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ALKHABEER REIT FUND - Expressed in Saudi Riyal

(Managed by Alkhabeer Capital Company)

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND THE INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025**

ALKHABEER REIT FUND - Expressed in Saudi Riyal
(Managed by Alkhabeer Capital Company)
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND THE INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025

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Independent Auditor's Review Report on the Interim Condensed Financial Statements

To: The Unitholders
Alkhabeer Reit Fund - Expressed in Saudi Riyal
(Managed by Alkhabeer Capital Company)
Jeddah, Kingdom of Saudi Arabia

Introduction

We have reviewed the interim condensed statement of financial position of **Alkhabeer Reit Fund - Expressed in Saudi Riyal (a real estate investment traded fund) ("The Fund")** managed by **Alkhabeer Capital Company ("The Fund Manager")** as of June 30, 2025, and interim condensed financial statements of profit or loss and other comprehensive income, changes in equity attributable to unitholders and cash flows for the six-month period then ended, and other explanatory notes. The Fund manager is responsible for the preparation and presentation of these interim condensed financial statements in accordance with the International Accounting Standard No. (34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

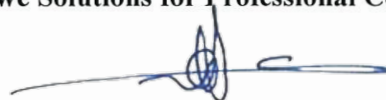
Scope of Review

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 Fund" that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements 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 ('ISAs'), that are endorsed in the Kingdom of Saudi Arabia and accordingly, there can be no assurance that we will become aware of all significant matters that may be identified during any 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 interim condensed financial statements are not prepared, in all material respects, in accordance with the International Accounting Standard No. (34) as endorsed in the Kingdom of Saudi Arabia.

Crowe Solutions for Professional Consulting



Abdullah M. AlAzem
License No. 335

Safar 16, 1447H (August 10, 2025)
Jeddah, Kingdom of Saudi Arabia

ALKHABEER REIT FUND – Expressed in Saudi Riyal
(Managed by Alkhabeer Capital Company)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2025
(Expressed in Saudi Riyal)

		As of June 30, 2025	As of December 31, 2024
	Note	(Unaudited)	(Audited)
ASSETS			
Current assets			
Cash and cash equivalents		93,333,932	108,023,128
Account receivables		19,626,417	11,793,506
Prepaid expenses and other debit balances		468,607	395,765
Due from a related party	6 - a	18,781	18,781
Total current assets		113,447,737	120,231,180
Non-current assets			
Right of use asset	7 - a	125,169,921	130,287,550
Investment properties	8	1,597,679,337	1,608,996,237
Total non-current assets		1,722,849,258	1,739,283,787
Total assets		1,836,296,995	1,859,514,967
LIABILITIES AND EQUITY ATTRIBUTABLE TO UNITHOLDERS			
Current liabilities			
Due to related parties	6 - b	5,467,871	5,917,440
Lease liabilities – current portion	7 - b	1,346,639	1,110,437
Accrued expenses and other credit balances		46,175,665	56,383,473
Total current liabilities		52,990,175	63,411,350
Non-current liabilities			
Lease liabilities – non-current portion	7 - b	11,765,775	12,880,053
Credit facilities	9	737,500,000	737,500,000
Total non-current liabilities		749,265,775	750,380,053
Total liabilities		802,255,950	813,791,403
EQUITY ATTRIBUTABLE TO UNITHOLDERS		1,034,041,045	1,045,723,564
Total liabilities and equity attributable to unitholders		1,836,296,995	1,859,514,967
Number of units issued (unit)		141,008,848	141,008,848
Equity per unit – book value (SR per unit)	8 - c	7.3332	7.4160
Equity per unit – fair value (SR per unit)	8 - c	8.7971	8.6703

The accompanying notes from (1) to (18) form an integral part of these interim condensed financial statements.

ALKHABEER REIT FUND – Expressed in Saudi Riyal

(Managed by Alkhabeer Capital Company)

**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME****FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025**

(Expressed in Saudi Riyal)

		FOR THE SIX-MONTH PERIOD ENDED JUNE 30,	
		2025	2024
	Note	(Unaudited)	(Unaudited)
Rental income		71,491,530	66,249,561
Expenses			
Properties management fees		(5,813,287)	(5,438,990)
Administration and custody fees	6 - b	(393,501)	(391,160)
Management fees	6 - b	(3,947,899)	(4,589,494)
Other expenses		(2,891,441)	(1,930,430)
Total expenses		(13,046,128)	(12,350,074)
Finance costs		(23,760,128)	(20,279,096)
Gain from sale of investment properties		-	22,222,390
Income from bank deposits		1,894,154	-
Depreciation of investment properties and right of use asset	7 & 8	(21,738,146)	(21,644,507)
Reversal of impairment of investment properties	8 - b	3,088,057	13,355,801
Profit for the period		17,929,339	47,554,075
Other comprehensive income		-	-
Total comprehensive income for the period		17,929,339	47,554,075

The accompanying notes from (1) to (18) form an integral part of these interim condensed financial statements.

ALKHABEER REIT FUND – Expressed in Saudi Riyal
(Managed by Alkhabeer Capital Company)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO UNITHOLDERS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025
(Expressed in Saudi Riyal)

		FOR THE SIX-MONTH PERIOD ENDED JUNE 30,	
		2025	2024
	Note	(Unaudited)	(Unaudited)
Equity attributable to unitholders			
Equity attributable to unitholders at the beginning of the period		1,045,723,564	1,045,608,726
Dividends	11	(29,611,858)	(29,611,858)
Comprehensive income for the period		17,929,339	47,554,075
Equity attributable to unitholders at the end of the period		<u>1,034,041,045</u>	<u>1,063,550,943</u>

Transactions in units for the period are summarized as follows:

Number of units at the beginning of the period (unit)	141,008,848	141,008,848
Number of units at the end of the period (unit)	<u>141,008,848</u>	<u>141,008,848</u>

*No units were issued or disposed during the periods ended June 30, 2025 and June 30, 2024.

The accompanying notes from (1) to (18) form an integral part of these interim condensed financial statements.

ALKHABEER REIT FUND – Expressed in Saudi Riyal
(Managed by Alkhabeer Capital Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025
(Expressed in Saudi Riyal)

	FOR THE SIX-MONTH PERIOD ENDED JUNE 30,	
	2025	2024
	(Unaudited)	(Unaudited)
<u>CASH FLOW FROM OPERATING ACTIVITIES:</u>		
Profit for the period	17,929,339	47,554,075
Adjustments:		
Depreciation of investment properties and right of use asset	21,738,146	21,644,507
Reversal of impairment of investment properties	(3,088,057)	(13,355,801)
Gains from sale of investment properties	-	(22,222,390)
Income from bank deposits	(1,894,154)	-
Interest charged on lease liabilities (included in finance cost)	700,924	744,754
Finance cost	23,059,204	19,534,342
Changes in operating assets and liabilities:		
Account receivables	(10,762,411)	(7,187,834)
Prepaid expenses and other debit balances	(72,842)	(26,198)
Due to related parties	(449,569)	(1,258,311)
Accrued expenses and other credit balances	(28,078,079)	(27,671,471)
Net cash provided by operating activities	19,082,501	17,755,673
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Additions to investment properties	(2,158,456)	-
Proceeds from the sale of investment properties	-	87,601,390
Proceeds from income from bank deposits	1,894,154	-
Additions to right of use asset	(57,104)	(170,364)
Net cash (used in) / provided by investing activities	(321,406)	87,431,026
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Dividends paid	(26,682,358)	(26,682,358)
Lease payments	(1,579,000)	(1,579,000)
Finance cost paid	(5,188,933)	(4,539,454)
Net cash used in financing activities	(33,450,291)	(32,800,812)
Net change in cash and cash equivalent	(14,689,196)	72,385,887
Cash and cash equivalent at the beginning of the period	108,023,128	27,111,669
Cash and cash equivalent at the end of the period	93,333,932	99,497,556
<u>Non-cash items:</u>		
Dividends distributions through settlement of account receivables to unitholders	2,929,500	2,929,500
Unpaid dividends	14,805,929	-
Transferred from other debit balances to additions to right-of-use asset	-	(5,951,839)

The accompanying notes from (1) to (18) form an integral part of these interim condensed financial statements.

ALKHABEER REIT FUND – Expressed in Saudi Riyal

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025

(Expressed in Saudi Riyal)

1. THE FUND AND ITS ACTIVITIES

Alkhabeer REIT Fund (the "Fund") – expressed in Saudi Riyals is a closed-ended Sharia compliant real estate investment traded fund, established in accordance with the rules and regulations enforced in the Kingdom of Saudi Arabia as well as under the guidelines of the Capital Market Authority ("CMA"). The Fund has been established on December 16, 2018 and managed by Alkhabeer Capital Company ("Alkhabeer Capital" or the "Fund Manager"), for the benefit of the Fund's unitholders. The Fund is listed on the Saudi Stock Exchange (Tadawul). The Fund is ultimately supervised by the Fund Board of Directors. Alinma Investment Company acts as the Custodian of the Fund.

The Fund's main investment objective is to generate rental income yield and periodic cash distributions of not less than 90% of the Fund's annual net profit, by investing not less than 75% of the Funds total assets, according to its last audited financial statements, in income generating real estate assets in the Kingdom of Saudi Arabia excluding Makkah and Medina.

The terms and conditions of the Fund were approved by the Capital Market Authority ("CMA") on October 16, 2018 (corresponding to Safar 8, 1440 H), and the initial offering period was 15 days, starting from November 11, and ending on November 29, 2018. The Fund started its activities on December 16 2018, and the Fund was listed on Tadawul on March 20, 2019.

In dealing with the unitholders, the Fund Manager considers the Fund as an independent entity. Accordingly, the Fund prepares its own financial statements. Furthermore, unitholders are considered owners of the assets of the Fund and distributions is made in relation to their respective ownership in the total number of issued units.

The Fund's term is ninety-nine (99) year follow the date of listing units on Saudi Tadawul. The term of the Fund may be extended at the Fund Manager's discretion subject to CMA approval.

The Fund is subject to the Sharia Board's guidelines in its investments and transactions.

2. REGULATORY AUTHORITY

The Fund is governed by the Real Estate Investment Funds Regulations (the "Regulations") and REIT instructions published by CMA on Jumada al-Alkhirah 19, 1427H (corresponding to July 15, 2006) thereafter amended on Rajab 12, 1442H (corresponding to February 24, 2021), detailing requirements for all funds traded in real estate that must follow the Kingdom of Saudi Arabia.

3. BASIS OF PREPARATION INTERIM CONDENSED FINANCIAL STATEMENTS

Basis of compliance

These interim condensed financial statements have been prepared in accordance with the International Accounting Standard (34) "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and the provisions specified by the fund regulations issued by the CMA, the terms and conditions of the fund and the information memorandum considering that the financial performance for the interim condensed financial for the six-month period ended in June 30, 2025, may not necessarily be indicative of the expected results for the year that will be ended on December 31, 2025.

The interim condensed financial statements do not include all of the information and disclosures required for the annual financial statements, and should be read in conjunction with the Fund's annual financial statements for the year ended December 31, 2024. The International Accounting Standard (34) states that the objective of preparing the interim condensed financial statements is to update on the annual financial statements. Therefore, the International Accounting Standard (34) require less disclosure in the interim

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025**

(Expressed in Saudi Riyal)

condensed financial statements to be reported compared to the disclosure required by the International Financial Reporting Standards ("IFRS") in the annual financial statements.

Basis of measurement

These interim condensed financial statements of the Fund have been prepared on a historical cost basis except for the items which measured at fair value, present value, net realizable value, and replacement cost in line with the accrual basis of accounting and going concern basis.

Functional and presentation currency

The accompanying interim condensed financial statements are presented in Saudi Riyal, which is the Fund's functional and presentation currency.

4. SIGNIFICANT ACCOUNTING POLICIES

New standards and a number of amendments to existing standards effective from January 1, 2025, but these do not have a material impact on the interim condensed financial statements. The accounting policies used in preparing the condensed interim financial statements are consistent with those used in preparing the Fund's annual financial statements for the year ended on December 31, 2024.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these condensed interim financial statements in conformity with International Financial Reporting Standard ("IFRS") as endorsed in the Kingdom of Saudi Arabia requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgment in the process of applying the Funds' accounting policies. Such judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advices and expectations of future events that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Actual results may differ from these estimates. Significant areas where management has used estimates, assumptions or exercised judgement are as follows:

Going concern

The Fund's management has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, these condensed interim financial statements continue to be prepared on the going concern basis.

Fair value measurement

The fair value represents the amount that may be collected from selling an asset or paying it to transfer a liability between informed parties under the same terms of business with others. The fair value measurement depends on the following conditions:

- The principal market for assets or liabilities, or
- The most advantageous market for assets and liabilities in the absence of a primary market, or
- Use discounted cash flows in the absence of a principal market or the most advantageous market.

Assets or liabilities measured at fair value

- Separate assets or liabilities.
- A group of assets or a group of liabilities or a group of assets and liabilities.
- A set of accounting policies and notes that require calculating the fair value of financial and non-financial assets and liabilities.

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FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025**

(Expressed in Saudi Riyal)

- The Fund uses market inputs that are observable as far as possible when measuring the fair value of assets and liabilities.

The Fund determines fair value using valuation techniques. The Fund also uses the following levels which reflect the importance of inputs used in determining fair value:

- **Level 1:** quoted prices (unadjusted) in an active market for similar assets or liabilities.
- **Level 2:** valuation methods based on inputs other than quoted prices included in Level 1 that can be observable for assets and liabilities, directly or indirectly.
- **Level 3:** valuation techniques that use inputs that have an important impact on fair value but are not based on observable inputs.

The Fund recognizes transfers between fair value levels at the end of the reporting period at the same time as the change occurs, the Fund Manager believes that its estimates and assumptions used are reasonable and sufficient.

6. RELATED PARTIES TRANSACTIONS AND BALANCES

Transactions with related parties represent payments on behalf of a related party, administrative fees, management fees, custody fees and compensation to the fund's independent board of directors.

a) Due from a related party comprises the following:

			Volume of transactions		Balance	
			For the six-month period ended June 30,		As of June	As of December
	Nature of relationship	Nature of transaction	2025	2024	30, 2025	31, 2024
Related party			(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Awal Al Malqa Real Estate Company	Subsidiary to custodian	Expenses paid on behalf of the Company	4,339	1,665		
		Repayments	(4,339)	(1,665)	18,781	18,781
					18,781	18,781

Alkhabeer Capital Company established Awal Al Malqa Real Estate Company, a limited liability company ("Special Purpose Vehicle"), registered under commercial registration No. 1010893802 on Shawwal 19, 1438H (corresponding to July 13, 2017). The company was created for the purpose of holding and registering real estate assets related to investment properties funds in the company's name. The fund contributed an amount of SR 20,000 as the capital of Awal Al Malqa Real Estate Company.

The title deeds of the properties have been registered under the name of Awal Al Malqa Real Estate Company, and the company has confirmed that it holds these properties on behalf of the fund. Since the fund is the beneficiary of these properties, they have been recorded in the Fund's condensed interim financial statements.

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(Expressed in Saudi Riyal)

b) Due to related parties comprises the following:

Related parties	Nature of relationship	Nature of transaction	Volume of transactions		Balance	
			For the six-month period ended June 30,		As of June 30, 2025	As of December 31, 2024
			2025 (Unaudited)	2024 (Unaudited)	30, 2025 (Unaudited)	31, 2024 (Audited)
Alkhabeer Capital Company	Fund Manager	Management fees	3,947,899	4,589,494		
		Administration fees	154,323	152,983		
		Repayments	(4,782,969)	(6,230,965)	4,102,224	4,782,971
Alinma Investment Company	Custodian	Custody Fees	239,178	238,177	1,352,647	1,113,469
Fund's Board of Directors	Board of Directors	Compensations to Independent Fund Board Members of Directors	13,000	13,000		
		Repayments	(21,000)	(21,000)	13,000	21,000
Unit holders	Unit holders	Settlement of dividends against receivable	2,929,500	2,929,500	-	-
					5,467,871	5,917,440

c) All transactions with related parties are approved by the Fund manager.

7. LEASES**a) Right of use asset**

The movement in right of use asset is as follows:

	Leased Land	Building - Investment Property	Total as of June 30, 2025 (Unaudited)
<u>Cost:</u>			
Balance at the beginning of the period	19,132,408	169,688,239	188,820,647
Additions during the period	-	57,104	57,104
Balance at the end of the period	19,132,408	169,745,343	188,877,751
<u>Accumulated depreciation:</u>			
Balance at the beginning of the period	6,202,744	52,330,353	58,533,097
Charged for the period	524,176	4,650,557	5,174,733
Balance at the end of the period	6,726,920	56,980,910	63,707,830
Balance as at June 30, 2025	12,405,488	112,764,433	125,169,921

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025**

(Expressed in Saudi Riyal)

	Leased Land	Building - Investment Property	Total as of December 31, 2024 (Audited)
<u>Cost:</u>			
Balance at the beginning of the year	19,132,408	162,125,001	181,257,409
Additions during the year	-	1,611,398	1,611,398
Transfers during the year	-	5,951,840	5,951,840
Balance at the end of the year	19,132,408	169,688,239	188,820,647
<u>Accumulated depreciation:</u>			
Balance at the beginning of the year	5,154,393	43,071,847	48,226,240
Charged for the year	1,048,351	9,258,506	10,306,857
Balance at the end of the year	6,202,744	52,330,353	58,533,097
Balance as at December 31, 2024	12,929,664	117,357,886	130,287,550

Right of use asset represents the lease land which owned by the Tabuk Municipality, which was leased to Suleiman Al-Qudaibi Sons Contracting Company for 25 years to build commercial mall. a contract for the assignment of the leasehold rights was signed between Suleiman Al-Qudaibi Sons Contracting Company, and the fund, with the approval of the Tabuk Municipality, after the construction of the commercial mall on the leased land was completed. As a result, the land and the commercial mall are now subject to the agreement for the right-of-use asset. The fund has paid the rent for the building in advance in the amount of SR 155 million to Suleiman Al-Qudaibi Sons Contracting Company and continued the lease term related to the land lease for the remaining period of the main lease contract, which is 18 years.

The key assumptions used in determining the fair value of right of use asset are as follows:

Property Name	Property Type	Valuation Method	Location	Discount rate as of June 30, 2025 (Unaudited)	Fair Value as of June 30, 2025 (Unaudited)
Gallery Mall	Commercial	Income approach	Tabuk	10.1% - 11.5%	137,754,000

Property Name	Property Type	Valuation Method	Location	Discount rate as of December 31, 2024 (Audited)	Fair Value as of December 31, 2024 (Audited)
Gallery Mall	Commercial	Income approach	Tabuk	10% - 11%	137,831,000

The right-of-use asset was appraised by two certified and licensed real estate valuers accredited by the Saudi Authority for Accredited Valuers ("Taqeem").

The Fund appointed two independent valuers to assess the right-of-use asset as of June 30, 2025, as follows:

	Accredited valuer	License Number
Esnad real estate valuation company	Almohaned Alhosami	1210000934
21 Century real estate valuation company and partner	Alwaleed Alzoman	1210000038

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b) Lease liabilities

The movement in lease liabilities is as follows:

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Balance at the beginning of the period / year	13,990,490	14,824,736
Paid during the period / year	(1,579,000)	(1,579,000)
Interest charged during the period / year	700,924	744,754
Total lease liabilities at the end of the period / year	13,112,414	13,990,490

Lease liabilities are classified as follows:

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Current portion	1,346,639	1,110,437
Non-current portion	11,765,775	12,880,053
Total lease liabilities	13,112,414	13,990,490

The weighted average borrowing rate applied to lease liabilities for the six-month period ended June 30, 2025 and for the year ended December 31, 2024 was 5.01%. The total interest expense on lease liabilities for the six-month period ended June 30, 2025 amounted to SR 700,924 (compared to SR 744,754 for the year ended December 31, 2024).

Right of use asset represents a lease liability of the Gallery Mall under a lease contract and payments were made fully in advance over the duration of the contract.

8. INVESTMENT PROPERTIES

a) The details of the investment properties are as follows:

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Investments in residential and commercial properties and land	1,778,095,000	1,778,095,000
Development costs	10,953,595	8,795,139
Accumulated depreciation	(173,512,183)	(156,948,770)
Accumulated impairment	(17,857,075)	(20,945,132)
	1,597,679,337	1,608,996,237

b) The movement in impairment of investment properties is as follows:

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Balance at the beginning of the period / year	20,945,132	49,556,737
Reversal of impairment during the period / year	(3,088,057)	(17,034,355)
Disposals during the period / year	-	(11,577,250)
	17,857,075	20,945,132

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025**

(Expressed in Saudi Riyal)

c) The details of the movement in investment properties related to the fund are as follows:

	Residential and commercial properties*		
<u>June 30, 2025 (Unaudited):</u>	<u>Lands*</u>		<u>Total</u>
<u>Cost:</u>			
Balance at January 1, 2025	463,975,542	1,322,914,597	1,786,890,139
Additions during the period	-	2,158,456	2,158,456
Balance as at June 30, 2025	463,975,542	1,325,073,053	1,789,048,595
<u>Accumulated depreciation:</u>			
Balance at January 1, 2025	-	156,948,770	156,948,770
Charged for the period	-	16,563,413	16,563,413
Balance as at June 30, 2025	-	173,512,183	173,512,183
Net book value as at June 30, 2025	463,975,542	1,151,560,870	1,615,536,412
Accumulated Impairment			(17,857,075)
Balance as at June 30, 2025			1,597,679,337

	Residential and commercial properties*		
<u>December 31, 2024 (Audited):</u>	<u>Lands*</u>		<u>Total</u>
<u>Cost:</u>			
Balance at January 1, 2024	519,975,542	1,344,815,503	1,864,791,045
Additions during the year	-	2,049,094	2,049,094
Disposals during the year	(56,000,000)	(23,950,000)	(79,950,000)
Balance at December 31, 2024	463,975,542	1,322,914,597	1,786,890,139
<u>Accumulated depreciation:</u>			
Balance at January 1, 2024	-	126,895,269	126,895,269
Charge for the year	-	33,047,251	33,047,251
Disposals during the year	-	(2,993,750)	(2,993,750)
Balance at December 31, 2024	-	156,948,770	156,948,770
Net book value as of December 31, 2024	463,975,542	1,165,965,827	1,629,941,369
Accumulated Impairment			(20,945,132)
Balance at December 31, 2024			1,608,996,237

* The residential and commercial properties and lands mentioned and detailed in Note (9) are pledged to a local bank under a credit facilities agreement as of June 30, 2025 in the amount of SR 1,789,048,595 (December 31, 2024: SR 1,786,890,139), except for Akun warehouses.

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d) The details of investment properties are as follows:

June 30, 2025 (Unaudited)							
Property name	Property type	Property location	Acquisition and development cost	Accumulated depreciation	Accumulated Impairment	Net book value	Fair value
Palazzo Center	Retail	Riyadh	95,985,522	(7,679,697)	(17,857,075)	70,448,750	70,448,750
Al-Malqa Complex	Residential	Riyadh	324,485,843	(42,938,512)	-	281,547,331	296,537,500
Elite Center	Multiple use	Jeddah	164,000,000	(17,299,855)	-	146,700,145	160,175,500
Ahlan Court Center	Retail	Jeddah	71,750,000	(2,454,495)	-	69,295,505	70,828,500
Bin 2 Center	Multiple use	Jeddah	92,250,000	(9,500,391)	-	82,749,609	96,977,500
Vision Colleges (formerly known as Al-Farabi Colleges)	Educational	Riyadh	215,250,000	(21,889,925)	-	193,360,075	211,642,750
Vision Colleges Training Center (formerly known as Al-Farabi Colleges)	Educational	Riyadh	66,625,000	(4,830,433)	-	61,794,567	82,298,050
Elegance Tower	Offices	Riyadh	424,464,730	(39,922,653)	-	384,542,077	489,432,400
Vision Educational Colleges - Jeddah	Educational	Jeddah	107,500,000	(9,390,919)	-	98,109,081	98,458,350
Akun warehouses	Logistics	Jeddah	226,737,500	(17,605,303)	-	209,132,197	214,728,500
			1,789,048,595	(173,512,183)	(17,857,075)	1,597,679,337	1,791,527,800

Movement in impairment during the period is as follows:

Property name	Accumulated impairment at the beginning of the period	Reversal of impairment for the period	Accumulated impairment at the end of the period
Palazzo Center	(18,723,073)	865,998	(17,857,075)
Ahlan Court Center	(204,764)	204,764	-
Vision Educational Colleges - Jeddah	(2,017,295)	2,017,295	-
	(20,945,132)	3,088,057	(17,857,075)

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<u>December 31, 2024 (Audited)</u>							
Property name	Property type	Property location	Acquisition and development cost	Accumulated depreciation	Accumulated Impairment	Net book value	Fair value
Palazzo Center	Retail	Riyadh	95,632,500	(7,084,877)	(18,723,073)	69,824,550	69,824,550
Al-Malqa Complex	Residential	Riyadh	322,795,139	(39,519,427)	-	283,275,712	296,144,500
Elite Center	Multiple use	Jeddah	164,000,000	(15,951,814)	-	148,048,186	158,793,500
Ahlan Court Center	Retail	Jeddah	71,750,000	(2,263,236)	(204,764)	69,282,000	69,282,000
Bin 2 Center	Multiple use	Jeddah	92,250,000	(8,760,101)	-	83,489,899	96,197,500
Vision Colleges (formerly known as Al-Farabi Colleges)	Educational	Riyadh	215,250,000	(19,625,450)	-	195,624,550	210,074,900
Vision Colleges Training Center (formerly known as Al-Farabi Colleges)	Educational	Riyadh	66,625,000	(4,330,733)	-	62,294,267	81,346,700
Elegance Tower	Offices	Riyadh	424,350,000	(35,791,437)	-	388,558,563	487,372,600
Vision Educational Colleges - Jeddah	Educational	Jeddah	107,500,000	(8,217,055)	(2,017,295)	97,265,650	97,265,650
Akun warehouses	Logistics	Jeddah	226,737,500	(15,404,640)	-	211,332,860	212,010,000
			1,786,890,139	(156,948,770)	(20,945,132)	1,608,996,237	1,778,311,900

Movement in impairment during the period is as follows:

<u>December 31, 2024 (Audited)</u>	Accumulated impairment at the beginning of the year	Reversal of impairment for the year	Disposal during the year	Accumulated impairment at the end of the year
Property name				
B&Q Commercial Center (formerly known as Homeworks Center) *	(11,577,250)	-	11,577,250	-
Palazzo Center	(20,908,438)	2,185,365	-	(18,723,073)
Al-Malqa Complex	(1,841,904)	1,841,904	-	-
Ahlan Court Center	(3,749,283)	3,544,519	-	(204,764)
Vision Educational Colleges - Jeddah	(4,985,676)	2,968,381	-	(2,017,295)
Akun warehouses	(6,494,186)	6,494,186	-	-
	(49,556,737)	17,034,355	11,577,250	(20,945,132)

*On March 5, 2024, the property of the B&Q Commercial Center (formerly known as Home Works Center) was sold for SR 87.6 million, with the pledge on the property being released. The average valuation by accredited valuers for the year ending December 31, 2023, was also relied upon.

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The following are the major assumptions used in determining the fair value of investment properties as at June 30, 2025:

Property Name	Valuation Method	Discount rate
Palazzo Center	Income approach	9% - 10.3%
Al-Malqa Complex	Income approach	9.7% - 10%
Elite Center	Income approach	9.4% - 10%
Ahlan Court Center	Income approach	9.5% - 10%
Bin 2 Center	Income approach	8.75% - 12%
Vision Colleges (formerly known as Al-Farabi Colleges)	Income approach	9.3% - 9.5%
Vision Colleges Training Center (formerly known as Al-Farabi Colleges)	Income approach	9.8% - 10%
Elegance Tower	Income approach	9.7% - 10%
Vision Educational Colleges - Jeddah	Income approach	9.3% - 9.5%
Akun warehouses	Income approach	9.8% - 10%

The investment properties were appraised by two certified and licensed real estate valuers accredited by the Saudi Authority for Accredited Valuers ("Taqeem").

The Fund appointed two independent valuers to assess the right-of-use asset as of June 30, 2025, as follows:

	Accredited valuer	License Number
Esnad real estate valuation company	Almohaned Alhosami	1210000934
21 Century real estate valuation company and partner	Alwaleed Alzoman	1210000038

IMPACT OF NET ASSETS VALUE IF INVESTMENT PROPERTIES AT FAIR VALUE

In accordance with Article 35 of the Real Estate Investment Funds Regulation issued by the Capital Market Authority in the Kingdom of Saudi Arabia, the fund manager evaluates the fund's assets based on the average of two appraisals conducted by independent valuers. As stated in the fund's terms and conditions, the reported net asset value is based on the market value obtained. However, in accordance with IFRS 40, the fund has chosen to use the cost method, where investment properties are recorded at cost less accumulated depreciation and impairment, if any, in these interim condensed financial statements. Accordingly, the fair value is disclosed for illustrative purposes and has not been recognized in the fund's books.

a) The fair value of investment properties and right of use asset consist of the following:

	As at June 30, 2025	As at December 31, 2024
	(Unaudited)	(Audited)
Cost of investment properties and right of use asset	1,977,926,346	1,975,710,786
Accumulated depreciation	(237,220,013)	(215,481,867)
Net value of investment properties and right of use asset	1,740,706,333	1,760,228,919
Change in fair value	188,575,467	155,913,981
Fair value of investment properties and right of use asset	1,929,281,800	1,916,142,900

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b) Net equity attributable to unitholders at fair value method consists of the following:

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Equity attributable to unitholders	1,034,041,045	1,045,723,564
Unrealized gains from revaluation	206,432,542	176,859,113
Net asset at fair value	1,240,473,587	1,222,582,677

c) Net equity per unit at fair value (affected by fair value of investment properties and right of use asset):

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Equity per unit (SR per unit)	7.3332	7.4160
Unrealized gains from revaluation per unit (SR per unit)	1.4639	1.2543
Net equity per unit - (SR per unit) at fair value	8.7971	8.6703

9. CREDIT FACILITIES

On January 8, 2019, a credit facilities agreement was signed between the fund and a local bank to obtain a bank loan amounting to SR 737.5 million as of June 30, 2025 (December 31, 2024: SR 737.5 million). This facility was primarily obtained under a financing agreement for the fund. The facility is secured by rental collections, with residential, commercial properties, and land mortgaged to the bank. These facilities is charged with financing fees based on prevailing rates in the Saudi interbank lending market (6-month SIBOR + 2.25% - 2.50% annually) and is due for repayment 5 years from the start of the facility. On December 26, 2023, a modification and restructuring agreement for the credit facilities was signed, extending the repayment period by an additional 6 years, due on September 7, 2031. The transfer fee was amended to (6-month SIBOR + 1.65%), as described in the loan agreement. The fund has financial covenants with the bank, including the debt-to-equity ratio and the profit service coverage ratio, and the fund has complied with all these covenants as of June 30, 2025, and December 31, 2024. Additionally, an extra provision for an overdraft facility of SR 30 million was added to the maximum limit of SR 1 billion.

The fund has hedging agreements with local banks to fix the profit margin of the utilized facilities in order to protect the fund from fluctuations in the profit margin during the term of these facilities. These agreements resulted in gains from the settlement of the interest rate swap instrument, which were recorded under finance costs in the statement of profit or loss, as mentioned in Note (12).

10. SHARIA COMPLIANCE

The Fund operates in accordance with the provisions of Sharia law, as determined by the Sharia advisor. The Sharia advisor has reviewed the Fund's public offering document and confirmed that it is in compliance with Sharia provisions.

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11. DIVIDENDS

The Fund's Board of Directors approved to distribute dividends and the details of these distributions are as follows:

Approval Date	Dividends for the period	Amount per Unit	Total (SR)
June 30, 2025:			
January 29, 2025	October 1, 2024 to December 31, 2024	0.105	14,805,929
April 29, 2025	January 1, 2025 to March 31, 2025	0.105	14,805,929
			<u>29,611,858</u>
June 30, 2024:			
January 31, 2024	October 1, 2023 to December 31, 2023	0.105	14,805,929
April 30, 2024	January 1, 2024 to March 31, 2024	0.105	14,805,929
			<u>29,611,858</u>

12. HEDGING AGREEMENTS

On November 19, 2019, the fund entered into a profit rate swap agreement with a nominal value of SR 340 million with Banque Saudi Fransi to fix the margin on the facilities at a fixed profit rate of 4.69%. The contract became effective on January 31, 2020. The purpose of the contract was to manage the fund's cash flow risks associated with the profit rate. The contract expired on January 10, 2024.

On July 27, 2021, a "Sharia Compliant Hedging Agreement" was signed with Al-Rajhi Bank to fix the profit margin of the facilities used in the first additional offering for the amount of SR 397.5 million at a fixed rate of 4.44%. The purpose of the hedging facility is to protect the Fund from rate fluctuations during the financing term from September 1, 2021 to September 7, 2025. On March 12, 2025, the terms of this agreement were amended. See the paragraph below.

On October 30, 2024, a Sharia-compliant hedging agreement was signed with Al Rajhi Bank for an amount of SR 170 million, representing 50% of the facilities used in the initial offering, to fix the SIBOR rate at a fixed rate of 5.04%. This agreement aims to protect the fund from fluctuations in the SIBOR rate during the term of these facilities, from February 4, 2025, to February 4, 2030.

On March 12, 2025, a Sharia-compliant hedging agreement was signed with Al Rajhi Bank for an amount of SR 567.5 million, representing the remaining 50% of the facilities used in the initial offering of SR 170 million in additions to amounted of SR 397.5 million, which representing 100% of the first additional offering, to fix the SIBOR rate at a fixed rate of 4.96%. This agreement aims to protect the fund from fluctuations in the SIBOR rate during the term of these facilities, from February 24, 2025, to February 24, 2030.

The valuation price of these agreements was not recorded based on market prices to reflect their current market value as of June 30, 2025, as management believes the impact is not material to the interim condensed financial statements as of June 30, 2025.

13. LAST VALUATION DATE

The last date for valuation during the period is June 30, 2025.

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14. RISK MANAGEMENT

The Fund's activities are exposed to various financial risks, and these risks include: market risk (including currency risk, fair value risk and cash flow interest rate risk and price risk), credit risk and liquidity risk. The Fund's overall risk management program focuses on the unpredictability of financial market conditions and seeks to minimize potential adverse effects on the Fund's financial performance.

a) Market risk**Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund's transactions are mostly in Saudi Riyal.

Fair value and cash flow interest rate risk

Fair value and cash flow interest rate risk are the exposures to various risks related to the effect of fluctuations in market interest rates on the financial position and cash flows of the Fund, and the Fund entered into hedging and interest rate swap agreements to mitigate these risks (Note 12).

Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. Whether these fluctuations were a result of variable factors of the instrument or its source or any other factors affecting all instrument in the market. The Fund is not subject to price risk.

b) Credit risk

Credit risk is the risk that one party will fail to fulfill an obligation and cause the other party to suffer a financial loss. The Fund is exposed to the risk of credit-related losses that may occur as a result of the inability or unwillingness of the counterparty or issuer to fulfill its obligations. The Fund is exposed to credit risk on its bank balances, accounts receivable, due from a related party, and other debit balances.

A provision for credit losses is maintained and sufficient at the management's discretion to cover potential losses of arrears receivables. At the date of each financial reporting, bank balances are assessed as to whether they involve low credit risks as they are held by reputable financial institutions with a high local bank credit rating, and there is no history of delay on any of the bank balances. Therefore, the likelihood of default is based on forward-looking factors and any loss of resulting from default are consider negligible. As of the reporting date, there are no past-due payment obligation.

Due from a related party and other debit balances are unsecured, non-interest-bearing, and have no fixed repayments. There are no past-due balances from related parties as of the reporting date, it was overdue, taking into account the historical experience of default and the future of the industries in which the related parties operate. The management considers that the related parties balances are not impaired.

When calculating the provision for expected credit losses for receivables and due from a related party, a provision matrix is used based on historical loss rates over the expected lifetime of the receivables, adjusted for future estimates.

The Fund's maximum undiscounted exposure to credit risks for the components of the financial position and the related expected credit loss is as follows:

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Cash and cash equivalents	93,333,932	108,023,128
Accounts receivable	19,626,417	11,793,506
Due from a related party	18,781	18,781

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c) Liquidity risk

Liquidity risk is the risk that an entity may encounter difficulties in securing the necessary liquidity to meet its financial instrument obligations. Liquidity risk may arise from the inability to sell a financial asset quickly and at a value close to its fair value. Liquidity risks are managed by periodically ensuring the availability of sufficient liquidity.

June 30, 2025 (Unaudited)	Book value	Less than one year	More than one year
<u>Non-derivative financial liabilities</u>			
Credit facilities	737,500,000	-	737,500,000
Due to related parties	5,467,871	5,467,871	-
Lease liabilities	13,112,414	1,346,639	11,765,775
Accrued expenses and other credit balances	46,175,665	46,175,665	-
	802,255,950	52,990,175	749,265,775

December 31, 2024 (Audited)	Book value	Less than one year	More than one year
<u>Non-derivative financial liabilities</u>			
Credit facilities	737,500,000	-	737,500,000
Due to related parties	5,917,440	5,917,440	-
Lease liabilities	13,990,490	1,110,437	12,880,053
Accrued expenses and other credit balances	56,383,473	56,383,473	-
	813,791,403	63,411,350	750,380,053

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**Fair value hierarchy**

The Fund uses valuation techniques that are appropriate under the prevailing circumstances and for which sufficient data is 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 fair value is measured or disclosed in the condensed interim financial statements are categorised within the fair value hierarchy as stated on note (5).

The Fund does not have any financial instruments measured at fair value.

16. OPERATING SEGMENTS

The Fund generates continuous rental income, in addition to the sale of an investment property during the six-month period ended June 30, 2024. All Fund operations are conducted in the Kingdom of Saudi Arabia. The Fund's operations are monitored by the Fund's management under one sector, therefore, no separate segment information is required.

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17. SUBSEQUENT EVENTS

- On July 29, 2025, the fund's Board of Directors approved a dividend distribution for the period from April 1, 2025, to June 30, 2025, amounting to SR 0.105 per unit, with a total of SR 14,805,929 to unitholders.
- On August 4, 2025, Alkhabeer Capital, in its capacity as Fund Manager of Alkhabeer REIT Fund (“the Fund”), announced the completion of selling its “Ahlan Court” property (“the Property”) located in Al-Andalus District, Jeddah. The transaction took place on Sunday August 3, 2025 following the Fund Board’s initial approval of the buyer’s offer and the Fund Manager’s completion of the necessary real estate valuations in accordance with Fund terms and conditions. The net selling price of the property amounted to SR 71,750,000 net of real estate transaction tax and brokerage fees which are borne by the buyer, with a term an amount of SR 14,000,000 from the current tenant of the property, in return for the tenant’s request to terminate the existing lease agreement prior to its expiration date. Accordingly, the total amount received from the property on behalf of the Fund is SR 85,750,000, Including the sale amount plus the compensation amount for contract termination.

18. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Fund Board of Directors for the period ended June 30, 2025 on Safar 14, 1447H (August 8, 2025).