

AL JAZIRA REIT FUND
A REAL ESTATE INVESTMENT TRADED FUND
(MANAGED BY ALJAZIRA CAPITAL COMPANY)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
TOGETHER WITH THE
INDEPENDENT AUDITOR'S REPORT

AL JAZIRA REIT FUND
A REAL ESTATE INVESTMENT TRADED FUND
(MANAGED BY ALJAZIRA CAPITAL COMPANY)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

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INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF AL JAZIRA REIT FUND REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Al Jazira REIT Fund (the "Fund") managed by Al Jazira Capital Company 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 comprehensive income for the year then ended;
- the statement of changes in net assets value (equity) attributable to unitholders for the year then ended;
- The statement of cash flows for the year then ended; and
- The notes to the financial statements, comprising material accounting policies 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.

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INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF AL JAZIRA REIT FUND REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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KEY AUDIT MATTERS (CONTINUED)

Key Audit Matters	How our audit addressed the key audit matter
Investment Properties Valuation	
❶ Al Jazira REIT Fund owns a portfolio of investment properties comprising of commercial warehouses located in the Kingdom of Saudi Arabia. ❷ Investment properties are held for capital appreciation and or rental yields, are stated at cost less accumulated depreciation and any accumulated impairment losses. Investment properties are remeasured for impairment losses when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss, if any, is recognized in the amount by which the carrying amount of the asset exceeds its recoverable amount. ❸ To assess impairment in the value of real estate investments, the Fund Manager monitors fluctuations in the fair value of real estate by engaging independent certified real estate evaluators to conduct an approved evaluation of the Fund's investment properties on a semi-annual basis. ❹ We considered this to be a key audit matter as the assessment of impairment requires significant judgment by the fund manager and the potential impact of an impairment, if any, could be material to the financial statements. ❺ Please refer to the critical accounting, estimates and judgments in note no. 4, relating to impairment of Investment properties, note no. 5 which contains material accounting policies relating to impairment in value, and note no. 11 relating to Investment Properties	For the impairment assessment of investment properties, we performed the following audit procedures: ❶ Assessed the design and implementation, and tested the effectiveness of the Fund's controls relating to the investment properties valuation process. ❷ We obtained two valuation reports from independent real estate appraisers certified by "Taqeem" for each investment property as of 31 December 2025, and we confirmed that the valuation methods are appropriate for use in determining the carrying values as of the date of the report; ❸ Evaluating the competence, capabilities, and objectivity of evaluation experts. ❹ Gain an understanding of the work of evaluation experts. ❺ We assessed the independence of the external evaluators and read the Fund's contractual terms to determine whether there were any matters that might affect their objectivity or that might impose limitations on the scope of their work; ❻ Involving our audit professional expert in evaluating key assumptions and estimates, used by the real estate valuation experts in determining the fair values of the investment properties; ❼ Recalculated recoverable amount, i.e. higher than the fair value or value in use of the relevant investment properties in accordance with the above-mentioned valuation reports; ❽ Reconciled the average fair value of investment properties in accordance with note no. 11 with the reports of external valuers; and ❾ Evaluating the adequacy of disclosures in the financial statements.

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INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF AL JAZIRA REIT FUND REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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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 MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management 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 the SOCPA and the applicable provisions of Real Estate Investment Fund Regulations and for such internal control as management 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, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

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INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF AL JAZIRA REIT FUND
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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.

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INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF AL JAZIRA REIT FUND
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

(5/5)

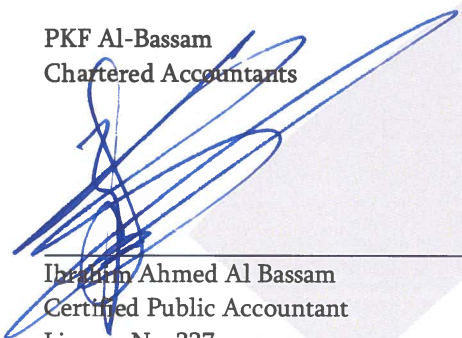
AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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
12 Shawwal 1447 H
Corresponding to: 31 March 2026



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AL JAZIRA REIT FUND
A REAL ESTATE INVESTMENT TRADED FUND
(MANAGED BY ALJAZIRA CAPITAL COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(Amounts in SAR)

		As at 31 December	
	Note	2025	2024
ASSETS			
Current assets			
Cash at bank	8	2,095,967	1,755,035
Rent receivable	9	96,036	128,049
Accrued lease income		349,764	42,890
Prepayments and other assets	10	53,197	121,229
Total current assets		2,594,964	2,047,203
Non-current assets			
Investment properties	11	88,785,512	86,964,306
Total non-current assets		88,785,512	86,964,306
Total assets		91,380,476	89,011,509
LIABILITIES			
Current liabilities			
Accrued fund management fees	12	403,823	212,805
Unearned rental income	13	2,016,342	2,016,342
Accrued custodian fees		25,000	151,946
Accrued expenses and other liabilities		333,552	316,626
Total current liabilities		2,778,717	2,697,719
Total liabilities		2,778,717	2,697,719
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS			
		88,601,759	86,313,790
Units in issue (numbers)		11,800,000	11,800,000
Net Assets carrying value attribute to the unit		7.51	7.31
Net Assets fair value attribute to the unit	15	8.11	7.31

The accompanying notes 1 to 24 form an integral part of these financial statements.

AL-JAZIRA REIT FUND
A REAL ESTATE INVESTMENT TRADED FUND
(MANAGED BY ALJAZIRA CAPITAL COMPANY)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts in SAR)

	Note	2025	2024
<u>INCOME</u>			
Rental income from investment property	14	7,058,836	6,414,278
Realized gain from investments carried at FVTPL	12	47,207	90,382
Total income		7,106,043	6,504,660
<u>EXPENSES</u>			
Properties management expenses		(260,671)	(256,164)
Fund management fees	12	(801,545)	(813,577)
Reversal / (impairment) of investment properties	11	2,747,558	(1,021,167)
Depreciation of investment properties	11	(926,353)	(928,891)
Other expenses	16	(453,063)	(410,350)
Custodian fees		(50,000)	(50,556)
Total income / (expenses)		255,926	(3,480,705)
Net income for the year		7,361,969	3,023,955
Other comprehensive income		-	-
Total comprehensive income for the year		7,361,969	3,023,955

The accompanying notes 1 to 24 form an integral part of these financial statements.

AL-JAZIRA REIT FUND
A REAL ESTATE INVESTMENT TRADED FUND
(MANAGED BY ALJAZIRA CAPITAL COMPANY)
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts in SAR)

	Note	2025	2024
Net assets value attributable to the unitholders at the beginning of the year		86,313,790	88,009,835
Total comprehensive income for the year		7,361,969	3,023,955
Dividends during the year	19	(5,074,000)	(4,720,000)
Net assets value attributable to the unitholders at the end of the year		88,601,759	86,313,790

The accompanying notes 1 to 24 form an integral part of these financial statements.

AL JAZIRA REIT FUND
A REAL ESTATE INVESTMENT TRADED FUND
(MANAGED BY ALJAZIRA CAPITAL COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts in SAR)

	Notes	2025	2024
OPERATING ACTIVITIES			
Net income for the year		7,361,9769	3,023,955
<u>Adjustments to</u>			
Investment properties depreciation	11	926,353	928,891
Realized gain from investments carried at FVTPL		(47,207)	(90,382)
(Reversal) / impairment on investment properties	11	(2,747,558)	1,021,167
Changes in operating assets and liabilities:			
Rent Receivable		32,013	(64,025)
Accrued lease income		(306,874)	198,667
Prepayments and other assets		68,032	(38,095)
Accrued management fees		191,018	14,292
Unearned rental income		-	66,642
Accrued custodian fees		(126,946)	50,556
Accrued expenses and other liabilities		16,925	(11,246)
Net cash generated from operating activities		5,367,725	5,100,422
INVESTING ACTIVITIES			
Proceeds from selling investments at FVTPL		4,047,207	5,890,382
Payments to purchase investments at FVTPL		(4,000,000)	(5,800,000)
Net cash generated from investing activities		47,207	90,382
FINANCING ACTIVITIES			
Dividend paid	19	(5,074,000)	(4,720,000)
Net cash used in financing activities		(5,074,000)	(4,720,000)
Net change in cash at bank balances during the year		340,932	470,804
Cash and cash equivalents at the beginning of the year		1,755,035	1,284,231
Cash in bank balances at the end of the year	8	2,095,967	1,755,035

The accompanying notes 1 to 24 form an integral part of these financial statements.

AL JAZIRA REIT FUND
A REAL ESTATE INVESTMENT TRADED FUND
(MANAGED BY ALJAZIRA CAPITAL COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025
(Amounts in SAR)

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

The Al Jazira REIT Fund ("REIT") is a Shariah compliant real estate investment traded Fund. The Fund operates in accordance with the Real Estate Investment Funds Regulations and REIT Regulations issued by the Capital Market Authority (CMA). The fund is listed on the Saudi Stock Exchange ("Tadawul") and traded on the Tadawul in accordance with its rules and regulations. The size of the fund is 118 million Saudi riyals, the REIT has a term of 99 years from the beginning of its operation.

Al-Jazira Capital Company (the "Fund Manager"), a Joint Stock Company registered under Commercial Registration No. 1010351313 and licensed by the Capital Market Authority under License No. 07076-37, manages a real estate investment trust (REIT).

Alinma Investment Company ("Custodian") is the Custodian of the Fund.

The primary investment objective of the Fund is to invest in structurally developed real estate that generates periodic income and distributes a percentage of not less than 90% of the Fund's net profits in cash to investors during the fund's operating period at least once annually during the third quarter of each year subject to rent collections and Fund dividends policy. The fund has invested mainly in warehouses in Jeddah.

2. REGULATING AUTHORITY

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

3. BASIS OF PRESENTATION

3.1. Statement of compliance

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

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, using accrual basis of accounting and the going concern concept except for financial assets measured at fair value through profit or loss.

3.3 Functional and presentation currency

These financial statements are presented in Saudi Riyals ("SR"), which is the functional currency of the Fund. All financial information has been rounded off to the nearest SR, unless otherwise stated.

3.4 Comparative information

The Fund has presented the comparative information for the year ended 31 December 2024.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the ordinary course of business, 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. Revision to accounting estimates are recognised in the period in which the estimates are reviewed and in any future period affected. The significant accounting judgements and estimates applied in the preparation of these financial statements are as follows:

4.1 Judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements. Judgement has been applied in the cases of determining whether an arrangement contains a lease and classification of leases.

4.1.1 Going concern

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

As at the reporting date, the Fund's current liabilities amount to SAR 2,778,717, which exceed its current assets of SAR 2,594,964. However, this excess is primarily due to the inclusion of unearned rental income amounting to SAR 2,016,342 within current liabilities. This represents rental income received in advance and does not indicate any liquidity risk, as the related cash has already been received.

4.2 Assumptions and Estimation Uncertainties

4.2.1 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 an asset's 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 and occupancy 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 taken into account. 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 profit or loss.

4.2.2 Impairment of financial assets held at amortised cost

The determination of expected credit losses (ECL) involves key estimates by management. Management has exercised judgment in assessing the impact of current and future economic conditions, as well as other relevant factors that may affect the collectability of financial assets. Key estimates include the estimation of credit risk, probability of default, exposure at default, and loss given default.

5. MATERIAL ACCOUNTING POLICIES INFORMATION

Cash and cash equivalents

Cash and cash equivalents consist of cash in current accounts with a local bank. Cash and cash equivalents are measured at amortized cost in the statement of assets and liabilities.

Rent receivable

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

Investment properties

Investment properties are non-current assets 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. The cost is amortized minus the residual value of the real estate investment over the 30-year useful life or the term of the fund, whichever is lower.

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

Any gain or loss on disposal of the investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When investment property that was previously classified as property and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

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

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 taken into account. 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 comprehensive income.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Fund estimates the assets or CGU's recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income.

Impairment of non-current assets

Properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss subsequently reverses, the carrying amount of the property is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the statement of comprehensive income.

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Accrued expenses and other liabilities

Accrued expenses and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective commission rate method. A provision is recognised when the Fund has a present legal or constructive obligation as a result 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 recognised for future operating loss.

Rental income

When the Fund acts as a lessor, it determines at the inception of the lease whether each lease represents a finance lease or an operating lease.

To classify each lease, the Fund conducts a comprehensive assessment of whether the lease transfers to the lessee substantially all of the risks and rewards associated with ownership of the underlying asset. If this is the case, the lease is a finance lease and if not, it is considered an operating lease. As part of this assessment, the Fund considers indicators such as whether the lease represents a major part of the economic life of the asset.

The Fund has assessed that all of its leases are operating leases. Properties that have been leased under operating lease contracts are included under investment property in the statement of financial position.

Rental income from operating leases is recognized using the straight-line method over the term of the lease. When the Fund provides incentives to tenants, the cost of the incentives is recognized over the term of the lease, on a straight-line basis, as a reduction of rental income.

Management fee

The Fund Manager charges the Fund, management fee at the rate of 0.9 percent per annum of the net assets value of the Fund, which is paid on semi-annual basis.

Custodian fee

The Fund pays the custodian an annual fee of a maximum of 0.1 percent per annum of the net assets value of the Fund, which is paid quarterly to the Custodian of the Fund.

Board of directors' fee

The Board of Directors shall be entitled to a maximum amount of SAR 22,000 for attending minimum of two meetings annually, which are due on a monthly basis and paid annually to the Fund Board.

Other expenses

Expenses include legal, accounting, auditing and other fees. They are recognised in profit or loss in the period in which they are incurred on an accrual basis.

Zakat

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

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

Distribution

Dividends distribution to the Fund's unitholders is recognised as a liability in the Fund's financial statements in the period in which the dividends are approved.

The Fund has a policy of distributing dividends on annually basis for at least 90% of its net profit (excluding non-cash expenses) in case of the completion of lease collection, and after the approval of the Fund's Board of Directors, not including profit resulting from the sale of the underlying real estate assets.

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Equity per unit

The net asset value of each unit is calculated by dividing the property rights of the owners of the units listed in the balance sheet by the number of units outstanding at the end of the year.

Units in issue

The Fund has units in issue. On liquidation of the Fund, they entitle the holders to the residual net assets. They rank *Pari passu* 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 in the event of the Fund's liquidation.

Units are classified as equity as it meets all of the following conditions:

- it entitles the holder to a pro rata share of the Fund's net assets 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 is 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 or the change in the fair value of the recognized and unrecognized net assets of the Fund over the life of the instrument.

Financial instruments

Recognition and initial measurement

Receivables from operating leases issued 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 a 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 its acquisition or issue. Receivable from operating leases without a significant financing component is initially measured at the transaction price.

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 principal and interest on the principal amount outstanding.

A financial asset 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 principal and interest on the principal amount outstanding.

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

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Financial instruments (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gain, loss, and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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 derecognized 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

Recognition of credit losses is no longer dependent on the Fund first identifying a credit loss event. Instead, 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.

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Financial instruments (Continued)

Expected credit loss assessment:

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

- financial assets measured at amortized cost

The expected loss rates are based on the payment profiles of receivables over a period of 12 months before each reported period and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The 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), Exposure at Default (EAD). These are briefly described below:

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

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

Exposure at Default (EAD): This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on 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 GDP, inflation, and government spending to develop scenarios, aiming to realize the most likely outcome using worst- and best-case scenarios. Scenario-based analysis integrates forward-looking information into impairment estimation using multiple macroeconomic scenarios. The expected credit loss estimate reflects an unbiased probability-weighted amount based on various outcomes.

After adjusting inputs for macroeconomic scenarios, each scenario's PD is calculated, followed by a weighted average PD based on scenario likelihood. Finally, a weighted average lifetime ECL is determined.

Portfolio segmentation

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

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Financial instruments (Continued)

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
- the customer is more than 180 days past due on any material credit obligation to the Fund. As the industry norm suggests that such a period fairly represents the default scenario for the Fund, this rebuts the presumption of 90 days mentioned in IFRS 9.

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

Specific provision

Specific provision is recognized on 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 from the customers.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the 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 loans and borrowings, net of directly attributable transaction costs.

The Fund's financial liabilities mainly include trade and other payables and due to related parties.

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Financial instruments (Continued)

Modifications of financial assets and financial liabilities

Financial assets

If the terms of the financial asset are modified, the Fund evaluates whether the cash flows of the modified asset 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 a 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 distinguished 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.

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, continue to be measured in accordance with the Fund's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortization.

Any profit or loss arising from the sale of a discontinued operation or its remeasurement to fair value less costs to sell is presented as part of a single line item, profit or loss from discontinued operations.

6. NEW STANDARDS, THEIR INTERPRETATIONS AND AMENDMENTS

A number of new amendments to standards, enlisted below, are effective this year but they do not have a material effect on the Fund's financial statements.

6.1 New amendments to standards issued and applied effective 1 January 2025

Standard or amendments to standard	Description	Effective for annual years beginning on or after	Summary of amendment	Management's assessment
IAS 21	Lack of Exchangeability	1 January 2025	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments introduce new disclosures to help financial statement users assess the impact of using an estimated exchange rate.	Management has assessed the adoption of these amendments and concluded that they did not have a material impact on the Fund's financial position, financial performance, or cash flows for the current reporting period.

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6. NEW STANDARDS, THEIR INTERPRETATIONS AND AMENDMENTS (CONTINUED)

6.2 New standards, amendments and revised IFRS issued but not yet effective

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

Standard or amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment	Management assessment
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026	The amendments clarify the recognition and derecognition of financial assets and financial liabilities, including settlement date accounting for certain electronic payment systems. They also provide additional guidance on assessing contractual cash flow characteristics of financial assets, including contingent cash flows arising from environmental, social and governance (ESG)-linked features. The amendments also introduce new and updated disclosure requirements in IFRS 7	Management has performed a preliminary assessment and does not expect the adoption of these amendments to have a material impact on the Fund's financial statements, as the Fund's financial instruments and settlement arrangements are not expected to be significantly affected.
	Contracts Referencing Nature-dependent Electricity	1 January 2026	These amendments modify the 'own use' requirements and hedge accounting provisions in IFRS 9 for contracts that expose entities to variability in electricity prices due to uncontrollable natural conditions such as weather. Targeted disclosure requirements are introduced in IFRS 7.	Based on the nature of the Fund's operations and contractual arrangements, management does not expect these amendments to have a material impact on the Fund's financial statements upon initial application.
IFRS 19	Subsidiaries without Public Accountability	1 January 2027	IFRS 19 permits eligible subsidiaries without public accountability to apply reduced disclosure requirements while continuing to apply full IFRS recognition and measurement principles. The standard affects disclosure requirements only and does not impact recognition or measurement.	Management will assess the applicability of IFRS 19 at the date of adoption. The standard is expected to affect disclosure requirements only and is not expected to have a material impact on the Fund's financial position, financial performance or cash flows.

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6. NEW STANDARDS, THEIR INTERPRETATIONS AND AMENDMENTS (CONTINUED)

6.3 New standards, amendments and revised IFRS issued but not yet effective (continued)

Amendments to standard	Description	Effective from accounting period beginning on or after	Summary of the Management assessment
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027	IFRS 18 replaces IAS 1 and establishes a new framework for the presentation and disclosure of financial statements. The standard introduces new categories for income and expenses (operating, investing and financing) and requires presentation of new subtotals, including operating profit or loss and profit or loss before financing and income taxes. It also enhances guidance on aggregation and disaggregation, introduces disclosure requirements for management-defined performance measures, and removes classification options for interest and dividends in the statement of cash flows. Management is currently in the process of assessing the impact of IFRS 18.

7. ACCRUED FUND MANAGEMENT FEES AND OTHER

Management fees

The Fund accrues the Fund manager a management fee of 0.9% per annum of the net fair value of the Fund's assets, which is paid on a semi-annual basis.

Custody fees

The Custodian is entitled for a fee up to a maximum of 0.1% per annum of the net fair value of the assets to be paid on a quarterly basis.

Performance fee

The Fund Manager is entitled to 5% performance fee, the positive difference between the sale price of any property owned by the Fund and the purchase price.

Operating, maintenance and marketing fees

The Fund accrues for a fee of 4% per annum of the rental income collected.

Others

The Fund is also responsible for the direct expenses related to the Fund's business, such as the actual costs related to preparing and printing bulletins, reports and notices to investors, remuneration for members of the board of directors, supervisory fees, external auditors, appraisers' fees, zakat advisory fees and any other parties providing services to the fund and any exceptional expenses, with a maximum 0.25% per annum of the net fair value of the assets.

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8. CASH AT BANK

	Note	As at 31 December	
		2025	2024
Bank balances	8.1	2,095,967	1,755,035

8.1. The balances are held with Al-Jazira Bank ("Related Party").

9. RENT RECEIVABLE

	Note	As at 31 December	
		2025	2024
Lease receivable		5,322,828	5,354,841
Provision for expected credit losses	9.1	(5,226,792)	(5,226,792)
		96,036	128,049

9.1 The movement for expected credit losses during the year is as follows:

	2025	2024
Balance at the beginning of year	(5,226,792)	(5,226,792)
Charge for the year	-	-
Balance at the end of year	(5,226,792)	(5,226,792)

	Overdue and impaired value					
	Total	From 1 to 90 days	From 91 to 180 days	From 181 to 270 days	From 271 to 365 days	More than 365 Days
As at 31 December 2025						
Total	5,322,828	96,036	-	-	-	5,226,792
Expected credit losses	5,226,792	-	-	-	-	5,226,792
Coverage rate	98.2%	-	-	-	-	100%
As at 31 December 2024						
Total	5,354,841	128,049	-	-	-	5,226,792
Expected credit losses	5,226,792	-	-	-	-	5,226,792
Coverage rate	97.60%	-	-	-	-	100%

10. PREPAYMENTS AND OTHER ASSETS

	As at 31 December	
	2025	2024
Real estate property management fees	20,880	58,135
VAT receivable	32,317	63,094
Balance at the end of the year	53,197	121,229

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11. INVESTMENT PROPERTIES

2025	Land	Building	Total
<u>Cost</u>			
Balance at the beginning of the year	90,209,401	27,790,599	118,000,000
Balance at the end of the year	90,209,401	27,790,599	118,000,000
<u>Accumulated depreciation</u>			
Balance at the beginning of the year	-	7,102,266	7,102,266
Depreciation charge during the year	-	926,353	926,353
Balance at the end of the year	-	8,028,619	8,028,619
<u>Impairment in value</u>			
Balance at the beginning of the year	23,296,885	636,542	23,933,427
Reversal of impairment for the year	(2,111,016)	(636,542)	(2,747,558)
Balance at the end of the year	21,185,869	-	21,185,869
<u>Net book value:</u>			
Balance as at 31 December 2025	69,023,532	19,761,980	88,785,512
2024	Land	Building	Total
<u>Cost</u>			
Balance at the beginning of the year	90,209,401	27,790,599	118,000,000
Balance at the end of the year	90,209,401	27,790,599	118,000,000
<u>Accumulated depreciation</u>			
Balance at the beginning of the year	-	6,173,375	6,173,375
Depreciation charge during the year	-	928,891	928,891
Balance at the end of the year	-	7,102,266	7,102,266
<u>Impairment in value</u>			
Balance at the beginning of the year	22,912,261	-	22,912,261
Impairment charge for the year	384,625	636,542	1,021,167
Balance at the end of the year	23,296,886	636,542	23,933,428
<u>Net book value:</u>			
Balance as at 31 December 2024	66,912,515	20,051,791	86,964,306

11.1. Real estate investments are in warehouses, located on two plots of land, a northern block and a southern block located on King Faisal Road in Al-Wadi neighborhood, Jeddah.

11.2. All real estate properties are registered in the name of Mawtein Real Estate Company, a "Special Purpose Vehicle (SPV)". The SPV holds these properties for the ownership of the usufruct of the Fund and does not have any controlling interests and does not pose any risks to the investment properties.

11.3. The Fund manager periodically reviews its investment properties to determine whether there is any indication of a decline in the value of assets. An impairment loss is considered at the amount that the carrying value of each investment property exceeds its recoverable value, which is higher than the fair value of the assets minus the cost of sale and value in use. According to the periodic evaluation reports submitted by the Funds, the evaluation experts are independent of the fund.

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12. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties to the fund include Al-Jazira Capital "Fund Manager", "Al-Jazira Bank" (a shareholder in Al-Jazira Capital) and other managed funds managed by the Fund's Board of Directors.

In the ordinary course of its activities, the Fund transacts business with related parties. The related parties' transactions are governed by limits set by the regulations issued by the CMA. All related party transactions are approved by the Fund Board.

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

Related Party	Nature of relationship	Nature of transactions	2025	2024
Al-Jazira Capital Company	Fund manager	Fund management fee	(801,545)	(813,577)
Al-Jazira Saudi Riyal Murabaha Fund	Funds managed by the Fund Manager	Realized gain as FVTPL	47,207	90,382
		Subscriptions	(4,000,000)	(5,800,000)
		Redemptions	4,047,207	5,890,382
BOD members	Key management personnel	Attendance allowance (note 12.1)	(22,000)	(21,940)

12.1. Board attendance allowances are included in the financial position under accrued expenses.

12.2. Balances as at year-end

Due to a related party	As at 31 December	
	2025	2024
Management fee payable- Al Jazira Capital Company	403,823	212,805

13. UNEARNED RENTAL INCOME

	2025	2024
Balance at the beginning of year	2,016,342	1,949,700
Rental income received during the year	7,058,836	6,480,920
Rental income earned during the year	(7,058,836)	(6,414,278)
Balance at the end of year	2,016,342	2,016,342

14. RENTAL INCOME FROM INVESTMENT PROPERTY

	2025	2024
Rental income from warehouses lease	7,058,836	6,414,278

Fund as Lessor

The Fund leases its investment properties. The Fund has classified these leases as operating leases because they do not transfer substantially all the risks and rewards incidental to ownership of the assets. Rental revenue was recognized by the Fund during 2025 for the amount of SR 7.1 million (2024: SR 6.4 million).

The table below outlines the analysis of the entitlement of lease contract payments and presents the lease contracts payments that will be received after the financial reporting date:

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14. RENTAL INCOME FROM INVESTMENT PROPERTY (CONTINUED)

	2025	2024
Less than 1 year	3,803,256	5,876,520
1-2 year	2,030,906	2,522,770
2-3 years	1,280,486	750,420
3-4 years	1,280,486	-
	8,395,134	9,149,710

15. EFFECT OF NET ASSET VALUE IF INVESTMENT PROPERTIES ARE AT FAIR VALUE

The Fund Manager evaluates the Fund's investment properties based on an average of two evaluations prepared by independent evaluators. As set out in the terms and conditions of the Fund, net asset value declared are based on the market value obtained. However, in accordance with the accounting policy of the Fund, investment properties are carried at cost less accumulated depreciation and impairment losses, if any. Accordingly, the fair value below is disclosed for information purposes and has not been accounted for in the Fund's financial statements.

The fair value of real estate investments is determined by two valuers, namely, Barcode and Esnad Real Estate Appraisal Company. The following is the valuation of real estate investments:

As at 31 December 2025	Barcode	Esnad	Average
Investment properties	102,242,928	89,463,000	95,852,964
As at 31 December 2024	Barcode	Esnad	Average
Investment properties	89,801,400	84,127,212	86,964,306

The investment and development properties were valued taking into consideration number of factors, including the area and type of property and valuation techniques using significant unobservable inputs, including the discounted cash flow method and the cost method.

	As at 31 December	
	2025	2024
Estimated fair value of investment properties	95,852,964	86,964,306
Less: Book Value of investment properties, net	(88,785,512)	(86,964,306)
Estimated fair value excess of book value	7,067,452	-
Units in issue (numbers)	11,800,000	11,800,000
Value per unit relating to excess of estimated fair value over book value of investment properties	0.60	-

Net assets attributable to unitholders:

	2025	2024
Net assets value as per the financial statements	88,601,759	86,313,790
Estimated fair value excess of book value of investment properties	7,067,452	-
Net assets value based on fair valuation of investment properties	95,669,211	86,313,790

Net assets attributable to each unit:

	As at 31 December	
	2025	2024
Net assets value per unit based as per the financial statements	7.51	7.31
Estimated fair value excess of book value of investment properties	0.60	-
Net assets value per unit based on fair valuation of investment properties	8.11	7.31

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16. OTHER EXPENSES

	Note	2025	2024
Basic Registration fee		220,000	220,000
Tadawul fees		55,353	67,398
Professional fees		35,000	34,904
BOD fees	12	22,000	21,940
CMA fees		7,500	7,480
Valuation fees		8,000	8,000
Audit Fee		20,000	20,000
Other		85,210	30,628
		453,063	410,350

17. FAIR VALUE MEASUREMENTS

Financial assets consist of cash at bank, rental income receivables and other assets. Financial liabilities consist of deferred rental income, management fee and other payable. The fair values of financial assets and financial liabilities are not materially different from their carrying values.

The following table shows the fair value of financial instruments and investment properties disclosed as at year end:

31 December 2025	Fair value level				
	Carrying amount	Level 1	Level 2	Level 3	Total
Investment properties	88,785,512	-	-	95,852,964	95,852,964
31 December 2024	Carrying amount	Level 1	Level 2	Level 3	Total
Investment properties	86,964,306	-	-	86,964,306	86,964,306

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Changes in assumptions about these inputs could affect the fair value of items disclosed in these financial statements and the level where the items are disclosed in the fair value hierarchy.

There were no transfers between various levels of fair value hierarchy during the current year or prior year. For assets not carried at fair value but for which fair value is disclosed i.e., investment properties, the valuation was determined using Cost / Market approach and Income approach based on significant unobservable inputs that includes discount rates (5%), real estate vacant percentage , estimated price per square meter for investment properties and accordingly is included in Level 3 of the fair value hierarchy.

There were no changes to the valuation techniques during the year.

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18. FINANCIAL INSTRUMENTS AND 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 minimise potential adverse effects on the Fund's financial performance.

Financial instruments carried in these financial statements principally include cash and cash equivalents, rental income receivables, accrued management fee and accrued expenses. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

18.1 Credit risk

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund is exposed to credit risk on the following:

	As at 31 December	
	2025	2024
Cash at bank	2,095,967	1,755,035
Rental receivable - (note 9)	96,036	128,049
Accrued lease income	349,764	42,890
	2,541,767	2,047,203

18.2 The following table provides information about the exposure to credit risk and ECLs for rent receivables as at:

31 December 2025	Weighted average loss rate (%)	Exposure at Default	Loss allowance	Credit impaired
0-30 days	-	96,036	-	No
30-180 days	-	-	-	No
More than 180 days	100%	5,226,792	5,226,792	Yes
Total	100%	5,322,828	5,226,792	

31 December 2024	Weighted average loss rate (%)	Exposure at Default	Loss allowance	Credit impaired
0-30 days	-	128,049	-	No
30-180 days	-	-	-	No
More than 180 days	100%	5,226,792	5,226,792	Yes
Total	100%	5,354,841	5,226,792	

The following table details the risk profile of rental gross receivables based on the Fund's expected credit loss matrix:

	2025	2024
Less than 30 days	-	-
Between 31 to 180 days	-	-
More than 180 days	5,226,792	5,226,792
	5,226,792	5,226,792

The carrying amount of financial assets represents the maximum credit exposure.

The Fund seeks to limit its credit risk with respect to rent receivables by charging rent in advance, and by monitoring outstanding balances on an ongoing basis with the actual results for the Fund.

Credit risk is managed on a fund basis. For banks and financial institutions, only independently reputable related parties with a sound credit rating are accepted.

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18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

For corporate and retail customers, the Fund assess the risk control and the credit quality of the customer by taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Fund Board. The compliance with credit limits by wholesale customers is regularly monitored by line management.

18.3 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.

The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through increase the fund size or by taking short term loans from the local banks.

The table below summarises the maturity profile of the Fund's financial liabilities based on contractual undiscounted payments:

31 December 2025	Less than 1 year	More than 1 year	Total
Accrued fund management fees	403,823	-	403,823
Accrued custodian fees	25,000	-	25,000
Other liabilities	247,833	-	247,833
TOTAL LIABILITIES	676,656	-	676,656

31 December 2024	Less than 1 year	More than 1 year	Total
Accrued fund management fees	212,805	-	212,805
Accrued custodian fees	151,946	-	151,946
Other liabilities	250,743	-	250,743
TOTAL LIABILITIES	615,494	-	615,494

18.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Fund does not have any significant exposure to currency risk as all its monetary assets and monetary liabilities are denominated in Saudi Riyals.

18.5 Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, profit rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Fund manages its market risk by investing in low-risk securities as per terms and conditions of the Fund.

19. DIVIDENDS DISTRIBUTION

On 26 November 2025, the Fund Board of Directors approved the distribution of profits for the full year period (the full period of 2025) at an amount of 0.43 Saudi riyals for each unit, totaling 5,074,000 Saudi riyals for unit owners.

On 03 December 2024, the Fund Board of Directors approved the distribution of profits for the full year period (the full period of 2024) at an amount of 0.4 Saudi riyals for each unit, totaling 4,720,000 Saudi riyals for unit owners.

20. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 31 December 2025 and 2024.

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21. SUBSEQUENT EVENTS

As of the date of approval of these financial statements, there have been no significant subsequent events requiring disclosure to or adjustment in these financial statements.

22. SEGMENT INFORMATION

The Fund invests in two investment properties in the Kingdom of Saudi Arabia. Since the Fund invests in one segment and one country, there was no segment information presentation.

23. LAST VALUATION DAY

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

24. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Fund's Board of Directors on 11 Shawwal 1447H corresponding to 30 March 2026.