited)</i> SR
Net assets value at cost, as presented in these interim condensed financial statements	2,247,545,915	2,250,780,318
Net impact based on real estate evaluations (note 9.2)	249,823,036	155,088,378
Net assets based on fair value	2,497,368,951	2,405,868,696

9.4 The net asset value per unit, using the fair values of the real estate properties is set out below:

	30 June 2025 <i>(Unaudited)</i> SR	31 December 2024 <i>(Audited)</i> SR
Net assets value at cost, as presented in these interim condensed financial statements	8.15	8.17
Impact on net asset value per unit on account of unrealised gain based on evaluations (note 9.2)	0.91	0.56
Net assets based on fair value	9.06	8.73

10 RELATED PARTY TRANSACTIONS AND BALANCE

Related parties of the Fund include the Fund Manager, Al Rajhi Bank (being the shareholder of Al Rajhi Capital), the Fund, which is managed by the Fund Board of Director, KASB Capital (being the custodian of the Fund), Al Khaleej Training and Education Company (being the major unitholder of the Fund) and any party that has the ability to control other party or exercise significant influence over the other party in making financial or operational decisions.

In the ordinary course of its activities, the Fund transacts business with related parties. The related party transactions are governed by limits set by the regulations issued by the CMA. All related party transactions are disclosed to the Fund Board of Director.

The significant related party transactions entered into by the Fund during the period and the balances resulting from such transactions are as follows:

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10 RELATED PARTY TRANSACTIONS AND BALANCE (continued)

Related Party	Nature of transaction	Amount of transaction		Balance receivables / (payable)	
		For the period ended 30 June 2025 (Unaudited) SR	For the period ended 30 June 2024 (Unaudited) SR	As at 30 June 2025 (Unaudited) SR	As at 31 December 2024 (Audited) SR
Al Rajhi Capital	Management fee	12,536,759	12,355,403	(12,230,069)	(6,615,027)
Al Rajhi Bank	Finance cost***	25,279,738	27,594,867	(7,812,454)	(7,445,384)
	Bank balance**	-	-	13,138,019	125,000
	Murabaha facilities- non-current***	-	-	(896,399,599)	(896,399,599)
KASB Capital	Custodian fees*	92,500	88,244	(46,250)	(92,500)
Board of Directors	Board oversight fee	30,000	30,000	(75,000)	(150,000)
Al Rajhi Saving and Liquidity Fund SAR (previously known as Al Rajhi commodity Fund)	Investment held at fair value through profit and loss	595,089	-	27,419,055	26,823,966
AL Rajhi Awaheed Fund SAR	Investment held at fair value through profit and loss	(15,537,249)	-	52,593,468	68,130,717
	Cash in investment account	35,137,834	-	13,862	35,151,696
Al Khaleej Training and Education Company	Dividends netted off against rental income receivable	2,101,602	2,182,432	-	-
	Rental income and receivables	19,605,946	18,327,044	-	-

* The Fund pays a custodian fee of SR 92,500 per annum which is accrued on a daily basis and paid quarterly to the Custodian, custodian fee payable as of 30 June 2025 is SR 46,250 (31 December 2024: SR 92,500).

** The bank balance with an amount of SR 13,138,019 (31 December 2024: SR 125,000) is maintained with Al Rajhi Bank under the name of the SPVs and not under the name of the Fund.

*** The Fund inherited the loan of SR 399,906,600 from Al Rajhi Real Estate Income Fund, which was converted into REIT by way of in-kind contribution in 2018. The loan was drawn down in 2 tranches. Tranche 1 was of SR 254,500,000 and Tranche 2 of SR 145,406,600. This loan was assigned to Privileged Warehouse Company 2, an SPV acting on behalf of the Fund. The SPV of the Fund continues to service the liability of this loan. Tranche 1 of the loan is secured by pledge of Jarir Book Store Building, Al Mutlaq Building, Anwar Mall, Narjes Mall, Rama Mall. Tranche 2 of the loan is secured by pledge of Al Faris International School Building.

Tranche 1 was successfully rolled over at its maturity on 20 December 2020 for further period of 5 years at a fixed rate having maturity date of 20 December 2025 for the bullet principal repayment.

On 23 March 2021, the Fund, had availed a SR 145.4 million Shariah-compliant facility from Al Rajhi Bank, at the term of the facility is 5 years. During the tenure of the loan, profit will be paid on a semi-annual basis with a bullet principal repayment at the end of the facility term. This facility is used to refinance the existing loan tranche that was maturing on 23 March 2021. Fund's income-generating properties are already pledged for the existing tranche, in addition to a promissory note as a guarantee. The facility has a variable profit rate of 6 months SIBOR + margin.

The finance cost is being paid over five years on a semi-annual basis on both of the above tranches.

On 30 October 2018, the Fund has obtained a Shariah facility of SR 57,007,000 from Al Rajhi Bank, an affiliate of the Fund Manager. The facility has a variable profit rate of 3M SAIBOR+ margin, the term of the facility was 7 years. The facility was closed and merged with another facility on 9 February 2020.

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10 RELATED PARTY TRANSACTIONS AND BALANCE (continued)

On 19 August 2019, the Fund has obtained a Shariah facility of SR 57,551,000 from Al Rajhi Bank. The facility has a variable profit rate of 6 months SAIBOR + margin, the term of the facility is 7 years.

On 18 December 2019, the Fund has obtained a Shariah facility of SR 92,302,508 from Al Rajhi Bank, an affiliate of the Fund Manager. The facility has a variable profit rate of 6M SAIBOR+ margin, the term of the facility is 7 years.

On 22 December 2019, the Fund has obtained a Shariah facility of SR 65,884,999 from Al Rajhi Bank, an affiliate of the Fund Manager. The facility has a variable profit rate of 6M SAIBOR+ margin %, the term of the facility is 7 years.

On 4 February 2020, the previous facility of SR 100,000,000 and SR 18,602,000 were obtained and then substantially on 9 February 2020, the facility of SR 18,602,000 was merged with existing facility of SR 57,007,000 making the total new facility of SR 75,609,000. The facilities have a variable profit rate of 6 months SIBOR + margin %, the term of the facility was 7 years. The above drawdowns are secured by pledged of Luluah warehouse, LULU logistics warehouse, Panda Madain, Al Andalus Jeddah, Panda Khamis Mushait.

On 7 February 2022, the Fund has obtained a Shariah facility of SR 105,145,000 from Al Rajhi Bank, which was used to acquire Oasis Mall and to pay the related transaction cost. The facility has a variable profit rate of 6 months SIBOR + margin, the term of the facility is 7 years.

11 FAIR VALUE MEASUREMENT

Financial assets consist of rental income receivables and other assets. Financial liabilities consist of deferred rental income and management fee payable. The fair values of financial assets and financial liabilities are not materially different from their carrying values.

The following table shows the fair value of financial instruments and investment properties as at period/year end:

	<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>
30 June 2025				
Investment held at FVTPL (Note 6)	-	80,026,385	-	80,026,385
Investment properties (Note 9.1)	-	-	3,247,634,500	3,247,634,500
Total	-	80,026,385	3,247,634,500	3,327,660,885
31 December 2024				
Investment held at FVTPL (Note 6)	-	130,106,379	-	130,106,379
Investment properties (Note 9.1)	-	-	3,141,136,500	3,141,136,500
Total	-	130,106,379	3,141,136,500	3,271,242,879

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Changes in assumptions about these inputs 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.

The fair value of derivative instruments at fair value through income statement is based on significant observable inputs and therefore classified within level 2 of the fair value hierarchy as at 30 June 2025.

There were no transfers between various levels of fair value hierarchy during the current period or prior year.

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12 SEGMENT REPORTING

The Fund has invested in twenty real estate investment properties within the Kingdom of Saudi Arabia.

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker, the Fund board, which in turn considers.

The Fund Manager is responsible for the Fund's entire portfolio and considers the business to have a single operating segment. Asset allocation decisions are based on a single, integrated investment strategy, and the Fund's performance is evaluated on an overall basis.

13 DISTRIBUTIONS

On 31 January 2024, the Fund's Board of Directors approved the distribution of cash dividends the period 1 October 2023 to 31 December 2023, amounting to SAR 0.14 per unit totalling SAR 38,585,049.72, to the unit holders, the amount of 2,263,263 from the total distribution was settled against rent receivables due from related party.

On 1 May 2024, the Fund's Board of Directors approved the distribution of cash dividends for the three-month period 1 January 2024 to 31 March 2024, amounting to SAR 0.135 per unit totalling SAR37,207,012.23, to the unit holders.

On 29 January 2025, the Fund's Board of Directors approved the distribution of cash dividends for the three-month period from 1 October 2024 to 31 December 2024 amounting to SAR 0.14 per unit totalling SAR 38,585,049.72, to its unitholders.

On 29 April 2025, the Fund's Board of Directors approved the distribution of cash dividends for the period 1 January 2025 to 31 March 2025, amounting to SAR 0.13 per unit totalling SAR 35,828,974.74, to the unit holders, the amount of SAR 2,101,602 from the total distribution was settled against rent receivables due from related party (Note 10).

14 LAST VALUATION DAY

The last valuation day of the period was 30 June 2025.

15 EVENTS AFTER THE REPORTING DATE

On 17 July 2025, the Fund's Board of Directors approved the distribution of cash dividends for the three-month period from 1 April 2025 to 30 June 2025 amounting to SAR 0.12 per unit totaling SAR 33,072,899.76 to its unitholders.

16 APPROVAL OF FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the fund's board on 12 Safar 1447H (Corresponding to 6 August 2025).