MUSHARAKA REIT FUND
(Managed by Musharaka Capital Company)

CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
AND REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

MUSHARAKA REIT FUND
(Managed by Musharaka Capital Company)

Condensed interim financial information for the six-month period ended 30 June 2026 (unaudited)

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REPORT ON REVIEW OF THE CONDENSED INTERIM FINANCIAL INFORMATION

To the unitholders
Musharaka REIT Fund

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Musharaka REIT Fund (the "Fund"), managed by Musharaka Capital Company (the "Fund Manager"), as of 30 June 2026 and the related condensed interim statements of profit or loss and other comprehensive income, changes in net assets attributable to unitholders and cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

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

Conclusion

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

Other matter

The condensed interim financial information of the Fund for the six-month period ended 30 June 2025 was reviewed by another auditor who expressed an unmodified conclusion on such condensed interim financial information on 7 August 2025 (corresponding to 13 Safar 1447H).

RSM Allied Accountants Professional Services

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Mohammed Bin Farhan Bin Nader
License No. 435
Khobar, Kingdom of Saudi Arabia
10 August 2026 (corresponding 27 Safar 1448H)

MUSHARAKA REIT FUND
(Managed by Musharaka Capital Company)

Condensed interim statement of profit or loss and other comprehensive income (unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

		For the six-month period ended 30 June	
	Note	**2026 (Unaudited)**	2025 (Unaudited)
Rental revenue	6	**44,098,443**	45,608,210
Finance income	7	**4,853,399**	5,109,477
Total income		**48,951,842**	50,717,687
Depreciation	12	**(14,964,262)**	(15,518,111)
Fund management fee	8	**(6,608,964)**	(7,233,115)
Other operating expenses	9	**(8,789,772)**	(8,764,586)
Impairment loss on investment properties	12	**-**	(7,312,939)
Total operating expenses		**(30,362,998)**	(38,828,751)
Income from operations		**18,588,844**	11,888,936
Gain on investments carried at fair value through profit or loss	15	**41,738**	8,452
Finance costs	10	**(24,102,372)**	(26,315,970)
Finance income on term deposits	16	**391,410**	955,868
Other income	18	**700,000**	700,000
Loss for the period		**(4,380,380)**	(12,762,714)
Other comprehensive income		**-**	-
Total comprehensive loss for the period		**(4,380,380)**	(12,762,714)
Weighted average number of units outstanding		**88,000,000**	88,000,000
Basic and diluted loss per unit		**(0.05)**	(0.15)

The accompanying notes form an integral part of this condensed interim financial information.

MUSHARAKA REIT FUND
(Managed by Musharaka Capital Company)

Condensed interim statement of financial position (unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at 30 June 2026 (Unaudited)	As at 31 December 2025 (Audited)
Assets			
Investment properties	12	**1,148,325,363**	1,163,289,625
Net investment in finance leases	13	**183,567,635**	189,847,804
Lease rental receivables	14	**48,244,116**	52,205,231
Prepayments and other assets		**1,315,837**	896,182
Investments carried at fair value through profit or loss	15	**2,561,852**	520,114
Cash and cash equivalents	16	**19,528,294**	28,696,458
Total assets		**1,403,543,097**	1,435,455,414
Liabilities			
Borrowings	17	**674,032,192**	673,968,682
Lease liabilities	18	**107,281,526**	116,983,183
Unearned rental revenue	19	**10,906,296**	17,785,406
Accrued expenses and other liabilities	20	**6,839,539**	8,718,477
Accrued fund management fee	21	**3,806,828**	4,142,570
Total liabilities		**802,866,381**	821,598,318
Net assets attributable to unitholders		**600,676,716**	613,857,096
Units in issue		**88,000,000**	88,000,000
Per unit value (Saudi Riyals)		**6.83**	6.98

The accompanying notes form an integral part of this condensed interim financial information.

MUSHARAKA REIT FUND
(Managed by Musharaka Capital Company)

Condensed interim statement of changes in net assets attributable to unitholders (unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

	For the six-month period ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)
Net assets attributable to unitholders at 1 January	**613,857,096**	744,871,101
Change from operations		
Total comprehensive loss for the period	**(4,380,380)**	(12,762,714)
Distributions (see Note 22)	**(8,800,000)**	(12,320,000)
	(13,180,380)	(25,082,714)
Net assets attributable to unitholders at 30 June	**600,676,716**	719,788,387

The accompanying notes form an integral part of this condensed interim financial information.

MUSHARAKA REIT FUND
(Managed by Musharaka Capital Company)

Condensed interim statement of cash flows (unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

		For the six-month period ended 30 June	
	Note	**2026 (Unaudited)**	2025 (Unaudited)
Cash flows from operating activities			
Loss for the period		**(4,380,380)**	(12,762,714)
Adjustment for:			
Depreciation	12	**14,964,262**	15,518,111
Impairment loss on investment properties	12	**-**	7,312,939
Unrealised gain on investments carried at fair value through profit or loss		**(41,738)**	(8,452)
Finance income on term deposits		**(391,410)**	(955,868)
Finance costs	10	**24,102,372**	26,315,970
Other income	18	**(700,000)**	(700,000)
Changes in operating assets and liabilities:			
Decrease (increase) in lease rental receivables		**3,961,115**	(2,943,896)
Decrease in net investment in finance leases		**6,280,169**	12,560,195
Increase in prepayments and other assets		**(419,655)**	(762,015)
Decrease in unearned rental revenue		**(6,879,110)**	(8,610,218)
Decrease in accrued fund management fee		**(335,742)**	(613,456)
Decrease in accrued expenses and other liabilities		**(1,878,938)**	(3,254,034)
Cash generated from operations		**34,280,945**	31,096,562
Finance cost paid		**(21,593,519)**	(23,544,407)
Murabaha income received		**391,410**	955,868
Net cash inflow from operating activities		**13,078,836**	8,508,023
Cash flows from investing activities			
Additions to investments at fair value through profit or loss	15	**(2,000,000)**	(500,000)
Net changes in short-term Murabaha deposits		**-**	(6,065,345)
Net cash outflow from investing activities		**(2,000,000)**	(6,565,345)
Cash flows from financing activities			
Repayment of lease liabilities	18	**(11,447,000)**	(10,222,000)
Distributions made	22	**(8,800,000)**	(12,320,000)
Net cash outflow from financing activities		**(20,247,000)**	(22,542,000)
Net decrease in cash and cash equivalents		**(9,168,164)**	(20,599,322)
Cash and cash equivalents at the beginning of period		**28,696,458**	57,928,549
Cash and cash equivalents at the end of period		**19,528,294**	37,329,227
Supplemental non-cash financial information	23		

The accompanying notes form an integral part of this condensed interim financial information.

1 GENERAL INFORMATION

Musharaka REIT Fund (the "Fund") is a closed-ended Shari'ah-compliant real estate investment traded fund incorporated in the Kingdom of Saudi Arabia in compliance with the Real Estate Investment Funds Regulations and Real Estate Investment Traded Funds Instructions issued by the board of the Capital Market Authority (the "CMA").

The Fund is listed and traded in the Saudi Stock Exchange ("Tadawul" or "Saudi Exchange") and is managed by Musharaka Capital Company (the "Fund Manager").

The offering of the units of the Fund has been approved by the CMA on 23 Ramadan 1438H (corresponding to 17 July 2017) and the Fund started its operations on 25 Dhul Qadah 1438H (corresponding to 17 August 2017). The Fund's term is 99 years extendable for additional two years at the discretion of the Fund Manager after obtaining the CMA's approval.

During 2021, the Fund's board of directors and the CMA issued approval for a change in the terms and conditions of the Fund converting the Fund into a closed-ended Traded Real Estate Investment Fund that takes the form of a special purpose entity.

The primary investment objective of the Fund is to invest in developed properties that are qualified to generate periodic rental income and distribute at least 90% of the Fund's net profit as cash distributions to the unitholders annually.

The registered address of the Fund Manager is P.O.Box 712, Al Khobar 31952, the Kingdom of Saudi Arabia.

The Fund is governed by the Real Estate Investment Funds Regulations (the "Regulations") published by the CMA detailing requirements for all real estate funds within the Kingdom of Saudi Arabia. The Regulations were amended by the CMA board on 3 Jumada Al-Thani 1447H (corresponding to 24 November 2025).

2 BASIS OF PREPARATION

a) Statement of compliance

This condensed interim financial information for the six-month period ended 30 June 2026 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements. Therefore, this condensed interim financial information should be read in conjunction with the Fund's annual financial statements for the year ended 31 December 2025. These interim results may not be an indicator of the annual result of the Fund.

b) Historical cost convention

The condensed interim financial information has been prepared on a historical cost basis except for investments carried at fair value through profit or loss ("FVTPL").

2 BASIS OF PREPARATION (continued)

c) Functional and presentation currency

Items included in the condensed interim financial information of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The condensed interim financial information is presented in Saudi Arabian Riyals ("Saudi Riyals").

3 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

A number of new and amended standards became applicable for the current reporting period.

- Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7.
- Annual improvements to IFRS - Volume 11.
- IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity.

The adoption of above amendments did not have a material impact on the condensed interim financial information.

Certain new accounting standards, amendments and interpretations have been published that are mandatory from 1 July 2026 or later reporting periods and have not been early adopted by the Fund. The Fund is in the process of assessing the impacts of new standards and interpretations on its condensed interim financial information.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information adopted in the preparation of the condensed interim financial information are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended 31 December 2025.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of condensed interim financial information in conformity with International Financial Reporting Standards ("IFRS"), that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA, requires the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Fund makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

In preparing this condensed interim financial information, the significant judgments and assumptions made by management in applying the Fund's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied and disclosed in the annual financial statements for the year ended December 31, 2025.

6 RENTAL REVENUE

During the six-month period ended 30 June 2026, the Fund has earned revenue of Saudi Riyals 44.09 million (for the six-month period ended 30 June 2025: Saudi Riyals 45.60 million) from rental of investment properties, which is recorded on an accrual basis in accordance with the terms of the corresponding contracts.

(All amounts in Saudi Riyals unless otherwise stated)

7 FINANCE INCOME

	For the six-month period ended 30 June	
	(Unaudited) 2026	(Unaudited) 2025
Finance income on investment in finance leases (Note 13)	**4,853,399**	5,109,477

8 FUND MANAGEMENT FEE

The Fund is managed and administered by the Fund Manager. For these services, the Fund calculates the management fee, as set out in the Fund's terms and conditions, at an annual rate of 0.95% as at 30 June 2026 (31 December 2025: 0.95%) of the Fund's total assets after deducting accrued fee and expenses. For the six-month period ended 30 June 2026, management fee amounted to Saudi Riyals 6.6 million (for the six-month period ended 30 June 2025: Saudi Riyals 7.2 million).

9 OTHER OPERATING EXPENSES

		For the six-month period ended 30 June	
	Note	**(Unaudited) 2026**	(Unaudited) 2025
Properties maintenance expenses	9.1	**7,379,909**	7,243,236
Property management fee		**753,364**	797,843
Fees and subscriptions		**383,285**	394,760
Valuation fee		**128,430**	124,468
Board of director's fee		**30,000**	20,000
Other		**114,784**	184,279
		8,789,772	8,764,586

9.1 This represents the expenses incurred on investment properties i.e. maintenance, utilities, and other miscellaneous operating expenses.

10 FINANCE COSTS

		For the six-month period ended 30 June	
	Note	**(Unaudited) 2026**	(Unaudited) 2025
Finance cost on borrowings	17	**21,108,719**	22,721,735
Finance cost on lease liabilities	18	**2,445,343**	2,656,203
Amortization of loan arrangement fee	10.1	**548,310**	938,032
		24,102,372	26,315,970

10.1 Loan arrangement fee constitutes administrative and consultancy fee on the unavailed loan facility arranged by the Fund. Such arrangement fee for the loan is amortized over the loan term, starting from the drawdown date.

11 ZAKAT PROVISION

As per the ZATCA resolution no 29791 (the "Resolution") issued in 2023, the investment funds are not required to pay any zakat and are only required to be registered with the ZATCA. The Resolution further explained that the unitholders are responsible to pay the zakat in lieu of their investments in funds without any liability on part of the funds.

(All amounts in Saudi Riyals unless otherwise stated)

12 INVESTMENT PROPERTIES

	Note	As at 30 June 2026 (Unaudited)	As at 31 December 2025 (Audited)
Owned investment properties	12.1	**1,088,001,477**	1,098,919,936
Right-of-use assets	12.2	**60,323,886**	64,369,689
		1,148,325,363	1,163,289,625

12.1 Owned investment properties

	Land	Buildings	Furniture and fixtures	Total
2026				
Cost				
At 1 January and 30 June	**639,921,589**	**659,826,250**	**67,561,648**	**1,367,309,487**
Accumulated depreciation and impairment				
At 1 January	**65,219,099**	**153,142,621**	**50,027,831**	**268,389,551**
Charge for the period	**-**	**7,569,976**	**3,348,483**	**10,918,459**
At 30 June	**65,219,099**	**160,712,597**	**53,376,314**	**279,308,010**
Net book value at 30 June (unaudited)	**574,702,490**	**499,113,653**	**14,185,334**	**1,088,001,477**
2025				
Cost				
At 1 January	639,921,589	659,826,250	66,561,648	1,366,309,487
Additions during the year	-	-	1,000,000	1,000,000
At 31 December	639,921,589	659,826,250	67,561,648	1,367,309,487
Accumulated depreciation and impairment				
At 1 January	14,728,023	95,243,298	43,375,311	153,346,632
Charge for the year	-	16,441,556	6,652,520	23,094,076
Impairment charge for the year	50,491,076	41,457,767	-	91,948,843
At 31 December	65,219,099	153,142,621	50,027,831	268,389,551
Net book value at 31 December (audited)	574,702,490	506,683,629	17,533,817	1,098,919,936

12 INVESTMENT PROPERTIES (continued)

12.1 Owned investment properties (continued)

Owned investment properties comprise the Fund's investments in various residential compounds, warehousing facilities, showrooms, retail, hotels, hotel apartments, commercial and administrative buildings located within the Kingdom of Saudi Arabia except for one warehouse in the United Arab Emirates ("UAE").

Investment properties as of 30 June 2026 with a net book value of Saudi Riyals 798.7 million (31 December 2025: Saudi Riyals 805.3 million) are pledged as security against borrowings obtained from Al Rajhi Bank (also see Note 17).

In accordance with Article 37 of the Real Estate Investments Funds Regulations issued by the CMA in the Kingdom of Saudi Arabia, the Fund Manager evaluates the Fund's assets based on valuations carried out by two independent evaluators.

The fair values of the properties are based on valuations performed by the following independent valuers accredited by the Saudi Authority for Accredited Valuers:

- ESNAD Real Estate Valuation;
- ESTNAD Real Estate Valuation;
- ValuStrat consulting; and
- JLL Valuation

As at 30 June 2026, the average valuation of the above investment properties amounted to Saudi Riyals 1,288.7 million (31 December 2025: Saudi Riyals 1,283.4 million). Based on the results of the independent valuations, nil impairment loss was recorded on the owned investment property as at 30 June 2026 (31 December 2025: Saudi Riyals 91.9 million). Key assumptions used for the valuation of investment properties include discount rate ranging from 9.0% to 11.3% (31 December 2025: 9.0% to 11.3%) and income yield rate ranging from 7.0% to 8.5% (31 December 2025: 7.0% to 8.5%).

Fair value hierarchy

The fair value of investment properties is classified as Level 3 of fair value hierarchy, as the valuation is carried out with reference to the unobservable market data, among other factors. Key assumptions used for the valuation of investment properties include the following:

Discount rates reflecting current market assessments of the uncertainty in the amount and timing of cash flows range used by the two evaluators is 9.0% to 11.3% (31 December 2025: 9.0% to 11.3%).

Capitalisation rates based on actual location, size and quality of the properties and considering market data at the valuation date range used by the two evaluators is 7.0% to 8.5 % (31 December 2025: 7.0% to 8.5%).

Future rental cash inflows based on the actual location, type, and quality of the properties and supported by the terms of any existing lease, other contracts, or external evidence such as current market rents for similar properties.

Estimated vacancy rates based on current and expected future market conditions after expiry of any current lease.

Maintenance costs including necessary investments to maintain functionality of the property for its expected useful life.

Terminal value considering assumptions regarding maintenance costs, vacancy rates and market rents. There were no changes to the valuation techniques during the period.

Any significant movement in the assumptions used for fair valuation of investment properties such as discount rates, yield, rental growth, occupancy rate etc. would result in significantly lower/higher fair value of those assets.

(All amounts in Saudi Riyals unless otherwise stated)

12 INVESTMENT PROPERTIES (continued)

12.2 Right-of-use assets

	Land	**Buildings**	**Total**
2026			
Cost			
At 1 January and 30 June	**62,573,296**	**58,430,976**	**121,004,272**
Accumulated depreciation			
At 1 January	**30,304,206**	**26,330,377**	**56,634,583**
Charge for the period	**2,291,754**	**1,754,049**	**4,045,803**
At 30 June	**32,595,960**	**28,084,426**	**60,680,386**
Net book value at 30 June (unaudited)	**29,977,336**	**30,346,550**	**60,323,886**
2025			
Cost			
At 1 January and 31 December	62,573,296	58,430,976	121,004,272
Accumulated depreciation			
At 1 January	25,695,373	22,780,546	48,475,919
Charge for the year	4,608,833	3,549,831	8,158,664
At 31 December	30,304,206	26,330,377	56,634,583
Net book value at 31 December (audited)	32,269,090	32,100,599	64,369,689

Depreciation charge for the period / year is attributable to:

	30 June 2026	31 December 2025
	Unaudited	Audited
Owned investment properties	**10,918,459**	23,094,076
Right of use assets	**4,045,803**	8,158,664
	14,964,262	31,252,740

The Fund holds right-of-use ("ROU") for certain commercial properties, i.e. land and buildings for a term ranging from 15.5 to 16.5 years.

The fair values of the ROU assets are based on valuations performed by ESNAD Real Estate Valuation and ESTNAD Real Estate Valuation (31 December 2025: ESNAD Real Estate Valuation and ESTNAD Real Estate Valuation) that are independent valuers accredited by the Saudi Authority for Accredited Valuers.

The Fund has subleased certain parts of investment properties carried under the RoU assets, through finance lease agreements with third party lessees.

12 INVESTMENT PROPERTIES (continued)

12.2 Right-of-use assets (continued)

As at 30 June 2026, the average valuation of the buildings amounted to Saudi Riyals 46.2 million (31 December 2025: Saudi Riyals 49.5 million).

Fair value hierarchy

The fair value of investment properties is classified as Level 3 of fair value hierarchy, as the valuation is carried out with reference to the unobservable market data, among other factors. Key assumptions used for the valuation of investment properties include the following:

Discount rates reflecting current market assessments of the uncertainty in the amount and timing of cash flows range used by the two evaluators is 9.0% to 10.0% (31 December 2025: 9.0% to 10.0%).

Future rental cash inflows based on the actual location, type, and quality of the properties and supported by the terms of any existing lease, other contracts, or external evidence such as current market rents for similar properties.

Estimated vacancy rates based on current and expected future market conditions after expiry of any current lease.

Maintenance costs including necessary investments to maintain functionality of the property for its expected useful life.

Terminal value considering assumptions regarding maintenance costs, vacancy rates and market rents. There were no changes to the valuation techniques during the period.

Any significant changes in the assumptions used for fair valuation of investment properties such as discount rates, yield, rental growth, vacancy rate etc. would result in significantly lower/higher fair value of those assets.

12.3 Effect on net assets (equity) attributable per unit if investment properties are fair valued

	As at 30 June 2026	As at 31 December 2025
	(Unaudited)	(Audited)
Estimated fair value of investment properties based on the average of the two valuers	**1,335,015,254**	1,333,038,110
Less: the carrying value of investment property	**1,148,325,363**	1,163,289,625
Estimated fair value in excess of book value	**186,689,891**	169,748,485
Change in net assets (equity) attributable per unit based on fair value	**2.12**	1.93
Net assets (equity) attributable to unitholders before fair value adjustment	**600,676,716**	613,857,096
Estimated fair value in excess of book value	**186,689,891**	169,748,485
Net assets (equity) attributable to unitholders after fair value adjustment	**787,366,607**	783,605,581
Net asset (equity) attributable to each unit:		
Net assets (equity) attributable per unit (Saudi Riyals) before fair value adjustment	**6.83**	6.98
Net assets (equity) attributable per unit (Saudi Riyals) after fair value adjustment	**8.95**	8.90

(All amounts in Saudi Riyals unless otherwise stated)

13 NET INVESTMENT IN FINANCE LEASES

The Fund has lease agreements for its investment properties in the Kingdom of Saudi Arabia. The lease tenure ranges from ten to twenty years, and the average rate applied for computation of net investment in finance lease was 4.95%. Lease terms are negotiated on aggregate basis and contain the same terms and conditions. The lease agreements do not impose any covenants.

Net investment in finance leases consists of:

	As at 30 June 2026 (Unaudited)	As at 31 December 2025 (Audited)
Gross investment in finance leases	**261,401,959**	272,538,743
Less: Unearned finance income	**(77,834,324)**	(82,690,939)
	183,567,635	189,847,804

14 LEASE RENTAL RECEIVABLES

	As at 30 June 2026 (Unaudited)	As at 31 December 2025 (Audited)
Lease receivables:		
- Billed	**51,297,445**	54,325,550
- Unbilled	**11,157,607**	12,090,617
Total receivables	**62,455,052**	66,416,167
Less: allowance for expected credit losses	**(14,210,936)**	(14,210,936)
	48,244,116	52,205,231

Lease rental receivables include certain amounts that are past due but not impaired. Based on historical experience, it is expected that all receivables for lease contracts that have not been fully impaired will be collected. Further, the Fund also has other guarantees in the form of promissory notes issued by such parties.

15 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

During 2026, the Fund made an investment in Musharaka Murabahat and Sukuk Fund which is an open-ended investment fund, managed by Musharaka Capital Company and amounted to Saudi Riyals 2 million (2025: Saudi Riyals 0.5 million). The Fund recognised this investment at fair value through profit or loss ("FVTPL"). For six-month period ended 30 June 2026, unrealized gain on such investment amounted to Saudi Riyals 0.04 million (31 December 2025: Saudi Riyals 0.02 million).

Movement in investments carried at fair value through profit or loss is as follows:

	As at 30 June 2026 (Unaudited)	As at 31 December 2025 (Audited)
As at 1 January	**520,114**	-
Additions during the period	**2,000,000**	500,000
Unrealized fair value gain	**41,738**	20,114
	2,561,852	520,114

(All amounts in Saudi Riyals unless otherwise stated)

16 CASH AND CASH EQUIVALENTS

	As at 30 June 2026 (Unaudited)	As at 31 December 2025 (Audited)
Term deposits	**15,817,107**	26,046,750
Cash at banks	**3,711,187**	2,649,708
	19,528,294	28,696,458

Term deposits represent amounts invested by the Fund with the Fund Manager under Murabaha arrangements and have an original maturity of less than three-months from the placement date with a profit ranging from 3.3% to 5.0% per annum (31 December 2025: 3.9% to 6.9% per annum). As at 30 June 2026, accrued finance income on such deposit amounted to Saudi Riyals 0.09 million (31 December 2025: Saudi Riyals 0.07 million) and finance income on term deposits for the six-months period ended 30 June 2026 amounted to Saudi Riyals 0.39 million (30 June 2025: Saudi Riyals 0.96 million).

17 BORROWINGS

	As at 30 June 2026 (Unaudited)	As at 31 December 2025 (Audited)
Long term loan	**668,556,977**	668,556,977
Accrued finance costs	**8,357,588**	8,842,388
Less: transaction costs	**(2,882,373)**	(3,430,683)
	674,032,192	673,968,682

During the year 2018, the Fund entered into a Sharia-compliant bank facility, with Al Rajhi bank in the form of long-term loans to finance the acquisition of income generating assets. During 2021, the Fund negotiated an increase in the facility limit from Saudi Riyals 400 million to Saudi Riyals 1 billion. Such facility carries financial cost at SIBOR (6 months) plus a margin, which commensurate with the market rate, and is repayable in a single lumpsum payment after seven years from the date of initial withdrawal. Financial cost is payable on a semi-annual basis.

During the year 2023, the Fund entered into another Sharia-compliant bank facility, with Bank Al Jazira, for a long-term loan with an overall limit of Saudi Riyals 1 billion to finance the acquisition of income generating assets and ongoing operations.

This facility carries financial cost at SIBOR (6 months) plus a margin, which is commensurate with the market rate, and is repayable on a single lumpsum payment after seven years from the date of withdrawal. Financial cost is payable on a semiannual basis.

The above described loan agreements include certain financial and non-financial covenants. The Fund breached one of the loan covenants as at 31 December 2025 and 30 June 2026 relating to loans from Bank Al Jazira and Al Rajhi Bank, giving the banks the contractual right to demand immediate repayment of the loans. As of the reporting date, the counter parties have not demanded any early settlement of the outstanding loan amounts or accelerated any instalments. The Fund’s management is of the view that no such early settlement actions shall be undertaken by the counter parties and is constantly monitoring the situation as it evolves. Further, the loans are secured by a mortgage on certain investment properties. Also see Note 12.

(All amounts in Saudi Riyals unless otherwise stated)

18 LEASE LIABILITIES

	As at 30 June 2026	As at 31 December 2025
	(Unaudited)	(Audited)
Gross lease liabilities	**131,522,283**	143,669,283
Less: finance charges not yet due	**(24,240,757)**	(26,686,100)
	107,281,526	116,983,183

	As at 30 June 2026	As at 31 December 2025
	(Unaudited)	(Audited)
At beginning of the period / year	**116,983,183**	126,355,312
Finance cost for the period / year	**2,445,343**	5,274,871
Rent concession	**(700,000)**	(1,450,000)
Payment	**(11,447,000)**	(13,197,000)
At end of the period / year	**107,281,526**	116,983,183

Lease liabilities represent present value of minimum lease payments for land lease. During the six-month period ended 30 June 2026, the Fund received concession on one of the land parcels carried under lease arrangements amounting to Saudi Riyals 0.7 million (31 December 2025: Saudi Riyals 1.4 million) that has been recognized as other income.

19 UNEARNED RENTAL REVENUE

This represents rental income received or billed in advance in respect of operating leases of investment properties.

20 ACCRUED EXPENSES AND OTHER LIABILITIES

	As at 30 June 2026	As at 31 December 2025
	(Unaudited)	(Audited)
Property operating expenses	**3,163,905**	3,346,405
Security deposits	**3,057,422**	3,057,422
Value added tax (“VAT”) payable	**-**	856,979
Other	**618,212**	1,457,671
	6,839,539	8,718,477

(All amounts in Saudi Riyals unless otherwise stated)

21 RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent the Fund Manager, Al-Inma Investment Company (Custodian), the unitholders, the Fund's Board and the Fund Sharia Committee. Related parties also include business entities in which Fund manager, or certain members of the senior management have an interest. The following table represents details of transactions that have been entered into with related parties:

a) Related party transactions

Related party	Nature of transaction with related party	**For the six-month period ended 30 June**	
		(Unaudited) 2026	(Unaudited) 2025
Fund Manager	Management fee	**6,608,964**	7,233,115
	Finance income on term deposits	**391,410**	955,868
Fund Board	Board of Directors remunerations	**30,000**	20,000
Sharia Committee	Sharia Committee remunerations	**16,500**	16,500
Custodian	Custody fee	**50,000**	50,000

The Fund Manager's investment in the Fund at 30 June 2026 is 5.01 million units (31 December 2025: 5.01 million units) representing 5.69% of total units of the Fund (31 December 2025: 5.69%).

b) Related party balances

Name and nature of related parties	**As at 30 June 2026**	As at 31 December 2025
	(Unaudited)	(Audited)
Musharaka Capital Company - Fund Manager (accrued management fee)	**(3,806,828)**	(4,142,570)
Alinma Investment Company - Custodian (accrued custody fee presented under property operating expenses in accrued expenses and other liabilities)	**(91,667)**	(141,667)
Musharaka Capital Company - Fund Manager (Term deposits)	**15,817,107**	26,046,750

The basis and terms of payment as per terms and conditions of the Fund approved by CMA and are as follows:

Type of fee	Basis and rate	Payment term
Management fee	0.95 % (2025: 0.95%) of the total assets after deducting accrued fees and expenses	Every six (6) months
Board of Directors remuneration	Saudi Riyals 5,000 per meeting only payable to the independent members, maximum up to 8 meetings per annum.	After the meeting of the Board of Directors
Sharia Committee remuneration	Saudi Riyals 33,000 per annum	Every six (6) months
Custody fee	Saudi Riyals 100,000 per annum	Annually

(All amounts in Saudi Riyals unless otherwise stated)

22 DISTRIBUTIONS

During the six-month period ended 30 June 2026, the Fund Board made distributions of Saudi Riyals 8.8 million (for the six-month period ended 30 June 2025: Saudi Riyals 12.3 million). As per the terms and conditions of the Fund, it aims to make cash distributions, at least once annually, not less than 90% of the net profit.

23 SUPPLEMENTAL NON-CASH FINANCIAL INFORMATION

		For the six-month period ended 30 June	
		(Unaudited)	(Unaudited)
	Note	**2026**	2025
Amortization of loan arrangement fee	10	**548,310**	938,032

24 SUBSEQUENT EVENTS

As of the date of approval of this condensed interim financial information, the Fund's management has assessed that there are no subsequent events requiring adjustment to or disclosure in the condensed interim financial information as of 30 June 2026.

25 APPROVAL OF THE CONDENSED INTERIM FINANCIAL INFORMATION

The condensed interim financial information was approved by the Fund's Board on 10 August 2026 (corresponding to 27 Safar 1448H).