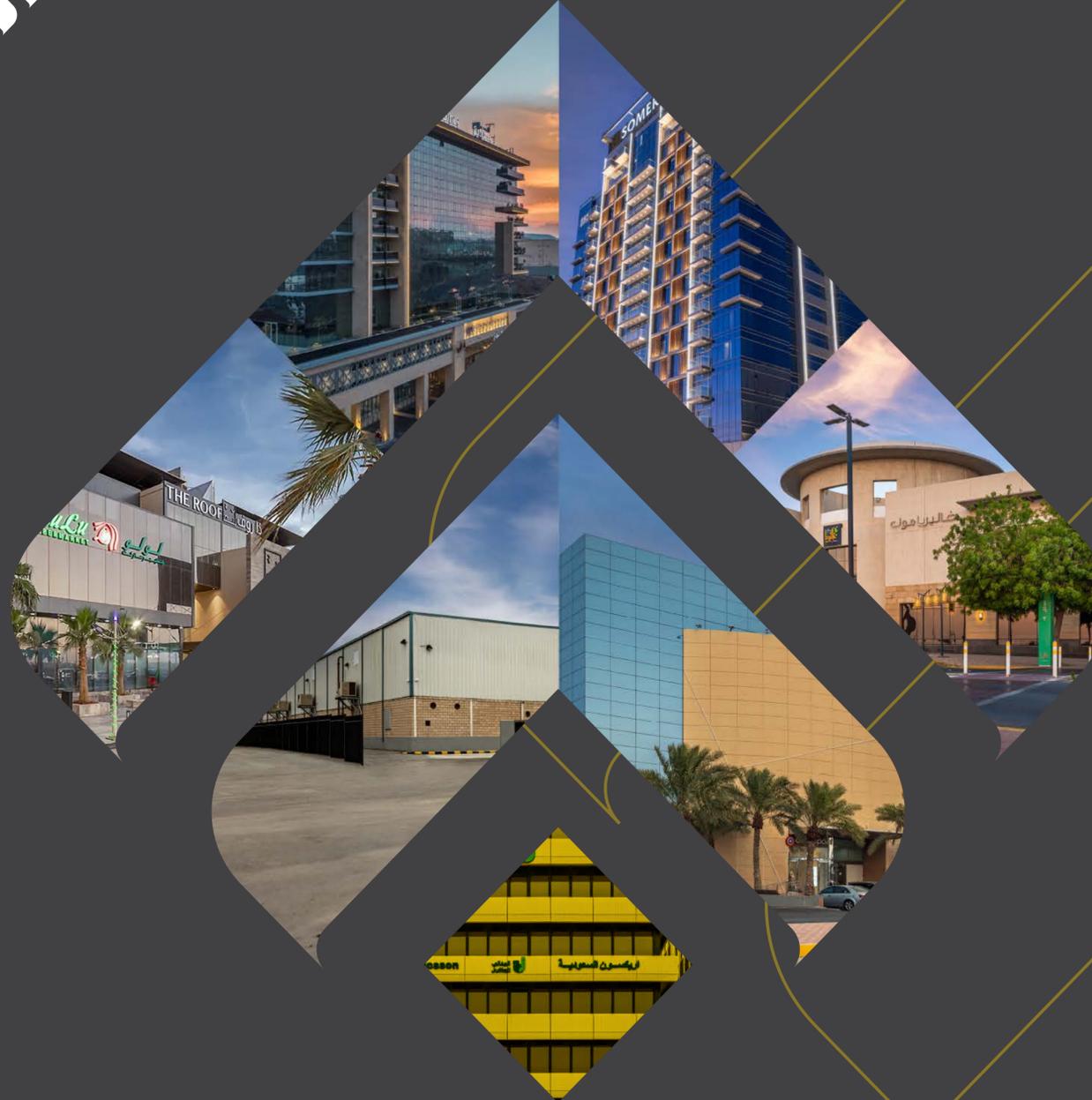


صندوق الاستثمار اريك ريت المتنوع
Alistithmar AREIC Diversified REIT Fund



الاستثمار كابيتال
Alistithmar Capital



Annual Report 2025

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صندوق الاستثمار اريك ريت المتنوع
Alistithmar AREIC Diversified REIT Fund





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Fund Overview

Fund Overview

Alistithmar AREIC Diversified REIT Fund is a Sharia-compliant closed-ended real estate investment-traded fund. The fund operates in accordance with the Real Estate Investment Funds Regulations issued by the Capital Market Authority. The fund was listed on Tadawul (Saudi Stock Exchange) in 04 September 2024G. And its units are traded in accordance with the rules and regulations of "Tadawul". The term of the fund is (99) years from the date of listing and the size of its assets is (1,210,000,000) one billion, two hundred ten million Saudi Riyals.

For more information on the investment risks involved in the fund, please read the Fund Terms & Conditions.

Fund Manager



Alistithmar for Financial Securities and Brokerage Company
(Alistithmar Capital)
Kingdom of Saudi Arabia, Riyadh, King Fahd Road
PO.B: 6888 Postal Code: 11452
Tel: 0112547666
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Custodian



Alinma Capital
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Website: alinmacapital.com



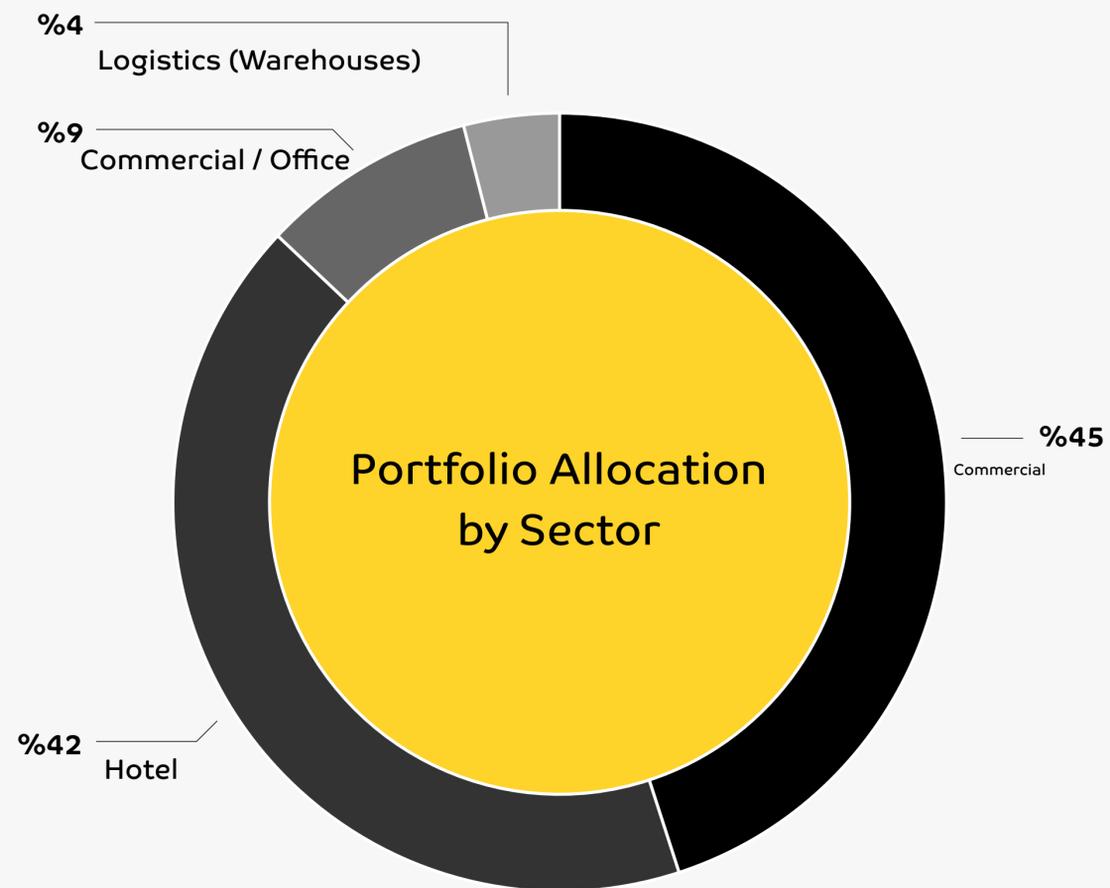
Fund Assets

#	Assets Name	Property	Ownership Type	Type	City	The Total Acquisition Cost (SAR)*	Property Occupancy
1	Galleria Mall	Commercial	Usufruct contract	Developed	Jubail	269,676,847	95%
2	Citadines Hotel	Hotel	Freehold	Developed	Abha	247,827,882	66%
3	Somerset Hotel	Hotel	Freehold	Developed	Khobar	236,451,187	67%
4	The Roof	Commercial	Freehold	Developed	Riyadh	226,338,570	100%
5	Corniche Plaza	Commercial/ Office	Freehold	Developed	Dammam	110,115,402	97%
6	Al-Masha'el Warehouses	Logistics (Warehouses)	Freehold	Developed	Riyadh	34,119,505	100%
7	Saudi Ericsson Building	Office	Freehold	Developed	Riyadh	16,175,957	100%
Total						1,140,705,350	

* The total acquisition cost includes real estate transaction tax, transaction fees and debt arrangement fees.

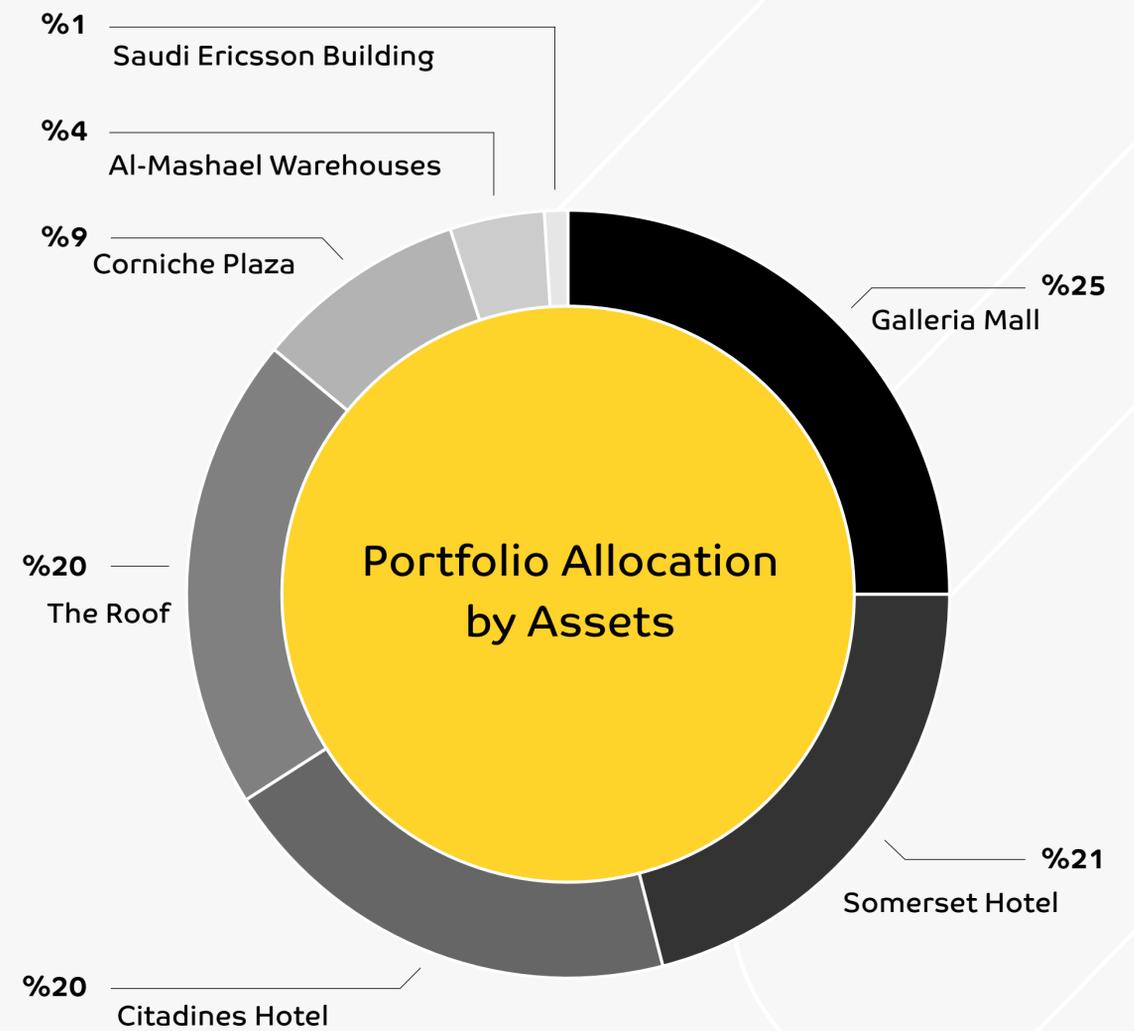
Portfolio Allocation by Sector

Based on the Average market value as of 31 December 2025G



Portfolio Allocation by Assets

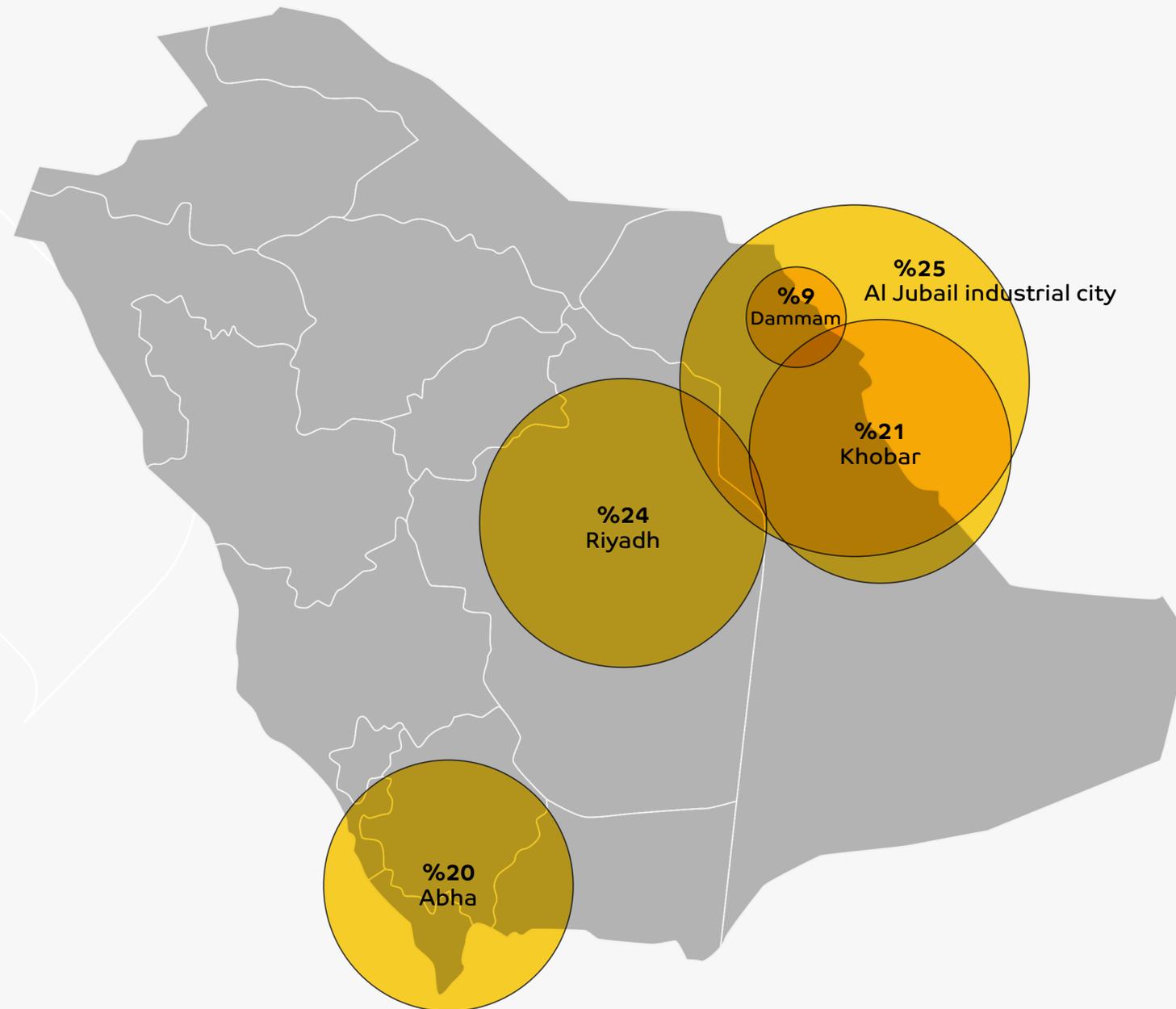
Based on the Average market value as of 31 December 2025G





Portfolio Allocation by Location

Based on the market value as of December 2025G







Fund Assets

Fund Strategy

The fund aims to invest in real estate assets (constructively developed) at a rate of at least (75%) of the total value of the fund's assets, which aims to achieve periodic rental income within the Kingdom of Saudi Arabia and in accordance with the Fund's investment strategy contained in Article "5" of The Terms and Conditions and to distribute at least 90% of the Fund's net profits annually (for more details on the dividend distribution policy, please refer to Article "9" of The Terms and Conditions), excluding capital gains (if any) resulting from either the sale of real estate assets or the expropriation of its ownership, from which the resulting cash flow will be reinvested in other real estate assets, according to the discretion of the Fund's Board of Directors and in accordance with the Fund's investment objectives and in a way that serves the interests of the unitholders. The Fund may also invest secondary in real estate development projects or other

investments if the Fund Manager deems it suitable and appropriate in accordance with the restrictions specified in the Fund's strategy contained in Article "5" of The Terms and Conditions. In order to achieve the aforementioned investment objectives mentioned in the other articles of these Terms and Conditions, the Fund Manager shall study and analyze investment opportunities effectively and in line with the Fund's investment objectives. For the purpose of determining the feasibility of the investment opportunity, the Fund Manager shall study investment opportunities taking into account several factors, including the location of the real estate asset, the age of the real estate asset, occupancy rates as well as other factors that the Fund Manager deems appropriate in order to reach a decision on investing in the investment opportunity.

Other Details

Particulars	Value (%)
The percentage of uncollected revenues from total revenues	17.41%
The ratio of non-cash expenditures from the fund's net profits	185.43%
The percentage of the value of the leased real estates to the total value of the owned real estate's*	97%
The percentage of unleased real estates to the total value of the owned real estate's*	3%

* The occupancy rate expresses the average occupancy of non-hotel properties.

Percentage of rent for each asset from total rental income

Property	Rental Income 2025G	% of Total Rent
Galleria Mall	32,798,002	28.94%
Citadines Hotel	36,176,065	31.92%
Somerset Hotel	17,538,755	15.47%
The Roof	14,392,095	12.70%
Corniche Plaza	7,937,468	7.00%
Al-Mashaal Warehouses	3,177,500	2.80%
Saudi Ericsson Building	1,321,726	1.17%
Total	113,341,611	100%



Fund Performance

Performance of the fund since inception

Year	2024G	2025G
Fund net assets value	582,990,835	517,637,739
Fund net assets value per unit	9.64	8.56
Fund net assets value per unit (at fair value)	11.79	11.22
Highest net asset value of the fund per unit	10.00	9.29
Lowest net asset value of the fund per unit	9.64	8.56
Number of units issued	60,500,000	60,500,000
Income distribution per unit	-	0.75
Percentage of the fund's costs to the fund's total assets value *	4.37%	8.40%
Percentage of borrowed assets in the total asset value**	44.12%	45.30%
Borrowed Assets Exposure period and maturity Dates	7 years / Juley 2030G	7 years / Juley 2030G
Results of comparing the fund's benchmark to the fund's performance	Not Applicable	Not Applicable
Description of the fund's benchmark and the service provider's website	Not Applicable.	Not Applicable.

As per the book value as of 31 December 2025G

* Excluding non-cash expenditures

** Based on fair value



Details of Borrowed Assets

On 30 May 2024G, the Fund obtained Islamic Sharia-compliant bank financing in the amount of 605,000,000 SAR from local bank, the outstanding loan represents 45.30% of the total value of the Fund's assets (on fair value) as of December 31, 2025. The loan period is 7 years and the duration is the estimated exposure is 7 years, as the loan principal is due in July 2030.

Performance Record

Period	One Year	Three Years	Five Years	Since Inception
Net asset value per unit (book value)	-3.42%	N/A	N/A	-6.90%
Net asset value per unit (fair value)	1.53%	N/A	N/A	19.70%

a) The total revenue for (1), (3) and (5) years (or since establishment)

Period	One Year	Three Years	Five Years	Since Inception
Revenue	115,767,113	N/A	N/A	168,138,991

b) The total annual revenue since the date of listing

Years	2025G	2024G
Total Revenue	115,767,113	52,371,878

c) Main fees, services and expenses incurred by the fund to third parties

Fees	Amount in SAR
Finance cost	42,978,967
Management fees	6,768,000
Independent Board of Directors fees	40,000
Custodian fees	150,000
Property management fees	2,600,000
Other expenses	46,163,229

The circumstances in which the fund manager decided to waive or reduce any fees

Not Applicable

Events / disclosures during the year including both fundamental and non-fundamental changes

- The fund manager Alistithmar AREIC Diversified REIT Fund (“**Fund**”) announced on 14 January 2025G the quarterly statement of the Fund for the period ending on 31/12/2024G,
- The fund manager Alistithmar AREIC Diversified REIT Fund announced on 24 March 2025G the semiannual evaluation reports of the assets of the Fund for the period ending on 31 Dec 2024G,
- The fund manager Alistithmar AREIC Diversified REIT Fund announced on 27 March 2025G the annual reports, including the annual audited financial statements, for the period ended on 31 Dec 2024G
- The fund manager Alistithmar AREIC Diversified REIT Fund announced on 17 April 2025G the quarterly statement of the Fund for the period ending on 31 March 2025G
- The fund manager Alistithmar AREIC Diversified REIT Fund announced on 17 April 2025G the distribution of cash dividends to the Unitholders of the Fund,
- The fund manager Alistithmar AREIC Diversified REIT Fund announced on 27 April 2025G the Addendum Announcement regarding the distributions of Fund’s dividends to the Unitholders of the fund,
- The fund manager Alistithmar AREIC Diversified REIT Fund announced on 3 July 2025G a change in the membership of the Board of Directors of Alistithmar AREIC Diversified REIT Fund due to resignation of board member Mr . Abdullah bin Abdul Karim Al-Mazrou (Non-Independent Member),
- The fund manager Alistithmar AREIC Diversified REIT Fund announced on 14 July 2025G the quarterly statement of Alistithmar AREIC Diversified REIT Fund for the period ending on 30 June 2025G.
- The fund manager Alistithmar AREIC Diversified REIT Fund announced on 11 August 2025G the semiannual evaluation reports of the assets of Alistithmar AREIC Diversified REIT Fund for the period ending on 30 June 2025G,
- The fund manager Alistithmar AREIC Diversified REIT Fund announced on 30 September 2025G the a change in the membership of the board of Alistithmar AREIC Diversified REIT Fund, due to Appointing of board member (Fahad Adnan Almansour) (Non-Independent Member)
- The fund manager Alistithmar AREIC Diversified REIT Fund announced on 14 October 2025G the quarterly statement of the Fund for the period ending on 30/09/2025G,
- The fund manager Alistithmar AREIC Diversified REIT Fund announced on 29 October 2025G the distribution of cash dividends to the Unitholders of Alistithmar AREIC Diversified REIT Fund.



Fund's Board of Directors

Fund's Board of Directors

The Fund's Board of Directors consists of six (6) members, two (2) of whom are independent. The Fund Manager shall notify unitholders of any change in the Fund's Board of Directors. The composition of the Fund's Board of Directors shall be as follows:

Khaled Abdulaziz Alrayes (Chairman of the Fund's Board of Directors - Non-Independent Member)

Mr. Khaled Alrayes is the CEO of Alistithmar Capital. He joined Alistithmar Capital in April 2018G and Has nearly 20years of career experience, including Investment Management, Investment Banking, Direct Investments and Private Equity. Prior to joining Alistithmar Capital, he was the Chief Investment Officer of Aseer Company, a multi-investment publicly traded company, managing a diversified Portfolio of investments including: Direct Investments, Private Equity, Public Equity, and Real Estate. Mr. Khaled holds an MBA and MS in Finance from the University of Denver, Colorado, and he is a CFA Charter-holder.

Mohammed Maatouq Al-Jamed (Non-Independent Member)

Mr. Mohammad Al-Jamed has been the Head of Real Estate Investment Operations at Alistithmar for Financial Securities and Brokerage Company (Alistithmar Capital) since January 2019G. Before that, he held the duties of Director of Investment Operations in several investment companies operating in the Kingdom of Saudi Arabia and licensed by the Capital Market Authority. During his period of work exceeding twenty (20) years, Mr. Muhammad worked in the field of operations and support related to many investment products in the Kingdom of Saudi Arabia and the Middle East, most notably stock and bond brokerage, initial offerings, priority rights, private portfolio management, listed equity funds, private equity funds, and real estate investment funds of all types, real estate investment traded funds, in addition to alternative investment products. Mr. Muhammad holds a diploma in banking operations from the Institute of Public Administration in Riyadh, Kingdom of Saudi Arabia, in addition to attending many training courses and workshops related to accounting, financial sciences and real estate investments.



Fahad Adnan Almansour (Non-Independent Member)

Mr. Fahad Al Mansour is a Board Member and the Managing Director of Almutlaq Real Estate Investment Company (AREIC) since May 2025G. Before joining AREIC he was appointed as the Chief Executive Officer of Zajil Holding Company after occupying leading positions in several companies. Furthermore, Mr. AlMansour is Board & Committee Member in other several companies. Mr. AlMansour holds Executive MBA from London Business School, London, UK and Bachelor Degree in Accounting from California State University, San Bernardino, USA.

Saleh Omar Mubarak bin Haidara (Non-Independent Member)

Mr. Saleh bin Haidara is the CFO of Al-Mutlaq Real Estate Investment Company, one-person company. He joined Al-Mutlaq Real Estate Investment Company, one-person company, in April 2023G. He has a career spanning more than fifteen (15) years in management in the real estate sector. Prior to joining Al-Mutlaq Real Estate Investment Company, one-person company, he worked at Al-Andalus Real Estate Company as a financial manager. Mr. Saleh holds a master's degree in accounting from the Amman Arab University in Jordan, in addition to obtaining many professional courses and certificates in accounting and financial management.

Abdullah AbdulRahman Al-Mazrou (Independent Member)

Mr. Abdullah Al Mazrou is the CRO at Saudi Digital Bank. He joined Saudi Digital Bank in December 2021G. He has a career spanning more than seventeen (17) years in risk management and corporate banking management in the banking sector. Prior to joining Saudi Digital Bank, he worked at Saudi British Bank. He also worked at Alawwal Bank formerly known as Saudi Hollandi Bank. Mr. Abdullah holds a bachelor's degree in Computer Engineering from King Saud University, in addition to obtaining many professional courses and certificates in the banking sector.

Waheeb Mohammed Bajhumum (Independent Member)

Mr. Waheeb Bajhumum is the Head of Investments for Naif Al Rajhi Investment Company. He joined Naif Al Rajhi Investment Company in August 2014. He has a career spanning more than fourteen (14) years in investment management. Prior to joining Nayef Al Rajhi Investment Company, he worked in Al Arabi Investment Company. Mr. Waheeb holds a bachelor's degree in financial management from Prince Sultan University, in addition to obtaining many courses and certificates related to investment and financial analysis.

Board of directors meeting:

The board of directors of the Fund held two meeting in 2025G year the following are topics were discussed:

- Latest updates of the fund,
- Periodic reports and regulatory requirements, including the Compliance Report,
- Cash distributions,

The fund board has approved / ratified the following resolution during 2025G:

- Approval of the Fund's audited financial statements for the period ended on 31 December 2024G,
- Approval of cash distributions to the Unitholders for period from 04/09/2024G to 31/12/2024G,
- Approval of the appointment of Ibrahim Ahmed Al-Bassam & Partners ("PKF Al Bassam Chartered Accountants"), As the Fund's auditor for the year 2025G,
- Approval of the Fund's Interim Condensed Financial Statements (Unaudited) as of June 30, 2025G
- Approval of cash distributions to the Unitholders for period from 01/01/2025G to 30/06/2025G.

Statement about any special commission received by the fund manager during the period

The Fund Manager did not receive any special commissions during 2025G.

Risk assessments report

Name of the Fund	Alistithmar AREIC Diversified REIT Fund
Fund Overview	<p>Alistithmar AREIC Diversified REIT Fund is a Sharia-compliant closed-ended real estate investment-traded fund. The fund operates in accordance with the Real Estate Investment Funds Regulations issued by the Capital Market Authority. The fund was listed on Tadawul (Saudi Stock Exchange) in 04 September 2024G. And its units are traded in accordance with the rules and regulations of “Tadawul”.</p> <p>The term of the fund is (99) years from the date of listing and the size of its assets is (1,210,000,000) one billion, two hundred ten million Saudi Riyals.</p>
Date of Review	March 2026G
Fund Manager	Alistithmar for Financial Securities and Brokerage Company (Alistithmar Capital)
Listing market	Tadawul
Tadawul Code	4350
Listing date	04 September 2024G
Type	Sharia-Compliant Closed-Ended Real Estate Investment Fund
Fund size	1,210,000,000 SAR
Number of real estate assets	7
Tenure	99 years
Risk Level	High

Risks Report

Type of risk	Description of risks	Mitigating risks
Market Risks	Given that the fund's investments are concentrated in real estate sector, its projections may be affected by fluctuations in economic conditions for example imbalances in supply and demand as well as liquidity constraints, etc. that could negatively impact property value	The fund manager consciously monitors the real estate sector and tracks key macroeconomic changes and regulatory trends to mitigate market risks and the fund regular property valuation is conducted on a semi-annual basis to assess and manage potential impacts on assets values.
Exit Risks	Real estate is considered a relatively illiquid asset class. Its degree of liquidity fluctuates according to Demand, general economic conditions and the desire for this type of investment. If the Fund needs to liquidate its real estate investments at an inappropriate time, the Fund's returns may be Less than the book and/or market value of the relevant asset. Therefore, any delay or difficulty that the Fund may have in disposing of its assets may adversely and significantly affect the final return (if any) received by unitholders	<p>The fund manager invests in relatively diversified portfolio assets in geographic locations focusing in geographic locations with high demand to enhance stability and reduce market risk exposure.</p> <p>The fund has tenure to maturity of 99 years, and its units are public units tradable on the exchange giving the unitholders the ability to exit.</p>
Legal, regulatory and tax Risks	Legal, regulatory and tax related risks involve the failure to adhere to regulations and requirements set by various regulatory authorities and/or Sharia standards determined by Sharia Supervision applicable to the fund like noncompliance could have a negative impact on the fund or unit holders. However, There are currently no taxes levied on investment funds within the Kingdom of Saudi Arabia. However, there is no guarantee that the Current tax regime in Saudi Arabia will not change.	The fund follows a strict and effective approach to monitoring, ensure compliance with the provisions of Islamic Sharia and tracking regulatory requirements and potential amendments regular reports are submitted to fund's board of directors to ensure compliance and proactive risk management. Also the Sharia committee conducts an annual review of the fund.

Type of risk	Description of risks	Mitigating risks
Risks of Real Estate Tax	The real estate tax came into force on 17/02/1442H (corresponding to 04/10/2020G), according to what was announced by the Zakat, Tax and Customs Authority. It is imposed on all real estate disposition according to the percentage specified in accordance with the Executive Regulations for Real Estate Disposition Tax Law and any amendments thereto. It is paid Obligatorily before or during emptying by the seller or what is agreed upon. In the event of a change in the rate of the real estate disposition tax, it may affect the fund's profit margins, its operational results, and the sustainability of cash distributions	Analyse fiscal environment such as taxation on periodic basis.
Risks of not participating in management	Unitholders will not have the right or authority to participate in the management of the Fund or influence any of the Fund's investment decisions. The right to make these decisions rests with the Fund Manager alone, which in turn may have a negative impact on unitholders due to their inability to influence the investment direction of the fund in line with their investment aspirations.	The fund manager and the Fund Board relies on the expertise and high proficiency of its team members to act in the best interest of unit holders.
Valuation Risks	The fund is exposed to risks associated with a significant decline in market value of its assets compared to their expected sale value the final market value of assets is ultimately determined through negotiations between the buyer and seller which can be influenced by economic conditions and other external factors beyond the control of the fund and the fund manager, If the fund decides to liquidate one of its assets for any reason the realized value may be lower than the estimated valuations which could negatively impact the final returns for unit holders.	The fund manager obtains valuations from two independent accredited evaluators to obtain an evaluation of the fund's real estate assets twice a year, and real estate evaluation reports are published on the fund manager's website and the Tadawul website.

Type of risk	Description of risks	Mitigating risks
Risks of lack of operational history of the Fund	<p>The fund is newly established without an operational history that enables potential investors to Predict the future performance of the fund. The past results of similar funds or the past performance of initial real estate assets (or any assets that the Fund will acquire in the future) are not necessarily indicative of the Fund’s future performance, as unitholders will rely heavily on the decisions and efforts of the Fund Manager in managing the Fund’s strategy and affairs and increasing the volume of returns on invested capital. Thus, the newness of the establishment of the Fund may adversely affect the expectations of the Fund Manager and thus the returns or value of the units</p>	<p>The Fund is publicly traded and publishes quarterly reports regularly along with disclosures in case of any material information. In addition, the fund manager has an extensive experience in managing and operating income-generating real estate funds, and the fund conducted due diligence before acquiring income-generating properties that provide regular income.</p>
Decrease in occupancy rates	<p>The risks related with a decrease in or failure to achieve the expected occupancy rates for any reason, as the Fund may suffer from decreased returns and thus a decrease in cash distributions to unitholders.</p> <p>Consequently, the cash distribution yields available to unit holders may decrease which could negatively impact overall returns of the fund.</p>	<p>The fund adopts a strategy of diversifying targeted tenant sectors to ensure risk distribution and avoid reliance on single sector.</p>
Financing Risks	<p>Related to potential for random fluctuations in the net asset value of the fund or the possibility that unit holders may incur losses exceeding their initial investment.</p> <p>This risk arises from the fund’s use of credit facilities entity if mortgaging of its assets to the financing and the mortgaging of its assets to the financing entity if the fund fails to meet its financing obligations the lender has the right to enforce its claim on mortgaged assets which could negatively impact the fund’s operations.</p>	<p>The fund manager continuously monitors liquidity requirement by ensuring the availability of sufficient cash flow to meet financing obligations.</p>

Type of risk	Description of risks	Mitigating risks
Concentration Risks	The risks that arise when investing all real estate assets in one sector and/or geographical area.	<p>The fund manager has diversified the fund’s real estate portfolio by investing in various sectors including:</p> <ul style="list-style-type: none"> • Commercial sector; • Hotel sector; • Commercial sector – office; • Logistics sector; (warehouses) • Office sector; <p>With allocation also diversified across different cities in Saudi Arabia Additionally the fund manager cautiously seeks new real estate assets across different sectors and cities.</p>
Lease renewal Risks	These are the risks related to the possibility of not renewing lease contracts immediately or renewing lease contracts if the rental value upon renewal or re-lease is much less than expected and targeted by the fund manager, which may affect the cash flows of the fund.	The fund relies on diversified tenants across various sectors which helps mitigate these risks additionally tenants are required to provide advance notice if they do not wish to renew their lease agreements.
Hospitality sector Risks	These are the risks related to relatively, the nature of the visitors and tenants of hotel rooms may have a negative impact on the cash flows of the Fund, which will be subject to unpredictable fluctuations. The foregoing may have a material and negative impact on the Fund, operating results, cash flows and the general situation of the Fund.	The fund has signed operation contract with a global operator Ascott International Management (Dubai) Pte Ltd (Dubai Branch) to manage Citadines Hotel and Somerset Hotel to employ expertise in hotel operations. Further, the fund’s portfolio is diversified into other sectors, which represents about 58% of the fund’s assets.

Type of risk	Description of risks	Mitigating risks
Credit Risks	These are the risks related to the possibility of failure by the contracted entity or entities to fulfil their contractual obligations.	The fund conducts due diligence before making investment decisions to ensure that the contracting party can fulfil its contractual obligations, Further the fund mitigates this risk by securing long-term leases and the property manager collaboration with fund manager to ensure optimal tenant selection.
Risks of the other party's failure to comply financially or contractually	Contractual risks that may arise from the Fund's contracting with related parties and/or other parties to conduct their business for the Fund, which include, but are not limited to, the risk of default or commitment to contracts, Failure by any contracted third party to meet obligations or pay any contractual dues to the Fund may result in a decrease in the income of the Fund and thus negatively affect the sustainability or realization of cash distributions to unitholders due to provisioning and bad debt write-offs.	The fund manager has appointed a legal advisor to review the contracts executed by the fund. In the event of any legal disputes or cases involving the fund it will seek to resolve them amicably whenever possible to minimize negative impacts if any lawsuits or legal claims arise against the fund a qualified legal advisory will be appointed to handle the case.
Risks of the Fund's dependence on operational support from the Property Manager	Risks related to failure of the property manager (Al Mutlaq Real Estate Investment company) to meet its contractual obligations and/or the property manager may terminate the agreement if the fund fails to meet the obligations stated in the property management agreement may have a material adverse effect on the Fund's business and operating results and the sustainability or achievement of cash distributions to unitholders.	The fund manager continuously monitors the performance of real estate assets in coordination with the property manager and operator by holding regular meetings to mitigate these risks additionally the quality and performance of services provided by the property manager are assessed, and an annual periodic report is presented to fund's board of directors. Further, the service provider can only terminate the agreement after serving 3.5 months of notice, which gives enough time to the fund manager to appoint a replacement.

Type of risk	Description of risks	Mitigating risks
Risks of real estate development	Risks related to the possibility of projects being exposed to financial losses or delays as a result of factors such as market changes, financing, laws and legislation, or project execution problems.	The manager adheres to the investment restrictions outlined in the terms and conditions before investing in the renovation or development of properties the fund manager conducts a thorough study of all necessary financial and legal aspects to mitigate these risks. Currently, the fund has no active investments in real estate development and there are no plans to engage in development opportunities.
Risks of the main tenant	Risks related to the failure of the main tenants in the Fund's real estate assets to fulfil their contractual obligations, which may consequentially affect the cash available and its volume for distribution to unitholders	The fund manager monitors the financial performance of current tenants to ensure the continuity of cash flow.
Risks of future investments	Risks related to if the Fund Manager identifies specific future investments to make, In the event that the Fund Manager does so, the unitholders will not have any opportunity to assess the economic, financial and other relevant information related to the investments that the Fund Manager may make for the benefit of the Fund, In addition, no guarantee can be given that the Fund Manager will be able to find future investments in line with the Fund's objectives because Identifying and capturing investment opportunities is competitive and unsecured.	The fund manager involves the fund board of directors in making various decisions regarding new investments to select the best opportunities.



Type of risk	Description of risks	Mitigating risks
Risks of trading below the market value	Risks associated with units being exposed to sharp fluctuations in their price including factors that may adversely affect local and global capital markets, prevailing and expected economic conditions, interest rates, investor trends, general economic conditions, large unit sales, and the availability of alternative investment opportunities, which may lead to it being difficult or impossible for the investor to exit the Fund or exit at a value lower than the market value of the Fund's assets.	The fund manager recommends that investors consult a licensed financial advisory before investing in fund units.
Risks of trading below the offering price	Risks associated with units are traded below the value of the offering or below its fair value for several reasons, including unfavourable market conditions, weak investor expectations about the feasibility of the Fund's investment strategy and policy, and increased supply volumes of units (for any reason), which in turn may materially and negatively affect the unit price and may result in the inability to recover part or all of the investment value.	The fund manager recommends that investors consult a licensed financial advisory before investing in fund units.
Political and Sovereign Risks	Risks related to The value of the fund's assets and investments may be adversely affected by political and diplomatic developments, the absence of stability or destabilization at the Kingdom of Saudi Arabia periphery or at the global level, changes in government policies and other political developments, which in turn may have a material and negative impact on the Fund's business, financial condition, operating results and the sustainability or achievement of cash distributions to unitholders.	In the event of negative impact resulting from unexpected political or sovereign events that may affect the fund the fund manager in collaboration with fund's board of directors will analyse the impact on the fund to mitigate potential damage.
Risk of fluctuating cash distributions	The decline in distributions is due to unforeseen events that lead to an increase in costs or a decrease in revenues.	The Fund Manager meets regularly with the property agents and operators to closely monitor the performance of the assets and take prompt actions to ensure the Fund meets its performance targets.

Type of risk	Description of risks	Mitigating risks
Risks of units being delisted or suspended from trading	<p>There is a risk that the Capital Market Authority may delist the units or suspend their trading at any time if the Authority deems this necessary to protect investors or maintain market regulation or if it considers that the Custodian or market maker (as the case may be) has materially failed to perform its responsibilities. The Authority may also cancel or suspend the listing if the Fund fails to meet the liquidity standards as stipulated in the executive regulations issued by the Capital Market Authority and Tadawul, which in turn may have a material and negative impact on unitholders due to a significant decrease in liquidity and the Fund's reputation being negatively affected.</p>	<p>The fund ensures strict compliance with regulatory requirements conducts regular audits and implements robust operational control to minimize the likelihood of such failures.</p>
Risks of conflict of interest	<p>The Fund Manager engages in a range of activities that include investment management and advisory Services. These services may result in situations in which the Fund Manager's interests conflict With the Fund's interests. Any conflict of interest may limit the Fund Manager's ability to objectively perform its duties in relation to the fund, which may negatively affect the fund, its returns, and its cash Distributions to unitholders.</p>	<p>The fund manager seeks to avoid any conflict of interest between the fund manager and related parties, and in the event that it occurs, the fund manager will present it to the fund board for approval or rejection to ensure the interest of the fund unit holders.</p>
Risk of natural disasters	<p>Risks related to physical or moral (reputational) damage caused by fires, storms, earthquakes or other natural disasters, or for other reasons such as political unrest and the like or whatsoever resulting therefrom.</p> <p>In the event of any of these events, this may have a material and negative impact on the Fund's business, financial condition, cash flows and operating results, affecting the sustainability or achievement of cash distributions to the unitholders</p>	<p>The fund insures proper insurance coverage, diversifies its assets locations, and conducts thorough risk assessments to enhance resilience against environmental factors.</p>



Financial Statements

الاستثمار كابيتال
Alistithmar Capital



Alistithmar for Financial Securities and Brokerage Company (Alistithmar Capital)

Kingdom of Saudi Arabia, Riyadh, King Fahd Road, PO.B: 6888 Postal Code: 11452

Tel: 0112547666, Fax: 0114896253, Website: www.icap.com.sa

Alistithmar AREIC Diversified REIT Fund
Real Estate Investment Traded Fund
(Managed by Alistithmar for Financial Securities and Brokerage Company)

FINANCIAL STATEMENTS
For the year ended 31 December 2025
together with the
Independent Auditor's Report to the Unitholders

INDEPENDENT AUDITOR'S REPORT

TO THE UNITEHOLDERS OF ALISTITHMAR AREIC DIVERSIFIED REIT FUND (1 /5)
A REAL ESTATE INVESTMENT TRADED FUND
(MANAGED BY ALISTITHMAR FOR FINANCIAL SECURITIES AND BROKERAGE COMPANY)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Alistithmar AREIC Diversified REIT Fund (the "Fund"), managed by Alistithmar for Financial Securities and Brokerage Company (the "Fund Manager") as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

We have audited the financial statements of the Fund, which comprise the following:

- The statement of financial position as at 31 December 2025;
- The statement of profit or loss and other comprehensive loss for the year then ended;
- The statement of changes in net assets attributable to the unitholders for the year then ended;
- The statement of cash flows for the year then ended; and
- Notes to financial statements, comprising material accounting policy information and other explanatory information.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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

TO THE UNITEHOLDERS OF ALISTITHMAR AREIC DIVERSIFIED REIT FUND (2/5)
A REAL ESTATE INVESTMENT TRADED FUND
(MANAGED BY ALISTITHMAR FOR FINANCIAL SECURITIES AND BROKERAGE COMPANY)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the key audit matter
Valuation of Investment Properties and Hotels	
<p>Alistithmar AREIC Diversified REIT Fund owns a portfolio of commercial properties classified under Investment Properties and Hotels that are classified under Properties and Equipment (collectively referred as "Investment Properties and Hotels") located in the Kingdom of Saudi Arabia.</p> <p>Investment Properties and Hotels are held for capital appreciation and / or rental yields, and are stated at cost less accumulated depreciation and any accumulated impairment losses.</p> <p>Investment Properties and Hotels are re-measured for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss, if any, is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount.</p> <p>For assessing the impairment of Investment Properties and Hotels, the Fund Manager monitors volatility of fair value of properties by engaging 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 a key audit matter since the assessment of impairment requires significant judgment by the Fund Manager and the potential impact of impairment if any, could be material to the financial statements.</p>	<p>We have carried out the following audit procedures:</p> <ul style="list-style-type: none"> • Obtained an understanding of the process and valuation approach adopted by the Fund Manager in assessing the impairment on Investment Properties and Hotels; • Obtained two valuation reports from independent real estate evaluators certified by Taqueem for each property as at 31 December 2025 and confirmed that the valuation approaches are suitable for use in determining the carrying values as at the reporting date; • Assessed the independence of the external valuers, professional qualifications, competence and experience and ensured that they are certified from Taqueem, and read the terms of engagement with the Fund to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work; • Involved our specialist to assess the key assumptions and estimates, used by the real estate valuation experts in determining the fair values of the Investment Properties; • Implemented procedures to consider the accuracy of information supplied to the external valuers by Fund Manager; • Assessed the recoverable amount, which is higher of fair value or value in use of the

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INDEPENDENT AUDITOR'S REPORT

TO THE UNITEHOLDERS OF ALISTITHMAR AREIC DIVERSIFIED REIT FUND (3 / 5)
A REAL ESTATE INVESTMENT TRADED FUND
(MANAGED BY ALISTITHMAR FOR FINANCIAL SECURITIES AND BROKERAGE COMPANY)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the key audit matter
Valuation of Investment Properties and Hotels	
Refer to the summary of material accounting policies in Note 4 relating to impairment of Investment Properties and Hotels , Note 5 which contains the significant accounting estimates, judgment and assumptions relating to impairment and Note 9 and 10 relating to Investment Properties and Hotels.	<p>related Investment Properties and Hotels as per the above-mentioned valuation reports. We have determined that the recoverable amount to be higher than the carrying amount of the same;</p> <ul style="list-style-type: none"> ▀ Reconciled the average fair value of the Investment Properties and Hotels as per note 20 to the external valuers' reports; and ▀ Assessed the adequacy of the fair valuation disclosure in financial statements.

OTHER INFORMATION

Other information consists of the information included in the Fund's 2025 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual 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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE FUND MANAGER AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable provisions of the Real Estate Investment Funds Regulations issued by Capital Market Authority, the Fund's Terms and Conditions

INDEPENDENT AUDITOR'S REPORT

TO THE UNITEHOLDERS OF ALISTITHMAR AREIC DIVERSIFIED REIT FUND (4/5)
A REAL ESTATE INVESTMENT TRADED FUND
(MANAGED BY ALISTITHMAR FOR FINANCIAL SECURITIES AND BROKERAGE COMPANY)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS (CONTINUED)

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 management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.

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INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF ALISTITHMAR AREIC DIVERSIFIED REIT FUND (5 /5)
A REAL ESTATE INVESTMENT TRADED FUND
(MANAGED BY ALISTITHMAR FOR FINANCIAL SECURITIES AND BROKERAGE COMPANY)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- 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's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

PKF Al-Bassam
Chartered Accountants

Ibrahim Ahmed Al-Bassam
Certified Public Accountant
License No. 337
Riyadh, Kingdom of Saudi Arabia
10 Shawwal 1447H
Corresponding to: 30 March 2026

شركة بي كي اف البسام
محاسبون ومراجعون قانونيون

C. R. 1010385804

PKF Al Bassam
chartered accountants

Alistithmar AREIC Diversified REIT Fund
(Managed by Alistithmar for Financial Securities and Brokerage Company)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2025
(Amounts in Saudi Arabian Riyals)

	Note	31 December 2025	31 December 2024
ASSETS			
Cash and cash equivalents	7	58,388,787	76,160,155
Accounts receivable, net	8	14,985,279	25,595,276
Due from a related party	16	7,923,838	12,949,121
Other assets		129,432	129,432
Investment properties, net	9	614,327,685	627,458,757
Properties and equipment, net	10	454,942,788	473,833,700
Right of use asset, net	11	24,201,181	25,023,884
TOTAL ASSETS		<u>1,174,898,990</u>	<u>1,241,150,325</u>
LIABILITIES			
Management fee payable	15,16	3,370,000	2,230,000
Unearned rental income	12	13,150,747	16,218,529
Accrued expenses and other liabilities	13	9,216,775	8,993,210
Lease liabilities under right of use asset	11	26,413,398	25,595,363
Murabaha facility	14	605,110,331	605,122,388
TOTAL LIABILITIES		<u>657,261,251</u>	<u>658,159,490</u>
Net assets value (Equity) attributable to the Unitholders		<u>517,637,739</u>	<u>582,990,835</u>
Units in issue (numbers)		60,500,000	60,500,000
Net assets value (Equity) attributable to each unit at Book value		8.56	9.64
Net assets value (Equity) attributable to each unit at Fair value	20	11.22	11.79

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

Alistithmar AREIC Diversified REIT Fund
(Managed by Alistithmar for Financial Securities and Brokerage Company)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE LOSS
For the year ended 31 December 2025
(Amounts in Saudi Arabian Riyals)

	Note	For the year ended 31 December 2025	For the period from 04 September 2024 to 31 December 2024
INCOME			
Rental revenue and hotels revenue	17	113,341,611	50,461,733
Special commission income		2,425,502	1,910,145
Total Income		115,767,113	52,371,878
EXPENSES			
Depreciation of investment properties	9	(13,131,072)	(6,897,517)
Depreciation of properties and equipment	10	(19,312,253)	(9,161,126)
Depreciation of right of use asset	11	(822,703)	(479,910)
Finance cost of lease liabilities under right of use asset	11	(1,680,915)	(954,449)
Finance cost	14	(42,978,967)	(26,352,435)
Provision for expected credit losses	8	(2,098,070)	(2,650,934)
Management fees	15,16	(6,768,000)	(2,230,000)
Financing arrangement fees	15,16	-	(3,025,000)
Custody fees		(150,000)	(75,000)
Property management fees	16	(2,600,000)	(1,442,076)
Other expenses	18	(46,203,229)	(21,112,596)
Total expenses		(135,745,209)	(74,381,043)
NET LOSS FOR THE YEAR / PERIOD		(19,978,096)	(22,009,165)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR / PERIOD		(19,978,096)	(22,009,165)

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

Alistithmar AREIC Diversified REIT Fund
(Managed by Alistithmar for Financial Securities and Brokerage Company)
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS
For the year ended 31 December 2025
(Amounts in Saudi Arabian Riyals)

	<u>Note</u>	For the year ended 31 December 2025	For the period from 04 September 2024 to 31 December 2024
Net assets value (Equity) attributable to the Unitholders at the beginning of the year / period		582,990,835	-
Subscription of units issued during the year / period:			
- In kind		-	420,000,000
- In cash		-	185,000,000
Total comprehensive loss for the year / period		(19,978,096)	(22,009,165)
Distribution to the Unitholders	22	(45,375,000)	-
Net assets value (Equity) attributable to the Unitholders at the end of the year / period		517,637,739	582,990,835
UNITS TRANSACTIONS (NUMBERS)			
		<u>For the year ended 31 December 2025</u>	For the period from 04 September 2024 to 31 December 2024
Number of units at the beginning of the year / period		60,500,000	-
Units issued during the year / period:			
- In kind		-	42,000,000
- In cash		-	18,500,000
Number of units at the end of the year / period		60,500,000	60,500,000

The accompanying notes 1 to 25 form an integral part of these financial statements

Alistithmar AREIC Diversified REIT Fund
(Managed by Alistithmar for Financial Securities and Brokerage Company)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2025
(Amounts in Saudi Arabian Riyals)

	Note	For the year ended 31 December 2025	For the period from 04 September 2024 to 31 December 2024
Cash flows from operating activities			
Net loss for the year / period		(19,978,096)	(22,009,165)
<u>Adjustment to reconcile net loss to net cash generated from operating activities:</u>			
Depreciation of investment properties	9	13,131,072	6,897,517
Depreciation of properties and equipment	10	19,312,253	9,161,126
Depreciation of right of use asset	11	822,703	479,910
Finance cost of lease liabilities under right of use asset	11	1,680,915	954,449
Finance cost	14	42,978,967	26,352,435
Provision for expected credit losses	8	2,098,070	2,650,934
		60,045,884	24,487,206
Changes in operating assets & liabilities:			
Accounts receivable		8,511,927	(28,246,210)
Due from a related party		5,025,283	(12,949,121)
Other assets		-	(129,432)
Management fee payable		1,140,000	2,230,000
Unearned rental income		(3,067,782)	16,218,529
Accrued expenses and other liabilities		223,565	8,993,210
Net cash generated from operating activities		71,878,877	10,604,182
Cash flows from investing activities:			
Purchase of investment properties		-	(227,771,274)
Purchase of properties and equipment		(421,341)	(469,579,826)
Net cash used in investing activities		(421,341)	(697,351,100)
Cash flows from financing activities:			
Subscriptions in cash		-	185,000,000
Lease liabilities paid	11	(862,880)	(862,880)
Proceeds from Murabaha facility	14	-	605,000,000
Finance cost paid	14	(42,991,024)	(26,230,047)
Distribution to the Unitholders	22	(45,375,000)	-
Net cash (used in) / generated from financing activities		(89,228,904)	762,907,073
Change in cash and cash equivalents during the year / period			
		(17,771,368)	76,160,155
Cash and cash equivalents at the beginning of the year / period		76,160,155	-
Cash and cash equivalents at the end of the year / period	7	58,388,787	76,160,155
Non-cash transactions:			
Subscription in kind against investment properties		-	406,585,000
Subscription in kind against properties and equipment		-	13,415,000

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

Alistithmar AREIC Diversified REIT Fund
(Managed by Alistithmar for Financial Securities and Brokerage Company)
NOTES TO FINANCIAL STATEMENTS
For the year ended 31 December 2025
(Amounts in Saudi Arabian Riyals)

1. THE FUND AND ITS ACTIVITIES

Alistithmar AREIC Diversified REIT Fund (the Fund) is a closed-ended public Sharia-compliant real estate investment traded fund whose units are traded in Tadawul (the main market) with the code (4350), and commenced trading on Tadawul date 04 September 2024. It was established in the Kingdom of Saudi Arabia under the Real Estate Investment Funds Regulations.

The Fund aims to invest in real estate assets inside or outside the Kingdom of Saudi Arabia that are capable of achieving periodic rental income and distribute at least 90% of the Fund's net profits annually (semi-annually). The Fund may secondarily invest the Fund's assets in real estate development projects (if the Fund Manager deems appropriate) provided that:

- The Fund's assets invested in developed real estate assets that generate periodic income shall not be less than (75%) of the total value of the Fund's assets according to the latest audited financial statements.
- The Fund shall not invest its assets in white lands.

The Fund has been certified as a Sharia compliant REIT by the Sharia Supervision Committee appointed for this investment Fund.

The Fund is managed by Alistithmar for Financial Securities and Brokerage Company (Alistithmar Capital), which is a Saudi joint stock company under Commercial Registration No. 1010235995 dated Rajab 08, 1428H (corresponding to July 22, 2007G) and licensed as a "Capital Market Institution" under the license of the Capital Market Authority No. 11156-37, whose registered postal address is P.O Box 6888 Postal Code 11452 Kingdom of Saudi Arabia.

The Fund has appointed Preserving Real Estate Opportunities Company which is owned by Alinma Investment Company (the "Custodian") to act as its Custodian. Also, the Fund has appointed Almutlaq Real Estate Investment Company as property manager.

2. REGULATING AUTHORITY

The Fund is governed by the Real Estate Investment Funds Regulations issued by the Capital Market Authority.

3. BASIS OF PREPARATION

A. Statement of compliance

These financial statements have been prepared in accordance with 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 issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and to comply with the applicable provision of the Real Estate Investment Funds Regulations issued by Capital Market Authority ("CMA") and the Fund's Terms and Conditions.

The Fund's first financial period started from 04 September 2024 to 31 December 2024, and as a result, the comparative information included for that period is not directly comparable.

B. Basis of measurement functional and presentation currency

These financial statements have been prepared under the historical cost convention, using accrual basis of accounting. These financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the Fund.

Alistithmar AREIC Diversified REIT Fund
(Managed by Alistithmar for Financial Securities and Brokerage Company)
NOTES TO FINANCIAL STATEMENTS
For the year ended 31 December 2025
(Amounts in Saudi Arabian Riyals)

4. MATERIAL ACCOUNTING POLICIES

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

Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flows represent cash at bank in current accounts and other short-term highly liquid investments with original maturities of three month or less (if any) which are available to the Fund without any restrictions. Cash and cash equivalents are carried at amortized cost within the statement of financial position.

Rent receivable

Receivables are initially recognized at fair value plus incremental direct transaction costs, and subsequently at their amortized cost using an effective commission method. Loss allowance for receivables is always recognized at an amount equal to lifetime expected credit losses.

Right of use assets

Right of use assets are recorded at cost less accumulated depreciation and any impairment losses. Amortization is calculated using the straight-line method over the lease period.

Financial instruments

Recognition and initial measurement

Receivables from operating leases are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Fund becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is receivable from operating leases without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value Through Profit or Loss (FVTPL), transaction costs that are directly attributable to acquisition or issue. Receivable from operating leases without a significant financing component is initially measured at the transaction price.

Classification of financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL).

A financial asset is measured at amortized cost if it meets both of the following conditions:

- a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of the principal and commission on the principal outstanding amount.

Financial assets shall be measured at FVTOCI if both of the following conditions are met:

- a. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of the principal and commission on the principal outstanding amount.

A financial asset shall be measured at FVTPL unless it is measured at amortized cost or at FVTOCI.

Alistithmar AREIC Diversified REIT Fund
(Managed by Alistithmar for Financial Securities and Brokerage Company)
NOTES TO FINANCIAL STATEMENTS
For the year ended 31 December 2025
(Amounts in Saudi Arabian Riyals)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Classification of financial assets (continued)

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

Derecognition

A financial asset is derecognised 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

Impairment of financial assets

IFRS 9 impairment requirements use more forward-looking information to recognize expected credit losses – the ‘expected credit loss (ECL) model’.

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.

Expected credit loss assessment for operating lease receivable

The Fund applies IFRS 9 for measuring expected credit losses. The expected loss rates are based on the payment profiles receivable over a period of 12 months before each reported period and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Fund has identified GDP of the Kingdom of Saudi Arabia (the country in which it renders the services), inflation rate and government spending to be the most relevant factor and accordingly adjusts the historical loss rates based on expected changes in these factors.

The expected loss approach breaks the total loss amount modelling into the following parts: Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). These are briefly described below:

Loss Given Default (LGD): This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD.

Probability of Default (PD): The likelihood of a default over a particular time horizon.

Alistithmar AREIC Diversified REIT Fund
(Managed by Alistithmar for Financial Securities and Brokerage Company)
NOTES TO FINANCIAL STATEMENTS
For the year ended 31 December 2025
(Amounts in Saudi Arabian Riyals)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Expected credit loss assessment for operating lease receivables (continued)

Exposure at Default (EAD): This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and commission, and expected drawdowns on committed facilities.

Model and framework

The Fund uses a point in time (PIT) probability of default model to measure its impairment on financial assets. Point-in-time PD models incorporate information from a current credit cycle and assess risk at a point-in-time. The point-in-time PD term structure can be used to measure credit deterioration and starting PD when performing the allowance calculations. Also, when calculating lifetime expected credit losses, after the inputs are correctly converted, cash flows can be projected and gross carrying amount, loss allowance and amortized cost for the financial instrument are then calculated.

Macroeconomic weighted average scenarios

The Fund includes a macroeconomic factor of GDP, inflation rate and government spending to develop multiple scenarios, the purpose is towards the realization of the most likely outcome using worst- and best-case scenarios. The scenario-based analysis incorporates forward-looking information into the impairment estimation using multiple forward-looking macroeconomic scenarios. The estimate of expected credit losses reflects an unbiased probability-weighted amount that is determined by evaluating a range of possible outcomes.

Definition of default

In the above context, the Fund considers default when:

- the customer is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realizing security (if any is held); or
- When the customer is past due on any material credit obligation to the Fund. In case the industry norm suggests a period fairly represents the default scenario for the Fund, this might rebut the presumption of 90 days mentioned in IFRS 9.

The carrying amount of the assets is reduced using the above model and the loss is recognized in the statement of profit or loss. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced. If a write-off is later recovered, the recovery is recognized under the reversal of impairment loss on receivables from operating leases in the statement of profit or loss.

Specific provision

Specific provision is recognized on a customer-to-customer basis at every reporting date. The Fund recognizes specific provision against receivables from certain customers. Provisions are reversed only when the outstanding amounts are recovered by the customers.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Fund determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of murabaha facility, net of directly attributable transaction costs.

The Fund's financial liabilities mainly include Murabaha facilities, lease liability and accrued expenses and other liabilities.

Derecognition

The Fund derecognizes financial liability when its contractual obligations are discharged or cancelled or expired.

Modifications of financial assets and financial liabilities

Financial assets

If the terms of the financial assets are modified, the Fund evaluates whether the cash flows of the modified assets are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized, and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Fund recalculates the gross carrying amount of the financial asset and recognizes the amount adjusting the gross carrying amount as modification gain or loss in the statement of profit or loss.

Financial liability

The Fund derecognizes financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms are recognized in the statement of profit or loss.

Offsetting of financial instruments

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

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investment properties and hotel properties

Investment properties are land, building and equipment and furnishings physically attached and integral to a building held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of operations, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses if any.

Investment properties are derecognized when they are sold, owner-occupied or in case of not holding it for an increase in value. Any gain or loss on disposal of the investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in statement of profit or loss.

Cost includes expenditures that are directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labor, and other costs directly attributable to bringing the investment property to a working condition for their intended use.

The useful lives of different components of investment properties are as follows:

Categories	Years
Buildings	40 years or lease period whichever is earlier
Furniture and Equipment	4 years

Buildings include buildings constructed on free & lease hold land.

Impairment of non-financial assets

The carrying amounts of the Fund's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds the recoverable amount, which is the higher of the fair value less costs 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 or Funds 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. In determining fair value, less costs of disposal, recent market transactions are considered. 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 current market assessments of the time value of money and risks specific to the asset. Impairment losses are recognized in the statement of profit and loss.

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 assets 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 other comprehensive income.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Provisions

A provision is recognized when the Fund has a present legal or constructive obligation because of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provision is not recognized for future operating losses.

Accrued expenses and other liabilities

Accrued expenses and other payables are recognised initially at fair value and subsequently recognized at amortised cost using the effective commission rate method.

Unearned rental income

Liabilities advanced more than the amount of revenue recognized, if any, are included in current liabilities as deferred rental income and recognized as revenue in the subsequent period when the related rental service is provided.

Investment transactions

Investments transactions are accounted for as of the trade date.

Murabaha facility

Murabaha facility is recognised initially at fair value, net of transaction costs incurred. Murabaha facility is subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as finance cost over the period of the facility using the effective interest rate (EIR) method.

Fees paid on the establishment of Murabaha are recognised as transaction costs of the facility to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Facility is removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statement of profit or loss as finance costs.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

The Fund recognises revenue from contracts with hotels customers based on a five-step model:

- Step 1. Identify the contract with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Fund expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Fund will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Fund expects to be entitled in exchange for satisfying each performance obligation.
- Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

The Fund satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Fund's performance as the Fund performs; or
- The Fund's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Fund's performance does not create an asset with an alternative use to the Fund and the Fund has an enforceable right to payment for performance completed to date.

For performance obligations, where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied. When the Fund satisfies a performance obligation by delivering the promised services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount billed to the customer exceeds the amount of revenue recognised, this gives rise to a contract liability. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment

Rental revenue

Rental revenue from operating lease of properties is recognised on a straight-line basis over the term of the operating lease.

When the Fund acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Fund makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to the ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not, then it is an operating lease. As part of this assessment, the Fund considers certain indicators such as whether the lease is for the major part of the economic life of the asset. The Fund has assessed that all of its leases are operating leases. Properties leased out under operating leases are included in investment properties in the statement of financial position. Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Fund provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Management fees and other expenses

Management fees and other expenses are charged at rates / amounts within limits mentioned in terms and conditions of the Fund. Management fees are charged and paid on a semi-annual basis.

Finance costs

Finance costs directly attributable to the acquisition, construction or production of a qualifying asset (that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized) as part of the cost of the respective asset. All the other finance costs are expensed in the period in which they occur. Finance costs consist of commission and other costs that an entity incurs in connection with the facility of Funds.

Expenses

Expenses including Property management expenses, Fund management fees, custodial fees and other fees are recorded on an accrual basis.

Distribution

The Fund shall distribute at least 90% of the Fund's annual net profits to unitholders on a semi-annual basis. Capital gains may also be reinvested in other assets resulting from the sale of real estate assets or other investments of the Fund without prejudice to the provisions of the Real Estate Investment Funds Regulations. In the absence of investment opportunities within a year from the date of receipt of the amount of sale or expropriation of the relevant assets, the Fund Manager shall distribute those amounts with the nearest distributions.

Net assets value (equity) per unit

The net assets value (equity) per unit is calculated by dividing the net assets value (equity) attributable to the unitholders included in the statement of financial position by the numbers of units outstanding at the year end.

Zakat

Zakat is the obligation of the unitholders and therefore, no provision or expenses have been made in these financial statements.

Units in issue

The Fund has units in issue. On liquidation of the Fund, they entitle the holders to the residual net assets value (equity). They rank equally in all respects and have identical terms and conditions. The units provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Fund net assets value (equity) in the event of the Fund's liquidation.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Units in issue (continued)

Units are classified as equity as they meet all of the following conditions:

- It entitles the holder to a pro-rate share of the Fund's net assets value (equity) in the event of the Fund's liquidation.
- It is in the class of instruments that is subordinate to all other classes of instruments.
- All financial instruments in the class of instruments that are subordinate to all other classes of instruments have identical features.
- Apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- The total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in recognized net assets value (equity) or the change in the fair value of the recognized and unrecognized net assets value (equity) of the Fund over the life of the instrument.

5. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS & ASSUMPTIONS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are reviewed and in any future periods affected. The significant accounting judgements and estimates applied in the preparation of these financial statements are as follows:

5.1 Judgements

5.1.1 Going Concern

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

5.1.2 Classification of investments as investment property or owner-occupied property

Classification of investments as investment property or owner-occupied property The Fund categorizes its investments in hotel properties under the designation of owner-occupied property. This classification is predicated on the consideration that the ancillary services furnished to the hotel significantly contribute to the income derived from these properties. Furthermore, the variability in cash flow and the operational risks associated with the hotels are borne by the Fund. Conversely, the Fund's investments in mall and others are designated as investment property. This is attributed to the fact that the ancillary services provided to the tenants constitute an insubstantial portion of the lease rentals accrued from these entities.

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**5. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS & ASSUMPTIONS
(CONTINUED)**

5.2 Estimates

5.2.1 Impairment of investment properties

The Fund assesses whether there are any indicators of impairment for all investment properties at each reporting date. The assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. 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 assets 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 dependent of those from other assets or groups 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.

In assessing value in use, the estimated future cash flows are discounted to their present value using the appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used.

For investment properties, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the REIT estimates the assets 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 comprehensive income.

5.2.2 Provision for expected credit losses on receivables from operating leases

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

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

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**5. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS & ASSUMPTIONS
(CONTINUED)**

5.2. Estimates (continued)

5.2.3 Useful lives of investment properties and hotels 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 changes in depreciation charges, if any, are adjusted in current and future periods.

5.2.4 Valuation of investment properties and hotels properties

The Fund uses the services of third party professionally qualified evaluators to obtain estimates of the market value of investment properties using recognized valuation techniques for the purpose of impairment review and disclosures in the financial statements, for further details of assumptions and estimates please refer to (Note 9 & 10).

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6. NEW STANDARDS AND REGULATIONS

a) *New IFRS standards, IFRIC interpretations and amendments thereof, adopted by the Fund*

Below amendments to accounting standards, interpretations and amendments became applicable for annual reporting periods commencing on or after 1 January 2025. The Fund Manager has assessed that the amendments have no significant impact on the Fund's financial statements.

Amendments to IAS 21 - *Lack of exchangeability*

b) *New IFRS standards, IFRIC interpretations and amendments thereof issued but not yet effective*

The following new standards, amendments and revision to existing standards, which were issued by IASB but not yet effective are listed below. The Fund intends to adopt these standards when they become effective.

Standards / Amendments	Description	Effective from periods beginning on or after the following date
Amendments to IFRS 9 and IFRS 7	Classification and measurement of Financial Instruments	1 January 2026
IFRS Accounting Standards - Volume 11	Annual improvements to IFRS Accounting Standards	1 January 2026
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture	Effective date deferred indefinitely
IFRS 19	Reducing subsidiaries' disclosures	1 January 2027
IAS 21	Translation to Hyperinflationary Presentation	1 January 2027
IFRS 18 Presentation and Disclosure in Financial Statements	Replaces IAS 1 and introduces new requirements for classifying income and expenses into defined categories and disclosing of management-defined performance measures.	1 January 2027

The management is currently evaluating the potential impact of above standards and amendments on the Fund's financial statements.

7. CASH AND CASH EQUIVALENTS

	<u>Note</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Cash at bank	7-1	58,323,787	26,095,155
Cash in hand		65,000	65,000
Money market placement	7-2	-	50,000,000
		<u>58,388,787</u>	<u>76,160,155</u>

7-1 The Fund does not earn any commission on balances in Cash at bank.

7-2 Money market placements are with Bank having credit rating (A-).

8. ACCOUNTS RECEIVABLE, NET

	<u>31 December 2025</u>	<u>31 December 2024</u>
Rentals receivable	15,551,693	26,174,116
Hotels receivable	4,182,590	2,072,094
Less: provision for expected credit losses	<u>(4,749,004)</u>	<u>(2,650,934)</u>
	<u>14,985,279</u>	<u>25,595,276</u>

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8. ACCOUNTS RECEIVABLE, NET (CONTINUED)

The movement in provision for expected credit losses is as following:

	31 December 2025	31 December 2024
Balance at the beginning of the year / period	2,650,934	-
Charged during the year / period	2,098,070	2,650,934
	4,749,004	2,650,934

31-Dec-25	0–30 days	31–60 days	61–180 days	181–360 days	Above 361 days
Gross receivable	6,683,200	3,624,930	3,734,915	1,407,888	4,283,350
Provision for expected credit losses	27,340	70,907	147,826	219,581	4,283,350
31-Dec-24	0–30 days	31–60 days	61–180 days	181–360 days	Above 361 days
Gross receivable	14,460,950	3,439,559	7,326,408	1,458,186	1,561,107
Provision for expected credit losses	48,570	57,762	820,241	163,254	1,561,107

9. INVESTMENT PROPERTIES, NET

The Fund owns 5 investment properties:

- (i) **Galleria Mall:** Galleria Mall is a commercial complex located in Jubail Industrial city consisting of many brands.
- (ii) **The Roof:** The Roof is commercial complex located in the city of Riyadh. It consists of a hypermarket, cinemas and contains some stores. The investment property was mortgaged to local bank against Murabaha facility.
- (iii) **Corniche Plaza:** Corniche Plaza is a commercial complex located in city of Dammam and consists of a number of commercial showrooms and contains administrative offices. The investment property was mortgaged to local bank against Murabaha facility.
- (iv) **Al-Masha'el Warehouse:** Al-Mashel is a warehouse located in the south of Riyadh and contains administrative offices. The investment property was mortgaged to local bank against Murabaha facility.
- (v) **Saudi Ericsson Building:** Saudi Ericsson building is located in the heart of Riyadh on Salah Al-Din Al-Ayyubi Road adjacent to many government facilities and hospitals and leased as the headquarters of a company. The investment property was mortgaged to local bank against Murabaha facility.

9.1 All properties are held in the name Preserving Real Estate Opportunities Company, which serves as a Special Purpose Vehicle (SPV). The SPV holds these properties for the Fund and does not possess any controlling rights or stake in them;

9.2 The Fund charge depreciation on building over 40 years or rental or lease period whichever is earlier;

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9. INVESTMENT PROPERTIES, NET (CONTINUED)

9.3 The Fund manager reviews its investment property on a regular basis for any impairment. An impairment loss is recognized for the amount in which the carrying amount of the investment properties exceeds its recoverable amount, which is the higher of the assets' fair value less costs to sell and value in use. As at December 31, 2025, according to the periodic valuation reports submitted by independent valuers of the Fund, there was no decline in the value of investment property;

9.4 As at 31 December 2025, investment properties represent the properties that were initially recognized at their fair value and are subsequently measured at cost less accumulated depreciation and impairment;

The break-up of the investment properties is as follows:

	31 December 2025			
	Land	Buildings (Free Hold)	Buildings (Lease Hold)	Total
Cost:				
Balance at the beginning of the year	183,498,279	194,643,295	256,214,700	634,356,274
Balance at the end of year	183,498,279	194,643,295	256,214,700	634,356,274
Accumulated depreciation:				
Balance at the beginning of the year	-	(2,313,383)	(4,584,134)	(6,897,517)
Charged during the year	-	(4,866,082)	(8,264,990)	(13,131,072)
Balance at the end of year	-	(7,179,465)	(12,849,124)	(20,028,589)
Net book value	183,498,279	187,463,830	243,365,576	614,327,685
	31 December 2024			
	Land	Buildings (Free Hold)	Buildings (Lease Hold)	Total
Cost:				
Balance at the beginning of the period	-	-	-	-
Additions during the period	183,498,279	194,643,295	256,214,700	634,356,274
Balance at the end of period	183,498,279	194,643,295	256,214,700	634,356,274
Accumulated depreciation:				
Balance at the beginning of the period	-	-	-	-
Charged during the period	-	(2,313,383)	(4,584,134)	(6,897,517)
Balance at the end of period	-	(2,313,383)	(4,584,134)	(6,897,517)
Net book value	183,498,279	192,329,912	251,630,566	627,458,757

In accordance with Real Estate Investment Funds Regulations, 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.

The carrying value of mortgaged and unmortgaged investment properties is as follows:

	Note	31 December 2025	31 December 2024
Mortgaged investment properties	14	370,962,109	375,828,191
Unmortgaged investment property		243,365,576	251,630,566
		614,327,685	627,458,757

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10. PROPERTIES AND EQUIPMENT, NET

The Fund owns 2 hotels:

- (i) **Citadine Hotel:** The Fund acquired five stars Citadine Hotel in Abha. It is located on King Fahad Road next to Asir Mall. The investment property was mortgaged to local bank against Murabaha facility.
- (ii) **Somerset Hotel:** Somerset Hotel is a four-star hotel in Khobar located near the commercial complexes and Khobar Corniche. The investment property was mortgaged to local bank against Murabaha facility

10.1 All properties are held in the name Preserving Real Estate Opportunities Company, which serves as a Special Purpose Vehicle (SPV). The SPV holds these properties for the Fund and does not possess any controlling rights or stake in them;

10.2 The Fund charge depreciation on building over 40 years;

10.3 The Fund charge depreciation on furniture & equipment over 4 years;

10.4 The Fund manager reviews its properties and equipment on a regular basis for any impairment. An impairment loss is recognized for the amount in which the carrying amount of the properties and equipment exceeds its recoverable amount, which is the higher of the assets' fair value less costs to sell and value in use. As at December 31, 2025, according to the periodic valuation reports submitted by independent valuers of the Fund, there was no decline in the value of properties and equipment;

10.5 As at 31 December 2025, properties and equipment represent the properties that were initially recognized at their fair value and are subsequently measured at cost less accumulated depreciation and impairment;

The break-up of the properties and equipment is as follows:

	31 December 2025			
	Land	Buildings	Furniture & Equipment	Total
Cost:				
Balance at the beginning of the year	53,114,250	392,000,844	37,879,732	482,994,826
Additions during the year	-	-	421,341	421,341
Balance at the end of year	53,114,250	392,000,844	38,301,073	483,416,167
Accumulated depreciation:				
Balance at the beginning of the year	-	(4,659,027)	(4,502,099)	(9,161,126)
Charged during the year	-	(9,800,021)	(9,512,232)	(19,312,253)
Balance at the end of year	-	(14,459,048)	(14,014,331)	(28,473,379)
Net book value	53,114,250	377,541,796	24,286,742	454,942,788

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10. PROPERTIES AND EQUIPMENT, NET (CONTINUED)

	31 December 2024			
	Land	Buildings	Furniture & Equipment	Total
Cost:				
Balance at the beginning of the period	-	-	-	-
Additions during the period	53,114,250	392,000,844	37,879,732	482,994,826
Balance at the end of period	53,114,250	392,000,844	37,879,732	482,994,826
Accumulated depreciation:				
Balance at the beginning of the period	-	-	-	-
Charged during the period	-	(4,659,027)	(4,502,099)	(9,161,126)
Balance at the end of period	-	(4,659,027)	(4,502,099)	(9,161,126)
Net book value	53,114,250	387,341,817	33,377,633	473,833,700

In accordance with Real Estate Investment Funds Regulations, 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.

The carrying value of mortgaged and unmortgaged properties and equipment is as follows:

	Note	31 December 2025	31 December 2024
Mortgaged properties and equipment	14	454,942,788	473,833,700
Unmortgaged properties and equipment		-	-
		454,942,788	473,833,700

11. RIGHT-OF-USE ASSET AND LEASE LIABILITIES UNDER RIGHT OF USE ASSET

The usufruct contracts consist of the real estate of Galleria Mall which is a commercial complex located in Jubail Industrial City consisting of many brands. It also contains a hypermarket and a cinema.

Right of use asset	31 December 2025	31 December 2024
Cost:		
Balance at the beginning of the year / period	25,503,794	-
Addition during the year / period	-	25,503,794
	25,503,794	25,503,794
Accumulated depreciation:		
Balance at the beginning of the year / period	(479,910)	-
Charge for the year / period	(822,703)	(479,910)
	(1,302,613)	(479,910)
Net book value	24,201,181	25,023,884

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**11. RIGHT-OF-USE ASSET AND LEASE LIABILITIES UNDER RIGHT OF USE ASSET
(CONTINUED)**

Lease liabilities under right of use asset:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance at the beginning of the year / period	25,595,363	-
Additions during the year / period	-	25,503,794
Finance cost charged during the year / period	1,680,915	954,449
Paid during the year / period	<u>(862,880)</u>	<u>(862,880)</u>
Balance at the end of the year / period	<u>26,413,398</u>	<u>25,595,363</u>

The maturity analysis of lease liabilities under right of use asset is disclosed in (Note 21).

The following are the amounts recognized in the statement of profit or loss and other comprehensive loss:

	<u>For the year ended 31 December 2025</u>	<u>For the period from 04 September 2024 to 31 December 2024</u>
Depreciation of right of use asset	(822,703)	(479,910)
Finance cost of lease liabilities under right of use asset	<u>(1,680,915)</u>	<u>(954,449)</u>
	<u>(2,503,618)</u>	<u>(1,434,359)</u>

12. UNEARNED RENTAL INCOME

	Note	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance at the beginning of the year / period		16,218,529	-
Invoices issued during the year / period		57,897,600	44,743,762
Revenue recognized during the year / period	17	<u>(60,965,382)</u>	<u>(28,525,233)</u>
Balance at the end of the year / period		<u>13,150,747</u>	<u>16,218,529</u>

13. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	<u>31 December 2025</u>	<u>31 December 2024</u>
Hotel expenses payable		4,588,633	2,206,645
Security deposit		1,982,165	1,962,377
VAT payable		1,112,205	4,555,188
Facility management fee payable		1,061,272	-
Custody fee payable		225,000	75,000
Legal and professional fees payable		207,500	174,000
Fund board fee payable	16	<u>40,000</u>	<u>20,000</u>
		<u>9,216,775</u>	<u>8,993,210</u>

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14. MURABAHA FACILITY

The Fund, through Preserving Real Estate Opportunities Company (SPV), has obtained Islamic financing facilities with local bank amounting to SAR 605,000,000 for the purpose of financing the investment properties of the Fund. The loan carries a profit rate at SAIBOR + margin, the loan is due for repayment on 07 July 2030.

The balance of the loan as at 31 December 2025 amounted to SAR 605,000,000 (31 December 2024: SAR 605,000,000) and the value of the financing costs due for this loan as at 31 December 2025 amounted to SAR 110,331 (31 December 2024: SAR 122,388).

The loans are guaranteed by a promissory note amounting to SAR 605,000,000, and also by a mortgage on all properties except Galleria Mall property as at 31 December 2025 amounting to SAR 825,904,897 (31 December 2024: SAR 849,661,891) (Note 9 & 10).

The following is a statement of the movement in the Murabaha facility balance during the period:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance at the beginning of the year / period	605,122,388	-
Proceeds during the year / period	-	605,000,000
Finance cost charged during the year / period	42,978,967	26,352,435
Paid during the year / period	(42,991,024)	(26,230,047)
Balance at the end of the year / period	<u>605,110,331</u>	<u>605,122,388</u>

15. MANAGEMENT AND OTHER FEES

Management fees: The Fund Manager shall receive annual fees equivalent to 0.5% of the total value of the Fund's assets, calculated and paid on a semi-annual basis.

Financing arrangement fees: The Fund shall bear an arrangement fee equivalent to 0.5% of the value of the financing to be obtained by the Fund, which shall be paid to the Fund Manager in return for arranging financing loans for the Fund to be used to cover the costs of acquisition, development and operation of the Fund.

The arrangement fee shall apply to the financing to be obtained for the benefit of the Fund. In any case, the arrangement fee shall not exceed SAR 3,500,000.

Transaction fees: The Fund Manager shall receive 0.5% of the special selling price for each real estate asset sold by the Fund. It shall also receive 0.5% of the special purchase price for each real estate asset purchased by the Fund in return for the Fund Manager conducting the necessary investigation, negotiating the terms of purchase or sale, and completing the process.

Dealing fees shall be due after the completion of the purchase or sale of each real estate asset. The transaction fees will be applied to the purchase of the initial real estate assets, which will be calculated on the basis of the acquisition price of the initial real estate assets.

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16. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties to the Fund include Alistithmar for Financial Securities and Brokerage Company (Fund Manager), shareholders and Board members. In the ordinary course of its activities, the Fund transacts business with related parties and any party that has the ability to control another party or exercise a material influence over it in making financial or operational decisions.

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

Transactions with related parties:

<u>Related Party</u>	<u>Nature</u>	<u>For the year ended 31 December 2025</u>	<u>For the period from 04 September 2024 to 31 December 2024</u>
Alistithmar for Financial Securities and Brokerage Company	Management fees	6,768,000	2,230,000
	Financing arrangement fee	-	3,025,000
	Transaction fee (capitalized in investment properties and hotel properties)	-	5,391,850
	Pre-formation expenses reimbursed	-	4,230,182
Almutlaq Real Estate Investment Company	Rental collections received on behalf	24,312,656	24,861,368
	Expense paid on behalf of Fund	(12,233,885)	(10,253,860)
	Property management fees	(2,600,000)	(1,442,076)
	Guarantee net operating income – Citadine Hotel *	8,938,813	-
Fund Board	Independent members	40,000	20,000

Balances with related parties:

<u>Related Party</u>	<u>Nature</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Alistithmar for Financial Securities and Brokerage Company	Management fee payable	(3,370,000)	(2,230,000)
Almutlaq Real Estate Investment Company	Operational transactions	7,923,838	12,949,121
Fund Board	Fund board fee payable	(40,000)	(20,000)

The Fund, during its normal business cycle, conducts transactions with related parties. Transactions with related parties are subject to restrictions set by the Terms and Conditions. All transactions with related parties are disclosed to the Fund's board of directors.

* A guarantee contract as per T&C, where any decrease in net operating income from SAR 20,500,000 will be compensated by Almutlaq Real Estate Investment Company.

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17. RENTAL REVENUE AND HOTELS REVENUE

	For the year ended 31 December 2025	For the period from 04 September 2024 to 31 December 2024
Rental revenue from investment properties excluding hotels	60,965,382	28,525,233
Revenue from contracts with customers		
Revenue from hotel operations	52,376,229	21,936,500
	113,341,611	50,461,733

The revenue from hotel operation is recognized at a point in time.

18. OTHER EXPENSES

	Note	For the year ended 31 December 2025	For the period from 04 September 2024 to 31 December 2024
Hotel expenses		31,748,110	15,010,503
Facility management fee		5,992,479	-
Utilities charges		4,485,231	489,571
Legal & professional fee		745,721	442,395
Maintenance and repair		663,489	-
Registration and listing fees		613,258	91,778
Property risk insurance charges		315,608	315,603
Fund board fee	16	40,000	20,000
Pre-formation expenses		-	4,289,222
Others		1,599,333	453,524
		46,203,229	21,112,596

The professional fees for auditing the annual financial statements and reviewing the interim financial statements for the Fund amounted to SAR 45,000 (2024: SAR 30,000).

19. SEGMENT REPORTING

The Fund has two reportable segments, as described below, which are the Fund's strategic business units. These strategic business units 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:

Rental	This comprises of Investment properties namely Galleria Mall, The Roof, Corniche Plaza, Al Mashail Warehouse and Saudi Ericsson building
Hotels	This comprises of Citadines and Somerset Hotel
Unallocated	Comprises of any other classes not mentioned above

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19. SEGMENT REPORTING (CONTINUED)

The summary of the comprehensive income of these segments is as below:

	For the year ended 31 December 2025			
	Rental	Hotels	Unallocated	Total
Rental revenue and hotels revenue	60,965,382	52,376,229	-	113,341,611
Special commission income	-	-	2,425,502	2,425,502
Depreciation of investment properties	(13,131,072)	-	-	(13,131,072)
Depreciation of properties and equipment	-	(19,312,253)	-	(19,312,253)
Amortization of right of use asset	(822,703)	-	-	(822,703)
Finance cost of lease liabilities under right of use asset	(1,680,915)	-	-	(1,680,915)
Finance cost	-	-	(42,978,967)	(42,978,967)
Provision for expected credit losses	(2,196,060)	97,990	-	(2,098,070)
Management fees	-	-	(6,768,000)	(6,768,000)
Custody fees	-	-	(150,000)	(150,000)
Property management fees	(1,857,143)	(742,857)	-	(2,600,000)
Other expenses	(10,703,144)	(32,501,773)	(2,998,312)	(46,203,229)
Net profit / (loss)	<u>30,574,345</u>	<u>(82,664)</u>	<u>(50,469,777)</u>	<u>(19,978,096)</u>

	For the period from 04 September 2024 to 31 December 2024			
	Rental	Hotels	Unallocated	Total
Rental revenue and hotels revenue	28,525,233	21,936,500	-	50,461,733
Special commission income	-	-	1,910,145	1,910,145
Depreciation of investment properties	(6,897,517)	-	-	(6,897,517)
Depreciation of properties and equipment	-	(9,161,126)	-	(9,161,126)
Amortization of right of use asset	(479,910)	-	-	(479,910)
Finance cost of lease liabilities under right of use asset	(954,449)	-	-	(954,449)
Finance cost	-	-	(26,352,435)	(26,352,435)
Provision for expected credit losses	(1,543,004)	(1,107,930)	-	(2,650,934)
Management fees	-	-	(2,230,000)	(2,230,000)
Financing arrangement fees	-	-	(3,025,000)	(3,025,000)
Custody fees	-	-	(75,000)	(75,000)
Property management fees	(1,030,054)	(412,022)	-	(1,442,076)
Other expenses	(1,258,698)	(15,010,503)	(4,843,395)	(21,112,596)
Net profit / (loss)	<u>16,361,601</u>	<u>(3,755,081)</u>	<u>(34,615,685)</u>	<u>(22,009,165)</u>

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19. SEGMENT REPORTING (CONTINUED)

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

	31 December 2025			
	Rental	Hotels	Unallocated	Total
Cash and cash equivalents	6,574,585	5,580,197	46,234,005	58,388,787
Accounts receivables, net	11,812,629	3,172,650	-	14,985,279
Due from a related party	573,024	7,350,814	-	7,923,838
Other assets	129,432	-	-	129,432
Investment properties, net	614,327,685	-	-	614,327,685
Properties and equipment, net	-	454,942,788	-	454,942,788
Right of use asset, net	24,201,181	-	-	24,201,181
TOTAL ASSETS	657,618,536	471,046,449	46,234,005	1,174,898,990
Management fee payable	-	-	3,370,000	3,370,000
Unearned rental income	13,150,747	-	-	13,150,747
Accrued expenses and other liabilities	3,920,610	4,823,665	472,500	9,216,775
Lease liabilities under right of use asset	26,413,398	-	-	26,413,398
Murabaha facility	-	-	605,110,331	605,110,331
TOTAL LIABILITIES	43,484,755	4,823,665	608,952,831	657,261,251
Net assets value (equity) attributable to the Unitholders	614,133,781	466,222,784	(562,718,826)	517,637,739
	31 December 2024			
	Rental	Hotels	Unallocated	Total
Cash and cash equivalents	5,586,086	1,432,858	69,141,211	76,160,155
Accounts receivables, net	24,631,112	964,164	-	25,595,276
Due from a related party	3,016,711	9,932,410	-	12,949,121
Other assets	129,432	-	-	129,432
Investment properties, net	627,458,757	-	-	627,458,757
Properties and equipment, net	-	473,833,700	-	473,833,700
Right of use asset, net	25,023,884	-	-	25,023,884
TOTAL ASSETS	685,845,982	486,163,132	69,141,211	1,241,150,325
Management fee payable	-	-	2,230,000	2,230,000
Unearned rental income	16,218,529	-	-	16,218,529
Accrued expenses and other liabilities	6,517,565	2,206,645	269,000	8,993,210
Lease liabilities under right of use asset	25,595,363	-	-	25,595,363
Murabaha facility	-	-	605,122,388	605,122,388
TOTAL LIABILITIES	48,331,457	2,206,645	607,621,388	658,159,490
Net assets value (equity) attributable to the Unitholders	637,514,525	483,956,487	(538,480,177)	582,990,835

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20. EFFECT ON NET ASSETS (EQUITY) PER UNIT IF INVESTMENT PROPERTIES AND PROPERTIES AND EQUIPMENT 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 valuations prepared by independent valuers. As set out in the terms and conditions of the Fund, net asset value disclosed are based on the market value obtained. However, in accordance with the accounting policy of the Fund, investment and properties and equipment are recorded at cost less accumulated depreciation and impairment if any in these financial statements. Accordingly, the fair value below is disclosed for information purposes and has not been accounted for in the Fund's books.

The fair value of investments properties and properties and equipment is determined by valuers, namely Barcode Company and Qiam Real Estate Appraisal Company (2 valuers for each property). They are certified by the Saudi Authority of Accredited Valuers "Taqeem". The following is an assessment of real estate investments and properties and equipment as at 31 December:

	31 December 2025		
	Evaluator		
	Barcode	Qiam	Average market value
Galleria Mall	312,890,000	314,339,000	313,614,500
Somerset Hotel	270,750,000	248,489,000	259,619,500
Citadine Hotel	258,500,000	243,487,000	250,993,500
The Roof	239,090,000	240,747,000	239,918,500
Corniche Plaza	101,890,000	108,941,000	105,415,500
Al Mashaeil Warehouse	42,438,070	44,798,000	43,618,035
Saudi Ericsson Building	17,161,000	16,523,000	16,842,000
Total	<u>1,242,719,070</u>	<u>1,217,324,000</u>	<u>1,230,021,535</u>
	31 December 2024		
	Evaluator		
	Barcode	Qiam	Average market value
Galleria Mall	346,015,000	334,888,000	340,451,500
Somerset Hotel	270,750,000	243,725,000	257,237,500
Citadine Hotel	258,550,000	238,642,000	248,596,000
The Roof	224,350,000	225,461,000	224,905,500
Corniche Plaza	100,470,000	106,691,000	103,580,500
Al Mashaeil Warehouse	40,687,500	40,818,000	40,752,750
Saudi Ericsson Building	15,796,000	16,306,000	16,051,000
Total	<u>1,256,618,500</u>	<u>1,206,531,000</u>	<u>1,231,574,750</u>

Management has used the average of the two valuations for the purposes of disclosing the fair value of the investment and properties and equipment.

The investment properties and properties and equipment were valued taking into consideration number of factors, including the area and type of property and valuation techniques using significant unobservable inputs, including discounted cash flows method and income method, below is an analysis of the investment properties and properties and equipment fair value versus cost:

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20. EFFECT ON NET ASSETS (EQUITY) PER UNIT IF INVESTMENT PROPERTIES AND PROPERTIES AND EQUIPMENT ARE FAIR VALUED (CONTINUED)

	Note	<u>31 December 2025</u>	<u>31 December 2024</u>
Fair value of investment properties		1,230,021,535	1,231,574,750
Less: Carrying value of investment properties, net	9	(614,327,685)	(627,458,757)
Less: Carrying value of properties and equipment, net	10	(454,942,788)	(473,833,700)
Increase in net assets value (equity)		<u>160,751,062</u>	<u>130,282,293</u>
Units in issue (number)		<u>60,500,000</u>	<u>60,500,000</u>
Additional net assets value (equity) per unit based on fair value		<u>2.66</u>	<u>2.15</u>
Net assets attributable to the unitholders		<u>31 December 2025</u>	<u>31 December 2024</u>
Net assets value (equity) attributable to unitholders before fair value adjustment		517,637,739	582,990,835
Increase in net assets value (equity)		<u>160,751,062</u>	<u>130,282,293</u>
Net assets value (equity) attributable to unitholders after fair value adjustment		<u>678,388,801</u>	<u>713,273,128</u>
Net assets value attributable to each unit		<u>31 December 2025</u>	<u>31 December 2024</u>
Net assets value (equity) per unit (SAR) before fair value adjustment		8.56	9.64
Increase in net assets value (equity) per unit (SAR) based on fair value		<u>2.66</u>	<u>2.15</u>
Net assets value (equity) attributable to unitholders after fair value adjustment		<u>11.22</u>	<u>11.79</u>

21. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to mitigate potential adverse effects on the Fund's financial performance.

Financial instruments recorded in these financial statements principally comprise of cash and cash equivalents, accounts receivable, due from a related party, other receivable, management fee payable, accrued expenses and other liabilities, murabaha facility. The specific methods of recognition adopted are disclosed in the individual policy statements associated with each item. Financial assets and liabilities are offset and net amounts reported in the financial statements, when the

Fund has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

Market risk

The Fund is subject to the general conditions of the real estate sector in Saudi Arabia, which itself is influenced by a variety of factors such as, but not limited to the overall macroeconomic growth risks in the kingdom, commission rate, demand-supply, availability of financing, investor sentiment, liquidity, legal, foreign exchange rate, and regulatory risks. The Fund's management monitors on a regular basis the fluctuation and changes in the overall economic environment and believes that the impact of such changes is not significant to the Fund.

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21. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk is the risk that one party will fail to fulfill an obligation and cause the other party a financial loss. The Fund is exposed to the risk of credit-related losses that may occur because of the inability or unwillingness of the counterparty or issuer to fulfill its obligations. The Fund is exposed to credit risk for its bank balances, and accounts receivable. An allowance for credit losses is made which is sufficient at management's discretion to cover potential losses on past-due receivables.

On each reporting date, the bank balances are assessed for credit risks as to determine whether they have low risks as they are held with reputable financial institutions having a high local bank credit rating, and there is no default history for any of the bank balances. Therefore, the probability of default PD is based on future factors and any losses resulting from default are negligible. As at the reporting date, there are no past-due payment dates.

Due from a related party and other receivables are unsecured, carry no commission and have no fixed payments. There are no past-due receivables from the related parties at reporting date, considering the historical experience of default and the future of the industries where the related parties operate. The management considers that the related party balances weren't credit impaired.

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

The following table provides information about the exposure to credit risk:

<u>31 December 2025</u>	<u>Weighted average loss rate (%)</u>	<u>Gross receivable</u>	<u>Expected credit losses</u>
0 – 30 days	0.41%	6,683,200	27,340
31 – 60 days	1.96%	3,624,930	70,907
61 – 180 days	3.96%	3,734,915	147,826
181 – 360 days	15.60%	1,407,888	219,581
Above 361 days	100%	4,283,350	4,283,350

<u>31 December 2024</u>	<u>Weighted average loss rate (%)</u>	<u>Gross receivable</u>	<u>Expected credit losses</u>
0 – 30 days	0.34%	14,460,950	48,570
31 – 60 days	1.68%	3,439,559	57,762
61 – 180 days	11.20%	7,326,408	820,241
181 – 360 days	11.20%	1,458,186	163,254
Above 361 days	100%	1,561,107	1,561,107

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21. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

As an asset class, real estate assets are relatively illiquid and, as such, it may be difficult for the Fund to sell its real estate assets (particularly at times of market downturn and specifically those assets that are categorized as larger real estate assets), and the proposed price may be at a significant discount, especially if the Fund is forced to dispose of any of its assets in a short period.

Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through use of available cash balance, liquidation of the investment portfolio or by taking short to medium term loans from Fund Manager and /or banks. The Fund remains sufficiently liquid from a cash perspective with the lowest leverage levels.

<u>31 December 2025</u>	<u>Less than 1 year</u>	<u>1 year to 2 years</u>	<u>2 years to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Management fee payable	3,370,000	-	-	-	3,370,000
Accrued expenses and other liabilities	9,216,775	-	-	-	9,216,775
Lease liabilities under right of use asset	862,880	862,880	2,588,640	69,892,560	74,206,960
Murabaha facility	110,331	-	605,000,000	-	605,110,331
<u>31 December 2024</u>	<u>Less than 1 year</u>	<u>1 year to 2 years</u>	<u>2 years to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Management fee payable	2,230,000	-	-	-	2,230,000
Accrued expenses and other liabilities	8,993,210	-	-	-	8,993,210
Lease liabilities under right of use asset	862,880	862,880	2,588,640	70,755,440	75,069,840
Murabaha facility	122,388	-	-	605,000,000	605,122,388

Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities either internally or externally at the Fund's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to achieve its investment objective of generating returns to Unitholders.

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21. FINANCIAL RISK MANAGEMENT (CONTINUED)

Geographical Concentration

All the assets and liabilities are distributed within the Kingdom of Saudi Arabia

Commission rate risk

Commission rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing commission rates on the Fund's financial positions and cash flows.

The Fund's commission rate risk arises mainly from short-term loans and deposits, which are at a fixed commission rate and are not subject to re-pricing on a regular basis.

Commission rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing commission rates on the Fund's financial positions and cash flows.

The Fund's commission rate risks arise mainly from its murabaha facility, which are at variable commission rates and the sensitivity analysis is as follows:

	31 December 2025			
	Income Statement		Statement of NAV	
	Increase 100 points	Reduce 100 points	Increase 100 points	Reduce 100 points
Commission rate fluctuations	1%	1%	1%	1%
Cash-flow sensitivity (net)	6,051,103	(6,051,103)	6,051,103	(6,051,103)

	31 December 2024			
	Income Statement		Statement of NAV	
	Increase 100 points	Reduce 100 points	Increase 100 points	Reduce 100 points
Commission rate fluctuations	1%	1%	1%	1%
Cash-flow sensitivity (net)	6,051,224	(6,051,224)	6,051,224	(6,051,224)

Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The table below presents the financial instruments at their fair value as at 31 December, based on the fair value hierarchy:

	31 December 2025			
	Level 1	Level 2	Level 3	Total
Investment properties, net	-	-	614,327,685	614,327,685
Properties and equipment, net	-	-	454,942,788	454,942,788
Total	-	-	1,069,270,473	1,069,270,473

	31 December 2024			
	Level 1	Level 2	Level 3	Total
Investment properties, net	-	-	627,458,757	627,458,757
Properties and equipment, net	-	-	473,833,700	473,833,700
Total	-	-	1,101,292,457	1,101,292,457

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21. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value estimation (continued)

As at 31 December 2025, the Fund's financial instruments include cash and cash equivalents, account receivable, due from a related party, other assets, management fee payable, accrued expenses and other liabilities, and murabaha facility. All financial instruments are measured at amortized cost and their carrying values approximate their fair value.

There were no transfers between the different levels of the fair value hierarchy during the current or previous year.

Valuation of investment properties & properties and equipment as disclosed in (Note 9 & 10) are valued at Level 3 of the fair value hierarchy. The principal inputs include:

Discount rates that reflect current market assessments of uncertainty in the amount and timing of cash flows (the rate used by valuers is 9% - 10.9%).

Capitalization rates are based on the actual location, size and quality of the properties and taking into account market data on the date of the valuation (the rate used by valuers is 7% - 8%).

Future rental cash flows are based on the actual location, type and quality of the properties and supported by the terms of any existing lease or other current contracts or external evidence such as current market rents for similar properties.

Estimated vacancy rates are based on current and projected future market conditions after the expiration of the term of any existing lease.

Maintenance costs: including the investments required to maintain the functional performance of the property over its estimated useful life.

Terminal value: Considering assumptions regarding maintenance costs, vacancy rates and market rents.

22. DISTRIBUTIONS TO THE UNITHOLDERS

On 29 Shawwal 1446H corresponding 27 April 2025, the Fund board agreed to distribute to unitholders for the period from 04 September 2024 to 31 December 2024 amounting to SAR 0.38 per unit totaling SAR 22,990,000 to its unitholders.

On 07 Jumada al-Awwal 1447H corresponding 29 October 2025, the Fund board agreed to distribute to unitholders for the period from 01 January 2025 to 30 June 2025 amounting to SAR 0.37 per unit totaling SAR 22,385,000 to its unitholders.

23. LAST VALUATION DAY

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

24. SUBSEQUENT EVENTS

There are no events subsequent to the year end that require adjustment or disclosure in these financial statements.

25. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements for the year ending 31 December 2025 were approved by the Fund board on 11 Shawwal 1447H, corresponding to 30 March 2026.