



SEDSCO Capital REIT Fund

Semi-annual Report
2023

June 2023



Table of Contents

03	Management Statement
04	Fund Factsheet and Strategy
04	Fund Updates and Investment Activities Review During the Period
05	Portfolio Description
06	Properties
13	Fair value vs. Purchase Price and Book Value and Summary of Leased and Non-leased Assets, Occupancy Rate, and Weighted Average Lease Expiry
14	Dividend Distributions
15	Material Development During the Period
15	Changes to the Fund's Documents During the Year and the Subsequent Events
15	Summary of Fund's Performance
15	Stock/Unit performance
16	Topics Discussed and Resolutions Issued by the Fund Board
17	Financial Performance
19	Socioeconomic and Demographic Overview
21	Real Estate Sector Overview
26	Fund Manager, Custodian and Auditor
28	Financial Statements



Management Statements

It is our honor to present the semi-annual report of SEDCO Capital REIT Fund to unitholders. This report highlights key activities, achievements, operational results and general views with regards to the Fund along with the financial statements for the period ended 30 June 2023.

SEDCO Capital REIT Fund portfolio comprises 21 income-generating assets, geographically diversified across the Eastern Province (32%), Jeddah (37%) and Riyadh (31%). The portfolio enjoys sectoral diversification across the entertainment (44%), office (14%), retail (20%), residential (3%), hospitality (2%) and Education (17%) sectors.

Despite the challenging market conditions facing the portfolio over the last 6 months, the average occupancy rate stood at 97.0%, showing a slight decrease by 1.6% compared to December 2022.

Properties leased to single tenant represent 54% of the current portfolio with long term leases permitting for stability, while 46% of the properties are leased to multi-tenanted with multiple lease agreements providing growth potential. The weighted average lease expiry (WALE) stood at 7.2 years.

The average value of the Fund's property portfolio, as valued by two independent valuers, was estimated at SAR 2,298.1 million, slightly decreased by 2.16% compared to the purchase price.

In terms of dividend distribution, the Fund distributed a SAR 0.15625 per unit amounting to SAR 18,359,375 for the period from 01 January 2023 to 31 March 2023 which translate to 6.25% based on par value on an annual basis.

The Fund announced a dividend distribution of SAR 0.13411 per unit amounting to SAR 25,071,875 for the period from 01 April 2023 to 30 June 2023 which translate to 5.65% based on par value on an annual basis.

We would like to express gratitude towards our unitholders for their trust during these challenging times. We remain committed to efficiently managing our properties and proactively addressing operational risks and challenges, while capitalizing on growth opportunities for the portfolio

“ Following aggressive changes in the federal funds rate throughout 2022, there have been several additional Fed rate hikes thus far in 2023.

This rapid pace of hikes had a significant impact on activity within the real estate investment sales market in the Kingdom. As 2023 has progressed, higher interest rates and tighter lending terms have combined to dampen transaction activity for real estate and impact pricing. For the most part, an impasse remains between buyers and sellers as there is a mismatch in price expectations. More specifically for REITs, where dividend yield is one of the main investment metrics for investors.

However, even in this environment, attractive investment options can still be found, albeit more challenging. Such options that merits serious investor consideration includes residential properties (more specifically residential compounds for lease) and Grade A business parks in Riyadh, as both are witnessing strong demand. The upward trend is not just limited to Riyadh but also other key cities. In Jeddah and greater Dammam, for example, we see opportunity for new development projects across the key real estate sectors (namely, mixed-use, residential and light industrial).

We believe that in the short to medium term, the focus will continue to be on development opportunities that respond to the evolving trends within the individual real estate asset classes. Taking this into account, SEDCO Capital will look to capitalize on our deep sector knowledge and extensive network to find suitable development opportunities in-line with the Fund's strategy and objectives.

SEDCO Capital still retains a relatively positive outlook for the Saudi real estate market in 2023 and beyond, as economic growth and government initiatives are expected to bolster the demand for good quality real estate assets. ”

Abdulwahhab Abed
Chief Business Development Officer

Fund Name

SEDCO Capital REIT Fund is a closed-ended Shariah-compliant traded real estate investment Fund, established in accordance with the laws and regulations applicable in the Kingdom of Saudi Arabia and complies with the regulations and instructions of the Capital Market Authority (“CMA”).

Fund Factsheet

Fund Size Upon Listing	SAR 600,000,000
Number of Units Upon Listing	60,000,000 Units
Fund Size After Increasing the Fund's Assets	SAR 1,869,444,440
Number of Units After Increasing the Fund's Assets	186,944,444 Units
Currency	Saudi Riyals (SAR)
Headquarter	Jeddah, Kingdom of Saudi Arabia
Operation Date	1 April 2018
Listing Date	1 May 2018
Fund Term	99 years following the date of listing
Target Dividend	6.10%
Actual Dividend as of Reporting Date (on an annual basis)	6.25%

Fund Strategy

and Objectives and Dividend Policy

Acquire developed and ready to use properties in order to generate regular rental income and distribute at least 90% of the Fund's net profit to the unitholders throughout the term of the Fund. The Fund Manager is expected to announce dividends, record dates and distribution dates within 40 business days from the end of June and December of each calendar year. Dividends will be deposited within 90 business days of the announcement. Excluding capital gains from the sale of assets which may be reinvested for acquiring assets for the interests of unitholders.

Assets Targeted by the Fund for Investment

The Fund intends to achieve its objectives and enhance the value of shareholders' capital by:

- Investing in developed and ready to use properties in order to generate regular rental income.
- Re-invest the annual retained earnings (10% of total annual income) and capital gains from property sales in developed and ready to use assets in order to generate regular rental income, upon distribution of at least 90% of the Fund's net profit throughout the term of the Fund to the unitholders.
- Invest in low-performing assets, but promising, as the Fund Manager sees in view of their location or structural and design characteristics, in order to increase their operational efficiency and raise their rates of return more than those generated at the time of acquisition by modifying one or some of the characteristics such as design, leasing strategies associated with tenant mix and lease price, and reasons for use.
- Invest no more than 25% of the Fund's total assets value, according to the latest audited financial statements, in real estate development activities, whether owned by the Fund or not, or to renovate or redevelop those assets.

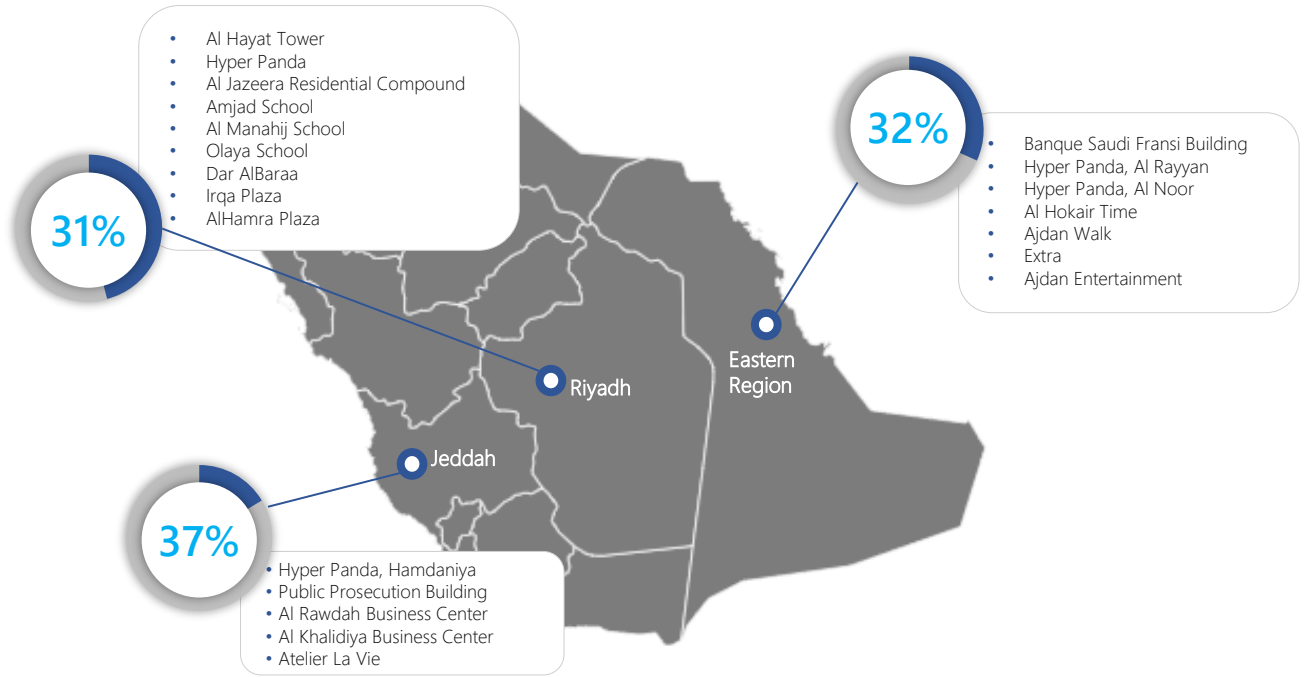
A review of the investment activities during the period and Fund Updates

- During the period, The Fund Manager has successfully increased the total value of the Fund's assets by acquiring (“Atelier La Vie”) which is an income generating property located in Jeddah, Saudi Arabia.
- The occupancy rate reached 97.0% with a slight decrease of 1.6% compared to December 2022.
- JLL and Esnad valued SEDCO Capital REIT Fund properties. As of 30 June 2023, the fair value of the Fund's assets recorded an increase of 0.89% when compared to Dec 2022 (excluding the acquired property during the year 2023 (“Atelier La Vie”))
- The Fund's cash balance amounted to 72,597,081 as of 30 June 2023, including rent received and Murabaha placed. Part of the balance will be used for dividend distribution and to pay the Fund's obligations.

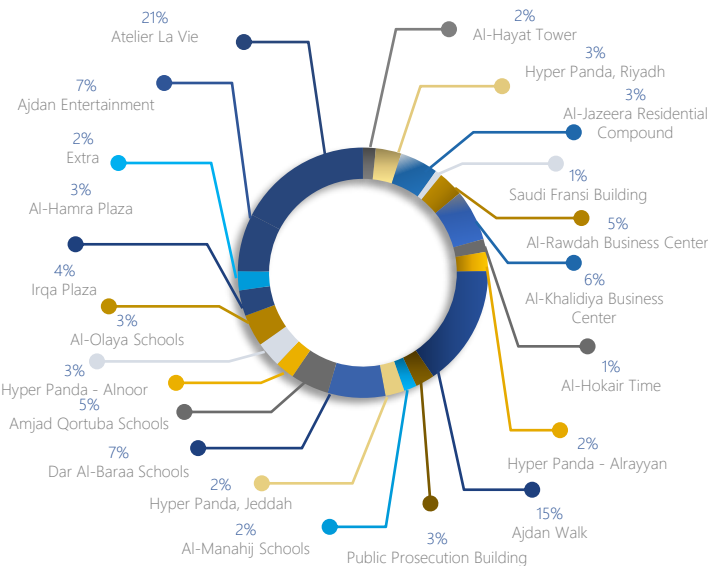
Portfolio Description

Geographical Diversity:

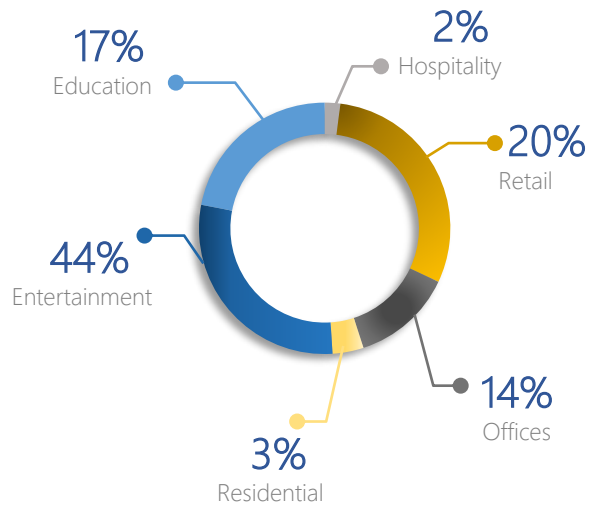
The Fund's assets are diversified across Riyadh 31%, Jeddah 37% and Eastern Province 32%.



Assets Allocation



Sectoral Diversification of the Portfolio



Properties – Riyadh

Al Hayat Tower Apartments Hotel



Description	Hotel apartments located on Ka'ab Bin Malik Street, Al Maathar District, Riyadh
Sector	Hospitality
Land Area/m ²	1,495
Building Area/m ²	6,574
Occupancy Rate	100%
Annual Income	SAR 1,500,000 represents 0.88% of the total rent
Tenant	Al Hafla Al Raeah Hotel Apartment Est.
Weighted Average Lease Expiry	3.5 years

Hyper Panda - Riyadh



Description	Hypermarket in Riyadh - Ishbillia District Branch
Sector	Retail
Land Area/m ²	23,604
Building Area/m ²	10,784
Occupancy Rate	100%
Annual Income	SAR 6,116,250 represents 3.58% of the total rent
Tenant	Panda Retail Company
Weighted Average Lease Expiry	4.9 years

Al Jazeera Residential Compound



Description	Residential compound located in the center of Riyadh on Mashaja Bin Saud Street, Sulaymaniyah District
Sector	Residential
Land Area/m ²	20,758
Building Area/m ²	12,696
Occupancy Rate	%100
Annual Income	SAR 7,529,000 represents 4.41% of the total rent
Tenant	Multiple tenants
Weighted Average Lease Expiry	0.5 years

Properties – Riyadh

Al Hamra Plaza



Description	Al Mansoura Dist. Al Baths St, Riyadh
Sector	Retail
Land Area/m ²	21,120
Building Area/m ²	13,021
Occupancy Rate	100%
Annual Income	SAR 5,432,000 represents 3.18% of the total rent
Tenant	Unified Real Estate Development
Weighted Average Lease Expiry	2.5 years

Irqah Plaza



Description	Al Irqah Dist. Pr. Mishaal Bin Abdulaziz St, Riyadh
Sector	Retail
Land Area/m ²	14,269
Building Area/m ²	9,148
Occupancy Rate	95%
Annual Income	SAR 6,046,175 represents 3.54% of the total rent
Tenant	Multiple tenants
Weighted Average Lease Expiry	8.7 years

Al Manahij School



Description	Al Ghadeer Dist. Noth of Northern Ring, Riyadh
Sector	Education
Land Area/m ²	9,200
Building Area/m ²	17,058
Occupancy Rate	100%
Annual Income	SAR 4,000,000 represents 2.34% of the total rent
Tenant	Nabaa Education Co.
Weighted Average Lease Expiry	9.6 years

Properties – Riyadh

Dar Al Baraa School



Description	Al Narjis Dist. Al Sunbulah St, Riyadh
Sector	Education
Land Area/m ²	15,385
Building Area/m ²	33,429
Occupancy Rate	100%
Annual Income	SAR 12,134,063 represents 7.11% of the total rent
Tenant	Al Mseef Education Co.
Weighted Average Lease Expiry	18.3 years

Olaya School



Description	Al Mursalat Dst. Abdulaziz Abo Hussain St, Riyadh
Sector	Education
Land Area/m ²	10,500
Building Area/m ²	12,314
Occupancy Rate	100%
Annual Income	SAR 4,752,400 represents 2.78% of the total rent
Tenant	Tadrees Co. Ltd
Weighted Average Lease Expiry	10.0 years

Amjad Qortuba School



Description	Qortuba Dst. Dammam Road. Riyadh
Sector	Education
Land Area/m ²	14,300
Building Area/m ²	34,231
Occupancy Rate	100%
Annual Income	SAR 8,328,394 represents 4.88% of the total rent
Tenant	Amjad Qortuba for Educational Services Co.
Weighted Average Lease Expiry	8.7 years

Properties – Jeddah

Public Prosecution Building



Description	The Public Prosecution Building, located on the Rahmaniya Road, Al Rayyan District, Jeddah
Sector	Office
Land Area/m ²	4,767
Building Area/m ²	19,342
Occupancy Rate	100%
Annual Income	SAR 4,400,000 represents 2.58% of the total rent
Tenant	Public Prosecution
Weighted Average Lease Expiry	0.7 years

Al Khalidiya Business Center



Description	A commercial/office center located on Prince Sultan Street, Al Khalidiyah District, Jeddah
Sector	Office
Land Area/m ²	7,903
Building Area/m ²	26,713
Occupancy Rate	83%
Annual Income	SAR 10,102,524 represents 5.92% of the total rent
Tenant	Multiple tenants
Weighted Average Lease Expiry	1.4 years

Hyper Panda - Jeddah



Description	Hypermarket is located on Hamdaniya Street, Al Hamdaniya District, Jeddah
Sector	Retail
Land Area/m ²	13,686
Building Area/m ²	5,858
Occupancy Rate	100%
Annual Income	SAR 2,988,845 represents 1.75% of the total rent
Tenant	Panda Retail Company
Weighted Average Lease Expiry	4.6 years

Properties – Jeddah

Al Rawdah Business Center



Description	A commercial/office center located on Prince Saud Al Faisal Street, Al Rawdah District
Sector	Office
Land Area/m ²	2,463
Building Area/m ²	17,526
Occupancy Rate	80%
Annual Income	SAR 7,250,543 represents 4.25% of the total rent
Tenant	Multiple tenants
Weighted Average Lease Expiry	1.4 years

Atelier La Vie



Description	Atelier La Vie located on King Abdulaziz Road.
Sector	Entertainment
Land Area/m ²	29,745
Building Area/m ²	27,489
Occupancy Rate	89%
Annual Income	SAR 34,646,265 represents 20.29% of the total rent
Tenant	Multiple tenants
Weighted Average Lease Expiry	3.3 years

Properties – Dammam & Khobar

Banque Saudi Fransi Building



Description	A building leased by Banque Saudi Fransi located on Imam Ali Bin Abi Talib, Al Rayyan District, Dammam
Sector	Retail
Land Area/m ²	5,191
Building Area/m ²	879
Occupancy Rate	100%
Annual Income	SAR 2,000,000 represents 1.17% of the total rent
Tenant	Banque Saudi Fransi
Weighted Average Lease Expiry	2.3 years

Properties – Dammam & Khobar

Hyper Panda - Dammam



Description	Panda Hypermarket is located on Imam Ali Bin Abi Talib, Al Rayyan District, Dammam
Sector	Retail
Land Area/m ²	18,145
Building Area/m ²	9,800
Occupancy Rate	100%
Annual Income	SAR 5,228,170 represents 3.06% of the total rent
Tenant	Panda Retail Company
Weighted Average Lease Expiry	6.6 years

Al Hokair Center



Description	Al Hokair Center is located on the East Coast of Dammam
Sector	Entertainment
Land Area/m ²	5,156
Building Area/m ²	3,326
Occupancy Rate	100%
Annual Income	SAR 2,200,000 represents 1.29% of the total rent
Tenant	Abdulmohsen Al Hokair Group for Tourism and Development Company
Weighted Average Lease Expiry	14.3 years

Ajdan Walk



Description	Ajdan Walk is located on Prince Turki Street in Al Khobar
Sector	Entertainment / Office
Land Area/m ²	16,966
Building Area/m ²	32,212
Occupancy Rate	100%
Annual Income	SAR 25,000,000 represents 14.64% of the total rent
Tenant	AlOula Real Estate Development Company
Weighted Average Lease Expiry	5.6 years

Properties – Dammam & Khobar

Hyper Panda



Description	Panda Hypermarket is in Al Noor Dist. King Saud st, Dammam
Sector	Retail
Land Area/m ²	13,807
Building Area/m ²	5,348
Occupancy Rate	100%
Annual Income	SAR 4,975,500 represents 2.91% of the total rent
Tenant	Panda Retail Company
Weighted Average Lease Expiry	11.4 years

Extra Store



Description	Al Azizeah Dist. Gulf Road, Dammam
Sector	Retail
Land Area/m ²	8,258
Building Area/m ²	4,404
Occupancy Rate	100%
Annual Income	SAR 3,785,600 represents 2.22% of the total rent
Tenant	United Electronics Company
Weighted Average Lease Expiry	10.1 years

Ajdan Entertainment-New



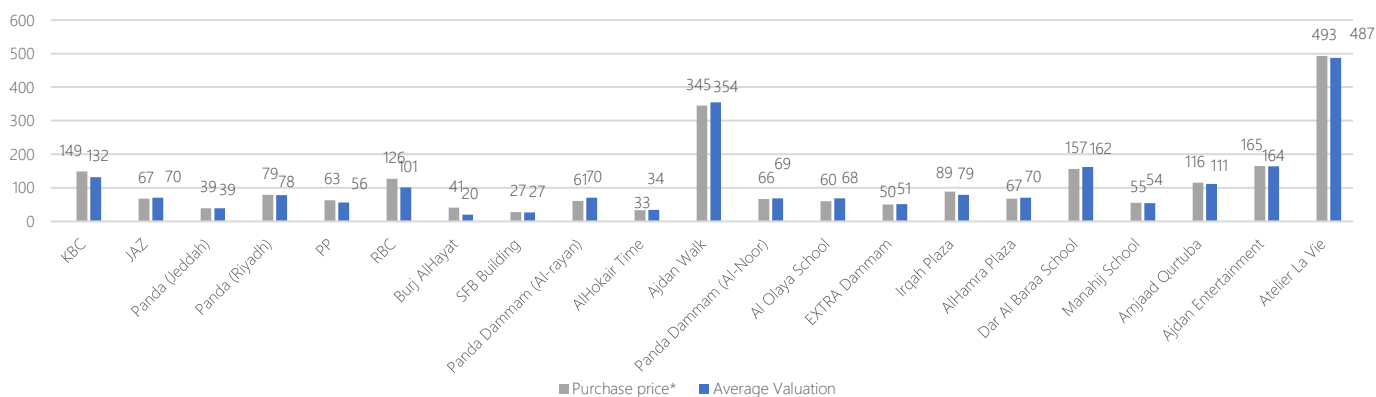
Description	Ajdan Entertainment is located on Prince Turki Street in Al Khobar
Sector	Entertainment
Land Area/m ²	6,866
Building Area/m ²	16,093.4
Occupancy Rate	100%
Annual Income	SAR 12,341,838 represents 7.23% of the total rent
Tenant	Multiple tenants
Weighted Average Lease Expiry	13.2 years

Fair value vs. Purchase Price and Book Value

As at the end of June 2023 and based on the average valuation of two independent accredited real estate valuers; JLL and Esnad, the fair value of the Fund's assets recorded a 0.89% increase when compared to Dec 2022 (excluding the acquired property during the year 2023 ("Atelier La Vie").

The portfolio recorded a 2.16% decrease when compared to the total purchase cost –(excluding transaction costs). The fair value of the total Fund's assets as of 30 June 2023 is SAR 2,298.1 million.

Acquisition Vs Current Market Value (SAR M)



* Purchase price does not include acquisition costs

Summary of Leased and Non-leased Assets, Occupancy Rate, and Weighted Average Lease Expiry (WALE)

Property	Leased/Non-leased	Occupancy	WALE
Al Hayat Hotel Apartments Tower	Leased	100%	3.5 Years
Hyper Panda - Riyadh	Leased	100%	4.9 Years
Al Jazeera Residential Compound	Leased	100%	0.5 Years
Public Prosecution Building	Leased	100%	0.7 Years
Al Khalidiya Business Center	Leased	83%	1.4 Years
Hyper Panda - Jeddah	Leased	100%	4.6 Years
Al Rawdah Business Center	Leased	80%	1.4 Years
Building leased to Banque Saudi Fransi	Leased	100%	2.3 Years
Hyper Panda – DMM AlRayyan	Leased	100%	6.6 Years
Al Hokair Center	Leased	100%	14.3 Years
Ajdan Walk	Leased	100%	5.6 Years
Al Manahij Schools	Leased	100%	9.6 years
Dar Al Baraa Private Schools	Leased	100%	18.3 years
Extra Center	Leased	100%	10.1 years
Al Hamra Plaza Center	Leased	100%	2.5 years
Olaya Private Schools	Leased	100%	10.0 years
Hyper Panda – DMM AlNoor	Leased	100%	11.4 years
Amjad Qurtoba Private Schools	Leased	100%	8.7 years
Iraqh Plaza Center	Leased	95%	8.7 years
Ajdan Entertainment	Leased	100%	13.2 years
Atelier La Vie	Leased	89%	3.3 years

100% of the Fund's assets are leased and generating income

Portfolio Average Occupancy Rate 97.0%

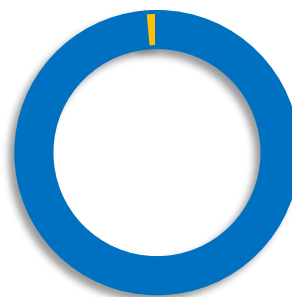
Portfolio Average WALE 7.2 years

Portfolio Occupancy Rate

As of 30 June 2023, the occupancy rate reached 97.0% with a slight decrease of 1.6% compared to December 2022.

Dividend Distributions

The Fund Manager intends to distribute semi-annual cash dividends to investors of no less than 90% of the Fund's net profit within 90 calendar days following the end of June and December of each calendar year, excluding capital gains arising from the sale of assets which may be reinvested in additional assets for the interests of unitholders. Since listing, the Fund has distributed the following CoC dividends:



97.0%
Occupancy Rate

2018	Q2	Q3	Q4
Yield*	6.1%	6.1%	6.1%
Total amount	9,150,000	9,150,000	9,150,000
Per unit (SAR)	0.1525	0.1525	0.1525
Number of units	60,000,000	60,000,000	60,000,000

2020	Q1	Q2	Q3	Q4
Yield*	6.1%	6.1%	5.0%	5.0%
Total amount	9,150,000	9,150,000	7,500,000	7,500,000
Per unit (SAR)	0.1525	0.1525	0.125	0.125
Number of units	60,000,000	60,000,000	60,000,000	60,000,000

2022	Q1	Q2	Q3	Q4
Yield*	6.9%	7.0%	7.25%	7.25%
Total amount	20,268,750	20,562,500	21,296,875	21,296,875
Per unit (SAR)	0.1725	0.1750	0.18125	0.18125
Number of units	117,500,000	117,500,000	117,500,000	117,500,000

2019	Q1	Q2	Q3	Q4
Yield*	6.6%	6.6%	6.6%	6.6%
Total amount	9,900,000	9,900,000	9,900,000	9,900,000
Per unit (SAR)	0.165	0.165	0.165	0.165
Number of units	60,000,000	60,000,000	60,000,000	60,000,000

2021	Q1	Q2	Q3	Q4
Yield*	6.1%	6.1%	6.5%	6.5%
Total amount	9,150,000	9,150,000	9,750,000	9,750,000
Per unit (SAR)	0.1525	0.1525	0.1625	0.1625
Number of units	60,000,000	60,000,000	60,000,000	60,000,000

2023	Q1	Q2**
Yield*	6.25%	5.65%
Total amount	18,359,375	25,071,875
Per unit (SAR)	0.15625	0.13411
Number of units	117,500,000	186,944,444

*Annual basis

**The dividends for the second quarter were announced at a later period of the date of this report.

Transactions with Related Parties

- are summarized as follows:
- The rental of units at Al Khalidiya Business Center.
- Maintenance and operation contracts for three of the Fund's properties.

Rents with related parties represent 0.68% of total Fund revenues whereas maintenance contracts account for 2.43% of total Fund expenses. The Fund Manager confirms that all these transactions and contracts have been based on the principle of equality among all customers and without any preference.

The Related parties are:

- Al Mahmal Facilities Services Company
- Tazweid Talent Co.

Material Development During the Period

- The Fund Manager obtained the approval of the Capital Market Authority on 11 / 09 / 1444 H, corresponding to 02 / 04 / 2023 G to increase the total value of the Fund's assets by offering additional units, in order to acquire the Atelier La Vie property in Jeddah.
- The Fund Manager invited the unitholders to attend a meeting and vote on increasing the total assets value of the Fund as well as the supplementary appendix. Most voters agreed on the agenda items.
- The subscription period to increasing the total assets value of the Fund started on 11 / 10 / 1444H corresponding to 01 / 05 / 2023G and lasted for Ten business days. The total value of applications was SAR 855.7 million, and the coverage ratio was 141.0%. A total of 135,852 individual and institutional investors have subscribed by submitting 65,230 requests.
- The Fund Manager announced the death of engineer / Saeed Mubarak Baaramah, one of the members of the Board of Directors of the SEDCO Capital REIT Fund.
- As per the CMA Board issued resolution on 11/09/1444 corresponding to 02/04/2023 approving Saudi Economic and Development Securities Company's request to increase "Sedco Capital REIT Fund" total assets value by issuing additional units for the purpose of acquiring new real estate assets (Atelier La Vie – Jeddah), Saudi Exchange announced during the period that the trading of new units will start on Sunday 02/07/2023.

Changes to the Fund's Documents During the Period

- The terms and conditions have been amended by adding the information of the additional asset that was acquired after increasing the total value of the Fund's assets in the supplementary appendix to increase the total value of the Fund's assets.

Summary of Fund's Performance

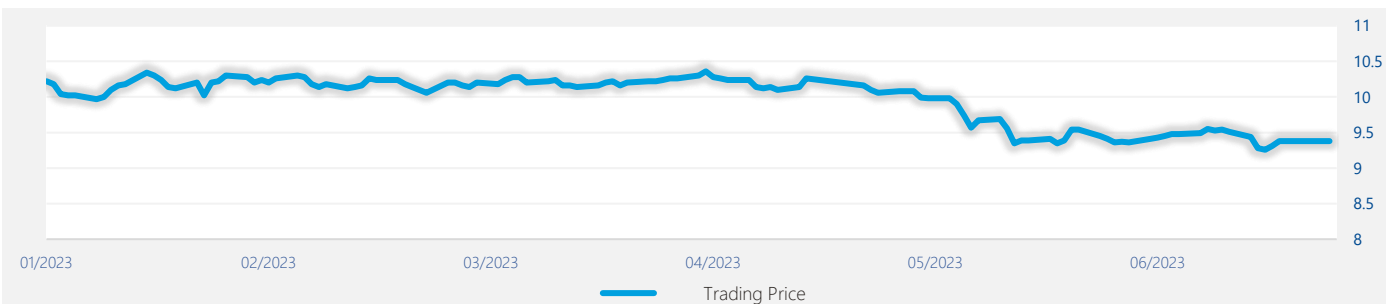
Based on the financial results and achievements during the period The Fund has successfully achieved its target objective by distributing 6.25% cash dividend -on an annual basis- for the period between 1 January 2023 and 30 June 2023.

Subsequent Events

- The Fund Manager announced a change in the Board of Directors of SEDCO Capital REIT Fund due to the resignation of a member of the Board of Directors Mr. Tareq Linjawi (Fund Chairman and Independent).
- The Fund announced a dividend distribution of SAR 0.13411 per unit amounting to SAR 25,071,875 for the period from 01 April 2023 to 30 June 2023 which translate to 5.65% based on par value on an annual basis.

Stock Performance

The stock witnessed different levels of volatility during the period, recording its highest price at 10.36 SAR, and lowest at 9.26 SAR, to end the last trading session on 29 June 2023 at 9.38 SAR.



Topics Discussed and Resolutions Issued by the Fund Board

TOPICS

RESOLUTIONS

- | | |
|--|--|
| <ul style="list-style-type: none"> • SCREIT - 2022 Annual Fund Board of Directors Report | <ul style="list-style-type: none"> • The Fund's Board of Directors approved the annual Fund Board of Directors report for the year ended 31 December 2022. |
| <ul style="list-style-type: none"> • Draft of Audited Financial Statements - Period Ended 31 DEC 2022 | <ul style="list-style-type: none"> • The Fund's Board of Directors approved the draft financial statements of SCREIT for the year ended 31 December 2022 |
| <ul style="list-style-type: none"> • Q1 2023 Dividend Distribution | <ul style="list-style-type: none"> • The Fund's Board of Directors approved the distribution of quarterly cash dividends for the period (Q1 2023: 01 JAN 2023 to 31 MAR 2023) to SEDCO Capital REIT Fund unitholders. The total amount to be distributed is SAR 18,359,375 being an annualized return of 6.25%. |
| <ul style="list-style-type: none"> • SCREIT Fund Board Composition | <ul style="list-style-type: none"> • The Fund's Board of Directors approved the updated Fund Board Composition |

Financial Performance

Fund Size	As of 30 June 2023	As of 31 Dec 2022	As of 31 Dec 2021	As of 31 Dec 2020
Net market value of the Fund's assets at the end of the financial year (Fair Value)	1,615,018,305	1,032,202,870	1,062,310,241	565,014,116
Net market value of the Fund's assets per unit at the end of the financial year (Fair Value)	8.639	8.7847	9.0409	9.4169
Net market value of the Fund's assets at the end of the financial year (Book Value)	1,556,863,089	997,395,948	1,039,710,604	537,948,379
Net market value of the Fund's assets per unit at the end of the financial year (Book Value)	8.3279	8.4885	8.8486	8.9658
Highest net asset value per unit for each financial year (Fair Value)	8.639	8.8489	9.0409	9.6297
Lowest net asset value per unit for each financial year (Fair Value)	8.639	8.7847	8.9975	9.4169
Income distribution per unit	0.39	1.35	0.62	1.14
Percentage of expenses borne by the Fund	6.05%	11.43%	10.20%	9.72%
Net income / (Loss)	(22,173,484)	41,110,344	(35,437,775)	9,721,346
Distribution yield (based on market traded price)	1.67%	6.88%	2.54%	5.94%
Number of units in issue	186,944,444	117,500,000	117,500,000	60,000,000

Services, Fees and Commissions Charged to the Fund Throughout the period

Indicator	As of 30 June 2023	As of 31 Dec 2022	Cap (Limit)
Operating expenses	4,200,600	14,042,280	Not to exceed 7% of the rental income of the property
Management fees	5,161,014	10,568,854	1% of the Fund's net assets according to the latest financial statements
Finance fees	25,869,392	34,525,866	NA
Professional fees	604,976	1,434,607	NA
Other costs	5,604,857	1,478,865	1% of the Fund's net assets according to the latest financial statements
Depreciation and amortization	56,191,325	55,970,265	NA
Total expenses	97,632,164	118,020,737	-
Expenses ratio	6.05%	6.24%	-
Ratio of Non-Cash Expenses to the Net income / (loss) of the Fund	(253%)	136%	

Performance Record

Period	Total Return*
Since Inception	6.34%
One Year	6.94%
Three Years	6.33%
Five Years	6.34%

*on an annual basis

	2023	2022	2021	2020	2019
Total Return*	6.25%	7.10%	6.30%	5.55%	6.60%

*on an annual basis

Special Commissions Received by the Fund Manager

The Fund Manager has not received any special commission during the period.

Fund Manager's Investment

The Fund Manager holds 1,488,107 units as at the end of June 2023.

Leverage (Borrowing percentage of the Fund's total asset value and maturity date)

- Financing amount equals SAR 800 million, representing 33% of the total asset value.
- Maturity date 16 October 2028

Socioeconomic and Demographic Overview

KSA



Country Profile

Saudi Arabia holds an estimated 15% of the world's proven oil reserves and has the largest economy in MENA, making it a critical player not only in the region but also on a global scale.

Saudi Arabia initiated Vision 2030 as a comprehensive strategy to foster economic development and reduce reliance on oil. This visionary plan incorporates various economic and financial reforms with the objective of transforming the economy into a diversified and sustainable one.

The Saudi economy is experiencing a significant boom, driven by high oil prices, increased private investment, and successful implementation of reforms. There is currently a surplus in the current account, reaching the highest level in a decade, and inflation is well-controlled.

In 2022, Saudi Arabia emerged as the fastest-growing G20 economy with an impressive overall growth rate of 8.7%. The output gap is estimated to have closed during 2022 and the momentum is continuing in 2023, with nowcasting estimates suggesting non-oil growth above 5% in H1 2023.

GDP

Saudi Arabia's real GDP grew 1.1% in Q2 2023 compared to the same quarter in 2022, driven by growth in non-oil activities by 5.5% and increase in government services activities by 2.7%. However, oil activities decreased 4.2% year-on-year.

The Saudi economy expanded 8.7% in 2022, the fastest among G20 countries, as high oil prices boosted revenue and led to the Kingdom's first budget surplus in almost 10 years.

However, the World Bank estimates indicate that after an impressive GDP expansion of 8.7% in 2022, the KSA economy is anticipated to experience a slowdown with a projected growth rate of 2.2% in 2023. This is primarily attributed to reduction in oil production as Saudi Arabia abides by OPEC+ agreed production cuts that is likely to lead to contraction of oil sector GDP by 2%. However, the impact of this contraction is expected to be softened by high oil prices, along with loose fiscal policies and strong growth in private credit.

Inflation

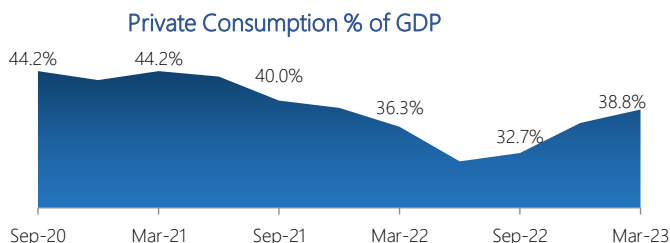
Annual inflation grew 2.7% in June 2023, down from last month's 2.8%. The main driver of inflation in June 2023 was prices for rents due to their high relative importance in the Saudi consumer basket (21.0% weightage)

As compared to June 2022, actual rents for housing surged 10.8% in June 2023, reflecting the increase in rents for apartments by 22.8%. Prices also accelerated for food and beverage (1.0%), transport(1.6%), restaurants and hotels (4.3%), education(3.0%), and recreation and culture (2.6%).

In contrast, furnishings, household equipment and maintenance prices fell 2.3% due to the decrease in furniture and furnishings, carpets, and other floor coverings (-4.6%). Clothing and footwear prices dropped 2.9% on lower garment prices (-4.6%).

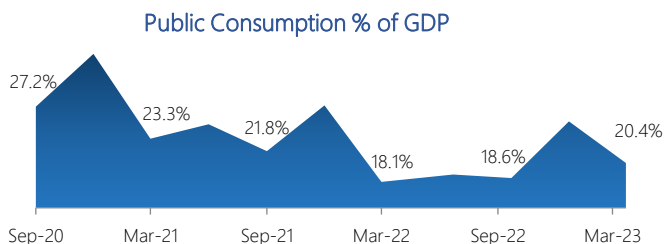
Private Consumption

Private consumption accounted for 38.8% of nominal GDP in September 2022 compared to 36.9% in the previous quarter. Private consumption stood at SAR 389.50 billion for the first quarter of 2023.



Public Consumption

Public consumption accounted for 20.4% of nominal GDP in March 2023 as opposed to 25.4% in the previous quarter. Public consumption stood at SAR 205.12 billion for the first quarter of 2023.



Saudi Arabia Vision 2030

Saudi Vision 2030 is the long-term economic blueprint of Saudi Arabia, recognizing that a diverse market-based economy, high output/production, and investment in human capital are essential for growth. Vision 2030 is set to create growth opportunities throughout several key sectors of the economy with the aid of various programs.

The PIF program saw its AUM grow to USD 700 from 580 billion in February 2022. The PIF has created 500,000 jobs through 84 companies operating in 13 sectors. Saudi Arabia has recently expressed the goal of becoming one of the most technologically advanced economies in the world, and is committed to raising its investment in research, development, and innovation to 2.5% of GDP by 2040.

Vision 2030 has shown remarkable success in reducing the economy's heavy reliance on oil as a major source of national revenue. The Kingdom's economic recovery and growth following the global pandemic have played a crucial role in achieving the envisioned goals for mega-development projects. Notably, the ambitious NEOM city, valued at \$500 billion, is one such project that has made significant strides toward its objectives, aiming to become a futuristic city with zero carbon emissions.

Saudi Arabia's reforms have had a wide-ranging impact on public and private life, including sports, tourism, entertainment, arts, and culture. Female labor participation reached an impressive 37% by 2022, surpassing the 30% target set for 2030.

Real Estate Sector Overview

Riyadh, Jeddah and Dammam





Real Estate Market Overview – Riyadh

Hospitality Sector

In Q1 2023, no new hotel developments were completed in the capital, resulting in a stable total stock of 21,000 keys. However, to bolster tourism in the Kingdom and achieve the target of 100 million annual visits by 2030, the government took significant steps. It recently launched a new national airline called Riyadh Air, which will be based at Riyadh's King Salman International Airport. Furthermore, the government introduced a new stopover (transit) visa option for passengers traveling with existing national airlines, Saudia and Flynas. These initiatives are expected to have a positive impact on the hospitality industry and position Saudi Arabia as a prominent global tourism destination in the long term. Riyadh's occupancy rate rose to 76% and the average daily rate (ADR) increased to USD 212 for YTD February 2023 compared to the same period last year.

Supply Assessment



21,000 Keys
Existing supply



2,000 keys
to be delivered by 2023

KPI YoY % change YTD Feb 2023



ADR
USD 212



Occupancy Rate
76%



RevPAR
USD 160

Retail Sector Performance – Rental Rates and Deliveries



Super Regional Mall
11% YoY



Regional Mall
8% YoY



Total Stock



2023 Expected
Deliveries

Retail Sector

In Q1 2023, the retail sector in Riyadh witnessed the completion of two new retail developments, adding approximately 84,000 sqm of retail space and bringing the total supply to 3.4 million sqm. Notably, smaller strip retail centers and community centers outperformed larger super regional malls. In the market, tenants showed a strong preference for corner locations that offer high visibility on the street. Additionally, outdoor seating areas have become increasingly important for F&B retailers, as they have gained popularity among consumers. F&B and entertainment segments have been the key footfall generators with greater focus on experiential retail. Moreover, landlords in the capital are trying to attract market entrants with no local presence in the country. Looking at rental performance, in annual terms, rents for super regional and regional malls went up 11% and 8%, respectively, in Riyadh in the first quarter of this year.

Residential Sector

During the first quarter of this year, Riyadh witnessed the construction of approximately 7,800 new residential units, resulting in the capital's total housing stock reaching 1.4 million units. The government has been actively supporting the residential sector by initiating various projects such as Al Fursan and the second phase of Khuzum, which are government-backed. One of the most significant developments is the launch of New Murabba in Riyadh, which aims to become one of the world's largest downtown areas. To further boost home ownership among Saudi nationals and strengthen the residential market, the government has introduced measures to expedite the process. Consequently, demand for housing has been steadily increasing and is expected to continue this upward trend. In response to rising land and residential prices, the government allocated 100 million sqm of land to the residential sector in the capital and other cities. This move is intended to control the market and prevent excessive price hikes. Undeniably, in the first quarter of 2023, average sale prices and rents in Riyadh experienced a year-on-year increase of 7% and 2%, respectively.

Residential Sector Performance



Average Sales Price
+7% YoY



Average Rental Rates
+2% YoY



Total Stock



2023 Expected
Deliveries

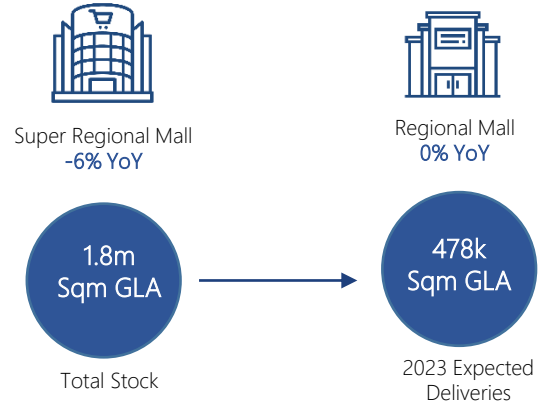


Real Estate Market Overview – Jeddah

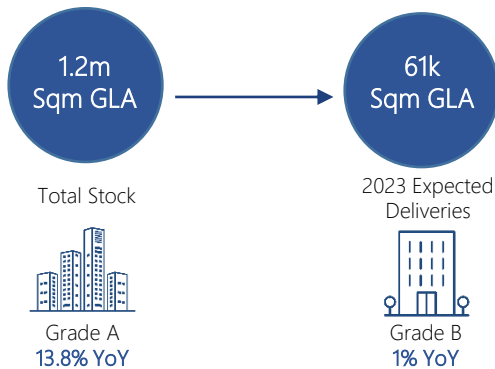
Retail Sector

In Q1 2023, about 46,000 sqm of gross leasable area (GLA) was added to Jeddah's total retail supply, which now stands at 1.8 million sqm. It is anticipated to expand another 478k sqm in the remaining nine months of the year. However, with the retail market softening in Jeddah, experts are exercising caution regarding the timely completion of future projects. In general, strip retail and smaller community centers have shown better performance compared to larger super regional malls. The majority of inquiries received were for smaller spaces in Jeddah, with the enquired areas ranging from 8 sqm to 120 sqm. Although the F&B and entertainment segments have emerged as significant drivers of footfall, with a growing emphasis on experiential retail, in Jeddah, landlords are adopting a more cautious approach and are focusing on attracting well-known brands to mitigate the risks associated with market entrants.

Retail Sector Performance – Rental Rates and Deliveries



Office Sector Performance – Rental Rates and Deliveries



Office Sector

In Q1 2023, there were no major office completions in Jeddah; therefore, the city's total office gross leasable area (GLA) remained steady at 1.2 million sqm. An additional 61,000 sqm of GLA is expected to join the market in Jeddah in the remaining nine months of this year. The office market in Jeddah is displaying indications of softening. Nevertheless, there is strong demand for well-managed, single-owned, and high-quality office spaces. In Jeddah, average rents for Grade A offices have risen 13.8% in the year to Q1 2023, reaching SAR 1,238 per sqm. Moreover, Grade B offices average rental rate was SAR 707 per sqm, reflecting annual growth of 1.0%. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas toward the north and west. Accordingly, citywide average vacancy stood at 8% in Q1 2023.

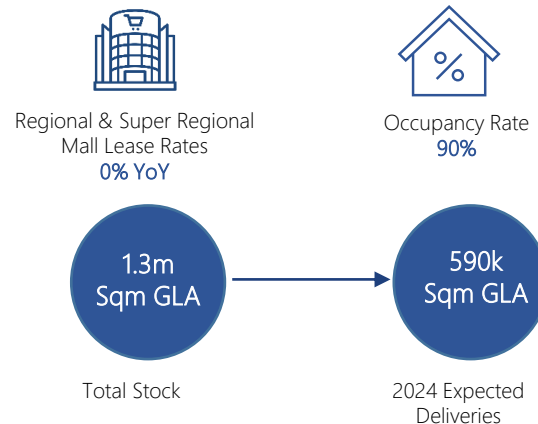


Real Estate Market Overview – Dammam

Retail Sector

Retail demand in the designated market area (DMA) continues to show weakness, with the focus of demand centered around super regional malls. However, larger and well-managed shopping centers are still experiencing sustained demand, underscoring the significance retailers place on effective property and facilities management, particularly for international brands. Landlords and developers are shifting their attention toward enticing tenants by highlighting the distinctiveness of their entertainment and F&B offerings. A notable illustration of this trend is the recently completed 15,000 sqm Khobar City Walk development, which reportedly secured leases shortly after its opening. The 590,000 sqm is likely to be delivered by 2024, with developments such as Al Shobily Grand Mall (150,000 sqm).

Retail Sector Performance – Occupancy Rates and Deliveries





Education Sector Overview

In 2023, education receives the second largest portion of Saudi Arabia's public spending. In the Kingdom's 2023 general budget, SAR 189 billion (USD 50.4 million) has been designated for the education sector, making it the second-highest allocation among all essential sectors in the country.

This budget encompasses various initiatives such as establishing schools, colleges, and universities, overseeing external scholarship programs sponsored by the Custodians of the Two Holy Mosques, providing support for research, development, and innovation, establishing university hospitals, and bolstering knowledge resources.

In 2020, around 1.5 million students were unable to attend school due to the pandemic. To ensure uninterrupted continuation of education, institutions embraced smart technologies. Therefore, the successful realization of Vision 2030 also relies on the digital transformation of the education sector, aiming to equip the youth in the Kingdom with the necessary skills for the future job market.

As part of its economic transformation plans, the government focuses on increasing private sector participation in the education sector, including higher education, to meet future demand. Colliers estimates that the Kingdom will require more than 0.9 million additional seats in tertiary education by 2030.

For higher education objectives, a target for 2030 was to have five Saudi universities ranked among the top 200 in the world according to the Times Higher Education university rankings. In 2022, progress toward this goal was evident as 22 universities from Saudi Arabia secured a place on the list.

The authorities are also placing emphasis on enhancing accessibility and the standard of educational establishments for the upcoming generation of Saudis. This is seen in the allocation of approximately USD 7 billion as part of the National Transformation Plan to construct new schools and universities across the Kingdom.

The school-going population in the Kingdom is nearly three times larger than that of the rest of the GCC countries. Coupled with growing interest in private education and a greater acceptance of foreign curricula, the education sector presents a compelling opportunity for investment and business ventures in the Kingdom.

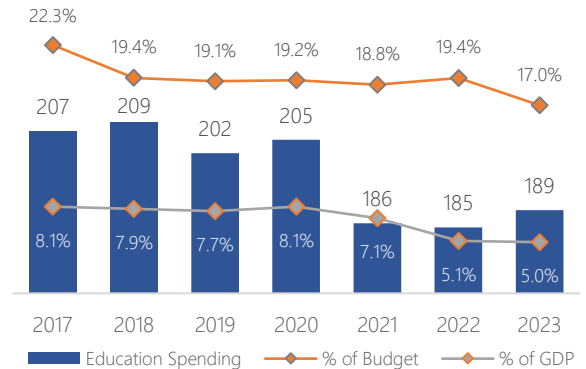
As part of Vision 2030, the government aims to transition to a knowledge-based economy. And with education as a critical component, the market is expected to become more favorable for private operators.

Recent Updates

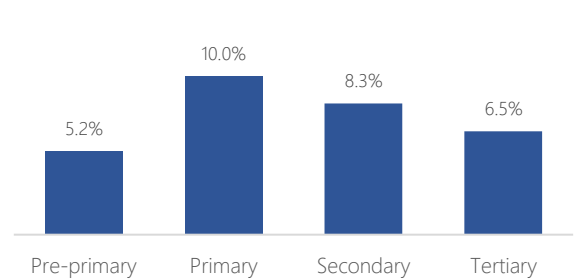
Tatweer Educational Technology (TETCO), the government company dedicated to supporting educational technologies with high-quality solutions and services, has signed a Memorandum of Understanding with Lenovo, with a goal of driving digital transformation in the education sector. The collaboration aligns with Saudi Vision 2030 and its goals to support the digitalization of the education sector.

The technical and vocational training (TVT) sector is the cornerstone of Saudi Arabia's economic diversification plan, which is aiming to create few million employment opportunities in the next eight years to 2030.

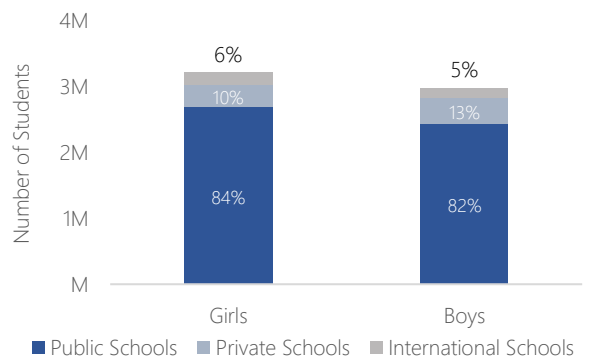
Education Expenditure % of GDP and % of Budget



Students as a % of Total Population



Education Sector – Grade 1-12 Students by School Type






Entertainment Sector Overview

Saudi Arabia's Vision 2030 seeks to transform the country into one of the world's most desirable places to live and visit, and significant investments in entertainment and culture are playing a pivotal role in achieving this goal.

A number of events such as the Saudi Arabian Grand Prix, boxing matches, concerts, and the development of world-class tourist destinations are symbolic of the emergence of a new cultural center within the Kingdom.

Driving this transformative shift is the General Entertainment Authority (GEA), established by the government in 2016. It plays a crucial role in realizing the ambitious Vision 2030 roadmap, reimagining Saudi Arabia's society and economy.

Among the early initiatives launched by the GEA, one noteworthy event is Riyadh Season. This annual extravaganza, spanning approximately five months, serves as a vibrant showcase of modern Saudi Arabia. Riyadh Season and similar initiatives exemplify a crucial pillar of Vision 2030 - the Quality-of-Life Program. This program marks a significant shift in a country that previously restricted public film screenings and music. By fostering domestic talent and enhancing the Kingdom's physical infrastructure, the Quality-of-Life program aims to create an ecosystem that unlocks opportunities for citizens, residents, and investors alike.

Saudi Entertainment Ventures (SEVEN), a wholly owned subsidiary of the Public Investment Fund (PIF), has committed SAR 50 billion (US\$13.3 billion) to develop 21 integrated entertainment destinations in 14 cities across Saudi Arabia. These entertainment destinations, developed in collaboration with renowned international brands, will offer visitors over 150 innovative attractions. SEVEN has already forged partnerships with prominent companies such as Warner Bros., Discovery, Clip 'n Climb, Mattel (for its Hot Wheels brand), and Hasbro (for its Transformers and Play-Doh brands).

Construction has commenced on SEVEN's inaugural entertainment destination in the Al Hamra district of Riyadh. The Al Hamra project, with an estimated cost of approximately SAR 3 billion (US\$800 million), will be developed on a vast land area of over 90,000 sqm. It aims to draw 6 million visitors annually through its world-leading entertainment attractions.

The government seeks to accelerate progress by involving the private sector, and influential Saudi business leaders such as Meshaal Bin Omairh, the Group CEO of Al Othaim Investment Co. is a market leader in constructing, managing, and operating large shopping malls in Saudi Arabia, attracting an impressive fifty million annual visitors to its complexes. Their vision is centered on creating distinctive, mixed-use destinations that integrate residential properties, restaurants, tourist attractions, and cinemas to enrich the overall experience for both residents and visitors.

To promote tourism, the government also announced a new visa regime in September 2019, opening its doors to foreign tourists with an initial list of 49 countries. The target is to increase the contribution of the tourism sector to 10% of GDP by 2030.

Sources: Ministry of Finance; www.pif.gov.sa; Forbes; Alarabiya News, Colliers, JLL, Knight Frank, IMF, World Bank, Arab News, CBRE, PIF - Who We Are | Public Investment Fund, Budget Brief - 2023 (insights.co)

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Saudi Economic and Development Securities Company (SEDCO Capital) is a Saudi closed joint stock company registered under Commercial Registration No. 4030194994 and licensed as a "Capital Market Institution" under CMA License No. 11157-37 dated 19/04/2009 to deal, provide custody services, manage investments and operating Funds, arrange and advise.

Custodian

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Responsibilities of the Custodian:

- Registering the real estate assets of the Fund in the name of a subsidiary of the Custodian for the Fund or in the name of a subsidiary of an authorized financier that has provided financing for the Fund.
- Take all necessary procedures to separate the assets of the fund from any other assets independently, including the assets of the custodian.
- Keeping all necessary records and other documents that document the fulfilment of its contractual obligations.
- Comply with all requirements for custody the fund's assets and related documents in accordance with the Real Estate Investment Funds Regulations.

Auditor

Ernst & Young Professional Services
King's Road Tower - 13th floor
King Abdulaziz Road
PO Box 1994
Jeddah 21441
Kingdom Saudi Arabia



The Fund's report is available upon request free of charge

- There are no material changes to the Fund's Terms and Conditions except for what is mentioned in this report.
- The Fund doesn't invest substantially in other investment funds.
- There's no other information that would enable the unitholders of making an informed judgement about the Fund's activities during the period.
- There is no other data or information required by the Real Estate Investment Funds Regulations.
- Other than what is mentioned in this report, there are no material changes that occurred during the period and affected the performance of the Fund.
- The Fund Manager has not waived or rebated any fees.

Important Notice

This document does not constitute an offer to buy, subscribe or participate in the SEDCO Capital REIT Fund (the "Fund"), nor shall it (or any part of it) form the basis of, or be relied on, in connection with, or act as inducement to enter into any contract whatsoever.

Prospective investors should carefully read the Fund's Terms and Conditions and should seek advice from a qualified investment advisor on the suitability of the Fund as an investment prior entering into an investment in the Fund. Investing in the Fund could carry risks; therefore, may not be suitable for all investors. Hence, prospective investors must be willing to undertake the risks associated with any investment in the Fund.

This document has been prepared using data and information from reliable sources, The Fund Manager shall not be liable for any loss that may arise from the use of this report or any of its contents or otherwise arising in connection therewith. Past performance of the Fund is not an indication nor a guarantee of future performance. The value of units, dividends derive from them, as well as fund prices, and their currencies may decrease or rise, and changes in currency rates may adversely affect the value of securities, prices, or income. The Fund's assets may also be subject to risks in the financial markets in which the assets are invested It may be difficult for the investor to sell illiquid securities or make profits from them and obtain reliable information about its value or the extent of the risks it is exposed to, and additional fees / expenses may apply. Dividends or income may fluctuate, and part of the invested capital may be used to pay dividends income. By investing in the Fund, the investor acknowledges having read and accepted the Fund's Terms and Conditions.

23C15

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Financial Statements

As of 30 June 2023

SEDCO CAPITAL REIT FUND
(Managed by SEDCO Capital)

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
AND REVIEW REPORT TO THE UNITHOLDERS**

**FOR THE SIX MONTHS PERIOD ENDED
30 JUNE 2023**

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 30 June 2023

INDEX	PAGE
Review report	1
Interim condensed statement of financial position – unaudited	2
Interim condensed statement of income and other comprehensive income – unaudited	3
Interim condensed statement of changes in net assets attributable to unitholder – unaudited	4
Interim condensed statement of cash flows – unaudited	5
Notes to the interim condensed financial statements – unaudited	6 – 17



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Independent Auditor's Review Report on the Interim Condensed Financial Statements To the Unitholders of SEDCO Capital REIT Fund

Introduction

We have reviewed the accompanying interim condensed statement of financial position of SEDCO Capital REIT Fund (the "Fund") managed by SEDCO Capital ("Fund Manager") as at 30 June 2023 and the related interim condensed statements of income and other comprehensive income, changes in net assets attributable to the Unitholders and cash flows for the six months period then ended, and explanatory notes. The Fund Manager is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Conclusion

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

for Ernst & Young Professional Services

Ahmed Ibrahim Reda
Certified Public Accountant
License No. (356)

Jeddah: 27 Muharram 1445H
14 August 2023G



SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2023

		30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
ASSETS			
NON-CURRENT ASSET			
Investment properties	3	2,240,481,847	1,760,383,078
TOTAL NON-CURRENT ASSET		2,240,481,847	1,760,383,078
CURRENT ASSETS			
Derivative instruments at fair value through income statement ("FVTIS")	4	9,950,559	21,645,322
Rent receivables	5	66,736,545	29,577,661
Prepayments and other receivables		6,380,451	6,275,396
Cash and cash equivalents	6	72,597,081	26,550,920
TOTAL CURRENT ASSETS		155,664,636	84,049,299
TOTAL ASSETS		2,396,146,483	1,844,432,377
LIABILITIES			
NON-CURRENT LIABILITY			
Financing facility from a bank	7	787,148,437	785,924,480
TOTAL NON-CURRENT LIABILITY		787,148,437	785,924,480
CURRENT LIABILITIES			
Dividend payable	8	11,626	21,296,875
Due to a related party	9	25,887,309	15,322,392
Accrued expenses and other payable	10	8,519,164	2,716,258
Deferred revenue	11	8,374,853	13,482,685
Current portion of financing facility from a bank	7	9,342,005	8,293,739
TOTAL CURRENT LIABILITIES		52,134,957	61,111,949
TOTAL LIABILITIES		839,283,394	847,036,429
NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS		1,556,863,089	997,395,948
UNITS IN ISSUE	12	186,944,444	117,500,000
Net assets per unit (SR)		8.3279	8.4885

The attached notes from 1 to 17 form an integral part of these interim condensed financial statements.

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

INTERIM CONDENSED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the six months period ended 30 June 2023

		<i>For the six months period ended 30 June 2023 SR</i>	<i>For the six months period ended 30 June 2022 SR</i>
INCOME/ (LOSS)			
Rental income		73,817,816	66,864,240
Murabaha income	6	1,640,863	242,311
Net (loss) / gain on derivative instruments at FVTIS		(3,288,698)	11,529,249
TOTAL INCOME		72,169,981	78,635,800
EXPENSES			
Management, administrative and shariah fees	9	5,434,065	5,592,129
Depreciation		14,843,144	14,530,103
Financing fees and bank charges	7	27,093,350	12,673,571
Impairment charge on investment properties		36,835,525	33,123,508
Operating and other expenses	13	10,137,381	5,940,628
TOTAL EXPENSES		94,343,465	71,859,939
NET (LOSS)/ INCOME FOR THE PERIOD		(22,173,484)	6,775,861
Other comprehensive income		-	-
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD		(22,173,484)	6,775,861

The attached notes from 1 to 17 form an integral part of these interim condensed financial statements.

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (UNAUDITED)

For the six months period ended 30 June 2023

	<i>For the six months period ended 30 June 2023 SR</i>	<i>For the six months period ended 30 June 2022 SR</i>
Net assets attributable to the unitholders at 1 January	997,395,948	1,039,710,604
Total comprehensive (loss)/ income for the period	(22,173,484)	6,775,861
Dividend (note 8)	(18,359,375)	(20,268,750)
Issue of additional units during the period (note 12)	600,000,000	-
Net assets attributable to the unitholders as at 30 June	<u>1,556,863,089</u>	<u>1,026,217,715</u>

The attached notes from 1 to 17 form an integral part of these interim condensed financial statements.

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months period ended 30 June 2023

	<i>For the six months period ended 30 June 2023 SR</i>	<i>For the six months period ended 30 June 2022 SR</i>
OPERATING ACTIVITIES		
Net (loss) / income for the period	(22,173,484)	6,775,861
<i>Adjustments to reconcile net (loss) / income to net cash from operating activities:</i>		
Depreciation	14,843,144	14,530,103
Impairment charge on investment properties	36,835,525	33,123,508
Net loss / (gain) on derivative instruments at FVTIS	3,288,698	(11,529,249)
Financing fees and bank charges	27,093,350	12,673,571
	59,887,233	55,573,794
Net changes in operating assets and liabilities:		
Rent receivables	(37,158,884)	(4,276,624)
Prepayments and other receivables	(105,055)	2,498,085
Derivative instruments at FVTIS	8,406,065	(1,723,941)
Due to a related party	10,564,917	1,114,152
Accrued expenses and other payable	5,802,906	(36,850,367)
Deferred revenue	(5,107,832)	(8,150,023)
Net cash from operating activities	42,289,350	8,185,076
INVESTING ACTIVITIES		
Payments made for the acquisition of investment properties	(531,284,375)	(178,400,907)
Payments made for work in progress	(493,063)	(126,066)
Net cash used in investing activities	(531,777,438)	(178,526,973)
FINANCING ACTIVITIES		
Proceeds from issuance of new units	12 600,000,000	-
Dividend paid during the period	8 (39,644,624)	(29,988,445)
Proceeds from financing facility from a bank	-	175,000,000
Movement in financing facility from a bank	(24,821,127)	(9,128,137)
Net cash from financing activities	535,534,249	135,883,418
Net change in cash and cash equivalents	46,046,161	(34,458,479)
Cash and cash equivalents at beginning of the period	26,550,920	62,053,842
Cash and cash equivalents at end of the period	72,597,081	27,595,363

The attached notes from 1 to 17 form an integral part of these interim condensed financial statements.

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

At 30 June 2023

1 THE FUND AND ITS ACTIVITIES

SEDCO Capital REIT Fund (the "Fund") is a close-ended Shariah compliant real estate investment traded fund. The Fund is established and managed by Saudi Economic and Development Securities Company ("SEDCO Capital" or the "Fund Manager"), a subsidiary of Saudi Economic and Development Holding Company (the "Company"), for the benefit of the Fund's Unitholders. The Fund is ultimately supervised by the Fund Board.

SEDCO Capital, a Saudi closed joint stock company licensed by the Capital Market Authority ("CMA") under License No. 11157-37 dated 23/04/1430 H corresponding to 19/4/2009, manages the Fund. The Fund Manager conducts following securities activities:

- a) Dealing;
- b) Arranging;
- c) Managing and operating funds;
- d) Advising; and
- e) Custody

The Fund's objective is to provide periodic rental income to its Unitholders by investing mainly in developed properties generating income, in addition to potential capital growth of total value of Fund's assets when assets are sold later, or target assets are developed or expanded.

The Fund invests mainly in developed income generating real estate assets. The Fund may invest part of its assets and cash surplus in Murabaha transactions and short-term deposits in Saudi Riyals with banks that are licensed by the Saudi Central Bank ("SAMA") and operate in Saudi Arabia. The Fund may invest up to 25% of the fund's total assets in public money market funds and murabaha deposits.

The terms and conditions of the Fund were approved by the Capital Market Authority (the "CMA") on 16 Rabi Awal 1439 H (corresponding to 4 December 2017). The offering period for the subscription of the units was from 24 January 2018 to 20 February 2018. Unitholders subscribed for the units of the Fund during the offering period and cash was held in a collection account of SNB Capital. The Fund commenced its activities on 1 April 2018 (the "inception date").

The Fund's term will be ninety nine (99) years following the date of listing units on Tadawul. The term of the Fund may be extended at the Fund Manager's discretion subject to CMA approval.

The Fund is governed by the Real Estate Investment Funds Regulations (the "Regulations"), issued by the Board of the CMA pursuant to Resolution No. 1-193-2006 dated 19 Jumada Al-Alkhirah 1427H (corresponding to 15 July 2006) and as amended by the Resolution of the Board of the CMA No. 2-22-2021 dated 12 Rajab 1442H, corresponding to (24 February 2021G), detailing requirements for real estate investment funds within the Kingdom of Saudi Arabia.

A special purpose entity was established, Saudi Economic and Development Company for Real Estate Funds (A Limited Liability Company) for legally owning and holding real estate properties on behalf of the Fund and for the benefit of the Unitholders.

2 BASIS OF PREPERATION

a) *Statement of compliance*

These interim condensed financial statements as at and for the six months period ended 30 June 2023 are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and to comply with the applicable provisions of the Investment Funds Regulations issued by Capital Market Authority, and the Fund's terms and conditions. The interim condensed 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 as at and for the year ended 31 December 2022.

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2023

2 BASIS OF PREPERATION (continued)

b) Basis of measurement

These interim condensed financial statements have been prepared under the historical cost convention using the accrual basis of accounting, except for measurement of derivative financial instruments which are measured at fair value through income statement.

c) Functional and presentation currency

Items included in these condensed interim financial statements are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). These financial statements are presented in Saudi Arabian Riyal (“SR”) which is the Fund’s functional and presentation currency.

d) Significant judgements, estimates and assumptions

The accounting judgements, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the Fund’s annual financial statements for the year ended 31 December 2022.

e) Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Fund’s annual financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023 as disclosed in note 2 (f) below.

f) New standards, interpretations and amendments adopted by the Fund

The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2023, but do not have an impact on the interim financial statements of the Fund.

Standard, interpretation, amendments	Description	Effective date
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 01 January 2023.
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after 01 January 2023.
IFRS 17, ‘Insurance contracts’, as amended in December 2021	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after 01 January 2023.

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2023

2 BASIS OF PREPERATION (continued)

g) Standards issued but not yet effective

The International Accounting Standards Board (IASB) has issued the following standards and amendments which will become effective on or after 1 January 2024. the Fund has opted not to early adopt these pronouncements and they do not have a significant impact on the interim condensed financial statements of the Fund.

Standard, interpretation, amendments	Description	Effective date
Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities	<p>These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period.</p> <p>Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.</p> <p>Note that the IASB has issued a new exposure draft proposing changes to this amendment.</p>	Deferred until accounting periods starting not earlier than 1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/effective date deferred indefinitely
Amendment to IFRS 16, Lease Liability in a Sale and Leaseback	Lease Liability in a Sale and Leaseback amends IFRS 16 by adding subsequent measurement requirements for sale and leaseback transactions.	1 January 2024
Amendments to IAS 1, Non-current Liabilities with Covenants	Non-current Liabilities with Covenants amends IAS 1 Presentation of Financial Statements. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.	1 January 2024

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2023

3 INVESTMENT PROPERTIES

3.1 The details of the investment properties as at 30 June 2023 is as follows:

	Type	Location	Cost			Depreciation			Impairment			Net Book value (Unaudited) SR	Fair Value (Unaudited) SR
			Opening SR	Additions during the period SR	Closing SR	Opening SR	Charge for the period SR	Closing SR	Opening SR	(Charge)/ reversal for the period SR	Closing Impairment SR		
Khalidiyah Business Center	Commercial	Jeddah	166,425,964	-	166,425,964	(9,770,345)	(1,011,380)	(10,781,725)	(19,970,619)	(3,850,120)	(23,820,739)	131,823,500	131,823,500
Al Jazeera Residential Compound	Residential	Riyadh	67,702,885	-	67,702,885	(2,578,956)	(265,544)	(2,844,500)	-	-	-	64,858,385	70,189,500
Hyper Panda	Commercial	Jeddah	39,300,000	-	39,300,000	(1,326,206)	(139,500)	(1,465,706)	-	-	-	37,834,294	39,014,000
Hyper Panda	Commercial	Riyadh	78,765,000	-	78,765,000	(2,675,940)	(281,474)	(2,957,414)	-	-	-	75,807,586	78,383,000
Public Prosecution Building	Commercial	Jeddah	63,395,580	-	63,395,580	(6,024,783)	(581,621)	(6,606,404)	(4,620,799)	3,769,123	(851,676)	55,937,500	55,937,500
Al Rawda Business Center	Commercial	Jeddah	126,503,000	-	126,503,000	(12,769,938)	(1,317,506)	(14,087,444)	(9,148,062)	(2,154,994)	(11,303,056)	101,112,500	101,112,500
Al Hayat Tower Apartments Hotel	Commercial	Riyadh	41,260,000	-	41,260,000	(3,177,656)	(117,566)	(3,295,222)	(18,422,344)	353,066	(18,069,278)	19,895,500	19,895,500
Banque Saudi Fransi Building	Commercial	Dammam	28,519,294	-	28,519,294	(1,987,774)	(223,931)	(2,211,705)	-	-	-	26,307,589	26,581,500
Hyper Panda	Commercial	Dammam	62,545,580	-	62,545,580	(3,286,499)	(373,931)	(3,660,430)	-	-	-	58,885,150	70,165,000
Al Hokair Time Centre	Commercial	Dammam	34,206,942	-	34,206,942	(1,968,143)	(223,931)	(2,192,074)	-	-	-	32,014,868	33,858,000
Ajdan Walk	Commercial	Al Khobar	356,274,715	-	356,274,715	(25,382,818)	(3,178,677)	(28,561,495)	-	-	-	327,713,220	354,461,000
Hyper Panda (Branch & Parking)	Commercial	Dammam	70,170,958	-	70,170,958	(1,120,696)	(593,641)	(1,714,337)	(1,550,262)	1,550,262	-	68,456,621	69,062,000
Al Olaya School	Commercial	Riyadh	63,776,863	-	63,776,863	(987,528)	(531,412)	(1,518,940)	(919,335)	919,335	-	62,257,923	68,471,000
Extra Store	Commercial	Dammam	52,984,181	-	52,984,181	(528,234)	(270,049)	(798,283)	(2,480,947)	1,532,049	(948,898)	51,237,000	51,237,000
Iraqah Plaza	Commercial	Riyadh	93,955,614	-	93,955,614	(865,449)	(372,606)	(1,238,055)	(9,115,165)	(4,970,894)	(14,086,059)	78,631,500	78,631,500
Al Hamra Plaza	Commercial	Riyadh	71,346,032	-	71,346,032	(529,673)	(280,196)	(809,869)	(2,866,359)	2,642,196	(224,163)	70,312,000	70,312,000
Dar Al Baraa School	Commercial	Riyadh	165,807,140	-	165,807,140	(3,556,970)	(1,877,522)	(5,434,492)	(2,220,170)	2,220,170	-	160,372,648	162,478,500
Al Manahij School	Commercial	Riyadh	58,457,273	-	58,457,273	(764,890)	(354,380)	(1,119,270)	(5,027,383)	2,158,880	(2,868,503)	54,469,500	54,469,500
Amjad Qurtuba School	Commercial	Riyadh	122,271,188	-	122,271,188	(1,725,141)	(803,310)	(2,528,451)	(10,541,047)	2,055,310	(8,485,737)	111,257,000	111,257,000
Ajdan Entertainment	Commercial	Al Khobar	178,400,907	-	178,400,907	(3,492,027)	(1,591,756)	(5,083,783)	(10,283,880)	778,756	(9,505,124)	163,812,000	163,812,000
Atelier La Vie (note 3.6)	Commercial	Jeddah	-	531,284,375	531,284,375	-	(453,211)	(453,211)	-	(43,838,664)	(43,838,664)	486,992,500	486,992,500
Work in progress			-	493,063	493,063	-	-	-	-	-	-	493,063	-
			<u>1,942,069,116</u>	<u>531,777,438</u>	<u>2,473,846,554</u>	<u>(84,519,666)</u>	<u>(14,843,144)</u>	<u>(99,362,810)</u>	<u>(97,166,372)</u>	<u>(36,835,525)</u>	<u>(134,001,897)</u>	<u>2,240,481,847</u>	<u>2,298,144,000</u>

SEDCO CAPITAL REIT FUND
(Managed by SEDCO Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2023

3 INVESTMENT PROPERTIES (continued)

3.2 The details of the investment properties as at 31 December 2022 is as follows:

	Type	Location	Cost				Depreciation			Impairment			Net Book value SR	Fair Value SR
			Opening SR	Additions during the year SR	Transfers SR	Closing SR	Opening SR	Charge for the year SR	Closing SR	Opening SR	(Charge)/reversal for the year SR	Closing impairment SR		
Al Khaldiyyah Business Centre	Commercial	Jeddah	148,984,706	-	17,441,258	166,425,964	(7,700,306)	(2,070,039)	(9,770,345)	(953,400)	(19,017,219)	(19,970,619)	136,685,000	136,685,000
Al Jazeera Residential Compound	Residential	Riyadh	67,648,996	53,889	-	67,702,885	(1,979,243)	(599,713)	(2,578,956)	-	-	-	65,123,929	67,660,000
Hyper Panda	Commercial	Jeddah	39,300,000	-	-	39,300,000	(1,047,206)	(279,000)	(1,326,206)	-	-	-	37,973,794	38,775,000
Hyper Panda	Commercial	Riyadh	78,765,000	-	-	78,765,000	(2,112,990)	(562,950)	(2,675,940)	-	-	-	76,089,060	77,485,000
Public Prosecution Building	Commercial	Jeddah	63,395,580	-	-	63,395,580	(4,885,226)	(1,139,557)	(6,024,783)	(5,410,354)	789,555	(4,620,799)	52,749,998	52,750,000
Al Rawdah Business Centre	Commercial	Jeddah	126,503,000	-	-	126,503,000	(10,052,294)	(2,717,644)	(12,769,938)	(6,393,706)	(2,754,356)	(9,148,062)	104,585,000	104,585,000
Al Hayat Tower Apartments Hotel	Commercial	Riyadh	41,260,000	-	-	41,260,000	(2,956,948)	(220,708)	(3,177,656)	(18,903,052)	480,708	(18,422,344)	19,660,000	19,660,000
Banque Saudi Fransi Building	Commercial	Dammam	28,519,294	-	-	28,519,294	(1,539,911)	(447,863)	(1,987,774)	-	-	-	26,531,520	27,065,000
Hyper Panda	Commercial	Dammam	62,545,580	-	-	62,545,580	(2,538,636)	(747,863)	(3,286,499)	-	-	-	59,259,081	67,595,000
Al Hokair Time Centre	Commercial	Dammam	34,206,942	-	-	34,206,942	(1,520,280)	(447,863)	(1,968,143)	-	-	-	32,238,799	32,990,000
Ajdan Walk	Commercial	Al Khobar	356,274,715	-	-	356,274,715	(19,025,472)	(6,357,346)	(25,382,818)	-	-	-	330,891,897	351,345,000
Hyper Panda (Branch & Parking)	Commercial	Dammam	70,170,958	-	-	70,170,958	(3,381)	(1,117,315)	(1,120,696)	(3,882,577)	2,332,315	(1,550,262)	67,500,000	67,500,000
Al Olaya School	Commercial	Riyadh	63,776,863	-	-	63,776,863	(2,988)	(984,540)	(987,528)	(3,528,875)	2,609,540	(919,335)	61,870,000	61,870,000
Extra Store	Commercial	Dammam	52,984,181	-	-	52,984,181	(1,683)	(526,551)	(528,234)	(2,932,498)	451,551	(2,480,947)	49,975,000	49,975,000
Iraqh Plaza	Commercial	Riyadh	93,955,614	-	-	93,955,614	(2,790)	(862,659)	(865,449)	(5,200,324)	(3,914,841)	(9,115,165)	83,975,000	83,975,000
Al Hamra Plaza	Commercial	Riyadh	71,346,032	-	-	71,346,032	(1,770)	(527,903)	(529,673)	(3,949,262)	1,082,903	(2,866,359)	67,950,000	67,950,000
Dar Al Baraa School	Commercial	Riyadh	165,807,140	-	-	165,807,140	(10,470)	(3,546,500)	(3,556,970)	(9,171,670)	6,951,500	(2,220,170)	160,030,000	160,030,000
Al Manahij School	Commercial	Riyadh	58,457,273	-	-	58,457,273	(2,355)	(762,535)	(764,890)	(3,234,918)	(1,792,465)	(5,027,383)	52,665,000	52,665,000
Amjad Qortuba School	Commercial	Riyadh	122,271,188	-	-	122,271,188	(5,268)	(1,719,873)	(1,725,141)	(6,765,920)	(3,775,127)	(10,541,047)	110,005,000	110,005,000
Ajdan Entertainment	Commercial	Al Khobar	-	178,400,907	-	178,400,907	-	(3,492,027)	(3,492,027)	-	(10,283,880)	(10,283,880)	164,625,000	164,625,000
Work in progress			13,508,574	3,932,684	(17,441,258)	-	-	-	-	-	-	-	-	-
			<u>1,759,681,636</u>	<u>182,387,480</u>	<u>-</u>	<u>1,942,069,116</u>	<u>(55,389,217)</u>	<u>(29,130,449)</u>	<u>(84,519,666)</u>	<u>(70,326,556)</u>	<u>(26,839,816)</u>	<u>(97,166,372)</u>	<u>1,760,383,078</u>	<u>1,795,190,000</u>

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2023

3 INVESTMENT PROPERTIES (continued)

- 3.3 At the reporting date, had the investment properties been carried at their respective fair values, the net assets value and per unit value of the Fund would have been as follows:

	<i>30 June 2023</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2022</i> <i>(Audited)</i> <i>SR</i>
Net assets as reported	1,556,863,089	997,395,948
Net appreciation in value based on valuation	58,155,216	34,806,922
Net assets at fair value of investment properties	1,615,018,305	1,032,202,870
Net assets per unit, at cost	8.3279	8.4885
Impact on net assets per unit for the appreciation in value	0.3111	0.2962
Net assets per unit at fair value	8.6390	8.7847

- 3.4 The Fund Manager 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. The estimated useful lives of the buildings in the investment properties is 33 years. Land and work in progress are not depreciated.
- 3.5 In accordance with article 36 of the Real Estate Investment Funds Regulations issued by Capital Market Authority (CMA), Kingdom of Saudi Arabia, the Fund Manager estimates the fair value of the Fund's real estate assets based on two valuations prepared by independent valuers. The valuations of the investment properties as at 30 June 2023 were carried out by Jones Lang LaSalle Saudi Arabia Co. and Esnad (31 December 2022: Jones Lang LaSalle and Value Strat), which are accredited valuers by Saudi Authority for Accredited Valuers (TAQEEM). The fair Value of the investment properties is recorded as the average value between the two accredited valuers. Key assumptions taken for valuation includes the rental income, occupancy rates, escalations, exit yield and discount rates, which were broadly in range with the assumptions taken in the valuations carried out as at 31 December 2022.
- 3.6 The impairment charge on the new property acquired by the Fund during the current period ended 30 June 2023, is due to capitalizing the additional acquisition costs incurred related to Real Estate Transaction Tax and the associated Fund Manager fees.

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2023

4 DERIVATIVE INSTRUMENTS AT FAIR VALUE THROUGH INCOME STATEMENT

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each financial position date. The resulting gain or loss is recognized in the statement of income and other comprehensive income.

During 2020, the Fund entered into two Commission Rate Swap (CRS) agreements with a commercial bank to swap its exposure to the variability in cash flows arising from variable portion of the agreed rate (SAIBOR) on financing facility obtained from a bank (note 7). The maturity dates of the two CRSs are 15 October 2023 and 16 October 2023, respectively.

The fair value and notional amount of the derivative instruments at fair value through income statement are as follows:

	30 June 2023		31 December 2022	
	Positive Fair Value (Unaudited) SR	Notional Amount (Unaudited) SR	Positive Fair Value (Audited) SR	Notional Amount (Audited) SR
Swap 1				
Nominal loan amount	5,222,181	250,000,000	11,410,187	250,000,000
Swap 2				
Nominal loan amount	4,728,378	240,000,000	10,235,135	240,000,000
Total	<u>9,950,559</u>	<u>490,000,000</u>	<u>21,645,322</u>	<u>490,000,000</u>

5 RENT RECEIVABLES

This represents rent receivables from tenants of investment properties in accordance with the terms of the corresponding tenancy agreements.

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Gross rent receivables	73,520,598	36,361,714
Allowance for expected credit losses	(6,784,053)	(6,784,053)
	<u>66,736,545</u>	<u>29,577,661</u>

The gross rent receivables balance is current and is not past due except for receivable balance amounting to SR 8.60 million (31 December 2022: SR 6.78 million). Total allowance for expected credit losses amounted to SR 6.78 million (31 December 2022: SR 6.78 million) which is maintained against defaulted parties.

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2023

6 CASH AND CASH EQUIVALENTS

	<i>30 June 2023 (Unaudited) SR</i>	<i>31 December 2022 (Audited) SR</i>
Bank balances	2,597,081	1,550,920
Murabaha deposits with original maturities of less than three months (note (a) below)	70,000,000	25,000,000
	72,597,081	26,550,920

a) During the period, the Fund earned finance income of SR 1,640,863 (30 June 2022: SR 242,311) at the rate of return ranging from 3.60% to 5.80% (30 June 2022: 0.50% to 1.80%).

7 FINANCING FACILITY FROM A BANK

During 2022, the Fund settled a financing facility agreement with a local commercial bank with an approved limit of SR 1,050 million and entered into a new financing facility agreement with another local commercial bank with an approved limit of SR 1,175 million. The new facility carries a commission of six months SAIBOR + 1% to be paid every six months and the principal is repayable in a single bullet payment on 16 October 2028. The facility is secured against all existing investment properties.

As at 30 June 2023, the Fund has an undrawn amount of SR 375 million (31 December 2022: SR 375 million). The Fund has recorded financing charges based on effective commission rate method amounting to SR 27.09 million (30 June 2022: SR 12.67 million).

The above-mentioned financing arrangement has been disclosed in the interim condensed statements of financial position as follows:

	<i>30 June 2023 (Unaudited) SR</i>	<i>31 December 2022 (Audited) SR</i>
Non-current liabilities	787,148,437	785,924,480
Current liabilities – current portion of financing facility from a bank	9,342,005	8,293,739
	796,490,442	794,218,219

Current portion of financing facility from a bank presented above represent accrued commission amounting to SR 9,342,005 (31 December 2022: SR 8,293,739).

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2023

8 DIVIDEND PAYABLE

During the period ended 30 June 2023, the Fund declared cash dividends amounting to SR 18.36 million, SR 0.1562 per unit (31 December 2022: 83.42 million, SR 0.1812 per unit; 30 June 2022: SR 20.27 million, SR 0.1725 per unit). During the period ended 30 June 2023, the Fund paid an amount of SR 39.64 million to the Fund's Unitholders (31 December 2022: SR 71.88 million; 30 June 2022: SR 29.99 million). Subsequent to period end, the Fund declared cash dividends amounting to SR 25 million, SR 0.1341 per unit.

9 RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions comprise of transactions with the Fund Manager and Al-Inma Investment Company (the Fund Custodian), the Fund Board, and other affiliates of the Fund Manager in the ordinary course of business, undertaken on mutually agreed terms. These transactions were carried out on the basis of approved term and conditions of the Fund.

Following are the details of related party transactions during the period:

<i>Related party</i>	<i>Nature of transaction</i>	<i>For the six months period ended 30 June 2023 (Unaudited) SR</i>	<i>For the six months period ended 30 June 2022 (Unaudited) SR</i>
SEDCO Capital (Fund Manager)	Management fees	5,161,014	5,311,551
	Administrative Fees	258,051	265,578
	Shariah Fees	15,000	15,000
	Brokerage and acquisition fees	14,159,375	6,157,531
	Payments made on behalf of the Fund	-	2,612,023
	Settlement to the Fund Manager	(9,028,523)	(13,247,531)
Al Mahmal Trading Company (Affiliate of Fund Manager)	Rent income	502,055	443,000
	Property management and rent collection fees	1,215,873	1,278,597
Al-Inma Investment Company (Custodian)	Custody fees	208,562	210,716
Fund Board	Board remuneration	30,000	30,000

The balance due to a related party as at 30 June 2023 amounted to SR 25,887,309 (31 December 2022: SR 15,322,392) which represents the amount payable to the Fund Manager. Additionally, the balance due to Al Mahmal Trading Company amounted to SR 1,417,038 (31 December 2022: SR 1,115,929) represents the amount payable for property management and rent collections fees which is presented under accrued expenses and other payable (note 10). Moreover, the balance due to the custodian of the Fund amounted to SR 204,744 (31 December 2022: SR 207,336), which is presented under accrued expenses and other payable (note 10). Moreover, the balance due to Fund Board amounted to SR 30,000 (31 December 2022: Nil) which is presented under accrued expenses and other payable (note 10).

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2023

10 ACCRUED EXPENSES AND OTHER PAYABLE

Accrued expenses and other payables comprise of the following:

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Lead Manager fees	2,693,500	-
Receiving Banks fees	1,840,000	-
Maintenance fee payable (note 9)	1,417,038	1,115,929
Tadawul fee payable	786,500	-
Security deposits	741,621	766,621
Valuation fee payable	365,091	392,372
Legal advisor fees	258,750	-
Custody fee payable (note 9)	204,744	207,336
Accrued professional fees	99,002	162,500
Other payable	82,918	71,500
Board remuneration payable (note 9)	30,000	-
	8,519,164	2,716,258

11 DEFERRED REVENUE

This represents rental income received in advance in respect of investment properties. Movement in deferred revenue is as follows:

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Balance at 1 January	13,482,685	17,273,031
Rent received during the period / year	14,359,749	76,588,704
Adjusted against revenue earned during the period / year	(19,467,581)	(80,379,050)
Balance at 30 June / 31 December	8,374,853	13,482,685

12 UNITS IN ISSUE

The Fund initially issued a total of 60,000,000 units at the price of SR 10 per unit. During the year ended 31 December 2021, the Fund initiated a capital increase and issued additional 57,500,000 units at SR 10 per unit to reach total number of units issued of 117,500,000 units. Furthermore, during the current period ended 30 June 2023, the Fund initiated a capital increase and issued additional 69,444,444 units at a discounted price of SR 8.64 per unit. Net proceeds from the capital increase amounted to SR 600 million. Total number of units issued as at period end is 186,944,444 units (31 December 2022: 117,500,000).

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2023

13 OPERATING AND OTHER EXPENSES

Operating and other expenses comprise of the following:

	<i>For the six months period ended 30 June 2023 (Unaudited) SR</i>	<i>For the six months period ended 30 June 2022 (Unaudited) SR</i>
Operating expenses	2,723,053	4,332,407
Lead Manager fees	2,693,500	-
Receiving Banks fees	1,840,000	-
Tadawul and Edaa fees	1,359,323	590,658
Professional fees	559,975	437,245
Legal advisor fees	258,750	-
Custody fees (note 9)	208,562	210,716
Board remuneration fees (note 9)	30,000	30,000
Other expenses	464,218	339,602
	10,137,381	5,940,628

14 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

- in the accessible principal market for the asset or liability, or
- in the absence of a principal market, in the most advantages accessible market for the asset or liability.

The principal or the most advantageous market must be accessible by 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 Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, 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.

SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2023

14 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

External valuers are involved for valuation of investment properties. Involvement of external valuers is determined and approved annually by the Fund Board. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every five years. The Fund Board decides, after discussions with the external valuers, which valuation techniques and inputs to use for each investment property.

At each reporting date, the Fund Manager analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Fund's accounting policies. For this analysis, the Fund Manager 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 Manager also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

Financial assets measured at fair value

30 June 2023	<i>Carrying amount</i> <i>SR</i>	<i>Level 2</i> <i>SR</i>
Derivative instruments at fair value through income statement	9,950,559	9,950,559
31 December 2022	<i>Carrying amount</i> <i>SR</i>	<i>Level 2</i> <i>SR</i>
Derivative instruments at fair value through income statement	21,645,322	21,645,322

Financial assets that are not measured at fair value include cash and cash equivalents and rent receivables and financial liabilities that are not measured at fair value include financing facility from a bank, dividend payable and due to a related party. The fair values of the financial instruments are not materially different from their carrying amounts.

15 LAST VALUATION DAY

The last valuation day of the period was 30 June 2023 (2022: 31 December 2022).

16 COMPARATIVE FIGURES

Certain prior period figures have been reclassified to conform to current period presentation, which are not material in nature to the interim condensed financial statements as a whole.

17 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Fund Board on 13 August 2023G, (corresponding to 26 Muharram 1445H).