MULKIA GULF REAL ESTATE REIT FUND
Closed Publicly Traded Listed Real Estate Investment Fund
Takes the Form of a Special Purpose Entity
(Managed by Mulkia Investment Company)

The Consolidated Financial Statements and Independent Auditor's Report

for the Year Ended 31 December 2024

MULKIA GULF REAL ESTATE REIT FUND
CLOSED PUBLICLY TRADED LISTED REAL ESTATE INVESTMENT FUND
TAKES THE FORM OF A SPECIAL PURPOSE ENTITY
(MANAGED BY MULKIA INVESTMENT COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

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PKF Al Bassam
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF MULKIA GULF REAL ESTATE REIT FUND
CLOSED PUBLIC TRADED LISTED REAL ESTATE INVESTMENT FUND

RIYADH, KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the MULKIA GULF REAL ESTATE REIT FUND (the "FUND") and its subsidiaries (collectively referred to as the "Group") as at 31 December 2024, and its consolidated financial performance and its consolidated 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 consolidated financial statements of the group, which comprise of the following:

- The consolidated statement of financial position as at 31 December 2024;
- The consolidated statement of profit or loss and other comprehensive income for the year then ended;
- The consolidated statement of changes in Net assets attributable to unitholders for the year then ended;
- The consolidated statement of cash flows for the year then ended, and;
- The notes to the consolidated financial statements, comprising material accounting policies / other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with Intenational Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent from the Group 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 consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PKF Al Bassam
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF MULKIA GULF REAL ESTATE REIT FUND
CLOSED PUBLIC TRADED LISTED REAL ESTATE INVESTMENT FUND

RIYADH, KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

KEY AUDIT MATTERS

Key Audit Matters	How our audit addressed the key audit matter
Impairment of investment properties	
MULKIA GULF REAL ESTATE REIT Fund owns a portfolio of investment properties located in the Kingdom of Saudi Arabia. Investment properties are held for capital appreciation and or rental yields, are stated at cost less accumulated depreciation and any accumulated impairment losses. Investment properties are re-measured for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss, if any, is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. For assessing the impairment of investment properties, 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 semiannual basis. We considered this as a key audit matter since the assessment of impairment requires significant judgment by the Fund manager and the potential impact of impairment if any, could be material to the financial statements. Please refer to the summary of significant accounting policies in Note ٥ relating to impairment of investment properties and significant accounting judgments, estimates and assumptions relating to impairment, and Note ١٠ relating to investment properties.	For impairment of investment properties, we have carried out the following audit procedures: - 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; - We assessed the independence of the external valuers 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; - Involved our specialist to assess the key assumptions and estimates, such as discount rate, capitalization rate, occupancy rate and growth rate, used by the real estate valuation experts in determining the fair values of the investment properties. - 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 except for certain properties, which had a material impairment impact and thus recorded by the Fund`s management; and - We reconciled the average fair value of the investment properties as per note 20 to the external valuers' reports.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF MULKIA GULF REAL ESTATE REIT FUND
CLOSED PUBLIC TRADED LISTED REAL ESTATE INVESTMENT FUND

RIYADH, KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Group but does not include the consolidated financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the concolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report of the Group, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA and Regulations for Companies and the Company's Bylaws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF MULKIA GULF REAL ESTATE REIT FUND
CLOSED PUBLIC TRADED LISTED REAL ESTATE INVESTMENT FUND

RIYADH, KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF MULKIA GULF REAL ESTATE REIT FUND
CLOSED PUBLIC TRADED LISTED REAL ESTATE INVESTMENT FUND

RIYADH, KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for direction, supervision and performance of group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For PKF Al Bassam Chartered Accountants

Ahmad Mohandis
Certified Public Accountant
License No. 477
Riyadh: 27 Ramadan 1446
Corresponding to: 27 March 2025

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

MULKIA GULF REAL ESTATE REIT FUND
CLOSED PUBLICLY TRADED LISTED REAL ESTATE INVESTMENT FUND
TAKES THE FORM OF A SPECIAL PURPOSE ENTITY
(MANAGED BY MULKIA INVESTMENT COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024
(Amounts in SAR)

	Note	31 December 2024	31 December 2023
Assets			
Cash and cash equivalent	6	**16,380,261**	14,649,213
Rent receivable, net	7	**27,103,085**	36,284,542
Accrued revenue		**9,800,749**	8,077,391
Murabaha deposits	8	**7,883,260**	-
Inventory		**254,283**	263,626
Prepaid expenses and other assets		**1,537,704**	1,323,727
Derivative financial instruments	9	**4,617,932**	3,914,886
Investment properties, net	10	**1,456,346,294**	1,246,064,263
Total assets		**1,523,923,568**	1,310,577,648
Liabilities			
Unearned rent revenue	11	**17,201,826**	13,250,305
Due to a related party	12	**28,211,406**	18,851,067
Accounts payable		**1,737,270**	2,479,135
Accrued expenses and other credit balances	13	**5,046,492**	6,540,110
Employee defined benefits plan obligation		**264,000**	153,000
Provision for the renovation of hotel assets		**1,955,661**	1,141,518
Zakat provision	14	**261,489**	353,573
Long-term financing	15	**697,929,308**	476,968,250
Total liabilities		**752,607,452**	519,736,958
Net assets attributable to Unitholders		**771,316,116**	790,840,690
Issued units (numbers)		**103,765,995**	103,765,995
assets value per unit – book value		**7.433**	7.621
assets value per unit – fair value		**8.604**	8.305

Mohamed Abdullatif Nawas Operations Manager	Omar bin Abdulkarim Alothaim CEO	Sultan Mohammed Alhudaithi Chairman of the Fund board

The accompanying notes (1) to (30) form an integral part of these consolidated financial statements.

MULKIA GULF REAL ESTATE REIT FUND
CLOSED PUBLICLY TRADED LISTED REAL ESTATE INVESTMENT FUND
TAKES THE FORM OF A SPECIAL PURPOSE ENTITY
(MANAGED BY MULKIA INVESTMENT COMPANY)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024
(Amounts in SAR)

	Note	For the year ended 31 December 2024	For the year ended 31 December 2023
Revenues			
Rental and operating revenue	16	**119,342,208**	113,469,987
Murabaha commission revenue		**520,711**	1,223,316
Other revenue		**107,651**	70,510
Total revenues		**119,970,570**	114,763,813
Expenses			
Financing charges	17	**(41,252,118)**	(37,498,756)
Depreciation of investment properties	10	**(20,673,344)**	(18,698,317)
Hotel operating costs	19	**(19,228,936)**	(18,801,295)
Fund management fees	12	**(14,665,526)**	(13,892,353)
Provision for expected credit losses	7	**(6,391,958)**	(15,318,819)
Reversal /(Impairment) of investment properties	10	**14,267,154**	(9,135,331)
Other expenses	18	**(7,019,178)**	(6,767,033)
Real estate operating costs		**(4,528,614)**	(5,721,166)
Finance structure fees		**(2,432,188)**	-
Dealing fees		**(2,262,500)**	-
Custodial fees		**(328,384)**	(328,787)
Total expenses		**(104,515,592)**	(126,161,857)
Net profit /(loss) for the year before Zakat		**15,454,978**	(11,398,044)
Zakat expense	14	**(316,478)**	(408,562)
Net Profit / (loss) for the year		**15,138,500**	(11,806,606)
Other comprehensive income			
Items that are subsequently reclassified to profit or loss			
Effective portion of changes in fair value of cash flow hedge	9	**651,918**	2,688,336
Items that are not subsequently reclassified to profit or loss			
Actuarial revaluation gain (loss) on employee benefits		**(34,554)**	-
Total other comprehensive income for the year		**617,364**	2,688,336
Total comprehensive (Loss)/ income for the year		**15,755,864**	(9,118,270)

Mohamed Abdullatif Nawas	Omar bin Abdulkarim Al Othaim	Sultan Mohammed Alhudaithi
Operations Manager	CEO	Chairman of the Fund board

The accompanying notes (1) to (30) form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS
FOR THE YEAR ENDED 31 DECEMBER 2024
(Amounts in SAR)

	Note	For the year ended 31 December 2024	For the year ended 31 December 2023
Net assets value, at the beginning of the year		**790,840,690**	600,229,358
Net (loss) / Profit for the year		**15,138,500**	(11,806,606)
Effective portion of changes in fair value of cash flow hedge	9	**651,918**	2,688,336
Actuarial revaluation gain (loss) on employee benefits		**(34,554)**	-
Total comprehensive (Loss) / income for the year		**15,755,864**	(9,118,270)
Dividends during the year	21	**(35,280,438)**	(38,461,449)
Proceeds from units issued during the year		**-**	238,191,051
Net assets value, at the end of the year		**771,316,116**	790,840,690

Unit transactions

Below is a summary of unit transactions for the year:

	For the year ended 31 December 2024 Units	For the year ended 31 December 2023 Units
Units at the beginning of the year	**103,765,995**	68,108,652
Issued units during the year	**-**	35,657,343
Units at the end of the year	**103,765,995**	103,765,995

Mohamed Abdullatif Nawas Operations Manager	Omar bin Abdulkarim Al Othaim CEO	Sultan Mohammed Alhudaithi Chairman of the Fund board

MULKIA GULF REAL ESTATE REIT FUND
CLOSED PUBLICLY TRADED LISTED REAL ESTATE INVESTMENT FUND
TAKES THE FORM OF A SPECIAL PURPOSE ENTITY
(MANAGED BY MULKIA INVESTMENT COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024
(Amounts in SAR)

	Note	**For the year ended 31 December 2024**	For the year ended 31 December 2023
Cash flows from operating activities			
Net (loss) / profit for the year before Zakat		**15,454,978**	(11,398,044)
Adjustments to reconcile net profit for the year before zakat:			
Depreciation of investment properties	10	**20,673,344**	18,698,317
Financing charges	17	**40,904,176**	37,254,755
Provision for expected credit losses	7	**6,391,958**	15,318,819
Write off of rent receivable	7	**-**	(3,387,831)
(Reversal)/ Impairment of investment properties	10	**(14,267,154)**	9,135,331
Murabaha Commission Income		**(520,711)**	(1,223,316)
Derivative contracts profit		**(51,129)**	(919,836)
Provision for end of service benefits employees		**162,000**	65,691
Amortization of financing costs	17	**347,942**	244,001
Provision for the renovation of hotel assets		**814,143**	725,862
		69,909,547	64,513,749
Change in operating assets and liabilities			
Inventory		**9,343**	(23,915)
Rent receivable	7	**2,789,499**	(13,882,423)
Accrued revenue		**(1,723,358)**	4,088,610
Prepaid expenses and other assets		**(213,977)**	3,738,576
Unearned rent revenue		**3,951,521**	(2,291,363)
Due to a related party		**9,360,339**	8,218,281
Accounts payable		**(741,865)**	(96,534,808)
Accrued expenses and other credit balances		**(1,493,618)**	(89,376)
Cash flows generated from / (used in) operating activities		**81,847,431**	(32,262,669)
Zakat paid	14	**(408,562)**	(1,096,528)
Employee benefits paid		**(85,553)**	(100,841)
Net cash generated from / (used in) operating activities		**81,353,316**	(33,460,038)
Cash flows from investing activities			
Investment properties settlements	10	**-**	(603,775)
Paid purchase/development of investment properties	10	**(216,688,221)**	-
Murabaha Placements		**(7,700,000)**	-
Murabaha commission income proceeds		**299,874**	1,192,533
Murabaha commission income payable		**37,577**	30,783
Net cash (used in) / generated from investing activities		**(224,050,770)**	619,541

The accompanying notes (1) to (30) form an integral part of these consolidated financial statements.

MULKIA GULF REAL ESTATE REIT FUND
CLOSED PUBLICLY TRADED LISTED REAL ESTATE INVESTMENT FUND
TAKES THE FORM OF A SPECIAL PURPOSE ENTITY
(MANAGED BY MULKIA INVESTMENT COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024
(Amounts in SAR)

	Note	For the year ended 31 December 2024	For the year ended 31 December 2023
Cash flows from financing activities			
Proceeds from long-term financing	15	**215,000,000**	-
Repayment of long-term financing	15	**(34,538,560)**	(148,510,457)
Paid financing cost		**(752,500)**	-
Dividends	21	**(35,280,438)**	(38,461,449)
Proceeds from units issued		**-**	214,430,886
Net cash generated from financing activities		**144,428,502**	27,458,980
Net change in cash and cash equivalent		**1,731,048**	(5,381,517)
Cash and cash equivalent at the beginning of the year	6	**14,649,213**	20,030,730
Cash and cash equivalent at end of the year	6	**16,380,261**	14,649,213

		For the year ended 31 December 2024 SAR	For the year ended 31 December 2023 SAR
Non-cash transactions			
Effective portion of changes in fair value of cash flow hedge	9	**651,918**	2,688,336
Actuarial revaluation loss on employee benefits		**(34,554)**	-
In-kind subscription through investment properties		**-**	23,760,165

Mohamed Abdullatif Nawas	Omar bin Abdulkarim Alothaim	Sultan Mohammed Alhudaithi
Operations Manager	CEO	Chairman of the Fund board

The accompanying notes (1) to (30) form an integral part of these consolidated financial statements.

1- THE FUND AND ITS ACTIVITIES

Mulkia Gulf Real Estate REIT Fund ("the Fund") is a Sharia-compliant closed publicly-traded real estate investment Fund. The main objective of the Fund is to acquire pre-developed real estate properties to obtain regular rental income, or under construction no more than 25% of the total value of the Fund's assets, and distribute a minimum of 90% of the Fund's net income to unitholders during the lifetime of the Fund at least once annually within 90 days after the financial year-end which ends on December 31.

The Fund started its operations on 16 Safar 1439 H (corresponding to 5 November 2017).

During 2020, additional units were issued for in-kind subscriptions, as the number of issued units reached 8,108,652 units, and the price per unit was 9.94 Saudi riyals, as the total proceeds from issuing units amounted to 80,600,000 Saudi riyals.

During 2021, the Fund's Board of Directors and the Capital Market Authority issued approval for a non-fundamental change in the Fund, which is (completing the procedures for converting the Mulkia Gulf Real Estate REIT Fund into a Closed Publicly Traded Listed Real Estate Investment Fund that takes the form of a special purpose entity (SPE)).

During 2023, additional units were issued for in-kind and cash subscriptions, as the number of issued units reached 35,657,343 units, and the price per unit was 6.68 Saudi riyals, as the total proceeds from issuing units amounted to 238,191,051 Saudi riyals.

The Fund is managed by Mulkia Investment Company. The books and records of the Fund shall be maintained in Saudi Riyals.

The address of the Fund Management is:
Mulkia Investment Company, Prince Muhammad Bin Abdulaziz Road - Al-Olaya area, P.O. Box 52775 - Riyadh 11573, KSA.
These consolidated financial statements include the information of Mulkia Gulf real estate REIT Fund and its following subsidiaries (Group) as at 31 December 2024:

Name of subsidiary	Principal Activity	Country	Percentage of Ownership Interest and Voting Power Held
Aljada Hotel Company	Hotel management	KSA	100%

During the month of February 2022, the Fund acquired Aljada Hotel Company (a limited liability company registered in the city of Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010595498 (dated 17/01/1441 H corresponding to 16/09/2019). The main activity of the company is represented in activities and services of providing accommodation and restaurants for short-term living.

2- REGULATING AUTHORITY

The Fund is governed by the Real Estate Investment Funds Regulation (the "Regulation") published by CMA on 12 Rajab 1442H (corresponding to 24 February 2021), detailing requirements for all real estate Funds and all traded Funds within the Kingdom of Saudi Arabia.

3- BASIS OF PREPARATION

3-1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (Collectively referred to as "International Financial Reporting Standards that are endorsed in Kingdom of Saudi Arabia").

Assets and liabilities are presented in the statement of financial position in order of liquidity.

3-2 Basis of Measurement, Functional Currency, And Presentation Currency

These consolidated financial statements have been prepared on a historical cost principle and on the accrual and going concern basis. Another basis is used if the International Financial Reporting Standards require the use of another measurement, as indicated in the fundamental policies below **.**The consolidated financial statements are presented in Saudi Riyals being the functional and presentation currency for the Fund.

3-3 Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and contingencies. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period, are described below. REIT based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of REIT. Such changes are reflected in the assumptions when they occur.

<u>Judgments</u>

Going Concern

The Fund's management conducted an assessment of the group's ability to continue carrying out its business according to the going concern principle. The Fund's management is convinced that it has the necessary resources to continue its business in the foreseeable future. Also, the Fund's management does not have any material uncertainties that may affect the Fund's ability to continue its business. Accordingly, these consolidated financial statements have been prepared according to the going concern principle.

3- BASIS OF PREPARATION (CONTINUED)

3-3 Significant accounting judgments, estimates and assumptions(continued)

<u>Judgments</u> (Continued)

Basis of consolidation

Subsidiaries

Subsidiaries are all entities controlled by the Fund. Although the Fund is an investment entity, the financial statements have been consolidated with the subsidiaries, as the main purpose of acquiring these companies is to provide services related to the investment activities of the REIT. Control is achieved when the Fund has rights to the returns, from its involvement in the investee and has the ability to affect those returns through its control over the investee. Specifically, the Fund controls an investee if, and only if, the Fund has all the following:

- the control in the investee (i.e., the existing rights granting the ability to direct the activities of the investee);
- Exposure to or entitlement to variable returns from its investment in the investee;
- The ability to exert influence on its returns through its control in the investee.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Fund has less than the majority of the voting rights in an investee, the Fund considers all relevant facts and circumstances in assessing whether it has control over the investee, including:

- the contractual arrangements with the other voting rights holders in the investee.
- rights arising from other contractual arrangements; and
- the Fund's voting rights and potential voting rights.

The Fund re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes in one or more of the three elements of control. Consolidation of a subsidiary begins when the Fund obtains control over the subsidiary and ceases when the Fund loses control over the subsidiary. Subsidiaries are fully consolidated from the date on which control is transferred to the Fund and de-consolidated from the date that control ceases.

Accounting for business combinations involving entities or businesses under joint control

Accounting for business combinations involving entities or businesses under joint control is outside the scope of IFRS 3 "Business Combinations". In the case of an absence of specific guidance in IFRS, management uses its judgement in developing and applying an accounting policy that is relevant and reliable. In making that judgement, the management may also consider the most recent pronouncements by other standard-setters that use a similar conceptual framework to develop accounting standards, to the extent that these do not conflict with the IFRS Framework or any other IFRS or Interpretations. Several such entities have issued guidance, and some allow the pooling of interests method in accounting for business combinations involving entities under joint control.

The management has adopted the pooling of interests method to account for the business combinations of entities under joint control. This method involves the following:

- The assets and liabilities of the combined entities are reported at their carrying values (not fair value).
- No new goodwill is recognized as a result of combination. And if there is goodwill arising from the difference between the consideration paid and the equity acquired it is reported directly in the equity.
- The consolidated statement of profit or loss of the combined entities presents the results of the full year irrespective of when the combination took place.

3- BASIS OF PREPARATION (CONTINUED)

3-3 Significant accounting judgments, estimates and assumptions (Continued)

Accounting for business combinations involving entities or businesses under joint control (Continued)

Transactions eliminated on consolidation

Intercompany transactions, balances and unrealized profits or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries are changed, if necessary, to ensure consistency with the policies adopted by the Group.

Estimates

Valuation of investment property

Impairment occurs when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its present value. The fair value less cost to sell calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs for disposing of the asset. The present value calculation is based on a discounted cash flows model. The cash flows are derived from the budget for the assets’ useful lives and do not include restructuring activities that the Fund is not yet committed to or significant future investments that will enhance each assets performance of the cash-generating unit being reviewed. The recoverable amount is sensitive to the discount rate used for the discounted cash flows model as well as the discounted future cash inflows and the growth rate used for cash flows expectations purposes.

Impairment of non-financial assets

The carrying amounts of the non-financial assets are reviewed at the end of each reporting date or more frequently to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.
An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using the pre-tax discount rate that reflects the current market assessments of present value of money and the asset's risks. The fair value less cost to sell is based on observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets are available, then based on discounted future cash flows accountings.

Residual and useful lives of investment property

The REIT’s management determines the estimated useful lives of investment properties for calculating depreciation. These estimates are determined after considering the expected usage of the assets or the depreciation to which these assets are exposed. Management reviews the salvage value and useful lives annually and annual depreciation charge would be adjusted where the management believes the useful lives differed from previous estimates.

3- BASIS OF PREPARATION (CONTINUED)

3-3 Significant accounting judgments, estimates and assumptions (Continued)

Expected credit losses

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior. A number of significant judgments are also required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Determining criteria for significant increase in credit risk.
- Choosing appropriate models and assumptions for the measurement of ECL.
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing Fund of similar financial assets for the purposes of measuring ECL.

Asset renovation provision

The provision is formed according to hotel management standards, whereby a percentage of the hotel's total revenue is reserved as follows:
1% until the end of the second full year
2% from the third to the fourth full year
3% from the fifth year until the sixth full year
4% from the seventh to the ninth full year
5% from the full tenth year onwards

Employee defined benefits plan obligations

Post-employment defined benefits and the current value of those benefits are determined actuarial valuations. Actuarial valuation include further assumptions regarding variables are required such as discount rates, rate of salary increase and return on assets, mortality rates, increase in future pensions. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit liability is highly sensitive to changes in these assumptions. All actuarial assumptions are reviewed at the date of every statement of financial position.

4- NEW STANDARDS, AMENDMENTS, AND INTERPRETATIONS

4.1 The following new amendments to standards, enlisted below, are effective from 1 January 2024 but they do not have a material effect on the Company's financial statements.

Amendments to standard	**Description**	**Effective from accounting period beginning on or after**	**Summary of amendment**
IAS 1	Classification of liabilities as current or non-current	January 1, 2024	The amendment has clarified o what is meant by a right to defer settlement, o that a right to defer must exist at the end of the reporting period, o that classification is unaffected by the likelihood that an entity will exercise its deferral right, and o that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of liability would not impact its classification.
IFRS 16	Leases on sale and leaseback	January 1, 2024	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
IAS 7 and IFRS 7	Supplier finance arrangements	January 1, 2024	These amendments require to add disclosure requirements to enhance transparency of supplier finance arrangements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

4- NEW STANDARDS, AMENDMENTS, AND INTERPRETATIONS (CONTINUED)

4.2 The Company has not applied the following amendment to IFRS that have been issued but are not yet effective:

Amendment s to standard	Description	Effective from accounting period beginning on or after	Summary of amendment
IAS 21	Lack of Exchangeability	January 1, 2025	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments introduce new disclosures to help financial statement users assess the impact of using an estimated exchange rate.
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026	These amendments clarify financial assets and financial liabilities are recognized and derecognized at settlement date except for regular way purchases or sales of financial assets and financial liabilities meeting conditions for new exception. The new exception permits companies to elect to derecognize certain financial liabilities settled via electronic payment systems earlier than the settlement date. They also provide guidelines to assess contractual cash flow characteristics of financial assets, which apply to all contingent cash flows, including those arising from environmental, social, and governance (ESG)-linked features. Additionally, these amendments introduce new disclosure requirements and update others.
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	IFRS 18 replaces IAS 1, which sets out presentation and base disclosure requirements for financial statements. The changes, which mostly affect the income statement, include the requirement to classify income and expenses into three new categories – operating, investing and financing – and present subtotals for operating profit or loss and profit or loss before financing and income taxes. Further, operating expenses are presented directly on the face of the income statement – classified either by nature (e.g. employee compensation), by function (e.g. cost of sales) or using a mixed presentation. Expenses presented by function require more detailed disclosures about their nature. IFRS 18 also provides enhanced guidance for aggregation and disaggregation of information in the financial statements, introduces new disclosure requirements for management-defined performance measures (MPMs)* and eliminates classification options for interest and dividends in the statement of cash flows.
IFRS 19	Subsidiaries without Public Accountability	January 1, 2027	IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

Management anticipates that these amendment will be adopted in the Company's financial statements as and when it is applicable and adoption of this amendments may have no material impact on the financial statements of the Company in the period of initial application.

5- SIGNIFICANT ACCOUNTING POLICIES / POLICY INFORMATION

Cash and cash equivalent
Cash and cash equivalent comprise cash at bank, time deposits, and highly-liquid investments with an original maturity of three months or less from the acquisition date.

Projects in progress
Projects in progress are stated at the cost representing construction works on the Fund's lands, including consultancy, demolition, site leveling, rock cutting, supervision, construction work and other costs related to the movable assets of the site and its readiness to work for its specified purpose. Which will be transferred to investment properties when ready for use.

Investment properties
Investment properties are non-current assets held either to earn rental income or for capital raise or for both, but not for sale in the ordinary course of operations, and are used in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost model on initial recognition and at cost less accumulated depreciation and impairment losses if any.

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

Any gain or loss on disposal of the investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in consolidated profit or loss and other comprehensive income. When investment property that was previously classified as property and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings. Cost includes expenditures that are directly attributable to the acquisition of the investment property. The cost of self - constructed investment property includes the cost of materials and direct labor, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

Depreciation of buildings is calculated according to the straight-line method based on their useful life, adopting the following ages:

Statement	Years
Buildings	40 years

The fair value of investment properties is disclosed in the notes to the consolidated financial statements.

Financial instruments

Financial Instruments - Initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized 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 amortized 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 amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

5- SIGNIFICANT ACCOUNTING POLICIES / POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

(i) Financial assets (Continued)

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

Financial assets measured at amortized cost
Financial assets at amortized cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Fund's financial assets at amortized 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 recognized 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 Fund of similar financial assets) is primarily derecognized (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.

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 recognize the transferred asset to the extent of the Fund's continuing involvement. In that case, the Fund also recognizes 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.

Impairment in the value of financial assets

Recognition of credit losses is no longer dependent on the Fund first identifying a credit loss event. Instead, the Fund considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, reasonable and supportable forecasts that affect the actual collectability of the future cash flows of the instrument.

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

- financial assets measured at amortized cost

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

The expected loss approach divides 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:

5- SIGNIFICANT ACCOUNTING POLICIES / POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

(i) Financial assets (Continued)

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

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

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

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

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

After the inputs to the model are adjusted for the above-mentioned macroeconomic scenarios, PD of each scenario is calculated and then weighted average PD based on the likelihood of scenarios is calculated. In the last step, a weighted average lifetime ECL based on the likelihood of the scenarios is determined.

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

Definition of default
In the above context, the Group considers default when:

- the customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Fund to actions such as realizing collateral (if any is held by the Group); or
- the customer is more than 360 days past due on any material credit obligation to the Group. As the industry norm suggests that such a period fairly represents the default scenario for the Group, this rebuts the presumption of 90 days mentioned in IFRS 9.

5- SIGNIFICANT ACCOUNTING POLICIES / POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

(i) Financial assets (Continued)

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

Derivative financial instruments and hedge accounting
The Fund uses derivative financial instruments, such as interest rate swaps, to hedge interest rate risk. These derivative financial instruments are initially recognized at fair value on the date the derivative contract is entered into and are subsequently re-measured 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.
Interest rate swaps are classified as cash flow hedges. The effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income within the cash flow risk hedge reserve, while any ineffective portion is recognized directly in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

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

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

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 amortized cost.

Subsequent measurement

Financial liabilities at amortized cost
This is the category most relevant to the Fund. After initial recognition, financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized 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 amortization is included as finance costs in the statement of profit or loss.

5- SIGNIFICANT ACCOUNTING POLICIES / POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)
ii) Financial liabilities (Continued)

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.

Financing
Financing 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.
Loans 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.
Loans 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.

Accounts payable and accruals
Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed or not by suppliers.

Zakat
Zakat is the obligation of the unitholders and therefore, no provision for such liability has been made in these financial statements except the subsidiary “Al-Jadah Hotels Company”.

For the subsidiary financial statement “Al-Jadah Hotels Company”, Zakat is provided for in accordance with the regulations of the General Authority of Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia. The Zakat charge is computed at year-end on Zakat base or adjusted net income whichever is higher. Changes to the assessment, if any, in the periods in which assessment is finalized.

Provisions
Provisions are recognized when the Fund has a present obligation (legal or constructive) as a result of a past event, the Fund will probably be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Net Assets Value
Net assets value per unit, as disclosed in the statement of net assets is calculated by dividing the net assets of the Fund by the numbers of units in issue as at the year-end.

5- SIGNIFICANT ACCOUNTING POLICIES / POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Managing company fees

Radisson Blu Hotels Company, Denmark is a limited company established in Denmark, commercial registration No. 73337712, and its headquarters is Radisson Blu Company - Radisson Blu Accounting Company, Bamajerg Stradvig 46-60, Copenhagen, Denmark. It was agreed that Radisson Blu Denmark Company will operate a hotel leased by Aljada Hotel Company, based in Riyadh, in the name of Radisson Blu Cordoba, in exchange for fees pursuant to the operating contract concluded in the international management agreement for the Radisson Blu Hotel Riyadh Cordoba between Mr. Abdul Aziz Muhammad Abdul Aziz Al Qasim, Mr. Ahmed Abdullah Othman Al Salama as the first party and Radisson Blu Hotels Denmark.

The management fees were as follows:

A- The basic fee is 1.75% of total revenues.
B- Managment fees: Calculated as a specific percentage of the total operational account results out of total revenues.

The percentage of applicable Management fees that will be applied to the total gross operating profit from the beginning of the year to date according to the calendar quarter and the total fiscal year and will be settled by the end of the fiscal year.	Total operating profit as a percentage of total revenue for the same period.
N/A	less than 20%
4% of total operating profit	Greater than 20% up to 30%
5% of total operating profit	Greater than 30% up to 40%
6% of total operating profit	Greater than 40% up to 50%
8% of total operating profit	Greater than 50%

C- Marketing and sales fees are 2.5% of the total room revenues.

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- SIGNIFICANT ACCOUNTING POLICIES / POLICY INFORMATION (CONTINUED)

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 categorization (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 above

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.

Revenue recognition – IFRS 16

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 recognized on a straight-line basis over the lease term. When the Fund provides incentives to its tenants, the cost of incentives is recognized over the lease term, on a straight-line basis, as a reduction of rental income.

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

The Fund will fulfill the performance obligation and recognize revenues over time, if one of the following conditions is met:

- That the client receives the benefits provided by the Fund's performance and consumes them at the same time while the Fund is performing, or
- The Fund's performance creates or improves an asset that the client controls when the asset is created or improved,or
- The Fund's performance does not create an asset with an alternative use to the Fund, and the Fund has an enforceable right to receive the value of performance completed to date.

5- SIGNIFICANT ACCOUNTING POLICIES / POLICY INFORMATION (CONTINUED)

Revenue recognition – IFRS 16 (continued)

Rental revenue from lease of investment properties "As a lessor" (continued)

For performance obligations where one of the above conditions is not met, revenue is recognized at the time the performance obligation is satisfied. When the Fund satisfies a performance obligation by providing the promised services, it creates a contract-based asset in the value of the consideration earned from the performance. If the amount billed to the customer exceeds the amount of revenue recognized, this creates contract liabilities. Revenue is measured at the fair value of the consideration received or receivable after considering the specific contractual payment terms.

The specific recognition criteria described below must also be met before revenue is recognised:

- Sale of investment properties
Revenue from the sale of investment properties is recognized when the significant risks and benefits have been transferred under a legal title deed or under a legal declaration binding on the ownership of the buyer, and when there is a possibility of collecting the consideration and the possibility of measuring the amount of revenue reliably.

- Rental income
Rental income arising from operating lease contracts for investment properties is recognized, net after discount, according to the terms of the lease contracts over the lease term using the straight-line method, except if the alternative basis is more representative of the pattern under which the benefits derived from the leased asset are curtailed.

Revenue recognition – IFRS 15

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

Step l. Identify the contract with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Fund expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Fund will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Fund expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

The Fund satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:
• The customer simultaneously receives and consumes the benefits provided by the Fund's performance as the Fund performs; or
• The Fund's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
• The Fund's performance does not create an asset with an alternative use to the Fund and the Fund has an enforceable right to payment for performance completed to date.

5- SIGNIFICANT ACCOUNTING POLICIES / POLICY INFORMATION (CONTINUED)

Revenue recognition – IFRS 15 (continued)

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

The specific recognition criteria described below must also be met before revenue is recognised:

- Hotel operating revenues
Revenue from hotel services consists of revenue from rooms, food and beverages and other related services provided. Revenue is recognized net of discounts, applicable taxes and municipality fees on an accrual basis when those services are provided in accordance with IFRS 15.

- Other income
Income is recognized when satisfies performance obligations.

Expenses
Expenses including property management fees, fund management fees, custodian fees and other fees are recorded on accrual basis.

Borrowing costs
Borrowing costs directly attributable to the construction of qualifying assets are added to the cost of those assets until the assets are substantially ready for their intended use. Otherwise, these costs are charged to the statement of profit or loss.

Foreign Currencies
Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of profit or loss.

6- CASH AND CASH EQUIVALENT

	31 December 2024	31 December 2023
Cash in banks	**3,442,684**	6,818,430
Murabaha deposits with original maturity 3 months or less (Note 8)	**12,937,577**	7,830,783
	16,380,261	14,649,213

Cash and cash equivalent are deposited with a local bank with a good credit rating. The book value disclosed above approximates the fair value at the date of the consolidated statement of financial position.

7- RENT RECEIVABLE, NET

	31 December 2024	31 December 2023
Rent receivable	**62,020,387**	64,809,886
Less:		
Provision for expected credit losses	**(34,917,302)**	(28,525,344)
	27,103,085	36,284,542

The movement in the expected credit losses is as of 31 December as follows:

	31 December 2024	31 December 2023
Balance at beginning of the year	**28,525,344**	16,594,356
Charge for the year	**6,391,958**	15,318,819
Write off during the year	**-**	(3,387,831)
Balance at end of the year	**34,917,302**	28,525,344

The aging analysis of receivables at the reporting dated is presented as follow:

	31 December 2024	31 December 2023
Not due yet	**8,165,145**	4,724,395
From 1 – 90 days	**5,834,285**	12,309,327
From 91 – 180 days	**10,847,040**	12,674,808
From 181 – 270 days	**1,382,854**	7,250,669
From 271 – 360 days	**4,188,177**	2,098,091
More than 360 days	**31,602,886**	25,752,596
Total	**62,020,387**	64,809,886

8- MURABAHA DEPOSITS

The Fund has made placements with a local bank having sound credit ratings as issued by rating agencies. The effective rate of return on these deposits ranges from 5% to 5.60%. The accrual income from Murabaha deposits as of December 31, 2024 amounted to 220,837 Saudi Riyals.

	31 December 2024	31 December 2023
Original maturity 3 months or less (Note 6)	**12,937,577**	7,830,783
Original maturity more than 3 months	**7,883,260**	-
	20,820,837	7,830,783

The remaining maturity of these Murabaha deposits are as follows:

<u>More than 3 months</u>
On August 1, 2024, the Fund entered into a short-term Murabaha agreement with Al Rajhi Bank for an amount of SAR 5,000,000 at a profit rate of 5.60% due on January 12, 2025, with a profit of SAR 128,333 accrual at the end of the deposit period. The profit accrual as of December 31, 2024 amounted to SAR 119,000.

On August 1, 2024, the Fund entered into a short-term Murabaha agreement with Al Rajhi Bank for an amount of SAR 2,700,000 at a profit rate of 5.60% due on January 12, 2025, with a profit of SAR 69,300 accrual at the end of the deposit period. The profit accrual as of December 31, 2024 amounted to SAR 64,260.

<u>For 3 months or less</u>
On November 13, 2024, the Fund entered into a short-term Murabaha agreement with Al Rajhi Bank for an amount of SAR 5,000,000 at a profit rate of 5.10% due on February 6, 2025, with a profit of SAR 60,917 accrual at the end of the deposit period. The profit accrual as of December 31, 2024 amounted to SAR 29,655.

On December 17, 2024, the Fund entered into a short-term Murabaha agreement with Al Rajhi Bank for an amount of SAR 2,700,000 at a profit rate of 5.00% due on February 6, 2025, with a profit of SAR 19,500 accrual at the end of the deposit period. The profit accrual as of December 31, 2024 amounted to SAR 5,625.

On December 29, 2024, the Fund entered into a short-term Murabaha agreement with Al Rajhi Bank in the amount of SAR 5,200,000 at a profit rate of 5.30% due on February 20, 2025, with a profit of SAR 41,340 accrual at the end of the deposit term. The profit accrual as of December 31, 2024 amounted to SAR 2,297.

On November 23, 2023, the Fund entered into a short-term Murabaha agreement with Al Rajhi Bank in the amount of 3,300,000 Saudi riyals, with a profit rate of 5.50%, due on February 5, 2024, with a profit of 37,308 Saudi riyals accrual at the end of the deposit period. The accrued profit as of December 31, 2023 amounted to 14,105 Saudi riyals.

On November 30, 2023, the Fund entered into a short-term Murabaha agreement with Al Rajhi Bank in the amount of 2,500,000 Saudi riyals, with a profit rate of 5.40%, due on February 5, 2024, with a profit of 25,125 Saudi riyals, due at the end of the deposit period. The accrued profit as of December 31, 2023 amounted to 11,625 Saudi riyals.

On December 14, 2023, the Fund entered into a short-term Murabaha agreement with Al Rajhi Bank in the amount of 2,000,000 Saudi riyals, with a profit rate of 5.35%, due on February 5, 2024, with a profit of 15,753 Saudi riyals, due at the end of the deposit period. The accrued profit as of December 31, 2023 amounted to 5,053 Saudi riyals.

9- DERIVATIVE FINANCIAL INSTRUMENTS

On 5 April 2022, the Fund entered into a commission rate ceiling agreement (Shariah compliant) with Al Rajhi Bank on its facility amounting to (100,000,000 Saudi Riyals). The commission rate ceiling agreement requires payment of a variable commission rate and SIBOR up to 3.71%. Thereafter, the Group will only pay a commission rate to maximum capping of 3.71%. The maturity date of the agreement is until 9 January 2028, as shown in the table:

Maturity date	Effective date	Hedging interest rate	Book value	Type	Loan (bank hedged for it)
9 Jan 2028	3 Aug 2022	Variable (SAIBOR for 6 months)	100,000,000	Bank facilities	Al Rajhi Bank facility

For hedging purposes, the profit rate ceiling is classified as a cash flow hedge. The fair value of derivative financial instruments is determined using valuation techniques based on observable market data. The fair values of derivative financial instruments are as follows:

	31 December 2024	31 December 2023
Commission rate derivative contracts - assets	**4,617,932**	**3,914,886**

The hedge effectiveness was assessed to be effective, and during the year ended 31December 2024, the unrealized net gain was 651,918 Saudi Riyals, which was included in the other comprehensive income statement (31 December 2023: 2,688,336 Saudi Riyals).

The amount of 3,646,967 Saudi Riyals indicated as a cash flow hedge reserve is expected to impact the profit or loss in future years, as of 31 December 2024, in the financial position statement.

10- INVESTMENT PROPERTIES, NET

	Lands	**Buildings**	**Work in progress**	**Total**
Cost				
As at 1 January 2024	**594,630,650**	**747,096,794**	**17,257,702**	**1,358,985,146**
Additions during the year*	**57,171,758**	**159,421,153**	**95,310**	**216,688,221**
As at 31 December 2024	**651,802,408**	**906,517,947**	**17,353,012**	**1,575,673,367**
Accumulated depreciation				
As at 1 January 2024	**-**	**(77,485,422)**	**-**	**(77,485,422)**
Charged to the year	**-**	**(20,673,344)**	**-**	**(20,673,344)**
As at 31 December 2024	**-**	**(98,158,766)**	**-**	**(98,158,766)**
Impairment of investment properties				
As at 1 January 2024	**(18,360,328)**	**(11,571,431)**	**(5,503,702)**	**(35,435,461)**
Reversal during the year	**7,890,546**	**5,301,103**	**1,075,505**	**14,267,154**
As at 31 December 2024	**(10,469,782)**	**(6,270,328)**	**(4,428,197)**	**(21,168,307)**
Net carrying amount as at 31 December 2024	**641,332,626**	**802,088,853**	**12,924,815**	**1,456,346,294**

10- INVESTMENT PROPERTIES, NET (CONTINUED)

	Lands	Buildings	Work in progress	Total
Cost				
As at 1 January 2023	594,630,650	747,893,598	15,857,123	1,358,381,371
Additions during the year	-	10,443,031	1,400,579	11,843,610
Adjustments during the year (Disclosure 13)	-	(11,239,835)	-	(11,239,835)
As at 31 December 2023	594,630,650	747,096,794	17,257,702	1,358,985,146
Accumulated depreciation				
As at 1 January 2023	-	(58,787,105)	-	(58,787,105)
Charged to the year	-	(18,698,317)	-	(18,698,317)
As at 31 December 2023	-	(77,485,422)	-	(77,485,422)
Impairment of investment properties				
As at 1 January 2023	(13,874,152)	(8,491,852)	(3,934,126)	(26,300,130)
Change during the year	(4,486,176)	(3,079,579)	(1,569,576)	(9,135,331)
As at 31 December 2023	(18,360,328)	(11,571,431)	(5,503,702)	(35,435,461)
Net carrying amount as at 31 December 2023	576,270,322	658,039,941	11,754,000	1,246,064,263

Investment properties are as follows:

- **West Avenue Building:** It is a commercial building (Mall) in Al-Faisaliah district, Dammam.
- **The Elite "Elite Mall":** A complex of restaurants, cafes and offices on Prince Abdulaziz Bin Musaed bin Jiluwi Road in Sulaymaniyah district in Riyadh.
- **Vivienda Complex** It is a hotel villas complex located in Prince Faisal bin Fahd bin Abdulaziz Road in, Al-Hada district, Riyadh.
- **Dinar Commercial Building:** It is a commercial building on Prince Sultan Road in the Al-Zahra District, Jeddah.
- **Teqnia Industrial Commercial Complex**: It is an industrial and commercial complex consisting of five auto maintenance centers, two auto showrooms, and a spare parts center located in the southeast of Riyadh.
- **Furnished apartments building in the Namudhajiya district**: It is a building licensed as a furnished "3-star" accommodation facility in A Namudhajiya District in Riyadh.
- **Al-Yasmeen Building**: It is a residential building on Al-Qadisiya Street in the Al-Yasmeen district, north of Riyadh.
- **Al-Sheraa district project**: It is a commercial two buildings project dedicated to restaurants and cafes in Al-Sheraa district, Jeddah. It is included in under-construction projects. Work is still ongoing to deliver public facilities to the property and complete necessary licenses. So there in no rent income from this property during the year.
- **Khamis Mushait Building**: It is two buildings dedicated to restaurants and cafes in Khamis Mushait city.
- **Obhur Building**: It is a restaurant in the city of Jeddah in the northern Obhur district.
- **Aljada Complex**: It is a commercial hotel property that includes a hotel operated by (RHG) under the five-star brand Radisson Blu, consisting of 104 rooms, 16 hotel villas, 24 commercial showrooms and 5 offices, with a total built-up area of 33,105.89 square meters.
- **Al-Maather Residential and Commercial Tower**
  It is a residential and commercial building in Riyadh, Al-Sulaymaniyah district, Al-Muather Road. The building area is 55,320.17 square meters. The property consists of 11 floors + upper annexes with a net of 205 rental residential units and 8 commercial showrooms.

10- INVESTMENT PROPERTIES, NET (CONTINUED)

All investment properties are properties held for the purpose of earning rental income and not for capital development.

Mulkia Real Estate's title deed are registered in the name of Tamdeen First For Real Estate Trading Company, which is a company established for the purpose of preserving and registering the Fund's assets based on Capital Market Authority Resolution ("CMA") No. 1/6/4902/17 dated 28 September 2017, as the title deed of all properties invested in the Fund have been mortgaged in favor of Al Rajhi Development Limited Company (a subsidiary of Al Rajhi Bank), with the exception of some Title deed related to Aljada Complex, which are No. 781912000112 and 381912000111, and - Al-Yasmeen Building title deed No. 460002995533 ,with a coverage rate of no less than 200% of the total facilities as a guarantee for the financing granted to the Fund, provided that the mortgage on these instruments is released after paying the full value of the loan from Al Rajhi Bank. (Note 15).

Investment properties are stated at historical cost. The fair value of investment properties was determined on the basis of the average of two market value valuations conducted by two appraisers (Note 20)

The fair valuable value as a whole is classified within the third level based on the evaluation methods used in the appreciation of the fair value and the relevant inputs. The fair value of the completed real estate is determined based on the cash flows and the direct capital method - the income style, where market trains are estimated to real estate in light Similar properties in the market. Operating expenses are estimated based on market averages and the valuer's knowledge. The capitalization rate used is applied by reference to the rates of return normally used for similar properties and locations, and is adjusted on the basis of the valuer's knowledge of the factors specific to the relevant properties (Note 23).

* During the year, an agreement was concluded to acquire Al-Maather Residential and Commercial Tower in Riyadh, at a value of SAR 200 million excluding all expenses related to the transfer of property ownership, to be paid by check to the owner of the property "the seller", provided that the buyer "the Fund" bears all expenses related to the transfer of property ownership, Title deeds 381968000267 and 981968000268 were placed in favor of the buyer "the Fund" and control was transferred in favor of the buyer "the Fund" on that date.

11- UNEARNED RENT REVENUE

Unearned rent income represents billed amounts on investment properties lease revenue and does not relate to the year ended 31 December 2024:

	31 December 2024	31 December 2023
Opening balance	**13,250,305**	15,541,668
Collections during the year	**73,624,234**	60,785,383
Earned during the year	**(69,672,713)**	(63,076,746)
Unearned of the year	**17,201,826**	13,250,305

12- RELATED-PARTY TRANSACTIONS

Related parties to the Fund comprise Unitholders, Fund Manager, members of the board of directors, and other Funds managed by the Fund Manager. In the ordinary course of business, the Fund transacts with related parties. The related parties' transactions are governed by the regulations issued by CMA. All transactions with the related parties are approved by the Fund's Board of Directors. The Fund pays the Fund Manager a management fee of 1 % per annum calculated on the net assets of the Fund after deducting expenses, to be calculated and paid half-yearly for the purpose of calculating management fees is based on the fair value of the investment properties. The Fund pays the following fees as well

- Capital structuring fees: The Fund Manager or any other party who arranges the capital structure charges the Fund a fee up to 1% of the total of any subscription amounts collected during future offering periods or upon collecting any other subscription amounts, whether in cash (by issuing priority rights) or in kind. The capital structuring fee is paid once, immediately after closing any capital-raising process.
- Finance structuring fees: The Fund Manager or any other party charges the Fund a financing structuring fee up to 1% of the total amount withdrawn under any bank facilities.
- Dealing fee: The Fund pays the Fund Manager a maximum of 1% of the sale or acquisition value of any real estate asset throughout the term of the Fund.

A) significant transactions with the related party during the year:

			amount of the transaction during the year ended	
Related party	**Relationship**	**Nature of transaction**	**31 December 2024**	31 December 2023
Mulkia Investment Company	Fund manager	Management fees	**(14,665,526)**	(13,892,353)
		Services provided fees	**(676,611)**	(748,962)
		Expenses paid on behalf	**(41,838)**	94,279
		Dividends	**(1,240,010)**	(980,398)
		Dealing fees	**(2,300,000)**	-
		Finance structure fees	**(2,472,500)**	-
Board of Directors	Board of Directors	Attendance allowance	**15,000**	30,000

B) The following are the balances due to the related party as follows:

Related party	**Relationship**	**31 December 2024**	31 December 2023
Mulkia Investment Company	Fund manager	**28,211,406**	**18,851,067**
		28,211,406	**18,851,067**

The unitholders who own more than 5% of the Fund's units as on 31 December 2023 are:
Gulf Real Estate Company
Mr. Khalid Abdulaziz Mohammad bin Nafjan

The unitholders' account as of 31December 2024 includes 3,647,087 units (31December 2023: 3,647,087 units) owned by Mulkia Investment Company (Fund manager).

13- ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	31 December 2024	31 December 2023
Accrued VAT	**1,460,154**	2,167,653
Accrued Employee Benefits and outside employment	**1,132,194**	1,028,807
Accrued expenses	**2,129,570**	2,932,213
Accrued professional and advisory fees	**110,100**	157,500
Other credit balances	**214,474**	253,937
	5,046,492	6,540,110

14- ZAKAT PROVISION

During the year 2021, the Zakat, Tax and Customs Authority approved the voluntary registration of real estate investment traded Funds. The Capital Market Authority announced the approval of a legal personality (special purpose entity) for investment Funds wishing to register with it to submit their declarations and receive zakat. The Capital Market Authority announced the adoption of an amendment to both the Investment Funds Regulations and the Real Estate Investment Funds Regulations, so that Fund managers wishing to obtain a special purposes facility license can apply to the Authority from the effective date of these regulations, 1 May 2021.

During the year 2023, the Fund stopped calculating Zakat, provided that Zakat is due from investors in accordance with Ministerial Resolution No. (29791) dated 05/09/1444 regarding the rules for collecting Zakat from investors in investment Funds. The amount generated during the year is represented in the Zakat of the subsidiary company "ALJADAH Hotels Company"

a) The principal elements of Zakat base are the following:

Zakat is calculated on the total amount or the minimum amount, whichever is higher, unless it exceeds the maximum amount, according to Articles 27 and 28.

b) Below is the movement in Zakat provision:

	31 December 2024	31 December 2023
Balance at the beginning of the year	**353,573**	**1,041,539**
Provided during the year	**316,478**	**408,562**
Paid during the year	**(408,562)**	**(1,096,528)**
Balance at the end of the year	**261,489**	**353,573**

c) Zakat Position

The subsidiary " AlJada Hotel company" submitted its due returns to the Zakat and Income Authority and obtained an empowerment certificate valid until April 30, 2025. As of the date of the financial statements, the company has not received any zakat assessments.

15- LONG –TERM FINANCING

On 29 December 2021, a credit facility (Shariah compliant) was obtained from Al Rajhi Bank in the amount of 600,000,000 Saudi riyals to finance the Fund's activities by guaranteeing the mortgage of most of the real estate Title deed invested in the Fund with a coverage rate of no less than 200% of the value of the total facilities (Note 10), provided that all Amounts due after seven years from the date of the first withdrawal.

On 5 April 2022, the Fund entered into a commission rate ceiling agreement (Shariah compliant) with Al Rajhi Bank (Disclosure 8).

On 19, March 2024, the Fund Manager announced that a facilities agreement had been signed with Al Rajhi Bank ("the Bank") with the aim of reducing the finance cost margin and increasing the limit of bank facilities granted to the Fund to finance capital expenditures and acquire new real estate assets in the interest of the unitholders. The most important provisions of the financing agreement are: raising the limit of bank facilities to SAR 750 million instead of SAR 600 million. Reducing the fixed portion of the finance cost to SIBOR profit margin +1.4%.

*The movement in the Bank financing is as follows:

	31 December 2024	31 December 2023
Balance at the beginning of the year	**477,913,350**	589,169,052
Withdrawal during the year	**215,000,000**	-
Paid during the year (Principle + Interest)	**(34,538,560)**	(148,510,457)
Financing burdens for the year* (Note 17)	**40,904,176**	37,254,755
	699,278,966	477,913,350
Less:		
Deferred financing costs	**(1,349,658)**	(945,100)
	697,929,308	476,968,250

*The movement in the Accrued Financing is as follows:

	31 December 2024	31 December 2023
Balance at the beginning of the year	**13,560,127**	11,778,978
Charged during the year (Note 17)	**40,904,176**	37,254,755
Paid during the year	**(34,538,560)**	(35,473,606)
Balance at the end of the year	**19,925,743**	13,560,127

16- RENTAL AND OPERATING REVENUE

	For year ended 31 December 2024	For year ended 31 December 2023
Investment property rental income	**78,635,053**	77,177,266
hotel operation Revenues	**40,707,155**	36,292,721
	119,342,208	113,469,987
Revenue is recognized:		
Point in time	**40,707,155**	36,292,721
Over the period	**78,635,053**	77,177,266
	119,342,208	113,469,987

17- FINANCING CHARGES

	For year ended 31 December 2024	For year ended 31 December 2023
Long-term bank financing (Note 15)	**40,904,176**	37,254,755
Amortization of deferred financing expenses	**347,942**	244,001
	41,252,118	37,498,756

18- OTHER EXPENSES

	For year ended 31 December 2024	For year ended 31 December 2023
Securities Depository Center Fees (Edaa)	**402,000**	400,000
Professional fees	**127,128**	150,700
Investment properties valuation expenses	**220,200**	192,000
Insurance expenses	**405,229**	366,355
Tadawul fees	**194,611**	199,344
Provision for the renovation of hotel assets	**814,143**	725,862
Marketing expenses	**1,173,276**	966,449
Capital increase expenses	**-**	1,465,324
Other	**3,682,591**	2,300,999
	7,019,178	6,767,033

19- HOTEL OPERATING COSTS

	For year ended 31 December 2024	For year ended 31 December 2023
Salaries and other equivalents	**4,687,699**	**4,232,025**
Allowances and incentives	**881,455**	**866,197**
Commissions	**4,443,909**	**3,804,737**
Food and beverage costs	**2,408,486**	**2,706,446**
Electricity and water	**724,341**	**807,691**
Tasks and consumables	**638,256**	**1,523,873**
Cleaning costs and other salaries	**753,568**	**639,495**
Operating leases	**384,069**	**411,541**
Maintenance contract costs	**1,359,984**	**1,606,905**
Medical insurance	**236,439**	**143,229**
Temporary employment	**1,080,434**	**1,243,748**
Governmental expenses	**619,397**	**512,885**
Other costs	**1,010,899**	**302,523**
	19,228,936	**18,801,295**

20- THE IMPACT ON NET ASSETS IF INVESTMENT PROPERTIES EVALUATED AT FAIR VALUE

According to the Real Estate Investment Funds Regulations issued by the Capital Market Authority in the Kingdom of Saudi Arabia, the Fund manager must value the Fund's assets based on the average of two valuations prepared by independent valuation experts. As indicated in the Fund's terms and conditions, the declared net asset value and management fees have been calculated based on the market value obtained. In accordance with International Financial Reporting Standards approved in the Kingdom of Saudi Arabia, investment properties are carried at cost less accumulated depreciation and any accumulated impairment losses (if any).

In 2024, The fair value of investment properties is determined by two appraisers: Barcode Asset Valuation Company (An independent valuer approved by the Saudi Authority for Accredited Valuers) License holder No. 1210000001 and Qiam and Partner Real Estate valuation Company (An independent valuer approved by the Saudi Authority for Accredited Valuers) License holder No. 1210000052.

In 2023, The fair value of investment properties is determined by two appraisers: Barcode Asset Valuation Company (An independent valuer approved by the Saudi Authority for Accredited Valuers) License holder No. 1210000001 and Valie Real Estate Valuation Company (An independent valuer approved by the Saudi Authority for Accredited Valuers) License holder No. 11000191

The evaluation of the appraisers of the investment properties was as follows:

	First Valuator	Second Valuator	Average
Fair value of investment properties as at 31 December 2024	**1,574,617,000**	**1,581,063,630**	**1,577,840,315**
Fair value of investment properties as at 31 December 2023	1,300,823,316	1,333,235,000	1,317,029,158

1- Below is a statement of the unrealized gains from properties that were identified based on real estate valuation processes (fair value) as follows:

	31 December 2024	31 December 2023
Fair value of investment properties	**1,577,840,315**	1,317,029,158
The net carrying amount of investment properties (Note 10)	**(1,456,346,294)**	(1,246,064,263)
Unrealized gains determined based on real estate valuation	**121,494,021**	70,964,895
Issued units	**103,765,995**	103,765,995
Unit share in unrealized gains based on real estate valuation	**1.171**	0.684

2- Below is the properties analysis of net assets using fair value:

	31 December 2024	31 December 2023
Net assets value at cost presented in these consolidated financial statements	**771,316,116**	790,840,690
Unrealized gains determined based on real estate valuation (Note 20-1)	**121,494,021**	70,964,895
Net assets value at fair value	**892,810,137**	861,805,585

3- Below is the analysis of net assets per unit using the fair value of properties:

	31 December 2024	31 December 2023
Net assets value per unit at cost presented in these consolidated financial statements	**7.433**	7.621
Impact on net assets value per unit as a result of unrealized gains determined based on real estate valuation (Note 20-1)	**1.171**	0.684
Net assets value per unit at fair value	**8.604**	8.305

21- DIVIDENDS

On January 16, 2024, the Fund Manager announced the distribution of cash dividends to the unitholders of the Mulkia Gulf Real Estate REIT Fund for the period ending January 29, 2024, in the amount of 10,376,598 Saudi Riyals.

On April 21, 2024, the Fund Manager announced the distribution of cash dividends to the unitholders of the Mulkia Gulf Real Estate REIT Fund for the period ending March 31, 2024, in the amount of 8,301,280 Saudi Riyals.

On July 17, 2024, the Fund Manager announced the distribution of cash dividends to the unitholders of the Mulkia Gulf Real Estate REIT Fund for the period ending June 30, 2024, in the amount of 8,301,280 Saudi Riyals.

On October 17, 2024, the Fund Manager announced the distribution of cash dividends to the unitholders of the Mulkia Gulf Real Estate REIT Fund for the period ending September 30, 2024, in the amount of 8,301,280 Saudi Riyals.

On 18 January 2023, the Fund manager announced the distribution of cash dividends to unitholders of the Mulkia Gulf Real Estate REIT Fund for the period ending on 31 December 2022, in the amount of 8,854,125 Saudi riyals.

On 11 April 2023, the Fund manager announced the distribution of cash dividends to unitholders of the Mulkia Gulf Real Estate REIT Fund for the period ending on 31March 2023, in the amount of 8,854,125 Saudi riyals.

On 17 July 2023, the Fund manager announced the distribution of cash dividends to unitholders of the Mulkia Gulf Real Estate REIT Fund for the period ending on30 June 2023, in the amount of 10,376,599 Saudi riyals.

On 16 October 2023, the Fund manager announced the distribution of cash dividends to unitholders of the Mulkia Gulf Real Estate REIT Fund for the period ending on 30 September 2023, in the amount of 10,376,600 Saudi riyals.

22- FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Below is information about the financial assets and financial liabilities held by the Fund:

	31 December 2024	31 December 2023
Financial assets at amortized cost		
Cash and cash equivalent	**16,380,261**	14,649,213
Rent receivable, net	**27,103,085**	36,284,542
Accrued revenue	**9,800,749**	8,077,391
Prepaid expenses and other assets	**1,537,704**	1,323,727
Murabaha Placements	**7,883,260**	-
Financial assets at fair value		
Assets of derivative contracts	**4,617,932**	3,914,886
	67,322,991	64,249,759
Financial liabilities measured at amortized cost		
Due to a related party	**28,211,406**	18,851,067
Accounts payable	**1,737,270**	2,479,135
Accrued expenses and other credit balances	**5,046,492**	6,540,110
Zakat provision	**261,489**	353,573
Long-term bank financing	**697,929,308**	476,968,250
	733,185,965	505,192,135

The Fund holds financial assets measured at fair value (Note 23).

23- FAIR VALUE OF FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES

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. Financial instruments consist of financial assets and financial liabilities.

The Fund follows the following hierarchy to determine the fair value of financial assets investment properties and to disclose them:

Level 1: Quoted prices in active markets for the identical property (without adjustment or addition).
Level 2: Quoted prices in an active market for similar assets and liabilities or other valuation techniques, which are all significant inputs based on observable market data.
Level 3: Valuation techniques where significant inputs are not based on observable market data

Assessing the fair value of investment properties within Level 3.

The table below presents the carrying amounts and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments. It does not include fair value information for financial assets that are not measured at fair value if the carrying amount reasonably approximates fair value.

	book value	**Fair value**		
31 December 2024		**Level 1**	**Level 2**	**Level 3**
Investment properties	**1,456,346,294**	**-**	**-**	**1,577,840,315**
Assets of derivative contracts	**4,617,932**	**-**	**4,617,932**	**-**
	1,460,964,226	**-**	**4,617,932**	**1,577,840,315**

	book value	Fair value		
31 December 2023		Level 1	Level 2	Level 3
Investment properties	1,246,064,263	-	-	1,317,029,158
Assets of derivative contracts	3,914,886	-	3,914,886	-
	1,249,979,149	-	3,914,886	1,317,029,158

The valuation of investment properties using discounted cash flow method and income capitalization method and cost method was performed based on significant unobservable inputs and is therefore included under Level 3 of the fair value hierarchy. The main inputs include:

Discount rates that reflect current market assessments of uncertainty in the amount and timing of cash flows (the rate used by valuers is 8.44%- 10.86%)

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

Derivative financial instrument have been valued using the present value technique under income approach as per IFRS 13. The fair value of the hedge instrument has been calculated as the present value of the intrinsic value that has been treated based on the difference between implied SAIBOR curve and cap rate as at 31 December in order to reflect the market conditions as at the date.

During the year ended 31 December 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 at fair value measurements. (31 December 2023: Nil).
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24- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES

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

The financial instruments included in these consolidated financial statements primarily include cash and cash equivalents, rental income receivable, management fees payable, expenses payable and borrowings. The specific methods of proof used are disclosed in the individual policy statements associated with each item.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund is exposed to the risk of losses. The Fund is exposed to risks related to credit, which may occur as a result of the inability or unwillingness of the counterparty or issuer to fulfill its obligations. Credit on his bank balances and receivables.

An allowance for credit losses is maintained which is sufficient at management's discretion to cover potential losses on overdue receivables. At the date of each financial report, the bank balances are evaluated as to whether they have low credit risks as they are kept with reputable and reputable financial institutions with a high local bank credit rating, and there is no default history for any of the bank balances. Therefore, the probability of default is based on future factors Any losses resulting from failure are negligible. As at the reporting date, there are no past due payment dates.

When calculating the expected credit loss allowance for receivables, an allowance matrix is used based on historical loss rates over the expected life of the receivable adjusted for forward-looking estimates.

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

	31 December 2024	31 December 2023
Cash and cash equivalents	**16,380,261**	14,649,213
Rent receivable, gross amount	**62,020,387**	64,809,886
Accrued Revenue	**9,800,749**	8,077,391
Murabaha Deposits	**7,883,260**	-

The following table provides information about exposure to credit risk and expected credit losses for Rent receivables as of:

31 December 2024	**Weighted average loss rate(%)**	**Exposure to default risk**	**Allowance for impairment**
Not due yet	**0.0%**	**8,165,145**	**-**
From 1 to 90 days	**8.29%**	**5,834,285**	483,605
From 91 to 180 days	**15.35%**	**10,847,040**	1,665,275
From 181 to 270 days	**29.80%**	**1,382,854**	412,094
From 271 to 360 days	**78.52%**	**4,188,177**	3,288,487
More than 360 days	**92.03%**	**31,602,886**	29,067,841
Total		**62,020,387**	34,917,302

24- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES (CONTINUED)

Credit risk (Continued)

31 December 2023	Weighted average loss rate(%)	Exposure to default risk	Allowance for impairment
Not due yet	0.0%	4,724,395	-
From 1 to 90 days	5.0%	12,309,327	616,497
From 91 to 180 days	11.3%	12,674,808	1,426,572
From 181 to 270 days	26.5%	7,250,669	1,923,318
From 271 to 360 days	72.3%	2,098,091	1,517,279
More than 360 days	89.5%	25,752,596	23,041,678
Total		64,809,886	28,525,344

As for cash and cash equivalents and murabaha deposits, the credit risks are low as they are held with financial institutions with good credit ratings and there is no history of default for any of these balances.

The accrued revenues represent the difference between recording revenues using the straight-line method and the amounts that were invoiced according to the lease contracts, and after considering the nature of these balances, whose due date has not yet arrived, and therefore there is no default in payment for these balances.

Liquidity risks

Liquidity risk is the risk that an enterprise will encounter difficulty in raising Funds to meet commitments associated with financial instruments that the Fund commits to in the interest of others.

To reduce the liquidity risk and associated losses which may affect the business of the Fund, the Fund maintains, wherever possible, sufficient highly liquid current assets in all business conditions. The Fund avoids financing long-term capital requirements and its activities related to current accounts with related parties through short-term borrowings. The Fund has a highly dynamic cash flow policy and a system by which it can estimate the maturity dates of its liabilities and develop appropriate plans to provide the required Funding to meet these liabilities in a timely manner.

Below are the maturities of financial liabilities as of 31 December 2024:

31 December 2024	**less than one year**	**More than one year**	**Indefinite term**	**Total**
Long-term Bank financing	**19,925,743**	**678,003,565**	**-**	**697,929,308**
Due to a related party	**28,211,406**	**-**	**-**	**28,211,406**
Accounts payable	**1,737,270**	**-**	**-**	**1,737,270**
Accrued expenses and other credit balances	**5,046,492**	**-**	**-**	**5,046,492**
Provision for end of service benefits for hotel employees	**-**	**-**	**264,000**	**264,000**
Provision for the renovation of hotel assets	**-**	**-**	**1,955,661**	**1,955,661**

Below are the maturities of financial liabilities as of 31 December 2023:

24- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES (CONTINUED)

Liquidity risks (Continued)

31 December 2023	less than one year	More than one year	Indefinite term	Total
Long-term Bank financing	13,560,127	463,408,123	-	476,968,250
Due to a related party	18,851,067	-	-	18,851,067
Accounts payable	2,479,135	-	-	2,479,135
Accrued expenses and other credit balances	6,540,110	-	-	6,540,110
Provision for end of service benefits for hotel employees	-	-	153,000	153,000
Provision for the renovation of hotel assets	-	-	1,141,518	1,141,518

Currency risk

It is the risk that the value of a financial instrument will fluctuate due to changes in foreign currency exchange rates. The Fund is not exposed to significant currency risks because all of its monetary financial assets and liabilities are stated in Saudi Riyals.

Commission rate risk

Commission rate risk is exposure to various risks associated with the impact of fluctuations in prevailing commission rates on the Fund's financial positions and cash flows.
The Fund's commission rate risk arises mainly from its borrowings, which are at variable interest rates and are not subject to re-pricing on a regular basis.
The Fund's interest rate risk arises mainly from its borrowings, which are at variable commission rates and the sensitivity analysis is as follows:

	Income Statement		**Statement Of Owners´ Net Assets (Equity)**	
	+ 100 points	**- 100 points**	**+ 100 points**	**- 100 points**
Cost of financing facilities	**(6,979,293)**	**6,979,293**	**(6,979,293)**	**6,979,293**
Cash-flow sensitivity(net)	**(6,979,293)**	**6,979,293**	**(6,979,293)**	**6,979,293**
Derivative financial instruments	**1,000,000**	**(1,000,000)**	**1,000,000**	**(1,000,000)**
Cash flow sensitivity (net)	**1,000,000**	**(1,000,000)**	**1,000,000**	**(1,000,000)**
Murabaha Deposits	**208,208**	**(208,208)**	**208,208**	**(208,208)**
Cash flow sensitivity (net)	**208,208**	**(208,208)**	**208,208**	**(208,208)**

	Income Statement		Statement Of Owners´ Net Assets (Equity)	
	+ 100 points	- 100 points	+ 100 points	- 100 points
Cost of Islamic financing facilities	(4,769,683)	4,769,683	(4,769,683)	4,769,683
Cash-flow sensitivity (net)	(4,769,683)	4,769,683	(4,769,683)	4,769,683
Derivative financial instruments	1,000,000	(1,000,000)	1,000,000	(1,000,000)
Cash flow sensitivity (net)	1,000,000	(1,000,000)	1,000,000	(1,000,000)
Murabaha Deposits	78,308	(78,308)	78,308	(78,308)
Cash flow sensitivity (net)	78,308	(78,308)	78,308	(78,308)

24- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES (CONTINUED)

Fair value and cash flow interest rate risk

The risks of fair value and cash flows at the interest rate are exposures to various risks related to the impact of fluctuations in market interest rates on the financial position and cash flows of the Fund. A “hedging agreement” has been implemented with Al Rajhi Bank, in order to fix the profit margin of credit facilities amounting to 100 million Saudi riyals at a fixed rate of 3.71%, in order to protect the Fund from profit margin fluctuations during the maturity period of these facilities, which begins on 7 August 2022, and ends on 9 January2028.

Market risk

Market risk is the risk of changes in market prices such as foreign exchange rates, profit rates and share prices that will affect the Fund's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

25- COMMITMENTS AND CONTINGENCIES

The Fund manager believes that there are no potential commitments as of the reporting date.

26- LAST VALUATION DAY

The last valuation day of the year was 31 December 2024 (For the year ended at 31 December 2023 is 31 December 2023).

27- SEGMENT INFORMATION

The Fund's principal business is conducted in the Kingdom of Saudi Arabia. Transactions between the operating segments are on normal commercial terms and conditions. The following are the Fund's total assets and liabilities as of 31 December 2024 and 2023, its total operating income and expenses, and the results for the years ending on that date, by operating sector:

Consolidated Comprehensive Income	**For the year ended in 31 December 2024**		
	Rent	**Hotel**	**Total**
Revenues			
Rental and operating income	**78,635,053**	**40,707,155**	**119,342,208**
Murabaha interest income	**520,711**	**-**	**520,711**
Other income	**44,392**	**63,259**	**107,651**
Total revenues	**79,200,156**	**40,770,414**	**119,970,570**
Expenses			
Fund management fees	**(14,665,526)**	**-**	**(14,665,526)**
Hotel operating costs	**-**	**(19,228,936)**	**(19,228,936)**
Custody fees	**(328,384)**	**-**	**(328,384)**
Provision for expected credit losses	**(6,473,407)**	**81,449**	**(6,391,958)**
Depreciation of Properties investments	**(20,673,344)**	**-**	**(20,673,344)**
Financing charges	**(41,252,118)**	**-**	**(41,252,118)**
Dealing fees	**(2,262,500)**	**-**	**(2,262,500)**
Financing structuring fees	**(2,432,188)**	**-**	**(2,432,188)**
Other expenses	**(3,145,122)**	**(3,874,056)**	**(7,019,178)**
Real estate operating costs	**(4,528,614)**	**-**	**(4,528,614)**
Impairment / Reversal of Properties investments	**14,267,154**	**-**	**14,267,154**
Total Expenses	**(81,494,049)**	**(23,021,543)**	**(104,515,592)**
Net gain for the year before zakat	**(2,293,893)**	**17,748,871**	**15,454,978**
Zakat expense	**-**	**(316,478)**	**(316,478)**
Net gain / (loss) for the year	**(2,293,893)**	**17,432,393**	**15,138,500**
Other comprehensive income			
Items that are subsequently reclassified to profit or loss			
Effective portion of changes in fair value of cash flow hedge	**651,918**	**-**	**651,918**
Items that are not subsequently reclassified to profit or loss			
Actuarial revaluation gain (loss) on employee benefits	**-**	**(34,554)**	**(34,554)**
Total other comprehensive income for the year	**651,918**	**(34,554)**	**617,364**
Total comprehensive income for the year	**(1,641,975)**	**17,397,839**	**15,755,864**

27- SEGMENT INFORMATION (CONTINUED)

Consolidated Comprehensive Income	For fiscal year ended in 31 December 2023		
	Rent	Hotel	Total
Revenues			
Rental and operating Revenue	77,177,266	36,292,721	113,469,987
Murabaha commission revenue	1,223,316	-	1,223,316
Other income	70,510	-	70,510
Total revenues	78,471,092	36,292,721	114,763,813
Expenses			
Fund management fees	(13,892,353)	-	(13,892,353)
Hotel operating costs	-	(18,801,295)	(18,801,295)
Custody fees	(328,787)	-	(328,787)
Provision for expected credit losses	(15,274,067)	(44,752)	(15,318,819)
Depreciation of Properties investments	(18,698,317)	-	(18,698,317)
Financing burdens	(37,498,756)	-	(37,498,756)
Dealing fees	-	-	-
Financing structuring fees	-	-	-
Other expenses	(3,250,929)	(3,516,104)	(6,767,033)
Impairment / Reversal of Properties investments	(5,721,166)	-	(5,721,166)
Real estate operating costs	(9,135,331)	-	(9,135,331)
Total expenses	(103,799,706)	(22,362,151)	(126,161,857)
Net gain/ (Loss) for the year before zakat	(25,328,614)	13,930,570	(11,398,044)
Zakat expense	-	(408,562)	(408,562)
Net (loss) / gain for the year	(25,328,614)	13,522,008	(11,806,606)
Other comprehensive income			
Items that are subsequently reclassified to profit or loss			
Effective portion of changes in fair value of cash flow hedge	2,688,336	-	2,688,336
Other comprehensive income for the year	2,688,336	-	2,688,336
Total comprehensive income for the year	(22,640,278)	13,522,008	(9,118,270)

27- SEGMENT INFORMATION (CONTINUED)

Consolidated Financial position	**At 31 December 2024**		
	Rent	**Hotels**	**Total**
ASSETS			
Cash and cash equivalents	**14,258,598**	**2,121,663**	**16,380,261**
Inventory	**-**	**254,283**	**254,283**
Properties investments, net	**1,456,346,294**	**-**	**1,456,346,294**
Rent receivable, net	**20,714,798**	**6,388,287**	**27,103,085**
Accrued revenues	**9,800,749**	**-**	**9,800,749**
Murabaha deposits	7,883,260	-	**7,883,260**
Assets of derivative contracts	**4,617,932**	**-**	**4,617,932**
Prepayments and other debit balances	**185,331**	**1,352,373**	**1,537,704**
TOTAL ASSETS	**1,513,806,962**	**10,116,606**	**1,523,923,568**
LIABILITIES			
Unearned rental income	**17,201,826**	**-**	**17,201,826**
Due to related parties	**28,211,406**	**-**	**28,211,406**
Account payable	**-**	**1,737,270**	**1,737,270**
Accrued expenses and other credit balances	**1,859,808**	**3,186,684**	**5,046,492**
Defined benefits obligation	**-**	**264,000**	**264,000**
Provision for the renovation of hotel assets	**-**	**1,955,661**	**1,955,661**
Zakat provision	**-**	**261,489**	**261,489**
Long term bank financing	**697,929,308**	**-**	**697,929,308**
TOTAL LIABILITIES	**745,202,348**	**7,405,104**	**752,607,452**
NET ASSETS ATTRIBUTE TO UNITHODLERS	**768,604,614**	**2,711,502**	**771,316,116**

Consolidated Financial position	At 31 December 2023		
	Rent	Hotels	Total
ASSETS	SAR	SAR	SAR
Cash and cash equivalents	12,703,808	1,945,405	14,649,213
Inventory	-	263,626	263,626
Properties investments, net	1,246,064,263	-	1,246,064,263
Rent receivable, net	32,649,531	3,635,011	36,284,542
Accrued revenues	8,077,391	-	8,077,391
Assets of derivative contracts	3,914,886	-	3,914,886
Prepayments and other debit balances	330,440	993,287	1,323,727
TOTAL ASSETS	1,303,740,319	6,837,329	1,310,577,648
LIABILITIES			
Unearned rental income	13,250,305	-	13,250,305
Due to related parties	18,851,067	-	18,851,067
Account payable	-	2,479,135	2,479,135
Accrued expenses and other credit balances	2,543,669	3,996,441	6,540,110
Defined benefits obligation	-	153,000	153,000
Provision for the renovation of hotel assets	-	1,141,518	1,141,518
Zakat provision	-	353,573	353,573
Long term bank financing	476,968,250	-	476,968,250
TOTAL LIABILITIES	511,613,291	8,123,667	519,736,958
NET ASSETS ATTRIBUTE TO UNITHODLERS	792,127,028	(1,286,338)	790,840,690

28- SUBSEQUENT EVENTS

On 15 January 2025, the Fund manager announced the distribution of cash dividends to the unit holders of the Mulkia Gulf Real Estate REIT Fund for the period from 1 October 2024 to 31 December 2024, in the amount of 8,301,298 Saudi riyals.

Except for the above, in the opinion of the management, there were no other significant subsequent events after 31 December 2023 and until the date of approval of the consolidated financial statements that could have a material impact on the consolidated financial statements as of 31 December 2024.

29- COMPARATIVE FIGURES

Some comparative year numbers have been reclassified to be consistent with the current year’s classification in the consolidated financial statements.

Consolidated Financial position	At 31 December 2023		
	Before	Reclass	Ending
Balance Sheet			
Assets			
Rent receivable, net	36,958,875	(674,333)	36,284,542
Accrued revenues	7,403,058	674,333	8,077,391
Cash flows			
Rent receivable	(14,556,756)	674,333	(13,882,423)
Accrued revenue	4,762,943	(674,333)	4,088,610

30- APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Fund Board of Directors on 25 Ramadan 1446 (25 March 2025).