



Al Ma'ather REIT Fund

**Annual Report
2024**

A. INVESTMENT FUND INFORMATION

Name of investment fund.

Al Ma'ather REIT Fund

Investment objectives, Strategies:

The fund aims to invest in real estate assets, within the Kingdom of Saudi Arabia, which are achievable periodic rental income, and to distribute at least 90% of the fund's net profits annually.

The fund invests as a secondary asset of the fund in real estate development projects, provided that:

1. Fund's assets invested in developed real estate assets, that generate income periodically, shall not be less than, about 75% of the total assets of the fund according to the latest audited financial statements
2. The fund shall not invest its assets in Idle Lands.

Dividends Distribution Policy.

As per the Fund terms and conditions, the fund manager aims to pay dividends on annual basis, not less than ninety percent (90%). Dividends due during the first quarter of each year. The fund manager may pay dividends more frequent than once a year.

Starting from the year 2024, the fund manager commenced distributing dividends semi-annually.

1- Assets in which the fund is investing in:

Al-Ma'ather REIT Fund invests in several assets and has a total of 15 assets. Majority of assets are located in Riyadh, and remaining assets located in Sharjah, Khobar, Unaizah as follows:

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#	Assets	Sector	Tenant	Average latest valuation	Location
1	Genx Al Ma'ather	Commercial / office / hospitality	Several tenants	165,662,500	24°40'53.2"N 46°40'03.4"E
2	Al Mohammadia	Commercial / office	Several tenants	123,230,500	24°40'55.0"N 46°41'12.1"E
3	Al Sahafa building 1	office	National Housing Company	61,801,500	24°47'49.1"N 46°37'59.8"E
4	Al Sahafa building 2	office	Saudi Health Council	61,147,500	24°46'48.0"N 46°38'31.1"E
5	Al Tkahssusi showrooms	Commercial	Hala Auto Company	73,821,000	24°40'51.4"N 46°40'39.2"E
6	Genx Al Rabie	Commercial / hospitality	Several tenants	41,170,500	24°46'56.2"N 46°38'56.9"E
7	Hair warehouses	Industrial	Several tenants	24,551,000	24°33'48.3"N 46°44'29.8"E
8	Sulai warehouses	Industrial	Several tenants	54,882,500	24°40'30.9"N 46°50'12.3"E
9	Towlan Hotel Suites	hospitality	Fanan International Foundation	28,354,000	26°18'13.4"N 50°10'31.9"E
10	Al Quds (leasehold)	Commercial	Several tenants	903,000	24°45'36.0"N 46°44'25.0"E
11	Wadi Laban (leasehold)	Commercial	Several tenants	949,000	24°38'06.8"N 46°34'08.2"E
12	Al Dabbab (leasehold)	Commercial	Several tenants	2,489,500	24°39'38.0"N 46°42'33.4"E

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#	Assets	Sector	Tenant	Average latest valuation	Location
13	Al Nokhba Educational Schools	Educational	Al Nokhba Educational Schools	33,532,500	26°04'20.1"N 44°00'25.3"E
14	Al Salam Schools	Educational	Al Salam Schools	53,577,500	24°42'27.5"N 46°49'12.0"E
15	Burjeel hospital - Sharjah	Healthcare	VPS Healthcare LLC	122,854,500	N 25.358691771679574 E 55.40601612769858
Total				848,927,000	

2- Assets in which the fund is aiming to invest in:

The global economy is still witnessing an unprecedented increase in financing costs not seen in 17 years. This has led to a rise in the required yield on investments, which is a crucial element in evaluating real estate assets, whether in the fund portfolio or properties targeted for acquisition. Despite this, we have observed an increase in the value of real estate assets, precisely land prices in Riyadh, which being driven by the economic momentum and the projects underway and soon to be accomplished. We expect market will take time to cool unless this increase pass through the property's income. We foresee benefit on the fund valuation and income, as majority of lease contracts expired in period of less than 6 years, and we estimate the weighted average lease expiry (WALE) for the fund's portfolio at 6 years.

The fund will continue to focus on acquisitions in exchange for a mix of in-kind and cash consideration. The fund is continuously searching for quality assets in various sectors to achieve its return objectives, ensuring it maintains a regular income distribution per unit of not less than .60 halala .

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- 3- The percentage of the value of the leased real estates and the percentage of unleased real estates to the total value of the owned real estates:
- 4- The percentage of rent amount for each asset in the total rent of the fund's assets:

The name of the property	percentage of rent amount for each asset in the total rent of the fund's assets	Occupancy rate
Genx Al Ma'ather	23.94%	96.71%
Al Mohammadia	6.00%	100.00%
Al Sahafa building 1	7.37%	100.00%
Al Sahafa building 2	5.95%	100.00%
Al Tkahssusi showrooms	13.44%	100.00%
Genx Al Rabie	4.80%	95.66%
Hair warehouses	3.24%	100.00%
Sulai warehouses	6.69%	99.00%
Towlan Hotel Suites	0.92%	100.00%
Al Quds (leasehold)	0.76%	100.00%

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Wadi Laban (leasehold)	1.02%	100.00%
Al Dabbab (leasehold)	3.02%	100.00%
Al Nokhba Educational Schools	5.72%	100.00%
Al Salam Schools	4.18%	100.00%
Burjeel Hospital - Sharjah	12.95%	100.00%
*Total	100.00%	99.42%

*Note: The total occupancy rate has been calculated based on the weighted average

5- The percentage of uncollected revenues from total revenues, and the ratio of non-cash expenditures from the fund's net profits:

the percentage of uncollected revenues from total revenues	the ratio of non-cash expenditures from the fund's net profits before zakat
%12.84	%7.92

6- Performance table covering the last (3) financial years (or since inception), highlighting:

	31/12/2024	31/12/2023	31/12/2022
a) The fund net assets value at the period end.	514,294,806	513,661,998	499,237,605
b) The fund net assets value per unit at the period end.	8.38	8.37	8.13
c) Highest net asset value per unit for each financial year*	8.38	8.38	8.28
c) Lowest net asset value per unit for each financial year	8.28	8.37	8.13
d) The number of units in issued at the end of each financial year	61,370,000	61,370,000	61,370,000

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e) Income distribution per unit (net of Zakat).	0.67	0.64	0.62
f) Expense ratio to the fund net assets**	3.09%	1.69%	1.87%

* The highest and lowest net assets value of the fund was calculated for each unit as of the date of the financial statements.

** It has been calculated as the sum of the total expenditures that the fund has incurred directly for the letters in paragraph 7 of clause C of this report note that the Depreciation, amortization, Provision for impairment in the value of investments, Lease Hold contracts expense, Operator fees, and management properties expense are excluded from the expense ratio.

** Expense ratio has been calculated from the net asset value of the fund as of 12/31/2024

p) Loan summary

Loan Summary for property acquisition:

Project name	Loan ratio to total debt	Payback date	fulfillment period	Adjusted fulfillment period
Tolan Hotel Suites	3.14%	15/06/2025	16	2
Al Nokhba Educational Schools	5.42%	18/08/2025	1777	390
Burjeel - Sharjah	16.10%	25/01/2027	1071	699
Total	24.66%		2864	1092

Loan Summary for development:

Project name	Loan ratio to total debt	Payback date	fulfillment period	Weighted fulfillment period
Al Salam Schools - 1	4.90%	07/09/2025	1576	1192
Al Salam Schools -2	0.93%	08/01/2026	1427	205
Al Salam Schools -3	0.65%	27/01/2027	1408	141
Total	6.48%		4411	1538

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7- Performance record:

a) The aggregate return for 1 year, 3 years and since inception since July 9, 2017.

Al Ma'ather REIT fund	2024	3 years	Since inception*
Total return SAR (Total rental income)	62,816,372	174,767,090	415,616,138
Total return ratio %	10.24%	28.48%	67.72%

*The date of commencement of the fund's work on 09/07/2017, The lease due for the fund began during August 2017 when real estate title dead was transferred to the ownership of fund, it is calculated on the basis of the fund's value at creation

b) The annual total revenue for each of the last (10) fiscal years.

Al Ma'ather REIT fund	2024	2023	2022	2021	2020	2019	2018	2017*
Total return SAR	62,816,372.00	61,281,445.00	61,726,019	51,759,626	51,337,805	53,574,640	52,619,553	20,500,678
Total return ratio %	%10.24	%9.99	%10.06	%8.43	%8.37	%8.73	%8.57	%3.34

*The date of commencement of the fund's work on 09/07/2017, The lease due for the fund began during August 2017 when real estate title dead was transferred to the ownership of fund, it is calculated on the basis of the fund's value at creation

** The percentage of total rental from capital

c) The table below showing actual fees and fund expenses paid by the investment fund during the year.

The Total Expense Ratio also clearly disclosed.

The fund manager has not waived or rebates any fees.

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Expenses	Value in SAR
Real estate Management Expenses	3,981,723
Operator fees	2,290,863
Lease Hold contracts expense	641,452
Management fees	4,251,749
Custodian fee	200,000
Board members fees	36,000
Chartered accountant Fees	73,000
Property Evaluation fees	191,405
Listing and registration fees	567,123
Capital Market Authority & Tadawul fees	12,500
Financing costs	6,792,739
Other expenses	919,054
Expected credit losses	- 408,610
Depreciation and amortization	17,756,388

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Expenses	Value in SAR
Total expenses 1	37,305,386
*The percentage	7.25%
Expenses 2: (only the Depreciation, amortization, Lease Hold contracts expense, Operator fees, and management properties expense)	24,261,816
Expenses: (Without the Depreciation, amortization, Lease Hold contracts expense, Operator fees, and management properties expense)	13,043,570
*Percentage of the expenses 3: (Without the Depreciation, amortization, Provision for impairment in the value of investments, Lease Hold contracts expense, Operator fees, and management properties expense)	2.54%

Note: The fund manager has not reduced or waived any fees, and performance data calculation methodology in addition to any assumption have been applied consistently.

* Expense ratio has been calculated from the net asset value of the fund as of 12/31/2024.

8- Material changes that occurred during the period and affected the performance of the fund:

- On 08/01/2024G (26/06/1445 Hijri): Osool & Bakheet Investment Company announces the availability of the risk assessment report for Al Maather REIT Fund as of 31/12/2023.
- On 14/01/2024G (02/07/1445 Hijri): Osool & Bakheet Investment Company announces that the Quarterly statement of Al Ma'ather REIT for the period ending on 31/12/2023G
- On 19/02/2024G (09/08/1445 Hijri): Osool & Bakheet Investment Company announces an update of the terms and conditions of Al Ma'ather REIT as of 25/08/1445H corresponding to 06/03/2024G. A summary of the main updated items are as follows: Updating the terms and conditions of the Al Ma'ather REIT Fund in accordance with the requested disclaimers by The Capital Market Authority and Zakat, Tax and customs Authority in

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relation to zakat and tax clauses.

- d) On 14/03/2024G (04/09/1445 Hijri): Osool & Bakheet Investment Company announces the distribution of cash dividends to unit holders of Ma'ather REIT Fund for the six months ending on December 31, 2023. The entitlement to cash distributions for unit holders will be based on the unit holder register as of Thursday, 11/09/1445 AH corresponding to 21/03/2024 AD. The total distributed profits amount to SAR 20,252,100 on the outstanding units (61,370,000). The distributed profit per unit is SAR 0.33, The distribution percentage is 3.93% of the net asset value as of 18/06/1445 AH corresponding to 31/12/2023 AD. The entitlement to cash distributions for unit holders will be based on the unit holder register as of the date (1445-09-11) corresponding to (2024-03-21).
- e) On 20/03/2024G (10/09/1445 Hijri): Osool & Bakheet Investment Company announces that semiannual evaluation reports of the assets of Al Ma'ather REIT Fund for the period ending on 31/12/2023., prepared by Two accredited valuers are Available, according to the policy of Fund Asset Evaluation stated in the Terms and Conditions.
- f) On 31/03/2024G (21/09/1445 Hijri): OSOOL & BAKHEET Investment Company announces that AlMaather REIT's annual reports, including the annual audited financial statements, for the period ended on 31/12/2023. The net asset value amounted to SAR 513,661,998 total expenses reached SAR 39,031,408, and net profit was SAR 44,519,775, based on the total outstanding units of 61,370,000 units. The net asset value per unit was SAR 8.37, yielding a return of 6.70% for the period.
- g) On 18/04/2024G (09/10/1445 Hijri): Osool & Bakheet Investment Company announces that the Quarterly statement of Al Ma'ather REIT for the period ending on 31/03/2024.
- h) On 11/07/2024G (05/01/1446 Hijri): Osool & Bakheet Investment Company announces that the Quarterly statement of Al Ma'ather REIT for the period ending on 30/06/2024G.
- i) On 04/08/2024G (29/01/1446 Hijri): Osool & Bakheet Investment Company announces that semiannual evaluation reports of the assets of Al Ma'ather REIT Fund for the period ending on 30/06/2024., prepared by Two accredited valuers are Available, according to the policy of Fund Asset Evaluation stated in the Terms and Conditions.
- j) On 11/08/2024G (07/02/1446 Hijri): Osool & Bakheet Investment Company announced the distribution of cash dividends to unit holders of Al

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Ma'ather REIT Fund for the six months ending on 30 June 2024. The entitlement to cash distributions for unit holders will be based on the unitholder register on the end of "Thursday, 11/02/1446H, corresponding to 15/08/2024G (end of trading day Tuesday, 09/02/1446H corresponding to 13/08/2024G) with total distributed profits amounting to SAR 20,252,100 for a total of 61,370,000 outstanding units. The distributed profit per unit is SAR 0.33, The distribution percentage of net asset value stands at 3.93%. The distribution percentage of net asset value is as of 2024-06-30 Corresponding to 1445-12-24 and the entitlement to cash distributions for unit holders will be based on the unit holder record by the end of 2024-08-15 Corresponding to 1446-02-11 .

- k) On 11/08/2024G (07/02/1446 Hijri): Osool & Bakheet Investment Company announces the availability of the reviewed preliminary financial statements for Al Ma'ather REIT Fund for the period ending on 30/06/2024. The net asset value amounted to SAR 515,931,877, total expenses reached SAR 9,663,960, and net profit was SAR 22,492,537, based on the total outstanding units of 61,370,000 units. The net asset value per unit was SAR 8.41, yielding a return of 3.60% for the period.
- l) On 14/10/2024G (11/04/1446 Hijri): Osool & Bakheet Investment Company announces that the Quarterly statement of Al Ma'ather REIT for the period ending on 30/09/2024G.

9- Main topics the Fund Board discussed over the period:

- A. Topics discussed:
 - Discussing strategy / opportunities to acquire new real estate assets
 - Oversee the fund's operations.
 - Discussing the general real estate market situation and its impact on returns.
 - Addressing the rental arrears for some of the fund's properties.
 - Discussing the occupancy rates of the fund's properties and finding solutions to increase occupancy rates.
 - Monitoring the performance of Al Ma'ather REIT Fund compared to the Saudi REITs index.
 - Reviewing the loan schedule .
- B. The decisions have been taken:
 - No decisions have been made.

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10- Any special commission received by the fund manager during the period:

There is no special commission received by the fund manager during the period, and all amounts obtained by the fund manager were disclosed during the period

11- Any other data and other information required by CMA Regulations to be included in this report.

- a) Conflict of interest disclosure: There is no conflict of interest
- b) Disclosure of details of the fund manager's investments in the fund's units: The fund manager invests in 350,819 units of the fund as of 31/12/2023G.
- c) Summary of all valuation and pricing errors: There is no valuation and pricing errors.

12- Risk Assessment report:

Fund Risk Rating									
				Rating 0 Is lowest 9 is highest					
				Impact	Probability		1	2	3
Related risks to the fund:							4	5	6
							7	8	9
1	Geographical concentration of the Fund's investments	2.0	2.0	4.0					
2	Loss of key employees of the fund manager	2.0	2.0	4.0					
3	Risks of poor liquidity of the fund investments and the ability to quickly exit from the real estate investments in the fund	3.0	2.0	6.0					
4	The risk of market fluctuations and trading at a price less than the market value	3.0	2.0	6.0					
5	Risks of increasing the fund's capital and reducing the relative shares of unite holder	1.0	2.0	2.0					
6	Risks of not achieving operating or rental returns	3.0	1.0	3.0					

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Related risks to the fund:

7	Risks of economic downturn and stagnation of the real estate market in general	2.0	3.0	6.0	
8	The risk of rising interest rates and the impact of this on increasing the expected returns and the required rental returns on real estate assets and thus declining their value	2.5	3.0	7.5	
9	Possibility to challenge the Fund's ownership of the real estate assets or disqualify the Fund's assets instruments	3.0	0.5	1.5	
10	The possibility of increasing competition in the sectors in which the Fund invests (health, education, hospitality, offices, trade fairs)	2.0	2.0	4.0	
11	Risks of not being able to attract and retain suitable tenants and/or effectively manage real estate assets	3.0	2.0	6.0	
12	The possibility of declining operational returns as a result of bearing high fixed and operational costs without being associated with an increase in rental returns	2.0	1.0	2.0	
13	The fund's reliance on significant operational support from the property manager and the risk of the property manager not fulfilling its contractual obligations	2.0	2.0	4.0	
14	The negative impact of the lack of or non-compliance with regulatory approvals and licensing requirements on real estate assets	3.0	1.0	3.0	
15	The possibility of the real estate assets being subject to substantial damage due to natural disasters and other causes beyond the control of the fund manager and for which insurance (if any) may not be sufficient	3.0	0.5	1.5	
16	Risks of concentrating rental returns on some of the fund's properties with one tenant	2.0	1.0	2.0	
17	The risk of tenant defaults and its impact on the fund's operating flows	3.0	2.0	6.0	
18	The possibility of rescinding the utility contracts from their owners	2.0	1.0	2.0	

Other Risks:

19	Macroeconomic risks and market dependence on oil prices, and the impact of any fundamental decline in oil prices on the real estate market	3.0	2.0	6.0	
20	The political, economic and legal environments continue to be subject to continuous changes	3.0	2.0	6.0	

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21	The seasonal nature of the hospitality sector in Riyadh	1.0	1.5	1.5	
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Based on the above table, which shows 21 factors of the three types of risks, which are risks related to the fund, risks related to the assets of the fund and other risks, the investment risks in the fund were evaluated based on three categories, as the evaluation mechanism was adopted on the extent of the influence of the factors (21 factors) and the number of times they occur "Frequency", and the three risk categories and their impact on 21 factors are classified as follows:

1. Low Risk :Rating score less than 4
2. Medium Risk. :Rating score from 4 to 6
3. High Risk :Rating score higher than

Fund risk Classification:

	Risks to the fund:	Impact	Probability		Value
1	Geographical concentration of the Fund's investments	2.0	2.0	4.0	Medium Risk
2	Loss of key employees of the fund manager	2.0	2.0	4.0	Medium Risk
3	Risks of poor liquidity of the fund investments and the ability to quickly exit from the real estate investments in the fund	3.0	2.0	6.0	Medium Risk
4	The risk of market fluctuations and trading at a price less than the market value	3.0	3.0	6.0	Medium Risk
5	Risks of increasing the fund's capital and reducing the relative shares of unite holder	1.0	2.0	2.0	Low Risk
6	Risks of not achieving operating or rental returns	3.0	1.0	3.0	Low Risk
	Related risks to the fund:				
7	Risks of economic downturn and stagnation of the real estate market in general	2.0	3.0	6.0	Medium Risk
8	The risk of rising interest rates and the impact of this on increasing the expected returns and the required rental returns on real estate assets and thus declining their value	2.5	3.0	7.5	High Risk

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9	Possibility to challenge the Fund's ownership of the real estate assets or disqualify the Fund's assets instruments	3.0	0.5	1.5	Low Risk
10	The possibility of increasing competition in the sectors in which the Fund invests (health, education, hospitality, offices, trade fairs)	2.0	2.0	4.0	Medium Risk
11	Risks of not being able to attract and retain suitable tenants and/or effectively manage real estate assets	3.0	2.0	6.0	Medium Risk
12	The possibility of declining operational returns as a result of bearing high fixed and operational costs without being associated with an increase in rental returns	2.0	1.0	2.0	Low Risk
13	The fund's reliance on significant operational support from the property manager and the risk of the property manager not fulfilling its contractual obligations	2.0	2.0	4.0	Medium Risk
14	The negative impact of the lack of or non-compliance with regulatory approvals and licensing requirements on real estate assets	3.0	1.0	3.0	Low Risk
15	The possibility of the real estate assets being subject to substantial damage due to natural disasters and other causes beyond the control of the fund manager and for which insurance (if any) may not be sufficient	3.0	0.5	1.5	Low Risk
16	Risks of concentrating rental returns on some of the fund's properties with one tenant	2.0	1.0	2.0	Low Risk
17	The risk of tenant defaults and its impact on the fund's operating flows	3.0	2.0	6.0	Medium Risk
18	The possibility of rescinding the utility contracts from their owners	2.0	1.0	2.0	Low Risk
Other Risks:					
19	Macroeconomic risks and market dependence on oil prices, and the impact of any fundamental decline in oil prices on the real estate market	3.0	2.0	6.0	Medium Risk
20	The political, economic and legal environments continue to be subject to continuous changes	3.0	2.0	6.0	Medium Risk
21	The seasonal nature of the hospitality sector in Riyadh	1.0	1.5	1.5	Low Risk

AI 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
For the year ended 31 December 2024

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

For the year ended 31 December, 2024

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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
(Managed by Osool & Bakheet Investment Company)

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 2024 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 financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basic for opinion

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

Key audit matter

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

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)

Key audit matter (continued)

Key audit matter	How our audit addressed the key audit matter
<p>The group owns a portfolio of investment properties comprising of commercial buildings located in the kingdom of Saudi Arabia and United Arab Emirates.</p> <p>Investment properties, held for capital appreciation and or rental yields, are stated at cost less accumulated depreciation and any impairment losses.</p> <p>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.</p> <p>For assessing the impairment of investment properties, the Fund manager monitors volatility of fair value of properties by engaging independent certified property valuers by the Saudi Authority for Accredited Evaluators ("Taqeem") to perform a formal valuation of the group's investment properties on semiannual basis.</p> <p>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.</p>	<p>For impairment of investment properties, we have carried out the following audit procedures:</p> <ul style="list-style-type: none"> - We obtained two valuation reports from different independent real estate evaluators for each investment property as at 31 December 2024 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 than 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

Other information consists of the information included in the Fund's 2024 annual report, other than the financial statements and our auditor's report thereon. Fund manager is responsible for the other information in its annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

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 financial statements in accordance with the International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA, 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 management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund Manager is responsible for assessing the Fund'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 Fund 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 Fund's financial reporting process.

Auditor's responsibilities for auditing the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the 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, these could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 financial statements, whether due to fraud or an 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 of the Fund.
- 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****Al Maather Reit Fund**

Real Estate Investment Traded Closed Fund Takes the Form of a Special-Purpose Entity
(Managed by Osool & Bakheet Investment Company)

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 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 Professional Services

Muhammad Bin Farhan Bin Nader

License No. 435

Riyadh, Saudi Arabia

16 Ramadan 1446 (corresponding to 16 March 2025)



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 2024

(Saudi Riyals)

	Note	2024	2023
Assets			
Non-current assets			
Investment properties, net	7	685,205,589	686,668,094
Right to use assets	9	2,333,235	2,974,687
Leasehold contracts	10	3,287,489	4,082,125
Total non-current assets		690,826,313	693,724,906
Current assets			
Due from Related Party	14	55,480	4,267,333
Account receivables	11	8,067,219	9,294,724
Prepaid expenses and other assets	12	1,252,226	1,562,937
Cash at banks		37,910,775	40,082,456
Total current assets		47,285,700	55,207,450
Total assets		738,112,013	748,932,356
Liabilities			
Non-current liabilities			
Lease obligations – non-current portion	9-B	2,034,524	2,829,628
Islamic facilities – non-current portion	13/ A	196,568,771	174,569,999
Total non-current liabilities		198,603,295	177,399,627
Current liabilities			
Islamic facilities – current portion	13	-	21,998,772
Lease obligations – current portion	9-B	738,950	637,213
Due to related parties	14-C	1,528,960	1,486,480
Accrued expenses and other liabilities	15	1,657,217	2,040,601
Deferred revenue	16	13,150,591	13,168,945
Accrued interest on Islamic facilities	13/C	8,138,194	18,538,720
Total current liabilities		25,213,912	57,870,731
Total liabilities		223,817,207	235,270,358
Unitholders' funds			
Net asset value (equity) attributable to unitholders		514,294,806	513,661,998
Units in issue (<i>numbers</i>)		61,370,000	61,370,000
Book value of assets belonging to the unit	8	8.38	8.37
Fair value of assets attributable to the unit	8	10.99	10.48

The accompanying notes (1) to (26) 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 2024**

(Saudi Riyals)

	Note	2024	2023
<u>Profit or Loss</u>			
Revenue			
Rental income, net	18	62,816,372	61,281,445
Time deposit commission income		942,518	430,550
Other income		186,150	73,342
Total revenue		63,945,040	61,785,337
Expenses			
Real estate management expenses		(3,981,723)	(3,873,387)
Fund management fees	14	(4,251,749)	(4,100,844)
Custodian fees	14	(200,000)	(200,000)
Financing costs	20	(6,792,739)	(6,631,866)
Property management fees	14	(2,290,863)	(2,287,736)
Depreciation of the right to use assets	9	(641,452)	(640,056)
Expected credit loss expenses	11	-	(1,191,824)
Reversal of expected credit losses	11	408,610	-
Other expenses	19	(1,799,082)	(1,748,425)
Total expenses		(19,548,998)	(20,674,138)
Net profit for the year from operations activity		44,396,042	41,111,199
Depreciation of investment properties	7	(16,806,034)	(17,493,678)
Amortization of real estate benefits contracts	10	(950,354)	(863,592)
Gain on fair value of investment properties and real estate benefits	7	14,471,496	21,216,562
Reverse of impairment losses in the value of leasehold contracts	10	25,716	549,284
Net profit for the year		41,136,866	44,519,775
<u>Other comprehensive income</u>			
Items that may later be reclassified in the profit or loss statement			
Unrealized gain (losses) on foreign currency translation differences		142	(24,082)
Total comprehensive income for the year		41,137,008	44,495,693

The accompanying notes (1) to (26) 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 2024

(Saudi Riyals)

	2024	2023
Net value of assets (equity) attributable to unitholders, beginning of the year	513,661,998	499,237,605
Net profit for the year	41,136,866	44,519,775
Dividends paid (Note 21)	(40,504,200)	(30,071,300)
Other comprehensive Income (Other comprehensive Loss)	142	(24,082)
Net value of assets (equity) attributable to unitholders, year-end	514,294,806	513,661,998

Unit transactions

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

	2024	2023
	Units	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 (26) 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 cash flows
For the year ended 31 December 2024
(Saudi Riyals)

	2024	2023
Cash flows from operating activities		
Net profit for the year	41,136,866	44,519,775
Adjustments to adjust the net profit to net cash activities		
Depreciation of investment properties	16,806,034	17,493,678
Amortization of benefits contracts	950,354	863,592
Depreciation of the right of use assets	641,452	640,056
Financing costs	6,792,739	6,631,866
Reversal of Impairment in Investment Properties	(14,471,496)	(21,216,562)
Reversal of Impairment losses on real leasehold contracts	(25,716)	(549,284)
Provision for expected credit losses	-	1,191,824
Reversal of expected credit losses	(408,610)	-
	51,421,623	49,574,945
Changes in operating assets and liabilities		
Account receivables	1,673,255	(5,591,903)
Prepaid expenses and other assets	273,571	828,127
Accrued expenses and other liabilities	(383,384)	(11,796)
Deferred revenue	(18,354)	3,192,391
Due to related parties	4,254,475	(4,253,408)
Paid from Zakat	-	(618,369)
Net cash provided by operating activities	57,221,186	43,119,987
Cash flows from investment activities		
Payments for the Purchase of Investment Properties	(872,033)	(1,402,040)
Payments for leasehold contracts	(130,002)	(77,272)
Net cash used in investment activities	(1,002,035)	(1,479,312)
Cash flows from financing activities		
Paid from lease obligations	(900,000)	(900,000)
Paid from Islamic facilities accrued interest	(16,986,632)	-
Dividends paid	(40,504,200)	(30,071,300)
Net cash used in financing activities	(58,390,832)	(30,971,300)
Net change in cash at banks	(2,171,681)	10,669,375
Cash at banks, the beginning of the year	40,082,456	29,413,081
Cash at banks, at the end of the year	37,910,775	40,082,456
Non-cash transactions		
Currencies exchange differences	142	24,082

The accompanying notes (1) to (26) 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)

Notes to the consolidated financial statements

For the year ended 31 December 2024

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 may invest secondarily in real estate development projects, subject to the restrictions outlined in its 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 2024), 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 31 December 2024 include the activities Al Maather REIT Fund and the following subsidiary (hereinafter referred to as the "Fund").

Subsidiary Company	Main activity	Country	Ownership %	
			2024	2023
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.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

3- Basis of preparation

Statement of compliance

These accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as 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

The preparation of the consolidated financial statements in accordance with international financial reporting standards (IFRS) as 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 certain estimates and assumptions, These estimates and assumptions affect the amounts of assets and liabilities presented, the disclosure of contingent assets and liabilities as of the reporting date, and the recorded amounts of revenues and expenses during the reporting period. Judgments, estimates and assumptions are continuously evaluated based on historical experience and other factors, including expectations of future events that are deemed reasonable under the current circumstances. The fund estimates and assumptions regarding the future. The resulting accounting estimates rarely equals the actual results.

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 operations in the foreseeable future. Furthermore, management is not aware of any material uncertainty that may cast significant doubt on the Fund ability to continue as a going concern basis. Accordingly, the consolidated financial statements have been prepared on the going concern basis.

Investment property classification

The Fund Manager determines whether properties qualify as investment properties. In making the assessment, the Fund Manager 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. Additionally, the Fund Manager evaluates the significance of these properties' value whether they generate future cash flows that are largely independent of 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 for the purpose calculating depreciation. This estimate is determined after considering the use of the assets or the wear and tear they may experience. Management reviews the useful life annually and adjusts depreciation expenses accordingly when it determines that the estimated useful life differ from previous assessments.

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)

Notes to the financial statements (continued) For the year ended 31 December 2024

3- Basis of preparation (continued)

Use of judgments, estimates and assumptions (continued)

Uncertain assumptions and estimates (continued)

Impairment of non-financial assets

Fund'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 such indication exists, the recoverable amount of the assets is estimated to assess the extent of any impairment loss. When it is not possible to determine the recoverable amount of an individual asset, the Fund 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 lower than its carrying value, the carrying value is reduced to its recoverable amount, and the impairment loss is recognized in the consolidated statement of profit or loss.

Fair Value Measurement of Financial Instruments

When it is not possible to measure the fair value of financial assets and liabilities recorded in the consolidated statement of financial position based on quoted prices in active markets, the fair value is determined using valuation techniques, including the discounted cash flow method. The inputs for these techniques are derived from observable markets wherever possible. When this is not feasible, a degree of judgment is required to determine the fair value. Such judgments include considerations of inputs like liquidity risk, credit risk, and volatility. Changes in assumptions regarding these factors can affect the fair value of financial instruments.

Impairment of trade and other receivables

The recoverable amount of trade and other receivables is estimated when the collection of the amount is deemed unlikely, either partially or in full. This estimate is made individually for each significant amount. As for amounts that are not considered material but are overdue, they are assessed collectively, and a provision is applied based on the length of the overdue period, using historical recovery rates.

Expected credit losses

The measurement of expected credit losses provision 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

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

New Standards, Amendment to Standards and Interpretations:

The group adopted the following new standards and amendments for the first time in its annual reports starting from January 1, 2024:

- **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 Noncurrent**

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.

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)

Notes to the financial statements (continued)

For the year ended 31 December 2024

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

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

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

The adoption of the above amendments does not have any material impact on the Consolidated Financial Statements during the year.

Standards issued but not yet effective

The following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2025 and earlier application is permitted for certain new standards and amendments; however, the fund has not early adopted them in preparing these Consolidated Financial Statements. The Group is currently evaluating the impact of the adoption of these standards on the Consolidated Financial Statements.

- **Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates**

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.

- **Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments**

These amendments:

- Clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.
 - Clarify and add further guidance for assessing whether a financial asset meets the payments of principal and interest (SPPI) criteria.
 - Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
 - Make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).
- **IFRS 18, Presentation and Disclosure in Financial Statements'**
This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:
 - The structure of the statement of profit or loss.
 - Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
 - Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

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.

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)

Notes to the financial statements (continued) For the year ended 31 December 2024

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:

- 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%

According to the terms and conditions, the fund has applied the cost model to measure property, plant, and equipment, investment properties, and intangible assets when applying the financial 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.

Right of use assets and lease obligations

The fund has recognized new assets and liabilities for its operating lease contracts of various types. Each lease payment is allocated between the liabilities and financing cost. The financing cost is charged to the consolidated profit or loss statement over the lease term so as to achieve a constant periodic interest rate on the remaining balance of the liability for each period. The right-of-use asset is amortized over the asset's useful life and the lease term, whichever is shorter, on a straight-line basis.

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)

Notes to the financial statements (continued)

For the year ended 31 December 2024

6- Significant accounting policies (continued)**Right of use assets and lease obligations (continued)****The Fund as a Lessee**

The assets and liabilities arising from a lease agreement are initially measured at the present value of unpaid lease payments at the lease commencement date, using the fund's incremental borrowing rate.

a- Right of use, is initially recognized at cost, which includes the following:

- The initial measurement amount of lease liabilities, and
- Any lease payments made on or before the starting date of the lease contract minus any lease incentives received;
- Any initial direct costs, and
- Renewal cost.

b- The lease liability includes the present value of the following lease payments:

- Fixed payments (including payments that are in substance fixed), less any lease incentives receivable.
- Variable lease payments based on an index or rate.
- Amounts expected to be paid by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Penalty payments for terminating the lease, if the lease term reflects the lessee's exercise of that option.

Lease payments are discounted using the incremental borrowing rate, which represents the rate the lessee would pay to borrow the funds needed to acquire an asset of similar value in a similar economic environment with similar terms and conditions.

Payments related to short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Fund as a Lessor

Lease contracts entered into by the Fund, where substantially all the risks and rewards related to the ownership of the asset are transferred to the lessees, are classified as finance leases. Finance leases are recorded at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

The total investment in finance leases includes the total future lease payments from finance lease contracts (lease receivables) plus the estimated residual amounts due. The difference between lease receivables and the cost of the leased asset is recognized as unearned finance income from leases, and is deducted from the total investment in finance leases for financial statement presentation purposes. Any unsecured current value of the assets is periodically reviewed, and any impairment in the residual value is recorded immediately.

The Fund recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Other Revenues'."

Leasehold contracts contracts

Leasehold 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.

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.

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Notes to the financial statements (continued)

For the year ended 31 December 2024

6- Significant accounting policies (continued)

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 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

Article (3) of the Zakat Collection Rules for Investment in Investment Funds ("the Rules") stipulates that all investment funds or real estate investment funds approved by the Capital Market Authority after the effective date of the decision (January 1, 2023) must register with the Zakat, Tax, and Customs Authority for zakat purposes before the end of the first financial year from the date of approval of their establishment and submit the informational zakat return within 120 days from the end of the financial year. Prior to the aforementioned rules, the fund was already registered with the Zakat, Tax, and Customs Authority and was paying zakat at a rate of 2.5% on the estimated zakat base and the adjusted net income attributable to Saudi unitholders. However, as of January 1, 2023, in accordance with the provisions of the rules, the fund ceased recognizing zakat expenses. Consequently, the zakat obligation at the fund level now falls on the unitholders, and these liabilities are not accounted for in these consolidated financial statements.

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Notes to the financial statements (continued) For the year ended 31 December 2024

6- Significant accounting policies (continued)

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 consolidated 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.

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.

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Notes to the financial statements (continued)

For the year ended 31 December 2024

6- Significant accounting policies (continued)

Revenue recognition (continued)

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.

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.

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Notes to the financial statements (continued)

For the year ended 31 December 2024

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7- Investment properties

a) This item consists of the following:

2024	Lands	Buildings	Furniture & Fixtures	Total
Cost				
Balance, beginning of the year	331,388,708	465,174,340	9,371,614	805,934,662
Additions	-	776,168	95,865	872,033
Balance, year-end	<u>331,388,708</u>	<u>465,950,508</u>	<u>9,467,479</u>	<u>806,806,695</u>
Accumulated depreciation				
Balance, beginning of the year	-	79,832,379	8,644,637	88,477,016
Charged during the year	-	16,415,452	390,582	16,806,034
Balance, year-end	-	<u>96,247,831</u>	<u>9,035,219</u>	<u>105,283,050</u>
Change in value				
Balance, beginning of the year	(19,986,694)	(10,509,643)	(293,215)	(30,789,552)
Charged during the year	9,242,794	5,213,993	14,709	14,471,496
Balance, year-end	<u>(10,743,900)</u>	<u>(5,295,650)</u>	<u>(278,506)</u>	<u>(16,318,056)</u>
Net	<u>320,644,808</u>	<u>364,407,027</u>	<u>153,754</u>	<u>685,205,589</u>
2023				
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	<u>331,388,708</u>	<u>465,174,340</u>	<u>9,371,614</u>	<u>805,934,662</u>
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	-	<u>79,832,379</u>	<u>8,644,637</u>	<u>88,477,016</u>
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	<u>(19,986,694)</u>	<u>(10,509,643)</u>	<u>(293,215)</u>	<u>(30,789,552)</u>
Net	<u>311,402,014</u>	<u>374,832,318</u>	<u>433,762</u>	<u>686,668,094</u>

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 2021).

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7- Investment properties, net (continued)

Real estate investments consist of the following eleven properties:

- Al-Salam Schools: (Land of an educational property located in Al-Salam district in Riyadh, where this property was purchased during 2021).
- Burjeel Property (Burjeel Hospital located in the United Arab Emirates, Emirate of Sharjah) This property was purchased in February 2022).

The market value of the properties has been determined by Taqueem accredited valutors 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 2024		31 December 2023	
		Tathmeen	White Cubes	Tathmeen	White Cubes
GENX Al-Maather	Discounted cash flows	173,925,000	157,400,000	170,102,000	150,950,000
GENX AL RABIE	Discounted cash flows	40,341,000	42,000,000	40,478,000	40,700,000
Mohammedia Tower	Discounted cash flows	119,461,000	127,000,000	106,232,000	125,000,000
Takhassusi Showrooms	Discounted cash flows	72,642,000	75,000,000	71,793,000	74,800,000
Al-Sahafa 1	Discounted cash flows	58,203,000	65,400,000	54,876,000	65,200,000
Al-Sahafa 2	Discounted cash flows	58,695,000	63,600,000	56,829,000	62,000,000
Al-Ha'ir Warehouses	Discounted cash flows	24,402,000	24,700,000	24,045,000	20,400,000
Al-Sulay Warehouse	Discounted cash flows	51,865,000	57,900,000	47,551,000	56,000,000
Tolan Hotel Suites	Discounted cash flows	27,508,000	29,200,000	26,474,000	29,200,000
Elite Educational Schools	Discounted cash flows	30,465,000	36,600,000	30,201,000	35,100,000
Al-Salam Schools	Discounted cash flows	52,455,000	54,700,000	50,212,000	52,400,000
Burjeel Hospital	Discounted cash flows	123,809,000	121,900,000	121,629,000	118,900,000
Total		833,771,000	855,400,000	800,422,000	830,650,000
Average evaluations		844,585,500		815,536,000	

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.

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

The evaluation of investment real estate ("real estate") has been conducted by the Saudi Asset Valuation Company ("Tathmeen"), which holds license number 1210000273 issued by the Ministry of Commerce and Investment on 4th Dhu al-Qi'dah 1442 AH (corresponding to June 14, 2021), and the White Cubes Real Estate Appraisal Office ("White Cubes"), which holds license number 1210000474 issued by the Ministry of Commerce and Investment on 1st Sha'ban 1437 AH (corresponding to May 5, 2016). Both entities are licensed by the Saudi Authority for Accredited Valuers ("Taqeem"). The fund manager used the average of the two evaluations for the purpose of disclosing the fair value of the real estate. The evaluation was conducted considering several factors, including the size and type of the property, as well as valuation techniques that rely on numerous 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:

2024	Country	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	709,962,000	733,500,000	721,731,000
Real Estate Investments RUKN Al Maather	United Arab Emirates	123,809,000	121,900,000	122,854,500
Benefits contracts	Kingdom of Saudi Arabia	3,883,000	4,800,000	4,341,500
		837,654,000	860,200,000	848,927,000
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

The real estate investments and utility contracts have been assessed taking into consideration a range of factors, including the area and type of property, and valuation methods using unobservable inputs, including financial analysis, land parcel subdivision, cost approach, direct comparison method, and residual value method.

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

A- The following is a statement of unrealized gains on investment properties and utility contracts, which have been determined based on valuation operations (fair value) as follows

	2024	2023
Estimated fair value of real estate investments based on the average of the two valuations	848,927,000	820,278,500
deduction		
Book Value of Real Estate Investments	(685,205,589)	(686,668,094)
Book value of benefits contracts	(3,287,489)	(4,082,125)
Estimated fair value in increase/(decrease) book value	160,433,922	129,528,281
Issued units (by number)	61,370,000	61,370,000
Additional value of the unit based on fair value	2.61	2.11

Net asset value:

	2024	2023
Net asset value (equity) attributable to unitholders as in the financial statements before fair value adjustment	514,294,806	513,661,998
Increase estimated fair value over book value	160,433,922	129,528,281
Net asset value attributable to unitholders based on fair value of real estate investments	674,728,728	643,190,279

Net asset value per unit:

Book value of assets attributable to the unit as in the financial statements before fair value adjustment	8.38	8.37
Excess value of the unit on a fair value basis	2.61	2.11
Net assets attributable to the unit based on fair value	10.99	10.48

9- Right of use assets, net and lease obligations

a) This item consists of the following:

	2024	2023
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	4,578,658	3,938,602
Charged during the year	641,452	640,056
Balance, year-end	5,220,110	4,578,658
Net book value	2,333,235	2,974,687

b) The Movement of lease obligations as follows:

	2024	2023
Balance, beginning of the year	3,466,841	4,113,554
Interest expenses Charged during the year	206,633	253,287
Paid	(900,000)	(900,000)
Balance, end of the year	2,773,474	3,466,841

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9- Right of use assets, net and lease obligations (continued)

c) The lease obligations as follows:

	2024	2023
Lease Obligations – Non-Current portion	<u>2,034,524</u>	<u>2,829,628</u>
Lease Obligations – Current portion	<u>738,950</u>	<u>637,213</u>

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 2024 was 206,633 SAR (31 December 2023: SAR 253,287).

10- Leasehold contracts

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, noting that the benefit of Al-Quds will expire in 2027.
- 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, noting that the benefit of Wadi Laban will expire in 2027.
- 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, noting that the benefit of Al-Dabab will expire in 2031.

b) The movement of benefits contracts is as follows:

	2024	2023
Balance, beginning of the year	4,477,991	5,264,311
Additions	130,002	77,272
Amortization	(950,354)	(863,592)
	<u>3,657,639</u>	<u>4,477,991</u>
Impairment losses (c)	(370,150)	(395,866)
Balance, year-end	<u>3,287,489</u>	<u>4,082,125</u>

c) The movement of impairment losses is as follows:

	2024	2023
Balance, beginning of the year	395,866	945,150
Reversal of Impairment Losses on Leasehold Contracts	(25,716)	(549,284)
Balance, year-end	<u>370,150</u>	<u>395,866</u>

11- Rent receivables

a) This item consists of the following:

	2024	2023
Rent receivables	10,487,507	12,123,622
Less: Provision for expected credit losses - B	(2,420,288)	(2,828,898)
	<u>8,067,219</u>	<u>9,294,724</u>

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11- Rent receivables (continued)

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

	2024	2023
Balance, beginning of the year	2,828,898	1,637,074
Charged	-	1,191,824
Reversal of expected credit losses	(408,610)	-
Balance, year-end	2,420,288	2,828,898

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
2024	5,212,849	667,455	741,410	1,449,574	2,416,219	10,487,507
2023	5,291,107	694,679	307,334	4,283,101	1,547,401	12,123,622

12- Prepaid expenses and other assets

a) This item consists of the following:

	2024	2023
Islamic Murabaha management fees – B	421,790	718,784
Non-paid refundable deposit	325,626	278,891
Operational custody	96,003	43,694
Value added tax (VAT)	5,739	212,612
Others	403,068	308,956
	1,252,226	1,562,937

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).

13- 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, on October 20, 2024, the fund entered into an addendum to the facility agreement, extending the repayment period to 60 months from the date of the addendum.
- 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, on October 20, 2024, the fund entered into an addendum to the facility agreement, extending the repayment period to 60 months from the date of the addendum.
- 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.

Al Maather Reit Fund

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Notes to the financial statements (continued)

For the year ended 31 December 2024

(in Saudi Riyals)

13- Islamic facilities (continued)

a) The movement of Islamic facilities are as follows:

	2024	2023
Balance, beginning of the year	196,568,771	196,568,771
Balance, year-end	196,568,771	196,568,771

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

	2024	2023
Islamic facilities – non-current portion	196,568,771	174,569,999
Islamic facilities – current portion	-	21,998,772

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

	2024	2023
Balance, beginning of the year	18,538,720	12,160,141
Interest expense during the Year	6,586,106	6,378,579
Paid during the Year	(16,986,632)	-
Balance, year-end	8,138,194	18,538,720

- Total interest expenses of the year 6,586,106 SAR (2023: SAR 6,378,579).

14- 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 custody fee of 0.050% annually of the total value of the fund's assets based on the latest valuation if their value is between zero and 500 million, 0.040% annually if their value is between 500 million and 1 billion, and 0.025% annually if their value is 1 billion or more, provided that the custody fee is not less than 150,000 SAR annually.
- The independent board members collectively receive an annual reward of 200,000 SAR, paid by/borne by the fund manager.
- 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.

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Notes to the financial statements (continued)

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(in Saudi Riyals)

14- Due to related parties (continued)

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	
			2024	2023
Baytak Al Hofyz real estate company	Affiliate *	Loan interest	16,986,632	4,267,333
Osool and Bakhit Investment company	Fund Manager	Fund Management	4,324,130	4,100,844
Albilad Capital Company	Custodian	Custody fees	200,000	200,000
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	80,150	79,022
		Property Management	2,290,863	2,287,736
Creative Future for Digital Brokerage	Affiliate*	Rent	111,335	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:

	2024	2023
Baytak Al Hofyz real estate company	55,480	4,267,333

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

	2024	2023
Osool & Bakheet Investment company	1,239,720	1,199,678
Medad Al Khair Real Estate Company	105,898	141,079
Saudi Asset Evaluation and Valuation Company	90,000	51,750
Albilad Capital Company	57,342	57,973
Members of the Board of Directors	36,000	36,000
	1,528,960	1,486,480

15- Accrued expenses and other liabilities

a) This item consists of the following

	2024	2023
Refundable deposits - clients	931,337	1,014,156
Accrued expenses	416,478	354,993
Advance payments from customers	292,644	479,034
Supplier accruals	16,758	192,418
	1,657,217	2,040,601

16- Deferred revenue

a) This item consists of the following

	2024	2023
Balance, beginning of the year	13,168,945	9,976,554
Rental income earned during the year (Note -18)	(63,362,294)	(63,121,427)
Rental income received during the year	63,343,940	66,313,818
Balance, year-end	13,150,591	13,168,945

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Notes to the financial statements (continued)

For the year ended 31 December 2024

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17- Zakat

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

	2024	2023
Balance, beginning of the year	-	618,369
Charged	-	-
Paid	-	(618,369)
Balance, year-end	-	-

b) The zakat positions

The Fund submitted zakat declarations and financial statements to the Zakat, Tax and Customs Authority until 2023. 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 in year 2022 by the Zakat, Tax, and Customs Authority in 2023. 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.

18- Rental income, net

	2024	2023
Real estate investment rental income	61,554,168	61,971,157
Leasehold contract rental income	1,808,126	1,150,270
	63,362,294	63,121,427
Discount on rentals	(545,922)	(1,839,982)
	62,816,372	61,281,445

19- Other expenses

	2024	2023
Trading and deposit centrals	572,123	568,900
Evaluation, consultation and professional fees	360,715	404,210
Islamic Murabahat fees	306,449	296,183
Real estate asset insurance	162,838	173,529
Bank expenses	42,447	41,552
Board members attendance compensation	36,000	36,000
Others	318,510	228,051
	1,799,082	1,748,425

20- Finance Cost

	2024	2023
Islamic financing facility (note 13-C)	6,586,106	6,378,579
Finance cost for right to use assets (note 9)	206,633	253,287
	6,792,739	6,631,866

21- Dividends paid

According to the terms and conditions of the fund, the fund aims to distribute annual dividends of no less than 90% of its net profits. The Fund's Board of Directors approved the dividend distribution for the financial year ended December 31, 2023, amounting to SAR 0.33 per unit, with a total of SAR 20,252,100, which was paid on March 21, 2024. Additionally, dividends for the six-month period ended June 30, 2024, amounting to SAR 0.33 per unit, with a total of SAR 20,252,100, were distributed on August 21, 2024.

Al Maathar Reit Fund

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Notes to the financial statements (continued)

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22- 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:

A- The following are some of the financial data for those business sectors.										
	2024							2023		
	Offices	Hotel Suites	Galleries	Warehouses	Schools	Hospitals	Other	Unallocated	Total	
Operating income	18,450,972	12,609,082	11,020,128	6,131,450	6,238,525	8,160,000	206,215	-	62,816,372	
Other income	-	-	-	-	-	-	-	1,128,668	1,128,668	
Direct Operating Expenses	576,568	4,568,240	464,304	348,849	2,590,890	3,393,915	66,299	-	12,009,065	
Indirect Operating Expenses	-	-	-	-	-	-	-	7,539,933	7,539,933	
Depreciation, amortization and change in value	576,568	4,568,240	464,304	348,849	2,590,890	3,393,915	66,299	-	12,009,065	
Net (Loss) profit before zakat	13,702,372	8,742,540	10,322,740	11,118,152	1,868,835	1,697,701	95,791	(6,411,265)	41,136,866	
2023										
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)	(4,236,373)	(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 (Loss) profit before	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	

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

2024	Offices	Hotel Suites	Galleries	Warehouses	Schools	Hospitals	Other	Total
Saudi Arabia Revenues	18,450,972	12,609,082	11,020,128	6,131,450	6,238,525	-	206,215	54,656,372
UAE Revenue	-	-	-	-	-	8,160,000	-	8,160,000
	18,450,972	12,609,082	11,020,128	6,131,450	6,238,525	8,160,000	206,215	62,816,372
2023								
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

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Notes to the financial statements (continued)

For the year ended 31 December 2024

(in Saudi Riyals)

23- Financial instruments, risk management and fair value**Financial instruments**

	2024	2023
Financial assets at amortized Cost		
Due from related party	55,480	4,267,333
Accounts receivable	8,067,219	9,294,724
Prepaid expenses and other assets	1,252,226	1,562,937
Cash at banks	37,910,775	29,624,415
	47,285,700	55,207,450
Financial liabilities		
Lease obligations	2,773,474	3,466,841
Due to related parties	1,528,960	1,486,480
Accrued expenses and other payables	1,657,217	2,040,601
Deferred revenue	13,150,591	13,168,945
Accrued Islamic financing facilities	8,138,194	18,538,720
	27,248,436	38,701,587

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:

	2024	2023
Due from related party	55,480	4,267,333
Account receivables	10,487,507	12,123,622
Cash with banks	37,910,775	40,082,456
	48,453,762	56,473,411

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.

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Notes to the financial statements (continued)

For the year ended 31 December 2024

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23- Financial instruments, risk management and fair value (continued)**Financial risk management (continued)**Credit risk (continued)

2024	1 - 90 Days	91 - 180 Days	181-270 Days	270-365 Days	More than 365 Days	Total
Account Receivable	5,212,849	667,455	741,410	1,449,574	2,416,219	10,487,507
Exposure to default % of expected credit losses	5.23%	7.67%	19.78%	28.63%	100%	
expected credit losses	(169,349)	(47,815)	(71,795)	(525,359)	(1,605,970)	(2,420,288)
Net	5,043,499	619,640	669,615	924,215	810,249	8,067,219
2023						
Account Receivable	5,291,107	694,679	307,334	4,283,101	1,547,401	12,123,622
Exposure to default % of 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
	5,134,520	669,801	278,965	3,211,438	-	9,294,724

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

	2024	2023
Balance, beginning of the year	2,828,898	1,637,074
Charged	-	1,191,824
Reversal of Expected Credit Losses	(408,610)	-
	2,420,288	2,828,898

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 considered 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.

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Notes to the financial statements Uniform (continued)

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23- 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 adjusts 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:

	2024	2023
Islamic facilities	204,706,965	215,107,491
Less: Cash at banks	(37,910,775)	(40,082,456)
Net debt	166,796,190	175,025,035
Net asset value (equity) attributable to unit holders.	514,294,806	513,661,998
Debt-to-equity ratio of Net asset value (equity) attributable to unit holders	32%	34%

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:

2024	1 to 12 months	From 1 to 5 years	More than 5 years	Total
Lease obligations	738,950	2,034,524	-	2,773,474
Islamic facilities	-	-	196,568,771	196,568,771
Due to related parties	1,528,960	-	-	1,528,960
Accrued expenses and Other liabilities	1,657,217	-	-	1,657,217
Differed Revenue interest on Islamic facilities	13,150,591	-	-	13,150,591
	8,138,194	-	-	8,138,194
	25,213,912	2,034,524	196,568,771	223,817,207

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Notes to the financial statements Uniform (continued)

For the year ended 31 December 2024

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23- Financial Instruments, risk management and fair value (continued)**Financial risk management (continued)****Liquidity risk (continued)**

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
	<u>35,871,959</u>	<u>2,829,628</u>	<u>196,568,771</u>	<u>235,270,358</u>

Fair Value

Fair value is the price at which an asset can be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction. Financial instruments consist of financial assets and financial liabilities.

The fund uses the following hierarchy to determine and disclose the fair value of property under development:

Level 1: Quoted prices in an active market for the same property (i.e., without modification or repackaging).

Level 2: Quoted prices in an active market for similar assets and liabilities or other valuation techniques where all significant inputs are based on observable market data.

Level 3: Valuation techniques where significant inputs are not based on observable market data.

The fair value assessment of investment properties under development is classified within Level 2 as of December 31, 2024, as per the table below:

As of December 31, 2024	Level 1	Level 1	Level 3	Total
Investment Properties	-	685,205,589	-	685,205,589

As of December 31, 2023

Investment Properties	-	686,668,094	-	686,668,094
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24- Last day of evaluation

The last evaluation day of the year was December 31, 2024 (2023: December 31, 2023).

25- Subsequent events

On 26 Sha'ban 1446 AH (corresponding to February 25, 2025), the fund announced cash dividend distributions to the unitholders of Al Ma'athar REIT for the year 2024, amounting to SAR 0.34 per unit, with a total of SAR 20,865,800.

Otherwise, the Fund's management believes that there are no significant subsequent events after the date of the consolidated financial statements and before their issuance that require adjustment or disclosure.

26- Approval of financial statements

These financial statements were approved by the Board of Directors of the Fund on date 16 Ramadan 1446 AH (corresponding to 16 March 2025 AD).