

ALWAHA REIT FUND
A CLOSED-ENDED REAL ESTATE INVESTMENT FUND TRADED
(MANAGED BY AL WASATAH AL MALIAH COMPANY “WASATAH CAPITAL”)

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

ALWAHA REIT FUND

A CLOSED-ENDED REAL ESTATE INVESTMENT FUND TRADED

(MANAGED BY AL WASATAH AL MALIAH COMPANY (“WASATAH CAPITAL”))

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

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INDEPENDENT AUDITOR'S REPORT

To the esteemed unit holders
Alwaha REIT Fund
Closed-ended real estate investment fund traded
(Managed by Al Wasatah Al Maliah Company "Wasatah Capital")

Opinion

We have audited the financial statements of **Alwaha REIT Fund (Closed-ended real estate investment fund traded) ("the Fund")**, managed by Al Wasatah Al Maliah Company ("the Fund Manager"), which comprise the statement of financial position as at 31 December 2025, and the statements of profit or loss and other comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year ended and the notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Fund in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Fund financial statements, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that audit evidence we have obtained sufficient and appropriately to provide a basis for our opinion.

Other matter

The Fund's financial statements for the year ended 31 December 2024 were audited by another auditor, who expressed an unmodified opinion on those financial statements dated 19 Sha'ban 1446H (corresponding to 18 February 2025).

Key Audit Matter

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

The following is a description of each key audit matter and how it was addressed in the audit:

Key audit matter	How our audit addressed the key audit matter
<p>Investment Properties Evaluation</p> <p>As at 31 December 2025, the net book value of the investment properties amounted to SAR 197,559,068, representing 92% of the Fund's total assets.</p> <p>Investment properties are held to earn rental income and are measured at cost less accumulated depreciation and any accumulated impairment losses, if any.</p> <p>For the purposes of impairment assessment and fair value disclosure in the Fund's financial statements, the investment properties are valued by two independent and certified external valuers ("valuers") who perform the valuation using commonly accepted valuation methods and approaches based on assumptions and estimates related to several factors affecting the fair value of the investment properties. In addition, for the purpose of assessing impairment of the real estate investments, the Fund Manager monitors fluctuations in the fair value of the investment properties by engaging independent certified real estate valuers to perform an approved valuation of the Fund's investment properties on a semi-annual basis.</p>	<p>We have performed the following as part of our audit to Investment Properties:</p> <ul style="list-style-type: none"> We obtained two valuation reports from independent, certified real estate valuers accredited by "Taqeem" for the investment properties as at 31 December 2025, to ensure that the valuation methods are appropriate for use in determining the carrying values as at the reporting date. Obtained an understanding of the valuation experts' methodology. Evaluated the appropriateness of the experts' methodology as audit evidence for the relevant assertions. We assessed the independence of the external valuers and reviewed the terms of their engagement with the Fund to determine whether any matters might affect their objectivity or impose limitations on the scope of their work.

Independent Auditor’s Report (continued)
To the esteemed unit holders
Alwaha REIT Fund
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Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>We considered this a key audit matter because the assessment of impairment requires significant judgment by the Fund Manager, and any potential impairment, if it exists, could have a material impact on the financial statements.</p> <p>Please refer to the material judgments, estimates, and accounting policy information disclosed in Note (5,6) for the policy related to investment properties, and to Note (10) for further details regarding the investment properties.</p>	<ul style="list-style-type: none"> • We engaged our specialists to assess the reasonableness of the key assumptions and estimates, including evaluating assumptions such as the discount rate, capitalization rate, annual rental income, operating expenses, and occupancy rates used by the real estate valuation experts in determining the fair values of the investment properties. • We tested the input data in the valuation model on a sample basis and also performed sample comparisons, checked the accuracy of the calculations, and compared the key assumptions with previous actual outcomes. • We assessed the recoverable amount, i.e., the higher of the fair value or value in use, for the relevant investment properties in accordance with the valuation reports mentioned above. • We reconciled the average fair value of the investment properties with Note 10 and the external valuers’ reports. • We evaluated the adequacy of disclosures in the financial statements relating to investment properties.

Other Information

The other information consists of the information included in the Fund’s 2025 Annual Report, other than the financial statements and the auditor’s report thereon. Management is responsible for the other information included in its annual report.

Our opinion on the 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 financial statements, our responsibility is to read the other information as described above and consider whether the other information is materially inconsistent with the financial statements or with the knowledge obtained during the audit, or whether it appears to be materially misstated in any other way.

If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA), and in accordance with the provisions of the Investment Funds Regulations issued by the Capital Market Authority and the Fund’s Terms and Conditions. The Fund Manager is also responsible for the internal controls that it determines are 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, and, as applicable, for disclosing matters related to going concern and using the going concern basis of accounting, unless the Fund Manager intends to liquidate the Fund or cease its operations, or has no realistic alternative but to do so.

The those charged with governance, namely the Fund’s Board of Directors, are responsible for overseeing the Fund’s financial reporting process.

Independent Auditor's Report (continued)
To the esteemed unit holders
Alwaha REIT Fund
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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, omission, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls 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 controls of the Fund.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Fund's management use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Independent Auditor's Report (continued)
To the esteemed unit holders
Alwaha REIT Fund
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Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

RSM Allied Accountants Professional Services.



Abdullah Bin Ahmed Al Faddaghi

License No. 706

Riyadh, Kingdom of Saudi Arabia

16 Ramadan 1447H (corresponding to 5 March 2026)



ALWAHA REIT FUND
CLOSED-ENDED REAL ESTATE INVESTMENT FUND TRADED
(MANAGED BY AL WASATAH AL MALIAH COMPANY “WASATAH CAPITAL”)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	<u>Notes</u>	31 December 2025	31 December 2024
		SAR	SAR
<u>Assets</u>			
Investment properties, net	10	197,559,068	152,687,250
Lease receivables, net	9	4,306,957	1,010,499
Other debit balances		588,195	400,330
Cash and cash equivalents	8	11,425,969	8,619,295
Total Assets		213,880,189	162,717,374
<u>Liabilities</u>			
Due to related parties	12 - B	1,036,012	820,523
Unearned lease revenues	13	4,735,761	3,526,039
Accrued expenses and other credit balances	14	1,096,003	858,115
Total Liabilities		6,867,776	5,204,677
Unitholders' Equity			
Net assets attributable to the Unitholders		207,012,413	157,512,697
Number of units issued (in numbers)	1	19,790,954	15,000,000
Net book value of net assets attributable to a unit	11 - 3	10.46	10.50
Fair value of net assets attributable to a unit	11 - 3	12.68	12.76

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

ALWAHA REIT FUND
CLOSED-ENDED REAL ESTATE INVESTMENT FUND TRADED
(MANAGED BY AL WASATAH AL MALIAH COMPANY “WASATAH CAPITAL”)

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

<u>Profit or Loss</u>	<u>Notes</u>	<u>2025</u>	<u>2024</u>
		SAR	SAR
<u>Revenues</u>			
Operating lease income	15	22,124,708	18,787,006
Murabaha deposit returns	8	372,506	258,653
General services revenue		180,440	186,125
Total Revenue		22,677,654	19,231,784
<u>Expenses</u>			
Fund management fees	7,12	(2,156,403)	(1,764,168)
Property management fees	7,12	(420,000)	(420,000)
Custody fees	7,12	(132,000)	(132,000)
Fee for acquisition of real estate	7,12	(469,200)	-
Depreciation of investment properties	10	(2,388,186)	(1,117,544)
Operating expenses	16	(2,118,343)	(671,167)
Rentals collection fees		(641,708)	(677,583)
Legal and professional fees		(616,102)	(611,093)
Reversal/ (provision) for Expected Credit Losses	9	792,554	(1,869,174)
Loss of Impairment on investment properties	10	(113,981)	(3,646)
Tadawul Fees		(51,910)	(52,067)
Board of Directors' Meeting Attendance Fees	7,12	(30,000)	(36,666)
Other expenses	17	(565,365)	(279,758)
Total Expenses		(8,910,644)	(7,634,866)
Net profit for the year		13,767,010	11,596,918
<u>Other comprehensive income for the year</u>		-	-
Total comprehensive income for the year		13,767,010	11,596,918

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

ALWAHA REIT FUND
CLOSED-ENDED REAL ESTATE INVESTMENT FUND TRADED
(MANAGED BY AL WASATAH AL MALIAH COMPANY “WASATAH CAPITAL”)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE YEAR ENDED 31 DECEMBER 2025

	2025	2024
	SAR	SAR
Net assets attributable to unitholders at the beginning of the year	157,512,697	157,165,779
Issuance of in-kind units during the year (Note 1)	27,600,000	-
Issuance of cash units during the year (Note 1)	20,309,540	-
Total comprehensive income for the year	13,767,010	11,596,918
Cash dividend distributions during the year (Note 23)	(12,176,834)	(11,250,000)
Net assets attributable to unitholders at the end of the year	207,012,413	157,512,697

Units Transaction

The following is a summary of unit transactions during the year:

	2025	2024
	Units	Units
Units issued at the beginning of the year	15,000,000	15,000,000
Issuance of in-kind units during the year (Note 1)	2,760,000	-
Issuance of cash units during the year (Note 1)	2,030,954	-
Units issued at the end of the year	19,790,954	15,000,000

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

ALWAHA REIT FUND
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	2025	2024
	SAR	SAR
Cash Flows from Operating Activities		
Net income for the year	13,767,010	11,596,918
Adjustments to reconcile net profit for the year to net cash provided by operating activities:		
Reversal/ (provision) for expected credit losses	(792,554)	1,869,174
Depreciation of investment properties	2,388,186	1,117,544
Loss of Impairment on investment properties	113,981	3,646
	15,476,623	14,587,282
Changes in operating assets & liabilities:		
Lease receivables, net	(2,503,904)	(125,128)
Other debit balances	(187,865)	(13,132)
Unearned lease revenues	1,209,722	281,456
Payments for additions to investment properties	(19,773,985)	(2,473,166)
Due to related parties	215,489	112,922
Accrued expenses and other credit balances	237,888	(2,592,578)
Net cash (used in)/ generated from by operating activities	(5,326,032)	9,777,656
Cash Flows from Financing Activities		
Proceeds from issuance of cash units	20,309,540	-
Dividends distribution	(12,176,834)	(11,250,000)
Net cash flows generated from/ (used in) financing activities	8,132,706	(11,250,000)
Net change in cash and cash equivalents	2,806,674	(1,472,344)
Cash and cash equivalents at beginning of the year	8,619,295	10,091,639
Cash and cash equivalents at end of the year	11,425,969	8,619,295
Non-cash transactions:		
Issuance of in-kind units during the year	27,600,000	-

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

ALWAHA REIT FUND
CLOSED-ENDED REAL ESTATE INVESTMENT FUND TRADED
(MANAGED BY AL WASATAH AL MALIAH COMPANY “WASATAH CAPITAL”)

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

1- GENERAL INFORMATION

Al Waha REIT Fund is a closed-ended real estate investment fund traded in the Parallel Market (Nomu) and compliant with Shariah standards approved by the Shariah Supervisory Committee. It was established in accordance with the laws and regulations applicable in the Kingdom of Saudi Arabia and is subject to the rules and directives of the Capital Market Authority (CMA) and the Real Estate Investment Funds Regulations issued by the CMA Board pursuant to Resolution No. 1-193-2006 dated 19/6/1427H (15/07/2006), under the Capital Market Law issued by Royal Decree (No. M/30) dated 02/6/1424H, as amended by CMA Resolution 1-135-2025 dated 03/06/1447H (Corresponding to 24/11/2025).

The Fund is listed on the Saudi Parallel Market (Nomu) under the symbol (9300), and its units are traded in accordance with the CMA rules and regulations.

As at 31 December 2024, the Fund's size before the capital increase was SAR 150,000,000, divided into 15,000,000 units with a nominal value of SAR 10 per unit.

As at 31 December 2025, the Fund's size after the capital increase was SAR 197,909,540, divided into 19,790,954 units with a nominal value of SAR 10 per unit.

Fund duration:

The Fund has a term of 99 years, starting from the date of listing of the Fund's units on the Parallel Market (Nomu) (Listing Date) and their availability for trading on 30 November 2022, and it is renewable for a similar period at the discretion of the Fund Manager, subject to the approval of the Fund's Board of Directors and subsequently the Capital Market Authority.

Trading of the Fund's units on the Saudi Parallel Market (Nomu) commenced on 6 Jumada Al-Awwal 1444H (corresponding to 30 November 2022), following the approval of the Capital Market Authority in the Kingdom of Saudi Arabia.

At the time of the initial public offering, the targeted Fund size was a minimum offer of 148,633,250 SAR and a maximum offer of 150,000,000 SAR.

Fund Objective:

The investment objective of the Fund is to invest in fully developed real estate properties capable of generating periodic rental income, and to distribute a specified percentage of no less than 90% of the Fund's annual net profits in cash to the unitholders during the Fund's term. The aforementioned distributions exclude capital gains arising from the sale of real estate assets, which are to be reinvested in additional assets serving the interests of the unitholders. If such reinvestment is not made within six months from the date of sale, the capital gains will be distributed to the unitholders.

The Fund is managed by Wasatah Capital (the “Fund Manager”), a closed Saudi joint-stock company registered in the Commercial Register in the Kingdom of Saudi Arabia under No. 7001506356, licensed as a market institution by the Capital Market Authority under license (No. 37-08125).

The Fund increased the total value of its net assets by issuing 2,760,000 in-kind units amounting to 27,600,000 SAR, and 2,030,954 cash units amounting to 20,309,540 SAR, for the purpose of completing the acquisition of a residential building (Al Jawhara Residential Building). As a result, the total number of units as of 31 December 2025 became 19,790,954 units, with a nominal value of 10 SAR per unit.

On 13 Muharram 1447H (corresponding to 8 July 2025), the unitholders, in their meeting held on that date, approved the increase of the Fund's total assets and the supplementary annex to the Fund's terms and conditions through the issuance of additional units (in-kind and cash), with the capital increase ranging between 47,906,390 SAR as the minimum and 47,909,540 SAR as the maximum, to complete the acquisition of the Al-Jawhara Residential Building in Riyadh. The offering period ended on 03/02/1447H (corresponding to 28 July 2025), achieving a subscription coverage of (109.64%), totaling 24,929,750 SAR, excluding the value of the in-kind subscription.

Wahat Al Mabani Real Estate Company is a special purpose company established to safeguard the fund's assets owned by Albilad Investment Company (Custodian).

Albilad Investment Company - Saudi Closed Joint Stock Company is responsible for the custody of the Fund and its assets under license number (08100-37)

The Fund's manager address is as follows:

Address: Al Wasatah Al Maliah (Wasatah Capital) Olaya Road – Short Address (RHGA7459) Riyadh 12283 – Kingdom of Saudi Arabia.

ALWAHA REIT FUND

CLOSED-ENDED REAL ESTATE INVESTMENT FUND TRADED

(MANAGED BY AL WASATAH AL MALIAH COMPANY “WASATAH CAPITAL”)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

2- REGULATORY AUTHORITY

The Fund is subject to the Real Estate Investment Funds Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. 1-193-2006 dated 19 Jumada Al-Akhira 1427H corresponding to 19 June 2006 based on the Capital Market Law issued by Royal Decree No. M/30 dated 2 Jumada Al-Akhira 1424H (corresponding to 31 July 2003G), and the Bylaws (the "Amended Regulations") were amended by the CMA Board Resolution No. 1-135-2025 dated 3 Jumada Al-Akhira 1447H (corresponding to 24 November 2025G).

The Zakat rules apply to investment funds licensed by the Capital Market Authority starting from the financial years starting on 1 January 2023, with the obligation to register with the Zakat, Tax and Customs Authority and submit a Zakat information declaration within 120 days of the end of the financial year and it shall be collected from the unitholders.

3- BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

3.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants, to comply with the Real Estate Investment Funds Regulations issued by the Capital Market Authority and the Fund's terms and conditions.

3.2 Basis of measurement

The accompanying financial statements have been prepared on the historical cost basis using the accrual basis of accounting, except for financial assets measured at fair value through profit or loss, which are measured at fair value, as described in the applied accounting policies (Note 6), and in accordance with the accrual basis and the going concern principle.

3.3 Functional and presentation currency

The items presented in the financial statements are reported using the primary currency in which the Fund operates (the “functional currency”). These financial statements are presented in Saudi Riyals, which is both the Fund's functional and presentation currency. Figures have been rounded to the nearest Saudi Riyal unless otherwise stated.

4- NEW STANDARDS AND AMENDMENTS TO STANDARDS NOT YET ADOPTED

Amendments to existing standards issued that have not become effective as of the date of issuance of the financial statements as set out below, the Fund intends to apply these amendments to existing standards, if applicable, when they enter into force:

- Amendments to the classification and measurement of financial instruments, amendments to IFRS 9 "Financial Instruments" and IFRS (7) "Financial Instruments: Disclosures", applicable to annual periods beginning on or after 1 January 2026,
- Annual improvements to IFRS accounting standards, applicable to annual periods commencing on or after 1 January 2026 – Amendments to:
 - IFRS (1) "Applying IFRS for the first time",
 - IFRS (7) "Financial Instruments: Disclosures" and accompanying guidance for the application of IFRS 7;
 - IFRS (9) "Financial Instruments",
 - International Financial Reporting Standard IFRS (10) "Consolidated Financial Statements",
 - IAS (7) "Statement of Cash Flows"
- Contracts referring to nature-based electricity – amendments to IFRS (9) and IFRS (7) apply to annual periods commencing on or after 1 January 2026;
- IFRS (18) "Presentation and Disclosure in Financial Statements" applies to annual periods commencing on or after 1 January 2027.
- IFRS (19) "Non-Public Accountable Subsidiaries: Disclosures, applicable to annual periods beginning on or after 1 January 2027;
- Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28), effective date deferred indefinitely.

ALWAHA REIT FUND
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

5- USE OF JUDGEMENT AND ESTIMATES

The preparation of the financial statements in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. These estimates and the related assumptions are based on historical experience and other factors that are considered reasonable under the current circumstances, forming the basis for judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and the underlying assumptions are reviewed on an ongoing.

The following are information about the assumptions and estimates that have a material impact on the amounts reported in the financial statements:

- Useful lives of investment properties

Management determines the estimated useful lives of investment properties for the purpose of calculating depreciation. This estimate is made after considering the expected life of the assets or normal wear and tear. Management reviews the residual values and useful lives annually and adjusts the depreciation charge for any changes, if applicable, in the current and future periods. The estimated useful lives of investment properties are disclosed in (Note 6).

- Impairment of investment properties

The Fund engages a qualified professional valuer (third party) to obtain market value estimates of the investment properties using recognized valuation methods, for the purposes of performing impairment tests and fair value disclosure in the financial statements. For more details on the assumptions and estimates, please refer to (Note 18).

- Impairment of Non-Financial Assets

A non-financial asset is considered impaired when its carrying amount exceeds its recoverable amount. The recoverable amount of the asset or cash-generating unit is the higher of the asset's fair value, less costs to sell and its value in use.

The fair value of the asset is estimated based on purely commercial sales of identical assets or observable market prices of similar assets, less any additional costs to sell the asset. The value in use is calculated based on the present value of the expected future cash flows of the assets over the next five years. These expected cash flows do not include restructuring activities to which the Fund is not yet committed, or significant future investments that would enhance the performance of the asset or cash-generating unit being tested.

The recoverable amount is highly sensitive to the discount rate used to calculate the cash flow, as well as the expected future cash flow and the growth rate applied in estimating the value in use.

- Provision for expected credit losses for Rental income receivable

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 behaviour.

A number of significant judgments are also required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- 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.

6- MATERIAL ACCOUNTING POLICY INFORMATION

Lease income receivable

Lease income receivable is initially measured at fair value plus direct transaction costs and are subsequently measured at amortized cost using the effective interest rate method. The allowance for impairment of receivables is usually measured at an amount equal to the expected lifetime loss.

Cash and cash equivalents

Cash and cash equivalents consist of cash in current accounts with banks and highly liquid short-term Murabaha deposits with an original maturity of three months or less (if any) that are available to the Fund without any restrictions. Cash and cash equivalents are carried at amortized cost within the statement of financial position.

ALWAHA REIT FUND
CLOSED-ENDED REAL ESTATE INVESTMENT FUND TRADED
(MANAGED BY AL WASATAH AL MALIAH COMPANY “WASATAH CAPITAL”)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

6- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Investment properties

Investment properties are non-current assets held either to earn rental income, for capital appreciation, or both, but not for sale in the ordinary course of business. Investment properties are measured using the cost model at initial recognition and subsequently at cost less accumulated depreciation and any impairment losses, if any.

An investment property is derecognized upon disposal, when it is occupied by the owner, or when it is no longer held to increase in value.

Any gain or loss on the derecognition of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the asset) is recognized in the statement of comprehensive income.

The cost of a self-constructed investment property includes the cost of materials and direct labor, as well as any other costs directly attributable to bringing the investment property to the condition necessary for its intended use, and capitalized borrowing costs.

The estimated useful lives of the different components of investment properties are as follows:

Buildings	40 years
Equipment and air conditioners	5 years
Building improvements	5 years

Derecognition

The Fund derecognizes a financial asset only when the contractual rights to receive the cash flows from the financial asset have expired, or substantially all the risks and rewards of ownership have been transferred to another entity. If the Fund neither transfers nor substantially retains the risks and rewards of ownership and continues to control the transferred asset, it recognizes its retained interest in the transferred asset and the associated liabilities to the extent of the amounts expected to be paid. If the Fund substantially retains all the risks and rewards of ownership of the transferred asset, the Fund continues to recognize the financial asset.

Impairment

An impairment loss, if any, is recognized in the statement of profit or loss for the amount by which the carrying amount of an asset exceeds its recoverable amount. If an impairment loss is subsequently reversed, the carrying amount of the asset (or cash-generating unit) is increased to its revised 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 in prior years. The reversal of an impairment loss is recognized immediately as income in the statement of profit or loss.

Financial Instruments

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

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets or liabilities, or issuance thereof, except for financial assets and liabilities measured at fair value through profit or loss, are added to or deducted from the fair value of the financial assets or liabilities, as appropriate, at initial recognition. Transaction costs directly attributable to the acquisition of financial assets or liabilities measured at fair value through profit or loss are recognized immediately in the statement of profit or loss.

First: Financial Assets

Financial assets are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI), and financial assets measured at amortized cost. Classification depends on the nature and purpose of the financial assets and is determined at initial recognition. All regular purchases and sales of financial assets are recognized on the trade date. Regular purchases or sales refer to acquisitions or disposals of financial assets that require delivery of the asset within the timeframe established by regulations or market practice.

A) Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets are classified as FVTPL when they are acquired for trading purposes or designated as such.

A financial asset is held for trading if:

- It is acquired primarily for sale in the near term.
- It is part of a portfolio of identified financial instruments managed together with a pattern of short-term profit-taking.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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6- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial Instruments (continued)

First: Financial Assets (continued)

- It is a derivative that is not designated or effective as a hedging instrument.

Financial assets designated at FVTPL are stated at fair value, with any resulting gains or losses recognized in the statement of profit or loss. Net gains or losses include any dividends or interest earned on the financial asset and are included in the statement of profit or loss.

b) Financial Assets Measured at Amortized Cost

Receivables, including trade receivables and other balances, as well as bank balances and cash, are measured at amortized cost using the effective interest method, less any impairment losses recognized in the statement of profit or loss. Interest income is determined by applying the effective interest rate, except for short-term receivables where the discount effect is immaterial.

Second: Financial Liabilities

Financial liabilities, including payables, are measured initially and subsequently at amortized cost using the effective interest method.

The Fund derecognizes a financial liability when the obligation is discharged, cancelled, or expires. The difference between the carrying amount of the derecognized financial liability and the amount paid is recognized in the statement of profit or loss.

Distribution of dividends

Dividends payable to the Fund’s unitholders are recognized as liabilities in the Fund’s financial statements in the period in which the distribution is approved.

The Fund Manager aims to distribute cash dividends to investors semi-annually at a rate of no less than 90% of the Fund’s annual net profits.

Distribution of dividends

Dividends payable to the Fund’s unitholders are recognized as liabilities in the Fund’s financial statements in the period in which the distribution is approved.

The Fund Manager aims to distribute cash dividends to investors semi-annually at a rate of no less than 90% of the Fund’s annual net profits.

Effective Interest Rate Method

The effective interest rate method is a method of calculating the amortized cost of a debt instrument and allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts the estimated future cash flows (including all fees and points paid or received that are an integral part of the effective interest rate, transaction costs, and other premiums or discounts) over the expected life of the debt instrument, or a shorter period when appropriate, to the net carrying amount of the asset at initial recognition.

Net Asset Value

The net asset value per unit is calculated by dividing the equity attributable to unitholders included in the statement of financial position by the number of units outstanding at the end of the year.

Payables and other credit balances

Payables and other credit balances are recognized at fair value and subsequently measured at amortized cost using the effective commission rate method.

Provisions

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

Revenue Recognition

The Fund recognizes revenue from contracts with customers using a five-step approach, as follows:

Step 1: Identify the contract(s) with the customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

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

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6- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Rental Income from Investment Properties

When the Fund acts as a lessor, it determines at the inception of each lease whether the lease is a finance lease or an operating lease. To classify each lease, the Fund conducts a comprehensive assessment to determine whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee. If so, the lease is classified as a finance lease; if not, it is classified as an operating lease. This assessment considers indicators such as whether the lease represents a significant portion of the economic life of the asset. The Fund has determined that all its current leases are operating leases. Assets leased under operating leases are included in investment properties in the statement of financial position.

Rental income from operating leases is recognized on a straight-line basis over the lease term. When the Fund provides incentives to lessees, the cost of these incentives is spread over the lease term on a straight-line basis, as a deduction from rental income.

Value Added Tax (VAT)

Expenses and assets are recognized net of Value Added Tax (VAT), except in the following cases:

When VAT is incurred on the purchase of assets or services it is non-recoverable from the tax authorities. In such cases, VAT is included as part of the cost of the asset or as part of the expense item, as applicable.

When trade receivables and trade payables are stated including VAT.

The net amount of VAT recoverable from or payable to the tax authorities is presented either as part of other receivables or other payables in the statement of financial position.

Expenses

Expenses are recognized on an accrual basis. Management fees of the Fund are charged at a rate agreed with the Fund Manager. These expenses are calculated semi-annually and are charged to the statement of profit or loss.

Zakat

According to the Zakat rules for investment funds, the Fund is not subject to Zakat provided that it does not engage in economic or investment activities not stipulated in accordance with the terms and conditions approved by the CMA. Zakat will be collected from the fund's unitholders.

The fund manager must submit an information declaration to the Authority within a period not exceeding 120 days from the end of the financial year. The fund manager has registered the fund and will submit the annual zakat information return to the Authority.

Contingent liabilities

All contingent liabilities arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not entirely within the control of the Fund, or all current liabilities arising from past events, but which are not confirmed for the following reasons:

- 1) Non-compliance, or
- 2) The amount of the liability cannot be measured with sufficient reliability; They must all be evaluated at the date of each statement of financial position and disclosed in the Fund's financial statements as contingent liabilities.

Segment reporting

Operational segment

The operating segment is a component of the Fund that engages in activities from which it may earn revenue and incur expenses, including revenues and expenses relating to transactions with other segments of the Fund. All segment results are regularly reviewed by the Fund's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, with separate financial information available.

The segment results reported to the chief operating decision maker include both directly attributable results and those that can be allocated on a reasonable basis. This includes central administration expenses, research and development costs, related assets/liabilities, and Zakat assets/liabilities.

The Fund does not have any operating segments, as all of the Fund's revenue is generated through a single operating segment, represented by providing environmental project services; therefore, no segment disclosures are required.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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6- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Segment reporting (continued)

Geographic segment

A geographical segment is a group of assets, operations, or entities engaged in profitable activities in a particular economic environment, subject to risks and returns that are different from those operating in other economic environments.

The Fund does not have any geographical segments, as all of the Fund’s revenue is generated within the Kingdom of Saudi Arabia; therefore, no geographical segment disclosures are required.

Foreign Currency Translation

Transactions in foreign currencies are translated into Saudi Riyals at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates prevailing at the statement of financial position date. Exchange gains and losses arising from these translations are recognized in the statement of profit or loss.

Subsequent Measurement of Financial Assets

• **Financial assets at fair value through profit or loss (FVTPL)**

These assets are subsequently measured at fair value, with net gains or losses, including any interest or dividend income, recognized in the statement of comprehensive income.

• **Financial assets are at fair value through other comprehensive income (FVOCI)**

Changes in fair value are recognized in other comprehensive income and accumulated in equity under the fair value reserve, while dividend income is recognized in the statement of profit or loss.

• **Financial assets at amortized cost:**

These assets are subsequently measured at amortized cost using the effective interest method and reduced by any impairment losses. Interest income, foreign exchange gains or losses, and impairment losses are recognized in the statement of profit or loss. Any gain or loss on derecognition is recorded in the statement of comprehensive income.

Reclassification

Financial assets are not reclassified after initial recognition, except in the period in which the Fund changes its business model for managing the financial assets.

Expected Credit Loss (ECL)

The Fund applies the simplified approach under IFRS 9 to measure expected credit losses, which uses a lifetime expected credit loss allowance. This approach is applied to assess provisions for:

- **Financial assets measured at amortized cost;**

Expected loss rates are based on rental receivable repayment information over the 12 months prior to each reporting period and historical credit losses during that period. These historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the customers’ ability to settle rental receivables. The Fund has determined that Saudi Arabia’s GDP and inflation rate are the most relevant factors. Historical loss rates are adjusted based on expected changes in these factors.

The expected loss model divides the total loss amount into the following:

Probability of default (PD): The likelihood of defaulting over a specific time horizon.

Loss given default (LGD): The estimated loss if default occurs, based on the difference between contractual cash flows due and those expected to be collected, including collateral, typically expressed as a percentage of exposure at default.

Exposure at default (EAD): The estimated exposure at the future default date, considering expected repayments of principal, interest, and any drawdowns on committed facilities.

Model Framework

The Fund uses the probability of default (PD) model at a specific point in time to measure impairment of financial assets. The PD model includes information from the current credit cycle and risk assessment at a specific point in time. The structure of the PD model is used to measure credit deterioration and the initiation of default probability when calculating provisions. For lifetime expected credit losses, cash flows, total carrying amount, loss allowance, and amortized cost of the financial instrument are estimated after properly applying inputs.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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6- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Weighted Macroeconomic Scenarios

The Fund incorporates macroeconomic factors such as GDP, inflation rate, and government expenditure to create multiple scenarios for expected credit loss estimates, using best- and worst-case scenarios. Scenario-based analysis incorporates forward-looking information within the ECL estimates. The expected credit loss represents an unbiased, probability-weighted amount derived from assessing a range of possible outcomes.

After adjusting the model inputs for the macroeconomic scenarios, the probability of default for each scenario is calculated, and the weighted average probability of default is determined based on scenario probabilities. Finally, the lifetime weighted average expected credit loss is computed using these probability-weighted outcomes.

Portfolio Segmentation

The Fund segments its financial assets based on credit risk characteristics, using divisions such as geographical region, client type and classification, and other relevant factors. These different segments reflect variations in the probability of default and the recovery rates in the event of default.

Definition of Default

For this purpose, the Fund considers a default to have occurred when:

- There is a likelihood that the client will not fulfill its credit obligations to the Fund in full without the Fund having to resort to actions such as enforcing collateral (if held by the Fund); or
- The client has more than 360 days past due on any significant credit obligation to the Fund. Since the industry sector generally views this period as a fair representation of default for the Fund, this overrides the 90-day assumption mentioned in IFRS 9.

Impairment Recognition

The carrying amount of the assets is reduced using the above model, and the loss is recognized in the statement of comprehensive income. Accounts receivables are written off against the related allowance when there is no reasonable expectation of recovery, and all collateral has been realized or transferred to the Fund.

If the estimated impairment loss increases or decreases in the following year due to events occurring after the initial recognition of the impairment, the previously recognized impairment loss is adjusted accordingly. If a previously written-off amount is later recovered, the recovered amount is recognized under other income in the statement of comprehensive income.

Specific Allowance

A specific allowance is recognized on a client-by-client basis at each reporting date. The Fund records a specific allowance against accounts receivable from certain clients and reverses these allowances only when the amounts are recovered from the clients.

Write-off

The carrying amount of a financial asset is written off, either partially or fully, when there is no realistic expectation of recovery. Generally, this occurs when the Fund determines that the debtor has no assets or income sources capable of generating sufficient cash flows to settle the amounts being written off.

Financial Liabilities

All financial liabilities are initially recognized at fair value, less directly attributable transaction costs. The Fund's financial liabilities mainly include unearned rental income, amounts payable to related parties, and other payables. After initial recognition, they are subsequently measured at amortized cost using the effective interest rate method.

Derecognition

The Fund derecognizes financial liabilities when the contractual obligations are settled, canceled, or expired.

Financial Assets and Liabilities Modification Transactions

Financial Assets

If the terms of a financial asset are modified, the Fund assesses whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, the contractual rights to the cash flows of the original financial asset are considered to have expired. In this case, the Fund derecognizes the original financial asset and recognizes a new financial asset at fair value.

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6- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial Assets and Liabilities Modification Transactions (continued)

Financial Assets (continued)

If the cash flows of the modified asset measured at amortized cost are not substantially different, the modification does not result in derecognition of the financial asset. In this case, the Fund recalculates the total carrying amount of the financial asset and recognizes the resulting amount as a gain or loss adjustment in the statement of comprehensive income.

Financial Liabilities

The Fund derecognizes financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability is recognized based on the modified terms at fair value. The difference between the carrying amount of the derecognized financial liability and the new financial liability under the modified terms is recognized in the statement of comprehensive income.

Offsetting Financial Instruments

Offsetting is performed between amounts of financial assets and financial liabilities, and the net amount is presented in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and the Fund intends to settle on a net basis, or to realize the asset and settle the liability simultaneously. Any gain or loss arising from the sale of a discontinued operation or remeasurement at fair value less costs to sell is presented as part of a single main item and the profit or loss from discontinued operations.

Fair Value Measurement

The Fund measures financial instruments such as equity instruments at fair value at each statement of financial position 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. Fair value measurement assumes that the sale of the asset or transfer of the liability will occur either:

- In the principal market for the assets or liabilities, or
 - In the absence of a principal market, in the most advantageous market for the assets or liabilities.
- Fair value of assets or liabilities is measured assuming that market participants will take advantage when pricing the assets and liabilities and will act in their best economic interests.

The Fund uses appropriate valuation methods depending on the circumstances, with sufficient data available to measure fair value, increasing the use of observable inputs and reducing the use of unobservable inputs.

All assets and liabilities measured at fair value or disclosed in the financial statements are classified within the fair value hierarchy based on the lowest level input used for the overall fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques where the lowest level significant inputs are observable, directly or indirectly.

Level 3: Valuation techniques where the lowest level significant inputs are unobservable.

For assets and liabilities that are measured at fair value on a recurring basis, the Fund ensures whether transfers between the fair value hierarchy levels have occurred by reassessing the classification (based on the lowest level significant inputs for overall fair value measurement) at the end of each financial year. The Fund establishes policies and procedures for both recurring and non-recurring fair value measurements.

At each reporting date, the Fund analyzes changes in the value of assets and liabilities subject to remeasurement or reassessment according to the Fund’s accounting policies. The Fund verifies the key inputs used in the latest valuation by reconciling the information with contracts and other relevant documents. The Fund also compares changes in fair value for each asset and liability category with relevant external sources to determine if the change is reasonable. For disclosure purposes, the Fund classifies assets and liabilities based on the nature, characteristics, and risks of the assets and liabilities and the fair value hierarchy levels mentioned above. Disclosures regarding the fair value of financial instruments measured at fair value or for which fair value has been disclosed are provided in (Note 18).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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6- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Issued Units

The Fund has issued units. Upon liquidation of the Fund, these units entitle their holders to the remaining net assets. They are equally ranked in all respects and have identical terms and conditions. Units grant investors the right to claim redemption in cash proportional to their share in the net assets of the Fund upon liquidation. Units are classified as equity when all the following conditions are met:

- They provide the holder with a proportional share of the Fund’s net assets upon liquidation;
- They rank in a class of instruments that is subordinate to all other classes of instruments;
- All financial instruments in that class have identical features;
- Regardless of the Fund’s contractual obligation to repurchase or redeem the monetary instrument or another financial asset, the instrument does not include any other features that require classification as a liability; and
- The total expected cash flows to the instrument over its lifetime depends substantially on the statement of profit or loss and changes in the Fund’s net assets, both recognized and unrecognized, over the instrument’s life.

Related Party Transactions

Related Party

A related party is a person or entity related to the Fund that prepares its financial statements.

a) A person or a close member of that person’s family is related to the Fund if that person:

Has control or joint control over the Fund preparing its financial statements;

Has significant influence over the Fund preparing its financial statements; or is a member of the Fund’s board of directors.

b) An entity is considered related if any of the following conditions apply:

The Fund controls or jointly controls the entity through the person specified in (a);

The person specified in (a) has significant influence over the entity or is a member of its board of directors.

7- MANAGEMENT FEE AND OTHER EXPENSES

7-1 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.

7-2 Management fees

The Fund has paid the Fund Manager an annual fee 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.

7-3 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.

7-4 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.

7-5 Property Management Fees

The Fund pays an annual amount of 800,000 SAR, excluding VAT, according to the agreement with Shamo Commercial Investment Co. Ltd. for managing the following properties: a residential building in Al-Nakheel district and offices and showrooms in the Shahd building. In addition, a 2.5% fee is payable to Hilm Al-Safwa Real Estate Office from the net revenues collected from the following properties: Al-Hayer showrooms and offices, and Factory Showrooms Plot 192.

7-6 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.

7-7 Board of Directors’ Remuneration

Each independent member of the Board of Directors will receive 10,000 SAR for each meeting, with a maximum of 30,000 SAR per year for each independent member, payable immediately after the meeting. No remuneration is paid to non-independent Board members.

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7- MANAGEMENT FEE AND OTHER EXPENSES (CONTINUED)

7-7 Board of Directors’ Remuneration (continued)

In addition to the above, the Fund may be directly or indirectly subject to other expenses, including but not limited to legal fees, insurance costs, bank financing commissions, or advertisements related to the Fund’s activities, government fees imposed on the Fund and its activities (if any), and costs of unit holders’ meetings. The Fund will not bear any other expenses or fees unless approved by the Board of Directors.

8- CASH AND CASH EQUIVALENTS

	31 December 2025	31 December 2024
	SAR	SAR
Cash in current accounts with local banks	461,637	1,560,735
Murabaha deposits (maturity period less than 90 days)*	10,964,332	7,058,560
	11,425,969	8,619,295

*The Murabaha deposits item represents amounts deposited and invested under an agreement with a local bank, whereby the bank invests the amounts deposited by the Fund in customer deposits, in a manner consistent with regulations and Shariah-compliant. These deposits bear Murabaha rates ranging between 4.2% and 5.3% (31 December 2024: rates ranging between 4.83% and 5.54%). During the year ended 31 December 2025, the Fund earned Murabaha income of 372,506 SAR (31 December 2024: 258,653 SAR).

9- LEASE RECEIVABLE, NET

	31 December 2025	31 December 2024
	SAR	SAR
Lease receivable	5,490,034	2,986,130
(Less) Expected credit losses*	(1,183,077)	(1,975,631)
Balance at the end of the year	4,306,957	1,010,499

*The movement on Expected credit losses Provision is as follows:

	31 December 2025	31 December 2024
	SAR	SAR
Balance at the beginning of the year	1,975,631	106,457
Provision during the year	-	1,869,174
Reversal during the year	(792,554)	-
Balance at the end of the year	1,183,077	1,975,631

Below is an analysis of the ageing of rental receivables and the related expected credit loss allowance as of:

	Total	From one day to 60 days	From 61 days to 90 days	From 91 days to 120 days	From 121 days to 180 days	From 181 days to 270 days	More than 365 days
31 December 2025	SAR	SAR	SAR	SAR	SAR	SAR	SAR
Book Value	5,490,034	1,618,188	464,510	902,614	1,716,610	104,024	684,088
Expected Credit Loss Provision	1,183,077	49,035	33,685	100,352	250,510	65,407	684,088
Expected Credit Loss Rate	22%	3%	7%	11%	15%	63%	100%
31 December 2024	SAR	SAR	SAR	SAR	SAR	SAR	SAR
Book Value	2,986,130	591,917	220,173	709,090	1,026,232	3,322	435,396
Expected Credit Loss Provision	1,975,631	-	-	531,818	1,026,232	3,322	414,259
Expected Credit Loss Rate	%66	0.00%	0.00%	75%	100%	100%	%95

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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10- INVESTMENT PROPERTIES

Below is the movement in investment properties:

	Lands*	Buildings	Equipment and air conditioners	Building Improvements	Total
<u>As at 31 December</u>	<u>SAR</u>	<u>SAR</u>	<u>SAR</u>	<u>SAR</u>	<u>SAR</u>
<u>2025</u>					
<u>Cost</u>					
Balance at the beginning of the year	107,309,230	41,324,023	492,906	5,979,231	155,105,390
Additions during the year	<u>27,399,858</u>	<u>19,520,142</u>	<u>249,801</u>	<u>204,184</u>	<u>47,373,985</u>
Balance at the end of the year	134,709,088	60,844,165	742,707	6,183,415	202,479,375
<u>Accumulated depreciation:</u>					
Balance at the beginning of the year	-	(2,192,765)	(116,363)	-	(2,309,128)
Charged during the year	<u>-</u>	<u>(1,236,435)</u>	<u>(121,181)</u>	<u>(1,030,570)</u>	<u>(2,388,186)</u>
Balance at the end of the year	-	(3,429,200)	(237,544)	(1,030,570)	(4,697,314)
<u>Less: Accumulated Impairment in balance</u>					
Impairment at the beginning of the year	-	(109,012)	-	-	(109,012)
Impairment during the year	<u>-</u>	<u>(113,981)</u>	<u>-</u>	<u>-</u>	<u>(113,981)</u>
Balance at the end of the year	-	(222,993)	-	-	(222,993)
Net book value as of 31 December 2025	<u>134,709,088</u>	<u>57,191,972</u>	<u>505,163</u>	<u>5,152,845</u>	<u>197,559,068</u>

*The land title deeds are registered in the name of Wahat Al Mabani Real Estate Company, a special purpose company established to safeguard the Fund's assets owned by Albilad Investment Company (Custodian) (Note 1).

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10- INVESTMENT PROPERTIES (CONTINUED)

	Lands	Buildings	Equipment and air conditioners	Building Improvements	Total
<u>As at 31 December 2024</u>	<u>SAR</u>	<u>SAR</u>	<u>SAR</u>	<u>SAR</u>	<u>SAR</u>
<u>Cost</u>					
Balance at the beginning of the year	107,309,230	41,324,023	317,603	3,681,368	152,632,224
Additions during the year	-	-	175,303	2,297,863	2,473,166
Balance at the end of the year	107,309,230	41,324,023	492,906	5,979,231	155,105,390
<u>Accumulated depreciation:</u>					
Balance at the beginning of the year	-	(1,159,664)	(31,920)	-	(1,191,584)
Charged during the year	-	(1,033,101)	(84,443)	-	(1,117,544)
Balance at the end of the year	-	(2,192,765)	(116,363)	-	(2,309,128)
<u>Less: Accumulated Impairment in balance</u>					
Impairment at the beginning of the year	-	(105,366)	-	-	(105,366)
Impairment during the year	-	(3,646)	-	-	(3,646)
Balance at the end of the year	-	(109,012)	-	-	(109,012)
Net book value as of 31 December 2024	<u>107,309,230</u>	<u>39,022,246</u>	<u>376,543</u>	<u>5,979,231</u>	<u>152,687,250</u>

The following is statement on the net book value of investment properties as at 31 December:

<u>Property</u>	<u>Nature of property</u>	<u>31 December 2025 SAR</u>	<u>31 December 2024 SAR</u>
Shahad Commercial Center Offices and Showrooms - Al-Muruj District	Offices and showrooms	66,166,871	67,220,865
Al-Hayer Showrooms and offices - Almasana District	Offices and showrooms	14,679,924	14,864,005
Olaya Street gas station - Al-Muruj district	Gas station	13,531,099	13,531,099
Residential building - Al-Nakheel district	Residential building	8,670,682	8,770,521
Warehouse Plot No. 9 - Al Aziziyah District	Warehouse	10,849,351	10,934,265
Warehouse Plot No. 10 - Al-Aziziya District	Warehouse	10,892,066	10,977,502
Warehouse Plot No. 13 - Al-Aziziya District	Warehouse	7,878,031	7,933,317
Showrooms Plot No. 192 - Dar Albayda District	Showroom	6,488,740	6,576,260
Warehouse Plot No. 197 - Dar Albayda District	Warehouse	2,033,333	2,045,578

ALWAHA REIT FUND**CLOSED-ENDED REAL ESTATE INVESTMENT FUND TRADED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025****10- INVESTMENT PROPERTIES (CONTINUED)**

The following is statement on the net book value of investment properties as at 31 December (continued):

Property	Nature of property	31 December	31 December
		2025	2024
		SAR	SAR
Warehouse Plot No. 202 - Dar Albayda District	Warehouse	2,382,163	2,399,058
Warehouse Plot No. 207 - Dar Albayda District	Warehouse	4,115,737	4,148,314
Warehouse Plot No. 209 – Dar Albayda District	Warehouse	3,154,405	3,286,466
Aljouhara Luxury Apartments-Al Nakheel District	Residential building	46,716,666	-
		<u>197,559,068</u>	<u>152,687,250</u>

The following is a statement on the details of the investment properties owned by the Fund, according to the following:

Offices and showrooms of Shahd Building - Al-Murooj District: The property is a commercial and office building consisting of 11 showrooms and 37 offices, with an average exhibition area of 235 square meters and an average office area of 199 square meters, this property is located in the city of Riyadh.

Al Hayer Showrooms & Offices - Al-Masanaa District: The property is a building with 21 showroom units on the ground floor and an upper floor with 15 vacant offices, with an average exhibition area of 376 square meters, and an average office area of 68 square meters, this property is located in the city of Riyadh.

Olaya Street Gas Station - Al-Murooj District: The property is represented by a station building and an umbrella, this property is located in the city of Riyadh.

Residential Building - Al Nakheel District: The property is a residential building consisting of 21 apartments with different sizes ranging from 109 square meters to 173 square meters, with an average area of 158 square meters per apartment, this property is located in the city of Riyadh.

Warehouses Plot No. 9 - Al-Azizia District: The property is represented by 26 warehouses with different sizes ranging from 301 square meters to 602 square meters and an average area of 324 square meters per warehouse, the property is located in the city of Riyadh.

Warehouses Plot No. 10 - Al-Azizia District: The property is represented by 26 warehouses with different sizes ranging from 301 square meters to 412 square meters with an average area of 318 square meters per warehouse, this property is located in the city of Riyadh.

Warehouses Plot No. 13 - Al-Azizia District: The property consists of 20 warehouses with different sizes ranging from 301 square meters to 412 square meters, with an average area of 323 square meters per warehouse, this property is located in the city of Riyadh.

Showrooms Plot No. 192 - Dar Albayda District: The property is represented by 15 showrooms of different sizes with a total area of 2,250 square meters with an average area of 150 square meters per showroom, this property is located in the city of Riyadh.

Warehouses Plot No. 197 - Dar Albayda District: The property consists of 4 warehouses with a total area of 1,600 square meters with an average area of 400 square meters per warehouse, the property is located in the city of Riyadh.

Warehouses Plot No. 202 - Dar Albayda District: The property consists of 9 warehouses with a total area of 2,400 square meters with an average area of 267 square meters per warehouse, this property is located in Riyadh.

Warehouses Plot No. 207 - Dar Albayda District: The property consists of 10 warehouses with areas ranging from 300 square meters to 420 square meters, with an average area of 359 square meters per warehouse, this property is located in the city of Riyadh.

Warehouses Plot No. 209 - Dar Albayda District: The property consists of 6 warehouses with areas ranging from 390 square meters to 490 square meters with an average area of 424 square meters per warehouse, this property is located in the city of Riyadh.

Al Jawhara Residential Building – Al Nakheel District: The property is a residential building consisting of 35 apartments of different sizes ranging from 105 square meters to 191 square meters, this property is located in Riyadh.

ALWAHA REIT FUND**CLOSED-ENDED REAL ESTATE INVESTMENT FUND TRADED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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The fair value of the investment properties is determined by two independent appraisers: Jones Lang LaSalle Saudi Arabia for Real Estate Appraisal, License No. 1210000074, and Arib Real Estate Appraisal Company, License No. 1210000023. Both appraisers are certified by the Saudi Authority for Accredited Valuers. For more details regarding the fair value, please refer to Notes (11, 18).

The following is an analytical table of the market value for each property individually as of 31 December:

The first valuer (Jones Lang LaSalle Saudi Arabia for Real Estate Valuation Company)

Property	Evaluation method	31 December 2025	31 December 2024
		SAR	SAR
Shahad Commercial Center Offices and Showrooms - Al-Muruj District	Discounted cash flows method	80,850,000	80,700,000
Al-Hayer Showrooms and offices - Almasana District	Discounted cash flows method	21,750,000	18,550,000
Olaya Street gas station - Al-Muruj district	Discounted cash flows method	16,600,000	16,400,000
Residential building - Al-Nakheel district	Discounted cash flows method	11,150,000	12,100,000
Warehouse Plot No. 9 - Al Aziziyah District	Discounted cash flows method	16,900,000	15,800,000
Warehouse Plot No. 10 - Al-Aziziya District	Discounted cash flows method	16,500,000	15,750,000
Warehouse Plot No. 13 - Al-Aziziya District	Discounted cash flows method	11,000,000	10,250,000
Showrooms Plot No. 192 - Dar Albayda District	Discounted cash flows method	9,400,000	8,800,000
Warehouse Plot No. 197 - Dar Albayda District	Discounted cash flows method	2,400,000	2,450,000
Warehouse Plot No. 202 - Dar Albayda District	Discounted cash flows method	3,150,000	3,300,000
Warehouse Plot No. 207 - Dar Albayda District	Discounted cash flows method	5,250,000	5,350,000
Warehouse Plot No. 209 – Dar Albayda District	Discounted cash flows method	3,300,000	3,450,000
Al Jawhara Residential Building - Al Nakheel District*	Discounted cash flows method	49,100,000	-
		247,350,000	192,900,000

The second evaluator (Areab Real Estate Appraisers Co)

Property	Evaluation method	31 December 2025	31 December 2024
		SAR	SAR
Shahad Commercial Center Offices and Showrooms - Al-Muruj District	Discounted cash flows method	76,068,025	68,561,751
Al-Hayer Showrooms and offices - Almasana District	Discounted cash flows method	21,305,148	19,152,289
Olaya Street gas station - Al-Muruj district	Discounted cash flows method	17,923,010	16,458,377
Residential building - Al- Nakheel district	Discounted cash flows method	9,444,692	10,061,868
Warehouse Plot No. 9 - Al Aziziyah District	Discounted cash flows method	17,012,816	16,905,280
Warehouse Plot No. 10 - Al-Aziziya District	Discounted cash flows method	17,975,170	17,858,465

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

10- INVESTMENT PROPERTIES (CONTINUED)

Fair values (continued):

The following is an analytical table of the market value for each property individually as of 31 December (continued):

Property	Evaluation method	The second evaluator (Areab Real Estate Appraisers Co)	
		31 December 2025	31 December 2024
		SAR	SAR
Warehouse Plot No. 13 - Al-Aziziya District	Discounted cash flows method	8,334,522	8,719,234
Showrooms Plot No. 192 - Dar Albayda District	Discounted cash flows method	10,056,118	9,828,408
Warehouse Plot No. 197 - Dar Albayda District	Discounted cash flows method	2,139,596	2,210,016
Warehouse Plot No. 202 - Dar Albayda District	Discounted cash flows method	2,493,003	2,577,037
Warehouse Plot No. 207 - Dar Albayda District	Discounted cash flows method	4,683,133	4,835,060
Warehouse Plot No. 209 – Dar Albayda District	Discounted cash flows method	3,008,810	3,122,932
Al Jawhara Residential Building - Al Nakheel District*	Discounted cash flows method	45,019,206	-
		235,463,249	180,290,717

*The Al-Jawhara Residential Building – Al-Nakhil District property represents the asset acquired by the fund through increasing the total net assets by issuing 2,760,000 in-kind units and issuing SAR 27,600,000 and 2,030,954 cash units for SAR 20,309,540, for the purpose of completing the acquisition of this property (Note 1).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2025****11- IMPACT OF NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS IF INVESTMENT PROPERTIES ARE MEASURED AT FAIR VALUE**

In accordance with the Real Estate Investment Funds Regulations issued by the Capital Market Authority in the Kingdom of Saudi Arabia, the Fund Manager relies on the average of two independent valuations to determine the value of the Fund’s assets. As stated in the Fund’s terms and conditions, the published net asset value is calculated based on market value. However, under the Fund’s accounting policy, investment properties are recorded in the financial statements at cost less accumulated depreciation and impairment, if any in the financial statements.

The fair value of the investment properties is determined by two valuers: Jones Lang LaSalle Saudi Arabia for Real Estate Valuation, holding license number 1210000074, and Areeb Real Estate Valuation and Partner Company, holding license number 1210000023.

The valuation models were applied in accordance with the valuation standards issued by the Royal Institution of Chartered Surveyors (RICS), as well as the International Valuation Standards (IVS) recently issued by the International Valuation Standards Council (IVSC) and adopted by the Saudi Authority for Accredited Valuers (TAQEEM).

The Fund Manager used two independent valuations to determine the fair value of the investment properties. The investment properties were valued using the income approach through the discounted cash flow method, and the method used is classified as Level 3 (Note 18).

As of 31 December 2025, the valuation of the investment properties according to the two valuers amounted to:

	<u>First evaluation</u>	<u>Second evaluation</u>	<u>Average</u>
Investment properties (Note 10)	247,350,000	235,463,249	241,406,625
Total	247,350,000	235,463,249	241,406,625

As of 31 December 2024, the valuation of the investment properties according to the two valuers amounted to:

	<u>First evaluation</u>	<u>Second evaluation</u>	<u>Average</u>
Investment properties (Note 10)	192,900,000	180,290,717	186,595,359
Total	192,900,000	180,290,717	186,595,359

11-1 The following is a statement of the unrealized gains on investment properties, which have been determined based on property valuation (fair value), as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
	<u>SAR</u>	<u>SAR</u>
Estimated fair value of investment properties	241,406,625	186,595,359
Less: the book value of Investment property (Note 10)	(197,559,068)	(152,687,250)
Unrealized gains based on the valuation of investment properties	43,847,557	33,908,109
Units in issue (numbers) (Note 1)	19,790,954	15,000,000
Unit's share of unrealized gains based on property valuations	2.22	2.26

11-2 The following is an analysis of the net asset value using the fair value of the investment properties as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
	<u>SAR</u>	<u>SAR</u>
Net assets value at historical cost as shown in these financial statements	207,012,413	157,512,697
Unrealized gains based on the valuation of investment properties (Note 11-1)	43,847,557	33,908,109
Net asset value at fair value	250,859,970	191,420,806

11-3 Below is analysis of net assets per unit using fair value of investment properties:

	<u>31 December 2025</u>	<u>31 December 2024</u>
	<u>SAR</u>	<u>SAR</u>
Book value of net assets per unit	10.46	10.50
Unrealized gains based on investment property valuation (Note 11-1)	2.22	2.26
Fair value of net assets per unit	12.68	12.76

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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12- TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Fund’s related parties include the Unitholders, Fund Manager, the Developer and the Fund board, and other Funds which have been managed by the Fund Manager. In the ordinary course of activities, the Fund has transactions with other related parties. The related parties’ transactions are governed by the regulations issued by CMA.

A) Below are the significant transactions and balances with related parties during the year:

<u>Related parties</u>	<u>Nature of Relationship</u>	<u>Nature of Transaction</u>	Transaction volume for the year ended 31 December			
			2025		2024	
			SAR	SAR	SAR	SAR
			Debit	Credit	Debit	Credit
		Fund management fees	-	2,156,403	-	1,764,168
		VAT	-	291,274	-	-
		Paid from Fund Management Fees	1,984,969	-	1,737,336	-
		Paid from VAT	297,745	-	260,600	-
		Property acquisition fees	-	469,200	-	-
		Payment of acquisition fees	539,580	-	-	-
Al Wasatah Al Maliah Company (Wasatah capital)		Expenses paid on behalf	-	764,015	-	201,094
	Fund manager	Paid from expenses paid on behalf	762,332	-	201,094	-
		Property management fees	-	420,000	-	420,000
		VAT	-	57,750	-	-
		Paid from property management fees	420,000	-	420,000	-
		Paid from VAT	63,000	-	63,000	-
		Rental collection commission	-	411,274	-	390,406
Shumou Investment Company	Principal unit holder	Paid from rental collection commission	391,221	-	450,026	-
		Custody fees	-	132,000	-	132,000
		VAT	-	19,800	-	19,800
		Paid from custody fees	132,000	-	132,000	-
Al Bilad Investment Company	Custodian	Paid from VAT	19,800	-	19,800	-
Board Members	Board of director	Attendance allowances	-	30,000	-	36,666

B) The above transactions resulted in the following balances payable to related parties:

<u>Related party</u>	31 December 2025	31 December 2024
	SAR	SAR
Al Wasatah Al Maliah Company (Wasatah capital)	705,490	538,845
Shumou Investment Company	297,522	248,678
Al Bilad Investment Company	33,000	33,000
	1,036,012	820,523

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13- UNEARNED LEASE REVENUES

Unrealized rental income represents the total value of invoices issued to customers for future periods and not yet due during the year ended 31 December.

	31 December 2025	31 December 2024
	SAR	SAR
Unearned lease revenues*	<u>4,735,761</u>	<u>3,526,039</u>

*Below is the movement in unrealized lease revenues:

	31 December 2025	31 December 2024
	SAR	SAR
Balance at the beginning of the year	<u>3,526,039</u>	3,244,583
Invoiced during the year	23,334,430	19,068,462
Realized operating lease revenues (Note 15)	<u>(22,124,708)</u>	<u>(18,787,006)</u>
Balance at the end of the year	<u>4,735,761</u>	<u>3,526,039</u>

14- ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	31 December 2025	31 December 2024
	SAR	SAR
Value Added Tax	428,887	228,690
Accrued expenses	257,351	287,380
Rental deposits	233,348	243,348
Accrued professional and legal fees	157,500	84,250
Other creditors balances	<u>18,917</u>	<u>14,447</u>
	<u>1,096,003</u>	<u>858,115</u>

15- REVENUE FROM OPERATING LEASE CONTRACTS

	2025	2024
	SAR	SAR
Operating lease income	<u>22,124,708</u>	<u>18,787,006</u>

Classification of Revenue from Contracts with Customers

Revenue from contracts with customers is primarily classified by public or private sector, geographic market, and the timing of revenue recognition. The revenue recognized is realized over a period of time.

A- Timing of Revenue Recognition

Over a period of time

	2025	2024
	SAR	SAR
Operating lease income	<u>22,124,708</u>	<u>18,787,006</u>

B- Geographic Region

	2025	2024
	SAR	SAR
Kingdom of Saudi Arabia	<u>22,124,708</u>	<u>18,787,006</u>

16- OPERATING EXPENSES

	2025	2024
	SAR	SAR
Property maintenance expenses	1,332,450	330,959
Edaa fees	104,582	69,750
Governmental expenses	20,000	22,372
CMA expenses	7,500	6,875
Other	<u>653,811</u>	<u>241,211</u>
	<u>2,118,343</u>	<u>671,167</u>

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17- OTHER EXPENSES

	2025	2024
	SAR	SAR
Maintenance Expenses of Alarm and Fire Systems	348,420	86,666
Electricity expenses	107,193	90,260
Other	109,752	102,832
	565,365	279,758

18- FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability between knowledgeable and willing parties in an arm’s length transaction. Financial instruments consist of financial assets and financial liabilities.

The Fund uses the following hierarchy to determine and disclose the fair value of properties under development:

Level 1: Quoted prices in active markets for identical assets (i.e., without modification or repackaging).

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

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

The fair value of investment properties is classified as Level 3 as of 31 December 2025:

	Book value	Fair Value		
	SAR	Level (1)	Level (2)	Level (3)
	SAR	SAR	SAR	SAR
Investment properties, net (Note 10)	197,559,068	-	-	241,406,625

The fair value of investment properties is classified as Level 3 as of 31 December 2024:

	Book value	Fair Value		
	SAR	Level (1)	Level (2)	Level (3)
	SAR	SAR	SAR	SAR
Investment properties, net (Note 10)	152,687,250	-	-	186,595,359

For assets not measured at fair value but for which fair value is disclosed, the investment properties were valued using the discounted cash flow method based on significant unobservable inputs. Accordingly, they are classified within Level 3 of the fair value hierarchy. The main inputs include the following:

Discount rate: that reflects current market assessments of uncertainty in the amount and timing of cash flows (the rate used by evaluators is between 8.5% to 11.75%)

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 7.75% to 11.5%)

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.

19- OPERATING LEASE CONTRACTS

The maturity analysis of undiscounted lease payments to be received in future years is as follows:

	2025	2024
	SAR	SAR
Less than one year	23,875,425	19,875,425
More than one year and less than 5 years	19,671,097	43,546,522
More than 5 years	4,143,478	4,143,478
	47,690,000	67,565,425

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20- RISK MANAGEMENT

Credit Risk

Credit risk is represented in the failure of one of the parties to the financial instrument contracts to fulfil its contractual obligations, which leads to the Fund incurring financial losses, the Fund is exposed to credit risks on cash and the like, other debt balances and debt rent receivables, the cash is deposited with a bank with a good credit rating, the following table shows the items that may be exposed to credit risks according to the following:

	31 December 2025	31 December 2024
	SAR	SAR
Cash and cash equivalents	11,425,969	8,619,295
Other debit balances	588,195	400,330
Lease receivable, net	4,306,957	1,010,499
	16,321,121	10,030,124

Liquidity Risk

The Fund's difficulties are in providing funds to meet obligations related to financial instruments. Liquidity risk arises from the inability to sell an asset quickly and at an amount equivalent to its fair value. The Fund reduces liquidity risk by ensuring that banks have balances.

The following is the statement of accrual liabilities as at 31 December 2025:

	Book value	Less than	More than	Total
	SAR	one year	one year	contractual
		SAR	SAR	payments
				SAR
Due to Related Parties	1,036,012	1,036,012	-	1,036,012
Unearned lease revenues	4,735,761	4,735,761	-	4,735,761
Accrued expenses and other credit balances	1,096,003	1,096,003	-	1,096,003
Total	6,867,776	6,867,776	-	6,867,776

The following is the statement of accrual liabilities as at 31 December 2024:

	Book value	Less than	More than	Total
	SAR	one year	one year	contractual
		SAR	SAR	payments
				SAR
Due to Related Parties	820,523	820,523	-	820,523
Unearned lease revenues	3,526,039	3,526,039	-	3,526,039
Accrued expenses and other credit balances	858,115	858,115	-	858,115
Total	5,204,677	5,204,677	-	5,204,677

Market Price Risk

Market risk is the risk that arises from changes in the fair value of future cash flows of financial instruments due to changes in market prices. Market prices contain 3 types: interest rate risk, currency risk, and other price risks such as stock price risk and commodity price risk.

Commission Rate Risk

The risk arising from the fluctuation in the value of financial instruments is the result of fluctuations in the prevailing commission rates in the market. The Fund's management monitors changes in the market commission rates and their impact on the Fund's activity.

Currency Risk

The risk of changes in the value of financial instruments due to changes in foreign exchange rates. The Fund's management monitors foreign exchange rate fluctuations and believes that the Fund is not substantially exposed to currency risk since the Fund's core transactions are in Saudi Riyals.

Interest Rate Risk

Interest rate risk is the risk that arises from changes in the fair value of future cash flows of financial instruments due to a change in the market interest rate. The financial assets and liabilities of the Fund, as at the date of the statement of financial position, are not subject to interest rate risk.

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21- RECLASSIFICATION OF COMPARATIVE FIGURES

Some comparative figures have been reclassified to confirm with the current presentation as follows:

21-1 Statement of Financial Position For the year ended 31 December 2024.

<u>Account</u>	Balance before	Reclassification	Balance after
	reclassification		reclassification
	SAR	SAR	SAR
Investment properties, net (buildings)	44,993,542	(5,971,296)	39,022,246
Accrued expenses and other credit balances	898,932	(40,817)	858,115
Due to related parties	779,706	40,817	820,523
Investment properties, net (Equipment and air conditioners)	384,478	(7,935)	376,543
Investment properties, net (Building Improvements)	-	5,979,231	5,979,231
Lease receivables, net	1,324,510	(314,011)	1,010,499
Cash and cash equivalents	8,645,907	(26,612)	8,619,295
Other debit balances	59,707	340,623	400,330

21-2 Statement of Profit or Loss For the year ended 31 December 2024.

<u>Account</u>	Balance before	Reclassification	Balance after
	reclassification		reclassification
	SAR	SAR	SAR
Operations expenses	(707,833)	36,666	(671,167)
Board of Directors' Meeting Attendance Fees	-	(36,666)	(36,666)

21-3 Statement of Cash Flows For the year ended 31 December 2024.

<u>Account</u>	Balance before	Reclassification	Balance after
	reclassification		reclassification
	SAR	SAR	SAR
Due to related parties	72,105	40,817	112,922
Accrued expenses and other credit balances	(2,551,761)	(40,817)	(2,592,578)
Lease receivables, net	(439,139)	314,011	(125,128)
Unearned lease revenues	-	(314,011)	(314,011)

22- 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.

23- DIVIDEND DISTRIBUTION

- On 19 Sha’ban 1446H (corresponding to 18 February 2025), the Fund’s Board of Directors approved a dividend distribution of SAR 0.35 per unit, totaling SAR 5,250,000 to unit holders, for the period from 1 July 2024 to 31 December 2024. The distribution was made on 10 Ramadan 1446H (corresponding to 10 March 2025).

- On 23 Safar 1447H (corresponding to 17 August 2025), the Fund’s Board of Directors approved a dividend distribution of SAR 0.35 per unit, totaling SAR 6,926,834 to unit holders, for the period from 1 January 2025 to 30 June 2025.

ALWAHA REIT FUND
CLOSED-ENDED REAL ESTATE INVESTMENT FUND TRADED
(MANAGED BY AL WASATAH AL MALIAH COMPANY “WASATAH CAPITAL”)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

24- VALUATION DATE

The last valuation day of the period was at 31 December 2025.

25- SUBSEQUENT EVENTS

- On 15 Sha’ban 1447H (corresponding to 3 February 2026), the Fund’s Board of Directors approved a dividend distribution of SAR 0.35 per unit, totalling 6,926,833 SAR to unit holders, for the period from 1 July 2025 to 31 December 2025.

- On 17 Sha’ban 1447H (corresponding to 5 February 2026), the Fund’s Board of Directors approved increasing the total value of the Fund’s assets through the acquisition of a developed and income-generating property in Riyadh, in line with the Fund’s investment strategy. The Fund targets acquiring a developed and income-generating property valued at 44.5 million SAR (excluding brokerage commission and real estate transfer tax) within the commercial sector in Riyadh. The acquisition will be financed by issuing new units to increase the total value of the Fund’s assets, in accordance with the Fund’s terms and conditions and after obtaining the necessary regulatory approvals.

Except for the above, the Fund’s management believes that no significant subsequent events occurred after the financial statements’ date and before their issuance that would require adjustment or disclosure.

26- APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Fund’s Board of Directors dated on 11 Ramadan 1447H (corresponding to 28 February 2026).