

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

**CONDENSED INTERIM FINANCIAL  
STATEMENTS (UNAUDITED)  
AND REPORT ON REVIEW**

**FOR THE SIX-MONTH PERIOD ENDED  
30 JUNE 2020**

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

**Introduction:**

We have reviewed the accompanying condensed interim statement of financial position of Jadwa REIT Saudi Fund (the "Fund") as at 30 June 2020, and the related condensed interim statements of comprehensive income, cash flows and changes in net assets for six-month period ended 30 June 2020, 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.

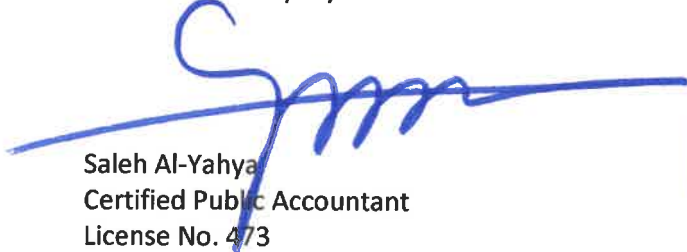
**Scope of Review:**

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  
License No. 473



Riyadh: 4 Muharram 1442 H  
(23 August 2020)

Jadwa REIT Saudi Fund  
(Managed by Jadwa Investment Company)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2020

	Note	30 June 2020 (Unaudited) SR	31 December 2019 (Audited) SR
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investment properties	5	1,592,625,463	1,611,861,724
Deferred charges	8	6,112,921	7,100,977
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,598,738,384</b>	<b>1,618,962,701</b>
<b>CURRENT ASSETS</b>			
Rent receivables		31,117,720	25,479,039
Prepayments and other assets		200,000	7,135,159
Cash and cash equivalents	7	25,439,910	29,412,753
<b>TOTAL CURRENT ASSETS</b>		<b>56,757,630</b>	<b>62,026,951</b>
<b>TOTAL ASSETS</b>		<b>1,655,496,014</b>	<b>1,680,989,652</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long-term loan	8	123,122,500	127,772,500
<b>CURRENT LIABILITIES</b>			
Due to related parties	12	355,950	2,342,815
Unearned rental income		6,357,460	2,267,943
Accrued management fee	12	6,600,912	6,664,092
Accruals and other liabilities	9	1,147,170	1,243,947
Provision for legal claim	10	3,000,000	3,000,000
<b>TOTAL CURRENT LIABILITIES</b>		<b>17,461,492</b>	<b>15,518,797</b>
<b>TOTAL LIABILITIES</b>		<b>140,583,992</b>	<b>143,291,297</b>
<b>NET ASSETS</b>		<b>1,514,912,022</b>	<b>1,537,698,355</b>
Units in issue		158,000,000	158,000,000
Per unit value		9.59	9.73
Per unit fair value	6	11.18	11.17

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

Jadwa REIT Saudi Fund  
(Managed by Jadwa Investment Company)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
For the six-month period ended 30 June 2020

		<i>For the six-month period ended</i>	
		<b>30 June</b>	<b>30 June</b>
		<b>2020</b>	<b>2019</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Note</i>	<b>SR</b>	<b>SR</b>
<b>INCOME</b>			
Rental revenue from investment properties		<b>66,635,539</b>	65,553,782
<b>EXPENSES</b>			
Depreciation	5	<b>(19,236,261)</b>	(18,125,436)
Management fees	12	<b>(6,612,676)</b>	(6,521,630)
General and administrative expenses	11	<b>(1,496,005)</b>	(1,170,753)
Amortisation of deferred charges	8	<b>(988,056)</b>	(1,900,109)
		<b>(28,332,998)</b>	(27,717,928)
<b>OPERATING PROFIT</b>		<b>38,302,541</b>	37,835,854
Finance charges	12	<b>(2,628,874)</b>	(610,727)
<b>NET INCOME FOR THE PERIOD</b>		<b>35,673,667</b>	37,225,127
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>35,673,667</b>	37,225,127

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

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

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**

For the six-month period ended 30 June 2020

		<i>For the six-month period ended</i>	
		<b>30 June</b>	<b>30 June</b>
		<b>2020</b>	<b>2019</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Note</i>	<b>SR</b>	<b>SR</b>
<b>OPERATING ACTIVITIES</b>			
Net income for the period		<b>35,673,667</b>	37,225,127
Adjustments for non-cash and other items:			
Depreciation	5	<b>19,236,261</b>	18,125,436
Amortisation of deferred charges	8	<b>988,056</b>	1,900,109
Finance charges	8	<b>2,628,874</b>	610,727
		<b>58,526,858</b>	57,861,399
Changes in operating assets and liabilities:			
Rent receivables		<b>(5,638,681)</b>	(6,979,541)
Prepayments and other assets		<b>6,935,159</b>	10,114,082
Due to related parties		<b>(772,798)</b>	577,066
Unearned rental income		<b>4,089,517</b>	-
Accrued management fee		<b>(63,180)</b>	(97,523)
Accrued expenses and other liabilities		<b>(96,777)</b>	369,284
		<b>62,980,098</b>	61,844,767
Finance charges paid		<b>(3,842,941)</b>	-
Net cash from operating activities		<b>59,137,157</b>	61,844,767
<b>INVESTING ACTIVITY</b>			
Purchase of investment properties	5	-	(25,817,187)
Net cash used in investing activity		-	(25,817,187)
<b>FINANCING ACTIVITIES</b>			
Dividends distributed	15	<b>(58,460,000)</b>	(56,880,000)
Loan repayment	8	<b>(4,650,000)</b>	-
Loan proceeds	8	-	27,100,000
Deferred charges	8	-	(10,000,000)
Net cash used in financing activities		<b>(63,110,000)</b>	(39,780,000)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(3,972,843)</b>	(3,752,420)
Cash and cash equivalents at the beginning of the period		<b>29,412,753</b>	20,459,428
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		<b>25,439,910</b>	16,707,008

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

Jadwa REIT Saudi Fund  
 (Managed by Jadwa Investment Company)

CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS (UNAUDITED)

For the six-month period ended 30 June 2020

		<i>For the six-month period ended</i>	
		<b>30 June</b>	<b>30 June</b>
		<b>2020</b>	<b>2019</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Note</i>	<b>SR</b>	<b>SR</b>
<b>Net asset value attributed to the unitholders at beginning of the period</b>		<b>1,537,698,355</b>	<b>1,574,808,862</b>
<b>Comprehensive income</b>			
Net income for the period		<b>35,673,667</b>	<b>37,225,127</b>
Other comprehensive income for the period		<b>-</b>	<b>-</b>
Total comprehensive income for the period		<b>35,673,667</b>	<b>37,225,127</b>
Dividend distribution	15	<b>(58,460,000)</b>	<b>(56,880,000)</b>
<b>Net asset value attributed to the unitholders at end of the period</b>		<b>1,514,912,022</b>	<b>1,555,153,989</b>

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

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

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) 30 June 2020

### 1 GENERAL

Jadwa REIT Saudi Fund (the "Fund") is a closed-ended Shariah compliant real estate investment traded fund. The Fund operates in accordance with Real Estate Investment Fund Regulations ("REIFR") and Real Estate Investment Traded Funds ("REITF") Instructions issued by the Capital Market Authority ("CMA"). The Fund is listed on Saudi Stock Exchange ("Tadawul") and the units of the Fund started to be traded on Tadawul in accordance with its rules and regulations. The Capital of the Fund is SR 1,580,000,000 divided into 158,000,000 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").

The following entities have been established and approved by the CMA as special purpose vehicles (the "SPVs") for the beneficial interest of the Fund:

1. Real Estate Development Areas Company, a Limited Liability Company with commercial registration number 1010385322.
2. Jadwa Al Masha'ar Real Estate Company, a Limited Liability Company with commercial registration number 1010495554.

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

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

### 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 Saudi Fund  
(Managed by Jadwa Investment Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
(continued)  
30 June 2020

**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 2019.

**4.1 Standards and amendments to existing standards effective 1 January 2020**

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2020 that have a material effect on the financial statements of the Fund.

**4.2 New standards, amendments and interpretations effective after 1 January 2020 and have not been early adopted**

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

<u>Standards / amendments to standards / interpretations</u>	<u>Effective date</u>
<i>Reference to the Conceptual Framework (Amendments to IFRS 3)</i>	1 January 2022
<i>Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)</i>	1 January 2022
<i>Annual Improvements to IFRS Standards 2018–2020</i>	1 January 2022
<i>Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)</i>	1 January 2022
<i>Classification of Liabilities as Current or Non-current (Amendments to IAS 1)</i>	1 January 2023
<i>IFRS 17 Insurance Contracts</i>	1 January 2023

**5 INVESTMENT PROPERTIES**

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

**30 June 2020 (Unaudited)**

<i>Description</i>	<i>Cost SR</i>	<i>Accumulated depreciation SR</i>	<i>Net book value SR</i>
Land	499,871,870	-	499,871,870
Alyaum Newspaper Tower	160,173,955	8,081,876	152,092,079
Almareefa University for Science & Technology	98,817,662	7,032,536	91,785,126
Al-Sulay Warehouse	147,534,425	13,792,641	133,741,784
Marvela Residential Compound	492,696,838	44,401,561	448,295,277
Al Fanar Residential & Commercial Compound	205,902,564	16,559,183	189,343,381
Rawd Aljinan School	19,016,563	853,360	18,163,203
Aber Al Yasmin Hotel	19,870,771	396,803	19,473,968
Olaya Court Tower	40,670,939	812,164	39,858,775
	<b>1,684,555,587</b>	<b>91,930,124</b>	<b>1,592,625,463</b>



Jadwa REIT Saudi Fund  
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
(continued)  
30 June 2020

**5 INVESTMENT PROPERTIES (continued)**

*31 December 2019 (Audited)*

<i>Description</i>	<i>Cost SR</i>	<i>Accumulated depreciation SR</i>	<i>Net book value SR</i>
Land	499,871,870	-	499,871,870
Alyaum Newspaper Tower	160,173,955	6,406,590	153,767,365
Almareefa University for Science & Technology	98,817,662	5,613,850	93,203,812
Al-Sulay Warehouse	147,534,425	11,043,177	136,491,248
Marvela Residential Compound	492,696,838	35,550,428	457,146,410
Al Fanar Residential & Commercial Compound	205,902,564	13,258,229	192,644,335
Rawd Aljinan School	19,016,563	556,964	18,459,599
Aber Al Yasmin Hotel	19,870,771	86,855	19,783,916
Olaya Court Tower	40,670,939	177,770	40,493,169
	<u>1,684,555,587</u>	<u>72,693,863</u>	<u>1,611,861,724</u>

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

**5.2** Freehold land comprises of the lands acquired on which the buildings are built. The Fund acquired properties in Riyadh, Al Khobar and Dammam with an aggregate area of 387,442.39 square meters of land (31 December 2019: 387,442.39 square meters).

**5.3** Brief details of the investment properties follow:

**5.3.1 *Alyaum Newspaper Tower***

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

**5.3.2 *Almareefa University for Science & Technology***

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

**5.3.3 *Al-Sulay Warehouse***

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

**5.3.4 *Marvela Residential Compound***

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

**5.3.5 *Al Fanar Residential & Commercial Compound***

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

**5.3.6 *Rawd Aljinan School***

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

**5.3.7 *Aber Al Yasmin Hotel***

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

**5.3.8 *Olaya Court Tower***

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

Jadwa REIT Saudi Fund  
(Managed by Jadwa Investment Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
(continued)  
30 June 2020

**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. White Cubes and ValuStrat Consulting. As at reporting date, the valuation of investment properties are as follows:

<u>30 June 2020 (Unaudited)</u>	<i>Appraiser 1</i> SR	<i>Appraiser 2</i> SR	<i>Average</i> SR
Alyaum Newspaper Tower	337,000,000	297,200,000	317,100,000
Almareefa University for Science & Technology	235,430,000	213,300,000	224,365,000
Al-Sulay Warehouse	266,700,000	235,300,000	251,000,000
Marvela Residential Compound	645,000,000	645,200,000	645,100,000
Al Fanar Residential & Commercial Compound	268,300,000	259,700,000	264,000,000
Rawd Aljinan School	31,250,000	31,000,000	31,125,000
Aber Al Yasmin Hotel	39,640,000	35,900,000	37,770,000
Olaya Court Tower	77,420,000	70,000,000	73,710,000
	<u>1,900,740,000</u>	<u>1,787,600,000</u>	<u>1,844,170,000</u>
<u>31 December 2019 (Audited)</u>	<i>Appraiser 1</i> SR	<i>Appraiser 2</i> SR	<i>Average</i> SR
Alyaum Newspaper Tower	318,000,000	288,900,000	303,450,000
Almareefa University for Science & Technology	228,500,000	220,700,000	224,600,000
Al-Sulay Warehouse	276,000,000	235,300,000	255,650,000
Marvela Residential Compound	645,000,000	645,200,000	645,100,000
Al Fanar Residential & Commercial Compound	268,300,000	259,700,000	264,000,000
Rawd Aljinan School	31,250,000	31,000,000	31,125,000
Aber Al Yasmin Hotel	44,200,000	40,000,000	42,100,000
Olaya Court Tower	77,420,000	70,000,000	73,710,000
	<u>1,888,670,000</u>	<u>1,790,800,000</u>	<u>1,839,735,000</u>

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

Jadwa REIT Saudi Fund  
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
(continued)  
30 June 2020

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

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:

	<b>30 June 2020 (Unaudited) SR</b>	<b>31 December 2019 (Audited) SR</b>
Fair value of investments in real estate properties	<b>1,844,170,000</b>	1,839,735,000
Less: Carrying value of investments in real estate properties (note 5)	<b>1,592,625,463</b>	1,611,861,724
Unrealised gain based on fair value evaluation	<b>251,544,537</b>	227,873,276
Units in issue	<b>158,000,000</b>	158,000,000
Per unit share in unrealised gain based on fair value evaluation	<b>1.59</b>	1.44

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

	<b>30 June 2020 (Unaudited) SR</b>	<b>31 December 2019 (Audited) SR</b>
Net asset value at cost, as presented in these financial statements	<b>1,514,912,022</b>	1,537,698,355
Unrealised gain based on real estate evaluations (note 6.i.)	<b>251,544,537</b>	227,873,276
Net asset based on fair value	<b>1,766,456,559</b>	1,765,571,631

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

	<b>30 June 2020 (Unaudited) SR</b>	<b>31 December 2019 (Audited) SR</b>
Net asset value per unit, at cost as presented in these financial statements	<b>9.59</b>	9.73
Impact on net asset value per unit on account of unrealised gain based on fair value evaluations (note 6.i.)	<b>1.59</b>	1.44
Net asset value per unit at fair value	<b>11.18</b>	11.17

**7 CASH AND CASH EQUIVALENTS**

As of 30 June 2020, seven bank accounts are maintained with Banque Saudi Fransi under the name of the SPVs with a total balance of SR 14,365,703 (31 December 2019: five bank accounts with a total balance of SR 22,408,786).

Jadwa REIT Saudi Fund  
(Managed by Jadwa Investment Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
(continued)  
30 June 2020

**8 LONG-TERM LOAN AND DEFERRED CHARGES**

On 1 October 2018, BSF has extended an Islamic finance facility to one of the SPVs, Real Estate Development Areas Company, amounting to SR 1,000,000,000 for the purposes of financing the real estate investments of the Fund. The SPV has made an arrangement with the Fund under a long-term loan agreement to lend all the loan proceeds availed by it under the facility to the Fund on terms and conditions same as that of the facility.

The facility and correspondingly the loan is available until 1 October 2021 and is repayable in full on 31 July 2023. As at 30 June 2020, the Fund has drawn SR 123,122,500 (31 December 2019: SR 127,772,500) from the facility.

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

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

	<i>For the six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2020</i>	<i>2019</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR</i>	<i>SR</i>
At beginning of the period	127,772,500	-
Proceeds from loans	-	27,100,000
Repayment of loans	(4,650,000)	-
At end of the period	<u>123,122,500</u>	<u>27,100,000</u>

Finance charges for the period ended 30 June 2020 amounted to SR 2,628,874 (2019: SR 610,727) which are reflected under the statement of comprehensive income.

Fees charged by the Bank for loan servicing amounting to 1.0% of the loan facility, which is equivalent to SR 10,000,000, has been capitalised as 'Deferred charges' in the statement of financial position and is amortised over the period of the loan facility.

The movement in the deferred charges is as follows:

	<i>For the six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2020</i>	<i>2019</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR</i>	<i>SR</i>
At beginning of the period	7,100,977	-
Additions during the period	-	10,000,000
Amortisation charged during the period	(988,056)	(1,900,109)
At end of the period	<u>6,112,921</u>	<u>8,099,891</u>

Jadwa REIT Saudi Fund  
(Managed by Jadwa Investment Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
(continued)  
30 June 2020

**9 ACCRUALS AND OTHER LIABILITIES**

	<b>30 June 2020 (Unaudited) SR</b>	<b>31 December 2019 (Audited) SR</b>
Output value-added tax	832,923	979,109
Custody fee	160,000	80,658
Professional fees	48,000	68,001
Property valuation fees	76,410	49,059
Administration fee	29,837	29,664
Legal fees	-	21,000
Independent board member fee (i)	-	10,000
Others	-	6,456
	<b>1,147,170</b>	<b>1,243,947</b>

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

**10 PROVISION FOR LEGAL CLAIM**

As of 30 June 2020 and 31 December 2019, the Fund has provision for legal claim amounting to SR 3,000,000 which was filed against the Fund relating to a dispute in one of its investment properties. The Fund is currently pleading it but the final outcome of such case is not certain yet.

**11 GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>30 June 2020 (Unaudited) SR</b>	<b>30 June 2019 (Audited) SR</b>
Indirect tax	327,225	373,950
Registration fees	200,000	200,000
Professional fees	188,482	100,250
Insurance fee	174,328	73,472
Custody fee	160,000	154,959
Listing fees	149,180	148,767
Property valuation fees	106,580	49,044
Legal fees	71,972	8,000
Administration fee	60,396	58,500
Others	57,842	3,811
	<b>1,496,005</b>	<b>1,170,753</b>

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**12 RELATED PARTY TRANSACTIONS AND BALANCES**

**12.1 Related party transactions**

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

Name of related party	Nature of relationship	Nature of transaction	Amount of transactions	
			30 June 2020 (Unaudited) SR	30 June 2019 (Unaudited) SR
Jadwa Investment Company	Fund Manager	Management fee (i) Transaction fee for acquisition of properties	6,612,676 -	6,521,630 192,188
AbdulKadir Al Muhaidib & Sons Co.	Unitholder	Rental revenue from investment properties	41,443,447	44,692,124
Almareefa University for Science & Technology	Unitholder	Rental revenue from investment properties	-	7,934,246
Real Estate Development Areas Company	SPV	Finance charges	2,628,874	610,727

As of 30 June 2020, Almareefa University for Science & Technology no longer holds units in the Fund.

**i. Management fee**

In consideration for managing the assets of the Fund, the Fund Manager in accordance with the Terms and Conditions of the Fund charges the Fund a management fee equal to 0.75% of the net asset market value of the Fund calculated and payable semi-annually in arrears.

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

**12.2 Related party balances**

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

**a. Amounts due to related parties**

	30 June 2020 (Unaudited) SR	31 December 2019 (Audited) SR
Unitholders - Unpaid dividends	283,938	208,789
Jadwa Investment Company	72,012	919,958
Real Estate Development Areas Company	-	1,214,068
	<u>355,950</u>	<u>2,342,815</u>

**b. Accrued management fee**

	30 June 2020 (Unaudited) SR	31 December 2019 (Audited) SR
Jadwa Investment Company	<u>6,600,912</u>	<u>6,664,092</u>

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**13 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

All financial instruments 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

**13.1 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.

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

**13.2 Non-financial assets**

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

<b><u>30 June 2020 (Unaudited)</u></b>	<b>Level 1 SR</b>	<b>Level 2 SR</b>	<b>Level 3 SR</b>	<b>Total SR</b>
Marvela Residential Compound	-	645,100,000	-	645,100,000
Alyaum Newspaper Tower	-	317,100,000	-	317,100,000
Al Fanar Residential & Commercial Compound	-	264,000,000	-	264,000,000
Al-Sulay Warehouse	-	251,000,000	-	251,000,000
Almareefa University for Science & Technology	-	224,365,000	-	224,365,000
Olaya Court Tower	-	73,710,000	-	73,710,000
Aber Al Yasmin Hotel	-	37,770,000	-	37,770,000
Rawd Aljnan School	-	31,125,000	-	31,125,000
	-	<b>1,844,170,000</b>	-	<b>1,844,170,000</b>

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

<u>31 December 2019 (Audited)</u>	<i>Level 1</i> SR	<i>Level 2</i> SR	<i>Level 3</i> SR	<i>Total</i> SR
Marvela Residential Compound	-	645,100,000	-	645,100,000
Alyaum Newspaper Tower	-	303,450,000	-	303,450,000
Al Fanar Residential & Commercial Compound	-	264,000,000	-	264,000,000
Al-Sulay Warehouse	-	255,650,000	-	255,650,000
Almareefa University for Science & Technology	-	224,600,000	-	224,600,000
Olaya Court Tower	-	73,710,000	-	73,710,000
Aber Al Yasmin Hotel	-	42,100,000	-	42,100,000
Rawd Aljinan School	-	31,125,000	-	31,125,000
	-	1,839,735,000	-	1,839,735,000
		1,839,735,000		1,839,735,000

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

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

The fair values of investment properties were assessed by ValuStrat Consulting 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 the 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).

**14 OPERATING SEGMENT**

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

**15 DIVIDENDS DISTRIBUTION**

On 13 January 2020, the Fund Manager approved to distribute dividends to the unitholders for the period from 1 October 2019 to 31 December 2019 for an amount of SR 30,020,000 in accordance with the terms and conditions of the Fund which was at least 90% of the Fund's annual net profits.

On 4 May 2020, the Fund Manager approved to distribute dividends to the unitholders for the period from 1 January 2020 to 31 March 2020 for an amount of SR 28,440,000 in accordance with the terms and conditions of the Fund which was at least 90% of the Fund's annual net profits.



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**30 June 2020**

**16 IMPACT OF COVID-19**

At the beginning of the year 2020, the presence of Coronavirus disease ("COVID-19") was confirmed, which spread all over the world causing disturbance of commercial and economic activities. Accordingly, on 21 April 2020, the Fund has received a number of requests from some tenants to provide concession on the due rents until the end of precautionary measures that were implemented to contain the spread of COVID-19 outbreak aiming to protect citizens and residents by closing of commercial complexes until further notice in addition to a full curfew. The Fund Manager evaluates these requests on a case-by-case basis subject to the regularity and contractual procedures in a manner that protects the interests of the unitholders in the short and long term.

Accordingly, the Fund Manager has successfully addressed the requests and reduced the rent for four of its properties. The impact of rent concession on rental revenue from investment properties for the period ended 30 June 2020 amounted to SR 3,935,595.

The Fund continues to determine net asset values with the frequency as set out in the offering documents, consistently applying valuation policies and reflective of prevailing market conditions. In determining the investment property valuations as of 30 June 2020, the Fund has considered the potential impact (based on the best available information) of the uncertainties caused by the COVID-19 pandemic and has taken into account the economic and relief measures it has to extend to its tenants.

Any changes made to valuations to estimate the overall impact of COVID-19 is subject to very high levels of uncertainty, as little reasonable and supportable forward-looking information is currently available on which to base those changes.

As with any economic forecasts, the projections and likelihoods of the occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

**17 SUBSEQUENT EVENTS**

On 5 July 2020, the Fund has entered into a new lease contract for the retail component under the hotel property Aber Al Yasmin with lease term of 10 years. The contract will start on 1 January 2021 and end on 31 December 2030. Accordingly, the property will be occupied by two tenants who operates in the hospitality sector and the pharmacy sector.

On 28 July 2020, the Fund Manager approved to distribute dividends to the unitholders for the period from 1 April 2020 to 30 June 2020 for an amount of SR 28,440,000 in accordance with the terms and conditions of the Fund which was at least 90% of the Fund's annual net profits.

**18 LAST VALUATION DAY**

The last valuation day of the period was 30 June 2020.

**19 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Fund's Board on 4 Muharram 1442 H (corresponding to 23 August 2020).