



جدوى ريت الحرمين
Jadwa REIT Al Haramain

2021

ANNUAL REPORT

جدوى للاستثمار
Jadwa Investment





بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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His Majesty

King Salman Bin Abdulaziz Al Saud
Custodian Of The Two Holy Mosques



His Royal Highness Prince

Mohammed Bin Salman Bin Abdulaziz Al Saud
Crown Prince, First Deputy Prime Minister



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Fund Manager's Message To Unit Holders

Dear Unit Holders

We are pleased to present to you the annual report of Jadwa REIT Al Haramain Fund for year 2021 and would like to thank the unit holders for their continuous support, trust, and belief in the Fund during the past year. Following the unusual year of 2020 which saw an unprecedented event in our recent history represented by the emergence of one of the most fast-spreading viruses in human history "COVID-19", which imposed a global lockdown and had a tangible negative toll on the world's economy. The year 2021 could be labeled as the year of recovery as in the first quarter it witnessed the global distribution and administration of multiple FDA approved vaccines, all major countries were competing to secure supply of the vaccine and to raise the percentage of vaccinated population within their respective countries, this trend has continued resulting in achieving high percentage of vaccinated population and a huge and noticeable global decrease in the number of COVID-19 infections and as a result to that, precautionary measures represented in the form of full / partial lockdown, travel ban and social distancing have been mostly and significantly been alleviated. And of course due to this, economy has recovered from the downfall of March 2020 and even surpassed recent historical levels. More in-depth look into Saudi Arabia's holy cities and especially the religious tourism business (given the Fund's initial focus and strategy), the COVID-19 outbreak had a great negative toll on Makkah and Madinah real estate market as during the peak of the crisis religious tourism came to a complete halt and full lockdown, resulting in grave losses for those cities real estate investors. However, and as the crisis is fading away and precautionary measures are being alleviated, Makkah and Madinah hospitality markets are slowly and steadily recovering from the outbreak as the government has lately announced multiple decision pertaining to great easing of social distancing and preventive measures, which will greatly

allow more visitors into the Holy Mosque and increase the inflow of tourist in Makkah and Madinah.

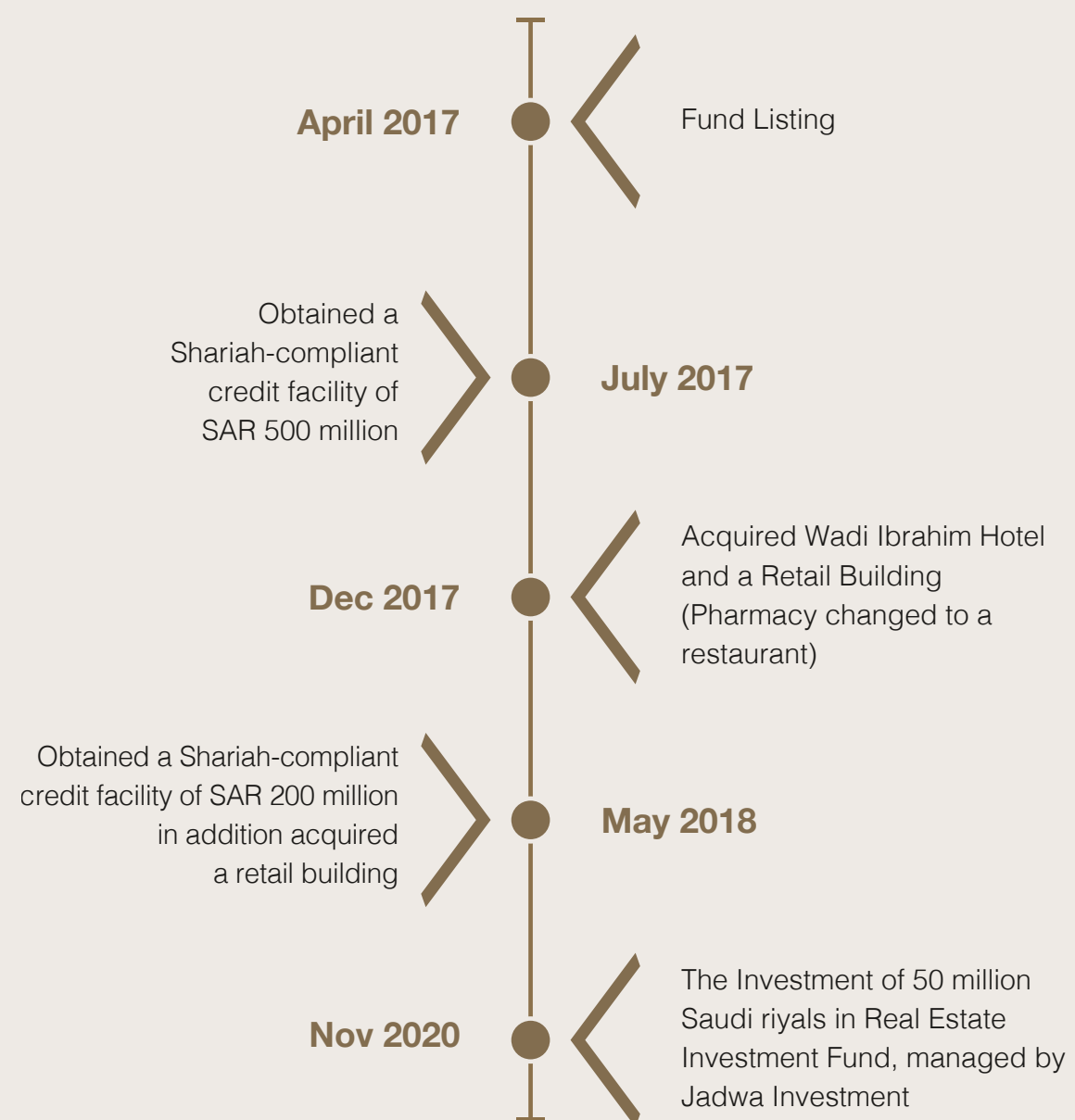
Within this recovering environment in the holy cities, and the steady coming-back of religious tourism, Jadwa REIT Al Haramain Fund performance during the year has been sub-optimal compared to pre-COVID years. However, the Fund took advantage of the outbreak in expediting the previously announced redevelopment project and is making great headway, which at completion, will result in an exponential enhancement in the Fund's performance and FFO generation. Furthermore, the fund is well-positioning its hotels to welcome this year's pilgrims by ensuring it readiness in addition to appointing well-experienced hospitality operators to manage and operate the Fund's assets. Having said that, the Fund has signed an operating agreement of Emaar Al Diyafa Hotels Company, a well-known operator who has a good track record in Makkah market, for the purpose of managing and operating Tharawat Andalusia Hotel and is in the process of appointing operators for the remaining assets. Jadwa REIT Al Haramain is marching into 2022 with a strong conviction and positive outlook into the market as we foresee normality resuming and the last remnants of the outbreak effects are slowly but surely fading. The next twelve months will surely present new challenges and exciting opportunities, in which the Fund is in an optimal position to benefit from. With its available credit line facility on hand and low leverage, the Fund is on track to deploy more capital and grow the portfolio through more acquisitions of accretive high-quality assets.



Section 1

REIT AT A GLANCE

REIT At A Glance



Financial Performance

Portfolio Characteristics

	2019	2020	2021
Number of properties	5	4	4
Sectors	Hospitality, Retail	Hospitality, Retail	Hospitality, Retail
Total Land area (sq. meter)	3,227	3,227	3,227
Total BUA	43,201	40,690	40,690
Portfolio Occupancy	100%	100%	0%
Number of Tenants	2	2	0
WAULT	10.28	0.54	0
Fair Market Value	862,000,000	787,730,275	735,652,000

Fund's Performance

	2019	2020	2021
Net Asset Value (Cost)	629,658,424	548,413,619	539,258,158
Net Asset Value (Fair Value)	712,144,366	631,453,402	584,181,978
Fair Value NAV per unit	10.79	9.57	8.85
Highest Fair Value NAV per unit	10.81	10.13	9.65
Lowest Fair Value NAV per unit	10.68	9.52	8.59
Number of issued units	66,000,000	66,000,000	66,000,000
Distributed Dividends Per Unit	0.46	-	-
Expense Ratio	1.07%	0.32%	0.16%
Annual return	3.59%	-11.31%	-7.52%
Unearned revenue to revenue	0.00%	0.00%	0.00%
Non cash expenses to net income	72.00%	-19.71%	-144.00%
LTV	23.21%	29.39%	31.84%
Loan Maturity Date		31-Aug-22	

Fund's Returns profile

Annual Fund Expenses

2017	2018	2019	2020	2021
12.10%	5.25%	3.59%	-11.31%	-7.52%
1-Year return	3-Years return	Return Since Inception		
-7.52%	-13.72%	2.30%		
2021				
Management Fee*		0		
Registrar Fee		400,000		
Listing Fee		165,151		
Custodian Fee		116,648		
Administrator Fee		112,535		
Auditor Fee		35,000		
Board Oversight Fee		20,000		
Other Fund Fees		440,094		
Grand Total		1,289,428		
Expense Ratio		0.16%		

*The Board of Directors of Jadwa REIT Al Haramain Fund ("The Fund") has resolved to approve the Fund manager's decision to suspend the management fees of the Fund due to COVID-19

Percentage of each property rent to the total Fund's rent

	2019	2020	2021
Andalusia	46.5%	59.8%	0.0%
Taqwa	31.3%	40.2%	0.0%
Ibrahim Al Khalil 1	15.2%	0.0%	0.0%
Ibrahim Al Khalil 2	4.2%	0.0%	0.0%
Retail	2.8%	0.0%	0.0%
Unearned Revenue/ Revenue	0.0%	0.0%	0.0%

Annual Fund Performance Comparison*

Jadwa REIT Al Haramain Fund	Tadawul All Share Index	Tadawul REITS Index
7.10%	33.19%	12.73%

*The annual return for the Fund is calculated based on the capital gain from the changes in the unit trading price plus dividends yield

Source : Bloomberg

Tadawul All Share Index: a stock market index which tracks the performance of all companies listed on the Saudi Stock Exchange.

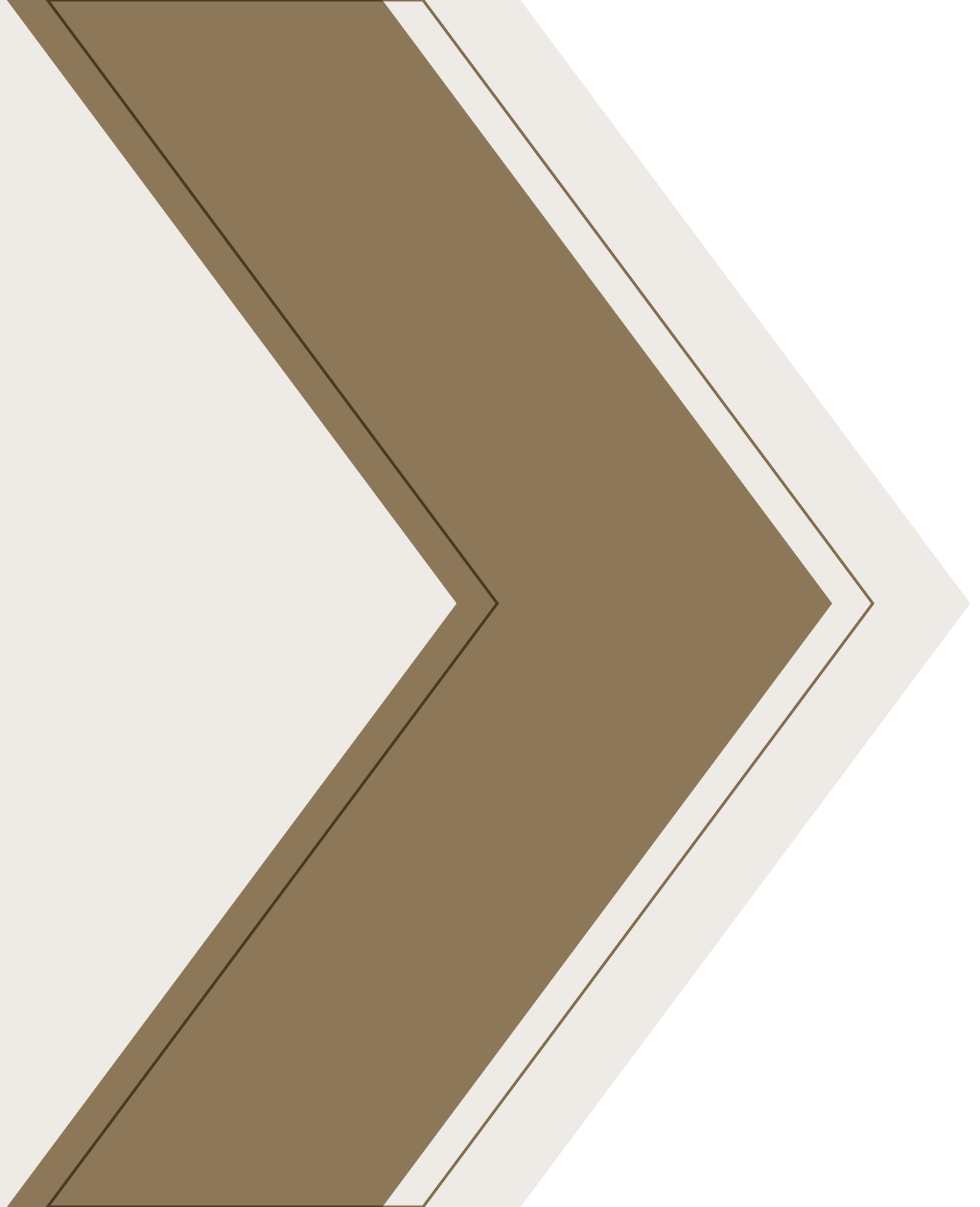
Tadawul REITs Index: a stock market index which tracks the performance of all REITs listed on the Saudi Stock Exchange.

Special Commission

No special commission has been received by the Fund manager during 2021

Section 2

PORTFOLIO DESCRIPTION



Portfolio Description

Fund's Assets

The Fund's assets consists of 4 properties and units in private real estate investment fund. The assets are:

1. Tharawat Al Andalseya Hotel
2. Tharawat Al Taqwa Hotel
3. Properties Under Development
4. Retail Building
5. Units in Real Estate Investment Fund

Targeted Assets by the Fund Manager

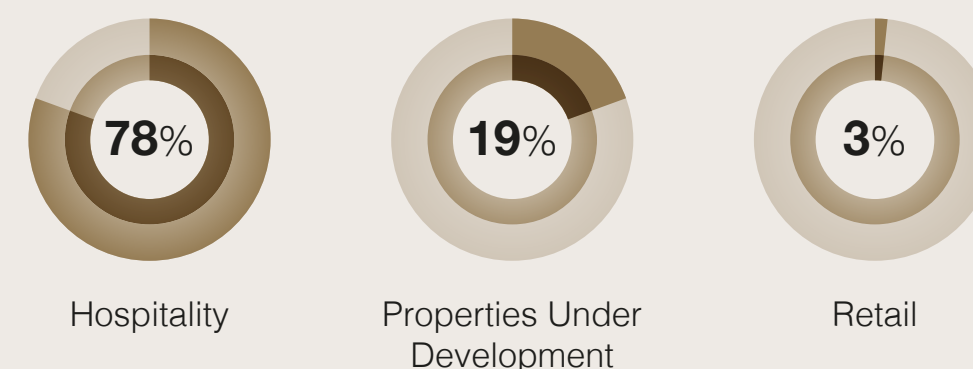
Currently there are no active transactions, however the fund manager is constantly screening for new investments

Portfolio Occupancy as of December 31 2021 *

0% | Percentage of leased assets to the total portfolio of income generating assets

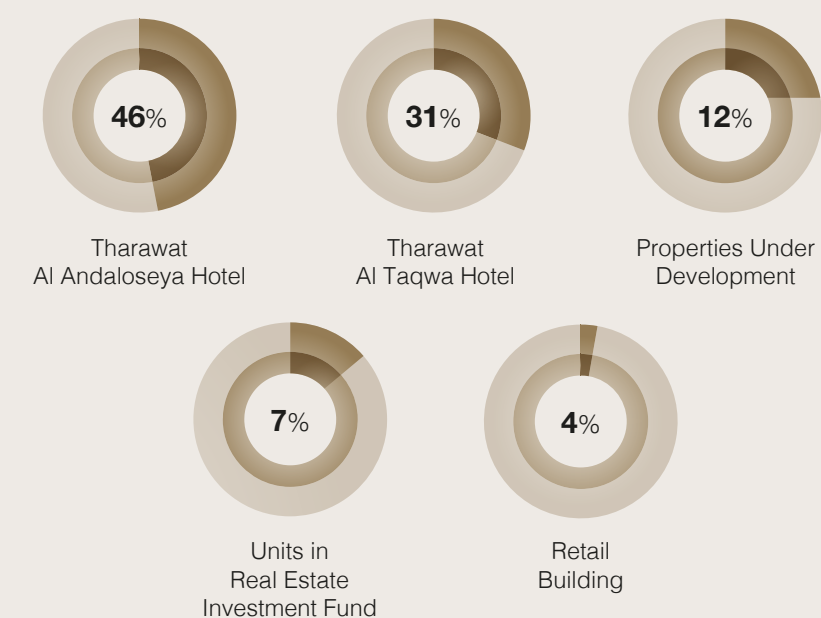
* The portfolio occupancy only includes the direct investment in real estate income generating assets

Portfolio Allocation by Sector



*The portfolio allocation by sector only includes the direct investment in real estate income generating assets

Portfolio Allocation by Asset

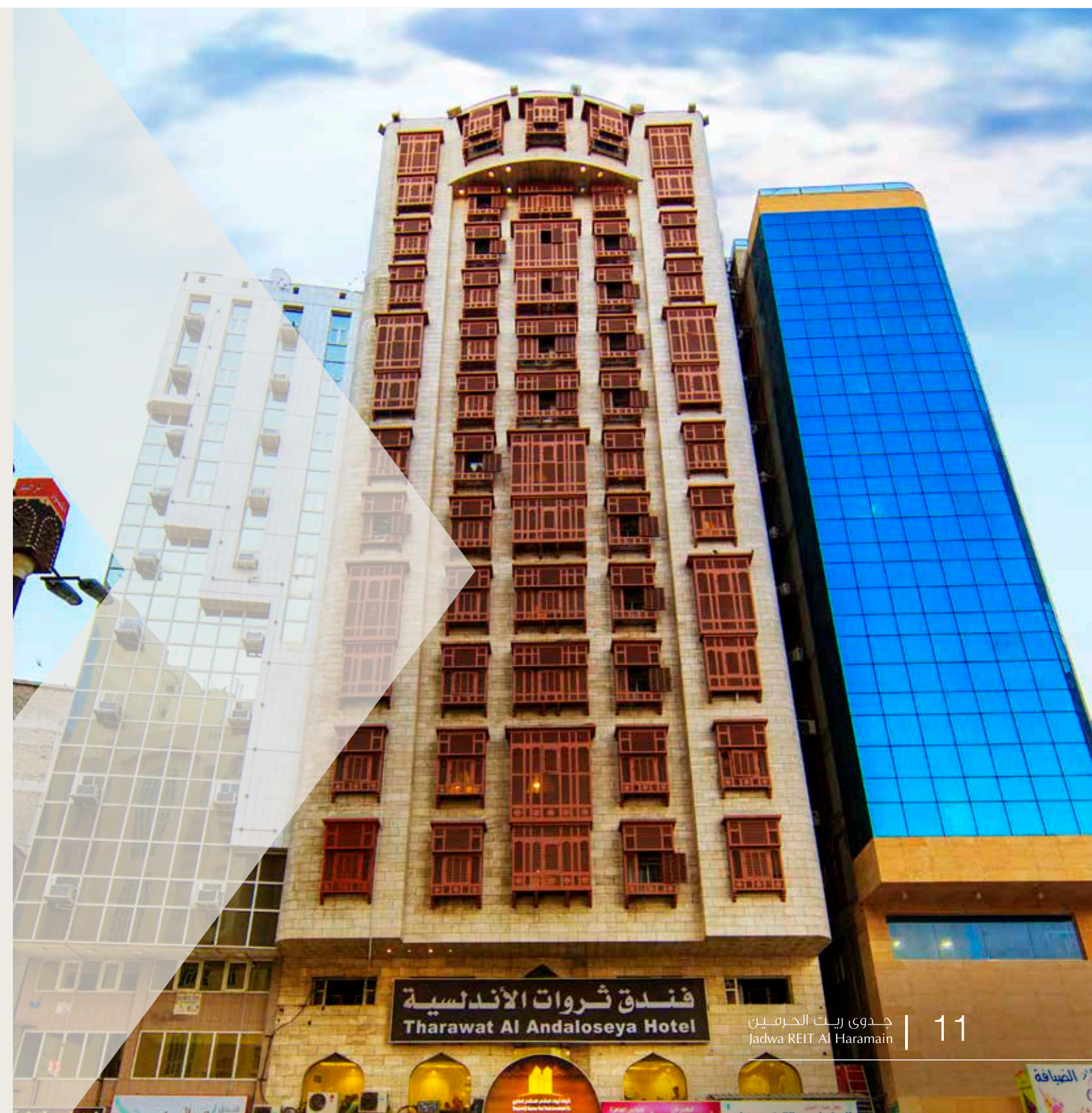


Tharawat Al Andalosiya

- The property is currently utilized as a four-star hotel, under the brand of 'Tharawat Al Andalseya Hotel'.
- 294 rooms to accommodate visitors to Makkah's holy sites throughout the year. Located within 500 meters of the Masjid Al-Haram.
- The property consists of a basement, ground level, mezzanine floor, service level, 12 upper levels and a roof.
- The ground level is internally configured to accommodate ten shops.

Location	Al Mesfalah District, Makkah
Acquisition Price	379,000,000
Net Acquisition Yield	6.7%
Number of tenants	0
Fair Value Estimation*	367,210,000
Occupancy Rate	0%
Remaining Lease Term**	0 Years
% of Total Fund Portfolio	46.3%

*as of 31st Dec 2021

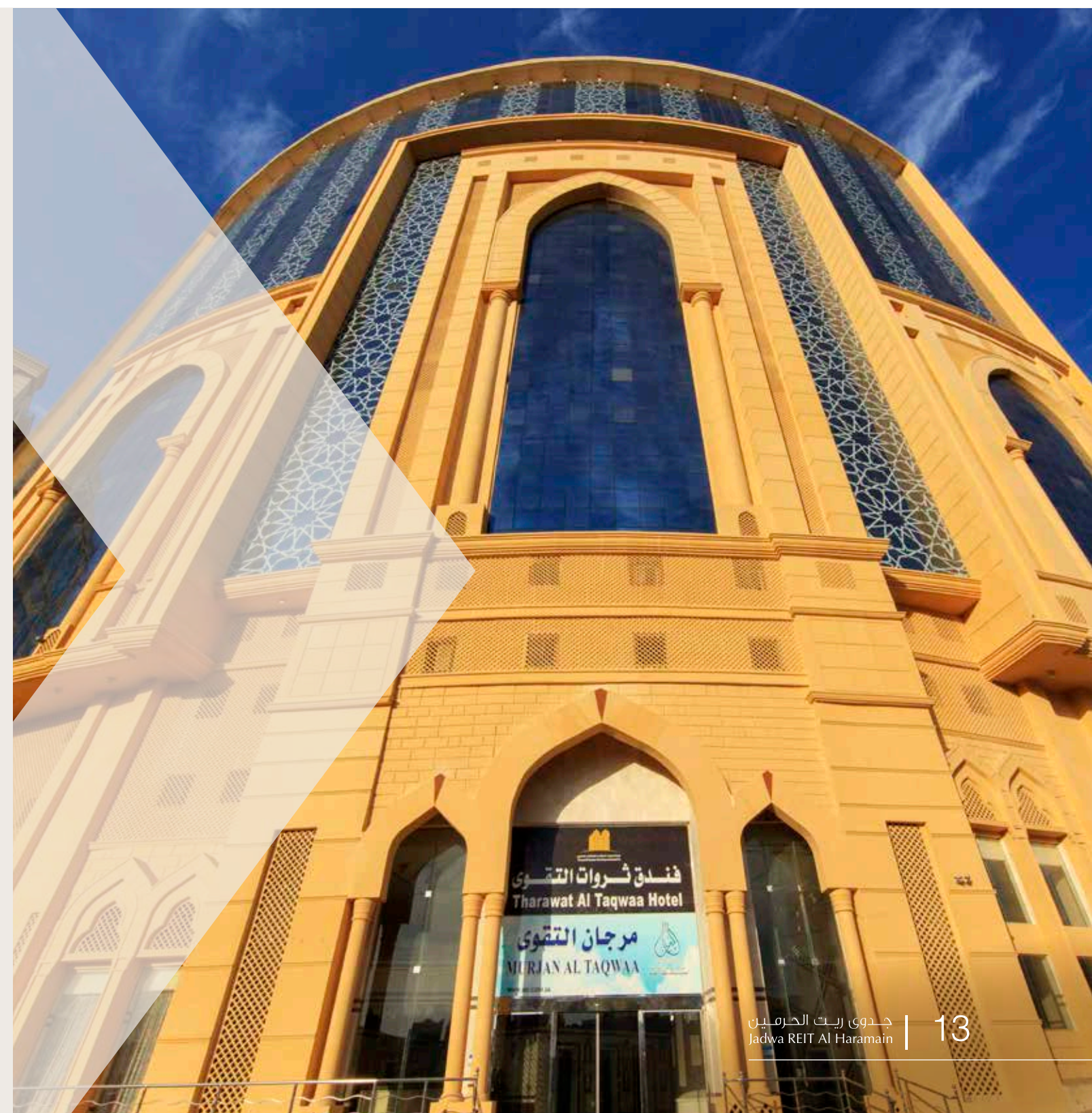


Tharawat Al Taqwa

- The property is currently utilized for the accommodation of Hajj and Umrah visitors, under the brand of 'Tharawat Al Taqwa Hotel'.
- 690 rooms to accommodate visitors to Makkah's holy sites during the Hajj season and month of Ramadan. Located approximately 900 meters from Mina, the hotel can host 3,506 pilgrims.
- The property is arranged over three basement levels, a ground floor, mezzanine level, service level, restaurant level, 14 upper levels and a roof.

Location	Al Shishah District, Makkah
Acquisition Price	250,000,000
Net Acquisition Yield	6.8%
Number of tenants	0
Fair Value Estimation*	245,250,000
Occupancy Rate	0%
Remaining Lease Term**	0 Years
% of Total Fund Portfolio	31%

*as of 31st Dec 2021



3 Stars Hotel

- There is a plan to redevelop the Tharawat Wadi Ibrahim Hotel building and the commercial restaurant building by merging the two properties and developing them into a hotel tower.
- The merging and redevelopment of the two properties will result in the full utilization of the permitted building areas for the buildings located in the central area of the Grand Mosque on Ibrahim al-Khalil Street, and the redevelopment will result in an increase in the leasable areas and the number of hotel rooms.

Location	Al Mesfalah District, Makkah
Acquisition Price	160,000,000
Net Acquisition Yield**	N/A
Number of tenants**	N/A
Fair Value Estimation*	94,600,000
Occupancy Rate**	N/A
Remaining Lease Term**	Terminated
% of Total Fund Portfolio	12%

*as of 31st Dec 2021

** The fund terminated the lease contract to start the re-development.



Retail Building

- The property is configured to allow for two retail shops and ancillary residential.
- The building consists of a ground level, two upper levels and a roof.

Location	Al Mesyal Road, Makkah
Acquisition Price	23,000,000
Net Acquisition Yield	6.7%
Number of tenants	0
Fair Value Estimation*	28,592,000
Occupancy Rate	0%
Remaining Lease Term	0 Years
% of Total Fund Portfolio	4%

*as of 31st Dec 2021



Units in Real Estate Investment Fund

- Real Estate Investment Fund, a closed-ended Shariah-compliant real estate investment fund. The objective of Real Estate Investment Fund is to provide investors with a stable stream of income and capital appreciation in the medium and long term through the acquisition of income-generating real estate assets in the Kingdom of Saudi Arabia.
- Real Estate Investment Fund has a term of 10 years, which can be extended for two additional periods of five years each.
- Real Estate Investment Fund acquisitions were funded by accepting in-kind and cash subscriptions in the amount of 1.5 billion Saudi riyals, and the remainder was funded by obtaining bank loans amounting to 1.3 billion Saudi Riyals from Saudi banks for a period of five years, provided that the full amount of the financing is to be paid at the end of the fifth year.
- The initial portfolio of assets for Real Estate Investment Fund comprises of 3 income-generating properties which are: Al Nakhla Residential Compound, REIF Flats, Seven commercial, office and service towers in the "Laysen Valley" project.
- Real Estate Investment Fund targets a fund size of 10 billion Saudi Riyals, while the initial closing successfully raised the amount of 2.8 billion Saudi riyals.

Value of Investment	57,600,000
Expected Five Years Average Annual Return	10%
Number of Underlying Properties	3
% of Total Fund Portfolio	7%



Section 3

RISK REPORT

Jadwa REIT Al Haramain Fund Risk Report

Fund Description

Fund Name	Jadwa REIT Al Haramain Fund
Fund Manager	Jadwa Investment Company
Listing Exchange	Tadawul (Saudi) Stock Exchange in April 2017
Type of Fund	Closed-ended Shariah Compliant
Authorized Capital	SAR 660,000,000
Fair Value NAV per unit	SAR 8.85 (as of 31st Dec 2021)
No. of Properties	4 (3 Developed + 1 Under Development)
Risk Level	Above Average / High

Key Risks

Risk Type	Risk Description	Risk Mitigation
Economic Risk	Changes in economic conditions, including, for example, inflation, new government regulations, political events and trends can affect the Fund's prospects.	Regular monitoring of macroeconomic conditions and regulatory trends in laws is being carried out by the Fund Manager. Proactive steps are taken to mitigate or minimize the impact as much as possible. COVID-19 restrictions by government to suspend Hajj & Umrah have impacted the hospitality sector adversely in Makkah and Medina. The Fund Manager has suspended the management fees to mitigate the negative impact on the Fund.
Legal and Regulatory Risk	Failure to adhere to laws, rules and regulations as stipulated by CMA can result in suspension of trading or cancelation of the Fund's listing.	The Fund Manager has recruited qualified personnel to manage the Fund and monitor all regulatory requirements such as compliance and risk management. These qualified persons take all necessary steps for establishing and confirming to avoid any non-compliant practices under the supervision of the Fund Manager.
Occupancy Risk	Risk when expected occupancy rates are not achieved, which affects the profitability of the Fund	All properties acquired by the Fund have strong economic fundamentals and cash-generation characteristics, thus providing significant margins of safety on occupancy rates. However, suspension of Hajj & Umrah due to COVID-19 has resulted in rent suspension for all three properties and lease termination for two properties. Any new leasing would depend on lifting of COVID-19 restrictions and future performance of the hospitality market in Makkah. If the restrictions will continue to be implemented by the government, then this will increase the risk of not achieving the expected occupancy rates across the whole hospitality sector in Makkah.

Jadwa REIT Al Haramain Fund Risk Report

Key Risks

Risk Type	Risk Description	Risk Mitigation
Development Risk	Development risks associated with real estate projects under development include: Delay in construction, costs exceeding planned allocations that may affect the profitability and / or financial feasibility of the Project.	The Fund has initiated redevelopment of Tharawat Wadi Ibrahim Hotel and the restaurant building through merging these properties and redeveloping them into a hotel tower by end of 2022. However, extension of COVID-19 restrictions in the kingdom has delayed the expected completion to Q1 2023. These delays in project completion would result in the increase of development risk faced by the Fund.
Credit Risk	Risks relating to the inability of tenants to meet their payment obligations towards the Fund.	Credit analysis/ assessment is conducted by the Fund Manager before on boarding new tenants. For the existing tenants, regular monitoring of outstanding dues towards the Fund and follow up for payments is done by the Fund Manager.
Financing Risk	Financing risk occurs when the Fund is unable to attain financing from market to continue/expand its operation.	The Fund has a committed SAR 500 million credit line facility from Banque Saudi Fransi out of which 247 million is unutilised, which assures that the financing risk is at a minimal.
Lease Renewal Risk	Lease renewal risk is the risk of nonrenewal of existing leases or renewal at lower than current lease rate that might impact the rental income of the Fund.	The Fund enters into long term operating lease contracts with tenants for space in its investment properties with lease terms ranging between 3 and 16 years. These operating leases provide tenant to pay the base rent with provisions for contractual increase in the rent. Given the suspension of Umrah due to global pandemic, the Fund faces a significant risk related to lease renewal as lease agreement for 2 properties has been terminated.
Risk of neglecting the property	Any adverse event leading to structural damage to the properties owned by the Fund thereby risking the income generating potential from such properties.	All the properties are insured by the Fund which covers for all property damages. The Fund Manager ensures that the insurance coverage is adequate under public liability and property all risks insurance.

Risk Type	Risk Description	Risk Mitigation
Counterparty Concentration Risk	This risk arises when a single counterparty has the most concentration of leased assets, this might lead to an adverse condition if the counterparty has troubles in future.	The Fund has terminated lease from Tharawat Al Mashaer Property Development and Investment Company. This lessee was contributing the major portion of the Fund's income from initiation. This has exposed the Fund to a high cash-flow risk. The Fund Manager is mitigating this risk by evaluating other tenants for these properties and would look to lease the portfolio over a range of tenants once the COVID-19 restrictions are lifted.
Sector Concentration Risk	This risk arises when all assets belong to the same sector, this might lead to an adverse condition if that sector has troubles in future.	Majority of the Fund's assets are hotels, which subjects the Fund to the risks inherent in the hospitality sector. The Fund continuously explores various options for diversification. The Fund has invested 50 Mn SAR in closed ended Shariah compliant private real estate investment fund for diversification.
Geographical Concentration Risk	The risk arises when all the assets belong to same geographical area, this might lead to an adverse condition if that location has troubles in future.	Post changes in terms and conditions in 2020, the Fund Manager can invest a minimum 60% asset allocation in the holy cities of Makkah and Medina and remaining 40% can be invested in income generating and development real estate projects in rest of the cities inside or outside the kingdom with restrictions on concentration limits of 40% and 25% respectively. The Fund Manager is actively looking for investment opportunities outside the holy cities to ensure diversification of geographical risk.
Interest Rate Risk	The risk arises due to increase in interest rate impacting the Fund's net income.	The Fund Manager analyses its interest rate exposure on a regular basis by monitoring interest rate trends and believes that the impact of such changes is not significant to the Fund. In addition to this, the Fund has revolving credit line with profit rates reset every 6 months at SAIBOR + 2%.

Jadwa REIT Al Haramain Fund Risk Report

Key Risks

Risk Type	Risk Description	Risk Mitigation
Liquidity Risk	The risk of the Fund not being able to meet short term financial demands or unable to meet any payment obligations for exiting property.	Cash flow generated from operating the property portfolio represents the primary source of liquidity used to service the interest on debt, fund general and administrative expenses. Therefore, the Fund Manager ensures that there are adequate funds to repay obligation in a timely and cost-effective manner. The Fund has an unutilised line of credit of SAR 347 million with bank which partly mitigates the liquidity risk.
Asset Valuation Risk	Incorrect valuation of the properties resulting in notional and reputational losses.	The Fund Manager ensures clear communication of most up to date required information to the external professional valuers for valuation of the properties to reduce the risk of inaccurate valuation. Moreover, Valuations are carried out by two independent valuers accredited by Saudi Authority for Accredited Valuers (TAQEEM). The Fund Manager uses the average of two valuations for reporting and decision making.
Environmental, Social and Governance (ESG) Risk	Environmental, Social, and Governance (ESG) risks refer to the three factors in measuring the sustainability and societal impact of an investment.	As part of the traditional financial analysis and due diligence, the risks arising due to environmental issues of properties and environmental regulation are accounted for the valuation processes by the independent valuers. The increased awareness of the Fund Manager about ESG risks, do not guarantee that its financial results will not be negatively impacted by the occurrence of any such event.

Conclusion

The Jadwa REIT Al Haramain Fund is exposed to various risks as identified above which may impact the performance of the Fund. These risks have been mitigated through the actions taken by the Fund Manager to some extent. COVID-19 has impacted all segments of the economy with the largest impact seen on the travel and hospitality segment. The Fund Manager has worked closely with all parties and regulatory bodies to minimize the impact of pandemic on their businesses. Due to ongoing pandemic, rents have been suspended on all 3 properties. This has negatively impacted the Fund's rental income and exposed the Fund to occupancy and lease renewal risk. The Fund has announced the redevelopment of one of the properties which exposes the Fund to development risk. The Fund Manager is continuously exploring new investments and diversification opportunities to provide a stable stream of income to the investors including investment in other funds. The Fund is exposed to a sector concentration risk as significant portion of leasing income is derived from hotel properties. This subjects the Fund to the risks inherent in the hospitality sector. Unutilized credit facility of SAR 247 Mn helps the Fund

maintain a flexible balance sheet for acquiring new assets swiftly and efficiently. With the government of gradually lifting the restrictions on Hajj and Umrah, the Fund's long term financial health is expected to improve.

The changes in macroeconomic conditions brought by COVID-19 had a negative impact on businesses in the holy cities and the Fund's performance in 2020 and this negative impact has continued in 2021. There has been no change in Fund's performance in 2021 and Fund's risk would continue to remain at "Above Average / High".

Section 4

FUND GOVERNANCE



Jadwa REIT Al Haramain Fund Governance

About the REIT

The Jadwa REIT Al Haramain Fund is a closed-ended Shariah- compliant real estate investment-traded Fund that is managed by Jadwa Investment Company. The Fund operates in accordance with the Real Estate Investment Fund Regulations and the REIT Instructions issued

Name	Jadwa Investment Company
Address	Sky Towers, Fourth Floor, King Fahad Road, P.O. Box 60677, Riyadh, 11555, Kingdom of Saudi Arabia
Website	www.jadwa.com

About Jadwa Investment Company

Jadwa Investment is the premier investment management and advisory firm in Saudi Arabia and the wider region. Headquartered in Riyadh with three regional offices, the firm has over SAR 52.9 billion in client assets under management and advisement.

Its clients include government entities, local and international institutional investors, leading family offices, and high-net-worth individuals. Jadwa Investment is licensed by the Capital Market Authority (CMA) as an authorized person, with license number 06034-37

Delegation to Third Parties

As the Fund manager, Jadwa Investment Company is liable for the appointment of any third party (including its affiliates) and their responsibilities.

Jadwa Investment Company is also the Fund administrator. However, Jadwa has delegated certain administrative functions to Apex Fund Services (Dubai) Ltd to enhance the performance of the REIT.

Jadwa REIT Al Haramain Fund Governance

Custodian

Name	AlBilad Investment Company
Address	Smart Tower, First Floor, Intersection of King Fahad Road and Tahlia Road, P.O. Box 140, Kingdom of Saudi Arabia.
Website	www.albilad-capital.com
Tel	+966 11 290 6245

Auditor

Name	Alluhaid & Alyahya Chartered Accountants (ACA)
Address	6733 Abo Bakr Al Siddiq Road, Al Taawun District. P.O. Box 85453, Riyadh 11691 Kingdom of Saudi Arabia.
Tel	+966 11 269 3516

Administrator

Name	Jadwa Investment Company
Address	Sky Towers, Fourth Floor, King Fahad Road, P.O. Box 60677, Riyadh, 11555, Kingdom of Saudi Arabia
Website	www.jadwa.com
Tel	+966 11 279 1111

Legal Advisor

Name	Abuhimed Alsheikh Alhagbani Law Firm (in affiliation with Clifford Chance LLP)
Address	The Business Gate, 15th Floor King Khaled International Airport Road, Kingdom of Saudi Arabia
Tel	+966 11 481 9700
Website	www.ashlawksa.com

Third-Party Valuers

Name	White Cubes Company
Address	Riyadh, Kingdom of Saudi Arabia
Tel	+966 11 810 1765
Website	www.white-cubes.com

Name	ValuStrat Company
Address	6th Floor, Southern Tower, King Khalid Foundation Al Faisaliah Complex, King Fahd Road, Riyadh, Kingdom of Saudi Arabia
Tel	+966 11 293 5127
Website	www.valustrat.com

VAT Consultant

Name	PricewaterhouseCoopers (PWC)
Address	Kingdom Tower - 21st Floor, King Fahd Highway, Riyadh, 11414, Saudi Arabia
Tel	+966 11 211 0400
Website	www.pwc.com/m1

Jadwa REIT Al Haramain Fund Governance

Conflicts of Interest

As of December 31, 2021, there are no transactions involving material conflicts of interest between Jadwa REIT Al Haramain Fund Jadwa Investment Company, its board or any third parties. To clarify, the appointed custodian Al Bilad Capital is wholly owned by Al Bilad Bank. A member of Jadwa Investment Company's board of directors is a shareholder in a founding company of Al Bilad Bank (at a percentage not representing control).

Conflicts of interest may exist or arise from time to time between the REIT, and the Jadwa Investment Company or its

affiliates, subsidiaries, directors, officers, employees and agents thereof, and other Funds sponsored or managed by them. Where Jadwa Investment Company has a material conflict of interest with the Fund, Jadwa Investment Company will make full disclosure to the Fund Board as soon as practicable. Jadwa Investment Company will attempt to resolve any conflicts of interest by exercising its good faith judgment considering the interests of all affected investors and parties taken as a whole.

Jadwa REIT Al Haramain Fund Governance

Fund's Board

The Fund Board oversees the resolution of conflicts of interests. As at December 31, 2021, the Fund Board is composed of appointees of the Fund manager.

The members of the Fund Board have fiduciary duties to the investors under the Real Estate Investment Fund Regulations and will use their best efforts to resolve all conflicts by exercising their good faith judgment.

The Fund Board is composed of five members appointed by the Fund manager, of whom two are independent. Any amendment to the composition of the Fund Board shall be notified to the Unitholders by an announcement on the Fund manager's and Tadawul's websites

Material Changes

"there was no material changes during the year"

Fund Board Meeting

The Fund manager held Two Fund Board meetings during 2021

The first meeting was conducted on June 15, 2021

The following topics have been discussed:

- An overview of REITs market in Saudi Arabia and Makkah market
- The Fund performance after covid-19 and properties leases
- The status of the new hotel under development

The second meeting was conducted on December 28, 2021

The following topics have been discussed:

- An overview of REITs market in Saudi Arabia and Makkah market
- Properties operating income and operators tendering process
- Approval on the Fund's T&Cs amendments

Resolutions signed during the year of 2021:

- Resolution approval to sign the main contractor contract and the engineering supervision consultant contract of Al-Khalil hotel project, one of Jadwa REIT Al Haramain Fund properties.
- Resolution of approving the annual financial statements for Jadwa REIT Al Haramain Fund for the year ending on 31 December 2020.
- Resolution of approving the semi-annual financial statements for Jadwa REIT Al Haramain Fund for the period ending on 30 June 2021.
- Approve the appointment of Jood Facility Management Company, for the purpose of providing management and maintenance services for the Fund's real estate properties and assets.
- Approve the appointment of Khaled Nassar & Partners - Lawyers and Legal Consultants to provide the necessary legal services to the fund.

Jadwa REIT Al Haramain Fund Governance

The Fund Board consists of the following members:

Ghannam Al Ghannam (Chairman)

Mr. Al Ghannam is the Director, Private & Institutional Client Investments at Jadwa Investment Company. Prior to joining Jadwa, he was a Senior Investment Advisor for private clients at HSBC Saudi Arabia. Mr. Al Ghannam has over 14 years of experience in business development and wealth management. He is a certified financial planner and holds a BS degree in Business Administration from Toledo University.

Asad Khan (Board Member)

Asad Khan is the Head of Economic Research at Jadwa Investment, where he covers economic and energy-related developments in Saudi Arabia and the Middle East. Prior to this, he worked at The Bank of Tokyo-Mitsubishi UFJ, in London, as an Associate Director in the Oil & Gas team, covering the EMEA region. Asad holds a BSc in Economics from the School of Oriental & African Studies (University of London) and has extensive experience in economic-related research positions within Investment Banking, Retail Banking and Real Estate sectors, in addition to working within the UK Civil Service.

Dr. Nouf Al Sharif (Board Member)

Dr. Nouf is a senior economist part of the Jadwa research team. Prior to joining Jadwa Dr. Nouf was an economics lecturer at Prince Sultan University specializing and teaching Business, Micro and Macroeconomics and monetary banking. From 2009 to 2011, she worked at Riyadh Bank quickly being promoted from senior planning analyst to the bank acting chief economist from December 2007 to November 2008. Dr. Nouf holds a PHD from Sussex University department of economics from Falmer, United Kingdom, in addition to a master and bachelors from King Saud University from the college of Business Administration, Riyadh, Saudi Arabia.

Dr. Waleed Addas (Independent Director)

Dr. Addas is the Chief of Programs and Portfolio Monitoring Division at Islamic Development Bank. Prior to this he was Director of Finance and Administration at International Energy Forum, Riyadh. Dr. Addas holds a Doctorate in Economics from International Islamic University, Malaysia.

Nader Al Amri (Independent Director)

Mr. Nader Al Amri is the executive and founding partner of First Avenue Real Estate Development Company, and occupies the role of a financial advisor to a number of public and private entities. He holds a Bachelor of Commerce majoring in Economics from Saint Mary's University in Canada, in addition to a Masters degree in Economics from the University of Waterloo in Canada. Mr. Nader holds other degrees in real estate management, finance, design and leadership from Harvard Business School in the United States, also holds a professional certificate in real estate finance and investment from the University of New York in the United States.

Jadwa REIT Al Haramain Fund Governance

Sharia Board

Fund manager has appointed a Shariah Board as the Fund Shariah Advisor (the “Shariah Board”). The Shariah Board is a panel consisting of four scholars who are experts in the field of Islamic Shariah. It monitors the business, operations, investments and financings of the Fund to ensure compliance with the Islamic principles of Shariah.

The Fund manager carries out the Shariah monitoring tasks for the Fund’s investments, which include the following:

- Achieve the Fund’s commitment to Shariah monitoring through periodic reviews.
- Review agreements and contracts regarding the Fund’s transactions.
- Follow-up with the Fund’s operations, review its activities in terms of their legality, and consider the extent of its compliance with the Shariah Guidelines and the Shariah Board’s directions.
- Submit the matter to the Shariah Board in case of any potential Shariah violations.
- Prepare and follow-up with the necessary endorsements for the purification amounts approved by the Shariah Board.

The Shariah Board oversees the compliance of the Fund’s activities with the Shariah Guidelines and provides relevant advice.

H.E. Sheikh Dr. Abdulla Al Mutlaq

H.E Sheikh Dr. Abdulla Al Mutlaq is a member of the Senior Ulema Board, Advisor to the Royal Court, former Chairman of the comparative Fiqh, Imam Mohammed Bin Saud Islamic University, and a member of the Shariah Board for several financial institutions in the Kingdom of Saudi Arabia.

Sheikh Dr. Muhammad Ali bin Ibrahim Al Qari bin Eid

Sheikh Dr. Muhammad Ali Al Qari bin Eid is a professor of Islamic Economics at King Abdulaziz University in Jeddah, and an expert at the Fiqh Academy of the Organization of Islamic Conference in Jeddah.

Sheikh Bader Abdulaziz Al Omar

Sheikh Bader Abdulaziz Al Omar has 18 years of experience in Islamic banking. Currently, he is the Head of the Shariah Group at Jadwa Investment, having worked earlier in several positions at the Shariah group within Al Rajhi bank. He is a former member of the Islamic banking committee at the Saudi Arabian Monetary Agency.

Sheikh Ahmed Abdulrahman Al Gaidy

Sheikh Ahmed Abdulrahman Al Gaidy is our head of Shariah research and has 14 years of experience in investment banking. He has issued several pieces of Shariah research and previously worked as Shariah consultant to the Al Rajhi Bank’s investment department. He was also a Shariah consultant to the Al-Jazira Bank’s treasury department.

Jadwa REIT Al Haramain Fund Governance

Shariah guidelines for the Fund's investment in real estate assets

The Shariah Board believes that investments in real estate assets are permissible subject to the following guidelines:

1. The purchase-and-sale agreement for the real estate assets must be in the Shariah Board's approved form.
2. The invested real-estate asset must be accurately known with due diligence.
3. The price must be known.
4. The Fund manager must not execute any lease contracts on a real estate asset until completion of the purchase of the real estate asset;
5. The property cannot be rented from the owner for a deferred payment, and then re-leased to the owner for an amount that is less than the deferred amount. The property must not be rented from the owner with a current payment, then re-leased to the owner for more than that price for a deferred payment.

In Addition:

1. The Fund can only invest directly in the shares of listed real estate companies.
2. The Fund can only purchase units in other real estate Funds traded on the Saudi Stock Market 'Tadawul' if these are Shariah-compliant and are approved by the Shariah Board.
3. All Murabaha transactions must be in SAR.

The Fund manager is responsible for the expenses of the Shariah Board, including those related to monitoring the business, operations, investments and financings of the Fund. The Fund is not responsible for Shariah Board's expenses.

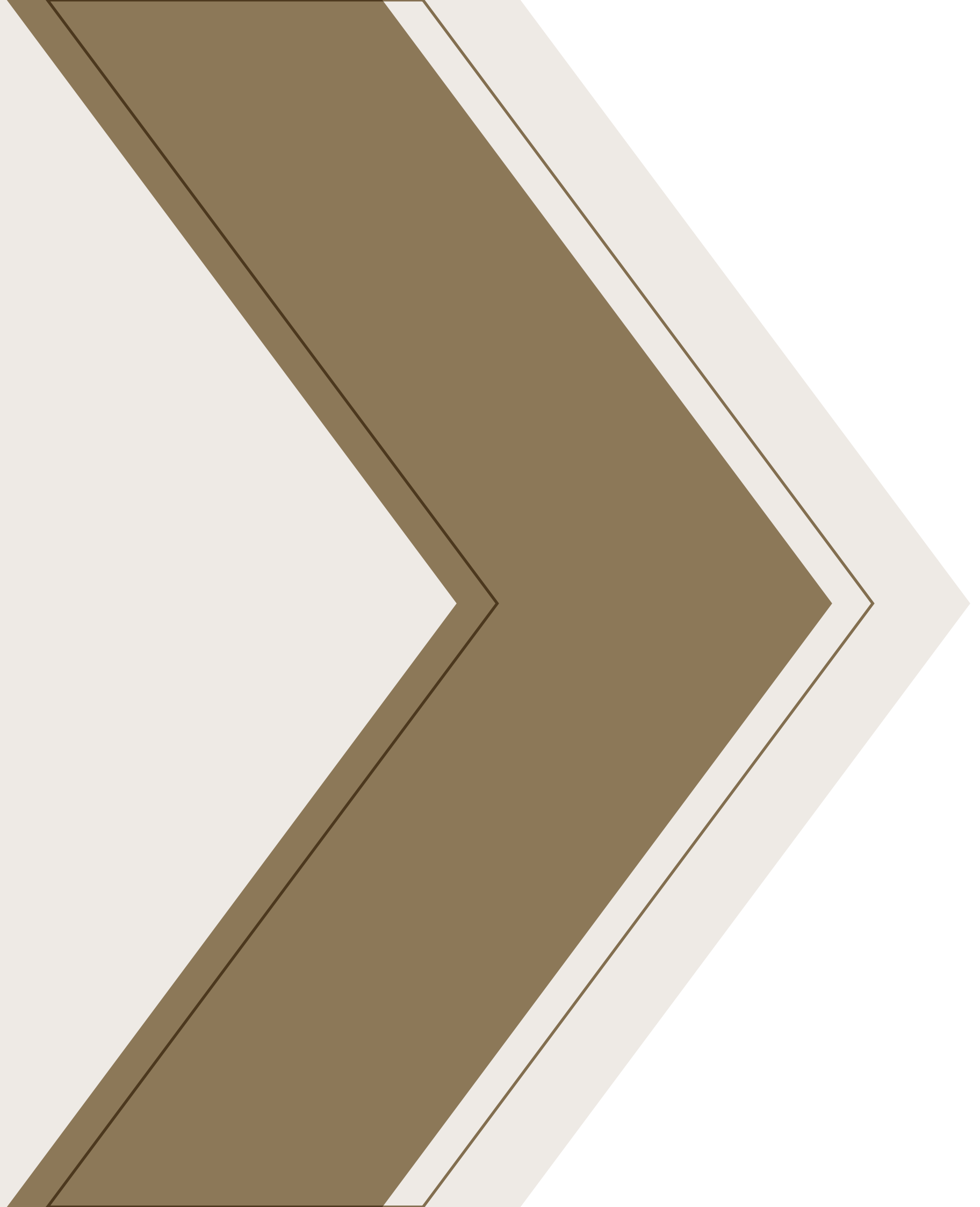
The Shariah Board has reviewed the Terms and Conditions and approved the structure of the Fund and the offering of units at the Fund's inception. The Fund shall also comply with the approved Shariah Guidelines.

If any investment proceeds or other amounts received by the Fund are not Shariah-compliant, the Fund shall arrange for such funds to be 'purified' in accordance with a procedure to be determined by the Shariah Board from time to time. The Shariah Board shall specify the relevant purification percentage or amount.

The preceding does not support to be a complete or exhaustive explanation and summary of all the potential conflicts of interest involved in an investment in units in the Fund. It is strongly recommended that all potential investors seek independent advice from their professional advisors.

Section 5

REIT Fund Financials



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

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

31 DECEMBER 2021

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

FINANCIAL STATEMENTS

31 December 2021

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Jadwa REIT Al Haramain Fund (the "Fund") managed by Jadwa Investment Company (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2021, and the related statements of comprehensive income, cash flows and changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Fund as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the professional code of conduct and ethics, that are endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 1 to the accompanying financial statements, which indicates that the Fund has not recognised rental income from investment properties for the year ended 31 December 2021, due to the suspension and termination of lease contracts with tenants. This condition indicates that a material uncertainty exists that may cast significant doubt on the Fund's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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

Key Audit Matters (continued)

Key Audit Matter	How the key matter was addressed in the audit
<p><u>Assessing Impairment of investment properties</u></p> <p>The Fund owns a portfolio of investment properties comprising of land and commercial buildings being located in the Kingdom of Saudi Arabia.</p> <p>Investment properties are held for capital appreciation and/or rental yields and are stated at cost less accumulated depreciation and any impairment losses.</p> <p>For assessing the impairment of investment properties, the Fund management monitors volatility of fair value of properties by engaging independent certified property valuers to perform a formal valuation of the Fund's investment properties on semi-annual basis.</p> <p>As at 31 December 2021, the carrying value of investment properties was SR 691 million (2020: SR 705 million) which was net of accumulated depreciation of SR 56 million (2020: 44 million) and an accumulated impairment allowance of SR 65 million (2020: SR 60 million).</p> <p>We considered this as a key audit matter since the impairment assessment of investment properties requires significant judgement and estimates by management and the external valuers. Any input inaccuracies or unreasonable bases used in these judgements and estimates (such as in respect of estimated rental value and yield profile applied) could result in a material misstatement of the Statement of Financial Position and in the Statement of Comprehensive Income.</p> <p><i>The Fund's accounting policy for investment properties is disclosed in note 5.1, the significant accounting estimates, judgement and assumptions relating to investment properties are disclosed in note 4 and related disclosures about investment properties are included in notes 6 and 7 of the accompanying financial statements.</i></p>	<p>We have carried out the following audit procedures, among others:</p> <ul style="list-style-type: none"> - We obtained the information about professional qualification, competence and expertise of the Fund's independent valuers and noted that the valuers are certified by the Saudi Authority for Accredited Valuers (TAQEEM); - We performed review of investment properties valuation which included: <ul style="list-style-type: none"> o A review of the assumptions used by independent valuers in undertaking their valuation and an assessment of methodologies adopted; o A detailed assessment of sample of the individual property valuation examining key valuation inputs and assumption applied. - We agreed the value of all properties held at the year end to the valuation included in the valuation report of independent valuers. - We checked the accuracy of impairment loss recognized in the statement of comprehensive income during the year; and - We ensured that the financial statement contain adequate disclosure related to the investment properties.



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

Other Information included in the Fund's 2021 Annual Report

Management is responsible for the other information. The other information comprises the information included in the Fund's 2021 annual report other than the financial statements and our auditor's report thereon. The Fund's 2021 annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Fund's 2021 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Fund Manager and Those Charged with Governance for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncement that are endorsed by SOCPA and the applicable provisions of the Real Estate Investment Fund Regulations issued by the Board of Capital Market Authority, and the Fund's terms and conditions and the information memorandum, and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

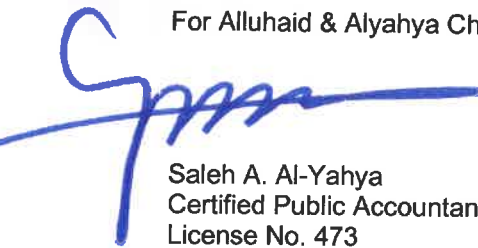
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For Alluhaid & Alyahya Chartered Accountants


Saleh A. Al-Yahya
Certified Public Accountant
License No. 473

Riyadh: 28 Shaban 1443 H
(31 March 2022)



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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 SR	2020 SR
ASSETS			
NON-CURRENT ASSETS			
Investment properties	6	690,728,180	704,690,492
Financial assets at fair value through profit or loss ("FVTPL")	8	57,600,000	58,932,224
Other assets	9	-	337,925
TOTAL NON-CURRENT ASSETS		748,328,180	763,960,641
CURRENT ASSETS			
Financial assets at FVTPL	8	6,346,671	17,711,157
Other assets	9	1,089,146	935,961
Rent receivables	10	17,780,557	6,106,058
Cash and cash equivalents	11	20,603,604	644,157
TOTAL CURRENT ASSETS		45,819,978	25,397,333
TOTAL ASSETS		794,148,158	789,357,974
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term loan	12	-	232,010,613
CURRENT LIABILITIES			
Long-term loan – current portion	12	252,600,522	-
Due to related parties	14	911,742	7,531,365
Management fees payable	14	1,035,377	1,035,377
Accrued expenses and other liabilities	13	342,359	367,000
TOTAL CURRENT LIABILITIES		254,890,000	8,933,742
TOTAL LIABILITIES		254,890,000	240,944,355
EQUITY			
Net assets attributable to unitholders		539,258,158	548,413,619
TOTAL LIABILITIES AND EQUITY		794,148,158	789,357,974
Units in issue (in units)		66,000,000	66,000,000
Per unit value		8.17	8.31
Per unit fair value	7	8.85	9.57

The attached notes 1 to 25 form an integral part of these financial statements.

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 SR	2020 SR
INCOME			
Rental income from investment properties		-	8,067,772
Unrealised (loss) / gain on financial assets at FVTPL	8	(1,257,501)	8,984,790
Realised gain on financial assets at FVTPL	8	90,791	-
Dividend income	8	2,000,000	-
Lease termination fee income	21	16,000,000	-
		<u>16,833,290</u>	<u>17,052,562</u>
EXPENSES			
Depreciation	6	(11,841,037)	(11,923,575)
General and administrative expenses	15	(1,289,428)	(1,480,329)
Management fees	14	-	(1,035,377)
Amortisation of transaction costs	12	(1,339,132)	(1,489,323)
		<u>(14,469,597)</u>	<u>(15,928,604)</u>
OPERATING PROFIT		2,363,693	1,123,958
Finance charges	12	(6,685,518)	(5,778,581)
Loss on disposal of investment properties		-	(3,563,957)
LOSS FOR THE YEAR BEFORE IMPAIRMENT		(4,321,825)	(8,218,580)
Impairment loss on investment properties	6	(4,833,636)	(59,826,225)
NET LOSS FOR THE YEAR		(9,155,461)	(68,044,805)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(9,155,461)	(68,044,805)

The attached notes 1 to 25 form an integral part of these financial statements.

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 SR	2020 SR
OPERATING ACTIVITIES			
Net loss for the year		(9,155,461)	(68,044,805)
Adjustments to reconcile net loss to net cash flows:			
Depreciation	6	11,841,037	11,923,575
Finance charges	12	6,685,518	5,778,581
Impairment loss on investment properties	6	4,833,636	59,826,225
Unrealised loss (gain) on financial assets at FVTPL	8	1,257,501	(8,984,790)
Realised loss (gain) on financial assets at FVTPL	8	(90,791)	-
Amortisation of transaction costs	12	1,339,132	1,489,323
Loss on disposal of investment properties		-	3,563,957
		16,710,572	5,552,066
Changes in operating assets and liabilities:			
(Increase) decrease in rent receivables		(11,674,499)	15,450,209
Decrease in accrued rental income		-	2,824,883
(Increase) decrease in other assets		(564,482)	16,413
Increase in due to related parties		-	117,441
Decrease in management fees payable		-	(2,553,091)
Decrease in accrued expenses and other liabilities		(24,641)	(728,863)
		4,446,950	20,679,058
Finance charges paid		(13,305,141)	(111,355)
Net cash flow (used in) from operating activities		(8,858,191)	20,567,703
INVESTING ACTIVITIES			
Disposal of financial assets at FVTPL		11,530,000	-
Addition to investment properties	6	(2,712,361)	(156,000)
Acquisition of financial assets at FVTPL	8	-	(67,658,591)
Demolition costs	6	-	(334,191)
Net cash flow from (used in) investing activities		8,817,639	(68,148,782)
FINANCING ACTIVITIES			
Proceeds from long-term loan	12	20,000,000	50,000,000
Distribution	20	-	(13,200,000)
Net cash flow from financing activities		20,000,000	36,800,000
Net increase (decrease) in cash and cash equivalents		19,959,447	(10,781,079)
Cash and cash equivalents at beginning of the year		644,157	11,425,236
Cash and cash equivalents at end of the year	11	20,603,604	644,157

The attached notes 1 to 25 form an integral part of these financial statements.

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	<i>Notes</i>	2021 SR	2020 SR
Equity attributed to the Unitholders at beginning of the year		548,413,619	629,658,424
Comprehensive loss			
Net loss for the year		(9,155,461)	(68,044,805)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(9,155,461)	(68,044,805)
Distribution	20	-	(13,200,000)
Equity attributed to the Unitholders at end of the year		539,258,158	548,413,619

Transactions in units for the year ended are summarized as follows:

	<i>Note</i>	2021 Units	2020 Units
Units at the beginning and end of the year	16	66,000,000	66,000,000
Net assets value per unit at the end of the year	8	8.17	8.31

The attached notes 1 to 25 form an integral part of these financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 properties of the Fund and its contractual obligations.

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.

The Fund has not recognised rental income from investment properties for the year ended 31 December 2021, due to the suspension and termination of its lease contracts with customers. This condition indicates that a material uncertainty exists that may cast significant doubt on the Fund's ability to continue as a going concern (note 21).

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 financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

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 *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.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the ordinary course of business, the preparation of 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 financial statements are as follows:

Judgements

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

Assumptions and estimation uncertainties

Useful lives of investment properties

The management determines the estimated useful lives of investment properties for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Management reviews the residual value and useful lives annually and change in depreciation charges, if any, are adjusted in current and future periods. The estimated useful lives of the investment properties are disclosed in Note 6.

Impairment of investment properties

The Fund assesses whether there are any indicators of impairment for investment properties at each reporting date. The investment properties are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows. The impairment of the investment properties is disclosed in Note 6.

Impairment of financial assets held at amortised cost

The Fund assesses on a forward-looking basis the expected credit loss ("ECL") associated with its financial assets carried at amortised cost. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

5 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are as follows:

5.1 Investment properties

Investment properties comprise properties that are held to earn rentals or for capital appreciation or both. Investment property is stated at cost including transaction costs net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

The cost less estimated residual value, if any, of investment property is depreciated on a straight-line basis over the estimated useful lives of the assets. Land, on the other hand, is reported at cost.

The estimated useful lives of the buildings range from 3 to 32 years.

The fair value of investment properties is disclosed in Note 7.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

5 SIGNIFICANT ACCOUNTING POLICIES (continued)

5.2 Impairment of non-financial assets

The carrying values of non-financial assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset or cash generating unit ("CGU") exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets of Funds 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 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. The value in use is based on a discounted cash flow ("DCF") model, whereby the future expected cash flows are discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and risks specific to the asset. Impairment losses are recognised in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognised for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately in the statement of comprehensive income.

5.3 Cash and cash equivalents

Cash and cash equivalents consist of bank balances and investments that are readily convertible into known amounts of cash and have a maturity of three months or less when purchased.

5.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

5.4.1 Initial recognition and measurement of financial instruments

The Fund initially recognises financial assets and financial liabilities when it becomes party to the contractual provisions of the financial instrument.

Initial measurement of the financial instrument is at its fair value plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets carried at FVTPL are expensed in the statement of comprehensive income.

5.4.2 Financial assets – subsequent classification and measurement

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or FVTPL. There are two criteria used to determine how financial assets should be classified and measured:

- a) The Fund's business model for managing the financial assets; and
- b) The contractual cash flow characteristics of the financial asset

A financial asset is measured at amortised cost if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Otherwise, a financial asset is measured at FVTPL.

The Fund's financial assets include cash and cash equivalents and rent receivables.

The Fund has measured its investments in mutual fund and private real estate investment fund at FVTPL.

The Fund has no financial assets measured at FVOCI.

The Fund derecognises a financial asset when the rights to the cash flows from the financial asset have expired or where the Fund has transferred substantially all risks and rewards associated with the financial asset and does not retain control of the financial asset.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

5 SIGNIFICANT ACCOUNTING POLICIES (continued)

5.4 Financial instruments (continued)

5.4.3 Impairment of financial assets

The Fund recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs 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. 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.

As at the year end, the Fund has rent receivables as financial assets carried at amortised cost. For rent receivables, the Fund applies a simplified approach in calculating ECLs. Therefore, the Fund does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Fund has established a provision 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 note 18 in these financial statements.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses related to rent receivables are presented separately in the statement of comprehensive income.

5.4.4 Financial liabilities – subsequent classification and measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate ("EIR") method. The EIR is the rate that discounts the estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period to the net carrying amount on initial recognition.

The Fund derecognises a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

The Fund's financial liabilities include long-term loan, due to related parties, management fees payable and other liabilities.

Modification of financial assets and financial liabilities

Financial assets

If the terms of the financial asset are modified, the Fund evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Fund recalculates the gross carrying amount of the financial asset and recognises the amount adjusting the gross carrying amount as modification gain or loss in the statement of comprehensive income.

Financial liabilities

The Fund derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability distinguished and the new financial liability with modified terms are recognised in the statement of comprehensive income.

Jadwa REIT Al Haramain Fund
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NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

5 SIGNIFICANT ACCOUNTING POLICIES (continued)

5.4 Financial instruments (continued)

5.4.5 Offsetting of financial instruments

Financial assets and liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and an intent to settle on a net basis, or to realise the assets and liabilities simultaneously.

5.5 Current versus non-current classification

The Fund presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Fund classifies all other liabilities as non-current

5.6 Fair value measurement

The Fund measures financial instruments such as equity instruments at fair value at each balance sheet date.

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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 Al Haramain Fund
(Managed by Jadwa Investment Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

5 SIGNIFICANT ACCOUNTING POLICIES (continued)

5.6 Fair value measurement (continued)

For assets and liabilities that are recognized in financial statements at fair value on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each year. The Fund determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

At each reporting date, the Fund analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Fund's accounting policies. For this analysis, the Fund verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Fund also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed are discussed in note 7.

5.7 Provision

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

5.8 Revenue recognition

Revenue includes rental income and other income from investment properties.

The Fund recognises lease payments as rental income on a straight-line basis. After lease commencement, the Fund recognises variable lease payments that do not depend on an index or rate (e.g. performance- or usage-based payments) as they are earned. When the Fund provides incentives to its tenants, the cost of the incentives is recognised on a straight-line basis, as a reduction of rental income.

The contracts include fixed price and the customer pays the fixed amount based on a payment schedule. If the services rendered by the Fund exceed the payment, accrued rental income is recognised. If the payments exceed the services rendered, unearned rental income is recognised.

Revenue is measured at the transaction price agreed under the contract. Amounts disclosed as revenue are net of variable consideration and payments to customers, which are not for distinct services, this consideration may include discounts. The Fund does not have contracts where the period between the performance of the service to the customer and the payment by the customer exceeds one year, and as a result, the Fund does not adjust transaction price for the time value of money.

A receivable is recognised when services are provided as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5.9 Management fees

Management fees are charged by the Fund Manager at the rate of 1.0% per annum of the Fund's net asset market value. Management fees are calculated and payable semi-annually in arrears.

5.10 Expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of sales as required under IFRS.

5.11 Net asset value

The net asset value per unit disclosed in the financial statements is calculated by dividing the net assets of the Fund by the number of units in issue at the year-end.

Jadwa REIT Al Haramain Fund
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NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

5 SIGNIFICANT ACCOUNTING POLICIES (continued)

5.12 Zakat

Zakat is the obligation of the Unitholders and is not provided for in the financial statements.

5.13 Dividends distribution

The Fund has a policy of distributing and paying at least 90% of its net profit, not including profit resulting from the sale of the underlying real estate assets and other investments and unrealised (loss)/gain on financial assets at FVTPL.

5.14 Amendments to existing standards effective 1 January 2021

The Fund has adopted the following amendments to existing standards which have been issued and effective from 1 January 2021:

Amendments to standards

Effective date

Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

1 January 2021

The application of the amendments to existing standards did not have an impact on the amounts presented in these financial statements.

5.15 New standards, amendments and interpretations effective after 1 January 2021 and have not been early adopted

The following standards, amendments to standards and interpretations are not yet effective:

Standards / amendments to standards

Effective date

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

1 January 2022

Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)

1 January 2022

Reference to the Conceptual Framework (Amendments to IFRS 3)

1 January 2022

Leases: COVID-19-Related rent concessions (Amendments to IFRS 16)

1 January 2022

Annual Improvements to IFRS Standards 2018 — 2020

1 January 2022

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

1 January 2023

Accounting Policies, Changes in Accounting Estimates and Errors: Definitions of accounting estimates (Amendments to IAS 8)

1 January 2023

Income Taxes: Deferred tax related to assets and liabilities arising from single transaction (Amendments to IAS 12)

1 January 2023

IFRS 17 — Insurance Contracts

1 January 2023

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

Jadwa REIT Al Haramain Fund
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NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

6 INVESTMENT PROPERTIES

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

31 December 2021

<i>Description</i>	<i>Cost SR</i>	<i>Accumulated depreciation SR</i>	<i>Impairment loss (Note 6.2) SR</i>	<i>Net book value SR</i>
Tharawat Al Andalusia Hotel	379,000,000	32,541,697	-	346,458,303
Tharawat Al Taqwa Hotel	250,000,000	23,230,123	-	226,769,877
Retail Building	23,000,000	100,000	-	22,900,000
3-Star Hotel, Makkah (*)	159,259,861	-	64,659,861	94,600,000
	811,259,861	55,871,820	64,659,861	690,728,180

31 December 2020

<i>Description</i>	<i>Cost SR</i>	<i>Accumulated depreciation SR</i>	<i>Impairment loss (Note 6.2) SR</i>	<i>Net book value SR</i>
Tharawat Al Andalusia Hotel	379,000,000	25,636,046	-	353,363,954
Tharawat Al Taqwa Hotel	250,000,000	18,294,737	-	231,705,263
Retail Building	23,000,000	100,000	-	22,900,000
3-Star Hotel, Makkah (*)	156,547,500	-	59,826,225	96,721,275
	808,547,500	44,030,783	59,826,225	704,690,492

* This property is under development. Refer to note 6.1.4 for further details.

The movement in the account during the year is as follows:

	2021 SR	2020 SR
Cost		
Balance at beginning of the year	808,547,500	812,000,000
Additions during the year	2,712,361	156,000
Disposals during the year	-	(3,608,500)
Balance at end of the year	811,259,861	808,547,500
Accumulated depreciation		
Balance at beginning of the year	44,030,783	32,485,942
Depreciation charge for the year	11,841,037	11,923,575
Related to disposals	-	(378,734)
Balance at end of the year	55,871,820	44,030,783
Accumulated impairment		
Balance at beginning of the year	59,826,225	-
Impairment loss of investment properties	4,833,636	59,826,225
Balance at end of the year	64,659,861	59,826,225
Net book value	690,728,180	704,690,492

Jadwa REIT Al Haramain Fund
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NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

6 INVESTMENT PROPERTIES (continued)

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

All the above 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. The consideration for Tharawat Al Andalusia Hotel and Tharawat Al Taqwa Hotel was partly paid in cash and partly settled through issuance of 30,000,000 units of the Fund. The consideration for the other properties was fully paid in cash.

6.1 Brief details of the investment properties:

6.1.1 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 the Holy Mosque, benefitting from a direct view over Ibrahim Al-Khalil Road.

6.1.2 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.

6.1.3 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.

6.1.4 3-Star Hotel, Makkah

A hotel tower which is currently being developed in the merged Ibrahim Al-Khalil I and Ibrahim Al-Khalil II lands after the demolition of the buildings (see note 6.1.6).

6.1.5 These investment properties have been pledged with Banque Saudi Fransi ("BSF") in order to secure a debt facility obtained by the SPV for the purposes of the Fund.

6.1.6 On 4 February 2020, the Fund Board approved the redevelopment plan to merge Ibrahim Al-Khalil I and Ibrahim Al-Khalil II and redevelop them into a hotel tower. Accordingly, the buildings in these properties with carrying amounts of SR 3,047,595 and SR 182,171, respectively, were demolished during 2020. The demolition costs amounting to SR 300,771 during the year ended 31 December 2020 were recorded under 'Loss on disposal of investment properties' in the statement of comprehensive income.

6.2 Impairment of investment properties

The investment properties were tested for impairment and the management noted the carrying amounts of three (2020: two) properties to be higher than the recoverable amount. During the year ended 31 December 2021, the management recognised an impairment of SR 64,596,500 (2020: SR 59,826,225) 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 7.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

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

In accordance with Article 35 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 of CMA in the Kingdom of Saudi Arabia, investment in real estate properties is 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 independent appraisers, i.e. Menassat and White Cubes. As at reporting date, the valuation of investment properties is as follows:

31 December 2021	Appraiser 1 SR	Appraiser 2 SR	Average SR
Tharawat Al Andalusia Hotel	321,500,000	412,920,000	367,210,000
Tharawat Al Taqwa Hotel	222,600,000	267,900,000	245,250,000
Retail Building	21,000,000	36,184,000	28,592,000
3-Star Hotel, Makkah	82,000,000	107,200,000	94,600,000
	<u>647,100,000</u>	<u>824,204,000</u>	<u>735,652,000</u>
31 December 2020	Appraiser 1 SR	Appraiser 2 SR	Average SR
Tharawat Al Andalusia Hotel	400,000,000	408,330,000	404,165,000
Tharawat Al Taqwa Hotel	260,000,000	264,000,000	262,000,000
Retail Building	25,000,000	25,000,000	25,000,000
3-Star Hotel, Makkah	91,340,550	101,790,000	96,565,275
	<u>776,340,550</u>	<u>799,120,000</u>	<u>787,730,275</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 fair value of investment properties against cost:

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

	2021 SR	2020 SR
Fair value of investments in real estate properties	735,652,000	787,730,275
Less: Carrying value of investments in real estate properties (Note 6)	690,728,180	704,690,492
Unrealised gain based on fair value evaluation	<u>44,923,820</u>	<u>83,039,783</u>
Units in issue	<u>66,000,000</u>	<u>66,000,000</u>
Per unit share in unrealised gain based on fair value evaluation	<u>0.68</u>	<u>1.26</u>

Jadwa REIT Al Haramain Fund
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NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

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

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

	2021 SR	2020 SR
Net asset value at cost, as presented in these financial statements	539,258,158	548,413,619
Unrealised gain based on real estate evaluations (Note 7.1)	44,923,820	83,039,783
Net asset based on fair value	<u>584,181,978</u>	<u>631,453,402</u>

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

	2021 SR	2020 SR
Net asset value per unit, at cost as presented in these financial statements	8.17	8.31
Impact on net asset value per unit on account of unrealised gain based on fair value evaluations (Note 7.1)	0.68	1.26
Net asset value per unit at fair value	<u>8.85</u>	<u>9.57</u>

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 SR	2020 SR
Non-current		
Investment in private real estate fund (Note 8.1)	<u>57,600,000</u>	<u>58,932,224</u>
Current		
Investment in mutual fund (Note 8.2)	<u>6,346,671</u>	<u>17,711,157</u>

8.1 Investment in real estate fund

This represents investment of 5,000,000 units (2020: 5,000,000) 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 (2020: SR 50,000,000).

The unrealised loss on this investment amounted to SR 1,332,224 for the year ended 31 December 2021 (2020: gain of SR 8,932,224).

During 2021, the Fund recognised dividend income amounting to SR 2,000,000 from its investment in real estate fund (2020: SR Nil).

8.2 Investment in mutual fund

This represents the Fund's investment in 52,301.58 units (2020: 174,721.72 units) of Jadwa Saudi Riyal Murabaha Fund managed by Jadwa Investment Company, the cost of which is SR 6,257,247 (2020: SR 17,658,591) and is current in nature.

The realised gain on the redemption of investment amounted to SR 90,791 for the year ended 31 December 2021 (2020: SR Nil).

The unrealised gain on this investment amounted to SR 74,723 for the year ended 31 December 2021 (2020: SR 52,566).

Jadwa REIT Al Haramain Fund
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NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

9 OTHER ASSETS

	2021 SR	2020 SR
Current		
VAT recoverable	601,586	37,103
Deferred transaction costs (note 12)	487,560	898,858
	1,089,146	935,961
Non-current		
Deferred transaction costs (note 12)	-	337,925

10 RENT RECEIVABLES

This account represents the rent receivables from the operating leases (Note 17).

Following is the ageing analysis of the rent receivables:

	2021 SR	2020 SR
More than 120 days	17,780,557	6,106,058
	17,780,557	6,106,058

The rent receivables are secured by promissory notes.

Impairment and risk exposure

Information about the impairment of rent receivables and the Fund's exposure to credit risk can be found in Note 18.

11 CASH AND CASH EQUIVALENTS

As at 31 December 2021, four of the nine bank accounts are maintained with BSF and Riyadh Bank under the name of the SPV with a total balance of SR 20,453,306 (2020: four of the nine bank accounts with a total balance of SR 22,400).

12 LONG-TERM LOAN, NET

	2021 SR	2020 SR
Long-term loan	253,000,000	233,000,000
Less:		
Transaction costs	2,771,250	2,771,250
Amortisation of transaction costs	(2,371,772)	(1,781,863)
	399,478	989,387
Long-term loan, net	252,600,522	232,010,613

Jadwa REIT Al Haramain Fund
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NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

12 LONG-TERM LOAN, NET (continued)

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

- i. On 20 July 2017, BSF extended an Islamic financing 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. The facility was available till 20 July 2020 and is repayable in full on 31 August 2022.

On 23 August 2020, BSF 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 carries mark-up at the rate of Saudi Inter-Bank Offered Rate ("SAIBOR") plus 2% per annum, payable on semi-annual basis. During the year ended 31 December 2021, the Fund has drawn additional SR 20,000,000 loan (2020: SR 50,000,000) from the facility.

As at 31 December 2021, transaction cost related to the loan amounting to SR 2,771,250 (2020: SR 2,771,250) have been paid which is being amortised over the period of the loan.

The facility is secured by promissory notes and requires compliance with certain coverage ratio over the current and future rights and interests in the investment properties of the Fund.

Finance charges for the year ended 31 December 2021 amounted to SR 6,685,518 (2020: SR 5,778,581) which are reflected under the statement of comprehensive income.

Fees charged by BSF for loan servicing amounting to SR 3,750,000 are capitalised as 'Deferred transaction costs' under 'Other assets' in the statement of financial position and amortised over the period of the loan facility. Amortisation for the year ended 31 December 2021 amounted to SR 732,343 (2020: SR 734,350) which is reflected under the statement of comprehensive income.

- ii. On 8 May 2018, Riyadh Bank has extended an Islamic finance facility to SPV amounting to SR 200,000,000 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 was available until 7 February 2021 and was repayable in full on 7 February 2021. As at 31 December 2020, the Fund has not drawn any amount from the facility.

Fees charged by Riyadh Bank for loan servicing amounting to 0.25% of the loan facility has been capitalised as 'Deferred transaction costs' under 'Other assets' in the statement of financial position and is amortised over the period of the loan facility. Amortisation for the year ended 31 December 2021 amounted to SR 16,880 (2020: SR 166,971).

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

	2021	2020
	SR	SR
At beginning of the year	233,000,000	183,000,000
Proceeds from loan	20,000,000	50,000,000
At end of the year	253,000,000	233,000,000

Jadwa REIT Al Haramain Fund
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NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

12 LONG-TERM LOAN, NET (continued)

The movement in the Deferred transaction costs is as follows:

	2021 SR	2020 SR
At beginning of the year	1,236,783	2,138,104
Amortisation during the year	(749,223)	(901,321)
At end of the year	487,560	1,236,783

Deferred transaction costs are presented in the statement of financial position under 'Other assets' as follows:

	2021 SR	2020 SR
Non-current portion	-	337,925
Current portion	487,560	898,858
	487,560	1,236,783

13 ACCRUED EXPENSES AND OTHER LIABILITIES

	2021 SR	2020 SR
Insurance fee	94,778	126,438
Custody fee	85,910	160,000
Property valuation fee	67,620	44,810
Professional fee	35,094	30,719
Administrator fee	28,125	-
Others	30,832	5,033
	342,359	367,000

14 RELATED PARTY TRANSACTIONS AND BALANCES

14.1 Related party transactions

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

Related party	Nature of relationship	Nature of transaction	2021 SR	2020 SR
Jadwa Investment Company	Fund Manager	Management fees (i)	-	1,035,377
		Expenses paid on behalf of the Fund	-	20,342
Jadwa Al-Khalil Real Estate Company	SPV	Finance charges	6,685,518	5,778,581
Jadwa Saudi Riyal Murabaha Fund	Affiliate	Investment in mutual fund	-	17,658,591
		Redemption	11,401,344	-
		Unrealised gain	74,723	52,566
		Realised gain	90,791	-
Real Estate Investment Fund	Affiliate	Investment in private real estate investment fund	-	50,000,000
		Unrealised (loss) / gain	(1,332,224)	8,932,224

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NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

14 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

14.1 Related party transactions (continued)

(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 management fees equal to 1.0% of the net asset market value of the Fund calculated and payable semi-annually in arrears.

Due to the direct impact of the Covid-19 outbreak on the Fund's investment properties, the Fund Manager announced temporary suspension of charging management fees on the Fund from 1 March 2020 until the Fund's properties are reoccupied and the Fund resumes collection of rental income.

For the dividends distributed to the Unitholders, please refer to Note 20.

14.2 Related party balances

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

Due to related parties

	2021 SR	2020 SR
Jadwa Al-Khalil Real Estate Company	717,677	7,337,300
Dividend payable	171,723	171,723
Jadwa Investment Company	22,342	22,342
	<u>911,742</u>	<u>7,531,365</u>

Accrued management fees

	2021 SR	2020 SR
Jadwa Investment Company	1,035,377	1,035,377

15 GENERAL AND ADMINISTRATIVE EXPENSES

	2021 SR	2020 SR
Registration fee	400,000	400,000
Tadawul listing fee	165,151	144,320
Professional fee	113,581	182,895
Administrator fee	112,535	136,856
Custody fee	116,648	161,899
Property valuation fee	97,620	100,117
Insurance	97,465	126,442
Legal fee	21,917	163,610
Independent board member fee (i)	20,000	20,000
Others	144,511	44,190
	<u>1,289,428</u>	<u>1,480,329</u>

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

16 FAIR VALUE MEASUREMENT

16.1 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 close to current market.

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

31 December 2021	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Financial assets at fair value through profit or loss (Note 8)	-	63,946,671	-	63,946,671
31 December 2020	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Financial assets at fair value through profit or loss (Note 8)	-	76,643,381	-	76,643,381

The financial assets at FVTPL are determined using unadjusted net asset value (Level 2 valuation).

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

16.2 Non-financial assets

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

31 December 2021	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Tharawat Al Andalusia Hotel	-	-	367,210,000	367,210,000
Tharawat Al Taqwa Hotel	-	-	245,250,000	245,250,000
Retail Building	-	-	28,592,000	28,592,000
3-Star Hotel, Makkah	-	-	94,600,000	94,600,000
	-	-	735,652,000	735,652,000
31 December 2020	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Tharawat Al Andalusia Hotel	-	-	404,165,000	404,165,000
Tharawat Al Taqwa Hotel	-	-	262,000,000	262,000,000
Retail Building	-	-	25,000,000	25,000,000
3-Star Hotel, Makkah	-	-	96,565,275	96,565,275
	-	-	787,730,275	787,730,275

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NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

16 FAIR VALUE MEASUREMENT (continued)

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 Menassat (TAQEEM license number: 1210000163) and White Cubes (TAQEEM license number: 1210000474) as disclosed in Note 7. They are accredited independent valuers with a recognised and relevant professional qualification and with recent experience in the location and category of the investment properties being valued.

The valuation models have been applied in accordance with the Royal Institution of Chartered Surveyors ("RICS") Valuation Standards, in addition to the International Valuation Standards issued by International Valuation Standards Council ("IVSC") and applied by Saudi Authority for Accredited Valuers ("TAQEEM").

The key assumptions used in determining the fair values of the investment properties are as follows:

31 December 2021

<u>Description</u>	<u>Valuation approach</u>	<u>Key assumptions</u>	<u>Range</u>
Tharawat Al Andalusia Hotel	Income capitalisation	Capitalisation rate (%)	5.50-6.00
		Operational expenses (%)	15.00-55.00
Tharawat Al Taqwa Hotel	Income capitalisation	Capitalisation rate (%)	6.25-7.50
		Operational expenses (%)	10-75.50
Retail Building	Income capitalisation	Capitalisation rate (%)	7.00
		Operational expenses (%)	10.00-30.00
	Market comparable	Land value per square metre (SAR '000)	335
3-Star Hotel, Makkah	Income capitalisation	Capitalisation rate (%)	6.00
		Discount rate (%)	8.50
		Operational expenses (%)	35.00
	Market comparable	Rate per square metre (SAR '000)	400

31 December 2020

<u>Description</u>	<u>Valuation approach</u>	<u>Key assumptions</u>	<u>Range</u>
Tharawat Al Andalusia Hotel	Discounted cash flow	Exit yield	6.50
		Discount rate	8.00
Tharawat Al Taqwa Hotel	Income capitalisation	Capitalisation rate	6.00-6.25
	Discounted cash flow	Exit yield	6.50
		Discount rate	8.50
Retail Building	Income capitalisation	Capitalisation rate	6.00
3-Star Hotel, Makkah	Market comparable	Rate per square metre (SAR '000)	315-390

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For the year ended 31 December 2021

17 LEASE COMMITMENTS

Future minimum rent receivables under the leases are as follows:

	2021	2020
	SR	SR
Less than one year	-	20,608,757
	-	20,608,757

During 2020, the Fund received notices from the tenant of Tharawat Al Andalusia and Tharawat Al Taqwa Hotel to terminate the respective lease agreement in accordance with the lease terms and conditions, accordingly, the contracts were terminated. Considering none of the investment properties were occupied during the year ended 31 December 2021, the Fund has not recognized any rental revenue in 2021.

18 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Fund Manager is responsible for identifying and controlling risks. The Fund Board supervises the Fund Manager and is ultimately responsible for the overall management of the Fund.

The Fund's terms and conditions sets out its overall business strategies, its tolerance of risks and its general risk management philosophy and the Fund Manager is obliged to take actions to rebalance the portfolio in line with the investment guidelines.

18.1 Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's interest rate risk arises from the short-term deposits and long-term loan. This is benchmarked to SAIBOR which expose the Fund to cash flow interest rate risk.

The Fund analyses its interest rate exposure on a regular basis by monitoring interest rate trends and believes that the impact of such changes is not significant to the Fund.

An increase/decrease in interest rate of 1%, with all other variables held constant, would have resulted in a net increase/decrease in the Fund's total comprehensive income of SR 1,888,917 for the year ended 31 December 2021 (2020: SR 1,904,944).

18.2 Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations. As at year end, the Fund has cash and cash equivalents and receivables as financial assets carried at amortised cost.

The maximum exposure to credit risk applicable to the Fund approximates to the carrying value of the financial assets as disclosed in these financial statements. The Fund seeks to limit its credit risk by monitoring outstanding balances on an ongoing basis. For banks and financial institutions, the Fund only deals with reputable banks with sound credit ratings.

The Fund applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for rent receivables.

As at 31 December 2021 and 2020, management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised as any such impairment would be wholly insignificant to the Fund.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

18 FINANCIAL RISK MANAGEMENT (continued)

18.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

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

	<i>On demand SR</i>	<i>Less than 3 months SR</i>	<i>3 to 12 months SR</i>	<i>More than 12 months SR</i>	<i>Total SR</i>
31 December 2021					
Due to related parties	194,065	19,546	698,131	-	911,742
Management fees payable	-	1,035,377	-	-	1,035,377
Other liabilities	-	342,359	-	-	342,359
Long-term loan	-	-	-	253,000,000	253,000,000
	<u>194,065</u>	<u>1,397,282</u>	<u>698,131</u>	<u>253,000,000</u>	<u>255,289,478</u>
31 December 2020					
Due to related parties	194,065	6,372,457	964,843	-	7,531,365
Management fees payable	-	1,035,377	-	-	1,035,377
Other liabilities	-	367,000	-	-	367,000
Long-term loan	-	-	-	233,000,000	233,000,000
	<u>194,065</u>	<u>7,774,834</u>	<u>964,843</u>	<u>233,000,000</u>	<u>241,933,742</u>

19 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.

20 DIVIDENDS DISTRIBUTION

There were no dividends distributed during the year ended 31 December 2021 (2020: SR 13,200,000).

Jadwa REIT Al Haramain Fund
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NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

21 IMPACT OF COVID-19 AND MATERIAL UNCERTAINTY

At the beginning of the year 2020, the presence of Coronavirus disease ("Covid-19") was confirmed, which spread all over the world causing disturbance of commercial and economic activities. The impact of Covid-19 in the Fund is as follows:

On 9 March 2020, the Fund received a notice to suspend the lease contract for Tharawat Al Andalusia Hotel due to temporary suspension of Umrah due to the Covid-19 outbreak. The Fund received another notice from the tenant of Tharawat Al Andalusia Hotel that the lease contract shall be terminated due to changing conditions in the hospitality sector in Makkah Al-Mukarramah. Accordingly, the end of the contract term was on 13 Rajab 1442H (corresponding to 25 February 2021) which was equivalent to a period of Hijri twelve months from the date of notice. During the year ended 31 December 2021, the Fund recognised income amounting to SR 8,000,000 for the termination of the lease contract before the expiry date. This was recorded under 'Lease termination fee income' in the statement of comprehensive income.

Furthermore, on 29 March 2020, the Fund received a notice from the tenants of Tharawat Al Taqwa Hotel and the Retail Building to suspend the lease contracts temporarily for these two properties until the authorities lift the suspension of Umrah.

On 28 Dhu al-Hijjah 1441H (corresponding to 18 August 2020), the Fund Manager received a notice from the tenant of Tharawat Al Taqwa Hotel to terminate the lease contract in accordance with the lease contract terms and conditions. Accordingly, the end of the contract period was on 1 Jumada Al-Awwal 1443 H (corresponding to 5 December 2021), which is four Hijri years from the beginning of the lease term. During the year ended 31 December 2021, the Fund recognised additional income amounting to SR 8,000,000 for the termination of the lease contract before the expiry date. This was recorded under 'Lease termination fee income' in the statement of comprehensive income.

During the year ended 31 December 2021, the Fund has not recognised any rental revenue as a result of termination of lease contracts.

It is worth noting that the Kingdom of Saudi Arabia (the "Kingdom") has administered more than 59 million Covid-19 vaccine doses so far, and close to 24 million (around 70 percent) of the population have been fully vaccinated. It is for this reason that the Omicron-induced rise in daily cases has resulted in an extremely low number of deaths. It is also the reason why the management remains confident that pandemic-related disruptions, such as suspension of recreational activities seen at the beginning of 2020, are unlikely to occur again. As a result, the Kingdom start easing Covid restrictions and the management sees Covid-19 presents limited risks to the Saudi economy going forward.

Subsequent to the year end, the Kingdom announced that it was lifting based on the follow-up to the epidemiological situation of the Corona virus pandemic, and what the competent health authorities have submitted, and the gains made in combating the pandemic and effective national efforts from all sides, and progress in the national vaccination program and the high rates of immunization and immunity against the virus in the community.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

21 IMPACT OF COVID-19 AND MATERIAL UNCERTAINTY (continued)

In March 2022, it was decided by the Government to end the precautionary and preventive measures related to combating the Corona pandemic, according to the following:

1. Suspend the implementation of social distancing measures in the Holy Mosque, the Prophet's Mosque, Jaame Masjid and mosques, while continuing to obligate the wearing of mask in it.
2. Suspend the implementation of social distancing measures in all places (closed and open), activities and events.
3. Not requiring to wear mask in open places, while continuing to be obligated to wear it in closed places.
4. Not requiring to submit a negative result for an approved PCR test or for an approved Rapid Antigen Test before coming to the Kingdom.
5. Coming to the Kingdom on visit visas of all kinds required to have insurance to cover the costs of treatment from the Coronavirus (Covid-19) infection during the stayed period in the Kingdom
6. Canceling the application of institutional quarantine and home quarantine for the purpose of combating the pandemic on those coming to the Kingdom.
7. Stop the suspension of direct arrival to the Kingdom and stop the suspension of all flights coming to and departing from the Kingdom from various countries.

The Fund Manager is in the process of engaging with a number of property managers in order to lease out the investment properties whose contracts have been terminated. Considering majority of the restrictions have been lifted especially pilgrims from inside and outside Saudi Arabia can visit holy mosque without any restrictions, the Fund Manager expects that the investment properties are expected to be leased out in 2022.

The Fund Manager is also in discussion with banks to rollover/restructure its existing facilities which are expected to take effect during 2022.

The Fund Manager announced temporary suspension of management fees charge on the Fund, due to the direct impact of the COVID-19 outbreak on the Fund's investment properties. Specifically, the precautionary Covid-19 measures included the suspension of Umrah, which led to termination of lease contract of the investment properties and. The suspension of management fees was effective from the date of rent suspension request from tenants (corresponding to 1 March 2020) and it will remain suspended until the Fund's properties are reoccupied and the Fund resumes generating rental income.

Considering the measures taken by the Fund Manager and development highlighted above, the financial statements have been prepared on going concern basis.

22 LAST VALUATION DAY

The last valuation day of the year was 30 December 2021 (2020: 31 December 2020)

23 EVENTS AFTER THE REPORTING DATE

On 20 January 2022, the Fund announced change in the membership of the Fund's Board of Directors due to the resignation of Dr. Waleed Saleh Al Numay and appointment of Nader Hassan Al Amri.

On 28 March 2022, the Fund Manager signed a management and operation contract with Emaar Al Diyafa Hotels Company for the purpose of managing and operating Tharawat Al Andalusia Hotel. The contract also includes the responsibilities of marketing, maintenance and supervision of the property.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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24 COMPARATIVE INFORMATION

Certain prior year information have been reclassified to conform with the current year presentation.

25 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Fund's Board on 28 Shaban 1443H (corresponding to 31 March 2022).



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