

ALWAHA REIT FUND

A Closed-Ended Real Estate Investment Traded Fund

(Managed by Al Wasatah Al Maliah Company (“Wasatah Capital”))

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For The Six-Month Period Ended 30 June 2024

With The Independent Auditor’s Report To The Unitholders

ALWAHA REIT FUND

Managed by Al Wasatah Al Maliah Company (“Wasatah Capital”)

**Interim Condensed Financial Statements and Independent Auditor's Report TO Unitholders
For the six-months period ended 30 June 2024**

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

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**TO THE UNITHOLDERS OF ALWAHA REIT FUND
A CLOSED-ENDED REAL ESTATE INVESTMENT TRADED FUND
RIYADH, KINGDOM OF SAUDI ARABIA****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 2024 and the related interim statements of profit or loss and comprehensive income, changes in net assets attributable to the unit holders and cash flows for the six-month period then ended.

And a summary of material 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
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Corresponding to: 8 August 2024

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ALWAHA REIT FUND

(Managed by Al Wasatah Al Maliah Company (“Wasatah Capital”))

INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)**As at 30 June 2024****(All amounts in SAR unless otherwise stated)**

	<u>Note</u>	30 June 2024 (Unaudited)	31 December 2023 (Audited)
<u>ASSETS</u>			
Cash and cash equivalents	7	7,454,337	10,091,639
Lease receivables, net	8	2,659,407	2,754,545
Receivables and others		252,057	387,198
Investment Properties	9	152,745,203	151,335,274
TOTAL ASSETS		163,111,004	164,568,656
<u>LIABILITIES</u>			
Unearned lease revenues		3,534,968	3,244,583
Due to related parties	11	697,763	707,601
Accruals and other payables		1,060,667	3,450,693
TOTAL LIABILITIES		5,293,398	7,402,877
Net assets (equity) attributable to the Unitholders		157,817,606	157,165,779
Units in issue (numbers)		15,000,000	15,000,000
Net assets (equity) attributable to each unit- at Book value		10.52	10.48
Net assets (equity) attributable to each unit- at Fair value	10	12.17	11.36

The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements

ALWAHA REIT FUND

(Managed by Al Wasatah Al Maliah Company (“Wasatah Capital”))

**INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(UNAUDITED)****For the six-month period ended 30 June 2024****(All amounts in SAR unless otherwise stated)**

	<u>Note</u>	30 June 2024 (Unaudited)	For the period from 30 November 2022 to 30 June 2023 (Unaudited)
REVENUES			
Operating lease income		9,294,528	10,557,417
Other income		209,651	296,460
Total Revenue		9,504,179	10,853,877
OPERATING EXPENSES			
Fund management fees		(844,290)	(917,893)
Depreciation of investment properties	9	(552,659)	(647,933)
Operations expenses		(339,095)	(633,788)
Rentals collection fees		(319,024)	(324,330)
Legal and professional fees		(308,208)	(206,956)
Property management fees	11	(210,000)	(252,324)
Custody fees		(66,000)	(88,000)
Expected credit loss expense	8	(53,338)	(30,547)
Impairment loss on investment properties	9	(17,684)	-
Tadawul Fees		(26,766)	(29,178)
Other expenses		(115,288)	(109,292)
Total Operating Expenses		(2,852,352)	(3,240,241)
Operating income		6,651,827	7,613,636
Net income for the period		6,651,827	7,613,636
Other comprehensive income		-	-
Total comprehensive income for the period		6,651,827	7,613,636

The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements

ALWAHA REIT FUND

(Managed by Al Wasatah Al Maliah Company (“Wasatah Capital”))

INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS (UNAUDITED)**For the six-month period ended 30 June 2024****(All amounts in SAR unless otherwise stated)**

		30 June 2024	For the period from 30 November 2022 to 30 June 2023
	<u>Note</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Net assets (equity) attributable to unitholders at the beginning of the period		157,165,779	-
Subscriptions during the period	9	-	150,000,000
Total comprehensive income for the period		6,651,827	7,613,636
Dividends distribution	14	(6,000,000)	-
Net assets (equity) attributable to the Unitholders at the end of the period		157,817,606	157,613,636

The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements

ALWAHA REIT FUND

(Managed by Al Wasatah Al Maliah Company (“Wasatah Capital”))

INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**For the six-month period ended 30 June 2024****(All amounts in SAR unless otherwise stated)**

		30 June 2024	For the period from 30 November 2022 to 30 June 2023
	<u>Note</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period		6,651,827	7,613,636
Adjustments to reconcile net income for the period cash flows used in operating activities:			
Expected credit loss charged	8	53,338	30,547
Depreciation of investment properties	9	552,659	647,933
Impairment loss on investment properties	9	17,684	-
		7,275,508	8,292,116
Changes in operating assets & liabilities:			
Lease receivables	8	41,799	(2,414,540)
Receivables and others		135,141	(163,633)
Unearned lease revenues		290,385	3,405,459
Due to related parties	11	(9,837)	583,096
Accruals and other payables		(2,390,026)	1,317,539
Net cash generated from operating activities		5,342,970	11,020,037
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment property's additions		(1,980,272)	(31,437,577)
Net cash (used in) investing activities		(1,980,272)	(31,437,577)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash subscriptions		-	32,270,690
Dividends distribution	14	(6,000,000)	-
Net cash flows (used in) /generated from financing activities		(6,000,000)	32,270,690
Net change in cash and cash equivalents		(2,637,302)	11,853,150
Cash and cash equivalents at beginning of the period		10,091,639	-
Cash and cash equivalents at end of the period		7,454,337	11,853,150
NON-CASH TRANSACTIONS			
Subscription of units in-kind	9	-	117,729,310
		-	117,729,310

The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements

ALWAHA REIT FUND

(Managed by Al Wasatah Al Maliah Company (“Wasatah Capital”))

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2024

(All amounts in SAR unless otherwise stated)

1. ORGANIZATION AND OPERATIONS

“ALWAHA REIT FUND” is a Closed-Ended Real Estate Investment Fund traded in the parallel market ("Nomu"), that complies with Sharia standards approved by the Sharia Supervisory Committee, and was established in accordance with the laws and regulations issued in the Kingdom of Saudi Arabia and is subject to the regulations and instructions of the Capital Market Authority (CMA) and the provisions of the Real Estate Investment Funds Regulations.

The Fund is listed on the parallel Saudi stock market (“Nomu”), under the symbol (9300), and its units are traded based on the regulations and legislation of the Capital Market Authority (CMA). The size of the Fund is SAR 150,000,000 divided into 15,000,000 units with a nominal value each SAR 10. The duration of the Fund has a term of 99 years, which is extendable on the discretion of the Fund Manager with the prior approval of the CMA.

Trading in the Fund’s units began in the Saudi Stock Exchange dated on 6 Jumada Al-Awwal 1444AH, corresponding to 30 November 2022, after obtaining the approval of the CMA in the Kingdom of Saudi Arabia.

The Fund's fiscal year has started on 1 January and ended on 31 December of each year, with the exception of the first period of the Fund's establishment, whose fiscal year starts from the date of listing and ends on 31, December 2023.

The Fund's investment objective is to invest in structurally developed properties capable of generating periodic and lease income, and to distribute a specified percentage of no less than 90% of the Fund's net annual profits in cash to unitholders during the Fund's term. The aforementioned profits are distributed, with the exception of capital gains resulting from the sale of real estate assets, which are reinvested in additional assets to serve the interests of the unit owners. If they are not reinvested within six months from the date of sale, they are distributed to the unitholders.

The Fund is managed by the Al Wasatah Al Maliah Company (Wasatah Capital) (“Fund Manager”), a Saudi closed joint stock company registered in the Kingdom of Saudi Arabia under No. 7001506356, licensed as a financial market institution by the Capital Market Authority ("CMA") under License No. (08125-37).

Albilad Investment Company, a Saudi closed joint stock company, is responsible for performing custody duties regarding the Fund and its assets under license No. (08100-37).

Address: King Fahd Road – Al Olaya - P.O. Box 140 - Riyadh 11411.

2. REGULATORY AUTHORITY

The Fund operates in accordance with the Real Estate Investment Fund Regulation issued by the CMA. The regulations detail requirements for real estate funds and publicly traded real estate funds within the Kingdom of Saudi Arabia.

The Minister of Finance, pursuant to Ministerial Resolution No. (29791) dated 9 Jumada al-Awwal 1444AH (corresponding to 3 December, 2022), approved the zakat rules for the investment fund permitted by the CMA.

This decision applies to fiscal years starting from 1 January 2023 and require investment funds to register with the Zakat, Tax and Customs Authority (ZATCA)

The rules also require investment funds to submit a zakat information declaration to the Authority within 120 days of the end of their financial year, including audited financial statements, records of transactions with related parties, and any other data required by the ZATCA. Under the rules, investment funds are not subject to zakat provided that they do not engage in unconditional economic or investment activities in accordance with the terms and conditions approved by the CMA. Zakat is to be collected from the Fund’s unit holders.

During the current period, the Fund Manager has completed the Fund’s registration with Zakat and will submit the Zakat information declaration in due course.

ALWAHA REIT FUND

(Managed by Al Wasatah Al Maliah Company (“Wasatah Capital”))

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2024

(All amounts in SAR unless otherwise stated)

3. BASIS OF PREPARATION

3.1 Statement of compliance

These interim condensed financial statements have been prepared on a going concern basis and in accordance with International Accounting Standard 24 ‘Interim Financial Reporting’ that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and in compliance with the fund terms and conditions.

These interim condensed financial statements do not include all of the information normally required for a complete set of financial statements and should be read in conjunction with the Fund’s last annual financial statements for the year ended 31 December 2023. The results for the six-months period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

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

3.2 Basis of measurement

These interim condensed financial statements have been prepared under the historical cost convention, using the accrual basis of accounting .

3.3 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 Riyal (“SAR”) which is the Fund’s functional and presentation currency. All financial information presented has been rounded to the nearest SR, unless otherwise indicated.

4. MATERIAL ACCOUNTING ASSUMPTIONS, JUDGEMENTS AND ESTIMATES

In preparing these interim condensed financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

5. NEW STANDARDS, AMENDMENTS, INTERPRETATIONS ISSUED AND EFFECTIVE IN 2024

There are several other amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund’s interim condensed financial statements. In the opinion of the Fund’s Board, these will have no significant impact on the interim condensed financial statements of the Fund. The Fund intends to adopt those amendments and interpretations, if applicable

Management expects that these new standards, interpretations and amendments will be applied to the Fund’s financial statements when they become applicable, and the adoption of these new standards, interpretations and amendments may not have any material impact on the Fund’s financial statements in the period of initial application.

ALWAHA REIT FUND

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2024

(All amounts in SAR unless otherwise stated)

6. MANAGEMENT FEES AND OTHER FEES

6.1 Subscription Fees

The investor has paid the fund manager a subscription fee of a maximum of 2% of the subscribed and allocated amount during the initial public offering period or at any increase in the fund’s net asset value.

6.2 Management fees

The Fund has paid the Fund Manager an annual fees of 1% charged daily from the total value of the Fund’s assets according to the latest evaluation, after deducting expenses, calculated daily and paid every three months, starting from the listing date.

6.3 Custody fees

The Fund has paid the custodian an annual fee of a maximum of 0.05% of the total value of the Fund’s real estate assets, provided that the amount paid monthly is not less than 11,000 Saudi riyals, as it is based on the most recent evaluation of real estate assets. It is calculated on a daily basis and paid quarterly at the end of each quarter.

6.4 Financing structuring fees

The Fund has paid to the Manager a financing structuring fee equivalent to 1% of the withdrawn under any bank facilities for the Fund.

6.5 Transaction Fees

The Fund pays the Fund Manager a fee of 1% of the purchase or sale price of each real estate asset it acquires or sells in exchange for his efforts in completing the purchase and sale of any real estate asset for the Fund throughout the life of the Fund, due and paid directly after the completion of the purchase or sale process.

7. CASH AND CASH EQUIVALENTS

	<u>30 June 2024</u>	<u>31 December 2023</u>
Cash at local banks	1,363,343	2,868,176
Murabaha deposits	6,090,994	7,223,463
	<u>7,454,337</u>	<u>10,091,639</u>

The Murabaha rates that the Fund deals with banks range from 5.17% to 5.54%, as the rates are variable and not fixed.

8. LEASE RECEIVABLE, NET

	<u>30 June 2024</u>	<u>31 December 2023</u>
Lease receivable	2,819,202	2,861,002
Less:		
Expected credit losses	(159,795)	(106,457)
Lease receivable, net	<u>2,659,407</u>	<u>2,754,545</u>

ALWAHA REIT FUND

(Managed by Al Wasatah Al Maliah Company (“Wasatah Capital”))

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**For the six-month period ended 30 June 2024****(All amounts in SAR unless otherwise stated)****8. LEASE RECEIVABLE, NET (CONTINUED)**

The movement on Expected credit losses Provision is as follows:

	<u>30 June 2024</u>	<u>31 December 2023</u>
Balance at the beginning of the period	(106,457)	-
Expected credit losses during the period	(53,338)	(106,457)
Balance at the end of the period	<u>(159,795)</u>	<u>(106,457)</u>

9. INVESTMENT PROPERTIES

Investment properties represent properties that were initially recognized at cost and are subsequently measured at cost less accumulated depreciation and impairment. Below are the details of the cost of investment properties:

As at 30 June 2024	<u>Lands</u>	<u>Buildings</u>	<u>Equipment and air conditioners</u>	<u>Total</u>
Cost:	107,309,230	44,997,456	325,538	152,632,224
Additions during the period	-	1,835,254	145,018	1,980,272
Balance at the end of the period	107,309,230	46,832,710	470,556	154,612,496
Accumulated depreciation:	-	(1,159,664)	(31,920)	(1,191,584)
Charged during the period	-	(516,550)	(36,109)	(552,659)
Balance at the end of the period	-	(1,676,214)	(68,029)	(1,744,243)
Reversal / accumulated (loss):	-	(105,366)	-	(105,366)
Impairment during the period	-	(17,684)	-	(17,684)
Balance at the end of the period	-	(123,050)	-	(123,050)
Net book value	<u>107,309,230</u>	<u>45,033,446</u>	<u>402,527</u>	<u>152,745,203</u>
As at 31, December 2023	<u>Lands</u>	<u>Buildings</u>	<u>Equipment and air conditioners</u>	<u>Total</u>
Cost:				
Additions during the year	107,309,230	44,997,456	325,538	152,632,224
Balance at the end of the year	107,309,230	44,997,456	325,538	152,632,224
Accumulated depreciation:				
Charged during the year	-	(1,159,664)	(31,920)	(1,191,584)
Balance at the end of the year	-	(1,159,664)	(31,920)	(1,191,584)
Reversal/accumulated (loss):				
Impairment during the year	-	(105,366)	-	(105,366)
Balance at the end of the year	-	(105,366)	-	(105,366)
Net book value	<u>107,309,230</u>	<u>43,732,426</u>	<u>293,618</u>	<u>151,335,274</u>

ALWAHA REIT FUND

(Managed by Al Wasatah Al Maliah Company (“Wasatah Capital”))

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**For the six-month period ended 30 June 2024****(All amounts in SAR unless otherwise stated)****9. INVESTMENT PROPERTIES (CONTINUED)****Market values:**

The fair value of investment properties is determined by two independent appraisers (“Jones Lang LaSalle LP Inc.”) and (“Areab Real Estate Valuation Company”), both appraisers accredited by the Saudi Authority for Accredited Valuers (Taqeem).

The valuation of investment properties at market value was as follows:

The first evaluator (Jones Lang LaSalle Incorporated.)

Property	Evaluation method	30 June 2024	31 December 2023
Shahad Commercial Center Offices and Showrooms - Al-Muruj District	Discounted cash flows method	72,450,000	65,310,000
Al-Hayer Showrooms and offices - Almasana District	Discounted cash flows method	17,800,000	16,560,000
Olaya Street gas station - Al-Muruj district	Discounted cash flows method	16,400,000	16,520,000
Residential building - Al-Nakheel district	Discounted cash flows method	11,335,000	9,820,000
Warehouse Plot No. 9 - Al Aziziyah District	Discounted cash flows method	15,335,000	13,550,000
Warehouse Plot No. 10 - Al-Aziziya District	Discounted cash flows method	14,910,000	13,140,000
Warehouse Plot No. 13 - Al-Aziziya District	Discounted cash flows method	9,850,000	10,040,000
Showrooms Plot No. 192 - Dar Albayda District	Discounted cash flows method	8,770,000	7,550,000
Warehouse Plot No. 197 - Dar Albayda District	Discounted cash flows method	2,450,000	2,510,000
Warehouse Plot No. 202 - Dar Albayda District	Discounted cash flows method	2,850,000	2,900,000
Warehouse Plot No. 207 - Dar Albayda District	Discounted cash flows method	5,350,000	5,470,000
Warehouse Plot No. 209 – Dar Albayda District	Discounted cash flows method	3,450,000	3,500,000
		180,950,000	166,870,000

The second evaluator (Areab Real Estate Appraisers Co)

Property	Evaluation method	30 June 2024	31 December 2023
Shahad Commercial Center Offices and Showrooms - Al-Muruj District	Discounted cash flows method	67,032,200	65,998,817
Al-Hayer Showrooms and offices - Almasana District	Discounted cash flows method	19,870,910	16,764,400
Olaya Street gas station - Al-Muruj district	Discounted cash flows method	16,458,377	16,045,527
Residential building - Al- Nakheel district	Discounted cash flows method	10,828,321	8,589,471
Warehouse Plot No. 9 - Al Aziziyah District	Discounted cash flows method	15,539,778	13,413,163
Warehouse Plot No. 10 - Al-Aziziya District	Discounted cash flows method	15,595,650	12,865,336
Warehouse Plot No. 13 - Al-Aziziya District	Discounted cash flows method	8,593,567	8,598,297
Showrooms Plot No. 192 - Dar Albayda District	Discounted cash flows method	7,269,366	7,187,909
Warehouse Plot No. 197 - Dar Albayda District	Discounted cash flows method	2,211,363	2,249,782
Warehouse Plot No. 202 - Dar Albayda District	Discounted cash flows method	2,577,092	2,603,891
Warehouse Plot No. 207 - Dar Albayda District	Discounted cash flows method	4,839,791	4,891,218
Warehouse Plot No. 209 – Dar Albayda District	Discounted cash flows method	3,112,935	3,116,383
		173,929,350	162,324,194

ALWAHA REIT FUND

(Managed by Al Wasatah Al Maliah Company (“Wasatah Capital”))

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**For the six-month period ended 30 June 2024****(All amounts in SAR unless otherwise stated)****10. IMPACT OF NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS IF INVESTMENT PROPERTIES ARE MEASURED AT FAIR VALUE**

According to the Real Estate Investment Funds Regulations issued by the CMA in the Kingdom of Saudi Arabia, the Fund manager evaluates the Fund's assets with an average of two valuations by independent appraisers. As explained in the Fund's terms and conditions, the net asset value is disclosed based on market value. However, in accordance with the Fund's accounting policy, investment properties are stated at cost less accumulated depreciation and impairment, if any, in these interim condensed financial statements.

The evaluation of investment properties as follow:

30 June 2024	First evaluation	Second evaluation	Average
Investment properties (Note 9)	180,950,000	173,929,350	177,439,675
Total	180,950,000	173,929,350	177,439,675
31 December 2023	First evaluation	Second evaluation	Average
Investment properties (Note 9)	166,870,000	162,324,194	164,597,097
Total	166,870,000	162,324,194	164,597,097

Management used the average of the two valuations for the purpose of disclosing the fair value of investment properties.

The following is an analysis of the fair value of investment properties versus cost:

	30 June 2024	31 December 2023
Estimated fair value of investment properties based on the average of the 2 valuations	177,439,675	164,597,097
Less: the book value of Investment property (Note 9)	(152,745,203)	(151,335,274)
Estimated fair value in excess of book value	24,694,472	13,261,823
Units in issue (numbers)	15,000,000	15,000,000
Additional value per unit of estimated fair value	1.65	0.88

Net asset value attributable to unitholders:

	30 June 2024	31 December 2023
Net assets attributable to the Unitholders as per the financial statements before fair value adjustment	157,817,606	157,165,779
Estimated fair value in excess of book value	24,694,472	13,261,823
Net assets attributable to the Unitholders based on fair value of investment properties	182,512,078	170,427,602

Net asset attributable to each unit:

	30 June 2024	31 December 2023
Net assets attributable to the Unitholders as per the financial statements before fair value adjustment	10.52	10.48
Additional value per unit based on fair valuation	1.65	0.88
Market value of the assets attributable to the unit	12.17	11.36

ALWAHA REIT FUND

(Managed by Al Wasatah Al Maliah Company (“Wasatah Capital”))

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2024

(All amounts in SAR unless otherwise stated)

11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

In the ordinary course of the Fund's business, it carries out transactions with related parties. Related parties in the Fund include Board of Directors, Fund manager and main shareholder. Transactions with related parties are carried out in accordance with the terms and conditions of the Fund. All transactions with related parties are carried out according to terms agreed upon under a formal agreement

Transactions with related parties:

<u>Related parties</u>	<u>Nature of Relationship</u>	<u>Nature of Transaction</u>	<u>30 June 2024 Dr/(Cr)</u>	<u>31 December 2023 Dr/(Cr)</u>
Al Wasatah Al Maliah Co (Wasatah capital)	Fund manager	Fund management fees	844,290	1,779,372
		Expenses paid on behalf	141,181	219,387
Shumou Investment Co	Principal unit holder	Property management fees	210,000	462,324
		Rental collection commission	187,613	445,566
Board Members	Fund Board	Attendance allowances	20,000	60,000

Resulting balances with related parties:

	<u>Nature of Relationship</u>	<u>Nature of Transaction</u>	<u>30 June 2024 Dr/(Cr)</u>	<u>31 December 2023 Dr/(Cr)</u>
Al Wasatah Al Maliah Co (Wasatah capital)	Fund manager	Fund management fees	(489,179)	(500,171)
Shumou Investment Co	Principal unit holder	Rental collection commission	(208,584)	(207,430)
			(697,763)	(707,601)

12. FAIR VALUE MEASUREMENT

Fair value estimation

The following table has explained the fair value of the disclosed financial instruments and investment properties:

<u>30 June 2024</u>	<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment properties (Note 9)	152,745,203	-	-	152,745,203
	152,745,203	-	-	152,745,203
<u>31 December 2023</u>	<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment properties (Note 9)	151,335,274	-	-	151,335,274
	151,335,274	-	-	151,335,274

ALWAHA REIT FUND

(Managed by Al Wasatah Al Maliah Company (“Wasatah Capital”))

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2024

(All amounts in SAR unless otherwise stated)

12. FAIR VALUE MEASUREMENT (CONTINUED)

The fair value of financial instruments that are not traded in an active market is determined using valuation methods. These evaluation methods maximize the use of observable market data and rely as little as possible on the entity's own estimates. If all significant inputs required to measure the fair value of an instrument are observable, then the instrument is included within Level 2. If one or more significant inputs are not based on observable market data, then the instrument is included within Level 3. Changes in assumptions involved These inputs can impact the reported fair value of items in these financial statements and the level at which items within the fair value hierarchy are disclosed.

For assets not carried at fair value, but their fair value has been disclosed, evaluation of investment properties has been performed using the discounted cash flows method based on significant unobservable inputs and accordingly it is included within Level 3 of the fair value hierarchy. The key inputs include:

Discount rate: that reflects current market assessments of uncertainty in the amount and timing of cash flows (the rate used by evaluators is between 9.5% to 12.25%)

pricing rate: based on the physical location, size and quality of the properties and taking into account market data on the evaluation date (the rate used by evaluators is between 8.75% to 12%)

Future lease cash flow: based on the actual location, type, and quality of the properties and supported by the terms of any existing lease or other contracts or external evidence such as current market rents for similar properties.

Estimated vacancy rates: based on current and projected future market conditions after the expiration of any existing lease period.

Maintenance costs, including the investments required to maintain the functional performance of the property over its estimated useful life.

Final value: given assumptions about maintenance costs, vacancy rates and market rents.

Other financial instruments include items such as cash and cash equivalents, receivables and others, unearned lease revenues, due to related parties, and accruals and other payables. They are short-term financial assets and liabilities whose book value is close to fair value, due to their short-term nature and the high credit quality of other parties.

13. SEGMENT INFORMATION

The Fund manager is responsible for the entire Fund's portfolio and considers the business to have one operating segment. Asset allocation decisions are based on a single, integrated investment strategy, and the Fund's performance is assessed on a comprehensive basis.

14. DIVIDEND DISTRIBUTION

On 5 Shaban 1445 AH, corresponding to 15, February 2024, the Fund's Board of Directors approved the distribution of dividends in SAR 0.40 each unit, totaling SAR 6 million, to unitholders, for the period from 1 July 2023 to 31, December 2023. The distribution was been on 25, Shaaban 1445 AH, corresponding to 6 March 2024.

ALWAHA REIT FUND

(Managed by Al Wasatah Al Maliah Company (“Wasatah Capital”))

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2024

(All amounts in SAR unless otherwise stated)

15. LAST VALUATION DAY

The last valuation day of the period was at 30 June 2024.

16. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation in the current period.

17. SUBSEQUENT EVENTS

On 8 August 2024, corresponding to 4 Safar 1446 AH, the Board of Directors of the Fund announced a dividend distribution of 0.35 Saudi Riyals per unit, totaling 5,250,000 Saudi Riyals, to the unit holders, for the period from 01 January 2024 to 30 June 2024.

18. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements for the period ending on 30 June 2024 were approved by the Board of Directors dated 4 Safar 1446 H, corresponding to 8 August 2024.