

**SWICORP WABEL REIT FUND**  
**(Managed by SWICORP Company)**

**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

**AND REPORT ON REVIEW**

**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

SWICORP WABEL REIT FUND  
(Managed by SWICORP Company)

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

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As at 30 June 2020

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**Independent auditors' review report  
on the condensed interim financial statements to the unitholders of  
SWICORP Wabel REIT Fund (Managed by SWICORP Company)**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of SWICORP Wabel REIT Fund ("the Fund") being managed by SWICORP Company (the "Fund Manager") as at 30 June 2020, and the related condensed interim statements of comprehensive income, cash flows and changes in net assets for the six-month period then ended, and notes comprising a summary of significant accounting policies and other explanatory notes. The Fund Manager is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 – "Interim Financial Reporting ("IAS 34")", as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.


**Scope of review**

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

**Conclusion**

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

For Alluhaid & Alyahya Chartered Accountants



Turki A. Alluhaid  
Certified Public Accountant  
Registration No. 438

Riyadh: 27 Thul-Hijjah 1441H  
(17 August 2020)



SWICORP WABEL REIT FUND  
(Managed by SWICORP Company)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	<b>30 June 2020 (Unaudited) SR</b>	<b>31 December 2019 (Audited) SR</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investment properties	6	928,861,555	1,087,701,256
Right-of-use assets		7,879,438	8,117,812
<b>TOTAL NON-CURRENT ASSETS</b>		<b>936,740,993</b>	<b>1,095,819,068</b>
<b>CURRENT ASSETS</b>			
Other receivables		375,409	1,031,707
Rental income receivable	8	32,555,576	37,199,616
Amounts due from a related party	9	-	52,283,998
Cash and cash equivalents	10	41,327,871	333,756
<b>TOTAL CURRENT ASSETS</b>		<b>74,258,856</b>	<b>90,849,077</b>
<b>TOTAL ASSETS</b>		<b>1,010,999,849</b>	<b>1,186,668,145</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Non-current portion of lease liabilities		7,171,812	7,647,321
<b>CURRENT LIABILITIES</b>			
Unearned income	11	22,111,630	25,837,783
Amounts due to related parties	9	16,826,582	125,749
Accrued expenses		555,346	918,294
Current portion of lease liabilities		1,300,000	650,000
Zakat payable	12	3,670,850	1,980,825
Dividend payable	18	1,603,811	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>46,068,219</b>	<b>29,512,651</b>
<b>TOTAL LIABILITIES</b>		<b>53,240,031</b>	<b>37,159,972</b>
<b>NET ASSETS</b>		<b>957,759,818</b>	<b>1,149,508,173</b>
Units in issue (number)	13	<b>118,000,000</b>	<b>118,000,000</b>
Per unit value (SR)	7	<b>8.12</b>	9.74
Per unit fair value (SR)	7	<b>8.12</b>	9.86

The accompanying notes 1 to 22 form an integral part of these condensed interim financial statements.

SWICORP WABEL REIT FUND  
(Managed by SWICORP Company)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	<i>For the six-month period 30 June 2020 SR</i>	<i>For the six-month period 30 June 2019 SR</i>
<b>INCOME</b>			
Rental income from investment properties		27,098,243	49,315,200
<b>TOTAL INCOME</b>		<b>27,098,243</b>	<b>49,315,200</b>
<b>EXPENSES</b>			
Asset management fee	9	(3,593,714)	(4,173,199)
Custodian fee		(299,108)	(109,959)
Property operations and management	9	(6,250,162)	(13,566,083)
Reversal / (allowance) for expected credit losses	8	489,381	-
General and administrative		(19,470,824)	(19,513,982)
<b>TOTAL EXPENSES</b>		<b>(29,124,427)</b>	<b>(37,363,223)</b>
<b>OPERATING (LOSS) / PROFIT</b>		<b>(2,026,184)</b>	<b>11,951,977</b>
Other income	9	6,000,000	6,000,000
Finance charges		(174,491)	(179,214)
Realized gain on financial assets at fair value through profit and loss		-	199,315
<b>PROFIT FOR THE PERIOD</b>		<b>3,799,325</b>	<b>17,972,078</b>
(Impairment loss) / reversal of impairment on investment properties	6	(143,117,655)	8,375,510
<b>NET (LOSS) / PROFIT FOR THE PERIOD AFTER IMPAIRMENT AND BEFORE ZAKAT</b>		<b>(139,318,330)</b>	<b>26,347,588</b>
Zakat	12	(1,690,025)	-
<b>NET (LOSS) / PROFIT FOR THE PERIOD AFTER ZAKAT</b>		<b>(141,008,355)</b>	<b>26,347,588</b>
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD</b>		<b>(141,008,355)</b>	<b>26,347,588</b>

The accompanying notes 1 to 22 form an integral part of these condensed interim financial statements.

SWICORP WABEL REIT FUND  
(Managed by SWICORP Company)  
CONDENSED INTERIM STATEMENT OF CASH FLOWS

		<i>For the six-month period 30 June 2020 SR</i>	<i>For the six-month period 30 June 2019 SR</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss) / profit for the period		<b>(139,318,330)</b>	26,347,588
<i>Adjustments to reconcile profit for the period to net cash flows:</i>			
Depreciation on investment properties	6	<b>17,626,178</b>	18,199,899
Depreciation on right of use asset		<b>238,374</b>	235,754
Gain on sale of financial assets at fair value through profit or loss		-	(199,315)
Impairment loss / (reversal of impairment) on investment properties	6	<b>143,117,655</b>	(8,375,510)
Reversal allowance for expected credit losses	8	<b>(489,381)</b>	-
Finance charges		<b>174,491</b>	179,214
		<b>21,348,987</b>	36,387,630
<i>Working capital adjustments:</i>			
Other receivables		<b>656,298</b>	(694,805)
Rent receivable	8	<b>5,133,421</b>	(31,416,899)
Amounts due from a related party	9	<b>52,283,998</b>	4,041,003
Unearned income	11	<b>(3,726,153)</b>	6,091,875
Amounts due to related parties	9	<b>16,700,833</b>	(1,383,676)
Accrued expenses		<b>(362,947)</b>	690,550
Net cash flows from operating activities		<b>92,034,437</b>	13,715,678
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investment properties	6	<b>(1,904,133)</b>	(1,467,896)
Sale of money market securities		-	30,425,647
Net cash flows (used in) / from investing activities		<b>(1,904,133)</b>	28,957,751
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	18	<b>(49,136,189)</b>	(31,860,000)
Net cash flows used in financing activities		<b>(49,136,189)</b>	(31,860,000)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>40,994,115</b>	10,813,429
Cash and cash equivalents at the beginning of the period		<b>333,756</b>	-
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	10	<b>41,327,871</b>	10,813,429
<b>NON-CASH TRANSACTIONS</b>			
Principal portion of the lease liabilities		<b>7,879,438</b>	8,358,805

The accompanying notes 1 to 22 form an integral part of these condensed interim financial statements.

**SWICORP WABEL REIT FUND**  
**(Managed by SWICORP Company)**

**CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS**

For the six-month period ended 30 June 2020

	<i>Fund Units SR</i>	<i>Cumulative loss SR</i>	<i>Total unitholders' net assets SR</i>
Net asset value attributable to redeemable the unitholders at 31 December 2018 (audited)	1,180,000,000	(57,924,381)	1,122,075,619
Profit for the year	-	26,347,588	26,347,588
Other comprehensive income for the period	-	-	-
Total comprehensive profit for the period	-	26,347,588	26,347,588
Dividend distribution (note 18)	-	(31,860,000)	(31,860,000)
Net asset value attributable to redeemable the unitholders at the 30 June 2019 (unaudited)	1,180,000,000	(63,436,793)	1,116,563,207

Transactions in units for the period ended are summarised as follows:

	<i>Fund units SR</i>	<i>Cumulative loss SR</i>	<i>Total unitholders' net assets SR</i>
Net asset value attributable to redeemable the unitholders at 31 December 2019 (audited)	1,180,000,000	(30,491,828)	1,149,508,172
Loss for the period	-	(141,008,356)	(141,008,356)
Other comprehensive income for the period	-	-	-
Total comprehensive loss for the period	-	(141,008,356)	(141,008,356)
Dividend distribution (note 18)	-	(50,740,000)	(50,740,000)
<b>Net asset value attributable to redeemable the unitholders at the 30 June 2020 (unaudited)</b>	<b>1,180,000,000</b>	<b>(222,240,183)</b>	<b>957,759,817</b>

The accompanying notes 1 to 22 form an integral part of these condensed interim financial statements.

**SWICORP WABEL REIT FUND**  
**(Managed by SWICORP Company)**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)**

(continued)

30 June 2020

**1 CORPORATE INFORMATION**

SWICORP WABEL REIT Fund (the "Fund") is a closed-ended real estate investment traded fund established on 24 Dhul Qadah 1439H (corresponding to 6 August 2018). 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 the Saudi Stock Exchange ("Tadawul") and the units of the Fund started to be traded on Tadawul in accordance with its rules and regulations. The Capital of the Fund is SR 1,180,000,000 divided into 118,000,000 units of SR 10 each. The Fund has a term of 99 years, which is extendable on the discretion of the Fund Manager following the approval of the CMA.

The Fund is being managed by SWICORP Company (the "Fund Manager"), a closed joint stock company licensed by Capital Market Authority of the Kingdom of Saudi Arabia with commercial registration number 1010233360, and an Authorized Person license number 12161-37. The primary investment objective of the Fund is to provide its investors with regular income by investing in income generating real estate assets in the Kingdom of Saudi Arabia, excluding the Holy cities of Makkah and Medina.

While the Fund will primarily invest in developed real estate assets which are ready for use, it may also opportunistically invest in real estate development projects in a value not exceeding 25% of the Fund's total asset value with the aim of achieving an increase in value per unit; provided that:

- (i) at least 75% of the Fund's total assets are invested in developed real estate assets which generate periodic income and;
- (ii) the Fund shall not invest in white land.

In addition, the Fund can also invest up to 25% of the total value of the Fund according to the latest audited financial statements in each of the following, provided that all these investments are Shariah compliant:

- (i) Units of Real Estate Traded Funds publicly offered in the Saudi Stock Exchange and licensed by CMA,
- (ii) Units of private real estate funds licensed by CMA
- (iii) Real estate investments outside the Kingdom of Saudi Arabia
- (iv) Cash liquidity / holding of cash
- (v) Money market funds publicly offered and licensed CMA
- (vi) Shares of real estate companies listed on the Saudi Stock Exchange and licensed by CMA, and;
- (vii) Usufruct rights.

The Fund Manager's registered office is at office 1-2, Floor 49, Kingdom Tower, P.O. Box 2076, Riyadh 11451, Kingdom of Saudi Arabia.

**2 REGULATING AUTHORITY**

The Fund is governed by the REIFR published by the CMA in the Kingdom of Saudi Arabia dated 10 Rabi Al-Thani 1439H (corresponding to 28 December 2018) and REITF instructions published by CMA dated 19 Jumada Al-Akhirah 1439H (corresponding to 7 March 2018), detailing requirements for all real estate funds operating within the Kingdom of Saudi Arabia.

**3 BASIS OF PREPARATION**

**3.1 Statement of compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Fund's annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ("SOCPA"), collectively hereafter referred to as ("IFRS").



SWICORP WABEL REIT FUND  
(Managed by SWICORP Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)  
30 June 2020

**3 BASIS OF PREPARATION**

**3.2 Basis of measurement**

These condensed interim 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 and loss that have been measured 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.

**3.4 Comparative information**

The Fund has presented the comparative information for the six-month period ended 30 June 2019.

**4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

In the ordinary course of business, the preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are reviewed and in any future period affected. The significant accounting judgments and estimates applied in the preparation of these condensed interim financial statements are as follows:

**4.1 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.

**4.2 Impairment of investment properties**

The Fund assesses whether there are any indicators of impairment for all 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.

**4.3 Impairment of financial assets held at amortised cost**

The Fund recognises 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.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

As at the period end, the Fund has rent receivables and amounts due from a related party as financial assets carried at amortised cost. For rent receivables and contract assets, 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 an allowance matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The information about the ECLs on the Fund's rent receivables is disclosed in note 8 in these condensed interim financial statements.

SWICORP WABEL REIT FUND  
(Managed by SWICORP Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)  
(continued)  
30 June 2020

**4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

**4.4 Fair value measurement**

The Fund measures its investments in equity instruments at fair value at each reporting 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 principal or the most advantageous market must be accessible to the Fund. 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. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted prices available on respective stock exchange, without any deduction for transaction costs. The Fund is using last traded prices which is recognised as standard pricing convention within the industry.

For all other financial instruments not traded in an active market, if any, the fair value is determined using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions, adjusted as necessary, and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

The Fund measures financial instruments at fair value at each statement of financial position date. Fair values of those financial instruments are disclosed in note 7 and 14 in these condensed interim financial statements.

**4.5 Going concern**

The Fund Manager of the Fund has made an assessment of the Fund's ability to concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on REIT's ability to continue as a going concern.

**5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the fund's annual financial statements for the year ended 31 December 2019.

***New standards, amendments and interpretations effective from 1 January 2020***

At the date of authorisation of the financial statements, there were a number of standards and interpretations which were in issue but not yet effective. The Fund is assessing the impact of these standards and anticipates that the adoption of these standards and interpretations in future periods will not have a significant impact on its financial statements.

<u>Standards / amendments to standards / interpretations</u>	<u>Effective date</u>
Amendments to IFRS 3: Definition of a Business	1 January 2020
Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020
Conceptual Framework for Financial Reporting issued on 29 March 2018	1 January 2020

In the opinion of the Board of Directors of the Fund, these standards, amendments to standards and interpretations do not impact the Fund as the Fund has no application to the above-mentioned standards.

**SWICORP WABEL REIT FUND**  
**(Managed by SWICORP Company)**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)**  
**30 June 2020**

**6 INVESTMENT PROPERTIES**

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

**30 June 2020**

<i>Description</i>	<i>Cost</i>	<i>Accumulated depreciation</i>	<i>Impairment (note 6.3.5)</i>	<i>Net book value (unaudited)</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Dawadmi Mall	167,994,742	(17,175,788)	(36,231,309)	<b>114,587,645</b>
AlKhair Mall	324,726,864	(12,973,506)	(87,967,614)	<b>223,785,744</b>
Hafar Al-Batin Mall	471,134,227	(29,826,816)	(23,596,601)	<b>417,710,810</b>
Tabouk Mall	219,516,197	(15,064,137)	(31,674,704)	<b>172,777,356</b>
	<u>1,183,372,030</u>	<u>(75,040,247)</u>	<u>(179,470,228)</u>	<u><b>928,861,555</b></u>

**31 December 2019**

<i>Description</i>	<i>Cost</i>	<i>Accumulated depreciation</i>	<i>Impairment (note 6.3.5)</i>	<i>Net book Value (audited)</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Dawadmi Mall	167,468,224	(12,848,016)	(2,247,020)	152,373,188
AlKhair Mall	323,560,874	(9,851,355)	(34,105,553)	279,603,966
Hafar Al-Batin Mall	470,557,681	(23,183,791)	-	447,373,890
Tabouk Mall	219,881,117	(11,530,905)	-	208,350,212
	<u>1,181,467,896</u>	<u>(57,414,067)</u>	<u>(36,352,573)</u>	<u>1,087,701,256</u>

**6.1 a-** the useful life of freehold properties is assessed at 25 years from date of acquisition.

**6.1 b-** the useful life of leasehold properties is assessed at remaining land lease period from the date of acquisition.

**6.2 Freehold**

Land comprises of the lands acquired on which the buildings are built. The Fund acquired freehold properties in Riyadh, Hafar Al-Batin and Tabuk with an aggregate area of 185,721 square meter of land on 30 June 2020. Additionally, the Fund acquired a leasehold land investment property in Dawadmi with land area of 72,678 square meter 30 June 2020. The consideration for the properties was partly paid in cash and partly settled through issuance of 79,060,000 units of the Fund (note 14).

**6.3 Listed below are the details of the investment properties:**

**6.3.1 Dawadmi Mall**

This property is a fully constructed commercial facility on a leasehold land, located in Dawadmi, Kingdom of Saudi Arabia ("KSA").

**6.3.2 AlKhair Mall**

This property is a fully constructed commercial facility on a freehold land, located in Al Malga District, Riyadh, KSA.

**6.3.3 Hafar Al-Batin Mall**

This property is a fully constructed commercial facility on a freehold land, located in Al Rayan District, Hafar Al-Batin, KSA.

**6.3.4 Tabouk Mall**

This property is a fully constructed commercial facility on a freehold land, located in Al Rajhi District, Tabouk, KSA.

SWICORP WABEL REIT FUND  
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)  
30 June 2020

6 INVESTMENT PROPERTIES (continued)

6.3.5 Impairment of investment properties

The investment properties were tested for impairment and the management noted their carrying amount not to be recoverable. During the period, the management recognised an impairment loss of SR 143,117,655 (30 June 2019: impairment loss reversal of SR 8,375,510) to adjust the value of its investment properties to its recoverable amount based on the average fair value as the reporting period, determined by the independent evaluators (refer note 7).

The key assumptions taken for valuation as at 30 June 2020 and 31 December 2019 for these investment properties are as follows:

30 June 2020

	<i>Discount</i>	<i>Exit yield</i>	<i>Capitalization</i>	<i>Escalation</i>
	%	%	%	%
Dawadmi Mall	12	17.4	10	2
AlKhair Mall	10	9	8	2
Hafar Al-Batin Mall	11	9.5	9	2
Tabouk Mall	10.5	9.5	8.5	2

31 December 2019

	<i>Discount</i>	<i>Exit yield</i>	<i>Capitalization</i>	<i>Escalation</i>
	%	%	%	%
Dawadmi Mall	11.5	14.3	9.5	2
AlKhair Mall	9.5	8.5	7.5	2
Hafar Al-Batin Mall	10.5	9.5	8.5	2
Tabouk Mall	10	9	8	2

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

In accordance with Article 21 of the REIFR issued by CMA in the Kingdom of Saudi Arabia, the Fund Manager evaluates the Fund's real estate assets based on two evaluations prepared by independent evaluators. However, in accordance with the requirement in the Kingdom of Saudi Arabia, investment in real estate properties are carried at cost less depreciation and impairment, if any, in these financial statements. Accordingly, the fair value below is disclosed for information purposes.

7.1 The fair value of the investment properties is determined by two selected appraisers, i.e. BARCODE and BUSSMA. As at period end, the valuation of investment properties are as follows:

	<i>Appraiser 1</i>	<i>Appraiser 2</i>	<i>Average</i>
	SR	SR	SR
<b>30 June 2020 (unaudited)</b>			
Dawadmi Mall	118,575,289	110,600,000	114,587,645
AlKhair Mall	215,271,487	232,300,000	223,785,744
Hafar Al-Batin Mall	397,521,620	437,900,000	417,710,810
Tabouk Mall	163,854,712	181,700,000	172,777,356
	<b>895,223,108</b>	<b>962,500,000</b>	<b>928,861,555</b>
<b>31 December 2019 (audited)</b>			
Dawadmi Mall	136,830,000	167,916,375	152,373,188
AlKhair Mall	272,480,000	286,727,931	279,603,966
Hafar Al-Batin Mall	473,460,000	447,804,080	460,632,040
Tabouk Mall	210,310,000	209,224,978	209,767,489
	<b>1,093,080,000</b>	<b>1,111,673,364</b>	<b>1,102,376,683</b>

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

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 a number of factors, including the area and type of property. Below is an analysis of the investment properties' fair value against carrying value:

7.2 The unrealised loss on investment properties based on fair value evaluation is set out below:

	<i>30 June 2020 (unaudited) SR</i>	<i>31 December 2019 (audited) SR</i>
Fair value of investments in real estate properties (note 7.1)	<b>928,861,555</b>	1,102,376,683
Less: Carrying value of investments in real estate properties (note 6)	<b>(928,861,555)</b>	(1,087,701,256)
Net impact based on fair value evaluation	-	14,675,427
Units in issue	<b>118,000,000</b>	118,000,000
Impact per unit share based on fair value evaluation	-	0.12

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

	<i>30 June 2020 (unaudited) SR</i>	<i>31 December 2019 (audited) SR</i>
Net asset value at cost, as presented in these financial statements	<b>959,449,842</b>	1,149,508,173
Net impact based on real estate evaluations (note 7.2)	-	14,675,427
Net asset based on fair value	<b>959,449,842</b>	1,164,183,600

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

	<i>30 June 2020 (unaudited) SR</i>	<i>31 December 2019 (audited) SR</i>
Net asset value per unit, at cost as presented in these financial statements	<b>8.12</b>	9.74
Impact on net asset value per unit on account of unrealised loss based on fair value evaluations (note 7.2)	-	0.12
Net asset value per unit at fair value	<b>8.12</b>	9.86

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**8 RENTAL INCOME RECEIVABLE**

This account represents the rent receivable from the investment properties in accordance with the terms of the corresponding tenancy agreements. The rent receivables are current in nature, settled within a short period of time.

During the period, the Fund has made reversal of allowance for expected credit losses amounting to SR 8,242,094 (2019: nil) and an allowance for expected credit losses amounting to SR 7,752,713 (2019: 17,959,611).

	<i>30 June 2020</i> <i>(unaudited)</i> <i>SR</i>	<i>31 December 2019</i> <i>(audited)</i> <i>SR</i>
Rent receivable	50,025,806	55,159,227
Less: Allowance for expected credit losses	(17,470,230)	(17,959,611)
	<u>32,555,576</u>	<u>37,199,616</u>

The following is the movement of allowance for expected credit losses as at the reporting date:

	<i>30 June 2020</i> <i>(unaudited)</i> <i>SR</i>	<i>31 December 2019</i> <i>(audited)</i> <i>SR</i>
At the beginning of the period / year	17,959,611	-
(Reversal) allowance made during the period / year	(489,381)	17,959,611
At the end of the period / year	<u>17,470,230</u>	<u>17,959,611</u>

**9 RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Fund Manager and entities / persons related to Fund Manager are considered as related parties of the Fund. In the ordinary course of its activities, the Fund transacts business with its related parties. Related party transactions are governed by limits set by the Regulations issued by the CMA. All the related party transactions are approved by the Fund's Board of Directors.

*a) Asset management fee*

In consideration for managing the assets of the Fund, the Fund Manager in accordance with the Terms and Conditions of the Fund charges the Fund a management fee equal to 0.75% of the net asset value of the Fund calculated semi-annually in arrears and payable quarterly.

*b) Property operations and management fee*

In consideration for managing the properties of the Fund, the Fund Manager in accordance with the Terms and Conditions of the Fund charges the property manager a property management fee and operating expenses equal to 3% and 17% of the rental income, respectively, calculated annually and payable semi-annually.

*c) Board of Directors remuneration*

Each independent member of the Board of Directors is allowed a remuneration of SR 5,000 excluding out of pocket expenses annually.

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9 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

Related parties	Nature of relationship	Nature of transactions	For the period ended	For the period ended
			30 June 2020	30 June 2019
			SR	SR
Wabel Al Arabia for Investment Company	Property manager and unitholder	Rental income from investment properties	15,132,719	26,570,776
		Media and advertising income	6,000,000	6,000,000
		Property manager fee and operating expenses	6,250,162	13,566,083
		Payments made on behalf of the Fund	(5,700,314)	(15,282,519)
		Receipts from the Fund	(69,469,966)	(21,329,260)
		Dividends paid	(13,536,400)	-
SWICORP Company	Fund manager and unitholder	Management fee	3,593,714	4,173,199
		Dividends paid	1,210,873	825,812

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

Amounts due from a related party	30 June 2020	31 December 2019
	(unaudited) SR	(audited) SR
Wabel Al Arabia for Investment Company	-	52,283,998

Amounts due to related parties	30 June 2020	31 December 2019
	(unaudited) SR	(audited) SR
Wabel Al Arabia for Investment Company	15,289,963	-
SWICORP Company	1,506,619	95,749
Board oversight fee	30,000	30,000
	<b>16,826,582</b>	<b>125,749</b>

The unit holder's account included units (in numbers) held as follows:

	30 June 2020	31 December 2019
	Units	Units
Wabel Al Arabia for Investment Company	62,960,000	62,960,000
SWICORP Company	3,058,562	3,058,562

As at 30 June 2020, board members of the Fund held 4,458,834 units (31 December 2019: 4,458,834 unites).

10 CASH AND CASH EQUIVALENTS

As at 30 June 2020, the bank balance with an amount of SR 41,327,871 (2019: SR 333,756) includes a balance of SR 29,088,066 (2019: SR 333,756) which is maintained with an account at Riyadh Bank under the name of the Fund Manager and not under the name of the Fund.

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11 UNEARNED INCOME

Represents rent income billed in advance in respect to the investment properties. The movement in unearned income for the period / year is as follows:

	<i>30 June 2020</i> <i>(unaudited)</i> <i>SR</i>	<i>31 December 2019</i> <i>(audited)</i> <i>SR</i>
Opening during the period / year	25,837,783	20,913,552
Received during the period / year	43,350,055	102,649,504
Recognised during the period / year	(47,076,208)	(97,725,273)
	<u>22,111,630</u>	<u>25,837,783</u>

12 ZAKAT

12.1 *Charge for the period*

Zakat charge of SR 1,690,025 (30 June 2019: SR Nil) provided in the statement of comprehensive income for the period ended 30 June 2020 consists of current period's provision. The current period's provision is based on the following:

	<i>30 June 2020</i> <i>(unaudited)</i> <i>SR</i>	<i>31 December 2019</i> <i>(audited)</i> <i>SR</i>
Unitholders equity	1,180,000,000	1,090,215,619
Unitholders account and provisions	24,642,042	8,297,321
Book value of long term assets and other assets	(1,079,858,648)	(1,048,938,095)
	<u>124,783,394</u>	<u>49,574,845</u>
Zakat base before adjusted net income for the Georgian year	128,660,844	51,115,306
Adjusted net income the period / year	3,799,325	32,352,017
Zakat base	<u>132,460,169</u>	<u>83,467,323</u>

Zakat is payable at 2.5% higher of approximate zakat base or adjusted net income.

12.4 *Status of assessment*

During 2019, the Fund has registered with the General Authority of Zakat and Income Tax ("GAZT") for zakat purposes. Accordingly, the Fund has accounted for zakat provision from the Fund registration date with GAZT onwards. Hence, no provision for zakat was accounted for the six-month period ended 30 June 2019. Accordingly, the Fund has not filed the zakat returns for the period up to 2020 and no zakat assessments have yet been raised by the GAZT.



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13 UNIT TRANSACTION

Transaction in units of the Fund for the year / period is summarised as follows:

	<i>30 June 2020</i> <i>(numbers)</i>	<i>31 December 2019</i> <i>(numbers)</i>
Units at the end of the period / year	<b>118,000,000</b>	118,000,000

During the period, the Fund did not issue any new units (2019: 38,940,000 units for SR 389,400,000 of which SR 354,000,000 were subscribed by the general public, and SR 35,400,000 by the Fund manager and 79,060,000 units were issued as a consideration for the purchase of investment properties).

14 FINANCIAL INSTRUMENTS - FAIR VALUE

*Fair Value*

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

Assets and liabilities for which fair value is recognised or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Financial assets consist of rent receivables, due from a related party and other receivables. Financial liabilities consist of unearned income, accrued management fee and accrued expenses. The fair values of financial assets and financial liabilities are not materially different from their carrying values.

The following table shows the fair value of non-financial assets disclosed as at period end (refer note 7):

	<i>30 June 2020</i> <i>(unaudited)</i> <i>SR</i>	<i>31 December 2019</i> <i>(audited)</i> <i>SR</i>
<u><i>Investment properties</i></u>		
Dawadmi Mall	<b>114,587,645</b>	152,373,188
AlKhair Mall	<b>223,785,744</b>	279,603,966
Hafar Al-Batin Mall	<b>417,710,810</b>	460,632,040
Tabouk Mall	<b>172,777,356</b>	209,767,489
	<b>928,861,555</b>	1,102,376,683

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**14 FINANCIAL INSTRUMENTS - FAIR VALUE (continued)**

*Fair Value (continued)*

When the fair value of items disclosed in these condensed interim 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 condensed interim financial statements and the level where the items are disclosed in the fair value hierarchy.

Investment properties are based on valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, the instruments are included within Level 2 of the hierarchy. The Fund values these investments at bid price for long positions and ask price for short positions.

The fair values of investment properties were assessed by BARCODE and BUSSMA as disclosed in note 6. They are accredited independent valuers with a recognised and relevant professional qualification and with recent experience in the location and category of the investment properties being valued.

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

**15 OPERATING SEGMENTS**

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.

**16 COMPARATIVE FIGURES**

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation. Following major changes have been made:

<i>Line items</i>	<i>Reclassified from:</i>	<i>Reclassified to:</i>	<i>Amount SR</i>
Custodian fee	General and administrative expenses	Statement of comprehensive income	109,959
Property and operating expenses	General and administrative expenses	Statement of comprehensive income	13,566,083

**17 CONTINGENCIES**

In the opinion of Fund manager there are no contingencies as at the reporting date.

**18 DIVIDENDS DISTRIBUTION**

On 16 April 2020 (corresponding to 23 Sha'ban 1441) the Fund Manager announced to distribute dividends of SR 0.43 per unit to the unitholders for the year ended 31 December 2019 amounting to SR 50,740,000 (30 June 2019: SR 31,860,000) in accordance with the terms and conditions of the Fund which was at least 90% of the Fund's annual net profits. An amount of SR 1,603,811 (31 December 2019: SR Nil) is still payable as at 30 June 2020.

**19 EVENTS AFTER THE END OF THE REPORTING DATE**

On 1 July 2020 (corresponding to 10 Thul-Qi'dah 1441) the Fund Manager has made a certain change to the terms and conditions as the amendment was made in the list of Fund Board Members as a result of resignation of Mr. Abdullah Saud Al-Kullibi.

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**20 LAST VALUATION DAY**

The last valuation day for the period was 30 June 2020.

**21 IMPACT OF COVID-19**

At the beginning of the year 2020, the global spread of Corona Virus (COVID-19) virus was confirmed as a global pandemic by the World Health Organization, which spread all over the world causing widespread disturbance of commercial and economic activities. Accordingly, during the period ended 30 June 2020, the Fund has received a number of requests from tenants to provide concession on the due rents until the end of precautionary measures that were implemented to contain the spread of the COVID-19. The total value of requests is SR 7.7 million and amounts to 10.8 % of annual rent as at 30 June 2020.

Additionally, the Fund continues to determine net asset values with the frequency as set out in the offering documents, consistently applying valuation policies and reflective of prevailing market conditions. As a result, the Fund management has charged an impairment amounting SR 143.11 million for the six-month period ended 30 June 2020 due to reduced valuations of the real estate owned by the Fund (note 6).

Any changes made to valuations to estimate the overall impact of COVID-19 is subject to extremely high levels of uncertainty, as limited reasonable and supportable forward-looking information is currently available on which to base those changes.

As with any economic forecasts, the projections and likelihoods of the occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

**22 APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved by the Fund's Board of Directors on 27 Thul-Hijjah 1441 (corresponding to 17 August 2020).