

**AL QASR GCC REAL ESTATE AND
CONSTRUCTION EQUITY TRADING FUND
(Managed by Saudi Fransi Capital Company)**

**INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022
TOGETHER WITH THE INDEPENDENT AUDITOR'S REVIEW REPORT**

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AND INDEPENDENT AUDITOR'S REVIEW REPORT

INDEX	PAGE
Report on review of interim condensed financial statements	1
Interim condensed statement of financial position	2
Interim condensed statement of comprehensive income	3
Interim condensed statement of changes in equity attributable to the unitholders	4
Interim condensed statement of cash flows	5
Notes to the interim condensed financial statements	6-10



Report on review of interim condensed financial statements

To the Unitholders and the Fund Manager of
Al Qasr GCC Real Estate and Construction Equity Trading Fund

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al Qasr GCC Real Estate and Construction Equity Trading Fund (the "Fund") as of 30 June 2022 and the related interim condensed statements of comprehensive income, changes in equity attributable to the unitholders and cash flows for the six-month period then ended and other explanatory notes. Fund Manager is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "*Interim Financial Reporting*" (IAS 34), as 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*", as 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, as 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.

PricewaterhouseCoopers

Bader I. Benmohareb
License Number 471

23 August 2022

AL QASR GCC REAL ESTATE AND CONSTRUCTION EQUITY TRADING FUND
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INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

		<i>As at 30 June 2022 (Un-Audited) SR</i>	<i>As at 31 December 2021 (Audited) SR</i>
	<i>Note</i>		
<u>ASSETS</u>			
Cash and cash equivalents	7	697,848	674,253
Investments measured at fair value through profit or loss (FVTPL)	8	9,282,070	12,886,652
Prepayments and other assets		10,836	14,384
Due from related party	10	17,052	-
TOTAL ASSETS		10,007,806	13,575,289
<u>LIABILITIES</u>			
Management fee payable	10	17,256	23,418
Accruals and other liabilities		40,233	22,897
TOTAL LIABILITIES		57,489	46,315
Equity attributable to the Unitholders		9,950,317	13,528,974
Units in issue		643,982	810,674
Equity per unit in Saudi Riyals		15.4512	16.6886

The accompanying notes from 1 to 13 form an integral part of these interim condensed financial statements.

AL QASR GCC REAL ESTATE AND CONSTRUCTION EQUITY TRADING FUND
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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

		<i>For the six-month period ended 30 June 2022 SR</i>	<i>For the six-month period ended 30 June 2021 SR</i>
	<i>Note</i>		
<u>INCOME</u>			
Net (loss) / gain on investments measured at FVTPL	9	(731,388)	2,613,391
Dividend income, net		245,045	335,029
Other income		1,490	3,236
		(484,853)	2,951,656
<u>EXPENSES</u>			
Management fees	10	(117,338)	(139,179)
Other expenses		(78,230)	(59,610)
		(195,568)	(198,789)
NET (LOSS) / INCOME FOR THE PERIOD		(680,421)	2,752,867
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD		(680,421)	2,752,867

The accompanying notes from 1 to 13 form an integral part of these interim condensed financial statements.

AL QASR GCC REAL ESTATE AND CONSTRUCTION EQUITY TRADING FUND
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INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (UN-AUDITED)

	<i>For the six-month period ended 30 June 2022 SR</i>	<i>For the six-month period ended 30 June 2021 SR</i>
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE PERIOD	13,528,974	8,573,822
CHANGES FROM OPERATIONS		
Total comprehensive (loss) / income for the period	(680,421)	2,752,867
CHANGES FROM UNIT TRANSACTIONS		
Proceeds from units sold	58,310	6,746,786
Payment against units redeemed	(2,956,546)	(1,125,627)
Net change from unit transactions	(2,898,236)	5,621,159
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE PERIOD	9,950,317	16,947,848

Transactions in units during the period are summarised as follows:

	<i>For the six-month period ended 30 June 2022 Units</i>	<i>For the six-month period ended 30 June 2021 Units</i>
UNITS AT THE BEGINNING OF THE PERIOD	810,674	582,265
Units sold	3,421	424,246
Units redeemed	(170,113)	(69,968)
Net change in units	(166,692)	354,278
UNITS AT THE END OF THE PERIOD	643,982	936,543

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INTERIM CONDENSED STATEMENT OF CASH FLOWS (UN-AUDITED)

		<i>For the six-month period ended 30 June 2022 SR</i>	<i>For the six-month period ended 30 June 2021 SR</i>
	<i>Note</i>		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / income for the period		(680,421)	2,752,867
<i>Adjustment to reconcile (net loss) / income to cash generated from operating activities:</i>			
Unrealised losses / (gains) on investments measured at FVTPL	9	<u>1,313,935</u>	<u>(2,173,820)</u>
		633,514	579,047
Changes in operating assets and liabilities:			
Investments measured at FVTPL		2,290,647	(5,848,286)
Prepayments and other assets		3,548	(110,690)
Due from related party		(17,052)	
Management fee payable		(6,162)	13,252
Accruals and other liabilities		17,336	(12,644)
Net cash generated from / (used in) operating activities		<u>2,921,831</u>	<u>(5,379,321)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from units sold		58,310	6,746,786
Value of units redeemed		(2,956,546)	(1,125,627)
Net cash (used in) / generated from financing activities		<u>(2,898,236)</u>	<u>5,621,159</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		23,595	241,838
Cash and cash equivalents at the beginning of the period		674,253	496,641
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u>697,848</u>	<u>738,479</u>

The accompanying notes from 1 to 13 form an integral part of these interim condensed financial statements.

AL QASR GCC REAL ESTATE AND CONSTRUCTION EQUITY TRADING FUND
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

For the six-month period ended 30 June 2022

1. GENERAL

Al Qasr GCC Real Estate and Construction Equity Trading Fund (the “Fund”) is an open-ended Shariah compliant investment fund established based on an agreement between Saudi Fransi Capital Company (the “Fund Manager”) and the investors (the “Unitholders”). The Fund commenced its operations on 16 April 2007 (corresponding to 29 Rabi Al’awal 1428H).

The objective of the Fund is to provide medium to long-term capital growth primarily by investing in publicly listed Companies that are Shariah compliant, that generate a large part of their revenues, directly or indirectly from the real estate and construction sectors in the GCC member countries (Kingdom of Saudi Arabia, United Arab Emirates, State of Kuwait, State of Qatar, Sultanate of Oman, and the Kingdom of Bahrain). The Fund may also invest up to 20% of its total investment in real estate and construction sectors in other Arab countries in the Middle East and North Africa.

During the period, the Fund updated its terms and conditions, which have been approved by the Capital Market Authority “CMA” on 7 Rajab 1443H (corresponding to 8 February 2022).

The Fund Manager and Administrator of the Fund is Saudi Fransi Capital Company. The Custodian of the Fund is HSBC Saudi Arabia.

2. REGULATORY AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) issued by the Capital Market Authority (CMA) on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) and amended by resolution of the Board of the Capital Market Authority on 12 Rajab 1442H (corresponding to 24 February 2021) effective from 19 Ramadan 1442H (corresponding 1 May 2021) by the New Investment Fund Regulations (“Amended Regulations”) published by the Capital Market Authority on 17 Rajab 1442H (corresponding to 1 March 2021) detailing requirements for all funds within the Kingdom of Saudi Arabia.

3. BASIS OF PREPARATION

3.1 STATEMENT OF COMPLIANCE

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

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, therefore, these should be read in conjunction with the Fund’s annual audited financial statements as at and for the year ended 31 December 2021. The results for the six-month period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ended 31 December 2022.

Assets and liabilities in the interim condensed statement of financial position are presented in the order of liquidity.

3.2 BASIS OF MEASUREMENT

These interim condensed financial statements are prepared under the historical cost convention, using the accrual basis of accounting except for investment held at fair value through profit or loss (FVTPL) that are measured at fair value.

3.3 FUNCTIONAL CURRENCY

These interim condensed financial statements are presented in Saudi Riyal (“SR”), which is the Fund’s functional and presentation currency.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

For the six-month period ended 30 June 2022

4. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES

The significant accounting and risk management policies used in the preparation of these interim condensed financial statements are consistent with those used and disclosed in the financial statements for the year ended 31 December 2021 except as mentioned in note 6.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The significant accounting estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used and disclosed in the financial statements for the year ended 31 December 2021.

Going concern

The Fund Manager made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt about the Fund's ability to continue as a going concern. Therefore, these interim condensed financial statements continue to be prepared on the going concern basis.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

New standards, interpretations and amendments adopted by the Fund

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after 1 January 2022. The management has assessed that the amendments have no significant impact on the Fund's interim condensed financial statements.

- Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16

The listing of standards and interpretations issued which the Fund reasonably expects to be applicable at a future date are as follows. The Fund intends to adopt these standards when they become effective.

Standard / Interpretation	Description	Effective from periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	Disclosure of Accounting Policies	1 January 2023
IFRS 17, 'Insurance contracts'	New Insurance standard	1 January 2023
Amendments to IAS12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

For the six-month period ended 30 June 2022

7. CASH AND CASH EQUIVALENTS

	30 June 2022 (Un-Audited) SR	31 December 2021 (Audited) SR
Bank balances (See note below)	4,334	12,297
Cash with custodian	693,514	661,956
	697,848	674,253

The bank balances represent the cash in a current account maintained with Banque Saudi Fransi (Note 10).

The management has conducted a review as required under IFRS 9 and based on such an assessment, the effect of expected credit loss allowance against the carrying value of cash and cash equivalents is insignificant as the balances are held with investment grade credit rated financial institutions and therefore has not been recognised in these interim condensed financial statements.

8. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The geographical composition of the investments measured at fair value through profit or loss in equity investments on the last valuation day of the period is summarized below:

	30 June 2022 (Un-Audited)		
<u>Description by geographical segment</u>	<u>Cost SR</u>	<u>Market Value SR</u>	<u>% of Market Value</u>
Kingdom of Saudi Arabia	8,254,111	7,707,040	83.03
United Arab Emirates	1,255,010	1,575,030	16.97
	9,509,121	9,282,070	100.00

	31 December 2021 (Audited)		
<u>Description by geographical segment</u>	<u>Cost SR</u>	<u>Market Value SR</u>	<u>% of Market Value</u>
Kingdom of Saudi Arabia	10,039,754	10,889,797	84.50
United Arab Emirates	1,759,806	1,996,855	15.50
	11,799,560	12,886,652	100.00

The effect on the equity as a result of the change in the fair value of investments as at 30 June 2022 (Un-audited) and 31 December 2021 (Audited) due to a reasonably possible change in equity indices based on the industry concentration, with all other variables held constants is as follows:

	30 June 2022 (Un-audited)		31 December 2021 (Audited)	
	Potential reasonable change %	Effect on Equity SR	Potential reasonable change %	Effect on Equity SR
Kingdom of Saudi Arabia	±1%	± 77,070	±1%	± 108,898
United Arab Emirates	±1%	± 15,750	±1%	± 19,969
		± 92,820		± 128,867

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

For the six-month period ended 30 June 2022

9. NET (LOSS) /GAIN ON INVESTMENTS MEASURED AT FVTPL

	<i>For the six-month period ended 30 June 2022 (Un-Audited) SR</i>	<i>For the six- month period ended 30 June 2021 (Audited) SR</i>
Realised gain on sale of investments measure at FVTPL, net	582,547	439,571
Unrealised (loss) / gain on remeasurement of investments measured at FVTPL, net	(1,313,935)	2,173,820
	<u>(731,388)</u>	<u>2,613,391</u>

10. TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties include Saudi Fransi Capital Company (“the Fund Manager”), Banque Saudi Fransi (the Bank and the shareholder of the Fund Manager), the Funds’ Board of Directors (BOD), affiliates of the Fund Manager, the Funds managed by the Fund Manager and the unitholders of the Fund.

In the ordinary course of its activities, the Fund transacts business with related parties.

The Fund pays the Fund Manager a management fee calculated at an annual rate of 1.75% (31 December 2021: 1.75%) per annum plus applicable taxes calculated on the total net assets value on daily basis and paid on a monthly basis. The fee is intended to compensate the Fund Manager for management and administration of the Fund.

Subscription fee up to 3 percent of the invested amount is adjusted by deduction from the gross subscription, hence, it does not impact or reflect in the interim condensed financial statements of the Fund.

Related party transactions for the periods ended and balances are as follows:

<i>Name of related party</i>	<i>Nature of transactions</i>	<i>Amount of transactions</i>		<i>Balance receivable / (payable)</i>	
		<i>For the period ended 30 June 2022 (Un-Audited) SR</i>	<i>For the period ended 30 June 2021 (Un-Audited) SR</i>	<i>As at 30 June 2022 (Un-Audited) SR</i>	<i>As at 31 December 2021 (Audited) SR</i>
Saudi Fransi Capital Company	Management fee	(117,338)	(139,179)	(17,256)	(23,418)
	Brokerage fee	(1,137)	(828)	-	-
	Due from broker	-	-	17,052	-
Board of Directors	Annual remuneration	(123)	(78)	(123)	-

The units in issue at 30 June 2022, include 9,988 units held by the employees of Banque Saudi Fransi and Saudi Fransi Capital Company (31 December 2021: 9,644 units).

At the end of the period, cash balance with the Banque Saudi Fransi is SR 4,334 (31 December 2021: SR 12,297).

11. 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 at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability the principal or the most advantageous market must be accessible to the Fund.

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted market price: financial instruments with quoted unadjusted prices for identical instruments in active markets.

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

Level 3: valuation techniques for which any significant input is not based on observable market data.

The Fund's financial assets consist of bank balance, investments held at FVTPL, and other assets. The Fund's financial liabilities consist of management fee payable and accruals and other liabilities.

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value. The fair value of investments measured at FVTPL are based on quoted prices in active markets and are therefore classified within Level 1.

	<i>Carrying value SR</i>	<i>Level 1 SR</i>	<i>Total SR</i>
30 June 2022 (Un-Audited)			
Investments measured at FVTPL	9,282,070	9,282,070	9,282,070
31 December 2021 (Audited)			
Investments measured at FVTPL	12,886,652	12,886,652	12,886,652

During the period ended 30 June 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements.

12. LAST VALUATION DAY

The last valuation day for the purpose of preparation of these interim condensed financial statements for the six-month period ended was 30 June 2022 (31 December 2021).

13. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved and authorised for issue by the Fund Board on 24 Muharram 1444H (corresponding to 22 August 2022G).