

Jadwa REIT Saudi Fund
(Managed by Jadwa Investment Company)

**CONDENSED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)**

**FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2019**

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

Scope of Review:

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

Conclusion:

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

for Alluhaid & Alyahya Chartered Accountants


Saleh Al-Yahya
Certified Public Accountant
Registration No. 473

Riyadh: 18 Dhul Hijjah 1440 H
(19 August 2019)



Jadwa REIT Saudi Fund
(Managed by Jadwa Investment Company)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2019

	<i>Notes</i>	30 June 2019 SR	31 December 2018 SR
ASSETS			
NON-CURRENT ASSETS			
Investment properties	5	1,532,086,968	1,524,395,217
Deferred charges	8	8,099,891	-
TOTAL NON-CURRENT ASSETS		1,540,186,859	1,524,395,217
CURRENT ASSETS			
Rent receivables		33,562,231	26,582,690
Prepayments and other assets		232,034	10,346,116
Cash and cash equivalents	7	16,707,008	20,459,428
TOTAL CURRENT ASSETS		50,501,273	57,388,234
TOTAL ASSETS		1,590,688,132	1,581,783,451
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term loan	8	27,100,000	-
CURRENT LIABILITIES			
Due to related parties	10	1,247,234	59,441
Accrued management fee	10	6,521,630	6,619,153
Accrued expenses and other liabilities	9	665,279	295,995
TOTAL CURRENT LIABILITIES		8,434,143	6,974,589
TOTAL LIABILITIES		35,534,143	6,974,589
NET ASSETS		1,555,153,989	1,574,808,862
Units in issue	12	158,000,000	158,000,000
Per unit value		9.84	9.97
Per unit fair value	6	11.06	11.03

The attached notes 1 to 18 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 2019

	<i>Notes</i>	<i>For the six-month period ended 30 June 2019</i> SR	<i>For the period from 11 February 2018 to 30 June 2018</i> SR
INCOME			
Rental revenue from investment properties		65,553,782	52,128,577
EXPENSES			
Depreciation	5	(18,125,436)	(17,652,371)
Management fees	10	(6,521,630)	(5,684,073)
Amortisation of deferred charges		(1,900,109)	-
General and administrative expenses		(1,170,753)	(871,313)
		(27,717,928)	(24,207,757)
OPERATING PROFIT			
		37,835,854	27,920,820
Finance charges	10	(610,727)	-
NET INCOME FOR THE PERIOD			
		37,225,127	27,920,820
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME			
		37,225,127	27,920,820

The attached notes 1 to 18 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 2019

	<i>Notes</i>	<i>For the six-month period ended 30 June 2019</i>	<i>For the period from 11 February 2018 to 30 June 2018</i>
		<i>SR</i>	<i>SR</i>
OPERATING ACTIVITIES			
Net income for the period		37,225,127	27,920,820
Adjustments for non-cash and other items:			
Depreciation		18,125,436	17,652,371
Amortisation of deferred charges		1,900,109	-
Finance charges		610,727	-
		<u>57,861,399</u>	<u>45,573,191</u>
Changes in operating assets and liabilities:			
Rent receivables		(6,979,541)	(33,088,001)
Prepayments and other assets		10,114,082	(13,441,815)
Due to related parties		577,066	10,242,006
Accrued management fee		(97,523)	5,684,073
Accrued expenses and other liabilities		369,284	374,287
		<u>61,844,767</u>	<u>15,343,741</u>
INVESTING ACTIVITY			
Purchase of investment properties	5	(25,817,187)	(543,666,650)
Net cash used in investing activity		<u>(25,817,187)</u>	<u>(543,666,650)</u>
FINANCING ACTIVITIES			
Dividends distributed	15	(56,880,000)	(15,800,000)
Loan proceeds	8	27,100,000	-
Deferred charges	8	(10,000,000)	-
Proceeds from units sold		-	563,447,000
Net cash (used in) from financing activities		<u>(39,780,000)</u>	<u>547,647,000</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(3,752,420)	19,324,091
Cash and cash equivalents at the beginning of the period		<u>20,459,428</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		<u>16,707,008</u>	<u>19,324,091</u>
NON-CASH TRANSACTIONS			
Investment properties (compensated against sale of units)		<u>-</u>	<u>1,016,553,000</u>

The attached notes 1 to 18 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 2019

		<i>For the six-month period ended 30 June 2019</i>	<i>For the period from 11 February 2018 to 30 June 2018</i>
	<i>Notes</i>	<i>SR</i>	<i>SR</i>
Net asset value attributed to the unitholders at beginning of the period		1,574,808,862	-
Issuance of units			
- for cash		-	563,447,000
- for consideration other than cash		-	1,016,553,000
		-	1,580,000,000
Comprehensive income			
Net income for the period		37,225,127	27,920,820
Other comprehensive income for the period		-	-
Total comprehensive income for the period		37,225,127	27,920,820
Dividend distribution	15	(56,880,000)	(15,800,000)
Net asset value attributed to the unitholders at end of the period		1,555,153,989	1,592,120,820

The attached notes 1 to 18 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 2019

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 2019

3 BASIS OF PREPARATION (continued)

3.4 Functional and presentation currency

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

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are consistent with those used and disclosed in the financial statements of the Fund for the year ended 31 December 2018.

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

4.1 IFRS 16, Leases

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

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

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

5 INVESTMENT PROPERTIES

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

30 June 2019

<i>Description</i>	<i>Cost SR</i>	<i>Accumulated depreciation SR</i>	<i>Net book value SR</i>
Land	463,272,635	-	463,272,635
Alyaum Newspaper Tower	160,173,955	4,712,894	155,461,061
Almaarefa College	97,439,857	4,200,788	93,239,069
Al-Sulay Warehouse	147,534,425	8,263,499	139,270,926
Marvela Residential Compound	492,696,838	26,602,030	466,094,808
Al Fanar Residential & Commercial Compound	205,902,564	9,921,000	195,981,564
Rawd Aljinan School	19,016,563	249,658	18,766,905
	1,586,036,837	53,949,869	1,532,086,968

Jadwa REIT Saudi Fund
(Managed by Jadwa Investment Company)

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

5 INVESTMENT PROPERTIES (continued)

31 December 2018

<i>Description</i>	<i>Cost SR</i>	<i>Accumulated depreciation SR</i>	<i>Net book value SR</i>
Land	456,472,011	-	456,472,011
Alyaum Newspaper Tower	160,173,955	3,046,812	157,127,143
Almaarefa College	97,439,857	2,810,765	94,629,092
Al-Sulay Warehouse	147,534,425	5,529,142	142,005,283
Marvela Residential Compound	492,696,838	17,799,530	474,897,308
Al Fanar Residential & Commercial Compound	205,902,564	6,638,184	199,264,380
	<u>1,560,219,650</u>	<u>35,824,433</u>	<u>1,524,395,217</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 380,502.39 square meters of land (31 December 2018: 377,502.39 square meters). The consideration for the properties was partly paid in cash and partly settled through issuance of 101,655,300 units of the Fund.

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 *Almaarefa College*

This property is a fully constructed educational facility located in Al Diriah 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.

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.

Jadwa REIT Saudi Fund
(Managed by Jadwa Investment Company)

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

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

The fair value of the investment properties is determined by two selected appraisers, i.e. ValuStrat and White Cubes. As at reporting date, the valuation of investment properties are as follows:

30 June 2019	<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
Almaarefa College	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
	<u>1,767,050,000</u>	<u>1,680,800,000</u>	<u>1,723,925,000</u>
	<i>Appraiser 1</i> SR	<i>Appraiser 2</i> SR	<i>Average</i> SR
31 December 2018			
Alyaum Newspaper Tower	318,000,000	288,900,000	303,450,000
Almaarefa College	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
	<u>1,735,800,000</u>	<u>1,649,800,000</u>	<u>1,692,800,000</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 and type of property. Below is an analysis of the investment properties' fair value against cost:

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

	30 June 2019 SR	31 December 2018 SR
Fair value of investments in real estate properties	1,723,925,000	1,692,800,000
Less: Carrying value of investments in real estate properties (note 5)	1,532,086,968	1,524,395,217
Unrealised gain based on fair value evaluation	<u>191,838,032</u>	<u>168,404,783</u>
Units in issue	<u>158,000,000</u>	<u>158,000,000</u>
Per unit share in unrealised gain based on fair value evaluation	<u>1.22</u>	<u>1.06</u>

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

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

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

	<i>30 June 2019 SR</i>	<i>31 December 2018 SR</i>
Net asset value at cost, as presented in these financial statements	1,555,153,989	1,574,808,862
Unrealised gain based on real estate evaluations (note 6.i.)	191,838,032	168,404,783
Net asset based on fair value	<u>1,746,992,021</u>	<u>1,743,213,645</u>

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

	<i>30 June 2019 SR</i>	<i>31 December 2018 SR</i>
Net asset value per unit, at cost as presented in these financial statements	9.84	9.97
Impact on net asset value per unit on account of unrealised gain based on fair value evaluations (note 6.i.)	1.22	1.06
Net asset value per unit at fair value	<u>11.06</u>	<u>11.03</u>

7 CASH AND CASH EQUIVALENTS

As of 30 June 2019, four of the six bank accounts are maintained with Banque Saudi Fransi under the name of the SPVs with a total balance of SR 13,264,951 (31 December 2018: SR 14,284,521).

8 LONG-TERM LOAN

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 till 1 October 2021 and is repayable in full on 31 July 2023. As at 30 June 2019, the Fund has drawn SR 27,100,000 (31 December 2018: SR nil) 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.

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

Jadwa REIT Saudi Fund
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
(continued)
30 June 2019

9 ACCRUED EXPENSES AND OTHER LIABILITIES

	30 June 2019 SR	31 December 2018 SR
Value-added tax payable	456,908	-
Professional fees	93,150	166,403
Custody fee	76,054	80,658
Property valuation fees	39,167	48,934
	<u>665,279</u>	<u>295,995</u>

10 RELATED PARTY TRANSACTIONS AND BALANCES

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

<i>Related party</i>	<i>Nature of relationship</i>	<i>Nature of transaction</i>	<i>For the six-month period ended 30 June 2019 SR</i>	<i>For the period from 11 February 2018 to 30 June 2018 SR</i>
Jadwa Investment Company	Fund manager	Paid on behalf of the Fund Management fee (note 10.1)	(192,188)	(34,021)
AbdulKadir Al Muhaidib & Sons Co.	Unitholder	Rental revenue from investment properties	(6,521,630)	(5,684,073)
Almareefa College for Science & Technology	Unitholder	Rental revenue from investment properties	44,692,124	36,130,000
Dar Al Yaum for Press Printing & Publishing	Unitholder	Paid on behalf of the Fund	7,934,246	6,400,000
Real Estate Development Areas Company	SPV	Finance charges	-	(10,093,399)
			610,727	-

10.1 Management fee

In consideration for managing the assets of the Fund, the Fund Manager in accordance with the Terms and Conditions of the Fund charges the Fund a management fee equal to 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.

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

Amounts due to related parties

	30 June 2019 SR	31 December 2018 SR
Real Estate Development Areas Company	610,727	-
Unitholders - Unpaid dividends	410,299	25,420
Jadwa Investment Company	226,208	34,021
	<u>1,247,234</u>	<u>59,441</u>

Jadwa REIT Saudi Fund
(Managed by Jadwa Investment Company)

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

10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Accrued management fee

	30 June 2019 SR	31 December 2018 SR
Jadwa Investment Company	<u>6,521,630</u>	<u>6,619,153</u>

11 REMUNERATION TO INDEPENDENT DIRECTORS

During the period, the following expense in relation to the independent directors is included in the general and administrative expenses:

	For the six-month period ended 30 June 2019 SR	For the period from 11 February 2018 to 30 June 2018 SR
Board oversight fee	<u>-</u>	<u>10,000</u>

12 UNIT TRANSACTIONS

Transaction in units of the Fund is summarized as follows:

	30 June 2019 In numbers	31 December 2018 In numbers
Units at the beginning of the period	158,000,000	-
Units issued during the period for consideration in cash	-	56,344,700
Units issued during the period for consideration other than cash	-	101,655,300
Units at the end of the period	<u>158,000,000</u>	<u>158,000,000</u>

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

Jadwa REIT Saudi Fund
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
(continued)
30 June 2019

13 FAIR VALUE MEASUREMENT (continued)

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. The fair values of financial assets and financial liabilities are not materially different from their carrying values.

13.2 Non-financial assets

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

30 June 2019	<i>Level 1 SR</i>	<i>Level 2 SR</i>	<i>Level 3 SR</i>	<i>Total SR</i>
Alyaum Newspaper Tower	-	303,450,000	-	303,450,000
Almaarefa College	-	224,600,000	-	224,600,000
Al-Sulay Warehouse	-	255,650,000	-	255,650,000
Marvela Residential Compound	-	645,100,000	-	645,100,000
Al Fanar Residential & Commercial Compound	-	264,000,000	-	264,000,000
Rawd Aljinan School	-	31,125,000	-	31,125,000
	-	1,723,925,000	-	1,723,925,000
31 December 2018	<i>Level 1 SR</i>	<i>Level 2 SR</i>	<i>Level 3 SR</i>	<i>Total SR</i>
Alyaum Newspaper Tower	-	303,450,000	-	303,450,000
Almaarefa College	-	224,600,000	-	224,600,000
Al-Sulay Warehouse	-	255,650,000	-	255,650,000
Marvela Residential Compound	-	645,100,000	-	645,100,000
Al Fanar Residential & Commercial Compound	-	264,000,000	-	264,000,000
	-	1,692,800,000	-	1,692,800,000

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 and White Cubes as disclosed in note 6. They are accredited independent valuers with a recognised and relevant professional qualification and with recent experience in the location and category of the investment properties being valued.

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

Jadwa REIT Saudi Fund
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
(continued)
30 June 2019

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 12 February 2019, the Fund manager approved to distribute dividends to the unitholders for the period from 1 October 2018 to 31 December 2018 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.

On 10 April 2019, the Fund manager approved to distribute dividends to the unitholders for the period from 1 January 2019 to 31 March 2019 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.

16 SUBSEQUENT EVENTS

On 8 July 2019, the Fund manager approved to distribute dividends to the unit holders for the period from 1 April 2019 to 30 June 2019 amounting to 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.

On 10 July 2019, the Fund Manager appointed Mr. Ghannam Al Ghannam as Chairman of the Board and Mr. Asad Khan and Dr. Nouf Al Sharif as Dependent Board Members due to the resignation of Mr. Zaheeruddin Khalid and Dr. Fahad Al Turki as Chairman of the Board and Dependent Board Member, respectively.

17 LAST VALUATION DAY

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

18 APPROVAL OF FINANCIAL STATEMENTS

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