TALEEM REIT FUND

A Closed End Real Estate Investment Traded Fund
(Managed by Saudi Fransi Capital Company)

CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)
together with
THE INDEPENDENT AUDITOR'S REPORT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026

TALEEM REIT FUND
(Managed by Saudi Fransi Capital Company)

CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
For the six-month period ended 30 June 2026

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THE INDEPENDENT AUDITOR'S REPORT

To the unitholders of Taleem REIT Fund

Report on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Taleem REIT Fund (the "Fund") managed by Saudi Fransi Capital Company (the "fund manager") as at 30 June 2026, and the related condensed interim statement of comprehensive income, changes in equity attributable to the unitholders and cashflows for the six-month period then ended and other explanatory notes ("the condensed interim financial information"). The Fund Manager is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

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

Other Matter

The condensed interim financial information for the six-month period ended 30 June 2025 were reviewed by another auditor who expressed an unmodified conclusion on that information on 7 August 2025.

For Dr. Mohamed Al-Amri & Co.

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Riyadh
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

Ahmad Al-Jumah
Certified Public Accountant
License No.

Riyadh, on: 19 Safar, 1448 (H)
Corresponding to: 02 August, 2026 (G)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

	Notes	*As at 30 June 2026 (Un-Audited)*	*As at 31 December 2025 (Audited)*
ASSETS			
Cash and bank balances	7	**12,199,875**	11,159,938
Net investment in finance lease	8	**70,679,756**	70,454,866
Prepayments, receivables and other assets	9	**90,604,125**	80,812,776
Due from a related party	12	**-**	7,928
Investment properties, net	10	**691,234,119**	693,484,041
TOTAL ASSETS		**864,717,875**	855,919,549
LIABILITIES			
Management fee payable	12	**1,896,782**	1,928,220
Accrued expenses and other liabilities	11	**13,255,978**	6,321,403
Borrowings from a bank	12, 13	**297,481,451**	297,495,004
TOTAL LIABILITIES		**312,634,211**	305,744,627
Net assets attributable to the Unitholders		**552,083,664**	550,174,922
Units in issue - Numbers		**51,000,000**	51,000,000
Net assets value per unit in ⃁ – Book value	19	**10.8252**	10.7877

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

	Notes	***For the six-month period ended 30 June 2026***	*For the six-month period ended 30 June 2025*
INCOME			
Income from investment properties	14	**30,803,931**	30,790,273
Finance lease income		**3,241,501**	2,359,809
Special commission income		**113,888**	55,035
Net gain from investments measured at fair value through profit or loss (FVTPL)		**-**	65,083
Other income		**-**	159,434
TOTAL INCOME		**34,159,320**	33,429,634
EXPENSES			
Management fees	12	**(1,896,781)**	(1,896,781)
Custodian fees		**(137,126)**	(137,343)
Other expenses	15	**(506,143)**	(394,590)
TOTAL EXPENSES		**(2,540,050)**	(2,428,714)
Depreciation expense on investment properties	10	**(2,249,922)**	(3,441,398)
PROFIT BEFORE FINANCE COST		**29,369,348**	27,559,522
Finance cost	13	**(9,610,606)**	(10,450,095)
NET INCOME FOR THE PERIOD		**19,758,742**	17,109,427
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**19,758,742**	17,109,427
Earnings per unit			
Weighted average units in issue		**51,000,000**	51,000,000
Earnings per unit (basic and diluted)		**0.3874**	0.3355

The accompanying notes from 1 to 23 form an integral part of this condensed interim financial information.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (UN-AUDITED)

	For the six-month period ended 30 June 2026	*For the six-month period ended 30 June 2025*
NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE PERIOD	**550,174,922**	549,685,532
CHANGES FROM OPERATIONS		
Total comprehensive income for the period	**19,758,742**	17,109,427
Dividend distributions during the period (Note 16)	**(17,850,000)**	(16,320,000)
NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE PERIOD	**552,083,664**	550,474,959

Transactions in units during the periods are summarised as follows:

	For the six-month period ended 30 June 2026 Units	*For the six-month period ended 30 June 2025 Units*
UNITS AT THE BEGINNING AND END OF THE PERIOD	**51,000,000**	51,000,000

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

	Notes	**For the six-month period ended 30 June 2026**	For the six-month period ended 30 June 2025 (Restated note 22)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period		**19,758,742**	17,109,427
Adjustment to reconcile net income to net cash generated from operating activities:			
Depreciation expense on investment properties		**2,249,922**	3,441,398
Net gain from investments measured at FVTPL		**-**	(65,083)
Finance cost		**9,610,606**	10,450,095
Special commission income		**(113,888)**	(55,035)
Operating cash flows before working capital changes		**31,505,382**	30,880,802
Changes in operating assets and liabilities:			
Prepayments, receivables and other assets		**(9,791,349)**	(606,743)
Net investment in finance lease		**(224,890)**	656,795
Due from a related party		**7,928**	(36,236)
Management fee payable		**(31,438)**	(26,170)
Accrued expenses and other liabilities		**6,934,575**	(4,878,097)
Net cash generated from operating activities		**28,400,208**	25,990,351
CASH FLOWS FROM INVESTING ACTIVITIES			
Special commission income received		**113,888**	55,035
Purchase of investments measured at FVTPL		**-**	(10,540,740)
Proceeds from disposal of investments measured at FVTPL		**-**	10,605,823
Net cash generated from investing activities		**113,888**	120,118
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid, net off unclaimed dividends		**(17,850,000)**	(16,320,000)
Finance cost paid		**(9,624,159)**	(10,382,386)
Net cash used in financing activities		**(27,474,159)**	(26,702,386)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**1,039,937**	(591,917)
Cash and cash equivalents at the beginning of the period	7	**11,159,938**	8,082,614
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	**12,199,875**	7,490,697

The accompanying notes from 1 to 23 form an integral part of this condensed interim financial information.

1. THE FUND AND ITS ACTIVITIES

Taleem REIT Fund (the "REIT' or the "Fund") is a closed-ended Shariah compliant real estate investment traded fund established based on an agreement between Saudi Fransi Capital Company (the "Fund Manager" or "BSF Capital") and investors (the "Unitholders"). The Fund seeks to invest in income generating real estate assets in the education and training sector. The Fund commenced its operations on 4 Ramadan 1438H (corresponding to 30 May 2017) ("Commencement Date"), which is the first day of the listing of Taleem REIT Fund on the Saudi Stock Exchange ("Tadawul"). The address of the Fund Manager is as follows:

Saudi Fransi Capital Company
P.O. Box 12313
Riyadh 3735
Kingdom of Saudi Arabia

The duration of the Fund is ninety-nine years from the date of commencement of operations and may be extended for a similar period after the approval of the Fund's Board and the Capital Market Authority ("CMA").

Value Capital is the Custodian of the Fund.

As the Fund is not legally permitted to own real estate properties in the Kingdom of Saudi Arabia, accordingly, the Custodian has established following special purpose vehicles ("SPV") to hold the titles of the properties for the benefit of the Fund without any controlling interest in the assets.

Name	Commercial registration number	Date of incorporation	Location
Raboua Al Taleem Real Estate Company	1010710556	21 May 2017	Riyadh, Saudi Arabia
Raj Third Company Limited	1010898470	19 October 2017	Riyadh, Saudi Arabia

2. REGULATORY AUTHORITY

The Fund is governed by the Investment Fund Regulations (the "Regulations") issued by the Capital Market Authority (CMA) on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) and amended by resolution of the Board of the Capital Market Authority dated 3 Jumada Al-Akhirah 1447 AH (corresponding to 24 November 2025).

3. BASIS OF PREPARATION

3.1 STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements as issued by the Saudi Organisation for Chartered and Professional Accountants (SOCPA).

This condensed interim financial information do not include all the information and disclosures required in the annual financial statements; therefore, these should be read in conjunction with the Fund's annual audited financial statements as at and for the year ended 31 December 2025. The results for the six-month period ended 30 June 2026 are not necessarily indicative of the results that may be expected for the financial year ended 31 December 2026.

Assets and liabilities in the condensed interim statement of financial position are presented in the order of liquidity.

3.2 BASIS OF MEASUREMENT

This condensed interim financial information have been prepared under the historical cost convention, using the accrual basis of accounting and on a going concern basis.

3.3 FUNCTIONAL CURRENCY

This condensed interim financial information have been presented in Saudi Arabian Riyal ("⃁"), which is also the functional currency. All financial information presented has been rounded to the nearest Saudi Arabian Riyal ("⃁")

4. SIGNIFICANT ACCOUNTING ESTIMATES AND RISK MANAGEMENT POLICIES

The significant accounting estimates and risk management policies used in the preparation of this condensed interim financial information are consistent with those used and disclosed in the financial statements for the year ended 31 December 2025 other than this mentioned in Note 6.

5. MATERIAL ACCOUNTING POLICIES

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Going concern

Fund Manager assessed 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 Fund Manager is not aware of any material uncertainties that may cast significant doubt about the Fund’s ability to continue as a going concern. Therefore, this condensed interim financial information continues to be prepared on the going concern basis.

6. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

New standards, interpretations and amendments adopted by the Fund

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after 1 January 2026. Fund Manager has assessed that the amendments have no impact on the Fund’s condensed interim financial information.

Standard, interpretation and amendments	Description	Effective from periods beginning on or after
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	These 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).	1 January 2026
Annual improvements to IFRS – Volume 11	Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards: • IFRS 1 First-time Adoption of International Financial Reporting Standards; • IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; • IFRS 9 Financial Instruments; • IFRS 10 Consolidated Financial Statements; and • IAS 7 Statement of Cash Flows.	1 January 2026

6. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)

New Standards, interpretations and amendments not yet effective and not early adopted

The listing of standards and interpretations issued which the Fund reasonably expects to be applicable at a future date are as follows. The Fund intends to adopt these standards when they become effective. These amendments and standards except IFRS 18 are not expected to have any significant impact on the condensed interim financial information of the Fund.

Standard, interpretation and amendments	**Description**	**Effective from periods beginning on or after**
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	1 January 2027
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognised in full.	Effective date deferred indefinitely
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates relating to Translation to a Hyperinflationary Presentation	The amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one	1 January 2027

IFRS 18 *Presentation and Disclosure in Financial Statements* ("IFRS 18") will replace IAS 1 *Presentation of Financial Statements* and is effective for annual reporting periods beginning on or after 1 January 2027. The Fund has not early adopted IFRS 18 in preparing these financial statements. Fund manager is in the process of assessing the estimated impact of its initial application on the Fund's financial statements, and its preliminary assessment across the four key areas introduced by the standard is set out below. The assessment may be subject to change as the Fund finalises its transition project ahead of the effective date.

a. Structure of the Statement of Profit or Loss

IFRS 18 requires income and expenses to be classified into five categories — operating, investing, financing, income taxes and discontinued operations — and introduces two new mandatory subtotals: *operating profit or loss* and *profit or loss before financing and income taxes*. Classification is generally driven by an entity's main business activities.

6. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)

New Standards, interpretations and amendments not yet effective and not early adopted (continued)

The Fund has determined that its main business activity is investing in income-generating real estate assets in the education and training sector to earn rental and finance lease income and to benefit from capital appreciation. Under IFRS 18, entities whose main business activity is investing in such assets are required to classify the related income and expenses within the *operating* category, rather than investing. Accordingly, income from investment properties, finance lease income, net losses and gains on disposal of investment properties, and related fund operating expenses such as management and custodian fees, are expected to continue to be presented within operating profit or loss. Finance cost on the Fund's bank borrowings is expected to continue to be presented within the financing category, and special commission income earned on bank balances is expected to be presented within the investing category, consistent with their nature.

The Fund does not expect the adoption of IFRS 18 to change total comprehensive income or Unitholders' equity. The principal impact is expected to be on the presentation, labelling and subtotals within the statement of profit or loss, rather than on recognition or measurement.

b. Management-defined Performance Measures

Management-defined performance measures ("MPMs") are subtotals of income and expenses, not otherwise specified by IFRS, that are used in public communications outside the financial statements to communicate management's view of an aspect of the Fund's financial performance, and which are required to be reconciled to the most directly comparable IFRS subtotal.

The Fund has reviewed its external communications, including investor reporting and fund fact sheets, and has not identified any performance measures that meet the definition of an MPM under IFRS 18. Accordingly, no MPM reconciliation disclosures are currently expected to be required on adoption. The Fund will continue to monitor its external communications up to the effective date, as any measure introduced in the interim could still meet the definition.

c. Principles of Aggregation and Disaggregation

IFRS 18 introduces enhanced principles for aggregating and disaggregating information in the primary financial statements and notes based on shared or dissimilar characteristics, together with more specific requirements on the labelling and description of line items, and the use of unspecific descriptions such as "other."

The Fund is assessing its statement of financial position, statement of comprehensive income and related notes against these principles. Based on the assessment performed to date, the Fund expects the adoption of IFRS 18 to result in more granular presentation and disclosure of certain line items, including income from investment properties, finance lease income and related fair value movements, but does not expect a significant impact on the Fund's financial position or financial performance.

d. Consequential Amendments to IAS 7

IFRS 18 makes consequential amendments to IAS 7 *Statement of Cash Flows*, including removing the choice of classification for interest and dividends received or paid and requiring the statement of cash flows to use operating profit or loss (rather than profit or loss) as the starting point for the indirect method.

The Fund is assessing the impact of these amendments on its statement of cash flows. Given that income from investment properties and related real estate investing activities already form part of the Fund's principal/operating activities, no significant change to the classification of the Fund's operating cash flows is currently expected. However, the presentation of finance cost paid, currently classified within financing activities, and special commission income received, currently classified within investing activity, together with the reconciliation to operating profit or loss, may change as a result of these amendments.

7. CASH AND BANK BALACNE

	As at 30 June 2026 (Un-Audited)	*As at 31 December 2025 (Audited)*
Bank balances with Bank Saudi Fransi	**12,199,875**	11,159,938
	12,199,875	11,159,938

Fund Manager has conducted a review as required under IFRS 9 and based on such an assessment, the effect of expected credit loss ("ECL") allowance against the carrying value of cash and cash balances is insignificant as the balances are held with an investment grade credit rated financial institution (A-) and therefore no ECL has been recognised in this condensed interim financial information.

8. NET INVESTMENT IN FINANCE LEASE

	As at 30 June 2026 (Un-Audited)	*As at 31 December 2025 (Audited)*
a) Net investment in finance lease consists of:		
Gross investment in finance lease (see (b) below)	**121,210,271**	124,226,882
Less: Unearned finance income (see (c) below)	**(50,530,515)**	(53,772,016)
	70,679,756	70,454,866

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b) The future minimum lease payments to be received consist of:

Within one year	**6,531,530**	6,380,707
After one year but not more than five years	**26,693,877**	25,656,279
Five years onwards	**87,984,864**	92,189,896
	121,210,271	124,226,882

c) The maturity of unearned finance income is as follows:

Within one year	**(4,951,531)**	(4,988,754)
After one year but not more than five years	**(17,677,366)**	(17,438,248)
Five years onwards	**(27,901,618)**	(31,345,014)
	(50,530,515)	(53,772,016)

The finance lease represents the building of the Tarbiah Islamiah School (refer note 10 (d)).

Fund Manager has conducted a review as required under IFRS 9, based on the assessment, the Fund Manager believes that the impact of ECL is immaterial against the carrying value of net investment in finance lease at the reporting date.

9. PREPAYMENTS, RECEIVABLES AND OTHER ASSETS

	As at 30 June 2026 (Un-Audited)	*As at 31 December 2025 (Audited)*
Rent receivable *(refer note (a) below)*	**90,317,810**	80,772,373
Prepaid expenses	**286,315**	40,403
	90,604,125	80,812,776

(a) This includes the difference between the accumulated rental income at the reporting date (after taking into account contractually agreed future rent escalations) and the accumulated amount of rent due under the contract as at the reporting date.

10. INVESTMENT PROPERTIES, NET

	As at 30 June 2026		
	Land	***Buildings***	***Total***
Cost:			
At the beginning and end of the period	**450,993,865**	**277,984,111**	**728,977,976**
Accumulated depreciation:			
At the beginning of the period	**-**	**(35,493,935)**	**(35,493,935)**
Charged during the period	**-**	**(2,249,922)**	**(2,249,922)**
At the end of the period	**-**	**(37,743,857)**	**(37,743,857)**
Net book value	**450,993,865**	**240,240,254**	**691,234,119**

	As at 31 December 2025		
	Land	*Buildings*	*Total*
Cost:			
At the beginning and end of the year	450,993,865	277,984,111	728,977,976
Accumulated depreciation:			
At the beginning of the year	-	(28,503,584)	(28,503,584)
Charged during the year	-	(6,990,351)	(6,990,351)
At the end of the year	-	(35,493,935)	(35,493,935)
Net book value	450,993,865	242,490,176	693,484,041

The investment properties represent following acquired properties:

a) The Fund has leased the premises of four schools (Hitteen Branch Riyadh, Al Malqa Branch Riyadh, Al Narjis Branch Riyadh and Aleshraq Branch Dammam) to Al Khaleej Education and Training Co.. The properties were acquired for ⃁ 159.6 million (including transaction costs), on 13 February 2022 (12 Rajab 1443). The properties are registered under Raboua Taleem Real Estate Company. Spanning a total of 19,423 square meters, these assets are designated as investment properties by the Fund.

b) The Fund has leased a property to Al Ghad National School, acquired for ⃁ 94.3 million (including transaction costs) on 29 June 2020 (08 Dhul-Qadah 1441). This property is registered under Raboua Taleem Real Estate Company. Located in the King Abdullah District of Riyadh City on Al-Uruba Street, the property encompasses 11,282.58 square meters of land with a total built-up area of 17,908.28 square meters. The Fund has designated it as an Investment Property.

10. INVESTMENT PROPERTIES, NET (continued)

c) The Fund has entered into a lease agreement with Al Rwad International School for a property, which was acquired in exchange for ⃁ 225 million worth of Fund units at ⃁ 10 per unit on 26 September 2018 (16 Muharram 1440). The property is registered under Raj Three Company Limited. Located in the Alnuzha district of Riyadh City, the property spans 30,000 square meters. It has been designated by the Fund as an Investment Property.

d) The Fund has leased a property to Al Tarbiah Islamiah School (TIS), acquired for ⃁ 250 million in Fund units at ⃁ 10 per unit on 25 May 2017 (29 Shaban 1438). This property is owned by Raboua Taleem Real Estate Company. Located in the Umm-al-Hamam district of Riyadh City, on AlTakhassusi Street, the property spans 45,666.94 square meters. The Fund categorises the land as an Investment Property and the building as net investment in finance lease.

11. ACCRUED EXPENSES AND OTHER LIABILITIES

	As at 30 June 2026 (Un-Audited)	*As at 31 December 2025 (Audited)*
Advanced lease payments	**11,098,784**	5,534,675
VAT payable - output tax	**1,502,955**	201,748
Accrued expenses and other liabilities	**484,879**	380,703
Custody fee payable	**137,127**	154,277
Audit fee payable	**32,233**	50,000
	13,255,978	6,321,403

12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties include BSF Capital (the Fund Manager), Banque Saudi Fransi (the Bank and the shareholder of the Fund Manager), the Funds' Board of Directors (BoD), affiliates of the Fund Manager, the Funds managed by the Fund Manager and the major Unitholders of the Fund.

In the ordinary course of its activities, the Fund transacts business with related parties.

12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Related party transactions for the periods ended and balances are as follows:

		Amount of transactions		***Balances Receivables / (Payables)***	
Related Party	***Nature of transactions***	***For the six-month period ended 30 June 2026 (Un-Audited)***	*For the six-month period ended 30 June 2025 (Un-Audited)*	***As at 30 June 2026 (Un-Audited)***	*As at 31 December 2025 (Audited)*
Fund manager	Management fees	**(1,896,781)**	(1,896,781)	**(1,896,782)**	(1,928,220)
Board of Directors	Board fee	**(19,835)**	(19,835)	**-**	-
BSF Murabaha SAR Fund (managed by Fund Manager)	Net gain from financial asset at FVTPL	**-**	65,083	**-**	-
	Purchase of investments measured at FVTPL	**-**	10,540,740	**-**	-
	Sale of investments measured at FVTPL	**-**	10,605,823	**-**	-
Banque Saudi Fransi	Borrowing from Bank	**-**	-	**(297,481,451)**	(297,495,004)
	Bank balance	**-**	-	**12,199,875**	11,159,938
	Other receivable	**-**	-	**-**	7,928
	Finance cost charge	**(9,610,606)**	(10,450,095)	**-**	-
	Finance cost paid	**(9,624,159)**	(11,527,809)	**-**	-
	Murabaha deposits	**162,811,025**	61,851,025	**-**	-
	Special commission income	**113,888**	55,035	**-**	-

13. BORROWING FROM BANK

This represents Islamic mode of financing obtained from a local bank (Banque Saudi Fransi) utilised to finance the acquisition of the properties as detailed in note 10 to this condensed interim financial information. The Islamic financing involves the sale and purchase of commodities with the Bank as per mutually agreed terms. The Fund obtained financing at an average rate of return of Saudi Interbank Offer Rate (SIBOR) plus the bank’s commission. The Fund is to repay the principal in three instalments starting from 30 June 2026 and ending on 31 January 2029. The loan has been obtained in the name of Raboua Taleem Real Estate Company. The borrowing carries profit ranging from 6.27% to 6.35% (31 December 2025: 6.28% to 6.78%).

All the title deed has been mortgaged and is being held as a collateral against the Bank borrowing.

	30 June 2026 (Un-Audited)	*31 December 2025 (Audited)*
Balance at the beginning the period / year	**297,495,004**	298,259,324
Overdraft facility paid during the period / year	**-**	(1,145,423)
Accrued finance cost during the period/year	**9,610,606**	21,136,345
Finance cost paid during the period/year	**(9,624,159)**	(20,755,242)
Balance at the end the period / year	**297,481,451**	297,495,004

14. INCOME FROM INVESTMENT PROPERTIES

	For the six- month period ended 30 June 2026 (Un-Audited)	*For the six- month period ended 30 June 2025 (Un-Audited)*
Lease rental income on investment properties	**30,803,931**	30,790,273

The operating lease relates to land of Tarbiah Islamiah School, land and building of Al Rwad International School, Al Ghad National School, Al Khaleej Education and Training Co. Hitteen Branch, Al Khaleej Education and Training Co. Al Malqa Branch, Al Khaleej Education and Training Co. Al Narjis Branch, Al Khaleej Education and Training Co. Al Eshraq Branch. The leases provide for tenants to pay the base rent, with provisions for contractual increases in base rent over the term of the leases.

Future rental commitments (to be received) at period end, under the operating leases is as follows:

	As at 30 June 2026 (Un-Audited)	*As at 31 December 2025 (Audited)*
Not later than one year	**62,905,236**	61,292,605
Later than one year and less than five years	**264,815,307**	255,691,730
Later than five years	**852,063,915**	769,481,430
	1,179,784,458	1,086,465,765

15. OTHER EXPENSES

	For the six- month period ended 30 June 2026 (Un-Audited)	*For the six-month period ended 30 June 2025 (Un-Audited)*
Registrar fee	**198,356**	218,356
Valuation expense	**102,746**	23,538
Listing fee	**74,804**	83,310
Insurance expense	**53,223**	15,704
Audit fee	**32,233**	33,847
Board fee (note 12)	**19,835**	19,835
Others	**24,946**	-
	506,143	394,590

16. DIVIDEND DISTRIBUTION

During the period, the Fund has paid dividends amounting to ⃁ 17.85 million (2025: ⃁ 16.32 million). The dividend per unit amounted to ⃁ 0.35 per unit (2025: ⃁ 0.32 per unit).

Subsequent to the period end on 26 July 2026, Fund Manager announced the distribution of cash dividend to the Unitholders of the Fund for the period from 13 Shawwal 1447H (corresponding to 1 April 2026) to 15 Muharram 1448H (corresponding to 30 June 2026) amounting to ⃁ 9.18 million (⃁ 0.18 per unit).

17. FAIR VALUE OF ASSETS AND LIABILITIES

The fair value of investment properties is ⃁ 974 million (31 December 2025: ⃁ 972 million) carried at Level 3. The Fund believes that the fair value of all financial assets and liabilities is approximately equal their carrying value.

18. EFFECT OF NET ASSET VALUE IF INVESTMENT PROPERTIES ARE FAIR VALUED

The Fund opted to use the cost method for its investment properties in this condensed interim financial information. In accordance with Article 36 of the Real Estate Investment Funds Regulations issued by CMA in the Kingdom of Saudi Arabia, Fund Manager evaluates the Fund's assets based on an average of two evaluations prepared by independent valuers. Accordingly, the fair value below is disclosed for information purposes and has not been accounted for in the Fund's books unless in case of impairment.

The valuation of the investment properties (the "properties") is carried out by Saudi Asset Valuation Company (Tathmeen) and Abaad & Partner for Real Estate Valuation Company. These two valuers are licensed by the Saudi Authority for Accredited Valuers ("TAQEEM"). Fund Manager has used the average of the two valuations for the purpose of disclosing the fair value of the properties. The properties were valued taking into consideration of several factors, including the area and type of properties, and valuation techniques using significant unobservable inputs, including the land plus cost method, residual value method and the discounted cash flow method.

Below is an analysis of the properties fair value versus cost:

	As at 30 June 2026 (Un-Audited)	*As at 31 December 2025 (Audited)*
Estimated fair value of investment properties	**974,421,000**	972,447,500
Book value of investment properties (Note 10)	**(691,234,119)**	(693,484,041)
Book value of net investment in finance lease (Note 8)	**(70,679,756)**	(70,454,866)
Estimated fair value surplus relative to book value	**212,507,125**	208,508,593
Units in issue (numbers)	**51,000,000**	51,000,000
Per unit value impact from excess of estimated fair value over book value	**4.1668**	4.0884

Net Asset value

Net asset as per the condensed interim financial information	**552,083,664**	550,174,922
Estimated fair value surplus relative to book value	**212,507,125**	208,508,593
Net asset based on fair valuation of real estate assets	**764,590,789**	758,683,515
Net asset value per unit		
Net asset as per the condensed interim financial information	**10.8252**	10.7877
Per unit value impact from excess of estimated fair value over book value	**4.1668**	4.0884
Net asset value per unit based on fair valuation of real estate assets	**14.9920**	14.8761

The Fund's investment in the building of Tarbiah Islamiah School has been classified as a finance lease in accordance with IFRS as endorsed in Kingdom of Saudi Arabia. The fair value of the net investment in finance lease has been determined based on the market special commission rates.

19. SEGMENT INFORMATION

The Fund is organised into one operating segment (Educational Institutions). Accordingly, all significant operating decisions are based upon analysis of the Fund as one segment.

20. LAST VALUATION DAY

The last valuation day for the purpose of preparation of this condensed interim financial information for the six-month period ended was 30 June 2026 (31 December 2025: 31 December 2025).

21. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 30 June 2026 and 31 December 2025 against the Fund or the Fund Manager which could have an impact on the condensed interim financial information of the Fund.

22. COMPARATIVE FIGURES

In the prior period, special commission income amounting to ⃁ 55,035 was included within other income in the condensed interim statement of comprehensive income. During the current period, comparative figures have been reclassified to present special commission income separately within income for better presentation. This reclassification has no impact on net income of the Fund.

Additionally. cash flows relating to special commission income amounting to ⃁ 55,035 were included within operating activities in the prior year. The comparative statement of cash flows has been reclassified to present such cash flows as a separate line item under investing activities.

23. APPROVAL OF THE CONDENSED INTERIM FINANCIAL INFORMATION

This condensed interim financial information was approved and authorised for issue by the Fund Board on 29 July 2026 (corresponding to 15 Safar 1448H)..