

JADWA REIT SAUDI 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



الليحيى واليحيى
محاسبون قانونيون

ALLUHAID & ALYAHYA
CHARTERED ACCOUNTANTS

Alluhaid & Alyahya Chartered Accountants
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Paid up capital SR 100,000
A Limited Liability Company
Kingdom of Saudi Arabia Riyadh King Fahd Road ,
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**INDEPENDENT AUDITOR'S REVIEW REPORT
To the Unitholders of Jadwa REIT Saudi Fund
(Managed by Jadwa Investment Company)**

Introduction:

We have reviewed the accompanying interim condensed statement of financial position of Jadwa REIT Saudi 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.

Report on Other Legal and Regulatory Requirements:

As at 30 June 2022, the Fund has not complied with the condition under article 46 of the Real Estate Investment Funds Regulations ("REIFR"). The Fund's investment value in constructionally developed real estate, and qualified to generate periodic rental income, represents 74.06% of the Fund's total asset value, which is less than the minimum requirement of 75%.

for Alluhaid & Alyahya Chartered Accountants

Turki A. Alluhaid
Certified Public Accountant
License No. 438



Riyadh: 27 Muharram 1444 H
(25 August 2022)

Jadwa REIT Saudi 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	1,807,223,205	1,832,526,370
Financial assets at fair value through profit or loss ("FVTPL")	7	516,470,228	518,400,000
TOTAL NON-CURRENT ASSETS		2,323,693,433	2,350,926,370
CURRENT ASSETS			
Financial assets at FVTPL	7	14,632,934	-
Prepayments and other assets	8	30,500,000	30,395,975
Rent receivables		52,678,894	18,372,857
Other receivables		77,462	688,522
Cash and cash equivalents		18,674,003	62,169,492
TOTAL CURRENT ASSETS		116,563,293	111,626,846
TOTAL ASSETS		2,440,256,726	2,462,553,216
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term loan	9	599,597,663	599,990,035
CURRENT LIABILITIES			
Due to related parties	12	772,988	449,772
Unearned rental income		-	1,851,657
Accrued management fees	12	8,423,197	6,745,029
Accrued expenses and other liabilities	10	5,119,083	2,458,084
Bank overdraft		4,259,255	-
TOTAL CURRENT LIABILITIES		18,574,523	11,504,542
TOTAL LIABILITIES		618,172,186	611,494,577
EQUITY			
Net assets attributable to unitholders		1,822,084,540	1,851,058,639
TOTAL LIABILITIES AND EQUITY		2,440,256,726	2,462,553,216
Units in issue		186,509,785	186,509,785
Per unit value		9.77	9.92
Per unit fair value	6	11.15	11.22

The attached notes 1 to 19 form an integral part of these interim condensed financial statements.

Jadwa REIT Saudi Fund
(Managed by Jadwa Investment Company)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2022

	Notes	For the six-month period ended 30 June	
		2022 (Unaudited) SR	2021 (Unaudited) SR
INCOME			
Rental income from investment properties		82,216,550	71,231,797
Dividend income	12	13,500,000	-
Net loss on financial assets at FVTPL	7	(1,796,838)	(7,287,388)
		<u>93,919,712</u>	<u>63,944,409</u>
EXPENSES			
Depreciation on investment properties		(21,092,643)	(19,111,074)
Management fees	12	(7,717,807)	(6,554,247)
General and administrative expenses	11	(3,670,199)	(2,239,117)
		<u>(32,480,649)</u>	<u>(27,904,438)</u>
OPERATING PROFIT		61,439,063	36,039,971
Finance charges	9	(10,451,574)	(9,002,692)
NET INCOME FOR THE PERIOD BEFORE IMPAIRMENT		50,987,489	27,037,279
Impairment loss on investment properties	5	(5,357,674)	-
NET INCOME FOR THE PERIOD		45,629,815	27,037,279
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		45,629,815	27,037,279

The attached notes 1 to 19 form an integral part of these interim condensed financial statements.

Jadwa REIT Saudi 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 30 June</i>	
	2022	2021
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	SR	SR
OPERATING ACTIVITIES		
Net income for the period	45,629,815	27,037,279
Adjustments for non-cash and other items:		
Unrealised (gain) loss on financial assets at fair value through profit or loss	1,865,166	7,358,615
Depreciation on investment properties	21,092,643	19,111,074
Finance charges	10,451,574	9,002,692
Impairment loss on investment properties	5,357,674	-
Realised gain on sale of financial assets at fair value through profit or loss	(68,328)	(71,227)
	<u>84,328,544</u>	<u>62,438,433</u>
Changes in operating assets and liabilities:		
Prepayments and other assets	(104,025)	(31,388,524)
Rent receivables	(34,306,037)	(7,856,284)
Other receivables	611,060	323,940
Due to related parties	194,263	100,069
Unearned rental income	(1,851,657)	(2,372,945)
Accrued management fee	1,678,168	(781,260)
Accruals and other liabilities	2,660,999	962,165
	<u>53,211,315</u>	<u>21,425,594</u>
Finance charges paid	(8,964,993)	(8,073,268)
Net cash flows from operating activities	<u>44,246,322</u>	<u>13,352,326</u>
INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at FVTPL	22,500,000	14,123,489
Additions to financial assets at FVTPL	(37,000,000)	-
Additions to investment properties	(1,147,152)	(501,839)
Net cash flows (used in) from investing activities	<u>(15,647,152)</u>	<u>13,621,650</u>
FINANCING ACTIVITIES		
Proceeds from long-term loan	-	30,000,000
Dividends distributed	(74,603,914)	(30,020,000)
Deferred charges	(1,750,000)	-
Bank overdraft	4,259,255	-
Net cash flows used in financing activities	<u>(72,094,659)</u>	<u>(20,000)</u>
Net (decrease) increase in cash and cash equivalents	(43,495,489)	26,953,976
Cash and cash equivalents at beginning of the period	<u>62,169,492</u>	<u>18,536,864</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	18,674,003	45,490,840
NON-CASH TRANSACTIONS		
Dividends declared	-	30,020,000

The attached notes 1 to 19 form an integral part of these interim condensed financial statements.

Jadwa REIT Saudi Fund
 (Managed by Jadwa Investment Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2022

	<i>Notes</i>	<i>For the six-month period ended June 30</i>	
		<i>2022 (Unaudited) SR</i>	<i>2021 (Unaudited) SR</i>
Net asset value attributed to the unitholders at beginning of the period		1,851,058,639	1,576,451,066
Comprehensive income			
Net income for the period		45,629,815	27,037,279
Other comprehensive income for the period		-	-
Total comprehensive income for the period		45,629,815	27,037,279
Dividend distribution	15	(74,603,914)	(60,040,000)
Net asset value attributed to the unitholders at end of the period		1,822,084,540	1,543,448,345

The attached notes 1 to 19 form an integral part of these interim condensed financial statements.

Jadwa REIT Saudi Fund (Managed by Jadwa Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2022

1 GENERAL

Jadwa REIT Saudi 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 1,950,000,000 divided into 186,509,785 units (31 December 2021: SR 1,950,000,000 divided into 186,509,785 units). 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 following entities have been established and approved by the CMA as special purpose vehicles (the "SPVs") for the beneficial interest of the Fund:

1. Real Estate Development Areas Company, a Limited Liability Company with commercial registration number 1010385322.
2. Jadwa Al Masha'ar Real Estate Company, a Limited Liability Company with commercial registration number 1010495554.
3. Growth Areas Real Estate Company, a Limited Liability Company – Owned by Single Person with commercial registration number 1010748800.

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, excluding 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.

The Fund has appointed Albilad Investment Company (the "Custodian") to act as its custodian. The fees of the custodian are paid by the Fund.

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.

As at 30 June 2022, the Fund has not complied with the condition under Article 46 of the REIFR as to the following:

- The Fund's investment value in constructionally developed real estate, and qualified to generate periodic rental income represents 74.06% of the Fund's total assets value, which is less than the minimum requirement of 75%. This was mainly due to the significant change in the fair value of its investment in private real estate investment fund.

Jadwa REIT Saudi Fund
(Managed by Jadwa Investment Company)

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

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.

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 Funds's annual financial statements for the year ended 31 December 2021.

The Fund Manager has prepared the interim condensed financial statements on the basis that the Fund will continue to operate as a going concern. The Fund Manager considers that there are no material uncertainties that may doubt significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Fund has 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 recognised 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 Insurance Contracts	1 January 2023
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	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 Saudi Fund
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2022

5 INVESTMENT PROPERTIES

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

30 June 2022 (Unaudited)

<i>Description</i>	<i>Cost SR</i>	<i>Accumulated depreciation SR</i>	<i>Impairment loss</i>	<i>Net book value SR</i>
Land				
Marvela Residential Compound	610,545,000	79,903,356	-	530,641,644
Boulevard	346,512,000	3,378,342	-	343,133,658
Al Fanar Residential & Commercial Compound	245,769,550	29,799,275	-	215,970,275
Alyaum Newspaper Tower	279,145,326	14,297,484	51,071,700	213,776,142
Al-Sulay Warehouse	223,342,600	24,820,711		198,521,889
Almaarefa University for Science & Technology	203,500,000	12,617,429	-	190,882,571
Olaya Court Tower	60,917,500	3,356,711	-	57,560,789
Aber Al Yasmin Hotel	34,601,250	1,640,001	-	32,961,249
Rawd Aljinan School	25,817,188	2,042,200	-	23,774,988
	<u>2,030,150,414</u>	<u>171,855,509</u>	<u>51,071,700</u>	<u>1,807,223,205</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>
Alyaum Newspaper Tower	277,998,174	13,134,148	45,714,026	219,150,000
Almaarefa College	203,500,000	11,186,743	-	192,313,257
Al-Sulay Warehouse	223,342,600	22,090,154	-	201,252,446
Marvela Residential Compound	610,545,000	71,111,526	-	539,433,474
Al Fanar Residential and Commercial Compound	245,769,550	26,519,857	-	219,249,693
Rawd Aljinan School	25,817,188	1,694,709	-	24,122,479
Aber Al Yasmin Hotel	34,601,250	1,333,675	-	33,267,575
Olaya Court Tower	60,917,500	2,729,729	-	58,187,771
Boulevard	346,512,000	962,325	-	345,549,675
	<u>2,029,003,262</u>	<u>150,762,866</u>	<u>45,714,026</u>	<u>1,832,526,370</u>

5.1 The useful lives of the investment properties as estimated by an independent valuator range from 30 to 50 years.

5.2 Freehold land comprises of the lands acquired on which the buildings are built. The aggregate area of land in Riyadh, Al Khobar and Dammam are of 406,296.74 square meters (31 December 2021: 406,296.74 square meters).

5.3 Brief details of the investment properties follow:

5.3.1 **Alyaum Newspaper Tower**

This property is a 17-storey with 3-level basement, office building located in Al Hussam District, Dammam City.

Jadwa REIT Saudi Fund
(Managed by Jadwa Investment Company)

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

5 INVESTMENT PROPERTIES (continued)

5.3.2 Almaarefa University for Science & Technology

This property is a fully constructed educational facility located in Al Diriah District, Riyadh.

5.3.3 Al-Sulay Warehouse

This property is an industrial compound located at the east corner of Haroon Al Rashid Road and Alsafa Street, within Al Sulay District, Riyadh.

5.3.4 Marvela Residential Compound

This property is a residential compound located along the southeast side of King Abdullah Road, within King Faisal District, Riyadh.

5.3.5 Al Fanar Residential & Commercial Compound

This property is a mixed-use project composed of residential and retail units located at the southwest corner of King Faisal Road and 1 Street, within Ar Rawabi District, Al Khobar.

5.3.6 Rawd Aljinan School

This property is a fully constructed educational facility located in An-Nakheel District, Riyadh.

5.3.7 Aber Al Yasmin Hotel

This property is a hospitality and retail project located in Al Yasmin District, Riyadh.

5.3.8 Olaya Court Tower

This property is an office project occupied by the labor court and located in Al Sahafa District, Riyadh.

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 Realty Company (31 December 2021: White Cubes and Menassat Realty Company). As at reporting date, the valuation of investment properties are as follows:

Jadwa REIT Saudi 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)

<u>30 June 2022 (Unaudited)</u>	<i>Appraiser 1 SR</i>	<i>Appraiser 2 SR</i>	<i>Average SR</i>
Alyaum Newspaper Tower	201,838,000	225,714,280	213,776,140
Almareefa University for Science & Technology	235,429,000	227,310,344	231,369,672
Al-Sulay Warehouse	266,667,000	235,294,118	250,980,559
Marvela Residential Compound	625,000,000	575,700,000	600,350,000
Al Fanar Residential & Commercial Compound	268,334,000	274,000,000	271,167,000
Rawd Aljinan School	31,991,000	33,436,971	32,713,986
Aber Al Yasmin Hotel	43,560,000	40,700,000	42,130,000
Olaya Court Tower Boulevard	72,750,000 358,633,027	70,200,000 341,700,000	71,475,000 350,166,514
	<u>2,104,202,027</u>	<u>2,024,055,713</u>	<u>2,064,128,871</u>
31 December 2021	<i>Appraiser 1 SR</i>	<i>Appraiser 2 SR</i>	<i>Average SR</i>
Alyaum Newspaper Tower	215,300,000	223,000,000	219,150,000
Almareefa University for Science & Technology	235,430,000	220,000,000	227,715,000
Al-Sulay Warehouse	266,700,000	217,500,000	242,100,000
Marvela Residential Compound	645,000,000	580,000,000	612,500,000
Al Fanar Residential & Commercial Compound	268,300,000	261,000,000	264,650,000
Rawd Aljinan School	31,250,000	32,400,000	31,825,000
Aber Al Yasmin Hotel	39,640,000	41,000,000	40,320,000
Olaya Court Tower Boulevard	77,420,000 392,320,000	64,175,000 338,700,000	70,797,500 365,510,000
	<u>2,171,360,000</u>	<u>1,977,775,000</u>	<u>2,074,567,500</u>

**Jadwa REIT Saudi 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)

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:

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	2,064,128,871	2,074,567,500
Less: Carrying value of investments in real estate properties (note 5)	1,807,223,205	1,832,526,370
Unrealised gain based on fair value evaluation	<u>256,905,666</u>	<u>242,041,130</u>
Units in issue	<u>186,509,785</u>	<u>186,509,785</u>
Per unit share in unrealised gain based on fair value evaluation	<u>1.38</u>	<u>1.30</u>

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	1,822,084,540	1,851,058,639
Unrealised gain based on real estate evaluations (note 6.i.)	256,905,666	242,041,130
Net asset based on fair value	<u>2,078,990,206</u>	<u>2,093,099,769</u>

Jadwa REIT Saudi 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)

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	9.77	9.92
Impact on net asset value per unit on account of unrealised gain based on fair value evaluations (note 6.i.)	1.38	1.30
Net asset value per unit at fair value	<u>11.15</u>	<u>11.22</u>

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Non-current		
Investment in associate (note 7.1)	<u>516,470,228</u>	<u>518,400,000</u>
Current		
Investment in mutual fund (note 7.2)	<u>14,632,934</u>	<u>-</u>

7.1 Investment in associate

This represents investment in 45,000,000 units (31 December 2021: 45,000,000) 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 450,000,000 (31 December 2021: 450,000,000). The Fund's principal place of business is in Riyadh, Kingdom of Saudi Arabia.

As at 30 June 2022, the Fund holds 28.08% of Real Estate Investment Fund (31 December 2021: 28.08%).

The unrealised loss on this investment amounted to SR 1,929,772 for the period ended 30 June 2022 (2021: SR 7,358,615).

7.2 Investment in mutual fund

This account represents the Fund's investment in 48,446.42 units (31 December 2021: nil units) of Jadwa Saudi Riyal Murabaha Fund managed by Jadwa Investment Company, the cost of which is SR 14,500,000 and is current in nature.

The realised gain on the redemption of investment amounted to SR 68,328 for the period ended 30 June 2022 (2021: SR 71,227).

The unrealised gain on this investment amounted to SR 64,606 for the period ended 30 June 2022 (2021: SR nil).

Jadwa REIT Saudi Fund
(Managed by Jadwa Investment Company)

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

8 PREPAYMENTS AND OTHER ASSETS

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Input value-added tax ("VAT")	30,300,000	30,300,000
Prepaid expenses	200,000	95,975
	<u>30,500,000</u>	<u>30,395,975</u>

9 LONG-TERM LOAN

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Long-term loan	603,122,500	603,122,500
Less: transaction costs	(3,524,837)	(3,132,465)
At end of the period	<u>599,597,663</u>	<u>599,990,035</u>

On 1 October 2018, BSF has extended an Islamic finance facility to one of the SPVs, Real Estate Development Areas Company, amounting to SR 1,000,000,000 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 15 March 2022, BSF has increased the limits of the shariah-compliant banking facility, by SR 170,300,000, bringing the total available banking facility to SR 1,170,300,000.

The facility and correspondingly the loan is repayable in full on 31 July 2023. As at 30 June 2022, the Fund has drawn SR 603,122,500 (31 December 2021: SR 603,122,500) from the facility.

The facility is secured by promissory notes and pledge over the current and future rights and interests in the investment properties of the Fund.

The movement in the long-term loan is as follows:

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
At beginning of the period	603,122,500	573,122,500
Proceeds from loans	-	30,000,000
At end of the period	<u>603,122,500</u>	<u>603,122,500</u>

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

9 LONG-TERM LOAN (continued)

Finance charges for the period ended 30 June 2022 amounted to SR 9,093,946 (2021: SR 8,020,064) which are reflected under the statement of comprehensive income.

Transaction costs charged by the Bank for loan servicing amounting to 1.0% of the loan facility has been paid and is amortised over the period of the loan facility.

The movement in the transaction costs is as follows:

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
At beginning of the period	3,132,465	5,114,007
Additions during the period	1,750,000	-
Amortisation charged during the period	(1,357,628)	(1,981,542)
At end of the period	3,524,837	3,132,465

10 ACCRUALS AND OTHER LIABILITIES

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Output VAT payable	3,768,159	1,008,336
Security deposits	527,567	500,667
Custody fee	240,000	80,000
Property valuation fees	161,430	87,620
Professional fees	110,054	63,625
Independent board member fee	20,000	15,000
Administration fee	-	31,470
Others	291,873	671,366
	5,119,083	2,458,084

Jadwa REIT Saudi 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>	
	<i>2022 (Unaudited) SR</i>	<i>2021 (Unaudited) SR</i>
Operating fees (i)	1,738,511	-
Indirect tax	598,924	575,884
Professional fees	380,689	365,373
Registration fee	200,000	200,000
Custody fee	160,000	160,877
Tadawul listing fee	148,766	148,767
Administration fee	89,261	62,659
Property valuation fees	81,810	88,810
Insurance	42,098	63,103
Legal fee	22,975	310,075
Independent board member fee (ii)	10,000	10,000
Others	197,165	253,569
	<u>3,670,199</u>	<u>2,239,117</u>

- (i) This pertains to fees paid to property manager for the operation and maintenance of Boulevard property.
(ii) This pertains to remuneration paid to independent directors of the Fund's Board.

12 RELATED PARTY TRANSACTIONS AND BALANCES

12.1 *Related party transactions*

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

<i>Name of related party</i>	<i>Nature of relationship</i>	<i>Nature of transaction</i>	<i>Amount of transactions For the six-month period ended 30 June</i>	
			<i>2022 (Unaudited) SR</i>	<i>2021 (unaudited) SR</i>
Jadwa Investment Company	Fund Manager	Management fee (i)	7,717,807	6,554,247
Real Estate Development Areas Company	SPV	Finance charges	9,093,946	8,020,064
Jadwa Saudi Riyal Murabaha Fund	Affiliate	Investment in mutual fund	37,000,000	-
		Redemption	22,500,000	14,000,000
		Realised gain	68,328	71,227
		Unrealised gain	64,606	-
Real Estate Investment Fund	Associate	Unrealised loss	1,929,772	7,358,615
		Dividend income	13,500,000	-

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 0.75% of the net asset market value of the Fund calculated and payable semi-annually in arrears.

As at 30 June 2022, the Fund Manager held 8,944,700 units in the Fund (31 December 2021: 8,944,700 units).

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

12 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

12.1 Related party transactions (continued)

For the dividends distributed to the unitholders, please refer to note 15.

12.2 Related party balances

The following are the details of related party balances at the period/year-end:

a. Amounts due to related parties

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Unitholders - Unpaid dividends	522,219	327,954
Real Estate Development Areas Company	178,757	49,806
Jadwa Investment Company	72,012	72,012
	<u>772,988</u>	<u>449,772</u>

b. Accrued management fee

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Jadwa Investment Company	<u>8,423,197</u>	<u>6,745,029</u>

13 FAIR VALUE MEASUREMENT

13.1 Financial instruments

Financial assets consist of cash and cash equivalents, rent receivables and other receivables. Financial liabilities consist of due to related parties, management fees, other liabilities, and long-term loan.

Due to the short-term nature of most of the financial instruments, their carrying amounts are 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 the loan is close to current market rate.

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

<u>30 June 2022</u>	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Financial assets at fair value through profit or loss (note 7)	-	<u>516,470,228</u>	-	<u>516,470,228</u>
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
<u>31 December 2021</u>				
Financial assets at fair value through profit or loss (note 7)	-	<u>518,400,000</u>	-	<u>518,400,000</u>

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

13 FAIR VALUE MEASUREMENT (continued)

13.1 Financial instruments (continued)

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

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

13.2 Non-financial assets

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

<u>30 June 2022 (Unaudited)</u>	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Marvela Residential Compound Boulevard	-	-	600,350,000	600,350,000
Alyaum Newspaper Tower	-	-	350,166,514	350,166,514
Al Fanar Residential & Commercial Compound	-	-	213,776,140	213,776,140
Al-Sulay Warehouse	-	-	271,167,000	271,167,000
Almareefa University for Science & Technology	-	-	250,980,559	250,980,559
Olaya Court Tower	-	-	231,369,672	231,369,672
Aber Al Yasmin Hotel	-	-	71,475,000	71,475,000
Rawd Aljinan School	-	-	42,130,000	42,130,000
	-	-	32,713,986	32,713,986
	-	-	2,064,128,871	2,064,128,871
31 December 2021	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Marvela Residential Compound Boulevard	-	-	612,500,000	612,500,000
Alyaum Newspaper Tower	-	-	365,510,000	365,510,000
Al Fanar Residential & Commercial Compound	-	-	219,150,000	219,150,000
Al-Sulay Warehouse	-	-	264,650,000	264,650,000
Almareefa University for Science & Technology	-	-	242,100,000	242,100,000
Olaya Court Tower	-	-	227,715,000	227,715,000
Aber Al Yasmin Hotel	-	-	70,797,500	70,797,500
Rawd Aljinan School	-	-	40,320,000	40,320,000
	-	-	31,825,000	31,825,000
	-	-	2,074,567,500	2,074,567,500

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 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.

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

13 FAIR VALUE MEASUREMENT (continued)

13.2 Non-financial assets (continued)

The valuation models have been applied in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards, in addition to the International Valuation Standards issued by International Valuation Standards Council (IVSC) and applied by Saudi Authority for Accredited Valuers (TAQEEM).

14 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.

15 DIVIDENDS DISTRIBUTION

On 7 March 2022, the Fund Manager approved and distributed dividends to the unitholders for the period from 1 October 2021 to 31 December 2021 for an amount of SR 37,301,957.

On 25 May 2022, the Fund Manager approved and distributed dividends to the unitholders for the period from 1 January 2022 to 31 March 2022 for an amount of SR 37,301,957.

16 COMPARATIVE FIGURES

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

17 SUBSEQUENT EVENTS

On 4 July 2022, the Fund sold Rawd Aljinan School located in Al Nakheel District in Riyadh for SR 27.0 million after obtaining the approval of the fund board on the property sale plan and signing the sale and purchase agreement with the relevant parties.

On 27 July 2022, the Fund Manager signed the sale and purchase agreement for the commercial portion of Al Fanar Compound located in Al Rawabi District in Al Khobar with selling price amounting to SR 140.0 million, after obtaining the approval of the Fund's Board on the property sale plan.

18 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 31 December 2021).

19 APPROVAL OF FINANCIAL STATEMENTS

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