

AL RAJHI REIT FUND

**A Real Estate Investments Traded Fund
(MANAGED BY AL RAJHI CAPITAL)**

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

AND INDEPENDENT AUDITOR'S REPORT ON REVIEW

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

(1 / 1)

**TO THE UNITHOLDERS OF
AL RAJHI REIT FUND**

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Al Rajhi REIT Fund (the "Fund") managed by Al Rajhi Capital (the "Fund Manager") as at 30 June 2022 and the related interim statements of comprehensive income, changes in net assets attributable to the unitholders and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed financial statements"). Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

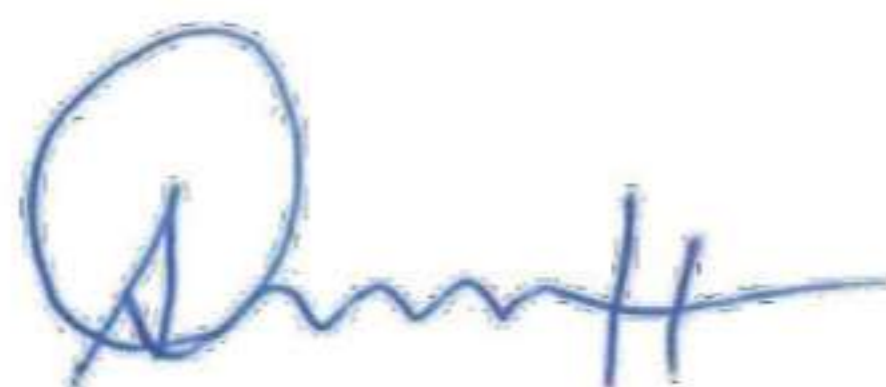
SCOPE OF REVIEW

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

CONCLUSION

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

For Al-Bassam & Co.



Ahmed A. Mohandis
Certified Public Accountant
License No. 477
Riyadh: 17 Muharram 1444H
Corresponding to: 15 August 2022

AL RAJHI REIT FUND
(Managed by Al Rajhi Capital)

INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2022

(Amounts in Saudi Riyals)

	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,031,339	125,000
Investments carried at fair value through profit or loss	5	99,792,688	65,885,112
Rental income receivable, net		23,062,955	29,315,180
Contract assets		7,463,279	4,251,206
Prepayment and other receivables		6,362,074	7,260,280
TOTAL CURRENT ASSETS		137,712,335	106,836,778
NON-CURRENT ASSETS			
Investment properties	6	2,053,728,866	1,954,663,450
TOTAL NON-CURRENT ASSETS		2,053,728,866	1,954,663,450
TOTAL ASSETS		2,191,441,201	2,061,500,228
LIABILITIES			
CURRENT LIABILITIES			
Contract liabilities		15,117,995	13,249,274
Accrued expenses and other liabilities		7,874,622	7,099,685
Accrued management fee		4,217,864	4,033,320
TOTAL CURRENT LIABILITIES		27,210,481	24,382,279
NON-CURRENT LIABILITIES			
Murabaha facilities	8	896,399,599	791,254,599
TOTAL NON-CURRENT LIABILITIES		896,399,599	791,254,599
TOTAL LIABILITIES		923,610,080	815,636,878
Net assets attributable to the Unitholders		1,267,831,121	1,245,863,350
Units in issue (numbers)		161,856,857	161,856,857
Book value attributable to each unit		7.83	7.70
Fair value attributable to each unit	7	8.30	8.01

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

AL RAJHI REIT FUND
(Managed by Al Rajhi Capital)

INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six-month period ended 30 June 2022

(Amounts in Saudi Riyals)

	Note	For six-month period ended 30 June 2022	For six-month period ended 30 June 2021
INCOME			
Rental income from investment properties		79,110,418	82,333,656
Realized gain on investment at FVTPL	5	173,380	310,451
Unrealized gain / (loss) on investment at FVTPL	5	434,827	(61,769)
TOTAL INCOME		79,718,625	82,582,338
EXPENSES			
Investment properties depreciation	6	(14,589,421)	(14,531,518)
Finance cost expense	8	(12,836,955)	(10,696,433)
Management fees	8	(8,275,168)	(8,439,453)
Property management expenses		(2,050,724)	(2,327,944)
Reversal of / (Impairment loss) on doubtful receivables		11,657,696	(13,946,625)
Other expenses		(3,735,535)	(1,354,077)
TOTAL EXPENSES		(29,830,107)	(51,296,050)
Profit for the period before reversal of / (impairment loss)		49,888,518	31,286,288
Reversal of / (Impairment loss) on investment properties	6	17,399,174	(190,544,068)
Profit / (loss) for the period after reversal of / (impairment loss)		67,287,692	(159,257,780)
Other comprehensive income for the period		-	-
Total comprehensive income / (loss) for the period		67,287,692	(159,257,780)

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

AL RAJHI REIT FUND
(Managed by Al Rajhi Capital)

INTERIM STATEMENT OF CHANGES IN NET ASSETS (UNAUDITED)

For the six-month period ended 30 June 2022

(Amounts in Saudi Riyals)

	<u>Note</u>	For six-month period ended 30 June 2022	For six-month period ended 30 June 2021
Net assets value attributable to the Unitholders at the beginning of the period		1,245,863,350	1,511,581,047
Total comprehensive income / (loss) for the period		67,287,692	(159,257,780)
Dividends paid during the period	11	(45,319,921)	(45,319,920)
Net assets value attributable to the Unitholders at the end of the period		1,267,831,121	1,307,003,347

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

AL RAJHI REIT FUND
(Managed by Al Rajhi Capital)

INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

For the six month period ended 30 June 2022

(Amounts in Saudi Riyals)

	Note	For six-month period ended 30 June 2022	For six-month period ended 30 June 2021
Net income /(loss) for the period		67,287,692	(159,257,780)
<i>Adjustment to reconcile net income to net cash from operating activities:</i>			
Depreciation expense on investment properties	6	14,589,421	14,531,518
(Reversal of) / Impairment loss on investment properties		(17,399,174)	190,544,068
(Reversal of) / Impairment loss on doubtful receivables		(11,657,696)	13,946,625
Finance costs		12,836,955	10,696,433
Unrealized (gain) / loss from investments measured at FVTPL		(434,827)	61,769
		65,222,371	70,522,633
Rental income receivable		10,516,663	(33,363,549)
Contract assets		(3,212,073)	(2,383,222)
Prepayment and other assets		898,206	(912,781)
Unearned rental income		1,868,721	1,075,920
Accrued expenses and other liabilities		(7,091,553)	576,907
Accrued management fee		184,544	3,989,265
Finance costs paid		(4,970,468)	(11,319,922)
Net cash from operating activity		63,416,411	28,185,251
INVESTING ACTIVITY			
Purchase of investment properties		(96,255,661)	-
Purchase of investment measured at FVTPL		(96,549,501)	(46,448,268)
Proceeds from sale of investment measured at FVTPL		63,076,752	55,182,711
Advance for investment FVTPL		-	946,241
Net cash (used in) / from investing activity		(129,728,410)	9,680,684
FINANCING ACTIVITY			
Dividend paid		(37,926,662)	(37,926,662)
Murabaha facilities		105,145,000	(1)
Net cash from / (used in) financing activity		67,218,338	(37,926,663)
Net changes in cash and cash equivalents		906,339	(60,728)
Cash and cash equivalents at the beginning of the period		125,000	125,000
Cash and cash equivalents at the end of the period		1,031,339	64,272
Supplemental non-cash transactions			
Dividends netted off against rental income receivable		7,393,258	7,393,258

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

AL RAJHI REIT FUND

(Managed by Al Rajhi Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022

(Amounts in Saudi Riyals)

1. THE FUND AND ITS ACTIVITIES

Al Rajhi REIT Fund (the “Fund” or “REIT”) is a closed-ended shariah compliant real estate investment traded fund. The Fund operates in accordance with Real Estate Investment Fund Regulations (“REIFR”) issued by the Capital Market Authority (“CMA”). The Fund is listed on Saudi Stock Exchange (“Tadawul”) and the units of the Fund started to be traded on Tadawul in accordance with its rules and regulations on 3 Rajab 1439H (corresponding to 20 March 2018). The initial subscribed units of the Fund were 122,200,609 units at par value of SR 10 per unit resulting in capital of SR 1,222,006,090. However, during the year 2019, as a part of increasing its total assets, the Fund issued 39,656,248 new units of par value SR 10 per unit at an issue price of SR 8.8 per unit. Thus, currently the total subscribed units of the Fund stand at 161,856,857 units. The Fund has a term of 99 years, which is extendable on the discretion of the Fund Manager following the approval of Fund Board and followed by CMA.

The Fund is managed by Al Rajhi Capital (the "Fund Manager"), a Saudi closed joint stock company with commercial registration no.1010241681, and a capital market institution licensed by the CMA under license no. 07068-37 dated 25 June 2007. The primary investment objective of the Fund is to provide its investors with regular income by investing in income generating real estate assets in Saudi Arabia. The Fund’s Manager’s registered office is King Fahd Branch Road, Al Muruj District, Riyadh 12214, Kingdom of Saudi Arabia.

The Fund currently has a diversified portfolio of 19 properties (31 December 2021: 18 properties) across various sectors such as retail, education, commercial offices, logistics and healthcare.

All properties of Al Rajhi REIT Fund are held in the name of Privileged Warehouse Company 2 and Gulf Fund Company for development and real estate investment (the “SPVs”). The SPVs are holding these properties for the beneficial ownership of the Fund and does not possess any controlling interest or any stake in the properties.

The Fund has appointed KASB Capital (the “Custodian”) to act as its custodian. The fee of the custodian is paid by the Fund.

2. REGULATING AUTHORITY

The Fund operates in accordance with REIFR issued by the CMA. The regulations detail requirements for real estate funds and traded real estate funds within the Kingdom of Saudi Arabia.

AL RAJHI REIT FUND
(Managed by Al Rajhi Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022

(Amounts in Saudi Riyals)

3. BASIS OF PREPARATION

3.1 *Statement of compliance*

These condensed interim financial statements have been prepared on a going concern basis and in accordance with International Accounting Standard 34 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Fund's last annual financial statements for the year ended 31 December 2021.

These condensed interim financial statements do not include all of the information normally required for a complete set of financial statements; however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

3.2 *Basis of measurement*

These condensed interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment at fair value through profit or loss.

3.3 *Use of judgements, estimates and assumptions*

In preparing these condensed interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

3.4 *Functional and presentation currency*

These condensed interim financial statements are presented in Saudi Riyals ("SR"), which is the Fund's functional currency. All financial information presented has been rounded to the nearest SR, unless otherwise indicated.

4. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2022 and has been explained in annual financial statements, but they do not have a material effect on the Fund's condensed interim financial statements.

AL RAJHI REIT FUND
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022

(Amounts in Saudi Riyals)

5. INVESTMENT CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Investment held at fair value through profit or loss represents investment in a mutual fund managed by the Fund Manager (a related party) and comprises of the following:

	Al Rajhi Commodity Fund SAR		
	<i>Number of Units</i>	<i>Cost</i>	<i>Market Value</i>
30 June 2022 (Unaudited)	607,720	99,088,081	99,792,688
31 December 2021 (Audited)	404,158	65,615,301	65,885,112

The following is the movement in investment held at FVTPL:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
At the beginning of the year	65,885,112	63,875,997
Purchase during the year	96,549,501	106,694,288
Sold during the year	(63,250,132)	(105,151,882)
Realized gain measured at fair value through profit or loss	173,380	567,857
Movement on investment held at FVTPL	434,827	(101,148)
At the end of the year	99,792,688	65,885,112

6. INVESTMENT PROPERTIES

The composition of the investment properties as of the reporting date is summarised below:

As at 30 June 2022 (Unaudited)

	Land	Building	Total
Cost:			
At the beginning of the period	1,308,700,218	1,027,424,512	2,336,124,730
Additions during the period	35,000,000	61,255,663	96,255,663
At the end of the period	1,343,700,218	1,088,680,175	2,432,380,393
Accumulated Depreciation:			
At the beginning of the period	-	(89,492,375)	(89,492,375)
Charge for the period	-	(14,589,421)	(14,589,421)
At the end of the period	-	(104,081,796)	(104,081,796)
Accumulated Impairment:			
At the beginning of the period	(197,166,644)	(94,802,261)	(291,968,905)
Reversal during the period	-	17,399,174	17,399,174
At the end of the period	(197,166,644)	(77,403,087)	(274,569,731)
Book Value as of 30 June 2022	1,146,533,574	907,195,292	2,053,728,866

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022

(Amounts in Saudi Riyals)

6. INVESTMENT PROPERTIES (CONTINUED)

As at 31 December 2021 (Audited)

	Land	Building	Total
Cost:			
At the beginning of the year	1,308,700,218	1,025,062,677	2,333,762,895
Additions during the year	-	2,361,835	2,361,835
At the end of the year	1,308,700,218	1,027,424,512	2,336,124,730
Accumulated Depreciation:			
At the beginning of the year	-	(60,896,486)	(60,896,486)
Charge for the year	-	(28,595,889)	(28,595,889)
At the end of the year	-	(89,492,375)	(89,492,375)
Accumulated Impairment:			
Impairment on investment properties	(197,166,644)	(94,802,261)	(291,968,905)
Book Value as of 31 December 2021	1,111,533,574	843,129,876	1,954,663,450

6.1 - The Fund has the policy of charging depreciation on building over 33 years. The depreciation is charged on depreciable amount i.e. cost less residual value.

6.2 - All properties are held in the name of Privileged Warehouse Company 2 and Gulf Fund Company for development and real estate investment (the "SPVs"). The SPVs are holding these properties for the beneficial ownership of the Fund and does not possess any controlling interest or any stake in the properties.

6.3 - The investment properties were tested for impairment. For the six-month period ended 30 June 2022, management noted that some of the properties that have been impaired in prior periods have higher recoverable amount and accordingly, management reversed the impairment loss recognised of SR 17,399,174 (30 June 2021: Management noted that some of the properties carrying amount are more than its recoverable amount. Accordingly, management provided provision of impairment of SR 190,544,068 to adjust the value of its investment properties to its recoverable amount.).

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022

(Amounts in Saudi Riyals)

6. INVESTMENT PROPERTIES (CONTINUED)

The investment properties represent nineteen properties. Listed below are the details of these investment properties:

- 1) The Jarir Al Ahsa investment is located in Riyadh and is classified as in the retail sector. This asset is now multi-tenanted since June 2018.
- 2) The Faris International School investment is located in Riyadh and is classified as in the education sector. This asset is a triple net lease.
- 3) The Mutlaq Lulu investment is located in Riyadh and is classified as in the retail sector. This asset is a triple net lease.
- 4) The Anwar Plaza investment is located in Riyadh and is classified as in the retail sector. This asset is now multi-tenanted since terminating lease contract with Al Fouzan in Oct 2021 with effective date started in Aug 2021.
- 5) The Narjes Plaza investment is located in Riyadh and is classified as in the retail sector. This asset is a triple net lease.
- 6) The Rama Plaza investment is located in Riyadh and is classified as in the retail sector. This asset is now multi-tenanted since terminating lease contract with Al Fouzan in Oct 2021 with effective date started in Feb 2021.
- 7) The Panda Marwah Jeddah investment is located in Jeddah and is classified as in the retail sector. This asset is a triple net lease.
- 8) The Panda Madain Fahad Jeddah investment is located in Jeddah and is classified as in the retail sector. This asset is a triple net lease.
- 9) The Panda Rawda Jeddah investment is located in Jeddah and is classified as in the retail sector. This asset is a triple net lease.
- 10) The Panda Khamis Mushait investment is located in Khamis Mushait and is classified as in the retail sector. This asset is a triple net lease.
- 11) The Al Andalus investment is located in Jeddah and is classified as in the commercial sector. This asset is multi-tenanted.
- 12) The Lulu Central Logistics Warehouse investment is located in Riyadh and is classified as in the logistics sector. This asset is a triple net lease.
- 13) The Al Salam Hospital investment is located in Riyadh and is classified as in the healthcare sector. This asset is a triple net lease.
- 14) The Blue Tower investment is located in Al Khobar and is classified as in the commercial sector. This asset is a triple net lease.
- 15) The Luluah Warehouse investment is located in Riyadh and is classified as in the logistics sector. This asset is a triple net lease.
- 16) The Baream Rowad Al Khaleej Kindergarten investment is located in Riyadh and is classified as in the education sector. This asset is a triple net lease.
- 17) The Rowad Al Khaleej International School investment is located in Riyadh and is classified as in the education sector. This asset is a triple net lease.
- 18) The Rowad Al Khaleej International School investment is located in Dammam and is classified as in the education sector. This asset is a triple net lease.
- 19) The Oasis Mall investment is located in Al Kharj and is classified as in the commercial sector. This asset is a triple net lease.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022

(Amounts in Saudi Riyals)

7. EFFECT ON NET ASSET VALUE IF INVESTMENT PROPERTIES ARE FAIR VALUED

In accordance with the Real Estate Investments Funds Regulations issued by CMA in the Kingdom of Saudi Arabia, the Fund Manager evaluates the Fund's assets based on an average of two evaluations prepared by independent evaluators. As set out in the terms and conditions of the Fund, net asset value declared are based on the market value obtained. However, in accordance with accounting policy of the Fund, investment properties are carried at cost less accumulated depreciation and impairment.

The fair value of the investment properties is determined by two selected appraisers for each of the 19 properties. The appraisers that evaluated these properties are Jones Lang La.Salle Saudi Arabia Company for Real Estate Valuation and Century 21 Company and partner for Real Estate Valuation. They are accredited independent valuers by Saudi Authority for Accredited Valuers (Taqeem) with a recognised and relevant professional qualification and with recent experience in the location and category of the investment properties being valued.

The valuation models have been applied in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards, in addition to recently published International Valuation Standards issued by International Valuation Standards Council (IVSC) and applied by Saudi Authority for Accredited Valuers (Taqeem). These models comprise both the income capitalisation approach and depreciated replacement cost (DRC).

7.1 The valuation of investment properties are as follows:

<i>30 June 2022 (Unaudited)</i>	<i>Appraiser 1</i>	<i>Appraiser 2</i>	<i>Average</i>
Investment properties	1,998,455,000	2,261,660,899	2,130,057,950
<i>31 December 2021(Audited)</i>	<i>Appraiser 1</i>	<i>Appraiser 2</i>	<i>Average</i>
Investment properties	1,880,400,000	2,131,615,540	2,006,007,770

The Fund Manager has used the average of the two valuations for the purposes of disclosing the fair value of the investment properties. The investment properties were valued taking into consideration number of factors, including the area and type of property and valuation techniques using significant unobservable inputs, including the financial and fragmentation plot analysis, the income method, and residual value method. The fair value versus cost analysis of the investment properties is presented in note 7.2.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022

(Amounts in Saudi Riyals)

7. EFFECT ON NET ASSET VALUE IF INVESTMENTS IN REAL ESTATE PROPERTIES ARE FAIR VALUED (CONTINUED)

7.2 The unrealised gain on investment properties based on fair value evaluation is set out below:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Fair value of investment in real properties (note 7.1)	2,130,057,950	2,006,007,770
Less: Carrying value of investments in real estate properties	(2,053,728,866)	(1,954,663,450)
Net impact based on fair value evaluation	76,329,084	51,344,320
Units in issue (numbers)	161,856,857	161,856,857
Impact per unit share based on fair value evaluation (SR)	0.47	0.31

7.3 The net asset value using the fair values of the real estate properties is set out below:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Net assets value at cost, as presented in these financial statements	1,267,831,121	1,245,863,350
Net impact based on real estate evaluations (note 7.2)	76,329,084	51,344,321
Net assets based on fair value	1,344,160,205	1,297,207,671

7.4 The net asset value per unit, using the fair values of the real estate properties is set out below:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Net assets value at cost, as presented in these financial statements	7.83	7.70
Impact on net asset value per unit on account of unrealized gain based on evaluations (note 7.2)	0.47	0.31
Net assets based on fair value	8.30	8.01

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022

(Amounts in Saudi Riyals)

8. RELATED PARTY TRANSACTIONS AND BALANCE

Related parties of the Fund include the Fund Manager, Al Rajhi Bank (being the shareholder of Al Rajhi Capital), the Fund, which is managed by the Fund Board of Director, the Custodian, Al Khaleej Training and Education Company (being the major unitholder of the Fund) and any party that has the ability to control other party or exercise significant influence over the other party in making financial or operational decisions.

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

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

<u>Related Party</u>	<u>Nature of transaction</u>	<u>Amount of transaction</u>		<u>Balance receivables/ (payable)</u>	
		<u>For the period ended 30 June 2022 (Unaudited)</u>	<u>For the period ended 30 June 2021 (Unaudited)</u>	<u>As at 30 June 2022 (Unaudited)</u>	<u>As at 31 December 2021 (Audited)</u>
Al Rajhi Capital	Management fee	8,275,168	8,439,453	(4,217,864)	(4,033,320)
Al Rajhi Bank	Finance cost *	12,836,955	10,696,433	(4,263,962)	(2,438,789)
	Murabaha facilities-current**	-	145,406,600	-	-
	Murabaha facilities- non Current**	105,145,000	145,406,599	(896,399,599)	(791,254,599)
	Cash at Bank **	-	-	1,031,339	125,000
KASB Capital	Custodian fees *	27,500	92,500	(21,000)	(50,506)
Board of Directors	Board oversight fee	-	-	-	(60,000)
Al Rajhi commodity SAR Fund	Advance for investment held at fair value through profit or loss	-	946,241	-	-
	Investment held at fair value through profit or loss	33,907,576	8,796,212	99,792,688	65,885,112
Al Khaleej Training and Education Company	Dividends netted off against rental income receivable	7,393,258	7,393,258	-	-
	Rental income	21,144,906	19,625,192	-	-

* Accrued finance cost and custodian fee are included in the statement of financial position under accrued expenses and other liabilities.

** As at 30 June 2022, the bank balance with an amount of SR 1,031,339 (31 December 2021: SR 125,000) is maintained with Al Rajhi Bank under the name of the SPVs and not under the name of the Fund.

The Fund inherited the loan of SR 399,906,600 from Al Rajhi Real Estate Income Fund, which was converted into REIT by way of in-kind contribution in 2018. The loan was drawn down in 2 tranches. Tranche 1 was of SR 254,500,000 and Tranche 2 of SR 145,406,600. This loan was assigned to Privileged Warehouse Company 2, an SPV acting on behalf of the Fund. The SPV of the Fund continues to service the liability of this loan. Tranche 1 of the loan is secured by pledge of Jarir Book Store Building, Al Mutlaq Building, Anwar Mall, Narjes Mall, Rama Mall. Tranche 2 of the loan is secured by pledge of Al Faris

AL RAJHI REIT FUND
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

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International School Building.

8. RELATED PARTY TRANSACTIONS AND BALANCE (CONTINUED)

The Tranche 1 was successfully rolled over at its maturity on 20 December 2020 for further period of 5 years at a fixed rate, having maturity date of 31 December 2025 for the bullet principal repayment

On 23 March 2021, the Fund, had availed a SR 145.4 million Shariah-compliant facility from Al Rajhi Bank, at the term of the facility is 5 years. During the tenure of the loan, profit will be paid on a semi-annual basis with a bullet principal repayment at the end of the facility term. This facility is used to refinance the existing loan tranche that was maturing on 23 March 2021. Fund's income-generating properties are already pledged for the existing tranche, in addition to a promissory note as a guarantee. The facility has a variable profit rate of 6 months Sibor + margin.

The finance cost is being paid over five years on a semi-annual basis on both of the above tranches.

On 19 August 2019, the Fund has obtained a Shariah facility of SR 57,551,000 from Al Rajhi Bank. The facility has a variable profit rate of 6 months Saibor + margin, the term of the facility is 7 years.

On 6 November 2019, the Fund has obtained a Shariah facility of SR 118,602,000 from Al Rajhi Bank, an affiliate of the Fund Manager. The facility has a variable profit rate of 3M SAIBOR+ margin, the term of the facility is 7 years. The facility was closed and merged with another facility on 3 February 2020.

On 18 December 2019, the Fund has obtained a Shariah facility of SR 92,302,508 from Al Rajhi Bank, an affiliate of the Fund Manager. The facility has a variable profit rate of 4M SAIBOR+ margin, the term of the facility is 7 years.

On 22 December 2019, the Fund has obtained a Shariah facility of SR 65,884,999 from Al Rajhi Bank, an affiliate of the Fund Manager. The facility has a variable profit rate of 4M SAIBOR+ margin %, the term of the facility is 7 years.

On 4 February 2020, the previous facility of SR 118,602,000 was closed and divided into two facilities of SR 100,000,000 and SR 18,602,000. On 9 February 2020, the new facility of SR 18,602,000 was merged with existing facility of SR 57,007,000 making the total new facility of SR 75,609,000. The facilities have a variable profit rate of 6M SAIBOR+ margin, the term of the facility was 7 years. The above drawdowns are secured by pledged of Luluah warehouse, LULU logistics warehouse, Panda Madain,, Panda Rowdah. Blue tower

On 7 February 2022, the Fund has obtained a Shariah facility of SR 105,145,000 from Al Rajhi Bank. The facility has a variable profit rate of 6 months Saibor + margin, the term of the facility is 7 years.

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(Managed by Al Rajhi Capital)

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9. 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 to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

Assets and liabilities for which fair value is recognised or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Financial assets consist of cash and cash equivalents, investment at fair value through profit or loss, rental income receivable, accrued rental income and other receivables. Financial liabilities consist of accrued expenses and other liabilities, accrued management fee and Murabaha facilities. All financial assets and financial liabilities as at 30 June 2022 and 31 December 2021 were classified under amortized cost category except for investment at fair value through profit or loss which are classified as and measured at fair value.

The estimated fair value of the Fund's financial assets and liabilities is not considered to be significantly different from their carrying values. The value of investment at fair value through profit or loss are based on quoted market prices in active markets and are therefore classified within Level 1 of the fair value hierarchy as at 30 June 2021 and 31 December 2020.

10. SEGMENT REPORTING

The Fund has invested in nineteen real estate investment properties within the Kingdom of Saudi Arabia.

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker.

The Fund Manager is responsible for the Fund's entire portfolio and considers the business to have a single operating segment. Asset allocation decisions are based on a single, integrated investment strategy, and the Fund's performance is evaluated on an overall basis.

AL RAJHI REIT FUND (Managed by Al Rajhi Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022

(Amounts in Saudi Riyals)

11. DIVIDEND DISTRIBUTIONS

In accordance with the terms and conditions of the Fund, on 1 February 2021, the Fund's Board of Directors approved to distribute dividends to its unitholders for the period from 1 July 2020 to 31 December 2020 amounting to SR 45,319,920 (SR 0.28 per unit). An amount of SR 37,926,662 (including withholding tax) was paid on 25 February 2021 and the remaining amount of SR 7,393,258 was settled against rent receivable due from related party (2020: on 9 February 2020, the Fund's Board approved to distribute dividends for the year ended 31 December 2019 amounting to SR 0.21 per unit totaling SR 33,989,940 to its unit holders. An amount of SR 28,444,996 (including withholding tax), the dividends was paid on 27 February 2020 and the remaining amount of SR 5,544,944 was netted from the rent receivable due from related party.

Furthermore, in accordance with the terms and conditions of the Fund, on 5 August 2021, the Fund's Board of Directors approved to distribute dividends to its unitholders for the period ended 30 June 2021 amounting to SR 45,319,920 (SR 0.28 per unit) An amount of SR 37,926,662 (including withholding tax), was paid on 26 August 2021 and the remaining amount of SR 7,393,258 was settled against rent receivable due from related party (2020: on 5 August 2020, the Fund's Board approved to distribute dividends for the period ended 30 June 2020 amounting to SR 0.28 per unit totaling SR 45,319,920 to its unit holders. An amount of SR 37,926,662 (including withholding tax) was paid on 27 August 2020 and the remaining amount of SR 7,393,258 was settled against rent receivable due from related party.

On 1 February 2022, the Fund's Board approved to distribute a dividend for the six-month period from 1 July 2021 to 31 December 2021 amounting to SAR 0.28 per unit totaling SAR 45,319,921 to its unit holders.

Subsequently on 3 August 2022, the Fund's Board approved to distribute a dividend for the six-month period from 1 January 2022 to 30 June 2022 amounting to SAR 0.33 per unit totaling SAR 53,412,763 to its unit holders.

12. LAST VALUATION DAY

The last valuation day of the period was 30 June 2022.

13. RECLASSIFICATIONS OF COMPARATIVE FIGURES

During the period, the Fund has made certain reclassifications in the comparative financial statements to conform to current period presentation.

14. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Fund's Board on 13 Muharram 1444 H (Corresponding to 11 August 2022).