

**MULKIA – GULF REAL ESTATE REIT FUND**  
**Closed Ended Real Estate Investment Traded Fund**  
**In Form Of A Special Purpose Entity**  
(Managed By Mulkia Investment Company)

**The Interim Condensed Consolidated Financial Statements**  
**For The Six-Month Period Ended 30 June 2024**  
**And Independent Auditor's Review Report**

**MULKIA GULF REAL ESTATE REIT FUND**  
**CLOSED ENDED REAL ESTATE INVESTMENT TRADED FUND**  
**IN FORM OF A SPECIAL PURPOSE ENTITY**  
**(MANAGED BY MULKIA INVESTMENT COMPANY)**

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**Interim Condensed Consolidated Financial Statements (Unaudited).**  
**For The Six-Month Period Ended 30 June 2024**  
**With The Independent Auditor's Review Report**

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**INDEPENDENT AUDITOR'S REVIEW REPORT  
ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
TO THE UNITHOLDERS OF MULKIA GULF REAL ESTATE REIT FUND**

(1 /1)

**INTRODUCTION**

We have reviewed the accompanying consolidated interim statement of financial position of MULKIA GULF REAL ESTATE REIT FUND (the "Fund"), managed by Mulkia Investment Company (the Fund Manager) as at 30 June 2024 and the related consolidated interim statements of profit or loss and other comprehensive income, changes in net assets (equity) attributable to the unitholders and cash flows for the six-month period then ended.

summary of significant accounting policies and other explanatory notes (the "condensed consolidated interim financial statements"). Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

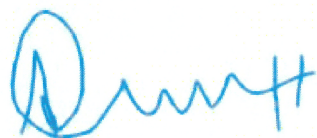
**SCOPE OF REVIEW**

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

**CONCLUSION**

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

**For PKF Al Bassam chartered accountants.**



Ahmed Mohandis  
Certified Public Accountant  
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Corresponding to: 11 August 2024



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**MULKIA GULF REAL ESTATE REIT FUND**  
**CLOSED ENDED REAL ESTATE INVESTMENT TRADED FUND**  
**IN FORM OF A SPECIAL PURPOSE ENTITY**  
(MANAGED BY MULKIA INVESTMENT COMPANY)

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT 30 JUNE 2024**

	Note	30 June 2024 (Unaudited) SAR	31 December 2023 (Audited) SAR
<b><u>ASSETS</u></b>			
Cash and cash equivalent	4	10,575,026	14,649,213
lease receivable, net	6	32,868,382	36,958,875
Accrued revenue		6,934,833	7,403,058
Inventory		275,008	263,626
Prepayments and other receivables		2,303,045	1,323,727
Derivative financial instruments	7	5,770,065	3,914,886
Investment properties, net	5	1,244,297,077	1,246,064,263
<b>Total Assets</b>		<b>1,303,023,436</b>	<b>1,310,577,648</b>
<b><u>LIABILITIES</u></b>			
Unearned lease revenue	9	14,229,957	13,250,305
Due to a related party	10	22,302,371	18,851,067
Accounts payable		2,443,065	2,479,135
Accruals and others payables	11	4,161,156	6,540,110
Provision for end-of-service benefits for hotel operating staff		209,935	153,000
Provision for the renovation of hotel assets		1,659,537	1,141,518
Zakat provision	12	172,254	353,573
Long-term financing facilities	8	476,910,997	476,968,250
<b>Total Liabilities</b>		<b>522,089,272</b>	<b>519,736,958</b>
<b>Net Assets Attributable to The Unitholders</b>		<b>780,934,164</b>	<b>790,840,690</b>
<b>Issued units (in numbers)</b>		<b>103,765,995</b>	<b>103,765,995</b>
<b>Book Value of Assets Per Unit</b>		<b>7.526</b>	<b>7.621</b>
<b>Fair Value of Assets Per Unit</b>	13	<b>8.466</b>	<b>8.305</b>

**Mohamed Abdullatif Nawas**  
**Operations Manager**

**Omar bin Abdulkarim Alothaim**  
**CEO**

**Sultan Mohammed Alhudaithi**  
**Chairman of the Fund board**

The accompanying notes (1) to (20) form an integral part of these interim condensed consolidated financial statements.

**MULKIA GULF REAL ESTATE REIT FUND**  
**CLOSED ENDED REAL ESTATE INVESTMENT TRADED FUND**  
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(MANAGED BY MULKIA INVESTMENT COMPANY)

**INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**

**For The Six-Month Period Ended 30 June 2024**

	Note	30 June 2024 (Unaudited) SAR	30 June 2023 (Unaudited) SAR
<b>Revenues</b>			
Real estate investment lease income, net		35,695,712	37,610,417
Operating revenues		19,363,754	16,417,431
Other revenue		308,902	790,538
<b>Total Revenue</b>		<b>55,368,368</b>	<b>54,818,386</b>
<b>Expenses</b>			
Reversal (decrease) real estate investments	5	7,569,771	(19,428,745)
Salaries and wages for hotel operating staff		(2,891,093)	(2,837,572)
Hotel management fees		(2,107,259)	(1,700,378)
Hotel operating costs		(4,465,958)	(3,702,413)
Depreciation of real estate investments	5	(9,349,158)	(9,349,158)
Fund management fees	10	(6,744,629)	(6,356,935)
Custody fees		(162,430)	(164,570)
ECL Provision	6	(6,521,184)	(2,514,461)
Finance cost	14	(17,294,247)	(19,600,751)
Property Operating Costs		(2,832,922)	(1,729,620)
Hotel Marketing Expenses		(590,912)	(491,043)
Securities Depository and Trading Center Fees		(302,489)	(283,215)
Other Expenses		(2,487,351)	(4,429,217)
<b>Total Expenses</b>		<b>(48,179,861)</b>	<b>(72,588,078)</b>
<b>Net income/ (loss) for the period before zakat</b>		<b>7,188,507</b>	<b>(17,769,692)</b>
Zakat expense	12	(227,242)	(218,801)
<b>Net income/ (loss) for the period</b>		<b>6,961,265</b>	<b>(17,988,493)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified to statement of profit or loss</b>			
Gain on derivatives contracts		1,810,088	4,928,988
<b>Total other comprehensive income for the period</b>		<b>1,810,088</b>	<b>4,928,988</b>
<b>Total Other Comprehensive Income/ (Loss)</b>		<b>8,771,353</b>	<b>(13,059,505)</b>

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**MULKIA GULF REAL ESTATE REIT FUND**  
**CLOSED ENDED REAL ESTATE INVESTMENT TRADED FUND**  
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(MANAGED BY MULKIA INVESTMENT COMPANY)

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS (UNAUDITED)**

**For The Six-Month Period Ended 30 June 2024**

		<b>30 June 2024</b> <b>(Unaudited)</b>	<b>30 June 2023</b> <b>(Unaudited)</b>
	<u>Note</u>	<u>SAR</u>	<u>SAR</u>
Net assets, at the beginning of the period		<b>790,840,690</b>	600,229,358
Net income/(loss) for the period		<b>6,961,265</b>	(17,988,493)
Gain on derivatives contracts		<b>1,810,088</b>	4,928,988
<b>Total Other Comprehensive Income / (Loss)</b>		<b>8,771,353</b>	(13,059,505)
Proceeds from units issued during the period		-	238,191,051
Dividends during the period	16	<b>(18,677,879)</b>	(17,708,250)
<b>Net Assets at the End of The Period</b>		<b>780,934,164</b>	807,652,654

<b>UNIT TRANSACTIONS</b>		<b>30 June 2024</b> <b>(Unaudited)</b>	<b>30 June 2024</b> <b>(Unaudited)</b>
Below is a summary of unit transactions for the period:		<u>Units</u>	<u>Units</u>
Units at the beginning of the period		<b>103,765,995</b>	68,108,652
Issued units during the period		-	35,657,343
<b>Units at the end of the period</b>		<b>103,765,995</b>	103,765,995

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**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**For The Six-Month Period Ended 30 June 2024**

	<u>Note</u>	<b>30 June 2024</b> <b>(Unaudited)</b> <b>SAR</b>	<b>30 June 2023</b> <b>(Unaudited)</b> <b>SAR</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income /(loss) for the period before Zakat		<b>7,188,507</b>	(17,769,692)
<b>Adjustments To Settlement Net Income to Net Cash from Operating Activities:</b>			
Depreciation of investment properties	5	<b>9,349,158</b>	9,349,158
Finance costs	14	<b>17,294,247</b>	19,600,751
ECL Provision charged	6	<b>6,521,184</b>	2,514,461
(Reversal) /Decrease in investment properties	5	<b>(7,569,771)</b>	19,428,745
Gains on derivative contracts		<b>(45,091)</b>	(768,330)
Provision for end-of service benefits for hotel operating staff		<b>56,935</b>	13,539
Provision for renovating hotel assets		<b>518,019</b>	329,118
		<b>33,313,188</b>	32,697,750
<b>Change in operating assets and liabilities</b>			
Inventory		<b>(11,382)</b>	(30,164)
Lease receivable		<b>(2,430,691)</b>	(3,459,419)
Accrued revenue		<b>468,225</b>	2,855,666
Prepayments and other receivables		<b>(979,318)</b>	2,065,268
Unearned lease revenue		<b>979,652</b>	(4,168,827)
Due to a related party		<b>3,451,304</b>	2,386,850
Accounts payable		<b>(36,070)</b>	(120,312,920)
Accrued expenses and other payables		<b>(2,378,954)</b>	(1,948,527)
Zakat paid		<b>(408,561)</b>	(429,858)
<b>Cash flows generated from/ (used in) operating activities</b>		<b>31,967,393</b>	(90,344,181)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment property additions	5	<b>(12,201)</b>	(203,818)
<b>Net cash used in investing activities</b>		<b>(12,201)</b>	(203,818)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance costs paid	8	<b>(17,351,500)</b>	(14,817,629)
Proceeds from issuance of units		<b>-</b>	238,191,051
Dividends	16	<b>(18,677,879)</b>	(17,708,250)
<b>Net cash (used in)/generated from financing activities</b>		<b>(36,029,379)</b>	205,665,172
<b>Change in cash and cash equivalents during the period</b>		<b>(4,074,187)</b>	115,117,173
Cash and cash equivalents at the beginning of the period	4	<b>14,649,213</b>	20,125,033
<b>Cash and cash equivalents at the end of the period</b>	4	<b>10,575,026</b>	135,242,206

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**For The Six-Month Period Ended 30 June 2024**

**1. FUND AND ITS ACTIVITIES**

Mulkia Gulf Real Estate REIT Fund ("the Fund") is a Sharia-compliant closed public-traded listed real estate investment fund. The objective of the Fund is to acquire pre-developed real estate properties to obtain regular and periodic rental income, or under construction no more than 25% of the total value of the fund's assets and distribute a minimum of 90% of the Fund's net income during the lifetime of the Fund at least once annually within 90 days after the financial year-end which ends on December 31. The Fund commences its operations on 16 Safar 1439 H (corresponding to 5 November 2017).

During 2020, additional units were issued in exchange for in-kind contributions, where the number of issued units amounted to 8,108,652 units, and the subscription price of the unit was SAR 9.94, where the total proceeds from issuing the units amounted to SAR 80,600,000.

During 2021, the Fund's Board of Directors and the Capital Market Authority (CMA) issued approval for a non-fundamental change in the Fund, which is (completing the procedures for converting the Mulkia Gulf Real Estate REIT Fund into a Closed Public Traded Listed Real Estate Investment Fund that takes the form of a special purpose entity (SPE).

During 2023, additional units were issued for in-kind and cash subscriptions, as the issued units number reached 35,657,343 units, and the price per unit was SAR 6.68, as the total proceeds from issuing units amounted to SAR 238,191,051.

**Fund Manager:**

Mulkia Investment Company, a listed joint stock company licensed by the CMA under License No. 13170-37.

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- **Phone:** 8001199992, **Fax:** +966 (11) 293 2799
- **Website:** www.mulkia.com.sa
- **Email:** info@mulkia.com.sa.

**Custodian:**

Albilad Capital Company, and custodian Address: King Fahd Road - P.O. Box 140 - Riyadh 11411, Kingdom of Saudi Arabia.

These interim condensed consolidated financial statements include information for Mulkiya Gulf Real Estate REIT Group and its subsidiary collectively (the Group) as of 30, June 2024.

Subsidiary Name	Main activity	Country	shareholding percentages and voting rights
Aljadah Hotel Company	hotel management	Kingdom of Saudi Arabia	100%

**2. REGULATING AUTHORITY**

The Fund is governed by the Investment Fund Regulations (the "Regulations") published by CMA on 12 Rajab 1442 AH (corresponding to 24 February 2021) which sets out the requirements that all real estate funds traded in the Kingdom of Saudi Arabia must follow.



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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**For The Six-Month Period Ended 30 June 2024**

**3. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES**

**3.1 Statement of compliance**

These interim condensed consolidated financial statements of the Fund have been prepared in accordance with International Accounting Standard (IAS) 34- Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) It should be read in conjunction with the group's latest annual consolidated financial statements for the year ending 31, December 2023. These interim condensed consolidated financial statements usually do not include all the information required to prepare the interim condensed consolidated financial statements, but specific accounting policies and explanatory clarifications have been included to explain important events and transactions to understand the changes in the financial position and performance of the group since 31, December 2023. The results of the six-months period ending on 30, June 2024 is not necessarily indicative of the financial statements on 31, December 2024.

**3.2 Measurement bases**

The interim condensed consolidated financial statements have been prepared on the basis of the historical cost principle, except for the following important items included in the interim consolidated statement of financial position:

- Real estate investments are measured at fair value or historical cost, whichever is lower.
- Derivative financial instruments are measured at fair value.
- End-of-service benefits for hotel operating staff are measured at the present value of future obligations

**3.3 Functional and presentation currency**

These interim condensed consolidated financial statements have been presented in Saudi Riyals which is the group's functional and presentation currency.

**3.4 New standards, amendments to standards and interpretations**

There are new standards and a number of amendments to the standards effective from 1, January 2024, which have been described in the fund's annual consolidated financial statements, but they do not have a material impact on the group's interim condensed consolidated financial statements.

**3.5 Impact accounting judgments and estimates**

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Fund's accounting policies and the main sources of estimates were the same as those applied to the financial statements for the year ended 31 December 2023.

**4. CASH AND CASH EQUIVALENTS**

	<b>30 June 2024</b> <b>(Unaudited)</b> <b>SAR</b>	<b>31 December 2023</b> <b>(Audited)</b> <b>SAR</b>
Bank balances	<b>5,248,835</b>	6,818,430
Term Murabaha *	<b>5,300,000</b>	7,800,000
Accrued Murabaha gains *	<b>26,191</b>	30,783
	<b>10,575,026</b>	14,649,213

Term Murabaha are deposited with a local bank with a good credit rating. The book value disclosed above approximates the fair value at the date of the interim condensed consolidated statement of financial position. All deposits have a duration of less than 3 months and are as follows:

**MULKIA GULF REAL ESTATE REIT FUND**  
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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**For The Six-Month Period Ended 30 June 2024**

**4. CASH AND CASH EQUIVALENTS (CONTANUED)**

On 4, June 2024, the Fund entered into a short-term Murabaha agreement with Al Rajhi Bank in amounting SAR 5,300,000, with a profit rate of 5.55%, mature on 5, August2024, with a profit of SAR 50,659 maturing at the end of the deposit period. The accrued profit as at 30, June 2024 amounted to SAR 26,191.

On 23, November 2023, the Fund entered into a short-term Murabaha agreement with Al Rajhi Bank amounting SAR 3,300,000, with a profit rate of 5.50%, mature on 5, February 2024, with a profit of SAR 37,308, maturing at the end of the deposit period. The accrued profit as at 31, December2023 amounted to SAR 19,158.

On 30, November 2023, the Fund entered into a short-term Murabaha agreement with Al Rajhi Bank amounting SAR 2,500,000, with a profit rate of 5.40%, mature on 5, February 2024, with a profit of SAR 25,125 maturing at the end of the deposit period. The accrued profit as at 31, December 2023 amounted to SAR 11,625.

On December 14, 2023, the Fund entered into a short-term Murabaha agreement with Al Rajhi Bank in the amount of SAR 2,000,000 at a profit rate of 5.35% due on February 5, 2024 and with a profit of SAR 15,753 due at the end of the deposit term.

**5. INVESTMENT PROPERTIES, NET**

	Land SAR	Building SAR	Projects in Process SAR	Total SAR
<b>Cost</b>				
Balance as at 1 January 2024	594,630,650	747,096,794	17,257,702	1,358,985,146
Additions during the period	-	-	12,201	12,201
<b>Balance as at 30 June 2024</b>	<b>594,630,650</b>	<b>747,096,794</b>	<b>17,269,903</b>	<b>1,358,997,347</b>
<b>Accumulated Depreciation</b>				
Balance as at 1 January 2024	-	(77,485,422)	-	(77,485,422)
Charge for the period	-	(9,349,158)	-	(9,349,158)
<b>Balance as at 30 June 2024</b>	<b>-</b>	<b>(86,834,580)</b>	<b>-</b>	<b>(86,834,580)</b>
<b>Impairment of investment properties</b>				
Balance as at 1 January 2024	(18,360,328)	(11,571,431)	(5,503,702)	(35,435,461)
Reverse for the period	3,928,348	3,586,673	54,750	7,569,771
<b>Balance as at 30 June 2024</b>	<b>(14,431,980)</b>	<b>(7,984,758)</b>	<b>(5,448,952)</b>	<b>(27,865,690)</b>
<b>Net Book Value on 30 June 2024</b>	<b>580,198,670</b>	<b>652,277,456</b>	<b>11,820,951</b>	<b>1,244,297,077</b>

	Land SAR	Building SAR	Projects in Process SAR	Total SAR
<b>Cost</b>				
Balance as at 1 January 2023	594,630,650	747,893,598	15,857,123	1,358,381,371
Additions during the period	-	10,443,031	1,400,579	11,843,610
Settlement during the period	-	(11,239,835)	-	(11,239,835)
<b>Balance as at 30 June 2023</b>	<b>594,630,650</b>	<b>747,096,794</b>	<b>17,257,702</b>	<b>1,358,985,146</b>
<b>Accumulated Depreciation</b>				
Balance as at 1 January 2023	-	(58,787,105)	-	(58,787,105)
Charge for the period	-	(18,698,317)	-	(18,698,317)
<b>Balance as at 30 June 2023</b>	<b>-</b>	<b>(77,485,422)</b>	<b>-</b>	<b>(77,485,422)</b>
<b>Impairment of investment properties</b>				
Balance as at 1 January 2023	(13,874,152)	(8,491,852)	(3,934,126)	(26,300,130)
Charge for the period	(4,486,176)	(3,079,579)	(1,569,576)	(9,135,331)
<b>Balance as at 31 December 2023</b>	<b>(18,360,328)</b>	<b>(11,571,431)</b>	<b>(5,503,702)</b>	<b>(35,435,461)</b>
<b>Net Book Value on 31 December 2023</b>	<b>576,270,322</b>	<b>658,039,941</b>	<b>11,754,000</b>	<b>1,246,064,263</b>

**MULKIA GULF REAL ESTATE REIT FUND**  
**CLOSED ENDED REAL ESTATE INVESTMENT TRADED FUND**  
**IN FORM OF A SPECIAL PURPOSE ENTITY**  
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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**For The Six-Month Period Ended 30 June 2024**

**5. INVESTMENT PROPERTIES, NET (CONTANUED)**

Investment properties are recorded at historical cost. The fair value of the investment properties has been determined based on the average of two valuations of market value made by independent valuation experts (Note 13). These values are based on estimates by independent valuers due to estimation uncertainty.

*Investment properties are as follows:*

- West Avenue Building: It is a commercial complex (Mall) in Al-Faisaliah district, Dammam.
- The Elite "Elite Mall": A complex of restaurants, cafes, and offices on Prince Abdulaziz Bin Musaed bin Jiluwi Road in Sulaymaniyah district in Riyadh.
- Vivienda Compound: It is a hotel villas complex located in Prince Faisal bin Fahd bin Abdulaziz Road in, AlHada district, Riyadh.
- Dinar Commercial complex: It is a commercial complex on Prince Sultan Road in Al-Zahra District, Jeddah.
- Tegnia Industrial Commercial Complex: It is an industrial and commercial complex consisting of five auto maintenance centers, two auto showrooms, and a spare parts center located in the southeast of Riyadh.
- The First Room Hotel Apartments building: It is a building licensed as a furnished "3-star" accommodation facility in An Namudhajiya District in Riyadh.
- Al-Yasmeen Building: It is a residential building in the Al-Yasmeen district, north of Riyadh.
- Al-Sheraa district project: It is a commercial two building project in Al-Sheraa district, Jeddah. It is included in under-construction projects.
- Khamis Mushait Building: consists of two buildings dedicated to restaurants and cafes in Khamis Mushait.
- Obhur Building: It is a restaurant building in Jeddah, Obhur Al Shamaliah district.
- Aljada Complex: It is a commercial hotel property with a hotel operated by RHG under Radisson Blue brand of 104 rooms, 16 hotel villas, 24 trade shows and 5 offices with a total construction area of 33,105.89 square meters.

The Mulkia sukuk are registered in the name of Tamdeen Real Estate (TAM) Company, a company established for the purpose of maintaining and recording the Fund's assets, according to CMA resolution No. 1/6/4902/17 dated 28 September 2017. All Mulkia sukuk investment by Al-Rajhi Development Company Ltd (A subsidiary of Al Rajhi Bank) have been mortgaged with a minimum coverage ratio of 200% of the total facilities in favor of Al-Rajhi Bank for the loan obtained by the fund, provided that these deeds are released after the loan for Al-Rajhi Bank is paid fully (note 8).

**6. LEASE RECEIVABLE, NET**

	<b>30 June 2024</b> <b>(Unaudited)</b> <b>SAR</b>	<b>31 December 2023</b> <b>(Audited)</b> <b>SAR</b>
Lease receivable	<b>67,914,910</b>	65,484,219
Less:		
ECL Provision	<b>(35,046,528)</b>	(28,525,344)
	<b>32,868,382</b>	36,958,875

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**6. LEASE RECEIVABLE, NET (CONTANUED)**

The movement of the expected credit losses is as follows:

	<b>30 June 2024</b> <b>(Unaudited)</b> <b>SAR</b>	<b>31 December 2023</b> <b>(Audited)</b> <b>SAR</b>
Balance at beginning of the period / year	<b>28,525,344</b>	16,594,356
Charge for the period / year	<b>6,521,184</b>	15,318,819
Bad debts during the period /year	-	(3,387,831)
<b>Balance at end of the period / year</b>	<b>35,046,528</b>	<b>28,525,344</b>
	<b>30 June 2024</b> <b>(Unaudited)</b> <b>SAR</b>	<b>31 December 2023</b> <b>(Audited)</b> <b>SAR</b>
<b>Not due</b>	<b>3,610,413</b>	5,398,728
From 1 – 90 days	<b>10,884,812</b>	12,309,327
From 91 – 180 days	<b>13,222,376</b>	12,674,808
From 181 – 270 days	<b>6,255,975</b>	7,250,669
From 271 – 360 days	<b>1,922,730</b>	2,098,091
More than 360 days	<b>32,018,604</b>	25,752,596
<b>Total</b>	<b>67,914,910</b>	<b>65,484,219</b>

**7. DERIVATIVE FINANCIAL INSTRUMENTS**

On 5, April 2022, the Group entered into a commission rate debt ceiling (compliant with Sharia controls) with Al Rajhi Bank in relation to the Al Rajhi Bank facility (SAR 100,000,000). The commission rate debt ceiling requires the payment of a variable profit rate and SIBOR up to 3.71%, after which the group will only pay a commission rate of 3.71%, and the agreement maturity date until 9, January 2028, as in the table:

<b>Maturity date</b>	<b>Effective date</b>	<b>Interest Rate Hedging</b>	<b>Nominal value</b>	<b>Type</b>	<b>Borrowing (Hedged Bank)</b>
9 Jan 2028	3 Aug 2022	Variable (SAIBOR for 6 months)	100,000,000	Bank facilities	Al Rajhi Bank facility

For hedging purposes, the commission rate debt ceiling is classified as a cash flow hedge. The derivative financial instruments -fair value is determined using valuation techniques based on observable market data. The derivative financial instruments -fair values are as follows:

	<b>30 June 2024</b> <b>(Unaudited)</b> <b>SAR</b>	<b>31 December 2023</b> <b>(Audited)</b> <b>SAR</b>
Commission rate derivative contracts - assets	<b>5,770,065</b>	3,914,886

The hedge was assessed to be effective, and during the period ended 30 June 2024, the unrealized net gain was SAR 1,810,088, which was included in the other comprehensive income statement (30 June 2023: SAR 4,928,988).

The amount of SAR 5,770,065 indicated as a cash flow hedging reserve in the interim condensed consolidated statement of financial position as at 30, June 2024 is expected to impact profit or loss in the later years.

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**8. LONG-TERM BANKING FACILITIES**

On 29 December 2021, a credit facility (Shariah compliant) was obtained from Al Rajhi Bank in the amount of SAR 600,000,000 to finance the fund's activities by guaranteeing the mortgage of most of the real estate Sukuk invested in the fund with a coverage rate of no less than 200% of totaling facilities (note 5), provided that all Amounts due after 7 years from the first withdrawal date.

On April 5, 2022, the Group entered into a commission rate debt ceiling (compliant with Sharia controls) with Al Rajhi Bank in relation to the Al Rajhi Bank facility (SAR 100,000,000) (Note 7).

On 19, March 2024, the Fund Manager announced that a facilities agreement had been signed with Al Rajhi Bank ("the Bank") with the aim of reducing the finance cost margin and increasing the limit of bank facilities granted to the Fund to finance capital expenditures and acquire new real estate assets in the interest of the unitholders. The most important provisions of the financing agreement are: raising the limit of bank facilities to SAR 750 million instead of SAR 600 million. Reducing the fixed portion of the finance cost to Cybor profit margin +1.4%.

The movement in the Bank facilities is as follows:

	<b>30 June 2024</b> <b>(Unaudited)</b> <b>SAR</b>	<b>31 December 2023</b> <b>(Audited)</b> <b>SAR</b>
Balance at the beginning of the year	<b>477,913,350</b>	589,169,052
Paid during the year	<b>(17,351,500)</b>	(148,510,457)
Finance costs for the period/ year* (Note14)	<b>17,175,337</b>	37,254,755
	<b>477,737,187</b>	477,913,350
<b>Less:</b>		
Deferred finance costs	<b>(826,190)</b>	(945,100)
	<b>476,910,997</b>	476,968,250

**9. UNEARNED LEASE REVENUE**

Unearned lease revenues represent amounts invoiced for investment property lease contracts and do not relate to the period ending on 30, June 2024. The unearned lease revenues as at 30, June 2024 amounted to SAR 14,229,957 (31, December 2023: SAR13,250,305)

**10. RELATED PARTY TRANSACTIONS**

Related parties to the Fund comprise Unitholders, Fund Manager, board members, and other funds managed by the Fund Manager. In the ordinary course of business, the Fund transacts with related parties. The related parties' transactions are governed by the regulations issued by CMA. All transactions with the related parties are approved by the Fund's Board of Directors, The Fund pays the Fund Manager a management fee of 1 % per annum calculated on the total assets of the Fund calculated and paid half-yearly to calculate management fees is based on the fair value of the investment in real estate properties. (Note 13). The Fund pays the following fees as well:

- Capital structure fees: The Fund Manager or any other party who arranges the capital structure charges the Fund a fee up to 1% of the total of any subscription amounts collected during future offering periods or upon collecting any other subscription amounts, whether in cash (by rights-of-issue) or in kind. fee is paid once, immediately after closing any increment capital process.
- Finance structuring fees: The Fund Manager or any other party charges the Fund a financing structuring fee up to 1% totaling withdrawn under any bank facilities.

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**10. RELATED PARTY TRANSACTIONS (CONTANUED)**

- Dealing fee: The Fund Manager charges the Fund a one-time dealing fee of up to 1% of the sale or acquisition value of any real estate asset throughout the term of the Fund.

A) significant transactions with the related party during the period:

<b>Related party</b>	<b>Relationship</b>	<b>Nature of transaction</b>	<b>Amount of transaction during The six-months period ended</b>	
			<b>30 June 2024 (Unaudited) SAR</b>	<b>31 December 2022 (audited) SAR</b>
Mulkia Investment Company	Fund manager	Management fees	<b>6,744,629</b>	6,356,935
		Expenses paid on	<b>474,509</b>	651,375

B) The following are the balances due to the related party as follows:

<b>Related Party</b>	<b>Nature of Transactions</b>	<b>30 June 2024 (Unaudited) SAR</b>	<b>31 December 2023 (Audited) SAR</b>
Mulkia Investment Company	Management fees	<b>21,866,315</b>	18,429,520
	Expenses paid on behalf	<b>436,056</b>	421,547
		<b>22,302,371</b>	18,851,067

**11. ACCRUED EXPENSES AND THER PAYABLES**

	<b>30 June 2024 (Unaudited) SAR</b>	<b>31 December 2023 (Audited) SAR</b>
Accrued expenses	<b>1,793,206</b>	2,932,213
Tax payable	<b>1,096,698</b>	2,167,653
Accrued Employee and temporary employment	<b>1,091,884</b>	1,028,807
Professional and advisory fees payable	<b>140,100</b>	157,500
Other payables	<b>39,268</b>	253,937
	<b>4,161,156</b>	6,540,110

**12. ZAKAT PROVISION**

During 2021, the Zakat, Tax and Customs Authority("ZATCA") approved the voluntary registration of real estate investment traded funds. The authority stipulated the existence of a legal person (a special purpose entity) for investment funds wishing to register with it to submit their returns and pay zakat. The Capital Market Authority ("CMA") announced the approval of the amendment of both the Investment Funds Regulations and the Real Estate Investment Funds Regulations so that fund managers wishing to obtain a special purpose facility license can apply to the Authority from the date these regulations come into force on 1, May 2021.

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**12. ZAKAT PROVISION (CONTINUED)**

a) The movement of Zakat provision is as follows:

	<b>30 June 2024</b> <b>(Unaudited)</b> <b>SAR</b>	<b>31 December 2023</b> <b>(Audited)</b> <b>SAR</b>
Balance at beginning of the period / year	<b>353,573</b>	1,041,539
Charged during the period / year	<b>227,242</b>	408,562
Paid during the period / year	<b>(408,561)</b>	(1,096,528)
<b>Balance at end of the period / year</b>	<b>172,254</b>	353,573

\*During the year 2023, the Fund stopped calculating Zakat, that Zakat provided is due from investors in accordance with Ministerial Resolution No. (29791) dated 05/09/1444 AH regarding the rules for collecting Zakat from investors in investment funds. The amount generated during the year is represented in the Zakat of the subsidiary company "Aljadah Hotel."

**13. THE IMPACT ON NET ASSETS IF INVESTMENT PROPERTIES EVALUATED AT FAIR VALUE**

According to the Real Estate Investment Funds Regulations issued by the CMA in the Kingdom of Saudi Arabia, the fund manager must value the fund's assets based on the average of two valuations prepared by independent valuation experts. As indicated in the Fund's terms and conditions, the declared net asset value and management fees have been calculated based on the market value obtained. In accordance with International Financial Reporting Standards approved in the Kingdom of Saudi Arabia, investment properties are carried at cost less accumulated depreciation and any accumulated impairment losses (if any).

The fair value of investment properties has determined by two evaluations: Barcode Company (an independent valuer approved by the Saudi Authority for Accredited Valuers) License holder No. 1210000001 and Qeem Real Estate Appraisal Office (an independent valuer approved by the Saudi Authority for Accredited Valuers) License holder No. 1210000052.

The evaluation of the appraisers of the investment properties was as follows:

	<b>Barcode Company</b> <b>SAR</b>	<b>Qeem RE Office</b> <b>SAR</b>	<b>Average</b> <b>SAR</b>
<b>Fair value of investment properties on</b>			
<b>30 June 2024</b>	<b>1,337,283,900</b>	<b>1,346,359,000</b>	<b>1,341,821,450</b>
Fair value of investment properties on			
31 December 2023	1,300,823,316	1,333,235,000	1,317,029,158

1. Below is a statement of the unrealized gains from properties that were identified based on real estate valuation processes (fair value) as follows:

	<b>30 June 2024</b> <b>(Unaudited)</b> <b>SAR</b>	<b>31 December 2023</b> <b>(Audited)</b> <b>SAR</b>
Fair value of investment properties	<b>1,341,821,450</b>	1,317,029,158
The net book value of investment properties (Note 5)	<b>(1,244,297,077)</b>	(1,246,064,263)
Unrealized gains determined based on real estate valuation	<b>97,524,373</b>	70,964,895
units Issued	<b>103,765,995</b>	103,765,995
<b>Unit share in unrealized gains based on real estate valuation</b>	<b>0.940</b>	0.684

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**13. THE IMPACT ON NET ASSETS IF INVESTMENT PROPERTIES EVALUATED AT FAIR VALUE (CONTINUED)**

2. Below is the properties analysis of net assets value using fair value:

	<b>30 June 2024</b> <b>(Unaudited)</b> <b>SAR</b>	31 December 2023 <b>(Audited)</b> <b>SAR</b>
Net assets at cost presented in these interim condensed consolidated financial statements	<b>780,934,164</b>	790,840,690
Unrealized gains determined based on real estate evaluation (Note 14.1)	<b>97,524,373</b>	70,964,895
<b>Net assets value (NAV) at fair value</b>	<b>878,458,537</b>	861,805,585

3. Below is a breakdown of net assets per unit using fair value:

	<b>30 June 2024</b> <b>(Unaudited)</b> <b>SAR</b>	31 December 2023 <b>(Audited)</b> <b>SAR</b>
Net assets per unit at cost presented in these interim condensed consolidated financial statements	<b>7.526</b>	7.621
The impact on net asset value per unit due to unrealized gains determined based on real estate evaluation	<b>0.940</b>	0.684
<b>Net assets value (NAV) at fair value</b>	<b>8.466</b>	8.305

**14. FINANCE COSTS**

	<b>For the six-months period ending</b> <b>30 June 2024</b> <b>(Unaudited)</b> <b>SAR</b>	31 December 2023 <b>(Audited)</b> <b>SAR</b>
Commission on long-term bank facilities (Note 8)	<b>17,175,337</b>	19,475,660
Amortization of deferred finance expenses	<b>118,910</b>	125,091
	<b>17,294,247</b>	19,600,751

**15. SEGMENT INFORMATION**

The Fund's principal business is conducted in the Kingdom of Saudi Arabia. Transactions between the operating segments are on normal commercial judgments and conditions. The following are the Fund's total assets and liabilities as of 30, June 2024 and 31, June 2023, its total operating income and expenses, and the results for the years ending on that date, by operating sector:



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**15. SEGMENT INFORMATION (CONTINUED)**

**Profit Or Loss and Other Comprehensive  
Income**

	<b>30 June 2024 (Unaudited)</b>		
	<b>Lease SAR</b>	<b>Hotel SAR</b>	<b>Total SAR</b>
<b>REVENUES</b>			
Lease and operating revenue	35,695,712	19,363,754	55,059,466
Other revenue	143,815	165,087	308,902
<b>Total Revenue</b>	<b>35,839,527</b>	<b>19,528,841</b>	<b>55,368,368</b>
<b>EXPENSES</b>			
Fund management fees	(6,744,629)	-	(6,744,629)
Salaries and wages for hotel operating staff	-	(2,891,093)	(2,891,093)
Hotel management fees	-	(2,107,259)	(2,107,259)
Operating expenses	-	(4,465,958)	(4,465,958)
Custody fees	(162,430)	-	(162,430)
ECL Provision	(6,521,184)	-	(6,521,184)
Depreciation of Properties investments	(9,349,158)	-	(9,349,158)
Finance costs	(17,294,247)	-	(17,294,247)
Property Operating Costs	(2,832,922)	-	(2,832,922)
Securities Depository and Trading Center Fees	(302,489)	-	(302,489)
Hotel Marketing Expenses	-	(590,912)	(590,912)
Other Expenses	(940,244)	(1,547,107)	(2,487,351)
Impairment of Properties investments	7,569,771	-	7,569,771
<b>Total Expenses</b>	<b>(36,577,532)</b>	<b>(11,602,329)</b>	<b>(48,179,861)</b>
<b>Net income for the period before zakat</b>	<b>(738,005)</b>	<b>7,926,512</b>	<b>7,188,507</b>
Zakat expense	-	(227,242)	(227,242)
<b>Net income for the period</b>	<b>(738,005)</b>	<b>7,699,270</b>	<b>6,961,265</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified to statement of profit or loss</b>			
Gain on derivatives contracts	1,810,088	-	1,810,088
<b>Total other comprehensive income for the period</b>	<b>1,810,088</b>	<b>-</b>	<b>1,810,088</b>
<b>Total comprehensive income/(loss)</b>	<b>1,072,083</b>	<b>7,699,270</b>	<b>8,771,353</b>

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**15. SEGMENT INFORMATION(CONTINUED)**

Profit Or Loss and Other Comprehensive Income	For the period ended 30 June 2023 (Unaudited)		
	Lease SAR	Hotel SAR	Total SAR
REVENUES			
Lease and operating income	37,610,417	16,417,431	54,027,848
Other income	752,444	38,094	790,538
Total Revenue	38,362,861	16,455,525	54,818,386
EXPENSES			
Fund management fees	(6,356,935)	-	(6,356,935)
Salaries and wages for hotel operating staff	-	(2,837,572)	(2,837,572)
Hotel management fees	-	(1,700,378)	(1,700,378)
Operating expenses	-	(3,702,413)	(3,702,413)
Custody fees	(164,570)	-	(164,570)
ECL Provision	(2,489,376)	(25,085)	(2,514,461)
Depreciation of Properties investments	(9,349,158)	-	(9,349,158)
Finance costs	(19,600,751)	-	(19,600,751)
Property Operating Costs	(1,729,620)	-	(1,729,620)
Securities Depository and Trading Center Fees	(283,215)	-	(283,215)
Hotel Marketing Expenses	-	(491,043)	(491,043)
Other Expenses	(2,331,773)	(2,097,444)	(4,429,217)
Impairment of Properties investments	(19,428,745)	-	(19,428,745)
Total Expenses	(61,734,143)	(10,853,935)	(72,588,078)
Net loss for the period before zakat	(23,371,282)	5,601,590	(17,769,692)
Zakat	(41,476)	(177,325)	(218,801)
Net loss for the period	(23,412,758)	5,424,265	(17,988,493)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to statement of profit or loss			
Gain on derivatives contracts	4,928,988	-	4,928,988
Total other comprehensive loss for the period	4,928,988	-	4,928,988
Total comprehensive loss for period	(18,483,770)	5,424,265	(13,059,505)

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**15. SEGMENT INFORMATION(CONTINUED)**

<b>Financial Position</b>	<b>30 June 2024 (Unaudited)</b>		
	<b>Lease SAR</b>	<b>Hotel SAR</b>	<b>Total SAR</b>
<b>ASSETS</b>			
Cash and cash equivalents	7,933,323	2,641,703	10,575,026
Lease receivable, net	30,812,281	2,056,101	32,868,382
Accrued revenues	6,934,833	-	6,934,833
Inventory	-	275,008	275,008
Prepayments and other receivables	1,078,671	1,224,374	2,303,045
Assets from derivatives contracts	5,770,065	-	5,770,065
Investment properties, net	1,244,297,077	-	1,244,297,077
<b>Total Assets</b>	<b>1,296,826,250</b>	<b>6,197,186</b>	<b>1,303,023,436</b>
<b>LIABILITIES</b>			
Long-term banking facilities	476,910,997	-	476,910,997
Unearned lease revenues	14,229,957	-	14,229,957
Due to related party	22,302,371	-	22,302,371
Accounts payable	-	2,443,065	2,443,065
Accrued expense and other payables	1,361,692	2,799,464	4,161,156
Provision for end-of service benefits for hotel operating staff	-	209,935	209,935
Provision for renovation of hotel assets	-	1,659,537	1,659,537
Zakat provision	-	172,254	172,254
<b>Total Liabilities</b>	<b>514,805,017</b>	<b>7,284,255</b>	<b>522,089,272</b>
<b>Net Assets Attributable to The Unitholders</b>	<b>782,021,233</b>	<b>(1,087,069)</b>	<b>780,934,164</b>

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**15. SEGMENT INFORMATION(CONTINUED)**

Financial Position	31 December 2023 (Unaudited)		
	Lease SAR	Hotel SAR	Total SAR
<b>ASSETS</b>			
Cash and cash equivalents	12,703,808	1,945,405	14,649,213
Inventory	-	263,626	263,626
Investment properties, net	1,246,064,263	-	1,246,064,263
Lease receivable, net	33,323,864	3,635,011	36,958,875
Accrued revenues	7,403,058	-	7,403,058
Derivative financial instruments	3,914,886	-	3,914,886
Prepayments and other assets	330,440	993,287	1,323,727
<b>Total Assets</b>	<b>1,303,740,319</b>	<b>6,837,329</b>	<b>1,310,577,648</b>
<b>LIABILITIES</b>			
Unearned lease revenues	13,250,305	-	13,250,305
Due to related party	18,851,067	-	18,851,067
Accounts payable	-	2,479,135	2,479,135
Accrued expense and other payables	2,543,669	3,996,441	6,540,110
Defined benefit obligations to employees	-	153,000	153,000
Provision for renovating hotel assets	-	1,141,518	1,141,518
Zakat provision	-	353,573	353,573
Long-term banking facilities	476,968,250	-	476,968,250
<b>Total Liabilities</b>	<b>511,613,291</b>	<b>8,123,667</b>	<b>519,736,958</b>
<b>Net Assets Attributable to the Unitholders</b>	<b>792,127,028</b>	<b>(1,286,338)</b>	<b>790,840,690</b>

**16. DIVIDENDS**

- On 16, Jan 2024, the fund manager announced the distribution of cash dividends to unitholders of the Mulkia Gulf Real Estate REIT Fund for the period from 1, October 2023 until 31, December 2023, in the amount of SAR 10,376,599
- - On 21, April 2024, the fund manager announced the distribution of cash dividends to unitholders of the Mulkia Gulf Real Estate REIT Fund for the period from 1, January 2024 until 31, March 2024, in the amount of SAR 8,301,280.
- On 18, January 2023, the fund manager announced the distribution of cash dividends to the unit holders of the Gulf Real Estate REIT Fund for the period ending on 31, December 2022, in the amount of SAR 8,854,125.
- On 11, April 2023, the fund manager announced the distribution of cash dividends to the unit holders of the Gulf Real Estate REIT Fund for the period ending on 31, March 2023, in the amount of SAR 8,85 4,125.

**MULKIA GULF REAL ESTATE REIT FUND**  
**CLOSED ENDED REAL ESTATE INVESTMENT TRADED FUND**  
**IN FORM OF A SPECIAL PURPOSE ENTITY**  
(MANAGED BY MULKIA INVESTMENT COMPANY)

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**For The Six-Month Period Ended 30 June 2024**

**17. GENERAL**

The numbers contained in the accompanying condensed interim consolidated financial statements have been rounded to the nearest Saudi riyal.

**18. SUBSEQUENT EVENTS**

On 17, July 2024, the fund manager announced a dividend distribution of SAR 0.8 per unit in the amount of SAR 8,301,279.6.

On 24, March 2024, an agreement was concluded to acquire two properties in the Al-Maather neighborhood in Riyadh, with a land area of 6,217 and 3,069 square meters respectively, at a value of SAR 200 million, to be paid by check to the owner of the property “the seller”, provided that the buyer “the Fund” bears all expenses related to the transfer of property ownership,

On 23, July 2024, Sukuks 381968000267 and 981968000268 were emptied in favor of the buyer “the Fund” and control was transferred in favor of the buyer “the Fund” to the real estate agents on that date.

Otherwise, in the opinion of management, there have been no other significant subsequent events after 30 June 2024 until the date of approval of the interim condensed consolidated financial statements that could have a material impact on the interim condensed consolidated financial statements as of 30 June 2024.

**19. LAST VALUATION DAY**

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

**20. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

These interim condensed consolidated financial statements were approved by the Fund’s Board of Directors on 3 Safar 1446 AH (7 August 2024).