

ALINMA RETAIL 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 Retail REIT Fund
(Managed by Alinma Investment Company)

INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

INDEX	PAGE
Independent auditor's review report	1
Interim condensed statement of financial position	2
Interim condensed statement of profit or loss and other comprehensive income	3
Interim condensed statement of cash flows	4
Interim condensed statement of changes in equity	5
Notes to the interim condensed financial statements	6 – 17

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS
To the Unitholders of Alinma Retail REIT Fund
(Managed by Alinma Investment Company)**Introduction**

We have reviewed the accompanying interim condensed statement of financial position of Alinma Retail 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 material accounting policy information and 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.

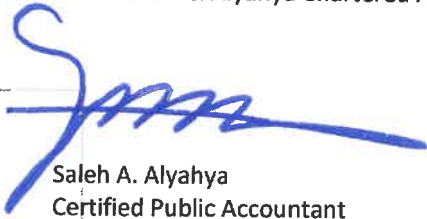
Scope of review

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: 7 Safar 1446H
(11 August 2024)



Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
ASSETS			
NON-CURRENT ASSETS			
Investment properties	5	739,983,580	892,137,982
CURRENT ASSETS			
Rental income receivable	7	8,780,716	4,808,912
Prepayment and other receivables		6,356,965	5,687,548
Financial asset at fair value through profit or loss ("FVTPL")	8	17,880,394	1,953,427
Financial assets at amortised cost	9	-	25,618,215
Bank balance		3,575,900	14,172,383
		36,593,975	52,240,485
Assets held for sale	15	295,117,595	-
TOTAL CURRENT ASSETS		331,711,570	52,240,485
TOTAL ASSETS		1,071,695,150	944,378,467
LIABILITIES AND EQUITY			
NON-CURRENT LIABILITIES			
Non-current portion of lease liabilities		5,817,201	6,323,457
Long-term borrowings	11	257,349,291	55,100,000
TOTAL NON-CURRENT LIABILITIES		263,166,492	61,423,457
CURRENT LIABILITIES			
Current portion of lease liabilities		650,000	650,000
Contract liabilities		14,639,060	8,185,737
Accrued expenses and other payables		8,034,839	7,671,363
Zakat payable		997,084	997,084
Dividends payable		95,356	100,086
		24,416,339	17,604,270
Liabilities directly associated with the assets held for sale	15	5,698,976	-
TOTAL CURRENT LIABILITIES		30,115,315	17,604,270
TOTAL LIABILITIES		293,281,807	79,027,727
EQUITY			
Net assets attributable to unitholders		778,413,343	865,350,740
TOTAL LIABILITIES AND EQUITY		1,071,695,150	944,378,467
Units in issue (number)		118,000,000	118,000,000
Net assets value per unit (SR)		6.60	7.33
Per unit fair value (SR)		7.02	8.00

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

Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

		<i>(Unaudited)</i>	
	<i>Notes</i>	30 June 2024	30 June 2023
		SR	SR
Continuing operations			
Rental income from investment properties	12	16,281,917	13,488,579
Income from financial asset at FVTPL	8	156,762	69,956
Special commission income		51,990	64,165
Total income		16,490,669	13,622,700
Operating expenses			
Depreciation	5	(14,752,408)	(13,418,155)
Property manager fee and other operating expenses		(9,284,823)	(7,803,432)
Management fees	10	(1,315,081)	(1,972,390)
General and administrative expenses		(1,389,937)	(1,257,937)
(Charge for) reversal of expected credit losses	7	(3,194,023)	1,651,597
Custodian fee		(93,489)	(84,072)
Total operating expenses		(30,029,761)	(22,884,389)
Operating loss		(13,539,092)	(9,261,689)
Finance charges		(8,130,593)	(1,987,286)
Other income		597,250	7,467
Loss for the period before impairment		(21,072,435)	(11,241,508)
Charge for impairment on investment properties	5	(49,068,130)	(778,438)
Net loss for the period from continuing operations		(70,140,565)	(12,019,946)
Discontinued operations			
Profit for the period from discontinued operations	15	3,263,168	5,129,053
Net loss for the period		(66,877,397)	(6,890,893)
Other comprehensive income		-	-
Total comprehensive loss for the period		(66,877,397)	(6,890,893)

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

Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

	<i>(Unaudited)</i>	
	30 June 2024	30 June 2023
	SR	SR
OPERATING ACTIVITIES		
Net loss for the period from continuing operations	(70,140,565)	(12,019,946)
Net income for the period from discontinued operations	3,263,168	5,129,053
Net loss for the period	<u>(66,877,397)</u>	<u>(6,890,893)</u>
<i>Adjustments for:</i>		
Depreciation	18,021,755	16,454,697
Charge for impairment on investment properties	49,068,130	778,438
Charge for (reversal of) expected credit losses	3,194,023	(1,651,597)
Finance charges	8,130,593	1,987,286
Income from financial asset at FVTPL	(156,762)	(69,956)
Special commission income	(51,990)	(64,165)
	<u>11,328,352</u>	<u>10,543,810</u>
CHANGES IN OPERATING ASSETS AND LIABILITIES:		
(Increase) decrease in rental income receivable	(14,968,906)	1,216,830
(Increase) decrease in prepayment and other receivables	(669,417)	661,978
Increase in contract liabilities	12,152,299	2,476,374
(Decrease) increase in accrued expenses and other payables	(7,623,372)	1,474,362
Decrease in dividend payables	(4,730)	-
Cash flows from operating activities	<u>214,226</u>	<u>16,373,354</u>
Zakat paid	-	(181,778)
Net cash flows from operating activities	<u>214,226</u>	<u>16,191,576</u>
INVESTING ACTIVITIES		
Purchase of investment properties	(202,250,000)	(56,153,388)
Purchase of financial asset at FVTPL	(15,770,205)	(15,111,833)
Proceeds from maturity of financial assets at amortized cost	25,500,000	15,000,000
Special commission income received	170,205	111,832
Proceeds from disposal of financial asset at FVTPL	-	13,272,686
Net cash flows used in investing activities	<u>(192,350,000)</u>	<u>(42,880,703)</u>
FINANCING ACTIVITIES		
Proceeds from drawdown of long-term borrowings	202,249,291	55,100,000
Payment of principal portion of lease liabilities	(650,000)	(650,000)
Dividend distributions	(20,060,000)	(14,750,027)
Net cash flows from financing activities	<u>181,539,291</u>	<u>39,699,973</u>
NET (DECREASE) INCREASE IN BANK BALANCE	<u>(10,596,483)</u>	<u>13,010,846</u>
Bank balance at the beginning of the period	<u>14,172,383</u>	<u>6,917,115</u>
BANK BALANCE AT THE END OF THE PERIOD	<u><u>3,575,900</u></u>	<u><u>19,927,961</u></u>

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

Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

	<i>(Unaudited)</i>	
	30 June 2024	30 June 2023
	SR	SR
EQUITY AT THE BEGINNING OF THE PERIOD	865,350,740	905,661,150
Comprehensive loss:		
Net loss for the period	(66,877,397)	(6,890,893)
Other comprehensive income for the period	-	-
Total comprehensive loss for the period	(66,877,397)	(6,890,893)
Dividend distributions (note 14)	(20,060,000)	(14,750,027)
EQUITY AT THE END OF THE PERIOD	778,413,343	884,020,230
REDEEMABLE UNIT TRANSACTIONS		

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

	<i>(Unaudited)</i>	
	30 June 2024	30 June 2023
	Units	Units
UNITS AT THE BEGINNING AND END OF THE PERIOD	118,000,000	118,000,000

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

Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2024

1 INCORPORATION AND ACTIVITIES

Alinma Retail REIT Fund (the “Fund”) is a closed-ended real estate investment traded fund established on 24 Dhul Qa’dah 1439H (corresponding to 6 August 2018). The Fund is listed on the Saudi Stock Exchange (“Tadawul”). The Capital of the Fund is SR 1,180,000,000 divided into 118,000,000 units of SR 10 each. The Fund has a term of 99 years, which is extendable on the discretion of the Fund Manager following the approval of 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.

While the Fund will primarily invest in developed real estate assets which are ready for use, it may also opportunistically invest in real estate development projects in a value not exceeding 25% of the Fund’s total asset value with the aim of achieving an increase in value per unit; provided that:

- (i) at least 75% of the Fund’s total assets are invested in developed real estate assets which generate periodic income and;
- (ii) the Fund shall not invest in white land.

In addition, the Fund can also invest up to 25% of the total value of the Fund according to the latest audited financial statements in each of the following, provided that all these investments are Shariah compliant:

- (i) Units of Real Estate Traded Funds publicly offered in the Saudi Stock Exchange and licensed by CMA,
- (ii) Units of private real estate funds licensed by CMA,
- (iii) Real estate investments outside the Kingdom of Saudi Arabia,
- (iv) Cash liquidity / holding of cash,
- (v) Money market funds publicly offered and licensed by CMA,
- (vi) Shares of real estate companies listed on the Saudi Stock Exchange and licensed by CMA, and;
- (vii) Usufruct rights.

Wabel Fund Company, a limited liability company with commercial registration number 1010929653, 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 on behalf of the Fund.

The Fund has appointed AlBilad Investment Company (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 these interim condensed 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 Retail 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 except for the following:

3.4.1 Asset held for sale

On 24 June 2024, the Fund announced the decision of its Board of Directors to sell Al Khair Mall property in exchange for the acquisition of a new property. At 30 June 2024, the operations of Al Khair Mall property are classified as a disposal group held for sale. The Board considered the property to meet the criteria to be classified as held for sale at that date for the following reasons:

- Al Khair Mall is available for immediate sale and can be sold to the buyer in its current condition
- The actions to complete the sale were initiated and expected to be completed within third quarter of the current year
- A potential buyer has been identified and negotiations as at the reporting date are at an advance stage
- The board of directors approved the plan to sell on 13 June 2024.

For more details on the discontinued operation, refer to note 15.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material 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 year ended 31 December 2023 except for the following:

4.1 Non-current assets held for sale and discontinued operations

The Fund classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Investment properties are not depreciated once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the interim condensed statement of financial position.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.1 Non-current assets held for sale and discontinued operations (continued)

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss from discontinued operations in the interim condensed statement of profit or loss and other comprehensive income.

Additional disclosures are provided in note 15. All other notes to the interim condensed financial statements include amounts for continuing operations, unless indicated otherwise.

4.2 Adoption of amendments to the existing 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 Retail REIT Fund
(Managed by Alinma Investment Company)

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

5 INVESTMENT PROPERTIES

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

30 June 2024

<i>Description</i>	<i>Cost SR</i>	<i>Accumulated depreciation SR</i>	<i>Accumulated Impairment SR</i>	<i>Net book value SR</i>
Hafar Al-Batin Mall	473,741,902	(83,921,752)	(111,774,479)	278,045,671
Hittin Office Building	118,250,000	(999,600)	-	117,250,400
Dawadmi Mall	177,313,210	(48,699,315)	(21,673,379)	106,940,516
Tabuk Mall	221,873,668	(35,597,270)	(85,312,399)	100,963,999
Al Qairawan Office Building	84,000,000	(698,533)	-	83,301,467
Signature Office Building	55,103,000	(1,621,473)	-	53,481,527
	<u>1,130,281,780</u>	<u>(171,537,943)</u>	<u>(218,760,257)</u>	<u>739,983,580</u>

31 December 2023

<i>Description</i>	<i>Cost SR</i>	<i>Accumulated depreciation SR</i>	<i>Accumulated Impairment SR</i>	<i>Net book value SR</i>
Hafar Al-Batin Mall	473,741,902	(77,887,644)	(82,674,258)	313,180,000
Al Khair Mall	325,365,563	(34,781,699)	-	290,583,864
Dawadmi Mall	177,313,210	(44,053,178)	-	133,260,032
Tabuk Mall	221,873,668	(33,765,797)	(87,017,869)	101,090,002
Signature Office Building	55,103,000	(1,078,916)	-	54,024,084
	<u>1,253,397,343</u>	<u>(191,567,234)</u>	<u>(169,692,127)</u>	<u>892,137,982</u>

Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

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

5 INVESTMENT PROPERTIES (continued)

5.1 The movement in the investment properties during the period/year is as follows:

	<i>Land and buildings</i> SR	<i>Right-of-use asset</i> SR	<i>Total</i> SR
Cost			
Balance as at 1 January 2023	1,187,825,887	8,594,560	1,196,420,447
Additions during the year	56,976,896	-	56,976,896
Balance as at 31 December 2023	1,244,802,783	8,594,560	1,253,397,343
Additions during the period	202,250,000	-	202,250,000
Assets held for sale (note 15)	(325,365,563)	-	(325,365,563)
Balance as at 30 June 2024	1,121,687,220	8,594,560	1,130,281,780
Accumulated depreciation			
Balance as at 1 January 2023	151,460,360	1,912,233	153,372,593
Depreciation charge during the year	37,716,585	478,057	38,194,642
Balance as at 31 December 2023	189,176,945	2,390,290	191,567,235
Depreciation charge during the period	17,783,381	238,374	18,021,755
Assets held for sale (note 15)	(38,051,047)	-	(38,051,047)
Balance as at 30 June 2024	168,909,279	2,628,664	171,537,943
Accumulated impairment			
Balance as at 1 January 2023	158,220,527	-	158,220,527
Impairment charge during the year	11,471,600	-	11,471,600
Balance as at 31 December 2023	169,692,127	-	169,692,127
Impairment charged during the period	49,068,130	-	49,068,130
Balance as at 30 June 2024	218,760,257	-	218,760,257
Net book amount as at 30 June 2024	734,017,684	5,965,896	739,983,580
Net book amount as at 31 December 2023	885,933,712	6,204,270	892,137,982

Included above within land and buildings is land amounted to SR 235,479,679 (31 December 2023: SR 340,187,260).

5.1.1 The useful lives of freehold properties are assessed at 25 to 40 years from date of acquisition.

5.1.2 The useful life of Dawadmi Mall (leasehold) is assessed at 19 years from the date of acquisition.

5.2 Freehold and leasehold properties

Land comprises of the lands acquired or leased on which the buildings are built. The Fund acquired freehold properties in Riyadh, Hafar Al-Batin and Tabuk with an aggregate area of 162,263 square meter of land. Additionally, the Fund leased land in Dawadmi with an area of 72,678 square meter of land.

Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

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

5 INVESTMENT PROPERTIES (continued)

5.3 Listed below are the details of the investment properties:

PROPERTY	DESCRIPTION
Dawadmi Mall	This property is a fully constructed commercial facility on a leasehold land, located in Dawadmi, Kingdom of Saudi Arabia ("KSA").
Al Khair Mall	This property is a fully constructed commercial facility on a freehold land, located in Al Malga District, Riyadh, KSA. During the period, this property was classified as assets held for sale (please refer note 15).
Hafar Al-Batin Mall	This property is a fully constructed commercial facility on a freehold land, located in Al Rayan District, Hafar Al-Batin, KSA.
Tabuk Mall	This property is a fully constructed commercial facility on a freehold land, located in Al Rajhi District, Tabuk, KSA.
Signature Office Building	This property is a fully constructed commercial facility on a freehold land, located in Al Sahafa District, Riyadh, KSA
Hittin Office Building	This property is a fully constructed commercial facility on a freehold land, located in Al Hittin District, Riyadh, KSA
Al Qairawan Office Building	This property is a fully constructed commercial facility on a freehold land, located in Al Qairawan District, Riyadh, KSA

5.4 Impairment of investment properties

During the period ended 30 June 2024, the investment properties were tested for impairment and the management recognized a net charge of SR 49,068,130 (30 June 2023: SR 778,438) to adjust the value of its investment properties to its recoverable amount based on the average value as at the reporting period determined by the independent evaluators as shown in note 6.

5.5 Ownership of investment properties

The title deeds of the investment properties (except for Tabuk Mall) is pledged against the financing and is accordingly registered in the name of the SPV, except for Dawadmi Mall, which is a leased property. The SPV is holding these properties for the beneficial ownership of the Fund and does not possess any controlling interest or any stake in the properties.

6 EFFECTS ON NET ASSET VALUE IF INVESTMENT PROPERTIES AND ASSETS HELD FOR SALE ARE 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, and assets held for sale are carried at lower of its carrying amount and fair value less costs to sell in these interim condensed financial statements.

As at 30 June 2024, the fair value of the investment properties and assets held for sale 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) (31 December 2023: Abaad real estate valuation company (Appraiser1) and Value expert real estate company (Appraiser 2)).

Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

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

6 EFFECTS ON NET ASSET VALUE IF INVESTMENT PROPERTIES AND ASSETS HELD FOR SALE ARE FAIR VALUED (continued)

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

<i>30 June 2024 (Unaudited)</i>	<i>Appraiser 1</i> SR	<i>Appraiser 2</i> SR	<i>Average</i> SR
Al Khair Mall*	329,200,000	300,321,000	314,760,500
Hafar Al-Batin Mall	299,400,000	256,691,342	278,045,671
Hittin Office Building	113,700,000	123,278,000	118,489,000
Dawadmi Mall	101,100,000	112,781,032	106,940,516
Tabuk Mall	101,200,000	100,728,000	100,964,000
Al Qairawan Office Building	91,300,000	91,250,000	91,275,000
Signature Office Building	66,200,000	67,456,000	66,828,000
	<u>1,102,100,000</u>	<u>1,052,505,374</u>	<u>1,077,302,687</u>
	<i>Appraiser 1</i> SR	<i>Appraiser 2</i> SR	<i>Average</i> SR
<i>31 December 2023</i>			
Hafar Al-Batin Mall	299,100,000	327,260,000	313,180,000
Al Khair Mall*	329,200,000	376,080,000	352,640,000
Tabuk Mall	100,200,000	101,980,000	101,090,000
Dawadmi Mall	125,300,000	135,530,000	130,415,000
Signature Office Building	66,700,000	69,340,000	68,020,000
	<u>920,500,000</u>	<u>1,010,190,000</u>	<u>965,345,000</u>

* During the period, this property was classified as assets held for sale (please refer note 15).

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

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

i. The unrealized gain on investment properties and assets held for sale based on the fair valuation is set out below:

	<i>30 June</i> <i>2024</i> <i>(Unaudited)</i> SR	<i>31 December</i> <i>2023</i> <i>(Audited)</i> SR
Average fair value of investment properties and assets held for sale	1,077,302,687	965,345,000
Less: Carrying value of investment properties excluding right of use assets (note 5.1)	(739,983,580)	(885,933,712)
Less: Carrying value of assets held for sale (note 15)	(287,314,516)	-
Net impact based on the fair value	<u>50,004,591</u>	<u>79,411,288</u>
Units in issue (numbers)	<u>118,000,000</u>	<u>118,000,000</u>
Impact per unit share based on fair value (SR)	<u>0.42</u>	<u>0.67</u>

Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

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

6 EFFECTS ON NET ASSET VALUE IF INVESTMENT PROPERTIES AND ASSETS HELD FOR SALE ARE FAIR VALUED (continued)

ii. The net asset value using the fair values of the investment properties and assets held for sale is set out below:

	<i>30 June 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
Net assets value at cost	778,413,343	865,350,740
Net impact based on fair value	50,004,591	79,411,288
Net assets based on fair value	<u>828,417,934</u>	<u>944,762,028</u>

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

	<i>30 June 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
Net assets value per unit at cost	6.60	7.33
Impact on net assets value per unit on account of unrealised profit based on fair value	0.42	0.67
Net assets value per unit based on fair value	<u>7.02</u>	<u>8.00</u>

7 RENTAL INCOME RECEIVABLE

This account represents the rental income receivable from the investment properties in accordance with the terms of the corresponding tenancy agreements. The rental income receivables are current in nature.

	<i>30 June 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
Rental income receivable	47,055,942	32,087,036
Less: Allowance for expected credit losses	(30,472,147)	(27,278,124)
	<u>16,583,795</u>	<u>4,808,912</u>

The following is the movement of allowance for expected credit losses as at the reporting date:

	<i>30 June 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
At the beginning of the period/year	27,278,124	49,788,794
Charge for (reversal of) allowance for expected credit losses	3,194,023	(22,510,670)
At the end of the period/year	<u>30,472,147</u>	<u>27,278,124</u>

Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

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

8 FINANCIAL ASSETS AT FVTPL

Financial assets at FVTPL represents investment of 1,359,453 units (31 December 2023: 156,621 units) in Alinma Saudi Riyal Liquidity Fund, an open-ended mutual fund managed by the Fund Manager. The primary objective of the investee Fund is to invest in Shariah compliant Murabaha contract.

	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Cost (SR)	Market value (SR)	Cost (SR)	Market value (SR)
Alinma Saudi Riyal Liquidity Fund	17,748,493	17,880,394	1,886,160	1,953,427

The income from financial assets at FVTPL during the period amounted to SR 156,762 (30 June 2023: SR 69,956).

9 FINANCIAL ASSETS AT AMORTISED COST

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Wakala investment (i)	-	25,500,000
Accrued Special commission income	-	118,215
	-	25,618,215

(i) This represented investments placed with an investment company operating in Kingdom of Saudi Arabia which had maturity within 1 year and carried a special commission income rate of 4.4% per annum. The investment matured during the period ended 30 June 2024.

10 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Fund Manager and entities / persons related to Fund Manager are considered as related parties of the Fund. In the ordinary course of its activities, the Fund transacts business with its related parties. All the related party transactions are approved by the Fund's Board of Directors.

a) Management fee

In consideration for managing the assets of the Fund, the Fund Manager in accordance with the terms and conditions of the Fund charges the Fund a management fee equal to 0.75% (2023: 0.75%) of the net asset value of the Fund given that it does not exceed 12% of the Funds operating cash flow. Management fees is calculated quarterly in arrears and payable quarterly.

b) Board of Directors remuneration

Each independent member of the Board of Directors is allowed a remuneration of SR 5,000 (2023: SR 5,000) per board meeting.

Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

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

10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

10.1 Related party transactions

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

Name of related party	Nature of relationship	Nature of transactions	(Unaudited)	
			30 June 2024 SR	30 June 2023 SR
Alinma Investment Company	Fund Manager	Management fees	(1,315,081)	(1,972,390)
Alinma Bank	Parent Company of Fund Manager	Drawdown of long-term borrowings	202,249,291	-
Fund Board	Board Members	Fund Board fee	(23,648)	(10,000)

10.2 Related party balances

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

Name of related party	Nature of balances	30 June 2024	31 December 2023
		(Unaudited) SR	(Audited) SR
Alinma Investment Company	Management fees payable	(4,155,424)	(6,371,166)
Alinma Bank	Long-term borrowings	(257,349,291)	(55,100,000)
	Accrued finance cost	(1,732,240)	-
Fund Board of Directors	Board fees	(71,148)	(37,500)

As at 30 June 2024, board members of the Fund held 1,550,744 units (31 December 2023: 340,000 units).

11 LONG-TERM BORROWINGS

On 7 November 2022, the SPV of the Fund, on behalf of the Fund, entered into a financing agreement ("agreement") with the Bank amounting to SR 750 million to finance acquisition of investment properties. As of 30 June 2024, SR 493 million represents the unused portion of the facility (31 December 2023: SR 695 million).

The agreement bears a commission rate of three-month SAIBOR + 1.3% per annum, payable annually. The principal amount is scheduled to be paid in full at the end of the term of agreement on 30 November 2030.

The agreement is secured against the pledge of title deed of the investment properties (except Tabuk Mall) (note 5).

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Principal:		
Balance at the beginning of the period/year	55,100,000	-
Additions during the period/year	202,249,291	55,100,000
Balance at the end of the period/year	257,349,291	55,100,000

Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

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

12 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 7 investment properties as disclosed in note 5.3.

13 FAIR VALUE MEASUREMENT

Financial assets consist of bank balance, financial assets at FVTPL, amounts due from related parties, rental income receivable and financial assets at amortised cost. Financial liabilities consist of contract liabilities, other current liabilities and long-term borrowings.

The fair values of financial assets held at FVTPL amounting to SR 17,880,394 (31 December 2023: SR 1,953,427) are classified under level 2.

Due to short-term nature of most of the financial instruments, their carrying amounts is considered to be the same as their fair values. For the borrowings, the fair value is not materially different from its carrying amount since the interest payable is repriced based on the market rate periodically.

14 DIVIDENDS 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 0.17 per unit, for the period ended 30 June 2024, amounting SR 20,060,000 (30 June 2023: SR 14,750,027).

15 DISCONTINUED OPERATIONS

On 24 June 2024, the Fund publicly announced the decision of its Board of Directors to sell Al Khair Mall property in exchange for the acquisition of a new property. This decision was approved by the Board of Directors of the Fund on 13 June 2024. The exchange agreement and the transfer of real estate ownership is expected to be completed within third quarter of the current year. At 30 June 2024, Al Khair Mall property was classified as a disposal group held for sale and as a discontinued operation. The results of Al Khair Mall property for the period is presented below:

	<i>(Unaudited)</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2024</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>
Income:		
Rental income	8,161,470	10,573,580
Total income	8,161,470	10,573,580
Operating expenses:		
Depreciation	(3,269,347)	(3,036,542)
Property manager fee and other operating expenses	(1,628,955)	(2,407,985)
Total operating expenses	(4,898,302)	(5,444,527)
Profit for the period from discontinued operations	3,263,168	5,129,053

Alinma Retail REIT Fund
(Managed by Alinma Investment Company)

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

15 DISCONTINUED OPERATIONS (continued)

The major classes of assets and liabilities Al Khair Mall classified as held for sale as at 30 June 2024 are, as follows:

	30 June 2024 (Unaudited) SR
Assets:	
Investment property	287,314,516
Rental income receivable	7,803,079
Assets held for sale	295,117,595
Liabilities:	
Contract liabilities	5,698,976
Liabilities directly associated with disposal group	5,698,976
Net assets attributable to disposal group	289,418,619

The net cashflows incurred by Al Khair Mall are, as follows:

	(Unaudited)	
	30 June 2024	30 June 2023
	SR	SR
Operating cashflows	2,162,954	5,134,622
Net cash inflow	2,162,954	5,134,622

16 LAST VALUATION DAY

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

17 SUBSEQUENT EVENTS

There are no events subsequent to the reporting date which require adjustments of or disclosure in the interim condensed financial statements or notes thereto.

18 APPROVALS OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Fund's Board of Directors on 7 Safar 1446H (corresponding to 11 August 2024).