

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

INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

AND INDEPENDENT AUDITOR'S REVIEW REPORT

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

Introduction:

We have reviewed the accompanying interim condensed statement of financial position of Jadwa REIT Al Haramain Fund (the "Fund") as at 30 June 2023, and the related interim condensed statements of comprehensive income, cash flows and changes in equity for the six-month period ended 30 June 2023, and a summary of significant accounting policies and other explanatory notes. The Fund Manager is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standards 34 - "Interim Financial Reporting" (IAS 34), that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review:

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion:

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

for Alluhaid & Alyahya Chartered Accountants


Turki A. Alluhaid
Certified Public Accountant
License No. 438

Riyadh: 27 Muharram 1445H
(14 August 2023)



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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
ASSETS			
NON-CURRENT ASSETS			
Investment properties	5	650,312,922	656,327,901
Financial assets at fair value through profit or loss ("FVTPL")	7	58,300,000	57,800,000
TOTAL NON-CURRENT ASSETS		708,612,922	714,127,901
CURRENT ASSETS			
Prepayments and other assets	8	204,025	844,702
Rent receivables		24,472,718	18,895,975
Cash and cash equivalents		16,054,246	17,911,955
TOTAL CURRENT ASSETS		40,730,989	37,652,632
TOTAL ASSETS		749,343,911	751,780,533
LIABILITIES			
CURRENT LIABILITIES			
Due to related parties	11	5,177,606	4,369,726
Management fees payable	11	-	1,035,377
Accrued expenses and other liabilities	10	5,059,493	5,001,290
TOTAL CURRENT LIABILITIES		10,237,099	10,406,393
NON-CURRENT LIABILITIES			
Long-term loan	9	250,872,972	250,622,326
TOTAL LIABILITIES		261,110,071	261,028,719
EQUITY			
Net assets attributable to unitholders		488,233,840	490,751,814
TOTAL LIABILITIES AND EQUITY		749,343,911	751,780,533
Units in issue (in units)		66,000,000	66,000,000
Per unit value		7.40	7.44
Per unit fair value	6	7.40	7.55

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

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

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2023

		<i>For the six-month period ended</i>	
		30 June	30 June
		2023	2022
		(Unaudited)	(Unaudited)
	<i>Notes</i>	SR	SR
INCOME			
Rental income from investment properties		17,886,501	911,223
Gain on financial assets at FVTPL	7	500,000	28,249
Dividend income	7	4,500,000	1,500,000
		<hr/>	<hr/>
		22,886,501	2,439,472
EXPENSES			
Depreciation	5	(5,757,744)	(5,871,858)
Amortisation of transaction cost	9	(250,646)	(660,716)
General and administrative expenses	12	(3,160,049)	(669,566)
		<hr/>	<hr/>
		(9,168,439)	(7,202,140)
OPERATING PROFIT (LOSS)		13,718,062	(4,762,668)
Finance charges	9	(8,716,620)	(4,069,068)
INCOME (LOSS) FOR THE PERIOD BEFORE IMPAIRMENT		5,001,442	(8,831,736)
Impairment loss on investment properties	5	(7,519,416)	(44,531,502)
NET LOSS FOR THE PERIOD		(2,517,974)	(53,363,238)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(2,517,974)	(53,363,238)

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

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2023

	Notes	For the six-month period ended	
		30 June 2023 (Unaudited) SR	30 June 2022 (Unaudited) SR
OPERATING ACTIVITIES			
Net loss for the period		(2,517,974)	(53,363,238)
Adjustments to reconcile net loss to net cash flows:			
Depreciation on investment properties	5	5,757,744	5,871,858
Amortisation of transaction cost	9	250,646	660,716
Finance charges	9	8,716,620	4,069,068
Impairment loss on investment properties	5	7,519,416	44,531,502
Net gain on financial assets at FVTPL	7	(500,000)	(28,249)
		19,226,452	1,741,657
Changes in operating assets and liabilities:			
Decrease (increase) in prepayments and other assets		640,677	(971,422)
(Increase) decrease in rent receivables		(5,576,743)	15,378,331
Decrease in management fees payable		(1,035,377)	-
Increase in accrued expenses and other liabilities		58,203	859,155
Increase in due to related parties		-	686,740
		13,313,212	17,694,461
Finance charges paid		(7,908,740)	(2,649,985)
		5,404,472	15,044,476
INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at FVTPL		-	1,500,000
Additions to investment properties		(7,262,181)	(6,137,711)
		(7,262,181)	(4,637,711)
Net (decrease) increase in cash and cash equivalents		(1,857,709)	10,406,765
Cash and cash equivalents at beginning of the period		17,911,955	20,603,604
Cash and cash equivalents at end of the period		16,054,246	31,010,369

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

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

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2023

	For the six-month period ended	
	30 June	30 June
	2023	2022
	(Unaudited)	(Unaudited)
	SR	SR
Equity attributed to the unitholders at beginning of the period	490,751,814	539,258,158
Comprehensive loss		
Net loss for the period	(2,517,974)	(53,363,238)
Other comprehensive loss for the period	-	-
Total comprehensive loss for the period	(2,517,974)	(53,363,238)
Equity attributed to the unitholders at end of the period	488,233,840	485,894,920

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2023

1 CORPORATE INFORMATION

Jadwa REIT Al Haramain Fund (the "Fund") is a closed-ended Shariah compliant real estate investment traded fund. The Fund operates in accordance with Real Estate Investment Fund Regulations ("REIFR") and Real Estate Investment Traded Funds ("REITF") Instructions issued by the Capital Market Authority ("CMA"). The Fund is listed on Saudi Stock Exchange ("Tadawul") and the units of the Fund started to be traded on Tadawul in accordance with its rules and regulations. The Capital of the Fund is SR 660,000,000 divided into 66,000,000 units of SR 10 each. The Fund has a term of 99 years, which is extendable at the discretion of the Fund Manager following the approval of the CMA.

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

The Fund is being managed by Jadwa Investment Company (the "Fund Manager"), a Saudi Arabian closed joint stock company with commercial registration number 1010228782, and a Capital Market Institution licensed by the CMA under license number 06034-37.

Jadwa Al Khalil Real Estate Company, a Limited Liability Company with commercial registration number 1010495553, has been established and approved by the CMA as a special purpose vehicle (the "SPV") for the beneficial interest of the Fund. The SPV owns all the assets of the Fund and its has entered into contractual obligations arrangements on behalf of the Fund.

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

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.

During 2022, the Fund Manager entered into a management and operation contract with Emaar Al Diyafa Hotels Company for the purpose of managing and operating Tharawat Al Andalusia Hotel and Tharawat Al Taqwa Hotel. The contract also includes the responsibilities of marketing, maintenance and supervision of the property. The related fees is based on percentage of net profit from the property.

2 REGULATING AUTHORITY

The Fund operates in accordance with Real Estate Investment Fund Regulations ("REIFR") and Real Estate Investment Traded Funds ("REITF") instructions issued by the CMA, the regulations detail the requirements for real estate funds and traded real estate funds within the Kingdom of Saudi Arabia.

3 BASIS OF PREPARATION

3.1 *Statement of compliance*

These interim condensed financial statements ("financial statements") have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting Standards ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These financial statements do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the Fund's annual financial statements for the year ended 31 December 2022.

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

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

3 BASIS OF PREPARATION (continued)

3.1 Statement of compliance (continued)

The Fund manager has prepared the interim condensed financial statements on the basis that the Fund will continue to operate as a going concern. The Fund Manager considers that there are no material uncertainties that may doubt significant over this assumption. They have formed a judgement that there is a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, using accrual basis of accounting and the going concern concept, except for financial assets at fair value through profit or loss ("FVTPL") which are recorded at fair value.

3.3 Use of estimates

In the ordinary course of business, the preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are reviewed and affected in future periods.

3.4 Functional and presentation currency

These financial statements are presented in Saudi Riyals ("SR"), which is the functional currency of the Fund. All financial information has been rounded off to the nearest SR.

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are consistent with those used and disclosed in the financial statements of the Fund for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023:

4.1 New standards, interpretations and amendments adopted by the Fund

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

Standards / amendments to standards / interpretations	Effective date
IFRS 17 Insurance Contracts	1 January 2023
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023

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

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

In the opinion of the Fund Manager, these standards, amendments to standards and interpretations will clearly not impact the Fund. The Fund intends to adopt these standards, if applicable, when they become effective.

5 INVESTMENT PROPERTIES

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

30 June 2023 (Unaudited)

<i>Description</i>	<i>Cost SR</i>	<i>Accumulated depreciation SR</i>	<i>Accumulated impairment SR</i>	<i>Net book value SR</i>
Tharawat Al Andalusia Hotel	381,443,226	42,681,974	37,446,827	301,314,425
Tharawat Al Taqwa Hotel	250,000,000	30,612,922	13,959,231	205,427,847
3-Star Hotel, Makkah	181,298,015	-	59,591,865	121,706,150
Retail Building	23,000,000	100,000	1,035,500	21,864,500
	<u>835,741,241</u>	<u>73,394,896</u>	<u>112,033,423</u>	<u>650,312,922</u>

31 December 2022 (Audited)

<i>Description</i>	<i>Cost SR</i>	<i>Accumulated depreciation SR</i>	<i>Accumulated impairment SR</i>	<i>Net book value SR</i>
Tharawat Al Andalusia Hotel	381,443,226	39,371,641	31,426,684	310,644,901
Tharawat Al Taqwa Hotel	250,000,000	28,165,511	-	221,834,489
3-Star Hotel, Makkah	174,035,834	-	71,992,150	102,043,684
Retail Building	23,000,000	100,000	1,095,173	21,804,827
	<u>828,479,060</u>	<u>67,637,152</u>	<u>104,514,007</u>	<u>656,327,901</u>

The useful lives of the investment properties as estimated by an independent valuator range from 3 to 32 years.

During the period ended 30 June 2023, the Fund recognised depreciation amounting to SR 5,757,744 (2022: SR 5,871,858).

All of the investment properties are built on freehold land. Freehold land along with the properties are kept in the custody of Albilad Capital. The Fund acquired properties in Makkah in different locations with an aggregate area of 3,227.2 square meter of land.

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

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

5 INVESTMENT PROPERTIES

5.1 Brief details of the investment properties follow:

5.1.1 Tharawat Al Andalusia Hotel

This property is a fully constructed and operated hotel located in Al Misfalah District, being situated approximately 0.5 km away from Holy Mosque, benefitting from a direct view over Ibrahim Al-Khalil Road.

5.1.2 Tharawat Al Taqwa Hotel

This property is a fully constructed pilgrim accommodation hotel located in Shisha District north of the intersection between the major Al Hajj Road and King Fahad Road.

5.1.3 3-Star Hotel, Makkah

This property is a fully constructed hotel located in Al Misfalah District, being situated approximately 0.6 km away from Holy Mosque, benefitting from a direct view over Ibrahim Al-Khalil Road.

5.1.4 Retail Building

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

5.1.5 These investment properties have been pledged with Albilad Bank in order to secure a debt facility obtained by the SPV for the purposes of the Fund.

5.2 Impairment of investment properties

The investment properties were tested for impairment and the management noted the carrying amounts of all of the properties (31 December 2022: three properties) to be higher than the recoverable amount. Accordingly, during the period ended 30 June 2023, the management recognised an impairment of SR 7,519,416 (2022: SR 44,531,502) to adjust the value of its investment properties to their recoverable amounts based on the average fair values as of the reporting period determined by the independent evaluators as shown in note 6.

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

In accordance with Article 36 of the REIFR issued by CMA in the Kingdom of Saudi Arabia, the Fund Manager evaluates the Fund's real estate assets based on two evaluations prepared by independent evaluators. However, investment in real estate properties 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. Esnad and Barcode (31 December 2022: Menassat and Barcode). As at reporting date, the valuation of investment properties are as follows:

<u>30 June 2023 (Unaudited)</u>	<i>Appraiser 1</i> SR	<i>Appraiser 2</i> SR	<i>Average</i> SR
Tharawat Al Andalusia Hotel	298,405,000	304,223,850	301,314,425
Tharawat Al Taqwa Hotel	194,809,000	216,046,693	205,427,847
3-Star Hotel, Makkah	134,101,000	109,311,300	121,706,150
Retail Building	21,979,000	21,750,000	21,864,500
	649,294,000	651,331,843	650,312,922

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

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

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

<i>31 December 2022 (Audited)</i>	<i>Appraiser 1 SR</i>	<i>Appraiser 2 SR</i>	<i>Average SR</i>
Tharawat Al Andalusia Hotel	317,065,951	304,223,850	310,644,901
Tharawat Al Taqwa Hotel	242,045,688	216,046,693	229,046,190
3-Star Hotel, Makkah	95,312,310	108,775,058	102,043,684
Retail Building	21,859,654	21,750,000	21,804,827
	<u>676,283,603</u>	<u>650,795,601</u>	<u>663,539,602</u>

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

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

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

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Fair value of investments in real estate properties	650,312,922	663,539,602
Less: Carrying value of investments in real estate properties (Note 5)	650,312,922	656,327,901
Unrealised gain based on fair value evaluation	-	7,211,701
Units in issue	66,000,000	66,000,000
Per unit share in unrealised gain based on fair value evaluation	-	0.11

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

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Net asset value at cost, as presented in these financial statements	488,833,840	490,751,814
Unrealised gain based on real estate evaluations (Note 6.1)	-	7,211,701
Net asset based on fair value	488,833,840	497,963,515

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

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

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

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

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Net asset value per unit, at cost as presented in these financial statements	7.40	7.44
Impact on net asset value per unit on account of unrealised gain based on fair value evaluations (Note 6.1)	-	0.11
Net asset value per unit at fair value	<u>7.40</u>	<u>7.55</u>

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Non-current		
Investment in private real estate fund (Note 7.2)	<u>58,300,000</u>	<u>57,800,000</u>

7.1 Investment in real estate fund

This represents investment of 5,000,000 units (31 December 2022: 5,000,000 units) in Real Estate Investment Fund, a closed-ended Shariah-compliant private real estate investment fund managed by Jadwa Investment Company, the cost of which is SR 50,000,000 (31 December 2022: SR 50,000,000).

The unrealised gain on this investment amounted to SR 500,000 for the period ended 30 June 2023 (2022: SR Nil).

During the period ended 30 June 2023, the Fund recognised dividend income amounting to SR 4,500,000 from its investment in real estate fund (2022: SR 1,500,000).

7.2 Investment in mutual fund

As at 30 June 2022, this represents the Fund's investment in 39,944.96 units of Jadwa Saudi Riyal Murabaha Fund managed by Jadwa Investment Company. During 2022, the Fund has disposed of the investment resulting to realised gain amounting to SR 21,682.

The unrealised gain on the redemption of investment amounted to SR 6,567 for the period ended 30 June 2022.

8 PREPAYMENTS AND OTHER ASSETS

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Prepaid expenses	200,000	-
VAT recoverable	-	837,227
Other receivables	4,025	7,475
	<u>204,025</u>	<u>844,702</u>

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

9 LONG-TERM LOAN

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Long-term loan	253,000,000	253,000,000
Less:		
Transaction cost	9,551,250	9,551,250
Amortisation of transaction costs	(7,424,222)	(7,173,576)
	<u>2,127,028</u>	<u>2,377,674</u>
Long-term loan, net	<u>250,872,972</u>	<u>250,622,326</u>

The Fund has obtained the following Shariah-compliant facilities through the SPV:

- i. On 13 September 2022, Albilad Bank extended a rollover Islamic finance facility to the SPV amounting to SR 300,000,000 for the purposes of settling the outstanding loan to Banque Saudi Fransi and partially financing the acquisition of other real estate properties. 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 the loan have a maturity period of 5 years.

The loan carries mark-up at the rate of Saudi Inter-Bank Offered Rate ("SAIBOR") plus 1.75% per annum, payable on semi-annual basis. As at 30 June 2023, the Fund has drawn SR 253,000,000 (31 December 2022: SR 253,000,000) from the facility.

Transaction costs related to the loan amounting to SR 2,530,000 (31 December 2022: SR 2,530,000) have been capitalised in the carrying amount of the loan and are being amortised over the period of loan facility. Amortisation for the period ended 30 June 2023 SR 250,646 (2022: SR Nil) which is reflected under the statement of comprehensive income.

The facility is secured by promissory notes and pledge of investment properties of the Fund.

Finance charges against the Islamic finance facility taken from the Albilad bank for the period ended 30 June 2023 amounted to SR 8,716,620 (2022: SR Nil) which are reflected under the statement of comprehensive income.

- ii. On 20 July 2017, Banque Saudi Fransi extended an Islamic finance facility ("Tawaruq") to the SPV amounting to SR 500,000,000 for the purposes of financing the real estate investments of the Fund. The SPV has made an arrangement with the Fund under a long-term loan agreement to lend all the loan proceeds availed by it under the Facility to the Fund on terms and conditions same as that of the facility.

On 23 August 2020, Banque Saudi Fransi increased the limit of the Tawaruq from SR 500,000,000 to SR 550,000,000 and extended the availability of the loan until 31 July 2021.

The loan carried mark-up at the rate of SAIBOR plus 2% per annum, payable on semi-annual basis. The Fund settled the outstanding loan in full on 29 September 2022.

Transaction costs related to the loan amounting to SR Nil (31 December 2022: SR 6,521,250). Amortisation for the period ended 30 June 2023 SR Nil (2022: SR 660,716) which is reflected under the statement of comprehensive income.

Finance charges for the period ended 30 June 2023 amounted to SR Nil (2022: SR 4,069,068) which are reflected under the statement of comprehensive income.

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

10 ACCRUED EXPENSES AND OTHER LIABILITIES

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Hotel operations payable	2,164,824	3,879,528
Contract liability	2,125,744	672,018
VAT payable	274,891	-
Property valuation fee	204,240	136,430
Insurance fee	126,438	126,438
Custody fee	58,643	89,661
Administrator fee	59,618	59,618
Professional fee	25,094	17,594
Others	20,001	20,003
	5,059,493	5,001,290

11 RELATED PARTY TRANSACTIONS AND BALANCES

11.1 Related party transactions

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

Related party	Nature of relationship	Nature of transaction	For the six month period ended 30 June	
			2023 (Unaudited) SR	2022 (Unaudited) SR
Jadwa Al-Khalil Real Estate Company	SPV	Finance charges	8,716,620	4,069,068
Jadwa Saudi Riyal Murabaha Fund	Affiliate	Redemption	-	1,500,000
Real Estate Investment Fund	Affiliate	Dividend income	4,500,000	1,500,000

i. Management fees

In consideration for managing the assets of the Fund, the Fund Manager in accordance with the terms and conditions of the Fund charges the Fund a management fees equal to 1.0% of the net asset market value of the Fund calculated and payable semi-annually in arrears.

11.2 Related party balances

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

Due to related parties

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Jadwa Al-Khalil Real Estate Company	4,983,541	4,175,661
Dividend payable	171,723	171,723
Jadwa Investment Company	22,342	22,342
	5,177,606	4,369,726

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

11. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

11.2 Related party balances (continued)

Accrued management fees

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Jadwa Investment Company	-	1,035,377

12 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>For the six month period ended 30 June</i>	
	2023 (Unaudited) SR	2022 (Unaudited) SR
Property management fee (i)	2,003,259	-
Professional fees	226,163	124,298
Registration fee	200,000	200,000
Administrator fee	131,094	57,966
Property valuation fee	123,810	48,810
Insurance	122,403	15,830
Tadawul listing fee	73,087	89,941
Custody fee	60,610	55,272
Independent board member fee (ii)	10,000	10,000
Legal fees	4,250	14,450
Indirect tax	-	1,421
Others	205,373	51,578
	3,160,049	669,566

(i) During the period, this pertains to fees paid to the property manager for the operation and maintenance of Tharawat Al Andalusia Hotel and Tharawat Al Taqwa Hotel. In the prior period, the hotels were operated by the tenant and no property management fees were charged to the Fund.

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

13 FAIR VALUE MEASUREMENT

13.1 Financial instruments

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

Due to the short-term nature of most of the financial instruments, their carrying amount is 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 this loan is frequently repriced at market rate.

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

13 FAIR VALUE MEASUREMENT (continued)

13.1 Financial instruments (continued)

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

<u>30 June 2023 (Unaudited)</u>	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Financial assets at fair value through profit or loss (Note 7)	-	58,300,000	-	58,300,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>31 December 2022 (Audited)</u>	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Financial assets at fair value through profit or loss (Note 7)	-	57,800,000	-	57,800,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

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

13.2 Non-financial assets

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

<u>30 June 2023 (Unaudited)</u>	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Tharawat Al Andalusia Hotel	-	-	301,314,425	301,314,425
Tharawat Al Taqwa Hotel	-	-	205,427,847	205,427,847
3-Star Hotel, Makkah	-	-	121,706,150	121,706,150
Retail Building	-	-	21,864,500	21,864,500
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	-	-	650,312,922	650,312,922
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>31 December 2022 (Audited)</u>	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Tharawat Al Andalusia Hotel	-	-	310,644,901	310,644,901
Tharawat Al Taqwa Hotel	-	-	229,046,190	229,046,190
Retail Building	-	-	21,804,827	21,804,827
3-Star Hotel, Makkah	-	-	102,043,684	102,043,684
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	-	-	663,539,602	663,539,602
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

When the fair value of items disclosed in these financial statements cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include capitalisation rate, property rate per square meter and profit margin.

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

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

13 FAIR VALUE MEASUREMENT (continued)

13.2 Non-financial assets (continued)

The fair values of investment properties were assessed by Esnad and Barcode (31 December 2022: Menassat and Barcode) 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.

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 COMPARATIVE INFORMATION

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

16 LAST VALUATION DAY .

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

17 APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

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