

AL-JAZIRA REIT FUND
(MANAGED BY ALJAZIRA CAPITAL COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 2024
WITH INDEPENDENT AUDITOR'S REVIEW REPORT

AL-JAZIRA REIT FUND
A Real Estate Investment Traded
Interim Condensed Financial Statements
For the period ended 30 June 2024
with the Independent Auditor's Review Report

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

(1 / 1)

TO THE UNTHOLDERS OF AL JAZIRA REIT FUND (MANAGED BY AL JAZIRA CAPITAL COMPANY)

RIYADH, KINGDOM OF SAUDI ARABIA

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of Al Jazira REIT Fund (the "Fund") managed by Al Jazira Capital Company (the "Fund Manager") as at 30 June 2024 and the related interim condensed statements of comprehensive income, changes in net assets (equity) attributable to unit holders and cash flows for the six-month period then ended, and a summary of material accounting policies and other explanatory notes. Management 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") 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 Engagement 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 condensed 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 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

For PKF Al Bassam
Chartered Accountants.



Ahmed A. Mohandis
Certified Public Accountant
License No. 477
Riyadh: 7 Safar 1446AH
Corresponding to: 11 August 2024G



AL-JAZIRA REIT FUND

A Real Estate Investment Traded

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

(Amounts in SAR)

	<u>Note</u>	<u>As at 30 June 2024 (Un-audited)</u>	<u>As at 31 December 2023 (Audited)</u>
<u>ASSETS</u>			
<u>Current assets</u>			
Cash at bank	8	627,421	1,284,231
Investments carried at FVTPL	9	1,663,606	-
Rent receivable, net	10	266,566	64,024
Accrued Lease Income		454,812	241,557
Prepayments and other assets	12	169,565	83,134
Total current assets		3,181,970	1,672,946
<u>Non-current assets</u>			
Investment properties, net	13	91,589,067	88,914,364
Total non-current assets		91,589,067	88,914,364
Total assets		94,771,037	90,587,310
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accrued fund management fees	14	202,607	198,513
Unearned rental income	15	957,450	1,949,700
Accrued custodian fees		126,668	101,390
Accrued expenses and other liabilities		308,749	327,872
Total current liabilities		1,595,474	2,577,475
Total liabilities		1,595,474	2,577,475
NET ASSETS (EQUITY) ATTRIBUTE TO UNITHOLDERS		93,175,563	88,009,835
Units in issue (<i>numbers</i>)		11,800,000	11,800,000
Net assets carrying value attribute for the unit		7.90	7.46
Net assets fair value attribute for the unit	16	7.95	7.49

The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.

AL-JAZIRA REIT FUND

A Real Estate Investment Traded

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the Six-Months Period ended 30 June 2024

(Amounts in SAR)

	Note	For the period ended 30 June 2024 (Un-audited)	For the period ended 30 June 2023 (Un-audited)
<u>INCOME</u>			
Rental income from investment property	11	3,081,591	2,988,632
Un-realized gain from investments carried at FVTPL	14	163,606	-
Total income		3,245,197	2,988,632
<u>EXPENSES</u>			
Properties management expenses		(114,733)	(114,187)
Fund management fees	14	(402,750)	(383,405)
Reversal of impairment in investment properties	13	3,136,612	1,293,816
Depreciation of investment properties	13	(461,909)	(459,370)
Other expenses		(211,411)	(243,736)
Custodian fees		(25,278)	(25,139)
Total Expenses		1,920,531	67,979
Net income for the period		5,165,728	3,056,611
Other comprehensive income		-	-
Total comprehensive income for the period		5,165,728	3,056,611

The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.

AL-JAZIRA REIT FUND
A Real Estate Investment Traded
INTERIM CONDENSED STATEMENT OF CASH FLOWS
For the Six-Months Period ended 30 June 2024
(Amounts in SAR)

	<u>Notes</u>	For the period ended 30 June 2024 (Un-audited)	For the period ended 30 June 2023 (Un-audited)
OPERATING ACTIVITIES			
Net income for the period		5,165,728	3,056,611
<i>Adjustments to</i>			
Un-realized gain from investments carried at FVTPL	9	(163,606)	-
Depreciation of investment properties	13	461,909	459,370
Reversal of impairment in investment properties	13	(3,136,612)	(1,293,816)
Changes in operating assets and liabilities:			
Rent Receivable		(202,542)	(127,500)
Accrued Lease Income		(213,255)	(133,946)
Prepayments and other assets		(86,431)	9,859
Accrued management fees		4,094	192,751
Unearned rental income		(992,250)	(1,061,857)
Accrued custodian fees		25,278	25,139
Accrued expenses and other liabilities		(19,123)	(86,795)
Net cash generated from operating activities		843,190	1,039,816
INVESTING ACTIVITIES			
Purchase of investments at FVTPL	9	(1,500,000)	-
Net cash used in investing activities		(1,500,000)	-
Net change in cash in bank balances during the period			
		(656,810)	1,039,816
Cash and cash equivalents at the beginning of the period		1,284,231	822,695
Cash at bank balances at the end of the period	8	627,421	1,862,511

The accompanying notes 1 to 23 form an integral part of these interim condensed financial statement

AL-JAZIRA REIT FUND

A Real Estate Investment Traded

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the period ended 30 June 2024

(Amounts in SAR)

1. THE FUND AND ITS ACTIVITIES

The Al Jazira REIT Fund ("REIT") is a Shariah compliant real estate investment traded fund. The fund operates in accordance with the Real Estate Investment Funds Regulations and REIT Regulations issued by the Capital Market Authority (CMA). The fund is listed on the Saudi Stock Exchange ("Tadawul") and traded on the Tadawul in accordance with its rules and regulations. The size of the fund is 118 million Saudi riyals, The REIT has a term of 99 years from the beginning of its operation.

Al-Jazira Financial Markets Company ("Fund Manager"), a Saudi Closed Joint Stock Company registered under Commercial Registry No. 1010351313, authorized to a person by the Capital Market Authority with License No. 07076-37, runs a REIT.

Al Inma Investment Company ("Custodian") is the Custodian of the Fund.

The main investment objective of the fund is to invest in structurally developed real estate that generates periodic income and distributes a percentage of no less than 90% of the fund's net profits in cash to investors during the fund's operating period at least once annually during the third quarter of each year subject to rent collections and fund dividends policy. The fund has invested mainly in warehouses in Jeddah.

2. REGULATING AUTHORITY

The Fund operates in accordance with REIFR issued by the CMA. The regulations detail requirements for real estate funds and traded real estate funds within the Kingdom of Saudi Arabia.

3. BASIS OF PRESENTATION

3.1. Statement of compliance

These interim condensed financial statements of the Fund have been prepared in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and should be read in conjunction with the Fund's last annual financial statement for the year ended 31 December 2023. The results for the six-month period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

3.2. Basis of measurement

These interim condensed financial statements have been prepared under the historical cost convention, using accrual basis of accounting and the going concern concept except for financial assets measured at fair value through profit or loss.

3.3. Functional and presentation currency

These interim condensed 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, unless otherwise stated.

3.4. Comparative information

The Fund has presented the comparative information for the year ended 31 December 2023.

AL-JAZIRA REIT FUND

A Real Estate Investment Traded

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the period ended 30 June 2024

(Amounts in SAR)

4. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the ordinary course of business, the preparation of interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the 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 recognised in the period in which the estimates are reviewed and in any future period affected. The significant accounting judgements and estimates applied in the preparation of these interim condensed financial statements are as follows:

4.1. Judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the interim condensed financial statements. Judgement has been applied in the cases of determining whether an arrangement contains a lease and classification of leases.

4.1.1. Going concern

The Fund's manager has made an assessment of 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 on Fund's ability to continue as a going concern.

4.2. Assumptions and Estimation Uncertainties

4.2.1. Impairment of investment properties

The Fund assesses whether there are any indicators of impairment for all investment properties at each reporting date. The assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. If any indication exists, or when annual impairment testing for an asset is required, the Fund estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using the appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

For investment properties, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the REIT estimates the assets or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior period. Such reversal is recognised in the statement of profit or loss.

The Fund recognises an allowance for expected credit loss ("ECL") for all debt instruments not held at fair value through profit or loss. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate ("EIR"). The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

4) MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS
(CONTINUED)

4.2. *Assumptions and Estimation Uncertainties (Continued)*

4.2.2. *Impairment of financial assets held at amortised cost*

ECL are recognised in three stages. The expected credit loss rates are estimated using a provision matrix based on the payment profile of receivables before each reported period and corresponding historical credit losses experienced within the period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Fund has identified GDP to be the most relevant factor and accordingly adjusts the historical loss rates based on the expected changes in these factors.

the Fund recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Fund measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Fund presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due

financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- The debtor is unlikely to pay its credit obligation to the fund in full, without recourse by the Fund to actions such as opening a legal case against him. or
- The financial asset is more than 180 days past due,

The expected credit loss approach breaks the total loss amount modelling into the following parts: Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD). These are briefly described below:

Probability of Default (PD): The likelihood of a default over a particular time horizon. It provides an estimate of the likelihood that a borrower will be unable to meet its debt obligations.

Loss Given Default: It is defined as the percentage risk of exposure that is not expected to be recovered in the event of default. It is usually expressed as a percentage of the EAD. This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral.

Exposure at Default (EAD): It is defined as the outstanding debt at the time of default. This is an estimate of the exposure at a future default rate, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

As at the period end, the Fund has rents receivables as financial assets carried at amortised cost. The Fund applies a general approach in calculating ECL. The Fund has established an allowance matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The information about the ECLs on the Fund's rent receivables is disclosed in note 10 and 18.1 in these interim condensed financial statements.

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A Real Estate Investment Traded

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the period ended 30 June 2024

(Amounts in SAR)

5) NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2024 and has been explained in annual financial statements, but they do not have a material effect on the Fund's interim condensed financial statements.

5.1. *New standards, amendments and interpretations issued and effective from 1 January 2024*

The accounting policies adopted, and method of computation followed are consistent with those of previous financial year except for the items disclosed below:

<u>Description</u>	<u>Effective Date</u>
<i>Amendment to IFRS 16 – Leases on sale and leaseback</i>	1 January 2024
<i>Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements</i>	1 January 2024
<i>Amendment to IAS 1 – Noncurrent liabilities with covenants</i>	1 January 2024
<i>IFRS S1, 'General requirements for disclosure of sustainability-related financial information'</i>	1 January 2024 subject to endorsement from SOCPA
<i>IFRS S2, 'Climate-related disclosures'</i>	1 January 2024 subject to endorsement from SOCPA

These amendments had no material impact on the interim condensed financial statements of the Fund.

5.2. *New standards, amendments and interpretations effective 1 January 2024 and have not 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:

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's interim condensed financial statements are disclosed below. The Fund intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

<u>Description</u>	<u>Effective Date</u>
<i>Amendment to IAS 27 - Lack of Exchangeability</i>	1 January 2025
<i>IFRS 18 Presentation and Disclosures in Financial Statements</i>	1 January 2027
<i>IFRS 19 Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
<i>Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures</i>	Effective date not yet decided

6) SUMMARY OF MATERIAL ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these interim condensed financial statements are consistent with those used and disclosed in the Fund's financial statements for the year ended 31 December 2023.

7) ACCRUED FUND MANAGEMENT FEES AND OTHER

Management fees

The fund pays the fund manager a management fee of 0.9% per annum of the net fair value of the fund's assets, which is paid on a semi-annual basis.

Custody fees

The Custodian is entitled for a fee up to a maximum of 0.1% per annum of the net fair value of the assets to be paid on a quarterly basis.

Performance fee

The Fund Manager is entitled to 5% performance fee, the positive difference between the sale price of any property owned by the fund and the purchase price.

Operating, maintenance and marketing fees

The Property Manager is entitled for a fee of 4% per annum of the rental income collected.

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For the period ended 30 June 2024

(Amounts in SAR)

7) ACCRUED FUND MANAGEMENT FEES AND OTHER (CONTINUED)**Others**

The fund is also responsible for the direct expenses related to the fund's business, such as the actual costs related to preparing and printing bulletins, reports and notices to investors, remuneration for members of the board of directors, supervisory fees, external auditors, appraisers' fees, zakat advisory fees and any other parties providing services to the fund and any exceptional expenses, with a maximum 0.25% per annum of the net fair value of the assets.

8) CASH AT BANK

		30 June 2024 (Un-audited)	31 December 2023 (Audited)
Bank balances	14	<u>627,421</u>	<u>1,284,231</u>
		<u>627,421</u>	<u>1,284,231</u>

*The balances are held with Al-Jazira Bank ("Related Party").

9) INVESTMENTS CARRIED AT FVTPL

As at 30 June 2024 (Un-audited)	Fund Manager	No. of units	Cost	Market value
Aljazira Saudi Riyal Murabaha Fund	Aljazira Capital	10,000	1,500,000	1,663,606

As at 31 December 2023 (Audited)	Fund Manager	No. of units	Cost	Market value
Aljazira Saudi Riyal Murabaha Fund	Aljazira Capital	-	-	-

*The investment is with a Related Party – refer note 14.

The following is investment movement during the period / year:

	30 June 2024 (Un-audited)	31 December 2023 (Audited)
Balance beginning of the period / year	-	-
Additions during the period / year	1,500,000	-
Unrealized gain	163,606	-
Balance at the end of the period / year	<u>1,663,606</u>	<u>-</u>

10) RENT RECEIVABLE, NET

	<u>Note</u>	30 June 2024 (Un-audited)	31 December 2023 (Audited)
Lease receivable		5,493,358	5,290,816
Provision for expected credit losses	10-1	(5,226,792)	(5,226,792)
		<u>266,566</u>	<u>64,024</u>

AL-JAZIRA REIT FUND

A Real Estate Investment Traded

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**For the period ended 30 June 2024**

(Amounts in SAR)

10) RENT RECEIVABLE, NET (CONTINUED)

10.1. The movement for expected credit losses during the period / year is as follows:

	30 June 2024 (Un-audited)	31 December 2023 (Audited)
Balance at the beginning of the period / year	(5,226,792)	(5,226,792)
Charge during the period / year	-	-
Balance at the end of the period / year	(5,226,792)	(5,226,792)

Period / Year	Overdue and impaired value					
	Total	From 1 to 90 days	From 91 to 180 days	From 181 to 270 days	From 271 to 365 days	More than 365 Days
30 June 2024 (Un-audited)						
Total	5,493,358	266,566	-	-	-	5,226,792
Expected credit losses	5,226,792	-	-	-	-	5,226,792
Coverage rate	95.15%	0%	-	-	-	100%
31 December 2023 (Audited)						
Total	5,290,816	64,024	-	-	-	5,226,792
Expected credit losses	5,226,792	-	-	-	-	5,226,792
Coverage rate	98.79%	0%	-	-	-	100%

11) RENTAL INCOME FROM INVESTMENT PROPERTY

	30 June 2024 (Un-audited)	30 June 2023 (Un-audited)
Rental income from warehouses lease	3,081,591	2,988,632
	3,081,591	2,988,632

12) PREPAYMENTS AND OTHER ASSETS

	30 June 2024 (Un-audited)	31 December 2023 (Audited)
Real estate management fees	125,989	55,098
Reclaim VAT	43,576	28,036
Balance at the end of the period / year	169,565	83,134

AL-JAZIRA REIT FUND

A Real Estate Investment Traded

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the period ended 30 June 2024

(Amounts in SAR)

13) INVESTMENTS PROPERTIES, NET

As at 30 June 2024 (Un-audited)

	<u>Land</u>	<u>Building</u>	<u>Total</u>
Cost			
Balance beginning of the period	90,209,401	27,790,599	118,000,000
Balance end of the period	90,209,401	27,790,599	118,000,000
Accumulated Depreciation			
Balance beginning of the period	-	(6,173,375)	(6,173,375)
Depreciation charge during the period	-	(461,909)	(461,909)
Balance end of the period	-	(6,635,284)	(6,635,284)
Impairment in value			
Balance beginning of the period	(22,912,261)	-	(22,912,261)
Reverse in value (13-4)	3,136,612	-	3,136,612
Balance end of the period	(19,775,649)	-	(19,775,649)
Book Value:			
Balance as at 30 June 2024	70,433,752	21,155,315	91,589,067

As at 31 December 2023 (Audited)

	<u>Land</u>	<u>Building</u>	<u>Total</u>
Cost			
Balance beginning of the year	90,209,401	27,790,599	118,000,000
Balance end of the year	90,209,401	27,790,599	118,000,000
Accumulated Depreciation			
Balance beginning of the year	-	(5,247,021)	(5,247,021)
Depreciation charge during the year	-	(926,354)	(926,354)
Balance end of the year	-	(6,173,375)	(6,173,375)
Impairment in value			
Balance beginning of the year	(25,651,980)	(1,111,095)	(26,763,075)
Reverse in value (13-4)	2,739,719	1,111,095	3,850,814
Balance end of the year	(22,912,261)	-	(22,912,261)
Book Value:			
Balance as at 31 December 2023	67,297,140	21,617,224	88,914,364

13.1. Real estate investments are represented in warehouses. It represents warehouses located on two lands, a northern block and a southern block located on King Faisal Road in Al-Wadi neighborhood, Jeddah.

13.2. All real estate is registered in the name of Al Inma Investment ("the Custodian"). The custodian holds these properties for the ownership of the usufruct of the fund and does not have any controlling interests and does not pose any risks to the investment properties.

13.3. The fund manager periodically reviews its investment properties to determine whether there is any indication of a decline in the value of assets. An impairment loss is considered at the amount that the carrying value of each investment property exceeds its recoverable value, which is higher than the fair value of the assets minus the cost of sale and value in use. According to the periodic evaluation reports submitted by the funds, the evaluation experts are independent of the fund.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the period ended 30 June 2024

(Amounts in SAR)

13) INVESTMENTS PROPERTIES, NET (CONTINUED)

13.4. The impairment of the assets is as follows:

	<u>30 June 2024 (Un-audited)</u>			<u>31 December 2023 (Audited)</u>		
	<u>Lands</u>	<u>Buildings</u>	<u>Total</u>	<u>Lands</u>	<u>Buildings</u>	<u>Total</u>
Balance beginning of the period / year	22,912,261	-	22,912,261	25,651,980	1,111,095	26,763,075
Reversal during the period / year	(3,136,612)	-	(3,136,612)	(2,739,719)	(1,111,095)	(3,850,814)
Balance end of the period / year	19,775,649	-	19,775,649	22,912,261	-	22,912,261

14) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties to the fund include Al-Jazira Capital "Fund Manager", "Al-Jazira Bank" (a shareholder in Al-Jazira Capital) and other funds managed by the Fund Manager.

In the ordinary course of its activities, the Fund transacts business with related parties. The related parties' transactions are governed by limits set by the regulations issued by the CMA. All related party transactions are approved by the Fund Manager.

The significant related party transactions entered into by the Fund during the period / year and the balances resulting from such transactions are as follows:

Related Party	Nature of Transactions	Amount of transactions		Balance receivable \ (payable)	
		30 June 2024 (Un-audited)	30 June 2023 (Un-audited)	30 June 2024 (Un-audited)	31 December 2023 (Audited)
Al-Jazira Capital	Fund management fee	(402,750)	(383,405)	(202,607)	(198,513)
Bank Al Jazira BOD members	Current account Attendance allowance*	-	-	627,421	1,284,231
Al Jazira Saudi Riyal Murabaha Fund	Investments carried at FVTPL Un-realized gain from investments carried at FVTPL	(1,500,000) 163,606	-	1,663,606 -	-

* BOD attendance allowances are included in the financial position under Accrued expenses.

15) UNEARNED RENTAL INCOME

	<u>30 June 2024 (Un-audited)</u>	<u>31 December 2023 (Audited)</u>
Balance beginning of the period / year	1,949,700	1,746,961
Rental income received during the period / year	2,089,341	6,178,540
Rental income earned during the period / year	(3,081,591)	(5,975,801)
Balance at the end of the period / year	957,450	1,949,700

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A Real Estate Investment Traded

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**For the period ended 30 June 2024**

(Amounts in SAR)

16) EFFECT OF NET ASSET VALUE IF INVESTMENT PROPERTIES ARE FAIR VALUED

The Fund Manager evaluates the Fund's investment properties based on an average of two evaluations prepared by independent evaluators. As set out in the terms and conditions of the Fund, net asset value declared are based on the market value obtained. However, in accordance with the accounting policy of the Fund, investment properties are carried at cost less accumulated depreciation and impairment losses, if any. Accordingly, the fair value below is disclosed for information purposes and has not been accounted for in the Fund's financial statements.

The fair value of real estate investments is determined by two valuers, namely, Barcode and Amam Real Estate Appraisal Company. The following is the valuation of real estate investments as of:

As at 30 June 2024 (Un-audited)	Barcode	Amam	Average
Investment properties	89,620,929	94,767,701	92,194,315
Total	89,620,929	94,767,701	92,194,315
As at 31 December 2023 (Audited)	Barcode	Amam	Average
Investment properties	86,418,518	92,207,559	89,313,039
Total	86,418,518	92,207,559	89,313,039

The investment and development properties were valued taking into consideration number of factors, including the area and type of property and valuation techniques using significant unobservable inputs, including the discounted cash flow method and the cost method.

	30 June 2024 (Un-audited)	31 December 2023 (Audited)
Estimated fair value of investment properties	92,194,315	89,313,039
Less: Book Value of investment properties	(91,589,067)	(88,914,364)
Estimated fair value excess of book value	605,248	398,675
Units in issue (numbers)	11,800,000	11,800,000
Value per unit relating to excess of estimated fair value over book value of investment properties	0.05	0.03

Net assets attributable to unitholders:

	30 June 2024 (Un-audited)	31 December 2023 (Audited)
Net assets value as per the interim condensed financial statements	93,175,563	88,009,835
Estimated fair value excess of book value of investment properties	605,248	398,675
Net assets value based on fair valuation of investment properties	93,780,811	88,408,510

Net assets attributable to each unit:

	30 June 2024 (Un-audited)	31 December 2023 (Audited)
Net assets value per unit based as per the interim condensed financial statements	7.90	7.46
Estimated fair value excess of book value of investment properties	0.05	0.03
Net assets value per unit based on fair valuation of investment properties	7.95	7.49

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**16) EFFECT OF NET ASSET VALUE IF INVESTMENT PROPERTIES ARE FAIR VALUED
(CONTINUED)**

*All properties are registered in the name of Al Inma Investment ("the custodian"). The custodian holds these properties for the ownership of the benefit of the fund and does not have any controlling interests and does not pose any risks to the real estate.

17) FAIR VALUE MEASUREMENTS

Financial assets consist of cash at bank, rental income receivables and other assets. Financial liabilities consist of deferred rental income, management fee and other payable. The fair values of financial assets and financial liabilities are not materially different from their carrying values.

The following table shows the fair value of financial instruments and investment properties disclosed as at period / year end:

<i>Accounting classification and carrying amount</i>		<i>Fair Value</i>			
<i>30 June 2024 (Un-audited)</i>	<i>Carried Cost</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Investment properties	91,589,067	-	-	92,194,315	92,194,315
<i>31 December 2023 (Audited)</i>	<i>Carried Cost</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Investment properties	88,914,364	-	-	89,313,039	89,313,039

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Changes in assumptions about these inputs could affect the fair value of items disclosed in these interim condensed financial statements and the level where the items are disclosed in the fair value hierarchy.

There were no transfers between various levels of fair value hierarchy during the current period or prior year. For assets not carried at fair value but for which fair value is disclosed i.e., investment properties, the valuation was determined using Cost approach and Sales Comparison approach based on significant unobservable inputs and accordingly is included in Level 3 of the fair value hierarchy.

There were no changes to the valuation techniques during the period.

18) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

Financial instruments carried in these Interim condensed financial statements principally include cash and cash equivalents, rental income receivables, accrued management fee and accrued expenses. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**For the period ended 30 June 2024**

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18) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**18.1 Credit risk**

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund is exposed to credit risk on the following:

	30 June 2024 (Un-Audited)	31 December 2023 (Audited)
Cash at bank	627,421	1,284,231
Rental receivables, net (note 10)	266,566	64,024
Accrued Lease Income	454,812	241,557
Prepayments and other assets	169,565	83,134

The following table details the risk profile of rental gross receivables based on the Fund's expected credit loss matrix:

	30 June 2024 (Un-Audited)	31 December 2023 (Audited)
	Expected credit loss	Expected credit loss
Less than 30 days	-	-
Between 31 to 180 days	-	-
More than 180 days	5,226,792	5,226,792
	5,226,792	5,226,792

The carrying amount of financial assets represents the maximum credit exposure.

The Fund seeks to limit its credit risk with respect to rent receivables by charging rent in advance, and by monitoring outstanding balances on an ongoing basis with the actual results for the Fund.

Credit risk is managed on a fund basis. For banks and financial institutions, only independently reputable related parties with a sound credit rating are accepted.

For corporate and retail customers, the Fund assess the risk control and the credit quality of the customer by taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Fund Board. The compliance with credit limits by wholesale customers is regularly monitored by line management.

The following table provides information about the exposure to credit risk and ECLs for rent receivables as at:

30 June 2024 (Un-Audited)	Weighted average loss rate (%)	Exposure at Default (SR)	Loss allowance (SR)	Credit impaired
0-30 days	0%	266,566	-	No
30-180 days	-	-	-	-
More than 180 days	100%	5,226,792	5,226,792	Yes
Total	95.15%	5,493,358	5,226,792	-
31 December 2023 (Audited)	Weighted average loss rate (%)	Exposure at Default (SR)	Loss allowance (SR)	Credit impaired
0-30 days	0%	64,024	-	No
30-180 days	-	-	-	-
More than 180 days	100%	5,226,792	5,226,792	Yes
Total	98.79%	5,290,816	5,226,792	-

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the period ended 30 June 2024

(Amounts in SAR)

18) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**18.2 Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through increase the fund size or by taking short term loans from the local banks.

The table below summarises the maturity profile of the Fund's financial liabilities based on contractual undiscounted payments:

30 June 2024	<i>Less than 1 year</i>	<i>More than 1 year</i>	<i>Total</i>
	<u>SR</u>	<u>SR</u>	<u>SR</u>
Accrued fund management fees	202,607	-	202,607
Unearned rental income	957,450	-	957,450
Accrued custodian fees	126,668	-	126,668
Accrued expenses and other liabilities	308,749	-	308,749
TOTAL LIABILITIES	1,595,474	-	1,595,474
	<i>Less than 1 year</i>	<i>More than 1 year</i>	<i>Total</i>
	<u>SR</u>	<u>SR</u>	<u>SR</u>
31 December 2023			
Accrued fund management fees	198,513	-	198,513
Unearned rental income	1,949,700	-	1,949,700
Accrued custodian fees	101,390	-	101,390
Accrued expenses and other liabilities	327,872	-	327,872
TOTAL LIABILITIES	2,577,475	-	2,577,475

18.3 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Fund does not have any significant exposure to currency risk as all its monetary assets and monetary liabilities are denominated in Saudi Riyals.

18.4 Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, profit rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Fund manages its market risk by investing in low-risk securities as per terms and conditions of the Fund.

19) CONTINGENCIES

There are no contingencies as at the reporting date.

20) SUBSEQUENT EVENTS

As of the date of approval of these interim condensed financial statements, there have been no significant subsequent events requiring disclosure to or adjustment in these interim condensed financial statements.

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21) SEGMENT INFORMATION

The fund invests in two investment properties in the Kingdom of Saudi Arabia. Since the fund invests in one segment and one country, there was no segment information presentation.

22) LAST VALUATION DAY

The last valuation day of the period was 30 June 2024 (31 December 2023).

23) APPROVAL OF FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Fund's Board of Directors on 1 Safar 1446H corresponding to 5 August 2024G.