

ALAHLI REIT FUND (1)
(Managed by SNB Capital Company)

CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

For the six-month period ended 30 June 2025
together with
Independent Auditors' Review Report

ALAHLI REIT FUND (1)
(Managed by SNB Capital Company)
CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) AND
INDEPENDENT AUDITOR'S REVIEW REPORT
For the six-month period ended 30 June 2025

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**Independent Auditor's Report on the Review of the Condensed Interim Financial Statements to the Unit Holders of ALAHLI REIT FUND (1)
(Managed by SNB Capital Company)**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of ALAHLI REIT FUND (1) (the "Fund") as at 30 June 2025, and the related condensed interim statement of profit or loss and other comprehensive income for six-month period ended 30 June 2025, and the related condensed interim statements of changes in net assets (equity) attributable to the unitholders and cash flows for the six-month period then ended, and explanatory notes. The Fund Manager is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia

Other matter

The financial statements of the Fund for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 24 Ramadan 1446H (24 March 2025). Further, the condensed interim financial statements of the Fund for the six-month period ended 30 June 2024 were reviewed by another auditor who expressed an unmodified review conclusion on the condensed interim financial statements on 4 Safar 1446H (8 August 2024).

for Ernst & Young Professional Services



Marwan S. AIAfaliq
Certified Public Accountant
License No. (422)



Riyadh: 16 Safar 1447H
(10 August 2025G)

ALAHLI REIT FUND (1)
(Managed by SNB Capital Company)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2025

Expressed in Saudi Riyals '000 (unless otherwise stated)

		As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
	Note		
Assets			
Current assets			
Cash and cash equivalents		14,222	10,585
Operating lease receivables	5	73,860	55,842
Prepayments and other receivables		5,111	3,454
Total current assets		93,193	69,881
Non-current assets			
Investment properties	6	1,773,583	1,784,937
Property and equipment	7	141,272	131,666
Total non-current assets		1,914,855	1,916,603
Total assets		2,008,048	1,986,484
Liabilities			
Current liabilities			
Due to related parties	10	33,520	27,461
Unearned rentals		48,792	30,925
Other liabilities		14,919	11,553
Security deposits		4,746	6,117
Provision for Zakat	9	345	345
Total current liabilities		102,322	76,401
Non-Current liabilities			
Borrowings	8	735,143	714,280
Total non-current liabilities		735,143	714,280
Total liabilities		837,465	790,681
Net assets (equity) attributable to the unitholders		1,170,583	1,195,803
Units in issue (Numbers in thousands)		137,500	137,500
Net assets (equity) per unit (SAR)		8.51	8.70
Net assets (equity) per unit at fair value (SAR)	12	10.00	10.04

Fund Manager

ALAHLI REIT FUND (1)
(Managed by SNB Capital Company)

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)

For the six-month period ended 30 June 2025

Expressed in Saudi Riyals '000 (unless otherwise stated)

	Note	Period ended 30 June	
		2025	2024
Revenue			
Rental revenue from investment properties		82,730	81,223
Revenue from hotel operations		7,466	10,326
Gain on investments at fair value through profit or loss	4	18	77
Total revenue		90,214	91,626
Expenses			
Operational expenses		(29,425)	(26,420)
Depreciation	6&7	(14,190)	(12,065)
Impairment loss on receivables from operating leases	5	-	(6,500)
Management fees		(10,638)	(10,304)
Professional fees		(251)	(270)
Board fees		(50)	(50)
Tadawul fees		(401)	(401)
Custody fees		(201)	(262)
Shariah fees		(12)	(12)
Other operating expenses		(1,145)	(961)
Total operating expenses		(56,313)	(57,245)
Operating profit before finance cost		33,901	34,381
Finance cost	13	(24,746)	(19,579)
Operating profit before Zakat		9,155	14,802
Zakat		-	-
Profit for the period		9,155	14,802
Other comprehensive income for the year		-	-
Increase in net assets attributable to unitholders		9,155	14,802
Weighted average units outstanding (Numbers in thousands)		137,500	137,500
Earnings per unit (Basic and diluted)	14	0.07	0.11


Fund Manager

ALAHLI REIT FUND (1)
(Managed by SNB Capital Company)

CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY)
ATTRIBUTABLE TO THE UNITHOLDERS (UNAUDITED)

For the six-month period ended 30 June 2025

Expressed in Saudi Riyals '000 (unless otherwise stated)

	Note	Period ended 30 June	
		2025	2024
Net assets (equity) attributable to the unitholders at beginning of the year		1,195,803	1,237,875
Increase in net assets attributable to unitholders		9,155	14,802
Dividend declared during the year	15	(34,375)	(34,375)
Net assets (equity) attributable to the unitholders at end of the year		1,170,583	1,218,302


Fund Manager

ALAHLI REIT FUND (1)
(Managed by SNB Capital Company)

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2025

Expressed in Saudi Riyals '000 (unless otherwise stated)

	Note	period ended 30 June	
		2025	2024
Cash flows from operating activities			
Profit for the period before zakat		9,155	14,802
Adjustments for non-cash items:			
Depreciation on investment properties	6	11,968	9,868
Depreciation on property and equipment	7	2,222	2,197
Finance cost	13	24,746	19,579
Impairment loss on receivables against operating leases		-	6,500
Gain on investment at fair value through profit or loss	4	(18)	(77)
		48,073	52,869
Change in			
Receivables from operating leases		(18,018)	(7,520)
Due from related party		-	(3,369)
Prepayments and other receivables		(1,657)	(5,988)
Due to related parties		6,059	13,934
Unearned rentals		17,867	4,841
Other liabilities		3,209	11,927
Security deposits		(1,372)	(93)
		54,161	66,601
Zakat paid		-	-
Net cash generated from operating activities		54,161	66,601
Cash flows from investing activities			
Additions to investment properties	7	(614)	(23,041)
Additions to property and equipment	6	(11,828)	(3,521)
Addition of investment at fair value through profit or loss	4	(7,000)	(3,000)
Proceeds from disposal of investment at fair value through profit or loss	4	7,018	-
Net cash used in investing activities		(12,424)	(29,562)
Cash flows from financing activities			
Dividend paid	15	(34,375)	(34,375)
Proceeds from loan	8	20,346	20,210
Interest paid		(24,071)	(25,729)
Net cash used in financing activities		(38,100)	(39,894)
Net increase / (decrease) in cash and cash equivalents		3,637	(2,855)
Cash and cash equivalents at the beginning of the year		10,585	12,149
Cash and cash equivalents at end of the year		14,222	9,294


Fund Manager

ALAHLI REIT FUND (1)

(Managed by SNB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2025

Expressed in Saudi Riyals '000 (unless otherwise stated)

1 THE FUND AND ITS ACTIVITIES

AlAhli REIT Fund (1) ("Fund") is a closed-ended Shariah compliant real estate investment traded fund, established and managed by SNB Capital Company ("Fund Manager"), for the benefit of the Fund's unitholders. The Fund is ultimately supervised by the Fund Board.

As per license number 37-06046 granted by the Capital Market Authority ("CMA"), the Fund Manager is authorized to carry out the following activities with respect to securities:

- a) Dealing as principal and agent, and underwriting;
- b) Arranging;
- c) Managing;
- d) Advising; and
- e) Custody.

The Fund's objective is to provide periodic rental income to its unitholders by investing mainly in developed income-generating properties and to potentially provide capital growth by developing and/or expanding and/or selling assets.

The Fund invests mainly in developed income-generating real estate assets and may invest part of its assets and cash surplus in Murabaha transactions and short term deposits in Saudi Riyals with banks that are licensed by the Saudi Central Bank ("SAMA") and operate in Saudi Arabia. The Fund may also invest in public money market funds approved CMA.

The terms and conditions of the Fund were approved by CMA on 11 Rabi AlAwwal 1439H (corresponding to 29 November 2017). The offering period for the subscription of the units was from 6 December 2017 to 19 December 2017. Unitholders subscribed for the units of the Fund during the offering period and cash was held in collection account of SNB Capital. The cash was transferred to the bank account of the Fund on its commencement date which was used to purchase the investment properties and units were issued to the unitholders simultaneously. The Fund commenced its activities on 25 December 2017 (the "Inception Date"). On the Inception Date, the Fund issued 137,500 units for SR 1,375 million, which was considered as an initial capital contribution of the Fund.

The Fund's term is ninety-nine (99) years. The term of the Fund may be extended at the Fund Manager's discretion, subject to CMA approval.

The Fund was established, and units were offered in accordance with the Real Estate Investment Traded Funds Instructions issued by CMA pursuant to Resolution No. 6-130-2016, dated 23/1/1438H, corresponding to 24/10/2016G amended by Resolution No. 2-115-2018, dated 13/2/1440H corresponding to 22/10/2018G.

The Fund is governed by Real Estate Investment Funds Regulations issued by CMA on 19/6/1427 corresponding to 15/7/2006G.

As per the terms and conditions of the Fund, the Fund aims to distribute at least 90% of its net income to its unitholders.

2 BASIS OF ACCOUNTING

2.1 Statement of compliance

These condensed interim financial statements (the "Interim Financial Statements") for the six-month period ended 30 June 2025 have been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting" that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Fund's last annual financial statements as at and for the year ended 31 December 2024.

These interim financial statements do not include all the information and disclosures required in the annual financial statements in accordance with requirements of IFRS endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA"). However, these interim financial statements include certain disclosures to explain some significant events and transactions to understand the changes in the Fund's financial position and performance since the last annual financial statements.

ALAHLI REIT FUND (1)
(Managed by SNB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED) (continued)

For the six-month period ended 30 June 2025

Expressed in Saudi Riyals '000 (unless otherwise stated)

2 BASIS OF ACCOUNTING (continued)

2.2 Summary of material accounting policies

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended 31 December 2024.

2.3 Basis of measurement

These interim financial statements have been prepared under the historical cost convention using the accrual basis of accounting and the going concern assumption except for investment at fair value through profit or loss ("FVTPL") which is recorded at fair value.

2.4 Presentation and functional currency

The presentation and functional currency of the Fund is Saudi Riyals (SAR).

2.5 Critical accounting judgements, estimates and assumptions

The preparation of these condensed interim financial statements requires Fund Manager to make judgement, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The significant judgements made by the Fund Manager in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Fund's accounting policies, Fund Manager has made the following estimates and judgements, which are significant to the financial statements:

- Provision for expected credit losses on receivables against operating leases
- Useful lives of investment properties and hotel property
- Determining fair values of investment properties and hotel property
- Impairment assessment of non-financial assets

3 NEWLY ISSUED FINANCIAL REPORTING PRONOUNCEMENTS

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2025, but they do not have a material effect on the Fund's condensed interim financial statements. Certain other forthcoming accounting pronouncements not yet effective are also not expected to have a material impact on the Fund.

4 INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

The movement of the investment at FVPL is shown below:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
At the beginning of the period/year	-	-
Additions during the period/year	7,000	3,000
Change in fair value	18	77
Disposed during the period/year	(7,018)	(3,077)
At end of the period/year	-	-

During the period, the Fund has recognized gain of SR 18,295 (30 June 2024: SR 77,381) related to investment through profit and loss at Al Ahli Saudi Riyal Trade Fund managed by the Fund Manager (a related party).

ALAHLI REIT FUND (1)
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED) (continued)

For the six-month period ended 30 June 2025

Expressed in Saudi Riyals '000 (unless otherwise stated)

5 OPERATING LEASE RECEIVABLES

Operating lease receivables comprise of the following:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Operating lease receivables	97,092	79,074
Less: Impairment loss on operating lease receivables	(23,232)	(23,232)
Operating lease receivables – net	73,860	55,842

The balance of operating lease receivables as at 30 June 2025 includes unbilled amount of SR7.2 million (31 December 2024: nil)

The movement in impairment loss on operating lease receivables is as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Opening balance	23,232	23,480
Charge for the year	-	1,312
Written off during the year	-	(1,560)
Closing balance	23,232	23,232

6 INVESTMENT PROPERTIES

6.1 The Fund owns the following investment properties:

<i>Name of the property</i>	<i>Nature of property</i>	<i>Classification</i>	<i>Purchase price</i>
AlAndalus Mall, Jeddah (notes 6.1(i), 6.1(ii))	Mall	Investment property	1,195,686
Salama Tower, Jeddah (note 6.1(iii))	Office	Investment property	255,000
Qbic Plaza, Riyadh (note 6.1(iv))	Office	Investment property	250,000

- i. The Fund acquired AlAndalus Mall together with AlAndalus Mall Hotel (which is classified as property and equipment) at the Fund's inception against cash consideration of SR 405 million (representing 30% of the total purchase values of SR 1,350 million) and by issuing units in the Fund valuing SR 945 million to AlAndalus Property Company, the previous owner.

AlAndalus Mall together with AlAndalus Mall Hotel (which is classified as property and equipment) are pledged against the Islamic Financing Facility obtained from SNB Bank amounting to SR 650 million. The carrying values of AlAndalus Mall and AlAndalus Mall Hotel aggregates to SR 1,450 million (31 December 2024: SR 1,456 million) as at the reporting date.

- ii. The Fund acquired land measuring 9,669 square meters adjacent to AlAndalus Mall on 9 November 2020 against cash consideration of SR 45.7 million for the purpose of expanding AlAndalus Mall.
- iii. The Fund acquired Salama Tower on 4 August 2019 against cash consideration of SR 255 million. Currently, Salama Tower is being managed by a third party for the period starting from 19 February 2025 to 18 February 2026 and it can be renewed automatically for an additional year. In previous years, Salama Tower was leased to the seller for a net lease amount of SR 23.1 million per annum for a period of 5 years. The seller was allowed to sub-lease the property to multi-tenants during this period.
- iv. The Fund acquired Qbic Plaza on 22 June 2020 against cash consideration of SR 250 million and financed the acquisition through additional Islamic financing. The property is leased for a net lease amount of SR 21.6 million per annum, for a period of 3 years. The agreement has been extended for additional 2 years.

ALAHLI REIT FUND (1)
(Managed by SNB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)

For the six-month period ended 30 June 2025

Expressed in Saudi Riyals '000 (unless otherwise stated)

6 INVESTMENT PROPERTIES (continued)

- v. The Fund's properties are held under the custody of Sandooq Tamkeen Real Estate Company ("SPV"), which is owned by AlBilad Capital (the Custodian of the Fund). The Fund pays a custody fee of 0.025% per annum based on the average market values of the properties.

- 6.2** At 30 June 2025 and 31 December 2024, investment properties represent the properties that were initially recognized at their cost and are subsequently measured at cost less accumulated depreciation and impairment. The break-up of the cost of investment properties is as follows:

	2025						
	Land	Buildings	Furniture & fixture	Computer & hardware	Office equipment	Motor vehicles	Construction in progress*
Cost:							
Balance at 1 January 2025	983,523	919,919	238	100	2,800	119	2,460
Additions during the year	-	-	-	-	-	-	614
Transfers during the year	-	-	-	-	-	-	-
Balance at 30 June 2025	983,523	919,919	238	100	2,800	119	3,074
Accumulated depreciation							
Balance at 1 January 2025	-	(121,501)	(238)	(97)	(2,338)	(48)	-
Depreciation during the year	-	(11,859)	-	(3)	(94)	(12)	-
Balance at 30 June 2025	-	(133,360)	(238)	(100)	(2,432)	(60)	-
Carrying amount at 30 June 2025	983,523	786,559	-	-	368	59	3,074

*The construction in progress relates to construction works at AlAndalus Mall. This includes capitalized borrowing cost amounted to NIL (2024: SR 6,140,312) with a capitalization rate of SAIBOR plus 1.25% (2023: SAIBOR plus 1.25%).

The carrying amounts of the investment properties are:

	30 June 2025	31 December 2024
AlAndalus Mall	1,309,224	1,316,082
Salama Tower	230,274	232,901
Qbic Plaza	234,085	235,954
	1,773,583	1,784,937

ALAHLI REIT FUND (1)
(Managed by SNB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)

For the six-month period ended 30 June 2025

Expressed in Saudi Riyals '000 (unless otherwise stated)

6 INVESTMENT PROPERTIES (continued)

	2024							
	Land	Buildings	Furniture & fixture	Computer & hardware	Office equipment	Motor vehicles	*Construction in progress	Total
Cost:								
Balance at 1 January 2024	983,523	756,143	238	100	2,800	119	124,078	1,867,001
Additions during the year	-	-	-	-	-	-	42,158	42,158
Transfers during the year	-	163,776	-	-	-	-	(163,776)	-
Balance at 31 December 2024	<u>983,523</u>	<u>919,919</u>	<u>238</u>	<u>100</u>	<u>2,800</u>	<u>119</u>	<u>2,460</u>	<u>1,909,159</u>
Accumulated depreciation								
Balance at 1 January 2024	-	(99,920)	(238)	(81)	(2,150)	(24)	-	(102,413)
Depreciation during the year	-	(21,581)	-	(16)	(188)	(24)	-	(21,809)
Balance at 31 December 2024	<u>-</u>	<u>(121,501)</u>	<u>(238)</u>	<u>(97)</u>	<u>(2,338)</u>	<u>(48)</u>	<u>-</u>	<u>(124,222)</u>
Carrying amount at 31 December 2024	<u>983,523</u>	<u>798,418</u>	<u>-</u>	<u>3</u>	<u>462</u>	<u>71</u>	<u>2,460</u>	<u>1,784,937</u>

In accordance with Article 8 of the Real Estate Investment Traded Funds Instructions issued by CMA, the Fund Manager assesses the Fund's real estate values by appointing two independent evaluators to determine the market values in conformity with the International Valuation Standards Council's International Valuation Standards.

ALAHLI REIT FUND (1)
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED) (continued)

For the six-month period ended 30 June 2025

Expressed in Saudi Riyals '000 (unless otherwise stated)

6 INVESTMENT PROPERTIES (continued)

6.3 Market values

6.3.1 The assumptions used in determining the fair values of the investment properties are as follows:

Description	Valuation approach	Key assumptions	Market value	
			30 June 2025	31 December 2024
Evaluator: ESNAD				
AlAndalus Mall	Discounted cash flows	Discount rate: 9.83% (2024: 10%) Exit yield rate: 8% (2024: 8%) Occupancy rate: 95.1% (2024: 86%)	1,447,655	1,442,186
Salama Tower	Discounted cash flows	Discount rate: 10.33% (2024:10%) Exit yield rate: 8.5% (2024:8.5%)	261,900	279,679
Qbic Plaza	Discounted cash flows	Discount rate: 11.08% (2024: 10%) Exit yield rate: 8% (2024: 8%)	273,391	270,735
			1,982,946	1,992,600
Evaluator: QIAM				
AlAndalus Mall	Discounted cash flows	Discount rate:9.5% (2024: 9.5%) Exit yield rate:8% (2024: 8%) Occupancy rate 88% (2024: 88%)	1,408,528	1,385,349
Salama Tower	Discounted cash flows	Discount rate:9.5% (2024 : 9%) Exit yield rate:7.5% (2024 : 8%)	281,697	282,552
Qbic Plaza	Discounted cash flows	Discount rate:9% (2024 : 9%) Exit yield rate: 7.5% (2024 : 7.5%)	282,421	280,813
			1,972,646	1,948,714

*Fair valuations of investment properties as at 30 June 2025 and 31 December 2024 were performed by ESNAD and QIAM

The above valuers are qualified and adhere to the Saudi Authority of Accredited Valuer (TAQEEM). The valuers have appropriate qualifications and experience in the valuation of properties at the relevant locations. The details of independent valuers as follows:

- 1- ESNAD: TAQEEM record No. 1210000934
- 2- QIAM: TAQEEM record No. 1210000052

The average fair value measurements of investment properties have been categorized as Level 3 fair values based on inputs to the valuation techniques used (as disclosed above).

ALAHLI REIT FUND (1)
(Managed by SNB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)

For the six-month period ended 30 June 2025

Expressed in Saudi Riyals '000 (unless otherwise stated)

7 PROPERTY AND EQUIPMENT

At 30 June 2025 and 31 December 2024, property and equipment represent the properties that were initially recognized at their cost and are subsequently measured at cost less accumulated depreciation and impairment. The break-up of the cost of hotel property is as follows:

	Land	Buildings	Furniture & fixture	Computer & hardware	Office equipment	Construction in progress	Total
Cost:							
Balance at 1 January 2025	31,770	147,349	8,777	2,016	5,175	6,507	201,594
Additions during the year	-	-	-	-	-	11,828	11,828
Balance at 30 June 2025	31,770	147,349	8,777	2,016	5,175	18,335	213,422
Accumulated depreciation and Impairment loss							
Balance at 1 January 2025	-	(58,140)	(6,654)	(1,465)	(3,669)	-	(69,928)
Depreciation during the year	-	(1,566)	(407)	(103)	(146)	-	(2,222)
Impairment loss	-	-	-	-	-	-	-
Balance at 30 June 2025	-	(59,706)	(7,061)	(1,568)	(3,815)	-	(72,150)
Carrying amount at 30 June 2025	31,770	87,643	1,716	448	1,360	18,335	141,272

ALAHLI REIT FUND (1)
(Managed by SNB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)

For the six-month period ended 30 June 2025

Expressed in Saudi Riyals '000 (unless otherwise stated)

7 PROPERTY AND EQUIPMENT (CONTINUED)

	Land	Buildings	Furniture & fixture	Computer & hardware	Office equipment	Construction in progress	Total
Cost:							
Balance at 1 January 2024	31,770	147,349	8,777	2,016	4,477	1,799	196,188
Additions during the year	-	-	-	-	698	4,708	5,406
Balance at 31 December 2024	31,770	147,349	8,777	2,016	5,175	6,507	201,594
Accumulated depreciation and Impairment loss							
Balance at 1 January 2024	-	(47,008)	(5,829)	(1,258)	(3,421)	-	(57,516)
Depreciation during the year	-	(3,132)	(825)	(207)	(248)	-	(4,412)
Impairment loss	-	(8,000)	-	-	-	-	(8,000)
Balance at 31 December 2024	-	(58,140)	(6,654)	(1,465)	(3,669)	-	(69,928)
Carrying amount at							
31 December 2024	31,770	89,209	2,123	551	1,506	6,507	131,666

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8 BORROWINGS

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Opening balance	714,280	660,005
Financing facility utilized during the year	20,346	53,595
Amortization of loan arrangement fee	517	680
Closing balance	<u>735,143</u>	<u>714,280</u>

On 7 November 2018, the Fund signed an agreement of Islamic financing facility of SAR 650 million with Saudi National Bank (SNB). The Fund has pledged the properties, Al Andalus Mall and Al Andalus Mall Hotel, in favour of Real Estate Development Company for Management and Ownership, a fully owned subsidiary of the SNB as a security against the Islamic financing facility.

On 1 August 2019, the Fund utilized SAR 255 million as the first tranche from the Islamic financing facility. During the year 2020, the Fund utilized SAR 263 million as the Second tranche from the Islamic financing facility. During the year 2021, the Fund utilized further SAR 43 million. During the year 2022, the Fund utilized further SAR 30 million. During the year 2023, the Fund utilized further SAR 71 million. During the year 2024, the Fund utilized further SAR 54 million. The unutilized balance as at 31 December 2024 is SAR 44 million (31 December 2023: SAR 98 million). During the period 2025, the Fund utilized further SAR 20.5 million. The unutilized balance as at 30 June 2025 is SAR 23.5 million (31 December 2024: SAR 44 million).

Initially, the tenor of Islamic financing facility was 15 years where the first payment was due on 30 June 2026. The Islamic financing facility provides 5 years grace period during which only profit payments are to be made. Following the grace period, the principal amount shall be repaid over 10 years on a quarterly basis. The Islamic financing facility carries commission rate of SAIBOR plus margin per annum.

On 6 April 2023, the Fund signed an amendment of its agreement of Islamic financing facility changing the financing facility type to Murabaha from Ijarah. The Islamic financing facility carries commission rate of SAIBOR plus margin per annum and the term has been revised and now the whole outstanding balance will be due in July 2026. Accordingly, the whole balance is disclosed as non-current.

Further, on 5 October 2023, the Fund signed another amendment of its agreement of Islamic financing facility wherein facility amount has been increased to SAR 760 million instead of SAR 650 million.

The facility is subject to interest rates based on SAIBOR plus an agreed commission rate of 1.25% per annum. The above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained. A future breach of any of these covenants may require the company to repay the related facility earlier than indicated above.

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9 ZAKAT

Zakat provision movement is as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Opening balance	345	345
Payments made during the year	-	-
Closing balance	345	345

Zakat assessment status

The Fund has filed its Zakat returns with the Zakat, Tax and Customs Authority for the years up to 2022 and assessments have been finalized till 2022. The Fund paid zakat on a voluntary basis in the prior years and has now deregistered itself. Accordingly, starting from the year 2023, the Fund will only be submitting an information declaration with ZATCA, outlining the Zakat calculation to be paid by the unitholders.

10 RELATED PARTY TRANSACTIONS AND BALANCES

The Fund's ultimate controlling company is the Al Andalus Property Company (APC).

The related parties of the Fund comprise of the following and the Fund transacts with these parties in its ordinary course of business at commercial terms:

<u>Name of entity</u>	<u>Relationship</u>
SNB Capital Company	Fund Manager
Saudi National Bank (SNB)	Parent of the Fund Manager
Al Andalus Property Company	Substantial Unitholder

Fund management fee

The Fund pays the Fund Manager a management fee of 1% per annum of the Fund's total assets (based on the last valuation) less the Fund's current liabilities. The management fee is payable in arrears on a semi-annual basis.

Agency fee and property management fee

The Fund via a master transfer agreement dated 25 December 2017 appointed APC as the "Property Agent". Under the agreement, APC is appointed to exercise, perform and discharge all rights and obligations as an agent of AlAndalus Mall and AlAndalus Mall Hotel. The Fund pays a fixed amount of SR 575,000 per annum to APC for the aforementioned agency services.

APC also manages the AlAndalus Mall for which it charges management fee from the Fund.

The Fund entered into the following transactions with related parties in the ordinary course of business at commercial rates. These transactions were carried out on the basis of approved terms and conditions of the Fund. All related party transactions were approved by the Fund's Board

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10 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

<u>Related party</u>	<u>Nature of transactions</u>	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
AlAndalus Property Company	Rent collected on behalf of the Fund	9,770	3,441
	Payment made to APC	5,051	18,000
	Parking & development fees	-	26,875
	Payment made on behalf of Hotel	-	1,817
	Miscellaneous expenses	1,391	227
	Management fee charged	8,566	6,394
	Agency fees charged	288	288
SNB Capital Company	Management fees charged	10,638	10,314
	Payments made by the Fund	-	10,450
Saudi National Bank	Service fees charged	31	-
	Loan arrangement fees charged	154	150
	Payment made	188	240
Hilton Worldwide Manage Limited	Expenses paid on behalf	-	3,369

The significant transactions with key management personnel are:

Key management personnel	Nature of transaction	30 June 2025	30 June 2024
Key management personnel	Board fee	50	50

The above-mentioned transactions give rise to the following amounts due to related parties at the reporting date:

Due to related parties

Related party	30 June 2025 (Unaudited)	31 December 2024 (Audited)
SNB Capital Company	31,635	20,997
AlAndalus Property Company	1,731	6,307
SNB	154	157
	33,520	27,461

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11 OPERATING SEGMENT

The Fund has four reportable segments, as described below, which are the Fund's strategic business segments. These strategic business segments offer different services, and are managed separately because they require different management and marketing strategies.

For each of the strategic business units, the Fund Manager reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Fund's reportable segments:

Retail Sector	This comprises of Al-Andalus Mall.
Hospitality Sector	This comprises of Al-Andalus Mall Hotel.
Offices Sector	This comprises of Salama Tower and QBIC Plaza.
Fund's operations	This represents the Fund's administrative activities.

The information related to each reportable segment is as follows:

Net sector profit before zakat is used to measure performance as the Fund Manager believes that this information is the most relevant in assessing the results of the relevant sector compared to other companies operating in the same industry.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)

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11 OPERATING SEGMENT (CONTINUED)

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

<u>For the year ended</u>	30 June 2025 (Unaudited)					30 June 2024 (Unaudited)				
	<u>Retail</u>	<u>Hospitality</u>	<u>Offices</u>	<u>Fund Operations</u>	<u>Total</u>	<u>Retail</u>	<u>Hospitality</u>	<u>Offices</u>	<u>Fund Operations</u>	<u>Total</u>
Revenue	63,533	7,466	19,196	-	90,195	58,655	10,326	22,568	-	91,549
Operational expenses	(18,800)	(8,695)	(1,777)	(153)	(29,425)	(15,952)	(9,610)	(795)	(63)	(26,420)
Depreciation	(7,471)	(2,222)	(4,497)	-	(14,190)	(5,372)	(2,197)	(4,496)	-	(12,065)
Impairment loss on property and equipment	-	-	-	-	-	-	-	-	-	-
Impairment loss on receivables against operating leases	-	-	-	-	-	(6,500)	-	-	-	(6,500)
Net profit / (loss)	29,332	(3,660)	(4,634)	(11,883)	9,155	30,543	(1,605)	(2,725)	(11,411)	14,802

<u>As at</u>	30 June 2025 (Unaudited)					31 December 2024 (Audited)				
	<u>Retail</u>	<u>Hospitality</u>	<u>Offices</u>	<u>Fund Operations</u>	<u>Total</u>	<u>Retail</u>	<u>Hospitality</u>	<u>Offices</u>	<u>Fund Operations</u>	<u>Total</u>
Total assets	1,351,199	151,574	500,614	4,661	2,008,048	1,361,623	141,341	477,966	5,554	1,986,484
Total liabilities	257,987	8,888	537,398	33,192	837,465	247,135	3,709	517,331	22,506	790,681

The Fund's revenue are generated from contracts with customers by providing commercial unit rental services and hospitality services. Control over commercial units rental services is transferred over time, while control over hospitality services is transferred at a point in time.

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**12 EFFECT ON NET ASSETS (EQUITY) PER UNIT IF INVESTMENT
PROPERTIES ARE FAIR VALUED**

	Notes	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Fair value of investment properties	6.3	1,977,796	1,970,657
Less: Carrying value of investment properties	6.2	(1,773,583)	(1,784,937)
Increase in net assets (equity)		204,213	185,720
Units in issue in thousands (number)		137,500	137,500
Additional net assets (equity) per unit based on fair value		1.49	1.35
Net assets (equity) attributable to unitholders before fair value adjustment		1,170,583	1,195,803
Increase in net assets (equity)		204,213	185,720
Net assets (equity) attributable to unitholders after fair value adjustment		1,374,796	1,381,523

Net Assets Attributable to each unit

Net assets (equity) per unit (SAR) before fair value adjustment	8.51	8.69
Increase in net assets (equity) per unit (SAR) based on fair value	1.49	1.35
Net assets (equity) attributable to unitholders after fair value adjustment	10.00	10.04

13 FINANCE COST

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Total finance cost	24,746	25,719
Less: Finance cost capitalized during the period	-	(6,140)
Finance cost charged to profit or loss	24,746	19,579

14 EARNINGS PER UNIT – BASIC AND DILUTED

Basic and diluted earnings per unit is calculated by dividing the profit for the period attributable to the unitholders of the Fund by the weighted average number of ordinary units outstanding during the period.

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Net profit for the period	9,155	14,802
Weighted average number of outstanding ordinary units (units)	137,500	137,500
Basic and diluted earnings per unit	0.07	0.11

The diluted earnings per unit are equal to the basic earnings per unit as there are no instruments with reduced earnings per unit

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15 DIVIDEND DISTRIBUTION

30 June 2025

On 25 March 2025, the Fund's Board approved the distribution of dividend for the year ended 31 December 2024 amounted to 0.250 per unit respectively. The same was paid on 17 April 2025 respectively.

31 December 2024

On 18 March 2024 and 25 August 2024, the Fund's Board approved the distribution of dividend for the year ended 31 December 2023 and period ended 30 June 2024 amounted to SR 0.250 per unit and 0.250 per unit respectively. The same was paid on 25 March 2024 and 11 September 2024, respectively.

16 FAIR VALUE

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 and at prevailing market conditions regardless if the price is directly identified or estimated using other valuation technique.

All assets and liabilities whether measured at fair value or their fair values are disclosed in the financial statements in accordance with the hierarchical levels of fair value measurements as stated below are classified into the lowest level of measuring input which is considered significant for measuring the fair value as a whole.

Level 1: Declared (unadjusted) and quoted market prices in active markets for identical assets or liabilities.

Level 2: Inputs that are directly or indirectly observable or tracked for an asset or a liability other than declared prices mentioned in level 1.

Level 3: Inputs that are unobservable or not tracked for an asset or a liability.

Fair values of financial instruments

The Fund is exposed to risks as a result of using financial instruments. The following explains the Fund's objectives, policies and operations to manage these risks and methods used to measure them in addition to quantitative information related to these risks in the accompanying financial statements.

There were no significant changes that may expose the Fund to financial instrument risks through its objectives, policies and operations to manage these risks and methods used that are different from what have been used in prior years unless otherwise indicated.

- The Fund's financial assets consist of cash and cash equivalents, receivables from operating leases, and certain other receivables. The Fund's financial liabilities consist of borrowings, due to related parties and other liabilities.
- The Fund's management considers the fair value for all these financial assets and liabilities to be approximately equal to their carrying values because of the nature of these financial instruments.
- There were no transfers between level 1, 2 or 3 during the reporting period.

Financial instruments are exposed to change in value risk as a result of changes in commission rates of the financial assets and liabilities with variable commission. Actual commission rates and periods of re-pricing or maturity of financial assets and liabilities are mentioned in the related notes.

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17 SUBSEQUENT EVENT

No matter has occurred up to and including the date of the approval of financial statements by the Fund Board which could materially affect these condensed interim financial statements and the related disclosures for the period ended 30 June 2025.

18 LAST VALUATION DAY

The last valuation day for the year was 30 June 2025.

19 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Fund's Board on 16 Safar 1447H (corresponding to 10 August 2025).