

ALINMA HOSPITALITY REIT FUND
(Managed by Alinma Investment Company)

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

AND INDEPENDENT AUDITOR'S REVIEW REPORT

Alinma Hospitality REIT Fund
(Managed by Alinma Investment Company)

INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

To the Unitholders of Alinma Hospitality REIT Fund
(Managed by Alinma Investment Company)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Alinma Hospitality REIT Fund ("the Fund") being managed by Alinma Investment Company (the "Fund Manager") as at 30 June 2024, and the related interim condensed statements of profit or loss and other comprehensive income, cash flows and changes in equity for the six-month period then ended, including other explanatory notes. The Fund Manager is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 – "Interim Financial Reporting ("IAS 34")" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

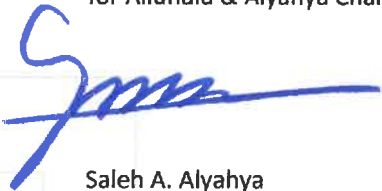
Scope of review

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

Conclusion

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

for Alluhaid & Alyahya Chartered Accountants



Saleh A. Alyahya
Certified Public Accountant
License number 473

Riyadh: 3 Safar 1446H
(7 August 2024)



Alinma Hospitality REIT Fund
(Managed by Alinma Investment Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	Notes	<i>For the period ended 30 June 2024 (Unaudited)</i> SR	<i>For the period from 30 January 2023 to 31 December 2023 (Audited)</i> SR
ASSETS			
NON-CURRENT ASSETS			
Investment properties	5	988,492,268	998,337,345
CURRENT ASSETS			
Rental income receivable		145,302	153,849
Financial asset at fair value through profit or loss ("FVTPL")	7	16,893	42,284,397
Financial assets at amortised cost	8	51,397,800	-
Bank balance		12,740,327	16,348,637
Value-added tax receivable		34,779	-
TOTAL CURRENT ASSETS		64,335,101	58,786,883
TOTAL ASSETS		1,052,827,369	1,057,124,228
LIABILITIES AND EQUITY			
LIABILITIES			
Accrued expenses and other current liabilities		8,738,508	4,791,682
Unearned rental income		4,595,772	4,502,384
TOTAL LIABILITIES		13,334,280	9,294,066
EQUITY			
Net assets attributable to unitholders		1,039,493,089	1,047,830,162
TOTAL LIABILITIES AND EQUITY		1,052,827,369	1,057,124,228
Redeemable units in issue (numbers)		102,002,100	102,002,100
Net assets value attributable to unitholders (SR)		10.19	10.27

The accompanying notes from 1 to 15 form an integral part of these interim condensed financial statements.

Alinma Hospitality REIT Fund
(Managed by Alinma Investment Company)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

		<i>Unaudited</i>	
		<i>For the six-month period ended 30 June 2024</i>	<i>For the period from 30 January 2023 to 30 June 2023</i>
	<i>Notes</i>	<i>SR</i>	<i>SR</i>
INCOME			
Revenue from investment properties	10	37,104,484	51,941,796
Income from financial assets at FVTPL	7	512,798	464,942
Special commission income		397,800	-
TOTAL INCOME		38,015,082	52,406,738
OPERATING EXPENSES			
Depreciation on investment properties	5	(9,845,077)	(9,845,077)
Management fees	9	(3,287,283)	(3,676,283)
Fund establishment costs	11	-	(2,159,505)
General and administrative expenses		(579,123)	(819,278)
TOTAL OPERATING EXPENSES		(13,711,483)	(16,500,143)
NET PROFIT FOR THE PERIOD		24,303,599	35,906,595
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		24,303,599	35,906,595

The accompanying notes from 1 to 15 form an integral part of these interim condensed financial statements.

Alinma Hospitality REIT Fund
(Managed by Alinma Investment Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

	<i>Unaudited</i>	
	<i>For the six-month period ended 30 June 2024 SR</i>	<i>For the period from 30 January 2023 to 30 June 2023 SR</i>
OPERATING ACTIVITIES		
Net profit for the period	24,303,599	35,906,595
<i>Adjustments for:</i>		
Depreciation of investment properties	9,845,077	9,845,077
Income from financial assets at FVTPL	(512,798)	(464,942)
Special commission income	(397,800)	-
	33,238,078	45,286,730
<i>Changes in operating assets and liabilities:</i>		
Decrease (increase) in rental income receivable	8,547	(128,207)
Increase in prepayments and other receivables	-	(202,206)
Increase in value-added tax receivable	(34,779)	-
Increase in accrued expenses and other current liabilities	3,946,826	7,052,156
Increase in unearned rental income	93,388	10,869,506
	37,252,060	62,877,979
Net cash flows from operating activities		
INVESTING ACTIVITIES		
Proceeds from disposal of financial asset at FVTPL	42,780,302	-
Purchase of investment properties	-	(509,407,500)
Purchase of financial asset at FVTPL	-	(46,000,000)
	42,780,302	(555,407,500)
Net cash flows from (used in) investing activities		
FINANCING ACTIVITIES		
Dividends paid	(32,640,672)	-
Proceeds from issuance of units	-	511,401,000
	(32,640,672)	511,401,000
Net cash flows (used in) from financing activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS	47,391,690	18,871,479
Cash and cash equivalents at beginning of the period	16,348,637	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	63,740,327	18,871,479
NON-CASH TRANSACTIONS		
Purchase of investment properties against units	-	508,620,000
Dividend payable	-	32,640,672

The accompanying notes from 1 to 15 form an integral part of these interim condensed financial statements.

Alinma Hospitality REIT Fund
(Managed by Alinma Investment Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

	<i>Unaudited</i>	
	<i>For the six-month period ended 30 June 2024</i>	<i>For the period from 30 January 2023 to 30 June 2023</i>
	SR	SR
EQUITY AT THE BEGINNING OF THE PERIOD	1,047,830,162	-
Comprehensive income:		
Net income for the period	24,303,599	35,906,595
Other comprehensive income for the period	-	-
Total comprehensive income for the period	24,303,599	35,906,595
Dividend distribution (note 13)	(32,640,672)	(32,640,672)
	(8,337,073)	3,265,923
CHANGE FROM UNIT TRANSACTIONS		
Contributions against issuance of units (note 6)	-	1,020,021,000
EQUITY AT THE END OF THE PERIOD	1,039,493,089	1,023,286,923

REDEEMABLE UNITS TRANSACTIONS

Transactions in redeemable units for the period are summarised as follows:

	<i>Unaudited</i>	
	<i>For the six-month period ended 30 June 2024</i>	<i>For the period from 30 January 2023 to 30 June 2023</i>
	Units	Units
UNITS AT THE BEGINNING OF THE PERIOD	102,002,100	-
Units issued during the period	-	102,002,100
UNITS AT THE END OF THE PERIOD	102,002,100	102,002,100

The accompanying notes from 1 to 15 form an integral part of these interim condensed financial statements.

Alinma Hospitality REIT Fund (Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2024

1 INCORPORATION AND ACTIVITIES

Alinma Hospitality REIT Fund (the "Fund") is a publicly traded closed-ended fund created by agreement between Alinma Investment Company, a subsidiary of Alinma Bank (the "Bank") and investors (the "unitholders"), in accordance with the shariah rules issued by the Shariah Board of the Fund Manager.

The Fund's objective aims to generate sustainable and growing cash dividend for the unitholders and develop the Fund assets via direct investment in income generating and constructed developed real estate properties. The Fund intends to invest heavily on the hotel sector, hospitality, and tourist accommodation. The Fund may invest partly in real estate development projects, provided that the Fund's assets invested in income-generating assets are not less than (75%).

The Capital Market Authority ("CMA") granted approval for the establishment of the Fund on 23 Rabi' al-Awwal 1444H (corresponding to 19 October 2022). On 22 Rabi Al-Akhir 1444H (Corresponding to 16 November 2022) the Fund completed its unit offering, and the units of the Fund were listed on the Saudi stock exchange ("Tadawul") on 8 Rajab 1444H (corresponding to 30 January 2023) and the Fund commenced its formal operations. Accordingly, for the comparative information presented in the interim condensed the period from 30 January 2023 to 30 June 2023.

As per terms and conditions of the Fund, the initial term of the Fund is 99 years which is extendable on the discretion of the Fund Manager for a similar term with the approval of unitholders, the Fund's Board and the Capital Market Authority ("CMA").

The Fund is managed by Alinma Investment Company (the "Fund Manager"), a closed joint stock company with commercial registration number 1010269764, licensed by the Capital Market Authority of the Kingdom of Saudi Arabia ("CMA") under license number 09134-37.

Real Estate Hotel Development Company, a limited liability company with commercial registration number 1010734462, has been established and approved by CMA as a special purpose vehicle ("SPV") for the beneficial interests of the Fund. The SPV owns all the properties of the Fund and is liable for its contractual liabilities.

The Fund has appointed NOMW capital (the "Custodian") to act as its custodian. The fees of the custodian are paid by the Fund.

2 REGULATING AUTHORITY

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

3 BASIS OF PREPARATION

3.1 *Statement of compliance*

These interim condensed financial statements for the six-months period ended 30 June 2024 of the Fund have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The Fund Manager has prepared the financial statements on the basis that the Fund will continue to operate as a going concern. The Fund Manager considers that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Fund's annual financial statements as at 31 December 2023.

Alinma Hospitality REIT Fund
(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2024

3 BASIS OF PREPARATION (continued)

3.2 Basis of measurement

These interim condensed financial statements have been prepared under historical cost convention, except for the financial assets at FVTPL which are measured at fair value.

3.3 Functional and presentation currency

These interim condensed financial statements are presented in Saudi Riyal (SR), which is also the functional currency of the Fund.

3.4 Use of judgements, estimates and assumptions

In preparing these interim condensed financial statements, the Fund Manager has made the judgement, estimates, and assumptions that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

4 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the period ended 31 December 2023 except for the adoption of new standards effective as of 1 January 2024. Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed financial statements of the Fund.

The Fund has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

Amendment to IFRS 16 – Lease on sale and leaseback

In September 2022, the International Accounting Standards Board ("IASB") issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Fund's interim condensed financial statements.

Amendments to IAS 7 and IFRS 7 on Supplier finance agreements

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments.

The amendments had no impact on the Fund's interim condensed financial statements.

Amendments to IAS 1 – Classification of liabilities as Current vs Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Fund's interim condensed financial statements.

Alinma Hospitality REIT Fund
(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2024

5 INVESTMENT PROPERTIES

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

30 June 2024 (Unaudited)

<i>Description</i>	<i>Cost SR</i>	<i>Accumulated depreciation SR</i>	<i>Net book value SR</i>
Vittori Palace Hotel	451,500,000	12,569,611	438,930,389
Rafal Ascott Hotel	257,250,000	8,417,391	248,832,609
Clarion Hotel Jeddah Airport	158,670,000	4,710,361	153,959,639
Comfort inn and Suites Hotel	85,355,000	2,213,517	83,141,483
Comfort inn Olaya	65,252,500	1,624,352	63,628,148
	<u>1,018,027,500</u>	<u>29,535,232</u>	<u>988,492,268</u>

31 December 2023 (Audited)

<i>Description</i>	<i>Cost SR</i>	<i>Accumulated depreciation SR</i>	<i>Net book value SR</i>
Vittori Palace Hotel	451,500,000	8,379,741	443,120,259
Rafal Ascott Hotel	257,250,000	5,611,594	251,638,406
Clarion Hotel Jeddah Airport	158,670,000	3,140,241	155,529,759
Comfort inn and Suites Hotel	85,355,000	1,475,678	83,879,322
Comfort inn Olaya	65,252,500	1,082,901	64,169,599
	<u>1,018,027,500</u>	<u>19,690,155</u>	<u>998,337,345</u>

Alinma Hospitality REIT Fund
(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

30 June 2024

5 INVESTMENT PROPERTIES (continued)

5.2 Listed below are the details of the investment properties:

<i>PROPERTY</i>	<i>DISCRIPTION</i>
Vittori Palace Hotel	The property is a fully constructed commercial facility on a freehold land, located at Khuzam Street – King Abdullah District, Riyadh, Kingdom of Saudi Arabia. The property has been leased out for the term of 5 years. The hotel is leased out to a third party at net lease amount of SR 33 million.
Rafal Ascott Hotel	<p>The property is a fully constructed commercial facility on a freehold land, located at Olaya Street – Al-Sahafa District, Riyadh, Kingdom of Saudi Arabia. The SPV of the Fund, on behalf of the Fund, has entered into an operational agreement of 5 years with Al-Maskan Al-Hadri Real Estate Development Company, for operating and managing the hotel operations. The property is leased on a fixed net lease amount of SR 18.8 million from this arrangement each year.</p> <p>The Fund has signed the rental contract effective before formally commencing its operations.</p>
Clarion Hotel Jeddah Airport	The property is a fully constructed commercial facility on a freehold land, located at Prince Majed Street – Nozha District, Jeddah, Kingdom of Saudi Arabia. The property has been leased out for the term of 5 years. The hotel is leased out to a third party at net lease amount of SR 11.5 million.
Comfort inn and Suites Hotel	The property is a fully constructed commercial facility on a freehold land, located at King Abdulaziz Road – Al Zahra District, Jeddah, Kingdom of Saudi Arabia. The SPV of the Fund, on behalf of the Fund, has entered into an operational agreement of 5 years with Seera Hospitality Company, for operating and managing the hotel operations in the property. The property is leased on a fixed net lease amount of SR 6.2 million from this arrangement each year.
Comfort inn Olaya	The property is a fully constructed commercial facility on a freehold land, located at Wadi Al-Awsat Street – Olaya District, Riyadh, Kingdom of Saudi Arabia. The property has been leased out for the term of 5 years. The hotel is leased out to a third party at net lease amount of SR 4.7 million.

Alinma Hospitality REIT Fund
(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2024

5 INVESTMENT PROPERTIES (continued)

5.3 The movement in investment properties during the period is as follows:

	<i>Land</i> SR	<i>Buildings</i> SR	<i>Total</i> SR
Cost			
Additions during the period from 30 January 2023 to 31 December 2023	254,910,061	763,117,439	1,018,027,500
As at 31 December 2023 and 30 June 2024	<u>254,910,061</u>	<u>763,117,439</u>	<u>1,018,027,500</u>
Accumulated depreciation			
Depreciation charge for the period 30 January 2023 to 31 December 2023	-	(19,690,155)	(19,690,155)
As at 31 December 2023	-	(19,690,155)	(19,690,155)
Depreciation charge for the period	-	(9,845,077)	(9,845,077)
As at 30 June 2024	<u>-</u>	<u>(29,535,232)</u>	<u>(29,535,232)</u>
Net book amount as at 30 June 2024	<u>254,910,061</u>	<u>733,582,207</u>	<u>988,492,268</u>
<i>Net book amount as at 31 December 2023</i>	<u>254,910,061</u>	<u>743,427,284</u>	<u>998,337,345</u>

Acquisition of Comfort-inn Olaya, comfort inn suites, clarion hotel Jeddah airport and Vittori palace hotels is partially funded through units issued amounting to SR 508.6 million, equivalent to 50.86 million units and the remaining amount of SR 509.4 million equivalent to 50.94 million units is funded through cash. The title deed of the investment properties are registered in the name of the SPV.

6 EFFECTS ON NET ASSETS VALUE IF INVESTMENT PROPERTIES IS FAIR VALUED

In accordance with Article 36 of the REIFR issued by CMA in the Kingdom of Saudi Arabia, the Fund Manager evaluates the fair value of the Fund's real estate assets based on two evaluations prepared by independent evaluators. However, investment properties are carried at cost less depreciation and impairment, if any, in these interim condensed financial statements.

As at 30 June 2024 and 31 December 2023, the fair value of the investment properties is determined by two selected appraisers for each property, i.e., Abaad Real Estate Valuation Company (Appraiser 1) and Esnad Real Estate Valuation Company (Appraiser 2).

As at 30 June 2024 and 31 December 2023, the valuation of investment properties are as follows:

	30 June 2024 (Unaudited)		
	Appraiser 1 (SR)	Appraiser 2 (SR)	Average (SR)
Vittori Palace Hotel	460,310,000	450,538,000	455,424,000
Rafal Ascott Hotel	266,000,000	267,590,000	271,175,000
Clarion Hotel Jeddah Airport	166,450,000	163,009,000	164,421,500
Comfort inn and Suites Hotel	90,320,000	89,898,000	90,109,000
Comfort inn Olaya	71,420,000	68,114,000	69,767,000
	<u>1,054,500,000</u>	<u>1,039,149,000</u>	<u>1,046,824,500</u>

Alinma Hospitality REIT Fund
(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2024

**6 EFFECTS ON NET ASSETS VALUE IF INVESTMENT PROPERTIES IS FAIR VALUED
(continued)**

	31 December 2023 (Audited)		
	Appraiser 1 (SR)	Appraiser 2 (SR)	Average (SR)
Vittori Palace Hotel	462,590,000	443,045,000	453,402,500
Rafal Ascott Hotel	268,230,000	266,417,000	267,266,500
Clarion Hotel Jeddah Airport	165,620,000	161,845,000	161,307,500
Comfort inn and Suites Hotel	88,800,000	89,096,000	89,088,000
Comfort inn Olaya	71,080,000	68,068,000	67,964,000
	<u>1,056,320,000</u>	<u>1,028,471,000</u>	<u>1,042,395,500</u>

Management has used the average of the two valuations for the purposes of disclosing the fair value of the investment properties.

The investment properties were valued taking into consideration number of factors, including the area and type of the property. Below is an analysis of the investment property's fair value against cost:

i. The unrealized gain on investment properties based on the fair value evaluation is set out below:

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Average fair value of investment properties	1,046,824,500	1,042,395,500
Less: Carrying value of investment properties (note 5.1)	(988,492,268)	(998,337,345)
Unrealised gain based on fair value	<u>58,332,232</u>	<u>44,058,155</u>
Units in issue (numbers)	<u>102,002,100</u>	<u>102,002,100</u>
Impact per unit share based on fair value evaluation (SR)	<u>0.57</u>	<u>0.43</u>

ii. The net asset value using the fair values of the investment properties is set out below:

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Net assets value (equity) at cost	1,039,493,089	1,047,830,162
Net impact based on fair value	58,332,232	44,058,155
Net assets based on fair value	<u>1,097,825,323</u>	<u>1,091,888,317</u>

Alinma Hospitality REIT Fund
(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2024

6 EFFECTS ON NET ASSETS VALUE IF INVESTMENT PROPERTIES IS FAIR VALUED (continued)

iii The net asset value per unit, using fair values of the investment properties is set out below:

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Net assets value per unit at cost	10.19	10.27
Impact on net assets value per unit on account of unrealised gain based on the evaluations	0.57	0.43
Net assets value per unit based on fair value	<u>10.76</u>	<u>10.70</u>

7 FINANCIAL ASSETS AT FVTPL

Financial assets at FVTPL represents investment in Alinma Saudi Riyal Liquidity Fund, an open-ended fund managed by Alinma Investment Company. The primary objective of the Fund is to invest in Shariah compliant Murabaha contracts.

	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Cost (SR)	Market value (SR)	Cost (SR)	Market value (SR)
Alinma Saudi Riyal Liquidity Fund	<u>16,019</u>	<u>16,893</u>	<u>41,198,722</u>	<u>42,284,397</u>

The income from financial assets at FVTPL during the period amounted to SR 512,798 (For the period from 30 January 2023 to 30 June 2023: SR 464,942).

8 FINANCIAL ASSETS AT AMORTISED COST

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Murabaha deposit (i)	51,000,000	-
Accrued special commission income	397,800	-
	<u>51,397,800</u>	<u>-</u>

(i) This represents Murabaha deposits placed with the Bank, with original maturities of less than 3 months, and carry a special commission income rate of 5.85% per annum (31 December 2023: nil).

Alinma Hospitality REIT Fund
(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2024

9 RELATED PARTY TRANSACTIONS AND BALANCES

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

Related parties of the Fund include the Fund Manager, the Bank, entities related to the Bank and the Fund Manager and any party that has the ability to control other party or exercise considerable influence over the party in making financial or operational decisions.

a) Management fee

In consideration for managing the assets of the Fund, in accordance with the terms and conditions, the Fund pays a management fee to the Fund Manager equal to 9% of the net operational income in condition that it does not exceed 0.80% of the Fund's total assets. If the result of the operation is loss, the Fund Manager will not take any management fees for that year. The management fees is settled on semi-annual basis.

b) Administration fees

In consideration for administration of the Fund, in accordance with the terms and conditions, the Fund is obliged to pay the Fund manager a total administration fees of SR 150,000 per annum.

c) Board of Directors remuneration

Each independent member of the Board of Directors is allowed a remuneration of SR 10,000 per board meeting and maximum SR 20,000 in one year.

9.1 Related party transactions

The following are the details of the significant transactions with related parties during the period:

<i>Name of related party</i>	<i>Nature of relationship</i>	<i>Nature of transaction</i>	<i>Unaudited</i>	
			<i>For the six-month period ended 30 June 2024</i>	<i>For the period from 30 January 2023 to 30 June 2023</i>
			<i>SR</i>	<i>SR</i>
Alinma Investment Company	Fund Manager	Management fees	(3,287,283)	(3,676,283)
		Expenses paid on behalf of the Fund	-	(1,239,500)
		Administration fees	(75,000)	(75,000)
Alinma Saudi Riyal Liquidity Fund	Affiliate Fund	Proceeds from disposal of financial assets at FVTPL	42,780,302	-
		Purchase of financial assets at FVTPL	-	(46,000,000)
Fund Board of Directors	Members	Board fees	(20,000)	(20,000)

Alinma Hospitality REIT Fund
(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2024

9 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

9.2 Related party balances

Period end balances (payable) arising from transactions with related parties are as follows:

<i>Name of related party</i>	<i>Nature of balances</i>	<i>For the period ended 30 June 2024</i>	<i>For the period from 30 January 2023 to 31 December 2023</i>
		<i>(Unaudited)</i> SR	<i>(Audited)</i> SR
Alinma Investment Company	Management fees payable	(6,607,280)	(3,319,997)
	Administration fees payable	(212,671)	(137,671)
Fund Board of Directors	Board fees	(20,000)	-

As of 30 June 2024, Fund Manager held 10,000,000 units (31 December 2023: 10,000,000 units).

10 REVENUE FROM INVESTMENT PROPERTIES

The Fund's revenue from investment properties is concentrated within one operating segment and geographical region of the Kingdom of Saudi Arabia, comprised of operating lease income generated from 5 investment properties as disclosed in note 5.2.

11 FUND ESTABLISHMENT COST

In consideration of the Fund offering process, during the period ended 30 June 2023, the Fund has paid expenses of legal advisors, engineering consultant and feasibility study fees as per the terms and conditions of the Fund.

12 FAIR VALUE MEASUREMENT

Financial assets consist of bank balances, rental income receivable and financial assets at FVTPL. Financial liabilities consist of unearned rental income and other current liabilities.

The fair values of financial assets held at FVTPL amounting to SR 16,893 (31 December 2023: SR 42,284,397) are classified under level 2.

Management believes that the fair value of other financial assets and liabilities classified at amortised cost at the reporting date approximate their carrying values owing to their short-term tenure and the fact that these are readily liquid. These are all classified within level 2 of the fair value hierarchy. There were no transfers between various levels of fair value hierarchy during the current or prior period.

13 DIVIDEND DISTRIBUTION

During the period ended 30 June 2024, in accordance with the terms and conditions of the Fund, the Fund's Board has declared dividends of SR 0.32 per unit for the period ended 30 June 2024, amounting to SR 32,640,672 (30 June 2023: SR 32,640,672), which has been settled during the period ended 30 June 2024.

14 LAST VALUATION DATE

The last valuation date of the period was 30 June 2024 (31 December 2023: The last valuation date for the period was 31 December 2023).

15 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Fund Manager on 3 Safar 1446H (corresponding to 7 August 2024),