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# SEDSCO Capital REIT Fund

Semi-annual Report  
2024

June 2024



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## Management Statements

It is our honor to present the annual report of SEDCO Capital REIT Fund to unitholders. This report highlights key activities, achievements, operational results and general views with regards to the portfolio along with the financial statements for the period ended 30 June 2024.

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 96%, recording a slight decrease of 1% compared to December 2023.

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 6.8 years.

The average value of the Fund's property portfolio, as valued by two independent valuers, was estimated at SAR 2,340 million, there's a slight decrease of 0.4% compared to the total purchase price.

In terms of dividend distribution, the Fund distributed a SAR 0.125 per unit amounting to SAR 23,368,055.50 for the period from 01 January 2024 to 31 March 2024 which translate to 5.00% yield on annualized 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.

*“ As we approach the second half of 2024, the Saudi real estate market stands at a critical juncture, shaped by a complex interplay of local economic resilience and broader macroeconomic fluctuations. The landscape is poised for transformative growth, driven by strategic national initiatives and an anticipated boost from major upcoming events like the 2027 AFC Asian Cup, 2029 Asian Winter Games, Expo 2030 and Saudi Arabia's bid to host the 2034 FIFA World Cup. These ambitious endeavors are expected to significantly influence various sectors, including tourism, hospitality, retail, and entertainment, providing a catalyst for new development and investment opportunities.*

*The Saudi economy shows a robust outlook during the current year 2024, despite global economic uncertainties. Challenges such as inflation and potential recession risks persist globally, but the Kingdom's proactive monetary policies and substantial economic reforms under Vision 2030 have fortified its market against such volatilities to a certain extent. Interest rates, having likely reached their peak, are expected to stabilize, creating a conducive environment for investment and development.*

*The Saudi real estate market is experiencing a period of significant transformation. The non-synchronous interest rate hikes witnessed in the last cycle are nearing completion, paving the way for a new phase of growth. The normalization of inflation and a stabilizing policy environment are expected to bring back predictability to financing costs, construction costs and real estate pricing, benefiting the overall market stability.*

*The path ahead for Saudi Arabia's real estate market involves navigating both the opportunities presented by potential global events and the ongoing challenges of global economic shifts. Strategic planning and adaptability will be crucial for stakeholders aiming to capitalize on the burgeoning market dynamics.*

*As real estate fund managers, our investment approach centers on identifying opportunities that are driven by market dynamics. We are committed to pursuing projects that yield strong returns and align with our sustainable growth objectives. By diversifying our portfolio, we mitigate risks and enhance our capability to provide value to our stakeholders, ensuring resilience and adaptability in a fluctuating market landscape. ”*

**Abdulwahhab Abed**  
**Acting Chief Executive 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%

## 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.
- 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.

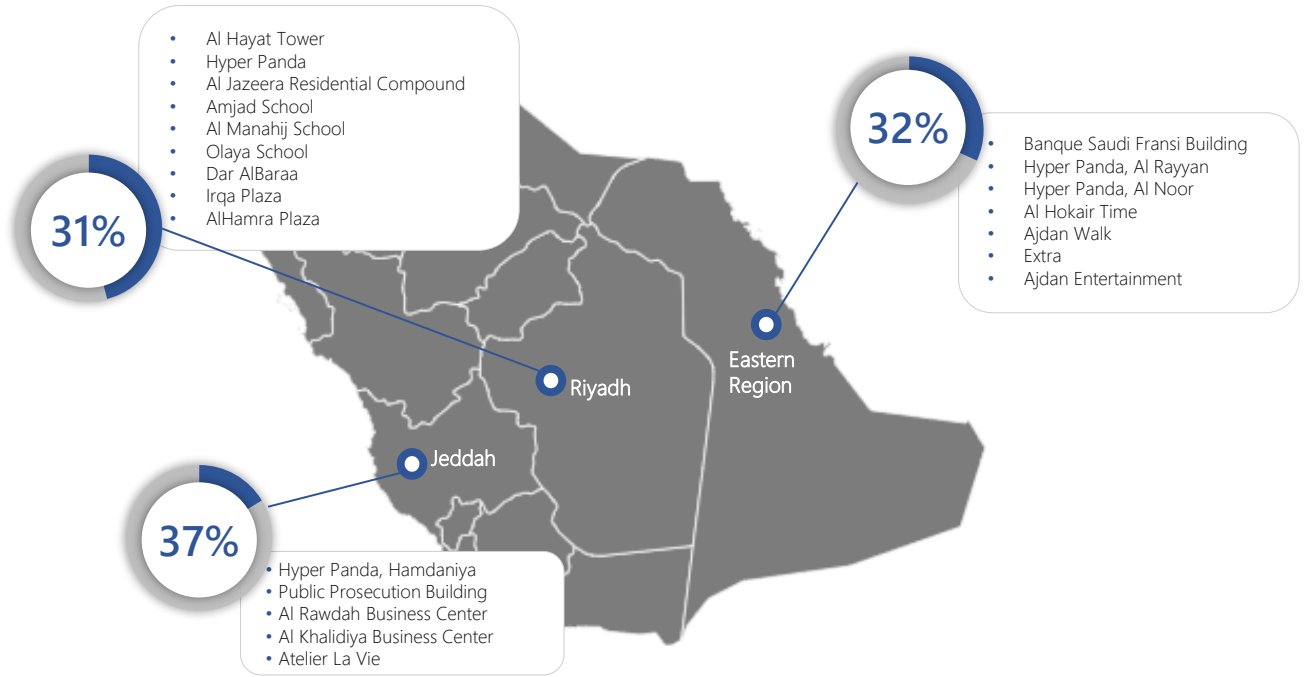
## A review of the investment activities during the period and Fund Updates

- The occupancy rate stood at 96%, recording a slight decrease of 1% compared to December 2023.
- JLL and Esnad valued SEDCO Capital REIT Fund properties. As of 30 June 2024, the fair value of the Fund's assets has slightly decreased by 0.1% reaching SAR 2,340 in comparison to latest exercise in December 2023.
- The Fund's cash balance amounted to 54,676,838 as of 30 June 2024, including rent received and Murabaha placed. Part of the balance will be used for dividend distribution and to pay the Fund's obligations.

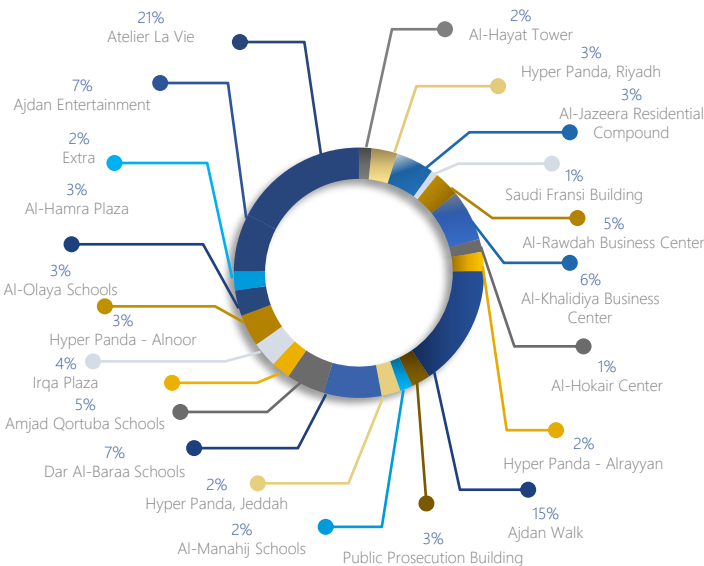
## Portfolio Description

Geographical Diversity:

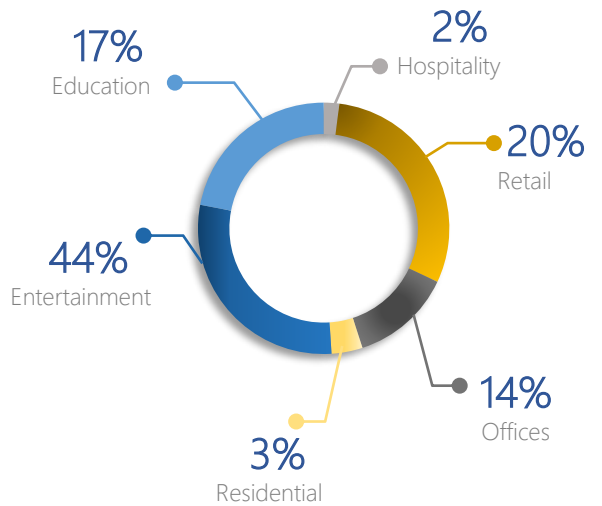
The Fund's assets are diversified across Riyadh 31%, Jeddah 37% and Eastern Province 32%.



## Assets Allocation



## Sectoral Diversification of the Portfolio



## Properties – Riyadh

Al Hayat Tower Apartments Hotel



Description	Hotel apartments are located on Ka'ab Bin Malik Street, Al Maathar District, Riyadh
Sector	Hospitality
Land Area/m <sup>2</sup>	1,495
Building Area/m <sup>2</sup>	6,574
Occupancy Rate	100%
Annual Income	SAR 1,500,000   represents 0.86% of the total rent
Tenant	Al Hafla Al Raeah Hotel Apartment Est.
Weighted Average Lease Expiry	2.5 years

Hyper Panda - Riyadh



Description	Hypermarket is located on Ishbillia District Branch, Riyadh
Sector	Retail
Land Area/m <sup>2</sup>	23,604
Building Area/m <sup>2</sup>	10,784
Occupancy Rate	100%
Annual Income	SAR 6,116,250   represents 3.52% of the total rent
Tenant	Panda Retail Company
Weighted Average Lease Expiry	4.0 years

Al Jazeera Residential Compound



Description	Residential compound located in the center of Riyadh on Mashaja Bin Saud St. Sulaymaniyah District
Sector	Residential
Land Area/m <sup>2</sup>	20,758
Building Area/m <sup>2</sup>	12,696
Occupancy Rate	%100
Annual Income	SAR 7,714,750   represents 4.44% of the total rent
Tenant	Multiple tenants
Weighted Average Lease Expiry	0.5 years

## Properties – Riyadh

Al Hamra Plaza Center



Description	Located in the center of Riyadh, Batha St. Al Mansoura District
Sector	Retail
Land Area/m <sup>2</sup>	21,120
Building Area/m <sup>2</sup>	13,021
Occupancy Rate	100%
Annual Income	SAR 5,432,000   represents 3.13% of the total rent
Tenant	Unified Real Estate Development
Weighted Average Lease Expiry	1.5 years

Irqah Plaza Center



Description	Al Irqah Dist. Pr. Mishaal Bin Abdulaziz St. Riyadh
Sector	Retail
Land Area/m <sup>2</sup>	14,269
Building Area/m <sup>2</sup>	9,148
Occupancy Rate	99.8%
Annual Income	SAR 7,156,854   represents 4.12% of the total rent
Tenant	Multiple tenants
Weighted Average Lease Expiry	8.1 years

Al Manahij School



Description	Al Ghadeer Dist. North of Northern Ring. Riyadh
Sector	Education
Land Area/m <sup>2</sup>	9,200
Building Area/m <sup>2</sup>	17,058
Occupancy Rate	100%
Annual Income	SAR 4,240,000   represents 2.44% of the total rent
Tenant	Nabaa Education Co.
Weighted Average Lease Expiry	8.9 years

## Properties – Riyadh

Dar Al Baraa Schools



Description	Dar Al-Baraa Schools are located on Al-Sunbula St. Al-Narjis District
Sector	Education
Land Area/m <sup>2</sup>	15,385
Building Area/m <sup>2</sup>	33,429
Occupancy Rate	100%
Annual Income	SAR 12,134,063   represents 6.98% of the total rent
Tenant	Al Mseef Education Co.
Weighted Average Lease Expiry	17.3 years

Olaya Schools



Description	Olaya schools are located on Abdulaziz Abu Hussein St. Al-Murasalat District
Sector	Education
Land Area/m <sup>2</sup>	10,500
Building Area/m <sup>2</sup>	12,314
Occupancy Rate	100%
Annual Income	SAR 5,180,116   represents 2.98% of the total rent
Tenant	Tadrees Co. Ltd
Weighted Average Lease Expiry	9.0 years

Amjad Qortuba Schools



Description	Amjad Qortuba Schools are located on Dammam St. Qortuba District
Sector	Education
Land Area/m <sup>2</sup>	14,300
Building Area/m <sup>2</sup>	34,231
Occupancy Rate	100%
Annual Income	SAR 8,427,452   represents 4.85% of the total rent
Tenant	Amjad Qortuba for Educational Services Co.
Weighted Average Lease Expiry	7.9 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 <sup>2</sup>	4,767
Building Area/m <sup>2</sup>	19,342
Occupancy Rate	100%
Annual Income	SAR 4,620,000   represents 2.66% 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 <sup>2</sup>	7,903
Building Area/m <sup>2</sup>	26,713
Occupancy Rate	69%
Annual Income	SAR 8,877,433   represents 5.11% of the total rent
Tenant	Multiple tenants
Weighted Average Lease Expiry	0.9 years

Hyper Panda – Jeddah



Description	Hyper Panda is located on Hamdaniya St. Al Hamdaniya District. Jeddah
Sector	Retail
Land Area/m <sup>2</sup>	13,686
Building Area/m <sup>2</sup>	5,858
Occupancy Rate	100%
Annual Income	SAR 2,988,845   represents 1.72% of the total rent
Tenant	Panda Retail Company
Weighted Average Lease Expiry	3.6 years

## Properties – Jeddah

Al Rawdah Business Center



Description	A commercial/office center located on Prince Saud Al Faisal St. Al Rawdah District
Sector	Office
Land Area/m <sup>2</sup>	2,463
Building Area/m <sup>2</sup>	17,526
Occupancy Rate	100%
Annual Income	SAR 7,636,217   represents 4.40% of the total rent
Tenant	Multiple tenants
Weighted Average Lease Expiry	1.3 years

Atelier La Vie



Description	Atelier La Vie is located on King Abdulaziz Road.
Sector	Entertainment
Land Area/m <sup>2</sup>	29,745
Building Area/m <sup>2</sup>	27,489
Occupancy Rate	88%
Annual Income	SAR 34,741,541   represents 20.00% of the total rent
Tenant	Multiple tenants
Weighted Average Lease Expiry	3.2 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 Dist. Dammam
Sector	Retail
Land Area/m <sup>2</sup>	5,191
Building Area/m <sup>2</sup>	879
Occupancy Rate	100%
Annual Income	SAR 2,000,000   represents 1.15% of the total rent
Tenant	Banque Saudi Fransi
Weighted Average Lease Expiry	9.5 years

## Properties – Dammam & Khobar

Hyper Panda – Dammam Al Rayyan



Description	Hypermarket is located on Imam Ali bin Abi Talib St. in Al-Rayyan dist. Dammam
Sector	Retail
Land Area/m <sup>2</sup>	18,145
Building Area/m <sup>2</sup>	9,800
Occupancy Rate	100%
Annual Income	SAR 5,228,170   represents 3.01% of the total rent
Tenant	Panda Retail Company
Weighted Average Lease Expiry	5.6 years

Al Hokair Center



Description	Al Hokair Center is located on the East Coast of Dammam
Sector	Entertainment
Land Area/m <sup>2</sup>	5,156
Building Area/m <sup>2</sup>	3,326
Occupancy Rate	100%
Annual Income	SAR 2,200,000   represents 1.27% of the total rent
Tenant	Abdulmohsen Al Hokair Group for Tourism and Development Company
Weighted Average Lease Expiry	12.9 years

Ajdan Walk



Description	Ajdan Walk is located on Prince Turki Street in Al Khobar
Sector	Entertainment / Office
Land Area/m <sup>2</sup>	16,966
Building Area/m <sup>2</sup>	32,212
Occupancy Rate	100%
Annual Income	SAR 26,250,000   represents 15.11% of the total rent
Tenant	AlOula Real Estate Development Company
Weighted Average Lease Expiry	4.6 years

## Properties – Dammam & Khobar

Hyper Panda – Dammam Al Noor



Description	Hypermarket is located on Al Noor Dist. King Saud st, Dammam
Sector	Retail
Land Area/m <sup>2</sup>	13,807
Building Area/m <sup>2</sup>	5,348
Occupancy Rate	100%
Annual Income	SAR 5,021,569   represents 2.89% of the total rent
Tenant	Panda Retail Company
Weighted Average Lease Expiry	10.4 years

Extra Center



Description	Al Azizeah Dist. Gulf Road, Dammam
Sector	Retail
Land Area/m <sup>2</sup>	8,258
Building Area/m <sup>2</sup>	4,404
Occupancy Rate	100%
Annual Income	SAR 3,937,024   represents 2.27% of the total rent
Tenant	United Electronics Company
Weighted Average Lease Expiry	9.1 years

Ajdan Entertainment

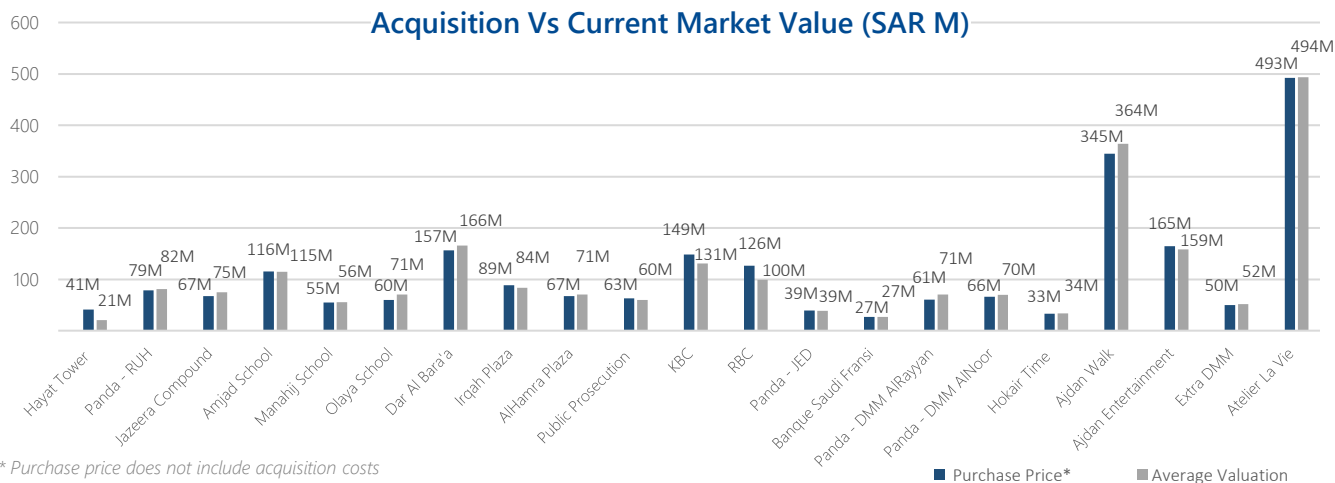


Description	Ajdan Entertainment is located on Prince Turki Street in Al Khobar
Sector	Entertainment
Land Area/m <sup>2</sup>	6,866
Building Area/m <sup>2</sup>	16,093.4
Occupancy Rate	100%
Annual Income	SAR 12,341,838   represents 7.10% of the total rent
Tenant	Multiple tenants
Weighted Average Lease Expiry	12.3 years

## Fair value vs. Purchase Price and Book Value

As at the end of June 2024 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 0.1% slight decrease when compared to December 2023. The portfolio recorded a 0.4% decrease when compared to the total purchase cost –(excluding transaction costs). The fair value of the total Fund's assets as of 30 June 2024 is SAR 2,340 million.

### Acquisition Vs Current Market Value (SAR M)



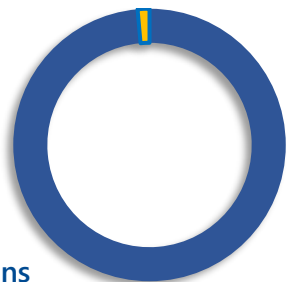
\* Purchase price does not include acquisition costs

## 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%	2.5 Years
Hyper Panda - Riyadh	Leased	100%	4.0 Years
Al Jazeera Residential Compound	Leased	100%	0.5 Years
Public Prosecution Building	Leased	100%	0.7 Years
Al Khalidiya Business Center	Leased	69%	0.9 Years
Hyper Panda - Jeddah	Leased	100%	3.6 Years
Al Rawdah Business Center	Leased	84%	1.3 Years
Building leased to Banque Saudi Fransi	Leased	100%	9.5 Years
Hyper Panda – DMM AlRayyan	Leased	100%	5.6 Years
Al Hokair Center	Leased	100%	12.9 Years
Ajdan Walk	Leased	100%	4.6 Years
Al Manahij Schools	Leased	100%	8.9 years
Dar Al Baraa Private Schools	Leased	100%	17.3 years
Extra Center	Leased	100%	9.1 years
Al Hamra Plaza Center	Leased	100%	1.5 years
Olaya Private Schools	Leased	100%	9.0 years
Hyper Panda – DMM AlNoor	Leased	100%	10.4 years
Amjad Qurtoba Private Schools	Leased	100%	7.9 years
Iraqh Plaza Center	Leased	99.8%	8.1 years
Ajdan Entertainment	Leased	100%	12.3 years
Atelier La Vie	Leased	88%	3.2 years
<b>100% of the Fund's assets are leased and generating income</b>		<b>Portfolio Average Occupancy Rate 96%</b>	<b>Portfolio Average WALE 6.3 years</b>

## Portfolio Occupancy Rate

As of 30 June 2024, the occupancy rate reached 96%, recording a slight decrease of 1% compared to December 2023.



**96%**  
Occupancy Rate

## 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.

### Dividend Distributions Summary for the year 2024

All the distributions below are from the proceeds of leasing, and the Fund has not previously made any distributions from proceeds of sale.

2024	Q1	Q2*
<b>Yield on annual basis</b>	5.00%	5.00%
<b>Total dividends distributed during the period</b>	23,368,056	23,368,056
<b>Per unit (SAR)</b>	0.125	0.125
<b>Number of Outstanding Units</b>	186,944,444	186,944,444

\* The dividends distribution for the second quarter were announced later in this report.

## Transactions with Related Parties:

- 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 0.61% of total Fund revenues whereas maintenance contracts account for 2.27% 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 Year

During the period, the Fund Manager announced the extension of the period of the Memorandum of Understanding to purchase an educational complex property in the United Arab Emirates for an additional 30 working days ending on 01/02/1446 H corresponding to 05/08/2024 G for the purpose of completing the legal and technical due diligence of the property. Note that the memorandum of understanding was extended in previous periods, and this was announced at the time, on 27/6/1445 H, corresponding to 09/01/2024G, and on 08/09/1445H, corresponding to 18/03/2024 G.

## Subsequent Events after the reporting date that affected the Fund's Performance

There are no subsequent events after the reporting date that affected the fund's performance

## Fundamental or Non-Fundamental Changes that Occurred to the Fund's Documents during the Period

There are no fundamental or non-fundamental changes that occurred to the fund's documents during the period.

## Summary of Fund's Performance

Regarding the distribution of dividends, the Fund distributed SAR 0.125 per unit with a value of SAR 23,368,055.50 for the period from January 1, 2024, to March 31, 2024, equivalent to 5.00% on an annual basis.

## Stock Performance

The stock witnessed different levels of volatility during the period, recording its highest price at 9.00 SAR, and lowest at 7.58 SAR, to end the last trading session on 30 June 2024 at 7.69 SAR.



## Topics Discussed and Resolutions Issued by the Fund Board

TOPICS	RESOLUTIONS
<ul style="list-style-type: none"> <li>Draft of Financial Statements - period ended 31 December 2023</li> </ul>	<ul style="list-style-type: none"> <li>The Fund's Board of Directors approved the financial statements of SCREIT for the year ended 31 December 2023</li> </ul>
<ul style="list-style-type: none"> <li>Change the property manager of Atelier La Vie</li> </ul>	<ul style="list-style-type: none"> <li>The Fund Board of Directors approved to change the property manager of Atelier La Vie under SEDCO Capital REIT Fund</li> </ul>
<ul style="list-style-type: none"> <li>Q1 2024 Dividend Distribution</li> </ul>	<ul style="list-style-type: none"> <li>The Fund's Board of Directors approved the distribution of quarterly cash dividends for the period (Q1 2024: 01 January 2024 to 31 March 2024) to SEDCO Capital REIT Fund unitholders. The total amount to be distributed is SAR 23,368,056 being an annualized return of 5.00%.</li> </ul>

## Financial Performance

Fund Size	As of 30 June 2024	As of 31 Dec 2023	As of 31 Dec 2022	As of 31 Dec 2021
Net market value of the Fund's assets at the end of the financial year (Fair Value)	1,631,990,551	1,619,968,000	1,032,202,870	1,062,310,241
Net market value of the Fund's assets per unit at the end of the financial year (Fair Value)	8.7298	8.6655	8.7847	9.0409
Net market value of the Fund's assets at the end of the financial year (Book Value)	1,527,638,943	1,533,218,570	997,395,948	1,039,710,604
Net market value of the Fund's assets per unit at the end of the financial year (Book Value)	8.1716	8.2015	8.4885	8.8486
Highest net asset value per unit for each financial year (Fair Value)	8.7298	8.6655	8.8489	9.0409
Lowest net asset value per unit for each financial year (Fair Value)	8.7298	8.6390	8.7847	8.9975
Income distribution per unit	0.48	0.87	1.35	0.62
Total expense ratio of the fund's net market value (fair value)	4.38%	7.96%	11.43%	10.20%
Net income / (Loss)	17,788,429	33,561,234	41,110,344	(35,437,775)
Distribution yield (based on market traded price)	1.63%	6.37%	6.88%	2.54%
Number of units in issue	186,944,444	186,944,444	117,500,000	117,500,000

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

Indicator	As of 30 June 2024	As of 31 Dec 2023	Cap (Limit)
Operating expenses	4,669,006	13,768,872	Not to exceed 7% of the rental income of the property
Management fees	8,099,840	13,292,704	1% of the Fund's net assets according to the latest financial statements
Finance fees	29,193,963	54,129,449	NA
Professional fees	568,678	1,315,867	NA
Other costs	4,297,390	7,089,222	1% of the Fund's net assets according to the latest financial statements
Depreciation and amortization	24,689,856	39,356,940	NA
Total expense ratio to total asset value (fair value)	71,518,733	128,953,054	-
Expenses ratio	2.89%	5.22%	-
Ratio of Non-Cash Expenses to the Net income / (loss) of the Fund	128%	117%	

- The Fund Manager has not received any special commission during the period
- The Fund Manager has not waived or rebated any fees



## Performance Record

Period	Total Return*
Since Inception	6.24%
One Year	5.72%
Three Years	6.39%
Five Years	6.24%

\*on an annual basis

	2024*	2023	2022	2021	2020	2019
Total Return**	5.00%	6.03%	7.10%	6.30%	5.55%	6.60%

\*As of the reporting date

\*\*on an annual basis

## Percentage of borrowed assets out of the total value of assets

Item	As of 30 June 2024	As of 31 Dec 2023	As of 31 Dec 2022	As of 31 Dec 2021
Financing Amount (SAR in M)	800	800	800	625
Borrowing Percentage of the Total Value of the Fund's Assets	%33	%33	42%	36%
Duration of Loan Exposure	4.3 Years	4.8 Years	5.8 Years	6.8 Years
Maturity Date	16 October 2028	16 October 2028	16 October 2028	31 December 2024

## Fund Manager's Investment

The Fund Manager holds 678,307.00 units as at the end of June 2024.

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## Socioeconomic and Demographic Overview

KSA



## Country Profile

Saudi Arabia holds an estimated 17% 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 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 Saudi economy into a diversified and sustainable one.

In the first quarter of 2024, Saudi Arabia's GDP decreased by 1.7%, primarily due to the ongoing impact of oil production cuts on the economy. This downward trend continued into the second quarter, with preliminary data indicating a 0.4% year-on-year contraction in GDP. The decline in Q2 was chiefly driven by an 8.5% drop in oil sector activities.

The World Bank has raised Saudi Arabia's GDP growth forecast for 2025 to 5.9%, up from 4.2% in January. While the 2024 growth forecast was adjusted to 2.5% from 4.1%, the non-oil private sector is expected to grow by 4.8% due to expansionary fiscal policies.

## GDP

Saudi Arabia's real GDP contracted by 0.4% year-on-year in the second quarter of 2024, according to preliminary data released by the government's statistical authority. This decline was primarily due to an 8.5% drop in oil activities, which has constrained overall growth for several quarters.

In the first quarter of 2024, GDP fell by 1.7%, with ongoing reductions in oil production continuing to impact the economy of the major oil exporter. Non-oil activities saw a year-on-year increase of 3.4% and a quarter-on-quarter rise of 0.9%. Government activities grew by 2.0% year-on-year but declined by 1.1% quarter-on-quarter. Meanwhile, oil activities decreased by 11.2% year-on-year but achieved a 1.7% increase quarter-on-quarter.

The World Bank has revised its growth forecast for Saudi Arabia's economy in 2025 up to 5.9%, an increase of 1.7% from the 4.2% projected in January. However, it has reduced the 2024 growth forecast to 2.5%, down from the previous 4.1% estimate. The updated report highlights a 4.8% expected growth in Saudi Arabia's non-oil private sector this year, driven by expansionary public finance policies. Additionally, GDP per capita is projected to grow by 0.5% in 2024, a significant improvement from last year's 2.8% contraction.

The World Bank also noted that Saudi Arabia has effectively managed inflation through stringent monetary policies and substantial support for food and energy.

## Inflation

The annual inflation rate in Saudi Arabia rose to 1.5% in June 2024 compared to June 2023. This increase is mainly due to an 8.4% year-on-year rise in the prices of housing, water, electricity, gas, and other fuels, as well as a 1.1% year-on-year rise in food and beverage prices. In contrast, transportation prices decreased by 2.7% compared to June 2023.

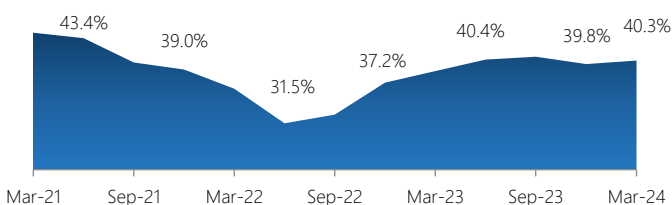
In comparison to June 2023, housing rents rose by 10.1% in June 2024, largely due to a 7.9% increase in villa rentals. Prices also accelerated for food and beverages (1.1%), Restaurants and hotels (2.4%) and education (1.1%).

Conversely, the prices of furnishings and home equipment fell by 3.7%, primarily due to a 6.0% drop in the cost of furniture, carpets, and flooring.

## Private Consumption

Private Consumption accounted for 40.3% of nominal GDP in June 2024, compared to 39.8% in the previous quarter. Private Consumption share has grown in the recent years, with the average ratio standing at 39.9% from March 2020 to March 2024.

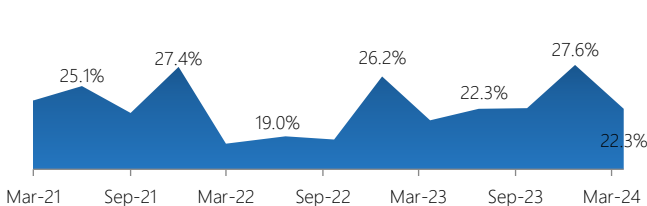
Private Consumption % of GDP



## Public Consumption

Public Consumption accounted for 22.3% of nominal GDP in June 2024, compared to 27.6% in the previous quarter. Public consumption share has an average ratio of 24.1% from March 2020 to March 2024.

Public Consumption % of GDP



## Saudi Arabia Vision 2030

As Saudi Arabia advances through the midpoint of its Vision 2030 journey, performance indicators at both first and second levels demonstrate considerable progress toward the 2030 targets, with some metrics even exceeding their goals.

In its eighth year, the 2023 annual report for Saudi Vision 2030 reveals significant progress in implementing the vision's programs. Of the 1,064 initiatives planned for 2023, 87% are either completed or on track. The report includes 243 key performance indicators, with 81% meeting their third-level targets and 105 indicators surpassing their future goals for 2024/2025.

Vision 2030 achieved a key milestone with Riyadh winning the Expo 2030 hosting rights. The private sector's contribution to GDP has hit 45%, meeting the 2023 target. This marks a notable increase from the baseline of 40.3% and is a significant step toward achieving the Vision 2030 goal of 65%. Homeownership rates have risen to 63.74%, surpassing the 2023 target and up from 47% at baseline, with a goal of 70%. eHealth services now cover 96.41% of population centers, exceeding the 2023 target of 96% and improving from 84.13%, with a goal of 99.5%. The proportion of adults engaging in 150 minutes of weekly physical activity has reached 62.3%, close to the target of 64%, up from 49% at baseline and surpassing the 2023 target of 51%.

The Public Investment Fund (PIF) is becoming a major economic force, with assets soaring to SAR 2.81 trillion, surpassing the 2023 target of SAR 2.7 trillion and the baseline of SAR 0.7 trillion. The ultimate Vision 2030 goal is SAR 10 trillion. In 2023, PIF's portfolio companies created 93 new businesses and generated 644,000 jobs, up from 71 businesses and 500,000 jobs in 2022.

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## Real Estate Sector Overview

Riyadh, Jeddah and Dammam





## Real Estate Market Overview – Riyadh

### Hospitality Sector

Saudi Arabia's General Authority of Civil Aviation (GACA) reported a 20.0% increase in total passenger numbers for the year. This growth follows a 26.0% rise in passenger numbers in 2023, when the total reached 111 million. The Kingdom's connectivity has also improved by 48% due to the addition of 148 new national and international destinations in 2023. For Riyadh, as of the year to June 2024, key performance indicators (KPIs) in the hospitality sector showed a mixed performance. The average occupancy rate in Riyadh decreased by 1.5 percentage points. However, the city's Average Daily Rate (ADR) increased significantly by 25.5%. This substantial rise in ADR led to a notable 22.4% increase in Revenue Per Available Room (RevPAR).

### Hospitality Sector Performance



Occupancy Rate  
-1.5% YoY



ADR  
+25.5% YoY



RevPAR  
+22.4% YoY

### Office Sector Performance – Occupancy and rental rates

Occupancy Rate- Grade A  
100%



Occupancy Rate- Grade B  
99.4%



Grade A  
SAR 2,050 per sqm  
+11.5% YoY



Grade B  
SAR 1,686 per sqm  
+14.6% YoY

### Office Sector

Riyadh's office market maintained its strong performance in Q2 2024, demonstrating the robustness of the non-oil sector. In Riyadh, prime office rentals increased by 10.7% YoY, averaging SAR 2,767 per sqm. Grade A offices saw a rise of 11.5%, with average rents reaching SAR 2,050 per sqm. The Grade B segment experienced the highest annual increase of 14.6%, bringing average rents to SAR 1,686 per sqm. Regarding occupancy rates, Grade B office occupancy remained steady at 99.4%, while Prime and Grade A offices saw occupancy increases of 4.5 percentage points and 0.1 percentage points, reaching 94.7% and full occupancy, respectively. Driven by strong demand, a significant increase in Grade A office space supply is expected by the end of 2025. This influx, exceeding 650,000 sqm of new space, is anticipated to enhance tenant choice and curb substantial rental increases, even if high demand continues. There has been a notable increase in leasing activity during Q2 2024, driven by various sectors such as Technology, Media & Telecommunications (TMT), Consulting & Engineering, Manufacturing, and IT/ITES.

### Residential Sector

In the first half of 2024, total residential transactions in the kingdom increased by 9.3%, reaching 278,556 deals. Riyadh led with 37% of the transactions in Saudi Arabia, followed by Makkah at 18%, the Eastern Province at 17%, and Madinah at 10%. In the second quarter of 2024, the city saw a substantial increase in residential sales transactions, with a 51.6% rise year-on-year, totaling 18,500 transactions. This surge in activity resulted in a significant transaction value of SAR 26.6 billion. In the apartment segment, Riyadh stood out among key tracked cities, as it was the only location to experience an uptick in average apartment prices. The average price for apartments in Riyadh increased by 6.6% as compared to same quarter last year, reaching SAR 4,971 per sqm. In Khobar, average apartment prices held steady at SAR 3,415 per sqm. Meanwhile, in Jeddah and Dammam, average apartment prices experienced slight declines of 0.9% and 0.6%, respectively. The villa segment also showed a positive trend in Riyadh, with average villa prices rising by 3.3% over the past 12 months. This increase brought the average villa price in Riyadh to SAR 5,824 per sqm.

### Residential Transactions



Volume  
18,500



Value  
SAR 26.6 Billion

### Sales Prices



Apartment  
+6.6% YoY



Villa  
+3.3% YoY



## Real Estate Market Overview – Jeddah

### Residential

In the second quarter of 2024, Jeddah's residential market demonstrated robust growth. The city saw a notable 43.2% year-on-year increase in the number of residential transactions, which totaled 9,392. The value of these transactions reached SAR 14.5 billion. In the apartment segment, however, Jeddah experienced a modest decline in prices. Compared to same quarter last year, average apartment prices decreased by 0.9%, resulting in an average of SAR 3,945 per sqm. This follows a decrease of 1.1% in Q1 2024, where prices reached SAR 3,952 per sqm. In the villa segment, Jeddah showed a positive trend. Over the past 12 months, average villa prices increased by 0.8%, reaching SAR 5,707 per sqm.

### Residential Transactions



Volume  
9,392



Value  
SAR 14.5 Billion

### Sales Prices



Apartment  
-0.9% YoY



Villa  
+0.8% YoY

## Office Sector Performance – Occupancy and rental rates

Occupancy Rate- Grade A  
93.1%



Occupancy Rate- Grade B  
88.0%

### Rental Rate



Grade A  
SAR 1,419 per sqm  
+8.1% YoY



Grade B  
SAR 800 per sqm  
+13.1% YoY

### Office Sector

In Jeddah, the office rental market showed notable improvements in both Grade A and Grade B segments in the year leading up to Q2 2024. Specifically, the average rental rates for Grade A office spaces saw a significant increase of 8.1%, bringing the average rent to SAR 1,419 per sqm. This rise indicates a growing demand for premium office spaces in the city. Similarly, Grade B office spaces experienced an even more pronounced upswing in rental rates, with a 13.1% increase, reaching an average of SAR 800 per sqm. The occupancy rates for both Grade A and Grade B offices also showed positive trends. For Grade A offices, the average occupancy rate increased by 0.6 percentage points, resulting in an impressive occupancy rate of 93.1%. On the other hand, Grade B offices saw an even larger increase in occupancy, with a gain of 8.0 percentage points, pushing the average occupancy rate to 88.0%.



## Real Estate Market Overview – Dammam

### Office Sector

The office market in Dammam saw notable increases in rental rates across both market segments in the year leading up to Q2 2024. Specifically, the average rent for Grade A office spaces surged by 13.3% year-on-year, reaching SAR 1,067 per sqm. Similarly, the Grade B segment also experienced a rental rate improvement, with average rents increasing by 6.2%, bringing the average rent to SAR 567 per sqm. The occupancy levels in both Dammam and Khobar also saw significant improvements. In Khobar, the Grade A segment achieved an average occupancy rate of 86.3%, marking a substantial annual increase of 5.3 percentage points. In Dammam, both Grade A and Grade B office segments experienced increases in occupancy rates. Grade A offices saw an increase of 5.0 percentage points, reaching an occupancy rate of 87.2%. The Grade B segment also saw a notable rise, with occupancy rates increasing by 4.0 percentage points, reaching 71.6%.

## Office Sector Performance – Occupancy and rental rates

Occupancy Rate- Grade A  
87.2%



Occupancy Rate- Grade B  
71.6%

### Rental Rate



Grade A  
SAR 1,067 per sqm  
+13.3% YoY



Grade B  
SAR 567 per sqm  
+6.2% YoY



## Education Sector Overview

The education sector in the Kingdom of Saudi Arabia is undergoing a substantial transformation, driven by the considerable population growth and the government's steadfast commitment to delivering top-tier educational opportunities. Accounting for 16% of the budgeted expenditures in 2024, the education sector is estimated to receive an allocation of SR 195 billion.

Over 7 million students in Saudi Arabia are enrolled in the start new academic year. Reports indicate that more than 6 million students enrolled in general education, while 1,360,000 students began their studies in higher education and technical and vocational training programs. Additionally, over half a million teachers, administrative staff, and supervisors resumed their duties as the new academic year commenced.

The General Directorate of Education in Riyadh has completed preparations to accommodate over 1.2 million students across more than 6,000 schools at various education levels. Riyadh leads in student numbers, followed by Jeddah with 700,000; the Eastern Province with 500,000; Makkah with 422,000; Madinah with 350,000; Asir with 280,000; Tabuk, Taif, and Qassim each with 200,000; Jizan with 190,000; Najran with 161,000; and the Northern Borders region with 100,000.

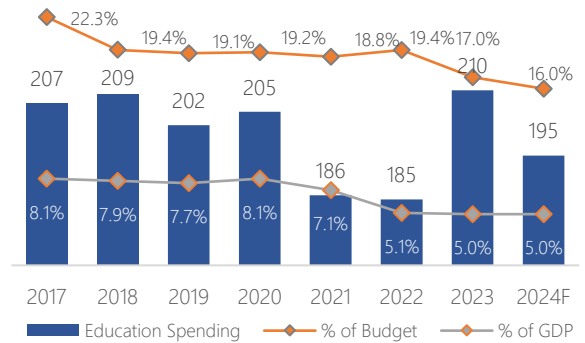
### Key Trends Shaping The Education Sector

- Digital Transformation:** The adoption of digital technologies is revolutionizing teaching and learning methods. Increased investments in e-learning platforms, virtual classrooms, and digital content are expected to reshape educational delivery and accessibility nationwide.
- STEM Education:** There is a growing emphasis on Science, Technology, Engineering, and Mathematics (STEM) education to meet the demands of a knowledge-based economy. Initiatives promoting STEM skills development aim to equip Saudi students with the expertise needed to thrive in the digital age.
- Higher Education Expansion:** Saudi Arabia is enhancing its higher education infrastructure with new universities, research centers, and partnerships with international institutions. This expansion aims to accommodate a rising student population and strengthen research capabilities in key disciplines.
- Skills Development Programs:** Vocational and technical education programs are gaining momentum to bridge the gap between academic learning and industry requirements. These initiatives aim to cultivate a skilled workforce capable of driving economic growth and innovation.
- Private Sector Participation:** The government's encouragement of private sector involvement in education is fostering competition and innovation within the sector. Private investments are crucial for expanding educational offerings and improving service delivery.

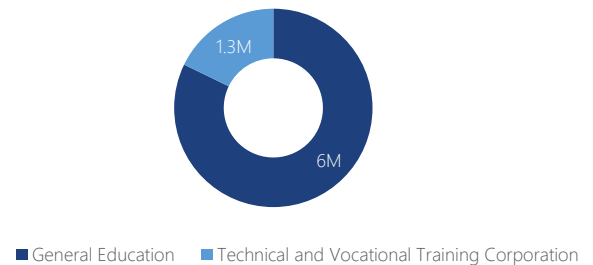
### Recent Updates

- The King Abdulaziz and His Companions Foundation for Giftedness and Creativity (Mawhiba) and the Education Ministry announced that a record 210,448 students enrolled in the National Olympiad for Scientific Creativity Ibd'aa 2024. This represents a 44% increase from the previous year, demonstrating the competition's expanding impact across 48 regions in Saudi Arabia.
- Historically, the American curriculum has been the most popular in Saudi Arabia. Recently, four international schools offering the traditional British curriculum have been established in Riyadh: Kings College Riyadh, Downe House Riyadh, Aldenham Riyadh, and Reigate Grammar School. Additionally, the One World International School offers the IB PYP / American curriculum.

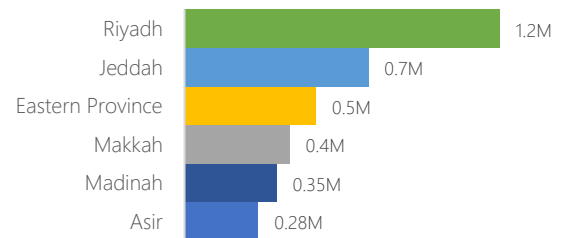
### Education Expenditure % of GDP and % of Budget

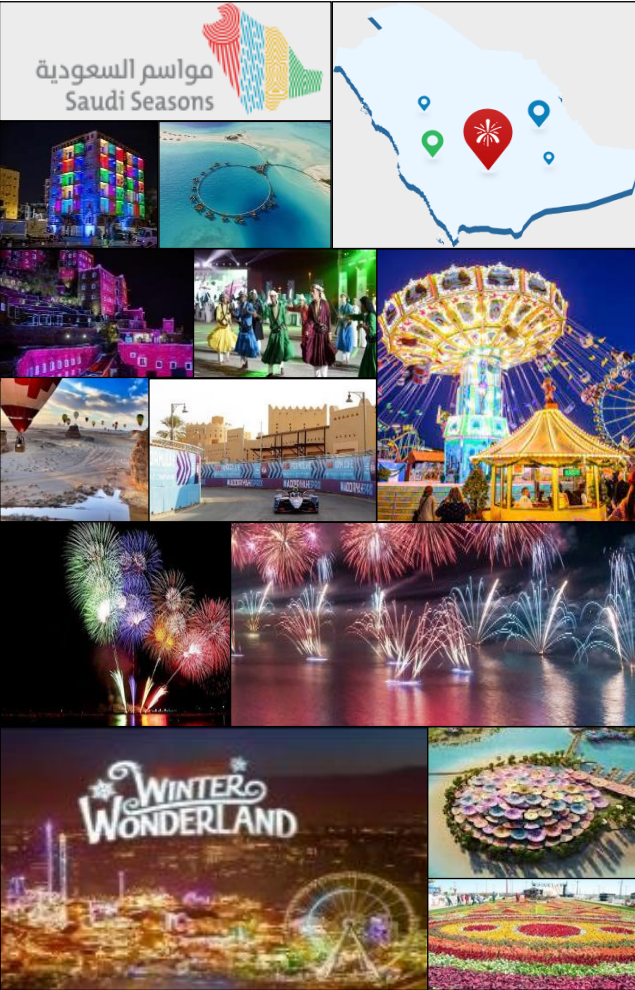


### No of Students Enrolled In Academic session 2023-2024



### KSA: Number of Students





**Entertainment Sector Overview**

Recent developments show that Saudi Arabia is firmly advancing toward becoming a top destination for luxury leisure and entertainment, primarily targeting affluent visitors. This shift is part of a broader strategy to diversify the kingdom's economy and elevate its cultural appeal globally. The Kingdom welcomed 106 million visitors in 2023, including 27.4 million international tourists, making it the second fastest-growing tourism destination in the world. The entertainment sector is expected to witness a significant rise in consumer spending within Saudi Arabia, potentially reaching as much as USD 5 trillion by 2028.

The current surge in entertainment in Saudi Arabia is fueled by the growing acceptance of movies, concerts, and other activities within Saudi society. Previously, the cultural scene was minimal, with the primary attractions for visitors being religious events, such as the annual Hajj in Mecca.

A key development in Saudi Arabia's entertainment sector was the creation of Saudi Entertainment Ventures (SEVEN) in 2017, backed by the Public Investment Fund. SEVEN plans to invest USD 13.3 billion with international partners to build 21 entertainment destinations, featuring over 150 attractions across 14 cities by 2030. In 2023, SEVEN acquired 85 AMC cinema screens in Saudi Arabia and partnered with Hasbro Inc. to launch Play-Doh-themed centers. Additionally, SEVEN merged with Qiddiya Investment Co. in May to advance the multi-billion-dollar Qiddiya project.

Since the first cinema opened in Saudi Arabia in 2018, the sector has grown significantly, generating USD 240 million in 2023. The number of cinema screens has surged from zero to over 600, making Saudi Arabia's box office market the 15th largest globally. Despite COVID-19 challenges, the country doubled its theater screens in 2020 and expanded cinema presence to 22 cities.

Boston Consulting Group highlights substantial opportunities for foreign companies in Saudi Arabia's rapidly growing entertainment sector. As the industry evolves, there is potential across the entire value chain—from design and development to operations. Established brands like Majid Al Futtaim's VOX cinemas and Magic Planet are already making significant strides by bringing their renowned concepts to the Kingdom.

In addition to these entries, companies are forming local partnerships and licensing popular intellectual properties to expand their market presence. Examples include Dragon Ball-themed attractions in Qiddiya City and Mattel's collaborations with SEVEN, showcasing how global brands are integrating into Saudi Arabia's entertainment landscape.

Major projects such as Qiddiya City, featuring Dragon Ball and Six Flags theme parks along with the largest water park in the Middle East, are set to attract millions of visitors each year. These developments underscore Saudi Arabia's strategic push to become a leading global entertainment hub, reflecting its commitment to economic diversification and cultural advancement.

Sources: Consultancy-me.com, Arab News, LinkedIn, Boston Consulting Group, Ministry of Finance; Colliers, International Trade Administration, Knight Frank, CBRE, World bank, Zawya



## Fund Manager

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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

ALINMA INVESTMENT COMPANY  
Burj Al Anoud 2, Level 20  
King Fahad Road, Olaya  
P.O Box: 66333 .Riyadh 11576  
Kingdom of Saudi Arabia



### 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.

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## Financial Statements

As of 30 June 2024

**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

		<b>30 June 2024 (Unaudited) SR</b>	<b>31 December 2023 (Audited) SR</b>
<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)

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## 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>	<u>792,952,834</u>

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).