Al MAATHER REIT FUND
REAL ESTATE INVESTMENT TRADED CLOSED FUND
TAKES THE FORM OF A SPECIAL-PURPOSE ENTITY
(Managed by Osool & Bakheet Investment Company)

Consolidated financial statements and independent auditor's report to the unitholders
For the year ended 31 December 2023

Al MAATHER REIT FUND
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(Managed by Osool & Bakheet Investment Company)
Consolidated financial Statements and independent auditor's report to the unitholders
For the year ended 31 December, 2023

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RSM Allied Accountants Professional Services Co.

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الريـاض – حي العليا - طريق العروبة
مبنى رقم ٣١٩٣ ، الطابق الأول
ص. ب ٨٣٣٥ ، الرياض - ١٢٣٣٣
هـاتف: ٩٣٦١ ٤١٦ ١١ ٩٦٦+
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Independent auditor's report

TO THE UNITHOLDERS
Al MAATHER REIT FUND
REAL ESTATE INVESTMENT TRADED CLOSED FUND
TAKES THE FORM OF A SPECIAL-PURPOSE ENTITY
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REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Al Maather REIT **(**"The Fund") and its subsidiary (together referred to as the "Group") being managed by the company Osool and Bakheet Investment Company ("Fund Manager"), which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated statements of profit or loss and other comprehensive income, of changes in net assets (equity) attributable to the unitholders and of cash flows for the year then ended and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basic for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA") 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 Fund in accordance with the International Code of Ethics for Professional Accountants (including the International Independence Standards) as endorsed in the Kingdom of Saudi Arabia (the "Code") that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are those matters that in our professional judgments, were of most significance in our audit of consolidated financial statements for the current year. 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. The following is a description of each of the key audit matters and how it was addressed:

Independent auditor's report (continued)

TO THE UNITHOLDERS
Al MAATHER REIT FUND
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Key audit matter (continued)

Key audit matter	How our audit addressed the key audit matter
The group owns a portfolio of investment properties comprising of commercial buildings located in the kingdom of Saudi Arabia and United Arab Emirates. Investment properties, held for capital appreciation and or rental yields, are stated at cot less accumulated depreciation and any 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 group's investment properties on semiannual basis. We considered this as a key audit matter since the assessment of impairment requires significant judgement by the Fund Manager and the potential impact of impairment if any, could be material to the consolidated financial statements.	For impairment of investment properties, we have carried out the following audit procedures: - We obtained two valuation reports from different independent real estate evaluators for each investment property as at 31 December 2023 and confirmed that the valuation approaches are suitable for use in determining the fair value as at the reporting date; - We assessed the independence of the external valuers and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work; - Assessed the recoverable amount, which is the higher between the fair value and the 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 is higher that the carrying amount of the same, except for certain properties which had an effect of impairment and were therefore recorded by the Fund's management; and - We reconciled the average fair value of the investment properties as per note 8 of the external values' reports

Other information

The fund manager is responsible for the other information. Other information includes information included in the Fund's annual report, but does not include the consolidated financial statements and our audit report thereon. It is expected that the annual report will be available to us after the date of this report. Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the Fund's annual report, if we consider that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Independent auditor's report (continued)

TO THE UNITHOLDERS
Al MAATHER REIT FUND
REAL ESTATE INVESTMENT TRADED CLOSED FUND

TAKES THE FORM OF A SPECIAL-PURPOSE ENTITY
(Managed by Osool & Bakheet Investment Company)

Responsibilities of management and those charged with governance for the consolidated financial statements

The Fund Manager 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 that are endorsed by the Saudi Organization for Chartered and Professional Accountants, and in accordance with investment funds regulations issued by Capital Market Authority and the Fund's terms and conditions, and for such internal control as the Fund Manager determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, the Fund Manager 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 Fund Manager either intends to liquidate the Group or to cease its operations, or has no realistic alternative but to do so.

Those charged with governance, the Fund's board, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for auditing 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 the 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism 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 the one resulting from error, as fraud may involve collusion, forgery, omission, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls 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 controls.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and disclosures prepared by the Fund Manager.

Independent auditor's report (continued)

TO THE UNITHOLDERS
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Auditor's responsibilities for auditing the consolidated financial statements (continued)

- Conclude on the appropriateness of Fund manager'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 to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including disclosures, and whether the consolidated financial statements represent the transactions and events they represent in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence with respect to the consolidated financial statements of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for directions, supervisions and overseeing and implementing the Group's audit. We remain solely responsible for the 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 controls 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, actions taken to eliminate threats or safeguards applied.

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 year 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.

RSM Allied Accountants for Professional Services

شركة ار اس ام المحاسبون المتحدون للاستشارات المهنية
س.ت: ٤٠٣٠٢٢٨٧٧٣
C.R. 4030228773
RSM Allied Accountants Professional Services Co.

Muhammad Bin Farhan Bin Nader
License No. 435
Riyadh, Saudi Arabia
Ramadan 18,1445 (corresponding to March 28, 2024)

Al MAATHER REIT FUND
CLOSED PUBLIC TRADING LISTED REAL ESTATE INVESTMENTS FUND
TAKES THE FORM OF A SPECIAL-PURPOSE ENTITY
(Managed by Osool & Bakheet Investment Company)

Consolidated statement of financial position
As at 31 December 2023
(Saudi Riyals)

	Note	**2023**	2022
Assets			
Non-current assets			
Investment properties	7	**686,668,094**	681,543,170
Right to use assets	10	**2,974,687**	3,614,743
Leasehold contracts	11	**4,082,125**	4,319,161
Total non-current assets		**693,724,906**	689,477,074
Current assets			
Due from Related Party		**4,267,333**	-
Rent receivables	12	**9,294,724**	4,894,645
Prepaid expenses and other assets	13	**1,562,937**	2,391,064
Cash and cash equivalents		**40,082,456**	29,413,081
Total current assets		**55,207,450**	36,698,790
Total assets		**748,932,356**	726,175,864
Liabilities			
Non-current liabilities			
Lease obligations – non-current portion	10	**2,829,628**	3,213,554
Islamic facilities – non-current portion	14/ A	**174,569,999**	196,568,771
Total non-current liabilities		**177,399,627**	199,782,325
Current liabilities			
Islamic facilities – current portion		**21,998,772**	-
Lease obligations – current portion	10	**637,213**	900,000
Due to related parties	15	**1,486,480**	1,448,473
Accrued expenses and other liabilities	16	**2,040,601**	2,052,397
Deferred revenue	17	**13,168,945**	9,976,554
Accrued interest on Islamic facilities	14/B	**18,538,720**	12,160,141
Zakat provision	18	**-**	618,369
Total current liabilities		**57,870,731**	27,155,934
Total liabilities		**235,270,358**	226,938,259
Unitholders' funds			
Net asset value (equity) attributable to unitholders		**513,661,998**	499,237,605
Units in issue (*numbers*)		**61,370,000**	61,370,000
Book value of assets belonging to the unit	8	**8.37**	8.13
Fair value of assets attributable to the unit		**10.48**	10.11

The accompanying notes (1) to (27) form an integral part of these consolidated financial statements.

Al MAATHER REIT FUND
CLOSED PUBLIC TRADING LISTED REAL ESTATE INVESTMENTS FUND
TAKES THE FORM OF A SPECIAL-PURPOSE ENTITY
(Managed by Osool & Bakheet Investment Company)

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2023
(Saudi Riyals)

	Note	**2023**	2022
Profit or Loss			
Revenue			
Rental income	19	**61,281,445**	61,726,020
Time deposit commission income		**430,550**	153,908
Other income		**73,342**	-
Total revenue		**61,785,337**	61,879,928
Expenses			
Real estate management expenses		**(3,873,387)**	(3,606,192)
Fund management fees	15	**(4,100,844)**	(3,884,311)
Transactions fees	15	**-**	(1,027,904)
Custodian fees	15	**(200,000)**	(285,074)
Financing costs	21	**(6,631,866)**	(6,198,097)
Property management fees	15	**(2,287,736)**	(2,097,363)
Depreciation of the right to use assets	10	**(640,056)**	(639,704)
Expected credit loss expenses	12	**(1,191,824)**	-
Other expenses	20	**(1,748,425)**	(1,851,385)
Total expenses		**(20,674,138)**	(19,590,030)
Net profit for the year from operations		**41,111,199**	42,289,898
Depreciation of investment properties	7	**(17,493,678)**	(16,754,464)
Amortization of real estate benefits contracts	11	**(863,592)**	(800,662)
Gain on fair value of investment properties and real estate benefits	7	**21,216,562**	4,098,869
Reverse of impairment losses in the value of benefits contracts	11	**549,284**	-
Net profit before zakat for the year		**44,519,775**	28,833,641
Zakat	18	**-**	(623,269)
Net profit for the year		**44,519,775**	28,210,372
Other comprehensive income			
Items that may later be reclassified in the profit or loss statement			
Unrealized losses on foreign currency translation differences		**(24,082)**	(840,269)
Total comprehensive income for the year		**44,495,693**	27,370,103

The accompanying notes (1) to (27) form an integral part of these consolidated financial statements

Al MAATHER REIT FUND
CLOSED PUBLIC TRADING LISTED REAL ESTATE INVESTMENTS FUND
TAKES THE FORM OF A SPECIAL-PURPOSE ENTITY
(Managed by Osool & Bakheet Investment Company)

Consolidated statement of changes in net assets attributable to the unit holders
For the year ended 31 December 2023
(Saudi Riyals)

	2023	2022
Net value of assets (equity) attributable to unitholders, beginning of the year	**499,237,605**	533,851,202
Net profit for the year	**44,519,775**	28,210,372
Dividends paid	**(30,071,300)**	(61,983,700)
Other comprehensive Income	**(24,082)**	(840,269)
Net value of assets (equity) attributable to unitholders, year-end	**513,661,998**	499,237,605

Unit transactions
The following is a summary of the unit transactions during the year:

	2023 Units	2022 Units
Number of units, beginning of the year	**61,370,000**	61,370,000
Number of units, year-end	**61,370,000**	61,370,000

The accompanying notes (1) to (27) form an integral part of these consolidated financial statements

Consolidated statement of cash flows
For the year ended 31 December 2023
(Saudi Riyals)

	2023	2022
Cash flows from operating activities		
Net profit for the year before zakat	**44,519,775**	28,833,641
Adjustments to adjust the net profit before zakat to net cash generated from operating activities		
Depreciation of investment properties	**17,493,678**	16,754,464
Amortization of benefits contracts	**863,592**	800,662
Depreciation of the right of use assets	**640,056**	639,704
Financing costs	**6,631,866**	6,198,097
Gains in fair value of investment properties	**(21,216,562)**	(4,098,869)
Gains in fair value of real estate benefits	**(549,284)**	-
Provision for expected credit losses	**1,191,824**	-
Bad debts	-	(9,957,593)
	49,574,945	**39,170,106**
Changes in operating assets and liabilities		
Rent receivables	**(5,591,903)**	9,599,133
Prepaid expenses and other assets	**828,127**	2,260,926
Accrued expenses and other liabilities	**(11,796)**	244,899
Deferred revenue	**3,192,391**	(1,860,417)
Due to related parties	**(4,253,408)**	(786,242)
Paid from Zakat allowance	**(618,369)**	(4,861,834)
Net cash generated from operating activities	**43,119,987**	43,746,571
Cash flows from investment activities		
Additions to investment properties	**(1,402,040)**	(102,126,102)
Additions to capital work under construction	**-**	(1,711,075)
Additions to benefits contracts	**(77,272)**	-
Net cash used in investment activities	**(1,479,312)**	(103,837,177)
Cash flows from financing activities		
Paid from lease obligations	**(900,000)**	(900,000)
Proceeds from Islamic facilities	**-**	101,000,000
Dividends paid	**(30,071,300)**	(61,983,700)
Net cash generated from (used in) financing activities	**(30,971,300)**	38,116,300
Net change in cash and cash equivalents	**10,669,375**	(21,974,306)
Cash and cash equivalents, the beginning of the year	**29,413,081**	51,387,387
Cash and cash equivalents, at the end of the year	**40,082,456**	29,413,081
<u>Non-cash transactions</u>		
Currencies exchange differences	**24,082**	840,269
Capitalized financing cost to capital works under construction	**-**	279,895
Capital works under construction transferred to investment properties	**-**	(25,652,472)

The accompanying notes (1) to (27) form an integral part of these consolidated financial statements

1- Fund and its activities

A- Al-Maather REIT Fund (the "Fund"), managed by Osool and Bakheet Investment Company (the "Fund Manager") is a closed-end real estate investment fund that operates in accordance with the real estate investment funds regulations and the regulations for real estate investment traded funds issued by the capital market authority. The fund is traded in the Saudi Stock Exchange ("Tadawul") and its units are traded in accordance with the relevant laws and regulations.

The fund aims to invest in real estate assets that can achieve periodic rental income from the Kingdom of Saudi Arabia and in accordance with the fund's investment strategy and to distribute at least 90% of the fund's net profits annually. The fund secondarily invests its assets in real estate development projects, in accordance with the restrictions specified in the fund's strategy.

The Fund is managed by Osool and Bakheet Investment Company, a closed joint stock company under Commercial Registration No. 1010219805, dated Jumada Al-Ula 2, 1427 AH (corresponding to May 29, 2006) and licensed as an "authorized person" under the CMA license No. 08126-07 to engage in the activity of dealing as principal and agent. Management and custody in the securities business.

The Fund has appointed Al Bilad Finance Company (the "Custodian") to act as the Custodian and Registrar of the Fund. Fees for custody and registrar services are paid by the Fund.

The Fund Manager is responsible for the overall management of the Fund's activities. The Fund Manager may also enter into agreements with other institutions to provide investment, custody or other administrative services on behalf of the Fund.

The fund commenced operations on 15 Shawwal 1438 (corresponding July 9,2017). The ownership of real estate investments and benefits contracts was transferred in August of the same year, and since that date the rents have been due to the Fund.

B- The terms and conditions of the Fund were issued on 18 Ramadan 1438H (corresponding to 13 June 2017), and on 3 Dhu al-Qa'dah 1443H (corresponding to 2 June 2023), the Fund Manager made some amendments to the terms and conditions of the Fund, the main change in the terms and conditions is related to the change of the chartered accountant and his fees.

C- The fund's capital is 613,700,000 Saudi riyals, and the fund term is ninety-nine years starting from the date of listing the units in Tadawul, subject to renewal for a similar period at the discretion of the fund manager and after obtaining the approval of the Capital Market Authority.

D-The consolidated financial statements as at 30 December 2022 include the activities Al Maather REIT Fund and the following subsidiary (hereinafter referred to as the "Fund").

Subsidiary Company	Main activity	Country	Ownership %	
			2023	2022
RUKN Al Maather Investment Company	The company's activities are purchase and sale of land and real estate.	United Arab Emirates	**100%**	100%

E-The address of the fund manager is at the following address:
Osool & Bakheet Investment Company
P.O. Box 63762
Riyadh 11526
Kingdom of Saudi Arabia

2- Regulating authority

The Fund is governed by Investment Funds Regulations (the "Regulations"), issued by Capital Market Authority (CMA) on 3 Dhul Hijjah 1427H (corresponding to 24 December 2006), and as of 6 Safar 1438H (corresponding to November 6,2016) to the new Investment Funds Regulations ("the amended Regulations") issued by CMA on 17 Rajab 1442 (corresponding to March 1,2022), detailing requirements for all types of funds in the Kingdom of Saudi Arabia. The amended Regulations Effective starting from 19 Ramadan 1442 (corresponding to May 1, 2022).
The fund is also subject to the real estate investment fund regulations issued by the Capital Market Authority.

3- Basis of preparation

Statement of compliance

These accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards endorsed by the Saudi Organization for Auditors and Accountants, and the terms and conditions of the Fund.

Basics of measurement

The accompanying consolidated financial statements are presented in accordance with the historical cost principle, accrual basis of accounting and going concern concept, another basis is used if the International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards supplement the international standards endorsed by the Saudi Organization for Auditors and Accountants, as indicated in the significant accounting policies (note 6).

Presentation and functional currency

These consolidated financial statements are presented in Saudi Riyals which is the functional currency and are rounded to the nearest Saudi Riyal.

Accounting records

The Fund maintains regular accounting records on the computer in Arabic language.

Use of judgments, estimates and assumptions

Preparing consolidated financial statements in accordance with international financial reporting standards endorsed in the Kingdom of Saudi Arabia and other standards supplement the international standards endorsed by the Saudi Organization for Auditors and Accountants requires the use of some significant judgment, estimates and assumptions that affect the amounts of assets and liabilities presented and the disclosure of potential assets and liabilities at the date of preparing the financial reports and the recorded amounts of revenues and expenses during the period of financial reports. Judgments, estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The fund makes judgments, estimates and assumptions regarding the future. The resulting accounting estimates may differ from actual results.

Major area where estimates or judgements made are significant to the fund’s financial statements or where judgements were exercised in the application of accounting policies are as follows:

Uncertain assumptions and estimates

Going concern

The Fund's management made an assessment for its ability to continue as a going concern and concluded that it has the resources to continue its activity in the foreseeable future. In addition, the management is not aware of any material uncertainty that may cast doubt on the ability of the Fund to continue according to the going concern basis. Accordingly, the financial statements have been prepared on the going concern basis.

Investment property classification

Management determines whether real estate qualifies as investment property. In making the assessment, management considers the intended use of these properties, whether they are to be held for rental or capital appreciation purposes, and those properties that are held for an undetermined future use, as well as the significance of the value of these properties and whether these properties will generate future cash flows to substantially from the other assets held by the fund.

Useful life and residual value of property investments

The fund's management determines the estimated useful life of property investment in purpose of calculating depreciation. This estimate is determined after considering the expected usage of the asset. Management reviews the useful life and residual value of property investment annually; whereby future depreciation is adjusted when management believes that the useful life or residual value is different from those used in prior periods.

3- Basis of preparation (continued)

Use of judgments, estimates and assumptions (continued)
Uncertain assumptions and estimates (continued)

Impairment of non-financial assets
The group's management periodically reviews the carrying amount of non-financial assets to determine whether there is any indication that those assets may incur an impairment loss. If any indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset is estimated to be less than it carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The impairment is recognized in the consolidated statement of profit or loss.

Measuring the fair value of financial instruments
When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured on the basis of traded prices in active markets, the fair value is determined using valuation methods including the discounted cash flow method. Inputs to these methods are made through observable markets where possible, and when this is not feasible, a degree of judgment is required to determine fair value. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Assumptions relating to these factors on the fair value of financial instruments.

Impairment of rent and other receivables
An estimate of the collectible amount of accounts receivable and other receivables is made when it is not possible to collect the full amount or partially. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant and overdue are assessed collectively, and a provision is formed for them according to the length of time overdue they are due.

Expected credit losses
The measurement of expected credit losses for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about economic conditions and credit behavior.
There are several important judgments required also in applying accounting requirements for measuring expected credit losses, such as:
- Establishing criteria for significant increase in credit risk
- Selecting appropriate models and assumptions for measuring expected credit losses
- Creating a number and weighting of future scenarios for each type of products/markets and associated expected credit losses
- Establishing a pool of similar financial assets for the purpose of measuring expected credit losses

Zakat
In calculating zakat for the current year, the fund adjusted its net profit and applied a specific deduction for its zakat liability to calculate zakat expense. The fund has made the best estimates for these assumptions.

4- New standards, amendments to standards, interpretations and standards issued that have not yet been applied

New Standards, Amendment to Standards and Interpretations:
The fund has also applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023.

- **Amendments to IAS 8**
  The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction**
  These amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

4- New standards, amendments to standards, interpretations and standards issued that have not yet been applied (continued)

Standards issued but not yet effective

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted them in preparing these Consolidated Financial Statements. These amendments are not expected to have significant impact in the Group's Consolidated Financial Statements

- **Amendments to IFRS 16 – Leases on sale and leaseback:**
  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.

- **Amendments IAS 1 – Non-current liabilities with covenants and Classification of Liabilities as Current or Non-current Amendments**
  These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

- **Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements**

- **Amendments to IAS 27 – Lack of exchangeability**

Following are the new IFRS sustainability disclosure standards effective for annual periods beginning on or after 1 January 2024 subject to endorsement of the standards by SOCPA

- **IFRS S1, 'General requirements for disclosure of sustainability-related financial information**
  This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

- **IFRS S2, 'Climate-related disclosures'**
  This is the first thematic standard issued that sets out requirements for entities to disclose information about climate related risks and opportunities.

  The Fund evaluates the effects of the above standards, amendments and interpretations on the Fund's financial statements.

5- Consolidation basis

These consolidated financial statements include the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in the net asset (equity) attributable to unitholders and the consolidated statement of cash flows as well as supplementary notes to the consolidated financial statements, which include the assets, liabilities and results of the Fund's operations and its subsidiaries as set out in note (1). The subsidiary is the company controlled by Al Maather REIT Fund. Al Maather REIT Fund controls the subsidiary when it has the right to various revenues as a result of its participation and its ability to influence these revenues through its control of the subsidiary. The subsidiary shall be consolidated as at the date of Al-Maather REIT Fund's control over the subsidiary and until it ceases to exercise such control. Al-Maather REIT Fund is using the purchasing method to account for aggregating operations when control is transferred to them. The cost of acquisition is measured at the fair value of the assets acquired. Transactions between the fund and its subsidiaries, as well as unrealized profits and losses resulting from transactions between the fund and the company are excluded. The accounting policies of the subsidiary are amended as necessary to ensure that they are consistent with the policies followed by Al Maather REIT.

6- Significant accounting policies

Below are significant accounting policies adopted:

Current versus non-current classification

The fund presents its assets and liabilities in the statement of financial position based on a current / non-current basis. The assets are considered as a current when its:

6- Significant accounting policies (continued)

Current versus non-current classification (continued)

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for purpose of trading.
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalents, unless restricted from paying exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

All liabilities are considered as a current, when its:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current

Investment properties

Investment properties consist of completed properties held for the purpose of generating rental income or to increase the value of the assets belonging to the unit holders or both. Investment properties are stated at cost including transaction costs after deducting accumulated depreciation and impairment losses, if any. This cost includes the cost of replacing part of an existing investment property at the time the cost is incurred if the evidentiary criteria are met.

Recognition of investment properties is derecognized upon sale or disposal if they are not held for the purpose of increasing their value. When they are transferred or reclassified as development properties, any resulting profit or loss from sale or when they are occupied by the owner or derecognition or derecognition of investment properties is recognized immediately in other comprehensive income, representing the difference between the net proceeds from sale and the carrying amount.

The estimated depreciation ratios for the main items of these investment properties are as follows:

Description	Useful life
Buildings	3.3% - 5%
Furniture and fixtures	15%

In accordance with the requirements of the Capital Market Authority through its circular dated October 16, 2016, the Fund needs to apply the cost model to measure property and equipment, investment properties and intangible assets when applying the standards for financial reporting for a period of three years starting from the date of applying the International Fund Reporting Standards.

Impairment of non-current assets

Properties are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds the recoverable amount that is the higher of the asset's fair value less costs to sell and value in use. When an impairment loss subsequently reverses, the value of the property is increased to the estimated recoverable amount, but the increased carrying amount shall not exceed the carrying amount that would have been determined. Reversal of impairment loss is recognized as direct income in the consolidated statement of comprehensive income

Capital work in progress

Capital work in progress is recognized at cost in the initial measurement and it is not depreciated. Once the asset is ready to use for the purpose it builds for and it will transfer to property, plant and equipment and or properties investment, financing costs which spent on loans to finance the creation of eligible assets during the period of completing and preparing the assets for the intended use are capitalized.

6- Significant accounting policies (continued)

Right of use assets and lease obligations
The Fund recognized new assets and liabilities for its operating leases for various types of contracts including land and office leases. Each lease payment is apportioned between the liability and the finance cost. The finance cost is charged to the consolidated statement of profit or loss over the lease period so that a constant periodic rate of interest is earned on the remaining balance of the liability for each period. The right-of-use asset is amortized over the useful life of the asset or the lease term, whichever is shorter, on a straight-line basis.

The assets and liabilities arising from the lease are initially measured on a present value basis

a- Right of use, is initially recognized:
- The initial measurement amount of the lease obligation is the present value of future lease payments;
- Any lease payments made on or before the starting date of the lease contract minus any lease incentives received;
- Any initial direct costs incurred by the Company as a lessee;
- An estimate of the costs that the Company will incur as a lessee to dismantle and remove the assets, and return the site where the asset is located to the original state.

The right-of-use asset is subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any re-measurement of the lease obligation.

The Company depreciates the right-of-use asset over the estimated term of the lease on a straight-line basis.

b- The lease liability is subsequently measured as follows:
- Increasing the carrying amount to reflect the interest on the lease obligation;
- Reducing the carrying amount to reflect rental payments;
- Re-measure the carrying amount to reflect any revaluation or amendments to the lease agreement.

The Company separates the amounts paid into the original portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

In accordance with International Financial Reporting Standard No. (16), “right-to-use assets” are tested for impairment in accordance with International Accounting Standard No. 36 “Impairment of Assets”

<u>Duration of leases</u>
The Fund defines the duration of the lease as the irrevocable period in the lease along with each of the following:
- the periods covered by the lease extension option if the fund is reasonably certain that this option will be exercised;
- The periods covered by the option to terminate the lease if the fund is reasonably certain that this option has not been exercised.

For short-term leases (lease duration 12 months or less) and low-value contracts, the fund has recognized rental expenses on a straight-line basis as permitted in IFRS 16 which is the same way it was accounted for in accordance with IAS 17 "Leases".

Beneficial contracts
Beneficial contracts are recorded at cost less accumulated amortization and any impairment losses. Amortization is calculated using the straight-line method over the contract year.

Net asset value per unit
The net asset value of each unit, as disclosed in the consolidated statement of financial position, is calculated by dividing the net asset value of the fund by the number of units issued at the end of the year.

6- Significant accounting policies (continued)

Impairment of assets value
Assets are re-measured if there is an impairment loss 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.

Account receivables
Accounts receivable are stated at the original amount of the bill less the allowance for any uncollectible amounts. An expected credit loss provision is charged when there is objective evidence indicating that the company is unable to collect the amounts due according to the original terms of the receivables, and bad debts are written off when identified against the related allocations are charged to the statement of consolidated profit or loss, and any subsequent recoveries of receivables that were previously written off are added to other revenue.

Cash and cash equivalent
Cash and cash equivalent comprise bank balances, term deposits with original maturity of three-months or less from the acquisition date.

Loans
Loans are initially recorded at fair value (represented as the proceeds received) less transaction costs incurred, if any. After initial recognition, these long-term loans are carried at amortized cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the recoverable amount is recognized as a gain or loss over the life of the loan using the effective interest method.
Loans are classified as current liabilities as long as the Fund does not have a temporary right to delay settlement of the obligation for at least 12 months after the reporting date.

Related parties
The related party is a person or entity related to the fund, and the person is related if he owns control or significant influence over the fund or is a member of the main management, and the entity is related if the entity is a member in same the group as a parent institute or a subsidiary or an associate institute or associated with a joint venture, or both entities are a joint venture of a third party.

Transaction with related parties transfer of resources, services, or obligations between the fund and the related party, regardless of whether the price is charged. Key management personnel are the authorized and responsible persons for planning and management, and they have direct or indirect control over the operations of the fund, including the manager.

Accrued expenses and other liabilities
Accrued expenses and other liabilities are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.
Provisions are recognized when the Fund has obligations (legal or contractual) arising from past events and the settlement of the obligations is likely to result in an outflow of economic benefits and can be measured reliably. A provision for loss from future operations is not recognized.

Dividends
Dividend income is recognized at the time the right of receipt arises, reflecting dividend income as a component of net trading income, net income from investments listed at fair value through profit or loss, financial instruments or other operating income based on the basic classification of equity instruments.

Provisions
A provision is recognized in the statement of financial position when the fund has a current, legal or contractual obligation as a result of a past event and is likely to require an outflow of economic benefits to pay the obligation. The measurement of obligations is based on current legal requirements and available technologies. Provisions are deducted only when the impact of the time value of money is substantial.

Provisions are measured according to the best expectations of the allowance required to meet the obligation as at the date of the non-consolidated statement of financial position prepared for a special

6- Significant accounting policies (continued)

Provisions (continued)

purpose after considering the risks and uncertainties surrounding the obligation. When the provision is measured using estimated cash flows to pay off the current obligation, the receivable is recognized as an asset in the event that receipt and replacement of the amount is confirmed and the amount can be measured reliably.

Zakat

On Jumada Al-Awwal 9, 1444 H (corresponding to December 3, 2022), Minister of Finance Decision No. 29791 was issued regarding the rules for collecting zakat from investors in investment funds. This decision resulted in the following:
- Requiring funds to register with the Zakat, Tax and Customs Authority for the purpose of zakat.
- Oblige the funds to maintain regular accounts based on audited financial statements.
- Requiring funds to submit information declarations to the Authority.
- The funds are not obligated to pay zakat, but the obligated are the shareholders (unit holders).
- The investor in the fund should pay tribute to his share in the fund in order for it to be deducted as an investment by his zakat declaration.
- This decision applies to fiscal years beginning on or after January 1, 2023.

During the year, the fund manager registered the fund with the Zakat, Tax, and Customs Authority. However, until the date of the financial statements' approval, the fund manager did not prepare the information statement and submit it to the Zakat, Tax, and Customs Authority.

Value added tax

Expenses and assets are recognized net of value added tax, with the exception of:

- When the VAT incurred on the purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquiring the asset or as part of the expense item, as the case may be.
- When listing debit and credit accounts with the amount of VAT. The net amount of VAT recoverable from or payable to the tax authority is included as part of the debit or credit accounts in the statement of financial position.

Withholding tax

The company collects taxes on transactions with non-resident parties in the Kingdom of Saudi Arabia and dividend distribution paid for non-resident partners accordance with the regulations of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia (“the Authority”).

Revenue recognition

The company recognizes revenue under IFRS 15 using the following five-step model:

1- Defining the contract with the customer: A contract is defined as an agreement between two or more parties that creates enforceable rights or obligations and defines the criteria that must be met.
2- Defining performance obligations in the contract: A performance obligation is a promise with a customer to transfer a good or provide a service.
3- Determining the transaction price: the transaction price is the amount of consideration that the company expects to achieve in return for transferring the promised goods or services to the customer, excluding the amounts collected on behalf of third parties.
4- Allocate a price to the transaction: performance obligations in the contract: for a contract that contains more than one performance obligation, the company allocates the transaction price to each performance obligation in an amount that determines the amount of consideration that the company takes, specifying the amount of consideration that the company expects to receive in exchange for fulfilment with all commitment.
5- Recognize revenue when (as) the entity satisfies the performance obligation.

Revenue is recognized when the performance obligations are fulfilled and that is when the service is provided to the customer. Performance commitment is a promise to provide service to the customer. Upon fulfillment of performance obligations, revenue is recorded at the fair value of the benefit provided, and any amounts collected on behalf of any external parties and any price discounts are excluded from the service price.

6- Significant accounting policies (continued)

Revenue recognition (continued)

If the service invoice to the customer includes certain different services, the invoice price is distributed proportionally, and the revenue of the services is realized upon fulfilling the performance obligations and providing the service to the customer. The company provides its services directly and is not considered an agent for any other parties.

Properties' sales revenue

Revenue from the sale of properties under development is recognized when the significant risks and rewards have passed under a statutory title deed or a statutory declaration of ownership by the buyer, and when the consideration is likely to be collected and the amount of revenue can be measured reliably. The cost of revenue will depend on the estimated total cost of the land site on the total land area of a specific development.

Rental revenues

The Fund is the lessor in the various operating leases. The rental income arising from the operating leases of investment properties is accounted for using the straight-line method over the lease term and is included in the initial condensed consolidated statement of profit or loss. The accrued income is recognized to the extent that it is Revenue recognized but not yet invoiced.

Murabaha income

Murabaha income from time deposits is recognized on an accrual basis in the statement of comprehensive income.

Other revenues

Other revenue is recognized on the accrual basis.

Expenses

Expenses are recognized on an accrual basis, and the fund management and custody fees are charged at a ratio agreed upon with the fund manager. These expenses are calculated quarterly and these expenses are charged to the consolidated statement of profit or loss.

Management fees

Fund management fees are recognized on an accrual basis and charged to the statement of comprehensive income. Fund management fees are charged according to the rates agreed upon with the fund manager and as stipulated in the terms and conditions of the fund.

Handling fees

The fund manager charges the fund a transaction fee from the purchase or sale value of each real estate purchased or sold by the fund.

Sector information

Business sector: represents a group of assets and operations that jointly provide products or services that are subject to risks and returns that differ from those related to other business sectors and which are measured according to the reports used by the fund manager and the fund's main decision maker.

Geographic sector: related to providing products in a specific economic environment subject to risks and returns that differ from those related to business sectors in other economic environments.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that require a significant period of time to be ready for their expected use or sale, are added to the cost of those assets until they are substantially ready for use or sale.

Investment income earned on the temporary investment of specific loans until they are spent on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the interim condensed consolidated statement of profit or loss in the period in which they are incurred.

(in Saudi Riyals)

6- Significant Accounting Policies (continued)

Foreign currency transactions

Transactions carried out in foreign currency are converted into Saudi Riyals at the spot exchange rates prevailing at the date of the transactions. Also, the balances of monetary assets and liabilities recorded in foreign currencies at the prevailing exchange rates are converted into Saudi riyals at the end of the year at the prevailing exchange rates on that date.

With regard to monetary items, the gain or loss in foreign currency is the difference between the cost paid in the functional currency at the beginning of the year adjusted for the effective return rate and payments during the year, and the cost that is depreciated in the foreign currency after translating it at the exchange rate at the end of the year. Non-monetary items that are measured through historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Recording currency translation gains or losses resulting from settlement and translation operations in the consolidated income statement.

7- Investment properties, net

a) This item consists of the following:

2023	Lands	Buildings	Furniture & Fixtures	Total
Cost				
Balance, beginning of the year	331,388,708	463,862,228	9,281,686	804,532,622
Additions	-	**1,312,112**	**89,928**	**1,402,040**
Balance, year-end	**331,388,708**	**465,174,340**	**9,371,614**	**805,934,662**
Accumulated depreciation				
Balance, beginning of the year	-	63,756,202	7,227,136	70,983,338
Charged during the year	-	**16,076,177**	**1,417,501**	**17,493,678**
Balance, year-end	-	**79,832,379**	**8,644,637**	**88,477,016**
Change in value				
Balance, beginning of the year	(34,459,302)	(17,209,547)	(337,265)	(52,006,114)
Charged during the year	**14,472,608**	**6,699,904**	**44,050**	**21,216,562**
Balance, year-end	**(19,986,694)**	**(10,509,643)**	**(293,215)**	**(30,789,552)**
Net	**311,402,014**	**374,832,318**	**433,762**	**686,668,094**
2022				
Cost				
Balance, beginning of the year	321,188,708	346,400,356	9,164,984	676,754,048
Additions	10,200,000	91,809,400	116,702	102,126,102
Transferred from capital works under construction (Note 9)	-	25,652,472	-	25,652,472
Balance, year-end	331,388,708	463,862,228	9,281,686	804,532,622
Accumulated depreciation				
Balance, beginning of the year	-	48,389,407	5,839,467	54,228,874
Charged during the year	-	15,366,795	1,387,669	16,754,464
Balance, year-end	-	63,756,202	7,227,136	70,983,338
Change in value				
Balance, beginning of the year	(36,024,465)	(19,692,419)	(388,099)	(56,104,983)
Charged during the year	1,565,163	2,482,872	50,834	4,098,869
Balance, year-end	(34,459,302)	(17,209,547)	(337,265)	(52,006,114)
Net	296,929,406	382,896,479	1,717,285	681,543,170

(in Saudi Riyals)

7- Investment properties, net (continued)

Real estate investments consist of the following eleven properties:

- GENX Al-Maather: (It is a commercial, residential and office property located on Prince Turki bin Abdul Aziz in Al-Maather district in Riyadh).
- GENX Al-Rabie:(represents a commercial property "hotel units" located in King Fahd Bin Abdul Aziz in the Olaya district in Riyadh).
- Al Muhammadiyah Tower: (represents a commercial and office property located in King Fad bin Aziz in the Olaya district in Riyadh).
- Takhassusi Showrooms: (represents a commercial property located in Takhassusi Street in Al-Maather district in Riyadh).
- Al-Sahafa 1: (It represents an office commercial property located in Al-Olaya Street in Al-Sahafa district in Riyadh).
- Al-Sahafa 2: (It represents an office commercial property located in Al-Olaya Street in Al-Sahafa District in Riyadh).
- Al-Ha'ir warehouses: (represents warehouses and is located in the Al Masani' district in Riyadh).
- Al-Sulay warehouse: (represents warehouses and is located on Al-Khattab Street in Al-Sulay district in Riyadh).
- Tolan Hotel Suites: (It represents hotel suites and is located in the Aqrabiya district in Al-Khobar).
- Elite Educational Schools: (An educational property located on Al-Fahd district road in the city of Unaizah, where this property was purchased during 2022).
- Al-Salam Schools: (Land of an educational property located in Al-Salam district in Riyadh, where this property was purchased during 2022).
- Burjeel Property (Burjeel Hospital located in the United Arab Emirates, Emirate of Sharjah) This property was purchased in February 2023).

The market value of the properties has been determined by Taqeem accredited valuators according to an appraisal system according to the International Valuation Standards for the International Valuation Standards Council, the assumptions used to determine the fair value of investment properties are as follows:

Statement	**Evaluation method**	**Market Value**			
		31 December 2023		31 December 2022	
		Tathmeen	**White Cubes**	Tathmeen	White Cubes
GENX Al-Maather	Discounted cash flows	**170,102,000**	**150,950,000**	166,111,000	150,000,000
GENX AL RABIE	Discounted cash flows	**40,478,000**	**40,700,000**	39,688,000	42,140,000
Mohammedia Tower	Discounted cash flows	**106,232,000**	**125,000,000**	104,500,000	127,000,000
Takhassusi Showrooms	Discounted cash flows	**71,793,000**	**74,800,000**	67,072,000	70,400,000
Al-Sahafa 1	Discounted cash flows	**54,876,000**	**65,200,000**	46,662,000	64,900.000
Al-Sahafa 2	Discounted cash flows	**56,829,000**	**62,000,000**	52,292,000	60,600,000
Al-Ha'ir Warehouses	Discounted cash flows	**24,045,000**	**20,400,000**	18,018,000	20,200,000

(in Saudi Riyals)

7-Investment properties, net (continued)

Statement	Evaluation method	Market Value			
		31 December 2023		31 December 2022	
		Tathmeen	**White Cubes**	Tathmeen	White Cubes
Al-Sulay Warehouse	Discounted cash flows	**47,551,000**	**56,000,000**	**42,984.000**	**56,600,000**
Tolan Hotel Suites	Discounted cash flows	**26,474,000**	**29,200,000**	**26,378,000**	**41,700,000**
Elite Educational Schools	Discounted cash flows	**30,201,000**	**35,100,000**	**29,278,000**	**37,640,000**
Al-Salam Schools	Discounted cash flows	**50,212,000**	**52,400,000**	**49,247,000**	**55,380,000**
Burjeel Hospital	Discounted cash flows	**121,629,000**	**118,900,000**	**115,509,000**	**116,750,000**
Total		**800,422,000**	**830,650,000**	**757,739,000**	**843,310,000**
Average evaluations		**815,536,000**		**800,524,500**	

8-Effect of net assets value (equity), if investment properties and lease hold contracts are measured at fair value

According to Article (22) of the Real Estate Investment Funds Regulations issued by the Capital Market Authority in the Kingdom of Saudi Arabia, the fund manager must evaluate the fund’s assets based on the average of two evaluation processes prepared by independent certified valuation experts, as stated in the terms and conditions of the fund, the net asset value (equity) is disclosed on the basis of the available market value. However, according to the Fund's accounting policies, real estate investments are stated at cost less accumulated depreciation and impairment, if any, in these financial statements. Therefore, the fair value is disclosed below for the purpose of obtaining information and has not been recorded in the books of the fund

The evaluation of investment real estate (“real estate”) has been determined by the Saudi Asset Valuation Company (Tathmeen) and the White Cubes Real Estate Appraisal Office (White Cubes), which are licensed by Saudi Authority for Accredited Valuers (“Taqeem”). The fund manager used the average of two evaluations for the purpose of revealing the fair value of the real estate. The real estate was evaluated considering a number of factors, including the size and type of property, and valuation techniques that use many unobservable inputs, these models include the land plus cost method, the residual value method, and the discounted cash flow method.

The following is the evaluation of real estate investments:

2023		Saudi Asset Valuation Company (Tathmeen)	White Cubes Real Estate Appraisal Office (White Cubes)	Average
Real Estate Investments Al Maather REIT Fund	Kingdom of Saudi Arabia	**678,793,000**	**711,750,000**	**695,271,500**
Real Estate Investments RUKN Al Maather	United Arab Emirates	**121,629,000**	**118,900,000**	**120,264,500**
Benefits contracts	Kingdom of Saudi Arabia	**4,805,000**	**4,680,000**	**4,742,500**
		805,227,000	**835,330,000**	**820,278,500**

(in Saudi Riyals)

8- Effect of net assets value (equity), if investment properties and lease hold contracts are measured at fair value (continued)

2022		Saudi Asset Valuation Company (Tathmeen)	White Cubes Real Estate Appraisal Office (White Cubes)	Average
Real Estate Investments Al Maather REIT Fund	Kingdom of Saudi Arabia	642,230,000	726,560,000	684,395,000
Real Estate Investments RUKN Al Maather	United Arab Emirates	115,509,000	116,750,000	116,129,500
Benefits contracts	Kingdom of Saudi Arabia	6,452,000	6,676,000	6,564,000
		764,191,000	849,986,000	807,088,500

The management used the average of the evaluators for the purpose of disclosing the fair value of the real estate investments.
Real estate investments and benefits contracts were valued taking into account a range of factors, including area and type of property, valuation methods using unobserved inputs including financial analysis, plot division, cost method, direct comparison method and residual value method.

	2023	2022
Estimated fair value of real estate investments based on the average of the two valuations	**820,278,500**	807,088,500
deduction		
Book Value of Real Estate Investments	**(686,668,094)**	(681,543,170)
Book value of benefits contracts	**(4,082,125)**	(4,319,161)
Estimated fair value in increase/(decrease) book value	**129,528,281**	121,226,169
Issued units (by number)	**61,370,000**	61,370,000
Additional value of the unit based on fair value	**2.11**	1.98

<u>Net asset value:</u>

	2023	2022
Net asset value (equity) attributable to unitholders as in the financial statements before fair value adjustment	**514,853,822**	499,237,605
Increase estimated fair value over book value	**129,528,281**	121,226,169
Net asset value attributable to unitholders based on fair value of real estate investments	**644,382,103**	620,463,774
Net asset value per unit:		
Book value of assets attributable to the unit as in the financial statements before fair value adjustment	**8.37**	8.13
Excess value of the unit on a fair value basis	**2.11**	1.98
Net assets attributable to the unit based on fair value	**10.48**	10.11

(in Saudi Riyals)

9- Capital works under construction

a) The capital works under construction represent the Alsalam Schools project, which was completed on April 1, 2022, and was transferred to investment properties.

b) The following is the movement of capital works under construction as follows:

	2023	2022
Balance, beginning of the year	-	23,661,502
Additions during the year	-	1,990,970
Transferred to investment properties during the year	-	(25,652,472)
Balance, year-end	-	-

10- Right of use assets, net and lease obligations

a) This item consists of the following:

	2023	2022
Cost		
Balance, beginning of the year	**7,553,345**	7,553,345
Balance, year-end	**7,553,345**	7,553,345
Accumulated depreciation		
Balance, beginning of the year	**3,938,602**	3,298,898
Charged during the year	**640,056**	639,704
Balance, year-end	**4,578,658**	3,938,602
Net book value	**2,974,687**	3,614,743

b) The Movement of lease obligations as follows:

	2023	2022
Balance, beginning of the year	**4,114,554**	4,717,181
Interest expenses Charged during the year	**253,287**	297,373
Paid	**(900,000)**	(900,000)
Balance, year-end	**3,467,841**	4,114,554

c) The lease obligations as follows:

	2023	2022
Lease Obligations – Non-Current portion	**2,829,628**	**3,213,554**
Lease Obligations – Current portion	**637,213**	**900,000**

d) The right of use the assets is real estate acquired under financing leases.

e) The total financing interest recognized for lease obligations during the year ended 31 December 2023 was 253,287 SAR (31 December 2022: SAR 297,373).

(in Saudi Riyals)

11- Leasehold contracts, net

a) The Fund has a transfer agreement with Zawya Al-Maather Company on 15 March 2017 to take effect on 15 August 2017. The leasehold contracts consist of the following:

- Al-Quds leasehold: It is a commercial office property located on King Abdullah bin Abdul Aziz Road in Al-Quds district in Riyadh, and the cost of purchasing the leasehold is 2,243,693 Saudi riyals, and it is amortized over 10 years.
- Wadi Laban leasehold: It is a residential commercial property located in Al-Shifa Road in the Dhahrat Laban district in Riyadh, and the cost of purchasing the leasehold is 1,375,978 Saudi riyals, and it is amortized over 10 years.
- Al-Dabab leasehold: It is a commercial office property located in Imam Abdullah bin Faisal Road in Al-Murabba district in Riyadh, and the cost of purchasing the leasehold is 5,927,493 Saudi riyals and it is extinguished over 15 years.

b) The movement of benefits contracts is as follows:

	2023	2022
Balance, beginning of the year	**5,264,311**	6,064,973
Additions	**77,272**	-
Amortization during the year	**(863,592)**	(800,662)
	4,477,991	5,264,311
Impairment losses (c)	**(395,866)**	(945,150)
Balance, year-end	**4,082,125**	4,319,161

c) The movement of impairment losses is as follows:

	2023	2022
Balance, beginning of the year	**945,150**	945,150
Charged during the year	**(549,284)**	-
Balance, year-end	**395,866**	945,150

12- Rent receivables, net

a) This item consists of the following:

	2023	2022
Rent receivables	**12,123,622**	6,531,719
Provision for expected credit losses - B	**(2,828,898)**	(1,637,074)
	9,294,724	4,894,645

b) The movement of the provision for expected credit losses is as follows:

	2023	2022
Balance, beginning of the year	**1,637,074**	11,594,667
Charged during the year	**1,191,824**	-
Receivables write off	**-**	(9,957,593)
Balance, year-end	**2,828,898**	1,637,074

c) The following table is the aging the receivables:

	1-90 day	**91-180 day**	**181 -270 days**	**270 -365 days**	**More than 365 days**	**Total**
2023	**5,291,107**	**694,679**	**307,334**	**4,283,101**	**1,547,401**	**12,123,622**
2022	161,231	1,132,975	1,389,034	3,502,622	345,857	6,531,719

(in Saudi Riyals)

13- Prepaid expenses and other assets

a) This item consists of the following:

	2023	2022
Islamic Murabaha management fees - B	**718,784**	1,014,967
Non-paid refundable deposit	**278,891**	409,450
Value added tax (VAT)	**212,612**	59,994
Operational custody	**43,694**	39,975
Advance payments to suppliers	**-**	8,625
Others	**308,956**	858,053
	1,562,937	2,391,064

b) The Islamic Murabaha management fees are represented in the administrative fees paid for signing the Islamic Murabaha contract, which are amortized over the life of the loan (Note -15).

14- Islamic facilities

- During the year 2019, the Fund obtained an Islamic financing facility amounting to 21.9 million Saudi riyals from Al-Rajhi Bank to finance the purchase of Tolan real estate in the city of Al-Khobar, The Fund transferred the deed's ownership of Muhammadiyah property in favor of Al-Rajhi banking and Investment Company as a guarantee against the Islamic financing facility, and the loan will be paid in full in 2024.
- During the year 2020, the Fund obtained an Islamic financing facility of 63.5 million Saudi riyals from Al Rajhi Bank to finance the purchase of Al Nokhba and Al Salam schools in Riyadh, The Fund transferred the deed's ownership of Al-Sahafa 1 and Al-Sahafa 2 properties in favor of Al-Rajhi Banking and Investment Company as a guarantee against the Islamic financing facility, and the loan will be paid in full in 2025.
- During the year 2021, the Fund obtained an Islamic financing facility of 10.02 million Saudi riyals from Al-Rajhi Bank to finance the purchase of capital work in progress "Salaam Schools" in Al-Riya, The Fund transferred the deed's ownership of Al Rabie Genx and Al Takhassusi Gallery property in favor of Al Rajhi Banking and Investment Company as a guarantee against the Islamic financing facility, and the loan will be paid in full in 2026.
- At January 25, 2022, the Fund obtained an Islamic financing facility in the amount of 101 million Saudi riyals from Al Rajhi Bank to finance the purchase of the real estate. These facilities carry commissions according to the prevailing prices in the local market. These facilities are granted against the mortgage of certain properties of the Fund and the loan will be repaid in full in year 2027.

a) The movement of Islamic facilities are as follows:

	2023	2022
Balance, beginning of the year	**196,568,771**	95,568,771
Received during the year	**-**	101,000,000
Balance, ending of the year	**196,568,771**	196,568,771

b) Islamic facilities are classified in the consolidated statement of financial position as follows:

	2023	2022
Islamic facilities – non-current portion	**174,569,999**	**196,568,771**
Islamic facilities – current portion	**21,998,772**	**-**

c) The movement of interest on Islamic facilities are as follows:

	2023	2022
Balance, beginning of the year	**12,160,141**	5,979,522
Additions during the year	**6,378,579**	6,180,619
Balance, year-end	**18,538,720**	12,160,141

- Total interest expenses of the year 6,378,579 SAR (2022: SAR 5,900,724), interest was capitalized in the amount of Zero SAR on capital works under constructions (2022: SAR 297,895)

(in Saudi Riyals)

15-Due to related parties

- The Fund's related parties are in the Fund's Board of Directors, the Fund Manager, "Osool & Bakheet Investment Company", Property Manager, Medad Al-Khair Real Estate Establishment, and Zawya Al-Maather Real Estate Company.
- The Fund deals in the ordinary course of business with related parties, related party transactions are governed by the restrictions of regulations issued by the Capital Market Authority, all transactions with related parties are approved by the Fund's Board of Directors
- The Fund Manager charges the Fund 0.5% annually of the Fund's net assets after deducting accrued expenses, calculated on a daily basis and paid quarterly, and the Fund manager recovers any other expenses incurred on behalf of the Fund
- Real estate management fees, which do not exceed 5% of the total rental income collected from the related investment properties, provided that payment is made on a semi-annual basis. The Fund also bears all fees and expenses related to the Fund’s activities and investments, the fund shall also bear the expenses and fees resulting from transactions and services provided by third parties such as legal and advisory services, real estate consultants and any other professional, technical services, provided that these costs shall not exceed 1% of the total value of the Fund's assets annually.
- The fund manager charges the fund a transaction fee of 1% of the purchase or sale value of each property purchased or sold by the fund.

a) The most important material transactions with related parties as of 31 December are as follows:

Related Party	**Nature of the relationship**	**Transaction Type**	Transaction amount **2023**	**2022**
Baytak Al Hofyz real estate company	Affiliate	Loan interest	4,267,333	-
Osool and Bakhit Investment company	Fund Manager	Fund Management	**4,100,844**	3,884,311
		Transaction Fees	**-**	1,027,904
Albilad Capital Company	Custodian	Custody fees	**200,000**	285,074
Members of the Board of Directors	Members of the Board of Directors	Attendance compensation	**36,000**	36,000
Medad Al-Khair Real Estate Establishment	Affiliate	As a tenant	**79,022**	32,000
		Property Management	**2,287,736**	2,097,363
Creative Future for Digital Brokerage	Affiliate	Rent	**122,000**	122,000

(*) The affiliated party is the related parties in which the fund manager or custodian holds a share in their capital, or those related parties in which the fund has representation in their administrations.

b) The balances due from related parties is as follows:

	2023	2022
Baytak Al Hofyz real estate company	4,267,333	-

c) The balances payable to related parties are as follows:

	2023	**2022**
Osool & Bakheet Investment company	**1,199,678**	1,159,991
Medad Al Khair Real Estate Company	**141,079**	89,104
Albilad Capital Company	**57,973**	163,378
Saudi Asset Evaluation and Valuation Company	**51,750**	-
Members of the Board of Directors	**36,000**	36,000
	1,486,480	1,448,473

(in Saudi Riyals)

16-Accrued expenses and other liabilities

	2023	2022
Refundable deposits - clients	**1,014,156**	**1,131,397**
Advance payments from customers	**479,034**	**490,619**
Accrued expenses	**354,993**	**110,672**
Supplier accruals	**192,418**	**290,722**
Withholding tax	**-**	**28,987**
	2,040,601	2,052,397

17-Deferred revenue

	2023	2022
Balance, beginning of the year	**9,976,554**	11,836,971
Rental income earned during the year (Note -20)	**(63,121,427)**	(61,955,150)
Rental income received during the year	**66,313,818**	60,094,733
Balance, year-end	**13,168,945**	9,976,554

18-Zakat

a) The following is the movement of the Zakat provision:

	2023	2022
Balance, beginning of the year	618,369	4,856,934
Charged during the year	-	623,269
Paid during the year	**(618,369)**	(4,861,834)
Balance, year-end	**-**	618,369

b) The zakat positions

The Fund submitted zakat declarations and financial statements to the Zakat, Tax and Customs Authority until 2022. It paid what was owed according to those declarations and obtained the required certificates, and it has not received the zakat assessments for those years to date.

Zakat was not calculated on the fund based on Decision No. 29791 issued by the Zakat, Tax, and Customs Authority in 2022. The decision stated that investment funds are not obligated to pay any zakat; they are only required to register with the Zakat, Tax, and Customs Authority.

The decision also clarified that unit holders are responsible for paying zakat instead of their investments in the funds, with no obligation on the fund itself.

19-Rental income, net

	2023	2022
Real estate investment rental income	**61,971,157**	59,919,909
Leasehold contract rental income	**1,150,270**	2,035,241
	63,121,427	61,955,150
Discount on rentals	**(1,839,982)**	(229,130)
	61,281,445	61,726,020

(in Saudi Riyals)

20-Other expenses

	2023	2022
Trading and deposit centrals	**568,900**	582,201
Evaluation, consultation and professional fees	**404,210**	521,287
Islamic Murabahat fees	**296,183**	267,563
Real estate asset insurance	**173,529**	154,426
Bank expenses	**41,552**	42,368
Board members attendance compensation	**36,000**	36,000
Acquisition of new properties fees	**-**	183,647
Others	**228,051**	63,893
	1,748,425	1,851,385

21-Finance Cost

	2023	2022
Islamic financing facility (note 14)	**6,378,579**	5,900,724
Finance cost for right to use assets (note 10)	**253,287**	297,373
	6,631,866	6,198,097

22-Dividends

According to the terms and conditions of the fund, the fund aims to distribute annual profits of not less than 90% of the net profits of the fund. The board of directors of the fund approved the distribution of profits for the financial year ended December 31, 2022, amounting to 0.18 Saudi Riyals per unit, totaling 11,046,600 Saudi Riyals, which was paid on March 20, 2023. Additionally, profits were distributed for the six-month period ended June 30, 2023, amounting to 0.31 Saudi Riyals per unit, totaling 19,024,700 Saudi Riyals, on August 27, 2023. It is worth mentioning that the fund's distributions have been consistent since 2019.

(in Saudi Riyals)

23- Segment information

The Fund's main activity is in the rental sector, and the Fund's main activity is concentrated mainly in the Kingdom of Saudi Arabia and the United Arab Emirates.

A- The following are some of the financial data for those business sectors:

2023	**Offices**	**Hotel Suites**	**Galleries**	**Warehouses**	**Schools**	**Hospitals**	**Other**	**Unallocated**	**Total**
Operating income	**17,716,987**	**14,989,125**	**8,323,130**	**5,873,050**	**6,012,938**	**8,160,000**	**206,215**	**-**	**61,281,445**
Other income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**503,892**	**503,892**
Direct Operating Expenses	**(602,265)**	**(4236,373)**	**(534,497)**	**(377,946)**	**(2,564,456)**	**(3,217,572)**	**(69,679)**	**(1,191,824)**	**(12,794,612)**
Indirect Operating Expenses	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(7,879,526)**	**(7,879,526)**
Depreciation, amortization	**(3,651,058)**	**80,653**	**(739,380)**	**12,595,632**	**(1,773,940)**	**(3,060,002)**	**(43,329)**	**-**	**3,408,576**
Net profit before zakat	**13,463,664**	**10,833,405**	**7,049,255**	**18,090,738**	**1,674,541**	**1,882,425**	**93,205**	**(8,567,458)**	**44,519,775**
2022									
Operating income	17,143,992	14,798,621	10,211,332	5,724,772	6,235,000	7,406,087	206,216	-	61,726,020
Other income	-	-	-	-	-	-	-	153,908	153,908
Direct Operating Expenses	(466,661)	(4,091,274)	(449,764)	(418,936)	(2,268,536)	(4,187,373)	(71,937)	-	(11,954,482)
Indirect Operating Expenses	-	-	-	-	-	-	-	(7,635,549)	(7,635,549)
Depreciation, amortization	(4,604,668)	(431,744)	(1,292,967)	(2,744,266)	(1,565,555)	(2,774,958)	(42,100)	-	(13,456,258)
Net profit before zakat	12,072,663	10,275,603	8,468,601	2,561,571	2,400,909	443,755	92,179	(7,481,640)	28,833,640

B- Here are some of the financial statements for those geographic sectors:

2023	**Offices**	**Hotel Suites**	**Galleries**	**Warehouses**	**Schools**	**Hospitals**	**Other**	**Total**
Saudi Arabia Revenues	**17,716,987**	**14,989,125**	**8,323,130**	**5,873,050**	**6,012,938**	**-**	**206,215**	**53,121,445**
UAE Revenue	**-**	**-**	**-**	**-**	**-**	**8,160,000**	**-**	**8,160,000**
	17,716,987	**14,989,125**	**8,323,130**	**5,873,050**	**6,012,938**	**8,160,000**	**206,215**	**61,281,445**
2022								
Saudi Arabia Revenues	17,143,992	14,798,621	10,211,332	5,724,772	6,235,000	-	206,216	54,319,933
UAE Revenue	-	-	-	-	-	7,406,087	-	7,406,087
	17,143,992	14,798,621	10,211,332	5,724,772	6,235,000	7,406,087	206,216	61,726,020

(in Saudi Riyals)

24-Financial instruments, risk management and fair value

Financial instruments

	2023	2022
Financial assets at amortized Cost		
Due from related parties	**4,267,333**	-
Accounts receivable	**9,294,724**	4,894,645
Prepaid expenses and other assets	**1,562,937**	2,391,064
Cash with banks	**29,624,415**	29,413,081
	55,207,450	36,698,790
Financial liabilities		
Lease obligations	**3,466,841**	4,113,554
Due to related parties	**1,486,480**	1,448,473
Accrued expenses and other payables	**2,040,601**	2,052,397
Deferred revenue	**13,168,945**	9,976,554
Accrued Islamic financing facilities	**18,538,720**	12,160,141
Zakat provision	**-**	618,369
	38,701,587	30,369,488

Financial risk management

The Fund's management is entirely responsible for developing and supervising the Fund's risk management frameworks. The Fund's risk management policies have been developed to identify and analyze the risks faced by the Funds, established appropriate risk limits and controls, and monitor and comply with those limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and the Fund's activities. Through its training and management procedures and standards, the Fund aims to have a regular control environment in which employees are aware of their responsibilities and obligations.

Credit risk

Credit risk is the risk of financial loss faced by the Fund in the event that the customer or counterparty in a financial instrument fails to fulfill its contractual obligations, and arises from cash with banks, amounts due from customers and amounts due from related parties. The maximum exposure to credit risk represents the book value of these assets.

The following is a statement of the credit risk to which the fund is exposed:

	2023	2022
Receivables	**12,123,622**	6,531,719
Cash with banks	**40,082,456**	29,413,081
	52,206,078	35,944,800

The cash balance is represented in current accounts, and where cash is deposited with financial institutions with a high credit rating, management believes that the fund is not exposed to material risks. Customer-related credit risk is managed by the business unit subject to the Fund's policies, procedures and controls on customer credit risk management. Credit limits have been set for all customers using internal and external rating standards and controls. The credit quality of customers is evaluated according to a credit rating system. Existing receivables are regularly monitored. The financial position is stable for related parties.

24- Financial instruments, risk management and fair value (continued)

Financial risk management (continued)
*Credit risk (*continued**)**

2023	**1 - 90 Days**	**91 - 180 Days**	**181-270 Days**	**270-365 Days**	**More than 365 Days**	**Total**
Account Receivable	**5,291,107**	**694,679**	**307,334**	**4,283,101**	**1,547,401**	12,123,622
expected credit losses	**%6.10**	**%8.95**	**%23.08**	**%33.40**	**%100**	
expected credit losses	**156,587**	**24,878**	**28,369**	**1,071,663**	**1,547,401**	**2,828,898**
Net	**5,134,520**	**669,801**	**278,965**	**3,211,438**	**-**	**9,294,724**
2022						
Account Receivable	161,231	1,132,975	1,389,034	3,502,622	345,857	6,531,719
expected credit losses	%8.29	%13.78	%25.04	%36.31	%100	-
expected credit losses	5,348	194,221	139,149	952,498	345,858	1,637,074
	155,883	938,753	1,249,885	2,550,124	-	4,894,645

The following is the movement of the Provision of expected credit losses:

	2023	2022
Balance, beginning of the year	**1,637,074**	11,594,667
Charged during the year	**1,191,824**	-
Write Off debt	**-**	(9,957,593)
	2,828,898	1,637,074

Credit risk on bank balances is limited because bank balances are held with banks with credit ratings ranging from A1 to A2 based on Moody's credit rating. All bank accounts are maintained with banks in the Kingdom of Saudi Arabia.

Market risk
Market risk is the risk of the potential impact of changes in market prices such as foreign exchange rates and commission rates, the objective of market risk management is to manage and control exposure to market risk within acceptable limits while achieving the highest possible return.

Foreign exchange rate risk: Foreign exchange rate risk results from changes and fluctuations in the value of financial instruments as a result of changes in foreign exchange rates. The Fund's foreign exchange risk management aims to protect future cash flows in Saudi Riyals, US Dollars and European Euros. Foreign exchange risk exposures related to cash flows are taken into account at the fund level and consist of uncertainty for Fundamental to currency exchange risk resulting from payables and receivables. Fund management monitors currency exchange rates and believes that the risk of fluctuations in currency exchange rates is insignificant.
Commission price risk: Commission risk appears from potential changes and fluctuations in commission rates that affect future profit or fair values of financial instruments and the Fund monitors commission rate fluctuations and believes that the impact of commission price risk is insignificant.

24- Financial Instruments, risk management and fair value (continued)
Financial risk management (continued)

Market risk (continued)

Capital risk

The main objective of the Fund's capital management is to support its business and increase the return on the owners.

The Fund's policy is to maintain a strong capital base to maintain the confidence of the users of the financial statements and maintain the future development of the business. The Fund manages its capital structure and makes adjustments to it in light of changes in economic conditions. Management monitors the return on capital determined by the Fund as the result of operating activities divided by total equity. There have been no changes in the Fund's method in capital management during the year. The management also monitors the level of dividends for owners. The Fund has not been subject to externally imposed capital requirements.

The following is an analysis of the Fund's debt-to-equity ratios at the end of the year:

	2023	2022
Total liabilities	**235,270,358**	226,938,259
Less: Cash and cash equivalents	**(40,082,456)**	(29,413,081)
Net debt	**195,187,902**	197,525,178
Total equity	**513,661,998**	499,237,605
Debt-to-equity ratio	**38%**	39.57%

Stock price risk

Stock price risk represents the risk resulting from the fluctuation of the value of financial instruments as a result of changes in the prevailing prices in the market. The Fund's investments are exposed to market price risks that arise from uncertainty about future prices. The fund manager manages these risks by diversifying the fund's investment portfolio.

Liquidity risk

Liquidity risk represents the difficulties faced by the Fund in meeting its obligations related to its financial liabilities. The Fund's approach to managing liquidity risk is to hold sufficient cash and quasi-cash and ensure the availability of funding from owners.

Management monitors liquidity shortfall risks using forecast models to determine the effects of operating activities on overall liquidity availability, and maintains an available cash flow ratio that ensures debt repayment when it matures.

The table below summarizes the maturity dates of the Fund's financial liabilities on the basis of undiscounted contractual payments:

2023	**1 to 12 months**	**From 1 to 5 years**	**More than 5 years**	**Total**
Lease obligations	**637,213**	**2,829,628**	**-**	**3,466,841**
Islamic facilities	**-**	**-**	**196,568,771**	**196,568,771**
Due to a related party	**1,486,480**	**-**	**-**	**1,486,480**
Accrued expenses and Other liabilities	**2,040,601**	**-**	**-**	**2,040,601**
Differed Revenue	**13,168,945**	**-**	**-**	**13,168,945**
interest on Islamic facilities	**18,538,720**	**-**	**-**	**18,538,720**
	35,871,959	**2,829,628**	**196,568,771**	**235,270,358**

24- Financial Instruments, risk management and fair value (continued)
Financial risk management (continued)

Liquidity risk (continued)

2022	1 to 12 months	From 1 to 5 years	More than 5 years	Total
Lease obligations	900,000	3,213,554	-	4,113,554
Islamic facilities	-	-	196,568,771	196,568,771
Due to a related party	1,448,473	-	-	1,448,473
Accrued expenses and Other liabilities	2,052,397	-	-	2,052,397
Differed Revenue	9,976,554	-	-	9,976,554
interest on Islamic facilities	12,160,141	-	-	12,160,141
Zakat provision	618,369	-	-	618,369
	27,155,934	3,213,554	196,568,771	226,938,259

Fair Value

Represents the value at which assets are exchanged or liabilities are paid between parties who have knowledge and desire to do so on fair terms of treatment. Financial instruments consist of financial assets and liabilities. The company's management believes that the fair value of financial assets and liabilities is not materially different from its book values.

25- Last day of evaluation

The last evaluation day of the year was December 31, 2023 (December 31, 2022).

26- Subsequent events

On 25 Shaaban 1445 AH (corresponding to 6 March 2024), the Fund Manager made some amendments to the terms and conditions of the Fund. The main change in the terms and conditions is adding a statement stating that the fund manager is committed to the rules of collecting zakat from investors and clarifying the mechanism for providing information.

On March 19, 2023, the Fund announced the distribution of cash dividends to Al-Ma'athar REIT fund unitholders for the year 2023 in the amount of 0.33 Saudi riyals per unit, with a total of 20,252,100 Saudi riyals.

Except that, the fund management believes there are no significant subsequent events between the date of the consolidated financial statements and the issuance of these consolidated financial statements that required adjustment or discloser.

27- Approval of financial statements

These financial statements were approved by the Board of Directors of the Fund on date Ramadan 18, 1445 (corresponding to 28 March, 2024)