

Jadwa REIT Saudi Fund
(Managed by Jadwa Investment Company)

INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

AND INDEPENDENT AUDITOR'S REVIEW REPORT

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 2023, and the related interim condensed statements of comprehensive income, cash flows and changes in equity for the six-month period ended 30 June 2023, 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.

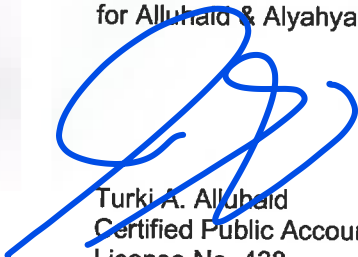
Conclusion:

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 2023, 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 72.81% 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 1445H
(14 August 2023)



Jadwa REIT Saudi Fund
(Managed by Jadwa Investment Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	<i>Notes</i>	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
ASSETS			
NON-CURRENT ASSETS			
Investment properties	5	1,613,242,182	1,634,115,765
Financial assets at fair value through profit or loss ("FVTPL")	7	524,700,000	530,100,000
TOTAL NON-CURRENT ASSETS		2,137,942,182	2,164,215,765
CURRENT ASSETS			
Prepayments and other assets	8	7,907,771	15,228,213
Rent receivables		36,727,653	68,605,957
Cash and cash equivalents		33,022,954	45,636,276
TOTAL CURRENT ASSETS		77,658,378	129,470,446
TOTAL ASSETS		2,215,600,560	2,293,686,211
LIABILITIES			
CURRENT LIABILITIES			
Long-term loan – current portion	9	452,846,566	451,235,466
Due to related parties	12	2,800,079	39,669,175
Contract liability		42,589	1,689,253
Accrued management fees	12	9,405,889	16,222,974
Accrued expenses and other liabilities	10	4,136,072	5,377,040
TOTAL CURRENT LIABILITIES		469,231,195	514,193,908
TOTAL LIABILITIES		469,231,195	514,193,908
EQUITY			
Net assets attributable to unitholders		1,746,369,365	1,779,492,303
TOTAL LIABILITIES AND EQUITY		2,215,600,560	2,293,686,211
Units in issue (in units)		186,509,785	186,509,785
Per unit value		9.36	9.54
Per unit fair value	6	10.72	10.82

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 2023

		<i>For the six-month period ended 30 June</i>	
		2023	2022
	<i>Notes</i>	<i>(Unaudited) SR</i>	<i>(Unaudited) SR</i>
INCOME			
Rental income from investment properties		67,708,916	82,216,550
Dividend income	12	40,500,000	13,500,000
Net loss on financial assets at FVTPL	7	(5,400,000)	(1,796,838)
Other income		1,000	-
		102,809,916	93,919,712
EXPENSES			
Depreciation on investment properties	5	(19,100,952)	(21,092,643)
Management fees	12	(7,485,644)	(7,717,807)
Provision for expected credit losses	8	(7,575,000)	-
Amortisation of transaction costs	9	(1,611,100)	(1,357,628)
General and administrative expenses	11	(6,648,878)	(3,670,199)
		(42,421,574)	(33,838,277)
OPERATING PROFIT		60,388,342	60,081,435
Finance charges	9	(16,577,964)	(9,093,946)
PROFIT FOR THE PERIOD		43,810,378	50,987,489
Impairment loss on investment properties	5	(2,329,402)	(5,357,674)
NET INCOME FOR THE PERIOD		41,480,976	45,629,815
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		41,480,976	45,629,815

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 2023

	Notes	For the six-month period ended 30 June	
		2023 (Unaudited) SR	2022 (Unaudited) SR
OPERATING ACTIVITIES			
Net income for the period		41,480,976	45,629,815
<i>Adjustments for non-cash and other items:</i>			
Depreciation on investment properties	5	19,100,952	21,092,643
Finance charges	9	16,577,964	9,093,946
Provision for expected credit losses	8	7,575,000	-
Net loss on financial assets at FTVPL	7	5,400,000	1,796,838
Impairment loss on investment properties	5	2,329,402	5,357,674
Amortisation of transaction costs	9	1,611,100	1,357,628
		94,075,394	84,328,544
<i>Changes in operating assets and liabilities:</i>			
Prepayments and other assets		(254,558)	507,035
Rent receivables		31,878,304	(34,306,037)
Due to related parties		(38,181,444)	194,263
Contract liability		(1,646,664)	(1,851,657)
Accrued management fees		(6,817,085)	1,678,168
Accruals and other liabilities		(1,240,968)	2,660,999
		77,812,979	53,211,315
Finance charges paid		(15,265,616)	(8,964,993)
Net cash flows from operating activities		62,547,363	44,246,322
INVESTING ACTIVITIES			
Additions to investment properties		(556,771)	(1,147,152)
Proceeds from sale of financial assets at FVTPL		-	22,500,000
Additions to financial assets at FVTPL		-	(37,000,000)
Net cash flows used in investing activities		(556,771)	(15,647,152)
FINANCING ACTIVITIES			
Dividends distributed	15	(74,603,914)	(74,603,914)
Transaction cost		-	(1,750,000)
Bank overdraft		-	4,259,255
Net cash flows used in financing activities		(74,603,914)	(72,094,659)
Net decrease in cash and cash equivalents		(12,613,322)	(43,495,489)
Cash and cash equivalents at beginning of the period		45,636,276	62,169,492
Cash and cash equivalents at end of the period		33,022,954	18,674,003

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 2023

	<i>For the six-month period ended June 30</i>	
	2023	2022
	(Unaudited)	(Unaudited)
	SR	SR
	<i>Notes</i>	
Equity attributed to the Unitholders at beginning of the period		
	1,779,492,303	1,851,058,639
Comprehensive income		
Net income for the period	41,480,976	45,629,815
Other comprehensive income for the period	-	-
Total comprehensive income for the period	41,480,976	45,629,815
Dividend distribution	15 (74,603,914)	(74,603,914)
Equity attributed to the Unitholders at end of the period	1,746,369,365	1,822,084,540

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 2023

1 CORPORATE INFORMATION

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 2022: 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 (the "Fund Manager"), 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. The SPVs own all the assets of the Fund and have entered into financing agreement on behalf 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 2023, 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 72.81% 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 2023

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 endorsed by Saudi Organization of 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 Fund's annual financial statements for the year ended 31 December 2022.

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 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 2022, except for the adoption of new standards effective as of 1 January 2023.

4.1 New standards, interpretations and amendments adopted by the Fund

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed financial statements of the Fund.

Standards / amendments to standards / interpretations	Effective date
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
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023

Jadwa REIT Saudi Fund
(Managed by Jadwa Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2023

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 *New standards, amendments and interpretations issued but not yet effective*

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:

<i>Standards / amendments to standards / interpretations</i>	<i>Effective date</i>
Non-current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024

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.

5 INVESTMENT PROPERTIES

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

30 June 2023 (Unaudited)

<i>Description</i>	<i>Cost SR</i>	<i>Accumulated depreciation SR</i>	<i>Accumulated impairment loss SR</i>	<i>Net book value SR</i>
Alyaum Newspaper Tower	280,787,678	16,393,628	62,556,550	201,837,500
Almaarefa University for Science & Technology	203,500,000	15,420,514	-	188,079,486
Al-Sulay Warehouse	223,342,600	30,334,746	-	193,007,854
Marvela Residential Compound	610,545,000	97,654,254	-	512,890,746
Al Fanar Residential Compound	112,791,836	19,335,437	2,838,752	90,617,647
Aber Al Yasmin Hotel	34,601,250	2,261,604	-	32,339,646
Olaya Court Tower Boulevard	60,917,500 346,573,350	4,628,986 8,392,561	- -	56,288,514 338,180,789
	<u>1,873,059,214</u>	<u>194,421,730</u>	<u>65,395,302</u>	<u>1,613,242,182</u>

31 December 2022 (Audited)

<i>Description</i>	<i>Cost SR</i>	<i>Accumulated depreciation SR</i>	<i>Accumulated impairment loss SR</i>	<i>Net book value SR</i>
Alyaum Newspaper Tower	280,292,257	15,388,926	63,065,900	201,837,431
Almaarefa University for Science & Technology	203,500,000	14,030,491	-	189,469,509
Al-Sulay Warehouse	223,342,600	27,600,389	-	195,742,211
Marvela Residential Compound	610,545,000	88,851,754	-	521,693,246
Al Fanar Residential Compound	112,791,836	17,592,552	-	95,199,284
Aber Al Yasmin Hotel	34,601,250	1,953,357	-	32,647,893
Olaya Court Tower Boulevard	60,917,500 346,512,000	3,998,077 5,905,232	- -	56,919,423 340,606,768
	<u>1,872,502,443</u>	<u>175,320,778</u>	<u>63,065,900</u>	<u>1,634,115,765</u>

5.1 The useful lives of the investment properties as estimated by an independent valuator range from 30 to 50 years. During the period ended 30 June 2023, the Fund recognised depreciation amounting to SR 19,100,952 (2022: SR 21,092,643).

5.2 Freehold land comprises of the lands acquired on which the buildings are built. The Fund acquired properties in Riyadh, Al Khobar and Dammam with an aggregate area of 348,345.72 square meters of land (31 December 2022: 348,345.72 square meters).

Jadwa REIT Saudi Fund
(Managed by Jadwa Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2023

5 INVESTMENT PROPERTIES (continued)

5.3 On 25 April 2023, the Fund entered into a Sale and Purchase Agreement for a leased commercial land located in Jeddah on Prince Sultan bin Abdulaziz Road, Al Zahra district with a size of 161,276 sqm for a purchase price of SR 400 million. However, as of period end, the legal formalities for completion of the transaction have not yet been completed.

5.4 Brief details of the investment properties:

5.4.1 *Alyaum Newspaper Tower*

This property is a 16-storey with 3-level basement, office building located in Al Hussam District, Dammam City.

5.4.2 *Almaarefa University for Science & Technology*

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

5.4.3 *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.

5.4.4 *Marvela Residential Compound*

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

5.4.5 *Al Fanar Residential*

This property is a residential compound located at the southwest corner of King Faisal Road and 1 Street, within Ar Rawabi District, Al Khobar.

5.4.6 *Aber Al Yasmin Hotel*

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

5.4.7 *Olaya Court Tower*

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

5.4.8 *Boulevard*

This property is a prime commercial and office complex located in Hittin District, Riyadh.

5.5 Impairment of investment properties

The investment properties were tested for impairment and the management noted the carrying amount of two properties (31 December 2022: one property) to be higher than the recoverable amount. Accordingly, during the period ended 30 June 2023, the management recognised an impairment of SR 2,329,402 (2022: SR 5,357,674) 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 36 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, investment in real estate properties is 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.

Jadwa REIT Saudi Fund
(Managed by Jadwa Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2023

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

The fair value of the investment properties is determined by two selected appraisers, i.e. Barcode and Esnad (31 December 2022: Barcode and Menassat). As at reporting date, the valuation of investment properties are as follows:

<u>30 June 2023 (Unaudited)</u>	<i>Appraiser 1</i> SR	<i>Appraiser 2</i> SR	<i>Average</i> SR
Alyaum Newspaper Tower	201,838,000	201,837,000	201,837,500
Almaarefa University for Science & Technology	235,429,000	212,413,000	223,921,000
Al-Sulay Warehouse	265,318,891	258,971,000	262,144,946
Marvela Residential Compound	625,000,000	625,000,000	625,000,000
Al Fanar Residential Compound	88,235,294	93,000,000	90,617,647
Aber Al Yasmin Hotel	46,702,142	45,270,000	45,986,071
Olaya Court Tower	73,720,000	81,429,000	77,574,500
Boulevard	337,916,247	341,324,000	339,620,124
	1,874,159,574	1,859,244,000	1,866,701,788
<u>31 December 2022 (Audited)</u>	<i>Appraiser 1</i> SR	<i>Appraiser 2</i> SR	<i>Average</i> SR
Alyaum Newspaper Tower	201,838,000	201,836,863	201,837,432
Almaarefa University for Science & Technology	235,429,000	219,733,333	227,581,167
Al-Sulay Warehouse	266,667,000	258,064,516	262,365,758
Marvela Residential Compound	625,000,000	602,409,639	613,704,820
Al Fanar Residential Compound	125,000,000	93,750,000	109,375,000
Aber Al Yasmin Hotel	46,702,142	40,864,350	43,783,246
Olaya Court Tower	73,720,000	73,076,923	73,398,462
Boulevard	336,177,882	346,057,627	341,117,755
	1,910,534,024	1,835,793,251	1,873,163,640

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

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

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

	<i>30 June</i> <i>2023</i> <i>(Unaudited)</i> SR	<i>31 December</i> <i>2022</i> <i>(Audited)</i> SR
Fair value of investments in real estate properties	1,866,701,788	1,873,163,640
Less: Carrying value of investments in real estate properties (Note 5)	1,613,242,182	1,634,115,765
Unrealised gain based on fair value evaluation	253,459,606	239,047,875
Units in issue	186,509,785	186,509,785
Per unit share in unrealised gain based on fair value evaluation	1.36	1.28

Jadwa REIT Saudi Fund
(Managed by Jadwa Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2023

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

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

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Net asset value at cost, as presented in these financial statements	1,746,369,365	1,779,492,303
Unrealised gain based on real estate evaluations (Note 6.1)	253,459,606	239,047,875
Net asset based on fair value	<u>1,999,828,971</u>	<u>2,018,540,178</u>

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

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Net asset value per unit, at cost as presented in these financial statements	9.36	9.54
Impact on net asset value per unit on account of unrealised gain based on fair value evaluations (Note 6.1.)	1.36	1.28
Net asset value per unit at fair value	<u>10.72</u>	<u>10.82</u>

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Non-current		
Investment in associate (Note 7.1)	<u>524,700,000</u>	<u>530,100,000</u>

7.1 Investment in associate

This represents investment in 45,000,000 units (31 December 2022: 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 2022: 450,000,000).

As at 30 June 2023, the Fund holds 28.08% of Real Estate Investment Fund (31 December 2022: 27.74%).

The unrealised loss on this investment amounted to SR 5,400,000 for the period ended 30 June 2023 (2022: unrealised loss of SR 1,929,772).

**Jadwa REIT Saudi Fund
(Managed by Jadwa Investment Company)**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2023

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

7.2 Investment in mutual fund

As at 30 June 2023, the Fund does not hold any unit of Jadwa Saudi Riyal Murabaha Fund managed by Jadwa Investment Company. The Fund redeemed its investment in mutual fund during 2022.

The realised gain on the redemption of investment amounted to SR Nil for the period ended 30 June 2023 (2022: SR 68,328).

The unrealised gain on this investment amounted to SR Nil for the period ended 30 June 2023 (2022: SR 64,606).

8 PREPAYMENTS AND OTHER ASSETS

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
VAT input receivable (i)	7,575,000	15,150,000
Prepaid expenses	255,308	-
Other receivables	77,463	78,213
	7,907,771	15,228,213

(i) During 2017, the Fund acquired property from Al-Atheer Company (the "seller") for SR 606,000,000, prior to the implementation of VAT law in the Kingdom of Saudi Arabia which came into effect on 1 January 2018. The related Sale and Purchase Agreement to acquire the property was signed in December 2017 and consideration against the acquisition of property was also paid in December 2017; however, the amended title deed was issued on 1 January 2018. Considering the transaction had already completed during 2017 (except for amendment of title deed), the Fund did not settle any VAT on the acquisition of the said property.

During 2021, ZATCA raised its VAT assessment on the seller whereby a VAT claim amounting to SR 99,746,027 was made which comprised of 5% VAT amount, fines for non-charging of VAT on the related acquisition and fines for late payment of VAT.

In relation to the above assessment, the Fund decided to raise an appeal with ZATCA considering the fact that the transaction was already completed before effective date of VAT Law. In order to be eligible to file an appeal, VAT amounting to 5% of the acquisition price was paid to ZATCA through seller during the year 2021 and the response from ZATCA is still awaited against the appeal as at 30 June 2023. The Fund has made an impairment provision of SR 7,575,000 against the said receivable during the period ended 30 June 2023 (2022: SR Nil) given the current status of the appeal in progress and the expected recovery from ZATCA.

Jadwa REIT Saudi Fund
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2023

9 LONG-TERM LOAN, NET

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Long-term loan	453,122,500	453,122,500
Less:		
Transaction costs	11,750,000	11,750,000
Amortisation of transaction costs	(11,474,066)	(9,862,966)
	<u>275,934</u>	<u>1,887,034</u>
Long-term loan, net	<u><u>452,846,566</u></u>	<u><u>451,235,466</u></u>

On 1 October 2018, Banque Saudi Fransi ("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 facility by SR 170,300,000, bringing the total available facility to SR 1,170,300,000.

The loan is repayable in full on 31 July 2023. As at 30 June 2023, the Fund has drawn SR 453,122,500 (31 December 2022: SR 453,122,500) from the facility.

Subsequently, on 2 August 2023, BSF has decreased the limits of the facility by SR 170,300,000, bringing the available facility to SR 1,000,000,000. BSF agreed to extend the repayment of the loan to 30 September 2028.

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 2023 (Unaudited) SR	31 December 2022 (Audited) SR
At beginning of the period	453,122,500	603,122,500
Repayment of loans	-	(150,000,000)
At end of the period	<u><u>453,122,500</u></u>	<u><u>453,122,500</u></u>

Finance charges for the period ended 30 June 2023 amounted to SR 16,577,964 (2022: SR 9,093,946) which are reflected under the statement of comprehensive income.

Transaction costs charged by Banque Saudi Fransi for loan servicing amounting to 1.0% of the loan facility has been capitalised in carrying amount of the loan is amortised over the period of the loan facility.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2023

9 LONG-TERM LOAN (continued)

The movement in the transaction costs is as follows:

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
At beginning of the period	1,887,034	3,132,465
Additions during the period	-	1,750,000
Amortisation charged during the period	(1,611,100)	(2,995,431)
At end of the period	275,934	1,887,034

10 ACCRUED EXPENSES AND OTHER LIABILITIES

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Output value-added tax	1,994,944	3,458,527
Security deposits	545,585	540,676
Property valuation fees	317,240	206,430
Custody fee	80,000	80,000
Administration fees	64,349	58,237
Professional fees	53,625	46,125
Independent board member fee	20,000	20,000
Others	1,060,329	967,045
	4,136,072	5,377,040

11 GENERAL AND ADMINISTRATIVE EXPENSES

	For the six-month period ended 30 June	
	2023 (Unaudited) SR	2022 (Unaudited) SR
Property expense	2,503,082	1,738,511
VAT expense	1,967,259	598,924
Property management fees (i)	528,473	-
Insurance	273,946	42,098
Legal fee	249,025	22,975
Registration fee	200,000	200,000
Property valuation fees	190,810	81,810
Administration fees	182,163	89,261
Professional fees	163,002	380,689
Custody fee	160,000	160,000
Tadawul listing fee	148,767	148,766
Independent board member fee (ii)	10,000	10,000
Others	72,351	197,165
	6,648,878	3,670,199

(i) This pertains to fees paid to the property managers for the operation and maintenance of Boulevard and Olaya Court Tower.

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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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>2023 (Unaudited) SR</i>	<i>2022 (Unaudited) SR</i>
Jadwa Investment Company	Fund Manager	Management fees (i)	7,485,644	7,717,807
Real Estate Development Areas Company	SPV	Finance charges	16,577,964	9,093,946
Jadwa Saudi Riyal Murabaha Fund	Affiliate	Investment in mutual fund Redemption	-	37,000,000
			-	22,500,000
Real Estate Investment Fund	Associate	Dividend income	40,500,000	13,500,000

i. Management fees

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 2023, the Fund Manager held 10,558,353 units in the Fund (31 December 2022: 10,558,353 units).

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

	<i>30 June 2023 (Unaudited) SR</i>	<i>31 December 2022 (Audited) SR</i>
Real Estate Development Areas Company	1,825,824	513,475
Distribution payable	902,244	37,831,188
Jadwa Investment Company	72,011	1,324,512
	<u>2,800,079</u>	<u>39,669,175</u>

b. Accrued management fees

	<i>30 June 2023 (Unaudited) SR</i>	<i>31 December 2022 (Audited) SR</i>
Jadwa Investment Company	<u>9,405,889</u>	<u>16,222,974</u>

Jadwa REIT Saudi Fund
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2023

13 FAIR VALUE MEASUREMENT

13.1 Financial instruments

Financial assets consist of cash and cash equivalents, rent receivables and other assets. Financial liabilities consist of due to related parties and 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 frequently repriced at market rate.

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

30 June 2023 (Unaudited)	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Financial assets at fair value through profit or loss (Note 7)	-	524,700,000	-	524,700,000
	<u>-</u>	<u>524,700,000</u>	<u>-</u>	<u>524,700,000</u>
31 December 2022 (Audited)	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Financial assets at fair value through profit or loss (Note 7)	-	530,100,000	-	530,100,000
	<u>-</u>	<u>530,100,000</u>	<u>-</u>	<u>530,100,000</u>

The financial assets 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.

13.2 Non-financial assets

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

30 June 2023 (Unaudited)	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Marvela Residential Compound	-	-	625,000,000	625,000,000
Boulevard	-	-	339,620,124	339,620,124
Al-Sulay Warehouse	-	-	262,144,946	262,144,946
Almaarefa University for Science & Technology	-	-	223,921,000	223,921,000
Alyaum Newspaper Tower	-	-	201,837,500	201,837,500
Al Fanar Residential Compound	-	-	90,617,647	90,617,647
Olaya Court Tower	-	-	77,574,500	77,574,500
Aber Al Yasmin Hotel	-	-	45,986,071	45,986,071
	<u>-</u>	<u>-</u>	<u>1,866,701,788</u>	<u>1,866,701,788</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2023

13 FAIR VALUE MEASUREMENT (continued)
13.2 Non-financial assets (continued)

<u>31 December 2022 (Audited)</u>	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Marvela Residential Compound Boulevard	-	-	613,704,820	613,704,820
Al-Sulay Warehouse	-	-	341,117,755	341,117,755
Almaarefa University for Science & Technology	-	-	262,365,758	262,365,758
Alyaum Newspaper Tower	-	-	227,581,167	227,581,167
Al Fanar Residential Compound	-	-	201,837,432	201,837,432
Olaya Court Tower	-	-	109,375,000	109,375,000
Aber Al Yasmin Hotel	-	-	73,398,462	73,398,462
	-	-	43,783,246	43,783,246
	-	-	<u>1,873,163,640</u>	<u>1,873,163,640</u>

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 capitalisation rate and discount rate.

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 Esnad (TAQEEM license number: 11000054) and Barcode (TAQEEM license number: 1210000001) (31 December 2022: Menassat and Barcode) as disclosed in Note 5. 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.

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

The following dividends were distributed in accordance with the terms and conditions of the Fund:

30 June 2023 (Unaudited)

<i>Dividend declaration date</i>	<i>Dividend period</i>	<i>SR</i>
7 March 2023	From 1 October 2022 to 31 December 2022	37,301,957
22 May 2023	From 1 January 2023 to 31 March 2023	37,301,957
		<u>74,603,914</u>

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30 June 2023

15 DIVIDENDS DISTRIBUTION (continued)

31 December 2022 (Audited)

<i>Dividend declaration date</i>	<i>Dividend period</i>	<i>SR</i>
7 March 2022	From 1 October 2021 to 31 December 2021	37,301,957
25 May 2022	From 1 January 2022 to 31 March 2022	37,301,957
1 September 2022	From 1 April 2022 to 30 June 2022	37,301,957
28 November 2022	From 1 July 2022 to 30 September 2022	37,301,957
		<u>149,207,828</u>

16 COMPARATIVE INFORMATION

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

17 SUBSEQUENT EVENTS

On 31 July 2023, Real Estate Investment Fund distributed dividends to its unitholders for SR 0.30 per unit. Accordingly, the Fund subsequently received SR 13,500,000 from the investee.

On 2 August 2023, the Fund Manager approved to distribute dividends to the Unitholders for the period from 1 April 2023 to 30 June 2023 for an amount of SR 37,301,957 in accordance with the terms and conditions of the Fund which was at least 90% of the Fund's annual net profits.

As mentioned in note 9, on 2 August 2023, BSF has decreased the limits of the facility by SR 170,300,000, bringing the available facility to SR 1,000,000,000. BSF agreed to extend the repayment of the loan to 30 September 2028.

18 LAST VALUATION DAY

The last valuation day of the period was 29 June 2023 (31 December 2022: the last valuation day for the year was 29 December 2022).

19 APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Fund's Board on 27 Muharram 1445H (corresponding to 14 August 2023).