

AL-MAATHAR REIT FUND
A Real Estate Investment Traded Fund
Closed Ended Fund
(MANAGED BY OSOOL&BAKHEET INVESTMENT COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE SIX- MONTH PERIOD ENDED 30 JUNE 2019
together with the
REVIEW REPORT TO THE UNIT HOLDERS

INDEPENDENT AUDITOR'S REVIEW REPORT

**TO / THE UNITHOLDERS
MATHAR REIT FUND
RIYAD, KINGDOM OF SAUDI ARABIA**

Introduction:

We have reviewed the accompanying interim financial position of MATHAR REIT Fund ("the Fund") managed by Osool& Bakheet Investment Company (the "Fund Manager") as at 30 June 2019 and the related interim statements of comprehensive income, changes in net assets attributable to Unitholders and statement of cash flows for the six month period then ended and the accompanying notes which form an integral part of these interim condensed financial statements. The Fund's management is responsible for the preparation and fair presentation of these interim condensed financial 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.

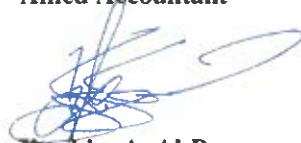
Scope of Review:

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 these interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently, it 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 International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia.

**For and on behalf of
PKF Al Bassam & Co.
Allied Accountant**



**Ibrahim A. Al-Bassam
Certified Public Accountant
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4 August 2019**

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AL-MAATHAR REIT FUND

INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)

As at 30 June 2019

(Amounts in SAR)

	Notes	As at 30 June 2019 (Unaudited)	As at 31 December 2018 (Audited)
ASSETS			
Cash and cash equivalents	5	5,609,040	34,254,259
Rent receivable		28,898,588	25,825,490
Prepayments and other receivables	6	3,337,509	2,978,964
Right-of-use assets		6,937,457	-
Benefit Contracts, net	8	8,898,593	9,447,714
Investment properties, net	7	557,470,215	563,179,472
Total assets		611,151,402	635,685,899
LIABILITIES			
Management accrual fees and other		788,486	813,709
Other accrual		3,395,898	2,439,774
Lease liabilities		6,678,698	-
Unearned rental income		12,804,455	19,733,430
Total liabilities		23,667,537	22,986,913
Net assets attributable to the Unitholders		587,483,865	612,698,986
Units in issue (<i>numbers</i>)		61,370,000	61,370,000
Book value attributable to each unit		9.57	9.98
Fair value attributable to each unit	9	9.70	10.03

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

AL-MAATHAR REIT FUND

INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 June 2019

(Amounts in SAR)

	Notes	For the six-month period ended 30 June 2019	For the six-month period ended 30 June 2018
<u>Revenue</u>			
Rental income		25,610,617	25,890,094
Commissions income		142,847	22,754
Other revenues			6,159
Total Revenue		25,753,464	25,919,007
<u>Expenses</u>			
Benefit contract rent expense and Amortizations		(1,383,670)	(1,204,227)
Properties management expenses		(777,794)	(1,013,097)
Fund management fees and other	11	(1,497,986)	(1,578,065)
Custodial fee		(70,138)	(45,740)
Other expenses		(2,152,254)	(2,593,370)
Total Expenses from operations		(5,881,842)	(6,434,499)
Total comprehensive income for the period		19,871,622	19,484,508
Investment property depreciation	7	(5,809,943)	(5,799,704)
Net income for the period		14,061,679	13,684,804

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

AL-MAATHAR REIT FUND

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

For the period ended 30 June 2019

(Amounts in SAR)

	Notes	For the six-month period ended 30 June 2019	For the six-month period ended 30 June 2018
Net assets value attributable to the Unitholders at the beginning of the period		612,698,986	624,259,379
Dividends	12	(39,276,800)	(15,956,200)
Total comprehensive income for the period		14,061,679	13,684,804
Net assets value attributable to the unitholders at the end of the period		587,483,865	621,987,983

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

AL-MAATHAR REIT FUND**INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**

For the period ended 30 June 2019

(Amounts in SAR)

	For the period ended 30 June 2019	For the period ended 30 June 2018
OPERATING ACTIVITIES		
Net income for the period	14,061,679	13,684,804
<i>Adjustments to</i>		
Investment properties depreciation	5,809,943	5,799,704
Right-of-use assets depreciation	554,269	-
Financing expenses	225,672	-
Benefit Contracts Amortizations	549,121	569,667
	<u>21,200,684</u>	<u>20,054,175</u>
Changes in operating assets and liabilities		
Rent Receivable	(3,073,098)	(1,052,834)
Prepayments and other receivable	(1,397,244)	21,092,777
Other Accrual	956,124	(1,248,424)
Unearned rental income	(6,928,975)	(6,313,711)
Management accrual fees and other	(25,223)	81,056
Other payables	-	(10,052,500)
Net cash from operating activities	<u>10,732,267</u>	<u>22,560,539</u>
INVESTING ACTIVITIES		
Improvement in Real-estate	(100,686)	(291,706)
Net cash used in investing activities	<u>(100,686)</u>	<u>(291,706)</u>
FINANCING ACTIVITIES		
Dividends	(39,276,800)	(15,956,200)
Net cash used in financing activities	<u>(39,276,800)</u>	<u>(15,956,200)</u>
Change in cash and cash equivalents	<u>(28,645,219)</u>	<u>6,312,633</u>
Cash and cash equivalents at the beginning of the period	<u>34,254,259</u>	<u>14,518,141</u>
Cash and cash equivalents at the end of the period	<u>5,609,040</u>	<u>20,830,774</u>

accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

AL-MAATHAR REIT FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the period ended 30 June 2019

(Amounts in SAR)

1) THE FUND AND ITS ACTIVITIES

Al-Maathar REIT (the "REIT" or the "Fund") is a closed-ended real estate investment traded fund. The REIT operates in accordance with Real Estate Investment Funds Regulations and REIT Regulations issued by the CMA. The REIT is listed on the Tadawul and units of the REIT shall be on traded on the Tadawul in accordance with its rules and regulations. The Capital of the REIT is SAR 613,700,000. The REIT has a term of 99 years, which is extendable in the discretion of the Fund Manager with the prior approval of the CMA.

The REIT is managed by Osool & Bakheet investment Company (the "Fund Manager"), a Saudi Closed Joint Stock Company with Saudi Arabian commercial registration no. 1010219805, Dated 02/05/1427H (corresponding to 29/05/2006 G) and an Authorized Person licensed by the CMA under license no. 08126-07 to engage in the business of dealing as an agent, management and custody in the securities business.

The Fund aims to invest in real estate assets that are capable of achieving periodic rental income within the Kingdom of Saudi Arabia in accordance with the Fund's investment strategy set out in the Fund's terms and conditions and distribution of at least 90% of the Fund's net profits annually. The Fund invests in secondary assets in real estate development projects in accordance with the limitations set out in the Fund's strategy in Article (f) of the Fund's terms and conditions.

The Fund commenced operations on 9 July 2017 (15 Shawwal 1438H). The ownership of real estate investments and benefits contracts was transferred in August of the same year.

2) REGULATING AUTHORITY

The Fund is governed by the Real Estate Investment Funds Regulations (the "Regulations") and REIT instructions published by Capital Market Authority (CMA) on 19 Jumada II 1427H (corresponding to 15 July 2006) and 23 Muharram 1438H (corresponding to 24 October 2016) respectively, detailing requirements for all types of funds within the Kingdom of Saudi Arabia.

3) BASIS OF PRESENTATION

a- Statement of compliance

These condensed interim financial statements have been prepared in accordance with 'International Accounting Standard 34 - Interim Financial Reporting ("IAS 34")' as endorsed in the Kingdom of Saudi Arabia.

b- Basis of measurement and functional and presentation currency

These condensed interim financial statements have been prepared under the historical cost convention, using accrual basis of accounting, these condensed interim financial statements have been presented in Saudi Riyal, which is the functional currency of the Fund.

c- Critical accounting judgments, estimates and assumption

The preparation of the condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

AL-MAATHAR REIT FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the period ended 30 June 2019

(Amounts in SAR)

3) BASIS OF PREPARATION (Continued)

c- *Critical accounting judgments, estimates and assumption (Continued)*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period, are described below. Fund based its assumptions and estimates on parameters available when the financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of Fund. Such changes are reflected in the assumptions when they occur.

Going Concern

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

Impairment of non-financial assets

The carrying amounts of the non-financial assets are reviewed at the end of each reporting date or more frequently to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using the pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. The fair value less cost to sell is based on observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets are available, then based on discounted future cash flow calculations.

Residual and useful lives of investment properties

The Fund's management determines the estimated residual value and useful lives of its investment properties for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management will review the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Expected credit loss

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

A number of significant judgments are also required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing group of similar financial assets for the purposes of measuring ECL.

AL-MAATHAR REIT FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the period ended 30 June 2019

(Amounts in SAR)

4) SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

The significant accounting policies used in the preparation of these interim condensed financial statements are consistent with those used and disclosed in the annual financial statements of the Fund for the year ended 31 December 2018.

IFRS 16 Leases

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC 15 Operating Leases – incentives and SIC-27 Evaluating the Substance of Transactions involving the legal Form of Lease.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of use asset representing its right to use the underlying asset and lease liability representing its obligation to make lease payments. There are recognition exceptions for short-term leases and low-value items. Lessor accounting remains similar to the current standard – i.e lessor continue to classify leases as finance or operating leases.

Risk management policies are consistent with those used and disclosed in the annual financial statements of the Fund for the year ended 31 December 2018.

a) Recognition policy in applying IFRS 16:

The Fund adopted IFRS 16 on 1 January 2019 using the retroactive application of the revised methodology and the cumulative effect of the adoption of IFRS 16 is recognized as an adjustment to the opening balance. Payments made without any effect on retained earnings on 1 January 2019 and without an adjustment to the figures Comparison.

The effect of adopting IFRS 16 on the statement of assets and liabilities as at 1 January 2019 is as follows:

	31 December 2018	Gain/Loss	1 June 2019
Right-of-use asset	-	7,491,726	7,491,726
Prepayment	1,038,701	(1,038,701)	-
Lease liabilities	-	(6,453,026)	(6,453,026)

b) Accounting policy

The assets and liability of the new operating lease is recognized for office buildings. Each lease payment is allocated between the liability and the financing cost. The cost of financing is charged to the initial income statement over the lease term to produce a constant periodic interest rate on the remaining balance of the liability for each period. The assets of the right to use are amortized over the shorter of the useful life of the asset and the lease term on a straight-line basis.

Assets and liabilities arising from the lease are initially measured at their present value.

1. The right to use assets are measured at cost which includes:

- The initial measurement of lease commitments.
- Any rental payments made on or before the start date
- Less any rent incentives received.
- Any initial direct costs, and
- Restoration costs.

AL-MAATHAR REIT FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the period ended 30 June 2019

(Amounts in SAR)

4) SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT (CONTINUED)

IFRS 16 - Leases (continued)

2. Lease liability include net present value of the following rental payments:

- Fixed payments (including immaterial payments)
- Less rent incentives receivable. A variable lease based on an index or price.
- Amounts expected to be paid by the lessee under residual value guarantees.
- Exercise price of the purchase option If the tenant is reasonably sure of exercising this option, the
- Pay fines to terminate the lease, if the term of the lease reflects the tenant who exercises this option.

Lease payments are deducted using the additional borrowing rate, which the tenant has to pay to borrow funds to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments relating to short term leases and low value asset lease contracts are recognized as an expense in the interim income statement. Short-term leases are leases of 12 months or less.

Low-value assets include small items related to office equipment.

Rental terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Lease agreements do not impose any covenants, but leases cannot be used as collateral for borrowing purposes.

The asset balance of the usage right and the depreciation charge is as follows:

	30 June 2019 SAR	31 December 2018 SAR
Cost		
Balance as of 1 January 2019	7,491,726	-
Additions	-	-
Balance as of 30 June 2019	7,491,726	-
Accumulated Depreciation		
Balance as of 1 January 2019	-	-
Amortization for the period	(554,269)	-
Balance as of 30 June 2019	(554,269)	-
Book Value as of June 2019	6,937,457	-

The total interest expense on the recognized lease obligations for the period ended 30 June 2019 is SAR 225,672.

The additional borrowing for the weighted average applied to the lease liability as at 1 January 2019 was 7%.

5) CASH AND CASH EQUIVALENTS

	30 June 2019	31 December 2018
Cash at banks	5,609,040	4,254,259
Time deposit	-	30,000,000
	5,609,040	34,254,259

AL-MAATHAR REIT FUND**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the period ended 30 June 2019

(Amounts in SAR)

6) PREPAYMENT AND OTHER RECEIVABLES

	30 June 2019	31 December 2018
Prepayment property management expenses	1,520,837	115,682
Insurances due	554,216	518,493
Value added Tax	534,594	534,594
Prepaid expenses	392,939	99,244
Petty Cash	140,896	22,425
Prepaid rents	-	701,201
Amounts received with previous owners	-	881,969
Accrued commission income	-	40,625
Other	194,027	64,731
	3,337,509	2,978,964

7) INVESTMENTS PROPERTIES

	Land	Building	Furnitures	Total
Cost				
Balance Beginning of the period	274,368,142	296,113,824	8,743,937	579,225,903
Additions	-	84,800	15,886	100,686
Balance Ending of the year	274,368,142	296,198,624	8,759,823	579,326,589
<u>Accumulated Depreciation</u>				
Balance Beginning of the period	-	14,243,115	1,803,316	16,046,431
Additions	-	5,159,638	650,305	5,809,943
Balance Ending of the year	-	19,402,753	2,453,621	21,856,374
<u>Net Book Value:</u>				
Balance 30 June 2019	274,368,142	276,795,871	6,306,202	557,470,215

AL-MAATHAR REIT FUND**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the period ended 30 June 2019

(Amounts in SAR)

7) INVESTMENTS PROPERTIES (Continued)

	Land	Building	Furnitures	Total
Cost				
Balance Beginning of the year	292,629,368	301,929,141	8,626,668	603,185,177
Additions	-	423,866	117,269	541,135
Impairment	(18,261,226)	(6,239,183)	-	(24,500,409)
Balance Ending of the year	274,368,142	296,113,824	8,743,937	579,225,903

Accumulated Depreciation

Balance Beginning of the year	-	3,847,637	498,720	4,346,357
Additions	-	10,395,478	1,304,596	11,700,074
Balance Ending of the year	-	14,243,115	1,803,316	16,046,431

Net Book Value:

Balance 31 December 2018	292,629,368	263,609,483	6,940,621	563,179,472
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This represents eight properties; as following:

- Al Maathar is a commercial, residential and office property located in Prince Turki Bin Abdul Aziz Al Awal Road in Al Ma'ather. This property is located in Riyadh
- Rabee: is a commercial property "hotel units" located in the road of Prince Saud bin Mohammed bin Muqrin in the rabee district. This property is located in Riyadh.
- Mohammedia: is a commercial and office property located on the road of King Fahd bin Abdulaziz in Olaya district. This property is located in Riyadh.
- Takhsusi: is a commercial property located in Al-Takhasusi Street in Al-Maather district. This property is located in Riyadh.
- Alsaahafa 1: is a commercial office located in Olaya street in Alsaahafa district, located in the Riyadh.
- Alsaahafa 2: is a office property located in Olaya street in the Alsaahafa district. The property is located in Riyadh.
- Alhair Warehouse: is a warehouse, located in the Msan'e district in Riyadh.
- Al-Sulai warehouse: is a warehouse, located in Al-Khattab Street in Al-Sulai district in Riyadh.

7.1 The Fund Manager periodically reviews its investment properties to determine whether there are any indications of impairment. An impairment loss is recognized for the amount by which the carrying amount of an investment property exceeds its recoverable amount, being higher than the fair value of the asset less cost to sell and its value in use. According to periodic valuation reports provided by independent valuers, there is an impairment in the value of investment properties, but the impairment loss is not recognized in these interim condensed financial statements because the amount of impairment is not material.

AL-MAATHAR REIT FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the period ended 30 June 2019

(Amounts in SAR)

8) BENEFIT CONTRACTS, NET

The benefit contracts are as follows:

	30 June 2019	31 December 2018
Cost of purchasing benefit contracts	9,447,714	10,596,490
Accumulated amortization	(549,121)	(1,148,776)
	<u>8,898,593</u>	<u>9,447,714</u>

The Fund has an agreement to transfer benefit contracts concluded with Zawya Al Ma'athar on 15 March 2017 to enter on 15 August 2017. Benefit contracts consist of the following:

- Alrabee benefit is a commercial property located in King Abdulaziz Road in the Alrabee district of Riyadh and the cost of the purchase of the benefit amount of 1,483,659 Saudi riyals and Amortized over 5 years.
- Alquds benefit is a commercial office property located in King Abdullah Bin Abdul Aziz Road in Al-Quds district in Riyadh. The cost of purchasing the benefit is SAR 2,243,693 and is amortized over 10 years.
- Wadi Laban benefit: is a residential commercial property located in the Shafa road in Dhahra Laban district in Riyadh. The cost of purchasing the benefit amounts to SR 1,375,978 and is amortized over 10 years.
- Aldabab benefit is a commercial office located in Imam Abdullah bin Faisal Road in Almurba'a district of the city of Riyadh and the cost of the purchase of the benefit amount of 5,927,493 Saudi riyals and is amortized over year 15 years.

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

In accordance with Article 22 of the Real Estate Investments Funds Regulations issued by CMA in the Kingdom of Saudi Arabia, the Fund Manager evaluates the Fund's assets based on an average of two evaluations prepared by independent evaluators. As set out in the terms and conditions of the Fund, net asset value declared are based on the market value obtained. However, in accordance with International accounting standards 40 ("IAS 40"), development and investment properties are carried at cost less accumulated depreciation and impairment if any in these financial statements. Accordingly, the fair value below is disclosed for information purposes and has not been accounted for in the Fund's books.

The fair value of the investment properties and benefits contracts are determined by two selected appraisers each of the 12 properties i.e. **Areeb Company** and **Valustrat Company**. As of 30 June 2019, the valuation of the investment properties, Benefits contracts are as follows:

<u>30 June 2019</u>	<u>Areeb Company</u>	<u>Valustrat Company</u>	<u>Average</u>
Investment properties	572,109,449	555,115,000	563,612,225
Benefits Contracts	7,330,191	14,250,000	10,790,096
Total	<u>579,439,640</u>	<u>569,365,000</u>	<u>574,402,320</u>
<u>31 December 2018</u>	<u>Areeb Company</u>	<u>Valustrat Company</u>	<u>Average</u>
Investment properties	567,775,000	560,558,000	564,166,500
Benefits Contracts	8,010,647	14,998,000	11,504,324
Total	<u>575,785,647</u>	<u>575,556,000</u>	<u>575,670,824</u>

The management use the weighted average of both the valuations to disclose the fair value of investment properties and Benefit contracts.

AL-MAATHAR REIT FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the period ended 30 June 2019

(Amounts in SAR)

9) EFFECT OF NET ASSET VALUE IF INVESTMENT PROPERTIES ARE FAIR VALUED (Continued)

The investment properties and Benefit contracts were valued taking into consideration number of factors, including the area and type of property and valuation techniques using significant unobservable inputs, including the discounted cash flows and income approach.

	30 June 2019	31 December 2018
Estimated fair value of investment properties and benefit contracts based on the average of the two valuers used	574,402,320	575,670,824
Less: the carrying value of investment property	(557,470,215)	(563,179,472)
Benefit Contracts	(8,898,593)	(9,447,714)
Estimated fair value increase (Decrease) of book value	8,033,512	3,043,638
Units in issue (numbers)	61,370,000	61,370,000
Additional value per unit based on fair value	0.13	0.05

Net asset attributable to unitholders:

	30 June 2019	31 December 2018
Net assets attributable to unitholders as per the financial statements before fair value adjustment	587,483,865	612,698,986
Estimated fair value increase (Decrease) of book value	8,033,512	3,043,638
Net assets attributable to unitholders based on fair valuation of investment properties and benefit contracts	595,517,377	615,742,624

Net asset attributable to each unit:

	30 June 2019	31 December 2018
Book value per unit as per the financial statements before fair value adjustment	9.57	9.98
Additional value per unit based on fair value	0.13	0.05
Net assets attributable to each unit based on fair valuation	9.70	10.03

*All properties are held in the name of Baitk Alhfz Real-Estate Company (the "Trustee"). The Trustee is holding these properties for the beneficial ownership of the Fund and does not possess any controlling interest or any stake in the properties.

10) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties of the Fund include "Osool & Bakheet Company" being the Fund Manager, Madad Alkhair for real estate and zawyat alma'athar for real estate.

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

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

AL-MAATHAR REIT FUND**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the period ended 30 June 2019

(Amounts in SAR)

10.) BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

Related Party	Nature of transactions	Amount of transactions		Closing balances Receivable/ (Payable)	
		30 June 2019	30 June 2018	30 June 2019	31 December 2018
Osool & Bakheet Company	Fund management fee and other*	1,497,986	1,578,065	(1,535,725)	(813,709)
zawyat alma'athar.for real estate	Takhsusi Real estate development	-	-	-	881,696
Madad Alkhair for real estate	Real estate Owner	777,794	-	1,661,734	115,682
Board of Directors	Attendance allowance*	30,000	27,000	(33,000)	(54,000)

* Board attendance allowances are included in the statement of assets and liabilities under other Accruals.

11.) MANAGEMENT ACCRUAL FEES AND OTHER**MANAGEMENT FEE, OTHER EXPENSES**

The Fund Manager charges the Fund with a management fee of 0.50% per annum of the net asset value of the Fund, calculated on a daily basis and payable on a quarterly basis. The Fund Manager shall also recover from the Fund any other expenses incurred on behalf of the Fund.

Real estate management fees which do not exceed 5% of the total rental income collected from the relevant property. Payment shall be made on a semi-annual basis. The Fund shall bear all fees and expenses related to the activities and investments of the Fund and shall incur expenses and fees resulting from transactions and services provided by third parties such as legal services Consultants and real estate consultants and any other professional, technical or technical services. These costs shall not exceed 1% of the total value of the Fund's assets annually.

TRANSACTION FEE

Further, the Fund Manager charges the Fund, one-time acquisition fee at the rate of 1 % on the acquisition or sale price of the real estate assets.

12.) DIVIDEND DISTRIBUTION

The fund has a policy of distributing at least 90% annually of net income as dividends. The Fund Manager distributes the profits on the basis of cash generated from operations. Cash generated from operations is calculated by adding depreciation cost to net profit as stated in the statement of comprehensive income for the period. The Fund Manager has distributed a dividend of SAR 39,276,800 for the year ended 31 December 2018.

AL-MAATHAR REIT FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the period ended 30 June 2019

(Amounts in SAR)

13.) SUBSEQUENT EVENTS

Al-Maathar REIT Fund has signed an agreement to purchase the Tulane Hotel Suites in Al-Khobar on 16/05/2019 (subject to obtaining the necessary approvals and completing the legal procedures including finishing the procedures for obtaining bank financing). The acquisition amounted to SAR 22 million, to be financed through Shariah compliant bank financing.

The property is located in the city of Khobar in the neighborhood of Alakrbia, in a vital area close to the Mall of Dhahran on the 21st Street, the construction area of approximately 6,276 square meters on a land area of approximately 1,700 square meters, and the seller of the property is not a related party.

The seller intends to lease the property at SAR 2,310,000 for a period of ten years binding on both parties from the date of transfer of ownership to the Fund. The seller will also provide rental guarantees in the form of bonds for the duration of the lease.

14.) LAST VALUATION DAY

The last valuation day of the period was 30 June 2019.

15.) SEGEMENTS INFORMATION

The Fund invests in investment properties in Saudi Arabia. Since the Fund invests in one segment and in one country, there is no presentation of sectoral information

16.) COMPARATIVE FIGURES

Certain figures for the year ended 31 December 2018 have been reclassified with the presentation for the current year.

17.) APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Fund's Board of Directors on Dhu'l-Hijjah 3,1440 H corresponding to August 4, 2019.