



RSM

RSM Allied Accountants
Dr. Abdelgadir Bannaga & Partners Co

**MULKIA GULF REAL ESTATE REIT FUND
CLOSED PUBLIC TRADED LISTED REAL ESTATE INVESTMENT FUND
(MANAGED BY MULKIA INVESTMENT COMPANY)**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
AND INDEPENDENT AUDITOR'S REPORT**

MULKIA GULF REAL ESTATE REIT FUND
CLOSED PUBLIC TRADED LISTED REAL ESTATE INVESTMENT FUND
(MANAGED BY MULKIA INVESTMENT COMPANY)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Mulkia Gulf Real Estate REIT Fund

(Closed public-traded listed real estate investment fund)

Opinion

We have audited the financial statements of **Mulkia Gulf Real Estate REIT Fund** ("the Fund"), managed by Mulkia investment company ("Fund Manager"), which comprise the statement of financial position as at 31 December 2020, and the statements of profit or loss and other comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and the notes accompanying to the financial statements and summary of the significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Mulkia Gulf Real Estate REIT Fund** as of 31 December 2020, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants (SOCPA).

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing that endorsed in the Kingdom of Saudi Arabia. Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Fund in accordance with the professional code of conduct and ethics that are endorsed Kingdom of Saudi Arabia that are relevant to our audit of the fund's financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key Audit Matters (KAM) are defined as "Those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters. Below is an explanation of each key audit matters how to address it:

Key Audit Matter	How we addressed the matter during our audit
<p>Investment properties The net book value of investment properties in the Fund amounted to SAR 961, 51 million as of 31 December 2020. Investment properties are measured at cost, less accumulated depreciation, and any impairment losses (if any). The fair value of investment properties is determined for the purposes of disclosing the fair value with its impact on net assets value per unit and to recognize impairment (if any). Valuations are performed, semi-annually, by two independent valuers, licensed by the Saudi Authority for Accredited Valuers. This matter was considered as a key audit matter, as the valuation requires a material judgment regarding the appropriateness of the methodology applied. Inaccurate inputs to this judgment may lead to material misrepresentations in the disclosures of the financial statements.</p>	<p>We have performed the following procedures regarding investment properties:</p> <ul style="list-style-type: none"> • We evaluated the competency and eligibility of the external valuers who performed the valuation and their independence from the Fund. • We evaluated the accuracy of the inputs used by the independent valuers. • We verified the final valuation reports and matched the average fair value reported by the valuers with the financial records of the Fund. • We evaluated the appropriateness of disclosures related to the investment properties of the Fund in Note (7) to the financial statements.

INDEPENDENT AUDITOR'S REPORT (Continued)

To the Unitholders of Mulkia Gulf Real Estate REIT Fund

(Closed public-traded listed real estate investment fund)

Key Audit Matters (continued)

Key Audit Matter	How we addressed the matter during our audit
<p>Revenues Revenues mainly consist of rental income, which is recognized throughout the lease on a straight-line basis. Because of the importance of the amount of rental income and the inherent risk of proving the revenue higher or lower than its actual value, it is considered one of the important audit matters.</p>	<p>We did the following about revenue:</p> <ul style="list-style-type: none"> • Our audit procedures included taking into account the appropriateness of accounting policies to achieve the Fund's revenues and assessing the extent of those policies' compliance with International Financial Reporting Standards. • We conducted a test of the internal control procedures on revenue recognition with particular emphasis on whether rental income is recorded during the rental period on a straight-line basis. • We conducted a test of the details based on the sample to review the lease contracts concluded with clients to assess whether the rental income is recorded in accordance with the terms of the contract and also to determine any unusual lease terms and to assess the appropriateness of accounting for rental income. • We assessed the completeness of the recorded rental income during the year by matching the data used in the revenue recognition with the lease contracts concluded with clients. • We conducted detailed analytical procedures for the balances and transactions of rental income and the timing of their recognition.

Other Information

The fund manager is responsible for the other information. The other information includes the information included in the annual report of the fund but does not include the financial statements and our audit report thereon. It is expected that the annual report will be available to us after the date of this report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Regarding our audit of the financial statements, it is our responsibility to read this other information specified above when it becomes available, and when we do so, we take into account whether that other information is materially inconsistent with the financial statements or with our knowledge that was acquired during the audit or appears on it otherwise. It contains fundamental errors. When we read the annual report, and we realize that there are fundamental errors in this information, we are required to report this fact to those responsible for governance.

Responsibilities of Fund Manager and Those Charged with Governance for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Certified Public Accountants and Real Estate Investment Funds Regulations, the terms and conditions of the Fund, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Fund Manager either intends to liquidate the Fund or to cease operations or has no realistic alternative but to do so.

Those charged with governance i.e. board of directors of the Fund are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

INDEPENDENT AUDITOR'S REPORT (Continued)

To the Unitholders of Mulkia Gulf Real Estate REIT Fund

(Closed public-traded listed real estate investment fund)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the internal control of the Fund.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the fund manager.
- Conclude on the appropriateness of fund manager's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safeguards.

The matters that have been communicated to those charged with governance are those matters that were of high importance when reviewing the financial statements for the current year, and accordingly are the main matters for review and we explain these matters in our report unless a system or regulation prevents public disclosure of the matter, or in very rare circumstances. In our opinion, the matter should not be reported in our report because it is reasonably expected that the negative consequences of doing so will outweigh the public interest benefits of that reporting.

Allied Accountants
Dr Abdelgadir Bannaga & Partners Co.



Mohammed bin Farhan bin Nader
License No. 435
Riyadh, Saudi Arabia
12 Rajab 1442 H (February 24, 2021)



MULKIA GULF REAL ESTATE REIT FUND
 CLOSED PUBLIC TRADED LISTED REAL ESTATE INVESTMENT FUND
 (MANAGED BY MULKIA INVESTMENT COMPANY)

STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2020

	Note	31 December 2020 SAR	31 December 2019 SAR
Assets			
Cash and cash equivalent	6	270,854,096	69,685,530
Investment properties, net	7	961,509,113	770,003,303
Account receivable from lease, net	8	31,282,128	24,690,235
Accrued revenue		7,446,394	5,042,226
Prepaid expenses and other debit balances		926,988	2,631,045
Total assets		1,272,018,719	872,052,339
Liabilities			
Long-term loan	9	601,594,668	258,038,666
Revenue received in advance	10	16,261,031	18,309,483
Due to a related party	11	6,020,208	14,561,171
Accrued expenses and other credit balances	12	6,447,883	7,264,837
Total liabilities		630,323,790	298,174,157
Equity attributable to Unitholders			
Net assets attributable to Unitholders		641,694,929	573,878,182
Issued units (numbers)		68,108,652	60,000,000
Net assets value per unit – book value		9.42	9.56
Net assets value per unit – fair value	13	9.74	9.90

Mohamed Abdullatif Nawas
 Operations Manager



Muneera Hijab AlDossary
 CEO-Fund Manager



Sultan Mohammed Alhudaithi
 Chairman of the Fund board



The accompanying notes (1) to (25) form an integral part of these financial statements.

MULKIA GULF REAL ESTATE REIT FUND
 CLOSED PUBLIC TRADED LISTED REAL ESTATE INVESTMENT FUND
 (MANAGED BY MULKIA INVESTMENT COMPANY)


STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2020

		For the year ended 31 December 2020	For the year ended 31 December 2019
	Note	SAR	SAR
Revenues			
Leases revenue of investment properties, net	14	69,417,558	58,104,051
Other revenue	15	606,846	907,128
Total revenues		70,024,404	59,011,179
Expenses			
Fund management fees	11	(9,824,179)	(7,955,641)
Custodial fees		(239,289)	(291,723)
Provision for expected credit losses	8	(6,426,809)	(381,938)
Depreciation of investment properties	7	(11,762,579)	(8,357,293)
Finance charges	16	(14,944,759)	(11,694,055)
Acquisition fees	11	(2,015,000)	(500,000)
Capital structure fees	11	(806,000)	-
Finance structure fees	11	(830,000)	(325,800)
Other administrative expenses	17	(1,668,201)	(1,251,744)
Total expenses		(48,516,816)	(30,758,194)
Net profit from operations		21,507,588	28,252,985
(Impairment)/ Reverse of impairment of investment properties	7	(3,269,111)	293,214
Net profit for the year		18,238,477	28,546,199
Other comprehensive income		-	-
Total comprehensive income for the year		18,238,477	28,546,199

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 Chairman of the Fund board



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MULKIA GULF REAL ESTATE REIT FUND
 CLOSED PUBLIC TRADED LISTED REAL ESTATE INVESTMENT FUND
 (MANAGED BY MULKIA INVESTMENT COMPANY)

STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED 31 DECEMBER 2020

		For the year ended 31 December 2020	For the year ended 31 December 2019
	Note	SAR	SAR
Net assets value, at the beginning of the year		573,878,182	586,131,983
Net profit for the year		18,238,477	28,546,199
Proceeds from issuing units during the year	1	80,600,000	-
Dividends during the year	20	(31,021,730)	(40,800,000)
Net assets value, at end of the year		641,694,929	573,878,182

Unit transactions

Below is a summary of unit transactions for the year:

	For the year ended 31 December 2020	For the year ended 31 December 2019
	Units	Units
Units at the beginning of the year	60,000,000	60,000,000
Issued units during the year	8,108,652	-
Units at end of the year	68,108,652	60,000,000

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 Operations Manager



Muneera Hijab AlDossary
 CEO-Fund Manager



Sultan Mohammed Allhudaithi
 Chairman of the Fund board



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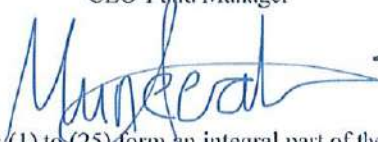
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 DECEMBER 2020

	For the year ended 31 December 2020	For the year ended 31 December 2019
	SAR	SAR
Cash flows from operating activities		
Net profit for the year	18,238,477	28,546,199
Adjustments to reconcile net profit with net cash available from operating activities:		
Depreciation of investment properties	11,762,579	8,357,293
Finance charges	14,944,759	11,694,055
Provision for expected credit losses	6,426,809	381,938
Impairment/(Reverse) of impairment of investment properties	3,269,111	(293,214)
Murabaha deposits revenue	(35,417)	(878,742)
	<u>54,606,318</u>	<u>47,807,529</u>
Change in operating assets and liabilities		
Account receivable from lease	(13,018,702)	(16,716,429)
Accrued revenue	(2,404,168)	(2,427,368)
Prepaid expenses and other debit balances	1,706,724	(1,471,756)
Revenue received in advance	(2,048,452)	5,450,002
Due to a related party	(8,540,963)	9,238,261
Accrued expenses and other credit balances	1,163,359	(3,497,027)
Result from operations	<u>31,464,116</u>	<u>38,383,212</u>
Finance charges repaid	(14,868,870)	(4,773,619)
Net cash available from operating activities	<u>16,595,246</u>	<u>33,609,593</u>
Cash flows from investing activities		
Purchase investment properties	(206,537,500)	(58,588,235)
Earned Murabaha deposits revenue	32,750	854,142
Net cash used in investing activities	<u>(206,504,750)</u>	<u>(57,734,093)</u>
Cash flows from financing activities		
Long-term loan	342,600,000	108,600,000
Cash dividends	(31,021,730)	(40,800,000)
Proceeds from issuing units	80,600,000	-
Payment of deferred financing cost	(1,100,200)	-
Net cash available from financing activities	<u>391,078,070</u>	<u>67,800,000</u>
The net change in cash and cash equivalent during the year	<u>201,168,566</u>	<u>43,675,500</u>
Cash and cash equivalent at the beginning of the year	<u>69,685,530</u>	<u>26,010,030</u>
Cash and cash equivalent at end of the year	<u>270,854,096</u>	<u>69,685,530</u>
Non-cash transactions		
Additions to investment properties against lease receivables	<u>-</u>	<u>5,356,392</u>

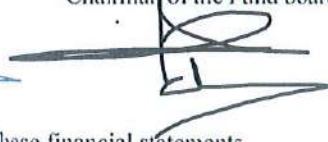
Mohamed Abduallah Nawas
 Operations Manager



Muneera Hijab AlDossary
 CEO-Fund Manager



Sultan Mohammed Alhudaithi
 Chairman of the Fund board



The accompanying notes (1) to (25) form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1- The FUND AND ITS ACTIVITIES

Mulkia Gulf Real Estate REIT Fund (“the Fund”) is a Sharia-compliant closed public-traded listed real estate investment fund. The main objective of the Fund is to acquire pre-developed real estate properties to obtain regular and frequent rental income, or under construction no more than 25% of the total value of the fund’s assets, and distribute a minimum of 90% of the Fund’s net income to unitholders during the lifetime of the Fund at least once annually within 90 days after the financial year-end which ends on December 31.

The Fund started its operations on 16 Safar 1439 H (corresponding to 5 November 2017).

During the year 2020, additional units were issued for in-kind subscriptions, as the number of issued units reached 8,108,652 units, and the price per unit was 9.94 Saudi riyals, as the total proceeds from issuing units amounted to 80,600,000 Saudi riyals.

The Fund is managed by Mulkia Investment Company. The books and records of the Fund are maintained in Saudi riyals.

The address of the Fund Manager is:

Mulkia Investment Company, Prince Muhammad Bin Abdulaziz Road - Al-Olaya area, P.O. Box 52775 - Riyadh 11573, Kingdom of Saudi Arabia.

2- REGULATING AUTHORITY

The Fund is governed by Real estate Investment Funds Regulations (the “Regulations”), Real Estate Investment Traded Funds Instructions, published by the Capital Market Authority on 19 Jumada II 1427H (corresponding to 15 July 2006) and 23 Muharram 1438H (corresponding to 24 October 2016) respectively, which stipulates Regulations and instructions apply to all real estate investment funds operating in the Kingdom of Saudi Arabia.

3- BASIS OF PREPARATION OF FINANCIAL STATEMENTS

3-1 Accounting Standards Applied

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Certified Public Accountants (“SOCPA”) as endorsed in the Kingdom of Saudi Arabia.

Based on the circular of the Capital Market Authority (CMA) dated 16 October 2016, all Funds must apply the cost model to measure the property, plant, equipment, investment property, and intangible assets upon adopting the International Financial Reporting Standards (IFRS) for three years period starting from the IFRS adopting date.

On 31 December 2019, the CMA reviewed the appropriateness to continuing using the cost model, permitting the use of a fair value model or a revaluation option, and resolved the following:

- All listed companies are obliged to apply the cost model to measure the properties (IFRS 16) and investment property (IAS 40) in the financial statements prepared for the fiscal periods during the fiscal years starting before 2022.
- All listed companies are allowed to choose the Fair Value Model for an investment property after initial measurement or the Revaluation Model to measure property (IAS 16) after initial recognition in the financial statements prepared for financial periods within fiscal years, which start before the calendar year 2022.

3-2 Basis Measurement

The financial statements have been prepared on a historical cost convention unless IFRS requires the use of another measurement basis, as indicated in the applied accounting policies (Note 5), and in accordance with the accrual principle and going concerned.

The financial statements are presented in Saudi Riyals being the functional and presentation currency for the fund.

4- NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

No new standards were issued, however, the application of the following amendments to the current standards does not have any material financial impact on the financial statements of the Fund in the current or previous periods, and it is expected that they will not have a significant impact in future periods:

- Amendments to References to the Conceptual Framework in IFRS.
- Definition of a business (Amendments to IFRS 3).
- The definition of Material (Amendments to IAS 1 and IAS 8).
- Interest rate benchmark reform (Amendments to IFRS 9, IAS 39, and IFRS 7).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2020

4- NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS (Continued)
 AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

A number of new amendments for annual periods beginning on or after 1 January 2021, with early application permitted. However, the Fund did not implement the new or revised standards early in preparing these financial statements.

<u>Standard / Interpretation</u>	<u>Statement</u>	<u>Effective from periods beginning on or after the following date</u>
IFRS (17)	Insurance contracts	1 January 2021
IAS (1)	Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	1 January 2022

The Fund assesses the effects of the aforementioned standards, amendments, and interpretations on the financial statements of the Fund.

5- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies are applied by the Fund:

Use of estimates

The preparation of the financial statements in conformity with International Financial Reporting Standards (IFRSs) as endorsed in the Kingdom of Saudi Arabia requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses. These estimates and judgments are based on management's best knowledge of current events and actions and other factors which form a base for estimating the carrying amount of assets and liabilities which cannot be easily determined from other sources. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recognized prospectively.

Below are estimation and judgments that have a material impact on the amounts reported in the financial statements:

-Going Concerned

The management has evaluated the ability of the Fund to continue as a going concern and believes the Fund has sufficient resources to continue its business shortly. Also, the management has material uncertainty related to the ability of the Fund to continue as a going concern. Therefore, the financial statements are prepared based on the going concern.

-Estimation of useful lives of investment property

Management reviews the useful lives of investment property to calculate depreciation. These estimates are determined after taking into account the expected use of assets, obsolescence, and damage. The management reviews the residual value and useful lives annually and changes in depreciation expenses in current and future periods if any-

-Impairment of Non-Financial Assets

Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation are based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Fund is not yet committed to or significant future investments that will enhance the performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

5- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates (Continued)

- **Impairment of Non-derivative Financial Assets**

The Fund recognizes allowances for expected credit losses (“ECL”) for financial assets measured at amortized cost such as trade accounts receivable. The Fund assesses future credit losses using the ECL model for financial assets measured at amortized cost. For trade accounts receivable, the Fund applies the simplified approach, which measures the loss allowance at an amount equal to lifetime expected credit losses for all trade accounts receivable since the initial recognition. To assess the ECL, accounts receivable are grouped based on shared risk characteristics and aging. The expected loss rates were calculated based on historical information of the Fund and adjusted to reflect the expected future results which include future information on macroeconomic factors such as inflation and GDP growth rate. Other financial assets such as employees’ receivables and bank balances have low credit risk and applying the ECL model is considered insignificant.

- **Fair value measurements of financial instruments including derivative financial instruments**

When the fair value of the financial assets and liabilities in the statement of financial position cannot be measured based on quoted prices in an active market, when IFRS require those assets or liabilities to be measured based on fair value, their fair value is determined using valuation techniques including using the present value of expected cash flows or any other techniques as stated in IFRS (13). The inputs to these techniques are taken from active markets, where possible. However, if this is not possible, a degree of judgment is required to determine the fair value and such estimates take liquidity risk, credit risk, and volatility into account. Changes in the assumptions relating to these factors can affect the reported fair value of the financial instruments.

Cash and cash equivalent

Cash and cash equivalent comprise cash at bank, term deposits, and highly-liquid investments with an original maturity of three months or less from the acquisition date.

Properties under development

Properties acquired, built, or under construction and development are classified as properties under development. The cost of properties under development includes the cost of land and other development costs. The property will be considered ready upon completion and delivery of all activities related to the property, including infrastructure and facilities of the whole project. The Fund Manager reviews the carrying amounts of properties under development at the date of each statement of financial position. Impairment losses, if any, are recognized if the carrying amount of the asset exceeded its net realizable value.

Investment properties

Investment properties are recognized at cost. Investment properties represent buildings and lands utilized by leasing, less accumulated depreciation, and any impairment losses if any. Lands are not depreciated. Buildings are depreciated on a straight-line basis over their useful lives which are as follows:

<u>Statement</u>	<u>Years</u>
Buildings	40 years

The fair value of investment properties is disclosed in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

5- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

Financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that relate directly to the purchase or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through the statement of profit or loss) are added to the fair value of financial assets and financial liabilities or deducted from them, as appropriate, upon initial recognition. Transaction costs that are directly related to the purchase of financial assets and liabilities and are measured at fair value through the statement of profit or loss are recognized directly in the statement of profit or loss.

First: Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'financial assets at fair value through other comprehensive income, and financial assets at amortized cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

A) Financial assets at fair value through statement of profit & loss

Financial assets are classified as held for trading, or it is designated at FVTPL by the Fund.

A financial asset is classified as held for trading if:

- It has been acquired principally for selling it in the near term.
- On initial recognition, it is part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short-term profit-taking.
- It is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in the statement of profit or loss.

Dividends or interest earned on the financial asset are recognized in the statement of profit or loss.

B) Financial assets acquired at amortized cost

Receivables including trade and other receivables, bank balances, and cash are measured at amortized cost using the effective interest method, less any impairment loss which is recognized in the statement of profit or loss.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

The Fund applies the simplified approach in the IFRS 9 to measure expected credit losses and makes provision for lifetime expected credit losses.

Second: Financial liabilities

Financial liabilities (including borrowings and trade payables) are initially and subsequently measured at amortized cost using the effective interest method.

The Fund derecognizes financial liabilities when, and only when, the Fund's obligations are discharged, canceled, or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the statement of profit or loss.

-Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs, and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment in the value of assets

Impairment losses in the value of tangible assets, if any, are recognized in the statement of profit or loss if the carrying amount of the asset exceeded the When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized as revenue immediately in the statement of profit or loss.

Loans

Loans are recognized initially at the transaction price (that is, the present value of the cash amounts owed to the financing party, including transaction costs). Loans are measured at amortized cost.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

5- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed or not by suppliers.

Zakat and Income tax

Zakat and income tax are the obligation of the Unitholders and is not provided any provision for in these accompanying financial statements.

Provisions

Provisions are recognized when the Fund has a present obligation (legal or constructive) as a result of a past event, the Fund will probably be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Net Assets Value

Net assets value per unit, as disclosed in the statement of net assets is calculated by dividing the net assets of the Fund by the numbers of units in issue as at the year-end.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

An entity shall measure the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Revenue Recognition

Revenue from sales of investments properties is recognized when significant risks and rewards of ownership are transferred to the buyer under a legal title deed or by a binding legal declaration when the amount of revenue can be collected and measured reliably.

Rental income from operating leases of investment properties is recognized on a straight-line basis over the term of the relevant lease or another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Other revenue is recognized when realized.

Foreign Currencies

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of profit or loss.

Expenses

Expenses are recognized on an accrual basis and the Fund Manager fees are charged at an agreed rate with the Fund Manager. These expenses are calculated on a Semi-annual basis and these expenses are charged to the statement of profit or loss.

Borrowing costs

Borrowing costs directly attributable to the construction of qualifying assets are added to the cost of those assets until the assets are substantially ready for their intended use. Otherwise, these costs are charged to the statement of profit or loss.

MULKIA GULF REAL ESTATE REIT FUND
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

6-CASH AND CASH EQUIVALENT

	31 December 2020	31 December 2019
	SAR	SAR
Bank balances	267,854,096	60,685,530
Murabaha deposits	3,000,000	9,000,000
	<u>270,854,096</u>	<u>69,685,530</u>

*The amount is a murabaha deposit with Bank Albilad, which has a maturity date of 90 days. The average effective rate of return on this deposit is 0.50% annually. The following is a statement of that deposit and its maturity date:

The deposit period				Amount
From	To	Days	Annual return	SAR
29/10/2020	26/01/2021	90	% 0,50	<u>3,000,000</u>

7-INVESTMENT PROPERTIES, NET

The following are the components of investments properties at historical cost:

	Buildings on lands SAR	Buildings SAR	Projects under construction SAR	Total SAR
Cost				
As at 1 January 2020	407,543,606	378,649,382	15,562,500	801,755,488
Additions during the year	96,636,294	109,901,206	-	206,537,500
As at 31 December 2020	<u>504,179,900</u>	<u>488,550,588</u>	<u>15,562,500</u>	<u>1,008,292,988</u>
Accumulated depreciation				
As at 1 January 2020	-	16,830,395	-	16,830,395
Charged to the year	-	11,762,579	-	11,762,579
As at 31 December 2020	-	<u>28,592,974</u>	-	<u>28,592,974</u>

Impairment of investment properties
as of 31 December 2020

(12,383,268)	(5,703,359)	(104,274)	(18,190,901)
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Net carrying amount

As at 31 December 2020

<u>491,796,632</u>	<u>454,254,255</u>	<u>15,458,226</u>	<u>961,509,113</u>
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	Buildings on lands SAR	Buildings SAR	Projects under construction SAR	Total SAR
Cost				
As at 1 January 2019	391,928,701	330,319,660	15,562,500	737,810,861
Additions during the year	15,614,905	48,329,722	-	63,944,627
As at 31 December 2019	<u>407,543,606</u>	<u>378,649,382</u>	<u>15,562,500</u>	<u>801,755,488</u>
Accumulated depreciation				
As at 1 January 2019	-	8,473,102	-	8,473,102
Charged to the year	-	8,357,293	-	8,357,293
As at 31 December 2019	-	<u>16,830,395</u>	-	<u>16,830,395</u>

Impairment of investment properties
as of 31 December 2019

(10,385,189)	(3,957,328)	(579,273)	(14,921,790)
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Net carrying amount

As at 31 December 2019

<u>397,158,417</u>	<u>357,861,659</u>	<u>14,983,227</u>	<u>770,003,303</u>
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Investment properties are recorded at historical cost. The fair value of the investment properties has been determined based on the average of two valuations of market value made by independent valuation experts (Note 13). These values are based on estimates by independent valuers due to the uncertainty of estimates.

**MULKIA GULF REAL ESTATE REIT FUND
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

7-INVESTMENT PROPERTIES, NET (CONTINUED)

Investment properties are as follows:

- West Avenue Building: It is a commercial building (Mall) in Al-Faisaliah district, Dammam.
- The Elite "Elite Mall": A complex of restaurants, cafes and offices on Prince Abdulaziz Bin Musaed bin Jiluwi Road in Sulaymaniyah district in Riyadh.
- Vivienda Complex: It is a hotel villas complex located in Prince Faisal bin Fahd bin Abdulaziz Road in, Al-Hada district, Riyadh.
- Dinar Commercial Building: It is a commercial building in the Al-Zahra District, Jeddah.
- Teqnia Industrial Commercial Complex: It is an industrial and commercial complex consisting of five auto maintenance centers, two auto showrooms, and a spare parts center located in the southeast of Riyadh.
- The First Room Hotel Apartments building: It is a building licensed as a furnished "3-star" accommodation facility in An Namudhajiya District in Riyadh.
- Al-Yasmeen Building: It is a residential building in the Al-Yasmeen district, north of Riyadh.
- Al-Sheraa district project: It is a commercial building project in Al-Sheraa district, Jeddah. It is included in under-construction projects. Work is still ongoing to deliver public facilities to the property and complete necessary licenses.
- Khamis Mushait Building: It is a restaurant in Khamis Mushait.
- Obhur Building: It is a restaurant building in Obhur Al Shamaliyah district, Jeddah,

During December 2020, the Fund evaluated the investment properties which resulted in impairment losses in the value of these investments during the year ended December 31, 2020, amounting to SAR 3,269,111 (For the year ended 31 December 2019: reversal of impairment losses amounting to SAR 293,214).

The title deeds of the properties are registered in the name of Tamdeen Real Estate Company, a company established for the purpose of maintaining and recording the Fund's assets, according to CMA resolution No. 1/6/4902/17 dated 28 September 2017. All title deeds of properties invested by the Fund have been mortgaged in favor of Al Bilad Real Estate Company (a subsidiary of Bank Al Bilad) with a minimum coverage ratio of 175% of the total facilities as a guarantee of the financing granted to the Fund On the condition that the pledge of these deeds will be made after paying the full value of the loan related to Bank Albilad and re-mortgaging those deeds in favor of Al-Rajhi Bank for the loan obtained by the fund during the year (note 9).

8- ACCOUNT RECEIVABLE FROM LEASE, NET

	31 December 2020	31 December 2019
	<u>SAR</u>	<u>SAR</u>
Account receivable from lease	38,090,875	25,072,173
Less;		
Provision for expected credit losses	<u>(6,808,747)</u>	<u>(381,938)</u>
	<u>31,282,128</u>	<u>24,690,235</u>

The movement in the expected credit losses is as of December 31 as follows:

	31 December 2020	31 December 2019
	<u>SAR</u>	<u>SAR</u>
Balance at beginning of the year	381,938	-
Provided during the year	<u>6,426,809</u>	<u>381,938</u>
Balance at end of the year	<u>6,808,747</u>	<u>381,938</u>

9-LONG - TERM LOAN

In 2018, the Fund obtained a credit facility amounting to SAR 300,000,000 from Al Bilad Bank to finance the activities of the Fund. The facility is mortgaged against the title deeds properties invested by the Fund which are registered in the name of Al Bilad Real Estate Company with a minimum coverage ratio of 175% of the total facility. On 19 November 2019, the credit facility was increased to be total facility SAR 600,000,000 SAR The user's balance from the facility as of December 31, 2020, amounted to 342,600,000 Saudi riyals (December 31, 2019: 259,600,000 Saudi riyals), provided that the financing is repaid in one installment after five years from the date of withdrawal, and the fund bears financing fees in the form of Semi-annual. And in the subsequent period, on January 1, 2021, the fund paid an amount of 263,643,081 of the loan due, provided that the full amount of the loan will be paid during February 2021, in accordance with the provisions of the loan agreement concluded with the Bank Albilad and transfer of mortgage of real estate deeds invested in the fund to Al-Rajhi Bank with a coverage ratio of not less than 200% of the value of the total facilities.

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9- LONG - TERM LOAN (CONTINUED)

Also, a credit facility was obtained from Al-Rajhi Bank of SAR 600,000,000 on December 29, 2020, to finance the activities of the fund and repay the balance of the existing loan at Bank Albilad, by guaranteeing the mortgage of the real estate deeds invested in the fund with a coverage ratio of not less than 200% of the value of the total facilities Where the user reached from the facility as on December 31, 2020, an amount of 259,600,000 Saudi riyals, provided that he pays all the amounts due after seven years from the date of the first withdrawal.

The movement in financing facility is as follows:

	31 December 2020	31 December 2019
	SAR	SAR
Balance at beginning of the year	259,600,000	151,000,000
Withdrawn during the year	342,600,000	108,600,000
	602,200,000	259,600,000
Less;		
Deferred financing cost	(605,332)	(1,561,334)
	601,594,668	258,038,666

10- REVENUE RECEIVED IN ADVANCE

Revenue received in advance represents investment properties lease revenue and does not belong to the year ended 31 December 2020 and this revenue amounted to SAR 16,261,031 as of 31 December 2020 (31 December 2019: SAR 18,309,483).

11- RELATED-PARTY TRANSACTIONS

Related parties to the Fund comprise Unitholders, Fund Manager, members of the board of directors, and other funds managed by the Fund Manager. In the ordinary course of business, the Fund transacts with related parties. The related parties' transactions are governed by the regulations issued by CMA. All transactions with the related parties are approved by the Fund's Board of Directors, The Fund pays the Fund Manager a management fee of 1 % per annum calculated on the net assets of the Fund calculated and paid half-yearly for the purpose of calculating management fees is based on the fair value of the investment in real estate properties. (Note 13). The Fund pays the following fees as well:

- Capital structure fees: The Fund Manager or any other party who arranges the capital structure charges the Fund a fee up to 1% of the total of any subscription amounts collected during future offering periods or upon collecting any other subscription amounts, whether in cash (by issuing priority rights) or in kind. The capital structuring fee is paid once, immediately after closing any capital-raising process.
- Finance structure fees: The Fund Manager or any other party charges the Fund a financing structuring fee up to 1% of the total amount withdrawn under any bank facilities.
- Acquisition fee: The Fund Manager charges the Fund a one-time acquisition fee of up to 1% of the sale or acquisition value of any real estate asset throughout the term of the Fund.

A) significant transactions with the related party during the year:

Related party	Nature of transaction	Size of the transaction during the year ended	
		December 31	
		2020	2019
		SAR	SAR
Mulkia Investment Company	Fund management fees	9,824,179	7,955,641
	Acquisition fees	2,015,000	500,000
	Capital structure fees	806,000	-
	Finance structure fees	830,000	325,800
	Expenses paid on behalf	227,885	26,537
Board of Directors	Attendance allowance	30,000	30,000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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11- RELATED-PARTY TRANSACTIONS (Continued)

B) Below are balances due to a related party as of 31 December:

Related party	Nature of transaction	31 December 2020	31 December 2019
		SAR	SAR
Mulkia Investment	Management fees	5,819,259	12,195,860
	Acquisition fee	-	1,450,000
	Finance structure fees	-	778,800
	Expenses paid on behalf	200,949	136,511
		<u>6,020,208</u>	<u>14,561,171</u>

As of 31 December, the Unitholders account does not include any units owned by the Fund Manager (31 December 2019: 900,000 units).

12- ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	31 December 2020	31 December 2019
	SAR	SAR
Finance charges due	4,940,124	6,920,436
Advance payments from clients	1,380,821	-
Accrued fees	61,938	77,783
Accrued expenses	15,000	226,618
Others	50,000	40,000
	<u>6,447,883</u>	<u>7,264,837</u>

13- THE IMPACT ON NET ASSETS IF INVESTMENT PROPERTIES MEASURED AT FAIR VALUE

According to article 22 of Real Estate Investment Funds Regulations issued by the Capital Market Authority in the Kingdom of Saudi Arabia, the Fund Manager is responsible for performing fair valuation to fund assets based on an evaluation prepared by two evaluators. As stated in the Fund's terms and conditions, the net assets value and management fees are calculated based on the market value obtained. According to IFRS endorsed in Saudi Arabia, investment properties are stated at the lower of cost or net realizable value in these financial statements.

The fair value of investment properties is determined based on the evaluation performed by two evaluators: Valie and Partner for Real Estate Valuation and Evaluation (An independent valuer accredited by the Saudi Authority for Accredited Valuers), license No. 1210001114 and Estnad real estate Valuation office, license No. 1210000037 (An independent valuer accredited by the Saudi Authority for Accredited Valuers). As of 31 December 2020, the average valuation of investment properties amounted to SAR 983,20million (31 December 2019:790,47 SAR million).

1- Below is a statement of the unrealized gains from properties that were identified based on real estate valuation processes (fair value) as follows:

	31 December 2020	31 December 2019
	SAR	SAR
Fair value of investment properties	983,195,758	790,472,306
The net carrying amount of investment properties (note 7)	(961,509,113)	(770,003,303)
Unrealized gains determined based on real estate valuation	21,686,645	20,469,003
Issued units	68,108,652	60,000,000
Unit share in unrealized gains based on real estate valuation	0.32	0.34

2- Below is the analysis of net assets using fair value:

	31 December 2020	31 December 2019
	SAR	SAR
Net assets value at cost presented in these financial statements	641,694,929	573,878,182
Unrealized gains determined based on real estate valuation (note 13-1)	21,686,645	20,469,003
Net assets value at fair value	663,381,574	594,347,185

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 FOR THE YEAR ENDED 31 DECEMBER 2020

13- THE IMPACT ON NET ASSETS IF INVESTMENT PROPERTIES MEASURED AT FAIR VALUE
 (CONTINUED)

3- Below is the analysis of net assets per unit using the fair value of properties:

	31 December 2020	31 December 2019
	SAR	SAR
Net assets value per unit at cost presented in these financial statements	9.42	9.56
Impact on net assets value per unit as a result of unrealized gains determined based on real estate valuation (note 13-1)	0.32	0.34
Net assets value per unit at fair value	9.74	9.90

14- LEASES REVENUE OF INVESTMENT PROPERTIES, NET

	31 December 2020	31 December 2019
	SAR	SAR
Revenue of investment properties	76,784,845	58,104,051
(Less):		
Discounts offered to customers	(7,367,287)	-
	69,417,558	58,104,051

15- OTHER REVENUES

	31 December 2020	31 December 2019
	SAR	SAR
Compensations	571,429	-
Murabaha deposits revenue	35,417	878,742
Current accounts revenue	-	28,386
	606,846	907,128

16- FINANCE CHARGES

	31 December 2020	31 December 2019
	SAR	SAR
Interest on long-term bank financing	12,888,557	11,293,904
Amortization of deferred financing expenses	2,056,202	400,151
	14,944,759	11,694,055

17- OTHER ADMINISTRATIVE EXPENSES

	31 December 2020	31 December 2019
	SAR	SAR
Eadaa fees	401,000	413,000
Professional fees	398,128	57,500
Investment properties valuation expenses	218,000	273,450
Insurance expenses	209,631	214,225
Tadawul fees	187,710	140,185
Other	253,732	153,384
	1,668,201	1,251,744

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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18- FAIR VALUE OF FINANCIAL INSTRUMENTS

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. Financial instruments consist of financial assets and financial liabilities.

The Fund follows the following hierarchy to determine the fair value of investment properties and to disclose them:

Level 1: Quoted prices in active markets for the identical property (without adjustment or addition).

Level 2: Quoted prices in an active market for similar assets and liabilities or other valuation techniques, which are all significant inputs based on observable market data:

Level 3: Valuation techniques where significant inputs are not based on observable market data.

The valuation of the fair value of investment properties is at level 3.

19- RISK MANAGEMENT

Credit risk

Credit risk is the risk that one party may fail to discharge an obligation to a financial instrument contract to fulfill its contractual obligations, which leads to the company incurring financial losses. The fund is exposed to credit risk on its balances as follows:

	31 December 2020	31 December 2019
	SAR	SAR
Cash at banks	<u>270,854,096</u>	69,685,530
Account receivable from lease	<u>38,090,875</u>	25,072,173
	<u>308,944,971</u>	<u>94,757,703</u>

Commission rate risk

It is the risk that the value of a financial instrument will fluctuate due to changes in market commission rates in the market. Fund Manager monitors changes in commission rates in the market and their impact on the Fund's activities.

Currency risk

It is the risk that the value of a financial instrument will fluctuate due to changes in foreign currency exchange rates. Fund Manager monitors the currency rate changes and believes that the impact of currency rate changes on the Fund is not significant as the Fund primarily deals in Saudi Riyal.

Liquidity risks

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments that the Fund commits to in the interest of others.

To reduce the liquidity risk and associated losses which may affect the business of the fund, the fund maintains, wherever possible, sufficient highly liquid current assets in all business conditions. The fund avoids financing long-term capital requirements and its activities related to current accounts with related parties through short-term borrowings. The fund has a highly dynamic cash flow policy and a system by which it can estimate the maturity dates of its liabilities and develop appropriate plans to provide the required funding to meet these liabilities in a timely manner.

Below are the maturities of assets and liabilities as of 31 December 2020 and 31 December 2019:

	less than one	From 1 year to	More than	Total
	year	5 years	5 years	SAR
	SAR	SAR	SAR	
31 December 2020				
Assets				
Account receivable from lease	38,090,875	-	-	38,090,875
accrued revenue	-	-	7,446,394	7,446,394
Prepaid expenses and other debit balances	926,988	-	-	926,988
Total	<u>39,017,863</u>	<u>-</u>	<u>7,446,394</u>	<u>46,464,257</u>
Liabilities				
Long-term loan	342,513,868	-	259,080,800	601,594,668
Revenue received in advance	16,261,031	-	-	16,261,031
Due to a related party	6,020,208	-	-	6,020,208
Accrued expenses and other credit balances	6,447,883	-	-	6,447,883
Total	<u>371,242,990</u>	<u>-</u>	<u>259,080,800</u>	<u>630,323,790</u>

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19- RISK MANAGEMENT (CONTINUED)

31 December 2019	less than one year SAR	From 1 year to 5 years SAR	More than 5 years SAR	Total SAR
Assets				
Account receivable from lease	25,072,173	-	-	25,072,173
accrued revenue	-	-	5,042,226	5,042,226
Prepaid expenses and other debit balances	2,631,045	-	-	2,631,045
Total	27,703,218	-	5,042,226	32,745,444
Liabilities				
Long-term loan	-	258,038,666	-	258,038,666
Revenue received in advance	18,309,483	-	-	18,309,483
Due to a related party	14,561,171	-	-	14,561,171
Accrued expenses and other credit balances	7,264,837	-	-	7,264,837
Total	40,135,491	258,038,666	-	298,174,157

20- Dividend

During the year ended December 31, 2020, the fund manager decided to distribute profits totaling 31,021,730 Saudi riyals, as those distributions were made in four installments during the year (31 December 2019: 40,800,000 Saudi riyals).

21- LAST VALUATION DATE

The last evaluation day of the year was 31 December 2020 (for the year ended 31 December 2019: 31 December 2019).

22- GENERAL

The figures in these accompanying financial statements are rounded to the nearest Saudi Riyal.

23- IMPORTANT MATTERS DURING THE YEAR

Due to the spread of coronavirus (COVID-19) in the region and in the world, which is considered a pandemic disrupting commercial and economic activities internationally and locally in the Kingdom Further, the Fund Manager is unable to determine the future impact of such events on the financial statements of the Fund and its results as they are linked to decisions of the government. It is not possible to determine the extent of this crisis, and government officials will continue to monitor the situation and provide stakeholders with developments as required by the laws and regulations.

24- SUBSEQUENT EVENTS

In the opinion of the management, there were no other significant events after 31 December 2020 that are expected to have a significant impact on these financial statements as of 31 December 2020.

25- APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the board of directors of the Fund on 12 Rajab 1442 H (February 24, 2021).