

ALWAHA REIT FUND

A Closed-Ended Real Estate Investment Fund Traded

Managed by Al Wasatah Al Maliah Company (Wasatah Capital)

Interim Condensed Financial Statements (Unaudited)

And Independent Auditor's Review Report

For the Period From 30 November 2022 (Date of Listing) To 30 June 2023.

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Interim Condensed Financial Statements

For the Period From 30 November 2022 (Date of Listing) To 30 June 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

TO THE UNITHOLDERS OF ALWAHA REIT FUND

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of ALWAHA REIT Fund (the "Fund") managed by Al Wasatah Al Maliah Company (the "Fund Manager") as at 30 June 2023 and the related interim statements of comprehensive income, changes in net assets attributable to the unit holders and cash flows for the period from November 30, 2022 (listing date) to June 30, 2023, and a summary of significant accounting policies and other explanatory notes (the "interim condensed financial statements"). Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

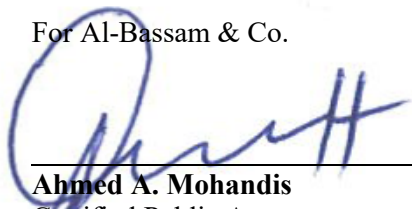
SCOPE OF REVIEW

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

CONCLUSION

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

For Al-Bassam & Co.



Ahmed A. Mohandis
Certified Public Accountant
License No. 477
Riyadh: 26 Muharram 1445H
Corresponding to: 14 August 2023



ALWAHA REIT FUND**A Closed-Ended Real Estate Investment Fund Traded****Managed by Al Wasatah Al Maliah Company (Wasatah Capital)****INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (Unaudited)****As at 30 June 2023****(Amounts in Saudi Riyals)**

	<u>Notes</u>	<u>30 June 2023</u>
CURRENT ASSETS		
Cash and cash equivalents	4	11,853,150
Rental income receivable, net	5	2,383,993
Receivables and other debit balances		163,633
Investment properties	6	148,518,954
TOTAL CURRENT ASSETS		162,919,730
LIABILITIES		
CURRENT LIABILITIES		
Unearned rental income		3,405,459
Due to related parties	8	583,096
Payables and other credit balances	9	1,317,538
TOTAL LIABILITIES		5,306,093
NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS		157,613,637
Units in issue (number)		15,000,000
The book value of the assets belonging to the unit		10.51
The fair value of the assets pertaining to the unit	7	11.55

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

ALWAHA REIT FUND**A Closed-Ended Real Estate Investment Fund Traded****Managed by Al Wasatah Al Maliah Company (Wasatah Capital)****INTERIM Condensed STATEMENT OF COMPREHENSIVE INCOME****For the Period From 30 November 2022 (Date of Listing) To 30 June 2023****(Amounts in Saudi Riyals)**

	<u>Notes</u>	<u>For the Period From 30 November 2022 To 30 June 2023</u>
Revenues		
Revenues from investment properties, net		<u>10,557,417</u>
		<u>10,557,417</u>
EXPENSES		
Management fee		(917,893)
Custody fees		(88,000)
Property management fees		(252,324)
Rental collection fees		(324,330)
Real estate maintenance expenses		(493,161)
Expected credit loss expense	5	(30,547)
Investment properties depreciation	6	(647,933)
Other expenses		(486,053)
TOTAL EXPENSES		<u>(3,240,241)</u>
Other revenues		296,460
PROFIT FOR THE Period		<u>7,613,636</u>
Other comprehensive income for the period		-
Total comprehensive income for the period		<u>7,613,636</u>

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

ALWAHA REIT FUND

A Closed-Ended Real Estate Investment Fund Traded

Managed by Al Wasatah Al Maliah Company (Wasatah Capital)

INTERIM Condensed STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS

For the Period From 30 November 2022 (Date of Listing) To 30 June 2023

(Amounts in Saudi Riyals)

	For the Period From 30 November 2022 To 30 June 2023
Net assets (Equity) attributable to the Unitholders at beginning of the period	-
Subscriptions during the period	150,000,000
Total comprehensive profit for the period	7,613,636
Net assets (Equity) attributable to the Unitholders at end of the period	157,613,636

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

ALWAHA REIT FUND**A Closed-Ended Real Estate Investment Fund Traded****Managed by Al Wasatah Al Maliah Company (Wasatah Capital)****INTERIM Condensed STATEMENT OF CASH FLOWS** For the Period From 30 November 2022 (Date of Listing) To 30 June 2023
(Amounts in Saudi Riyals)

	<u>Notes</u>	<u>For the Period From 30 November 2022 To 30 June 2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period		7,613,636
<i>Adjustment to reconcile net profit to net cash from operating activities:</i>		
Expected credit losses	5	30,547
Depreciation expenses on investment properties	6	647,933
		<u>8,292,116</u>
Net changes in operating assets and liabilities:		
Rental income receivables		(2,414,540)
Receivables and other debit balances		(163,633)
Due to related parties		583,096
Payables and other credit balances		1,317,539
Unearned rental income		3,405,459
Payments for the purchase of investment properties		(149,166,887)
Net cash flows in operating activities		<u>(146,438,966)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Subscriptions to the issuance of units		150,000,000
Net cash flows from financing activities		<u>150,000,000</u>
Net change in cash and cash equivalents		<u>11,853,150</u>
Cash and cash equivalents at the beginning of period		-
Cash and cash equivalents at the end of the period	4	<u>11,853,150</u>

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A Closed-Ended Real Estate Investment Fund Traded

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)

For the Period From 30 November 2022 (Date of Listing) To 30 June 2023

(All amounts in Saudi riyal unless otherwise mentioned)

1 CORPORATE INFORMATION

"ALWAHA REIT FUND", which is a closed-ended private real estate investment traded fund in the parallel market (Nomu) that is compatible with Sharia standards approved by the Shariah Committee, and was established in accordance with applicable laws and regulations in the Kingdom and is subject to the regulations and instructions of CMA and the instructions of the Real Estate Investment Funds Regulations.

The Fund was established on 24 Muharram1444H corresponding to 22 August 2022, under the approval of the Capital Market Authority ("CMA"), and the Fund was listed on 30 November 2022.

The investment objective of the Fund is to invest in structurally developed real estate that is capable of achieving periodic and rental income, and to distribute a specified percentage of not less than 90% of the annual net profits of the Fund in cash to the unitholders during the term of the Fund. The mentioned profits are distributed with the exception of the capital profits resulting from the sale of real estate assets, which are reinvested in additional assets to serve the interests of the unitholders. In the event that they are not reinvested within six months from the date of sale, they are distributed to the unitholders.

Fund manager

Al Wasatah Al maliah company "Wasata Capital" is a closed Saudi joint stock company registered in the commercial register in the Kingdom of Saudi Arabia under No. 7001506356, licensed as a financial market institution by the Authority under license no. (08125-37).

Custodian

Al-Bilad Investment Company - a Saudi closed joint-stock company, takes over custody tasks with regard to the fund and its assets under License No. (08100-37)

Its address: King Fahd Road - Al-Olaya District - P.O. Box 140 - Riyadh 11411.

The Fund operates in accordance with Real Estate Investment Fund Regulations ("REIFR") issued by the CMA. The regulations details the requirements for real estate funds and traded real estate funds within the Kingdom of Saudi Arabia.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Certified Public Accountants ("SOCPA").

According to the terms and conditions of the Fund, the first fiscal year of the Fund starts from the date of listing on 30 November 2022 to 31 December 2023, therefore, no comparative figures were presented in these interim condensed financial statements

2.2 Basis of measurement

These interim condensed financial statements have been prepared under the historical cost convention, using accrual basis of accounting except for financial investments measured at fair value through profit or loss.

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(All amounts in Saudi riyal unless otherwise mentioned)

2 BASIS OF PREPARATION (CONTINUED)

2.3 *Functional and presentation currency*

Items included in the interim condensed financial statements are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). These interim condensed financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the Fund.

Transactions and balances

Foreign currency transactions are translated into SAR using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into SAR using the exchange rates prevailing at date of the interim statement of financial position. Foreign exchange gains and losses, if any, arising from translation are included in the interim statement of comprehensive income.

2.4 significant accounting judgements, estimates and assumptions

The preparation of the interim condensed financial statements requires management to use judgments, estimates and assumptions that affect the amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in material adjustment to the carrying amount of assets or liabilities, affecting future periods.

Key uncertainties about the future and other key sources of estimation 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 financial period are described below. Fund approved his assumptions and estimates on the indicators available when preparing the interim condensed financial statements. The current cases and assumptions are subject to development in the future, as they may arise as a result of market changes or situations resulting out the control of the Fund. Such changes are reflected in the assumptions when they occur.

Judgments

Going concern

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

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2 BASIS OF PREPARATION (CONTINUED)

2.4 significant accounting judgements, estimates and assumptions (continued)

Estimation

Valuation of real estate investments

Impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of fair value less selling costs and present value. The fair value less selling costs calculation is based on available data from binding and arm's length sales transactions for similar assets or on the basis of observable market prices less incremental costs of disposing of the asset. The present value is calculated using the discounted cash flow method. The cash flows are based on balancing the useful lives of the assets and do not include restructuring operations that the Fund has not committed to or significant future investments that will enhance the performance of the cash-generating unit being reviewed. The recoverable amount is significantly influenced by the discount rate used for discounted future cash inflows and future discounted cash inflows and the growth rate used for the purposes of cash flow predictions.

Useful lives of investment properties

The management determines the estimated useful lives of investment properties for calculating depreciation. This estimate is determined after considering expected usage of the assets or the depreciation to which these assets are exposed. Management reviews the residual value and useful lives annually, and the annual depreciation expense is adjusted when the management deems that the useful lives differ from previous estimates.

Impairment of non-financial assets

A non-financial asset is impaired when the carrying amount of the asset or cash-generating unit exceeds the recoverable amount of that asset or cash-generating unit, which is the fair value of the asset less selling costs or its value in use, whichever is greater. Purely commercial for identical assets or market prices for similar assets that can be observed minus the additional selling costs of the asset. As for the value in use, it is calculated based on the present value of the expected cash flows of the asset during the next five years. These expected cash flows do not include restructuring activities that the Fund is not yet committed to. Or significant investments in the future that will enhance the asset performance of the CGU under test. The recoverable amount is most sensitive to the discount rate used to calculate the cash flows as well as the expected future cash flows and the growth rate used for the purposes of estimating the value in use.

The carrying value of non-financial assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of the asset's fair value less selling costs and present value. If an impairment loss subsequently reverses, then the carrying amount of the asset is increased to the revised estimate of its recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for that asset. or cash-generating unit in previous years. A reversal of an impairment loss is recognized as income directly in the statement of comprehensive income.

Impairment of financial assets held at amortised cost

The Fund recognises an allowance for expected credit loss ("ECL") for all debt instruments not held at fair value through profit or loss. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate ("EIR"). The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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3 SIGNIFICANT ACCOUNTING POLICIES USED

Cash and Cash Equivalents

Cash and cash equivalents consist of cash with banks, time deposits and highly liquid investments with maturities of three months or less from the date of acquisition.

Investment Properties

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

Investment properties are derecognised when they are sold or occupied by the owner or if they are not held to increase their value.

Any gain or loss on disposal of investment property (calculated as the difference between the net sale proceeds and the carrying amount of the item) is recognized in the statement of interim condensed comprehensive income. On sale of investment property previously classified as property and equipment, any related amount included in the revaluation reserve is transferred to retained earnings. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of a self-constructed investment property includes the cost of materials, direct labour, any other costs of bringing the investment property ready for its intended use, and capitalized borrowing costs.

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

Impairment of the Value of Assets

An impairment loss for tangible assets, if any, is recognized in the of interim condensed statement of comprehensive income for the amount in excess of the asset's carrying amount over its net realizable value. If an impairment loss subsequently reverses, then the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of the asset's recoverable amount, provided that the carrying amount after the increase does not exceed the carrying amount that would have been determined had it not been. Evidence of an impairment loss for that asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately in the interim condensed statement of comprehensive income.

Financial Instruments

Financial assets and liabilities are recognized when the Fund becomes a party to the contractual provisions of these instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through comprehensive loss statement) are added to or deducted from the fair value of financial assets and financial liabilities, as appropriate, on initial recognition. Transaction costs that relate to direct purchase of financial assets and liabilities that are measured at fair value through the statement of comprehensive loss are recognized directly in the interim condensed statement of comprehensive income.

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For the Period From 30 November 2022 (Date of Listing) To 30 June 2023

(All amounts in Saudi riyal unless otherwise mentioned)

3 SIGNIFICANT ACCOUNTING POLICIES USED (CONTINUED)

First: Financial Assets

Financial assets are classified into the following categories. Financial assets at fair value through the interim condensed statement of comprehensive income, financial assets at fair value through other comprehensive income and financial assets measured at amortized cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All purchases and sales of financial assets were recognized in the usual way on the basis of the transaction date. Whereas, regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame specified by regulation or custom in the market.

a) Financial assets at fair value through the statement comprehensive income

Financial assets are classified as held for trading if:

- It was acquired principally with the intention of selling it in the near future.
- It represents a part of a portfolio of known financial instruments managed by the fund and includes an actual pattern of a financial instrument that generates profits in the short term.
- represents a financial derivative, but is not designated or effective as a hedging instrument.

Financial assets at fair value through the statement of comprehensive income are shown at their fair value, and any gain or loss resulting from the re-evaluation is recognized in the statement of comprehensive income.

Net comprehensive income includes any dividend or interest receivable from the financial asset and is included in the statement of comprehensive income.

b) Financial assets at fair value through other comprehensive income

Gains and losses resulting from the change in the fair value are included in the items of other comprehensive income, which are added to the item of cumulative changes in the fair value of investments within equity, with the exception of impairment losses, which are included in the statement of comprehensive loss. In the event that the investment is disposed of or there is a specific decline in its value, the gains or losses as a result of its previous evaluation and recognized in the investment revaluation reserve are included in the statement of other comprehensive income.

Any dividend income from investments in equity instruments at fair value through other comprehensive income is recognized when the group's right to receive dividend payments from those investments arises and is recognized as income in profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other gains and losses are recognized in other comprehensive income and are never reclassified to the statement of comprehensive income

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(All amounts in Saudi riyal unless otherwise mentioned)

3. ACCOUNTING POLICIES USED (CONTINUED)

Financial Instruments (Continued)

First: Financial Assets (Continued)

c) Financial assets measured at amortized cost

Accounts receivable including trade and other receivables, bank balances and cash are measured at amortized cost using the effective interest method without any impairment loss which is identified in the statement of comprehensive income.

Interest income is determined by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial

The fund also applies the simplified approach in IFRS 9 for the purpose of measuring expected credit losses which uses a lifetime expected credit loss allowance.

Second: Financial liabilities

Financial liabilities (including loans and accounts payable) are initially and subsequently measured at amortized cost using the effective interest method.

The Fund ceases to recognize financial liabilities when the obligation is discharged, canceled or expires. The difference between the carrying amount of the financial liability disposed of and the consideration paid is recorded in the statement of comprehensive income.

Effective Interest Rate Method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating the interest income over the relevant period, or a shorter period, where appropriate, to the net carrying amount on initial recognition

Dividend Income

Dividend income, if any, is recognized in the comprehensive loss on the date the eligibility to receive it is recognized. As for the traded securities, it is usually recorded on the date of the dividends. Dividend income from securities listed at fair value through comprehensive loss is recognized as a separate item in the statement of comprehensive income.

Creditors and Accounts Payable

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

Provision

Provisions are recognized if, as a result of past events, it appears that the Fund has a current legal or pension obligation, the amount of which can be estimated reliably, and it is likely that outflows of economic benefits will be required to settle this obligation.

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3. ACCOUNTING POLICIES USED (CONTINUED)

Other Expenses

Other expenses are charged at rates/amounts within the limits mentioned in the Special Fund Terms and Conditions.

Net Asset Value

The net asset value of each unit disclosed in the statement of financial position is calculated by dividing the fund's net assets by the number of units issued at the end of the period

Management, Custody and Other Expenses

- The fund shall pay the fund manager an annual management fee ("management fee") equal to 1% of the fund's total asset value, according to the latest valuation, after deducting expenses. It is charged to the fund on a daily basis and paid every three months.

- The Fund shall pay the Custodian a custody fee ("Custody Fee") annually with a limit of 0.05% of the total net assets of the real estate Fund, provided that the amount paid per month is not less than 11,000 Saudi Riyals, as it is based on the latest evaluation of real estate assets. It is calculated on a daily basis and paid quarterly at the end of each quarter.

- Dealing expenses: The fund pays the fund manager a fee of 1% of the purchase or sale price of real estate assets.

Fair Value Measurement

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, regardless of whether that price is directly observable or estimated using another valuation technique.

When estimating the fair value of assets or liabilities, assumptions that market participants would use when pricing the asset or liability are taken into account in order to achieve the best economic benefit for them. The measurement of the fair value of a non-financial asset takes into account the ability of a market participant to realize economic benefits from the best use or through a sale to another market participant for the best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Revenue Recognition

The fund recognizes revenues from contracts concluded with customers according to a five-step method:

Step 1: Determine the contract with the customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and stipulates the conditions that must be met.

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

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

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3. ACCOUNTING POLICIES USED (CONTINUED)

Revenue Recognition (Continued)

Step 4: Allocate the transaction price to the performance obligations in the contract: For contracts that include more than one performance obligation, the Fund will allocate the transaction price to each performance obligation in the amount that the Fund expects to be entitled in exchange for fulfilling each performance obligation.

Step 5: Recognize revenue when (or as soon as) a performance obligation is satisfied.

The fund will satisfy the performance obligation and recognize revenue over time, if one of the following conditions is met:

- The client receives and consumes the benefits provided by the fund's performance at the same time while the fund is performing, or
- The Fund's performance leads to the creation or improvement of an asset that the customer controls when the asset is created or enhanced, or
- The fund's performance does not create an asset with an alternative use in the fund, and the fund has an enforceable right to receive the value of performance completed to date.

The recognition criteria set out below must also be met before revenue can be recognised:

Sale of Investment Properties

Revenues generated from the sale of investment real estate are recognized when significant risks and benefits have been transferred under a legal title deed or under a legal declaration binding on the buyer's ownership, and when there is a possibility of collecting the consideration and the possibility of measuring the amount of revenue reliably. Other revenues are also recognized when realized.

Other Revenue

It is confirmed when it is verified.

Rental Income

Rental income from operating leases of properties is recognized on a straight-line basis over the term of the operating lease.

Expenses

Expenses are recognized on an accrual basis, and fund management fees are charged at a rate agreed upon with the fund manager. These expenses are calculated semi-annually and charged to the comprehensive loss statement.

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(All amounts in Saudi riyal unless otherwise mentioned)

4. CASH AND CASH EQUIVALENTS

	<u>30 June 2023</u>
Cash and cash equivalents	<u>11,853,150</u>
	<u>11,853,150</u>

5. RENTAL INCOME RECEIVABLES

	<u>30 June 2023</u>
Rental income receivables	2,414,540
Less:	<u>(30,547)</u>
Expected credit losses	<u>2,383,993</u>

6. INVESTMENT PROPERTIES**As at 30 June 2023**

	<u>Land SR</u>	<u>Building SR</u>	<u>Total SR</u>
Cost:			
At the beginning of the period	-	-	-
Additions during the period	107,309,230	41,857,657	149,166,887
At the end of the period	<u>107,309,230</u>	<u>41,857,657</u>	<u>149,166,887</u>
Accumulated depreciation:			
At the beginning of the period	-	-	-
Charge for the period	-	(647,933)	(647,933)
At the end of the year	<u>-</u>	<u>(647,933)</u>	<u>(647,933)</u>
Book value as of 30 June 2023	<u>107,309,230</u>	<u>41,209,724</u>	<u>148,518,954</u>

6.1 - The Fund has the policy of charging depreciation on building over 40 years. The depreciation is charged on depreciable amount, i.e. cost less residual value.

6.2 - All properties are held in the name of, Waha of Real Estate Company (the "SPV's"). The SPV's are holding these properties for the beneficial ownership of the Fund and does not possess any controlling interest or any stake in the properties and does not cause any risks to real estate.

6.3 - The investment properties were tested for impairment and the Fund manager noted that certain properties carrying amount are less than its recoverable amount. based on the average fair value as at the reporting date determined by the independent valuers. Accordingly, there is no impairment in the value of the investment properties.

6.4 - The net rental revenue from investment properties reached 10,557,417 Saudi riyals during the period ending June 30, 2023.

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A Closed-Ended Real Estate Investment Fund Traded

Managed by Al Wasatah Al Maliah Company (Wasatah Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)

For the Period From 30 November 2022 (Date of Listing) To 30 June 2023

(All amounts in Saudi riyal unless otherwise mentioned)

6. INVESTMENT PROPERTIES (CONTINUED)

6.5 - Investment properties represent twelve properties. Below are the details of these investment properties:

- A residential building in the Al -Nakheel neighborhood: A residential building located in the Al -Nakheel neighbourhood is the road to Saeed Ibn Amer Street, this property is located in Riyadh.
- Office and offer offices of a building of Shahd: A commercial architecture represents an office located in the Al -Murouj neighborhood, on Imam Saud bin Abdulaziz Road, this property is located in Riyadh.
- Al -Olaya Station: It represents a fuel station located in the Al -Marouj neighborhood - Al - Olaya Street, this station is located in Riyadh.
- Exhibitions and offices of Al -Hayer: It represents a commercial building located in the factories neighborhood, and this property is located in Riyadh.
- Al -Aziziya warehouses, piece 9: represents warehouses located in the Aziziyah neighborhood in Riyadh.
- Al -Aziziya warehouses, piece 10: represents warehouses located in the Aziziyah neighborhood in Riyadh.
- Al -Aziziya warehouses, plot 13: represents warehouses located in the Aziziyah neighborhood in Riyadh.
- Factory warehouse is 192: It represents a commercial building located in the factories neighborhood in Riyadh.
- Factory warehouse is 197: It represents warehouses located in the Dar Al-Baida Al Masani in Riyadh.
- Factory warehouse 202: It represents warehouses located in the Dar Al-Baida Al Masani in Riyadh.
- Factory warehouse 207: It represents warehouses located in the Dar Al-Baida Al Masani in Riyadh.
- Factory warehouse 209: It represents warehouses located in the Dar Al-Baida Al Masani in Riyadh.

7. EFFECT ON NET ASSET VALUE IF INVESTMENT IN REAL ESTATE PROPERTIES ARE FAIR VALUED

According to the terms and conditions of the fund, the fund manager evaluates the fund's assets with an average of two assessments by independent residents. The net value of the assets is also disclosed on the basis of the available market value. However, in accordance with accounting policy of the Fund, investment properties are carried at cost less accumulated depreciation and impairment if any. Accordingly, the fair value below is disclosed for the purpose of obtaining information and has not been calculated in the fund's books. The fair value of investment properties is determined by accredited independent valuers with a recognised by Saudi Authority for Accredited Valuers ("TAQEEM") Jones Lang LaSalle Inc Company and the AREAB Real Estate Evaluation Company.

Below is the evaluation of investment properties as on June 30, 2023:

30 June 2023	Jones Lang LaSalle Inc	Arab Real Estate Evaluation	Average
Investment properties	165,370,000	162,811,428	164,090,714

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7. EFFECT ON NET ASSET VALUE IF INVESTMENT IN REAL ESTATE PROPERTIES ARE FAIR VALUED (CONTINUED)

The management used the average of the two evaluations for the purpose of disclosing the fair value of the investments property. the investments property have been valued taking into account a range of factors including the area and type of property and valuation techniques using unobserved inputs including discounted cash flow and income method.

	<u>31 December 2022</u>
Estimated fair value of investment properties based on the average of the two valuations used	164,090,714
Less:	
Book value of investment properties	<u>(148,518,954)</u>
The excess of the fair value over the carrying amount	15,571,760
Issuance units (numbers)	<u>15,000,000</u>
The share per unit of the estimated fair value	1.04

The following is an analysis of net asset value using the fair value of real estate as follows:

	<u>30 June 2023</u>
Net asset value at cost in these condensed interim financial statements	157,613,637
The net effect based on real estate appraisals	<u>15,571,760</u>
The net asset value of unit holders is based on the fair value of investment property.	173,185,397

The following is a statement of the net asset value per unit using the fair value of the properties:

	<u>30 June 2023</u>
Net asset value per unit at cost as disclosed in these condensed interim financial statements	10.51
Impact on the net asset value of the unit due to unrealized gains that have been determined on the basis of real estate valuation operations	<u>1.04</u>
Net asset value per unit	11.55

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8 RELATED PARTY TRANSACTIONS AND BALANCE

Related parties of the Fund include the Fund Manager, board of directors, and other funds managed by the fund manager. In the normal course of activities, the fund deals with related parties. Transactions with related parties are governed by limits set in the regulations issued by the CMA. All transactions with related parties are approved by the Fund's Board of Directors. And any party that has the ability to control the fund or exercise a material influence over it in making financial or operational decisions.

a) The following are the most important transactions with related parties carried out by the Fund during the period:

<i>Related Party</i>	<i>Nature of relationship</i>	<i>Nature of transaction</i>	30 June 2023
Al Wasatah Al Maliah Company (Wasatah Capital)	Fund Manager	Management fee	917,893
		Expenses on behalf	159,450
Shumou Investment	Main shareholder	Property management fees	252,324
		Rental commission	245,937
Board of Directors members	board of directors	Attendance allowances	40,000

b) The following are the balances due to the related party:

	30 June 2023
Al Wasatah Al Maliah Company (Wasatah Capital)	466,868
Shumou Investment	116,228
	583,096

9 PAYABLES AND OTHER CREDIT BALANCES

	30 June 2023
Accrued fees	79,393
recoverable Insurance	683,348
VAT payable	327,540
Other accrued expenses	227,257
	1,317,538

10 FINANCIAL INSTRUMENTS BY CATEGORY

Fair value

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

- In the main market for the asset or liability, or
- In the absence of a main, in the useful market for the asset or liability.

Assets and liabilities for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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10 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Fair value (continued)

The fair value hierarchy has the following levels:

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

Financial assets consist of cash and cash equivalents, lease receivables and other receivables. Financial liabilities consist of expenses due to related parties, accounts payable and other credit balances. All financial assets and financial liabilities as of 30 June 2023 are classified under the amortized cost category.

The estimated fair value of the Fund's financial assets and liabilities is not materially different from its book value as of 30 June 2023.

11 FINANCIAL RISK MANAGEMENT

11.1 Financial risk factors

The objective of the funds is to maintain the fund's ability to continue as a going concern so that it can continue to provide the best returns to unitholders and to ensure reasonable safety to unitholders.

The fund's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk, and operational risk.

The fund manager is responsible for identifying and controlling risks. The Fund Board supervises the Fund Manager and is ultimately responsible for the general management of the Fund.

Risks are identified and controlled primarily for their implementation within the limits set by the Fund Board. The fund has terms and conditions that document and define its overall trading strategies, risk tolerance, and overall risk management philosophy, and it is obligated to take actions to rebalance its portfolio in accordance with the investment guidelines.

The fund uses different methods to measure and manage the different types of risks to which it is exposed. An explanation of these methods is provided below.

A- Market risk

Price risk

Price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and profit rate movements.

The price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds. The Fund Manager diversifies the investment portfolio and closely monitors the price movement of its investments in financial instruments. As of the statement of financial position date, Fund has equity investments in mutual funds.

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11 FINANCIAL RISK MANAGEMENT (CONTINUED)

11.1 Financial risk factors (continued)

B- Credit risk

Credit risk is the risk that one party will fail to discharge its obligations causing financial losses to the other party. The Fund is exposed to credit risk in its cash and cash equivalents and receivables. Bank balances are deposited in the Albilad Bank, which is a bank with good financial rating.

The following table shows the maximum exposure to credit risk for the components of the statement of financial position

	<u>30 June 2023</u>
Cash and cash equivalents	11,853,150
Rental income receivables, net	<u>2,414,540</u>

C- Liquidity risk

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

Units in the Fund may not be redeemed at the sole estimation of the Unitholder. However, the Fund Manager shall be able to compulsorily redeem the Unitholder's Units in the Fund in the event that such Unitholder is deemed to be a defaulting investor in accordance with the terms and conditions of the Fund or in the event of any breach of anti-money laundering, anti-corruption or anti-bribery obligations and requirements.

The fund manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any obligations as they arise, either through new subscriptions, liquidation of the investment portfolio, or by taking short-term loans from the fund manager.

The expected maturity period for the obligations of this fund is less than 12 months.

D- Operational risk

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

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

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12 SUBSEQUENT EVENTS

On 20 July 2023, Al Wasata Al maliah company (Wasata Capital) announced cash dividends to the unit holders of ALWAHA REIT FUND for the period since the fund was listed until June 2023, with a total dividendS of SAR 6,450,000.

Other than the above, there were no subsequent events after the end of the financial year that require disclosure in the financial statements.

13 LAST VALUATION DAY

The last valuation day of the year was 30 June 2023.

14 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Fund's Board of Directors On 13 August 2023 (Corresponding to 26 Muharram 1445)