

**SEDCO CAPITAL REIT FUND**  
(Managed by SEDCO Capital)

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

**FOR THE SIX MONTHS PERIOD ENDED  
30 JUNE 2024**

# **SEDCO CAPITAL REIT FUND**

(Managed by SEDCO Capital)

## **INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**

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For the six months period ended 30 June 2024

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## Independent Auditor's Review Report on the Interim Condensed Financial information 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 2024 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 information 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 interim condensed financial information 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 information 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 information 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: 4 Safar 1446H  
(8 August 2024G)



# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2024

	<i>Notes</i>	<i>30 June 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
<b>ASSETS</b>			
<b>NON-CURRENT ASSET</b>			
Investment properties	3	<b>2,235,443,392</b>	2,257,750,502
<b>TOTAL NON-CURRENT ASSET</b>		<b>2,235,443,392</b>	2,257,750,502
<b>CURRENT ASSETS</b>			
Rent receivables, net	4	<b>75,711,514</b>	63,149,487
Prepayments and other receivables		<b>3,453,329</b>	4,781,043
Cash and cash equivalents	5	<b>54,676,838</b>	58,693,713
<b>TOTAL CURRENT ASSETS</b>		<b>133,841,681</b>	126,624,243
<b>TOTAL ASSETS</b>		<b>2,369,285,073</b>	2,384,374,745
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITY</b>			
Financing facility from a bank	6	<b>784,121,949</b>	782,253,943
<b>TOTAL NON-CURRENT LIABILITY</b>		<b>784,121,949</b>	782,253,943
<b>CURRENT LIABILITIES</b>			
Dividend payable	7	<b>23,367,740</b>	27,215,427
Due to a related party	8	<b>8,503,214</b>	15,354,478
Accrued expenses and other payable	9	<b>6,479,460</b>	6,951,008
Deferred revenue	10	<b>8,423,905</b>	8,682,428
Financing facility from a bank	6	<b>10,749,862</b>	10,698,891
<b>TOTAL CURRENT LIABILITIES</b>		<b>57,524,181</b>	68,902,232
<b>TOTAL LIABILITIES</b>		<b>841,646,130</b>	851,156,175
<b>NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS</b>		<b>1,527,638,943</b>	1,533,218,570
<b>UNITS IN ISSUE</b>	11	<b>186,944,444</b>	186,944,444
<b>Net assets per unit (SR)</b>		<b>8.1716</b>	8.2015

The attached notes from 1 to 15 form an integral part of these interim condensed financial information.

# 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 2024

		<i>For the six months period ended 30 June 2024 SR</i>	<i>For the six months period ended 30 June 2023 SR</i>
<b>INCOME / (LOSS)</b>			
Rental income		<b>88,309,353</b>	73,817,816
Murabaha income	5	<b>997,809</b>	1,640,863
Net loss on derivative instruments at FVTIS		-	(3,288,698)
<b>TOTAL INCOME</b>		<b>89,307,162</b>	72,169,981
<b>EXPENSES</b>			
Depreciation		<b>17,087,403</b>	14,843,144
Management, administrative and shariah fees	8	<b>8,519,832</b>	5,434,065
Operating and other expenses	12	<b>9,115,082</b>	10,137,381
Impairment charge on investment properties		<b>5,734,447</b>	36,835,525
Financing fees and bank charges	6	<b>31,061,969</b>	27,093,350
<b>TOTAL EXPENSES</b>		<b>71,518,733</b>	94,343,465
<b>NET INCOME / (LOSS) FOR THE PERIOD</b>		<b>17,788,429</b>	(22,173,484)
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</b>		<b>17,788,429</b>	(22,173,484)

The attached notes from 1 to 15 form an integral part of these interim condensed financial information.

# 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 2024

	<i>For the six months period ended 30 June 2024 SR</i>	<i>For the six months period ended 30 June 2023 SR</i>
Net assets attributable to the unitholders at 1 January	<b>1,533,218,570</b>	997,395,948
Total comprehensive income /(loss) for the period	<b>17,788,429</b>	(22,173,484)
Issue of additional units (note 11)	-	694,444,440
Discount on issuance of units (note 11)	-	(94,444,440)
Dividend (note 7)	<b>(23,368,056)</b>	(18,359,375)
Net assets attributable to the unitholders as at 30 June	<b><u>1,527,638,943</u></b>	<b><u>1,556,863,089</u></b>

The attached notes from 1 to 15 form an integral part of these interim condensed financial information.

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months period ended 30 June 2024

	<i>For the six months period ended 30 June 2024 SR</i>	<i>For the six months period ended 30 June 2023 SR</i>
<b>OPERATING ACTIVITIES</b>		
Net income / (loss) for the period	<b>17,788,429</b>	(22,173,484)
<i>Adjustments to reconcile net (loss) / income to net cash from operating activities:</i>		
Depreciation	<b>17,087,403</b>	14,843,144
Impairment charge on investment properties	<b>5,734,447</b>	36,835,525
Net loss on derivative instruments at FVTIS	-	3,288,698
Financing fees and bank charges	<b>31,061,969</b>	27,093,350
	<b>71,672,248</b>	59,887,233
<b>Net changes in operating assets and liabilities:</b>		
Rent receivables	<b>(12,562,027)</b>	(37,158,884)
Prepayments and other receivables	<b>1,327,714</b>	(105,055)
Due to a related party	<b>(6,851,264)</b>	8,406,065
Accrued expenses and other payable	<b>(471,548)</b>	10,564,917
Derivative instruments at FVTIS	-	5,802,906
Deferred revenue	<b>(258,523)</b>	(5,107,832)
<b>Net cash from operating activities</b>	<b>52,856,600</b>	42,289,350
<b>INVESTING ACTIVITIES</b>		
Payments made for the acquisition of investment properties	-	(531,284,375)
Addition to work in progress	<b>(514,740)</b>	(493,063)
<b>Net cash used in investing activities</b>	<b>(514,740)</b>	(531,777,438)
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of new units	11	600,000,000
Repayment of loan commission	<b>(29,142,992)</b>	(24,821,127)
Dividend paid during the period	7	(39,644,624)
<b>Net cash (used in) / from financing activities</b>	<b>(56,358,735)</b>	535,534,249
<b>Net change in cash and cash equivalents</b>	<b>(4,016,875)</b>	46,046,161
Cash and cash equivalents at beginning of the period	<b>58,693,713</b>	26,550,920
<b>Cash and cash equivalents at end of the period</b>	<b>54,676,838</b>	72,597,081

The attached notes from 1 to 15 form an integral part of these interim condensed financial information.

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

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## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 30 June 2024

### 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 information as at and for the six months period ended 30 June 2024 are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. The interim condensed financial information 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 2023.



# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED) (continued)

At 30 June 2024

### 2 BASIS OF PREPERATION (continued)

#### b) *Basis of measurement*

These interim condensed financial information have been prepared under the historical cost basis using the accrual basis of accounting, except for investment properties that have been measured at fair value.

#### c) *Functional and presentation currency*

Items included in these interim condensed financial information are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). These financial information 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 information are consistent with those used in the preparation of the Fund’s annual financial statements for the year ended 31 December 2023.

#### e) *Material accounting policies*

The material accounting policies adopted in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the Fund’s annual financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024 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 2024, but do not have an impact on the interim financial information of the Fund.

Standard, interpretation, amendments	Description	Effective date
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis.	1 January 2024
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	1 January 2024

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED) (continued)

At 30 June 2024

### 2 BASIS OF PREPERATION (continued)

#### f) *New standards, interpretations and amendments adopted by the Fund (continued)*

Standard, interpretation, amendments	Description	Effective date
<b>Other Standards</b>		
IFRS S1, 'General requirements for disclosure of sustainability-related financial statements	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	1 January 2024 subject to endorsement from SOCPA
IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	1 January 2024 subject to endorsement from SOCPA

#### 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 information of the Fund.

Standard, interpretation, amendments	Description	Effective date
Amendment to IFRS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
IFRS 18 – Presentation and disclosure in financial statements	IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information. The changes in presentation and disclosure required by IFRS 18 might require system and process changes for many entities.	1 January 2027

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED) (continued)

At 30 June 2024

### 3 INVESTMENT PROPERTIES

3.1 The details of the investment properties as at 30 June 2024 are 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	166,425,964	-	-	166,425,964	(11,793,105)	(1,032,287)	(12,825,392)	(18,576,859)	(3,610,713)	(22,187,572)	131,413,000	131,413,000
Al Jazeera Residential Compound	Residential	Riyadh	67,702,885	-	-	67,702,885	(3,110,042)	(265,543)	(3,375,585)	-	-	-	64,327,300	75,051,500
Hyper Panda	Commercial	Jeddah	39,300,000	-	-	39,300,000	(1,605,206)	(139,500)	(1,744,706)	-	-	-	37,555,294	39,148,000
Hyper Panda	Commercial	Riyadh	78,765,000	-	-	78,765,000	(3,238,890)	(281,475)	(3,520,365)	-	-	-	75,244,635	81,553,500
Public Prosecution Building	Commercial	Jeddah	64,091,202	-	-	64,091,202	(7,199,263)	(692,061)	(7,891,324)	-	-	-	56,199,878	59,854,000
Al Rawdah Business Centre	Commercial	Jeddah	126,503,000	-	-	126,503,000	(15,404,950)	(1,269,709)	(16,674,659)	(12,334,549)	2,081,708	(10,252,841)	99,575,500	99,575,500
Al Hayat Tower Apartments Hotel	Commercial	Riyadh	41,260,000	-	-	41,260,000	(3,412,786)	(137,974)	(3,550,760)	(17,061,714)	(12,026)	(17,073,740)	20,635,500	20,635,500
Banque Saudi Fransi Building	Commercial	Dammam	28,519,294	-	-	28,519,294	(2,435,637)	(223,931)	(2,659,568)	-	-	-	25,859,726	27,381,500
Hyper Panda	Commercial	Dammam	62,545,580	-	-	62,545,580	(4,034,362)	(373,931)	(4,408,293)	-	-	-	58,137,287	70,590,000
Al Hokair Time Centre	Commercial	Dammam	34,206,942	-	-	34,206,942	(2,416,006)	(223,931)	(2,639,937)	-	-	-	31,567,005	33,999,000
Ajdan Walk	Commercial	Al Khobar	356,274,715	-	-	356,274,715	(31,740,167)	(3,178,675)	(34,918,842)	-	-	-	321,355,873	364,249,500
Hyper Panda (Branch & Parking)	Commercial	Dammam	70,274,929	-	-	70,274,929	(2,310,509)	(618,456)	(2,928,965)	-	-	-	67,345,964	70,077,500
Al Olaya School	Commercial	Riyadh	63,776,863	-	-	63,776,863	(2,050,354)	(545,203)	(2,595,557)	-	-	-	61,181,306	70,730,000
Extra Store	Commercial	Dammam	52,984,181	-	-	52,984,181	(1,068,331)	(303,305)	(1,371,636)	(263,850)	263,850	-	51,612,545	52,061,500
Iraqh Plaza	Commercial	Riyadh	93,955,614	-	2,063,172	96,018,786	(1,610,662)	(359,020)	(1,969,682)	(10,020,952)	(295,652)	(10,316,604)	83,732,500	83,732,500
Al Hamra Plaza	Commercial	Riyadh	71,346,032	-	-	71,346,032	(1,090,063)	(323,190)	(1,413,253)	-	-	-	69,932,779	70,585,000
Dar Al Baraa School	Commercial	Riyadh	165,807,140	-	-	165,807,140	(7,312,015)	(1,910,825)	(9,222,840)	-	-	-	156,584,300	165,974,500
Al Manahij School	Commercial	Riyadh	58,457,273	-	-	58,457,273	(1,473,651)	(408,676)	(1,882,327)	(1,407,623)	795,177	(612,446)	55,962,500	55,962,500
Amjad Qortuba School	Commercial	Riyadh	122,271,188	-	-	122,271,188	(3,331,760)	(859,465)	(4,191,225)	(6,797,427)	3,336,464	(3,460,963)	114,619,000	114,619,000
Ajdan Entertainment	Commercial	Al Khobar	178,400,907	-	-	178,400,907	(6,675,538)	(1,635,953)	(8,311,491)	(7,337,369)	(4,028,547)	(11,365,916)	158,723,500	158,723,500
Atelier La Vie	Commercial	Jeddah	531,284,375	-	-	531,284,375	(3,172,476)	(2,304,293)	(5,476,769)	(27,664,898)	(4,264,708)	(31,929,606)	493,878,000	493,878,000
Work in progress (note 3.6)			1,548,432	514,740	(2,063,172)	-	-	-	-	-	-	-	-	-
			<u>2,475,701,516</u>	<u>514,740</u>	<u>-</u>	<u>2,476,216,256</u>	<u>(116,485,773)</u>	<u>(17,087,403)</u>	<u>(133,573,176)</u>	<u>(101,465,241)</u>	<u>(5,734,447)</u>	<u>(107,199,688)</u>	<u>2,235,443,392</u>	<u>2,339,795,000</u>

**SEDCO CAPITAL REIT FUND**  
(Managed by SEDCO Capital)

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED) (continued)**

At 30 June 2024

**3 INVESTMENT PROPERTIES (continued)**

3.2 The details of the investment properties as at 31 December 2023 are as follows:

	Type	Location	Cost			Depreciation			Impairment			Net Book value SR	Fair Value SR
			Opening SR	Additions during the year SR	Closing SR	Opening SR	Charge for the year SR	Closing SR	Opening SR	(Charge)/reversal for the year SR	Closing impairment SR		
Al Khaldiyah Business Centre	Commercial	Jeddah	166,425,964	-	166,425,964	(9,770,345)	(2,022,760)	(11,793,105)	(19,970,619)	1,393,760	(18,576,859)	136,056,000	136,056,000
Al Jazeera Residential Compound	Residential	Riyadh	67,702,885	-	67,702,885	(2,578,956)	(531,086)	(3,110,042)	-	-	-	64,592,843	72,752,000
Hyper Panda	Commercial	Jeddah	39,300,000	-	39,300,000	(1,326,206)	(279,000)	(1,605,206)	-	-	-	37,694,794	39,154,500
Hyper Panda	Commercial	Riyadh	78,765,000	-	78,765,000	(2,675,940)	(562,950)	(3,238,890)	-	-	-	75,526,110	80,723,000
Public Prosecution Building	Commercial	Jeddah	63,395,580	695,622	64,091,202	(6,024,783)	(1,174,480)	(7,199,263)	(4,620,799)	4,620,799	-	56,891,939	59,677,000
Al Rawdah Business Centre	Commercial	Jeddah	126,503,000	-	126,503,000	(12,769,938)	(2,635,012)	(15,404,950)	(9,148,062)	(3,186,487)	(12,334,549)	98,763,501	98,763,500
Al Hayat Tower Apartments Hotel	Commercial	Riyadh	41,260,000	-	41,260,000	(3,177,656)	(235,130)	(3,412,786)	(18,422,344)	1,360,630	(17,061,714)	20,785,500	20,785,500
Banque Saudi Fransi Building	Commercial	Dammam	28,519,294	-	28,519,294	(1,987,774)	(447,863)	(2,435,637)	-	-	-	26,083,657	27,094,000
Hyper Panda	Commercial	Dammam	62,545,580	-	62,545,580	(3,286,499)	(747,863)	(4,034,362)	-	-	-	58,511,218	70,215,000
Al Hokair Time Centre	Commercial	Dammam	34,206,942	-	34,206,942	(1,968,143)	(447,863)	(2,416,006)	-	-	-	31,790,936	33,999,000
Ajdan Walk	Commercial	Al Khobar	356,274,715	-	356,274,715	(25,382,818)	(6,357,349)	(31,740,167)	-	-	-	324,534,548	362,424,500
Hyper Panda (Branch & Parking)	Commercial	Dammam	70,170,958	103,971	70,274,929	(1,120,696)	(1,189,813)	(2,310,509)	(1,550,262)	1,550,262	-	67,964,420	69,592,500
Al Olaya School	Commercial	Riyadh	63,776,863	-	63,776,863	(987,528)	(1,062,826)	(2,050,354)	(919,335)	919,335	-	61,726,509	69,587,500
Extra Store	Commercial	Dammam	52,984,181	-	52,984,181	(528,234)	(540,097)	(1,068,331)	(2,480,947)	2,217,097	(263,850)	51,652,000	51,652,000
Irqah Plaza	Commercial	Riyadh	93,955,614	-	93,955,614	(865,449)	(745,213)	(1,610,662)	(9,115,165)	(905,787)	(10,020,952)	82,324,000	82,324,000
Al Hamra Plaza	Commercial	Riyadh	71,346,032	-	71,346,032	(529,673)	(560,390)	(1,090,063)	(2,866,359)	2,866,359	-	70,255,969	70,418,000
Dar Al Baraa School	Commercial	Riyadh	165,807,140	-	165,807,140	(3,556,970)	(3,755,045)	(7,312,015)	(2,220,170)	2,220,170	-	158,495,125	165,180,500
Al Manahij School	Commercial	Riyadh	58,457,273	-	58,457,273	(764,890)	(708,761)	(1,473,651)	(5,027,383)	3,619,760	(1,407,623)	55,575,999	55,576,000
Amjad Qortuba School	Commercial	Riyadh	122,271,188	-	122,271,188	(1,725,141)	(1,606,619)	(3,331,760)	(10,541,047)	3,743,620	(6,797,427)	112,142,001	112,142,000
Ajdan Entertainment	Commercial	Al Khobar	178,400,907	-	178,400,907	(3,492,027)	(3,183,511)	(6,675,538)	(10,283,880)	2,946,511	(7,337,369)	164,388,000	164,388,000
Atelier La Vie	Commercial	Jeddah		531,284,375	531,284,375		(3,172,476)	(3,172,476)		(27,664,898)	(27,664,898)	500,447,001	500,447,000
Work in progress (note 3.6)			-	1,548,432	1,548,432	-	-	-	-	-	-	1,548,432	-
			<u>1,942,069,116</u>	<u>533,632,400</u>	<u>2,475,701,516</u>	<u>(84,519,666)</u>	<u>(31,966,107)</u>	<u>(116,485,773)</u>	<u>(97,166,372)</u>	<u>(4,298,869)</u>	<u>(101,465,241)</u>	<u>2,257,750,502</u>	<u>2,342,951,500</u>

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED) (continued)

At 30 June 2024

### 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:

	<b>30 June 2024</b> <i>(Unaudited)</i> SR	<b>31 December 2023</b> <i>(Audited)</i> SR
Net assets as reported	<b>1,527,638,943</b>	1,533,218,570
Net appreciation in value based on valuation	<b>104,351,608</b>	86,749,430
<b>Net assets at fair value of investment properties</b>	<b>1,631,990,551</b>	1,619,968,000
Net assets per unit, at cost	<b>8.1716</b>	8.2015
Impact on net assets per unit for the appreciation in value	<b>0.5582</b>	0.4640
<b>Net assets per unit at fair value</b>	<b>8.7298</b>	8.6655

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 2024 were carried out by Jones Lang LaSalle Saudi Arabia Co. and Esnad (31 December 2023: Jones Lang LaSalle Saudi Arabia Co. and Esnad), 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.

3.6 The work in progress related to restoration of the floor in Irqah Plaza was completed during the period.

## SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

### NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED) (continued)

At 30 June 2024

#### 4 RENT RECEIVABLES, NET

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

	<i>30 June 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
Gross rent receivables	<b>86,495,567</b>	73,933,540
Allowance for expected credit losses	<b>(10,784,053)</b>	(10,784,053)
	<b>75,711,514</b>	63,149,487

#### 5 CASH AND CASH EQUIVALENTS

	<i>30 June 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
Bank balances	<b>4,676,838</b>	6,193,713
Murabaha deposits with original maturities of less than three months (note (a) below)	<b>50,000,000</b>	52,500,000
	<b>54,676,838</b>	58,693,713

- a) During the period, the Fund earned finance income of SR 997,809 (30 June 2023: SR 1,640,863) at the rate of return ranging from 5.35% to 5.65% (30 June 2023: 3.60% to 5.80%).

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED) (continued)

At 30 June 2024

### 6 FINANCING FACILITY FROM A BANK

During 2022, the Fund entered into a financing facility agreement with a local commercial bank with an approved limit of SR 1,175 million. During the 2023, the approved limit increased to SR 1,716 million.

The facility carries a commission of three months SAIBOR + 1% to be paid every three 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 2024, the Fund has an undrawn amount of SR 916 million (31 December 2023: SR 916 million). The Fund has recorded financing charges based on effective commission rate method amounting to SR 31.06 million (30 June 2023: SR 27.09 million).

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

	<b>30 June 2024 (Unaudited) SR</b>	<b>31 December 2023 (Audited) SR</b>
Non-current liabilities	<b>784,121,949</b>	782,253,943
Current liabilities – current portion of financing facility from a bank	<b>10,749,862</b>	10,698,891
	<b><u>794,871,811</u></b>	<b><u>792,952,834</u></b>

Current portion of financing facility from a bank presented above represent accrued commission amounting to SR 10,749,862 (31 December 2023: SR 10,698,891).

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED) (continued)

At 30 June 2024

### 7 DIVIDEND PAYABLE

During the period ended 30 June 2024, the Fund Board declared and approved cash dividends amounting to SR 23.37 million (31 December 2023: SR 97.74 million). During the period ended 30 June 2024, the Fund paid an amount of SR 27.22 million to the Fund's Unitholders (31 December 2023: SR 91.82 million). Subsequent to period end, the Fund declared cash dividends amounting to SR 23.37 million. The details for the distributions are follows:

Board Resolution date	The period paid for	Amount per unit (rounded)	Total
04 May 2023	1 January 2023 – 31 March 2023	0.1563	18,359,375
26 July 2023	1 April 2023 – 30 June 2023	0.1341	25,071,875
17 October 2023	1 July 2023 – 30 September 2023	0.1450	27,106,944
26 December 2023	1 October 2023 – 31 December 2023	0.1455	27,200,418
15 May 2024	1 January 2024 – 31 March 2024	0.1250	23,368,056
9 July 2024	1 April 2024 – 30 June 2024	0.1250	23,368,056

### 8 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:

Related party	Nature of transaction	For the six months period ended 30 June 2024 (Unaudited) SR	For the six months period ended 30 June 2023 (Unaudited) SR
SEDCO Capital (Fund Manager)	Management fees	<b>8,099,840</b>	5,161,014
	Administrative Fees	<b>404,992</b>	258,051
	Shariah Fees	<b>15,000</b>	15,000
	Brokerage and acquisition fees	-	14,159,375
	Payment of Fund Manager fees and reimbursement of fees paid on behalf of the Fund	<b>(15,371,096)</b>	(9,028,523)
Al Mahmal Trading Company (Affiliate of Fund Manager)	Rent income	<b>537,417</b>	502,055
	Property management and rent collection fees	<b>1,427,713</b>	1,215,873
Al-Inma Investment Company (Custodian)	Custody fees (note 12)	<b>323,994</b>	208,562
Fund Board	Board remuneration (note 12)	<b>30,000</b>	30,000

The balance due to a related party as at 30 June 2024 amounted to SR 8,503,214 (31 December 2023: SR 15,354,478) which represents the amount payable to the Fund Manager. Additionally, the balance due to Al Mahmal Trading Company amounted to SR 1,623,084 (31 December 2023: SR 1,610,112) represents the amount payable for property management and rent collections fees which is presented under accrued expenses and other payable (note 9). Moreover, the balance due to the custodian of the Fund amounted to SR 645,537 (31 December 2023: SR 321,543), which is presented under accrued expenses and other payable (note 9).



# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED) (continued)

At 30 June 2024

### 9 ACCRUED EXPENSES AND OTHER PAYABLE

Accrued expenses and other payables comprise of the following:

	<i>30 June 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
Maintenance fee payable (note 8)	<b>1,623,084</b>	1,610,112
Security deposits	<b>2,890,211</b>	4,469,024
Custody fee payable (note 8)	<b>645,537</b>	321,543
Valuation fee payable	<b>425,719</b>	428,453
Tadawul and Edaa fee payable	<b>210,000</b>	-
Accrued professional fees	<b>107,608</b>	93,565
Other payable	<b>577,301</b>	28,311
	<b>6,479,460</b>	6,951,008

### 10 DEFERRED REVENUE

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

	<i>30 June 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
Balance at 1 January	<b>8,682,428</b>	13,482,685
Rent received during the period / year	<b>47,354,105</b>	60,023,435
Adjusted against revenue earned during the period / year	<b>(47,612,628)</b>	(64,823,692)
Balance at 30 June / 31 December	<b>8,423,905</b>	8,682,428

### 11 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 year ended 31 December 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 2023: 186,944,444).

# SEDCO CAPITAL REIT FUND

(Managed by SEDCO Capital)

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED) (continued)

At 30 June 2024

### 12 OPERATING AND OTHER EXPENSES

Operating and other expenses comprise of the following:

	<i>For the six months period ended 30 June 2024 (Unaudited) SR</i>	<i>For the six months period ended 30 June 2023 (Unaudited) SR</i>
Operating and maintenance expenses	<b>6,595,046</b>	2,723,053
Al Jazeera Capital (Lead Manager)	-	2,693,500
Receiving Banks (Riyad Bank – Rajhi Bank – SNB)	-	1,840,000
Tadawul and Edaa fees	<b>360,155</b>	1,359,323
Professional fees	<b>523,678</b>	559,975
Legal advisor fees	-	258,750
Custody fees (note 8)	<b>323,994</b>	208,562
Board remuneration fees (note 8)	<b>30,000</b>	30,000
Other expenses	<b>1,282,209</b>	464,218
	<b>9,115,082</b>	10,137,381

### 13 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 information 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)

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## **NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**

**(UNAUDITED) (continued)**

At 30 June 2024

### **13 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 that are not measured at fair value include cash and cash equivalents, rent receivables and other 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 and other payable. The fair values of the financial instruments are not materially different from their carrying amounts.

### **14 LAST VALUATION DAY**

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

### **15 APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION**

These interim condensed have been approved by the Fund Board on 8 August 2024G, (corresponding to 4 Safar 1446H).