

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

CONDENSED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)

FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2019

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 condensed interim statement of financial position of Jadwa REIT Al Haramain Fund (the "Fund") as at 30 June 2019, and the related condensed interim statements of comprehensive income, changes in net assets and cash flows for six-month period ended 30 June 2019, and a summary of significant accounting policies and other explanatory notes. The Fund manager is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with Standard on Interim Financial Reporting IAS 34, as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

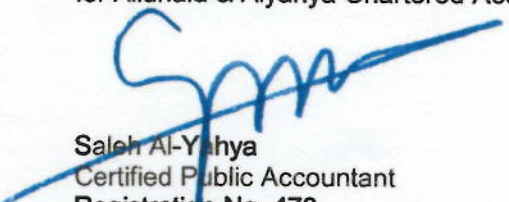
Scope of Review:

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*, as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion:

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

for Alluhaid & Alyahya Chartered Accountants



Saleh Al-Yahya
Certified Public Accountant
Registration No. 473



Riyadh 18 Dhul Hijjah 1440 H
(19 August 2019)

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

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2019

	<i>Notes</i>	30 June 2019 SR	31 December 2018 Restated SR
ASSETS			
NON-CURRENT ASSETS			
Investment properties	5	785,591,187	791,569,234
Deferred charges	8	2,591,227	2,686,597
TOTAL NON-CURRENT ASSETS		788,182,414	794,255,831
CURRENT ASSETS			
Rent receivables		25,162,250	23,459,282
Prepayments and other assets		557,310	372,264
Short-term deposit		-	7,000,000
Cash and cash equivalents	7	14,650,761	7,818,401
TOTAL CURRENT ASSETS		40,370,321	38,649,947
TOTAL ASSETS		828,552,735	832,905,778
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term loan	8	181,127,151	180,836,508
CURRENT LIABILITIES			
Due to related parties	10	6,626,104	1,849,663
Accrued management fee	10	3,556,318	3,612,721
Accrued expenses and other liabilities	9	280,889	282,204
TOTAL CURRENT LIABILITIES		10,463,311	5,744,588
TOTAL LIABILITIES		191,590,462	186,581,096
NET ASSETS		636,962,273	646,324,682
Units in issue		66,000,000	66,000,000
Per unit value		9.65	9.79
Per unit fair value	6	10.81	10.86

The attached notes 1 to 17 form an integral part of these condensed interim financial statements.

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

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the six-month period ended 30 June 2019

		<i>For the six-month period ended 30 June 2019</i>	<i>For the six-month period ended 30 June 2018 Restated</i>
	<i>Notes</i>	<i>SR</i>	<i>SR</i>
INCOME			
Rental revenue from investment properties		26,945,480	26,592,171
Finance income		107,829	59,627
		<u>27,053,309</u>	<u>26,651,798</u>
EXPENSES			
Depreciation	5	(5,978,047)	(5,974,497)
Management fees	10	(3,556,318)	(3,553,466)
General and administrative expenses		(1,587,268)	(893,723)
Amortisation of transaction costs	8	(290,643)	(265,028)
Amortisation of deferred charges		(595,370)	(363,162)
		<u>(12,007,646)</u>	<u>(11,049,876)</u>
OPERATING PROFIT		15,045,663	15,601,922
Finance charges		(5,928,072)	(3,783,074)
NET INCOME FOR THE PERIOD		9,117,591	11,818,848
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		9,117,591	11,818,848

The attached notes 1 to 17 form an integral part of these condensed interim financial statements.

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

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2019

	Notes	For the six-month period ended 30 June 2019 SR	For the six-month period ended 30 June 2018 Restated SR
OPERATING ACTIVITIES			
Net income for the period		9,117,591	11,818,848
Adjustments for non-cash and other items:			
Depreciation		5,978,047	5,974,497
Finance charges		5,928,072	3,783,074
Amortisation of transaction costs		290,643	265,028
Amortisation of deferred charges		595,370	363,162
Finance income		(107,829)	(59,627)
		<u>21,801,894</u>	<u>22,144,982</u>
Changes in operating assets and liabilities:			
Rent receivables		(1,702,968)	(13,148,808)
Prepayments and other assets		(220,894)	(162,311)
Due to related parties		56,414	(5,882,836)
Accrued management fee		(56,403)	(1,482,953)
Accrued expenses and other liabilities		(1,315)	452,098
		<u>19,876,728</u>	<u>1,920,172</u>
Finance charges paid		(1,208,045)	(2,361,710)
Finance income received		143,677	-
Net cash from (used in) operating activities		<u>18,812,360</u>	<u>(441,538)</u>
INVESTING ACTIVITIES			
Purchase of investment properties	5	-	(35,000,000)
Proceeds from short-term deposits		7,000,000	-
Net cash from (used in) investing activities		<u>7,000,000</u>	<u>(35,000,000)</u>
FINANCING ACTIVITIES			
Dividends distributed	13	(18,480,000)	(17,160,000)
Deferred charges	8	(500,000)	-
Debt structuring fee	10	-	(551,250)
Net cash used in financing activities		<u>(18,980,000)</u>	<u>(17,711,250)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
		6,832,360	(53,152,788)
Cash and cash equivalents at the beginning of the period		7,818,401	66,642,735
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		<u>14,650,761</u>	<u>13,489,947</u>

The attached notes 1 to 17 form an integral part of these condensed interim financial statements.

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

CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS
For the six-month period ended 30 June 2019

	<i>Notes</i>	<i>For the six-month period ended 30 June 2019 SR</i>	<i>For the six-month period ended 30 June 2018 SR</i>
Net asset value attributed to the unitholders at beginning of the period, as previously reported		646,576,467	658,603,806
Restatement	14	<u>(251,785)</u>	<u>(291,470)</u>
Net asset value attributed to the unitholders at beginning of the period, as restated		646,324,682	658,312,336
Comprehensive income			
Net income for the period, as previously reported		9,117,591	11,780,195
Restatement	14	<u>-</u>	<u>38,653</u>
Net income for the period, as restated		9,117,591	11,818,848
Other comprehensive income for the period		<u>-</u>	<u>-</u>
Comprehensive income for the period		9,117,591	11,818,848
Dividend distribution	13	<u>(18,480,000)</u>	<u>(17,160,000)</u>
Net asset value attributed to the unitholders at end of the period (unaudited)		<u>636,962,273</u>	<u>652,971,184</u>

The attached notes 1 to 17 form an integral part of these condensed interim financial statements.

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
30 June 2019**

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 an Authorized Person 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 101049553, 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 contractual obligations. The SPV has not been consolidated in these financial statements as the same is being consolidated with the ultimate parent in which the unitholders of the Fund are the owners.

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 is governed by the REIFR published by the CMA in the Kingdom of Saudi Arabia on 19 Jumada II 1427 H (corresponding to 15 July 2006) and REITF instructions published by CMA on 23 Muharram 1438 H (corresponding to 24 October 2016), detailing requirements for all real estate funds operating within the Kingdom of Saudi Arabia.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These unaudited condensed interim financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") and as endorsed in the Kingdom of Saudi Arabia.

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.

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.

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 June 2019

3 BASIS OF PREPARATION (continued)

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 2018.

The Fund has adopted the following new standards which have been issued and effective from 1 January 2019:

4.1 IFRS 16, Leases

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard IAS 17 – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including 'IAS 17 Leases', 'IFRIC 4 Determining whether an Arrangement contains a Lease', 'SIC 15 Operating Leases – Incentives' and 'SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

The application of this standard did not have an impact on the amounts presented in these financial statements.

5 INVESTMENT PROPERTIES

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

30 June 2019

Description	Cost SR	Accumulated depreciation SR	Net book value SR
Land	498,291,500	-	498,291,500
Tharawat Al Andalusia Hotel	152,000,000	15,230,271	136,769,729
Tharawat Al Taqwa Hotel	158,000,000	10,857,853	147,142,147
Ibrahim Al-Khalil I	3,408,500	258,524	3,149,976
Pharmacy Building	100,000	50,456	49,544
Ibrahim Al-Khalil II	200,000	11,709	188,291
	<u>812,000,000</u>	<u>26,408,813</u>	<u>785,591,187</u>

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
(continued)
30 June 2019

5 INVESTMENT PROPERTIES (continued)

31 December 2018

Description	Cost SR	Accumulated depreciation SR	Net book value SR
Land	498,291,500	-	498,291,500
Tharawat Al Andalusia Hotel	152,000,000	11,805,824	140,194,176
Tharawat Al Taqwa Hotel	158,000,000	8,410,441	149,589,559
Ibrahim Al-Khalil I	3,408,500	173,908	3,234,592
Pharmacy Building	100,000	33,942	66,058
Ibrahim Al-Khalil II	200,000	6,651	193,349
	<u>812,000,000</u>	<u>20,430,766</u>	<u>791,569,234</u>

5.1 The useful lives of the investment properties as estimated by an independent valuator range from 22 to 32 years.

5.2 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.

5.3 Brief details of the investment properties follow:

5.3.1 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.

5.3.2 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.

5.3.3 Ibrahim Al-Khalil I

This property is a fully constructed hospitality tower located in Al Misfalah District, with a direct view on Ibrahim Al-Khalil Road, and is 350m away from the Holy Mosque.

5.3.4 Pharmacy Building

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

5.3.5 Ibrahim Al-Khalil II

The property is a fully constructed retail building located in Al Misfalah District, with a direct view on Ibrahim Al-Khalil Road, and is 350 m away from the Holy Mosque.

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.

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
30 June 2019

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

In accordance with Article 21 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 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. ValuStrat and White Cubes. As at reporting date, the valuation of investment properties are as follows:

30 June 2019	Appraiser 1 SR	Appraiser 2 SR	Average SR
Tharawat Al Andalusia Hotel	400,000,000	408,330,000	404,165,000
Tharawat Al Taqwa Hotel	270,000,000	264,000,000	267,000,000
Ibrahim Al-Khalil I	133,000,000	125,000,000	129,000,000
Pharmacy Building	25,000,000	25,000,000	25,000,000
Ibrahim Al-Khalil II	37,000,000	36,670,000	36,835,000
	865,000,000	859,000,000	862,000,000
	Appraiser 1 SR	Appraiser 2 SR	Average SR
31 December 2018			
Tharawat Al Andalusia Hotel	400,000,000	408,300,000	404,150,000
Tharawat Al Taqwa Hotel	270,000,000	264,000,000	267,000,000
Ibrahim Al-Khalil I	133,000,000	125,000,000	129,000,000
Pharmacy Building	25,000,000	25,000,000	25,000,000
Ibrahim Al-Khalil II	37,000,000	36,600,000	36,800,000
	865,000,000	858,900,000	861,950,000

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:

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

	30 June 2019 SR	31 December 2018 SR
Fair value of investments in real estate properties	862,000,000	861,950,000
Less: Carrying value of investments in real estate properties (note 5)	785,591,187	791,569,234
Unrealised gain based on fair value evaluation	76,408,813	70,380,766
Units in issue	66,000,000	66,000,000
Per unit share in unrealised gain based on fair value evaluation	1.16	1.07

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 June 2019

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

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

	30 June 2019 SR	31 December 2018 SR
Net asset value at cost, as presented in these financial statements	637,192,788	646,576,467
Unrealised gain based on real estate evaluations (note 6.i.)	76,408,813	70,380,766
Net asset based on fair value	713,601,601	716,957,233

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

	30 June 2019 SR	31 December 2018 SR
Net asset value per unit, at cost as presented in these financial statements	9.65	9.79
Impact on net asset value per unit on account of unrealised gain based on fair value evaluations (note 6.i.)	1.16	1.07
Net asset value per unit at fair value	10.81	10.86

7 CASH AND CASH EQUIVALENTS

	30 June 2019 SR	31 December 2018 SR
Cash in banks	14,650,761	2,818,401
Murabaha deposit	-	5,000,000
	14,650,761	7,818,401

As of 30 June 2019, two of the five bank accounts (31 December 2018: two of the three bank accounts) are maintained with Banque Saudi Fransi ("BSF") and Riyadh Bank under the name of the SPV with a total balance of SR 148,430 (31 December 2018: SR 162,703).

8 LONG-TERM LOAN

	30 June 2019 SR	31 December 2018 Restated SR
Long-term loan	183,000,000	183,000,000
Less:		
Transaction cost	2,771,250	2,771,250
Amortisation of transaction costs	(898,401)	(607,758)
	1,872,849	2,163,492
Long-term loan	181,127,151	180,836,508

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 June 2019

8 LONG-TERM LOAN (continued)

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.

The facility and correspondingly the loan is available till 20 July 2020 and is repayable in full on 31 August 2022.

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 2019, SR 183,000,000 have been drawn from the available facility.

Transaction costs related to the loan amounting to SR 2,771,250 as of 30 June 2019 (31 December 2018: SR 2,771,250) have been capitalized in the carrying amount of the loan and are being amortized over the period of the loan.

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).

Fees charged by BSF for loan servicing amounting to SR 3,750,000 has been capitalised as 'Deferred charges' in the statement of financial position and is amortised over the period of the loan facility.

- ii. On 8 May 2018, Riyadh 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 facility and correspondingly the loan is available for two years and is repayable in full on 7 February 2021. As at 31 December 2018, the Fund has not drawn any amount from the facility.

Fees charged by Riyadh Bank for loan servicing amounting to 0.25% of the loan facility has been capitalised as 'Deferred charges' in the statement of financial position and is amortised over the period of the loan facility.

9 ACCRUED EXPENSES AND OTHER LIABILITIES

	30 June 2019 SR	31 December 2018 SR
Professional fee	80,281	95,906
Custody fee	78,534	81,001
Administration fee	78,261	53,984
Property valuation fee	43,813	51,313
	<u>280,889</u>	<u>282,204</u>

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 June 2019

10 RELATED PARTY TRANSACTIONS AND BALANCES

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

<i>Related party</i>	<i>Nature of relationship</i>	<i>Nature of transaction</i>	<i>For the six-month period ended 30 June 2019</i> SR	<i>For the six-month period ended 30 June 2018</i> SR
Jadwa Investment Company	Fund manager	Management fee (note 10.1) Debt structuring fee (note 10.2) Administration fee (note 10.3)	3,556,318 - 112,500	3,553,466 551,250 71,069
Jadwa Al-Khalil Real Estate Company	SPV	Finance charges	5,928,072	3,783,074

10.1 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.

10.2 Debt structuring fee

The Fund Manager charges the Fund a debt structuring fee equal to 1.5% of the amount drawn pursuant to any debt financing obtained by the Fund. The debt structuring fee is calculated on the amount utilised from the drawdown amount of the Facility. This amount is recognised in the carrying amount of the loan as a transaction cost and is amortised over the period for which the loan is available.

10.3 Administration fee

The Administrator, in accordance with the Terms and Conditions of the Fund, charges the Fund an administration fee equal to 0.02% of the Fund's net asset market value, payable semi-annually in arrears.

For the dividends distributed to the unitholders, please refer to notes 13.

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

Due to related parties

	<i>30 June 2019</i> SR	<i>31 December 2018</i> SR
Jadwa Al-Khalil Real Estate Company	6,467,220	1,747,193
Unitholders - Unpaid dividends	156,884	100,470
Jadwa Investment Company	2,000	2,000
	<u>6,626,104</u>	<u>1,849,663</u>

Accrued management fee

	<i>30 June 2019</i> SR	<i>31 December 2018</i> SR
Jadwa Investment Company	<u>3,556,318</u>	<u>3,612,721</u>

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
(continued)
30 June 2019

11 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

Assets and liabilities for which fair value is recognised or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

11.1 Financial instruments

Financial assets consist of cash and cash equivalents and rent receivables. Financial liabilities consist of due to related parties, accrued management fees, other accrued expenses and long-term loan. The fair values of financial assets and financial liabilities are not materially different from their carrying values.

11.2 Non-financial assets

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

30 June 2019	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Tharawat Al Andalusia Hotel	-	404,165,000	-	404,165,000
Tharawat Al Taqwa Hotel	-	267,000,000	-	267,000,000
Ibrahim Al-Khalil I	-	129,000,000	-	129,000,000
Pharmacy Building	-	25,000,000	-	25,000,000
Ibrahim Al-Khalil II	-	36,835,000	-	36,835,000
	-	862,000,000	-	862,000,000

31 December 2018	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Tharawat Al Andalusia Hotel	-	404,150,000	-	404,150,000
Tharawat Al Taqwa Hotel	-	267,000,000	-	267,000,000
Ibrahim Al-Khalil I	-	129,000,000	-	129,000,000
Pharmacy Building	-	25,000,000	-	25,000,000
Ibrahim Al-Khalil II	-	36,800,000	-	36,800,000
	-	861,950,000	-	861,950,000

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.

Jadwa REIT Al Haramain Fund
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 June 2019

11 FAIR VALUE MEASUREMENT (continued)

The fair values of investment properties were assessed by ValuStrat 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.

The valuation models have been applied in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards, in addition to recently published International Valuation Standards issued by International Valuation Standards Council (IVSC) and applied by Saudi Authority for Accredited Valuers (TAQEEM). These models comprise both the income capitalisation approach and depreciated replacement cost (DRC).

12 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.

13 DIVIDENDS DISTRIBUTION

On 18 February 2019, the Fund Manager approved to distribute dividends to the unitholders for the period from 1 July 2018 to 31 December 2018 amounting to SR 18,480,000 in accordance with the terms and conditions of the Fund which was at least 90% of the Fund's annual net profits.

14 RESTATEMENT

During 2017, the Fund accounted for accounting errors with respect to the loan servicing fees for the loan facility obtained from BSF. Per loan facility agreement between the SPV and BSF, loan servicing fees amounting to SR 3,750,000 should be paid in advance upon signing the agreement. However, this amount was treated as part of the loan transaction costs when loan has been availed and was amortised over the life of the loan using the EIR method. Per IFRS, fees that are not an integral part of the effective interest rate of a financial instrument such as the loan servicing fees paid to BSF should be amortised over the life of the facility.

	<i>As previously reported SR</i>	<i>Restatement SR</i>	<i>As restated SR</i>
Condensed interim statement of financial position			
As at 31 December 2018			
Deferred charges	-	2,686,597	2,686,597
Total assets	830,219,181	2,686,597	832,905,778
Long-term loan	177,898,126	2,938,382	180,836,508
Total liabilities	183,642,714	2,938,382	186,581,096
Net assets	646,576,467	(251,785)	646,324,682
Condensed interim statement of comprehensive income			
For the six-month period ended 30 June 2018			
Amortisation of transaction costs	(666,843)	401,815	(265,028)
Amortisation of deferred charges	-	(363,162)	(363,162)
Total comprehensive income	11,780,195	38,653	11,818,848

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 June 2019

14 RESTATEMENT (continued)

	<i>As previously reported SR</i>	<i>Restatement SR</i>	<i>As restated SR</i>
Condensed interim statement of cash flows			
For the six-month period ended 30 June 2018			
Net income for the period	11,780,195	38,653	11,818,848
Amortisation of transaction costs	666,843	(401,815)	265,028
Amortisation of deferred charges	-	363,162	363,162
Condensed interim statement of changes in net assets			
For the six-month period ended 30 June 2018			
Net asset value attributed to the unitholders at beginning of the period	658,603,806	(291,470)	658,312,336
Comprehensive income for the period	11,780,195	38,653	11,818,848
Net asset value attributed to the unitholders at end of the period	653,224,001	(252,817)	652,971,184

15 SUBSEQUENT EVENTS

On 9 July 2019, the Fund Manager appointed Mr. Ghannam Al Ghannam as Chairman of the Board and Mr. Asad Khan and Dr. Nouf Al Sharif as Dependent Board Members due to the resignation of Mr. Zaheeruddin Khalid and Dr. Fahad Al Turki as Chairman of the Board and Dependent Board Member, respectively.

On 10 July 2019, the Fund Manager approved to distribute dividends to the unit holders for the period from 1 January 2019 to 30 June 2019 amounting to SR 17,160,000 in accordance with the terms and conditions of the Fund which was at least 90% of the Fund's annual net profits.

16 LAST VALUATION DAY

The last valuation day of the period was 30 June 2019.

17 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Fund's Board on 18 Dhul Hijjah 1440 H (corresponding to 19 August 2019).