



الأهلي ريت (1)  
AIAhli REIT (I)

SNB Capital

Sustainable strategic growth

2024

# Annual Report

[alahlireit.com](http://alahlireit.com)



Custodian of the Two Holy Mosques  
**King Salman bin Abdulaziz Al Saud**

— God save him —



His Royal Highness  
**Prince Mohammed bin Salman bin Abdulaziz Al Saud**

Crown Prince and Prime Minister

— God save him —



# 2024 Annual Report

Submitted to the unitholders of the AIAhli REIT Fund 1  
for the fiscal year ended 31 December 2024





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# 01

## Overview of the Fund Manager

### SNB Capital Company (SNB Capital)

SNB Capital Company (SNB Capital) is the largest Asset Manager in the Kingdom with more than SAR 239.3 billion of assets under management, and the largest Shariah-compliant assets company in the world. SNB Capital is licensed by the Capital Market Authority in the Kingdom to provide management, custody, arrangement, advice, underwriting and dealing in securities services as principal and agent.

SNB Capital is the investment banking and asset management arm of the Saudi National Bank, a regional powerhouse, and the largest financial institution in the Kingdom of Saudi Arabia.

Stemmed from its principles of meeting the investment needs and aspirations of its clients, SNB Capital, the region's leading wealth manager and the largest asset manager in the Kingdom, provides its clients with the tools they need to make insightful and smart investment decisions.



# 02

## Fund Manager's Statement

It is with great pleasure that we present the annual report of AlAhli REIT Fund (1) for the year 2024G, marking another milestone in the Fund's growth journey. The Fund remains steadfast in executing its ambitious investment strategy, aimed at delivering sustainable and attractive returns for our investors while ensuring risk mitigation through a well-diversified real estate investment portfolio. We continue to actively seek and capitalize on the best real estate investment opportunities to enhance the Fund's value.

As part of these strategic initiatives, the Fund has commenced refurbishment works on the typical floors and public areas of one of its assets, following the signing of a management agreement with Hilton International and the property will operate under the prestigious DoubleTree by Hilton brand, further strengthening the Fund's hospitality portfolio. Additionally, the expansion of AlAndalus Mall, branded as "AlAndalus Avenue", has been successfully completed and is now fully operational. Furthermore, the pedestrian bridge connecting Dr. Sulaiman AlHabib Hospital and AlAndalus Mall has been fully commissioned, enhancing accessibility and foot traffic.

In parallel, with the expiry of the lease for Salama Tower, located in the Al Salama district on Madinah Road, Jeddah, the property will now be managed and operated by a property manager with expertise in the office sector in Jeddah. This transition aligns with the Fund's commitment to maximizing asset efficiency and maintaining high occupancy levels across its portfolio. Our proactive asset management strategy, coupled with strong tenant relationships, ensures the Fund's continued competitiveness in the real estate market.

On this occasion, we extend our deepest gratitude to our esteemed investors for their unwavering trust and support. Our commitment goes beyond delivering enhanced value and attractive financial returns—it extends to our broader responsibility of contributing to the development of the community in which we operate. We remain dedicated to driving long-term growth and sustainability in alignment with our investors' interests.

May the Almighty bless you all.

SNB Capital, Fund Manager  
Statement

# 03

## Members of the Board of Directors

Leadership is the Essence of Premiership.



**Abdul Rahman bin  
Mohammed Al-Rashed**

Chairman of the Board of Directors



**Mohammed bin  
Omar Al-Oyidi**  
Board Member



**Mohammed bin  
Jaafar Al-Saqqaf**  
Board Member



**Firas bin Abdul  
Razzaq Houhou**  
Board Member



**Ahmed bin Abdul  
Rahman Al-Mousa**  
Board Member



**Fawaz bin Abdulaziz  
bin Huwail**  
Board Member



# 04

## Executive Summary

Efficiency, strength and merit.

# Milestones in the Success Journey



**December 2017**  
Establishing AIAhli REIT Fund.(1)

**December 2017**  
Acquisition of AlAndalus Mall and AlAndalus Mall Hotel.

**January 2018**  
Listing the Fund on the Saudi Stock Exchange "Tadawul".

**August 2019**  
Acquisition of Salama Tower in Jeddah.

**December 2019**  
The Fund joined the global FTSE EPRA NAREIT real estate index series.

**December 2019**  
The Fund received the "Best Islamic Real Estate Traded Fund" award from Global Business Outlook.

**June 2020**  
Acquisition of QBIC Plaza in Riyadh.

**November 2020**  
Acquiring the land adjacent to AlAndalus Mall for the purpose of developing it.

**January 2022**  
AlAndalus Mall received the award as one of the best operation teams in the Middle East by the Council of Shopping Centers in the Middle East and North Africa.

**2024**  
The expansion of Al-Andalus Mall (Al-Andalus Avenue) has been fully completed and is operational.

**September 2021**  
Appointment of AlAndalus Real Estate Company as the operator of AlAndalus Mall Hotel.

**December 2021**  
AlAndalus Real Estate Company was appointed as the developer of AlAndalus Mall.

**January 2022**  
The Fund received the Restatex Riyadh Real Estate Award for the Best Banking Real Estate Fund for the year 2021.

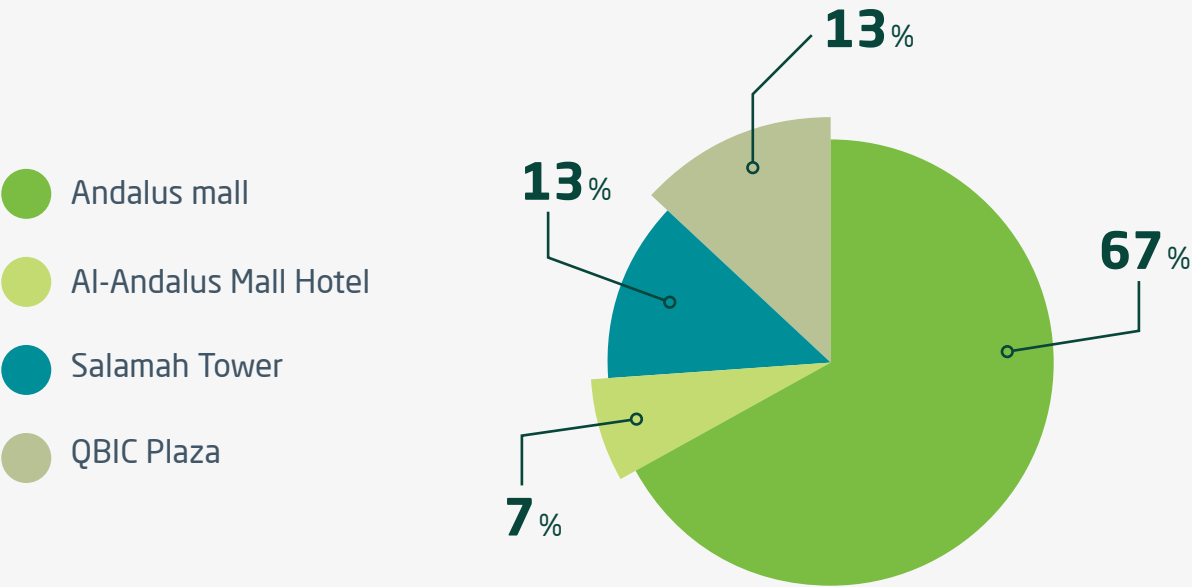
**2023**  
Signing a management contract with Hilton for the purpose of operating AlAndalus Mall Hotel.



# Geographic Presence



# Ratio of investments in Real Estate Assets



Assets	Location	Fair Value	Percentage
AlAndalus Mall	Jeddah	1,413,767,500	67%
AlAndalus Mall Hotel	Jeddah	152,950,500	7%
Salama Tower	Jeddah	281,115,500	13%
QBIC Plaza	Riyadh	275,774,000	13%
Total		2,123,607,500	100%



# AlAhlī REIT 1 Latest News

- The expansion of Al-Andalus Mall (Al-Andalus Avenue) has been fully completed and is operational.
- Salama Tower lease contract has expired. Previously leased to a master tenant under a five-year contract, the property will now be managed and operated by a property manager.
- Refurbishment works on the typical floors and public areas have commenced as part of a contract with Hilton International to operate the hotel under the 'DoubleTree by Hilton' brand.



# 05

## Fund Overview

Sustainable Development.

# About the Fund

AIAhli REIT (1) is a close-ended public traded real estate investment fund compatible with the provisions of Islamic Shariah. It aims to provide periodic rental income to unitholders by investing primarily in structurally developed real estate assets that generate income. The Fund Manager aims to distribute cash dividends twice a year of no Less than 90% of the Fund’s annual net profits. The Fund has been approved as an investment fund compatible with Sharia principles approved by the appointed Shariah Board. The term of the Fund is ninety-nine years from its date of listing, which is extendable at the discretion of the Fund Manager and subject to the approval of the Capital Market Authority (CMA).

## AIAhli REIT Fund 1 Portfolio Summary

Particulars	Value
Number of assets	4
Net Value of real estate portfolio assets	1,195,803,492
Occupancy rate of the rental portfolio	89.18%
Number of tenants	518
Total leasable area	180,299
Total revenue	SAR 187,881,938.11
Fund Assets Size	SAR 1,986,484,432





# 06

## Fund Portfolio

Growth with a promising strategic vision.

# Fund Portfolio

AIAhli REIT Fund 1 portfolio consists of four assets that are diversified, in a planned and thoughtful manner, according to sectors, in vital locations in the cities of Jeddah and Riyadh. Following are the holdings:

## First

### Alandalus Mall



**Location**

The intersection of King Abdullah Road with Prince Majid Road, Al-Fayhaa District, Jeddah.



**Total land area**

162,579 square meters



**Rentable space**

101,500 square meters



**Operator and rental manager**

AlAndalus Real Estate Company



**Purchase price**

1,150,000,000 Saudi riyals



**Occupancy rate**

90.1%



**Percentage of asset rents out of the collected Fund's total rents**

66.63%

## AlAndalus Mall includes

a variety of the finest brands, and a variety of tenants in the sectors of fashion, restaurants and cafes, entertainment, indoor sports, etc. It is one of the largest commercial centers, as it includes more than 350 shops and a net leasable area of about 88,500 square meters.

Alandalus Mall is a popular shopping destination for families, with its high visitor numbers serving as clear evidence of its appeal. In 2024, the mall welcomed more than 9.4 million visitors. It boasts an impressive occupancy rate of up to 97%, one of the highest among similar commercial centers in Jeddah. Additionally, the pedestrian bridge connecting Dr. Sulaiman AlHabib Hospital and Alandalus Mall has been fully commissioned, further enhancing accessibility and increasing foot traffic

The expansion project of AlAndalus Mall complex, which was called "AlAndalus Avenue" has also been completed and fully operational which added a rental space estimated at 13,000 square meters, and it is features an occupancy rate of up to 41%.

350  
Shops

+9.4  
Million  
visitors





Second

Salama Office Tower



Location

Medina Road, Al-Salamah District, Jeddah.



Total land area

7,682 square meters



Rentable space

29,921 square meters



Operator and rental manager

OPM



Purchase price

255,000,000 Saudi riyals



Occupancy rate

88%



Percentage of asset rents out of the collected Fund's total rents

11.27%

Salama Tower is located in a vital area at Salama neighborhood on Medina Road near Hira Intersection. Downtown Jeddah, less than (10) minutes from the new King Abdulaziz International Airport in Jeddah. The tower consists of (13) floors above the ground, one basement floor, and one mezzanine floor. It also includes more than (109) offices, (8) showrooms, and two warehouses. The tower is occupied by a selection of prestigious international and local brands.

( 109 )  
Offices

( 13 )  
Floors

( 8 )  
Showrooms



Third  
QBIC Plaza



Location

Northern Ring Road,  
Al-Ghadeer District, Jeddah



Total land area

17,444  
square meters



Rentable space

21,253  
square meters



Completely rented to the  
Ministry of Housing



Purchase price

250,000,000  
Saudi riyals



Occupancy rate

100%



Percentage of asset rents out of  
the collected Fund's total rents

11.88%

This luxurious office complex, consisting of (3) floors, is located only (170) meters north of the intersection of King Abdulaziz Road and the Northern Ring Branch Road, at Al-Ghadeer neighborhood in Riyadh. It is fully leased to the Ministry of Housing for a period of (3) years, initially, which was renewed for the same period in 2023.

Fully leased

( 3 ) ( 3 )  
Floors Years





Fourth

AlAndalus Mall Hotel



Location

The intersection of King Abdullah Road with Prince Majid Road, Al-Fayhaa District, Jeddah.



Total land area

6,223 square meters



Total leasable area

28,255 square meters



Operator

Hilton International



Purchase price

200,000,000 Saudi riyals



Percentage of asset rents out of the collected Fund's total rents

10.22%

The upscale hotel is distinctively located on King Abdullah Road, and is connected to AlAndalus Mall, which is considered one of the most popular shopping destinations in the city of Jeddah. The mall is also linked to Dr. Sulaiman Al-Habib Hospital via a bridge. The hotel features 164 rooms. The hotel is also located at 10-minute drive from several important educational, medical and entertainment landmarks, and from downtown Jeddah. It is also located 20 minutes from King Abdulaziz International Airport. The hotel has a rating of 7.8 on Booking.com. The Fund has signed a contract with Hilton International to manage the hotel under the 'DoubleTree by Hilton' brand. Refurbishment works on the typical floors and public areas have also commenced as part of this agreement, which are expected to be completed in 2025.

164  
Rooms

Booking.com  
7.8  
Rating

# Fund Service Providers



Fund Manager  
SNB Capital



Custodian



Fund Valuators



Auditor



Operator of  
AlAndalus Mall Hotel



Operator of AlAndalus  
Mall and Property Agent



Operator of Salamah  
Tower





# 07

## Risk management and business continuity

Efficiency of Sustainable  
Planning.

# Risk Assessment

## Income distribution risk



### Description

- The Fund aims to provide periodic rental income to unitholders through its investments in income-generating properties. Any failure to perform its basic assets would expose the Fund to the risk of inability or failure to achieve periodic or targeted distribution obligations in the future in accordance with its terms and conditions.
- Moreover, according to the terms and conditions of the facilities provided to the Fund, the Fund must meet a number of conditions under the distribution test in order to be able to distribute profits to the unitholders. Any breach of these terms may result in the Fund being unable to make such distributions.
- Further, the Fund pays interest expenses, the Fund might be in a position where a big portion of the cash generated from operations is used to service the debt (interest) and hence impacting its ability to distribute dividends.

### Mitigation

The Fund's approach to mitigating these risks is to ensure that the underlying assets are performing well and generating expected cash flows.

- **Alandalus Mall:** The Fund has entered into long-term contracts with major tenants, and is constantly looking for ways to ensure that the mall has a diverse range of tenants.
- **AlAndalus Mall Hotel:** The Fund Manager has entered into an agreement with Hilton to operate the hotel. This will ensure we attract guests on consistent basis.
- **Salama Tower:** The property is under the management of a professional property management firm and maintains a consistently high occupancy rate.
- **Qbic Building:** The property is fully leased to one primary tenant (the Ministry of Housing) The lease was renewed on similar terms for a term of 3 years starting 25 February 2023.

Specific marketing strategies related to increasing demand for the Fund's properties are also being implemented property managers and/or operators..

- The Fund Manager meets regularly with real estate agents and operators to closely monitor asset performance and take immediate action to ensure the Fund achieves its set objectives.
- The Fund Manager closely monitors debt covenants to ensure that the Fund is complying with all covenants, including distribution testing.

## Exit risk



### Description

The Fund invests in real estate assets that are illiquid in nature. This exposes the Fund to the risk of being unable to liquidate the underlying assets in a timely manner and in accordance with the Fund's strategy. These risks become more significant as the Fund approaches maturity.

### Mitigation

- The Fund has a long term to maturity (99 years, extendable) and the Fund's units remain tradable on the financial market, giving unit holders the ability to exit at a time of their choosing based on prevailing market prices.

The Fund invests in real estate assets located in distinctive and central locations in a major city. These assets are characterized by high demand from investors, due to their quality and ease of liquidation compared to other real estate assets.

## Credit risk



### Description

The risk is that one party to a financial instrument will cause a financial loss to the other party by not fulfilling its obligations. The Fund is also exposed to bank credit risks and lease receivables (receivables from tenants under operating lease contracts).

### Mitigation

- With regard to bank balances, the Fund's policy is to enter into contracts for financial instruments only with reputable counterparties.
- For outstanding rents, the Fund always seeks to enter into long-term rental agreements with established and reputable tenants. The mall also has a diverse and strong mix of tenants, which is considered the best strategy to mitigate tenant risks.



## Concentration risk



### Description

Portfolio concentration: The Fund invested in 4 real estate assets, 3 of which are located in the city of Jeddah and one in the city of Riyadh. Although this portfolio concentration may increase the total returns of the unitholders, if a material loss results from any significant investment, the returns of the unitholders may be lower compared to if the Fund had invested in a diversified portfolio.

Concentration of clients and tenants: The Fund is distinguished by its diversification in terms of its client base and adopts four properties, two of which are rented to one tenant: Qbic Plaza and Salama Tower. While having a single tenant may promote the stability of rental income streams over the long term, the risk is that a tenant defaults could cause the property to lose its entire rental income, putting the fund in the difficult position of finding a replacement in time and overcoming liquidity challenges.

### Mitigation

As part of the Fund Manager's efforts to diversify the Fund's asset base, the Fund Manager completed several acquisitions in Jeddah and Riyadh. The distribution of the Fund's assets was as follows (percentage of the Fund's total revenues):

Assets	Revenue concentration/ concentration	
	2023G	2024G
Shopping Center	67%	67%
The hotel	9%	10%
Office center	12%	11%
Office tower	12%	12%

The Fund Manager continues to explore additional options to diversify the portfolio and mitigate these risks, by searching for additional properties that meet the risk and return profile requirements to add to the portfolio contents

## Valuation risk



### Description

The risk that the Fund's market value will fall significantly below its net asset value. This may be due to overvaluation of the underlying assets.

### Mitigation

The Fund Manager manages these risks through:

- Pre-acquisition: Carrying out due diligence and evaluation procedures to ensure that the Fund does not pay too much upon acquisition.
- Post-acquisition: Focus on achieving long-term value for the unitholders, their ability to generate sustainable recurring rental income and long-term growth potential.

To value its assets, the Fund relies on two independent valuations from two reputable real estate valuation companies (Qiam and Esnad). These valuations are reviewed and examined internally by the Fund Manager to ensure that they do not exaggerate the fair value of the assets.

The risk that the Fund's units will be valued at less than net asset value also results from general market sentiment and opinions about the REIT sector and real estate in general. The Global Valuation Benchmarks study shows that REITs in most countries trade below net asset value.

## Liquidity risk



### Description

Liquidity risk is the risk that the Fund will not be able to generate sufficient cash resources to settle its obligations (such as debt service, dividends, operating expenses, and capital expenditures) in full when they fall due, or that it will be able to settle such obligations on substantially unfavorable terms.

### Mitigation

The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any obligations as they arise.

The Fund has credit facilities that can be used to meet new acquisition requirements.



## Profit rate risk

### Description

The risk that the value of the Fund 's assets and financial instruments will fluctuate due to negative changes in profit rates/interest rates.

Since the Fund is financed using a variable interest rate facility (SIBOR rate + spread), any negative change in the SIBOR rate will lead to higher profit/interest expenses and thus lower total returns to the unitholders.

Over the past year, the SIBOR rate has increased significantly and is expected to continue to rise in the coming years (in line with the direction of the US Federal Reserve), which will reflect negatively on the Fund .

### Mitigation

The Fund Manager has obtained a very competitive profit rate and also reviews and renegotiates the loan terms on a regular basis. The Fund Manager also reviews economic factors and interest rate expectations, with a focus on SIBOR rate expectations and the US Federal Reserve's policy directions.

The Fund Manager also negotiates the interest rate spread with the bank and also assesses the feasibility of entering into any interest rate hedges.



## Indebtedness risk

### Description

This risk is that the Fund will not be able to generate the income necessary to service its debt, which will lead to default payment.

The Fund loan facilities compatible with the provisions of Islamic Shariah to acquire income-generating properties. meanwhile these facilities contribute to diversifying assets and increasing the Fund 's ability to distribute cash and its total return, they may lead to an increase in potential losses in adverse scenarios.

### Mitigation

The Fund Manager closely monitors liquidity requirements by ensuring that sufficient funds are available to meet any debt repayment obligations as they arise. In addition, the Fund Manager monitors debt pledges to ensure that they are all met.



## Fund Manager's risk

### Description

Unit holders may not have the opportunity to participate in or control the day-to-day operations or decisions of the Fund , including investment decisions and actions taken by the Fund Manager, which may have an impact on the Fund 's performance.

### Mitigation

The Fund Manager has set up systems and controls to ensure that the Fund adheres to regulations at all times and that risks in the Fund are managed accordingly.

- The Fund Manager relies on its highly experienced investment team to work for the benefit of the unitholders and to achieve the Fund 's aspirations for long-term growth.

In the event that certain functions/activities are outsourced to a third-party service provider, the Fund Manager shall ensure that appropriate due diligence procedures have been completed for the third-party service provider, and that the latter accepts and adheres to the Fund Manager's terms of employment.



## Geographic risk

### Description

risks of new government regulations, policies and taxes; or political and social instability, which may negatively affect the Fund 's performance and/or the Fund 's liquidity.

### Mitigation

The Fund invests entirely in the Kingdom of Saudi Arabia.

The Fund manages these risks by monitoring the regulatory/political/tax aspects in the Kingdom of Saudi Arabia and by anticipating and preparing for any potential change.





## Economic risk

### Description

These risks are represented by the deterioration of the overall economic situation and its negative impact on the performance and value of the underlying assets and thus on the Fund .

### Mitigation

The Fund Manager continues to closely monitor the overall macroeconomic situation and any specific development in the real estate sector to ensure appropriate decisions are taken accordingly.



## Risk of assets poor performance

### Description

This is the risk that the underlying assets will perform less than expected due to special factors such as tenant delays, high capital expenditures or high vacancy rates.

As of December 31, 2024, the Fund has a balance of approximately SAR 23.23 million in provision for losses resulting from impairment of receivables associated with operating lease contracts. The property manager continues to monitor this to ensure that all amounts owed are recovered.

### Mitigation

The Fund Manager has followed a number of risk mitigation strategies that include: - Signing long-term contracts with anchor tenants.

- Ensuring that the Mall has a strong and diverse mix of tenants.
- Continuously perform better evaluation
- Possible ways to operate the Hotel.
- Signing a long-term lease contract with a prestigious entity for the the QBIC Plaza.
- Diversifying the assets and tenants of the Fund

The Fund Manager also closely monitors the performance of the underlying assets and meets regularly with property managers and hotel operators to monitor any issues/events that may lead to poor performance of the Fund .



## Operational risk

### Description

Operational risk is the risk of direct or indirect loss arising from a variety of causes related to the operations, technology and infrastructure that support the Fund 's activities, whether internal or external to the Fund 's service provider, and from external factors such as natural disasters.

### Mitigation

The Fund is managed by SNB Capital, a company with a proven track record and experience in asset management.

- To ensure compliance with best practices, some key activities requiring subject matter expertise have been outsourced to experienced and reputable service providers with a proven track record.
- Alandalus Real Estate Company was appointed as the operator of Alandalus Mall. The company is considered one of the most prominent shopping center management companies in the Kingdom of Saudi Arabia with a long and positive track record.
- QBIC Plaza is leased under a triple net lease (NNN) to one anchor tenant.

In general, the Fund 's goal is to manage operational risks to achieve a balance between limiting financial losses and damage to its reputation by achieving its investment objective.



## Compliance risk

### Description

The Fund 's failure to comply with laws, rules and regulations. These risks include: Legal, regulatory and Shariah compliance risks.

### Mitigation

The Fund Manager continues to monitor the Fund 's compliance with its regulations, terms and conditions and will take all necessary measures to meet these requirements.



## Risk of structural damages

### Description

Structural damage resulting from adverse events, which can jeopardize the income-generating ability of the affected property.

### Mitigation

- The Fund Manager is keen to carry out preventive maintenance on a regular basis.
- Renting real estate under a triple net lease contract, annual inspection by the Fund Manager, or disclosure by the main tenant.
- Real estate insurance on all the Fund 's assets.

Strong performance with promising achievements.





# 08

## Financial Performance

Promising Facts and Figures.

# Historical comparison of the Fund’s performance during the last five years

Historical comparison between 2020, 2021, 2022, 2023 and 2024					
	2020	2021	2022	2023	2024
Net asset value at the end of the year	1,320,470,000	1,303,077,00	1,272,945,000	1,237,875,000	1,195,803,492
Net asset value of the unit at the end of the year (Cost/fair value)	9.90/9.60	9.69/9.48	9.26/10.47	9.00/10.28	8.70/10.04
Highest net asset value per unit (cost/ fair value)	10.16/9.95	9.90/9.60	9.48/10.61	9.32/10.41	8.86/10.04
Minimum net asset value per unit (cost/ fair value)	9.58/9.60	9.69/9.48	9.26/9.69	10.28/9.00	8.70/10.04
Highest closing price of the unit	10.2	14.24	12.94	10.12	9.02
Lowest closing price per unit	7.83	8.83	9.95	7.70	6.97
Number of Fund units	137,500,000	137,500,000	137,500,000	137,500,000	137,500,000
Total income distribution per unit in the period	0.45	0.675	0.7	0.55	0.5
Fund’s performance vs. Benchmark	No Benchmark to compare the Fund’s performance				N/A

Historical comparison between 2020, 2021, 2022, 2023 and 2024					
	2020	2021	2022	2023	2024
Total Expenses / Total Fund Assets Ratio	1.14%	1.19%	1.22%	1.24%	1.23%
Borrowing ratio of total assets	27.06%	28.85%	30.52%	33.34%	35.96%
Remaining term of the loan	14 years	13 years	12 years	2 years	1 year
Due date	September 30, 2034	September 30, 2034	September 30, 2034	July 30, 2026	July 31, 2026

Cumulative total return				
	1 year	3 years	5 years	Since establishment
Based on net asset value (cost/fair value)	2.22%/2.53%	9.27%/21.11%	16.19%/27.57%	25.50%/38.09%
Based on the market price	-16.24%	-20.39%	3.28%	9.30%

Annual total return							
	2018	2019	2020	2021	2022	2023	2024
Based on net asset value (cost/fair value)	4.85%/6.35%	4.33%/4.85%	1.01%/1.87%	5.78%/4.70%	5.06%/15.27	3.13%/3.44%	2.22%/2.53%
Based on Market Price	-19.15%	30.80%	-1.37%	35.37%	-5.26%	4.95%	-16.24%



# Fund Performance during 2024

Particular	Value
Number of units issued	137,500,000
Value of the opening net asset at the beginning of the year	1,237,875,777
Value of the closing net asset at the end of the year	1,195,803,492
Opening net asset value per unit at the beginning of the year (cost/fair value)	9.00/10.28
Final net asset value per unit at the end of the year (cost/fair value)	8.70/10.04
Cash from operations (FFO)	54,211,059
Cash from operations for the unit	0.39
Total dividend distribution per unit	0.5
The highest closing price of the unit	9.02
The lowest closing price of the unit	6.97
Uncollected revenue/total revenue (%)	14.20%
Ratio of non-cash expenses/net fund profits (%)	50.79%
Fund fees and expenses for the year 2024	
Fund management fees	20,997,287
Professional fees	500,800
Board of Directors fees	100,000
Fees paid for trading	805,000
Asset custody fees	450,000
Shariah committee fees	24,000





# Most important decisions

issued by the Board of Directors meetings during the year 2024G

## The following decisions:

01. Updating the Board of Directors with developments on the fund's assets.
02. Discussing the Fund's performance.
03. Reviewing Compliance Department's.
04. Evaluating the independence of the Fund's Board of Directors.
05. Evaluating the performance and quality of services provided to the Fund by service providers.
06. Reviewing the Fund's annual budget.
07. Approval of the semi -annual and annual Financial Statements.
08. Approval of cash dividends.
09. Approval of appointing the valuers to real estate assets.
10. Approval to write some uncollectible receivables/Approval of of the budget for the hotel refurbishment.
11. Jabal Adsas has been appointed as the interim Property Manager for Salama Tower for six months.
12. Knight Frank has been appointed to conduct the selection process and provide a recommendation for a property management firm for Salama Tower.



# Dividends

The dividend policy adopted by the Fund stipulates that at least 90% of the Fund’s net annual profits shall be distributed as cash dividends to unitholders twice a year, with the exception of gains resulting from the sale of real estate assets, investments in capital market funds, and transactions that can be reinvested in additional assets of the Fund.

## Summary of dividends for the year 2024

Particular	Value
Total number of profits distributed for this period	68,750,000
Profit share per unit	0.5
Number of outstanding units	137,500,000
Nominal value of the unit (initial price)	10
Dividend payout/initial unit price ratio	5.00%
Dividend to Net Asset Value Ratio (Cost/Fair Value)	5.75%/4.98%
Net asset value as of December 31, 2024	1,195,803,492

# Disclosures



## Other investments

The Fund Manager invested the surplus cash balances in a Shariah-Compliant financial market instrument, namely the AIAhli Saudi Riyal Trading Fund.



## Special commissions

The Fund is exempted from paying management fees imposed on its investments in the financial market fund (i.e. AIAhli Saudi Riyal Trading Fund).



## Indebtedness

The Fund has an Islamic facilities agreement with the Saudi National Bank worth 760 million Saudi riyals, due for repayment in July 2026. The Fund has withdrawn from the facilities a total amount of 716 million Saudi riyals as of December 31, 2024.



## Non-Material changes

SNB Capital Company announced the approval of the Fund’s Board of Directors of a non-fundamental change to AIAhli REIT (1); the change will become effective on (15/02/1446 H), corresponding to (19/08/2024 G). The details of the non-fundamental change are as follows:

- Amending Subparagraphs (d), (f) of Paragraph (5) of the Terms and Conditions Fund “Summary of Fund Strategies”
- Updating the annual custody fees from Paragraph (11) of the Fund’s Terms and Conditions “Fees and fees for services, commissions, and management fees” and wherever stated in the Terms and Conditions
- Amending Paragraph (1) of Subparagraph (b) of Paragraph (13) of the Fund Terms and Conditions “Valuing the Fund’s Assets” and wherever mentioned in the Fund’s Terms and Conditions
- Updating Sub-Paragraph (A) of Paragraph (14) of the Fund’s Terms and Conditions (Members of the Fund’s Board of Directors)
- Updating Paragraph (26) from the terms and conditions of the fund and where applicable (Sharia Supervisory Committee)
- Update of Appendix (2) of the Fund’s Terms and Conditions “Fund Performance Summary”

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## Material changes

SNB Capital, in its capacity as the fund manager of AIAhli REIT Fund (1), announced the expiry of the lease contract for Salama Tower, located in the Al Salama district on Madinah Road in Jeddah. The property was previously fully leased to a master tenant under a 5-year contract. Going forward, the property will be managed and operated by a third-party property manager specializing in Jeddah office sector.

06

## Annual voting rights

None.

07

## Dividend

Dividends for the first half of the calendar year 2024 were distributed in August of the same year, while dividends for the second half of the same year will be distributed in April 2025.

08

## Conflict of interest

None.

# Disclaimer

This report is intended only to provide general information and does not constitute an offer or solicitation for the sale or purchase of any securities. This document also does not take into account the needs of the recipient in terms of investment suitability.

Specifically, this report has not been shaped in accordance with the specific investment objectives of any person who may receive it, nor in accordance with his or her financial situation, risk appetite, or other needs.

According to the maximum extent permitted by the applicable law and regulations, SNB Capital does not bear responsibility for any losses that may result from the use of this report or any of its contents, or that may arise from it or be related to it in any way. It should be noted that any financial projections, fair value estimates, and statements regarding prospects contained in this report may not actually be realized.

All opinions and estimates stated in this report express the opinion of the author at the date of preparing this report and are subject to change without prior notice. It is not permissible to copy any part of this report or any documents attached to it without obtaining written consent from SNB Capital. SNB Capital bears full responsibility for the accuracy of the information contained in this report, and confirms that to the best of its knowledge, and after conducting reasonable investigations, no other facts have been overlooked that might make any information contained in this report misleading.

The Capital Market Authority does not assume any responsibility for the contents of this report, makes no representation as to the accuracy or completeness of the information contained therein, and expressly disclaims any liability for any losses that may arise from the use of any part of this report. Potential purchasers of the fund units offered hereunder must conduct their own due diligence to ensure the accuracy of the information relating to this investment fund.

SNB Capital holds a license from the Capital Market Authority, No. 37-06046, and its registered office is located on King Saud Road, P.O. Box No. 22216, Riyadh 11495, Kingdom of Saudi Arabia [www.alahlicapital.com](http://www.alahlicapital.com).



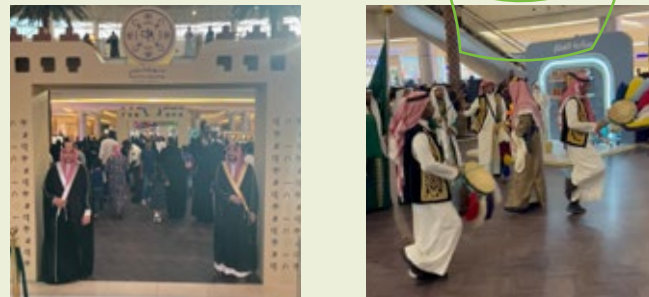
# Activities and Events

With the aim of supporting tenants, to attract the largest possible number of segments of their target audience, to raise their sales operations and increase the movement of shoppers in the mall, the management of Alandalus Mall worked to establish a wide range of activities and entertainment events during the year 2024, including the following:

## Children's festival event



## Foundation Day event



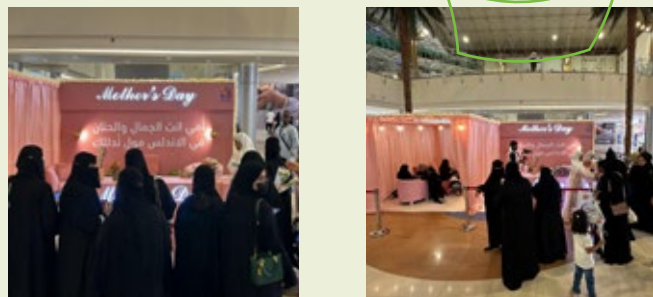
## Family festival Day



## Flag Day



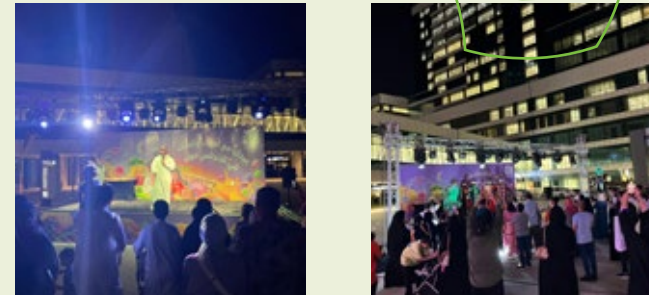
## International Mother's Day event



## Ramadan season event



## Eid al-Fitr event



## Extended Vacation activity



## Eid al-Adha event



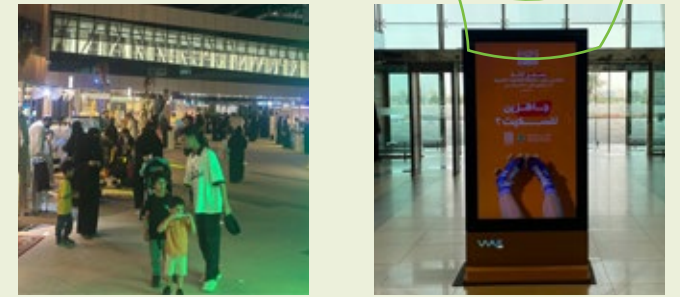
## National Day event



## Children's Arts event



## Challenge Games event



## International Day of Persons with Disabilities Awareness Month





# 09

## Financial Statements

Growth with a promising strategic vision.



**ALAHLI REIT FUND (1)**  
(Managed by SNB Capital Company)  
**FINANCIAL STATEMENTS**  
**For the year ended 31 December 2024**  
together with  
**Independent Auditor's Report**  
**To the Unitholders**

**ALAHLI REIT FUND (1)**  
(Managed by SNB Capital Company)  
**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**  
**For the year ended 31 December 2024**

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## KPMG Professional Services Company

Roshn Front, Airport Road  
P.O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Commercial Registration No 1010425494

Headquarters in Riyadh

## شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

واجهة روشن، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

# Independent Auditor's Report

To the Unitholders of AIAhli REIT Fund (1) managed by SNB Capital Company

## Opinion

We have audited the financial statements of **AIAhli REIT Fund (1)** (the "Fund"), managed by SNB Capital Company which comprise the statement of financial position as at 31 December 2024, the statements of profit or loss and other comprehensive income, changes in net assets (equity) attributable to the unitholders and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory 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 International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting 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").

## Basis for Opinion

We conducted our audit in accordance with 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 (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of 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

To the Unitholders of AlAhli REIT Fund (1) managed by SNB Capital Company (continued)

Investment properties	
See Note 9 to the financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>As at 31 December 2024, the investment properties are stated at cost net of accumulated depreciation and impairment losses (if any). The carrying amount of these investment properties amounted to SR 1,784.9 million (31 December 2023: 1,764.6 million) and the fair value of these properties at that date amounted to SR 1,970.7 million (31 December 2023: 1,933.3 million).</p> <p>The Fund conducts an annual assessment to verify the existence of any indicators of impairment of investment properties. If any impairment indicator exists, the Fund estimates the recoverable amount.</p> <p>We considered assessing the existence of impairment in investment properties and estimating its recoverable amount – including estimating of the fair value - as a key audit matter since that requires significant assumptions and judgments that could result in material misstatements of the calculation of impairment losses (if any) and also misstatements with regard to the disclosure of the fair values of the investment properties in the financial statements.</p>	<p>Our audit procedures, included among others:</p> <ul style="list-style-type: none"> <li>- Obtained Fund Manager's estimates regarding the existence of indicators of impairment of investment properties and the mechanism used if there is an indication of impairment of investment properties.</li> <li>- Assessed on a sample basis the accuracy of observable inputs used in the valuations, such as rental income, occupancy rates and lease lengths back to lease agreements for a sample of properties.</li> <li>- Measured the recoverable amount to determine whether the recognition of impairment losses is required.</li> <li>- Communicated with the independent real estate valuation experts "management expert" to understand the assumptions and the approach used in valuing the investment properties and the market evidence used by the valuer to support the assumptions used and communicating with our specialists.</li> <li>- Assessed the independence of the Fund's independent real estate valuation experts "management expert" and their professional qualifications and their accreditation by the Saudi Authority for Accredited Values (TAQEEM).</li> <li>- Involved our specialists to assess the key assumptions used by the real estate valuation experts "management expert" in estimating the fair value of the investment properties.</li> <li>- Assessed the adequacy of disclosures in the financial statements.</li> </ul>



# Independent Auditor's Report

To the Unitholders of AlAhli REIT Fund (1) managed by SNB Capital Company (continued)

## Other Information

The Fund Manager is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 when it becomes available 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.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## Responsibilities of Fund Manager and Those Charged with Governance for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA, the applicable provisions of the Real Estate Investment Funds Regulations issued by the Capital Market Authority and the Fund's terms and conditions, and for such internal control as the Fund Manager determines is necessary to enable the preparation of 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 operations, or has no realistic alternative but to do so.

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

## Auditor's Responsibilities for the Audit of the 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 (ISAs) that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.



**ALAHLI REIT FUND (1)**  
(Managed by SNB Capital Company)  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2024**

Expressed in Saudi Riyals '000 (unless otherwise stated)

	<i>Notes</i>	<b>31 December 2024</b>	31 December 2023
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash and cash equivalents	6	<b>10,585</b>	12,149
Operating lease receivables	7	<b>55,842</b>	65,555
Prepayments and other receivables	8	<b>3,454</b>	4,356
<b>Total current assets</b>		<b>69,881</b>	82,060
<b>Non-current assets</b>			
Investment properties	9	<b>1,784,937</b>	1,764,589
Property and equipment	10	<b>131,666</b>	138,672
<b>Total non-current assets</b>		<b>1,916,603</b>	1,903,261
<b>Total assets</b>		<b>1,986,484</b>	1,985,321
<b><u>LIABILITIES</u></b>			
<b>Current liabilities</b>			
Due to related parties - suppliers	15	<b>27,461</b>	31,229
Unearned rentals	11	<b>30,925</b>	41,584
Other liabilities	12	<b>11,553</b>	7,807
Security deposits		<b>6,117</b>	6,476
Provision for Zakat	14	<b>345</b>	345
<b>Total current liabilities</b>		<b>76,401</b>	87,441
<b>Non-current liabilities</b>			
Borrowings	13	<b>714,280</b>	660,005
<b>Total non-current liabilities</b>		<b>714,280</b>	660,005
<b>Total liabilities</b>		<b>790,681</b>	747,446
<b>Net assets (equity) attributable to the unitholders</b>		<b>1,195,803</b>	1,237,875
<b>Units in issue (Numbers in thousands)</b>		<b>137,500</b>	137,500
<b>Net assets (equity) per unit (SAR)</b>		<b>8.70</b>	9.00
<b>Net assets (equity) per unit at fair value of investment properties (SAR)</b>	22	<b>10.04</b>	10.23

The accompanying notes 1 to 29 form an integral part of these financial statements.



**ALAHLI REIT FUND (1)**  
(Managed by SNB Capital Company)  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the year ended 31 December 2024**  
Expressed in Saudi Riyals '000 (unless otherwise stated)

	<i>Notes</i>	<b><u>2024</u></b>	<b><u>2023</u></b>
Rental revenue from investment properties	17	<b>168,462</b>	167,329
Revenue from hotel operations	17	<b>19,185</b>	15,734
Rebate income		<b>28</b>	49
Gain on investments at fair value through profit or loss		<b>207</b>	364
<b>Total revenue</b>		<b>187,882</b>	183,476
<b>Expenses</b>			
Other operating expenses	18	<b>(56,064)</b>	(48,634)
Depreciation	9 & 10	<b>(26,221)</b>	(23,978)
Impairment loss on receivables from operating leases	7	<b>(1,312)</b>	(8,500)
Impairment loss on property and equipment	10	<b>(8,000)</b>	-
Management fees		<b>(20,997)</b>	(20,854)
Professional fees	19	<b>(501)</b>	(563)
Board fees		<b>(100)</b>	(100)
Tadawul fees		<b>(805)</b>	(805)
Custody fees		<b>(500)</b>	(506)
Shariah fees		<b>(24)</b>	(24)
Other expenses		<b>(1,606)</b>	(1,712)
<b>Total operating expenses</b>		<b>(116,130)</b>	(105,676)
<b>Profit before finance cost</b>		<b>71,752</b>	77,800
Finance cost	20	<b>(45,074)</b>	(37,244)
<b>Operating profit before Zakat</b>		<b>26,678</b>	40,556
Zakat	14	<b>-</b>	-
<b>Profit for the year</b>		<b>26,678</b>	40,556
<b>Other comprehensive income for the year</b>		<b>-</b>	-
<b>Increase in net assets attributable to unitholders</b>		<b>26,678</b>	40,556
<b>Weighted average units outstanding (Numbers in thousands)</b>		<b>137,500</b>	137,500
<b>Earnings per unit (Basic and diluted)</b>		<b>0.19</b>	0.29

The accompanying notes 1 to 29 form an integral part of these financial statements.

**ALAHLI REIT FUND (1)**  
(Managed by SNB Capital Company)  
**STATEMENT OF CHANGES IN NET ASSETS (EQUITY)**  
**ATTRIBUTABLE TO THE UNITHOLDERS**  
**For the year ended 31 December 2024**  
Expressed in Saudi Riyals ‘000 (unless otherwise stated)

	<i>Notes</i>	<b>31 December 2024</b>	31 December 2023
<b>Net assets (equity) attributable to the unitholders at beginning of the year</b>		<b>1,237,875</b>	1,272,944
<b>Increase in net assets attributable to unitholders</b>		<b>26,678</b>	40,556
<b>Dividend declared during the year</b>	23	<b>(68,750)</b>	(75,625)
<b>Net assets (equity) attributable to the unitholders at end of the year</b>		<b><u>1,195,803</u></b>	<u>1,237,875</u>

The accompanying notes 1 to 29 form an integral part of these financial statements.

**ALAHLI REIT FUND (1)**  
(Managed by SNB Capital Company)  
**STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2024**  
Expressed in Saudi Riyals '000 (unless otherwise stated)

	<i>Notes</i>	<b>31 December 2024</b>	31 December 2023
<b>Cash flows from operating activities</b>			
Operating profit before Zakat		<b>26,678</b>	40,556
<i>Adjustment for non-cash items:</i>			
Depreciation on investment properties	9	<b>21,809</b>	19,559
Depreciation on property and equipment	10	<b>4,412</b>	4,419
Finance cost	20	<b>45,074</b>	37,244
Impairment loss on property and equipment	10	<b>8,000</b>	-
Impairment loss on receivables against operating leases	7	<b>1,312</b>	8,500
		<b>107,285</b>	110,278
<b>Changes in:</b>			
Receivables from operating leases		<b>8,401</b>	(1,921)
Prepayments and other receivables		<b>902</b>	(1,140)
Due to related parties - suppliers		<b>(3,768)</b>	8,477
Unearned rentals		<b>(10,659)</b>	4,098
Other liabilities		<b>3,985</b>	(73)
Security deposits		<b>(359)</b>	(970)
		<b>105,787</b>	118,749
Zakat paid	14	-	(1,809)
<b>Net cash generated from operating activities</b>		<b>105,787</b>	116,940
<b>Cash flows from investing activities</b>			
Additions to investment properties	9	<b>(36,018)</b>	(65,866)
Additions to property and equipment	10	<b>(5,406)</b>	(1,799)
<b>Net cash used in investing activities</b>		<b>(41,424)</b>	(67,665)
<b>Cash flows from financing activities</b>			
Dividend paid	23	<b>(68,750)</b>	(75,625)
Proceeds from loan	13	<b>53,595</b>	70,802
Interest paid		<b>(50,772)</b>	(42,278)
<b>Net cash used in financing activities</b>		<b>(65,927)</b>	(47,101)
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(1,564)</b>	2,174
Cash and cash equivalents at the beginning of the year		<b>12,149</b>	9,975
<b>Cash and cash equivalents at end of the year</b>		<b>10,585</b>	12,149

The accompanying notes 1 to 29 form an integral part of these financial statements.



**ALAHLI REIT FUND (1)**  
(Managed by SNB Capital Company)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2024**  
Expressed in Saudi Riyals '000 (unless otherwise stated)

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## **1 THE FUND AND ITS ACTIVITIES**

AlAhli REIT Fund (1) ("Fund") is a closed-ended Shariah compliant real estate investment traded fund, established and managed by SNB Capital Company ("Fund Manager"), a subsidiary of the Saudi National Bank ("SNB"), for the benefit of the Fund's unitholders. The Fund is ultimately supervised by the Fund Board.

As per license number 37-06046 granted by the Capital Market Authority ("CMA"), the Fund Manager is authorized to carry out the following activities with respect to securities:

- a) Dealing as principal and agent, and underwriting;
- b) Arranging;
- c) Managing;
- d) Advising; and
- e) Custody.

The Fund's objective is to provide periodic rental income to its unitholders by investing mainly in developed income-generating properties and to potentially provide capital growth by developing and/or expanding and/or selling assets.

The Fund invests mainly in developed income-generating real estate assets and may invest part of its assets and cash surplus in Murabaha transactions and short term deposits in Saudi Riyals with banks that are licensed by the Saudi Central Bank ("SAMA") and operate in Saudi Arabia. The Fund may also invest in public money market funds approved CMA.

The terms and conditions of the Fund were approved by CMA on 11 Rabi AlAwwal 1439H (corresponding to 29 November 2017). The offering period for the subscription of the units was from 6 December 2017 to 19 December 2017. Unitholders subscribed for the units of the Fund during the offering period and cash was held in collection account of SNB Capital. The cash was transferred to the bank account of the Fund on its commencement date which was used to purchase the investment properties and units were issued to the unitholders simultaneously. The Fund commenced its activities on 25 December 2017 (the "Inception Date"). On the Inception Date, the Fund issued 137,500 units for SR 1,375 million, which was considered as an initial capital contribution of the Fund.

The Fund's term is ninety nine (99) years. The term of the Fund may be extended at the Fund Manager's discretion, subject to CMA approval.

The Fund was established and units were offered in accordance with the Real Estate Investment Traded Funds Instructions issued by CMA pursuant to Resolution No. 6-130-2016, dated 23/1/1438H, corresponding to 24/10/2016G amended by Resolution No. 2-115-2018, dated 13/2/1440H corresponding to 22/10/2018G. The Fund is governed by Real Estate Investment Funds Regulations issued by CMA on 19/6/1427 corresponding to 15/7/2006G.

As per the terms and conditions of the Fund, the Fund aims to distribute at least 90% of its net income to its unitholders.

## **2 BASIS OF ACCOUNTING**

### **2.1 Statement of compliance**

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting 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") and to comply with the related Implementing Regulations issued by CMA and the Fund's terms and conditions.

**ALAHLI REIT FUND (1)**  
(Managed by SNB Capital Company)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2024**  
Expressed in Saudi Riyals '000 (unless otherwise stated)

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## **2 BASIS OF ACCOUNTING (CONTINUED)**

### **Basis of measurement**

These financial statements have been prepared under the historical cost convention using the accrual basis of accounting and the going concern assumption except for investment at fair value through profit or loss ("FVTPL") which is recorded at fair value.

On 31 December 2019, CMA has examined the suitability of continuing to use the cost model or permitting the use of the fair value model or revaluation option and made the following decisions:

- Obligating listed funds to continue to use the cost model to measure property (under IAS 16) and investment property (under IAS 40) in the financial statements prepared for financial periods before the calendar year 2023.
- Allowing listed funds to choose between fair value model and revaluation model to measure property (under IAS 16) and investment property (under IAS 40) for the financial periods starting from the calendar year 2023 or thereafter. The Fund has chosen to continue to use the cost model to measure its investment properties.

### **2.3 Functional and presentation currency**

The functional and presentation currency of the Fund is Saudi Riyals (SAR). The amounts included in these financial statements have been presented to the nearest thousand.

## **3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS**

### **New effective requirements**

The following new accounting standards or amendments are effective for annual periods beginning on 1 January 2024, however, the adoption of these standards or amendments had no significant financial impact in these financial statements and is not expected to have a significant effect in future periods:

- Lease Liability in a Sale and Leaseback - Amendments to IFRS 16 Leases
- Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants - Amendments to IAS 1 Presentation of Financial Statements
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements

**ALAHLI REIT FUND (1)**  
(Managed by SNB Capital Company)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2024**  
Expressed in Saudi Riyals '000 (unless otherwise stated)

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### 3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (CONTINUED)

#### **Forthcoming requirements**

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, where applicable, when they become effective and currently assessing the implication on Companies financial statements on adoption.

<u>Standards / Amendments</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
Amendments to IAS 21	Lack of exchangeability: The Effects of Changes in Foreign Exchange Rates	1 January 2025
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	TBD

### 4 MATERIAL ACCOUNTING POLICIES

- 4.1 The Fund has consistently applied the accounting policies set out below to all periods presented in these financial statements, except if mentioned otherwise.

#### ***Financial instruments***

##### ***Recognition and initial measurement***

Receivables from operating leases are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Fund becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a receivable from operating leases without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value Through Profit or Loss (FVTPL), transaction costs that are directly attributable to acquisition or issue.

#### ***Financial assets***

##### ***Classification of financial assets***

On initial recognition, a financial asset is classified as measured at amortised cost or fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



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**4. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

***Financial assets (continued)***

A financial asset shall be measured at FVTPL unless it is measured at amortised cost.

***Reclassifications***

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

***Derecognition***

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired, or
- the Fund has transferred its rights to receive the contractual cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either:
  - (a) the Fund has transferred substantially all the risks and rewards of the asset, or
  - (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset

***Impairment of financial assets***

IFRS 9 impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'.

The Fund considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

**Expected credit loss assessment for operating lease receivables**

The Fund applies IFRS 9 simplified approach for measuring expected credit losses, which uses a lifetime expected loss allowance. The method is applied for assessing an allowance against financial assets measured at amortised cost.

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

The expected loss approach breaks the total loss amount modelling into the following parts: Probability of Default (PD), Loss Given Default (LGD), Exposure At Default (EAD). These are briefly described below:

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

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

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**4. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

***Financial assets (continued)***

**Expected credit loss assessment for operating lease receivables (continued)**

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

***Model and framework***

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

***Macroeconomic weighted average scenarios***

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

***Definition of default***

In the above context, the Fund considers default when:

- the customer is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held); or
- When the customer is past due on any material credit obligation to the Fund. The customer is more than 90 days past due on any material credit obligation to the Fund.

The carrying amount of the asset is reduced using the above model and the loss is recognised in the statement of profit or loss. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced. If a write-off is later recovered, the recovery is recognised under reversal of impairment loss on receivables from operating leases in the statement of profit or loss.

***Specific provision***

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

***Write-off***

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

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**4 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

***Financial assets (continued)***

***Financial liabilities***

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Fund's financial liabilities mainly include trade and other payables, related parties and borrowings.

***Derecognition***

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

***Modifications of financial assets and financial liabilities***

***Financial assets***

If the terms of the financial asset are modified, the Fund evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Fund recalculates the gross carrying amount of the financial asset and recognises the amount adjusting the gross carrying amount as modification gain or loss in the statement of profit or loss.

***Financial liability***

The Fund derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability distinguished and the new financial liability with modified terms are recognised in the statement of profit or loss.

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

***Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants***

The Fund has adopted Classification of Liabilities as Current or Non-current (Amendments to IAS 1) and Non-current Liabilities with Covenants (Amendments to IAS 1) from 1 January 2024. The amendments apply retrospectively. They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current loan liabilities that are subject to covenants within 12 months after the reporting period.



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**4 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

***Investment properties***

Investment properties are land, building and equipment and furnishings physically attached and integral to a building held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of operations, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses if any.

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

Any gain or loss on disposal of the investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

Cost includes expenditures that are directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Useful lives of different components of investment properties are as follows:

<b>Categories</b>	<b><u>Years</u></b>
Building	20 - 40
Furniture and fixtures	5 - 10
Computer and hardware	3 - 10
Office equipment	4 - 10

***Property and equipment***

Items of property and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses, if any. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment. Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss and other comprehensive income.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The estimated lives of property and equipment are as follows:

<b><u>Asset</u></b>	<b><u>Years</u></b>
Buildings	20-40
Furniture & fixture	5-10
Computer and hardware	3-10
Office equipment	4-10

The useful life, estimated useful lives and residual values (if needed) and depreciation method are reviewed at each reporting date and adjusted if appropriate.

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**4 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

***Impairment of non-financial assets***

The carrying amounts of the Fund's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds the recoverable amount, which is the higher of the fair value less costs to sell and value in use. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or Funds of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. Impairment losses are recognized in the statement of comprehensive income.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Fund estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

***Provisions***

A provision is recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provision is not recognised for future operating losses.

Accrued expenses and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective commission rate method.

***Revenue recognition***

The Fund's revenue mainly comprises of revenue from operating leases and revenue from hotel operations.

***Rental revenue from lease of investment properties***

***As a lessor:***

When the Fund acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Fund makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to the ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not, then it is an operating lease. As part of this assessment, the Fund considers certain indicators such as whether the lease is for the major part of the economic life of the asset. The Fund has assessed that all of its leases are operating leases. Properties leased out under operating leases are included in investment property in the statement of financial position. Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Fund provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

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**4 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

***Revenue recognition***

***Revenue from hotel operations:***

Revenue from hotel services comprises revenue from rooms, food and beverages and other associated services provided. The revenue is recognised net of discount, applicable taxes and municipality fees on an accrual basis when the services are rendered.

Revenue is measured based on the consideration specified in a contract with customer and excludes amount collected on behalf of third parties.

The Fund recognizes revenue when the rooms are occupied and food and beverages are sold and when other associated services are provided.

***Zakat***

Zakat is the obligation of the unitholders and therefore, no provision for such liability has been made in these financial statements.

***Net assets (equity) per unit***

The net assets (equity) per unit is calculated by dividing the net assets (equity) attributable to the unitholders included in the statement of financial position by the numbers of units outstanding at the year end.

***Units in issue***

The Fund has units in issue. On liquidation of the Fund, they entitle the holders to the residual net assets (equity). They rank pari passu in all respects and have identical terms and conditions. The units provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Fund net assets (equity) in the event of the Fund's liquidation.

Units are classified as equity as it meets all of the following conditions:

- it entitles the holder to a pro rata share of the Fund's net assets (equity) in the event of the Fund's liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- The total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in recognized net assets (equity) or the change in the fair value of the recognized and unrecognized net assets (equity) of the Fund over the life of the instrument.



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**5 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of financial statements requires management to make judgement, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Fund's accounting policies, management has made the following estimates and judgements, which are significant to the financial statements:

**Judgements**

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements. Judgement has been applied in the cases of determining whether an arrangement contains a lease and classification of leases.

**Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are described below:

Classification of financial instruments issued as financial liabilities or equity instruments

The Fund classifies financial instruments issued as equity instruments in accordance with the substance of the contractual terms of the instruments.

The Fund has issued units to holders and, on liquidation of the Fund, they entitle the holders to the residual net assets, after repayment of the nominal amount of units in proportion to their relevant unitholding.

A puttable financial instrument that includes a contractual obligation for the Fund to repurchase or redeem that instrument for cash or another financial asset is classified as equity if it meets all of the following conditions:

- It entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation.
- It is in the class of instruments that is subordinate to all other classes of instruments.
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features.
- Apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability.
- The total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

The fund units meet these conditions and are classified as equity.

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**5 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

Provision for expected credit losses on receivables from operating leases

The Fund uses a provision matrix to calculate ECLs of receivable from operating leases. The provision matrix is initially based on the Fund's historical observed default rates. The Fund will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product, inflation rate and governmental spending) is expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate sector, the historical default rates are adjusted. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and forecasted economic conditions. The Fund's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

Useful lives of investment properties and property and equipment

The management determines the estimated useful lives of investment properties and property and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Management reviews the residual value and useful lives annually, and changes in depreciation charges, if any, are adjusted in current and future periods.

Measurement of fair values for investment properties

The Fund uses the services of third party professionally qualified evaluator to obtain estimates of the market value of investment properties using recognized valuation techniques for the purpose of impairment review and disclosures in the financial statements, For further details of assumptions and estimates please refer to note 9.

Management regularly reviewed significant unobservable inputs in fair values. If third party information is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Accounting Standards.

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**6 CASH AND CASH EQUIVALENTS**

	<i>Note</i>	<b>31 December 2024</b>	31 December 2023
Cash at banks - current account	<i>6.1</i>	<b>10,585</b>	12,104
Cash in hand		<b>-</b>	45
		<b><u>10,585</u></b>	<u>12,149</u>

**6.1.** This comprises balances held with local banks, in a current account, having credit rating of A-.

**7 OPERATING LEASE RECEIVABLES**

Operating lease receivables comprise of the following:

	<b>31 December 2024</b>	31 December 2023
Operating lease receivables	<b>79,074</b>	89,035
Less: Impairment loss on operating lease receivables	<b>(23,232)</b>	(23,480)
Operating lease receivables – net	<b><u>55,842</u></b>	<u>65,555</u>

**The movement in impairment loss on operating lease receivables is as follows:**

	<b>31 December 2024</b>	31 December 2023
Opening balance	<b>23,480</b>	19,866
Charge for the year	<b>1,312</b>	8,500
Written off during the year	<b>(1,560)</b>	(4,886)
Closing balance	<b><u>23,232</u></b>	<u>23,480</u>

**8 PREPAYMENTS AND OTHER RECEIVABLES**

	<b>31 December 2024</b>	31 December 2023
Prepaid expenses	<b>2,375</b>	588
Input value added tax	<b>795</b>	2,758
Other receivables	<b>284</b>	1,010
	<b><u>3,454</u></b>	<u>4,356</u>



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**9 INVESTMENT PROPERTIES**

**9.1** The Fund owns the following investment properties:

<i>Name of the property</i>	<i>Nature of property</i>	<i>Classification</i>	<i>Purchase price</i>
AlAndalus Mall, Jeddah (notes 9.1(i), 9.1(ii))	Mall	Investment property	1,195,686
Salama Tower, Jeddah (note 9.1(iii))	Office	Investment property	255,000
Qbic Plaza, Riyadh (note 9.1(iv))	Office	Investment property	250,000

- i. The Fund acquired AlAndalus Mall together with AlAndalus Mall Hotel (which is classified as a PPE) at the Fund's inception against cash consideration of SR 405 million (representing 30% of the total purchase values of SR 1,350 million) and by issuing units in the Fund valuing SR 945 million to AlAndalus Property Company, the previous owner.

AlAndalus Mall together with AlAndalus Mall Hotel (which is classified as a PPE) are pledged against the Islamic Financing Facility obtained from SNB Bank amounting to SR 650 million. The carrying values of AlAndalus Mall and AlAndalus Mall Hotel aggregates to SR 1,456 million as at the reporting date.

- ii. The Fund acquired land measuring 9,669 square meters adjacent to AlAndalus Mall on 9 November 2020 against cash consideration of SR 45.7 million for the purpose of expanding AlAndalus Mall.
- iii. The Fund acquired Salama Tower on 4 August 2019 against cash consideration of SR 255 million. It was subsequently leased to the seller for a net lease amount of SR 23.1 million per annum for a period of 5 years. The seller is allowed to sub-lease the property to multi-tenants during this period.
- iv. The Fund acquired Qbic Plaza on 22 June 2020 against cash consideration of SR 250 million and financed the acquisition through additional Islamic financing. The property is leased for a net lease amount of SR 21.6 million per annum, for a period of 3 years.
- v. The Fund's properties are held under the custody of Sandooq Tamkeen Real Estate Company ("SPV"), which is owned by AlBilad Capital (the Custodian of the Fund). The Fund pays a custody fee of 0.025% per annum based on the average market values of the properties.



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**9 INVESTMENT PROPERTIES (CONTINUED)**

2023								
	Land	Buildings	Furniture & fixture	Computer & hardware	Office equipment	Motor vehicles	*Construction in progress	Total
<u>Cost:</u>								
Balance at 1 January 2023	983,523	751,800	238	100	2,800	119	51,633	1,790,213
Additions during the year	-	2,798	-	-	-	-	73,991	76,789
Transfers during the year	-	1,546	-	-	-	-	(1,546)	-
Balance at 31 December 2023	983,523	756,144	238	100	2,800	119	124,078	1,867,002
<u>Accumulated depreciation</u>								
Balance at 1 January 2023	-	(80,574)	(238)	(65)	(1,962)	(15)	-	(82,854)
Depreciation during the year	-	(19,346)	-	(16)	(188)	(9)	-	(19,559)
Balance at 31 December 2023	-	(99,920)	(238)	(81)	(2,150)	(24)	-	(102,413)
Carrying amount at								
31 December 2023	983,523	656,224	-	19	650	95	124,078	1,764,589

In accordance with Article 8 of the Real Estate Investment Traded Funds Instructions issued by CMA, the Fund Manager assesses the Fund's real estate values by appointing two independent evaluators to determine the market values in conformity with the International Valuation Standards Council's International Valuation Standards.



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**9 INVESTMENT PROPERTIES (CONTINUED)**

**9.3 Market values**

9.3.1 The assumptions used in determining the fair values of the investment properties are as follows:

Description	Valuation approach	Key assumptions	Market value	
			31 December 2024	31 December 2023
Evaluator: ESNAD				
AlAndalus Mall	Discounted cash flows	Discount rate: 10% (2023: 10%) Exit yield rate: 8% (2023: 8%) Occupancy rate: 86% (2023: 94%)	1,442,186	1,391,369
Salama Tower	Discounted cash flows	Discount rate: 10% (2023:10%) Exit yield rate: 8.5% (2023:8.5%)	279,679	272,591
Qbic Plaza	Discounted cash flows	Discount rate: 10% (2023: 10%) Exit yield rate: 8% (2023: 8%)	270,735	270,735
			1,992,600	1,934,695
Evaluator: QIAM / Deloitte *				
AlAndalus Mall	Discounted cash flows	Discount rate:9.5% (2023: 10.5%) Exit yield rate:8% (2023: 8.5%) Occupancy rate 88% (2023: 94%)	1,385,349	1,395,000
Salama Tower	Discounted cash flows	Discount rate:9% (2023 : 11%) Exit yield rate:8% (2023 : 9%)	282,552	273,000
Qbic Plaza	Discounted cash flows	Discount rate:9% (2023 : 10%) Exit yield rate: 7.5% (2023 : 8%)	280,813	264,000
			1,948,714	1,932,000

\*Fair valuations of investment properties as at 31 December 2024 were performed by ESNAD and QIAM (31 December 2023: ESNAD and Deloitte).

The above valuers are qualified and adhere to the Saudi Authority of Accredited Valuer (TAQEEM). The valuers have appropriate qualifications and experience in the valuation of properties at the relevant locations. The details of independent valuers as follows:

- 1- ESNAD: TAQEEM record No. 1210000934
- 2- QIAM: TAQEEM record No. 1210000052

The fair value measurements of investment properties have been categorized as level 3 fair values based on inputs to the valuation techniques used (as disclosed above). The table shows the breakdown as at 31 December 2024 and 31 December 2023:

Fair value measurement at 31 December 2024			
	Level 1	Level 2	Level 3
Investment properties	-	-	<b>1,935,763</b>
Fair value measurement at 31 December 2023			
	Level 1	Level 2	Level 3
Investment properties	-	-	<b>1,927,960</b>

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**10 PROPERTY AND EQUIPMENT**

At 31 December 2024, property and equipment represent the properties that were initially recognized at their cost and are subsequently measured at cost less accumulated depreciation and impairment. The break-up of the cost of hotel property is as follows:

<u>Cost:</u>	Land	Buildings	Furniture & fixture	Computer & hardware	Office equipment	*Construction in progress	Total
Balance at 1 January 2024	31,770	147,349	8,777	2,016	4,477	1,799	196,188
Additions during the year	-	-	-	-	698	4,708	5,406
Balance at 31 December 2024	31,770	147,349	8,777	2,016	5,175	6,507	201,594
<u>Accumulated depreciation and impairment loss</u>							
Balance at 1 January 2024	-	(47,008)	(5,829)	(1,258)	(3,421)	-	(57,516)
Depreciation during the year	-	(3,132)	(825)	(207)	(248)	-	(4,412)
Impairment loss *	-	(8,000)	-	-	-	-	(8,000)
Balance at 31 December 2024	-	(58,140)	(6,654)	(1,465)	(3,669)	-	(69,928)
Carrying amount at 31 December 2024	31,770	89,209	2,123	551	1,506	6,507	131,666

\* During 2024, due to evidence obtained from internal reporting that indicates the economic performance of Al-Andalus Hotel, management has tested the Hotel for impairment and recognized an impairment loss of SAR 8 million (2023: nil) with respect to plant and equipment. Management estimated the recoverable amount of the Hotel based on its value in use.

The key assumption used in determining the recoverable amount are set out below:

<u>Description</u>	<u>Valuation approach</u>	<u>Key assumptions</u>
Al-Andalus Hotel	Discounted cash flows	Discount rate: 9% Exit yield rate: 7% Occupancy rate: 65%

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**10 PROPERTY AND EQUIPMENT (CONTINUED)**

	Land	Buildings	Furniture & fixture	Computer & hardware	Office equipment	*Construction in progress	Total
<u>Cost:</u>							
Balance at 1 January 2023	31,770	147,349	8,777	2,016	4,477	-	194,389
Additions during the year	-	-	-	-	-	1,799	1,799
Balance at 31 December 2023	31,770	147,349	8,777	2,016	4,477	1,799	196,188
<u>Accumulated depreciation</u>							
Balance at 1 January 2023	-	(43,876)	(4,977)	(1,051)	(3,193)	-	(53,097)
Depreciation during the year	-	(3,132)	(852)	(207)	(228)	-	(4,419)
Balance at 31 December 2023	-	(47,008)	(5,829)	(1,258)	(3,421)	-	(57,516)
Carrying amount at 31 December 2023	31,770	100,341	2,948	758	1,056	1,799	138,672

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**11 UNEARNED RENTALS**

	<i>Note</i>	<b>31 December 2024</b>	31 December 2023
Opening balance		<b>41,584</b>	37,486
Invoices issued during the year		<b>183,513</b>	185,474
Revenue recognized during the year	17	<b>(187,647)</b>	(183,063)
Net amount (refunded) / received against inactive leases		<b>(6,525)</b>	1,687
Closing balance		<b>30,925</b>	41,584

**12 OTHER LIABILITIES**

	<b>31 December 2024</b>	31 December 2023
Accrued expenses and others	<b>8,613</b>	4,630
Finance cost payable	<b>2,940</b>	3,177
	<b>11,553</b>	7,807

**13 BORROWINGS**

	<b>31 December 2024</b>	31 December 2023
Opening balance	<b>660,005</b>	589,203
Financing facility utilized during the year	<b>53,595</b>	70,468
Amortization of loan arrangement fee	<b>680</b>	334
Closing balance	<b>714,280</b>	660,005

On 7 November 2018, the Fund signed an agreement of Islamic financing facility of SAR 650 million with Saudi National Bank (SNB). The Fund has pledged the properties, Al Andalus Mall and Al Andalus Mall Hotel, in favour of Real Estate Development Company for Management and Ownership, a fully owned subsidiary of the SNB as a security against the Islamic financing facility.

On 1 August 2019, the Fund utilized SAR 255 million as the first tranche from the Islamic financing facility. During the year 2020, the Fund utilized SAR 263 million as the Second tranche from the Islamic financing facility. During the year 2021, the Fund utilized further SAR 43 million. During the year 2022, the Fund utilized further SAR 30 million. During the year 2023, the Fund utilized further SAR 71 million. During the year 2024, the Fund utilized further SAR 54 million. The unutilized balance as at 31 December 2024 is SAR 44 million (31 December 2023: SAR 98 million).

Initially, the tenor of Islamic financing facility was 15 years where the first payment was due on 30 June 2026. The Islamic financing facility provides 5 years grace period during which only profit payments are to be made. Following the grace period, the principal amount shall be repaid over 10 years on a quarterly basis. The Islamic financing facility carries commission rate of SAIBOR plus margin per annum.

On 6 April 2023, the Fund signed an amendment of its agreement of Islamic financing facility changing the financing facility type to Murabaha from Ijarah. The Islamic financing facility carries commission rate of SAIBOR plus margin per annum and the term has been revised and now the whole outstanding balance will be due in July 2026. Accordingly, the whole balance is disclosed as non-current.



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**13 BORROWINGS (CONTINUED)**

Further, on 5 October 2023, the Fund signed another amendment of its agreement of Islamic financing facility wherein facility amount has been increased to SAR 760 million instead of SAR 650 million.

The facility is subject to interest rates based on SIBOR plus an agreed commission rate of 1.25% per annum. The above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained. A future breach of any of these covenants may require the company to repay the related facility earlier than indicated above.

Loan contains a covenant stating that the Fund's shall ensure at all times that:

- **Debt Service Coverage Ratio (DSCR)** shall not be less than 2:1, and;
  - **Loan to Value (LTV)** shall not exceed 50%
- otherwise the loan will be repayable on demand.

At 31 December 2024, the threshold did not exceeded and the Fund complied with the covenant. Accordingly, the loan is classified as non-current at 31 December 2024.

**14 ZAKAT**

Zakat provision movement is as follows:

	<u><b>2024</b></u>	<u><b>2023</b></u>
Opening balance	<b>345</b>	2,154
Payments made during the year	<u>-</u>	<u>(1,809)</u>
Closing balance	<u><b>345</b></u>	<u><b>345</b></u>

*Zakat assessment status*

The Fund has filed its Zakat returns with the Zakat, Tax and Customs Authority for the years up to 2022 and assessments have been finalized till 2022. The Fund paid zakat on a voluntary basis in the prior years and has now deregistered itself. Accordingly, starting from the year 2023, the Fund will only be submitting an information declaration with ZATCA, outlining the Zakat calculation to be paid by the unitholders.

**15 RELATED PARTY TRANSACTIONS AND BALANCES**

The Fund's ultimate controlling company is the Al Andalus Property Company (APC).

The related parties of the Fund comprise of the following and the Fund transacts with these parties in its ordinary course of business at commercial terms:

<u><b>Name of entity</b></u>	<u><b>Relationship</b></u>
SNB Capital Company	Fund Manager
Saudi National Bank (SNB)	Parent of the Fund Manager
Al Andalus Property Company	Substantial Unitholder

*Fund management fee*

The Fund pays the Fund Manager a management fee of 1% per annum of the Fund's total assets (based on the last valuation) less the Fund's current liabilities. The management fee is payable in arrears on a semi-annual basis.

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**15 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

*Agency fee and property management fee*

The Fund via a master transfer agreement dated 25 December 2017 appointed APC as the "Property Agent". Under the agreement, APC is appointed to exercise, perform and discharge all rights and obligations as an agent of AlAndalus Mall and AlAndalus Mall Hotel. The Fund pays a fixed amount of SR 575,000 per annum to APC for the aforementioned agency services.

APC also manages the AlAndalus Mall for which it charges management fee from the Fund.

The Fund entered into the following transactions with related parties in the ordinary course of business at commercial rates. These transactions were carried out on the basis of approved terms and conditions of the Fund. All related party transactions were approved by the Fund's Board.

<u>Related party</u>	<u>Nature of transactions</u>	<u>2024</u>	<u>2023</u>
AlAndalus Property Company	Rent collected on behalf of the Fund	<b>8,781</b>	9,499
	Construction & development fees	<b>37,913</b>	74,148
	Management fee charged	<b>14,767</b>	13,261
	Agency fees charged	<b>575</b>	575
SNB Capital Company	Management Fee	<b>20,854</b>	10,196
Saudi National Bank	Service fees charged	<b>149</b>	108
	Loan arrangement fees charged	<b>372</b>	599
	Loan Interest	<b>51,214</b>	45,455

The significant transactions with key management personnel are:

<u>Key management personnel</u>	<u>Nature of transaction</u>	<u>2024</u>	<u>2023</u>
Key management personnel	Board fee	<b>100</b>	100
	Fund Manager's fee	<b>20,997</b>	20,854

The above-mentioned transactions give rise to the following amounts due to related parties at the reporting date:

*Due to related parties*

<u>Related party</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
SNB Capital Company	<b>20,997</b>	20,854
AlAndalus Property Company	<b>6,307</b>	10,285
SNB	<b>157</b>	90
	<b>27,461</b>	<b>31,229</b>

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**16 OPERATING SEGMENT**

The Fund has three reportable segments, as described below, which are the Fund's strategic business segments. These strategic business segments offer different services, and are managed separately because they require different management and marketing strategies.

For each of the strategic business units, the Fund Manager reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Fund's reportable segments:

<b>Retail Sector</b>	This comprises of Al-Andalus Mall.
<b>Hospitality Sector</b>	This comprises of Al-Andalus Mall Hotel.
<b>Offices Sector</b>	This comprises of Salama Tower and QBIC Plaza.

The information related to each reportable segment is as follows:

Net sector profit before zakat is used to measure performance as the Fund Manager believes that this information is the most relevant in assessing the results of the relevant sector compared to other companies operating in the same industry.

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**16 OPERATING SEGMENT (CONTINUED)**

The summary of the financial position and financial performance of these segments is as below:

<u>For the year ended</u>	31 December 2024					31 December 2023				
	<u>Retail</u>	<u>Hospitality</u>	<u>Offices</u>	<u>Unallocated*</u>	<u>Total</u>	<u>Retail</u>	<u>Hospitality</u>	<u>Offices</u>	<u>Unallocated</u>	<u>Total</u>
Revenue	125,035	19,185	43,427	-	187,647	121,944	15,734	45,385	-	183,063
Operational expenses	(34,750)	(18,382)	(2,792)	(140)	(56,064)	(31,959)	(15,226)	(1,330)	(119)	(48,634)
Depreciation	(12,816)	(4,412)	(8,993)	-	(26,221)	(10,671)	(4,419)	(8,888)	-	(23,978)
Impairment loss on property and equipment	-	(8,000)	-	-	(8,000)	-	-	-	-	-
Impairment loss on receivables against operating leases	(850)	(462)	-	-	(1,312)	(8,500)	-	-	-	(8,500)
Net profit / (loss)	69,151	(12,598)	(6,856)	(23,019)	26,678	70,108	(4,192)	(2,079)	(23,281)	40,556
<u>As at</u>	31 December 2024					31 December 2023				
	<u>Retail</u>	<u>Hospitality</u>	<u>Offices</u>	<u>Unallocated</u>	<u>Total</u>	<u>Retail</u>	<u>Hospitality</u>	<u>Offices</u>	<u>Unallocated</u>	<u>Total</u>
Total assets	1,361,623	141,341	477,966	5,554	1,986,484	1,348,194	148,643	488,219	265	1,985,321
Total liabilities	247,135	3,709	517,331	22,506	790,681	207,198	2,323	515,888	22,037	747,446

\* The unallocated amounts represent the management fees paid to the fund manager (SNB Capital).

The Fund's revenue are generated from contracts with customers by providing commercial unit rental services and hospitality services. Control over commercial units rental services is transferred over time, while control over hospitality services is transferred at a point in time.



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**17 REVENUE FROM PROPERTIES**

	<b>31 December 2024</b>	31 December 2023
Rental revenue on investment properties	<b>168,462</b>	167,329
<i>Revenue from contracts with customers</i>		
Revenue from hotel operations*	<u><b>19,185</b></u>	<u>15,734</u>
	<u><b>187,647</b></u>	<u>183,063</u>
<i>Revenue from hotel operations – timing of revenue recognition</i>		
Revenue recognised at a point in time	<u><b>19,185</b></u>	<u>15,734</u>

\*Revenue from hotel services comprises revenue from rooms, food and beverages and other associated services provided.

**18 OPERATIONAL EXPENSES**

	<b>31 December 2024</b>	31 December 2023
Operation and maintenance	<b>13,932</b>	12,904
Property management charges	<b>12,121</b>	12,353
Leasing and management fee	<b>9,148</b>	7,082
Utilities	<b>6,217</b>	5,072
Marketing	<b>3,046</b>	2,471
Insurance	<b>1,812</b>	1,492
Hotel operating expenses	<u><b>9,788</b></u>	<u>7,260</u>
	<u><b>56,064</b></u>	<u>48,634</u>

**19 PROFESSIONAL FEES**

Professional fee includes auditor's remuneration for the statutory audit of the Fund's financial statements for the year ended 31 December 2024 amounting to SR 0.2 million (2023: SR 0.2 million). Auditor's remuneration for the review of the Fund's interim financial statements for half year ended 30 June 2024 amounted to SR 0.05 million (2023: SR 0.05 million).

**20 FINANCE COST**

	<b>31 December 2024</b>	31 December 2023
Finance cost	<b>51,214</b>	45,455
Less: Finance cost capitalized during the year	<u><b>(6,140)</b></u>	<u>(8,211)</u>
Finance cost charged to profit or loss	<u><b>45,074</b></u>	<u>37,244</u>

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**21 EFFECT ON NET ASSETS (EQUITY) PER UNIT IF INVESTMENT PROPERTIES ARE FAIR VALUED**

	<i>Notes</i>	<b>31 December 2024</b>	31 December 2023
Average fair value of investment properties	9.3	<b>1,970,657</b>	1,933,348
Less: Carrying value of investment properties	9.2	<b>(1,784,937)</b>	(1,764,589)
Increase in net assets (equity)		<b>185,720</b>	168,759
Units in issue in thousands (number)		<b>137,500</b>	137,500
Additional net assets (equity) per unit based on fair value		<b>1.35</b>	1.23
Net assets (equity) attributable to unitholders before fair value adjustment		<b>1,195,803</b>	1,237,875
Increase in net assets (equity)		<b>185,720</b>	168,759
Net assets (equity) attributable to unitholders after fair value adjustment		<b>1,381,523</b>	1,406,634
<b><u>Net Assets Attributable to each unit</u></b>			
Net assets (equity) per unit (SAR) before fair value adjustment		<b>8.69</b>	9.00
Increase in net assets (equity) per unit (SAR) based on fair value		<b>1.35</b>	1.23
Net assets (equity) attributable to unitholders after fair value adjustment		<b>10.04</b>	10.23

**22 OPERATING LEASES**

As a lessor

The Fund leases out its investment property. The Fund has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Rental income recognised by the Fund during 2024 was SAR 168.46 million (2023: SAR 167.33 million).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	<b>31 December 2024</b>	31 December 2023
Less than one year	<b>57,973</b>	63,889
1 year to 2 years	<b>21,207</b>	43,051
2 years to 3 years	<b>85,016</b>	29,496
3 years to 4 years	<b>5,979</b>	45,681
4 years to 5 years	<b>55,865</b>	32,685
More than 5 years	<b>206,590</b>	129,015
	<b>432,630</b>	343,817

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**23 DIVIDEND DISTRIBUTION**

**31 December 2024**

On 18 March 2024 and 25 August 2024, the Fund's Board approved the distribution of dividend for the year ended 31 December 2023 and period ended 30 June 2024 amounted to SR 0.250 per unit and 0.250 per unit respectively. The same was paid on 25 March 2024 and 11 September 2024 respectively.

**31 December 2023**

On 9 March 2023 and 23 August 2023, the Fund's Board approved the distribution of dividend for the year ended 31 December 2022 and period ended 30 June 2023 amounted to SR 0.30 per unit and 0.250 per unit respectively. The same was paid on 28 March 2023 and 12 September 2023 respectively.

**24 FINANCIAL RISK MANAGEMENT**

**Financial risk factors**

The Fund is subject to various financial risks due to its activities including: market risk (including currency risk, fair value and cash flows of commission rate risk), credit risk and liquidity risk. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Fund.

The Fund Manager is responsible for risk management. Financial instruments carried on the statement of financial position include cash and cash equivalents, receivables from operating lease, certain other receivables, long-term debt, due to related parties, trade payables, accrued expenses and other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. A financial asset and liability is offset and net amount is reported in the financial statements, when the Fund has a legally enforceable right to set off the recognized amount and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

**a. Market risk**

Market risk is the risk that changes in market prices such as foreign exchange rates, profit rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Fund manages its market risk by investing in low risk securities as per terms and conditions of the Fund.

**Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund's transactions are principally in Saudi Riyals and hence the Fund is not exposed to any significant current risk.

**Commission rate risk**

Commission rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing commission rates on the Fund's financial positions and cash flow.

The Fund's commission rate risks arise mainly from its borrowings, which are at variable rate of interest and are not subject to re-pricing on a regular basis.

**Interest rate risk:**

The Fund's interest rate risks arise mainly from its interest-bearing Islamic financing facility, which are at variable rate.

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**24 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**a. Market risk (Continued)**

**Cash flow sensitivity analysis for variable-rate borrowings:**

A reasonably possible change of 100 basis points in the interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant:

<b>Balance as at 31 December 2024</b>				
	<b>Statement of profit or loss and other comprehensive income</b>		<b>Statement of financial position</b>	
	<b>Increase 100 points</b>	<b>Reduce 100 points</b>	<b>Increase 100 points</b>	<b>Reduce 100 points</b>
Islamic financing facility cost	<b>(7,142)</b>	<b>7,142</b>	<b>(7,142)</b>	<b>7,142</b>

<b>Balance as at 31 December 2023</b>				
	<b>Statement of profit or loss and other comprehensive income</b>		<b>Statement of financial position</b>	
	<b>Increase 100 points</b>	<b>Reduce 100 points</b>	<b>Increase 100 points</b>	<b>Reduce 100 points</b>
Islamic financing facility cost	<b>(6,600)</b>	<b>6,600</b>	<b>(6,600)</b>	<b>6,600</b>

**b. Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Fund is exposed to credit risk in respect of its receivables from lessees under operating leases, cash and cash equivalents, and certain other receivable balances.

	<b>31 December 2024</b>	31 December 2023
Cash and cash equivalents	<b>10,585</b>	12,149
Receivables from operating leases, gross	<b>79,074</b>	89,035
Other receivables	<b>284</b>	1,010
	<b>89,943</b>	102,194

The carrying amounts of financial assets represents the maximum credit exposure on these assets.

Credit risk on receivables and cash and cash equivalents is limited as:

- Cash balances are held with local banks having A- credit ratings;
- Financial position of lessees is stable.

The Fund has receivables from lessees against operating leases in the Kingdom of Saudi Arabia. The Fund manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. The Fund seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis. The receivable balances are monitored with the objective that the Fund's exposure to bad debts is not significant.



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**24 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**b. Credit risk (Continued)**

The following table provides information about the exposure to credit risk and ECLs for receivables from operating leases as at:

	<b>Weighted average loss rate (%)</b>	<b>Gross carrying amount</b>	<b>Impairment allowance</b>
<b><u>31 December 2024</u></b>			
Current (not past due)	12%	5,415	624
0-30 Days	16%	11,998	1,948
31 - 60 Days	23%	8,259	1,874
61 - 90 Days	26%	1,728	451
More than 90 Days	35%	51,674	18,335
<b>Total</b>		<b>79,074</b>	<b>23,232</b>
	<b>Weighted average loss rate (%)</b>	<b>Gross carrying amount</b>	<b>Impairment allowance</b>
<b><u>31 December 2023</u></b>			
Current (not past due)	2%	21,477	347
0-30 Days	12%	7,483	863
31 - 60 Days	16%	5,151	830
61 - 90 Days	19%	1,078	200
More than 90 Days	39%	53,846	21,240
<b>Total</b>		<b>89,035</b>	<b>23,480</b>

**c. Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

The Fund's objective is to maintain a balance between continuity of funding and flexibility using bank overdrafts and bank loans.

The table below analyses the Fund's financial liabilities as at the reporting date and classifies into relevant maturities based on the contractual undiscounted cash flows.

<b>At 31 December 2024</b>	<b>Carrying Amount</b>	<b>Less than 1 year</b>	<b>1 year to 2 years</b>	<b>2 years to 5 years</b>	<b>TOTAL</b>
Borrowings	714,280	52,260	742,130	-	742,130
Due to related parties	27,461	27,461	-	-	-
Other liabilities	11,553	11,553	-	-	-
	<b>753,294</b>	<b>91,274</b>	<b>742,130</b>	<b>-</b>	<b>742,130</b>

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**24 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**c. Liquidity risk (Continued)**

At 31 December 2023	Carrying Amount	Less than <u>1</u> year	1 year to 2 years	2 years to <u>5</u> years	TOTAL
Borrowings	660,005	45,455	101,631	688,130	835,216
Due to related parties	31,229	31,229	-	-	31,229
Other liabilities	7,807	7,807	-	-	7,807
	<u>699,041</u>	<u>84,491</u>	<u>101,631</u>	<u>688,130</u>	<u>874,252</u>

As at the reporting date, the current liabilities of the Fund exceeded its current assets by SAR 6.52 million. Of the total current liabilities of SAR 76.40 million, the non-financial liabilities relating to unearned rentals amounted to SAR 30.9 million. Further of the total current assets of SAR 64.2 million, non-financial assets relating to prepayments amounted to SAR 3.4 million. After making these adjustments, the Fund has a revised net financial asset position of SAR 21.4 million. Fund Manager assessed that the Fund has sufficient financial resources to meet its contractual obligations as and when they become due. Accordingly, these financial statements are prepared on a going concern basis.

**25 FAIR VALUE**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and at prevailing market conditions regardless if the price is directly identified or estimated using other valuation technique.

All assets and liabilities whether measured at fair value or their fair values are disclosed in the financial statements in accordance with the hierarchical levels of fair value measurements as stated below are classified into the lowest level of measuring input which is considered significant for measuring the fair value as a whole.

**Level 1:** Declared (unadjusted) and quoted market prices in active markets for identical assets or liabilities.

**Level 2:** Inputs that are directly or indirectly observable or tracked for an asset or a liability other than declared prices mentioned in level 1.

**Level 3:** Inputs that are unobservable or not tracked for an asset or a liability.

**Fair values of financial instruments**

The Fund is exposed to risks as a result of using financial instruments. The following explains the Fund's objectives, policies and operations to manage these risks and methods used to measure them in addition to quantitative information related to these risks in the accompanying financial statements.

There were no significant changes that may expose the Fund to financial instrument risks through its objectives, policies and operations to manage these risks and methods used that are different from what have been used in prior years unless otherwise indicated.

- The Fund's financial assets consist of cash and cash equivalents, receivables from operating leases, and certain other receivables. The Fund's financial liabilities consist of borrowings, due to related parties and other liabilities.
- The Fund's management considers the fair value for all these financial assets and liabilities to be approximately equal to their carrying values because of the short maturities of these financial instruments.
- There were no transfers between level 1, 2 or 3 during the reporting period.

Financial instruments are exposed to change in value risk as a result of changes in commission rates of the financial assets and liabilities with variable commission. Actual commission rates and periods of re-pricing or maturity of financial assets and liabilities are mentioned in the related notes.

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**26 CAPITAL MANAGEMENT**

The Fund's Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Fund's monitors the return on capital, which the Fund defines as result from operating activities divided by total unitholders' equity. The Fund's Board also monitors the level of dividends to ordinary shareholders.

The Fund's Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Fund monitors capital using a ratio of adjusted net debt to equity. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under leases, less cash and cash equivalents.

The Fund's net debt to equity ratio as at 31 December was as follows:

	<b>31 December 2024</b>	31 December 2023
Total liabilities	<b>790,681</b>	747,446
Less: cash and cash equivalents	<b>(10,585)</b>	(12,149)
Net debt	<b><u>780,096</u></b>	<u>735,297</u>
Equity	<b><u>1,195,803</u></b>	<u>1,237,875</u>
Net debt to equity ratio at 31 December	<b>0.652</b>	0.594

There were no changes in the Fund's approach to capital management during the year. The Fund is not subject to externally imposed capital requirements.

**27 CORRESPONDING FIGURES**

During the year ended 31 December 2024, certain figures have been reclassified as listed below to conform with the classification used for the year ended 31 December 2024. These reclassifications listed below have no impact on previously reported net income, retained earnings or net assets:

<b>31 December 2023</b>	<b>As at 31 December 2023</b>	<b>Reclassification</b>	<b>As at 31 December 2023</b>
Investment properties	1,903,261	(138,672)	1,764,589
Property and equipment	--	138,672	138,672
Security deposits – non current	720	(720)	--
Security deposits –current	5,756	720	6,476

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**27 CORRESPONDING FIGURES (CONTINUED)**

<u>1 January 2023</u>	<u>As at 1 January 2023</u>	<u>Reclassification</u>	<u>As at 1 January 2023</u>
Investment properties	1,851,363	(141,292)	1,710,071
Property and equipment	--	141,292	141,292

Corresponding impacts of the above reclassification have been adjusted in the comparative information of the statement of financial position and statement of cash flows. These adjustments do not have any impact on net cash generated from operating activities. Management believes that the third balance sheet is not required as the impact is not considered to be material.

**28 LAST VALUATION DAY**

The last valuation day for the year was 31 December 2024.

**29 APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were approved by the Fund's Board on 24 Ramadan 1446H (corresponding to 24 March 2025).





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