

الخبير ريت  
Alkhabeer REIT



Annual Report 2025

# Alkhabeer REIT Fund

Publicly Offered Closed-Ended Shari'a-Compliant Real Estate  
Investment Traded Fund

الخبير المالية  
Alkhabeer Capital



الخبير المالية  
Alkhabeer Capital



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# Alkhabeer REIT Fund

Alkhabeer REIT is a publicly offered closed-ended Shari'a-compliant real estate investment traded fund listed on the Saudi Stock Exchange (Tadawul). On 7 Safar 1440H, corresponding to 16 October 2018, the Saudi Capital Market Authority (CMA) approved the offering and registration of Alkhabeer REIT's units on the Saudi Stock Exchange (Tadawul).

Shari'a Certificate: (AKC-694-88-03-06-17)

## Disclaimer

This document does not constitute an offer to buy, subscribe or participate in any way in Alkhabeer REIT, nor shall it (or any part of it) form the basis of, or be relied on, in connection with, or act as inducement to enter into any contract whatsoever. Prospective investors should carefully read Alkhabeer REIT's Terms and Conditions and their contents related to investment risks, as well as other Alkhabeer REIT documents, prior to making any investment decision. Alkhabeer REIT documents are available on Alkhabeer Capital's website [www.alkhabeer.com](http://www.alkhabeer.com). This investment is not a cash deposit with a local bank. The value of the amount invested, and any other income which may arise therefrom, may increase or decrease. All prospective investors are required to make their own determination, with their own financial and legal advisors, and evaluate all risks involved. No assurance can be given that the targeted and projected results will be achieved. Moreover, any past performance of Alkhabeer REIT is not a guarantee of future performance. By investing in the Fund, the investor acknowledges having read and accepted Alkhabeer REIT's Terms and Conditions.

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# Fund Manager's Letter

Dear Unitholders,

We are pleased to announce that Alkhabeer REIT Fund (the "Fund") has successfully completed its sixth year of operations. The Fund was listed on the Saudi Stock Exchange (Tadawul) on 20 March 2019 through an Initial Public Offering, investing in seven income-generating real estate assets with a total value of approximately SAR 1 billion. In August 2020, the Fund increased its Total Asset Value by SAR 722.8 million (first increase) by increasing the financing amount, offering in-kind units, and making the first subsequent offering to investors, in order to acquire three additional properties in the City of Riyadh. In June 2021, the Fund also increased its total asset value by SAR 335.5 million by increasing the financing amount, offering in-kind Units, and by way of the Fund's Second Subsequent Offering to investors, in order to acquire two additional properties in the City of Jeddah.

The Fund's properties are geographically distributed across Riyadh, Jeddah, and Tabuk, and are diversified across a number of sectors, including retail, administrative offices, residential, education, and logistics. The Fund's total asset value, as of December 31, 2025, is approximately SAR 2 billion. The diversification of properties, and their geographical and sectoral distribution, will help reduce risks and minimize the impact of seasonal or macro changes in the market, ultimately helping the Fund achieve its medium and long-term objectives.

In August 2025, the Fund successfully exited one of the Fund's properties in Jeddah, "Ahlan Court," for SAR 71 million. The proceeds from the sale were also invested in Shari'a-compliant short-term bank deposits, with an average annual rate of return of 4.8%.

At the Fund's operational level, the Fund Manager is currently executing an initiative to develop the Almalga Residential Compound in Riyadh in order to increase the property's annual rental value and the asset's return on investment over the coming years, which will contribute to generating competitive returns. This initiative is intended to increase the capacity of the units at the property by utilizing space and converting larger units into several smaller units to meet demand for this type of unit. It will therefore capitalize on rental value growth in Riyadh's market and maximize the benefit from returns generated by the property.

All of the Properties are 100% leased, with the exception of 3 of the 10 properties, namely Almalga Residential Compound, Palazzo Center, and Gallery Mall, with occupancy rates of 90%, 40%, and 60% respectively as at December 2025. The Fund Manager is currently working with the property managers of Almalga Residential Compound, Palazzo Center, and Gallery Mall to increase occupancy and attract additional tenants to maximize occupancy rates.

In December 2025, the Fund Manager announced the payment of SAR 150 million of the value of the facilities granted thereto in the first subsequent offering, which led to reducing the total value of facilities granted to the Fund from SAR 737.5 million to SAR 587.5 million.

The Fund paid cumulative cash distributions for the period from 1 January to 31 December 2025 amounting to 4.2% of the Fund's capital, maintaining the same level of distributions compared to 2023.

The Fund Manager continues to source select investment opportunities in line with the Fund's long-term strategy to enable the Manager to generate competitive and attractive returns to Unitholders, and expand and diversify the Fund's asset base.

This Annual Report aims to provide details on the performance and operations of the Fund as at 31 December 2025. We would like to thank all Unitholders for their continued patronage.

**Fund Manager**  
**Alkhabeer Capital**

# (A) Key Fund Information

## 1. Fund Overview

Alkhabeer REIT is a publicly offered closed-ended Shari'a-compliant real estate investment traded fund, established under the applicable laws and regulations of the Kingdom of Saudi Arabia and subject to Capital Market Authority (CMA) Regulations and instructions.

## 2. Fund Objective

The Fund's main investment objective is to generate a sustainable rental income yield and periodic cash distributions of no less than 90% of the Fund's annual net profits, by investing at least 75% of the Fund's total asset value, according to its last audited financial statements, in income-generating real estate assets in the Kingdom of Saudi Arabia (excluding Makkah and Medina).

## 3. Fund Investment Strategy

The Fund Manager seeks to achieve the Fund's investment objectives, which mainly focus on generating periodic rental income, by creating a diversified investment portfolio of real estate assets that satisfy due diligence requirements, including real estate valuation, investment feasibility, technical studies, legal reviews, and other due diligence. The Fund's real estate investment portfolio includes investments in the residential, office, retail, and education segments in Riyadh, Jeddah, and Tabuk. The Fund will seek to invest in other real estate properties in the future, which may include property investments outside the Kingdom of Saudi Arabia, as well as other investments, subject to investment restrictions.

## 4. Key Service Providers

<b>Fund Manager and Operator</b>	Alkhabeer Capital
<b>Fund Custodian</b>	Alinma Investment Company
<b>Fund Auditor</b>	Crowe Solutions for Professional Consulting (Member of Crowe Global)
<b>Shari'a Advisor</b>	Shariyah Review Bureau W.L.L.
<b>Valuators</b>	<ol style="list-style-type: none"> <li>1) Abaad Advanced Company &amp; Associate for Real Estate Valuation (Formerly Intimaa Advanced Company &amp; Associate for Real Estate Valuation),</li> <li>2) White Cubes Company.</li> <li>3) Esnad for Real Estate Valuation.</li> <li>4) Century 21 Company &amp; Associate for Real Estate Valuation (Century 21 Saudi Arabia)</li> </ol>

## (B) Fund Summary

### 1. Key Fund Facts

Tadawul Symbol	4348
Bloomberg symbol	ALKHABEE:AB
Listing Date	20 March 2019
Fund Term	99 years starting as of the Listing Date, renewable
Fund Assets Size*	SAR 1,910,776,815
Fund's Total Capital	SAR 1,410,088,480
Financing*	SAR 587,500,000
Ratio of Loans to Fund's Total Asset Value*	30.75%

\* As at 31 December 2025 (Audited).

### 2. Financial Indicators for Fiscal Year 2025

Valuation Frequency	Semi-annually
Fund's Total Asset Value*	SAR 1,910,776,815
Fund Units' Net Asset Value*	SAR 1,245,988,577
Ratio of Total Expenses and Fees to Fund's Total Asset Value**	3.41%
Ratio of Fund Costs to Fund's Total Asset Value***	6.15%
Ratio of Fund Costs to Fund's Average Net Asset Value	9.45%

\* As at 31 December 2025 (Audited).

\*\* Fund expenses and fees are all the Fund's expenses during the year, excluding financing costs.

\*\*\* Fund costs are all Fund fees and expenses, including financing costs.

### 3. Fund Market Value\*

As at the Listing Date	SAR 664,423,860
As at 30 June 2019	SAR 617,914,190
As at 31 December 2019	SAR 724,222,007
As at 30 June 2020	SAR 545,491,989
As at 31 December 2020	SAR 966,897,812
As at 30 June 2021	SAR 1,000,878,246
As at 31 December 2021	SAR 1,222,546,712
As at 30 June 2022	SAR 1,140,761,580
As at 31 December 2022	SAR 1,071,667,245
As at 30 June 2023	SAR 957,450,078
As at 31 December 2023	SAR 868,614,504
As at 30 June 2024	SAR 877,075,035
As at 31 December 2024	SAR 803,750,434
As at 30 June 2025	SAR 813,621,053
As at 31 December 2025	SAR 779,778,929

\*Based on the unit price.

#### 4. Fiscal Year Dividend Distribution (31 December 2025)

<b>Dividend Distribution Policy</b>	Annual dividend distributions of no less than 90% of the Fund's annual net profits. The Fund Manager aims to distribute cash dividends to investors quarterly.
<b>Total Rental Income for the Year</b>	SAR 135,057,234
<b>Unit Price as at the End of the Fiscal Year (31 December 2025)</b>	SAR 5.53
<b>Rental Income for the Year to Unit Price</b>	17.32%
<b>Total Dividends Distributed for the Year**</b>	SAR 59,223,716
<b>Dividends Distributed per Unit**</b>	SAR 0.42 per Unit
<b>Distributed Dividends to Initial Unit Price (% of the Capital of the Fund)**</b>	4.20%
<b>Distributed Dividends to Unit Price**</b>	7.59%

\* Including rental income of the Ahlan Court Property realized up to the date of its sale.

\*\* Including cash dividends, declared by the Fund Manager on 29 January 2026, to be distributed to Alkhabeer REIT Unitholders at a rate of 1.05% of the initial Unit Price (SAR 0.105 per Unit), for the period from 1 October 2025 to 31 December 2025.

## (C) Fund Assets

### 1. Fund Assets Information

<b>Number of Properties</b>	10 Properties
<b>Land Total Area</b>	146,787 square meters
<b>Total Build-Up Area</b>	298,750 square meters

### 2. The Fund's Underlying Assets (Fund's Portfolio)

Property Name	Ownership	Development Status	City	Real Estate Segment	BUA (square meters)*	Occupancy Rate	Ratio of Rent per Asset to the Fund Total Asset Rents*	Ratio of the Value of Leased Properties	Ratio of the Value of Unleased Properties	Ratio of Uncollected Revenues to Total Revenues
<b>Almalga Residential Compound</b>	Freehold	Developed	Riyadh	Residential	41,362	90%	10.02%	14.32%	1.59%	0.62%
<b>Gallery Mall</b>	Leasehold	Developed	Tabuk	Retail	43,625	60%	8.23%	4.46%	2.97%	2.67%
<b>Palazzo Center</b>	Freehold	Developed	Riyadh	Retail	5,648	40%	1.90%	1.50%	2.25%	1.81%
<b>BIN II Plaza</b>	Freehold	Developed	Jeddah	Mixed Use	21,305	100%	7.21%	5.22%	N/A	1.47%
<b>Elite Commercial Center</b>	Freehold	Developed	Jeddah	Mixed Use	15,712	100%	12.83%	8.68%	N/A	2.41%
<b>Elegance Tower</b>	Freehold	Developed	Riyadh	Office	58,163	100%	22.21%	26.28%	N/A	N/A
<b>Vision Education Colleges (formerly Al-Farabi)</b>	Freehold	Developed	Riyadh	Education	44,114	100%	12.02%	11.40%	N/A	0.39%
<b>Vision Education Colleges Training Building (formerly Al-Farabi)**</b>	Freehold	Under Construction	Riyadh	Education	37,449	100%	4.88%	4.43%	N/A	N/A
<b>Vision Education Colleges, Jeddah</b>	Freehold	Developed	Jeddah	Education	15,375	100%	5.55%	5.32%	N/A	0.06%
<b>Akun Warehouses</b>	Freehold	Developed	Jeddah	Logistics	16,000	100%	11.85%	11.59%	N/A	2.22%

\* The ratio of rent realized from the sold Ahlan Court Property represents 3.29% of the total rents of the Fund.

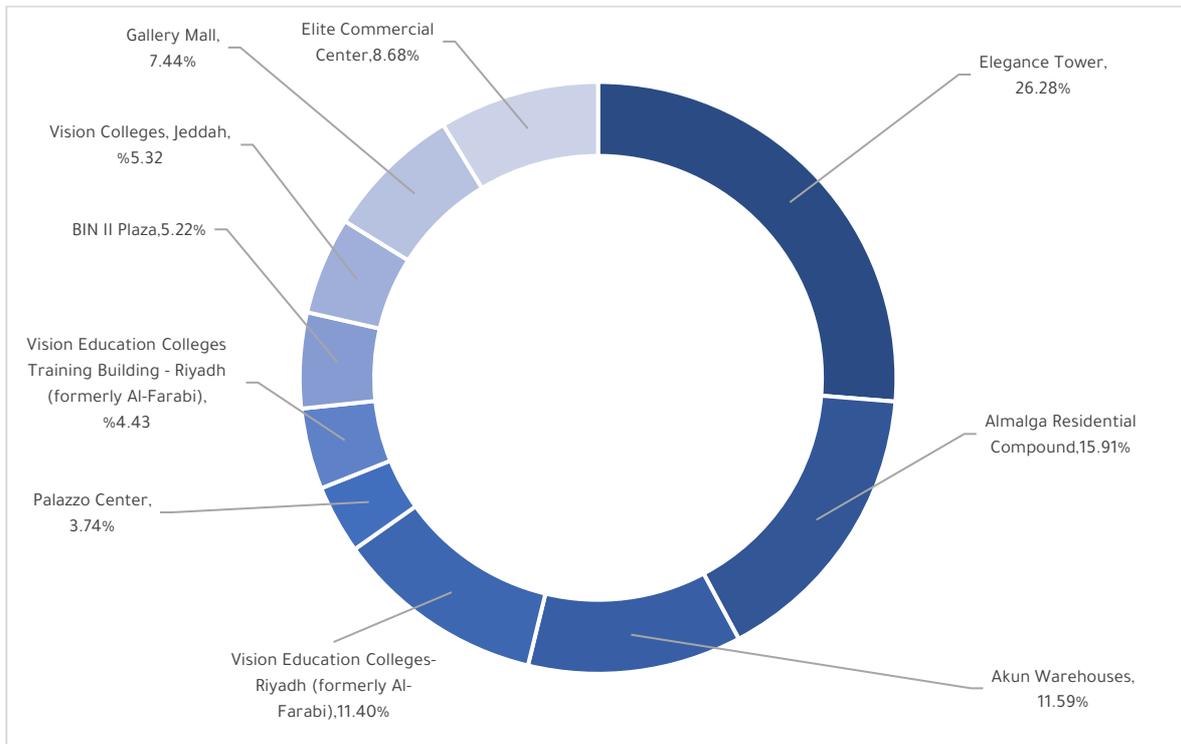
\*\* The property is currently leased but is still under construction as the leaseholder has not completed the development work. The fund manager is studying the available options in accordance with the terms of the contract and in a way that serves the interests of the unit holders in a manner that does not conflict with the fund's strategy.

### 3. Fund Assets Targeted for Investment

The Fund continually seeks to invest in other properties, which may include real estate investments outside the Kingdom of Saudi Arabia, as well as other investments, subject to investment restrictions. The Fund aims to invest in diverse real estate assets that meet the following criteria:

- The properties shall be freehold, structurally developed, and capable of generating periodic rental income. A maximum of 25% of the Fund’s total asset value may be invested in properties under construction and usufruct rights.
- The properties shall be located in the Kingdom of Saudi Arabia, excluding Makkah and Medina. A maximum of 25% of the Fund’s total asset value may be invested in properties outside the Kingdom.
- Acquiring real estate assets in diverse segments, such as offices, retail outlets, residential complexes, warehouses, and logistics facilities, as well as properties used in education and healthcare.

### 4. Names and Ratios of the Properties in the Fund Portfolio to the Total Value of the Properties



### 5. Fund Benchmark and the Service Provider’s Website (if any)

N/A.

## 6. Comparison table covering the performance of the Fund during the last three Fiscal Years (or since the inception of the Fund)

Item	2019	2020	2021	2022	2023	2024	2025
<b>Fund's Net Asset Value at the End of Each Fiscal Year</b>	600,355,144	896,799,968	1,177,196,036	1,187,477,118	1,192,824,518	1,222,582,676	1,245,988,577
<b>Fund's Net Asset Value Per Unit at the End of Each Fiscal Year</b>	9.0357	8.7092	8.3484	8.4213	8.4592	8.6703	8.8362
<b>Fund's Highest Net Asset Value Per Unit for Each Fiscal Year</b>	10.2438	8.9776	8.3922	8.5304	8.4894	8.6917	8.8362
<b>Fund's Lowest Net Asset Value Per Unit for Each Fiscal Year</b>	9.0357	8.7092	8.3484	8.4213	8.4592	8.6703	8.7971
<b>Highest Price Per Unit</b>	11.20	11.82	10.02	9.11	7.69	6.58	6.01
<b>Lowest Price Per Unit</b>	8.91	8.15	8.52	7.46	6.02	5.58	5.53
<b>Number of Issued Units at the End of Each Fiscal Year</b>	66,442,386	102,971,013	141,008,848	141,008,848	141,008,848	141,008,848	141,008,848
<b>Income Distribution Per Unit*</b>	0.626	0.475	0.500	0.480	0.420	0.420	0.420
<b>Ratio of Costs Incurred by the Fund to Total Asset Value</b>	13.87%	5.07%	7.53%	3.77%	4.41%	4.58%	6.15%
<b>Comparison Results of the Fund's Benchmark Performance to the Performance of the Fund</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Ratio of Borrowing to Fund Total Asset Value</b>	34.53%	42.91%	36.62%	36.86%	36.73%	36.22%	30.75%
<b>Financing Amount and Exposure Period</b>	First Tranche: SAR 340 million (4.10 years)	First Tranche: SAR 340 million (3.10 years) Second Tranche: SAR 397.5 million (4.96 years)	First Tranche: SAR 340 million (2.10 years) Second Tranche: SAR 397.5 million (3.96 years)	First Tranche: SAR 340 million (1.10 years) Second Tranche: SAR 397.5 million (2.96 years)	First Tranche: SAR 340 million (7.69 years) Second Tranche: SAR 397.5 million (7.69 years)	First Tranche: SAR 340 million (6.69 years) Second Tranche: SAR 397.5 million (6.69 years)	First Tranche: SAR 190 million (5.69 years) Second Tranche: SAR 397.5 million (5.69 years)
<b>Maturity Date</b>	First Tranche: 6 February 2024	First Tranche: 6 February 2024 Second Tranche: 7 September 2025	First Tranche: 6 February 2024 Second Tranche: 7 September 2025	First Tranche: 6 February 2024 Second Tranche: 7 September 2025	First Tranche: 7 September 2031 Second Tranche: 7 September 2031	First Tranche: 7 September 2031 Second Tranche: 7 September 2031	First Tranche: 7 September 2031 Second Tranche: 7 September 2031

\* Including cash dividends, declared by the Fund Manager on 29 January 2026, to be distributed to Alkhabeer REIT Unitholders at a rate of 1.05% of the initial Unit Price (SAR 0.105 per Unit), for the period from 1 October 2025 to 31 December 2025.

## 7. Cumulative Total Return (Since Listing)

Item	2019	2020	2021	2022	2023	2024	2025*
<b>Total Dividends</b>	6.26%	11.01%	16.01%	20.81%	25.01%	29.21%	33.41%
<b>Unit Price Performance</b>	.009%	-6.10%	-13.30%	-24.00%	-38.40%	-43.00%	-44.70%
<b>Total Return **</b>	15.26%	4.91%	2.71%	-3.19%	-13.39%	-13.79%	-11.29%

## 8. Annual Total Return

Item	2019	2020	2021	2022	2023	2024	2025*
<b>Total Dividends</b>	6.26%	4.75%	5.00%	4.80%	4.20%	4.20%	4.20%
<b>Unit Price Performance</b>	.009%	-13.85%	-7.67%	-12.34%	-18.95%	-7.47%	-2.98%
<b>Annual Total Return**</b>	15.26%	-9.10%	-2.67%	-7.54%	-14.75%	-3.27%	1.22%

\* Including cash dividends, declared by the Fund Manager on 29 January 2026, to be distributed to Alkhabeer REIT Unitholders at a rate of 1.05% of the initial Unit Price (SAR 0.105 per Unit), for the period from 1 October 2025 to 31 December 2025.

\*\* Total Return = Unit Price Performance + Total Dividends.

## 9. Summary of Performance of the Fund for Fiscal Year 2025

Number of units	141,008,848
Net Asset Value upon Issue	664,423,860
Net Asset Value	1,245,988,577
Net Asset Value per Unit upon Issue	10
Net Asset Value per Unit	8.8362
Net Operating Revenues per Unit	0.54
Total Dividend Distributions per Unit*	0.42

\* Including cash dividends, declared by the Fund Manager on 29 January 2026, to be distributed to Alkhabeer REIT Unitholders at a rate of 1.05% of the initial Unit Price (SAR 0.105 per Unit), for the period from 1 October 2025 to 31 December 2025.

## 10. Table showing services, commissions, and fees incurred by the Fund to the benefit of third parties over the year, and total expenditure ratio to total assets of the Fund.

Item	Amount	Expenditures Percentage
Fund Management Fees	9,362,501	0.49%
Fund Operator Fees	312,083	0.016%
Custodian Fees	472,954	0.02%
Tadawul / Edaa Fees	649,238	0.03%
Auditor Fees	80,000	0.004%
Shari'a Supervisory Committee Fees	15,000	0.0008%
Directors Allowances	34,000	0.0018%
Financing Costs	52,456,950	2.75%
Other	12,707,610	0.67%
<b>Total Fund Fees and Expenses</b>	<b>76,090</b>	<b>3.98%</b>
Value of Managed Assets	1,910,776,815	

Non-Cash Expenditures	Amount	Expenditures Percentage
Depreciation of Real Estate Assets and Right of Use of Asset	43,311,206	2.27%
Reversing decrease in real estate investment value	(1,863,616)	-0.10%
<b>Total non-cash fund expenses</b>	<b>41,447,590</b>	<b>2.17%</b>

\* Non-cash expenses represent 110.63% of the Fund's net profit.

## (D) Fund Highlights

### 1. Fund Highlights and Any Fundamental, Non-Fundamental, Material or Significant Changes Affecting the Performance of the Fund.

**First: With respect to the increase of the Fund's total asset value, the Fund's properties, and updating the Fund's Terms and Conditions**

Announcement Date	Details
13 March 2025	The Fund Manager announced the implementation of a Shari'a-compliant hedging agreement with Al Rajhi Bank, with a total value of SAR 567.5 million, distributed as follows: 1. SAR 170 million, which represents 50% of the facilities used in the (initial offering). 2. SAR 397.5 million, which represents the entire facilities used in (the first subsequent offering). For the purpose of fixing SAIBOR at 4.96% in order to protect the Fund against interest rate fluctuations during the period of this agreement until February 2030.
19 March 2025	The Fund Manager announced the Fund's Board of Directors' initial approval on 19 March 2025, to accept the offer to purchase one of the Fund's properties (the transaction), provided the necessary property valuation is made before proceeding with the execution of the transaction, in accordance with requirements as stipulated in the Fund's Terms and Conditions.
3 August 2025	The Fund Manager announced the completion of the sale of "Ahlan Court" in Jeddah, in the Al Andalus District, on Sunday, 9 Safar 1447 H, corresponding to 3 August 2025, after obtaining the initial approval of the Fund's Board of Directors for the property purchase offer, and subsequent to the Fund Manager's completion of the necessary property valuations in accordance with requirements as stipulated in the Fund's Terms and Conditions. - The sale price of the property (seventy-one million, seven hundred and fifty thousand Saudi riyals). The buyer pays the real estate transactions tax and the brokerage fees. An amount of SAR 14,000,000 (fourteen million Saudi riyals) will also be paid by the current tenant in exchange for terminating the existing lease contract. The Fund had acquired the property in February 2019. The property generated an average annual rental income of approximately 8% throughout this holding period.
25 December 2025	In December 2025, the Fund Manager announced the payment of SAR 150 million of the value of the facilities granted thereto in the first subsequent offering, which reduced the total value of facilities from SAR 737.5 million to SAR 587.5 million.

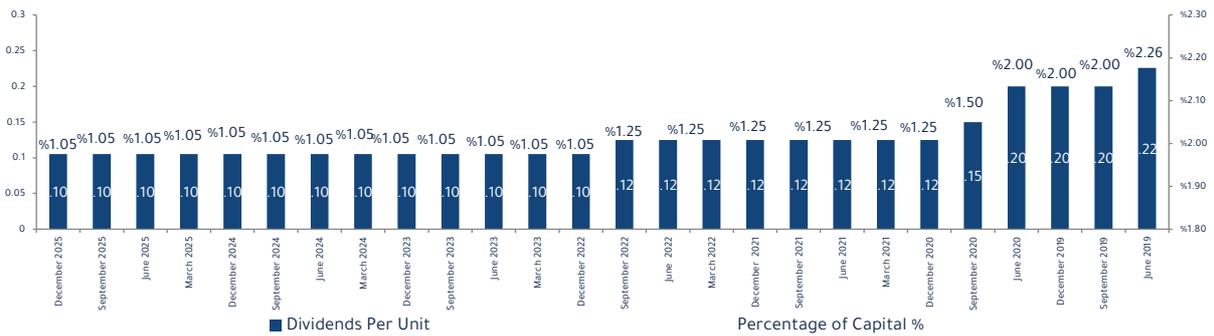
**Second: With respect to reports and the distribution of dividends**

Announcement Date	Details
14 January 2025	On 14 January 2025, the Fund Manager announced the availability of Alkhabeer REIT Fund's quarterly statement for the period ending 31 December 2025.
21 January 2025	On January 21, 2025, the Fund Manager announced the availability of Alkhabeer REIT Fund's semi-annual asset valuation.
30 January 2025	On 30 January 2025, the Fund Manager announced the distribution of cash dividends to Alkhabeer REIT Fund Unitholders at a rate of 1.20% of the initial Unit Price (SAR 0.105 per Unit) for the period from 1 October 2024 to 31 December 2024
12 March 2025	On 12 March 2025, the Fund Manager announced the implementation of a Shari'a-compliant hedging agreement with Al Rajhi Bank, with a total value of SAR 567.5 million.
27 March 2025	On 27 March 2025, the Fund Manager announced the availability of Alkhabeer REIT Fund's annual report, which includes the audited annual financial statements for the Fiscal Year ending 31 December 2025.
30 April 2025	On 30 April 2025, the Fund Manager announced the availability of Alkhabeer REIT Fund's quarterly statement for the period ending 30 March 2025.
14 July 2025	On 14 July 2025, the Fund Manager announced the availability of Alkhabeer REIT Fund's quarterly statement for the period ending 30 June 2025.
21 July 2025	On 21 July 2025, the Fund Manager announced the availability of Fund assets semi-annual valuation reports for the period ending 30 June 2025, prepared by accredited valuers in accordance with the Fund assets valuation policy as contained in the Fund's Terms and Conditions.
30 July 2025	On 30 July 2025, the Fund Manager announced the distribution of cash dividends to Alkhabeer REIT Fund Unitholders at a rate of 1.21% of the initial Unit Price (SAR 0.105 per Unit) for the period from 1 April 2025 to 30 June 2025
11 August 2025	On 11 August 2025, the Fund Manager announced the availability of the Fund's reviewed proforma financial statements for the period ending 30 June 2025.
14 October 2025	On 14 October 2025, the Fund Manager announced the availability of Alkhabeer REIT Fund's quarterly statement for the period ending 30 September 2025.
30 October 2025	On 30 October 2025, the Fund Manager announced the distribution of cash dividends to Alkhabeer REIT Fund Unitholders at a rate of 1.19% of the initial Unit Price (SAR 0.105 per Unit) for the period from 1 July 2025 to 30 September 2025.

## 2. Net Asset Value and Unit Price Performance

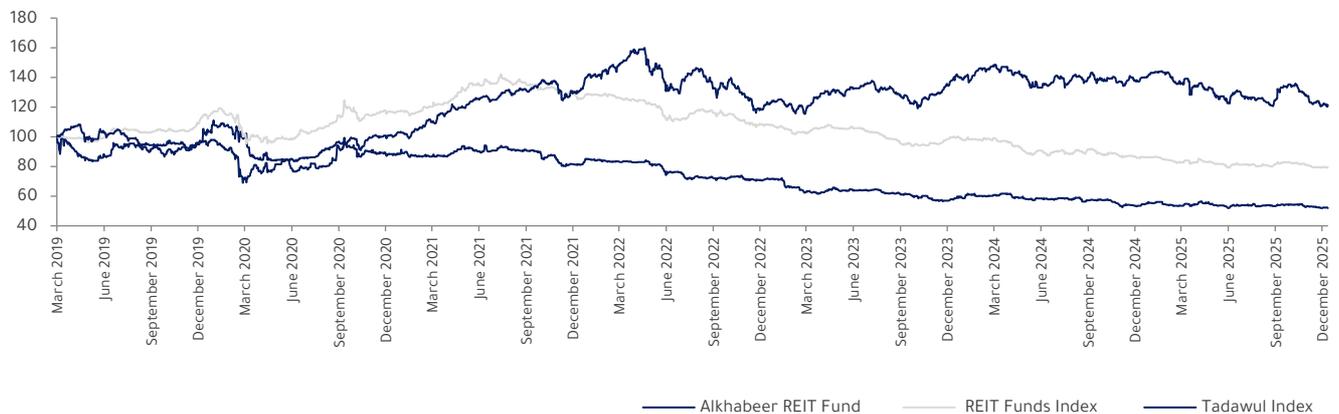


## 3. Dividend Distributions to Unitholders \*



\* Including cash dividends, declared by the Fund Manager on 29 January 2026, to be distributed to Alkhabeer REIT Unitholders at a rate of 1.05% of the initial Unit Price (SAR 0.105 per Unit), for the period from 1 October 2025 to 31 December 2025.

## 4. Price Performance Comparison\*



\* As at 31 December 2025

## 5. Annual Report approved by the Fund Board, containing subjects discussed and resolutions issued in relation thereto, including the Fund's performance and the achievement of its objectives.

Meeting	Main Subjects and Fund Board Resolutions						
<b>Meeting (No. 1-2025)</b> <b>on 28 April 2025</b>	Review of the Fund's latest developments.						
<b>Meeting (No. 2-2025)</b> <b>on 25 September 2025</b>	<ol style="list-style-type: none"> <li>1. Provide the Board of Directors with a copy of the aforementioned REIT Funds Regulations, specifically the clause relating to the Board's duties and responsibilities, with reference to Articles 26 and 27.</li> <li>2. Include provisions in the charter of the Fund's Board of Directors, specifying the number of meetings, the mechanism for convening, and the minimum requirements for in-person meetings, taking into account the provisions of the Investment Funds Classification Policy.</li> <li>3. Review the Fund's Board of Directors' charter and correct spelling and linguistic errors.</li> <li>4. Clarify whether the ROI in the presentation represents the return on market value and/or return on the Fund's assets.</li> <li>5. Conduct an analytical study of the expected selling price of the Gallery Mall property, and/or contemplate the decision to exit the property.</li> <li>6. Study the impact of the Saudi Council of Ministers' resolution to prevent any annual increases in real estate owned by the Fund and the effects of this decision on the valuation of the Fund's assets.</li> <li>7. Amend the real estate income forecast table until 2028, in accordance with the proposed initiatives contained on Page (29) of the Fund Manager's presentation. These amendments shall include all real estate income forecasts, the worst expected possibilities, and the Fund Manager's basic forecasts, provided that the Board of Directors is given the updated table after introducing the aforementioned amendments, for approval at the next meeting.</li> <li>8. Provide an integrated strategy that includes options to acquire a new property, enhance the efficiency of existing properties, or exit them.</li> <li>9. It is necessary to fully disclose and clarify that Alkhabeer REIT Fund is considered the best fund in terms of assets under management only among the comparable funds, and not across all REIT funds in the Kingdom of Saudi Arabia. Additionally, the submitted presentation should be revised and/or a note from the Fund manager should be added, stating that the figures presented are not fully accurate due to the unavailability of proforma financial statements as of the report preparation date.</li> <li>10. Approve the minutes of the meeting of the Board of Directors of Alkhabeer REIT Fund, held by circulation on 04/28/2025, provided that signing the original minutes of meeting is completed by the honorable members of the Board, to complete the official archiving procedures with the Fund Manager.</li> <li>11. Approve the appointment of Sama Al-Amjad Safety &amp; Firefighting Tools as a service provider to the Fund, in order to provide supervision and maintenance services on alarm and fire extinguishers, and prepare civil defense requirements for the Gallery Mall property, one of the assets owned by the Fund.</li> <li>12. Approve the authorization of His Excellency Mr. Hesham Omar Baroum - in his capacity as Deputy Chief Executive Officer of the Fund Manager (Al-Khabir Capital), to sign all the necessary regulatory documents to appoint the service provider referred to in Paragraph No. (2) above of this decision.</li> <li>13. Approve the payment of an amount of 460 thousand Saudi riyals to the Corporate Finance Department of the Fund Manager, "Al-Khabeer Capital", in exchange for the fees for arranging the hedging agreement with Al Rajhi Bank, which were obtained in accordance with the decision of the Fund's Board of Directors taken by circulation on 6 March 2025.</li> <li>14. Maintain the Fund's green rating, in accordance with the Fund Manager's recommendations contained in the attached presentation.</li> <li>15. Agree to confirm their decisions taken by circulation during the previous period, which are explained as follows: <table border="1" data-bbox="488 1973 1366 2072" style="margin-left: 20px; margin-top: 10px;"> <thead> <tr> <th data-bbox="488 1973 544 2033">#</th> <th data-bbox="544 1973 703 2033">Resolution Date</th> <th data-bbox="703 1973 1366 2033">Resolution</th> </tr> </thead> <tbody> <tr> <td data-bbox="488 2033 544 2072">1</td> <td data-bbox="544 2033 703 2072">10/10/2024</td> <td data-bbox="703 2033 1366 2072">Approval of the investor report for Alkhabeer REIT Fund for the third</td> </tr> </tbody> </table> </li> </ol>	#	Resolution Date	Resolution	1	10/10/2024	Approval of the investor report for Alkhabeer REIT Fund for the third
#	Resolution Date	Resolution					
1	10/10/2024	Approval of the investor report for Alkhabeer REIT Fund for the third					

Meeting	Main Subjects and Fund Board Resolutions	
		quarter of the fiscal year 2024 (quarterly report).
2	17/10/2024	Approval of signing the hedging agreement with Al Rajhi Bank.
3	27/10/2024	Approval of signing the hedging agreement with Al Rajhi Bank, with 50% facilities.
4	30/10/2024	Approval of proposed distributions - for the third quarter of the Fiscal Year 2024.
5	10/11/2024	Confirmation of the independence of the Fund's Board members.
6	09/01/2025	Approval of the investor report for Alkhabeer REIT Fund for the fourth quarter of the Fiscal Year 2024 (quarterly report).
7	16/01/2025	Review of the annual report on complaints and the actions taken in relation thereto for the year 2024.
8	29/01/2025	Approval of proposed distributions - for the fourth quarter of the Fiscal Year 2024.
9	03/02/2025	Review of the Risk Assessment Report and the report assessing the performance and quality of services provided by the relevant parties.
10	03/03/2025	Approval to execute the hedging agreement with Al Rajhi Bank for the second tranche of the first credit facilities previously granted to the Fund (amounting to SAR 170 million), by selecting the basic option (Plain Vanilla Option), with an interest rate of 4.95%, subject to a possible variation of $\pm 10\%$ , within an interest rate range of 4.85% to 5.05%.
11	03/03/2025	Approval to execute the hedging agreement with Al Rajhi Bank for the second credit facilities previously granted to the Fund (amounting to SAR 397.5 million), by selecting the basic option (Plain Vanilla Option), with an interest rate of 4.95%, subject to a possible variation of $\pm 10\%$ , within an interest rate range of 4.85% to 5.05%.
12	17/03/2025	Approval of the offer to purchase Ahlan Court property, one of the assets owned by the Fund.
13	20/03/2025	Approval of the Fund's annual audited financial statements for the financial period ending 31/12/2024 (twelve months).
14	24/03/2025	Approval of the 2024 annual report of the Alkhabeer RIET Fund.
15	14/04/2025	Approval of the investor report for Alkhabeer REIT Fund for the first quarter of the Fiscal Year 2025 (quarterly report).
16	29/04/2025	Approval of proposed distributions - for the first quarter of the Fiscal Year 2025.
17	10/07/2025	Approval of the investor report for Alkhabeer REIT Fund for the second quarter of the Fiscal Year 2025 (quarterly report).
18	29/07/2025	Approval of proposed distributions for the second quarter of the Fiscal Year 2025.
19	04/08/2025	Briefing Email - regarding the completion of the sale of Ahlan Court property, an asset owned by Alkhabeer REIT Fund.
20	07/08/2025	Approval of the preliminary (interim) condensed financial statements for the six-month period ended 30 June 2025.

**Meeting (No. 3-2025)  
on 27 November 2025**

Review of the latest developments from the Compliance Control and Money Laundering Reporting Department.

Additional Resolutions by Circulation	#	Resolution Date	Resolution
	1	09/10/2025	Approval of the appointment of Shamo'a Al Shamal Real Estate, to provide marketing services for Gallery Mall, one of the assets owned by the Fund.
2	09/10/2025	Approve the authorization of His Excellency Mr. Hesham Omar Baroum	

Meeting	Main Subjects and Fund Board Resolutions	
		- in his capacity as Deputy Chief Executive Officer of the Fund Manager (Al-Khabir Capital), to sign all the necessary regulatory documents to appoint Shamo Al Shamal Real Estate.
3	09/10/2025	Approval of the investor report for Alkhabeer REIT Fund for the third quarter of the Fiscal Year 2025 (quarterly report).
4	29/10/2025	Approval of the distribution of cash dividends for the period from 01/07/2025 to 30/09/2025 (for the third quarter of the Fiscal Year 2025).
5	13/11/2025	Review and confirmation of the independence of the Fund's Board members- Real Estate Investment Fund.
6	14/12/2025	Approval to appoint Mitsubishi Electric Saudi Ltd. as a service provider for the Fund, for the purpose of carrying out elevator maintenance works for the Elegance Tower property, one of the Fund's owned assets, at a total annual amount of SAR 285,000 (excluding VAT).
7	14/12/2025	Authorizing His Excellency Mr. Ahmed bin Saud Ghouth, in his capacity as CEO of Al-Khabir Capital ("Fund Manager"), to sign all contracts and documents necessary to implement the above, while allowing him the right to grant this authority to His Excellency Mr. Hesham bin Omar Baroum, in his capacity as Deputy Chief Executive Officer of the Fund Manager.
8	10/12/2025	Approval of the appointment of Al-Jabarti Law Firm as a service provider for the Fund, for the purposes of filing lawsuits against tenants who fail to pay dues for real estate owned by the Fund.
9	10/12/2025	Authorizing His Excellency Mr. Ahmed bin Saud Ghouth, in his capacity as CEO of Al-Khabir Capital ("Fund Manager"), to sign all contracts and documents necessary to implement the above, while allowing him the right to grant this authority to His Excellency Mr. Hesham bin Omar Baroum, in his capacity as Deputy Chief Executive Officer of the Fund Manager.
10	23/12/2025	Approval to reduce the value of the credit facilities by utilizing the proceeds from the sale of the "B&Q" and "Ahlan Court" properties (former assets owned by the Fund), with a total amount of SAR 150 million, representing the first tranche of the credit facilities previously granted to the Fund by Al Rajhi Bank, totaling SAR 340 million, and to settle the accrued interest on the credit facilities up to the early repayment date.
11	23/12/2025	Authorizing His Excellency Mr. Ahmed bin Saud Ghouth, in his capacity as CEO of Al-Khabir Capital ("Fund Manager"), to sign all contracts and documents necessary to implement the above, while allowing him the right to grant this authority to His Excellency Mr. Hesham bin Omar Baroum, in his capacity as Deputy Chief Executive Officer of the Fund Manager.

## 6. Special commissions obtained by the Fund Manager during the period, clearly showing their types and uses

N/A.

## (E) Risk Assessment Report

Expected Risks	Risk Description	Risk Mitigation Techniques
<b>Rent Collection Risks</b>	Inability of the tenants to pay rents due to the Fund in accordance with the lease agreements signed with them, whether because of the tenant's insolvency or the lack of liquidity when the rent becomes due. As such, the Fund will not be able, or will fail, to fulfill its periodic or targeted distribution obligations towards Unitholders in the future in accordance with the Terms and Conditions of the Fund.	<ul style="list-style-type: none"> <li>The Fund Manager entered into long-term lease agreements with key tenants. The Fund Manager continually endeavors to ensure that the Fund has a diverse and solid tenant base, including government and private sector tenants. This is considered the best strategy to minimize the risks of tenant default.</li> <li>To implement specific marketing strategies through relevant property managers and operators to maintain and increase the occupancy rate of the Fund's properties.</li> <li>The average lease term of the Fund's properties was around 10 years.</li> <li>As collateral for the payment of the rental values of assets, 259 promissory notes were signed for a total value of SAR 1,644 million to guarantee rental payments.</li> <li>The Fund Manager also closely monitors the performance of the Fund's assets. Moreover, the Fund Manager regularly meets with the agents and operators of the properties to closely monitor the assets' performance and take immediate action to ensure that the Fund achieves its aspired objectives.</li> <li>The Fund Board approved a rent collection policy and an escalation policy in the event any tenant fails to pay rent when due.</li> </ul>
<b>Exit Risks</b>	Inability of the Fund Manager to timely liquidate the initial assets in accordance with the Fund's strategy. This risk becomes more significant as the Fund approaches the end of its specified term.	The Fund Term is very long (99 years, renewable), during which the Fund Units will continue to be traded on the Exchange, giving Unitholders the ability to exit at the time of their choosing at prevailing market prices.
<b>Interest Rate Risks</b>	Risks of fluctuation of the value of financial instruments due to changes in the rates of return, which are affected by interest rates.	<p>To mitigate high interest rate risks, the Fund Manager signed a Shari'a-compliant hedging agreement:</p> <ol style="list-style-type: none"> <li>With respect to the first financing amount drawn from Al Rajhi Bank in the sum of SAR 340 million, the Fund Manager signed on 19 November 2019, a Shari'a compliant hedging agreement with Banque Saudi Fransi to fix the profit margin of the signed credit facilities.</li> <li>With respect to the second financing amount drawn from Al Rajhi Bank in the sum of SAR 397.5 million, the Fund Manager signed on 27 July 2021, a Shari'a complaint hedging agreement with Al Rajhi Bank to fix the profit margin of the signed credit facilities.</li> <li>In November 2024, the Fund Manager signed a hedging agreement with Al Rajhi Bank for 50% of the first tranche at a rate of 5.04%, and also in March 2025 for 50% of the first tranche and the entire second tranche at a rate of 4.96%.</li> <li>An amount of SAR 150 million of existing financing was paid from the proceeds of the sale of B&amp;Q and Ahlan Court.</li> </ol>
<b>Geographic and Sector Concentration Risks</b>	Risks related to the concentration of the Fund's assets in a particular geographic or real estate sector	<ul style="list-style-type: none"> <li>The Fund Manager endeavors to maintain low geographic concentration levels, thus reducing the severity of the effect caused by an economic recession potentially affecting a given geography or a specific real estate sector, on the Fund's assets.</li> <li>The Fund's assets are distributed across the retail, office, residential, education, and logistics sectors in Jeddah, Riyadh and Tabuk. The Fund Manager aims to expand the scope of diversification by acquiring properties in new areas and sectors.</li> </ul>
<b>Regulatory and Geopolitical Risks in the Country of Investment</b>	The risks of suffering potential adverse effects caused by new government regulations, policies and taxes or sociopolitical instability, on the Fund's performance and/or liquidity.	<ul style="list-style-type: none"> <li>At present, the Fund invests all of its assets in the Kingdom of Saudi Arabia. Investment abroad will not exceed 25% of the Fund's size, in accordance with the Real Estate Investment Traded Funds Instructions.</li> <li>The Fund manages the various risks related to the country in which it invests, including any changes in regulations, policies and taxes, by closely monitoring the regulatory / political / taxation conditions in the Kingdom of Saudi Arabia and anticipating and preparing for any possible change.</li> </ul>
<b>Economic Risks</b>	The risks of suffering a potential effect caused by a macroeconomic deterioration, on the performance	The Fund Manager continues to closely monitor the macroeconomic situation in general, and any development in the real estate sector in

Expected Risks	Risk Description	Risk Mitigation Techniques
	and valuation of the initial assets, and consequently on the Fund.	particular, to ensure proper decisions are made accordingly.
<b>Operational Risks</b>	Operational risks are the risks of incurring a direct or indirect loss as a result of unforeseen operating or capital expenses allocated for the improvement and maintenance of properties, whether due to a cause related to the Fund's service provider, or other external factors, in addition to the credit, liquidity, currency and market risks, such as those which may arise as a result of legal and regulatory requirements.	<ul style="list-style-type: none"> <li>• The Fund Manager, Alkhabeer Capital, has an outstanding track record and vast experience in asset management.</li> <li>• To ensure the implementation of best practices, some of the key functions that require specialized expertise were assigned to experienced and reputable service providers with good track records.</li> <li>• The Fund's overall objective is to manage operational risks to strike a balance in minimizing the financial losses and damages that could affect the Fund's reputation by achieving the Fund's investment objective, namely realizing returns to Unitholders.</li> <li>• The Fund Manager also closely monitors the performance of the initial assets through periodic visits. It also holds regular meetings with the property managers to assess any issues / events which may lead to poor Fund performance.</li> </ul>
<b>Regulatory Compliance Risks</b>	Failure of the Fund to comply with the applicable laws, rules and regulations in effect in the countries where it aims to invest. Such risks include legal, regulatory and Shari'a compliance risks.	The Fund Manager continues to monitor the Fund's compliance with applicable laws and regulations and the Fund's Terms and Conditions. It will also take all necessary action to fulfill these requirements.
<b>Valuation Risks</b>	The risks that the Fund's market value drops far below the Fund's Net Asset Value (NAV), which could occur as a result of an exaggerated valuation of the initial assets above their actual market value.	<p>The Fund Manager addresses these risks by:</p> <ul style="list-style-type: none"> <li>• Before Acquisition: Carrying out due diligence and valuation.</li> <li>• After Acquisition: Focusing on realizing benefits and increasing value in the long term for Unitholders, as well as on its ability to generate sustainable periodic rental income yield with the capacity to achieve long-term growth.</li> <li>• The valuation risks of Fund Units below the Net Asset Value (NAV) are subject to overall market sentiment and prevailing views regarding the real estate investment traded funds sector as a whole, and the properties sector in general. When compared to global valuation, real estate investment traded (REIT) funds are traded in most countries at a price that is lower than the NAV.</li> </ul>
<b>Liquidity Risks</b>	Liquidity risks relate to the potential inability of the Fund to secure sufficient cash resources to fully pay its obligations when they become due, or the Fund's inability to do so except with extremely unfavorable and harsh conditions.	The Fund Manager monitors the liquidity requirements by ensuring the availability of sufficient funds to fulfill any obligations when they arise, either through the allocation of a cash reserve, disposal of investment properties, or obtaining short-term loans.
<b>Fund Manager Risks</b>	Unitholders may not have the opportunity to participate in the day-to-day operations or decisions of the Fund or exercise any control thereon, including the investment decisions and actions taken by the Fund Manager, which may affect the Fund's performance.	<ul style="list-style-type: none"> <li>• The Fund Manager has developed systems and controls to ensure the Fund's continued compliance with regulations at all times, and manage the Fund's risks accordingly.</li> <li>• The Fund Manager relies on the expertise of its highly experienced investment team to best serve the interests of Unitholders and realize the Fund's long-term growth aspirations.</li> <li>• When certain functions / activities are assigned to third parties, the Fund Manager shall perform the proper due diligence for those service providers and ensure their acceptance of, and compliance with, the Fund Manager's work conditions.</li> </ul>
<b>Development Risks</b>	Risks related to the Fund's assets under development, including any delay in the completion of works beyond the approved time schedule, any estimated development cost overrun, the inability to sign lease contracts to generate expected revenues, the insolvency of any of the contractors, in addition to factors related to the construction sector which are beyond the Fund Manager's control (including bad weather conditions, environmental changes, and the unavailability of building materials in the market), obstructing the completion of the development works, and thus resulting in the inability to generate the projected revenues upon completion of the development activities.	<ul style="list-style-type: none"> <li>• The Fund invests the majority of its assets in developed properties. Investment in assets under development shall not exceed 25% of the Fund's size, in accordance with applicable laws and regulations.</li> <li>• The Fund Manager shall assign the development works to experienced service providers capable of completing them.</li> </ul>

Expected Risks	Risk Description	Risk Mitigation Techniques
<b>Legal Risks</b>	Risks relevant to potential cases arising from disputes related to the contracts signed by the Fund with counterparties.	<ul style="list-style-type: none"> <li>The Fund Manager shall have the contracts reviewed by the Fund's Legal Advisor before their signing to ensure the protection of the Fund's rights.</li> <li>In the event of a dispute, the Fund Manager shall appoint a qualified legal advisor to follow up on the case.</li> </ul>
<b>COVID-19 Pandemic Risks</b>	<p>The spread of the COVID-19 pandemic or any other pandemic may cause the Fund's properties to suspend operations or fail to achieve their projected income, due to curfews or the restriction of movement in the areas where the Fund's properties are located, or as a result of other consequences of the pandemic.</p> <p>This will give rise to a period of economic slowdown with a material adverse effect on the amounts available for distribution to Unitholders.</p>	<ul style="list-style-type: none"> <li>The Fund Manager will adopt a number of strategies to minimize the effects of such events, including for example: <ul style="list-style-type: none"> <li>Signing long term lease agreements with master tenants.</li> <li>Continually endeavoring to ensure that the Fund has a diverse and solid tenant base from the public and private sectors.</li> <li>Asset class and geographic diversification.</li> </ul> </li> <li>The Fund Manager maintains low levels of geographic concentration, with the assets distributed in diverse real estate sectors. The Fund's assets are currently distributed in the retail, office, residential, education, and logistics sectors, in Jeddah, Riyadh, and Tabuk. The Fund Manager aims to expand the scope of diversification by acquiring properties in new areas and sectors.</li> <li>Continuously manage and monitor the Fund's cash flows and effectively communicate with all tenants of the Fund's real estate assets during the crisis period, as well as endeavor to find appropriate solutions (if applicable) to maximize the benefit to the Fund.</li> <li>Strict compliance with preventative measures and other government rules.</li> </ul>
<b>Preventing annual increases in property rents</b>	Council of Ministers decision to prohibit annual increases in property rents.	<ul style="list-style-type: none"> <li>The fund manager undertakes development work on a number of real estate units, contributing to increase asset value and improved ability to achieve fair rental values. This work includes - but is not limited to - upgrading building facades, improving external facilities, and enhancing the quality of services provided within the complexes.</li> <li>The fund manager reviewed all existing lease agreements to identify those concluded before 2024, with the aim of examining the possibility of challenging the rental value where legal grounds exist. Negotiations are underway with tenants to increase rental values in line with fair market prices where applicable.</li> </ul>

# (F) Fund's Property Overview



## First Property: Almalga Residential Compound

City of Riyadh



### Property Overview

<b>Property Location</b>	Almalga District, Wadi Hajar Street, off King Fahad Road, Riyadh
<b>Location Coordinates</b>	24°48'55.08"N 46°36'51.06"E
<b>Use</b>	Residential
<b>Ownership</b>	Freehold
<b>Property Description</b>	Gated Residential Compound
<b>Property Components</b>	<p>18 buildings comprised of 252 furnished residential units, divided as follows:</p> <ul style="list-style-type: none"> <li>• 210 units offering three bedrooms</li> <li>• 16 units offering two bedrooms</li> <li>• 47 units (studio) in the basement</li> </ul>
<b>Number of Floors</b>	Three floors and a penthouse
<b>Property Facilities</b>	The Property has an underground car parking area of 10,000 square meters in the basement, indoor swimming pools, common entertainment areas, multi-use halls, and two health clubs.
<b>Land Area</b>	15,925 square meters.
<b>Total Built-Up Area</b>	41,362 square meters.

## Second Property: Gallery Mall

City of Tabuk



### Property Overview

<b>Property Location</b>	Alsaliya District, King Fahad Road intersection with Prince Fahad bin Sultan Road, Tabuk
<b>Location Coordinates</b>	28°23'37.8"N 36°33'38.1"E
<b>Use</b>	Retail
<b>Ownership</b>	Leasehold. Contract for the investment of a land owned by the Government, represented by the Municipality of Tabuk, allowing the investor to build a marketplace, acquire its proceeds for a period of 25 years (starting 1434H), and thereafter return it to the Municipality of Tabuk on a build and operate basis.
<b>Property Description</b>	Closed Mall.
<b>Property Components</b>	The Mall includes 139 retail stores, 15 restaurants, 39 kiosks, and 4 coffee shops
<b>Number of Floors</b>	Basement and two floors
<b>Property Facilities</b>	The Mall includes an underground car park with 300 spaces, in addition to an outdoor car park with 600 spaces, 3 elevators, 6 escalators, 3 service lifts, and an entertainment hall.
<b>Land Area</b>	41,630 square meters.
<b>Total Built-Up Area</b>	43,625 square meters.

## Third Property: Palazzo Center

City of Riyadh



### Property Overview

<b>Property Location</b>	Sulaimaniya District, King Mohamed V Street, Riyadh
<b>Location Coordinates</b>	24°42'1.22"N 46°42'7.56"E
<b>Use</b>	Retail
<b>Ownership</b>	Freehold
<b>Property Description</b>	Mall (Plaza)
<b>Property Components</b>	The Property includes 15 retail outlets
<b>Number of Floors</b>	Two floors (Ground Floor and Mezzanine)
<b>Property Facilities</b>	The Property includes a car parking area of 3,000 square meters
<b>Land Area</b>	6,050 square meters.
<b>Total Built-Up Area</b>	5,648 square meters.

## Fourth Property: B&Q (formerly Home Works Center)

City of Riyadh



### Property Overview

Property Location	King Fahad District, King Abdullah Road, Riyadh
Location Coordinates	24°43'54.5"N 46°40'16.9"E
Use	Retail
Ownership	Freehold
Property Description	A retail center under the Home Works brand
Property Components	Mall (Outlet)
Number of Floors	One floor, in addition to a basement
Property Facilities	Underground and outdoor parking spaces
Land Area	7,000 square meters
Total Built-Up Area	9,181 square meters.
Property Sale Date	28 March 2024.
Property Sale Value	SAR 87.6 million
Profit on Sale of Property	SAR 22.22 million

\* Successfully sold the property on 28 March 2024.

## Fifth Property: Ahlan Court

City of Jeddah



### Property Overview

<b>Property Location</b>	Al Andalus District, Prince Mohammed bin Abdulaziz Street, Jeddah
<b>Location Coordinates</b>	21°32'50.87"N 39° 8'23.63"E
<b>Use</b>	Retail
<b>Ownership</b>	Freehold
<b>Property Description</b>	Mall (Plaza)
<b>Property Components</b>	Nine outlets and one office
<b>Number of Floors</b>	Two floors
<b>Property Facilities</b>	Car parking spaces
<b>Land Area</b>	4,342 square meters.
<b>Total Built-Up Area</b>	2,758 square meters.
<b>Property Sale Date</b>	3 August 2025.
<b>Property Sale Value</b>	SAR 71.5 million
<b>Profit on Sale of Property</b>	SAR 2.65 million

\* Successfully sold the property on 3 August 2025.

## Sixth Property: BIN II Plaza

City of Jeddah



### Property Overview

<b>Property Location</b>	Amwaj District, Prince Abdul Majeed Road intersection with Prince Nayef Road, Jeddah
<b>Location Coordinates</b>	21°45'41.6"N 39°04'42.3"E
<b>Use</b>	Retail / Office.
<b>Ownership</b>	Freehold
<b>Property Description</b>	Three commercial and retail buildings
<b>Property Components</b>	Comprised of 21 offices and 42 retail outlets
<b>Number of Floors</b>	Three floors.
<b>Property Facilities</b>	Outdoor car parking spaces
<b>Land Area</b>	20,642 square meters.
<b>Total Built-Up Area</b>	21,305 square meters.

## Seventh Property: Elite Commercial Center

City of Jeddah



### Property Overview

<b>Property Location</b>	Al Andalus District, Prince Mohammed bin Abdulaziz Street, Jeddah
<b>Location Coordinates</b>	21°32'50.86"N 39° 8'22.36"E
<b>Use</b>	Retail / Office.
<b>Ownership</b>	Freehold
<b>Property Description</b>	Office Commercial Center
<b>Property Components</b>	Six retail outlets and 45 offices
<b>Number of Floors</b>	Five floors and a Mezzanine
<b>Property Facilities</b>	Outdoor and underground car parking spaces
<b>Land Area</b>	4,320 square meters.
<b>Total Built-Up Area</b>	15,712 square meters.

## Eighth Property: Elegance Tower

City of Riyadh



### Property Overview

<b>Property Location</b>	Murooj District, King Fahad Street, Riyadh
<b>Location Coordinates</b>	24°45'28.64"N 46°39'3.72"E
<b>Use</b>	Office.
<b>Ownership</b>	Freehold
<b>Property Description</b>	Office Tower.
<b>Property Components</b>	Offices.
<b>Number of Floors</b>	27 Floors and a 5-story car park with 720 parking spaces
<b>Property Facilities</b>	The Property includes car parking spaces, a restaurant, a swimming pool, a health club, and a helipad.
<b>Land Area</b>	5,695 square meters.
<b>Total Built-Up Area</b>	58,163 square meters.

## Ninth Property: Vision Education Colleges (formerly Al-Farabi)

City of Riyadh



### Property Overview

<b>Property Location</b>	Ishbilila Street, Arab Sea Road, Riyadh
<b>Location Coordinates</b>	24°47'31.5"N 46°48'08.2"E
<b>Use</b>	Education
<b>Ownership</b>	Freehold
<b>Property Description</b>	Education Colleges
<b>Property Components</b>	93 offices, 67 classrooms and 26 laboratories
<b>Number of Floors</b>	Five floors, two basements and a ground floor, two typical floors and a car park with 352 spaces
<b>Property Facilities</b>	The Property includes a rest area, a cafeteria, and a prayer room
<b>Land Area</b>	17,046 square meters.
<b>Total Built-Up Area</b>	15,375 square meters.

## Tenth Property: Vision Colleges Training Building (formerly Al-Farabi)

City of Riyadh



### Property Overview

<b>Property Location</b>	Ishbilia Street, Arab Sea Road, Riyadh
<b>Location Coordinates</b>	24°47'33.1"N 46°48'04.5"E
<b>Use</b>	Education
<b>Ownership</b>	Freehold
<b>Property Description</b>	Training building for education colleges
<b>Property Components</b>	In the process of completing the development works to allocate the building for training clinics.
<b>Number of Floors</b>	Four floors (Basement, Ground Floor and two typical floors)
<b>Land Area</b>	11,340 square meters.
<b>Total Built-Up Area (As per the Building Permit)</b>	48,770.76 square meters

Although the property is currently leased to Vision Colleges and the rents due are being collected, it is still under construction, as the leaseholder has not completed the concrete structure development work since received the site, despite continuous follow-up by the fund manager. The fund manager is currently studying the available options, in accordance with the contract terms, for dealing with the leaseholder, with the aim of completing the development work in accordance with the relevant regulations and controls, and in a way that serves the interests of the unit holders and does not conflict with the fund's strategy.

## Eleventh Property: Vision Education Colleges, Jeddah

City of Jeddah



### Property Overview

<b>Property Location</b>	Rayan District, East of Al-Haramain Expressway, Jeddah
<b>Location Coordinates</b>	21°39'30.6"N 39°12'16.7"E
<b>Use</b>	Education
<b>Ownership</b>	Freehold
<b>Property Description</b>	Education Colleges
<b>Property Components</b>	Reception + Administration Offices + Clinics + Laboratories + Classrooms + 4 Elevators
<b>Number of Floors</b>	13 floors + Basement + Ground Floor
<b>Land Area</b>	3,020,18 square meters
<b>Total Built-Up Area (As per the Building Permit)</b>	13,785 square meters.

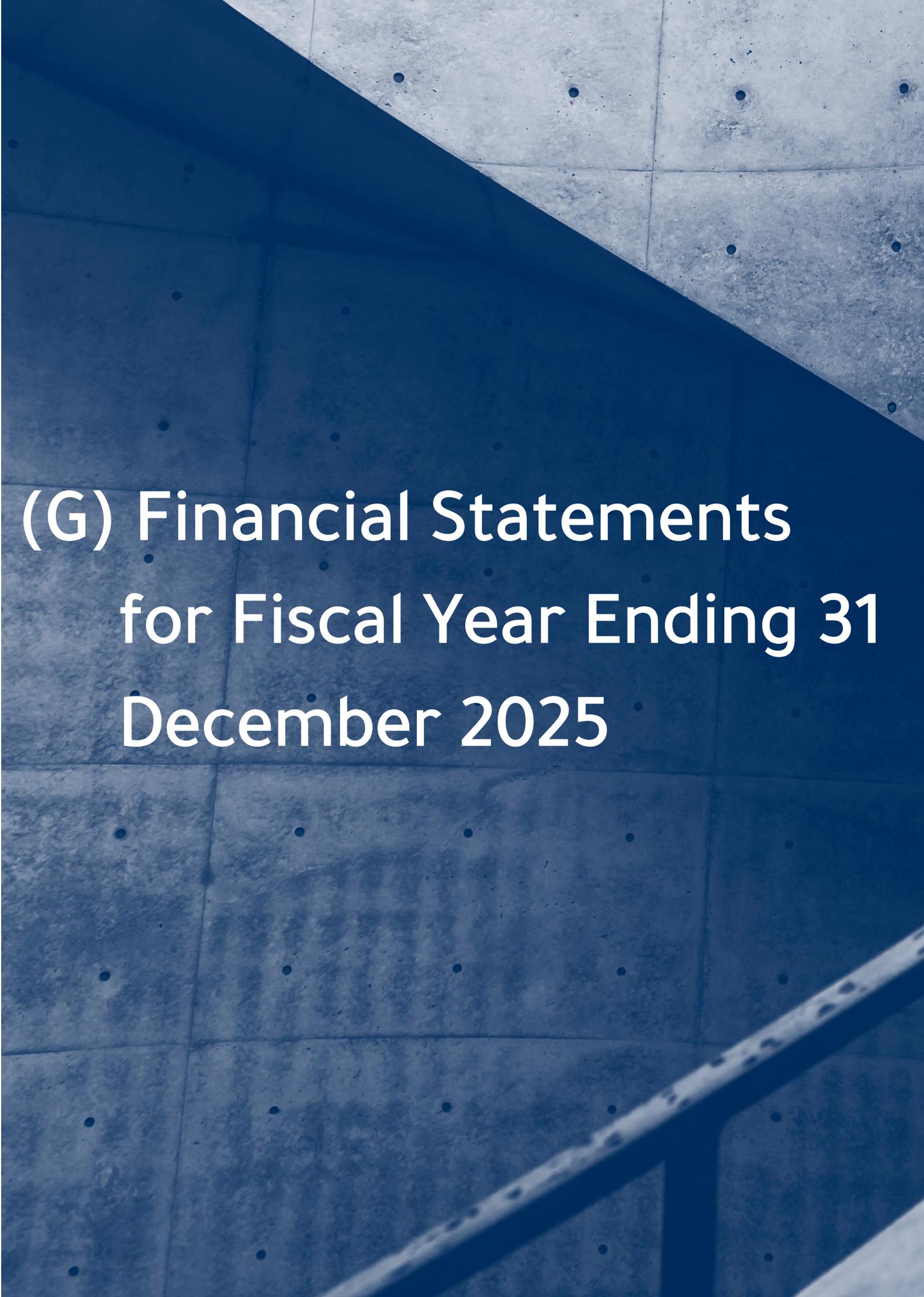
## Twelfth Property: Akun Warehouses

City of Jeddah



### Property Overview

Property Location	Intersection of King Faisal Road and South Corniche Road, King Faisal Naval Base District
Location Coordinates	21°19'50.2"N 39°11'26.1"E
Use	Logistics
Ownership	Freehold
Property Description	Cold Storage
Property Components	36 Cold Stores + Administration Offices
Number of Floors	One Ground Floor + Mezzanine
Land Area	21,118.53 Square Meters
Total Built-Up Area (As per the Building Permit)	12,888.83 square meters.



**(G) Financial Statements  
for Fiscal Year Ending 31  
December 2025**

**ALKHABEER REIT FUND – Expressed in Saudi Riyal**  
(Managed by Alkhabeer Capital Company)

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

**ALKHABEER REIT FUND – Expressed in Saudi Riyal**  
(Managed by Alkhabeer Capital Company)  
**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

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**Independent Auditor’s Report**

**To the Unitholders**  
**Alkhabeer Reit Fund – Expressed in Saudi Riyal**  
 (Managed by Alkhabeer Capital Company)  
**Jeddah, Kingdom of Saudi Arabia**

**Opinion**

We have audited the financial statements of **Alkhabeer Reit Fund – Expressed in Saudi Riyal (a real estate investment traded fund) (“The Fund”) managed by Alkhabeer Capital Company (“The Fund Manager”)**, which comprise the statement of financial position as of December 31, 2025, the statement of profit or loss and other comprehensive income, statement of changes in equity attributable to unitholders and statement of cash flows for the year then ended, and the accompanying notes to the financial statements, including information of material accounting policies.

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

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of our report.

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants’ (IESBA) “International Code of Ethics for Professional Accountants” (including International Independence Standards), as endorsed in the Kingdom of Saudi Arabia, and relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with that Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

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

<b>Key Audit Matter</b>	<b>How We Addressed Key Audit Matter</b>
<p><b>Investment properties and Right of use asset</b>            Impairment of investment properties and right of use asset.             As of December 31, 2025, the book value of investment properties and right of use asset held by the Fund amounted to SR 1,513 million and SR 120 million respectively (2024: SR 1,609 million and SR 130 million respectively).</p>	<p>Our audit procedures in response to the assessed risk of material misstatement in the valuation of impairment in investment properties and right of use asset comprised of:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the management procedures for determining the impairment in the value of investment properties.</li> </ul>

**Independent Auditor’s Report – Continued**

**To the Unitholders**  
**Alkhabeer Reit Fund – Expressed in Saudi Riyal**  
 (Managed by Alkhabeer Capital Company)  
 Jeddah, Kingdom of Saudi Arabia

**Key Audit Matter - Continued**

Key Audit Matter	How We Addressed Key Audit Matter
<p>Investment properties and right of use asset is measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties is presenter at cost less accumulated depreciation and impairment losses, if any. However, the fair value of the investment property and right of use asset is disclosed along with its impact on net assets per unit.</p> <p>In accordance with the requirements of relevant IFRS of impairment on its properties at each reporting date. In case such indicators are identified, the recoverable amount of these properties must be determined.</p> <p>As part of its assessment of impairment indicators, the Fund reviews both the internal and external indicators of impairment including, but not limited to, net cash outflows or operating losses, physical wear and tear of assets and adverse market changes or conditions. Moreover, the assessment of recoverable amounts requires the use of complex valuation techniques.</p> <p>Since the evaluation of impairment indicators and recoverable amounts, where necessary, involves the exercise of significant judgment, it was consider a key audit matter.</p> <p>Notes 10 and 11 to the financial statements illustrate details of investment properties and right of use asset and the movement during the year. Notes 4 and 5 illustrates the details of related accounting policies and significant judgements and assumptions applied in the determination of the recoverable amounts of the investment properties and right of use asset.</p>	<ul style="list-style-type: none"> <li>• Assessed the Fund manager’s determination of the following:               <ul style="list-style-type: none"> <li>- The factors taken into consideration when assessing indicators of impairment, and</li> <li>- The base used to determine cash generating units, which is the level used to calculate the recoverable amount.</li> </ul> </li> <li>• We have obtained valuation reports prepared by two independent valuers as of December 31, 2025 and examined the recoverable amount of investment properties and right of use asset, and assessed the model, assumptions and estimates used in the calculation of fair values less cost of disposal and value in use.</li> <li>• Assessed the key assumptions and estimates used, including discount rate, rental income, operating expenditures. Checked sensitivity analysis, including assessment of the effect of reasonably possible changes in the discount rate and operating expenditures on the forecasted cash flows to measure the impact.</li> <li>• Compared the recoverable amount of each cash-generating unit with its listed book value.</li> </ul>

**Independent Auditor’s Report – Continued**

**To the Unitholders**  
**Alkhabeer Reit Fund – Expressed in Saudi Riyal**  
 (Managed by Alkhabeer Capital Company)  
 Jeddah, Kingdom of Saudi Arabia

**Key Audit Matter - Continued**

<b>Key Audit Matter</b>	<b>How We Addressed Key Audit Matter</b>
<p>The Fund uses valuation reports from the independent valuers appointed by the Fund manager to measure the fair value of properties at the reporting date.</p> <p>We considered this as a key audit matter since the valuation requires significant judgment with respect to the appropriateness of the method used, and any inaccurate inputs in this judgment could result in material misstatement of the financial statements disclosure.</p>	<ul style="list-style-type: none"> <li>• Assessed the independence, professional qualifications, competence and experience of the Fund’s independent valuers, also ensured the valuers were certified by the Saudi Authority for Accredited Valuers. We used our specialists on this field to review the assumptions used in valuing the investment properties and right of use asset.</li> <li>• Evaluated the observable inputs used in the valuations, such as rental income, occupancy rates, items details, and lease duration by referring to lease agreements for a sample of investment properties.</li> <li>• We have reviewed the financial statement disclosures.</li> </ul>

**Other information**

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the 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 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 financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the 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.

## Independent Auditor's Report – Continued

**To the Unitholders**  
**Alkhabeer Reit Fund – Expressed in Saudi Riyal**  
(Managed by Alkhabeer Capital Company)  
**Jeddah, Kingdom of Saudi Arabia**

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

The Fund manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants, the applicable provisions of the investment fund regulations issued by the Capital Market Authority and the Fund's terms and conditions and information memorandum, and for such internal control as the Fund manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (Fund Board of Directors) are responsible for overseeing the Fund's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

### Independent Auditor's Report – Continued

**To the Unitholders**  
**Alkhabeer Reit Fund – Expressed in Saudi Riyal**  
(Managed by Alkhabeer Capital Company)  
**Jeddah, Kingdom of Saudi Arabia**

#### **Auditor's Responsibilities for the Audit of the 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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for 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.

**Crowe Solutions for Professional Consulting**



**Abdullah M. Alazem**  
**License No. 335**

6 Shawal, 1447H (25 March, 2026)  
Jeddah, Kingdom of Saudi Arabia

**ALKHABEER REIT FUND – Expressed in Saudi Riyal**  
(Managed by Alkhabeer Capital Company)  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2025**  
(Expressed in Saudi Riyal)

		<b>As of December 31,</b>	
	Note	<b>2025</b>	2024
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	<b>30,117,046</b>	108,023,128
Account receivables	7	<b>11,319,907</b>	11,793,506
Prepaid expenses and other debit balances – current portion	8	<b>10,859,181</b>	395,765
Due from a related party	9 - a	<b>18,781</b>	18,781
<b>Total current assets</b>		<b>52,314,915</b>	120,231,180
<b>Non-current assets</b>			
Prepaid expenses and other debit balances – non-current portion	8	<b>3,500,000</b>	-
Right of use asset	10 - a	<b>120,089,997</b>	130,287,550
Investment properties	11	<b>1,512,848,699</b>	1,608,996,237
<b>Total non-current assets</b>		<b>1,636,438,696</b>	1,739,283,787
<b>Total assets</b>		<b>1,688,753,611</b>	1,859,514,967
<b>LIABILITIES AND EQUITY ATTRIBUTABLE TO UNITHOLDERS</b>			
<b>Current liabilities</b>			
Due to related parties	9 - b	<b>6,918,355</b>	5,917,440
Lease liabilities – current portion	10 - b	<b>1,139,846</b>	1,110,437
Derivative financial liabilities	20	<b>4,516,549</b>	-
Accrued expenses and other credit balances	13	<b>52,740,920</b>	56,383,473
<b>Total current liabilities</b>		<b>65,315,670</b>	63,411,350
<b>Non-current liabilities</b>			
Lease liabilities – non-current portion	10 - b	<b>11,972,568</b>	12,880,053
Credit facilities	12 - a	<b>587,500,000</b>	737,500,000
<b>Total non-current liabilities</b>		<b>599,472,568</b>	750,380,053
<b>Total liabilities</b>		<b>664,788,238</b>	813,791,403
<b>EQUITY ATTRIBUTABLE TO UNITHOLDERS</b>		<b>1,023,965,373</b>	1,045,723,564
<b>Total liabilities and equity attributable to unitholders</b>		<b>1,688,753,611</b>	1,859,514,967
<b>Number of units issued (unit)</b>		<b>141,008,848</b>	141,008,848
<b>Equity per unit – book value (SR per unit)</b>	11 - c	<b>7.2617</b>	7.4160
<b>Equity per unit – fair value (SR per unit)</b>	11 - c	<b>8.8362</b>	8.6703

The accompanying notes from (1) to (26) form an integral part of these financial statements.

**ALKHABEER REIT FUND – Expressed in Saudi Riyal**

(Managed by Alkhabeer Capital Company)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME****FOR THE YEAR ENDED DECEMBER 31, 2025**

(Expressed in Saudi Riyal)

		<b>For the year ended December 31,</b>	
	Note	<b>2025</b>	<b>2024</b>
Rental income	14	<b>135,057,234</b>	129,362,126
<b>Expenses</b>			
Properties management fees	16	<b>(9,140,492)</b>	(11,030,424)
Administration and custody fees	9, 16	<b>(785,037)</b>	(786,275)
Management fees	9, 16	<b>(9,362,501)</b>	(9,218,174)
Expected credit losses	7	-	(174,283)
Other expenses	15	<b>(4,345,357)</b>	(4,846,137)
<b>Total expenses</b>		<b>(23,633,387)</b>	(26,055,293)
Finance cost	12 – b	<b>(52,456,950)</b>	(40,927,616)
Other income	8	<b>14,000,000</b>	-
Gain from sale of investment properties		<b>2,659,259</b>	22,222,390
Income from bank deposits	6	<b>3,286,959</b>	1,056,700
Depreciation of investment properties and right of use asset	10, 11	<b>(43,311,206)</b>	(43,354,108)
Reversal of impairment of investment properties	11	<b>1,863,616</b>	17,034,355
<b>Profit for the year</b>		<b>37,465,525</b>	59,338,554
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>37,465,525</b>	59,338,554

The accompanying notes from (1) to (26) form an integral part of these financial statements.

**ALKHABEER REIT FUND – Expressed in Saudi Riyal**  
 (Managed by Alkhabeer Capital Company)  
**STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO UNITHOLDERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
 (Expressed in Saudi Riyal)

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		<b>For the year ended December 31,</b>	
	Note	<b>2025</b>	<b>2024</b>
<b>Equity attributable to unitholders</b>			
Equity attributable to unitholders at the beginning of the year		<b>1,045,723,564</b>	1,045,608,726
Dividends	19	<b>(59,223,716)</b>	(59,223,716)
Comprehensive income for the year		<b>37,465,525</b>	59,338,554
<b>Equity attributable to unitholders at the end of the year</b>		<b><u>1,023,965,373</u></b>	<u>1,045,723,564</u>
<b><u>Transactions in units for the year are summarized as follows:</u></b>			
Number of units at the beginning of the year (unit)		<b>141,008,848</b>	141,008,848
<b>Number of units at the end of the year (unit)</b>		<b><u>141,008,848</u></b>	<u>141,008,848</u>

\*No units were issued or disposed during the years ended December 31, 2025 and 2024.

The accompanying notes from (1) to (26) form an integral part of these financial statements.

**ALKHABEER REIT FUND – Expressed in Saudi Riyal**  
(Managed by Alkhabeer Capital Company)  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
(Expressed in Saudi Riyal)

	<b>For the year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Profit for the year	37,465,525	59,338,554
<b>Adjustments:</b>		
Depreciation of investment properties and right of use asset	43,311,206	43,354,108
Reversal of impairment of investment properties	(1,863,616)	(17,034,355)
Gain from sale of investment properties	(2,659,259)	(22,222,390)
Income from bank deposits	(3,286,959)	(1,056,700)
Interest charged on lease liabilities (included in finance cost)	700,924	744,754
Finance cost	51,756,026	40,182,862
Expected credit losses	-	174,283
<b>Changes in operating assets and liabilities:</b>		
Account receivables	(5,385,401)	(12,162,315)
Prepaid expenses and other debit balances	(13,963,416)	67,101
Due to related parties	1,000,915	(968,992)
Accrued expenses and other credit balances	4,187,532	(14,541,349)
<b>Net cash provided by operating activities</b>	<b>111,263,477</b>	<b>75,875,561</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Additions to investment properties	(4,038,656)	(2,049,094)
Additions to right-of-use assets	(154,584)	(1,611,398)
Proceeds from the sale of investment properties	71,750,000	87,601,390
Proceeds from income on bank deposits	3,286,959	1,056,700
<b>Net cash provided by investing activities</b>	<b>70,843,719</b>	<b>84,997,598</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>		
Payments of credit facilities	(150,000,000)	-
Dividends paid	(53,364,716)	(53,364,716)
Lease payments	(1,579,000)	(1,579,000)
Finance cost paid	(55,069,562)	(25,017,984)
<b>Net cash used in financing activities</b>	<b>(260,013,278)</b>	<b>(79,961,700)</b>
<b>Net change in cash and cash equivalent</b>	<b>(77,906,082)</b>	<b>80,911,459</b>
Cash and cash equivalent at the beginning of the year	108,023,128	27,111,669
<b>Cash and cash equivalent at the end of the year</b>	<b>30,117,046</b>	<b>108,023,128</b>
<b><u>NON-CASH ITEMS:</u></b>		
Dividends distributions through settlement of account receivables to unitholders	5,859,000	5,859,000
Transferred from other debit balances to additions to right-of-use asset	-	(5,951,840)
Unpaid dividends	14,805,929	14,805,929

The accompanying notes from (1) to (26) form an integral part of these financial statements.

## **ALKHABEER REIT FUND – Expressed in Saudi Riyal**

(Managed by Alkhabeer Capital Company)

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025**

(Expressed in Saudi Riyal)

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#### **1. THE FUND AND ITS ACTIVITIES**

Alkhabeer REIT Fund (the "Fund") – expressed in Saudi Riyals is a closed-ended Sharia compliant real estate investment traded fund, established in accordance with the rules and regulations enforced in the Kingdom of Saudi Arabia as well as under the guidelines of the Capital Market Authority (“CMA”). The Fund has been established on December 16, 2018 and managed by Alkhabeer Capital Company (“Alkhabeer Capital” or the “Fund Manager”), for the benefit of the Fund’s unitholders. The Fund is listed on the Saudi Stock Exchange (Tadawul). The Fund is ultimately supervised by the Fund Board of Directors. Alinma Investment Company acts as the Custodian of the Fund.

The Fund's main investment objective is to generate rental income yield and periodic cash distributions of not less than 90% of the Fund’s annual net profit, by investing not less than 75% of the Funds total assets, according to its last audited financial statements, in income generating real estate assets in the Kingdom of Saudi Arabia excluding Makkah and Madinah.

The terms and conditions of the Fund were approved by the Capital Market Authority (“CMA”) on October 16, 2018 (corresponding to Safar 8, 1440 H), and the initial offering period was 15 days, starting from November 11, 2018 and ending on November 29, 2018. The Fund started its activities on December 16 2018, and the Fund was listed on Tadawul on March 20, 2019.

In dealing with the unitholders, the Fund Manager considers the Fund as an independent entity. Accordingly, the Fund prepares its own financial statements. Furthermore, unitholders are considered owners of the assets of the Fund and distributions is made in relation to their respective ownership in the total number of issued units.

The Fund’s term is ninety-nine (99) year follow the date of listing units on Saudi Tadawul. The term of the Fund may be extended at the Fund Manager's discretion subject to CMA approval.

The Fund is subject to the Sharia Board’s guidelines in its investments and transactions.

#### **2. REGULATORY AUTHORITY**

The Fund is governed by the Real Estate Investment Funds Regulations (the "Regulations") and REIT instructions published by CMA on Jumada al-Alkhirah 19, 1427H (corresponding to July 15, 2006) thereafter amended on Rajab 12, 1442H (corresponding to February 24, 2021), detailing requirements for all funds traded in real estate that must follow the Kingdom of Saudi Arabia.

#### **3. BASIS OF PREPARATION**

##### **Basis of compliance**

The financial statements for the Fund have been prepared in accordance with the International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA), and the provisions specified by the Fund regulations issued by the CMA, the terms and conditions of the Fund and the information memorandum.

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

These financial statements of the Fund have been prepared on a historical cost basis except for the items which measured at fair value, present value, net realizable value, and replacement cost in line with the accrual basis of accounting and going concern basis.

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

These financial statements are presented in Saudi Riyal, which is the Fund’s functional and presentation currency.

## **ALKHABEER REIT FUND – Expressed in Saudi Riyal**

(Managed by Alkhabeer Capital Company)

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025**

(Expressed in Saudi Riyal)

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#### **Going concern**

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

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICIES**

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

The Fund adopted the new standards and the following amendments for the first time in its annual reports, effective as of January 1, 2025:

##### **Amendments to IAS 21 – Lack of Convertibility:**

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 abovementioned amendments had no material impact on the financial statements for the year.

##### **Standards Issued but Not Yet Applied:**

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 Financial Statements. The Fund is currently evaluating the impact of the adoption of these standards on the Financial Statements.

##### **Amendments to IFRS 9 and IAS 7 – Classification and Measurement of Financial Instruments:**

Amendments:

- Clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- Make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

##### **IFRS 18 – Presentation and Disclosure in Financial Statements:**

This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- The structure of the statement of profit or loss;
- Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

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

Cash and cash equivalents include cash at banks and deposits held at call with banks with a maturity of three months.

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**Investment properties**

Investment properties are land, buildings, or both or part of them held either to earn rental income or for capital appreciation, or both, but not for sale in the normal course of business or in use in the production, supply of goods, provision of services, or administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Investment properties are subsequently carried at cost, less accumulated depreciation and accumulated impairment losses, if any. This cost includes the cost of replacing parts of investment properties and borrowing costs related to long-term construction projects, if the evidentiary criteria are met. When it is necessary to replace significant parts of investment properties in stages, the Fund recognizes such parts as separate assets with definite useful lives and depreciated accordingly. All repair and maintenance costs are recognized in profit or loss when incurred.

The carrying amount of investment properties is reviewed to determine if there is any impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If such evidence exists and the carrying amount exceeds the recoverable amount, the assets are then written down to their recoverable amount, which represents the higher of fair value less costs to sell and value in use

Investment properties are derecognized either when they are disposed of (i.e. when control is transferred to the receiving entity) or they are permanently withdrawn from use and no future economic benefits are expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period in which the derecognition is discontinued. The amount of consideration to be included in the profit or loss on derecognition of investment properties is determined in accordance with the requirements for determining the transaction price in IFRS 15 – “Revenue from Contracts with Customers”.

Transfers are made to (from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the assumed cost for subsequent accounting is the fair value at the date of change in use.

When owner-occupied properties become investment properties, the Fund accounts for such properties in accordance with the policies applicable to property, plant and equipment up to the date of the change in use.

The following are the estimated useful life for investment properties:

<b>Item</b>	<b>Useful life</b>
Buildings	40 years

lands are not depreciated.

**Impairment of non-financial assets**

Assets subject to depreciation and amortization are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in profit or loss for the amount that exceeds the carrying amount of the asset over its recoverable amount. Recoverable amount is the fair value of the asset less costs to sell or value in use (whichever is higher). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are independent cash flows (cash-generating units). Prior impairment in non-financial assets (other than goodwill) are reviewed to reflect the potential impairment at each reporting date.

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An impairment loss recognized in prior periods is evaluated at each reporting date to determine whether there are indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that could have been determined, net of depreciation or amortization, had the impairment loss not been recognized previously.

#### **Borrowings**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be withdrawn. In this case, the fee is deferred until the withdrawn occurs.

To the extent that there is no evidence that it is probable that some or all of the facility will be withdrawn, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it belongs.

IAS 23, "Borrowing Cost", requires any incremental transaction cost to be amortized using the Effective Interest Rate (EIR). The Fund accounts for finance cost (interest cost and amortization of transaction cost) as per the effective interest rate method. For floating rate loans, EIR determined at initial recognition of loan liabilities is used for the entire contract period. Borrowing cost incurred for any qualifying assets are capitalized as part of the cost of the asset.

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

Liabilities are recognized for the amount to be paid in the future for services received, whether billed by the supplier or not.

#### **Derivative financial instruments and hedge accounting**

The Fund uses derivative financial instruments, such as Shari'a-compliant Profit Rate Swaps (PRS), to manage its exposure to profit rate fluctuations on its floating-rate credit facilities.

#### **Initial Recognition and Subsequent Measurement**

Derivative financial instruments are initially recognized at fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value at each reporting date.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any related transaction costs are recognized in the statement of profit or loss and other comprehensive income when incurred.

#### **Economic Hedges (Non-Hedge Accounting)**

While these derivatives provide effective economic hedges under the Fund's risk management strategy, the Fund does not formally designate these instruments as "qualifying hedges" or apply formal hedge accounting under IFRS 9.

Consequently:

- All realized and unrealized gains or losses arising from changes in the fair value of derivatives are recognized immediately in the statement of profit or loss and other comprehensive income within "Finance costs".
- Net settlements received or paid under the swap agreements are presented as an adjustment to the finance costs related to the underlying credit facilities.

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#### **Expenses**

All expenses are classified as operating expenses unless another classification is consistent with the nature of the expense category and circumstances of the Fund.

#### **Revenue recognition**

Revenue includes rental income from investment properties.

The Fund recognizes rental income arising from lease contracts on a straight-line basis. After the commencement of the lease contract, the Fund recognizes variable lease payments that do not depend on an index or rate (such as payments based on performance or usage) when they are earned. When the Fund provides incentives to tenants, the cost of such incentives is recognized on a straight-line basis as a reduction of rental income.

The contracts include a fixed price, and the customer pays this amount based on the payment schedule. If the services provided by the Fund exceed the amount paid, accrued rental income is recognized. If the payments exceed the services provided, unearned rental income is recognized.

Revenue is measured at the transaction price agreed upon in the contract. The amounts disclosed as revenue are presented after deducting variable consideration and payments to customers that are not for distinct services. Such consideration and discounts may include trade allowances, rebates, and amounts collected on behalf of third parties.

The Fund recognizes revenue when it satisfies a performance obligation. The Fund applies the five-step model under IFRS 15 “Revenue from Contracts with Customers” to determine when revenue is recognized, as follows:

Step 1 – Identify the contract(s) with a customer: A contract is an agreement between two or more parties that creates enforceable rights and obligations and establishes the criteria that must be met for each contract.

Step 2 – Identify the performance obligations in the contract: A performance obligation is a promise in a contract to provide the leased property to the tenant.

Step 3 – Determine the transaction price: The transaction price is the amount of rent agreed upon in the contract, after deducting any amounts collected on behalf of third parties.

Step 4 – Allocate the transaction price to the performance obligations in the contract: In a contract that contains more than one performance obligation, the Fund allocates the transaction price to each performance obligation in an amount that reflects the consideration the Fund expects to receive in exchange for satisfying each performance obligation.

Step 5 – Recognize revenue when (or as) the entity satisfies a performance obligation.

#### **Right of use asset**

The Fund recognizes right of use assets at the inception date of the lease (i.e. the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the inception date less any lease incentives received, unless the Fund is reasonably certain to obtain ownership of the leased asset at the end of the lease term. The recognized right of use assets are depreciated on a straight-line basis over its estimated useful life or the lease term, whichever is shorter. The estimated useful life of the right of use asset used by the Fund is 18 years.

#### **Provisions and contingent liabilities**

Provisions are recognized when the Fund has a present obligation (legal or contractual) as a result of past events, and it is probable that an outflow of resources involving economic benefits will be required to settle the obligation. In addition, a reliable estimate of the amount of the obligation can be made.

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#### **Lease liabilities**

At the inception date of the lease, the Fund recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Fund and payments of penalties for terminating a lease, if the lease term reflects the Fund exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Fund uses the internal cost of funds as the incremental borrowing rate at the lease inception date if the interest rate implicit in the lease is not readily determinable. After the inception date, the amount of lease liabilities is increased to reflect the accumulation of interest and reduction of the lease payments presented. In addition, the carrying amount of lease liabilities is remeasured if there is an adjustment, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

#### **Significant judgment in determining the lease term of the contracts with the option to renewal**

The Fund determines the lease term as the non-cancellable term of the 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.

#### **Finance costs**

Finance cost is recognized in the statement of profit or loss and other comprehensive income for all specific commission-bearing financial instruments using the effective interest rate method.

#### **Trade receivable**

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

#### **Dividends**

Interim and final dividends are recorded as liability in the period in which they are approved by the Fund Board of directors.

#### **Value added tax**

Revenues, expenses and assets are recognized after deducting value added tax (“VAT”) except:

- When the value added tax incurred when purchasing assets or services is not recoverable from the tax authority, in which case the value added tax is recognized as part of the cost of acquiring the asset or as part of the expense item as applicable.
- Receivables and payables mentioned showing the amount of VAT included.

The net amount of VAT that is recoverable from ZATCA or payable is included as part of accounts receivable or payable in the statement of financial position.

#### **Zakat**

According to the rules for Zakat levy from investors in investment funds, investment funds are not obligated to pay zakat. Instead, they are only required to submit an Information declaration on the calculation of the zakat base for the fund. Therefore, no provision is made for such liabilities in these financial statements.

#### **Net equity per unit**

The net equity per unit is calculated and disclosed in the financial position by dividing the net assets of the Fund attributable to unitholders by the number of issued units.

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#### **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **Financial assets**

Financial assets include the following:

- a) Cash and cash equivalents
- b) Equity instruments in another entity, or
- c) A contractual right to receive cash or another financial asset from another entity or to exchange financial instruments with another entity under conditions are potentially favorable to the entity, or
- d) A contract that may or will be settled at entity's owned equity instruments.

#### **Classification and initial recognition**

The Fund classifies its financial assets in the following measuring categories:

- Financial assets measured at fair value through profit or loss.
- Financial assets measured at amortized cost.

Classification depends on the business model of the Fund to manage financial assets, and on the contractual terms of cash flows.

For assets measured at fair value, gain and losses will be recorded in profit and loss. For investment in debt instruments, this will depend on the business model in which investment is held. For investment in equity instruments, this will depend on whether the Fund has made an irrevocable election at the time of initial recognition to account for the equity instruments at fair value through OCI. The Fund reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition, the Fund measures its financial asset classified as part of fair value through profit or loss, transaction costs are expensed in profit or loss.

#### **Equity instruments**

The Fund subsequently measures all equity investments at fair value. Changes in the fair value of financial assets measured at fair value are recognized at fair value through profit and loss in profit or loss. Dividends from such investments continue to be recognized in profit or loss as other income when the Fund's right to receive payments is established

Impairment losses and reversal of impairment losses on equity investments measured at fair value through profit and loss in profit or loss are recorded in profit and loss in profit or loss.

#### **Debt instruments**

Subsequent measurement of debt instruments depends on the Fund's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Fund classified its debt instruments:

#### **Amortized cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt instrument that is measured at amortized cost and is not part of a hedging relationship is recognized in statement of profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

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#### **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 receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### **Subsequent measurement**

##### **Amortized cost**

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income and impairment are recognised in statement of profit or loss.

##### **Impairment**

In relation to the impairment of financial assets, IFRS 9 requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognized as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Fund's financial assets include mainly bank balances, investments and dividend receivables. The impairment methodology used depends on whether there has been a significant increase in credit risk. The Fund considered the impact of ECL as immaterial due to cash at banks is placed with sound credit rating and investment are measured at its fair value.

#### **Financial liabilities**

##### **A financial liability is classified as follows:**

- Contractual obligation to deliver cash or another financial asset to another entity.
- Contractual obligation to exchange financial instruments with another entity under conditions that are potentially unfavorable.
- A non-derivative contract for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments.

#### **Recognition and measurement**

All financial liabilities are recognized initially at fair value. Subsequently, it is measured at amortized cost using effective interest rate methods. The Fund's financial liabilities include accrued expenses and other credit balances, credit facilities, lease liabilities and due to related parties.

#### **Offsetting of financial instruments**

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

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#### **Derecognition of financial assets**

The Fund derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognizes its retained interest in the asset and liability related to the amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognize the financial asset and also recognizes the liabilities associated with the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the amount of the consideration received and accrued is recognized in the profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the gain or loss previously recognized in the revaluation reserve is reclassified to the profit or loss. In contrast, on derecognition of an investment in equity instrument which the Fund has elected on initial recognition to measure at FVTPL, the gains or losses are recognized in profit or loss.

The Fund's financial liabilities are derecognized only if relieved, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities incurred, is recognized in profit or loss.

#### **5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of the Fund's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses and assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of assets or liabilities affected in future years.

#### **Fair value measurement**

The fair value represents the amount that may be collected from selling an asset or paying it to transfer a liability between informed parties under the same terms of business with others. The fair value measurement depends on the following conditions:

- The principal market for assets or liabilities, or
- The most advantageous market for assets and liabilities in the absence of a primary market, or
- Use discounted cash flows in the absence of a principal market or the most advantageous market.

#### **Assets or liabilities measured at fair value**

- Separate assets or liabilities.
- A group of assets or a group of liabilities or a group of assets and liabilities.
- A set of accounting policies and notes that require calculating the fair value of financial and non-financial assets and liabilities.
- The Fund uses market inputs that are observable as far as possible when measuring the fair value of assets and liabilities.

The Fund determines fair value using valuation techniques. The Fund also uses the following levels which reflect the importance of inputs used in determining fair value:

- **Level 1:** quoted prices (unadjusted) in an active market for similar assets or liabilities.
- **Level 2:** valuation methods based on inputs other than quoted prices included in Level 1 that can be observable for assets and liabilities, directly or indirectly.
- **Level 3:** valuation techniques that use inputs that have an important impact on fair value but are not based on observable inputs.

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The Fund recognizes transfers between fair value levels at the end of the reporting period at the same time as the change occurs, the Fund Manager believes that its estimates and assumptions used are reasonable and sufficient.

#### **Provision for expected credit losses on receivables against operating leases**

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

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

#### **The useful lives of investment properties and right of use asset**

The Fund Manager determines the useful lives of investment properties and right of use asset in order to calculate depreciation. This estimate is determined after considering expected usage of the assets, and physical wear and tear. The Fund Manager reviews the residual value and useful lives annually and makes the necessary changes in current and future periods.

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

Investment properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the investment property exceeds its recoverable amount which is the higher of its net cost to sell or value in use. For the purpose of assessing impairment, investment properties are grouped at lowest levels for which there are separately identifiable cash flows (cash generating units). Where an impairment loss subsequently reverses, the carrying amount of the investment property or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the investment property or cash generating unit in prior periods. A reversal of an impairment loss is recognized as other income immediately in profit or loss.

#### **Impairment of right of use assets**

The fund manager reviews the carrying value of the right-of-use asset to determine if there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized if the carrying amount of the right-of-use asset exceeds its recoverable amount, which represents the fair value of the right-of-use asset. The impaired right-of-use asset is tested for possible reversal of impairment at the date of each financial statement. An impairment loss is reversed only to the extent that the carrying value of the right-of-use asset does not exceed its carrying value that would have been determined, net of depreciation, had no impairment loss been recognized. Impairment losses are recognized in profit or loss.

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**6. CASH AND CASH EQUIVALENTS**

	<u>2025</u>	<u>2024</u>
Cash at banks	<b>30,117,046</b>	28,023,128
Bank deposits *	-	80,000,000
	<b><u>30,117,046</u></b>	<u>108,023,128</u>

\*During 2024, an agreement was signed with a local bank to invest in short-term deposits (less than 3 months) amounting to SR 80 million. The duration of this agreement is two years, ending in August 2026. The finance income from short-term deposits during 2025, which carry a profit margin ranging between 4.8% and 6.15%, amounted to SR 3.3 million (2024: 5.15% to 6.15%, amounting to SR 1.1 million. During the year ended December 31, 2025, the investment in these short-term deposits was redeemed.

**7. ACCOUNT RECEIVABLES**

	<u>2025</u>	<u>2024</u>
Account receivables*	<b>63,699,526</b>	64,173,125
Expected credit losses	<b>(52,379,619)</b>	(52,379,619)
	<b><u>11,319,907</u></b>	<u>11,793,506</u>

\*The accounts receivable balance includes both billed receivables and accrued rental income for the remaining period until the end of the year (to be invoiced later).

The movement in the provision for expected credit losses during the year is as follows:

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	<b>52,379,619</b>	52,205,336
Charge for the year	-	174,283
	<b><u>52,379,619</u></b>	<u>52,379,619</u>

Below are the impaired accounts receivable balances based on their aging:

**2025**

	<u>Total</u>	<u>≤90 Day</u>	<u>91 – 180 Days</u>	<u>181 – 365 Day</u>	<u>&gt;365 Days</u>
<b>Book value</b>	<b>63,699,526</b>	<b>8,163,569</b>	<b>1,906,422</b>	<b>4,395,187</b>	<b>49,234,348</b>
<b>Loss ratio</b>	<b>%82.23</b>	<b>%0</b>	<b>%0</b>	<b>%71.56</b>	<b>%100</b>
<b>Impairment</b>	<b><u>52,379,619</u></b>	<b>-</b>	<b>-</b>	<b><u>3,145,271</u></b>	<b><u>49,234,348</u></b>

**2024**

	<u>Total</u>	<u>≤90 Days</u>	<u>91 – 180 Days</u>	<u>181 – 365 Days</u>	<u>&gt;365 Days</u>
Book value	64,173,125	4,372,590	4,345,273	5,932,324	49,522,938
Loss ratio	%81.62	%0	%0	%48.15	%100
Impairment	<u>52,379,619</u>	-	-	<u>2,856,681</u>	<u>49,522,938</u>

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**8. PREPAID EXPENSES AND OTHER DEBIT BALANCES**

	<b>2025</b>	2024
Prepaid insurance expense	<b>359,181</b>	329,141
lease termination receivable*	<b>14,000,000</b>	-
Other debit balances	-	66,624
	<b>14,359,181</b>	395,765
Less: Current portion	<b>(10,859,181)</b>	(395,765)
Non-current portion	<b>3,500,000</b>	-

\* On 21 July 2025, the existing lease agreement with the tenant, which was originally valid until 2033, was terminated at the tenant's request. The tenant agreed to pay compensation to the Fund amounting to SR 14,000,000 as a result of this termination. It was agreed that this amount would be settled in four installments of SR 3,500,000 each, with the final installment due on 30 June 2027.

**9. RELATED PARTIES TRANSACTIONS AND BALANCES**

Transactions with related parties represent payments on behalf of a related party, administrative fees, management fees, custody fees and compensation to the fund's independent board of directors.

a) Due from a related party comprises the following:

<b>Related party</b>	<b>Nature of relationship</b>	<b>Nature of transactions</b>	<b>Volume of transactions for the year ended</b>		<b>Balance as of December 31,</b>	
			<b>December 31, 2025</b>	2024	<b>2025</b>	2024
Awal Al Malqa Real Estate Company	Subsidiary to custodian	Expenses paid on behalf of the Company	<b>7,609</b>	10,887		
		Repayments	<b>(7,609)</b>	(10,887)	<b>18,781</b>	18,781
					<b>18,781</b>	18,781

Alkhabeer Capital Company established Awal Al Malqa Real Estate Company, a limited liability company ("Special Purpose Vehicle"), registered under commercial registration No. 1010893802 on Shawwal 19, 1438H (corresponding to July 13, 2017). The company was created for the purpose of holding and registering real estate assets related to investment properties funds in the company's name. The fund contributed an amount of SR 20,000 as the capital of Awal Al Malqa Real Estate Company.

The title deeds of the properties have been registered under the name of Awal Al Malqa Real Estate Company, and the company has confirmed that it holds these properties on behalf of the fund. Since the fund is the beneficiary of these properties, they have been recorded in the fund's financial statements.

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b) Due to related parties comprises the following:

Related parties	Nature of relationship	Nature of transactions	Volume of transactions for the year ended December 31,		Balance as of December 31,	
			2025	2024	2025	2024
Alkhabeer Capital Company	Fund Manager	Management fees	9,362,501	9,218,174		
		Administration fees	312,083	307,272		
		Repayments	(8,885,192)	(10,973,441)	5,572,363	4,782,971
Alinma Investment Company	Custodian	Custody fees	472,954	479,003		
		Repayments	(261,431)	-	1,324,992	1,113,469
Fund's Board of Directors	Board of Directors	Compensations to Independent Fund Board Members of Directors	34,000	34,000		
		Repayments	(34,000)	(34,000)	21,000	21,000
Unit holders	Unit holders	Settlement of dividends against receivable	5,859,000	5,859,000	-	-
					<b>6,918,355</b>	<b>5,917,440</b>

c) All transactions with related parties are approved by the Fund Manager.

**10. LEASES****a) Right of use asset**

The movement in right of use asset is as follows:

	Leased Land	Building - Investment Property	2025
<b>Cost:</b>			
Balance at the beginning of the year	19,132,408	169,688,239	188,820,647
Additions during the year	-	154,584	154,584
<b>Balance at the end of the year</b>	<b>19,132,408</b>	<b>169,842,823</b>	<b>188,975,231</b>
<b>Accumulated depreciation:</b>			
Balance at the beginning of the year	6,202,744	52,330,353	58,533,097
Charged for the year	1,048,351	9,303,786	10,352,137
<b>Balance at the end of the year</b>	<b>7,251,095</b>	<b>61,634,139</b>	<b>68,885,234</b>
<b>Balance as of December 31</b>	<b>11,881,313</b>	<b>108,208,684</b>	<b>120,089,997</b>

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	<b>Leased Land</b>	<b>Building - Investment Property</b>	2024
<b>Cost:</b>			
Balance at the beginning of the year	19,132,408	162,125,001	181,257,409
Additions during the year	-	1,611,398	1,611,398
Transfers during the year	-	5,951,840	5,951,840
<b>Balance at the end of the year</b>	<b>19,132,408</b>	<b>169,688,239</b>	<b>188,820,647</b>
<b>Accumulated depreciation:</b>			
Balance at the beginning of the year	5,154,393	43,071,847	48,226,240
Charged for the year	1,048,351	9,258,506	10,306,857
<b>Balance at the end of the year</b>	<b>6,202,744</b>	<b>52,330,353</b>	<b>58,533,097</b>
<b>Balance as at December 31</b>	<b>12,929,664</b>	<b>117,357,886</b>	<b>130,287,550</b>

Right of use asset represents the lease land which owned by the Tabuk Municipality, which was leased to Suleiman Al-Qudaibi Sons Contracting Company for 25 years to build commercial mall. a contract for the assignment of the leasehold rights was signed between Suleiman Al-Qudaibi Sons Contracting Company, and the fund, with the approval of the Tabuk Municipality, after the construction of the commercial mall on the leased land was completed. As a result, the land and the commercial mall are now subject to the agreement for the right-of-use asset. The fund has paid the rent for the building in advance in the amount of SR 155 million to Suleiman Al-Qudaibi Sons Contracting Company and continued the lease term related to the land lease for the remaining period of the main lease contract, which is 18 years.

The key assumptions used in determining the fair value of right of use asset are as follows:

Property Name	Property Type	Valuation Method	Location	Discount rate as of		Fair Value as of	
				December 31, 2025	2024	December 31, 2025	2024
Gallery		Income					
Mall	Commercial	approach	Tabuk	%11.5 - %9.93	%11 - %10	<b>137,924,000</b>	137,831,000

The right-of-use asset was appraised by two certified and licensed real estate valuers accredited by the Saudi Authority for Accredited Valuers ("Taqeem").

The Fund appointed two independent valuers to assess the right-of-use asset as of December 31, 2025, as follows:

	<b>Accredited valuer</b>	<b>License Number</b>
Esnad real estate valuation company	AlMohaned AlHosami	1210000934
21 Century real estate valuation company and partner	Alwaleed Alzoman	1210000038

**b) Lease liabilities**

The movement in lease liabilities is as follows:

	2025	2024
Balance at the beginning of the year	<b>13,990,490</b>	14,824,736
Paid during the year	<b>(1,579,000)</b>	(1,579,000)
Interest charge during the year	<b>700,924</b>	744,754
<b>Total lease liabilities at the end of the year</b>	<b>13,112,414</b>	13,990,490

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Lease liabilities are classified as follows:

	<u>2025</u>	<u>2024</u>
Current portion	<b>1,139,846</b>	1,110,437
Non-current portion	<b>11,972,568</b>	12,880,053
<b>Total lease liabilities</b>	<b>13,112,414</b>	13,990,490

The weighted average borrowing rate applied to lease liabilities was 5.01% (2024: 5.01%). The total interest expense on lease liabilities for the year ended December 31, 2025, amounted to SR 700.924 (compared to SR 744.754 for the year ended December 31, 2024).

Right of use asset represents a lease liability of the Gallery Mall under a lease contract and payments were made fully in advance over the duration of the contract.

The analysis of lease liabilities is as follows:

	<u>2025</u>	<u>2024</u>
Within one year	<b>1,139,846</b>	1,110,437
From two to 5 years	<b>4,172,259</b>	3,973,202
More than 5 years	<b>7,800,309</b>	8,906,851
	<b>13,112,414</b>	13,990,490

**11. INVESTMENT PROPERTIES**

a) The details of the investment properties are as follows:

	<u>2025</u>	<u>2024</u>
Residential and commercial properties and lands	<b>1,706,345,000</b>	1,778,095,000
Development costs	<b>12,833,795</b>	8,795,139
Accumulated depreciation	<b>(187,453,344)</b>	(156,948,770)
Accumulated impairment	<b>(18,876,752)</b>	(20,945,132)
	<b>1,512,848,699</b>	1,608,996,237

b) The movement in impairment of investment properties is as follows:

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	<b>20,945,132</b>	49,556,737
Reversal of impairment	<b>(1,863,616)</b>	(17,034,355)
Disposals during the year	<b>(204,764)</b>	(11,577,250)
	<b>18,876,752</b>	20,945,132

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c) The movement details on investment properties related to the Fund is as follows:

<b>2025:</b>	<b>Lands*</b>	<b>Residential and commercial properties*</b>	<b>Total</b>
<b><u>Cost:</u></b>			
Balance at January 1, 2025	463,975,542	1,322,914,597	1,786,890,139
Additions during the year	-	4,038,656	4,038,656
Disposals during the year	(56,449,250)	(15,300,750)	(71,750,000)
<b>Balance at December 31, 2025</b>	<b>407,526,292</b>	<b>1,311,652,503</b>	<b>1,719,178,795</b>
<b><u>Accumulated depreciation:</u></b>			
Balance at January 1, 2025	-	156,948,770	156,948,770
Charge for the year	-	32,959,069	32,959,069
Disposals during the year	-	(2,454,495)	(2,454,495)
<b>Balance at December 31, 2025</b>	<b>-</b>	<b>187,453,344</b>	<b>187,453,344</b>
<b>Net book value as of December 31, 2025</b>	<b>407,526,292</b>	<b>1,124,199,159</b>	<b>1,531,725,451</b>
Accumulated impairment			(18,876,752)
<b>Balance at December 31, 2025</b>			<b>1,512,848,699</b>

<b>2024:</b>	<b>Lands*</b>	<b>Residential and commercial properties*</b>	<b>Total</b>
<b><u>Cost:</u></b>			
Balance at January 1, 2024	519,975,542	1,344,815,503	1,864,791,045
Additions during the year	-	2,049,094	2,049,094
Disposals during the year	(56,000,000)	(23,950,000)	(79,950,000)
<b>Balance at December 31, 2024</b>	<b>463,975,542</b>	<b>1,322,914,597</b>	<b>1,786,890,139</b>
<b><u>Accumulated depreciation:</u></b>			
Balance at January 1, 2024	-	126,895,269	126,895,269
Charge for the year	-	33,047,251	33,047,251
Disposals during the year	-	(2,993,750)	(2,993,750)
<b>Balance at December 31, 2024</b>	<b>-</b>	<b>156,948,770</b>	<b>156,948,770</b>
<b>Net book value as of December 31, 2024</b>	<b>463,975,542</b>	<b>1,165,965,827</b>	<b>1,629,941,369</b>
Accumulated Impairment			(20,945,132)
<b>Balance at December 31, 2024</b>			<b>1,608,996,237</b>

\* The residential and commercial properties and lands mentioned and detailed in Note (12) are pledged to a local bank under a credit facilities agreement amounting to SR 1,719,178,795 (2024: SR 1,786,890,139), except for Akun warehouses.

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d) The investment properties consist of the following projects:

**December 31, 2025**

<b>Property name</b>	<b>Property type</b>	<b>Property location</b>	<b>Acquisition and development cost</b>	<b>Accumulated depreciation</b>	<b>Accumulated Impairment</b>	<b>Net book value</b>	<b>Fair value</b>
Palazzo Center	Retail	Riyadh	96,590,177	(8,282,075)	(18,876,752)	69,431,350	69,431,350
Al-Malqa Complex	Residential	Riyadh	325,014,157	(46,364,201)	-	278,649,956	295,180,000
Elite Center	Multiple use	Jeddah	164,000,000	(18,647,895)	-	145,352,105	160,922,000
Bin 2 Center	Multiple use	Jeddah	92,250,000	(10,240,681)	-	82,009,319	96,752,500
Vision Colleges (formerly known as Al-Farabi Colleges)	Educational	Riyadh	215,250,000	(24,154,400)	-	191,095,600	211,511,750
Vision Colleges Training Center (formerly known as Al-Farabi Colleges)	Educational	Riyadh	66,625,000	(5,330,133)	-	61,294,867	82,262,950
Elegance Tower	Offices	Riyadh	425,211,961	(44,063,209)	-	381,148,752	487,391,300
Vision Educational Colleges - Jeddah	Educational	Jeddah	107,500,000	(10,564,784)	-	96,935,216	98,657,550
Akun warehouses	Logistics	Jeddah	226,737,500	(19,805,966)	-	206,931,534	214,928,500
			<b>1,719,178,795</b>	<b>(187,453,344)</b>	<b>(18,876,752)</b>	<b>1,512,848,699</b>	<b>1,717,037,900</b>

Movement in impairment during the year is as follows:

**December 31, 2025**

<b>Property name</b>	<b>Accumulated impairment at the beginning of</b>	<b>Reversal of impairment for the year</b>	<b>Disposal during the year</b>	<b>Accumulated impairment at the end of the</b>
Palazzo Center	(18,723,073)	(153,679)	-	(18,876,752)
Ahlan Court Center*	(204,764)	-	204,764	-
Vision Educational Colleges - Jeddah	(2,017,295)	2,017,295	-	-
	<b>(20,945,132)</b>	<b>1,863,616</b>	<b>204,764</b>	<b>(18,876,752)</b>

\*On July 21, 2025, the property of Ahlan Court Center was sold for SR 71.8 million, with the pledge on the property being released. The average valuation by accredited valuers for the year ending June 30, 2025, was also relied upon.

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**December 31, 2024**

<b>Property name</b>	<b>Property type</b>	<b>Property location</b>	<b>Acquisition and development cost</b>	<b>Accumulated depreciation</b>	<b>Accumulated Impairment</b>	<b>Net book value</b>	<b>Fair value</b>
Palazzo Center	Retail	Riyadh	95,632,500	(7,084,877)	(18,723,073)	69,824,550	69,824,550
Al-Malqa Complex	Residential	Riyadh	322,795,139	(39,519,427)	-	283,275,712	296,144,500
Elite Center	Multiple use	Jeddah	164,000,000	(15,951,814)	-	148,048,186	158,793,500
Ahlan Court Center	Retail	Jeddah	71,750,000	(2,263,236)	(204,764)	69,282,000	69,282,000
Bin 2 Center	Multiple use	Jeddah	92,250,000	(8,760,101)	-	83,489,899	96,197,500
Vision Colleges (formerly known as Al-Farabi Colleges)	Educational	Riyadh	215,250,000	(19,625,450)	-	195,624,550	210,074,900
Vision Colleges Training Center (formerly known as Al-Farabi Elegance Tower)	Educational	Riyadh	66,625,000	(4,330,733)	-	62,294,267	81,346,700
Elegance Tower	Offices	Riyadh	424,350,000	(35,791,437)	-	388,558,563	487,372,600
Vision Educational Colleges - Jeddah	Educational	Jeddah	107,500,000	(8,217,055)	(2,017,295)	97,265,650	97,265,650
Akun warehouses	Logistics	Jeddah	226,737,500	(15,404,640)	-	211,332,860	212,010,000
			<b>1,786,890,139</b>	<b>(156,948,770)</b>	<b>(20,945,132)</b>	<b>1,608,996,237</b>	<b>1,778,311,900</b>

Movement in impairment during the year is as follows:

**December 31, 2024**

<b>Property name</b>	<b>Accumulated impairment at the beginning of the year</b>	<b>Reversal of impairment for the year</b>	<b>Disposal during the year</b>	<b>Accumulated impairment at the end of the year</b>
B&Q Commercial Center (formerly known as Homeworks Center)*	(11,577,250)	-	11,577,250	-
Palazzo Center	(20,908,438)	2,185,365	-	(18,723,073)
Al-Malqa Complex	(1,841,904)	1,841,904	-	-
Ahlan Court Center	(3,749,283)	3,544,519	-	(204,764)
Vision Educational Colleges - Jeddah	(4,985,676)	2,968,381	-	(2,017,295)
Akun warehouses	(6,494,186)	6,494,186	-	-
	<b>(49,556,737)</b>	<b>17,034,355</b>	<b>11,577,250</b>	<b>(20,945,132)</b>

\*On March 5, 2024, the property of the B&Q Commercial Center (formerly known as Home Works Center) was sold for SR 87.6 million, with the pledge on the property being released. The average valuation by accredited valuers for the year ending December 31, 2023, was also relied upon.

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The following are the major assumptions used in determining the fair value of investment properties as at December 31, 2025:

<b>Property Name</b>	<b>Valuation Method</b>	<b>Discount Rate</b>
Palazzo Center	Income approach	10.3% - 9.33%
Al-Malqa Complex	Income approach	9.73% - 9.5%
Elite Center	Income approach	13% - 12%
Bin 2 Center	Income approach	13.33% - 12%
Vision Colleges (formerly known as Al-Farabi Colleges)	Income approach	9.5% - 9.3%
Vision Colleges Training Center (formerly known as Al-Farabi Colleges)	Income approach	10% - 9.8%
Elegance Tower	Income approach	9.8% - 9.33%
Vision Educational Colleges - Jeddah	Income approach	9.5% - 9.08%
Akun warehouses	Income approach	9.93% - 9.33%

The investment properties were appraised by two certified and licensed real estate valuers accredited by the Saudi Authority for Accredited Valuers ("Taqeem").

The Fund appointed two independent valuers to assess the right-of-use asset as of December 31, 2025, as follows:

	<b>Accredited valuer</b>	<b>License Number</b>
Esnad real estate valuation company	AlMohaned AlHosami	1210000934
21 Century real estate valuation company and partner	Alwaleed Alzoman	1210000038

**IMPACT OF NET ASSETS VALUE IF INVESTMENT PROPERTIES AT FAIR VALUE**

In accordance with Article 35 of the Real Estate Investment Funds Regulation issued by the Capital Market Authority in the Kingdom of Saudi Arabia, the fund manager evaluates the fund's assets based on the average of two appraisals conducted by independent valuers. As stated in the fund's terms and conditions, the reported net asset value is based on the market value obtained. However, in accordance with IAS 40, the fund has chosen to use the cost method, where investment properties are recorded at cost less accumulated depreciation and impairment, if any, in these financial statements. Accordingly, the fair value is disclosed for illustrative purposes and has not been recognized in the fund's books.

a) The fair value of investment properties and right of use asset consist of the following:

	<b>2025</b>	<b>2024</b>
Cost of investment properties and right of use asset	<b>1,908,154,026</b>	1,975,710,786
Accumulated depreciation	<b>(256,338,578)</b>	(215,481,867)
<b>Net value of investment properties and right of use asset</b>	<b>1,651,815,448</b>	1,760,228,919
Change in fair value	<b>203,146,452</b>	155,913,981
<b>Fair value of investment properties and right of use asset</b>	<b>1,854,961,900</b>	1,916,142,900

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b) The equity attributable to unitholders at fair value method consists of the following:

	<u>2025</u>	<u>2024</u>
Equity attributable to unitholders	<b>1,023,965,373</b>	1,045,723,564
Unrealized gains from revaluation	<b>222,023,204</b>	176,859,113
<b>Net asset at fair value</b>	<b><u>1,245,988,577</u></b>	<u>1,222,582,677</u>

c) Net equity per unit at fair value (affected by fair value of investment properties and right of use asset):

	<u>2025</u>	<u>2024</u>
Equity per unit (SR per unit)	<b>7.2617</b>	7.4160
Unrealized gains from revaluation per unit (SR per unit)	<b>1.5745</b>	1.2543
<b>Net equity per unit - (SR per unit) at fair value</b>	<b><u>8.8362</u></b>	<u>8.6703</u>

**12. CREDIT FACILITIES**

a) On January 8, 2019, a credit facilities agreement was signed between the fund and a local bank to obtain a bank loan amounting to SR 587.5 million as of December 31, 2025 (2024: SR 737.5 million). This facility was primarily obtained under a financing agreement for the fund. The facility is secured by rental collections, with residential, commercial properties, and land mortgaged to the bank. These facilities are charged with financing fees based on prevailing rates in the Saudi interbank lending market (6-month SIBOR + 2.25% - 2.50% annually) and is due for repayment 5 years from the start of the facility. On December 26, 2023, a modification and restructuring agreement for the credit facilities was signed, extending the repayment period by an additional 6 years, due on September 7, 2031. The transfer fee was amended to (6-month SIBOR + 1.65%), as described in the credit facilities agreement. The fund has financial covenants with the bank, including the debt-to-equity ratio and the profit service coverage ratio, and the fund has complied with all these covenants as of December 31, 2025, and December 31, 2024. Additionally, an extra provision for an overdraft facility of SR 30 million was added to the maximum limit of SR 1 billion, with an unutilized balance of SR 447.5 million. On December 25, 2025, the Fund's Board of Directors approved the use of the proceeds from the sale of the B&Q and Ahla Court properties to repay SR 150 million of the facilities obtained during the Fund's Initial Public Offering (IPO). The repayment was made on December 28, 2025.

b) The details of the financing costs in statement of profit or loss are as follows:

	<u>For the year ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
The interest charged on lease liabilities – (note 10)	<b>700,924</b>	744,754
Finance cost from credit facilities	<b>53,093,359</b>	57,065,298
Changes in fair value of cash flow hedges – (note 20)	<b>4,516,549</b>	-
Net gains from the settlement of the interest rate swap instrument – (note 20)	<b>(5,853,882)</b>	(16,882,436)
	<b><u>52,456,950</u></b>	<u>40,927,616</u>

The fund has hedging agreements with local banks to fix the profit margin of the utilized facilities in order to protect the fund from fluctuations in the profit margin during the term of these facilities. This resulted in gains from the settlement of the interest rate swap instrument during the year ended December 31, 2025, amounting to SR 5.9 million (2024: SR 16.9 million), as mentioned in note (20).

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**13. ACCRUED EXPENSES AND OTHER CREDIT BALANCES**

	<u>2025</u>	<u>2024</u>
Unearned rental income	<b>17,682,498</b>	21,123,288
Accrued dividends	<b>14,805,929</b>	14,805,929
Accrued finance cost	<b>7,334,793</b>	15,164,878
Accrued value added tax	<b>3,036,922</b>	4,093,273
Accrued professional and consulting fees	<b>133,500</b>	218,500
Accrued properties management fees	<b>795,588</b>	90,968
Other credit balances*	<b>8,951,690</b>	886,637
	<b><u>52,740,920</u></b>	<u>56,383,473</u>

\*The balance of other credit balances includes an amount of SR 8,547,945 related to the Elegance Tower property, representing the remaining portion of advance rent received from the former tenant.

**14. RENTAL INCOME**

Revenue includes rental income from investment properties.

The Fund recognizes the rent resulting from the lease contracts using the straight-line method. After inception of the lease contracts, the Fund recognizes variable lease payments that are not based on a specific index or rate (Such as: payments based on performance or usage) when earned. When the Fund provides incentives to its tenants, the cost of incentives is recognized using the straight-line method as a reduction of rental income.

The contracts include a fixed price, and the tenant pays according to the payment schedule. If the services provided by the Fund exceed the amount paid, an accrued rental income is recognized, conversely, if the payments received exceed the provided service, an unearned rental income is recognized.

As of December 31, revenue from lease contracts were as follows:

	<u>2025</u>	<u>2024</u>
Within one year	<b>96,296,701</b>	111,987,403
From two to 5 years	<b>272,699,927</b>	283,233,203
More than 5 years	<b>632,058,859</b>	629,707,019
	<b><u>1,001,055,487</u></b>	<u>1,024,927,625</u>

**15. OTHER EXPENSES**

	<u>For the year ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Consulting and legal fees	<b>1,266,888</b>	307,040
Utilities expenses	<b>720,825</b>	1,675,514
Properties insurance expense	<b>657,237</b>	977,284
Registration and listing fees	<b>649,238</b>	670,459
Investment properties valuation fees	<b>296,475</b>	347,300
Other expenses	<b>754,694</b>	868,540
	<b><u>4,345,357</u></b>	<u>4,846,137</u>

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**16. ADMINISTRATIVE FEES AND OTHER EXPENSES**

The Fund is managed by the Fund manager, management fee and other fees are calculated as per the terms and conditions of the Fund as follows:

**a) Administrative fees**

The Fund's administrator is entitled to receive a fee equal to 0.025% annually (as stated in the Fund's terms and conditions) of the net asset value, which are calculated and accrued on each valuation day.

**b) Management fees**

The Fund Manager is entitled to receive a fee equal to 9% annually (as stated in the Fund's terms and conditions of the Fund) of net rental proceeds or 0.75% of the net asset value according to the latest valuation of the Fund - whichever is lower - on a quarterly basis.

**c) Custody fees**

The Custodian is entitled to receive a fee equal to 0.025% annually (as stated in the Fund's terms and conditions of the Fund) of the total assets, or a minimum of SR 200,000 per year, in addition to a one-time fee of SR 50,000 calculated and accrued on each valuation day.

**d) Subscription fees**

Subscription fees are waived during the initial offering period of the Fund. The Fund Manager is entitled to receive a subscription fee of 2% of the paid and allocated subscription amounts in the event of any future capital increases of the fund, and these subscription fees are deducted upon receipt of the subscription amount and paid to the Fund Manager, in addition to the subscription amount.

**e) Capital structuring fees**

The Fund Manager is entitled to obtain capital structuring fee equal to 1.5% of the total subscription amounts (cash and in kind) that were collected during the initial offering period or upon the collection of any other future subscription amounts, whether in cash or in kind.

**f) Finance structuring fees**

The Fund Manager is entitled to obtain a finance structuring fee equal to 1.5% of the drawn financing amount from the total amount of bank facilities compliant with the Sharia Authority controls that were obtained by the Fund or any of its affiliates.

**g) Properties management fees**

The Fund is entitled to all the fees related to operating, managing, maintaining and insuring all real estate owned by the Fund so that the fees are paid from the Fund's assets.

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**17. ZAKAT BASE**

In accordance with the Zakat levy rules for investors in investment fund, the investment funds are not required to pay zakat, and only an informational declaration is provided regarding the calculation of the zakat base for the fund. The details of the zakat base are as follows:

	<u>2025</u>
<b><u>Adjustments to net adjusted profit:</u></b>	
Book profit for the year	<u>37,465,525</u>
<b>Adjusted profit for the year</b>	<u>37,465,525</u>
<b><u>Zakat base:</u></b>	
Equity attributable to unitholders	1,023,965,373
Accrued dividends	14,805,929
Due to related parties	6,918,355
Long-term loans	587,500,000
Additions and other liabilities	11,972,568
Book value of non-current assets based on authority	<u>(1,632,938,696)</u>
<b>Zakat base</b>	<u>12,223,529</u>
<b>Fund's zakat base is the higher of zakat base and adjusted profit</b>	<u>37,465,525</u>
The value of zakat according to the fund's adjusted profit	<u>965,743</u>
Outstanding units	<u>141,008,848</u>
<b>The value of zakat per unit</b>	<u>0.0068</u>
	<u>2024</u>
<b><u>Adjustments to net adjusted profit:</u></b>	
Book profit for the year	<u>59,338,554</u>
<b>Adjusted profit for the year</b>	<u>59,338,554</u>
<b><u>Zakat base:</u></b>	
Equity attributable to unitholders	1,045,723,564
Accrued dividends	14,805,929
Due to related parties	5,917,440
Long-term loans	737,500,000
Additions and other liabilities	12,880,053
Book value of non-current assets based on authority	<u>(1,739,283,787)</u>
<b>Zakat base</b>	<u>77,543,199</u>
<b>Fund's zakat base is the higher of zakat base and adjusted profit</b>	<u>77,543,199</u>
The value of zakat according to the fund's zakat base	<u>2,004,259</u>
Outstanding units	<u>141,008,848</u>
<b>The value of zakat per unit</b>	<u>0.0142</u>

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025**

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#### **18. SHARIA COMPLIANCE**

The Fund operates in accordance with the provisions of Sharia law, as determined by the Sharia advisor. The Sharia advisor has reviewed the Fund's public offering document and confirmed that it is in compliance with Sharia provisions.

#### **19. DIVIDENDS**

The Fund's Board of Directors approved to distribute dividends and the details of these distributions are as follows:

<b>Approval Date</b>	<b>Dividends for the period</b>	<b>Amount per Unit</b>	<b>Total (SR)</b>
<b>2025</b>			
<b>January 29, 2025</b>	<b>October 1, 2024 to December 31, 2024</b>	<b>0.105</b>	<b>14,805,929</b>
<b>April 30, 2025</b>	<b>January 1, 2025 to March 31, 2025</b>	<b>0.105</b>	<b>14,805,929</b>
<b>July 30, 2025</b>	<b>April 1, 2025 to June 30, 2025</b>	<b>0.105</b>	<b>14,805,929</b>
<b>October 29, 2025</b>	<b>July 1, 2025 to September 30, 2025</b>	<b>0.105</b>	<b>14,805,929</b>
			<b>59,223,716</b>
<b>2024</b>			
January 31, 2024	October 1, 2023 to December 31, 2023	0.105	14,805,929
April 30, 2024	January 1, 2024 to March 31, 2024	0.105	14,805,929
July 30, 2024	April 1, 2024 to June 30, 2024	0.105	14,805,929
October 30, 2024	July 1, 2024 to September 30, 2024	0.105	14,805,929
			<b>59,223,716</b>

#### **20. HEDGING AGREEMENTS**

On November 19, 2019, the Fund entered into a profit rate swap agreement with a notional amount of SR 340 million with Banque Saudi Fransi, to fix the profit margin on the facilities at a fixed rate of 4.69%. The agreement became effective on January 31, 2020. The purpose of the agreement was to manage the Fund's exposure to cash flow risks arising from variable profit rates. The agreement expired on January 10, 2024.

On July 27, 2021, the Fund entered into a Shari'ah-compliant hedging arrangement with Al Rajhi Bank to fix the profit margin on facilities utilized for the "First Additional Offering" amounting to SR 397.5 million at a fixed rate of 4.44%, to protect the Fund from fluctuations in profit margins over the tenure of these facilities from September 1, 2021 to September 7, 2025.

On October 30, 2024, the Fund entered into a Shari'ah-compliant hedging agreement with Al Rajhi Bank with a notional amount of SR 170 million, representing 50% of the facilities utilized in the initial offering, to fix the SAIBOR rate at 5.04%, in order to hedge against fluctuations in SAIBOR over the tenure of these facilities from February 4, 2025 to February 4, 2030. On February 3, 2026, the Board of Directors approved the termination of the hedging agreement, resulting in SR 20 million of the facilities related to the initial offering remaining unhedged.

On March 12, 2025, the Fund has entered into Islamic Profit Rate Swap (PRS) arrangements with Al Rajhi Bank in connection with its floating rate Shari'ah-compliant borrowings to manage exposure to profit rate volatility. Pursuant to these agreements, the Fund's variable profit rate exposure on a total notional amount of SR 567,500,000 was converted into a fixed profit rate obligation. Under the terms of the PRS, the profit rate accruing on the hedged principal is payable to the bank at a fixed rate of 4.96% per annum, in exchange for receiving floating installments based on 6-month SAIBOR. These arrangements, which mature in February 2030, provide for semi-annual settlements. As of December 31, 2025, the fair value of these derivative instruments resulted in a net derivative financial liability of SR 4,516,549.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in Saudi Riyal)

The movement in derivative financial liabilities during the year is as follows:

	2025	2024
Balance at beginning of the year	-	-
Loss during the year	4,516,549	-
<b>Balance at end of the year</b>	<b>4,516,549</b>	-

#### 21. LAST VALUATION DATE

The last valuation date during the year is December 31, 2025.

#### 22. RISK MANAGEMENT

The Fund's activities are exposed to various financial risks, and these risks include: market risk (including currency risk, fair value risk and cash flow interest rate risk and price risk), credit risk and liquidity risk. The Fund's overall risk management program focuses on the unpredictability of financial market conditions and seeks to minimize potential adverse effects on the Fund's financial performance.

##### a) Market risk

###### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund's transactions are mostly in Saudi Riyal.

###### Fair value and cash flow interest rate risk

Fair value and cash flow interest rate risk are the exposures to various risks related to the effect of fluctuations in market interest rates on the financial position and cash flows of the Fund, and the Fund entered into hedging and interest rate swap agreements to mitigate these risks (Note 20).

To mitigate this exposure, the Fund has entered into interest rate swap arrangements under which it pays fixed rates and receives a floating rate based on 6-month SAIBOR. These arrangements economically convert a portion of the Fund's variable rate borrowings into fixed rate obligations.

As a result, the Fund's exposure to fluctuations in market interest rates is significantly reduced, as the variability in cash flows from floating rate borrowings is offset by the corresponding receipts under the swap agreements

###### Sensitivity analysis for variable rate instruments

Presently, the Fund have credit facilities which expose the Fund to cash flow interest / profit rate risk which are as follows:

###### Variable rate instruments

<u>Financial liabilities:</u>	2025	2024
Credit facilities	587,500,000	737,500,000
	<b>587,500,000</b>	<b>737,500,000</b>

If SAIBOR had been 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by SR 200,000 for 2025 and SR 1,700,000 for 2024, reflecting only the impact on the portion of credit facilities with an unfixed profit margin.

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025**

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#### **Price risk**

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. Whether these fluctuations were a result of variable factors of the instrument or its source or any other factors affecting all instrument in the market. The Fund is not subject to price risk.

#### **b) Credit risk**

Credit risk is the risk that one party will fail to fulfill an obligation and cause the other party to suffer a financial loss. The Fund is exposed to the risk of credit-related losses that may occur as a result of the inability or unwillingness of the counterparty or issuer to fulfill its obligations. The Fund is exposed to credit risk on its bank balances, accounts receivable, due from a related party, and lease termination receivable.

A provision for credit losses is maintained and sufficient at the management's discretion to cover potential losses of arrears receivables. At the date of each financial reporting, bank balances are assessed as to whether they involve low credit risks as they are held by reputable financial institutions with a high local bank credit rating, and there is no history of delay on any of the bank balances. Therefore, the likelihood of default is based on forward-looking factors and any loss of resulting from default are consider negligible. As of the reporting date, there are no past-due payment obligation.

Due from a related party and lease termination receivable are unsecured, non-interest-bearing, and have no fixed repayments. There are no past-due balances from related parties and lease termination receivable as of the reporting date, it was overdue, taking into account the historical experience of default and the future of the industries in which the parties operate. The management considers that the related parties balances and lease termination receivable are not impaired.

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

Due from a related party is unsecured, non-interest-bearing. There are no past-due balances from related parties as of the reporting date. The management considers that the related parties balances are not impaired and therefore, no provision for expected credit losses has been recognized.

The Fund's maximum undiscounted exposure to credit risks for the components of the financial position and the related expected credit loss is as follows:

	Note	2025	2024
Cash and cash equivalents	6	<b>30,117,046</b>	108,023,128
Accounts receivable	7	<b>11,319,907</b>	11,793,506
lease termination receivable	8	<b>14,000,000</b>	-
Due from a related party	9-a	<b>18,781</b>	18,781

#### **Concentration of credit risk**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations indicate the relative sensitivity of the Fund's performance to developments affecting a particular industry. At the reporting date, 6 major customers constitute 93.68% of total gross receivables. Management has assessed the concentration of credit risk relating to trade receivables and has recognized an appropriate allowance for expected credit losses in accordance with IFRS 9. Based on this assessment, management believes that the related credit risk is adequately provided for and appropriately managed.

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**c) Liquidity risk**

Liquidity risk is the risk that an entity may encounter difficulties in securing the necessary liquidity to meet its financial instrument obligations. Liquidity risk may arise from the inability to sell a financial asset quickly and at a value close to its fair value. Liquidity risks are managed by periodically ensuring the availability of sufficient liquidity. As of December 31, 2025, the fund's current liabilities exceeded its current assets by SR 13,000,755. However, as of that date, unearned rental income represents a deferred revenue obligation that does not require a future cash primary outflow, but rather the passage of time and provision of space. Similarly, due to related party balances are often managed through internal liquidity arrangements. The Fund maintains an unutilized SR 30 million overdraft facility within its SR 1 billion credit limit which able the Fund to meet its obligation when the payment becomes due.

<b>December 31, 2025</b>	<b>Book value</b>	<b>Less than one year</b>	<b>More than one year</b>
<b><u>Non-derivative financial liabilities</u></b>			
Credit facilities	587,500,000	-	587,500,000
Due to related parties	6,918,355	6,918,355	-
Lease liabilities	13,112,414	1,139,846	11,972,568
Accrued expenses and other credit balances	52,740,920	52,740,920	-
	<b>660,271,689</b>	<b>60,799,121</b>	<b>599,472,568</b>

<b>December 31, 2024</b>	<b>Book value</b>	<b>Less than one year</b>	<b>More than one year</b>
<b><u>Non-derivative financial liabilities</u></b>			
Credit facilities	737,500,000	-	737,500,000
Due to related parties	5,917,440	5,917,440	-
Lease liabilities	13,990,490	1,110,437	12,880,053
Accrued expenses and other credit balances	56,383,473	56,383,473	-
	<b>813,791,403</b>	<b>63,411,350</b>	<b>750,380,053</b>

**Hedging activities and derivatives**

The Fund uses derivatives to hedge exposure for credit facilities. These include interest rate swaps which are designated as cash flow hedge and qualify for hedge accounting.

**Cash flow hedges**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market profit rates. The Fund is exposed to interest rate risk primarily from its variable rate borrowings linked to SAIBOR. Although the Fund has entered into PRS arrangements to mitigate this exposure, it remains exposed to residual interest rate risk to the extent that:

- Not all borrowings are hedged; or
- There are mismatches between the terms of the borrowings and the derivative instruments

Management monitors interest rate exposure on an ongoing basis.

**Sensitivity analysis for cash flow hedge**

Presently, the Fund have cash flow hedge which expose the Fund to cash flow interest / profit rate risk. If SAIBOR had been 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by SR 200,000 (2024: SR 1,700,000).

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#### **23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**

##### **Fair value hierarchy**

The Fund uses valuation techniques that are appropriate under the prevailing circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy as stated on significant accounting estimates and judgments – fair value measurement note (5).

The Fund's derivative financial instruments are classified as financial liabilities at fair value through profit or loss and are measured at fair value at each reporting date. The resulting fair value impact is not material to the financial statements.

#### **24. OPERATING SEGMENTS**

The Fund generates continuous rental income and all Fund operations are conducted in the Kingdom of Saudi Arabia. The Fund's operations are monitored by the Fund's management under one sector, therefore, no separate segment information is required.

#### **25. SUBSEQUENT EVENTS**

- On January 29, 2026, the fund's Board of Directors approved a dividend distribution for the period from October 1, 2025, to December 31, 2025, amounting to SR 0.105 per unit, with a total of SR 14,805,929 to unitholders.
- On October 30, 2024, the Fund entered into another Shariah-compliant hedging agreement with Al Rajhi Bank with a notional amount of SR 170 million, representing 50% of the facilities utilized in the Initial Public Offering (IPO), to fix the SAIBOR rate at 5.04%. The purpose of this agreement is to protect the Fund from fluctuations in SAIBOR during the tenure of these facilities from February 4, 2025 to February 4, 2030. Subsequently, on February 3, 2026, the Fund's Board of Directors approved the termination of this hedging agreement, leaving SR 20 million of the facilities obtained in the IPO unhedged.

#### **26. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements have been approved by the Fund's Board of Directors for the year ended December 31, 2025 on 5 Shawal, 1447H (24 March, 2026).

الخبير المالية  
Alkhabeer Capital



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