

Jadwa REIT Al Haramain Fund
(Managed by Jadwa Investment Company)

INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

AND INDEPENDENT AUDITOR'S REVIEW REPORT



INDEPENDENT AUDITOR'S REVIEW REPORT
To the Unitholders of Jadwa REIT Al Haramain Fund
(Managed by Jadwa Investment Company)

Introduction:

We have reviewed the accompanying interim condensed statement of financial position of Jadwa REIT Al Haramain Fund (the "Fund") as at 30 June 2022, and the related interim condensed statements of comprehensive income, cash flows and changes in equity for six-month period ended 30 June 2022, and a summary of significant accounting policies and other explanatory notes. The Fund Manager is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standards 34 - "Interim Financial Reporting" (IAS 34), that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review:

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

Conclusion:

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

Material Uncertainty Related to Going Concern:

We draw attention to note 3 to the accompanying interim condensed financial statements, which indicates that the Fund incurred a total comprehensive loss of SR 53,363,238 during the period ended 30 June 2022, and as of that date, had net current liabilities of SR 218,167,611. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Fund's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

for Alluhaid & Alyahya Chartered Accountants

Turki A. Alluhaid
Certified Public Accountant
License No. 438



Riyadh: 27 Muharram 1444 H
(25 August 2022)

Jadwa REIT Al Haramain Fund
(Managed by Jadwa Investment Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
ASSETS			
NON-CURRENT ASSETS			
Investment properties	5	646,462,531	690,728,180
Financial assets at fair value through profit or loss ("FVTPL")	7	57,600,000	57,600,000
TOTAL NON-CURRENT ASSETS		704,062,531	748,328,180
CURRENT ASSETS			
Financial assets at FVTPL	7	4,874,920	6,346,671
Prepayments and other assets	8	1,573,008	601,586
Rent receivables		2,402,226	17,780,557
Cash and cash equivalents		31,010,369	20,603,604
TOTAL CURRENT ASSETS		39,860,523	45,332,418
TOTAL ASSETS		743,923,054	793,660,598
LIABILITIES			
CURRENT LIABILITIES			
Term loan	9	252,773,678	252,112,962
Due to related parties	10	3,017,565	911,742
Unearned rental income		804,565	-
Management fees payable	10	1,035,377	1,035,377
Accrued expenses and other liabilities		396,949	342,359
TOTAL CURRENT LIABILITIES		258,028,134	254,402,440
TOTAL LIABILITIES		258,028,134	254,402,440
EQUITY			
Net assets attributable to unitholders		485,894,920	539,258,158
TOTAL LIABILITIES AND EQUITY		743,923,054	793,660,598
Units in issue		66,000,000	66,000,000
Per unit value		7.36	8.17
Per unit fair value	6	7.36	8.85

The attached notes 1 to 16 form an integral part of these interim condensed financial statements.

Jadwa REIT Al Haramain Fund
(Managed by Jadwa Investment Company)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2022

		<i>For the six-month period ended</i>	
		30 June	30 June
		2022	2021
		(Unaudited)	(Unaudited)
	<i>Notes</i>	SR	SR
INCOME			
Dividend income	10	1,500,000	-
Rental income from investment properties		911,223	-
Net gain (loss) on financial assets at FVTPL	7	28,249	(711,719)
		<u>2,439,472</u>	<u>(711,719)</u>
EXPENSES			
Depreciation on investment properties		(5,871,858)	(5,871,857)
General and administrative expenses	11	(669,566)	(603,338)
		<u>(6,541,424)</u>	<u>(6,475,195)</u>
OPERATING LOSS		(4,101,952)	(7,186,914)
Finance charges	9	(4,729,784)	(4,018,538)
Other income		-	8,000,000
		<u>(8,831,736)</u>	<u>(3,205,452)</u>
LOSS FOR THE PERIOD BEFORE IMPAIRMENT		(8,831,736)	(3,205,452)
Impairment loss on investment properties	5	(44,531,502)	(5,911,761)
NET LOSS FOR THE PERIOD		(53,363,238)	(9,117,213)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(53,363,238)	(9,117,213)

The attached notes 1 to 16 form an integral part of these interim condensed financial statements.

Jadwa REIT Al.Haramain Fund
(Managed by Jadwa Investment Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2022

	<i>For the six-month period ended</i>	
	30 June 2022	30 June 2021
	(Unaudited) SR	(Unaudited) SR
OPERATING ACTIVITIES		
Net loss for the period	(53,363,238)	(9,117,213)
Adjustments for non-cash and other items:		
Impairment loss on investment properties	44,531,502	5,911,761
Depreciation on investment properties	5,871,858	5,871,857
Finance charges	4,729,784	4,018,538
Net (gain) loss on financial assets at FVTPL	(28,249)	711,719
	1,741,657	7,396,662
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(971,422)	(649,797)
Rent receivables	15,378,331	4,325,500
Other receivable	-	(8,000,000)
Unearned rental income	804,565	-
Due to related parties	686,740	-
Accrued expenses and other liabilities	54,590	(41,055)
	17,694,461	3,031,310
Finance charges paid	(2,649,985)	(468,467)
Net cash flows from operating activities	15,044,476	2,562,843
INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at FVTPL	1,500,000	800,000
Additions to investment properties	(6,137,711)	(1,625,527)
Net cash flows used in investing activities	(4,637,711)	(825,527)
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,406,765	1,737,316
Cash and cash equivalents at beginning of the period	20,603,604	644,157
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	31,010,369	2,381,473

The attached notes 1 to 16 form an integral part of these interim condensed financial statements.

Jadwa REIT Al Haramain Fund
 (Managed by Jadwa Investment Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2022

	<i>For the six-month period ended</i>	
	30 June 2022 (Unaudited) SR	30 June 2021 (Unaudited) SR
Net asset value attributed to the unitholders at beginning of the period	539,258,158	548,413,619
Comprehensive loss		
Net loss for the period	(53,363,238)	(9,117,213)
Other comprehensive income for the period	-	-
Comprehensive loss for the period	(53,363,238)	(9,117,213)
Net asset value attributed to the unitholders at end of the period	485,894,920	539,296,406

The attached notes 1 to 16 form an integral part of these interim condensed financial statements.

Jadwa REIT Al Haramain Fund (Managed by Jadwa Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2022

1 GENERAL

Jadwa REIT Al Haramain Fund (the "Fund") is a closed-ended Shariah compliant real estate investment traded fund. The Fund operates in accordance with Real Estate Investment Fund Regulations ("REIFR") and Real Estate Investment Traded Funds ("REITF") Instructions issued by the Capital Market Authority ("CMA"). The Fund is listed on Saudi Stock Exchange ("Tadawul") and the units of the Fund started to be traded on Tadawul in accordance with its rules and regulations. The Capital of the Fund is SR 660,000,000 divided into 66,000,000 units of SR 10 each. The Fund has a term of 99 years, which is extendable on the discretion of the Fund Manager following the approval of the CMA.

The Fund is being managed by Jadwa Investment Company, a Saudi Arabian closed joint stock company with commercial registration number 1010228782, and a Capital Market Institution licensed by the CMA under license number 06034-37 (the "Fund Manager").

Jadwa Al Khalil Real Estate Company, a Limited Liability Company with commercial registration number 1010495553, has been established and approved by the CMA as a special purpose vehicle (the "SPV") for the beneficial interest of the Fund. The SPV owns all the assets of the Fund and its has entered into contractual obligations arrangements on behalf of the Fund.

The primary investment objective of the Fund is to provide its investors with regular income by investing in income-generating real estate assets in Saudi Arabia, with a focus on the Holy Cities of Makkah and Medina.

While the Fund will primarily invest in developed real estate assets which are ready for use, it may also opportunistically invest in real estate development projects in a value not exceeding 25% of the Fund's total asset value with the aim of achieving an increase in value per unit; provided that (i) at least 75% of the Fund's total assets are invested in developed real estate assets which generate periodic income and (ii) the Fund shall not invest in White Land.

2 REGULATING AUTHORITY

The Fund operates in accordance with Real Estate Investment Fund Regulations ("REIFR") and Real Estate Investment Traded Funds ("REITF") instructions issued by the CMA. The regulations detail the requirements for real estate funds and traded real estate funds within the Kingdom of Saudi Arabia.

3 BASIS OF PREPARATION

3.1 *Statement of compliance*

These interim condensed financial statements ("financial statements") have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

These financial statements do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the Company's annual financial statements for the year ended 31 December 2021.

During the period ended 30 June 2022, the Fund incurred a total comprehensive loss of SR 53,363,238, and as of that date, had net current liabilities of SR 218,167,611. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Fund's ability to continue as a going concern.

The Fund Manager is in the process of engaging with property managers in order to completely lease out the investment properties whose contracts have been terminated. Considering majority of the restrictions have been lifted especially pilgrims from inside and outside Saudi Arabia can visit holy mosque without any restrictions, the Fund Manager expects that the investment properties are expected to be completely leased out during the year.

The Fund Manager is also in discussion with banks to rollover/restructure its existing facilities which are expected to take effect during the year.

Jadwa REIT Al Haramain Fund
(Managed by Jadwa Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2022

3 BASIS OF PREPARATION (continued)

3.1 Statement of compliance (continued)

Accordingly, the Fund Manager has prepared these financial statements on the basis that it will continue to operate as a going concern. They have formed a judgement, based on the factors mentioned above, that there is a reasonable expectation that the Fund will have adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

3.2 Basis of measurement

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

3.3 Use of estimates

In the ordinary course of business, the preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are reviewed and affected in future periods.

3.4 Functional and presentation currency

These financial statements are presented in Saudi Riyals ("SR"), which is the functional currency of the Fund. All financial information has been rounded off to the nearest SR.

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are consistent with those used and disclosed in the financial statements of the Fund for the year ended 31 December 2021:

4.1 Standards and amendments to existing standards effective 1 January 2022

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2022 that have a material effect on the financial statements of the Fund.

4.2 New standards, amendments and interpretations effective after 1 January 2022 and have not been early adopted

The following standards, amendments to standards and interpretations are not yet effective and neither expected to have a significant impact on the Fund's financial statements:

<u>Standards / amendments to standards / interpretations</u>	<u>Effective date</u>
IFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Classification of Liabilities as Current or Non-current (Amendments to IAS 1)</i>	1 January 2023
<i>Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)</i>	1 January 2023
<i>Definition of Accounting Estimates (Amendments to IAS 8)</i>	1 January 2023

In the opinion of the Fund Manager, these standards, amendments to standards and interpretations will clearly not impact the Fund. The Fund intends to adopt these standards, if applicable, when they become effective.

Jadwa REIT Al Haramain Fund
(Managed by Jadwa Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2022

5 INVESTMENT PROPERTIES

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

30 June 2022 (Unaudited)

<i>Description</i>	<i>Cost SR</i>	<i>Accumulated depreciation SR</i>	<i>Accumulated impairment SR</i>	<i>Net book value SR</i>
Tharawat Al Andalusia Hotel	380,516,587	35,966,142	33,409,748	311,140,697
Tharawat Al Taqwa Hotel	250,000,000	25,677,536	4,783,402	219,539,062
Retail Building	23,000,000	100,000	1,900,000	21,000,000
3-Star Hotel, Makkah	163,880,985	-	69,098,213	94,782,772
	<u>817,397,572</u>	<u>61,743,678</u>	<u>109,191,363</u>	<u>646,462,531</u>

31 December 2021

<i>Description</i>	<i>Cost SR</i>	<i>Accumulated depreciation SR</i>	<i>Impairment loss SR</i>	<i>Net book value SR</i>
Tharawat Al Andalusia Hotel	379,000,000	32,541,697	-	346,458,303
Tharawat Al Taqwa Hotel	250,000,000	23,230,123	-	226,769,877
Retail Building	23,000,000	100,000	-	22,900,000
3-Star Hotel, Makkah (*)	159,259,861	-	64,659,861	94,600,000
	<u>811,259,861</u>	<u>55,871,820</u>	<u>64,659,861</u>	<u>690,728,180</u>

* This property is under development. Refer to note 5.1.4 for further details.

The useful lives of the investment properties as estimated by an independent valuator range from 3 to 32 years.

Freehold land comprises of the lands acquired on which the buildings are built. Freehold land along with the properties are kept in the custody of Albilad Capital. The Fund acquired properties in Makkah in different locations with an aggregate area of 3,227.2 square meter of land. The consideration for the two hotels was partly paid in cash and partly settled through issuance of 30,000,000 units of the Fund. The consideration for the other properties were fully paid in cash.

5.1 Brief details of the investment properties follow:

5.1.1 Tharawat Al Andalusia Hotel

This property is a fully constructed and operated hotel located in Al Misfalah District, being situated approximately 0.5 km away from Al Haram, benefitting from a direct view over Ibrahim Al-Khalil Road.

5.1.2 Tharawat Al Taqwa Hotel

This property is a fully constructed pilgrim accommodation hotel located in Shisha District north of the intersection between the major Al Hajj Road and King Fahad Road.

5.1.3 Retail Building

The property was acquired as a retail property. It is located in Al Misfalah District, with a direct view on Misyal Road, and is 500m away from the Holy Mosque. The property in its current state is fully leased.

5.3.4 3-Star Hotel, Makkah

A hotel tower which is currently being developed in the merged Ibrahim Al- Khalil I and Ibrahim Al-Khalil II lands after demolition of the buildings.

Jadwa REIT Al Haramain Fund
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2022

5 INVESTMENT PROPERTIES (continued)

5.4 These investment properties have been pledged with Banque Saudi Fransi ("BSF") in order to secure a debt facility obtained by the SPV for the purposes of the Fund.

5.5 Impairment of investment properties

The investment properties were tested for impairment and the management noted the carrying amounts of four properties (2021: one property) was lower than recoverable amount. Accordingly, during the period ended 30 June 2022, the management recognised an impairment loss of SR 44,531,502 (2021: 5,911,761) to adjust the value of its investment properties to their recoverable amounts based on the average fair values as of the reporting period determined by the independent evaluators as shown in note 6.

6 EFFECT ON NET ASSET VALUE IF INVESTMENTS IN REAL ESTATE PROPERTIES ARE FAIR VALUED

In accordance with Article 35 of the REIFR issued by CMA in the Kingdom of Saudi Arabia, the Fund Manager evaluates the Fund's real estate assets based on two evaluations prepared by independent evaluators. However, in accordance with the requirement of CMA in the Kingdom of Saudi Arabia, investment in real estate properties are carried at cost less depreciation and impairment, if any, in these financial statements. Accordingly, the fair value below is disclosed for information purposes and has not been accounted for in the Fund's books.

The fair value of the investment properties is determined by two selected appraisers, i.e. Barcode and Menassat (31 December 2021: Menassat and White Cubes). As at reporting date, the valuation of investment properties are as follows:

30 June 2022 (Unaudited)	Appraiser 1 SR	Appraiser 2 SR	Average SR
Tharawat Al Andalusia Hotel	300,781,390	321,500,000	311,140,695
Tharawat Al Taqwa Hotel	216,478,125	222,600,000	219,539,063
Retail Building	21,000,000	21,000,000	21,000,000
3-Star Hotel, Makkah	94,565,545	95,000,000	94,782,773
	632,825,060	660,100,000	646,462,531
31 December 2021	Appraiser 1 SR	Appraiser 2 SR	Average SR
Tharawat Al Andalusia Hotel	321,500,000	412,920,000	367,210,000
Tharawat Al Taqwa Hotel	222,600,000	267,900,000	245,250,000
Retail Building	21,000,000	36,184,000	28,592,000
3-Star Hotel, Makkah	82,000,000	107,200,000	94,600,000
	647,100,000	824,204,000	735,652,000

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

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

Jadwa REIT Al Haramain Fund
(Managed by Jadwa Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2022

6. EFFECT ON NET ASSET VALUE IF INVESTMENTS IN REAL ESTATE PROPERTIES ARE FAIR VALUED (continued)

i. The unrealised gain on investment properties based on fair value evaluation is set out below:

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Fair value of investments in real estate properties	646,462,531	735,652,000
Less: Carrying value of investments in real estate properties (note 5)	646,462,531	690,728,180
Unrealised gain based on fair value evaluation	-	44,923,820
Units in issue	66,000,000	66,000,000
Per unit share in unrealised gain based on fair value evaluation	-	0.68

ii. The net asset value using the fair values of the real estate properties is set out below:

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Net asset value at cost, as presented in these financial statements	485,894,920	539,258,158
Unrealised gain based on real estate evaluations (note 6.i.)	-	44,923,820
Net asset based on fair value	485,894,920	584,181,978

iii. The net asset value per unit, using the fair values of the real estate properties is set out below:

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Net asset value per unit, at cost as presented in these financial statements	7.36	8.17
Impact on net asset value per unit on account of unrealised gain based on fair value evaluations (note 6.i.)	-	0.68
Net asset value per unit at fair value	7.36	8.85

Jadwa REIT Al Haramain Fund
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2022

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Current		
Investment in mutual fund (note 7.1)	<u>4,874,920</u>	<u>6,346,671</u>
Non-current		
Investment in private real estate fund (note 7.2)	<u>57,600,000</u>	<u>57,600,000</u>

7.1 Investment in mutual fund

This represents the Fund's investment in 39,944.96 units (31 December 2021: 52,301.58) of Jadwa Saudi Riyal Murabaha Fund managed by Jadwa Investment Company, the cost of which is SR 4,778,929 (31 December 2021: 6,257,247) and is current in nature.

The realised gain on the redemption of investment amounted to SR 21,682 for the period ended 30 June 2022 (2021: SR 85).

The unrealised gain on this investment amounted to SR 6,567 for the period ended 30 June 2022 (2021: SR 105,820).

7.2 Investment in real estate fund

This represents investment in 5,000,000 units (31 December 2021: 5,000,000) in Real Estate Investment Fund, a closed-ended Shariah-compliant private real estate investment fund managed by Jadwa Investment Company, the cost of which is SR 50,000,000 (31 December 2021: 50,000,000).

The unrealised loss on this investment amounted to SR Nil for the period ended 30 June 2022 (2021: SR 817,624).

8 PREPAYMENTS AND OTHER ASSETS

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
VAT recoverable	1,373,008	601,586
Prepaid expenses	<u>200,000</u>	<u>-</u>
	<u>1,573,008</u>	<u>601,586</u>

**Jadwa REIT Al Haramain Fund
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2022**

9 LONG-TERM LOAN

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Long-term loan	253,000,000	253,000,000
Less:		
Transaction cost	(7,021,250)	(7,021,250)
Amortisation of transaction costs	6,794,928	6,134,212
	(226,322)	(887,038)
Long-term loan	252,773,678	252,112,962

The Fund has obtained the following Shariah-compliant facilities through the SPV:

- i. On 20 July 2017, BSF has extended an Islamic finance facility (Tawaruq) to the SPV amounting to SR 500,000,000 for the purposes of financing the real estate investments of the Fund. The SPV has made an arrangement with the Fund under a long-term loan agreement to lend all the loan proceeds availed by it under the Facility to the Fund on terms and conditions same as that of the facility.

On 23 August 2020, BSF has increased the limit of the Tawaruq facility from SR 500,000,000 to SR 550,000,000.

The loan carries mark-up at the rate of Saudi Inter-Bank Offered Rate ("SAIBOR") plus 2% per annum, payable on semi-annual basis. As at 30 June 2022, SR 253,000,000 (31 December 2021: SR 252,600,522) have been drawn from the available facility. The outstanding loan is repayable in full on 31 August 2022.

Transaction costs related to the loan amounting to SR Nil as of 30 June 2022 (31 December 2021: SR 399,478) have been capitalized in the carrying amount of the loan and are being amortized over the period of the loan. Amortisation for the period ended 30 June 2022 amounted to SR 399,478 (2021: SR 292,530) which are reflected under the statement of comprehensive income.

Fees charged by BSF for loan servicing amounting to SR 3,750,000 has been recorded as 'Transaction costs' and is amortised over the period of the loan facility. Amortisation for the period ended 30 June 2022 amounted to SR 261,238 (2021: SR 363,161) which are reflected under the statement of comprehensive income.

The facility is secured by promissory notes and pledge of certain coverage ratio over the current and future rights and interests in the investment properties of the Fund (see note 5).

Finance charges for the period ended 30 June 2022 amounted to SR 4,069,068 (2021: SR 3,345,967) which are reflected under the statement of comprehensive income.

- ii. On 8 May 2018, Riyad Bank has extended an Islamic finance facility to the SPV amounting to SR 200,000,000 for the purposes of financing the real estate investments of the Fund. The SPV has made an arrangement with the Fund under a long-term loan agreement to lend all the loan proceeds availed by it under the facility to the Fund on terms and conditions same as that of the facility.

The Fund has not drawn any amount from the facility.

Jadwa REIT Al Haramain Fund
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2022

9 LONG-TERM LOAN (continued)

Fees charged by Riyad Bank for loan servicing amounting to 0.25% of the loan facility has been recorded as 'Transaction costs' and is amortised over the period of the loan facility. Amortisation for the period ended 30 June 2022 amounted to SR Nil (2021: SR 16,880).

10 RELATED PARTY TRANSACTIONS AND BALANCES

10.1 Related party transactions

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

Related party	Nature of relationship	Nature of transaction	For the six-month period ended 30 June	
			2022 (Unaudited) SR	2021 (Unaudited) SR
Jadwa Al-Khalil Real Estate Company	SPV	Finance charges	4,069,068	3,345,967
Jadwa Saudi Riyal Murabaha Fund	Affiliate	Redemption	1,500,000	-
Real Estate Investment Fund	Affiliate	Dividend income	1,500,000	-

i. Management fee

In consideration for managing the assets of the Fund, the Fund Manager in accordance with the Terms and Conditions of the Fund charges the Fund a management fee equal to 1.0% of the net asset market value of the Fund calculated and payable semi-annually in arrears.

Due to the direct impact of the Covid-19 outbreak on the Fund's investment properties, the Fund Manager announced temporary suspension of charging management fees on the Fund from 1 March 2020 until the Fund's properties are reoccupied and the Fund resumes collection of rental income.

10.2 Related party balances

The following are the details of major related party balances at period end:

Due to related parties

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Jadwa Al-Khalil Real Estate Company	2,818,913	717,677
Unitholders - Unpaid dividends	176,310	171,723
Jadwa Investment Company	22,342	22,342
	<u>3,017,565</u>	<u>911,742</u>
	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Jadwa Investment Company	<u>1,035,377</u>	<u>1,035,377</u>

Jadwa REIT Al Haramain Fund
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2022

11 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>For the six month period ended 30 June</i>	
	2022 <i>(Unaudited)</i> SR	2021 <i>(Unaudited)</i> SR
Registration fee	200,000	200,000
Professional fees	124,298	83,581
Tadawul listing fee	89,941	76,021
Administrator fee	57,966	56,261
Custody fee	55,272	40,936
Property valuation fee	48,810	53,810
Insurance	15,830	40,352
Legal fees	14,450	21,317
Independent board member fee (i)	10,000	10,000
Indirect tax	1,421	3,283
Others	51,578	17,777
	669,566	603,338

(i) This pertains to remuneration paid to the independent directors of the Fund's Board.

12 FAIR VALUE MEASUREMENT

12.1 *Financial instruments*

Financial assets consist of cash and cash equivalents, rent receivables and financial assets at fair value through profit or loss. Financial liabilities consist of due to related parties, accrued management fees, accrued expenses and long-term loan.

Due to the short-term nature of most of the financial instruments, their carrying amount is considered to be the same as their fair values. For the long-term loan, the fair value is not materially different from its carrying amount since the interest payable on this loan is close to current market.

The following table shows the fair values of financial assets, including their levels in the fair value hierarchy:

	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
<u>30 June 2022 (Unaudited)</u>				
Financial assets at fair value through profit or loss (note 7)	-	62,474,920	-	62,474,920
<u>31 December 2021 (Audited)</u>				
Financial assets at fair value through profit or loss (note 7)	-	63,946,671	-	63,946,671

The financial asset at FVTPL which is an investment in private real estate investment fund is determined using unadjusted net asset value (Level 2 valuation).

There were no transfers between levels 1, 2 and 3 during the reporting period.

Jadwa REIT Al Haramain Fund
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2022

12 FAIR VALUE MEASUREMENT (continued)

12.2 Non-financial assets

The following table shows the fair value of investment properties disclosed:

30 June 2022 (Unaudited)	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Tharawat Al Andalusia Hotel	-	-	311,140,695	311,140,695
Tharawat Al Taqwa Hotel	-	-	219,539,063	219,539,063
Retail Building	-	-	21,000,000	21,000,000
3-Star Hotel, Makkah	-	-	94,782,773	94,782,773
	-	-	646,462,531	646,462,531
31 December 2021	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Tharawat Al Andalusia Hotel	-	-	367,210,000	367,210,000
Tharawat Al Taqwa Hotel	-	-	245,250,000	245,250,000
Retail Building	-	-	28,592,000	28,592,000
3-Star Hotel, Makkah	-	-	94,600,000	94,600,000
	-	-	735,652,000	735,652,000

When the fair value of items disclosed in these financial statements cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs related to items such as credit risk, correlation and volatility.

Changes in assumptions about these factors could affect the fair value of items disclosed in these financial statements and the level where the items are disclosed in the fair value hierarchy.

The fair values of investment properties were assessed by Menassat Realty Company and Barcode (31 December 2021: Menassat and White Cubes) as disclosed in note 6. They are accredited independent valuers with a recognised and relevant professional qualification and with recent experience in the location and category of the investment properties being valued.

13 OPERATING SEGMENT

The Fund is organised into one operating segment. All of the Fund's activities are interrelated and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the fund as one segment.

14 COMPARATIVE FIGURES

Certain of the prior period amounts have been reclassified to conform to the presentation in the current period.

15 LAST VALUATION DAY

The last valuation day of the period was 30 June 2022 (31 December 2021: the last valuation day for the year was 30 December 2021).

16 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Fund's Board on 27 Muharram 1444H (corresponding to 25 August 2022).