# AL RAJHI REIT FUND

**(Managed by Al Rajhi Capital)**

**INDEPENDENT AUDITOR'S REPORT**

**AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2024**

Al RAJHI REIT FUND
(Managed by Al Rajhi Capital)

FINANCIAL STATEMENTS
For the year ended 31 December 2024


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# INDEPENDENT AUDITOR'S REPORT

**TO THE UNITHOLDERS**
**AL RAHHI REIT FUND**
**RIYADH, KINGDOM OF SAUDI ARABIA**
**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS** (1-5)

## OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Al Rajhi REIT Fund ("the Fund") managed by Al Rajhi Capital (the "Fund Manager") as at 31 December 2024, and its statements of comprehensive income, changes in net equity, 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 of the following:

- The statement of financial position as at 31 December 2024;
- The statement of comprehensive income for the year then ended;
- The statement of changes in equity 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 policy information and other explanatory information.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISA") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the professional code of conduct and ethics 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 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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PKF Al-Bassam
Chartered Accountants

# INDEPENDENT AUDITOR'S REPORT

**TO THE UNITHOLDERS**
**AL RAHHI REIT FUND**
**RIYADH, KINGDOM OF SAUDI ARABIA**
**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**



## KEY AUDIT MATTERS (CONTINUED)

| Key Audit Matters | How our audit addressed the key audit matter |
|---|---|
| Valuation of investment properties | |
| Al Rajhi REIT Fund owns a portfolio of investment properties comprising of commercial buildings located in the Kingdom of Saudi Arabia with carrying value of the investment's properties amounting SAR 2.986 million as of 31 December 2024 (31 December 2023: SAR 3.011 million).<br><br>Investment properties are held for capital appreciation and or rental yields, are stated at cost less accumulated depreciation and any accumulated impairment losses.<br><br>Investment properties 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.<br><br>For assessing the impairment of investment properties, 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.<br><br>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.<br><br>Refer to the summary of material accounting policy information note 5 relating to impairment of investment properties, note 4 which contains the significant accounting judgment, estimates and assumptions relating to impairment and note 8 relating to investment properties. | We have carried out the following audit procedures:<br><br>• We obtained two valuation reports from independent real estate evaluators Taqeem certified for each investment properties as at 31 December 2024 and confirmed that the valuation approaches are suitable for use in determining the carrying values as at the reporting date;<br><br>• We assessed the independence of the external valuers, professional qualifications, competence and experience and ensured that they are certified from Taqeem, and read their 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;<br><br>• 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;<br><br>• Assessed the recoverable amount, which is higher of fair value or value in use of the related investment properties as per the above-mentioned valuation reports. We have determined that the recoverable amount of the investment properties to be higher than the carrying amount of the same;<br><br>• We reconciled the average fair value of the investment properties as per note 10 to the external valuers' reports; and<br><br>• Assessing the adequacy of the disclosures in the financial statements. |

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# INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS
AL RAHHI REIT FUND
RIYADH, KINGDOM OF SAUDI ARABIA
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS



## OTHER INFORMATION

Other information consists of the information included in the Fund's 2024 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in the Fund's 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 when it becomes available 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.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Fund's Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA, the applicable provisions of the Real Estate Investment funds regulations issued by the Capital Market Authority and the fund's terms and conditions, 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, the Fund's 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, are responsible for overseeing the Fund's financial reporting process.

# INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS
AL RAHHI REIT FUND
RIYADH, KINGDOM OF SAUDI ARABIA
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS



## 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 "ISA" that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with 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 Fund's 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 audit 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.

# INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS
AL RAHHI REIT FUND
RIYADH, KINGDOM OF SAUDI ARABIA
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS



## 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 compiled with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 year 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 communications.

For PKF Albassam
Chartered Accountants

Ahmad Mohandis
Certified Public Accountant
License No. 477
Riyadh: 24 Ramadan 1446
Corresponding to: 24 March 2025

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

# STATEMENT OF FINANCIAL POSITION
31 December 2024

| | Notes | ***31 December 2024 SR*** | *31 December 2023 SR* |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 12 | **125,000** | 125,000 |
| Investment carried at fair value through profit or loss (FVTPL) | 7, 13 | **130,106,379** | 58,714,363 |
| Rental income receivable, net | 6 | **35,357,145** | 43,629,996 |
| Contract assets | | **33,462,453** | 19,744,576 |
| Prepayments and other assets | | **1,056,125** | 1,501,178 |
| **TOTAL CURRENT ASSETS** | | **200,107,102** | 123,715,113 |
| **NON-CURRENT ASSETS** | | | |
| Investment properties, net | 8 | **2,986,048,122** | 3,011,947,013 |
| Derivate instruments at fair value through profit or loss (FVTPL) | | **210,272** | 401,909 |
| **TOTAL NON-CURRENT ASSETS** | | **2,986,258,394** | 3,012,348,922 |
| **TOTAL ASSETS** | | **3,186,365,496** | 3,136,064,035 |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Unearned rental income | | **15,953,843** | 9,788,711 |
| Accrued expenses and other liabilities | 11 | **9,171,325** | 6,538,578 |
| Accrued special commission | 12 | **7,445,384** | 7,459,510 |
| Accrued management fee | 12 | **6,615,027** | 2,138,108 |
| **TOTAL CURRENT LIABILITIES** | | **39,185,579** | 25,924,907 |
| **NON-CURRENT LIABILITIES** | | | |
| Murabaha facilities | 12 | **896,399,599** | 896,399,599 |
| **TOTAL NON-CURRENT LIABILITIES** | | **896,399,599** | 896,399,599 |
| **TOTAL LIABILITIES** | | **935,585,178** | 922,324,506 |
| **EQUITY** | | | |
| **Net assets attributable to unitholders** | | **2,250,780,318** | 2,213,739,529 |
| **TOTAL LIABILITIES AND EQUITY** | | **3,186,365,496** | 3,136,064,035 |
| Units in issue (number) | | **275,607,498** | 275,607,498 |
| Per unit value (SR) | | **8.17** | 8.03 |
| Per unit fair value (SR) | 10.4 | **8.73** | 8.42 |

The accompanying notes 1 to 20 form an integral part of these financial statements.

# STATEMENT OF COMPREHENSIVE INCOME
31 December 2024

| | Notes | ***For the year ended 31 December 2024 SR*** | *For the year ended 31 December 2023 SR* |
|---|---|---|---|
| **INCOME** | | | |
| Rental income from investment properties | 8.4 | **237,694,624** | 192,066,813 |
| Realised gain from investment measured at FVTPL | 7 | **1,811,724** | 1,982,183 |
| Unrealised gain from investment measured at FVTPL | 7 | **1,738,861** | 439,947 |
| Net gain on derivative instruments at FVTPL | | **1,352,603** | 835,737 |
| Realised gain from investment properties | 8 | **17,658,441** | - |
| Murabaha income | | - | 6,559,319 |
| **TOTAL INCOME** | | **260,256,253** | 201,883,999 |
| **EXPENSES** | | | |
| Investment properties depreciation | 8 | **(48,359,453)** | (38,267,467) |
| Management fee | 12 | **(24,883,128)** | (20,704,750) |
| Impairment loss of on expected credit loss | 6 | **(446,198)** | (1,523,494) |
| Property management expenses | | **(5,571,473)** | (4,754,920) |
| Other expenses | | **(4,290,930)** | (3,276,972) |
| **TOTAL EXPENSES** | | **(83,551,182)** | (68,527,603) |
| **OPERATING PROFIT** | | **176,705,071** | 133,356,396 |
| Finance cost | 12 | **(54,844,865)** | (52,165,120) |
| Other income | 8.4 | - | 44,210 |
| **PROFIT FOR THE YEAR BEFORE IMPAIRMENT** | | **121,860,206** | 81,235,486 |
| Reversal of / (impairment loss) of on investment properties | 8 | **65,386,669** | (5,687,887) |
| **PROFIT FOR THE YEAR** | | **187,246,875** | 75,547,599 |
| Other comprehensive income | | - | - |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **187,246,875** | 75,547,599 |

The accompanying notes 1 to 20 form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY
31 December 2024

| | Notes | ***For the year ended 31 December 2024 SR*** | *For the year ended 31 December 2023 SR* |
|---|---|---|---|
| **Net asset value attributable to the redeemable unitholders at the beginning of the year** | | **2,213,739,529** | 1,260,541,568 |
| Income for the year | | **187,246,875** | 75,547,599 |
| Other comprehensive income for the year | | **-** | - |
| Total comprehensive income for the year | | **187,246,875** | 75,547,599 |
| **CHANGES FROM UNIT TRANSACTION:** | | | |
| Subscription of units: | | **-** | - |
| Capital contribution | 1 | **-** | 1,137,506,410 |
| Discount on issue of units | 1 | **-** | (125,125,705) |
| Cost on issue of share capital | 1 | **-** | (1,787,254) |
| **Net increase in capital contribution** | | **-** | 1,010,593,451 |
| Distribution during the year | 16 | **(150,206,086)** | (132,943,089) |
| **Net asset value attributable to the redeemable unitholders at the end of the year** | | **2,250,780,318** | 2,213,739,529 |

| | ***For the year ended 31 December 2024*** | *For the year ended 31 December 2023* |
|---|---|---|
| **UNITS AT THE BEGINNING OF THE YEAR** | **275,607,498** | 161,856,857 |
| Subscription of units | **-** | 113,750,641 |
| **UNITS AT THE END OF THE YEAR** | **275,607,498** | 275,607,498 |

The accompanying notes 1 to 20 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
31 December 2024

| | Notes | ***For the year ended 31 December 2024 SR*** | *For the year ended 31 December 2023 SR* |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit for the year | | **187,246,875** | 75,547,599 |
| *Adjustment to reconcile net profit to net cash from operating activities:* | | | |
| Depreciation expenses on investment properties | 8 | **47,537,877** | 38,267,467 |
| (Reversal of) / Impairment loss on investment properties | 8 | **(65,386,669)** | 5,687,887 |
| Impairment loss on expected credit loss | 6 | **446,198** | 1,523,494 |
| Realised gain from investment carried at FVTPL | 7 | **(1,811,724)** | (1,982,183) |
| Unrealised gain from investment carried at FVTPL | 7 | **(1,738,861)** | (439,947) |
| Realised gain form investment properties | | **(17,658,441)** | - |
| Net gain on derivative instruments at FVTPL | | **(1,352,603)** | (835,737) |
| | | **147,282,652** | 117,768,580 |
| *Working capital adjustments:* | | | |
| Rental income receivables, net | | **5,563,390** | (29,049,272) |
| Contract assets | | **(13,717,877)** | (8,161,455) |
| Prepayment and other assets | | **445,053** | 9,038,384 |
| Accrued management fee | | **4,476,919** | (2,135,435) |
| Unearned rental income | | **6,165,132** | (5,099,053) |
| Accrued expenses and other liabilities | | **2,632,747** | 2,066,236 |
| Accrued special commission | | **(14,126)** | 1,452,231 |
| Net cash flows generated from operating activities | | **152,833,890** | 85,880,216 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Addition to investment properties | 8 | **(64,442,681)** | (1,002,723,537) |
| Disposal of investment properties | | **125,848,805** | - |
| Purchase of investments held at FVTPL | 7 | **(495,681,417)** | (160,354,893) |
| Disposal of investments held at FVTPL | 7 | **427,839,986** | 190,400,541 |
| Derivative instruments held at FVTPL | | **1,544,240** | 433,828 |
| Net cash flows used in investing activities | | **(4,891,067)** | (972,244,061) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Capital contributions | | **-** | 1,010,593,451 |
| Distributions | 16 | **(147,942,823)** | (124,229,606) |
| Net cash flows (used in) / generated from financing activities | | **(147,942,823)** | 886,363,845 |
| **Net increase in cash and cash equivalents** | | **-** | - |
| Cash and cash equivalents at the beginning of year | | **125,000** | 125,000 |
| **Cash and cash equivalents at the end of the year** | 12 | **125,000** | 125,000 |
| **<u>NON-CASH TRANSACTIONS</u>** | | | |
| Distribution settled against rent receivable | 12, 16 | **2,263,263** | 8,713,483 |

The accompanying notes 1 to 20 form an integral part of these financial statements.

## 1 CORPORATE INFORMATION

Al Rajhi REIT Fund (the “Fund” or “REIT”) is a closed-ended shariah compliant real estate investment traded fund established on 3 Rajab 1439H (corresponding to 20 March 2018). The Fund is listed on Saudi Stock Exchange (“Tadawul”) and the units of the Fund started to be traded on Tadawul in accordance with its rules and regulations on 3 Rajab 1439H (corresponding to 20 March 2018). The initial subscribed units of the Fund were 122,200,609 units at par value of SR 10 per unit resulting in capital of SR 1,222,006,090. However, during the year 2019, as a part of increasing its total assets, the Fund issued 39,656,248 new units of par value SR 10 per unit at an issue price of SR 8.8 per unit. During the year 2023, the Fund issued second additional offering units for acquiring the additional real estate assets 113,750,641 new units of par value SR 10 per unit at an issue price of SR 8.90 per unit. Thus, currently the total subscribed units of the Fund stand at 275,607,498 units. The Fund has a term of 99 years, which is extendable on the discretion of the Fund Manager following the approval of Fund Board and followed by Capital Market Authority “CMA”.

The Fund is managed by Al Rajhi Capital (the "Fund Manager"), a Saudi closed joint stock company with commercial registration no.1010241681, and a capital market institution licensed by the CMA under license no. 07068-37 dated 25 June 2007. The primary investment objective of the Fund is to provide its investors with regular income by investing in income generating real estate assets in Saudi Arabia. The Fund’s Manager’s registered office is King Fahd Branch Road, Al Muruj District, Riyadh 12214, Kingdom of Saudi Arabia.

The Fund currently has a diversified portfolio of 20 properties (2023: 21 properties) across various sectors such as retail, education, commercial offices, logistics and healthcare.

All properties of Al Rajhi REIT Fund are held in the name of Privileged Warehouse Company 2 and Gulf Fund Company for development and real estate investment (the “SPVs”). The SPVs are holding these properties for the beneficial ownership of the Fund and does not possess any controlling interest or any stake in the properties.

The Fund has appointed, KASB Capital (the “Custodian”) to act as its custodian. The fees of the custodian are paid by the Fund.

During the year, 2024, the Fund updated its terms and conditions with effective date on 25 Jumada Al-Awwal 1446H (corresponding to 14 November 2024).

## 2 REGULATING AUTHORITY

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

## 3 BASIS OF PREPARATION

### *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 Organisation for Certified Public 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 2023.

## 4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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 recognised 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 Significant increase in credit risk*

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the REIT takes into account qualitative and quantitative reasonable and supportable forward looking information.

### *4.2 Assumptions and Estimation Uncertainties*

#### *4.2.1 Useful lives of investment properties*

The management determines the estimated useful lives of investment properties for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Management reviews the residual value and useful lives annually and change in depreciation charges, if any, are adjusted in current and future periods. The estimated useful lives of the investment properties are disclosed in note 8.1.

#### *4.2.2 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 dependant 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 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 asset's 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 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

***4.2 Assumptions and Estimation Uncertainties (continued)***

***4.2.3 Impairment of financial assets held at amortised cost***

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

ECL are recognised in three stages. The expected credit loss rates are estimated using a provision matrix based on the payment profile of receivables before each reported period and corresponding historical credit losses experienced within the 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 to be the most relevant factor and accordingly adjusts the historical loss rates based on the expected changes in these factors.

The Fund recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Fund measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Fund presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

The financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- The debtor is unlikely to pay its credit obligation to the fund in full, without recourse by the Fund to actions such as opening a legal case against him. Or
- The financial asset is more than 180 days past due,

The expected credit 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:

***Probability of Default (PD):*** The likelihood of a default over a particular time horizon. It provides an estimate of the likelihood that a borrower will be unable to meet its debt obligations.

***Loss Given Default:*** It is defined as the percentage risk of exposure that is not expected to be recovered in the event of default. It is usually expressed as a percentage of the EAD. 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.

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

As at the year end, the Fund has rents receivables as financial assets carried at amortised cost. The Fund applies a general approach in calculating ECL. The Fund has established an allowance matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The information about the ECLs on the Fund's rent receivables is disclosed in Note 6 and 14.1 in these financial statements.

***4.3 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.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION

### *5.1 Financial instruments*

#### *5.1.1 Financial Instruments – Initial recognition and subsequent measurement*

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

#### *i) Financial assets*

***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund's business model for managing them. In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SSPI are classified and measured at fair value through profit or loss, irrespective of the business model. The Fund's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

On initial recognition, for an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in the following categories.

***Financial assets measured at amortised cost***

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Fund's financial assets at amortised cost includes cash and cash equivalents and receivables.

***Financial assets at fair value through profit or loss***

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 recognised in the statement of profit or loss. This category includes equity instruments.

***Derecognition***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Fund's statement of financial position) 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.

**5 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

***5.1 Financial instruments (continued)***

***5.1.1 Financial Instruments - Initial recognition and subsequent measurement (continued)***

***i) Financial assets (continued)***

***Derecognition (continued)***
When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of the Fund's continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

***ii) Financial liabilities***

***Initial recognition and measurement***
The Fund's financial liabilities include amounts due to related parties, accrued expenses and other liabilities. Financial liabilities are measured at amortised cost.

***Subsequent measurement***

***Financial liabilities at amortised cost***
This is the category most relevant to the Fund. After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

***Derecognition***
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability The difference in the respective carrying amounts is recognised in the statement of profit or loss.

***iii) Offsetting financial instruments***
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the statement of financial position.

***5.1.2 Current versus non-current classification***
The Fund presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within 12 months after the reporting period
  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- All other assets are classified as non-current

## 5 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### *5.1 Financial instruments (continued)*

#### *5.1.2 Current versus non-current classification (continued)*

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
  Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

#### *5.1.3 Cash and cash equivalents*

For the purpose of cash flow statement, cash and cash equivalents consist of bank balances.

#### *5.1.4 Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised as a finance cost over the period of the borrowings using the EIR method.

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

Borrowings are 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 profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position.

### *5.2 Fair value measurement*

The Fund measures financial instruments such as equity instruments at fair value at each balance sheet date.

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

- In the principal market for the asset or liability or,
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

All assets and liabilities for which the fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### *5.2 Fair value measurement (continued)*
For assets and liabilities that are recognised in financial statements at fair value on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each year. The Fund determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

At each reporting date, the Fund analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Fund's accounting policies. For this analysis, the Fund verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Fund also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed are discussed in note 7.

### *5.3 Impairment of non-financial assets*
The carrying values of non-financial assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. An impairment loss is recognised 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 asset 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 recognised for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately in the statement of comprehensive income.

### *5.4 Investment properties*
Investment properties comprise completed properties that are held to earn rentals or for capital appreciation or both. Investment properties is stated at cost including transaction costs net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of an existing investment properties at the time that cost is incurred if the recognition criteria are met.

The cost less estimated residual value, if any, of investment properties is depreciated on a basis over fie estimated useful lives of the assets. Land, on the other hand, is reported at cost. The fair value of investment properties is disclosed in note 10 and 13 in these financial statements.

### *5.5 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.

### *5.6 Contract Assets*
Income recognised in excess of billing, if any, are included in current assets as accrued rental income and will be settled in the subsequent period when the invoices are issued.

### *5.7 Contract Liabilities*
Billing in excess of income recognised, if any, are included in current liabilities as deferred rental income and will be recognised as income in the subsequent period when the related rent service is rendered.

### *5.8 Provision*
Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### *5.9 Zakat*
Zakat is the obligation of the unitholders and is not presented in the financial statements of the Fund.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### *5.10 Revenue recognition*
The Fund's revenue mainly comprises of revenue from operating leases.

***Rental revenue from lease of investment properties***
As a lessor:
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 property 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.

### *5.11 Management fee*
On a daily basis, the Fund Manager charges the Fund, management fee at the rate of 0.8 percent per annum of the Fund's total assets value based on the last evaluation net of Fund expenses and is paid on quarterly basis.

### *5.12 Custodian fee*
The Fund pays a custodian a fee annually which is accrued on a daily basis and paid quarterly to the Custodian of the Fund.

### *5.13 Board of directors' fee*
The Board of directors are entitled to receive fees per meeting annually, which is accrued on a monthly basis and paid annually to the board of directors of the Fund.

### *5.14 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 semi-annually basis for at least 90% of its net profit, not including profit resulting from the sale of the underlying real estate assets.

### *5.15 Net asset value*
The net asset value per unit disclosed in the financial statements is calculated by dividing the net assets of the Fund by the number of units in issue at the year-end.

### *5.16 Transaction fee*
The Fund Manager charges the Fund, one-time acquisition fee at the rate of 1 percent on the acquisition or disposal price of the real estate assets.

### *5.17 Finance cost*
All borrowing costs are recognised in profit or loss in the period in which they are incurred.

### *5.18 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.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### *5.19 New standards, amendments and interpretations issued and effective from 1 January 2024*

The accounting policies adopted, and method of computation followed are consistent with those of previous financial year except for the items disclosed below:

| Description | Effective Date |
|---|---|
| *Amendment to IFRS 16 – Leases on sale and leaseback* | 1 January 2024 |
| *Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements* | 1 January 2024 |
| *Amendment to IAS 1 – Noncurrent liabilities with covenants* | 1 January 2024 |
| *Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current -* | 1 January 2024 |
| *IFRS S1, 'General requirements for disclosure of sustainability-related financial information* | 1 January 2024 subject to endorsement from SOCPA |
| *IFRS S2, 'Climate-related disclosures'* | 1 January 2024 subject to endorsement from SOCPA |

These amendments had no material impact on the financial statements of the Fund.

### *5.20 New standards, amendments and interpretations effective 1 January 2025 and have not early adopted*

The following standards, amendments to standards and interpretations are not yet effective and neither expected to have a significant impact on the Fund's financial statements:

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

| Standards / amendments to standards / interpretations | Effective Date |
|---|---|
| *Lack of Exchangeability (Amendments to IAS 21)* | 1 January 2025 |
| *IFRS 18 Presentation and Disclosures in Financial Statements* | 1 January 2027 |
| *IFRS 19 Subsidiaries without Public Accountability* | 1 January 2027 |
| *Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures:* | Effective date not yet decided |

## 6 RENTAL INCOME RECEIVABLES, NET

This account represents the rent receivable from the investment properties in accordance with the terms of the corresponding tenancy agreements. The rent receivables are current in nature and to be settled within a short period of time.

| | ***31 December 2024 SR*** | *31 December 2023 SR* |
|---|---|---|
| Rental income receivable | **51,924,262** | 59,750,915 |
| Less: Allowance for expected credit loss | **(16,567,117)** | (16,120,919) |
| | **35,357,145** | 43,629,996 |

The following is the ageing analysis of rent receivable as at the reporting date:

| | ***31 December 2024 SR*** | *31 December 2023 SR* |
|---|---|---|
| Less than 30 days | **2,214,579** | 5,353,312 |
| Between 31 to 180 days | **25,325,992** | 33,305,401 |
| More than 180 days | **24,383,691** | 21,092,202 |
| | **51,924,262** | 59,750,915 |

The following is the movement of allowance for expected credit loss as at:

| | ***31 December 2024 SR*** | *31 December 2023 SR* |
|---|---|---|
| At the beginning of the year | **(16,120,919)** | (14,597,425) |
| Charged made during the year | **(446,198)** | (1,523,494) |
| At the end of the year | **(16,567,117)** | (16,120,919) |

## 7 INVESTMENTS CARRIED AT FVTPL

Investment held at fair value through profit or loss represents investment in a mutual fund managed by the Fund Manager (a related party) and comprises of the following:

| ***31 December 2024*** | ***Fund Manager*** | ***Number of units*** | ***Cost*** | ***Market value*** |
|---|---|---|---|---|
| **Al Rajhi Saving and Liquidity Fund SAR*** | **Rajhi Capital** | **148,009** | **59,166,367** | **61,975,662** |
| **AL Rajhi Awaeed Fund SAR** | **Rajhi Capital** | **64,292,457** | **67,511,774** | **68,130,717** |
| | | **64,440,466** | **126,678,141** | **130,106,379** |

| *31 December 2023* | *Fund Manager* | *Number of units* | *Cost* | *Market value* |
|---|---|---|---|---|
| Al Rajhi Saving and Liquidity Fund SAR* | Rajhi Capital | 178,397 | 57,024,982 | 58,714,363 |

* As of 31 December 2024, Al Rajhi Awaeed Fund SAR, the investment account included SAR 35,151,696 in cash account.

* On 6 June 2023, the fund manager announced an update of the terms and conditions and change the name of the Fund from Al Rajhi Commodity Fund – SAR to Al Rajhi Saving and Liquidity Fund SAR.

The following is the movement in investment carried at FVTPL:

| | ***For the year ended 31 December 2024 SR*** | *For the year ended 31 December 2023 SR* |
|---|---|---|
| At the beginning of the year | **58,714,363** | 86,337,881 |
| Purchased during the year | **495,681,417** | 160,354,893 |
| Disposal during the year | **(427,839,986)** | (190,400,541) |
| Realised gain on investment carried at FVTPL | **1,811,724** | 1,982,183 |
| Unrealised gain on investment carried at FVTPL | **1,738,861** | 439,947 |
| At the end of the year | **130,106,379** | 58,714,363 |

All investments measured at fair value through profit or loss are held in the name of Privileged Warehouse Company 2 and Gulf Fund Company for development and real estate investment (the "SPV's"). The SPV's are holding these investments for the beneficial ownership of the Fund and does not possess any controlling interest or any stake in the investments.

## 8 INVESTMENT PROPERTIES

The composition of the investment properties as of the reporting date is summarised below:

***As at 31 December 2024***

| | ***Land*** ***SR*** | ***Building*** ***SR*** | ***Total*** ***SR*** |
|---|---|---|---|
| ***Cost:*** | | | |
| At the beginning of the year | **1,744,103,939** | **1,693,489,347** | **3,437,593,286** |
| Additions during the year | **58,112,574** | **6,330,107** | **64,442,681** |
| Disposals during the year | **(116,225,148)** | **(8,389,312)** | **(124,614,460)** |
| At the end of the year | **1,685,991,365** | **1,691,430,142** | **3,377,421,507** |
| ***Accumulated depreciation:*** | | | |
| At the beginning of the year | **-** | **(157,694,383)** | **(157,694,383)** |
| Charge for the year | **-** | **(48,359,453)** | **(48,359,453)** |
| Disposals during the year | **-** | **821,576** | **821,576** |
| At the end of the year | **-** | **(205,232,260)** | **(205,232,260)** |
| ***Accumulated Impairment:*** | | | |
| At the beginning of the year | **(177,106,919)** | **(90,844,971)** | **(267,951,890)** |
| Reversal during the year | **-** | **65,386,669** | **65,386,669** |
| Disposals during the year | **-** | **16,424,096** | **16,424,096** |
| At the end of the year | **(177,106,919)** | **(9,034,206)** | **(186,141,125)** |
| ***Book value as of 31 December 2024*** | **1,508,884,446** | **1,477,163,676** | **2,986,048,122** |

*As at 31 December 2023*

| | *Land* *SR* | *Building* *SR* | *Total* *SR* |
|---|---|---|---|
| *Cost:* | | | |
| At the beginning of the year | 1,343,700,218 | 1,091,169,531 | 2,434,869,749 |
| Additions during the year | 400,403,721 | 602,319,816 | 1,002,723,537 |
| At the end of the year | 1,744,103,939 | 1,693,489,347 | 3,437,593,286 |
| *Accumulated depreciation:* | | | |
| At the beginning of the year | - | (119,426,916) | (119,426,916) |
| Charge for the year | - | (38,267,467) | (38,267,467) |
| At the end of the year | - | (157,694,383) | (157,694,383) |
| *Accumulated Impairment:* | | | |
| At the beginning of the year | (177,106,919) | (85,157,084) | (262,264,003) |
| Charge for the year | - | (5,687,887) | (5,687,887) |
| At the end of the year | (177,106,919) | (90,844,971) | (267,951,890) |
| *Book value as of 31 December 2023* | 1,566,997,020 | 1,444,949,993 | 3,011,947,013 |

**8 INVESTMENT PROPERTIES (CONTINUED)**

***8.1*** **-** The Fund has the policy of charging depreciation on building over 33 years. The depreciation is charged on depreciable amount, i.e. cost less residual value.

***8.2*** **-** All properties are held in the name of, Privileged Warehouse Company 2 and Gulf Fund Company for development and real estate investment (the "SPV's"). The SPV's are holding these properties for the beneficial ownership of the Fund and does not possess any controlling interest or any stake in the properties.

***8.3*** **-** The investment properties were tested for impairment and the Fund manager noted that certain properties carrying amount are less than its recoverable amount. based on the average fair value as at the reporting date determined by the independent valuers. Accordingly, the Fund manager made reversal of impairment of SR 65,386,669 for the year ended 31 December 2024 (2023: provision of impairment of SR 5,687,887) to adjust the value of its investment properties to its recoverable amount. The key assumptions taken for valuation as at 31 December for these investment properties are disclosed in note 13.

***8.4*** **-** The net rental income from investment properties amounted to SR 237,694,624 during the year ended 31 December 2024 (31 December 2023: SR 192,066,813).

***8.5*** **-** The investment properties represent Twenty (2023: Twenty-one) properties. Listed below are the details of these investment properties:

| **Properties** | **Type of agreement** |
|---|---|
| 1- Riyadh Avenue, Riyadh | Triple net lease - retail sector |
| 2- Al Henaki Business Center, Jeddah | Triple net lease - commercial sector |
| 3- Rowad Al Khaleej International School, Dammam | Triple net lease- education sector |
| 4- Lulu Hypermarket, Riyadh | Triple net lease - retail sector |
| 5- Rowad Al Khaleej International School, Riyadh | Triple net lease - education sector |
| 6- Panda Marwah, Jeddah | Triple net lease - retail sector |
| 7- Blue Tower, Khobar | Triple net lease - retail sector |
| 8- Al Salam Hospitals, Riyadh | Triple net lease - healthcare sector |
| 9- Faris International School, Riyadh | Triple net lease - education sector |
| 10- Lulu'ah Warehouse, Riyadh | Triple net lease - logistics sector |
| 11- Oasis Mall, Al Kharj | Triple net lease - commercial sector |
| 12- Al Andalus, Jeddah | Multi-tenanted - commercial sector |
| 13- Al Ahsa Square, Riyadh | Multi-tenanted - retail sector |
| 14- Al Narjes Plaza, Riyadh | Triple net lease - retail sector |
| 15- LULU Logistics Warehouse, Riyadh | Triple net lease - retail sector |
| 16- Panda, Kahmis Mushait | Triple net lease - retail sector |
| 17- Rama Plaza, Riyadh | Multi-tenanted - retail sector |
| 18- Panda Madain Fahad, Jeddah | Triple net lease - retail sector |
| 19- Panda Rawdah, Jeddah | Triple net lease - retail sector |
| 20- Baream Rowad Al Khaleej Intl Kindergarten, Riyadh | Triple net lease - education sector |

***8.6*** **–** On 25 November 2024, the Fund completed the sale of the Anwar property located in Riyadh with a total area 9,981,76 sqm. This transaction was executed in accordance with the Sale and Purchase Agreement ("SPA"). The property's carrying value at disposal was SR 46,341,559. The Fund received proceeds of SR 64,000,000, resulting in a recognized gain on disposal of SR 17,658,442.

## 9 DERIVATIVE INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Fund uses derivative financial instruments, such as profit rate swaps, to hedge its profit rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The resulting gain/loss is recognised in the statement of comprehensive income.

On 12 October 2022, the Fund entered into a profit rate swap contract with a nominal value of SAR 193 million in order to fix the facility profit margin. The contract is affected on 22 March 2023. The purpose of the contract is to manage the cash flow risk of the Fund.

## 10 EFFECT ON NET ASSET VALUE IF INVESTMENT IN REAL ESTATE PROPERTIES 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 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 accounting policy of the Fund, investment properties are carried at cost less accumulated depreciation and impairment if any in these financial statements.

The fair value of the investment properties is determined by two selected appraisers for each of the 20 properties. The appraisers that evaluated these properties are Knight Frank Valuation Company and Barcode for Real Estate Valuation Company (2023: Knight Frank Valuation Company and Barcode for Real Estate Valuation Company). They are accredited independent valuers with a recognised and relevant professional qualification and with recent experience in the location and category of the investment properties being valued.

The valuation models have been applied in accordance with the Royal Institution of Chartered Surveyors (“RICS”) Valuation Standards, in addition to recently published International Valuation Standards issued by International Valuation Standards Council (“IVSC”) and applied by Saudi Authority for Accredited Valuers (“TAQEEM”). These models comprise both the income capitalisation approach and depreciated replacement cost (“DRC”).

***10.1*** As at 31 December 2024, the valuation of the investment properties are as follows:

| ***31 December 2024*** | ***Appraiser 1 SR*** | ***Appraiser 2 SR*** | ***Average SR*** |
|---|---|---|---|
| **Investment properties** | **2,942,170,000** | **3,340,103,000** | **3,141,136,500** |

| *31 December 2023* | *Appraiser 1 SR* | *Appraiser 2 SR* | *Average SR* |
|---|---|---|---|
| Investment properties | 2,904,000,000 | 3,334,080,000 | 3,119,040,000 |

The Fund Manager has used the average of the two valuations for the purposes of disclosing the fair value of the investment properties. The investment properties were valued taking into consideration number of factors, including the area, type of property and valuation techniques using significant unobservable inputs, including the financial and fragmentation plot analysis, the income method, and value in use method. The fair value and cost analysis of the investment properties is presented in note 10.2. The inputs used in the above level 3 fair valuation are disclosed in note 13.

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

***10.2*** The unrealised gain on investment properties based on fair value evaluation is set out below:

| | ***31 December 2024 SR*** | *31 December 2023 SR* |
|---|---|---|
| Fair value of investment in real properties (note 10.1) | **3,141,136,500** | 3,119,040,000 |
| Less: Carrying value of investments in real estate properties (note 8) | **(2,986,048,122)** | (3,011,947,013) |
| Net impact based on fair value evaluation | **155,088,378** | 107,092,987 |
| Units in issue (numbers) | **275,607,498** | 275,607,498 |
| Impact per unit share based on fair value evaluation (SR) | **0.56** | 0.39 |

***10.3*** The net asset value using the fair values of the real estate properties is set out below:

| | ***31 December 2024 SR*** | *31 December 2023 SR* |
|---|---|---|
| Net assets value at cost, as presented in these financial statements | **2,250,780,318** | 2,213,739,529 |
| Net impact based on real estate evaluations (note 10.2) | **155,088,378** | 107,092,987 |
| Net assets based on fair value | **2,405,868,696** | 2,320,832,516 |

***10.4*** The net asset value per unit, using the fair values of the real estate properties is set out below:

| | ***31 December 2024 SR*** | *31 December 2023 SR* |
|---|---|---|
| Net assets value at cost, as presented in these financial statements | **8.17** | 8.03 |
| Impact on net asset value per unit on account of unrealised loss based on evaluations (note 10.2) | **0.56** | 0.39 |
| Net assets based on fair value | **8.73** | 8.42 |

## 11 ACCRUED EXPENSES AND OTHER LIABILITIES

| | ***31 December 2024 SR*** | *31 December 2023 SR* |
|---|---|---|
| Accounts payables and accrued expense | **1,823,239** | 2,435,526 |
| Accrued property management expenses | **5,943,258** | 2,429,514 |
| VAT payable | **1,211,437** | 1,446,720 |
| Other liabilities | **193,391** | 226,818 |
| | **9,171,325** | 6,538,578 |

## 12 RELATED PARTY TRANSACTIONS AND BALANCE

Related parties of the Fund include the Fund Manager, Al Rajhi Bank (being the shareholder of Al Rajhi Capital), the Fund, which is managed by the Fund Board of Director, KASB Capital (being the custodian of the Fund), Al Khaleej Training and Education Company (being the major unitholder of the Fund) and any party that has the ability to control other party or exercise significant influence over the other party in making financial or operational decisions.

In the ordinary course of its activities, the Fund transacts business with related parties. The related party transactions are governed by limits set by the terms and conditions. All related party transactions are disclosed to the Fund Board of Director.

As at 31 December 2024, (the "Fund Manager") held 26,695,511 units (2023: 26,695,511 units) and Al Khaleej Training and Education Company (a related party) held 16,166,166 units (2023: 16,166,166 units).

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

| | | ***Amount of transaction For the year ended 31 December*** | | ***Balance receivables / (payables) As at 31 December*** | |
|---|---|---|---|---|---|
| ***Related Party*** | ***Nature of transaction*** | ***2024 SR*** | *2023 SR* | ***2024 SR*** | *2023 SR* |
| Al Rajhi Capital | Management fee | **24,883,128** | 20,704,750 | **(6,615,027)** | (2,138,108) |
| Al Rajhi Bank | Finance cost | **54,844,865** | 52,165,120 | **(7,445,384)** | (7,459,510) |
| | Bank balance ** | - | - | **125,000** | 125,000 |
| | Murabaha facilities – non-current *** | - | - | **(896,399,599)** | (896,399,599) |
| KASB Capital | Custodian fees * | **185,000** | 185,000 | **(92,500)** | (50,506) |
| Board of Directors | Board oversight fee | **60,000** | 60,000 | **(150,000)** | (90,000) |
| Al Rajhi Saving and Liquidity Fund SAR | Investment held at FVTPL | **3,261,299** | (27,623,518) | **61,975,662** | 58,714,363 |
| AL Rajhi Awaeed Fund SAR | Investment held at FVTPL | **68,130,717** | **-** | **68,130,717** | **-** |
| Al Khaleej Training and Education Company | Dividends settled against rental income receivables | **2,263,263** | 8,713,483 | **-** | - |
| | Rental income | **36,888,013** | 36,773,750 | **-** | - |

*The Fund pays a custodian fees of SR 185,000 per annum which is accrued on a daily basis and paid quarterly to the Custodian, custodian fee payable as of 31 December 2024 is SR 92,500 (2023: SR 50,506).

**The bank balance with an amount of SR 125,000 (2023: SR 125,000) is maintained with Al Rajhi Bank under the name of the SPV's for the beneficial interest of the Fund.

***The Fund inherited the loan of SR 399,906,600 from Al Rajhi Real Estate Income Fund, which was converted into REIT by way of in-kind contribution in 2018. The loan was drawn down in 2 tranches. Tranche 1 was of SR 254,500,000 and Tranche 2 of SR 145,406,600. This loan was assigned to Privileged Warehouse Company 2, a SPV acting on behalf of the Fund. The SPV of the Fund continues to service the liability of this loan. Tranche 1 of the loan is secured by pledge of Jarir Book Store Building, Al Mutlaq Building, Anwar Mall, Narjes Mall, Rama Mall. Tranche 2 of the loan is secured by pledge of Al Faris International School Building.

## 12 RELATED PARTY TRANSACTIONS AND BALANCE (CONTINUED)

The Tranche 1 was successfully rolled over at its maturity on 20 December 2020 for further period of 5 years at a fixed rate having maturity date of 20 December 2025 for the bullet principal repayment.

On 23 March 2021, the Fund, had availed a SR 145.4 million Shariah-compliant facility from Al Rajhi Bank, at the term of the facility is 5 years. During the tenure of the loan, profit will be paid on a semi-annual basis with a bullet principal repayment at the end of the facility term. This facility is used to refinance the existing loan tranche that was maturing on 23 March 2021. Fund's income-generating properties are already pledged for the existing tranche, in addition to a promissory note as a guarantee. The facility has a variable profit rate of 6 months SIBOR + margin.

The finance cost is being paid over five years on a semi-annual basis on both of the above tranches.

On 30 October 2018, the Fund has obtained a Shariah facility of SR 57,007,000 from Al Rajhi Bank, an affiliate of the Fund Manager. The facility has a variable profit rate of 3M SAIBOR+ margin, the term of the facility was 7 years. The facility was closed and merged with another facility on 9 February 2020.

On 19 August 2019, the Fund has obtained a Shariah facility of SR 57,551,000 from Al Rajhi Bank. The facility has a variable profit rate of 6 months SIBOR + margin, the term of the facility is 7 years.

On 6 November 2019, the Fund has obtained a Shariah facility of SR 118,602,000 from Al Rajhi Bank, an affiliate of the Fund Manager. The facility has a variable profit rate of 3M SIBOR+ margin, the term of the facility is 7 years. The facility was closed and merged with another facility on 3 February 2020.

On 18 December 2019, the Fund has obtained a Shariah facility of SR 92,302,508 from Al Rajhi Bank. The facility has a variable profit rate of 6-month SIBOR + margin, the term of the facility is 7 years.

On 22 December 2019, the Fund has obtained a Shariah facility of SR 65,884,999 from Al Rajhi Bank. The facility has a variable profit rate of 6 months SIBOR + margin, the term of the facility is 7 years.

On 4 February 2020, the previous facility of SR 100,000,000 and SR 18,602,000 were obtained and then substantially on 9 February 2020, the facility of SR 18,602,000 was merged with existing facility of SR 57,007,000 making the total new facility of SR 75,609,000. The facilities have a variable profit rate of 6 months SIBOR + margin %, the term of the facility was 7 years. The above drawdowns are secured by pledged of Luluah warehouse, LULU logistics warehouse, Panda Madain, Al Andalus Jeddah, Panda Khamis Mushait.

On 7 February 2022, the Fund has obtained a Shariah facility of SR 105,145,000 from Al Rajhi Bank, which was used to acquire Oasis Mall and to pay the related transaction cost. The facility has a variable profit rate of 6 months SIBOR + margin, the term of the facility is 7 years.

## 13 FAIR VALUE MEASUREMENT

Financial assets consist of rental income receivables and other assets. Financial liabilities consist of deferred rental income and management fee 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 2024** | **Level 1 SR** | **Level 2 SR** | **Level 3 SR** | **Total SR** |
|---|---|---|---|---|
| Investment held at FVTPL (Note 7) | **-** | **130,106,379** | **-** | **130,106,379** |
| Investment properties (Note 10.1) | **-** | **-** | **3,141,136,500** | **3,141,136,500** |
| **Total** | **-** | **130,106,379** | **3,141,136,500** | **3,271,242,879** |

**13 FAIR VALUE MEASUREMENT (CONTINUED)**

| *31 December 2023* | Level 1<br>SR | Level 2<br>SR | Level 3<br>SR | Total<br>SR |
|---|---|---|---|---|
| Investment held at FVTPL (Note 7) | - | 58,714,363 | - | 58,714,363 |
| Investment properties (Note 10.1) | - | - | 3,119,040,000 | 3,119,040,000 |
| *Total* | - | 58,714,363 | 3,119,040,000 | 3,177,754,363 |

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 all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. 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.

The fair value of derivative instruments at fair value through income statement is based on significant observable inputs and therefore classified within level 2 of the fair value hierarchy as at 31 December 2024.

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 discounted cash flow (DCF) and income capitalisation approach based on significant unobservable inputs and accordingly is included in Level 3 of the fair value hierarchy. The key inputs include:

**Discount rates** reflecting current market assessments of the uncertainty in the amount and timing of cash flows (range used by the two evaluators is 8.75%-11.50 %).

**Capitalisation rates** based on actual location, size and quality of the properties and considering market data at the valuation date (range used by the two evaluators is 7% -9%).

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

**Estimated vacancy rates** based on current and expected future market conditions after expiry of any current lease.

**Maintenance costs** including necessary investments to maintain functionality of the property for its expected useful life.

**Terminal value** considering assumptions regarding maintenance costs, vacancy rates and market rents.

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

**14 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, investment measured at fair value through profit or loss, accrued management fee, accrued expenses and Borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

## 14 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### *14.1 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:

| | ***31 December 2024 SR*** | *31 December 2023 SR* |
|---|---|---|
| Cash and cash equivalents | **125,000** | 125,000 |
| Rental income receivables – Net (note 6) | **35,357,145** | 59,750,915 |
| Contract assets | **33,462,453** | 19,744,576 |

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

| | ***31 December 2024 Expected credit loss*** | *31 December 2023 Expected* credit loss |
|---|---|---|
| Less than 30 days | **54,424** | 512,232 |
| Between 31 to 180 days | **4,320,850** | 5,062,584 |
| More than 180 days | **12,191,843** | 10,546,103 |
| | **16,567,117** | 16,120,919 |

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. Further, the Fund limits its credit risk with respect to, as the Fund expects the receivables to be fully recoverable as these are secured by promissory notes from the related parties.

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.

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.

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

| ***31 December 2024*** | ***Weighted average loss rate (%)*** | ***Exposure at Default (SR)*** | ***Impairment allowance (SR)*** | ***Credit impaired*** |
|---|---|---|---|---|
| 0-30 days | **2.46%** | **2,214,579** | **54,424** | **No** |
| 30-180 days | **17.06%** | **25,325,992** | **4,320,850** | **No** |
| More than 180 days | **50.00%** | **24,383,691** | **12,191,843** | **Yes** |
| **Total** | **31.91%** | **51,924,262** | **16,567,117** | |

## 14 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### *14.1 Credit risk (continued)*

| *31 December 2023* | *Weighted average loss rate (%)* | *Exposure at Default (SR)* | *Impairment allowance (SR)* | *Credit impaired* |
|---|---|---|---|---|
| 0-30 days | 9.57% | 5,353,312 | 512,232 | No |
| 30-180 days | 15.20% | 33,305,401 | 5,062,584 | No |
| More than 180 days | 50.00% | 21,092,202 | 10,546,103 | Yes |
| Total | 26.98% | 59,750,915 | 16,120,919 | |

### *14.2 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 2024*** | ***Less than 1 year SR*** | ***More than 1 year SR*** | ***Total SR*** |
|---|---|---|---|
| Accrued expenses and other liabilities | **9,171,325** | **-** | **9,171,325** |
| Accrued management fee | **6,615,027** | **-** | **6,615,027** |
| Accrued special commission | **7,445,384** | **-** | **7,445,384** |
| Murabaha facilities | **-** | **896,399,599** | **896,399,599** |
| **TOTAL LIABILITIES** | **23,231,736** | **896,399,599** | **919,631,335** |

| *31 December 2023* | *Less than 1 year SR* | *More than 1 year SR* | *Total SR* |
|---|---|---|---|
| Accrued expenses and other liabilities | 6,538,578 | - | 6,538,578 |
| Accrued management fee | 2,138,108 | - | 2,138,108 |
| Accrued special commission | 7,459,510 | - | 7,459,510 |
| Murabaha facilities | - | 896,399,599 | 896,399,599 |
| TOTAL LIABILITIES | 16,136,196 | 896,399,599 | 912,535,795 |

### *14.3 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.

## 14 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### *14.4 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 flow.

The Fund's commission rate risks arise mainly from its borrowings, which are at variable rate of interest and are not subject to re-pricing on a regular basis.

The Fund 's interest rate risks arise mainly from its borrowings, which are at variable commission rate and the sensitivity analysis as follows:

| ***Balance as at 31 December 2024*** | ***Income Statement*** | | ***Statement of Owners Net assets (equity)*** | |
|---|---|---|---|---|
| | ***+100 Points*** | ***-100 Points*** | ***+100 Points*** | ***-100 Points*** |
| | ***SR*** | ***SR*** | ***SR*** | ***SR*** |
| Islamic financing facility cost | **8,963,996** | **(8,963,996)** | **8,963,996** | **(8,963,996)** |
| Cash-flow sensitivity (net) | **8,963,996** | **(8,963,996)** | **8,963,996** | **(8,963,996)** |

| *Balance as at 31 December 2023* | *Income Statement* | | *Statement of Owners Net assets (equity)* | |
|---|---|---|---|---|
| | *+100 Points* | *-100 Points* | *+100 Points* | *-100 Points* |
| | *SR* | *SR* | *SR* | *SR* |
| Islamic financing facility cost | 8,963,996 | (8,963,996) | 8,963,996 | (8,963,996) |
| Cash-flow sensitivity (net) | 8,963,996 | (8,963,996) | 8,963,996 | (8,963,996) |

### *14.5 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 optimising the return. The Fund manages its market risk by investing in low risk securities as per terms and conditions of the Fund.

At the reporting date, the exposure to equity investments at fair value in open-ended fund. the Fund has determined that an increase/(decrease) of 10% on investee Fund NAV could have an impact of approximately SR 5.9 million increase/(decrease) on the income and Net assets (equity) of the Fund.

## 15 SEGMENT REPORTING

The Fund has invested in twenty real estate investment properties within the Kingdom of Saudi Arabia.

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker, the Fund board, which in turn considers.

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

## 16 DISTRIBUTIONS

On 6 February 2023, the Fund's Board of Directors approved the distribution of cash dividends for the period 1st July 2022 to 31st December 2022, amounting to SAR 0.33 per unit totalling SAR 53,412,762.81, to the unit holders, the amount of 8,713,483 from the total distribution was settled against rent receivables due from related party (Note 12).

On 3 May 2023, the Fund's Board of Directors approved the distribution of cash dividends for the period 1st January 2023 to 31st March 2023, amounting to SAR 0.15 per unit totalling SAR 24,278,528.55, to the unit holders.

On 2 July 2023, the Fund's Board of Directors approved the distribution a dividend for the three-month period from 1st April 2023 to 30th June 2023, amounting to SAR 0.12 per unit totalling SAR 19,422,823, to the unit holders.

On 6 November 2023, the Fund's Board of Directors approved the distribution a dividend for the three-month period from 1st July 2023 to 30th September 2023, amounting to SAR 0.13 per unit totalling SAR 35,828,974, to the unit holders.

On 31 January 2024, the Fund's Board of Directors approved the distribution of cash dividends for the period 1st October 2023 to 31st December 2023, amounting to SAR 0.14 per unit totalling SAR 38,585,049.72, to the unit holders, the amount of 2,263,263 from the total distribution was settled against rent receivables due from related party (Note 12).

On 1 May 2024, the Fund's Board of Directors approved the distribution of cash dividends for the period 1st January 2024 to 31st March 2024, amounting to SAR 0.135 per unit totalling SAR 37,207,012.23, to the unit holders.

On 31 July 2024, the Fund's Board approved to distribute a dividend for the period 1st April 2024 to 30th June 2024 amounting to SAR 0.13 per unit totalling SAR 35,828,974.74 to its unitholders.

On 30 October 2024, the Fund's Board approved to distribute a dividend for the period 1st July 2024 to 30th September 2024 amounting to SAR 0.14 per unit totalling SAR 38,585,049.72 to its unitholders.

## 17 CONTINGENCIES

In the opinion of Fund Manager there are no contingencies as at the reporting date.

## 18 EVENTS AFTER THE REPORTING DATE

On 29 January 2025, the Fund's Board approved to distribute a dividend for the three-month period from 1 October 2024 to 31 December 2024 amounting to SAR 0.14 per unit totalling SAR 38,585,049.72 to its unitholders.

## 19 LAST VALUATION DAY

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

## 20 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Fund's Board of Directors on 20 Ramadan 1446H (Corresponding to 20 March 2025).