Alistithmar AREIC Diversified REIT Fund

Real Estate Investment Traded Fund

(Managed by Alistithmar for Financial Securities and Brokerage Company)

FINANCIAL STATEMENTS

For the year ended 31 December 2025

together with the

Independent Auditor's Report to the Unitholders

PKF Al-Bassam
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE UNITEHOLDERS OF ALISTITHMAR AREIC DIVERSIFIED REIT FUND (1 /5)
A REAL ESTATE INVESTMENT TRADED FUND
(MANAGED BY ALISTITHMAR FOR FINANCIAL SECURITIES AND BROKERAGE COMPANY)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

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

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

- The statement of financial position as at 31 December 2025;
- The statement of profit or loss and other comprehensive loss for the year then ended;
- The statement of changes in net assets attributable to the unitholders for the year then ended;
- The statement of cash flows for the year then ended; and
- Notes to financial statements, comprising material accounting policy information and other explanatory information.

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 from the Fund in accordance with the International Code of Ethics for Professional Accountants that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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.

RIYADH
Tel. +966 11 206 5333 | P.O Box 69658
Fax +966 11 206 5444 | Riyadh 11557

JEDDAH
Tel. +966 12 652 5333 | P.O Box 15651
Fax +966 12 652 2894 | Jeddah 21454

AL KHOBAR
Tel. +966 13 893 3378 | P.O Box 4636
Fax +966 13 893 3349 | Al Khobar 31952

INDEPENDENT AUDITOR'S REPORT

TO THE UNITEHOLDERS OF ALISTITHMAR AREIC DIVERSIFIED REIT FUND
A REAL ESTATE INVESTMENT TRADED FUND
(MANAGED BY ALISTITHMAR FOR FINANCIAL SECURITIES AND BROKERAGE COMPANY)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the key audit matter
Valuation of Investment Properties and Hotels	
Alistithmar AREIC Diversified REIT Fund owns a portfolio of commercial properties classified under Investment Properties and Hotels that are classified under Properties and Equipment (collectively referred as "Investment Properties and Hotels") located in the Kingdom of Saudi Arabia. Investment Properties and Hotels are held for capital appreciation and / or rental yields, and are stated at cost less accumulated depreciation and any accumulated impairment losses. Investment Properties and Hotels are re-measured for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss, if any, is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. For assessing the impairment of Investment Properties and Hotels, the Fund Manager monitors volatility of fair value of properties by engaging independent certified property valuers to perform a formal valuation of the Fund's investment properties on semi-annual basis. We considered this as a key audit matter since the assessment of impairment requires significant judgment by the Fund Manager and the potential impact of impairment if any, could be material to the financial statements.	We have carried out the following audit procedures: • Obtained an understanding of the process and valuation approach adopted by the Fund Manager in assessing the impairment on Investment Properties and Hotels; • Obtained two valuation reports from independent real estate evaluators certified by Taqeem for each property as at 31 December 2025 and confirmed that the valuation approaches are suitable for use in determining the carrying values as at the reporting date; • Assessed the independence of the external valuers, professional qualifications, competence and experience and ensured that they are certified from Taqeem, and read the terms of engagement with the Fund to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work; • Involved our specialist to assess the key assumptions and estimates, used by the real estate valuation experts in determining the fair values of the Investment Properties; • Implemented procedures to consider the accuracy of information supplied to the external valuers by Fund Manager; • Assessed the recoverable amount, which is higher of fair value or value in use of the

INDEPENDENT AUDITOR'S REPORT

TO THE UNITEHOLDERS OF ALISTITHMAR AREIC DIVERSIFIED REIT FUND
A REAL ESTATE INVESTMENT TRADED FUND
(MANAGED BY ALISTITHMAR FOR FINANCIAL SECURITIES AND BROKERAGE COMPANY)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the key audit matter
Valuation of Investment Properties and Hotels	
Refer to the summary of material accounting policies in Note 4 relating to impairment of Investment Properties and Hotels , Note 5 which contains the significant accounting estimates, judgment and assumptions relating to impairment and Note 9 and 10 relating to Investment Properties and Hotels.	related Investment Properties and Hotels as per the above-mentioned valuation reports. We have determined that the recoverable amount to be higher than the carrying amount of the same; • Reconciled the average fair value of the Investment Properties and Hotels as per note 20 to the external valuers' reports; and • Assessed the adequacy of the fair valuation disclosure in financial statements.

OTHER INFORMATION

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

Our opinion on the 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE FUND MANAGER 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 International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable provisions of the Real Estate Investment Funds Regulations issued by Capital Market Authority, the Fund's Terms and Conditions

INDEPENDENT AUDITOR'S REPORT

TO THE UNITEHOLDERS OF ALISTITHMAR AREIC DIVERSIFIED REIT FUND
A REAL ESTATE INVESTMENT TRADED FUND
(MANAGED BY ALISTITHMAR FOR FINANCIAL SECURITIES AND BROKERAGE COMPANY)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS (CONTINUED)

and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S 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 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 the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.

PKF Al-Bassam
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF ALISTITHMAR AREIC DIVERSIFIED REIT FUND
A REAL ESTATE INVESTMENT TRADED FUND
(MANAGED BY ALISTITHMAR FOR FINANCIAL SECURITIES AND BROKERAGE COMPANY)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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's 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 control that we identify during our audit.

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.

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.

PKF Al-Bassam
Chartered Accountants

Ibrahim Ahmed Al-Bassam
Certified Public Accountant
License No. 337
Riyadh, Kingdom of Saudi Arabia
10 Shawwal 1447H
Corresponding to: 30 March 2026

شركة بي كي اف البسام
محاسبون ومراجعون قانونيون
C.R. 1010385804
PKF Al Bassam
chartered accountants

RIYADH
Tel. +966 11 206 5333 | P.O.Box 69658
Fax +966 11 206 5444 | Riyadh 11557

JEDDAH
Tel. +966 12 652 5333 | P.O.Box 15651
Fax +966 12 652 2894 | Jeddah 21454

AL KHOBAR
Tel. +966 13 893 3378 | P.O.Box 4636
Fax +966 13 893 3349 | Al Khobar 31952

Alistithmar AREIC Diversified REIT Fund
(Managed by Alistithmar for Financial Securities and Brokerage Company)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2025
(Amounts in Saudi Arabian Riyals)

	Note	**31 December 2025**	31 December 2024
ASSETS			
Cash and cash equivalents	7	**58,388,787**	76,160,155
Accounts receivable, net	8	**14,985,279**	25,595,276
Due from a related party	16	**7,923,838**	12,949,121
Other assets		**129,432**	129,432
Investment properties, net	9	**614,327,685**	627,458,757
Properties and equipment, net	10	**454,942,788**	473,833,700
Right of use asset, net	11	**24,201,181**	25,023,884
TOTAL ASSETS		**1,174,898,990**	1,241,150,325
LIABILITIES			
Management fee payable	15,16	**3,370,000**	2,230,000
Unearned rental income	12	**13,150,747**	16,218,529
Accrued expenses and other liabilities	13	**9,216,775**	8,993,210
Lease liabilities under right of use asset	11	**26,413,398**	25,595,363
Murabaha facility	14	**605,110,331**	605,122,388
TOTAL LIABILITIES		**657,261,251**	658,159,490
Net assets value (Equity) attributable to the Unitholders		**517,637,739**	582,990,835
Units in issue (numbers)		**60,500,000**	60,500,000
Net assets value (Equity) attributable to each unit at Book value		**8.56**	9.64
Net assets value (Equity) attributable to each unit at Fair value	20	**11.22**	11.79

The accompanying notes 1 to 25 form an integral part of these financial statements.

Alistithmar AREIC Diversified REIT Fund
(Managed by Alistithmar for Financial Securities and Brokerage Company)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE LOSS
For the year ended 31 December 2025
(Amounts in Saudi Arabian Riyals)

	Note	**For the year ended 31 December 2025**	For the period from 04 September 2024 to 31 December 2024
INCOME			
Rental revenue and hotels revenue	17	**113,341,611**	50,461,733
Special commission income		**2,425,502**	1,910,145
Total Income		**115,767,113**	52,371,878
EXPENSES			
Depreciation of investment properties	9	**(13,131,072)**	(6,897,517)
Depreciation of properties and equipment	10	**(19,312,253)**	(9,161,126)
Depreciation of right of use asset	11	**(822,703)**	(479,910)
Finance cost of lease liabilities under right of use asset	11	**(1,680,915)**	(954,449)
Finance cost	14	**(42,978,967)**	(26,352,435)
Provision for expected credit losses	8	**(2,098,070)**	(2,650,934)
Management fees	15,16	**(6,768,000)**	(2,230,000)
Financing arrangement fees	15,16	**-**	(3,025,000)
Custody fees		**(150,000)**	(75,000)
Property management fees	16	**(2,600,000)**	(1,442,076)
Other expenses	18	**(46,203,229)**	(21,112,596)
Total expenses		**(135,745,209)**	(74,381,043)
NET LOSS FOR THE YEAR / PERIOD		**(19,978,096)**	(22,009,165)
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR / PERIOD		**(19,978,096)**	(22,009,165)

The accompanying notes 1 to 25 form an integral part of these financial statements.

Alistithmar AREIC Diversified REIT Fund
(Managed by Alistithmar for Financial Securities and Brokerage Company)
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS
For the year ended 31 December 2025
(Amounts in Saudi Arabian Riyals)

	Note	**For the year ended 31 December 2025**	For the period from 04 September 2024 to 31 December 2024
Net assets value (Equity) attributable to the Unitholders at the beginning of the year / period		**582,990,835**	-
Subscription of units issued during the year / period:			
- In kind		**-**	420,000,000
- In cash		**-**	185,000,000
Total comprehensive loss for the year / period		**(19,978,096)**	(22,009,165)
Distribution to the Unitholders	22	**(45,375,000)**	-
Net assets value (Equity) attributable to the Unitholders at the end of the year / period		**517,637,739**	582,990,835

UNITS TRANSACTIONS (NUMBERS)

	For the year ended 31 December 2025	For the period from 04 September 2024 to 31 December 2024
Number of units at the beginning of the year / period	**60,500,000**	-
Units issued during the year / period:		
- In kind	**-**	42,000,000
- In cash	**-**	18,500,000
Number of units at the end of the year / period	**60,500,000**	60,500,000

The accompanying notes 1 to 25 form an integral part of these financial statements

Alistithmar AREIC Diversified REIT Fund
(Managed by Alistithmar for Financial Securities and Brokerage Company)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2025
(Amounts in Saudi Arabian Riyals)

	Note	**For the year ended 31 December 2025**	For the period from 04 September 2024 to 31 December 2024
Cash flows from operating activities			
Net loss for the year / period		**(19,978,096)**	(22,009,165)
Adjustment to reconcile net loss to net cash generated from operating activities:			
Depreciation of investment properties	9	**13,131,072**	6,897,517
Depreciation of properties and equipment	10	**19,312,253**	9,161,126
Depreciation of right of use asset	11	**822,703**	479,910
Finance cost of lease liabilities under right of use asset	11	**1,680,915**	954,449
Finance cost	14	**42,978,967**	26,352,435
Provision for expected credit losses	8	**2,098,070**	2,650,934
		60,045,884	24,487,206
Changes in operating assets & liabilities:			
Accounts receivable		**8,511,927**	(28,246,210)
Due from a related party		**5,025,283**	(12,949,121)
Other assets		**-**	(129,432)
Management fee payable		**1,140,000**	2,230,000
Unearned rental income		**(3,067,782)**	16,218,529
Accrued expenses and other liabilities		**223,565**	8,993,210
Net cash generated from operating activities		**71,878,877**	10,604,182
Cash flows from investing activities:			
Purchase of investment properties		**-**	(227,771,274)
Purchase of properties and equipment		**(421,341)**	(469,579,826)
Net cash used in investing activities		**(421,341)**	(697,351,100)
Cash flows from financing activities:			
Subscriptions in cash		**-**	185,000,000
Lease liabilities paid	11	**(862,880)**	(862,880)
Proceeds from Murabaha facility	14	**-**	605,000,000
Finance cost paid	14	**(42,991,024)**	(26,230,047)
Distribution to the Unitholders	22	**(45,375,000)**	-
Net cash (used in) / generated from financing activities		**(89,228,904)**	762,907,073
Change in cash and cash equivalents during the year / period		**(17,771,368)**	76,160,155
Cash and cash equivalents at the beginning of the year / period		**76,160,155**	-
Cash and cash equivalents at the end of the year / period	7	**58,388,787**	76,160,155
Non-cash transactions:			
Subscription in kind against investment properties		**-**	406,585,000
Subscription in kind against properties and equipment		**-**	13,415,000

The accompanying notes 1 to 25 form an integral part of these financial statements.

1. THE FUND AND ITS ACTIVITIES

Alistithmar AREIC Diversified REIT Fund (the Fund) is a closed-ended public Sharia-compliant real estate investment traded fund whose units are traded in Tadawul (the main market) with the code (4350), and commenced trading on Tadawul date 04 September 2024. It was established in the Kingdom of Saudi Arabia under the Real Estate Investment Funds Regulations.

The Fund aims to invest in real estate assets inside or outside the Kingdom of Saudi Arabia that are capable of achieving periodic rental income and distribute at least 90% of the Fund's net profits annually (semi-annually). The Fund may secondarily invest the Fund's assets in real estate development projects (if the Fund Manager deems appropriate) provided that:

- The Fund's assets invested in developed real estate assets that generate periodic income shall not be less than (75%) of the total value of the Fund's assets according to the latest audited financial statements.
- The Fund shall not invest its assets in white lands.

The Fund has been certified as a Sharia compliant REIT by the Sharia Supervision Committee appointed for this investment Fund.

The Fund is managed by Alistithmar for Financial Securities and Brokerage Company (Alistithmar Capital), which is a Saudi joint stock company under Commercial Registration No. 1010235995 dated Rajab 08, 1428H (corresponding to July 22, 2007G) and licensed as a "Capital Market Institution" under the license of the Capital Market Authority No. 11156-37, whose registered postal address is P.O Box 6888 Postal Code 11452 Kingdom of Saudi Arabia.

The Fund has appointed Preserving Real Estate Opportunities Company which is owned by Alinma Investment Company (the "Custodian") to act as its Custodian. Also, the Fund has appointed Almutlaq Real Estate Investment Company as property manager.

2. REGULATING AUTHORITY

The Fund is governed by the Real Estate Investment Funds Regulations issued by the Capital Market Authority.

3. BASIS OF PREPARATION

A. Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting 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") and to comply with the applicable provision of the Real Estate Investment Funds Regulations issued by Capital Market Authority ("CMA") and the Fund's Terms and Conditions.

The Fund's first financial period started from 04 September 2024 to 31 December 2024, and as a result, the comparative information included for that period is not directly comparable.

B. Basis of measurement functional and presentation currency

These financial statements have been prepared under the historical cost convention, using accrual basis of accounting. These financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the Fund.

4. MATERIAL ACCOUNTING POLICIES

The material accounting policies used in the preparation of these financial statements are as follows:

Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flows represent cash at bank in current accounts and other short-term highly liquid investments with original maturities of three month or less (if any) which are available to the Fund without any restrictions. Cash and cash equivalents are carried at amortized cost within the statement of financial position.

Rent receivable

Receivables are initially recognized at fair value plus incremental direct transaction costs, and subsequently at their amortized cost using an effective commission method. Loss allowance for receivables is always recognized at an amount equal to lifetime expected credit losses.

Right of use assets

Right of use assets are recorded at cost less accumulated depreciation and any impairment losses. Amortization is calculated using the straight-line method over the lease period.

Financial instruments
Recognition and initial measurement

Receivables from operating leases are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Fund becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is receivable from operating leases without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value Through Profit or Loss (FVTPL), transaction costs that are directly attributable to acquisition or issue. Receivable from operating leases without a significant financing component is initially measured at the transaction price.

Classification of financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL).

A financial asset is measured at amortized cost if it meets both of the following conditions:

a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of the principal and commission on the principal outstanding amount.

Financial assets shall be measured at FVTOCI if both of the following conditions are met:

a. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of the principal and commission on the principal outstanding amount.

A financial asset shall be measured at FVTPL unless it is measured at amortized cost or at FVTOCI.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Classification of financial assets (continued)

Reclassifications

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

Derecognition

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired, or;
- the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either:

  a) The Fund has transferred substantially all the risks and rewards of the asset, or
  b) The Fund has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset

Impairment of financial assets

IFRS 9 impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'.

The Fund considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Expected credit loss assessment for operating lease receivable

The Fund applies IFRS 9 for measuring expected credit losses. The expected loss rates are based on the payment profiles receivable over a period of 12 months before each reported period and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Fund has identified GDP of the Kingdom of Saudi Arabia (the country in which it renders the services), inflation rate and government spending to be the most relevant factor and accordingly adjusts the historical loss rates based on expected changes in these factors.

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

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

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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Expected credit loss assessment for operating lease receivables (continued)

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

Model and framework

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

Macroeconomic weighted average scenarios

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

Definition of default

In the above context, the Fund considers default when:

- the customer is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realizing security (if any is held); or
- When the customer is past due on any material credit obligation to the Fund. In case the industry norm suggests a period fairly represents the default scenario for the Fund, this might rebut the presumption of 90 days mentioned in IFRS 9.

The carrying amount of the assets is reduced using the above model and the loss is recognized in the statement of profit or loss. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced. If a write-off is later recovered, the recovery is recognized under the reversal of impairment loss on receivables from operating leases in the statement of profit or loss.

Specific provision

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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Write-off

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

Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of murabaha facility, net of directly attributable transaction costs.

The Fund's financial liabilities mainly include Murabaha facilities, lease liability and accrued expenses and other liabilities.

Derecognition

The Fund derecognizes financial liability when its contractual obligations are discharged or cancelled or expired.

Modifications of financial assets and financial liabilities

Financial assets

If the terms of the financial assets are modified, the Fund evaluates whether the cash flows of the modified assets are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized, and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Fund recalculates the gross carrying amount of the financial asset and recognizes the amount adjusting the gross carrying amount as modification gain or loss in the statement of profit or loss.

Financial liability

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 based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms are recognized in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investment properties and hotel properties

Investment properties are land, building and equipment and furnishings physically attached and integral to a building held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of operations, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses if any.

Investment properties are derecognized when they are sold, owner-occupied or in case of not holding it for an increase in value. Any gain or loss on disposal of the investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in statement of profit or loss.

Cost includes expenditures that are directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labor, and other costs directly attributable to bringing the investment property to a working condition for their intended use.

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

Categories	**Years**
Buildings	40 years or lease period whichever is earlier
Furniture and Equipment	4 years

Buildings include buildings constructed on free & lease hold land.

Impairment of non-financial assets

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

Impairment exists when the carrying value of an asset or cash generating unit (“CGU”) exceeds the recoverable amount, which is the higher of the fair value less costs to sell and value in use. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or Funds of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In determining fair value, less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. Impairment losses are recognized in the statement of profit and loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Fund estimates the assets or CGU’s recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of other comprehensive income.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Provisions

A provision is recognized when the Fund has a present legal or constructive obligation because of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provision is not recognized for future operating losses.

Accrued expenses and other liabilities

Accrued expenses and other payables are recognised initially at fair value and subsequently recognized at amortised cost using the effective commission rate method.

Unearned rental income

Liabilities advanced more than the amount of revenue recognized, if any, are included in current liabilities as deferred rental income and recognized as revenue in the subsequent period when the related rental service is provided.

Investment transactions

Investments transactions are accounted for as of the trade date.

Murabaha facility

Murabaha facility is recognised initially at fair value, net of transaction costs incurred. Murabaha facility is subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as finance cost over the period of the facility using the effective interest rate (EIR) method.

Fees paid on the establishment of Murabaha are recognised as transaction costs of the facility to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Facility is removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statement of profit or loss as finance costs.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

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

Step l. Identify the contract with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Fund expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Fund will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Fund expects to be entitled in exchange for satisfying each performance obligation.
Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

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

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

For performance obligations, where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied. When the Fund satisfies a performance obligation by delivering the promised services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount billed to the customer exceeds the amount of revenue recognised, this gives rise to a contract liability. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment

Rental revenue

Rental revenue from operating lease of properties is recognised on a straight-line basis over the term of the operating lease.

When the Fund acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Fund makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to the ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not, then it is an operating lease. As part of this assessment, the Fund considers certain indicators such as whether the lease is for the major part of the economic life of the asset. The Fund has assessed that all of its leases are operating leases. Properties leased out under operating leases are included in investment properties in the statement of financial position. Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Fund provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Management fees and other expenses

Management fees and other expenses are charged at rates / amounts within limits mentioned in terms and conditions of the Fund. Management fees are charged and paid on a semi-annual basis.

Finance costs

Finance costs directly attributable to the acquisition, construction or production of a qualifying asset (that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized) as part of the cost of the respective asset. All the other finance costs are expensed in the period in which they occur. Finance costs consist of commission and other costs that an entity incurs in connection with the facility of Funds.

Expenses

Expenses including Property management expenses, Fund management fees, custodial fees and other fees are recorded on an accrual basis.

Distribution

The Fund shall distribute at least 90% of the Fund's annual net profits to unitholders on a semi-annual basis. Capital gains may also be reinvested in other assets resulting from the sale of real estate assets or other investments of the Fund without prejudice to the provisions of the Real Estate Investment Funds Regulations. In the absence of investment opportunities within a year from the date of receipt of the amount of sale or expropriation of the relevant assets, the Fund Manager shall distribute those amounts with the nearest distributions.

Net assets value (equity) per unit

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

Zakat

Zakat is the obligation of the unitholders and therefore, no provision or expenses have been made in these financial statements.

Units in issue

The Fund has units in issue. On liquidation of the Fund, they entitle the holders to the residual net assets value (equity). They rank equally in all respects and have identical terms and conditions. The units provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Fund net assets value (equity) in the event of the Fund's liquidation.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Units in issue (continued)

Units are classified as equity as they meet all of the following conditions:

- It entitles the holder to a pro-rate share of the Fund's net assets value (equity) in the event of the Fund's liquidation.
- It is in the class of instruments that is subordinate to all other classes of instruments.
- All financial instruments in the class of instruments that are subordinate to all other classes of instruments have identical features.
- Apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- The total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in recognized net assets value (equity) or the change in the fair value of the recognized and unrecognized net assets value (equity) of the Fund over the life of the instrument.

5. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS & ASSUMPTIONS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are reviewed and in any future periods affected. The significant accounting judgements and estimates applied in the preparation of these financial statements are as follows:

5.1 Judgements

5.1.1 Going Concern

The Fund Manager of the Fund has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Fund's ability to continue as a going concern.

5.1.2 Classification of investments as investment property or owner-occupied property

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

5. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS & ASSUMPTIONS (CONTINUED)

5.2 Estimates

5.2.1 Impairment of investment properties

The Fund assesses whether there are any indicators of impairment for all investment properties at each reporting date. The assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. If any indication exists, or when annual impairment testing for an asset is required, the Fund estimates the asset's recoverable amount. An asset's recoverable amount is the higher of assets or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using the appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used.

For investment properties, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the REIT estimates the assets or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

5.2.2 Provision for expected credit losses on receivables from operating leases

The Fund uses a provision matrix to calculate ECLs receivable from operating leases. The provision matrix is initially based on the Fund's historically observed default rates. The Fund will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products, inflation rate and governmental spending) is expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate sector, the historical default rates are adjusted. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and forecast economic conditions. The Fund's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

5. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS & ASSUMPTIONS (CONTINUED)

5.2. Estimates (continued)

5.2.3 Useful lives of investment properties and hotels properties

The management determines the estimated useful lives of investment properties for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Management reviews the residual value and useful lives annually, and changes in depreciation charges, if any, are adjusted in current and future periods.

5.2.4 Valuation of investment properties and hotels properties

The Fund uses the services of third party professionally qualified evaluators to obtain estimates of the market value of investment properties using recognized valuation techniques for the purpose of impairment review and disclosures in the financial statements, for further details of assumptions and estimates please refer to (Note 9 & 10).

6. NEW STANDARDS AND REGULATIONS

a) *New IFRS standards, IFRIC interpretations and amendments thereof, adopted by the Fund*

Below amendments to accounting standards, interpretations and amendments became applicable for annual reporting periods commencing on or after 1 January 2025. The Fund Manager has assessed that the amendments have no significant impact on the Fund's financial statements.

Amendments to IAS 21 - *Lack of exchangeability*

b) *New IFRS standards, IFRIC interpretations and amendments thereof issued but not yet effective*

The following new standards, amendments and revision to existing standards, which were issued by IASB but not yet effective are listed below. The Fund intends to adopt these standards when they become effective.

Standards / Amendments	**Description**	**Effective from periods beginning on or after the following date**
Amendments to lFRS 9 and IFRS 7	Classification and measurement of Financial Instruments	1 January 2026
IFRS Accounting Standards - Volume 11	Annual improvements to IFRS Accounting Standards	1 January 2026
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture	Effective date deferred indefinitely
IFRS 19	Reducing subsidiaries` disclosures	1 January 2027
IAS 21	Translation to Hyperinflationary Presentation Currency	1 January 2027
IFRS 18 Presentation and Disclosure in Financial Statements	Replaces IAS 1 and introduces new requirements for classifying income and expenses into defined categories and disclosing of management-defined performance measures.	1 January 2027

The management is currently evaluating the potential impact of above standards and amendments on the Fund's financial statements.

7. CASH AND CASH EQUIVALENTS

	Note	**31 December 2025**	31 December 2024
Cash at bank	7-1	**58,323,787**	26,095,155
Cash in hand		**65,000**	65,000
Money market placement	7-2	**-**	50,000,000
		58,388,787	76,160,155

7-1 The Fund does not earn any commission on balances in Cash at bank.

7-2 Money market placements are with Bank having credit rating (A-).

8. ACCOUNTS RECEIVABLE, NET

	31 December 2025	31 December 2024
Rentals receivable	**15,551,693**	26,174,116
Hotels receivable	**4,182,590**	2,072,094
Less: provision for expected credit losses	**(4,749,004)**	(2,650,934)
	14,985,279	25,595,276

8. ACCOUNTS RECEIVABLE, NET (CONTINUED)

The movement in provision for expected credit losses is as following:

	31 December 2025	31 December 2024
Balance at the beginning of the year / period	**2,650,934**	-
Charged during the year / period	**2,098,070**	2,650,934
	4,749,004	2,650,934

31-Dec-25	**0–30 days**	**31–60 days**	**61–180 days**	**181–360 days**	**Above 361 days**
Gross receivable	**6,683,200**	**3,624,930**	**3,734,915**	**1,407,888**	**4,283,350**
Provision for expected credit losses	**27,340**	**70,907**	**147,826**	**219,581**	**4,283,350**

31-Dec-24	0–30 days	31–60 days	61–180 days	181–360 days	Above 361 days
Gross receivable	14,460,950	3,439,559	7,326,408	1,458,186	1,561,107
Provision for expected credit losses	48,570	57,762	820,241	163,254	1,561,107

9. INVESTMENT PROPERTIES, NET

The Fund owns 5 investment properties:

(i) **Galleria Mall:** Galleria Mall is a commercial complex located in Jubail Industrial city consisting of many brands.

(ii) **The Roof:** The Roof is commercial complex located in the city of Riyadh. It consists of a hypermarket, cinemas and contains some stores. The investment property was mortgaged to local bank against Murabaha facility.

(iii) **Corniche Plaza:** Corniche Plaza is a commercial complex located in city of Dammam and consists of a number of commercial showrooms and contains administrative offices. The investment property was mortgaged to local bank against Murabaha facility.

(iv) **Al-Mashael Warehouse:** Al-Mashel is a warehouse located in the south of Riyadh and contains administrative offices. The investment property was mortgaged to local bank against Murabaha facility.

(v) **Saudi Ericsson Building:** Saudi Ericsson building is located in the heart of Riyadh on Salah Al-Din Al-Ayyubi Road adjacent to many government facilities and hospitals and leased as the headquarters of a company. The investment property was mortgaged to local bank against Murabaha facility.

9.1 All properties are held in the name Preserving Real Estate Opportunities Company, which serves as a Special Purpose Vehicle (SPV). The SPV holds these properties for the Fund and does not possess any controlling rights or stake in them;

9.2 The Fund charge depreciation on building over 40 years or rental or lease period whichever is earlier;

9. INVESTMENT PROPERTIES, NET (CONTINUED)

9.3 The Fund manager reviews its investment property on a regular basis for any impairment. An impairment loss is recognized for the amount in which the carrying amount of the investment properties exceeds its recoverable amount, which is the higher of the assets' fair value less costs to sell and value in use. As at December 31, 2025, according to the periodic valuation reports submitted by independent valuers of the Fund, there was no decline in the value of investment property;

9.4 As at 31 December 2025, investment properties represent the properties that were initially recognized at their fair value and are subsequently measured at cost less accumulated depreciation and impairment;

The break-up of the investment properties is as follows:

	31 December 2025			
	Land	**Buildings (Free Hold)**	**Buildings (Lease Hold)**	**Total**
Cost:				
Balance at the beginning of the year	**183,498,279**	**194,643,295**	**256,214,700**	**634,356,274**
Balance at the end of year	**183,498,279**	**194,643,295**	**256,214,700**	**634,356,274**
Accumulated depreciation:				
Balance at the beginning of the year	**-**	**(2,313,383)**	**(4,584,134)**	**(6,897,517)**
Charged during the year	**-**	**(4,866,082)**	**(8,264,990)**	**(13,131,072)**
Balance at the end of year	**-**	**(7,179,465)**	**(12,849,124)**	**(20,028,589)**
Net book value	**183,498,279**	**187,463,830**	**243,365,576**	**614,327,685**

	31 December 2024			
	Land	Buildings (Free Hold)	Buildings (Lease Hold)	Total
Cost:				
Balance at the beginning of the period	-	-	-	-
Additions during the period	183,498,279	194,643,295	256,214,700	634,356,274
Balance at the end of period	183,498,279	194,643,295	256,214,700	634,356,274
Accumulated depreciation:				
Balance at the beginning of the period	-	-	-	-
Charged during the period	-	(2,313,383)	(4,584,134)	(6,897,517)
Balance at the end of period	-	(2,313,383)	(4,584,134)	(6,897,517)
Net book value	183,498,279	192,329,912	251,630,566	627,458,757

In accordance with Real Estate Investment Funds Regulations, the Fund Manager assesses the Fund's real estate values by appointing two independent evaluators to determine the market values in conformity with the International Valuation Standards Council's International Valuation Standards.

The carrying value of mortgaged and unmortgaged investment properties is as follows:

	Note	**31 December 2025**	31 December 2024
Mortgaged investment properties	14	**370,962,109**	375,828,191
Unmortgaged investment property		**243,365,576**	251,630,566
		614,327,685	627,458,757

10. PROPERTIES AND EQUIPMENT, NET

The Fund owns 2 hotels:

(i) **Citadine Hotel:** The Fund acquired five stars Citadine Hotel in Abha. It is located on King Fahad Road next to Asir Mall. The investment property was mortgaged to local bank against Murabaha facility.

(ii) **Somerset Hotel:** Somerset Hotel is a four-star hotel in Khobar located near the commercial complexes and Khobar Corniche. The investment property was mortgaged to local bank against Murabaha facility

10.1 All properties are held in the name Preserving Real Estate Opportunities Company, which serves as a Special Purpose Vehicle (SPV). The SPV holds these properties for the Fund and does not possess any controlling rights or stake in them;

10.2 The Fund charge depreciation on building over 40 years;

10.3 The Fund charge depreciation on furniture & equipment over 4 years;

10.4 The Fund manager reviews its properties and equipment on a regular basis for any impairment. An impairment loss is recognized for the amount in which the carrying amount of the properties and equipment exceeds its recoverable amount, which is the higher of the assets' fair value less costs to sell and value in use. As at December 31, 2025, according to the periodic valuation reports submitted by independent valuers of the Fund, there was no decline in the value of properties and equipment;

10.5 As at 31 December 2025, properties and equipment represent the properties that were initially recognized at their fair value and are subsequently measured at cost less accumulated depreciation and impairment;

The break-up of the properties and equipment is as follows:

	31 December 2025			
	Land	**Buildings**	**Furniture & Equipment**	**Total**
Cost:				
Balance at the beginning of the year	**53,114,250**	**392,000,844**	**37,879,732**	**482,994,826**
Additions during the year	**-**	**-**	**421,341**	**421,341**
Balance at the end of year	**53,114,250**	**392,000,844**	**38,301,073**	**483,416,167**
Accumulated depreciation:				
Balance at the beginning of the year	**-**	**(4,659,027)**	**(4,502,099)**	**(9,161,126)**
Charged during the year	**-**	**(9,800,021)**	**(9,512,232)**	**(19,312,253)**
Balance at the end of year	**-**	**(14,459,048)**	**(14,014,331)**	**(28,473,379)**
Net book value	**53,114,250**	**377,541,796**	**24,286,742**	**454,942,788**

10. PROPERTIES AND EQUIPMENT, NET (CONTINUED)

	31 December 2024			
	Land	Buildings	Furniture & Equipment	Total
Cost:				
Balance at the beginning of the period	-	-	-	-
Additions during the period	53,114,250	392,000,844	37,879,732	482,994,826
Balance at the end of period	53,114,250	392,000,844	37,879,732	482,994,826
Accumulated depreciation:				
Balance at the beginning of the period	-	-	-	-
Charged during the period	-	(4,659,027)	(4,502,099)	(9,161,126)
Balance at the end of period	-	(4,659,027)	(4,502,099)	(9,161,126)
Net book value	53,114,250	387,341,817	33,377,633	473,833,700

In accordance with Real Estate Investment Funds Regulations, the Fund Manager assesses the Fund's real estate values by appointing two independent evaluators to determine the market values in conformity with the International Valuation Standards Council's International Valuation Standards.

The carrying value of mortgaged and unmortgaged properties and equipment is as follows:

	Note	**31 December 2025**	31 December 2024
Mortgaged properties and equipment	14	**454,942,788**	473,833,700
Unmortgaged properties and equipment		**-**	-
		454,942,788	473,833,700

11. RIGHT-OF-USE ASSET AND LEASE LIABILITIES UNDER RIGHT OF USE ASSET

The usufruct contracts consist of the real estate of Galleria Mall which is a commercial complex located in Jubail Industrial City consisting of many brands. It also contains a hypermarket and a cinema.

Right of use asset	**31 December 2025**	31 December 2024
Cost:		
Balance at the beginning of the year / period	**25,503,794**	-
Addition during the year / period	**-**	25,503,794
	25,503,794	25,503,794
Accumulated depreciation:		
Balance at the beginning of the year / period	**(479,910)**	-
Charge for the year / period	**(822,703)**	(479,910)
	(1,302,613)	(479,910)
Net book value	**24,201,181**	25,023,884

11. RIGHT-OF-USE ASSET AND LEASE LIABILITIES UNDER RIGHT OF USE ASSET (CONTINUED)

Lease liabilities under right of use asset:

	31 December 2025	31 December 2024
Balance at the beginning of the year / period	**25,595,363**	-
Additions during the year / period	**-**	25,503,794
Finance cost charged during the year / period	**1,680,915**	954,449
Paid during the year / period	**(862,880)**	(862,880)
Balance at the end of the year / period	**26,413,398**	25,595,363

The maturity analysis of lease liabilities under right of use asset is disclosed in (Note 21).

The following are the amounts recognized in the statement of profit or loss and other comprehensive loss:

	For the year ended 31 December 2025	For the period from 04 September 2024 to 31 December 2024
Depreciation of right of use asset	**(822,703)**	(479,910)
Finance cost of lease liabilities under right of use asset	**(1,680,915)**	(954,449)
	(2,503,618)	(1,434,359)

12. UNEARNED RENTAL INCOME

	Note	**31 December 2025**	31 December 2024
Balance at the beginning of the year / period		**16,218,529**	-
Invoices issued during the year / period		**57,897,600**	44,743,762
Revenue recognized during the year / period	17	**(60,965,382)**	(28,525,233)
Balance at the end of the year / period		**13,150,747**	16,218,529

13. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	**31 December 2025**	31 December 2024
Hotel expenses payable		**4,588,633**	2,206,645
Security deposit		**1,982,165**	1,962,377
VAT payable		**1,112,205**	4,555,188
Facility management fee payable		**1,061,272**	-
Custody fee payable		**225,000**	75,000
Legal and professional fees payable		**207,500**	174,000
Fund board fee payable	16	**40,000**	20,000
		9,216,775	8,993,210

14. MURABAHA FACILITY

The Fund, through Preserving Real Estate Opportunities Company (SPV), has obtained Islamic financing facilities with local bank amounting to SAR 605,000,000 for the purpose of financing the investment properties of the Fund. The loan carries a profit rate at SAIBOR + margin, the loan is due for repayment on 07 July 2030.

The balance of the loan as at 31 December 2025 amounted to SAR 605,000,000 (31 December 2024: SAR 605,000,000) and the value of the financing costs due for this loan as at 31 December 2025 amounted to SAR 110,331 (31 December 2024: SAR 122,388).

The loans are guaranteed by a promissory note amounting to SAR 605,000,000, and also by a mortgage on all properties except Galleria Mall property as at 31 December 2025 amounting to SAR 825,904,897 (31 December 2024: SAR 849,661,891) (Note 9 & 10).

The following is a statement of the movement in the Murabaha facility balance during the period:

	31 December 2025	31 December 2024
Balance at the beginning of the year / period	**605,122,388**	-
Proceeds during the year / period	**-**	605,000,000
Finance cost charged during the year / period	**42,978,967**	26,352,435
Paid during the year / period	**(42,991,024)**	(26,230,047)
Balance at the end of the year / period	**605,110,331**	605,122,388

15. MANAGEMENT AND OTHER FEES

Management fees: The Fund Manager shall receive annual fees equivalent to 0.5% of the total value of the Fund’s assets, calculated and paid on a semi-annual basis.

Financing arrangement fees: The Fund shall bear an arrangement fee equivalent to 0.5% of the value of the financing to be obtained by the Fund, which shall be paid to the Fund Manager in return for arranging financing loans for the Fund to be used to cover the costs of acquisition, development and operation of the Fund.
The arrangement fee shall apply to the financing to be obtained for the benefit of the Fund. In any case, the arrangement fee shall not exceed SAR 3,500,000.

Transaction fees: The Fund Manager shall receive 0.5% of the special selling price for each real estate asset sold by the Fund. It shall also receive 0.5% of the special purchase price for each real estate asset purchased by the Fund in return for the Fund Manager conducting the necessary investigation, negotiating the terms of purchase or sale, and completing the process.

Dealing fees shall be due after the completion of the purchase or sale of each real estate asset. The transaction fees will be applied to the purchase of the initial real estate assets, which will be calculated on the basis of the acquisition price of the initial real estate assets.

16. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties to the Fund include Alistithmar for Financial Securities and Brokerage Company (Fund Manager), shareholders and Board members. In the ordinary course of its activities, the Fund transacts business with related parties and any party that has the ability to control another party or exercise a material influence over it in making financial or operational decisions.

The significant related party transactions entered into by the Fund during the period and the balances resulting from such transactions are as follows:

Transactions with related parties:

Related Party	**Nature**	**For the year ended 31 December 2025**	For the period from 04 September 2024 to 31 December 2024
Alistithmar for Financial Securities and Brokerage Company	Management fees	**6,768,000**	2,230,000
	Financing arrangement fee	**-**	3,025,000
	Transaction fee (capitalized in investment properties and hotel properties)	**-**	5,391,850
	Pre-formation expenses reimbursed	**-**	4,230,182
Almutlaq Real Estate Investment Company	Rental collections received on behalf	**24,312,656**	24,861,368
	Expense paid on behalf of Fund	**(12,233,885)**	(10,253,860)
	Property management fees	**(2,600,000)**	(1,442,076)
	Guarantee net operating income – Citadine Hotel *	**8,938,813**	-
Fund Board	Independent members	**40,000**	20,000

Balances with related parties:

Related Party	**Nature**	**31 December 2025**	31 December 2024
Alistithmar for Financial Securities and Brokerage Company	Management fee payable	**(3,370,000)**	(2,230,000)
Almutlaq Real Estate Investment Company	Operational transactions	**7,923,838**	12,949,121
Fund Board	Fund board fee payable	**(40,000)**	(20,000)

The Fund, during its normal business cycle, conducts transactions with related parties. Transactions with related parties are subject to restrictions set by the Terms and Conditions. All transactions with related parties are disclosed to the Fund's board of directors.

* A guarantee contract as per T&C, where any decrease in net operating income from SAR 20,500,000 will be compensated by Almutlaq Real Estate Investment Company.

17. RENTAL REVENUE AND HOTELS REVENUE

	For the year ended 31 December 2025	For the period from 04 September 2024 to 31 December 2024
Rental revenue from investment properties excluding hotels	**60,965,382**	28,525,233
Revenue from contracts with customers		
Revenue from hotel operations	**52,376,229**	21,936,500
	113,341,611	50,461,733

The revenue from hotel operation is recognized at a point in time.

18. OTHER EXPENSES

	Note	**For the year ended 31 December 2025**	For the period from 04 September 2024 to 31 December 2024
Hotel expenses		**31,748,110**	15,010,503
Facility management fee		**5,992,479**	-
Utilities charges		**4,485,231**	489,571
Legal & professional fee		**745,721**	442,395
Maintenance and repair		**663,489**	-
Registration and listing fees		**613,258**	91,778
Property risk insurance charges		**315,608**	315,603
Fund board fee	16	**40,000**	20,000
Pre-formation expenses		**-**	4,289,222
Others		**1,599,333**	453,524
		46,203,229	21,112,596

The professional fees for auditing the annual financial statements and reviewing the interim financial statements for the Fund amounted to SAR 45,000 (2024: SAR 30,000).

19. SEGMENT REPORTING

The Fund has two reportable segments, as described below, which are the Fund's strategic business units. These strategic business units offer different services, and are managed separately because they require different management and marketing strategies. For each of the strategic business units, the Fund Manager reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Fund's reportable segments:

Rental	This comprises of Investment properties namely Galleria Mall, The Roof, Corniche Plaza, Al Mashail Warehouse and Saudi Ericsson building
Hotels	This comprises of Citadines and Somerset Hotel
Unallocated	Comprises of any other classes not mentioned above

19. SEGMENT REPORTING (CONTINUED)

The summary of the comprehensive income of these segments is as below:

	For the year ended 31 December 2025			
	Rental	**Hotels**	**Unallocated**	**Total**
Rental revenue and hotels revenue	**60,965,382**	**52,376,229**	**-**	**113,341,611**
Special commission income	**-**	**-**	**2,425,502**	**2,425,502**
Depreciation of investment properties	**(13,131,072)**	**-**	**-**	**(13,131,072)**
Depreciation of properties and equipment	**-**	**(19,312,253)**	**-**	**(19,312,253)**
Amortization of right of use asset	**(822,703)**	**-**	**-**	**(822,703)**
Finance cost of lease liabilities under right of use asset	**(1,680,915)**	**-**	**-**	**(1,680,915)**
Finance cost	**-**	**-**	**(42,978,967)**	**(42,978,967)**
Provision for expected credit losses	**(2,196,060)**	**97,990**	**-**	**(2,098,070)**
Management fees	**-**	**-**	**(6,768,000)**	**(6,768,000)**
Custody fees	**-**	**-**	**(150,000)**	**(150,000)**
Property management fees	**(1,857,143)**	**(742,857)**	**-**	**(2,600,000)**
Other expenses	**(10,703,144)**	**(32,501,773)**	**(2,998,312)**	**(46,203,229)**
Net profit / (loss)	**30,574,345**	**(82,664)**	**(50,469,777)**	**(19,978,096)**

	For the period from 04 September 2024 to 31 December 2024			
	Rental	Hotels	Unallocated	Total
Rental revenue and hotels revenue	28,525,233	21,936,500	-	50,461,733
Special commission income	-	-	1,910,145	1,910,145
Depreciation of investment properties	(6,897,517)	-	-	(6,897,517)
Depreciation of properties and equipment	-	(9,161,126)	-	(9,161,126)
Amortization of right of use asset	(479,910)	-	-	(479,910)
Finance cost of lease liabilities under right of use asset	(954,449)	-	-	(954,449)
Finance cost	-	-	(26,352,435)	(26,352,435)
Provision for expected credit losses	(1,543,004)	(1,107,930)	-	(2,650,934)
Management fees	-	-	(2,230,000)	(2,230,000)
Financing arrangement fees	-	-	(3,025,000)	(3,025,000)
Custody fees	-	-	(75,000)	(75,000)
Property management fees	(1,030,054)	(412,022)	-	(1,442,076)
Other expenses	(1,258,698)	(15,010,503)	(4,843,395)	(21,112,596)
Net profit / (loss)	16,361,601	(3,755,081)	(34,615,685)	(22,009,165)

19. SEGMENT REPORTING (CONTINUED)

The summary of the financial position of these segments is as below:

	31 December 2025			
	Rental	**Hotels**	**Unallocated**	**Total**
Cash and cash equivalents	**6,574,585**	**5,580,197**	**46,234,005**	**58,388,787**
Accounts receivables, net	**11,812,629**	**3,172,650**	**-**	**14,985,279**
Due from a related party	**573,024**	**7,350,814**	**-**	**7,923,838**
Other assets	**129,432**	**-**	**-**	**129,432**
Investment properties, net	**614,327,685**	**-**	**-**	**614,327,685**
Properties and equipment, net	**-**	**454,942,788**	**-**	**454,942,788**
Right of use asset, net	**24,201,181**	**-**	**-**	**24,201,181**
TOTAL ASSETS	**657,618,536**	**471,046,449**	**46,234,005**	**1,174,898,990**
Management fee payable	**-**	**-**	**3,370,000**	**3,370,000**
Unearned rental income	**13,150,747**	**-**	**-**	**13,150,747**
Accrued expenses and other liabilities	**3,920,610**	**4,823,665**	**472,500**	**9,216,775**
Lease liabilities under right of use asset	**26,413,398**	**-**	**-**	**26,413,398**
Murabaha facility	**-**	**-**	**605,110,331**	**605,110,331**
TOTAL LIABILITIES	**43,484,755**	**4,823,665**	**608,952,831**	**657,261,251**
Net assets value (equity) attributable to the Unitholders	**614,133,781**	**466,222,784**	**(562,718,826)**	**517,637,739**

	31 December 2024			
	Rental	Hotels	Unallocated	Total
Cash and cash equivalents	5,586,086	1,432,858	69,141,211	76,160,155
Accounts receivables, net	24,631,112	964,164	-	25,595,276
Due from a related party	3,016,711	9,932,410	-	12,949,121
Other assets	129,432	-	-	129,432
Investment properties, net	627,458,757	-	-	627,458,757
Properties and equipment, net	-	473,833,700	-	473,833,700
Right of use asset, net	25,023,884	-	-	25,023,884
TOTAL ASSETS	685,845,982	486,163,132	69,141,211	1,241,150,325
Management fee payable	-	-	2,230,000	2,230,000
Unearned rental income	16,218,529	-	-	16,218,529
Accrued expenses and other liabilities	6,517,565	2,206,645	269,000	8,993,210
Lease liabilities under right of use asset	25,595,363	-	-	25,595,363
Murabaha facility	-	-	605,122,388	605,122,388
TOTAL LIABILITIES	48,331,457	2,206,645	607,621,388	658,159,490
Net assets value (equity) attributable to the Unitholders	637,514,525	483,956,487	(538,480,177)	582,990,835

20. EFFECT ON NET ASSETS (EQUITY) PER UNIT IF INVESTMENT PROPERTIES AND PROPERTIES AND EQUIPMENT ARE FAIR VALUED

In accordance with the Real Estate Investments Funds Regulations issued by CMA in the Kingdom of Saudi Arabia, the Fund Manager evaluates the Fund's assets based on an average of two valuations prepared by independent valuers. As set out in the terms and conditions of the Fund, net asset value disclosed are based on the market value obtained. However, in accordance with the accounting policy of the Fund, investment and properties and equipment are recorded at cost less accumulated depreciation and impairment if any in these financial statements. Accordingly, the fair value below is disclosed for information purposes and has not been accounted for in the Fund's books.

The fair value of investments properties and properties and equipment is determined by valuators, namely Barcode Company and Qiam Real Estate Appraisal Company (2 valuators for each property). They are certified by the Saudi Authority of Accredited Valuers "Taqeem". The following is an assessment of real estate investments and properties and equipment as at 31 December:

	31 December 2025		
	Evaluator		
	Barcode	**Qiam**	**Average market value**
Galleria Mall	**312,890,000**	**314,339,000**	**313,614,500**
Somerset Hotel	**270,750,000**	**248,489,000**	**259,619,500**
Citadine Hotel	**258,500,000**	**243,487,000**	**250,993,500**
The Roof	**239,090,000**	**240,747,000**	**239,918,500**
Corniche Plaza	**101,890,000**	**108,941,000**	**105,415,500**
Al Mashaeil Warehouse	**42,438,070**	**44,798,000**	**43,618,035**
Saudi Ericsson Building	**17,161,000**	**16,523,000**	**16,842,000**
Total	**1,242,719,070**	**1,217,324,000**	**1,230,021,535**

	31 December 2024		
	Evaluator		
	Barcode	Qiam	Average market value
Galleria Mall	346,015,000	334,888,000	340,451,500
Somerset Hotel	270,750,000	243,725,000	257,237,500
Citadine Hotel	258,550,000	238,642,000	248,596,000
The Roof	224,350,000	225,461,000	224,905,500
Corniche Plaza	100,470,000	106,691,000	103,580,500
Al Mashaeil Warehouse	40,687,500	40,818,000	40,752,750
Saudi Ericsson Building	15,796,000	16,306,000	16,051,000
Total	1,256,618,500	1,206,531,000	1,231,574,750

Management has used the average of the two valuations for the purposes of disclosing the fair value of the investment and properties and equipment.

The investment properties and properties and equipment were valued taking into consideration number of factors, including the area and type of property and valuation techniques using significant unobservable inputs, including discounted cash flows method and income method, below is an analysis of the investment properties and properties and equipment fair value versus cost:

20. EFFECT ON NET ASSETS (EQUITY) PER UNIT IF INVESTMENT PROPERTIES AND PROPERTIES AND EQUIPMENT ARE FAIR VALUED (CONTINUED)

	Note	**31 December 2025**	31 December 2024
Fair value of investment properties		**1,230,021,535**	1,231,574,750
Less: Carrying value of investment properties, net	9	**(614,327,685)**	(627,458,757)
Less: Carrying value of properties and equipment, net	10	**(454,942,788)**	(473,833,700)
Increase in net assets value (equity)		**160,751,062**	130,282,293
Units in issue (number)		**60,500,000**	60,500,000
Additional net assets value (equity) per unit based on fair value		**2.66**	2.15

Net assets attributable to the unitholders	**31 December 2025**	31 December 2024
Net assets value (equity) attributable to unitholders before fair value adjustment	**517,637,739**	582,990,835
Increase in net assets value (equity)	**160,751,062**	130,282,293
Net assets value (equity) attributable to unitholders after fair value adjustment	**678,388,801**	713,273,128

Net assets value attributable to each unit	**31 December 2025**	31 December 2024
Net assets value (equity) per unit (SAR) before fair value adjustment	**8.56**	9.64
Increase in net assets value (equity) per unit (SAR) based on fair value	**2.66**	2.15
Net assets value (equity) attributable to unitholders after fair value adjustment	**11.22**	11.79

21. FINANCIAL RISK MANAGEMENT

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

Financial instruments recorded in these financial statements principally comprise of cash and cash equivalents, accounts receivable, due from a related party, other receivable, management fee payable, accrued expenses and other liabilities, murabaha facility. The specific methods of recognition adopted are disclosed in the individual policy statements associated with each item. Financial assets and liabilities are offset and net amounts reported in the financial statements, when the

Fund has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

Market risk

The Fund is subject to the general conditions of the real estate sector in Saudi Arabia, which itself is influenced by a variety of factors such as, but not limited to the overall macroeconomic growth risks in the kingdom, commission rate, demand-supply, availability of financing, investor sentiment, liquidity, legal, foreign exchange rate, and regulatory risks. The Fund's management monitors on a regular basis the fluctuation and changes in the overall economic environment and believes that the impact of such changes is not significant to the Fund.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk is the risk that one party will fail to fulfill an obligation and cause the other party a financial loss. The Fund is exposed to the risk of credit-related losses that may occur because of the inability or unwillingness of the counterparty or issuer to fulfill its obligations. The Fund is exposed to credit risk for its bank balances, and accounts receivable. An allowance for credit losses is made which is sufficient at management's discretion to cover potential losses on past-due receivables.

On each reporting date, the bank balances are assessed for credit risks as to determine whether they have low risks as they are held with reputable financial institutions having a high local bank credit rating, and there is no default history for any of the bank balances. Therefore, the probability of default PD is based on future factors and any losses resulting from default are negligible. As at the reporting date, there are no past-due payment dates.

Due from a related party and other receivables are unsecured, carry no commission and have no fixed payments. There are no past-due receivables from the related parties at reporting date, considering the historical experience of default and the future of the industries where the related parties operate. The management considers that the related party balances weren't credit impaired.

When calculating the expected credit loss provision for receivables and due from a related party, a provision matrix is used based on historical loss rates over the expected life of the receivable adjusted for forward looking estimates**.**

The following table provides information about the exposure to credit risk:

31 December 2025	**Weighted average loss rate (%)**	**Gross receivable**	**Expected credit losses**
0 – 30 days	**0.41%**	**6,683,200**	**27,340**
31 – 60 days	**1.96%**	**3,624,930**	**70,907**
61 – 180 days	**3.96%**	**3,734,915**	**147,826**
181 – 360 days	**15.60%**	**1,407,888**	**219,581**
Above 361 days	**100%**	**4,283,350**	**4,283,350**

31 December 2024	Weighted average loss rate (%)	Gross receivable	Expected credit losses
0 – 30 days	0.34%	14,460,950	48,570
31 – 60 days	1.68%	3,439,559	57,762
61 – 180 days	11.20%	7,326,408	820,241
181 – 360 days	11.20%	1,458,186	163,254
Above 361 days	100%	1,561,107	1,561,107

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

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

As an asset class, real estate assets are relatively illiquid and, as such, it may be difficult for the Fund to sell its real estate assets (particularly at times of market downturn and specifically those assets that are categorized as larger real estate assets), and the proposed price may be at a significant discount, especially if the Fund is forced to dispose of any of its assets in a short period.

Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through use of available cash balance, liquidation of the investment portfolio or by taking short to medium term loans from Fund Manager and /or banks. The Fund remains sufficiently liquid from a cash perspective with the lowest leverage levels.

31 December 2025	**Less than 1 year**	**1 year to 2 years**	**2 years to 5 years**	**More than 5 years**	**Total**
Management fee payable	**3,370,000**	**-**	**-**	**-**	**3,370,000**
Accrued expenses and other liabilities	**9,216,775**	**-**	**-**	**-**	**9,216,775**
Lease liabilities under right of use asset	**862,880**	**862,880**	**2,588,640**	**69,892,560**	**74,206,960**
Murabaha facility	**110,331**	**-**	**605,000,000**	**-**	**605,110,331**

31 December 2024	Less than 1 year	1 year to 2 years	2 years to 5 years	More than 5 years	Total
Management fee payable	2,230,000	-	-	-	2,230,000
Accrued expenses and other liabilities	8,993,210	-	-	-	8,993,210
Lease liabilities under right of use asset	862,880	862,880	2,588,640	70,755,440	75,069,840
Murabaha facility	122,388	-	-	605,000,000	605,122,388

Operational risk

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

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

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

Geographical Concentration

All the assets and liabilities are distributed within the Kingdom of Saudi Arabia

Commission rate risk

Commission rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing commission rates on the Fund’s financial positions and cash flows.

The Fund's commission rate risk arises mainly from short-term loans and deposits, which are at a fixed commission rate and are not subject to re-pricing on a regular basis.

Commission rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing commission rates on the Fund’s financial positions and cash flows.

The Fund’s commission rate risks arise mainly from its murabaha facility, which are at variable commission rates and the sensitivity analysis is as follows:

	31 December 2025			
	Income Statement		**Statement of NAV**	
	Increase 100 points	**Reduce 100 points**	**Increase 100 points**	**Reduce 100 points**
Commission rate fluctuations	**1%**	**1%**	**1%**	**1%**
Cash-flow sensitivity (net)	**6,051,103**	**(6,051,103)**	**6,051,103**	**(6,051,103)**

	31 December 2024			
	Income Statement		Statement of NAV	
	Increase 100 points	Reduce 100 points	Increase 100 points	Reduce 100 points
Commission rate fluctuations	1%	1%	1%	1%
Cash-flow sensitivity (net)	6,051,224	(6,051,224)	6,051,224	(6,051,224)

Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The table below presents the financial instruments at their fair value as at 31 December, based on the fair value hierarchy:

	31 December 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Investment properties, net	-	-	**614,327,685**	**614,327,685**
Properties and equipment, net	-	-	**454,942,788**	**454,942,788**
Total	-	-	**1,069,270,473**	**1,069,270,473**

	31 December 2024			
	Level 1	Level 2	Level 3	Total
Investment properties, net	-	-	627,458,757	627,458,757
Properties and equipment, net	-	-	473,833,700	473,833,700
Total	-	-	1,101,292,457	1,101,292,457

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value estimation (continued)

As at 31 December 2025, the Fund's financial instruments include cash and cash equivalents, account receivable, due from a related party, other assets, management fee payable, accrued expenses and other liabilities, and murabaha facility. All financial instruments are measured at amortized cost and their carrying values approximate their fair value.

There were no transfers between the different levels of the fair value hierarchy during the current or previous year.

Valuation of investment properties & properties and equipment as disclosed in (Note 9 & 10) are valued at Level 3 of the fair value hierarchy. The principal inputs include:

Discount rates that reflect current market assessments of uncertainty in the amount and timing of cash flows (the rate used by valuers is 9% - 10.9%).

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

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

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

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

Terminal value: Considering assumptions regarding maintenance costs, vacancy rates and market rents.

22. DISTRIBUTIONS TO THE UNITHOLDERS

On 29 Shawwal 1446H corresponding 27 April 2025, the Fund board agreed to distribute to unitholders for the period from 04 September 2024 to 31 December 2024 amounting to SAR 0.38 per unit totaling SAR 22,990,000 to its unitholders.

On 07 Jumada al-Awwal 1447H corresponding 29 October 2025, the Fund board agreed to distribute to unitholders for the period from 01 January 2025 to 30 June 2025 amounting to SAR 0.37 per unit totaling SAR 22,385,000 to its unitholders.

23. LAST VALUATION DAY

The last valuation day for the year was 31 December 2025 (2024: 31 December 2024).

24. SUBSEQUENT EVENTS

There are no events subsequent to the year end that require adjustment or disclosure in these financial statements.

25. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements for the year ending 31 December 2025 were approved by the Fund board on 11 Shawwal 1447H, corresponding to 30 March 2026.