



**Al Ma'ather REIT Fund**

**Annual Report  
2025**

## A. INVESTMENT FUND INFORMATION

Name of investment fund.

Al Ma'ather REIT Fund

Investment objectives, Strategies:

The fund aims to invest in real estate assets, within the Kingdom of Saudi Arabia, which are achievable periodic rental income, and to distribute at least 90% of the fund's net profits annually.

The fund invests as a secondary asset of the fund in real estate development projects, provided that:

1. Fund's assets invested in developed real estate assets, that generate income periodically, shall not be less than, about 75% of the total assets of the fund according to the latest audited financial statements
2. The fund shall not invest its assets in Idle Lands.

Dividends Distribution Policy.

As per the Fund terms and conditions, the fund manager aims to pay dividends on annual basis, not less than ninety percent (90%). Dividends due during the first quarter of each year. The fund manager may pay dividends more frequent than once a year. Starting from the year 2025, the fund manager commenced distributing dividends semi-annually.

### 1- Assets in which the fund is investing in:

Al-Ma'ather REIT Fund invests in several assets and has a total of 15 assets. Majority of assets are located in Riyadh, and remaining assets located in Sharjah, Khobar, Unaizah as follows:

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#	Assets	Sector	Tenant	Average latest valuation	Location
1	Genx Al Ma'ather	Commercial / office / hospitality	Several tenants	168,983,000	24°40'53.2"N 46°40'03.4"E
2	Al Mohammadia	Commercial / office	Several tenants	125,439,000	24°40'55.0"N 46°41'12.1"E
3	Al Sahafa building 1	office	National Housing Company	65,396,000	24°47'49.1"N 46°37'59.8"E
4	Al Sahafa building 2	office	Saudi Health Council	64,622,000	24°46'48.0"N 46°38'31.1"E
5	Al Tkahssusi showrooms	Commercial	Hala Auto Company	72,937,000	24°40'51.4"N 46°40'39.2"E
6	Genx Al Rabie	Commercial / hospitality	Several tenants	44,916,500	24°46'56.2"N 46°38'56.9"E
7	Hair warehouses	Industrial	Several tenants	24,936,500	24°33'48.3"N 46°44'29.8"E
8	Sulai warehouses	Industrial	Several tenants	59,911,500	24°40'30.9"N 46°50'12.3"E
9	Towlan Hotel Suites	hospitality	Fanan International Foundation	29,050,500	26°18'13.4"N 50°10'31.9"E
10	Al Quds (leasehold)	Commercial	Several tenants	671,500	24°45'36.0"N 46°44'25.0"E
11	Wadi Laban (leasehold)	Commercial	Several tenants	589,500	24°38'06.8"N 46°34'08.2"E
12	Al Dabbab (leasehold)	Commercial	Several tenants	1,539,500	24°39'38.0"N 46°42'33.4"E

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#	Assets	Sector	Tenant	Average latest valuation	Location
13	Al Nokhba Educational Schools	Educational	Al Nokhba Educational Schools	35,464,500	26°04'20.1"N 44°00'25.3"E
14	Al Salam Schools	Educational	Al Salam Schools	55,469,500	24°42'27.5"N 46°49'12.0"E
15	Burjeel hospital - Sharjah	Healthcare	VPS Healthcare LLC	121,967,700	N 25.358691771679574 E 55.40601612769858
<b>Total</b>				<b>871,894,200</b>	

### 2- Assets in which the fund is aiming to invest in:

Despite the accelerated political developments in the region during the second half of 2025, and their resulting impact on investment momentum as well as their clear implications for regulations and legislation, we believe these changes may have a positive effect over the medium to long term in creating real estate investment opportunities valued at fair or reasonable prices. It is natural that the real estate market requires sufficient time to fully absorb such structural changes, which may take several months or even years before their effects are fully reflected in valuations and available opportunities. In this context, the Fund Manager continues to pursue high-quality real estate opportunities that contribute to enhancing the Fund's returns and increasing its value for unit holders, consistent with the approach followed since the Fund's inception. This approach has been reflected in the Fund's overall performance, as the properties acquired in previous periods have experienced a significant increase in their market values, thanks to God. Moreover, the Fund has maintained attractive levels of distributions and returns for unit holders, alongside the positive performance of the Fund's unit price in the market, reflecting the robustness of the investment strategy and the quality of the asset selection process implemented by the Fund Manager. Regarding future acquisitions, the Fund Manager is committed to carefully evaluating investment opportunities to ensure a balanced funding structure, which limits financial leverage and avoids excessive indebtedness. Additionally, the Fund's strong performance in terms of distributions and returns has raised the standards for evaluating new investment opportunities, as the Fund Manager seeks acquisitions that can maintain or enhance the current level of distributions—a criterion that some opportunities studied in the past did not meet. The Fund Manager reaffirms his commitment to continue seeking investment opportunities that align with the Fund's current distribution policy, which

remains relatively high, ensuring the stability of periodic distributions and enhancing returns for unit holders, while simultaneously pursuing sustainable growth in the Fund's asset value over the long term.

- 3- The percentage of the value of the leased real estates and the percentage of unleased real estates to the total value of the owned real estates:
- 4- The percentage of rent amount for each asset in the total rent of the fund's assets:

The name of the property	percentage of rent amount for each asset in the total rent of the fund's assets	Occupancy rate ( rented )	Occupancy rate ( Unrented )
Genx Al Ma'ather	23.66%	99.00%	1.00%
Al Mohammadia	5.76%	100.00%	0.00%
Al Sahafa building 1	6.92%	100.00%	0.00%
Al Sahafa building 2	7.91%	100.00%	0.00%

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<b>Al Tkahssusi showrooms</b>	12.82%	100.00%	0.00%
<b>Genx Al Rabie</b>	4.47%	100.00%	0.00%
<b>Hair warehouses</b>	2.87%	100.00%	0.00%
<b>Sulai warehouses</b>	7.48%	99.22%	0.78%
<b>Towlan Hotel Suites</b>	1.18%	100.00%	0.00%
<b>Al Quds (leasehold)</b>	1.04%	100.00%	0.00%
<b>Wadi Laban (leasehold)</b>	1.14%	100.00%	0.00%
<b>Al Dabbab (leasehold)</b>	3.01%	100.00%	0.00%
<b>Al Nokhba Educational Schools</b>	5.61%	100.00%	0.00%
<b>Al Salam Schools</b>	3.93%	100.00%	0.00%
<b>Burjeel Hospital - Sharjah</b>	12.19%	100.00%	0.00%
<b>*Total</b>	100.00%	99.88%	0.12%

\*Note: The total occupancy rate has been calculated based on the weighted average

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

the percentage of uncollected revenues from total revenues	the ratio of non-cash expenditures from the fund's net profits before zakat
%11.46	%57.30

6- Performance table covering the last (3) financial years (or since inception), highlighting:

	31/12/2025	31/12/2024	31/12/2023
a) The fund net assets value at the period end.	507,201,318	514,294,806	513,661,998
b) The fund net assets value per unit at the period end.	8.26	8.38	8.37
c) Highest net asset value per unit for each financial year*	8.36	8.41	8.38
c) Lowest net asset value per unit for each financial year	8.26	8.38	8.37
d) The number of units in issued at the end of each financial year	61,370,000	61,370,000	61,370,000
e) Income distribution per unit (net of Zakat).	0.67	0.67	0.64
f) Expense ratio to the fund net assets**	3.03%	3.09%	1.69%

\* The highest and lowest net assets value of the fund was calculated for each unit as of the date of the financial statements.

\*\* It has been calculated as the sum of the total expenditures that the fund has incurred directly for the letters in paragraph 7 of clause C of this report note that the Depreciation, amortization, Provision for impairment in the value of investments, Lease Hold contracts expense, Operator fees, and management properties expense are excluded from the expense ratio.

\*\* Expense ratio has been calculated from the net asset value of the fund as of 12/31/2025

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### p) Loan summary

Loan Summary for property acquisition:

Project name	Loan ratio to total debt	Payback date	fulfillment period	Adjusted fulfillment period
Tolan Hotel Suites	3.03%	19/10/2029	437	62
Al Nokhba Educational Schools	4.48%	19/10/2029	437	91
Burjeel - Sharjah	13.91%	17/09/2030	104	68
<b>Total</b>	<b>21.42%</b>		<b>978</b>	<b>221</b>

Loan Summary for development:

Project name	Loan ratio to total debt	Payback date	fulfillment period	Weighted fulfillment period
Al Salam Schools - 1	4.27%	19/10/2029	437	330
Al Salam Schools -2	0.81%	17/09/2030	104	15
Al Salam Schools -3	0.57%	17/09/2030	104	10
<b>Total</b>	<b>5.65%</b>		<b>645</b>	<b>356</b>

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### 7- Performance record:

a) The aggregate return for 1 year, 3 years and since inception since July 9, 2017.

Al Ma'ather REIT fund	2025	3 years	Since inception*
<b>Total return SAR (Total rental income)</b>	66,961,715	191,059,532	482,577,853
<b>Total return ratio %</b>	10.91%	31.13%	78.63%

\*The date of commencement of the fund's work on 09/07/2017, The lease due for the fund began during August 2017 when real estate title dead was transferred to the ownership of fund, it is calculated on the basis of the fund's value at creation

b) The annual total revenue for each of the last (10) fiscal years.

Al Ma'ather REIT fund	2025	2024	2023	2022	2021	2020	2019	2018	2017*
<b>Total return SAR</b>	66,961,715	62,816,372.00	61,281,445.00	61,726,019	51,759,626	51,337,805	53,574,640	52,619,553	20,500,678
<b>Total return ratio %</b>	%10.91	%10.24	%9.99	%10.06	%8.43	%8.37	%8.73	%8.57	%3.34

\*The date of commencement of the fund's work on 09/07/2017, The lease due for the fund began during August 2017 when real estate title dead was transferred to the ownership of fund, it is calculated on the basis of the fund's value at creation

\*\* The percentage of total rental from capital

c) The table below showing actual fees and fund expenses paid by the investment fund during the year.

The Total Expense Ratio also clearly disclosed.

The fund manager has not waived or rebates any fees.

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Expenses	Value in SAR
Real estate Management Expenses	3,160,602
Operator fees	2,501,380
Lease Hold contracts expense	639,644
Management fees	4,389,790
Custodian fee	200,000
Board members fees	36,000
Chartered accountant Fees	65,000
Property Evaluation fees	196,000
Listing and registration fees	569,608
Capital Market Authority & Tadawul fees	12,500
Financing costs	8,574,639
Other expenses	1,708,841
Expected credit losses	1,344,447
Depreciation and amortization	17,748,113

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Expenses	Value in SAR
<b>Total expenses 1</b>	41,146,564
<b>*The percentage</b>	8.11%
<b>Expenses 2:</b> (only the Depreciation, amortization, Lease Hold contracts expense, Operator fees, and management properties expense)	25,394,186
<b>Expenses:</b> (Without the Depreciation, amortization, Lease Hold contracts expense, Operator fees, and management properties expense)	15,752,378
<b>*Percentage of the expenses 3:</b> (Without the Depreciation, amortization, Provision for impairment in the value of investments, Lease Hold contracts expense, Operator fees, and management properties expense)	3.11%

Note: The fund manager has not reduced or waived any fees, and performance data calculation methodology in addition to any assumption have been applied consistently.

\* Expense ratio has been calculated from the net asset value of the fund as of 12/31/2025.

### 8- Material changes that occurred during the period and affected the performance of the fund:

- a) On 14/01/2025G (14/07/1446 Hijri): Osool & Bakheet Investment Company announces that the Quarterly statement of Al Ma'ather REIT for the period ending on 31/12/2024G. A copy of the Quarterly statement can be found in the attachments
- b) On 25/02/2025G (26/08/1446 Hijri): OSOOL & BAKHEET Investment Company announces the distribution of cash Dividends to the Unitholders of the: Al Ma'ather REIT for six-months ending on as 31 December 2024. The entitlement to cash distributions for unit holders will be based on the unit holder register as of Wednesday, 05/09/1446 AH corresponding to 03/05/2025 AD. The total distributed profits amount to SAR 20,865,800 on the outstanding units (61,370,000). The distributed profit per unit is SAR 0.34, The distribution percentage is 4.06% of the net asset value as of 30/06/1446 AH corresponding to 31/12/2024 AD. The entitlement to cash distributions for unit holders will be based on the unit holder register

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- as of the date (1446/09/05) corresponding to (2025/03/05).
- c) On 26/02/2025G (27/08/1446 Hijri): A corrective announcement for OSOOL & BAKHEET Investment Company ("Fund Manager") announcement published on 27/08/1446H corresponding to 26/02/2025G Regarding the announcement of dividends distribution to the unitholders of Al Ma'ather REIT Fund, the fund manager wishes to clarify that there is a clerical error in the previous announcement regarding the dividend entitlement period and the Cash Distribution Entitlements to Unitholders
  - d) On 27/02/2025G (28/08/1446 Hijri): Announcement by Osool & Bakheet Investment Company for the availability of the Semi-Annual reports of the assets of Al Ma'ather REIT Fund for the period ending on 31/12/2024
  - e) On 27/03/2025G (27/09/1446 Hijri): OSOOL & BAKHEET Investment Company announces that AlMa'ather REIT's annual reports, including the annual audited financial statements, for the period ended on 31/12/2024. The net asset value amounted to SAR 514,294,806 total expenses reached SAR 37,305,386 and net profit was SAR 41,137,008 based on the total outstanding units of 61,370,000 units. The net asset value per unit was SAR 8.38, yielding a return of 6.70% for the period.
  - f) On 07/04/2025G (09/10/1446 Hijri): Osool & Bakheet Investment Company announces the availability of the Risk Assessment Report for Al Ma'ather REIT as of 31/12/2024G.
  - g) On 15/04/2025G (17/10/1446 Hijri): Osool & Bakheet Investment Company announces that the Quarterly statement of Al Ma'ather REIT for the period ending on 31/03/2025G.
  - h) On 13/07/2025G (18/01/1447 Hijri): Osool & Bakheet Investment Company announces that the Quarterly statement of Al Ma'ather REIT for the period ending on 30/06/2025G.
  - i) On 11/08/2025G (17/02/1447 Hijri): Osool & Bakheet Investment Company announces the availability of the reviewed preliminary financial statements for Al Ma'ather REIT Fund for the period ending on 30/06/2024. The net asset value amounted to SAR 513,150,550, total expenses reached SAR 11,008,427 , and net profit was SAR 19,728,378, based on the total outstanding units of 61,370,000 units. The net asset value per unit was SAR 8.36, yielding a return of 3.65% for the period.

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- j) On 12/08/2025G (18/02/1447 Hijri): Osool & Bakheet Investment Company announced the distribution of cash dividends to unit holders of Al Ma'ather REIT Fund for the six months ending on 30 June 2025. The entitlement to cash distributions for unit holders will be based on the unitholder register on the end of "Tuesday, 25/02/1447H, corresponding to 19/08/2025G (end of trading day Sunday, 23/02/1447H corresponding to 17/08/2025G) with total distributed profits amounting to SAR 20,252,100 for a total of 61,370,000 outstanding units. The distributed profit per unit is SAR 0.33, The distribution percentage of net asset value stands at 3.95%. The distribution percentage of net asset value is as of 2025/06/30 Corresponding to 144701/05 and the entitlement to cash distributions for unit holders will be based on the unit holder record by the end of 2025/08/19 Corresponding to 1447/02/25 .
- k) On 14/08/2025G (20/02/1447 Hijri): Osool & Bakheet Investment Company announces an update of the terms and conditions of Al Ma'ather REIT as of 05/03/1447H corresponding to 28/08/2025G , Update of the financial disclosure in Appendix no. (1) , Update to align with the Real Estate Investment Funds Regulations, Appointment of Crow as an auditor for AL Maather REIT Fund, Appointment of Esnad and Square Meter as a Property evaluators for AL Maather REIT Fund
- l) On 18/08/2025G (24/02/1447 Hijri): Osool & Bakheet Investment Company announces that semiannual evaluation reports of the assets of Al Ma'ather REIT Fund for the period ending on 30/06/2025., prepared by Two accredited valuers are available
- m) On 14/10/2025G (22/04/1447 Hijri):Osool & Bakheet Investment Company announces that the Quarterly statement of Al Ma'ather REIT for the period ending on 30/09/2025G. A copy of the Quarterly statement

### 9- Main topics the Fund Board discussed over the period:

- A. Topics discussed:
- Discussing strategy / opportunities to acquire new real estate assets
  - Oversee the fund's operations.
  - Discussing the general real estate market situation and its impact on returns.
  - Addressing the rental arrears for some of the fund's properties.
  - Discussing the occupancy rates of the fund's properties and finding solutions to increase occupancy rates.

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- Monitoring the performance of Al Ma'ather REIT Fund compared to the Saudi REITs index.
- Reviewing the loan schedule .

- B. The decisions have been taken:
- No decisions have been made.

### 10- Any special commission received by the fund manager during the period:

There is no special commission received by the fund manager during the period, and all amounts obtained by the fund manager were disclosed during the period

### 11- Any other data and other information required by CMA Regulations to be included in this report.

- a) Conflict of interest disclosure: There is no conflict of interest
- b) Disclosure of details of the fund manager's investments in the fund's units: The fund manager invests in 350,819 units of the fund as of 31/12/2023G.
- c) Summary of all valuation and pricing errors: There is no valuation and pricing errors.

### 12- Risk Assessment report:

#### Fund Risk Rating

Related risks to the fund:					Impact	Probability	Impact X Probability	Category	0	1	2	3	4	5	6	7
1	Volatility in returns due to concentration risk arising from the fund's investments being focused within a limited geographic area	2.50	2.00	5.00	High											
2	Loss of key employees of the fund manager	2.00	2.00	4.00	Medium											
3	Inability to exit real estate investments within the fund in a timely manner	2.00	2.00	4.00	Medium											
4	Market volatility risk and the risk of trading at a price below fair value	2.50	1.50	3.75	Medium											

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5	Risks of increasing the fund's capital and reducing the relative shares of unite holder	1.00	2.50	2.50	Medium	
6	Risks of not achieving operating or rental returns	3.00	0.25	0.75	Low	
<b>Related risks to the fund:</b>						
7	Risks of economic downturn and stagnation of the real estate market in general	2.00	1.50	3.00	Medium	
8	The risk of rising interest rates and the impact of this on increasing the expected returns and the required rental returns on real estate assets and thus declining their value	2.00	0.50	1.00	Low	
9	Possibility to challenge the Fund's ownership of the real estate assets or disqualify the Fund's assets instruments	3.00	0.25	0.75	Low	
10	The possibility of increasing competition in the sectors in which the Fund invests (health, education, hospitality, offices, trade fairs)	1.50	1.50	2.25	Medium	
11	Risks of not being able to attract and retain suitable tenants and/or effectively manage real estate assets	3.00	0.50	1.50	Low	
12	The possibility of declining operational returns as a result of bearing high fixed and operational costs without being associated with an increase in rental returns	2.00	1.00	2.00	Medium	
13	The fund's reliance on significant operational support from the property manager and the risk of the property manager not fulfilling its contractual obligations	2.00	2.00	4.00	Medium	
14	The negative impact of the lack of or non-compliance with regulatory approvals and licensing requirements on real estate assets	3.00	0.50	1.50	Low	
15	The possibility of the real estate assets being subject to substantial damage due to natural disasters and other causes beyond the control of the fund manager and for which insurance (if any) may not be sufficient	3.00	0.50	1.50	Low	
16	Risks of concentrating rental returns on some of the fund's properties with one tenant	1.50	1.50	2.25	Medium	
17	The risk of tenant defaults and its impact on the fund's operating flows	3.00	1.00	3.00	Medium	
18	The possibility of rescinding the utility contracts from their owners	0.50	1.00	0.50	Low	
<b>Other Risks:</b>						

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19	Macroeconomic risks and market dependence on oil prices, and the impact of any fundamental decline in oil prices on the real estate market	2.00	2.00	4.00	Medium	
20	The political, economic and legal environments continue to be subject to continuous changes	2.50	2.50	6.25	High	
21	Changes in regulatory legislation that may affect the fund's net rental cash flows, such as the imposition of taxes on rental values	1.50	0.50	0.75	Low	
22	Regulatory changes involving the imposition of fees on vacant land and the suspension of rental increases	0.50	3.00	1.50	Low	
23	Regulatory changes involving the imposition of fees on vacant units	2.00	3.00	6.00	High	

**The potential negative impact** in the event the risks materialize on the fund's total revenues as assessed by the Fund Manager on a scale of 1 to 3.

**Probability** The level of the Fund Manager's assessment and confidence regarding the likelihood of these risks occurring, on a scale of 1 to 3.

Based on the above table, which shows 23 factors of the three types of risks, which are risks related to the fund, risks related to the assets of the fund and other risks, the investment risks in the fund were evaluated based on three categories, as the evaluation mechanism was adopted on the extent of the influence of the factors and the number of times they occur "Frequency", and the three risk categories and their impact as follows:

1. Low Risk :Rating score less than 2
2. Medium Risk. :Rating score from 2 to 4
3. High Risk :Rating score higher than 4

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**AI MA'ATHER REIT FUND**  
**Real estate investment Traded closed fund**  
**Takes the form of a special-purpose entity**  
(Managed by Osool & Bakheet Investment Company)  
**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT**  
**AUDITOR'S REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

**Al Ma'ather REIT Fund**

Real estate investment Traded closed fund

Takes the form of a special-purpose entity (Managed by Osool &amp; Bakheet Investment Company)

**CONSOLIDATED FINANCIAL STATEMENT AND INDEPENDENT AUDITOR'S REPORT  
for the year ended 31 December 2025**

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## **INDEPENDENT AUDITOR'S REPORT**

### **To The Unitholders**

#### **For Al Ma'ather REIT Fund**

Real Estate Investment Traded Closed Fund Takes the Form of a Special-Purpose Entity  
(Managed by Osool & Bakheet Investment Company)

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the consolidated financial statements of Al Ma'ather REIT ("The Fund") and its subsidiary (together referred to as the "Group") being managed by Osool and Bakheet Investment Company ("Fund Manager"), which comprise the consolidated statement of financial position as at 31 December 2025 and the consolidated statements of profit or loss and other comprehensive income, changes in net assets (equity) attributable to the unitholders and cash flows for the year then ended, and the accompanying notes to the consolidated financial statements, including material accounting policies information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated statement of financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting 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").

#### **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 consolidated financial statements" section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) that are endorsed in the Kingdom of Saudi Arabia and that are relevant to our audit of the Group's consolidated financial statements and we have fulfilled our ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other matter**

The consolidated financial statements of the Group for the year ended December 31, 2024, were audited by another auditor who expressed an unmodified opinion on those statements on March 16, 2025 (corresponding to 16 Ramadan, 1446H).

#### **Key audit matter**

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



**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**To The Unitholders**

**For Al Ma'ather REIT Fund**

Real Estate Investment Traded Closed Fund Takes the Form of a Special-Purpose Entity  
(Managed by Osool & Bakheet Investment Company)

**Report on the Audit of the Consolidated Financial Statements (continued)**

**Key audit matter (continued)**

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of investment properties: As at 31 December 2025, the carrying value of the Fund's investment properties, net were SAR 677,894,199 (31 December 2024 : SAR 685,205,589) , as disclosed in Note (6).</p> <p>The investment properties are stated at cost less accumulated depreciation and accumulated impairment, if any. The fair value of the investment properties is provided as a disclosure.</p> <p>For assessing the impairment of investment properties and to provide fair values for the required disclosure, Fund manager engages two independent external certified property valuers to perform a valuation of the Fund's investment properties on a semi-annual basis.</p> <p>We considered this as a key audit matter as the external valuation used for the impairment assessment and disclosure requires significant assumptions and judgments and the potential impact of impairment, if any, could be material to the financial statements.</p> <p>Please refer to Note (5) regarding the estimates and assumptions relating to the impairment of investment properties, and to Notes (6) and (7) relating to investment properties and their impact on the net asset (equity) value if investment properties and usufruct contracts are measured at fair value.</p>	<p>We have carried out the following audit procedures:</p> <ul style="list-style-type: none"> <li>• We obtained the valuation reports prepared by the two external valuers as at 31 December 2025 and assessed the recoverable amount of investment properties;</li> <li>• We assessed the qualification and expertise of external valuers appointed by the Fund for the valuation of the investment properties;</li> <li>• We assessed the independence of the external valuers and read their 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;</li> <li>• We carried out procedures to consider the accuracy of information supplied to the external valuers by Fund Manager;</li> <li>• We involved our experts to assist us in assessing the reasonableness of the valuation methodology, assumptions and estimates used in deriving the valuation,</li> <li>• We reconciled the average fair value of the investment properties as appearing in Note 6 of the accompanying financial statements to the external valuers' report; and</li> <li>• We assessed the adequacy of disclosures included in the financial statements in notes (6) and (7).</li> </ul>



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### To The Unitholders

#### For Al Ma'ather REIT Fund

Real Estate Investment Traded Closed Fund Takes the Form of a Special-Purpose Entity  
(Managed by Osool & Bakheet Investment Company)

### Report on the Audit of the Consolidated Financial Statements (continued)

#### Other information

Fund manager is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon.

The annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### Responsibilities of Fund manager and those charged with governance for the consolidated financial statements

The Fund Manager is responsible for the preparation and fair presentation of the consolidated 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 the Saudi Organization for Chartered and Professional Accountants (SOCPA), the applicable provisions of the Real Estate Investment Funds Regulations issued by the Capital Market Authority, and the Fund's terms and conditions. The Fund Manager is also responsible for such internal control as it determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, i.e., the Fund's Board of Directors, are responsible for overseeing the Group's financial reporting process.

#### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 (ISAs) 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)****To The Unitholders:****For Al Ma'ather REIT Fund**Real Estate Investment Traded Closed Fund Takes the Form of a Special-Purpose Entity  
(Managed by Osool & Bakheet Investment Company)**Report on the Audit of the Consolidated Financial Statements (continued)****Auditor's responsibilities for the audit of the consolidated financial statements (continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming express an opinion on the Group consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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.



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**Al Ma'ather REIT Fund**

Real Estate Investment Traded Closed Fund Takes the Form of a Special-Purpose Entity  
(Managed by Osool & Bakheet Investment Company)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****As at 31 December 2025**

(Saudi Riyals)

	<u>Note</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Investment properties	6	677,894,199	685,205,589
Right of use assets	8	1,693,591	2,333,235
Usufruct contracts	9	1,891,798	3,287,489
<b>Total non-current assets</b>		<b>681,479,588</b>	<b>690,826,313</b>
<b>Current assets</b>			
Accounts receivable	10	7,670,599	8,067,219
Prepaid expenses and other assets	11	1,018,627	1,252,226
Due from a related party	14	181,967	55,480
Cash and cash equivalents	12	38,382,800	37,910,775
<b>Total current assets</b>		<b>47,253,993</b>	<b>47,285,700</b>
<b>Total assets</b>		<b>728,733,581</b>	<b>738,112,013</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities-non-current portion	8	1,261,825	2,034,524
Islamic facilities -non-current portion	13/A	196,568,771	196,568,771
<b>Total non-current liabilities</b>		<b>197,830,596</b>	<b>198,603,295</b>
<b>Current liabilities</b>			
Lease liabilities – current portion	8	767,169	738,950
Due to related parties	14	1,186,988	1,438,960
Accrued expenses and other liabilities	15	2,568,630	1,747,217
Deferred revenue	16	12,949,968	13,150,591
Accrued interest on Murabaha Islamic financing facilities	13/C	6,228,912	8,138,194
<b>Total current liabilities</b>		<b>23,701,667</b>	<b>25,213,912</b>
<b>Total liabilities</b>		<b>221,532,263</b>	<b>223,817,207</b>
<b>Unitholders' funds</b>			
<b>Net assets (equity) attributable to the unitholders</b>		<b>507,201,318</b>	<b>514,294,806</b>
Units in issue (numbers)		61,370,000	61,370,000
Book value of net assets attributable to the unit	7	8.26	8.38
Fair value of net assets attributable to the unit	7	11.39	10.99

The accompanying notes (1) to (27) form an integral part of these Consolidated financial statements.

**Al Ma'ather REIT Fund**

Real Estate Investment Traded Closed Fund Takes the Form of a Special-Purpose Entity  
(Managed by Osool & Bakheet Investment Company)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the year ended 31 December 2025**  
(Saudi Riyals)

	Note	2025	2024
<b><u>Profit or loss</u></b>			
<b>Revenues</b>			
Rental income	18	66,961,715	62,816,372
Commission income from term deposits	12	1,087,004	942,518
<b>Total revenues</b>		<b>68,048,719</b>	<b>63,758,890</b>
<b>Expenses</b>			
Real Estate management expenses	14	(3,160,602)	(3,981,723)
Fund management fees	14	(4,389,790)	(4,251,749)
Custody fees	14	(200,000)	(200,000)
Property management fees	14	(2,501,380)	(2,290,863)
Depreciation on right of use assets	8	(639,644)	(641,452)
(Formed) / reverse of expected credit losses	10	(1,344,447)	408,610
Finance costs	20	(8,574,639)	(6,792,739)
Other expenses	19	(2,587,949)	(1,612,790)
<b>Total expenses</b>		<b>(23,398,451)</b>	<b>(19,362,706)</b>
<b>Net profit for the year from operating activities</b>		<b>44,650,268</b>	<b>44,396,184</b>
Depreciation on investment properties	6	(16,757,112)	(16,806,034)
Amortization of real estate Usufruct contracts	9	(991,001)	(950,354)
Reverse of impairment in value of investment properties	6	7,526,947	14,471,496
(Loss) / reverse of impairment losses on Usufruct contracts	9	(404,690)	25,716
<b>Net profit for the year</b>		<b>34,024,412</b>	<b>41,137,008</b>
<b><u>Other comprehensive income</u></b>			
<b>Total comprehensive income for the year</b>		<b>34,024,412</b>	<b>41,137,008</b>

The accompanying notes (1) to (27) form an integral part of these Consolidated financial statements.

**Al Ma'ather REIT Fund**

Real Estate Investment Traded Closed Fund Takes the Form of a Special-Purpose Entity  
(Managed by Osool & Bakheet Investment Company)

**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS(Equity) ATTRIBUTABLE TO THE  
UNIT HOLDERS****For the year ended 31 December 2025**

(Saudi Riyals)

	<u>2025</u>	<u>2024</u>
<b>Net value of assets (equity) attributable to unitholders, beginning of the year</b>	<u>514,294,806</u>	<u>513,661,998</u>
Total comprehensive income for the year	<u>34,024,412</u>	<u>41,137,008</u>
Dividends (Note 21)	<u>(41,117,900)</u>	<u>(40,504,200)</u>
<b>Net value of assets (equity) attributable to unitholders, year-end</b>	<u><u>507,201,318</u></u>	<u><u>514,294,806</u></u>

**Unit transactions**

The following is a summary of the unit transactions during  
the year:

	<u>2025</u>	<u>2024</u>
	<u>Units</u>	<u>Units</u>
Number of units, beginning of the year	<u>61,370,000</u>	<u>61,370,000</u>
<b>Number of units, year-end</b>	<u><u>61,370,000</u></u>	<u><u>61,370,000</u></u>

The accompanying notes (1) to (27) form an integral part of these Consolidated financial statements.

**Al Ma'ather REIT Fund**

Real Estate Investment Traded Closed Fund Takes the Form of a Special-Purpose Entity  
(Managed by Osool & Bakheet Investment Company)

**CONSOLIDATED STATEMENT OF CASH FLOWS****For the year ended 31 December 2025**

(Saudi Riyals)

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit for the year	<b>34,024,412</b>	41,137,008
<b>Adjustments to reconcile net profit for the year to net cash flows:</b>		
Depreciation on investment properties	<b>16,757,112</b>	16,806,034
Amortization of usufruct contracts	<b>991,001</b>	950,354
Depreciation on right of use assets	<b>639,644</b>	641,452
Finance costs	<b>8,574,639</b>	6,792,739
Reversal of impairment on investment properties	<b>(7,526,947)</b>	(14,471,496)
Loss / (reverse) of impairment losses on Usufruct contracts	<b>404,690</b>	(25,716)
Formed / (reverse) of expected credit losses	<b>1,344,447</b>	(408,610)
Commission income from term deposits	<b>(1,087,004)</b>	(942,518)
	<b>54,121,994</b>	50,479,247
<b>Changes in operating assets and liabilities</b>		
Accounts receivable	<b>(947,827)</b>	1,673,255
Prepaid expenses and other assets	<b>233,599</b>	273,571
Accrued expenses and other liabilities	<b>821,413</b>	(293,384)
Deferred revenue	<b>(200,623)</b>	(18,354)
Due from a related party	<b>(126,487)</b>	4,301,853
Due to related parties	<b>(251,972)</b>	(137,520)
<b>Net cash flows generated from operating activities</b>	<b>53,650,097</b>	56,278,668
<b>Cash flows from investing activities</b>		
Payments for the Purchase of Investment Properties	<b>(1,918,775)</b>	(872,033)
Payments for usufruct contracts	-	(130,002)
Commission income realised from term deposit	<b>1,087,004</b>	942,518
<b>Net cash used in investing activities</b>	<b>(831,771)</b>	(59,517)
<b>Cash flows from financing activities</b>		
Paid from lease obligations	<b>(900,000)</b>	(900,000)
Paid from Accrued Murabaha Islamic financing facilities	<b>(10,328,401)</b>	(16,986,632)
Dividends paid	<b>(41,117,900)</b>	(40,504,200)
<b>Net cash used in financing activities</b>	<b>(52,346,301)</b>	(58,390,832)
<b>Net change in Cash and cash equivalents</b>	<b>472,025</b>	(2,171,681)
Cash and cash equivalents, at the beginning of the year	<b>37,910,775</b>	40,082,456
Cash and cash equivalents, at the end of the year	<b>38,382,800</b>	37,910,775

The accompanying notes (1) to (27) form an integral part of these Consolidated financial statements.

## Al Ma'ather REIT Fund

Real Estate Investment Traded Closed Fund Takes the Form of a Special-Purpose Entity  
(Managed by Osool & Bakheet Investment Company)

### Notes to the consolidated financial statements

**For the year ended 31 December 2025**

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#### 1. THE FUND AND ITS ACTIVITIES

a) Al Ma'ather REIT Fund (the "Fund"), managed by Osool & Bakheet Investment Company (the "Fund Manager"), is a Closed Public Traded Listed Real Estate Investments Fund operating in accordance with the Real Estate Investment Funds Regulations and the Real Estate Investment Traded Funds Instructions issued by the Capital Market Authority (CMA). The Fund is listed on the Saudi Stock Exchange ("Tadawul") and its units are traded in accordance with the relevant laws and regulations.

The Fund aims to invest in real estate assets capable of achieving periodic rental income within the Kingdom of Saudi Arabia in line with the Fund's investment strategy, and to distribute at least 90% of the Fund's net profit annually. The Fund secondarily invests its assets in real estate development projects in accordance with the restrictions specified in the Fund's strategy.

The Fund is managed by Osool & Bakheet Investment Company, a Saudi Joint Stock Company registered under Commercial Registration No. 1010219805 dated 2 Jumada Al-Awwal 1427H (corresponding to 29 May 2006). It is licensed as an "Authorized Person" under CMA license No. 07-08126 to conduct dealing as principal and agent, managing, and custody in securities business.

The Fund has appointed Albilad Capital (the "Custodian") to act as the custodian and registrar of the Fund. Custody and registrar fees are paid by the Fund.

The Fund Manager is responsible for the overall management of the Fund's activities. The Fund Manager may also enter into agreements with other institutions to provide investment services, custody services, or other administrative services on behalf of the Fund.

The Fund commenced its operations on 15 Shawwal 1438H (corresponding to 9 July 2017), and the ownership of the investment properties and usufruct contracts was transferred in August of the same year, from which date the rents accrued to the Fund.

b) The Terms and Conditions of the Fund were issued on 18 Ramadan 1438H (corresponding to 13 June 2017). The Fund Manager made certain amendments to the Fund's Terms and Conditions, which were last updated on 9 Safar 1447H (corresponding to 3 August 2025).

c) The subscribed units in the Fund amounted to 61,370,000 units with a total value of SAR 613,700,000. The Fund's term is ninety-nine (99) years starting from the date of listing the units on Tadawul, renewable for a similar period at the discretion of the Fund Manager and subject to the CMA's approval.

d) The consolidated financial statements as at 31 December 2025 include the activities of the Fund and its following subsidiary (collectively referred to as the "Group").

Subsidiary Company	Main activity	Country	Ownership %	
			2025	2024
Rukn Al Maather Investment Company	The company's activities are purchase and sale of land and real estate.	United Arab Emirates	100%	100%

E-The address of the fund manager is at the following address:

Osool & Bakheet Investment Company

P.O. Box 63762

Riyadh 11526

Kingdom of Saudi Arabia

## **Al Ma'ather REIT Fund**

Real Estate Investment Traded Closed Fund Takes the Form of a Special-Purpose Entity  
(Managed by Osool & Bakheet Investment Company)

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 December 2025**

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#### **1. THE FUND AND ITS ACTIVITIES (continued)**

A Special Purpose Vehicle (SPV) was established by the Custodian, namely " Baytak Al-Hafez Real Estate Company" (A Single Member Limited Liability Company) in the city of Riyadh, under Commercial Registration (CR) No. 1010715448 dated 26 Shawwal 1438H (corresponding to 30 July 2017) and Unified National Number 701556541, for the purpose of safeguarding and registering the assets of Al Ma'ather REIT. This was carried out with the approval of the Capital Market Authority (CMA) issued under No. (1/6/2678/19/S) dated 4 Sha'ban 1440H (corresponding to 9 April 2019).

#### **2. Regulatory Framework**

The Fund is governed by the Real Estate Investment Funds Regulations (the "Regulations") issued by the Board of the Capital Market Authority (CMA) pursuant to Resolution No. (1-193-2006) dated 19/6/1427H (corresponding to 15 July 2006), based on the Capital Market Law issued by Royal Decree No. (M/30) dated 2/6/1424H, as amended by the CMA Board Resolution No. (1-135-2025) dated 3/6/1447H (corresponding to 24 November 2025).

#### **3. BASIS OF PRESENTATION**

##### **Statement of compliance**

These accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA), and the Fund's terms and conditions.

##### **Basis of measurement**

The consolidated financial statements have been prepared on a historical cost basis, unless otherwise stated, using the going concern concept and the accrual basis of accounting.

##### **Functional and presentation currency**

These consolidated financial statements are presented in Saudi Riyals (SAR), which is the functional currency, and all values are rounded to the nearest Saudi Riyal.

##### **Basis of consolidation**

These consolidated financial statements comprise the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in net assets (equity) attributable to the unitholders, the consolidated statement of cash flows, and the accompanying notes to the consolidated financial statements, incorporating the assets, liabilities, and results of operations of the Fund and its subsidiary as disclosed in Note (1). A subsidiary is an entity controlled by the Fund. The Fund controls a subsidiary when it is exposed, or has rights, to the revenue from its involvement with the investee and has the ability to affect those returns through its power over the subsidiary. The subsidiary is consolidated from the date on which control is transferred to the Fund and ceases to be consolidated from the date that control ceases. The Fund applies the acquisition method to account for business combinations when control is transferred to it. The cost of an acquisition is measured at the fair value of the assets acquired. Intercompany transactions, balances, and unrealized gains or losses on transactions between the Fund and the subsidiary are eliminated in full. Accounting policies of the subsidiary are aligned where necessary to ensure consistency with the policies adopted by the Fund.

##### **Loss of control**

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

## Al Ma'ather REIT Fund

Real Estate Investment Traded Closed Fund Takes the Form of a Special-Purpose Entity  
(Managed by Osool & Bakheet Investment Company)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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#### 3. BASIS OF PRESENTATION (CONTINUED)

##### Loss of control (continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognizes the assets and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in the consolidated statement of profit or loss;
- Reclassifies the parent's share of components previously recognized in other comprehensive income to the consolidated statement of profit or loss or retained earnings, as appropriate, in accordance with other IFRSs.

#### 4. New standards, amendments to standards, interpretations and standards issued that have not yet been applied

##### New standards, amendments to standards and interpretations:

The Fund adopted the following new standards and amendments for the first time in its annual financial statements effective from 1 January 2025:

**Amendments to IAS 21 – Lack of Exchangeability** An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.

The adoption of the above-mentioned amendments did not have any material impact on the consolidated financial statements during the year.

##### Standards issued but not yet effective

The following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2026 and earlier application is permitted for certain new standards and amendments; however, the fund has not early adopted them in preparing these Consolidated Financial Statements. The Group is currently evaluating the impact of the adoption of these standards on the Consolidated Financial Statements.

**Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments** The amendments include:

- Clarifying the requirements for the timing of recognition and derecognition of certain financial assets and financial liabilities, with a new exception for certain financial liabilities settled through an electronic cash transfer system.
- Clarifying and adding further guidance to assess whether a financial asset meets the "solely payments of principal and interest" (SPPI) criterion.
- Adding new disclosures for certain instruments with contractual terms that could change cash flows (e.g., certain instruments with features linked to the achievement of environmental, social, and governance objectives) and
- Updating disclosures related to equity instruments designated at fair value through other comprehensive income.

## Al Ma'ather REIT Fund

Real Estate Investment Traded Closed Fund Takes the Form of a Special-Purpose Entity  
(Managed by Osool & Bakheet Investment Company)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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#### 4. New standards, amendments to standards, interpretations and standards issued that have not yet been applied (continued)

##### Standards issued but not yet effective (continued)

**IFRS 18, "Presentation and Disclosure in Financial Statements"** The new standard for presentation and disclosure in financial statements focuses on updates to the statement of profit or loss. The main new concepts introduced in IFRS 18 include:

- The structure of the statement of profit or loss;
- Disclosures required in the financial statements for certain profit or loss performance measures reported outside an entity's financial statements (i.e., management-defined performance measures); and
- Enhancing the principles of aggregation and disaggregation that apply to the primary financial statements and notes in general.

#### 5. Material accounting policies

##### Use of Judgments, Estimates, and Assumptions

The preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The following are the key assumptions and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

##### Significant Accounting Judgments, Estimates, and Assumptions

###### Going concern

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

###### Investment property classification

The Fund Manager determines whether properties qualify as investment properties. In making its judgment, the Fund Manager considers whether the properties are held to earn rentals or for capital appreciation, including properties held for an undetermined future use, and whether these properties generate cash flows that are largely independent of other assets held by the Group.

###### Useful lives of investment properties

The Fund's management determines the estimated useful lives of investment properties for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the remaining useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

## Al Ma'ather REIT Fund

Real Estate Investment Traded Closed Fund Takes the Form of a Special-Purpose Entity  
(Managed by Osool & Bakheet Investment Company)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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#### 5. Material accounting policies (continued)

##### Significant Accounting Judgments, Estimates, and Assumptions (Continued)

###### Impairment of investment properties

The Fund assesses whether there are any indicators of impairment for all investment properties at each reporting date. An impairment test is performed when there is evidence that the carrying amount may not be recoverable. If such evidence exists, or when an annual impairment test is required, the Fund estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or 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 an 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 taken into account. If no such transactions can be identified, an appropriate valuation model is used.

For investment properties, an assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Fund estimates the asset's or CGU's recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss.

###### Impairment of non-financial assets

The Group reviews the carrying amounts of its non-financial assets at each statement of financial position date to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. The recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. Impairment losses are recognized immediately in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

###### Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recognised in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair values are determined using valuation techniques, including the discounted cash flow method. The inputs to these techniques are derived from observable market data where possible; however, where this is not feasible, a degree of judgement is required in determining fair values. Such judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair values of financial instruments.

###### Expected credit losses (ECL)

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior. Significant judgments required include:

Determining criteria for significant increase in credit risk.

Choosing appropriate models and assumptions for the measurement of ECL.

Establishing the number and relative weightings of forward-looking scenarios for each type of product/markets.

Establishing groups of similar financial assets for the purposes of measuring ECL.

## Al Ma'ather REIT Fund

Real Estate Investment Traded Closed Fund Takes the Form of a Special-Purpose Entity  
(Managed by Osool & Bakheet Investment Company)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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#### 5. Material accounting policies (continued)

##### Significant Accounting Judgments, Estimates, and Assumptions (Continued)

###### Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the estimated cash flows required to settle the present obligation, its carrying amount represents the present value of those cash flows. Where some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

###### Impairment of assets

Assets are remeasured whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss, if any, is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount.

###### Determination of the lease term

The Group determines the lease term as the non-cancellable period of a lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. That is, it considers all relevant factors that create an economic incentive to exercise either the renewal or termination. At the commencement date, the Group assesses whether it is reasonably certain to exercise the extension options. After the commencement date, the Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances that is within its control. Lease payments are discounted using the Group's incremental borrowing rate. Management has applied judgments and estimates to determine the incremental borrowing rate at the commencement of the lease.

###### Incremental borrowing rate for leases

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

###### Fair value and its hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

**Level 1:** Quoted prices in active markets for identical assets or liabilities.

**Level 2:** Valuation techniques based on inputs that affect fair value and are observable in the market, either directly or indirectly.

**Level 3:** Valuation techniques based on inputs that affect fair value and are unobservable in the market, either directly or indirectly.

## Al Ma'ather REIT Fund

Real Estate Investment Traded Closed Fund Takes the Form of a Special-Purpose Entity  
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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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#### 5. Material accounting policies (continued)

##### Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

- A liability is current when
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

##### Investment properties

Investment properties comprise completed properties held to earn rental income or for capital appreciation for unitholders, or both. Investment properties also include capital work in progress that will be used as investment properties in the future. Investment properties are stated at cost, including transaction costs and borrowing costs where applicable, less accumulated depreciation and impairment losses (if any).

The acquisition cost is measured at the fair value of the acquired/transferred assets. All development costs directly attributable to the acquisition/development of the properties are capitalised to arrive at the total cost when it is probable that future economic benefits will flow.

Investment properties are derecognised when disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

The estimated depreciation rates for the principal components of these investment properties are as follows:

Description	Useful Life
Buildings	3.3%-5%
Furniture and fixtures	15%

In accordance with the terms and conditions, the Fund has applied the cost model to measure investment properties upon the adoption of the financial reporting standards. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. The value in use is based on a discounted cash flow model, whereby the estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the consolidated statement of comprehensive income.

##### Usufruct contracts

Usufruct contracts are recorded at cost less accumulated amortization and any impairment losses. Amortization is calculated using the straight-line method over the term of the contract.

##### Derecognition

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, and it transfers substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset.

## **Al Ma'ather REIT Fund**

Real Estate Investment Traded Closed Fund Takes the Form of a Special-Purpose Entity  
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### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 December 2025**

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#### **5. Material accounting policies (continued)**

##### **Net asset value per unit**

The net asset value per unit disclosed in the consolidated statement of financial position is calculated by dividing the net assets of the Fund by the number of units in issue at the end of the year.

##### **Right of use assets and lease liabilities**

The Fund has recognized new assets and liabilities for its operating leases for various types of contracts. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis of the unpaid lease payments at the commencement date of the contract, using the Fund's incremental borrowing rate.

a- The right-of-use asset is measured at cost comprising the following:

- The amount of the initial measurement of the lease liability; and
- Any lease payments made at or before the commencement date less any lease incentives received; and
- Any initial direct costs; and
- Restoration costs.

b- The lease liability includes the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

##### **Account Receivables**

Account Receivables are stated at the original invoice amount less provision for expected credit losses. A provision for expected credit losses is established when there is objective evidence that the Fund will not be able to collect the amounts due according to the original terms of the account receivables. Bad debts are written off when identified against their related provisions. Provisions are charged to the consolidated statement of profit or loss. Any subsequent recoveries of receivable amounts previously written off are credited to other income.

##### **Cash and cash equivalents**

Cash and cash equivalents include bank balances, bank murabaha, and other highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less from the date of acquisition.

##### **Financial instruments**

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of profit or loss.

## **Al Ma'ather REIT Fund**

Real Estate Investment Traded Closed Fund Takes the Form of a Special-Purpose Entity  
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### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 December 2025**

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#### **5. Material accounting policies (continued)**

##### Financial assets

Financial assets are classified into the following categories depending on the Group's business model:

financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

##### Classification of financial assets

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss. This standard eliminates the previous IAS 39 categories of held-to-maturity investments, loans and receivables, and available-for-sale investments.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

##### Impairment in value

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' model. This requires considerable judgment about how changes in economic factors affect expected credit losses, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortized cost or fair value through other comprehensive income, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

1- 12-month ECLs: These are expected credit losses that result from possible default events within the 12 months after the reporting date.

2- Lifetime ECLs: These are expected credit losses that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition, and 12-month ECL measurement applies if this credit risk has not increased significantly. An entity may determine that a financial asset's credit risk has not increased significantly if the instrument is exposed to low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component. An entity may choose to apply this policy also for trade receivables and contract assets with significant financing components.

##### **Financial liabilities**

Financial liabilities (including borrowings and payables) are initially and subsequently measured at amortized cost using the effective interest method.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled, or they expire. The difference between the carrying amount of the financial liability derecognized and the amount paid is recognized in the statement of profit or loss.

## **Al Ma'ather REIT Fund**

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### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 December 2025**

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#### **5. Material accounting policies (continued)**

##### **Financial assets (continued)**

##### **Effective interest rate method**

The effective interest rate method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs, and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

##### **Classification of financial liabilities**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at fair value through profit or loss are recognized in profit or loss, whereas under IFRS 9, the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, while the remaining amount of change in the fair value is presented in profit or loss.

##### **Related parties**

A related party is a person or entity that is related to the Fund. A person is a related party if they have control or significant influence over the Fund or are a member of key management. An entity is a related party if the entity and the Group are members of the same group as a parent, subsidiary, or associate, or are joint ventures of a third party, or both entities are joint ventures of a third party.

A related party transaction is a transfer of resources, services, or obligations between the Fund and a related party, regardless of whether a price is charged. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Fund, directly or indirectly, including the Manager.

##### **Accrued expenses and other liabilities**

Accrued expenses and other liabilities are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

Provisions are recognized when the Fund has present obligations (legal or constructive) arising from past events, and it is probable that an outflow of economic benefits will be required to settle the obligations, and a reliable estimate can be made. No provision is recognized for future operating losses.

##### **Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events for which it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

##### **Deferred revenue**

Deferred revenue represents amounts billed covering periods extending beyond the end of the financial period. The portion relating to subsequent periods is recognized as deferred revenue under liabilities and is recognized in the consolidated statement of profit or loss and other comprehensive income during the periods to which it relates.

##### **Zakat**

In accordance with the rules for the collection of Zakat from investors in investment funds, investment funds are not required to pay Zakat, and only an information declaration calculating the Zakat base of the Fund is submitted. Consequently, no provision for such liabilities is made in these financial statements, and the obligation falls entirely on the unitholders.

## **Al Ma'ather REIT Fund**

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### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 December 2025**

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#### **5. Material accounting policies (continued)**

##### **Value Added Tax (VAT)**

Expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included; the net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of other receivables or other payables in the consolidated statement of financial position.

##### **Withholding tax**

The Fund withholds taxes on transactions with non-resident parties in the Kingdom of Saudi Arabia and on dividend distributions to non-resident shareholders in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia. These are recorded as liabilities payable to ZATCA on behalf of the counterparty from whom the amounts were withheld.

##### **Revenue**

When the Fund operates as a lessor, it determines at the inception of the lease whether each lease represents 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 ownership of the underlying asset to the lessee. If this is the case, the lease is classified as a finance lease; if not, it is considered an operating lease. As part of this assessment, the Fund considers indicators such as whether the lease is for the major part of the economic life of the asset.

Based on the assessment performed by the Group, it was determined that all of its leases are operating leases. Properties leased out under operating leases are included in investment properties in the consolidated statement of financial position.

##### Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. Accrued revenue is recognized to the extent of revenue earned but not yet billed.

Tenant incentives are recognized as a reduction of rental income using the straight-line method over the lease term. The unamortized portion of these incentives is classified under accrued revenue in the consolidated statement of financial position.

##### Murabaha income

Murabaha income from term deposits is recognized on an effective interest rate basis.

##### Other income

Other income is recognized when earned.

##### **Expenses**

Expenses are recognized on an accrual basis. Fund management fees and custody fees are charged at a percentage agreed upon with the Fund Manager. These expenses are calculated quarterly and are charged to the consolidated statement of profit or loss.

##### **Management fees**

Fund management fees are recognized on an accrual basis and charged to the consolidated statement of profit or loss and other comprehensive income.

Fund management fees are charged according to the rates agreed upon with the Fund Manager and as stipulated in the terms and conditions of the Fund.

## **Al Ma'ather REIT Fund**

Real Estate Investment Traded Closed Fund Takes the Form of a Special-Purpose Entity  
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### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 December 2025**

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#### **5. Material accounting policies (continued)**

##### **Transaction fees**

The Fund Manager charges the Fund a transaction fee based on the purchase or sale value of each property acquired or sold by the Fund.

##### **Dividends**

Semi-annual dividends are distributed to the unitholders (if realized) at no less than 90% of the Fund's profits during the first and second half at the end of June and December of each year, following the approval of the Board of Directors.

##### **Segment information**

Business segment: Represents a group of assets and operations that jointly provide products or services subject to risks and returns that are different from those related to other business segments, and which are measured according to the reports used by the Fund Manager and the chief operating decision maker of the Fund.

Geographical segment: Relates to providing products in a specific economic environment subject to risks and returns that differ from those relating to business segments in other economic environments.

##### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction, or production of an 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 other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

##### **Foreign currency transactions**

Transactions denominated in foreign currencies are translated into Saudi Riyals at the exchange rates prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are retranslated at the exchange rates prevailing at that date. Gains and losses resulting from translation are included in the statement of profit or loss.

##### **Board of Directors' remuneration**

In accordance with the International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia, the Board of Directors' remuneration is recorded in the consolidated statement of profit or loss.

##### **Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**Al Ma'ather REIT Fund**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 December 2025**

(Saudi Riyals)

**6. Investment properties**

<b>2025</b>	<b>*Lands</b>	<b>Buildings</b>	<b>Furniture and fixtures</b>	<b>Total</b>
<b>Cost</b>				
Balance, beginning of the year	331,388,708	465,950,508	9,467,479	806,806,695
Additions	-	1,186,700	732,075	1,918,775
Balance, year-end	<u>331,388,708</u>	<u>467,137,208</u>	<u>10,199,554</u>	<u>808,725,470</u>
<b>Accumulated depreciation</b>				
Balance, beginning of the year	-	96,247,831	9,035,219	105,283,050
Charged during the year	-	16,579,172	177,940	16,757,112
Balance, year-end	<u>-</u>	<u>112,827,003</u>	<u>9,213,159</u>	<u>122,040,162</u>
<b>Allowance for Impairment loss</b>				
Balance, beginning of the year	(10,743,900)	(5,295,650)	(278,506)	(16,318,056)
Reversal of impairment loss	5,163,252	2,280,104	83,591	7,526,947
Balance, year-end	<u>(5,580,648)</u>	<u>(3,015,546)</u>	<u>(194,915)</u>	<u>(8,791,109)</u>
Net book value 2024	<u>325,808,060</u>	<u>351,294,659</u>	<u>791,480</u>	<u>677,894,199</u>
<b>Cost</b>				
Balance, beginning of the year	331,388,708	465,174,340	9,371,614	805,934,662
Additions	-	776,168	95,865	872,033
Balance, year-end	<u>331,388,708</u>	<u>465,950,508</u>	<u>9,467,479</u>	<u>806,806,695</u>
<b>Accumulated depreciation</b>				
Balance, beginning of the year	-	79,832,379	8,644,637	88,477,016
Charged during the year	-	16,415,452	390,582	16,806,034
Balance, year-end	<u>-</u>	<u>96,247,831</u>	<u>9,035,219</u>	<u>105,283,050</u>
<b>Allowance for Impairment loss</b>				
Balance, beginning of the year	(19,986,694)	(10,509,643)	(293,215)	(30,789,552)
Reversal of impairment loss	9,242,794	5,213,993	14,709	14,471,496
Balance, year-end	<u>(10,743,900)</u>	<u>(5,295,650)</u>	<u>(278,506)</u>	<u>(16,318,056)</u>
Net book value	<u>320,644,808</u>	<u>364,407,027</u>	<u>153,754</u>	<u>685,205,589</u>

## Al Ma'ather REIT Fund

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

(Saudi Riyals)

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#### 6. Investment properties (continued)

12 out of 16 title deeds are pledged against an Islamic financing facility agreement in favor of Al Rajhi Bank (Note 13).

- All properties are registered in the name of Baytak Al-Hafez Real Estate Company (a Special Purpose Vehicle - SPV). Baytak Al-Hafez Real Estate Company holds these properties for the beneficial ownership of the Group. It does not hold any controlling interest and does not pose any risk to the investment properties.
- Investment properties consist of the following:
- **Genex Al-Ma'athar:** A commercial, residential, and office property located on Prince Turki Bin Abdulaziz Road, Al-Ma'athar District in Riyadh. (Unpledged)
- **Genex Ar-Rabie:** A commercial property (hotel units) located on King Fahad Bin Abdulaziz Road, Al-Olaya District in Riyadh. (Pledged)
- **Al-Mohammedia Tower:** A commercial and office property located on King Fahad Bin Abdulaziz Road, Al-Olaya District in Riyadh. (Pledged)
- **Al-Takhassusi Showrooms:** A commercial property located on Al-Takhassusi Street, Al-Ma'athar District in Riyadh. (Pledged)
- **Al-Sahafah 1:** A commercial and office property located on Al-Olaya Street, Al-Sahafah District in Riyadh. (Pledged)
- **Al-Sahafah 2:** A commercial and office property located on Al-Olaya Street, Al-Sahafah District in Riyadh. (Pledged)
- **Al-Ha'ir Warehouses:** Warehouses located in Al-Masan'e District in Riyadh. (Unpledged)
- **Al-Sulay Warehouses:** Warehouses located on Al-Khattab Street, Al-Sulay District in Riyadh. (Unpledged)
- **Tolan Hotel Suites:** Hotel suites located in Al-Aqrabiyah District in Al-Khobar. (Pledged)
- **Al-Nokhba Educational Schools:** An educational property consisting of five title deeds located in Al-Fahd District, Unaizah. This property was acquired during 2021. (Pledged)
- **Al-Salam Schools:** An educational property located in Al-Salam District in Riyadh. This property was acquired during 2021. (Pledged)
- **Burjeel Hospital:** A hospital located in the Emirate of Sharjah, United Arab Emirates. This property was acquired in February 2022. (Unpledged)

The Group's management periodically reviews its investment properties to determine whether there is any indication of impairment. An impairment loss is recognised for the amount by which the carrying amount of each investment property exceeds its recoverable amount, which is the higher of the asset's fair value less costs of disposal and its value in use. Based on the periodic valuation reports provided, the valuation experts are independent of the Fund.

The market value of the properties was determined by independent valuers accredited by the Saudi Authority for Accredited Valuers (TAQEEM), in accordance with TAQEEM regulations and in line with the Real Estate Investment Funds Regulations. The assumptions used in determining the fair value of the investment properties are as follows:

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**6. Investment properties (continued)**

Statement	Evaluation method	Cost 31 December 2025	Market value			
			31 December 2025		31 December 2024	
			Square meter	Esnad	“Tathmeen”	“White Cubes”
Genex Al-Ma'athar	Discounted cash flow	<b>159,927,283</b>	<b>170,504,000</b>	<b>167,462,000</b>	173,925,000	157,400,000
Genex Ar-Rabie	Discounted cash flow	<b>41,653,081</b>	<b>45,643,000</b>	<b>44,190,000</b>	40,341,000	42,000,000
Al-Mohammedia Tower	Discounted cash flow	<b>82,943,954</b>	<b>131,514,000</b>	<b>119,364,000</b>	119,461,000	127,000,000
Al-Takhassusi Showrooms	Discounted cash flow	<b>48,943,598</b>	<b>74,805,000</b>	<b>71,069,000</b>	72,642,000	75,000,000
Al-Sahafah 1	Discounted cash flow	<b>41,763,814</b>	<b>63,653,000</b>	<b>67,139,000</b>	58,203,000	65,400,000
Al-Sahafah 2	Discounted cash flow	<b>44,135,922</b>	<b>63,789,000</b>	<b>65,455,000</b>	58,695,000	63,600,000
Al-Ha'ir Warehouses	Discounted cash flow	<b>24,918,368</b>	<b>26,251,000</b>	<b>23,622,000</b>	24,402,000	24,700,000
Al-Sulay Warehouses	Discounted cash flow	<b>59,932,982</b>	<b>60,618,000</b>	<b>59,205,000</b>	51,865,000	57,900,000
Tolan Hotel Suites	Discounted cash flow	<b>19,195,888</b>	<b>30,925,000</b>	<b>27,176,000</b>	27,508,000	29,200,000
Al-Nokhba Educational Schools	Discounted cash flow	<b>25,504,989</b>	<b>37,991,000</b>	<b>32,938,000</b>	30,465,000	36,600,000
Al-Salam Schools	Discounted cash flow	<b>38,937,664</b>	<b>54,539,000</b>	<b>56,400,000</b>	52,455,000	54,700,000
Burjeel Hospital	Discounted cash flow	<b>90,036,656</b>	<b>120,053,000</b>	<b>123,882,400</b>	123,809,000	121,900,000
<b>Total</b>	Discounted cash flow	<b>677,894,199</b>	<b>880,285,000</b>	<b>857,902,400</b>	833,771,000	855,400,000
<b>Average valuation</b>	Discounted cash flow		<b>869,093,700</b>		844,585,500	

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**7. Effect of net assets value (equity), if investment properties and usufruct contracts are measured at fair value**

In accordance with Article 22 of the Real Estate Investment Funds Regulations issued by the Capital Market Authority (CMA) in the Kingdom of Saudi Arabia, the Fund Manager evaluates the Fund's assets based on an average of two evaluations prepared by independent valuers. As set out in the Fund's Terms and Conditions, the net asset value (equity) is disclosed based on the available market value. However, in accordance with the Fund's accounting policies, investment properties are carried at cost less accumulated depreciation and impairment losses, if any, in these consolidated financial statements. Accordingly, the fair value is disclosed below for informational purposes only and has not been accounted for in the Fund's books.

<b>2025</b>	<b>License number</b>	<b>Valuer's qualifications</b>
Square Meter Real Estate Valuation Company "Square Meter"	11000184	Licensed by the Saudi Authority for Accredited Valuers
Esnad Real Estate Valuation Company "Isnad"	11000054	Licensed by the Saudi Authority for Accredited Valuers
<b>2024</b>	<b>License number</b>	<b>Valuer's qualifications</b>
Saudi Asset Valuation Company "Tathmeen"	1210000273	Licensed by the Saudi Authority for Accredited Valuers
White Cubes Real Estate Valuation Office "White Cubes"	1210000474	Licensed by the Saudi Authority for Accredited Valuers

The Fund Manager used the average of two valuations for the purpose of disclosing the fair value of the properties. The properties were valued taking into consideration a number of factors, including the area and type of the property, and valuation techniques that use significant unobservable inputs. These methods include the comparable approach, the residual value approach, and the discounted cash flow method.

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**7. Effect of net assets value (equity), if investment properties and usufruct contracts are measured at fair value (continued)**

Investment properties valuations as following:

<u>2025</u>	<u>Country</u>	<u>“Square Meter”</u>	<u>“Isnad”</u>	<u>Average valuation</u>
<b><u>Investment properties</u></b>				
Al Ma'ather REIT Fund	Kingdom of Saudi Arabia	760,232,000	734,020,000	747,126,000
Rukn Al Maather for Investment	United Arab Emirates	120,053,000	123,882,400	121,967,700
		<u>880,285,000</u>	<u>857,902,400</u>	<u>869,093,700</u>
<b><u>Usufruct contracts</u></b>				
Al Ma'ather REIT Fund	Kingdom of Saudi Arabia	2,902,000	2,699,000	2,800,500
		<u>883,187,000</u>	<u>860,601,400</u>	<u>871,894,200</u>
<u>2024</u>	<u>Country</u>	<u>“Tathmeen”</u>	<u>“White Cubes”</u>	<u>Average valuation</u>
<b><u>Investment properties</u></b>				
Al Ma'ather REIT Fund	Kingdom of Saudi Arabia	709,962,000	733,500,000	721,731,000
Rukn Al Maather for Investment	United Arab Emirates	123,809,000	121,900,000	122,854,500
		<u>833,771,000</u>	<u>855,400,000</u>	<u>844,585,500</u>
<b><u>Usufruct contracts</u></b>				
Al Ma'ather REIT Fund	Kingdom of Saudi Arabia	3,883,000	4,800,000	4,341,500
		<u>837,654,000</u>	<u>860,200,000</u>	<u>848,927,000</u>

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**7. Effect of net assets value (equity), if investment properties and Usufruct contracts are measured at fair value (continued)**

Management used the average of the two valuations for the purpose of disclosing the fair value of the investment properties. The real estate investments and usufruct contracts were valued taking into consideration a range of factors, including the area and type of property and valuation techniques using significant unobservable inputs including financial analysis, land subdivision, the cost approach, the direct comparison approach, and the residual value method.

	Note	<b>31 December 2025</b>	31 December 2024
Estimated fair value of real estate investments and usufruct contracts based on the average of the two valuations		<b>871,894,200</b>	848,927,000
<b>deduction:</b>			
Book Value of Real Estate Investments	6	<b>(677,894,199)</b>	(685,205,589)
Book value of Usufruct contracts	9	<b>(1,891,798)</b>	(3,287,489)
increase in estimated fair value that exceed book value		<b>192,108,203</b>	160,433,922
Number of units issued		<b>61,370,000</b>	61,370,000
Additional value of the unit based on fair value		<b>3.13</b>	2.61
<b>Net asset value:</b>		<b>31 December 2025</b>	<b>31 December 2024</b>
Net asset value (equity) attributable to unitholders as in the consolidated financial statements before fair value adjustment		<b>507,201,318</b>	514,294,806
Increase in estimated fair value over book value		<b>192,108,203</b>	160,433,922
Net asset value attributable to unitholders based on fair value of real estate investments		<b>699,309,521</b>	674,728,728
<b>Net asset value per unit:</b>			
Book value of assets attributable to the unit as in the consolidated financial statements before fair value adjustment		<b>8.26</b>	8.38
Excess value of the unit based on fair value		<b>3.13</b>	2.61
Net assets attributable to the unit based on fair value		<b>11.39</b>	10.99

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#### 8. Right of use assets, net and lease obligations

Right of use assets represent lease buildings contracts that are depreciated on a straight-line basis over the lease term, which ranges from 10 to 15 years.

A. This item consists of the following:

	<u>31 December 2025</u>	<u>31 December 2024</u>
<b>Cost</b>		
Balance, beginning of the year	7,553,345	7,553,345
<b>Balance, year-end</b>	<u>7,553,345</u>	<u>7,553,345</u>
<b>Accumulated depreciation</b>		
Balance, beginning of the year	5,220,110	4,578,658
Charged for the year	639,644	641,452
<b>Balance, year-end</b>	<u>5,859,754</u>	<u>5,220,110</u>
<b>Net book value</b>	<u>1,693,591</u>	<u>2,333,235</u>

B. The movement in lease liabilities is as follows

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance, beginning of the year	2,773,474	3,466,841
Finance cost charged for the year (Note 20)	155,520	206,633
Paid during the year	(900,000)	(900,000)
<b>Balance, year-end</b>	<u>2,028,994</u>	<u>2,773,474</u>

C. Lease liabilities are classified in the consolidated statement of financial position as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Lease liabilities - Non-current portion	1,261,825	2,034,524
Lease liabilities - Current portion	767,169	738,950
	<u>2,028,994</u>	<u>2,773,474</u>

D. The lease payments and finance costs related to lease liabilities as at 31 December 2025 were as follows:

	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
Future lease payments	900,000	1,656,073	2,556,073
Future Finance costs	(132,831)	(394,248)	(527,079)
<b>Net present value</b>	<u>767,169</u>	<u>1,261,825</u>	<u>2,028,994</u>

E. The lease payments and finance costs related to lease liabilities as at 31 December 2024 were as follows:

	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
Future lease payments	900,000	2,300,000	3,200,000
Future Finance costs	(161,050)	(265,476)	(426,526)
<b>Net present value</b>	<u>738,950</u>	<u>2,034,524</u>	<u>2,773,474</u>

#### 9. Usufruct contracts

A. Usufruct contracts consist of the following:

- **Al-Quds Usufruct:** Represents a commercial and office property located on King Abdullah Bin Abdulaziz Road, Al-Quds District in Riyadh. The cost of purchasing the Usufruct amounted to SAR 2,243,693 and is amortised over 10 years, noting that the Al-Quds usufruct contract will expire in 2027.
- **Wadi Laban Usufruct:** Represents a commercial and residential property located on Ash-Shafa Road, Dhahrat Laban District in Riyadh. The cost of purchasing the usufruct amounted to SAR 1,375,978 and is amortised over 10 years, noting that the Wadi Laban usufruct contract will expire in 2027.
- **Al-Dhabab Usufruct:** Represents a commercial and office property located on Imam Abdullah Bin Faisal Road, Al-Murabba District in Riyadh. The cost of purchasing the usufruct amounted to SAR 5,927,493 and is amortised over 15 years, noting that the Al-Dhabab usufruct contract will expire in 2031.

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#### 9. Usufruct contracts (continued)

B. The movement of Usufruct contracts is as follows:

	<b>31 December 2025</b>	31 December 2024
Balance, beginning of the year	<b>3,657,639</b>	4,477,991
Additions	-	130,002
Amortization for the year	<b>(991,001)</b>	(950,354)
	<b>2,666,638</b>	3,657,639
Impairment losses (C)	<b>(774,840)</b>	(370,150)
<b>Balance, year-end</b>	<b>1,891,798</b>	3,287,489

C. The movement in impairment losses is as follows:

	<b>31 December 2025</b>	31 December 2024
Balance, beginning of the year	<b>370,150</b>	395,866
Formed / (reversed) during the year	<b>404,690</b>	(25,716)
<b>Balance, year-end</b>	<b>774,840</b>	370,150

#### 10. Account Receivables

A. This account consist receivables of the following:

	<b>31 December 2025</b>	31 December 2024
Receivables	<b>9,742,922</b>	10,487,507
Less: Provision for expected credit losses (B)	<b>(2,072,323)</b>	(2,420,288)
	<b>7,670,599</b>	8,067,219

B- The movement in the provision for expected credit losses is as follows:

	<b>31 December 2025</b>	31 December 2024
Balance, beginning of the year	<b>2,420,288</b>	2,828,898
Formed / (reversed) during the year	<b>1,344,447</b>	(408,610)
Write-offs during the year	<b>(1,692,412)</b>	-
Balance, year-end	<b>2,072,323</b>	2,420,288

C. The aging analysis of receivables is as follows:

Year	<b>1-90 days</b>	<b>91-180 days</b>	<b>181-270 days</b>	<b>271-365 days</b>	<b>More than 365 days</b>	<b>Total</b>
<b>2025</b>	<b>2,135,233</b>	<b>2,534,718</b>	<b>1,575,926</b>	<b>2,184,932</b>	<b>1,312,113</b>	<b>9,742,922</b>
2024	5,212,849	667,455	741,410	1,449,574	2,416,219	10,487,507

#### 11. Prepaid expenses and other assets

A- The account balance consists of the following:

	<b>31 December 2025</b>	31 December 2024
Islamic Murabaha management fees - (B)	<b>747,963</b>	421,790
Operational imprests	<b>71,597</b>	96,003
refundable insurance	-	325,626
Value added tax (VAT)	-	5,739
Other receivables	<b>199,067</b>	403,068
	<b>1,018,627</b>	1,252,226

B- Islamic Murabaha management fees represent the administrative fees paid upon signing the Islamic facilities agreement and are amortized over the term of the facilities (Note 13).

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#### 12. Cash and cash equivalents

	<b>31 December 2025</b>	31 December 2024
Cash at bank	<b>9,382,800</b>	37,910,775
Term Deposits (A)	<b>29,000,000</b>	-
	<b>38,382,800</b>	37,910,775

A- The account balance includes Murabaha deposits placed with Banque Saudi Fransi with an original maturity of one month, and were as follows:

Deposit amount	Placement date	Maturity date	Profit rate	Profit margin
4,000,000	30 December 2025	27 January 2026	%4.65	<b>14,467</b>
25,000,000	30 December 2025	29 January 2026	%4.65	<b>96,875</b>
				<b>111,342</b>

During the year, the Group earned income from investment deposits amounting to SAR 1,087,004 (31 December 2024: SAR 942,518).

#### 13. Islamic facilities

During 2019, the Group obtained an Islamic financing facility amounting to SAR 21.9 million from Al Rajhi Bank to finance the acquisition of the Tolan property in Al-Khobar. The Fund transferred the title deed of the Al-Mohammadiyah property to Al Rajhi Banking and Investment Corporation as collateral against the Islamic financing facility. The loan will be repaid in full in 2029.

During 2020, the Group obtained an Islamic financing facility amounting to SAR 63.5 million from Al Rajhi Bank to finance the acquisition of "Elite Schools" and "Al Salam Schools" in Riyadh. The Fund transferred the title deeds of the "Al Sahafa 1" and "Al Sahafa 2" properties in favor of Al Rajhi Banking and Investment Corporation as collateral for the Islamic financing facility. The facility will be repaid in full in 2029.

During 2021, the Group obtained an Islamic financing facility amounting to SAR 10.02 million from Al Rajhi Bank to finance capital work in progress for "Al Salam Schools" in Riyadh. The Fund transferred the title deeds of the "Al Rabie Genex" property and "Al Takhassusi Showroom" in favor of Al Rajhi Banking and Investment Corporation as collateral for the Islamic financing facility. The facility will be repaid in full in 2030.

On 25 January 2022, the Fund obtained an Islamic financing facility amounting to SAR 101 million from Al Rajhi Bank to finance the acquisition of properties, by transferring the title deed of "Tulan Suites", the title deeds of "Elite Schools" (comprising 5 title deeds), and the title deed of "Al Salam Schools". These facilities carry commissions at prevailing local market rates. The facility will be repaid in full in 2030.

A- The movement in Islamic facilities is as follows:

	<b>31 December 2025</b>	31 December 2024
Balance, beginning of the year	<b>196,568,771</b>	196,568,771
Balance, year-end	<b>196,568,771</b>	196,568,771

B- Islamic financing facilities are classified in the consolidated statement of financial position as follows:

	<b>2025</b>	2024
Islamic facilities – Non - current portion	<b>196,568,771</b>	196,568,771

C- The movement of interest on Islamic financing facilities is as follows:

	<b>31 December 2025</b>	31 December 2024
Balance, beginning of the year	<b>8,138,194</b>	18,538,720
Interest expense during the Year	<b>8,419,119</b>	6,586,106
Paid during the year	<b>(10,328,401)</b>	(16,986,632)
Balance, year-end	<b>6,228,912</b>	8,138,194

- Finance cost during the year ended 31 December 2025 amounting to 8,419,119 SAR (2024: 6,586,106 SAR). (Note 20).

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#### 14. Related Party Transaction and Balances

- Related parties of the Fund include the Fund's Board of Directors, the Fund Manager ("Osool & Bakheet Investment Company"), the Property Manager ("Medad Al-Khair Real Estate Establishment"),
- The Fund transacts with related parties in the ordinary course of business. Related party transactions are governed by the restrictions of the regulations issued by the Capital Market Authority (CMA). All transactions with related parties are approved by the Fund's Board of Directors.
- The Fund Manager charges the Fund a management fee of 0.50% per annum of the Fund's total asset value after deducting accrued expenses, calculated on a daily basis and paid quarterly. The Fund Manager also recovers any other expenses incurred on behalf of the Fund.
- Property management fees shall not exceed 5% of the total rental income collected from the related investment properties, provided that payment is made on a semi-annual basis. The Fund also bears all fees and expenses related to its activities and investments. Furthermore, the Fund bears the expenses and fees resulting from transactions and services provided by third parties, such as legal and advisory services, real estate consultants, and any other professional or technical services, provided that these costs do not exceed 1% of the total value of the Fund's assets annually.
- The Fund Manager charges the Fund a custody fee of 0.050% per annum of the total value of the Fund's assets based on the latest valuation if their value is between zero and SAR 500 million; 0.040% per annum if their value is between SAR 500 million and SAR 1 billion; and 0.025% per annum if their value is SAR 1 billion or more, provided that the custody fee is not less than SAR 150,000 annually.
- The independent Board members collectively receive an annual remuneration up to a maximum of SAR 200,000, which is paid/borne by the Fund Manager.
- The Fund Manager charges the Fund a transaction fee of 1% of the purchase or sale value of each property acquired or sold by the Fund.

A- The following are the transactions with related parties:

Related Party	Nature of relationship	Transaction Type	Transaction amount	
			2025	2024
Osool & Bakheet Investment Company	Fund Manager	Fund management	4,389,790	4,251,749
Albilad Capital	Custodian	Custody fees	200,000	200,000
Board of Directors	Board of Directors	Attendance compensation	36,000	36,000
Medad Al Khair Real Estate Establishment	Real Estate manager	As leasee	80,000	80,000
		Property management	2,501,380	2,290,863
		Real estate management	3,160,602	3,981,723
Mustaqbal Al-Ibdaa for Digital Brokerage Company	Affiliate *	Rent	352,843	111,335
Baytak Al-Hafez real estate company	A Special Purpose Entity - SPV	Cash imprest	181,967	55,480

\*Affiliate: is a related party in which the Fund Manager or the Custodian owns a share in its capital, or a related party in which the Fund has representation in its management.

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#### 14. Related Party Transaction and Balances (continued)

B- Balance due from a related party:

	<b>31 December 2025</b>	31 December 2024
Baytak Al-Hafez Real Estate Company	<u>181,967</u>	<u>55,480</u>
	<b>181,967</b>	<b>55,480</b>

C- Balances due to related parties:

	<b>31 December 2025</b>	31 December 2024
Osool & Bakheet Investment Company	<u>1,118,919</u>	1,239,720
Medad Al Khair Real Estate Establishment	<u>1,447</u>	105,898
Albilad Capital	<u>66,622</u>	57,342
Board of Directors	<u>-</u>	36,000
	<b>1,186,988</b>	<b>1,438,960</b>

#### 15. Accrued expenses and other liabilities

	<b>31 December 2025</b>	31 December 2024
Value added tax (VAT)	<u>996,436</u>	-
Advances from customers	<u>586,634</u>	292,644
Refundable deposits – clients	<u>522,979</u>	931,337
Accrued expenses	<u>462,581</u>	506,478
Suppliers accruals	<u>-</u>	16,758
	<b>2,568,630</b>	<b>1,747,217</b>

#### 16. Deferred Revenue

	<b>31 December 2025</b>	31 December 2024
Balance, beginning of the year	<u>13,150,591</u>	13,168,945
Earned rental income during the year (Note 18)	<u>(67,127,916)</u>	(63,362,294)
Billings during the year	<u>66,927,293</u>	63,343,940
Balance, year-end	<b>12,949,968</b>	<b>13,150,591</b>

#### 17. Zakat

In accordance with the Zakat, Tax and Customs Authority ("ZATCA") Resolution No. 29791 (the "Resolution") investment funds are not required to pay Zakat, and are only required to register with ZATCA. The Resolution further clarified that unitholders are responsible for paying Zakat on their investments in the funds, without any liability on the funds

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#### 18. Rental income

	2025	2024
Investment properties rental income	<u>64,874,493</u>	61,554,168
Usufruct contracts rental income	<u>2,253,423</u>	1,808,126
	<u>67,127,916</u>	63,362,294
Discount on rentals	<u>(166,201)</u>	(545,922)
	<u>66,961,715</u>	<u>62,816,372</u>

The Group has investment properties (Note 6) consisting of residential and commercial properties held for the purpose of generating fixed recurring income. The investment properties are leased on short and long-term bases under operating lease arrangements to various customers, including corporates, individuals, and government entities, to meet their residential and commercial requirements. Details of the realized income and costs as at the end of the year are disclosed in (Note 22).

The below table provides an analysis of the due dates for lease payments, and shows which payments will be received after the financial reporting date:

	2025	2024
Within one year	<u>28,559,455</u>	20,179,502
Between one and five years	<u>68,882,910</u>	76,403,010
More than five years	<u>24,454,932</u>	33,448,254
	<u>121,897,297</u>	<u>130,030,766</u>

#### 19. Other expenses

	2025	2024
Trading and deposit centres	<u>582,108</u>	572,123
Evaluation, consultation and professional fees	<u>342,700</u>	360,715
Islamic Murabaha fees	<u>411,696</u>	306,449
Investment property's insurance expense	<u>147,642</u>	162,838
Bank charges	<u>61,190</u>	42,447
Board members' attendance compensation (note 14)	<u>36,000</u>	36,000
Others	<u>1,006,613</u>	132,218
	<u>2,587,949</u>	<u>1,612,790</u>

#### 20. Finance Cost

	2025	2024
Islamic Murabaha facilities (note 13)	<u>8,419,119</u>	6,586,106
Finance cost for right of use assets (note 8)	<u>155,520</u>	206,633
	<u>8,574,639</u>	<u>6,792,739</u>

#### 21. Dividends

On 3 Ramadan 1446H (corresponding to 3 March 2025), the Board of Directors approved the distribution of dividends amounting to SAR 20,865,800 at SAR 0.34 per unit.

On 3 Rabi' Al-Awwal 1447H (corresponding to 26 August 2025), the Board of Directors approved the distribution of dividends amounting to SAR 20,252,100 at SAR 0.33 per unit.

Accordingly, the total dividends distributed to the unitholders of the Group during the year ended 31 December 2025 amounted to SAR 41,117,900 (2024: SAR 40,504,200).

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**Notes to the consolidated financial statements (continued)****For the year ended 31 December 2025**

(Saudi Riyals)

**22. Segment information**

The Fund's main activity is in the rental sector, and the Fund's main activity is concentrated mainly in the Kingdom of Saudi Arabia and the United Arab Emirates.

a. The following are some of the financial data for those business sectors:

2025	<b>Offices</b>	<b>Hotel Suites</b>	<b>Galleries</b>	<b>Warehouses</b>	<b>Schools</b>	<b>Hospitals</b>	<b>Other</b>	<b>Unallocated</b>	<b>Total</b>
Operating income	<b>16,730,857</b>	<b>12,798,762</b>	<b>15,705,592</b>	<b>6,927,654</b>	<b>6,392,749</b>	<b>8,160,000</b>	<b>246,101</b>	-	<b>66,961,715</b>
Other income	-	-	-	-	-	-	-	<b>1,087,004</b>	<b>1,087,004</b>
Direct Operating Expenses	<b>(1,699,030)</b>	<b>(4,455,663)</b>	<b>(466,287)</b>	<b>(319,322)</b>	<b>(4,018,872)</b>	<b>(3,586,150)</b>	<b>(58,081)</b>	-	<b>(14,603,405)</b>
Indirect Operating Expenses	-	-	-	-	-	-	-	<b>(8,795,045)</b>	<b>(8,795,045)</b>
Depreciation, amortization and change in value	<b>(4,505,638)</b>	<b>(2,563,398)</b>	<b>(3,170,349)</b>	<b>4,491,078</b>	<b>(1,773,940)</b>	<b>(3,060,000)</b>	<b>(43,610)</b>	-	<b>(10,625,857)</b>
Net (Loss) /profit	<b>10,526,189</b>	<b>5,779,701</b>	<b>12,068,956</b>	<b>11,099,410</b>	<b>599,937</b>	<b>1,513,850</b>	<b>144,410</b>	<b>(7,708,041)</b>	<b>34,024,412</b>
2024									
Operating income	18,450,972	12,609,082	11,020,128	6,131,450	6,238,525	8,160,000	206,215	-	62,816,372
Other income	-	-	-	-	-	-	-	1,128,668	1,128,668
Direct Operating Expenses	(576,568)	(4,568,240)	(464,304)	(348,849)	(2,590,890)	(3,393,915)	(66,299)	-	(12,009,065)
Indirect Operating Expenses	-	-	-	-	-	-	-	(7,539,791)	(7,539,791)
Depreciation, amortization and change in value	(4,172,032)	701,698	(233,084)	5,335,551	(1,778,800)	(3,068,384)	(44,125)	-	(3,259,176)
Net (Loss) /profit	<b>13,702,372</b>	<b>8,742,540</b>	<b>10,322,740</b>	<b>11,118,152</b>	<b>1,868,835</b>	<b>1,697,701</b>	<b>95,791</b>	<b>(6,411,123)</b>	<b>41,137,008</b>

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**22. Segment information (continued)**

b. Here is the geographic distribution for revenues as following:

<b>2025</b>	<b>Offices</b>	<b>Hotel Suites</b>	<b>Galleries</b>	<b>Warehouses</b>	<b>Schools</b>	<b>Hospitals</b>	<b>Other</b>	<b>Total</b>
Saudi Arabia Revenues	<b>16,730,857</b>	<b>12,798,762</b>	<b>15,705,592</b>	<b>6,927,654</b>	<b>6,392,749</b>	-	<b>246,101</b>	<b>58,801,715</b>
UAE Revenues	-	-	-	-	-	<b>8,160,000</b>	-	<b>8,160,000</b>
Total	<b>16,730,857</b>	<b>12,798,762</b>	<b>15,705,592</b>	<b>6,927,654</b>	<b>6,392,749</b>	<b>8,160,000</b>	<b>246,101</b>	<b>66,961,715</b>
<b>2024</b>								
Saudi Arabia Revenues	18,450,972	12,609,082	11,020,128	6,131,450	6,238,525	-	206,215	54,656,372
UAE Revenues	-	-	-	-	-	8,160,000	-	8,160,000
Total	18,450,972	12,609,082	11,020,128	6,131,450	6,238,525	8,160,000	206,215	62,816,372

## Al Ma'ather REIT Fund

Real Estate Investment Traded Closed Fund Takes the Form of a Special-Purpose Entity  
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### Notes to the consolidated financial statements (continued)

For the year ended 31 December 2025

(Saudi Riyals)

## 23. Financial instruments, risk management and fair value

### Financial instruments

	<u>2025</u>	<u>2024</u>
<b>Financial assets at amortized cost</b>		
Accounts receivable	7,670,599	8,067,219
Other assets	-	325,626
Due from a related party	181,967	55,480
Cash and cash equivalents	38,382,800	37,910,775
	<u>46,235,366</u>	<u>46,359,100</u>
<b>Financial liabilities</b>		
Lease liabilities	2,028,994	2,773,474
Due to related parties	1,186,988	1,438,960
Accrued expenses and other liabilities	1,981,996	1,454,573
Islamic facilities	196,568,771	196,568,771
Accrued Murabaha on Islamic financing facilities	6,228,912	8,138,194
	<u>207,995,661</u>	<u>210,373,972</u>

### Financial risk management

The Fund's management has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities. Through its training and management standards and procedures, the Fund aims to develop a disciplined and constructive control environment in which employees understand their roles and obligations.

#### Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash and cash equivalents. The maximum exposure to credit risk represents the carrying amount of these assets.

The fund is exposed to credit risk for the following:

	<u>2025</u>	<u>2024</u>
Accounts receivable	7,670,599	8,067,219
Cash and cash equivalents	38,382,800	37,910,775
Due from related parties	181,967	55,480
	<u>46,235,366</u>	<u>46,033,474</u>

Cash balances comprise current accounts with banks and investment deposits. Since cash is deposited with financial institutions with high credit ratings, management believes that the Fund is not exposed to significant credit risk. Customer credit risk is managed by the business unit subject to the Fund's established policy, procedures, and controls relating to customer credit risk management. Credit limits are established for all customers using internal and external rating criteria and controls. Customer credit quality is assessed in accordance with a credit rating system. Outstanding receivables are regularly monitored. The financial position of related parties is stable.

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Real Estate Investment Traded Closed Fund Takes the Form of a Special-Purpose Entity  
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### Notes to the consolidated financial statements (continued)

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(Saudi Riyals)

#### 23. Financial instruments, risk management and fair value (continued)

##### Credit risk (continued)

Below is information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	<b>1-90 day</b>	<b>91-180 day</b>	<b>181-270 day</b>	<b>270-365 day</b>	<b>More than 365 days</b>	<b>Total</b>
<b>2025</b>						
Trade receivables	2,135,233	2,534,718	1,575,926	2,184,932	1,312,113	9,742,922
Expected credit loss rate	3.25%	6.1%	12%	36%	66%	21%
Expected credit losses	69,364	154,726	189,274	794,947	864,012	2,072,323
					More than	
	1-90	91-180	181-270	270-365	365	Total
2024	day	day	day	day	days	
Trade receivables	5,212,849	667,455	741,410	1,449,574	2,416,219	10,487,507
Expected credit loss rate	3.25%	7%	9.6%	36%	66%	23%
Expected credit losses	169,349	47,815	71,795	525,359	1,605,970	2,420,288

Credit risk on bank balances is limited as the bank balances are held with banks with credit ratings ranging from A1 to A2 based on Moody's credit rating. All bank accounts are maintained with banks in the Kingdom of Saudi Arabia.

##### Market risk

Market risk is the risk of the potential impact of changes in market prices such as foreign exchange rates and commission rates, the objective of market risk management is to manage and control exposure to market risk within acceptable limits while achieving the highest possible return.

##### Foreign exchange rate risk:

Foreign exchange rate risk results from changes and fluctuations in the value of financial instruments as a result of changes in foreign exchange rates. The Fund's foreign exchange risk management aims to protect future cash flows in Saudi Riyals. Foreign exchange risk exposures related to cash flows are considered at the fund level and consist of uncertainty for Fundamental to currency exchange risk resulting from payables and receivables. Fund management monitors currency exchange rates and believes that the risk of fluctuations in currency exchange rates is insignificant.

##### Commission price risk:

Commission risk appears from potential changes and fluctuations in commission rates that affect future profit or fair values of financial instruments and the Fund monitors commission rate fluctuations and believes that the impact of commission price risk is insignificant.

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**Notes to the consolidated financial statements (continued)****For the year ended 31 December 2025**

(Saudi Riyals)

**23. Financial instruments, risk management and fair value (continued)**Market risk (continued)Capital risk

The main objective of the Fund's capital management is to support its business and increase the return to the unitholders. The Fund's policy is to maintain a strong capital base to maintain the confidence of the users of the consolidated financial statements and maintain the future development of the business. The Fund manages its capital structure and adjusts it in light of changes in economic conditions. Management monitors the return on capital determined by the Fund as the result of total liabilities divided by total equity. There have been no changes in the Fund's method in capital management during the year. The management also monitors the level of dividends for owners. The Fund has not been subject to externally imposed capital requirements.

The following is an analysis of the Fund's debt-to-equity ratios at the end of the year:

	<u>2025</u>	<u>2024</u>
Islamic financing facilities	<b>202,797,683</b>	204,706,965
Less: cash and cash equivalents	<b>(38,382,800)</b>	(37,910,775)
<b>Net debt</b>	<b>164,414,883</b>	166,796,190
Net asset (equity) value attributable to the unitholders	<b>507,201,318</b>	514,294,806
Debt to net asset (equity) value attributable to the unitholders ratio	<b>%32</b>	%32

Stock price risk

Stock price risk represents the risk resulting from the fluctuation of the value of financial instruments as a result of changes in the prevailing prices in the market. The Fund's investments are exposed to market price risks that arise from uncertainty about future prices..

Liquidity risk

Liquidity risk represents the difficulties faced by the Fund in meeting its obligations related to its financial liabilities. The Fund's approach to managing liquidity risk is to hold sufficient cash and quasi- cash and ensure the availability of funding from owners.

Management monitors liquidity shortfall risks using forecast models to determine the effects of operating activities on overall liquidity availability, and maintains an available cash flow ratio that ensures debt repayment when it matures.

The table below summarizes the maturity dates of the Fund's financial liabilities on the basis of undiscounted contractual payments:

<u>2025</u>	<u>1 to 12 months</u>	<u>From 1 to 5 years</u>	<u>From 5 to 10 years</u>	<u>Total undiscounted contractual cash flows</u>	<u>Total</u>
Lease obligations	<b>900,000</b>	<b>1,656,073</b>	-	<b>2,556,073</b>	<b>2,028,994</b>
Islamic facilities	-	-	<b>215,542,806</b>	<b>215,542,806</b>	<b>196,568,771</b>
Due to related parties	<b>1,186,988</b>	-	-	<b>1,186,988</b>	<b>1,186,988</b>
Accrued Murabaha on Islamic financing facilities	<b>6,228,912</b>	-	-	<b>6,228,912</b>	<b>6,228,912</b>
	<b>8,315,900</b>	<b>1,656,073</b>	<b>215,542,806</b>	<b>225,514,779</b>	<b>206,013,665</b>

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### Notes to the consolidated financial statements (continued)

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(Saudi Riyals)

#### 23. Financial instruments, risk management and fair value (continued)

##### Liquidity risk (continued)

2024	1 to 12 months	From 1 to 5 years	From 5 to 10	Total undiscounted contractual cash flows	Total
Lease obligations	900,000	2,300,000	-	3,200,000	2,773,474
Islamic facilities	-	-	196,568,771	196,568,771	196,568,771
Due to related parties	1,438,960	-	-	1,438,960	1,438,960
Accrued Murabaha on Islamic financing facilities	8,138,194	-	-	8,138,194	8,138,194
	<u>10,477,154</u>	<u>2,300,000</u>	<u>196,568,771</u>	<u>209,345,925</u>	<u>208,919,399</u>

##### Commission rate risk

Commission rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market commission rates. The Group's financial assets and liabilities as at the date of the consolidated statement of financial position, except for long-term facilities, are not exposed to commission rate risk. Long-term credit facilities bear commission in addition to a credit margin based on prevailing market commission rates.

2025	Increase/ (Decrease) in commission rate	Balance	Potential impact on comprehensive income
	%1+	<b>196,568,771</b>	<b>1,965,688</b>
Islamic financing facilities	%1-	<b>196,568,771</b>	<b>(1,965,688)</b>

  

2024	Increase/ (Decrease) in commission rate	Balance	Potential impact on comprehensive income
	%1+	196,568,771	1,965,688
Islamic financing facilities	%1-	196,568,771	(1,965,688)

##### **Fair Value**

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

- In the principal market for the asset or liability, or
  - In the absence of a principal market, in the most advantageous market for the asset or liability.
- A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
- Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
- Level 1: Quoted market prices in active markets for identical financial instruments.
  - Level 2: Valuation techniques based on inputs that affect fair value and are observable in the market, either directly or indirectly.
  - Level 3: Valuation techniques based on inputs that affect fair value and are unobservable in the market, either directly or indirectly

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### Notes to the consolidated financial statements (continued)

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(Saudi Riyals)

## 23. Financial instruments, risk management and fair value (continued)

### Fair Value (continued)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2025	Carrying amount	Level 1	Level 2	Level 3	Total
Investment properties	<u>677,894,199</u>	<u>-</u>	<u>-</u>	<u>677,894,199</u>	<u>677,894,199</u>
31 December 2024	Carrying amount	Level 1	Level 2	Level 3	Total
Investment properties	<u>677,894,199</u>	<u>-</u>	<u>-</u>	<u>677,894,199</u>	<u>677,894,199</u>

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

For assets not measured at fair value but for which fair value is disclosed, investment properties have been valued using the discounted cash flow (DCF) and income capitalization methods, relying on significant unobservable inputs. Accordingly, they are classified within Level 3 of the fair value hierarchy. The main inputs include:

- **Discount rates:** Reflecting current market assessments of the uncertainty in the amount and timing of cash flows (the rate used by the valuers is 9.6% - 10%).
- **Estimated vacancy rates:** Based on current and expected future market conditions after the expiry of any current lease (the rate used by the valuers is 3% - 4.5%).
- **Future rental cash flows:** Based on the actual location, type, and quality of the properties, and supported by the terms of any existing lease, other contracts, or external evidence such as current market rents for similar properties.
- **Growth rates:** Growth rates are determined based on changes in market rental rates and demand for the property (the rate used by the valuers is 2.1% - 5%).

## 24. Reclassification of comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation. The Following table illustrates the impact of the reclassification on the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income as at 31 December 2024:

	2024 (Before Reclassification)	Reclassification	2024 (After Reclassification)
Due to related parties	1,528,960	(90,000)	1,438,960
Accrued expenses and other liabilities	1,657,217	90,000	1,747,217
Other income	186,150	(186,150)	-
Other expenses	(1,799,082)	186,292	(1,612,790)
Unrealized gains from foreign currency translation differences	142	(142)	-

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(Saudi Riyals)

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#### **25. Last Day of Evaluation**

The last evaluation day of the year was December 31, 2025 (2024: December 31, 2024).

#### **26. Subsequent Events**

On 8 Ramadan 1447H (corresponding to 25 February 2026), the Fund Manager resolved to distribute cash dividends of SAR 20,865,800, representing SAR 0.34 per unit and constituting 4.11% of the Group's net assets.

The Fund's management believes that there are no significant subsequent events have occurred after 31 December 2025 up to the date of approval of the consolidated financial statements, other than those disclosed above, which could have a material impact on the consolidated financial statements as at 31 December 2025.

#### **27. Approval Of Financial Statements**

These consolidated financial statements were approved by the Fund's Board of Directors on 19 Ramadan 1447H (corresponding to 8 March 2026).