



**MULKIA  
INVESTMENT**



**MULKIA  
Gulf Real Estate REIT**

# Mulkia Gulf Real Estate REIT Fund

Annual report for the year 2025

The Capital Market Authority has approved the IPO of Mulkia Gulf Real Estate REIT fund, registering and listing of its units in 9 August 2017

Fund reports are available upon request free of charges

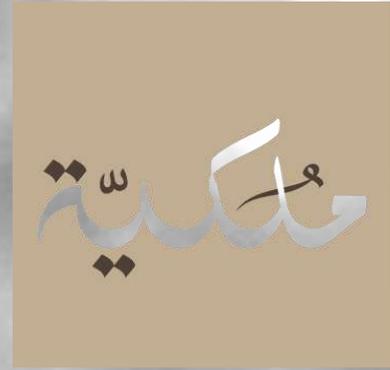
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- This report is not an alternative document to Mulkia Gulf Real Estate REIT terms and conditions, and investors should read T&C thoroughly and understand the fund characteristics and risk associated with this opportunity. Investors can find the T&C on Mulkia website: [www.mulkia.com.sa](http://www.mulkia.com.sa) or Tadawul website [www.tadawul.com.sa](http://www.tadawul.com.sa).
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# Mulkia – Gulf Real Estate REIT

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# Management statement

## Dear unitholders of Mulkia – Gulf Real Estate REIT:

We have the pleasure to explore with you the annual report of Mulkia-Gulf Real Estate REIT for the year ending 31 December 2025 with highlights on the fund's performance & activity .

## The Global economy 2025:

the global economy experienced a phase of moderate growth accompanied by a high degree of uncertainty. The growth rate was estimated at approximately 3.2%–3.3%, which is lower than the global average of about 3.7% recorded during the period 2000–2019. Advanced economies achieved growth of around 1.5%, while emerging economies exceeded 4%, reflecting the continued divergence in economic performance between developed and developing countries, Inflation rates declined gradually in 2025 compared to previous years, driven by the tight monetary policies adopted by major central banks. Estimates indicate that global inflation reached approximately 4.2%, with expectations of a continued downward trend in the coming years, During the period 2022–2024, global interest rates rose sharply due to elevated inflation, and in 2025 they remained relatively high. Geopolitical tensions also persisted throughout 2025, directly affecting the global economy, international trade, and financial market stability. The geopolitical landscape was characterized by heightened uncertainty, driven by regional conflicts and competition among major economic powers.

## The Saudi economy in 2025:

According to data from the General Authority for Statistics, Saudi Arabia's gross domestic product (GDP) recorded growth of 4.5% in 2025 compared to 2024, driven by an expansion across various economic activities. Oil activities grew by 5.7%, while non-oil activities increased by 4.9%. Government activities also recorded growth of 0.9%.

### Information Sources:

- Reports from the International Monetary Fund (IMF)
- Reports from the General Authority for Statistics.





# Management statement

## Real Estate Sector:

Saudi Arabia's real estate sector witnessed notable activity and growth during certain periods, with minor fluctuations toward the end of the year due to changes in supply and demand. The issuance of a regulation governing the relationship between landlords and tenants is considered an important regulatory measure in the real estate sector, as it aims to promote market stability.

## The Saudi REITs in 2025:

With regard to listed real estate investment trusts (REITs), the primary reason for the decline in performance was the persistence of high interest rates, which led to increased financing costs. Share prices of REITs declined, bringing most funds to attractive distribution yield levels.

### Information Sources:

- Financial company reports, media sources, and specialized websites monitoring financial markets.





# Management statement

## Fund Overview & Objectives:

Mulkia Gulf Real Estate REIT is a Sharia compliant closed public traded listed real estate investment fund, established according to the laws and regulations in the Kingdom of Saudi Arabia & regulated by Capital Market Authority, the fund was listed on 05/11/2017, with a capital of 600,000,000 Saudi riyals, and a unit nominal value of 10 Saudi riyals, with a total number of units equal 60,000,000 units.

The Fund aims to acquire real estate properties that are constructed & developed, capable of achieving periodic income, the fund should distribute at least 90% of the fund net profit during the fund life and at a minimum of once a year within 90 days of the end of the fiscal year ending 31 December.

In 2020, the fund has increased its total assets by acquiring Elite Mall “The Elite” against an amount of 201.5 Million Saudi riyals through capital increase process cash/in-kind “60% / 40%” acquisition which led to increasing in capital to become 681,086,520 Saudi riyals and the units to 68,108,652 units.

In 2023, additional units were issued in exchange for cash and in-kind subscriptions, totaling 35,657,343 units issued at a price of 6.68 Saudi Riyals per unit. The total proceeds from unit issuance amounted to 238,191,051 Saudi Riyals, increasing the fund's capital to 1,037,659,950 Saudi Riyals, with 103,765,995 units.

Total cash distributions paid during 2025 amounted to 33,205,118 Saudi Riyals. The fund manager announced a distribution of 8 halalas for each unit for the fourth quarter of 2025, disbursed to unit holders during the first quarter of 2026.

The net fair value of assets amounted to 829,035,138 Saudi Riyals..





# Fund summary

**Fund Manager** Mulkiya investment Company

**Type of Fund** Closed Public Fund

**Fund Period** 99 Years

**Fund Capital IPO** 600,000,000 SAR

**Current Fund Capital** 1,037,659,950 SAR

**Fund Launching** 05/11/2017

**Fund Auditor**  
Allied Accountants 

**Custodian**  


**Shariah Committee**  
Shariah Review Bureau



**Valuators**  
• Barcode valuation 

• Qiam Valuation 

• Valie Valuation 

• Esnad Valuation 

## Fund Objectives:

The Fund aims to acquire real estate properties that are constructed & developed, capable of achieving periodic income, the fund should distribute at least 90% of the fund net profit during the fund's lifetime and at a minimum of once a year within 90 days of the end of the fiscal year ending 31 December as per the following strategy:

- Investment of 75% of the total value of the Fund's assets based on the latest audited financial statements in a constructed & developed properties and are subject to periodic and rental income.
- Investing 25% or less of the total value of the Fund's assets according to an audited financial statement in a real estate development. The development can be through the development of the properties owned by the Fund in order to raise rental yields and achieve capital returns at partial sale or through investment in real estate development in non-owned properties to the Fund.
- The Fund aims to invest at the beginning of its launch in real estate in the commercial, industrial and residential sectors, and can invest in subsequent periods in other sectors that achieve regular returns exceeding the average yield of the Fund for the last 12 months.
- All Fund investments is shariah compliant.
- All Fund investment will be inside Kingdom of Saudi Arabia.
- The Fund may invest in real estate investment funds that comply with Shariah principles, not exceeding 10% of the total value of the Fund's assets according to the latest audited financial statements.

## Dividend distribution policy:

The fund should distribute at least 90% of the fund's net profit during the fund's lifetime and at a minimum of once a year within 90 days of the end of the fiscal year ending 31 December



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Investment activities -Fund  
Properties and  
performance



# Fund Activities / Fund Assets

## Fund real estate properties:

SL	Property	Type	Location	Acquisition Value (S.R.)	Average valuation	Land Area SQM	Building Area SQM	Annual Rent*	Percentage of rent in total income	Fund share of asset income
1	<b>Al Jadah Complex</b>	Commercial / Hospitality	Riyadh/qurtubah	323,760,166	360,120,241	21,670	33,106	23,944,710	%23.19	100%
2	<b>West Avenue</b>	Commercial	Dammam, Faisalia	309,000,000	260,575,500	57,215	57,998	15,378,880	%14.89	100%
3	<b>Elite Mall</b>	Commercial/ offices	Riyadh/ Sulaimania	201,500,000	180,481,000	9,600	21,929	12,493,315	%12.10	100%
4	<b>Vivienda villas</b>	Hospitality/ hoteling	Riyadh, Alhada	125,000,000	146,289,031	10,000	7,200	12,140,469	%11.76	100%
5	<b>Dinar Building</b>	Commercial/ offices	Jeddah, Alzahraa	124,470,490	113,660,500	4,761	14,900	5,399,877	%5.23	100%
6	<b>Teqnia complex</b>	Industrial/ Commercial	Riyadh, Faisalia	121,500,000	142,682,000	45,749	36,554	8,903,300	%8.62	100%
7	<b>Hotel Apartments</b>	Hospitality/ hoteling	Riyadh/ Namuzjiah	50,000,000	50,666,833	3,062	11,467	3,800,000	%3.68	100%
8	<b>Al-Maather Building</b>	Residential	Riyadh, almaather	200,000,000	219,630,500	9,286	41,000	20,000,000	%19.37	100%
9	<b>Alsheraa building</b>	Restaurant	Jeddah, Alsheraa	15,562,500	13,268,695	1,995	864	650,000	%0.63	100%
10	<b>Dammam Land</b>	Commercial	Dammam, Faisalia	33,414,330	34,138,071	11138.11	-	-	-	100%
11	<b>Khamees Mushiati building</b>	Restaurant	Khamees Mushiati	13,058,889	6,174,000	1,500	567	-	-	100%
12	<b>Burger King Restaurant</b>	Restaurant	Jeddah Obhur	7,338,235	7,230,000	552	180	554,500	0.54%	100%

\* The revenues of properties for 2025 according to IFRS.

- (\*) The Al-Yasmin property was sold on January 30, 2025, and the sale proceeds were used to partially repay loans and liabilities.
- The percentage of uncollected revenues out of total revenues 29.03%

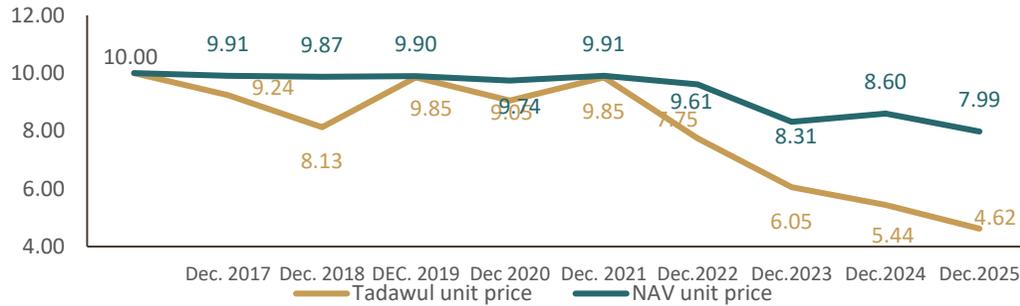
- **Assets that the fund aims to acquire:** The fund aims to acquire real estate that is either developed or under construction and capable of generating recurring rental income.



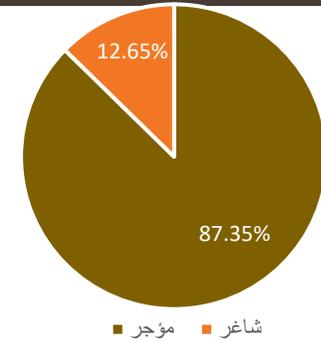


# Investment Activities – Fund Properties & Performance

## Unit Price Since inception



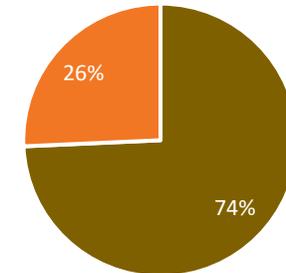
## Percentage of Leased & Vacant properties



## Fund Performance

Item /Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net asset Value (NAV) S.R.****	594,678,878	592,346,268	594,347,185	663,381,574	674,793,974	654,404,380	861,805,585	892,810,137	829,035,138
Number of Issued Units	60,000,000	60,000,000	60,000,000	68,108,652	68,108,652	68,108,652	103,765,995	103,765,995	103,765,995
Net Asset value per unit S.R.	9.91	9.87	9.90	9.74	9.91	9.61	8.31	8.60	7.99
Highest NAV per unit	10,06	9.96	9.94	9.89	9.91	9.91	8.34	8.60	8.44
Lowest NAV per unit	9.91	9.77	9.70	9.70	9.78	9.35	8.31	8.31	7.99
Total Revenues	8,103,285	55,993,729	59,304,393	70,024,404	76,523,904	96,014,963	114,763,813	119,970,570	130,252,259
Total Revenues to total assets value %	1.33%	7.31%	6.63%	5.41%	7.31%	7.14%	8.76%	7.87%	8.81%
Expenses to total assets value %	0.39%	5.1%	3.4%	4.0%	4.40%	7.06%	9.63%	6.86%	10.73%
Unit distributions S.R. *	0.105	0.680	0.680	0.460	0.490	0.57	0.46	0.32	0.32
Return on unit price **	-0.89%	-0.39%	0.34%	-1.67%	1.72%	0.29%	-13.56%	3.60%	-7.14%
Return on Unit price since inception **						-20.11%			
Return on unit prices 3 years **						-16.85%			

## Duration of Les Contracts



■ less than 3 years ■ more than 3 years

(\*) The distributions paid to unit holders during the financial year have been accounted for, regardless of the period covered by the distribution, and based on the number of units outstanding at the end of the period.

(\*\*) The return is calculated based on the unit price at fair value at the end of the period. This figure does not include previously paid distributions, as they are deducted from the fund's net assets.

(\*\*\*) The percentage of borrowed assets from total assets is 47.43%, with an exposure period of 2 years maturing on 2027/12/28.

(\*\*\*\*) At fair value



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# Fund's Main Properties



# Fund's Main Properties

Al Jaddah complex



Al Jaddah complex



Al-Maather commercial/residential



Al Jaddah complex



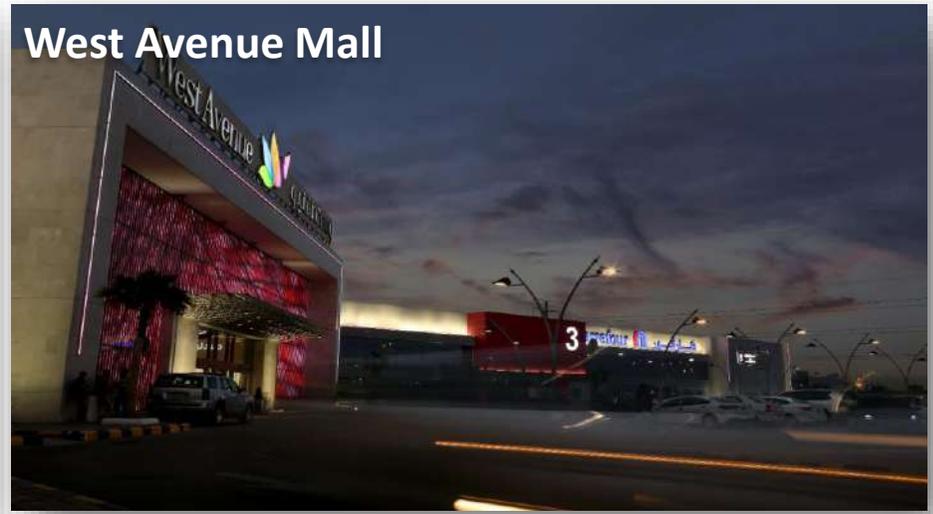


# Fund's Main Properties

West Avenue Mall



West Avenue Mall



The ELITE



The ELITE



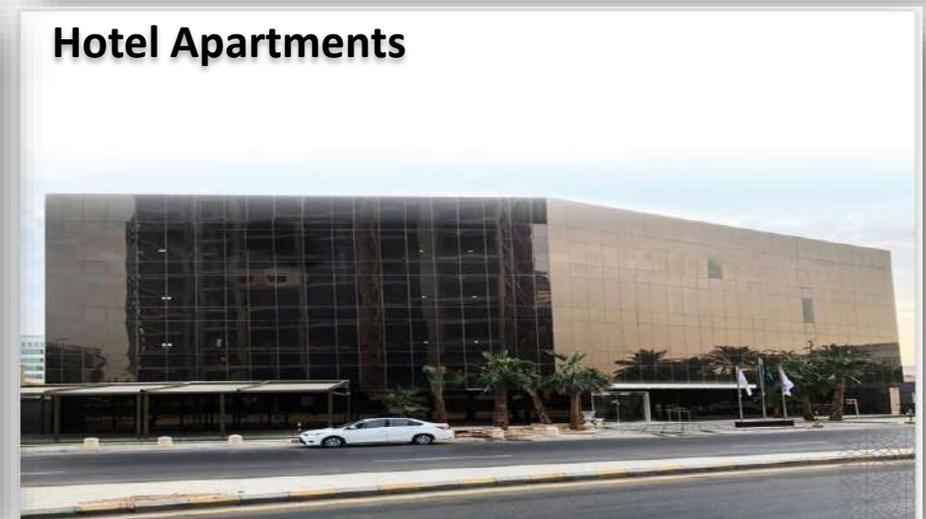
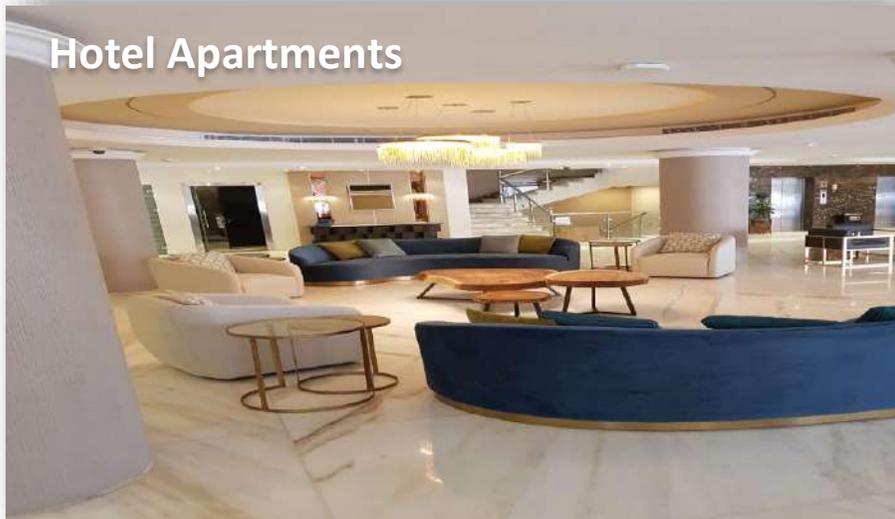


# Fund's Main Properties



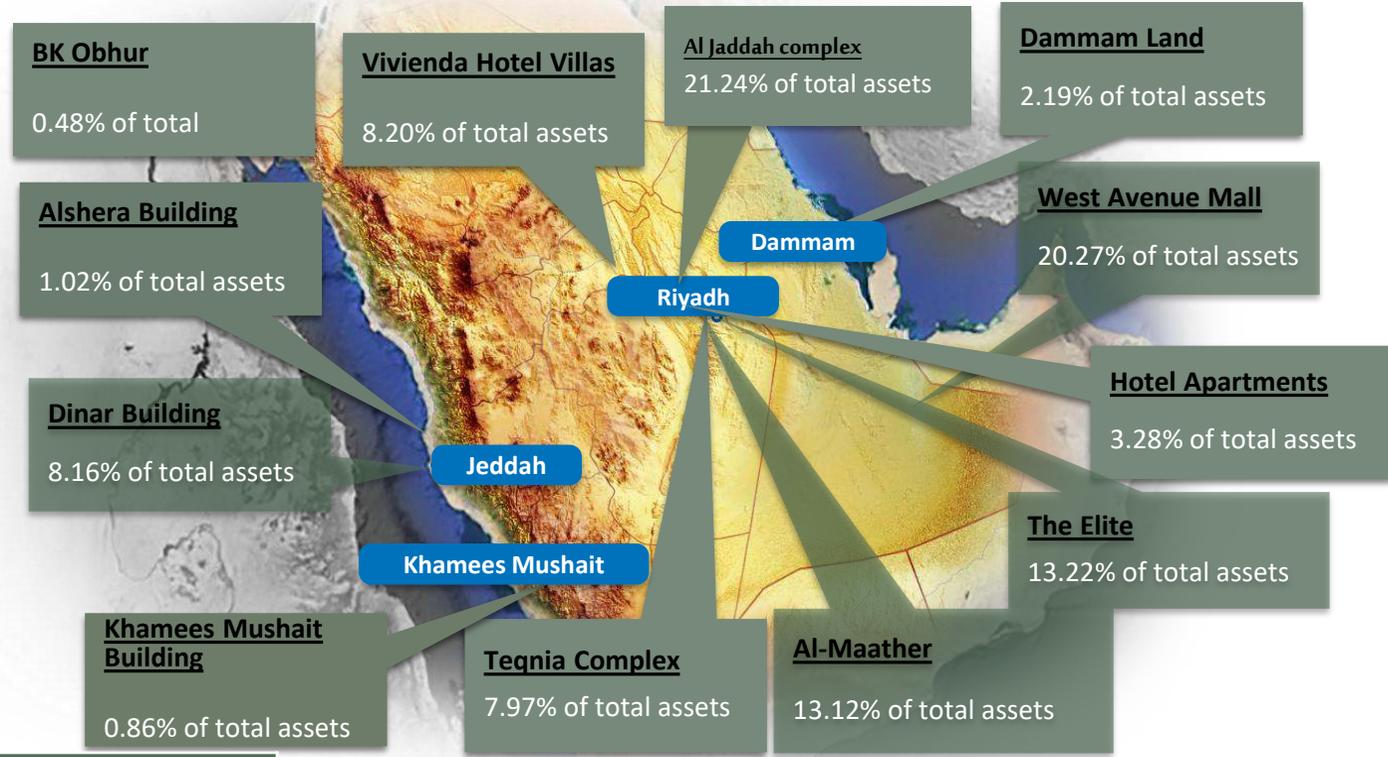


# Fund's Main Properties





# Assets Geographic Distribution



Assets Geographic distributions	
Central Region	%67.02
Eastern Region	%22.46
Western Region	%9.66
Southern Region	%0.86

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Fundamental changes



# Fundamental Changes

- On May 22, 2025, the fund manager announces signing an acquisition agreement to acquire a new property for the benefit of Mulkiya Gulf Real Estate REIT fund "Commercial land" located in Al Faisaliah neighborhood.
- On July 22, 2025, the fund Further to fund manager announcement regarding the occurrence of a specific event that has been published in 24/11/1446 H corresponding to 22/05/2025 G, Mulkiya Investment Company would like to announce finalizing the Process of ownership transfer for the "Commercial land.
- On September 18, 2025, the fund manager announces that the Fund's Board of Directors has approved allowing the Fund Manager to take the necessary steps to study the potential sale of one or more properties from the Fund's portfolio, where capital gains can be realized upon sale Noting that the fund manager intends to use the proceeds from the sale to repay part of the fund-based loan, and to distribute the capital gains resulting from the sale to the unit holders as a one-time special distribution.



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# Financial Disclosure Summary



# Services fees and other commissions

Description	Actual Value*	Percentage (%) **
Custody fees	327,482	0.21%
Audit fees	60,000	0.04%
BOD remuneration	20,000	0.01%
Shariah Committee Fees	29,000	0.02%
Supervision fees	7,500	0.00%
Tadawul fees	166,695	0.11%
Edaa Fees	400,000	0.25%
Management fees	15,418,428	9.72%
Valuators fees	242,363	0.15%
Insurance fees	119,639	0.08%
Debt cost	45,743,427	28.84%
Depreciation	22,625,548	14.26%
Impairment in real estate investments	40,716,810	25.67%
Provision for expected credit losses	2,609,712	1.65%
Financing structuring fees	352,102	0.22%
Dealing fees	592,893	0.37%
Zakat of 2025	104,370	0.07%
Hotel operating expenses	21,043,231	13.27%
Real estate operating costs	5,553,010	3.50%
Other expenses	2,482,028	1.56%
<b>Total Expenses</b>	<b>***158,614,237</b>	<b>100%</b>

(\*\*\*) The ratio of non-cash expenses to net profit is N/A%, noting that the ratio of non-cash expenses is 41.58% of total expenses..



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# Fund Board Report



# Board of Directors' report

## ■ Main topics discussed by the BoD:

- ✓ Reviewing the fund's performance and assets.
- ✓ Reviewing the fund's rents and collection risks.
- ✓ Updates on the Dammam opportunity.
- ✓ Communicating with banks regarding the financing of the fund's real estate.
- ✓ Remarks of the Compliance and Adherence Officer Regarding the Fund.
- ✓ Any new matters.
- ✓ Announcement Approval of the Board of Directors Sale part of Properties.

## The BoD decisions and recommendations during the year:

- ✓ Providing the board with the geographic distribution and sector allocation compared to high-performing funds.
- ✓ Negotiation with Al Rajhi Bank regarding the reduction of the fund's real estate financing margin.
- ✓ Communication with Al Rajhi Bank regarding changing the loan turnover schedule from 6 months to 3 months.
- ✓ Engagement with Gulf banks such as First Abu Dhabi Bank and Emirates NBD to explore financing options for the fund's real estate assets.
- ✓ Updating the schedule of properties proposed for sale, incorporating the net book value of each property, the anticipated minimum sale price, the amount settled with the bank, and the corresponding distribution to investors based on the minimum sale value.



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# Risk Assessment report



# Risk Assessment report

The fund managers analyzes the risks stated in the fund terms & conditions, and observes the probable occurrence of risks throughout preparing a track record for risks assessment, by following many standards such as:

- Risk allocation.
- Risk impact.
- Risk impact levels.
- Occurrence probability.
- Methodology / strategy to reduce and minimize risks.
- Risk assessment methodology.

As per the impact level and occurrence probability as shown in the blow table:

		Impact (Severity)				
		Extremely Low	Low	Moderate	High	Extremely High
Probability (Likelihood)	Almost certain > 70%	Medium	Medium	High	High	High
	Likely 40%-70%	Low	Medium	High	High	High
	Possible 20%-40%	Low	Medium	Medium	High	High
	Unlikely 5%-20%	Low	Low	Medium	Medium	Medium
	Rare <5%	Low	Low	Low	Low	Medium





# Risk Assessment report

## Probable risks “ as stated in the Fund terms & conditions”

1.	No previous operational history	17.	No revenue
2.	Public & Real Estate Investments	18.	Inability of investors to value the property
3.	Delay in selecting the proper properties & acquisition	19.	Property geographic concentration & allocation
4.	Rarity of high quality properties offered	20.	Staff loss
5.	Economic & legal changes impact	21.	Failure of tenants to meet their obligations
6.	Vacancies for long periods	22.	No guarantees in property selling process
7.	Property maintenance & main changes	23.	Lack of liquidity of real estate investments
8.	Selling the property with a capital loss	24.	Inflation of operational cost
9.	Property insurance coverage	25.	The restrictive contractual conditions
10.	Delay in construction & development	26.	The purchasing competition
11.	Offered properties competition	27.	Costs of compliance with government laws and regulations
12.	Financing risks	28.	High interest rates on financing
13.	Acquisition of public shares in a real estate property	29.	Investment in other funds
14.	Idle lands taxes	30.	Sharia committee standards
15.	Conflict of interest	31.	Investments in Murabaha
16.	Reliance on credit rating	32.	Dividend distribution from non-operational activities



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Other information



## Other Information

- The fund manager owns a percentage of 3.51% of the fund as of 31 December 2025.
- The special commissions during the period: None.
- The fund is not investing in other investment funds.
- Dividends details: The distributions made during the reporting period, in addition to the distributions related to the year 2025, are presented in the table below.

Dividend Period	dividends distributed for each unit *	Distribution Date	Total distributed dividends	Percentage of Dividend to the Unit's Initial Price (%)
2024 Q4	0.08	2025-02-27	8,301,279.60	0.80%
2025 Q1	0.08	2025-05-29	8,301,279.60	0.80%
2025 Q2	0.08	2025-09-07	8,301,279.60	0.80%
2025 Q3	0.08	2025-11-23	8,301,279.60	0.80%
2025 Q4	0.08	2026-03-15	8,301,279.60	0.80%

(\*) The Distribution are in Saudi Riyals.

- The percentage of management fees calculated on the fund is 1% per annum of the total assets value after deduction of all expenses - calculated and paid every six months.
- The fund manager does not intend to make any deductions or fees for expenses or fees.
- Benchmark Index: N/A.





## Other Information

Date	Details
22 May 2025	Announcement from Mulkia Investment Company related to occurrence of a specific event for Mulkia Gulf Real Estate REIT.
22 July 2025	Addendum announcement from Mulkia Investment Company related to a specific event in Mulkia Gulf Real Estate REIT fund.
18 Sep 2025	Announcement from Mulkia Investment Company Regarding the Approval of the Board of Directors of Mulkia Gulf Real Estate REIT Fund to Study the Sale part of Properties.



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# Financial Statements



# Financial Statements

**The financial statements has be prepared as per the International Financial Reporting Standards (IFRS) that are applied in the Kingdom of Saudi Arabia.**

**Attached is the audited financials as of 31 December 2025**



**MULKIA GULF REAL ESTATE REIT FUND**  
**Closed Publicly Traded Listed Real Estate Investment Fund**  
**Takes the Form of a Special Purpose Entity**  
(Managed by Mulkia Investment Company)

**The Consolidated Financial Statements and Independent Auditor's Report**  
**for the Year Ended 31 December 2025**

**MULKIA GULF REAL ESTATE REIT FUND**  
**CLOSED PUBLICLY TRADED LISTED REAL ESTATE INVESTMENT FUND**  
**TAKES THE FORM OF A SPECIAL PURPOSE ENTITY**  
**(MANAGED BY MULKIA INVESTMENT COMPANY)**

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

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INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF MULKIA GULF REAL ESTATE REIT FUND  
CLOSED PUBLIC TRADED LISTED REAL ESTATE INVESTMENT FUND  
TAKES THE FORM OF A SPECIAL PURPOSE ENTITY

(1 /6)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

**OPINION**

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Mulkia Gulf Real Estate REIT Fund (the "Fund") and its subsidiaries (collectively referred to as the "Group") as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

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

- 1 The consolidated statement of financial position as at 31 December 2025;
- 2 The consolidated statement of profit or loss and other comprehensive income for the year then ended;
- 3 The consolidated statement of changes in Net assets attributable to unitholders for the year then ended;
- 4 The consolidated statement of cash flows for the year then ended; and
- 5 The notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

**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 consolidated Financial Statements section of our report. We are independent from the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**KEY AUDIT MATTERS**

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

**INDEPENDENT AUDITOR'S REPORT**

**TO THE UNITHOLDERS OF MULKIA GULF REAL ESTATE REIT FUND  
CLOSED PUBLIC TRADED LISTED REAL ESTATE INVESTMENT FUND  
TAKES THE FORM OF A SPECIAL PURPOSE ENTITY**

(2 /6)

**REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**KEY AUDIT MATTERS**

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

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF MULKIA GULF REAL ESTATE REIT FUND  
CLOSED PUBLIC TRADED LISTED REAL ESTATE INVESTMENT FUND  
TAKES THE FORM OF A SPECIAL PURPOSE ENTITY

(3 /6)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matters	How our audit addressed the key audit matter
<b>Impairment of investment properties and hotel (Continued)</b>	
Refer to the summary of material accounting policy information and other explanatory information and impairment of Investment properties and Hotel in Note 4 which contains the significant accounting estimates, judgment and assumptions relating to impairment and Note 9 and 10 relating to Investment properties and Hotel.	<ul style="list-style-type: none"> <li>⚙️ Assessed the recoverable amount, which is higher of fair value or value in use of the related investment properties as per the above-mentioned valuation reports. We have determined that the recoverable amount of the investment properties to be higher than the carrying amount of the same except for certain properties, which had a material impairment impact and thus recorded by the Fund` s management; and</li> <li>⚙️ Reconciled the average fair value of the Investment properties and Hotel as per note 18 to the external valuers` reports; and</li> <li>⚙️ Assessed the adequacy of the fair valuation disclosure in financial statements.</li> </ul>

OTHER INFORMATION

Other information consists of the information included in the Group's 2025 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

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

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

When we read the Annual Report of the Group, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF MULKIA GULF REAL ESTATE REIT FUND  
CLOSED PUBLIC TRADED LISTED REAL ESTATE INVESTMENT FUND  
TAKES THE FORM OF A SPECIAL PURPOSE ENTITY

(4/6)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable provisions of the Real Estate Investment Funds Regulations issued by Capital Market Authority, the Fund's Terms and Conditions and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL  
STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 consolidated financial statements.

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

- 1 Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF MULKIA GULF REAL ESTATE REIT FUND  
CLOSED PUBLIC TRADED LISTED REAL ESTATE INVESTMENT FUND  
TAKES THE FORM OF A SPECIAL PURPOSE ENTITY

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REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

- ❶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- ❷ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- ❸ Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group's to cease to continue as a going concern.
- ❹ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ❺ Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITOR'S REPORT

TO THE UNTHOLDERS OF MULKIA GULF REAL ESTATE REIT FUND  
CLOSED PUBLIC TRADED LISTED REAL ESTATE INVESTMENT FUND  
TAKES THE FORM OF A SPECIAL PURPOSE ENTITY

(6/6)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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, related safeguards.

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

For PKF Al Bassam  
Chartered Accountants



Ahmad Mohandis  
Certified Public Accountant  
License No. 477  
Riyadh, Kingdom of Saudi Arabia  
12 Shawwal 1447  
Corresponding to: 31 March 2026



**MULKIA GULF REAL ESTATE REIT FUND**  
**CLOSED PUBLICLY TRADED LISTED REAL ESTATE INVESTMENT FUND**  
**TAKES THE FORM OF A SPECIAL PURPOSE ENTITY**  
(MANAGED BY MULKIA INVESTMENT COMPANY)  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2025**  
**(Amounts in SAR)**

	<u>Note</u>	<u>31 December 2025</u>	<u>31 December 2024</u> Restated (Disclosure 28)
<b>Assets</b>			
Cash and cash equivalent	5	16,124,857	16,380,261
Rent receivable	6	31,679,726	27,103,085
Accrued revenue		10,688,596	9,800,749
Murabaha deposits	7	1,318,579	7,883,260
Inventory		296,478	254,283
Prepaid expenses and other assets		1,244,642	1,537,704
Derivative financial instruments	8	2,660,430	4,617,932
Investment properties	9	1,220,687,835	1,259,352,725
Property and equipment	10	193,098,576	196,993,569
<b>Total assets</b>		<b>1,477,799,719</b>	<b>1,523,923,568</b>
<b>Liabilities</b>			
Unearned rent revenue		18,275,570	17,201,826
Due to a related party	11	22,543,428	28,211,406
Accounts payable		1,191,233	1,737,270
Accrued expenses and other credit balances	12	4,106,625	5,046,492
Employee defined benefits plan obligation		396,000	264,000
Provision for the renovation of hotel assets		3,008,847	1,955,661
Zakat provision	13	228,466	261,489
Long-term financing	14	720,144,372	697,929,308
<b>Total liabilities</b>		<b>769,894,541</b>	<b>752,607,452</b>
<b>Net assets attributable to Unitholders</b>		<b>707,905,178</b>	<b>771,316,116</b>
<b>Issued units (numbers)</b>		<b>103,765,995</b>	<b>103,765,995</b>
Assets value per unit – Book value	18	6.82	7.43
Assets value per unit – Fair value		7.99	8.60

Mohamed Abdullatif Nawas  
Operations Manager

Sultan Mohammed Alhudaithi  
Chairman of the Fund board

The accompanying notes (1) to (29) form an integral part of these consolidated financial statements.

**MULKIA GULF REAL ESTATE REIT FUND**  
**CLOSED PUBLICLY TRADED LISTED REAL ESTATE INVESTMENT FUND**  
**TAKES THE FORM OF A SPECIAL PURPOSE ENTITY**  
(MANAGED BY MULKIA INVESTMENT COMPANY)  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
**(Amounts in SAR)**

	<u>Note</u>	<u>For the year ended 31 December 2025</u>	<u>For the year ended 31 December 2024</u> Restated (Disclosure 28)
<b>Revenues</b>			
Rental Income		89,337,176	78,635,053
Hotel operating revenue		35,105,878	40,707,155
Capital Gains from the sale of investment	9	4,935,587	-
Murabaha commission Income		779,625	520,711
Other revenue		93,994	107,651
<b>Total revenues</b>		<b>130,252,260</b>	<b>119,970,570</b>
<b>Expenses</b>			
Financing charges	15	(45,743,427)	(41,252,118)
(Impairment) / impairment reversal of investment properties	9	(40,716,809)	14,267,154
Depreciation of investment properties	9	(18,730,555)	(16,778,350)
Hotel operating costs	17	(16,836,602)	(19,228,936)
Fund management fees	11	(15,418,428)	(14,665,526)
Other expenses	16	(7,733,852)	(7,019,178)
Provision for expected credit losses	6	(2,609,711)	(6,391,958)
Depreciation of property and equipment	10	(3,894,993)	(3,894,994)
Real estate operating costs		(5,553,013)	(4,528,614)
Dealing fees		(592,893)	(2,262,500)
Finance structure fees		(352,102)	(2,432,188)
Custodial fees		(327,482)	(328,384)
<b>Total expenses</b>		<b>(158,509,867)</b>	<b>(104,515,592)</b>
<b>Net (Loss)/ profit for the year before Zakat</b>		<b>(28,257,607)</b>	<b>15,454,978</b>
Zakat expense	13	(104,370)	(316,478)
<b>Net (Loss)/ profit for the year</b>		<b>(28,361,977)</b>	<b>15,138,500</b>
<b>Other comprehensive income</b>			
<b>Items that are subsequently reclassified to profit or loss</b>			
Effective portion of changes in fair value of cash flow hedge	8	(1,833,914)	651,918
<b>Items that are not subsequently reclassified to profit or loss</b>			
Actuarial revaluation loss on employee benefits		(9,929)	(34,554)
<b>Total other comprehensive income for the year</b>		<b>(1,843,843)</b>	<b>617,364</b>
<b>Total comprehensive (Loss)/ income for the year</b>		<b>(30,205,820)</b>	<b>15,755,864</b>

Mohamed Abdullatif Nawas  
Operations Manager

Sultan Mohammed Alhudaithi  
Chairman of the Fund board

The accompanying notes (1) to (29) form an integral part of these consolidated financial statements.

**MULKIA GULF REAL ESTATE REIT FUND**  
**CLOSED PUBLICLY TRADED LISTED REAL ESTATE INVESTMENT FUND**  
**TAKES THE FORM OF A SPECIAL PURPOSE ENTITY**  
(MANAGED BY MULKIA INVESTMENT COMPANY)  
**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
**(Amounts in SAR)**

	<u>Note</u>	<u>For the year ended 31 December 2025</u>	<u>For the year ended 31 December 2024</u>
Net assets value, at the beginning of the year		771,316,116	790,840,690
Net (loss) / Profit for the year		<b>(28,361,977)</b>	15,138,500
Effective portion of changes in fair value of cash flow hedge	8	<b>(1,833,914)</b>	651,918
Actuarial revaluation loss on employee benefits		<b>(9,929)</b>	(34,554)
<b>Total comprehensive (Loss) / income for the year</b>		<b>(30,205,820)</b>	15,755,864
Dividends during the year	19	<b>(33,205,118)</b>	(35,280,438)
<b>Net assets value, at the end of the year</b>		<b>707,905,178</b>	771,316,116

**Unit transactions**

Below is a summary of unit transactions for the year:

	<u>For the year ended 31 December 2025</u>	<u>For the year ended 31 December 2024</u>
	<u>Units</u>	<u>Units</u>
Units at the beginning of the year	103,765,995	103,765,995
Issued units during the year	-	-
<b>Units at the end of the year</b>	<b>103,765,995</b>	103,765,995

Mohamed Abdullatif Nawas  
Operations Manager

Sultan Mohammed Alhudaithi  
Chairman of the Fund board

The accompanying notes (1) to (29) form an integral part of these consolidated financial statements.

**MULKIA GULF REAL ESTATE REIT FUND**  
**CLOSED PUBLICLY TRADED LISTED REAL ESTATE INVESTMENT FUND**  
**TAKES THE FORM OF A SPECIAL PURPOSE ENTITY**  
(MANAGED BY MULKIA INVESTMENT COMPANY)  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
**(Amounts in SAR)**

	<b>Note</b>	<b>For the year ended 31 December 2025</b>	<b>For the year ended 31 December 2024 Restated (Disclosure 28)</b>
<b>Cash flows from operating activities</b>			
Net (loss) / profit for the year before Zakat		<b>(28,257,607)</b>	15,454,978
<b>Adjustments to reconcile net profit for the year before zakat:</b>			
Depreciation of investment properties	9	<b>18,730,555</b>	16,778,350
Depreciation of Property and equipment	10	<b>3,894,993</b>	3,894,994
Financing charges	15	<b>45,743,427</b>	41,252,118
Provision for expected credit losses	6	<b>2,609,711</b>	6,391,958
Impairment / (Reversal) of investment properties	9	<b>40,716,809</b>	(14,267,154)
Murabaha Commission Income		<b>(779,625)</b>	(520,711)
Derivative contracts loss/ (Profit)		<b>123,588</b>	(51,129)
Provision for employee defined benefits plan obligation		<b>210,000</b>	162,000
Capital gains from the sale of investment properties	9	<b>(4,935,587)</b>	-
Provision for the renovation of hotel assets		<b>1,053,186</b>	814,143
		<b>79,109,450</b>	69,909,547
<b>Change in operating assets and liabilities</b>			
Inventory		<b>(42,195)</b>	9,343
Rent receivable	6	<b>(7,186,352)</b>	2,789,499
Accrued revenue		<b>(887,847)</b>	(1,723,358)
Prepaid expenses and other assets		<b>293,062</b>	(213,977)
Unearned rent revenue		<b>1,073,744</b>	3,951,521
Due to a related party	11	<b>(5,667,978)</b>	9,360,339
Accounts payable		<b>(546,037)</b>	(741,865)
Accrued expenses and other credit balances	12	<b>(939,867)</b>	(1,493,618)
<b>Cash flows generated from operating activities</b>		<b>65,205,980</b>	81,847,431
Zakat paid	13	<b>(137,393)</b>	(408,562)
Employee benefits paid		<b>(87,929)</b>	(85,553)
<b>Net cash generated from operating activities</b>		<b>64,980,658</b>	81,353,316
<b>Cash flows from investing activities</b>			
Paid purchase/development of investment properties	9	<b>(38,346,891)</b>	(216,688,221)
Proceeds from the sale of investment properties	9	<b>22,500,004</b>	-
Murabaha Deposits - More than 3 months		<b>(16,848,000)</b>	(7,700,000)
Murabaha Collection - More than 3 months		<b>23,248,000</b>	-
Murabaha commission Collection		<b>944,306</b>	337,451
<b>Net cash used in from investing activities</b>		<b>(8,502,581)</b>	(224,050,770)

The accompanying notes (1) to (29) form an integral part of these consolidated financial statements.

**MULKIA GULF REAL ESTATE REIT FUND**  
**CLOSED PUBLICLY TRADED LISTED REAL ESTATE INVESTMENT FUND**  
**TAKES THE FORM OF A SPECIAL PURPOSE ENTITY**  
(MANAGED BY MULKIA INVESTMENT COMPANY)  
**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
(Amounts in SAR)

	<u>Note</u>	<b>For the year ended 31 December 2025</b>	For the year ended 31 December 2024 Restated (Disclosure 28)
<b>Cash flows from financing activities</b>			
Proceeds from long-term financing	14	<b>37,297,681</b>	215,000,000
Repayment of long-term financing	14	<b>(15,790,078)</b>	
Payment of financing interest	14	<b>(44,904,688)</b>	(34,538,560)
Payment of deferred financing costs	14	<b>(131,278)</b>	(752,500)
Dividends	19	<b>(33,205,118)</b>	(35,280,438)
<b>Net cash (used in) / generated from financing activities</b>		<b>(56,733,481)</b>	144,428,502
<b>Net change in cash and cash equivalent</b>		<b>(255,404)</b>	1,731,048
Cash and cash equivalent at the beginning of the year	5	<b>16,380,261</b>	14,649,213
<b>Cash and cash equivalent at end of the year</b>	5	<b>16,124,857</b>	16,380,261
		<b>For the year ended 31 December 2025 SAR</b>	For the year ended 31 December 2024 SAR
<b>Non-cash transactions</b>			
Effective portion of changes in fair value of cash flow hedge	8	<b>(1,833,914)</b>	651,918
Actuarial revaluation loss on employee benefits		<b>(9,929)</b>	(34,554)
Transfer from Projects in progress to investment properties		<b>11,849,311</b>	-

Mohamed Abdullatif Nawas  
Operations Manager

Sultan Mohammed Alhudaithi  
Chairman of the Fund board

The accompanying notes (1) to (29) form an integral part of these consolidated financial statements.

**MULKIA GULF REAL ESTATE REIT FUND  
CLOSED PUBLICLY TRADED LISTED REAL ESTATE INVESTMENT FUND  
TAKES THE FORM OF A SPECIAL PURPOSE ENTITY  
(MANAGED BY MULKIA INVESTMENT COMPANY)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025  
(Amounts in SAR)**

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**1- THE FUND AND ITS ACTIVITIES**

Mulkia Gulf Real Estate REIT Fund (“the Fund”) is a Sharia-compliant closed publicly-traded real estate investment Fund. The main objective of the Fund is to acquire pre-developed real estate properties to obtain regular rental income, or under construction no more than 25% of the total value of the Fund’s assets, and distribute a minimum of 90% of the Fund’s net income to unitholders during the lifetime of the Fund at least once annually within 90 days after the financial year-end which ends on December 31.

The Fund started its operations on 16 Safar 1439 H (corresponding to 5 November 2017).

The Fund is managed by Mulkia Investment Company. The books and records of the Fund are maintained in Saudi Riyals.

The address of the Fund Management is:

Mulkia Investment Company, Prince Muhammad Bin Abdulaziz Road - Al-Olaya area, P.O. Box 52775 - Riyadh 11573, KSA.

These consolidated financial statements include the information of Mulkia Gulf real estate REIT Fund and its following subsidiaries (Group) as at 31 December 2025:

<b>Name of subsidiary</b>	<b>Principal Activity</b>	<b>Country</b>	<b>Percentage of Ownership Interest and Voting Power Held</b>
Aljadah Hotel Company	Hotel management	KSA	100%
Jadah Al-Nomo Company	General Construction	KSA	100%

During February 2022, the Fund acquired Aljadah Hotel Company (a limited liability company registered in the city of Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010595498 (dated 17/01/1441 H corresponding to 16/09/2019). The main activity of the company is represented in activities and services of providing accommodation and restaurants for short-term living.

During July 2025, the Group established Jadah Al-Nomo Company (a limited liability company) registered in the city of Riyadh, Kingdom of Saudi Arabia, under the unified national number 7050708010, dated 18 Muharram 1447 AH corresponding to 13 July 2025.

The company’s main activities include general construction of residential and non-residential buildings, on-site prefabricated buildings, building renovations, and general building cleaning.”

**MULKIA GULF REAL ESTATE REIT FUND**  
**CLOSED PUBLICLY TRADED LISTED REAL ESTATE INVESTMENT FUND**  
**TAKES THE FORM OF A SPECIAL PURPOSE ENTITY**  
(MANAGED BY MULKIA INVESTMENT COMPANY)  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
(Amounts in SAR)

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## **2- REGULATING AUTHORITY**

The Fund is governed by the Real Estate Investment Funds Regulation (the “Regulation”) published by CMA on 12 Rajab 1442H (corresponding to 24 February 2021), detailing requirements for all real estate Funds and all traded Funds within the Kingdom of Saudi Arabia.

## **3- BASIS OF PREPARATION**

### **3-1 Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (Collectively referred to as “International Financial Reporting Standards that are endorsed in Kingdom of Saudi Arabia”).

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

### **3-2 Basis of Measurement, Functional Currency, And Presentation Currency**

These consolidated financial statements have been prepared on a historical cost principle and on the accrual and going concern basis. Another basis is used if the International Financial Reporting Standards require the use of another measurement, as indicated in the fundamental policies below. The consolidated financial statements are presented in Saudi Riyals being the functional and presentation currency for the group.

### **3-3 Significant accounting judgments, estimates and assumptions**

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period, are described below. REIT based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of REIT. Such changes are reflected in the assumptions when they occur.

## **Judgments**

### **Going Concern**

The Group's management conducted an assessment of the group's ability to continue carrying out its business according to the going concern principle. The Group's management is convinced that it has the necessary resources to continue its business in the foreseeable future. Also, the Group's management does not have any material uncertainties that may affect the Group's ability to continue its business. Accordingly, these consolidated financial statements have been prepared according to the going concern principle.

**MULKIA GULF REAL ESTATE REIT FUND  
CLOSED PUBLICLY TRADED LISTED REAL ESTATE INVESTMENT FUND  
TAKES THE FORM OF A SPECIAL PURPOSE ENTITY  
(MANAGED BY MULKIA INVESTMENT COMPANY)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025  
(Amounts in SAR)**

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### **3- BASIS OF PREPARATION (CONTINUED)**

#### **3-3 Significant accounting judgments, estimates and assumptions(continued)**

##### **Judgments (Continued)**

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

###### **Subsidiaries**

Subsidiaries are all entities controlled by the Fund. Although the Fund is an investment entity, the financial statements have been consolidated with the subsidiaries, as the main purpose of acquiring these companies is to provide services related to the investment activities of the REIT. Control is achieved when the Fund has rights to the returns, from its involvement in the investee and has the ability to affect those returns through its control over the investee. Specifically, the Fund controls an investee if, and only if, the Fund has all the following:

- the control in the investee (i.e., the existing rights granting the ability to direct the activities of the investee);
- Exposure to or entitlement to variable returns from its investment in the investee;
- The ability to exert influence on its returns through its control in the investee.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Fund has less than the majority of the voting rights in an investee, the Fund considers all relevant facts and circumstances in assessing whether it has control over the investee, including:

- the contractual arrangements with the other voting rights holders in the investee.
- rights arising from other contractual arrangements; and
- the Fund's voting rights and potential voting rights.

The Fund re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes in one or more of the three elements of control. Consolidation of a subsidiary begins when the Fund obtains control over the subsidiary and ceases when the Fund loses control over the subsidiary. Subsidiaries are fully consolidated from the date on which control is transferred to the Fund and de-consolidated from the date that control ceases.

###### **Accounting for business combinations involving entities or businesses under joint control**

Accounting for business combinations involving entities or businesses under joint control is outside the scope of IFRS 3 "Business Combinations". In the case of an absence of specific guidance in IFRS, management uses its judgement in developing and applying an accounting policy that is relevant and reliable. In making that judgement, the management may also consider the most recent pronouncements by other standard-setters that use a similar conceptual framework to develop accounting standards, to the extent that these do not conflict with the IFRS Framework or any other IFRS or Interpretations. Several such entities have issued guidance, and some allow the pooling of interests method in accounting for business combinations involving entities under joint control.

The management has adopted the pooling of interests method to account for the business combinations of entities under joint control. This method involves the following:

- The assets and liabilities of the combined entities are reported at their carrying values (not fair value).
- No new goodwill is recognized as a result of combination. And if there is goodwill arising from the difference between the consideration paid and the equity acquired it is reported directly in the equity.
- The consolidated statement of profit or loss of the combined entities presents the results of the full year irrespective of when the combination took place.

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### **3- BASIS OF PREPARATION (CONTINUED)**

#### **3-3 Significant accounting judgments, estimates and assumptions (Continued)**

##### **Accounting for business combinations involving entities or businesses under joint control (Continued)**

###### **Transactions eliminated on consolidation**

Intercompany transactions, balances and unrealized profits or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries are changed, if necessary, to ensure consistency with the policies adopted by the Group.

###### **Classification of investments as investment property or owner-occupied property**

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

###### **Derivative Financial Instruments and Hedging Activities**

Gulf Real Estate Mulkia REIT Fund uses interest rate swaps as derivative financial instruments to manage its exposure to fluctuations in interest rates. These derivative financial instruments are designated as cash flow hedges, are entered into with counterparties of high credit standing, and are initially recognized and subsequently remeasured at fair value.

At the inception of the hedging relationship, and for hedge accounting purposes, Gulf Real Estate Mulkia REIT Fund documents the economic relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategy for undertaking the hedging transaction.

The fair value of a derivative financial instrument used for hedging purposes is classified as a current asset or liability when the remaining maturity of the derivative is less than 12 months; otherwise, it is classified as a non-current asset or liability.

###### **Estimates**

###### **Valuation of investment property**

Impairment occurs when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its present value. The fair value less cost to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The present value calculation is based on a discounted cash flows model. The cash flows are derived from the budget for the assets' useful lives and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance each assets performance of the cash-generating unit being reviewed. The recoverable amount is sensitive to the discount rate used for the discounted cash flows model as well as the discounted future cash inflows and the growth rate used for cash flows expectations purposes.

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### **3- BASIS OF PREPARATION (CONTINUED)**

#### **3-3 Significant accounting judgments, estimates and assumptions (Continued)**

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

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

An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using the pre-tax discount rate that reflects the current market assessments of present value of money and the asset's risks. The fair value less cost to sell is based on observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets are available, then based on discounted future cash flows accountings.

##### **Residual and useful lives of investment property**

The REIT's management determines the estimated useful lives of investment properties for calculating depreciation. These estimates are determined after considering the expected usage of the assets or the depreciation to which these assets are exposed. Management reviews the salvage value and useful lives annually and annual depreciation charge would be adjusted where the management believes the useful lives differed from previous estimates.

##### **Estimating the useful lives of property and equipment**

Management estimates the useful lives of property and equipment for the purpose of calculating depreciation. These estimates are determined after taking into account the expected use of assets, obsolescence, and wear and tear. Management reviews the residual value and useful lives annually, and changes in depreciation expense in current and future periods – if any – are adjusted.

##### **Expected credit losses**

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior. A number of significant judgments are also required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Determining criteria for significant increase in credit risk.
- Choosing appropriate models and assumptions for the measurement of ECL.
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing Group of similar financial assets for the purposes of measuring ECL.

##### **Asset renovation provision**

The provision is formed according to hotel management standards, whereby a percentage of the hotel's total revenue is reserved as follows:

- 1% until the end of the second full year
- 2% from the third to the fourth full year
- 3% from the fifth year until the sixth full year
- 4% from the seventh to the ninth full year
- 5% from the full tenth year onwards.

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**3- BASIS OF PREPARATION (CONTINUED)**

**3,4 NEW STANDARDS, AMENDMENTS, AND INTERPRETATIONS**

The following new amendments to standards, enlisted below, are effective from 1 January 2025

Amendments to standard	Description	Effective from accounting period beginning on or after	Summary of the amendment	Management assessment
IAS 21	Lack of Exchangeability	1 January 2025	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments introduce new disclosures to help financial statement users assess the impact of using an estimated exchange rate.	There is no material impact from the amendments introduced by the standard on the Group's financial statements, as most of the Group's transactions are denominated in Saudi Riyal, which does not experience fluctuations in its exchange rate.

**New standards, amendments, and revised International Financial Reporting Standards have been issued but have not yet come into effect.**

The Company has not applied the following amendment to IFRS that have been issued but are not yet effective:

Amendments to standard	Description	Effective from accounting period beginning on or after	Summary of the standards and amendments	Management assessment
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026	The amendments clarify the recognition and derecognition of financial assets and financial liabilities, including settlement date accounting for certain electronic payment systems. They also provide additional guidance on assessing contractual cash flow characteristics of financial assets, including contingent cash flows arising from environmental, social and governance (ESG)-linked features. The amendments also introduce new and updated disclosure requirements in IFRS 7	The impact of these amendments will be applied when applicable. However, no material impact on the Group's financial statements is expected, as the amendments introduced by the standard relate to transactions that do not exist within the Group.
IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026	These amendments modify the 'own use' requirements and hedge accounting provisions in IFRS 9 for contracts that expose entities to variability in electricity prices due to uncontrollable natural conditions such as weather. Targeted disclosure requirements are introduced in IFRS 7.	The impact of these amendments will be applied when applicable. However, no material impact on the Group's financial statements is expected, as the amendments introduced by the standard relate to transactions that do not exist within the Group.

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**3- BASIS OF PREPARATION (CONTINUED)**

**3.4 NEW STANDARDS, AMENDMENTS, AND INTERPRETATIONS (CONTINUED)**

New standards, amendments, and revised International Financial Reporting Standards have been issued but have not yet come into effect. (CONTINUED)

<b>Amendments to standard</b>	<b>Description</b>	<b>Effective from accounting period beginning on or after</b>	<b>Summary of the amendment</b>	<b>Management assessment</b>
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027	IFRS 18 replaces IAS 1 and establishes a new framework for the presentation and disclosure of financial statements. The standard introduces new categories for income and expenses (operating, investing and financing) and requires presentation of new subtotals, including operating profit or loss and profit or loss before financing and income taxes. It also enhances guidance on aggregation and disaggregation, introduces disclosure requirements for management-defined performance measures, and removes classification options for interest and dividends in the statement of cash flows.	The impact of these amendments will be applied when applicable. However, no material impact on the Group's financial statements is expected, as the amendments introduced by the standard relate to transactions that do not exist within the Group.
IFRS 19	Subsidiaries without Public Accountability	1 January 2027	IFRS 19 permits eligible subsidiaries without public accountability to apply reduced disclosure requirements while continuing to apply full IFRS recognition and measurement principles. The standard affects disclosure requirements only and does not impact recognition or measurement.	The impact of these amendments will be applied when applicable. However, no material impact on the Group's financial statements is expected, as the amendments introduced by the standard relate to transactions that do not exist within the Group.

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**4- MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION**

**Cash and cash equivalent**

Cash and cash equivalent comprise cash at bank, time deposits, and highly-liquid investments with an original maturity of three months or less from the acquisition date.

**Projects in progress**

Projects in progress are stated at the cost representing construction works on the Group's lands, including consultancy, demolition, site leveling, rock cutting, supervision, construction work and other costs related to the movable assets of the site and its readiness to work for its specified purpose. Which will be transferred to investment properties when ready for use.

**Investment properties**

Investment properties are non-current assets held either to earn rental income or for capital raise or for both, but not for sale in the ordinary course of operations, and are used in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost model on initial recognition and at cost less accumulated depreciation and impairment losses if any.

Investment properties are derecognized when they are sold, owned- occupied or in case of not holding it for an increase in its value.

Any gain or loss on disposal of the investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in consolidated profit or loss and other comprehensive income. When investment property that was previously classified as property and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings. Cost includes expenditures that are directly attributable to the acquisition of the investment property. The cost of self - constructed investment property includes the cost of materials and direct labor, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

Depreciation of buildings is calculated according to the straight-line method based on their useful life, adopting the following ages:

<u>Statement</u>	<u>Years</u>
Buildings	40 years

The fair value of investment properties is disclosed in the notes to the consolidated financial statements.

**Property and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated based on the estimated useful lives of the assets using the straight-line method. Land is not depreciated. Assets sold or disposed of, together with their accumulated depreciation, are derecognized from the accounts at the date of sale or disposal.

The annual depreciation rates for the major categories of these assets are as follows:

<u>Statement</u>	<u>Years</u>
Buildings	40 years

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**4- MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION  
(CONTINUED)**

**Financial instruments**

**Financial Instruments - Initial recognition and subsequent measurement**

**(i) Financial assets**

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. In order for a financial asset to be classified and measured at amortized cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in the following categories.

**Financial assets measured at amortized cost**

Financial assets at amortized cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Group's financial assets at amortized cost includes cash and cash equivalents and receivables.

**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss. This category includes equity instruments.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

**Impairment in the value of financial assets**

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, reasonable and supportable forecasts that affect the actual collectability of the future cash flows of the instrument.

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**4- MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION  
(CONTINUED)**

**Financial instruments (Continued)**

**(i) Financial assets (Continued)**

**Expected credit losses assessment:**

The Group applies IFRS 9 simplified approach for measuring expected credit losses, which uses a lifetime ECL allowance. The method is applied for assessing an allowance against:

- financial assets measured at amortized cost

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

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

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

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

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

**Model and Framework**

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

**Macroeconomic weighted average scenarios**

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

After the inputs to the model are adjusted for the above-mentioned macroeconomic scenarios, PD of each scenario is calculated and then weighted average PD based on the likelihood of scenarios is calculated. In the last step, a weighted average lifetime ECL based on the likelihood of the scenarios is determined.

**Portfolio segmentation**

The Group assesses its financial assets based on credit risk characteristics using segmentations such as geographical region, type of customer, customer rating etc. The different segments reflect differences in PDs and in recovery rates in the event of "default".

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**4- MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION  
(CONTINUED)**

**Financial instruments (Continued)**

**(i) Financial assets (Continued)**

**Definition of default**

In the above context, the Group considers default when:

- the customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing collateral (if any is held by the Group); or
- the customer is more than 365 days past due on any material credit obligation to the Group. As the industry norm suggests that such a period fairly represents the default scenario for the Group, this rebuts the presumption of 90 days mentioned in IFRS 9.

The carrying amount of the asset is reduced using the above model and the loss is recognized in the consolidated statement of comprehensive income. Receivables, together with the associated allowance are written off when there is no realistic prospect of future recovery, and all collateral has been realized or has been transferred to the Group. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced. If a write-off is later recovered, the recovery is recognized under other income in the consolidated statement of profit or loss.

**Derivative financial instruments and hedge accounting**

The Group uses derivative financial instruments, such as interest rate swaps, to hedge interest rate risk. These derivative financial instruments are initially recognized at fair value on the date the derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Interest rate swaps are classified as cash flow hedges. The effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income within the cash flow risk hedge reserve, while any ineffective portion is recognized directly in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

**Defined provision**

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

**Write-off**

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

**ii) Financial liabilities**

**Initial recognition and measurement**

The Group's financial liabilities include amounts due to related parties, accrued expenses and other liabilities. Financial liabilities are measured at amortized cost.

**Subsequent measurement**

**Financial liabilities at amortized cost**

This is the category most relevant to the Group. After initial recognition, financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

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**4- MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION  
(CONTINUED)**

**Financial instruments (Continued)  
ii) Financial liabilities (Continued)**

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**iii) Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the statement of financial position.

**Financing**

Financing are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised as a finance cost over the period of the borrowings using the EIR method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. Loans are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Loans are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position.

**Accounts payable and accruals**

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed or not by suppliers.

**Zakat**

Zakat is the obligation of the unitholders and therefore, no provision for such liability has been made in these financial statements except the subsidiary “Al-Jadah Hotels Company” and “AlJadah Namu Company”

For subsidiaries financial statements Zakat is provided for in accordance with the regulations of the General Authority of Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia. The Zakat charge is computed at year-end on Zakat base or adjusted net income whichever is higher. Changes to the assessment, if any, in the periods in which assessment is finalized.

**Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, the Group will probably be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**Net Assets Value**

Net assets value per unit, as disclosed in the statement of net assets is calculated by dividing the net assets of the Group by the numbers of units in issue as at the year-end.

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**4- MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION**  
**(CONTINUED)**

**Fair value measurement**

The Group measures financial instruments such as equity instruments at fair value at each balance sheet date.

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

- In the principal market for the asset or liability or,
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which the fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each year. The Group determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed are discussed above

**Impairment of non-financial assets**

The carrying values of non-financial assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss subsequently reverses, the carrying amount of the asset 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 recognised for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately in the statement of comprehensive income.

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**4- MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION  
(CONTINUED)**

**Revenue recognition – IFRS 16**

**Rental revenue from lease of investment properties “As a lessor”**

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to the ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset. The Group has assessed that all of its leases are operating leases.

Properties leased out under operating leases are included in investment property in the statement of financial position.

The specific recognition criteria described below must also be met before revenue is recognised:

**- Sale of investment properties**

Revenue from the sale of investment properties is recognized when the significant risks and benefits have been transferred under a legal title deed or under a legal declaration binding on the ownership of the buyer, and when there is a possibility of collecting the consideration and the possibility of measuring the amount of revenue reliably.

**- Rental income**

Rental income arising from operating lease contracts for investment properties is recognized, net after discount, according to the terms of the lease contracts over the lease term using the straight-line method, except if the alternative basis is more representative of the pattern under which the benefits derived from the leased asset are curtailed.

**Revenue recognition – IFRS 15**

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

Step 1. Identify the contract with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

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

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**4- MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION  
(CONTINUED)**

**Revenue recognition – IFRS 15 (Continued)**

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

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

The specific recognition criteria described below must also be met before revenue is recognised:

**- Hotel operating revenues**

Revenue from hotel services consists of revenue from rooms, food and beverages and other related services provided. Revenue is recognized net of discounts, applicable taxes and municipality fees on an accrual basis when those services are provided in accordance with IFRS 15.

**- Other income**

Income is recognized when satisfies performance obligations.

**Expenses**

Expenses including property management fees, fund management fees, custodian fees and other fees are recorded on accrual basis.

**Borrowing costs**

Borrowing costs directly attributable to the construction of qualifying assets are added to the cost of those assets until the assets are substantially ready for their intended use. Otherwise, these costs are charged to the statement of profit or loss.

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**5- CASH AND CASH EQUIVALENT**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Cash in banks	5,801,053	3,442,684
Murabaha deposits with original maturity 3 months or less	10,323,804	12,937,577
	<u>16,124,857</u>	<u>16,380,261</u>

Cash and cash equivalents are deposited with a local bank with a good credit rating (Note 22). The carrying amount disclosed above approximates the fair value as at the date of the consolidated statement of financial position. During 2025, the Group placed Murabaha deposits amounting to SAR 10,248,000, with an annual profit margin ranging from 4.40% to 5.05%. The accrued profit as at 31 December 2025 amounted to SAR 75,804.

**6- RENT RECEIVABLE**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Rent receivable	69,206,739	62,020,387
Less:		
Provision for expected credit losses	(37,527,013)	(34,917,302)
	<u>31,679,726</u>	<u>27,103,085</u>

The movement in the expected credit losses is as of 31 December as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance at beginning of the year	34,917,302	28,525,344
Charge for the year	2,609,711	6,391,958
<b>Balance at end of the year</b>	<u>37,527,013</u>	<u>34,917,302</u>

The aging analysis of receivables at the reporting dated is presented as follow:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Not due yet	5,346,242	8,165,145
From 1 – 90 days	8,785,208	5,834,285
From 91 – 180 days	15,779,238	10,847,040
From 181 – 270 days	2,472,918	1,382,854
From 271 – 360 days	1,121,023	4,188,177
More than 365 days	35,702,110	31,602,886
<b>Total</b>	<u>69,206,739</u>	<u>62,020,387</u>

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**7- MURABAHA DEPOSITS**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Original maturity more than 3 months	<u>1,318,579</u>	7,883,260
	<u>1,318,579</u>	<u>7,883,260</u>

The remaining maturity of these Murabaha deposits are as follows:

On 25 September 2025, the Group entered into a short-term Murabaha agreement with Al Rajhi Bank amounting to SAR 1,300,000, with a profit rate of 5.25%, maturing on 18 January 2026. The total profit at the end of the deposit period amounted to SAR 21,992. The accrued profit as at 31 December 2025 amounted to SAR 18,579.

On August 1, 2024, the Group entered into a short-term Murabaha agreement with Al Rajhi Bank for an amount of SAR 5,000,000 at a profit rate of 5.60% due on January 12, 2025, with a profit of SAR 128,333 accrual at the end of the deposit period. The profit accrual as of December 31, 2024 amounted to SAR 119,000.

On August 1, 2024, the Group entered into a short-term Murabaha agreement with Al Rajhi Bank for an amount of SAR 2,700,000 at a profit rate of 5.60% due on January 12, 2025, with a profit of SAR 69,300 accrual at the end of the deposit period. The profit accrual as of December 31, 2024 amounted to SAR 64,260.

**8- DERIVATIVE FINANCIAL INSTRUMENTS**

On 5 April 2022, the Group entered into a commission rate ceiling agreement (Shariah compliant) with Al Rajhi Bank on its facility amounting to (100,000,000 Saudi Riyals). The commission rate ceiling agreement requires payment of a variable commission rate and SIBOR up to 3.71%. Thereafter, the Group will only pay a commission rate to maximum capping of 3.71%. The maturity date of the agreement is until 9 January 2028, as shown in the table:

Maturity date	Effective date	Hedging interest rate	Book value	Type	Loan (bank hedged for it)
9 Jan 2028	3 Aug 2022	Variable (SAIBOR for 6 months)	100,000,000	Bank facilities	Al Rajhi Bank facility

For hedging purposes, the profit rate ceiling is classified as a cash flow hedge. The fair value of derivative financial instruments is determined using valuation techniques based on observable market data. The fair values of derivative financial instruments are as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Commission rate derivative contracts - assets	<b>2,660,430</b>	4,617,932

The hedge effectiveness was assessed to be effective, and during the year ended 31 December 2025, the unrealized Loss was 1,833,914 Saudi Riyals, which was included in the other comprehensive income statement (31 December 2024: Gain 651,918 Saudi Riyals).

The amount of 1,813,052 Saudi Riyals indicated as a cash flow hedge reserve as of 31 December 2025 in the financial position statement is expected to impact the profit or loss in future years (31 Dec 2024: 3,646,966 Saudi Riyals).

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**9- INVESTMENT PROPERTIES**

	Lands	Buildings	Projects in progress	Total
<b>Cost</b>				
As at 1 January 2025 (Restated)	598,583,868	751,493,680	17,353,012	1,367,430,560
Additions during the year	-	728,605	37,618,286	38,346,891
Disposal during the year	(8,546,700)	(10,853,852)	-	(19,400,552)
Transfer from projects in progress during the year.	8,979,750	8,373,263	(17,353,013)	-
<b>As at 31 December 2025</b>	<b>599,016,918</b>	<b>749,741,696</b>	<b>37,618,285</b>	<b>1,386,376,899</b>
<b>Accumulated depreciation</b>				
As at 1 January 2025 (Restated)	-	(86,909,528)	-	(86,909,528)
Charged to the year	-	(18,730,555)	-	(18,730,555)
Disposal	-	1,836,135	-	1,836,135
<b>As at 31 December 2025</b>	<b>-</b>	<b>(103,803,948)</b>	<b>-</b>	<b>(103,803,948)</b>
<b>Impairment of investment properties</b>				
As at 1 January 2025 (Restated)	(12,036,539)	(3,628,066)	(5,503,702)	(21,168,307)
Change during the year	(16,983,605)	(20,252,989)	(3,480,215)	(40,716,809)
Transfer from projects in progress during the year.	(2,848,028)	(2,655,674)	5,503,702	-
<b>As at 31 December 2025</b>	<b>(31,868,172)</b>	<b>(26,536,729)</b>	<b>(3,480,215)</b>	<b>(61,885,116)</b>
<b>Net carrying amount as at 31 December 2025</b>	<b>567,148,746</b>	<b>619,401,019</b>	<b>34,138,070</b>	<b>1,220,687,835</b>
	Lands	Buildings	Projects in progress	Total
<b>Cost</b>				
As at 1 January 2024 (Restated)	541,586,086	591,898,551	17,257,702	1,150,742,339
Additions during the year	56,997,782	159,595,129	95,310	216,688,221
<b>As at 31 December 2024</b>	<b>598,583,868</b>	<b>751,493,680</b>	<b>17,353,012</b>	<b>1,367,430,560</b>
<b>Accumulated depreciation</b>				
As at 1 January 2024 (Restated)	-	(70,131,178)	-	(70,131,178)
Charged to the year	-	(16,778,350)	-	(16,778,350)
<b>As at 31 December 2024</b>	<b>-</b>	<b>(86,909,528)</b>	<b>-</b>	<b>(86,909,528)</b>
<b>Impairment of investment properties</b>				
As at 1 January 2024 (Restated)	(18,360,328)	(11,571,431)	(5,503,702)	(35,435,461)
Reversal during the year	6,323,789	7,943,365	-	14,267,154
<b>As at 31 December 2024</b>	<b>(12,036,539)</b>	<b>(3,628,066)</b>	<b>(5,503,702)</b>	<b>(21,168,307)</b>
<b>Net carrying amount as at 31 December 2024</b>	<b>586,547,329</b>	<b>660,956,086</b>	<b>11,849,310</b>	<b>1,259,352,725</b>

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**9- INVESTMENT PROPERTIES (CONTINUED)**

Investment properties are as follows:

- **West Avenue Building**: It is a commercial building (Mall) in Al-Faisaliah district, Dammam.
- **The Elite "Elite Mall"**: A complex of restaurants, cafes and offices on Prince Abdulaziz Bin Musaed bin Jiluwi Road in Sulaymaniyah district in Riyadh.
- **Vivienda Complex** It is a hotel villas complex located in Prince Faisal bin Fahd bin Abdulaziz Road in, Al-Hada district, Riyadh.
- **Dinar Commercial Building**: It is a commercial building on Prince Sultan Road in the Al-Zahra District, Jeddah.
- **Tegnia Industrial Commercial Complex**: It is an industrial and commercial complex consisting of five auto maintenance centers, two auto showrooms, and a spare parts center located in the southeast of Riyadh.
- **Furnished apartments building in the Namudhajiya district**: It is a building licensed as a furnished "3-star" accommodation facility in A Namudhajiya District in Riyadh.
- **Al-Sheraa district project**: It is a commercial two buildings project dedicated to restaurants and cafes in Al-Sheraa district, Jeddah.
- **Khamis Mushait Building**: It is two buildings dedicated to restaurants and cafes in Khamis Mushait city.
- **Obhur Building**: It is a restaurant in the city of Jeddah in the northern Obhur district.
- **Aljada Complex**: It is a commercial hotel property that includes a hotel operated by (RHG) under the five-star brand Radisson Blu, consisting of 104 rooms, 16 hotel villas, 24 commercial showrooms and 5 offices, with a total built-up area of 33,105.89 square meters. The hotel was separated under the property and equipment item and in accordance with the property, machinery and equipment standard because the hotel is operated by the group, reflecting the essence and nature of the use.
- **Al-Maather Residential and Commercial Tower**  
It is a residential and commercial building in Riyadh, Al-Sulaymaniyah district, Al-Muather Road. The building area is 55,320.17 square meters. The property consists of 11 floors + upper annexes with a net of 205 rental residential units and 8 commercial showrooms.
- **Al-Faisaliah Project**:  
This is land acquired by the group in the Al-Faisaliah district of Dammam for the purpose of building a rental project. It is listed among the projects in progress, and work is still underway to connect public utilities to the property. There is no income from the property during the year ended 2025.

All investment properties are properties held for the purpose of earning rental income and not for capital development.

Mulkia Real Estate's title deed are registered in the name of Tamdeen First For Real Estate Trading Company, which is a company established for the purpose of preserving and registering the Fund's assets based on Capital Market Authority Resolution ("CMA") No. 1/6/4902/17 dated 28 September 2017, as the title deed of all properties invested in the Fund have been mortgaged in favor of Al Rajhi Development Limited Company (a subsidiary of Al Rajhi Bank), with the exception of some Title deed related to Aljada Complex, which are No. 781912000112 and 381912000111, and -Al-Yasmeen Building title deed No. 460002995533, with a coverage rate of no less than 200% of the total facilities as a guarantee for the financing granted to the Fund, provided that the mortgage on these instruments is released after paying the full value of the loan from Al Rajhi Bank. (Note 14).

Investment properties are stated at historical cost. The fair value of investment properties was determined on the basis of the average of two market value valuations conducted by two appraisers (Note 18)

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**9- INVESTMENT PROPERTIES (CONTINUED)**

During 2024, an agreement was concluded to acquire Al-Maather Residential and Commercial Tower in Riyadh, at a value of SAR 200 million excluding all expenses related to the transfer of property ownership, to be paid by check to the owner of the property "the seller", provided that the buyer "the Group" bears all expenses related to the transfer of property ownership, Title deeds 381968000267 and 981968000268 were placed in favor of the buyer "the Group" and control was transferred in favor of the buyer "the Group" on that date.

During 2025, the Group sold the Al Yasmin building for SAR 22,500,004, realizing a profit of SAR 4,935,587, which was recorded in the consolidated statement of profit or loss and other comprehensive income.

During the year 2025 AD, the Group acquired a new asset for the benefit of the Gulf Real Estate REIT Fund, which is a "commercial land" classified as a project in progress and located in Al Faisaliyah neighborhood in Dammam. The value of the acquisition of the land is SAR 33,414,330, excluding all expenses related to ownership. The deeds 1846372530800000, 682307622600000 were issued in favor of the buyer "the Group", and control was transferred in favor of the buyer "the Group" to the real estate agents on that date.

**10- Property and equipment**

It is a hotel-commercial property that includes a hotel operated by (RHG) under the Radisson Blu brand, a five-star property consisting of 104 rooms, and 16 hotel villas.

	<b>Lands</b>	<b>Buildings</b>	<b>Total</b>
<b>Cost</b>			
As at 1 January 2025 (Restated)	53,218,540	155,024,268	208,242,808
Additions during the year	-	-	-
As at 31 December 2025	53,218,540	155,024,268	208,242,808
<b>Accumulated depreciation</b>			
As at 1 January 2025 (Restated)	-	11,249,239	11,249,239
Charged to the year	-	3,894,993	3,894,993
As at 31 December 2025	-	15,144,232	15,144,232
<b>Net carrying amount as at 31 December 2025</b>	<b>53,218,540</b>	<b>139,880,036</b>	<b>193,098,576</b>

	<b>Lands</b>	<b>Buildings</b>	<b>Total</b>
<b>Cost</b>			
As at 1 January 2024 (Restated)	53,218,540	155,024,268	208,242,808
Additions during the year	-	-	-
As at 31 December 2024	53,218,540	155,024,268	208,242,808
<b>Accumulated depreciation</b>			
As at 1 January 2024 (Restated)	-	7,354,245	7,354,245
Charged to the year	-	3,894,994	3,894,994
As at 31 December 2024	-	11,249,239	11,249,239
<b>Net carrying amount as at 31 December 2024</b>	<b>53,218,540</b>	<b>143,775,029</b>	<b>196,993,569</b>

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**11- RELATED-PARTY TRANSACTIONS**

Related parties to the group comprise Fund Manager, subsidiaries, members of the board of directors, subsidiaries and other Funds managed by the Fund Manager. In the ordinary course of business, the Fund transacts with related parties. The related parties' transactions are governed by the regulations issued by CMA. All transactions with the related parties are approved by the Fund's Board of Directors. The Fund pays the Fund Manager a management fee of 1 % per annum calculated on the net assets of the Fund after deducting expenses, to be calculated and paid half-yearly for the purpose of calculating management fees is based on the fair value of the investment properties. The Fund pays the following fees as well

- Capital structuring fees: The Fund Manager or any other party who arranges the capital structure charges the Fund a fee up to 1% of the total of any subscription amounts collected during future offering periods or upon collecting any other subscription amounts, whether in cash (by issuing priority rights) or in kind. The capital structuring fee is paid once, immediately after closing any capital-raising process.
- Finance structuring fees: The Fund Manager or any other party charges the Fund a financing structuring fee up to 1% of the total amount withdrawn under any bank facilities.
- Dealing fee: The Fund pays the Fund Manager a maximum of 1% of the sale or acquisition value of any real estate asset throughout the term of the Fund.

**A) significant transactions with the related party during the year:**

<u>Related party</u>	<u>Relationship</u>	<u>Nature of transaction</u>	<u>Amount of the transaction during the year ended</u>	
			<u>31 December2025</u>	<u>31 December2024</u>
		Management fees	(15,418,428)	(14,665,526)
		Services provided fees	(646,063)	(676,611)
Mulkia Investment Company	Fund manager	Expenses paid on behalf	(13,205)	(41,838)
		Dividends	(1,167,068)	(1,240,010)
		Dealing fees	(559,143)	(2,300,000)
		Rent	1,225,600	-
		Finance structure fees	(352,102)	(2,472,500)
Board of Directors	Board of Directors	Attendance allowance	(20,000)	15,000

**B) The following are the balances due to the related party as follows:**

<u>Related party</u>	<u>Relationship</u>	<u>31 December2025</u>	<u>31 December2024</u>
Mulkia Investment Company	Fund manager	22,543,428	28,211,406
		<u>22,543,428</u>	<u>28,211,406</u>

**C) Compensation of senior management, key executives, and its Board of Directors.**

	<u>31 December2025</u>	<u>31 December2024</u>
Salaries and compensation of senior management and key executives	778,258	719,855
Board of Directors' fees and attendance allowances	20,000	15,000

The unitholders who own more than 5% of the Fund's units as on 31 December 2025 are:  
Gulf Real Estate Company

The unitholders' account as of 31December 2025 includes 3,647,087 units (31December 2024: 3,647,087 units) owned by Mulkia Investment Company (Fund manager).

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**12- ACCRUED EXPENSES AND OTHER CREDIT BALANCES**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Accrued VAT	496,347	1,460,154
Accrued Employee Benefits and outside employment	835,124	1,132,194
Accrued expenses	1,825,132	2,129,570
Accrued professional and advisory fees	110,100	110,100
Other credit balances	839,922	214,474
	<u>4,106,625</u>	<u>5,046,492</u>

**13- ZAKAT PROVISION**

During the year 2021, the Zakat, Tax and Customs Authority approved the voluntary registration of real estate investment traded Funds. The Capital Market Authority announced the approval of a legal personality (special purpose entity) for investment Funds wishing to register with it to submit their declarations and receive zakat. The Capital Market Authority announced the adoption of an amendment to both the Investment Funds Regulations and the Real Estate Investment Funds Regulations, so that Fund managers wishing to obtain a special purposes facility license can apply to the Authority from the effective date of these regulations, 1 May 2021.

During the year 2023, the Fund stopped calculating Zakat, provided that Zakat is due from investors in accordance with Ministerial Resolution No. (29791) dated 05/09/1444 regarding the rules for collecting Zakat from investors in investment Funds. The amount generated during the year is represented in the Zakat of the subsidiaries companies “ALJADAH Hotels Company”, and “JADAH Namo Company”

a) The principal elements of Zakat base are the following:

Zakat is calculated on the total amount or the minimum amount, whichever is higher, unless it exceeds the maximum amount, according to Articles 27 and 28.

b) Below is the movement in Zakat provision:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance at the beginning of the year	261,489	353,573
Provided during the year	104,370	316,478
Paid during the year	(137,393)	(408,562)
<b>Balance at the end of the year</b>	<u>228,466</u>	<u>261,489</u>

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**14- LONG –TERM FINANCING**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Bank financing (A)	<u>700,860,826</u>	<u>679,353,223</u>
Added:		
Accrued Financing for year (B)	<b>20,293,295</b>	19,925,743
Less:		
Deferred financing costs (C)	<u>(1,009,749)</u>	<u>(1,349,658)</u>
	<u>720,144,372</u>	<u>697,929,308</u>

(A) The movement in the Bank financing is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance at the beginning of the year	<b>679,353,223</b>	464,353,223
Withdrawals during the year	<b>37,297,681</b>	215,000,000
Paid during the year	<u>(15,790,078)</u>	-
Balance at the end of the year	<u>700,860,826</u>	<u>679,353,223</u>

On 29 December 2021, a credit facility (Shariah compliant) was obtained from Al Rajhi Bank in the amount of 600,000,000 Saudi riyals to finance the Group’s activities by guaranteeing the mortgage of most of the real estate Title deed invested in the Group with a coverage rate of no less than 200% of the value of the total facilities (Note 9), provided that all Amounts due after seven years from the date of the first withdrawal.

On 5 April 2022, the Group entered into a commission rate ceiling agreement (Shariah compliant) with Al Rajhi Bank (Disclosure 8).

On 19, March 2024, the Fund Manager announced that a facilities agreement had been signed with Al Rajhi Bank (“the Bank”) with the aim of reducing the finance cost margin and increasing the limit of bank facilities granted to the Fund to finance capital expenditures and acquire new real estate assets in the interest of the unitholders. The most important provisions of the financing agreement are: raising the limit of bank facilities to SAR 750 million instead of SAR 600 million. Reducing the fixed portion of the finance cost to SIBOR profit margin +1.4%.

(B) The movement in the Accrued Financing is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance at the beginning of the year	<b>19,925,743</b>	13,560,127
Charged during the year (Note 15)	<b>45,272,240</b>	40,904,176
Paid during the year	<u>(44,904,688)</u>	<u>(34,538,560)</u>
Balance at the end of the year	<u>20,293,295</u>	<u>19,925,743</u>

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**14- LONG –TERM FINANCING (CONTINUED)**

(C) The movement on deferred financing costs (administrative fees) is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance at the beginning of the year	1,349,658	945,100
Paid during the year	131,278	752,500
Amortized during the year (Note 15)	(471,187)	(347,942)
Balance at the end of the year	<u>1,009,749</u>	<u>1,349,658</u>

The due dates were disclosed in Note 22.

**15- FINANCING CHARGES**

	<u>For year ended 31 December 2025</u>	<u>For year ended 31 December 2024</u>
Long-term bank financing (Note 14)	45,272,240	40,904,176
Amortization of deferred financing expenses (Note 14)	471,187	347,942
	<u>45,743,427</u>	<u>41,252,118</u>

**16- OTHER EXPENSES**

	<u>For year ended 31 December 2025</u>	<u>For year ended 31 December 2024</u>
Securities Depository Center Fees (Edaa)	400,000	402,000
Professional fees	127,372	127,128
Investment properties valuation expenses	242,363	220,200
Insurance expenses	388,961	405,229
Tadawul fees	166,695	194,611
Provision for the renovation of hotel assets	1,053,186	814,143
Marketing expenses	1,046,853	1,173,276
Other	4,308,422	3,682,591
	<u>7,733,852</u>	<u>7,019,178</u>

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**17- HOTEL OPERATING COSTS**

	<u>For year ended 31 December 2025</u>	<u>For year ended 31 December 2024</u>
Salaries and other equivalents	4,669,987	4,687,699
Commissions	3,674,932	4,443,909
Food and beverage costs	1,600,977	2,408,486
Maintenance contract costs	1,456,666	1,359,984
Temporary employment	941,857	1,080,434
Allowances and incentives	772,514	881,455
Electricity and water	766,030	724,341
Cleaning costs and other salaries	594,902	753,568
Governmental expenses	571,147	619,397
Operating leases	366,485	384,069
Tasks and consumables	322,112	638,256
Medical insurance	201,190	236,439
Other costs	897,803	1,010,899
	<u>16,836,602</u>	<u>19,228,936</u>

**18- THE IMPACT ON NET ASSETS IF INVESTMENT PROPERTIES AND PROPERTY AND EQUIPMENT  
EVALUATED AT FAIR VALUE**

According to the Real Estate Investment Funds Regulations issued by the Capital Market Authority in the Kingdom of Saudi Arabia, the Fund manager must value the Fund's assets based on the average of two valuations prepared by independent valuation experts. As indicated in the Fund's terms and conditions, the declared net asset value and management fees have been calculated based on the market value obtained. In accordance with International Financial Reporting Standards approved in the Kingdom of Saudi Arabia, investment properties are carried at cost less accumulated depreciation and any accumulated impairment losses (if any).

In 2025, the fair value of investment properties, assets and equipment was determined by two appraisers: Esnad Asset Valuation Company (an independent appraiser accredited by the Saudi Authority for Accredited Appraisers) holding license number 1210000934 and Valley Real Estate Valuation Company (an independent appraiser accredited by the Saudi Authority for Accredited Appraisers) holding license number 11000191.

In 2024, the fair value of investment properties is determined by two appraisers: Barcode Asset Valuation Company (an independent valuer approved by the Saudi Authority for Accredited Valuers) holding license No. 1210000001, and Qiam Real Estate Valuation Company (an independent valuer approved by the Saudi Authority for Accredited Valuers) holding license No. 1210000052.

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**18- THE IMPACT ON NET ASSETS IF INVESTMENT PROPERTIES PROPERTY AND EQUIPMENT  
EVALUATED AT FAIR VALUE (CONTINUED)**

Valie Real Estate Valuation Company (An independent valuer approved by the Saudi Authority for Accredited Valuers)  
License holder No. 11000191

The evaluation of the appraisers of the investment properties was as follows:

	<u>First Valuator</u>	<u>Second Valuator</u>	<u>Average</u>
<b>Fair value of investment properties as at 31 December 2025</b>	<b>1,525,514,482</b>	<b>1,544,318,260</b>	<b>1,534,916,371</b>
Fair value of investment properties as at 31 December 2024	1,574,617,000	1,581,063,630	1,577,840,315

1- Below is a statement of the unrealized gains from properties that were identified based on real estate valuation processes (fair value) as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Fair value of investment properties	<b>1,534,916,371</b>	1,577,840,315
The net carrying amount of investment properties property and equipment (Note 9 and 10)	<b>(1,413,786,411)</b>	(1,456,346,294)
Unrealized gains determined based on real estate valuation	<b>121,129,960</b>	121,494,021
Issued units	<b>103,765,995</b>	103,765,995
<b>Unit share in unrealized gains based on real estate valuation</b>	<b>1.17</b>	1.17

2- Below is the properties analysis of net assets using fair value:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Net assets value at cost presented in these consolidated financial statements	<b>707,905,178</b>	771,316,116
Unrealized gains determined based on real estate valuation (Note 18-1)	<b>121,129,960</b>	121,494,021
<b>Net assets value at fair value</b>	<b>829,035,138</b>	892,810,137

3- Below is the analysis of net assets per unit using the fair value of properties:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Net assets value per unit at cost presented in these consolidated financial statements	<b>6.82</b>	7.43
Impact on net assets value per unit as a result of unrealized gains determined based on real estate valuation (Note 18-1)	<b>1.17</b>	1.171
<b>Net assets value per unit at fair value</b>	<b>7.99</b>	8.60

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**19- DIVIDENDS**

On 15 January 2025, the Fund Manager announced a cash dividend distribution to the unitholders of Mulkia Gulf Real Estate REIT for the period ended 31 January 2025, amounting to SAR 8,301,280.

On 21 April 2025, the Fund Manager announced a cash dividend distribution to the unitholders of Mulkia Gulf Real Estate REIT for the period ended 31 March 2025, amounting to SAR 8,301,280.

On 21 July 2025, the Fund Manager announced a cash dividend distribution to the unitholders of Mulkia Gulf Real Estate REIT for the period ended 30 June 2025, amounting to SAR 8,301,280.

On 16 October 2025, the Fund Manager announced a cash dividend distribution to the unitholders of Mulkia Gulf Real Estate REIT for the period ended 30 September 2025, amounting to SAR 8,301,278.

On January 16, 2024, the Fund Manager announced the distribution of cash dividends to the unitholders of the Mulkia Gulf Real Estate REIT Fund for the period ending January 29, 2024, in the amount of 10,376,598 Saudi Riyals.

On April 20, 2025, the Fund Manager announced the distribution of cash dividends to the unitholders of the Mulkia Gulf Real Estate REIT Fund for the period ending March 31, 2024, in the amount of 8,301,280 Saudi Riyals.

On July 17, 2024, the Fund Manager announced the distribution of cash dividends to the unitholders of the Mulkia Gulf Real Estate REIT Fund for the period ending June 30, 2024, in the amount of 8,301,280 Saudi Riyals.

On October 17, 2024, the Fund Manager announced the distribution of cash dividends to the unitholders of the Mulkia Gulf Real Estate REIT Fund for the period ending September 30, 2024, in the amount of 8,301,280 Saudi Riyals.

**20- MANAGING COMPANY FEES**

Radisson Blu Hotels Company, Denmark is a limited company established in Denmark, commercial registration No. 73337712, and its headquarters is Radisson Blu Company - Radisson Blu Accounting Company, Bamajerg Stradvig 46-60, Copenhagen, Denmark. It was agreed that Radisson Blu Denmark Company will operate a hotel leased by Aljada Hotel Company, based in Riyadh, in the name of Radisson Blu Cordoba, in exchange for fees pursuant to the operating contract concluded in the international management agreement for the Radisson Blu Hotel Riyadh Cordoba between Mr. Abdul Aziz Muhammad Abdul Aziz Al Qasim, Mr. Ahmed Abdullah Othman Al Salama as the first party and Radisson Blu Hotels Denmark.

The management fees were as follows:

A- The basic fee is 1.75% of total revenues.

B- Management fees: Calculated as a specific percentage of the total operational account results out of total revenues.

The percentage of applicable Management fees that will be applied to the total gross operating profit from the beginning of the year to date according to the calendar quarter and the total fiscal year and will be settled by the end of the fiscal year.

Total operating profit as a percentage of total revenue for the same period.

N/A

4% of total operating profit

5% of total operating profit

6% of total operating profit

8% of total operating profit

less than 20%

Greater than 20% up to 30%

Greater than 30% up to 40%

Greater than 40% up to 50%

Greater than 50%

C- Marketing and sales fees are 2.5% of the total room revenues.

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**21- FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

Below is information about the financial assets and financial liabilities held by the Group:

	<u>31 December 2025</u>	<u>31 December 2024</u>
<b>Financial assets at amortized cost</b>		
Cash and cash equivalent	16,124,857	16,380,261
Rent receivable	31,679,726	27,103,085
Accrued revenue	10,688,596	9,800,749
Murabaha Placements	1,318,579	7,883,260
<b>Financial assets at fair value</b>		
Assets of derivative contracts	2,660,430	4,617,932
	<u>62,472,188</u>	<u>65,785,287</u>
<b>Financial liabilities measured at amortized cost</b>		
Due to a related party	22,543,428	28,211,406
Accounts payable	1,191,233	1,737,270
Accrued expenses and other credit balances	4,106,625	5,046,492
Long-term bank financing	720,144,372	697,929,308
	<u>747,985,658</u>	<u>732,924,476</u>

The Group holds financial assets measured at fair value (Note 22).

**22- FAIR VALUE OF FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Financial instruments consist of financial assets and financial liabilities:

Level 1: Quoted prices in active markets for the identical property (without adjustment or addition).

Level 2: Quoted prices in an active market for similar assets and liabilities or other valuation techniques, which are all significant inputs based on observable market data.

Level 3: Valuation techniques where significant inputs are not based on observable market data

Assessing the fair value of investment properties within Level 3.

The table below presents the carrying amounts and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments. It does not include fair value information for financial assets that are not measured at fair value if the carrying amount reasonably approximates fair value.

<b>31 December 2025</b>	<b>book value</b>	<b>Fair value</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Non-financial assets</b>				
Investment properties	1,220,687,835	-	34,138,071	1,266,734,305
Property and equipment	193,098,576	-	-	234,043,995
<b>Financial assets</b>				
Assets of derivative contracts	2,660,430	-	2,660,430	-
	<u>1,416,446,841</u>	<u>-</u>	<u>36,798,501</u>	<u>1,500,778,300</u>

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**22- FAIR VALUE OF FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES (CONTINUED)**

31 December 2024	book value	Fair value		
		Level 1	Level 2	Level 3
<b>Non-financial assets</b>				
Investment properties	1,259,352,725	-	-	1,325,737,593
Property and equipment	196,993,569	-	-	252,102,722
<b>Financial assets</b>				
Assets of derivative contracts	4,617,932	-	4,617,932	-
	<u>1,460,964,226</u>	<u>-</u>	<u>4,617,932</u>	<u>1,577,840,315</u>

During the year ended 31 December 2025, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements (31 December 2024: none).

**Fair value valuation techniques:**

**Level 2:**

Investment properties are valued using the market approach based on observable inputs.

Derivative financial instruments are valued using the present value technique under the income approach in accordance with IFRS 13. The fair value of the hedging instrument is calculated as the present value of the intrinsic value, determined based on the difference between the implied SAIBOR curve and the cap rate as at 31 December, to reflect market conditions at the reporting date.

**Level 3:**

Investment properties and property and equipment are valued using the discounted cash flow method, income capitalization approach, and cost method, based on significant unobservable inputs. Accordingly, they are classified within Level 3 of the fair value hierarchy. Key inputs include the following:

**Discount rates** that reflect current market assessments of uncertainty in the amount and timing of cash flows (the rate used by valuers is 8.44% - 10.86%)

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

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

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**23- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES**

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

The financial instruments included in these consolidated financial statements primarily include cash and cash equivalents, rental income receivable, management fees payable, expenses payable and borrowings. The specific methods of proof used are disclosed in the individual policy statements associated with each item.

**Credit risk**

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to the risk of losses. The Group is exposed to risks related to credit, which may occur as a result of the inability or unwillingness of the counterparty or issuer to fulfill its obligations. Credit on his bank balances and receivables.

An allowance for credit losses is maintained which is sufficient at management's discretion to cover potential losses on overdue receivables. At the date of each financial report, the bank balances murabaha deposits, and derivative financial instruments are evaluated as to whether they have low credit risks as they are kept with reputable and reputable financial institutions with a high local bank credit rating, and there is no default history for any of the bank balances. Therefore, the probability of default is based on future factors

Any losses resulting from failure are negligible. As at the reporting date, there are no past due payment dates.

When calculating the expected credit loss allowance for rent receivables, an allowance matrix is used based on historical loss rates over the expected life of the receivable adjusted for forward-looking estimates.

The Group's maximum undiscounted exposure to credit risk for the respective components of the statement of financial position and expected credit loss is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Cash and cash equivalents	16,124,857	16,380,261
Rent receivable, gross amount*	69,206,739	62,020,387
Accrued Revenue	10,688,596	9,800,749
Murabaha Deposits	1,318,579	7,883,260

\* The following table provides information about exposure to credit risk and expected credit losses for Rent receivables as of:

<b>31 December 2025</b>	<u>Weighted average loss rate(%)</u>	<u>Exposure to default risk</u>	<u>Allowance for impairment</u>
Not due yet	8.11%	5,346,242	433,667
From 1 to 90 days	13.44%	8,785,208	1,180,848
From 91 to 180 days	5.72%	15,779,238	902,915
From 181 to 270 days	59.20%	2,472,918	1,464,034
From 271 to 360 days	77.86%	1,121,023	872,869
More than 365 days	91.55%	35,702,110	32,672,680
Total		<u>69,206,739</u>	<u>37,527,013</u>

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**23- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES (CONTINUED)**

**Credit risk (Continued)**

31 December 2024	Weighted average loss rate(%)	Exposure to default risk	Allowance for impairment
Not due yet	0.0%	8,165,145	-
From 1 to 90 days	8.29%	5,834,285	483,605
From 91 to 180 days	15.35%	10,847,040	1,665,275
From 181 to 270 days	29.80%	1,382,854	412,094
From 271 to 360 days	78.52%	4,188,177	3,288,487
More than 365 days	92.03%	31,602,886	29,067,841
<b>Total</b>		<b>62,020,387</b>	<b>34,917,302</b>

The accrued revenues represent the difference between recording revenues using the straight-line method and the amounts that were invoiced according to the lease contracts, and after considering the nature of these balances, whose due date has not yet arrived, and therefore there is no default in payment for these balances.

**Liquidity risks**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising Funds to meet commitments associated with financial instruments that the Group commits to in the interest of others.

To reduce the liquidity risk and associated losses which may affect the business of the Group, the Group maintains, wherever possible, sufficient highly liquid current assets in all business conditions. The Group avoids financing long-term capital requirements and its activities related to current accounts with related parties through short-term borrowings. The Group has a highly dynamic cash flow policy and a system by which it can estimate the maturity dates of its liabilities and develop appropriate plans to provide the required Funding to meet these liabilities in a timely manner.

Below are the maturities of financial liabilities as of 31 December 2025:

31 December 2025	less than one year	More than one year	Indefinite term	Total
Long-term Bank financing	20,293,295	699,851,077	-	720,144,372
Due to a related party	22,543,428	-	-	22,543,428
Accounts payable	1,191,233	-	-	1,191,233
Accrued expenses and other credit balances	4,106,625	-	-	4,106,625

Below are the maturities of financial liabilities as of 31 December 2024:

31 December 2024	less than one year	More than one year	Indefinite term	Total
Long-term Bank financing	19,925,743	678,003,565	-	697,929,308
Due to a related party	28,211,406	-	-	28,211,406
Accounts payable	1,737,270	-	-	1,737,270
Accrued expenses and other credit balances	5,046,492	-	-	5,046,492

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**23- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES (CONTINUED)**

**Currency risk**

It is the risk that the value of a financial instrument will fluctuate due to changes in foreign currency exchange rates. The Group is not exposed to significant currency risks because all of its monetary financial assets and liabilities are stated in Saudi Riyals.

**Commission rate risk**

Commission rate risk is exposure to various risks associated with the impact of fluctuations in prevailing commission rates on the Group's financial positions and cash flows.

The Group's commission rate risk arises mainly from its borrowings, which are at variable interest rates and are not subject to re-pricing on a regular basis.

The Group's interest rate risk arises mainly from its borrowings, which are at variable commission rates and the sensitivity analysis is as follows:

	Income Statement		Statement Of Owners' Net Assets (Equity)	
	+ 100 points	- 100 points	+ 100 points	- 100 points
Cost of financing facilities	(7,201,444)	7,201,444	(7,201,444)	7,201,444
Cash-flow sensitivity(net)	(7,201,444)	7,201,444	(7,201,444)	7,201,444
Derivative financial instruments	26,604	(26,604)	26,604	(26,604)
Cash flow sensitivity (net)	26,604	(26,604)	26,604	(26,604)

	Income Statement		Statement Of Owners' Net Assets (Equity)	
	+ 100 points	- 100 points	+ 100 points	- 100 points
Cost of Islamic financing facilities	(6,979,293)	6,979,293	(6,979,293)	6,979,293
Cash-flow sensitivity (net)	(6,979,293)	6,979,293	(6,979,293)	6,979,293
Derivative financial instruments	1,000,000	(1,000,000)	1,000,000	(1,000,000)
Cash flow sensitivity (net)	1,000,000	(1,000,000)	1,000,000	(1,000,000)

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

The risks of fair value and cash flows at the interest rate are exposures to various risks related to the impact of fluctuations in market interest rates on the financial position and cash flows of the Group. A "hedging agreement" has been implemented with Al Rajhi Bank, in order to fix the profit margin of credit facilities amounting to 100 million Saudi riyals at a fixed rate of 3.71%, in order to protect the Group from profit margin fluctuations during the maturity period of these facilities, which begins on 7 August 2022, and ends on 9 January 2028.

**Market risk**

Market risk is the risk of changes in market prices such as foreign exchange rates, profit rates and share prices that will affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

**24- COMMITMENTS AND CONTINGENCIES**

The Fund manager believes that there are no potential commitments as of the reporting date.

**MULKIA GULF REAL ESTATE REIT FUND**  
**CLOSED PUBLICLY TRADED LISTED REAL ESTATE INVESTMENT FUND**  
**TAKES THE FORM OF A SPECIAL PURPOSE ENTITY**  
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**25- SEGMENT INFORMATION**

The Group's principal business is conducted in the Kingdom of Saudi Arabia. Transactions between the operating segments are on normal commercial terms and conditions. The following are the Group's total assets and liabilities as of 31 December 2025 and 2024, its total operating income and expenses, and the results for the years ending on that date, by operating sector:

<b>Consolidated Comprehensive Income</b>	<b>For the year ended in 31 December 2025</b>		
	<b>Rent</b>	<b>Hotel</b>	<b>Total</b>
<b>Revenues</b>			
Rental contract income	89,337,176	-	89,337,176
Hotel operating income	-	35,105,878	35,105,878
Capital gains from the sale of investment properties	4,935,587	-	4,935,587
Murabaha interest income	779,625	-	779,625
Other income	4,847	89,147	93,994
<b>Total revenues</b>	<b>95,057,235</b>	<b>35,195,025</b>	<b>130,252,260</b>
<b>Expenses</b>			
Financing charges	(45,743,427)	-	(45,743,427)
Impairment of Properties investments	(40,716,809)	-	(40,716,809)
Depreciation of Properties investments	(18,730,555)	-	(18,730,555)
Hotel operating costs	-	(16,836,602)	(16,836,602)
Fund management fees	(15,418,428)	-	(15,418,428)
Other expenses	(3,527,223)	(4,206,629)	(7,733,852)
Provision for expected credit losses	(2,609,711)	-	(2,609,711)
Depreciation of property and equipment	-	(3,894,993)	(3,894,993)
Real estate operating costs	(5,553,013)	-	(5,553,013)
Dealing fees	(592,893)	-	(592,893)
Financing structuring fees	(352,102)	-	(352,102)
Custody fees	(327,482)	-	(327,482)
<b>Total Expenses</b>	<b>(133,571,643)</b>	<b>(24,938,224)</b>	<b>(158,509,867)</b>
<b>Net loss for the year before zakat</b>	<b>(38,514,408)</b>	<b>10,256,801</b>	<b>(28,257,607)</b>
Zakat expense	-	(104,370)	(104,370)
<b>Net loss for the year</b>	<b>(38,514,408)</b>	<b>10,152,431</b>	<b>(28,361,977)</b>
<b>Other comprehensive income</b>			
<b>Items that are subsequently reclassified to profit or loss</b>			
Effective portion of changes in fair value of cash flow hedge	(1,833,914)	-	(1,833,914)
<b>Items that are not subsequently reclassified to profit or loss</b>			
Actuarial revaluation loss on employee benefits	-	(9,929)	(9,929)
<b>Total other comprehensive Loss for the year</b>	<b>(1,833,914)</b>	<b>(9,929)</b>	<b>(1,843,843)</b>
<b>Total comprehensive Loss for the year</b>	<b>(40,348,322)</b>	<b>10,142,502</b>	<b>(30,205,820)</b>

**MULKIA GULF REAL ESTATE REIT FUND**  
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**25- SEGMENT INFORMATION (CONTINUED)**

<b>Consolidated Comprehensive Income</b>	For the year ended in 31 December 2024		
	Rent	Hotel	Total
<b>Revenues</b>			
Rental contract income	78,635,053	-	78,635,053
Hotel operating income	-	40,707,155	40,707,155
Murabaha interest income	520,711	-	520,711
Other income	44,392	63,259	107,651
<b>Total revenues</b>	<b>79,200,156</b>	<b>40,770,414</b>	<b>119,970,570</b>
<b>Expenses</b>			
Financing charges	(41,252,118)	-	(41,252,118)
Hotel operating costs	-	(19,228,936)	(19,228,936)
Depreciation of Properties investments	(16,778,350)	-	(16,778,350)
Fund management fees	(14,665,526)	-	(14,665,526)
Other expenses	(3,145,122)	(3,874,056)	(7,019,178)
Provision for expected credit losses	(6,473,407)	81,449	(6,391,958)
Depreciation of property and equipment	-	(3,894,994)	(3,894,994)
Real estate operating costs	(4,528,614)	-	(4,528,614)
Financing structuring fees	(2,432,188)	-	(2,432,188)
Dealing fees	(2,262,500)	-	(2,262,500)
Custody fees	(328,384)	-	(328,384)
Reversal of Properties investments	14,267,154	-	14,267,154
<b>Total Expenses</b>	<b>(77,599,055)</b>	<b>(26,916,537)</b>	<b>(104,515,592)</b>
<b>Net gain for the year before zakat</b>	<b>1,601,101</b>	<b>13,853,877</b>	<b>15,454,978</b>
Zakat expense	-	(316,478)	(316,478)
<b>Net gain for the year</b>	<b>1,601,101</b>	<b>13,537,399</b>	<b>15,138,500</b>
<b>Other comprehensive income</b>			
<b>Items that are subsequently reclassified to profit or loss</b>			
Effective portion of changes in fair value of cash flow hedge	651,918	-	651,918
<b>Items that are not subsequently reclassified to profit or loss</b>			
Actuarial revaluation loss on employee benefits	-	(34,554)	(34,554)
Total other comprehensive income for the year	651,918	(34,554)	617,364
<b>Total comprehensive income for the year</b>	<b>2,253,019</b>	<b>13,502,845</b>	<b>15,755,864</b>

**MULKIA GULF REAL ESTATE REIT FUND**  
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**25- SEGMENT INFORMATION (CONTINUED)**

Consolidated Financial position	At 31 December 2025		
	Rent	Hotels	Total
<b>ASSETS</b>			
Cash and cash equivalents	14,892,557	1,232,300	16,124,857
Rent receivable	28,156,034	3,523,692	31,679,726
Accrued revenues	10,688,596	-	10,688,596
Murabaha deposits	1,318,579	-	1,318,579
Inventory	-	296,478	296,478
Prepayments and other debit balances	130,276	1,114,366	1,244,642
Assets of derivative contracts	2,660,430	-	2,660,430
Properties investments	1,220,687,835	-	1,220,687,835
Property and equipment	-	193,098,576	193,098,576
<b>TOTAL ASSETS</b>	<b>1,278,534,307</b>	<b>199,265,412</b>	<b>1,477,799,719</b>
<b>LIABILITIES</b>			
Unearned rental income	18,275,570	-	18,275,570
Due to related parties	22,543,428	-	22,543,428
Account payable	-	1,191,233	1,191,233
Accrued expenses and other credit balances	1,278,041	2,828,584	4,106,625
Defined benefits obligation	-	396,000	396,000
Provision for the renovation of hotel assets	-	3,008,847	3,008,847
Zakat provision	-	228,466	228,466
Long term bank financing	720,144,372	-	720,144,372
<b>TOTAL LIABILITIES</b>	<b>762,241,411</b>	<b>7,653,130</b>	<b>769,894,541</b>
<b>NET ASSETS ATTRIBUTE TO UNITHODLERS</b>	<b>516,292,896</b>	<b>191,612,282</b>	<b>707,905,178</b>

Consolidated Financial position	At 31 December 2024		
	Rent	Hotels	Total
<b>ASSETS</b>			
Cash and cash equivalents	14,258,598	2,121,663	16,380,261
Rent receivable	20,714,798	6,388,287	27,103,085
Accrued revenues	9,800,749	-	9,800,749
Murabaha deposits	7,883,260	-	7,883,260
Inventory	-	254,283	254,283
Prepayments and other debit balances	185,331	1,352,373	1,537,704
Assets of derivative contracts	4,617,932	-	4,617,932
Properties investments	1,259,352,725	-	1,259,352,725
Property and equipment	-	196,993,569	196,993,569
<b>TOTAL ASSETS</b>	<b>1,316,813,393</b>	<b>207,110,175</b>	<b>1,523,923,568</b>
<b>LIABILITIES</b>			
Unearned rental income	17,201,826	-	17,201,826
Due to related parties	28,211,406	-	28,211,406
Account payable	-	1,737,270	1,737,270
Accrued expenses and other credit balances	1,859,808	3,186,684	5,046,492
Defined benefits obligation	-	264,000	264,000
Provision for the renovation of hotel assets	-	1,955,661	1,955,661
Zakat provision	-	261,489	261,489
Long term bank financing	697,929,308	-	697,929,308
<b>TOTAL LIABILITIES</b>	<b>745,202,348</b>	<b>7,405,104</b>	<b>752,607,452</b>
<b>NET ASSETS ATTRIBUTE TO UNITHODLERS</b>	<b>571,611,045</b>	<b>199,705,071</b>	<b>771,316,116</b>

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**26- IMPORTANT EVENTS**

On 18 September 2025, the Fund's Board of Directors recommended the sale of part of the commercial section (Halls 24 and 25) in the Al-Taqnia Complex, as well as the sale of Al-Jadah Property and the Hotel Apartment Building Property.

**27- SUBSEQUENT EVENTS**

On 29 January 2026, the Fund Manager announced a cash dividend distribution to the unitholders of Mulkia Gulf Real Estate REIT for the period from 1 October 2025 to 31 December 2025, amounting to SAR 8,301,280.

Except for the above, in the opinion of the management, there were no other significant subsequent events after 31 December 2025 and until the date of approval of the consolidated financial statements that could have a material impact on the consolidated financial statements as of 31 December 2025.

**28- COMPARATIVE FIGURES**

The management has reclassified a property that was previously recorded entirely as investment property. The property is used for dual purposes: part of it operates as a hotel managed by the group, while the remaining portion is maintained as showrooms and offices for lease. In accordance with IAS 16 Property, Plant and Equipment and IAS 40 Investment Property, the portion used by the group has been reclassified from investment property to property, plant, and equipment to reflect its actual use and economic substance. This reclassification represents a correction of a prior period error, ensuring that the financial statements comply with the relevant accounting standards.

Management concluded that this adjustment is not material to the financial statements as a whole. The reclassification was applied retrospectively to ensure consistency and comparability. The following table details the reclassification:

Consolidated Financial position	At 31 December 2024		
	Before	Reclass	Ending
<b>Consolidated Statement of Balance Sheet</b>			
<b>Assets</b>			
Investment Properties	1,456,346,294	(196,993,569)	1,259,352,725
Property and Equipment	-	196,993,569	196,993,569
<b>Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>			
Depreciation of Investment Properties	(20,673,344)	3,894,994	(16,778,350)
Depreciation of Property and Equipment	-	(3,894,994)	(3,894,994)
<b>Consolidated Statement of Cash Flows</b>			
Depreciation of Investment Properties	20,673,344	(3,894,994)	16,778,350
Depreciation of Property and Equipment	-	3,894,994	3,894,994
Consolidated Financial position	At 1 January 2024		
	Before	Reclass	Ending
<b>Consolidated Statement of Balance Sheet</b>			
<b>Assets</b>			
Investment Properties	1,358,985,147	(208,242,808)	1,150,742,339
Property and Equipment	-	208,242,808	208,242,808

These adjustments did not have any impact on net profit, total comprehensive income, total assets, total liabilities, or net assets attributable to unit holders as of that year, as the effect was limited to the re-offering only.

**29- APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements were approved by the Fund Board of Directors on 12 Shawwal 1447 (31 March 2026).

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# Zakat & Sharia



# Zakat & Sharia

**"Sharia Committee Report" Link.**

[The link](#)

**"Zakat Calculation Report" Link.**

[The link](#)

**The Zakat for each unit is 0.001681508**





## Stay in touch

You can contact Mulkia any time and of course our employees will be happy and ready to answer your inquiries for a better service..

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Thank you

