الرياض ريت
riyad reit

ANNUAL REPORT
2021

الرياض المالية
riyad capital

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ABOUT THE REIT MANAGER

A leading investment bank in Saudi Arabia, licensed by Saudi Arabia's Capital Market Authority ("CMA") and authorized to engage in all lines of the capital activities including dealing, managing, arranging, advisory and custody.

Riyad Capital enjoys the full support and the benefits of being part of Riyad Bank one of the largest financial institution in Saudi Arabia with strong and growing corporate and retail banking service.

Riyad Capital's real estate team is comprised of people and experiences in multiple fields within the real estate sector covering investment, development, asset management, property management, and finance. This allows Riyad Capital to implement differentiated strategies in the real estate investment arena with a fundamental long-term view of maximizing cash flow and value of property assets.

+200 Professionals seniors managers

Experienced local / international

International Presence

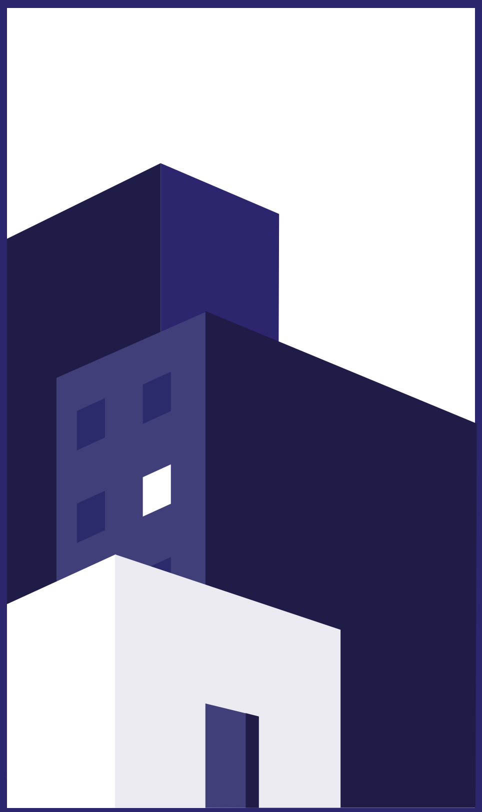
AuM SAR + 91 Bn

FUND MANAGER STATEMENT

Despite ongoing challenges associated with the pandemic, especially in the first half of the year, 2021 was another year of active asset management, solid capital deployment in new investments and acquisitions, and strong financial performance. Signs of improving business sentiment, both domestically and globally, emerged during the year, backed by the relaxation of various pandemic related restrictions and measures. The strengthening of the Saudi economy was evident with higher oil output, easement in unemployment, and the strongest private sector growth since 2015. Improving market conditions reflected well on business optimism as firms adjusted plans to adapt to expectations of robust consumer demand growth on the back of lower virus cases. Elevated business and consumer activities boded well for the property sector, as leasing activity was lifted up from pandemic lows. Additionally, the government-led transformation of the leisure, tourism, events, and conference sectors in Saudi Arabia has opened up new opportunities for the hospitality industry. Riyadh Season attracted more than 11 million people, with tourists from 125 countries – a positive indicator for the future of our hospitality assets. Through the Vision 2030 initiative, Saudi Arabia has been upgrading its business and infrastructure offering in order to boost the country's ability to boost future events. Since the Vision was adopted, over 2,000 events have been hosted, with over 46 million visitors – a remarkable achievement and strong indicator of promising prospects.

Our portfolio improved from several fronts. With investments and acquisitions in the US, Europe, and Saudi Arabia, we continued to expand tenant and geographic diversification. Investment in the global headquarters of AmerisourceBergen (United States) gave our portfolio exposure to one of the largest global companies (Fortune 500 rank#7) operating in the essential industry of pharmaceutical distribution. We entered the European market through our investment in the PWC Headquarters in Belgium – giving the portfolio exposure to the Brussels Metropolitan area (the capital of the European Union) and PWC (one of the largest global professional services companies in the world with revenues in excess of $40 billion). Further diversification was added recently to our asset base by investing in a diverse portfolio of U.S. logistics properties – our first investments in the booming logistics sector. The logistics portfolio (comprised of 5 properties), is leased to high quality tenants like Amazon (Fortune #2), Lowe's (Fortune #44), and Techtronic Industries (one of the largest power equipment company based in Hong Kong). The additions this year to our international investment portfolio gave us exposure to some of the largest companies in the world – enhancing stability and security of long-term cash flows.

FUND MANAGER STATEMENT



In the Saudi market, we acquired a newly built Class A office building in Riyadh (Al-Raed), which serves as the headquarters of the Saudi Tourism Authority. This is in line with our core strategy of investing in high-quality, new property assets in Saudi Arabia. It is also aligned with our optimistic views on tourism – a key pillar of the Kingdom's economic diversification plan. In keeping with our strong views on Saudi tourism initiatives, we progressed with our repositioning projects – with the aim of opening the JW Marriott Riyadh (the first JW Marriott in the Kingdom) in mid-2022 and the Hilton DoubleTree (Riyadh) by Q2 2023. The opening of two internationally branded hotels located on King Fahd Road (the main commercial corridor of Riyadh), backed by the largest global loyalty programs in the hospitality industry, is expected to contribute positively to our portfolio's cash flows as these assets open and stabilize.

2021 was another strong year operationally in the local market. During the year, the portfolio generated 52.550 square meters of lease renewals and new leases at an average increase in rental rate of roughly 9%. The lease renewal with Saudi Electronic University highlights the strength of our assets, and ability to retain solid tenants given the quality and location of the property.

FUND MANAGER STATEMENT

The sale of Two Washingtonian (one of our U.S. investments in the DC metropolitan area) was a pivotal moment for Riyad REIT, and the Saudi REIT sector as a whole, as it marks the first disposition of an asset by any Saudi-based REIT. With the successful sale of the asset to Apollo Global Management, a leading global alternative asset manager with total assets under management of approximately $460 billion, we generated capital appreciation of 36% over the 2-year investment period (in addition to the distributed dividends). On an IRR basis, the Two Washingtonian investment generated an IRR to investors of 24.4% - outperforming the projected IRR of 10%. We are very optimistic with our investments in the US market, and the ability of these investments to continue generating strong secure long-term cash flows and future capital appreciation potential. As the largest and most liquid real estate market in the word, our investments in the U.S. property sector provided significant benefits to our overall portfolio.

As we look ahead into 2022, our theme remains unchanged – diversifying our portfolio through acquisitions of high-quality assets both domestically and globally. Broadening the base of asset types, tenants, and geography limits concentration risks and offers a well-balanced property portfolio that provides stable and safer cash flows, and capital growth. With a full-fledged real estate asset management team dedicated to tenant relations, proactive leasing strategies, and ongoing asset enhancement plans, we expect cash flows from existing properties to improve further. Additional growth through new acquisitions and investments will be supported by experienced real estate investment teams covering domestic and international markets. Our international perspective and experience enable us to evaluate market shifts at a global level, allowing us to adapt investment strategies based on more expansive insight in the property markets.

Growth

Income

SUMMARY
OF BOARD MEETINGS

A summary of the fund's board of directors' meetings are presented to unitholders who wish to follow up on the board's decisions. The board members and the fund manager discussed the following topics:

1. Approval of cash dividends for the second half of 2020 And the first half of 2021
2. Discussing the launch of Yardi (a property management and accounting software) as the first REIT in the Kingdom
3. The latest developments in the real estate portfolio and the impact of Covid-19 crisis
4. Follow-up on the collection of rentals due
5. Review of the status of the Development projects (Burj Rafal and AlFursan Hotels)
6. Approval of the addition of a board member and approval of the amendments to the terms and conditions
7. Recommendation to start the fund's capital increase procedures

2021 MILESTONES

2021

22 March
Dividend Distribution of SAR 0.25 per unit to the unitholders for the second half of 2020

15 August
Dividend Distribution of SAR 0.27 per unit to the unitholders for the first half of 2021

16 August
Investing SAR 60 million in a U.S. office building "AmerisourceBergen Global HQ" in the USA

24 August
Acquisition of an office building at SAR 184 million leased to a government-related entity in Riyadh

30 September
Investing SAR 24 million in an office building "PwC HQ" in Brussels, Belgium

03 November
Renewal of the Lease Agreement of The Saudi Electronic University Main Campus, with an increase in the annual rent value

10 November
Making a Profit from the sale of a Real Estate Asset "Two Washingtonian Building" in Washington D.C. Metro Area, USA with a total return (ROI) of 51%

FUND PERFORMANCE SUMMARY

Fund Performance

	DECEMBER 2021	DECEMBER 2020	DECEMBER 2019
Net Asset Value	1,598,624,600	1,591,356,925	1,623,564,872
Net Asset Value Per Unit (Book Value)	9.31	9.27	9.66
Issued Units	171,697,101	171,697,101	171,697,101
Income Distribution	127,513,923	69,709,545	92,864,569
Income Distribution Per Unit	0.74	0.41	0.54
Percentage of uncollected revenue from Total Revenue *	34.25%	28.36%	32.83%
Total Expense Ratio (Fund Level)	1.80%	1.86%	1.15%
Ratio of non-cash expenditures from fund's net profit	32.07%	54.72%	31.01%
Highest NAV Per Unit (Fair Value)	10.20	9.73	9.84
Lowest NAV Per Unit (Fair Value)	9.96	9.59	9.46

* contains operational income, i.e. hotels.

Annual Return

2021	2020	2019	2018	2017	2016
267,476,819	186,020,615	181,201,243	149,113,651	38,521,974	23,668,833

Cumulative return

1 year	3 years	5 years
267,476,819.00	634,698,677	822,334,302

Fund Leverage

	DECEMBER 2021	DECEMBER 2020	DECEMBER 2019
Debt to AUM Ratio	45.41%	34.04%	29.99%
Debt Fulfillment Period	7 years	7 years	7 years
Debt Due Date	2029	2028	2027

All numbers are in SAR

Fund Manager did not receive any special commission during the financial year 2021

FUND PERFORMANCE SUMMARY

Fund Fees and Expenses to Third Parties	DECEMBER 2021	DECEMBER 2020	DECEMBER 2019
Custodian Fees	100,000	100,000	100,000
Property Management Fee	1,293,029	853,659	1,189,877
Maintenance, Utilities, Security Charge	1,518,484	1,196,137	1,266,797
Legal Expenses	1,002,252	1,139,671	634,871
External Audit Fees	213,250	132,435	73,524
Other	3,576,512	4,307,814	940,793
Total Fees and Expenses	7,703,528	7,729,716	4,205,861
Percentage of total fees and expenses	0.25%	0.31%	0.18%

All numbers are in SAR

There were no circumstances in which the Fund Manager may decide to waive or rebate any fees

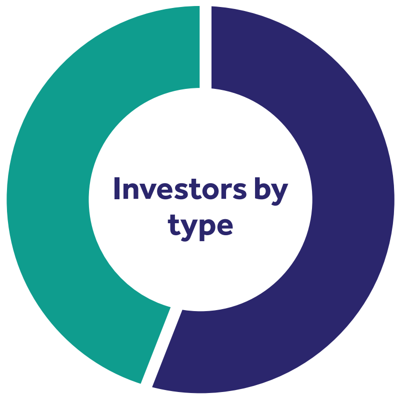
SHARE PRICE
& SHAREHOLDER INFO

Share Price and Shareholder Information

On 13th of November 2016, Riyad REIT listed its units on Tadawul Stock Exchange with a paid-up capital of SAR 500,000,000, which has been increased to SAR 1,633,000,010.

NUMBER OF UNITS	**171,697,101** UNIT
PAID CAPITAL	**1.633** SAR BILLION
SHARE PRICE (AS OF DEC. 31, 2021)	**9.85** SAR
NAV PER UNIT	**10.2** SAR
FUND SIZE	**3.1** SAR BILLION

%42
corporate institutional



%58
individual

PORTFOLIO HIGHLIGHTS

Portfolio Highlights Snapshot of Riyad REIT

1 Value-add and Development Projects	**21** Rental and Operating Properties	**22** Portfolio assets
195,379 Net Leasable Area (m^2)	**132** Number of Tenants	**93%** Portfolio Occupancy (of Rental Propreties)
267 Total Revenue (SAR Million)	**7%** Portfolio Vacanncy (of Rental Propreties)	**3.1** Fund Size (SAR Billion)

* Includes allocated net leasable area on international portfolio
** Percentage of Leased Asset Value to Total Leasable Assets Value
** Percentage of Unleased Asset Value to Total Leasable Assets Value

PORTFOLIO'S GEOGRAPHIC DISTRIBUTION

USA

- Pioneer Headquarters, Dallas-Fort worth, Texas
- FedEx Headquarters, Dallas-Fort worth, Texas
- 1111 Pennsylvania Avenue Washington Metropolitan Area, DC
- 350 Rhode Island San Francisco, California
- Broadcom Headquarters, Irvine, Los Angeles MSA, California
- AmerisourceBergen Global HQ, Conshohocken (Philadelphia MSA), Pennsylvania

EUROPE

Belgium

- PwC Belgium, Brussels (Airport District)

KSA

RIYADH

- Burj Rafal, A Marriott International Hotel
- The Academy
- Al Fursan Towers
- Braira Hittin Hotel Villas
- Izdehar Center
- Vivienda
- Olaya Tower
- Al Tamayuz Center
- The Residence
- Saudi Electronic University
- Alraed Building

JEDDAH

- Ascott Tahlia
- Omnia Center

EASTERN PROVINCE

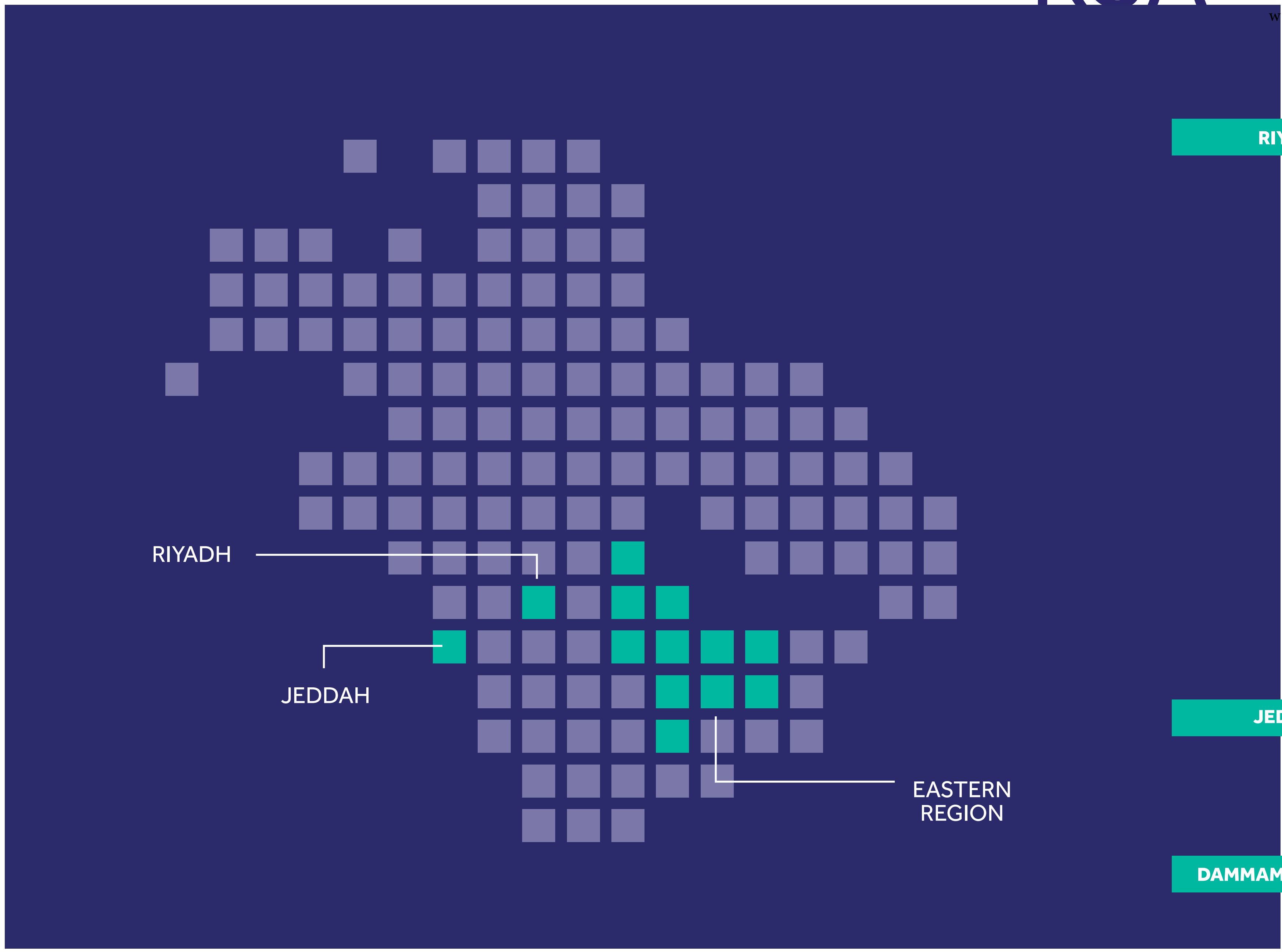
- Al Shatea Towers - Dammam
- Ascott Al Corniche - AlKhobar

PORTFOLIO'S GEOGRAPHIC DISTRIBUTION

The portfolio exhibits a well-balanced distribution among Saudi Arabia's primary metropolitan areas, several U.S "gateway" cities and Europe.

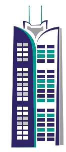
GENERAL DISTRIBUTION

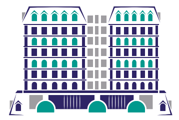
KSA

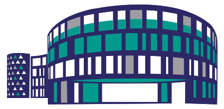


RIYADH


Izdehar Center


Burj Rafal, A Marriott International Hotel


Al Fursan Towers


The Academy


Vivienda


Saudi Electronic University


Olaya Tower

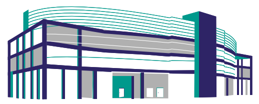

Braira Hittin hotel Villas

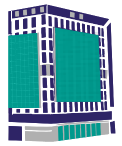

The Residence


Al Tamayuz Center

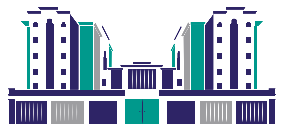

Al Raed Tower

JEDDAH


Omnia Center


Ascott Tahlia

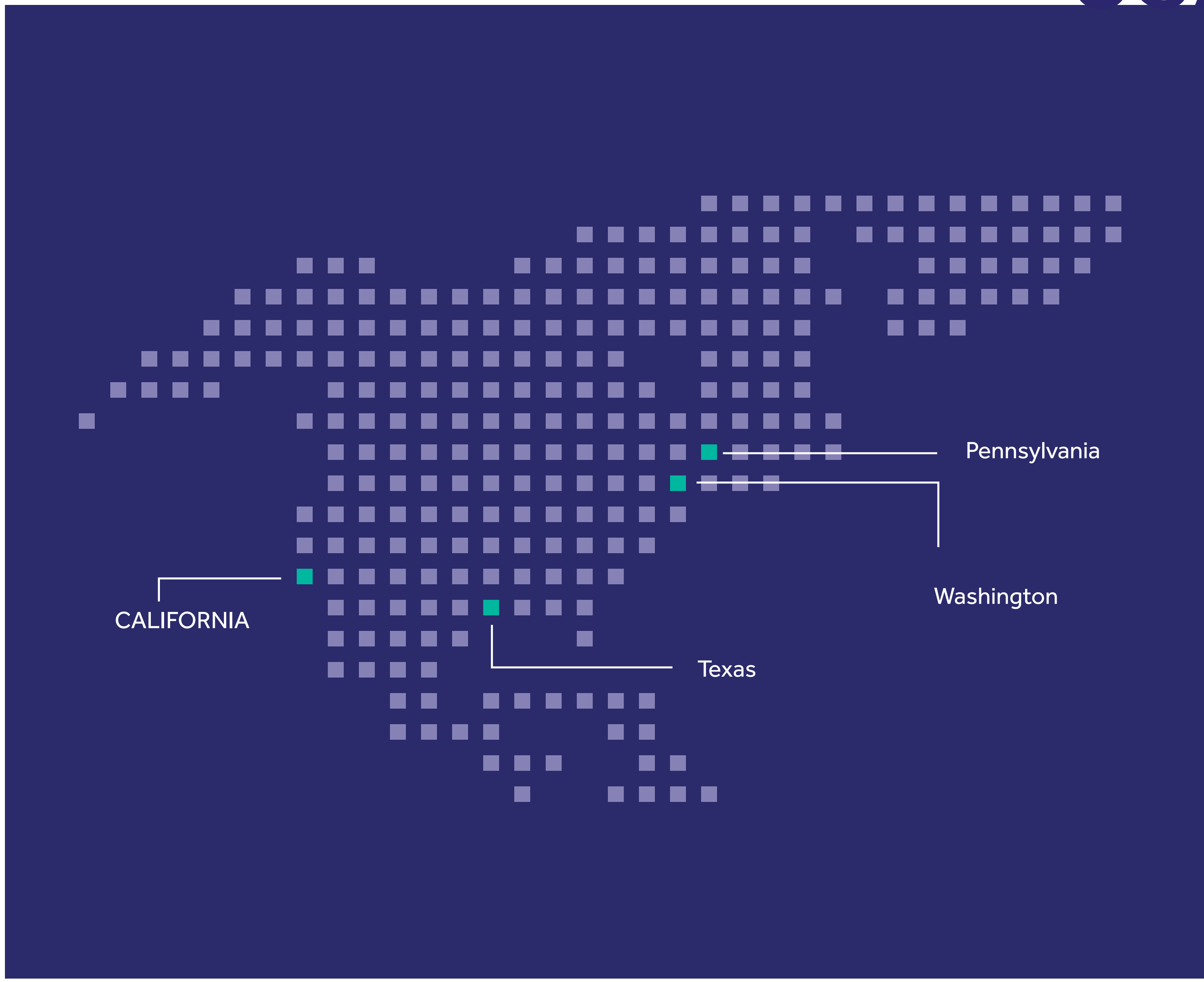
DAMMAM & KHOBAR


Al Shatea Towers


Ascott Al Corniche

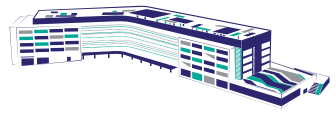
GENERAL DISTRIBUTION

USA



CALIFORNIA

350 Rhode Island,
San Francisco, California



Broadcom Corporation
HQ, Irvine, Orange County,
California

TEXAS

FedEx Office Headquarters,
Dallas, Texas

Pioneer Headquarters,
Dallas, Texas

WASHINGTON

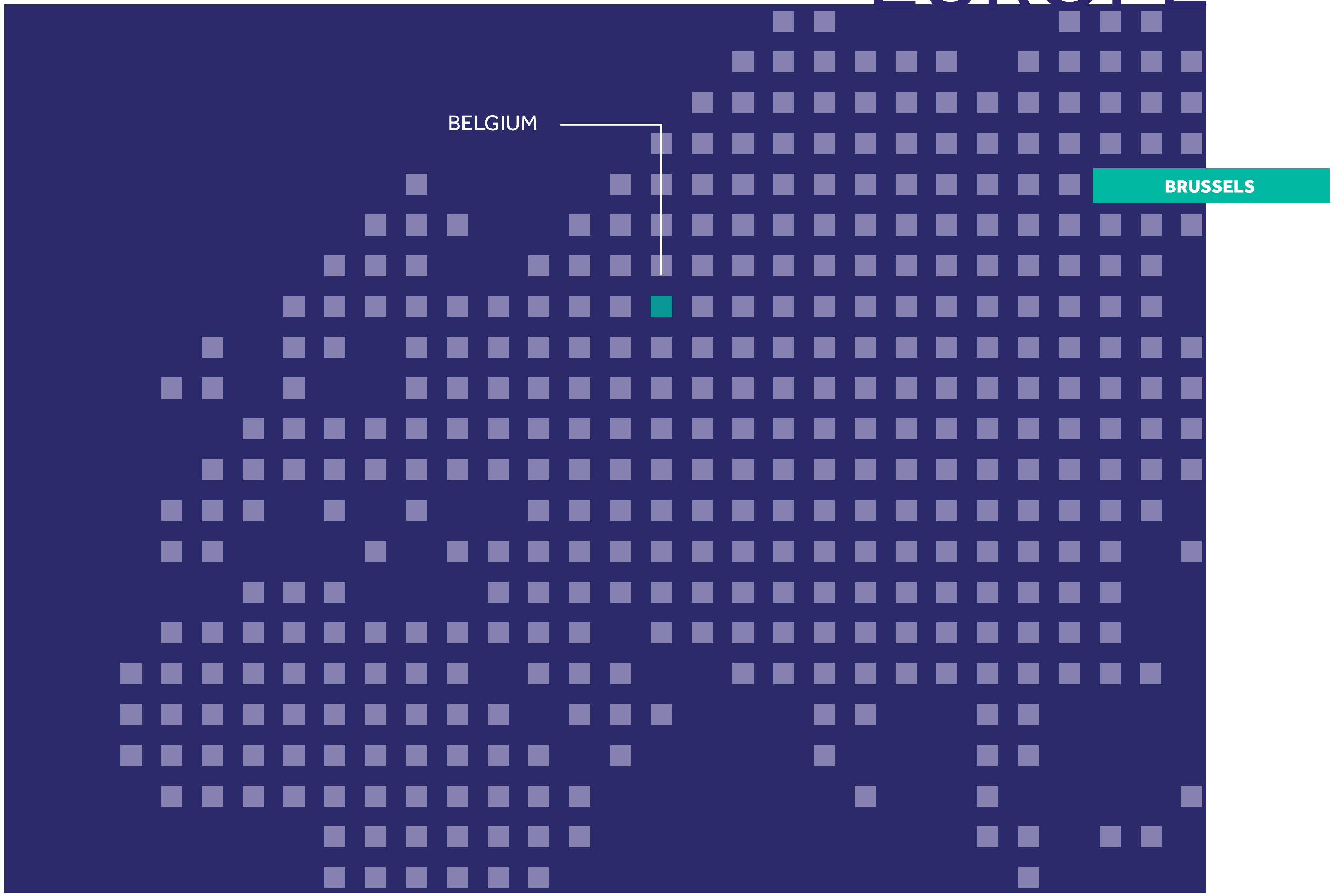
1111 Pennsylvania
Avenue, Washington D.C.

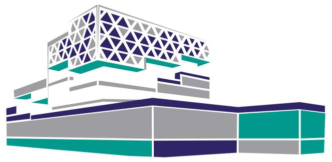
PENNSYLVANIA

AmerisourceBergen Head-
quarter, Philadelphia MSA,
Pennsylvania.

GENERAL DISTRIBUTION

EUROPE





PwC Headquarter, Brussels, Belgium

KSA
MARKET SNAPSHOT

WHAT RESEARCH IS SAYING

JLL Knight Frank Colliers INTERNATIONAL CBRE savills

- According to date from Oxford Economics, Saudi Arabia's GDP is estimated to have grown by 2.4% in 2021. Total employment is forecast to increase by 3.5% in 2022, where an additional 453,480 new jobs are expected to be added over the course of the year. (CBRE)

- The 44 companies that have announced plans to establish their regional headquarters in Riyadh are expected to bring SAR 67 billion worth of investment to the economy and provide 30,000 job opportunities by 2030. Clearly, this suggests that demand for office space is not only being created, but is likely to be sustained, at least in Riyadh. (Knight Frank)

- For the hospitality sector in 2021, the average occupancy rate in Saudi Arabia increased by 2.3 percentage points compared to the year earlier. ADR increased by 7.5% in 2021 and its RevPAR, as a result, has increased by 13.7% over this period. (CBRE)

- As Saudi Arabia progressed with its vaccination drive in 2021, the government gradually eased restrictions – which, according to retailers, translated into higher levels of footfall. Forecasts from Oxford Economics show that, in 2022, consumer spending will see annual growth of 3.4% and retail sales will rise by 2.2%. (JLL)

- CBRE forecasts that in 2022, office supply in the Eastern Province and Jeddah will increase by 0.8% and 1.5% respectively.
- The total branded keys in the Kingdom reached 56,500 by the end of Q3 2021, an increase of 4.5% compared to the same period last year. Supply in the Saudi market is expected to increase at a CAGR of 14% between 2021 and 2023, accounting for an additional 18,000 keys in the market. (Colliers)

- The Saudi government has established a SAR 15 billion Tourism Development Fund as part of the first phase of its National Tourism Strategy, focusing on multiple destinations around the Kingdom, including Aseer and Al-Ahsa. (Knight Frank)

KSA
MARKET SNAPSHOT

WHAT RESEARCH IS SAYING

RIYADH

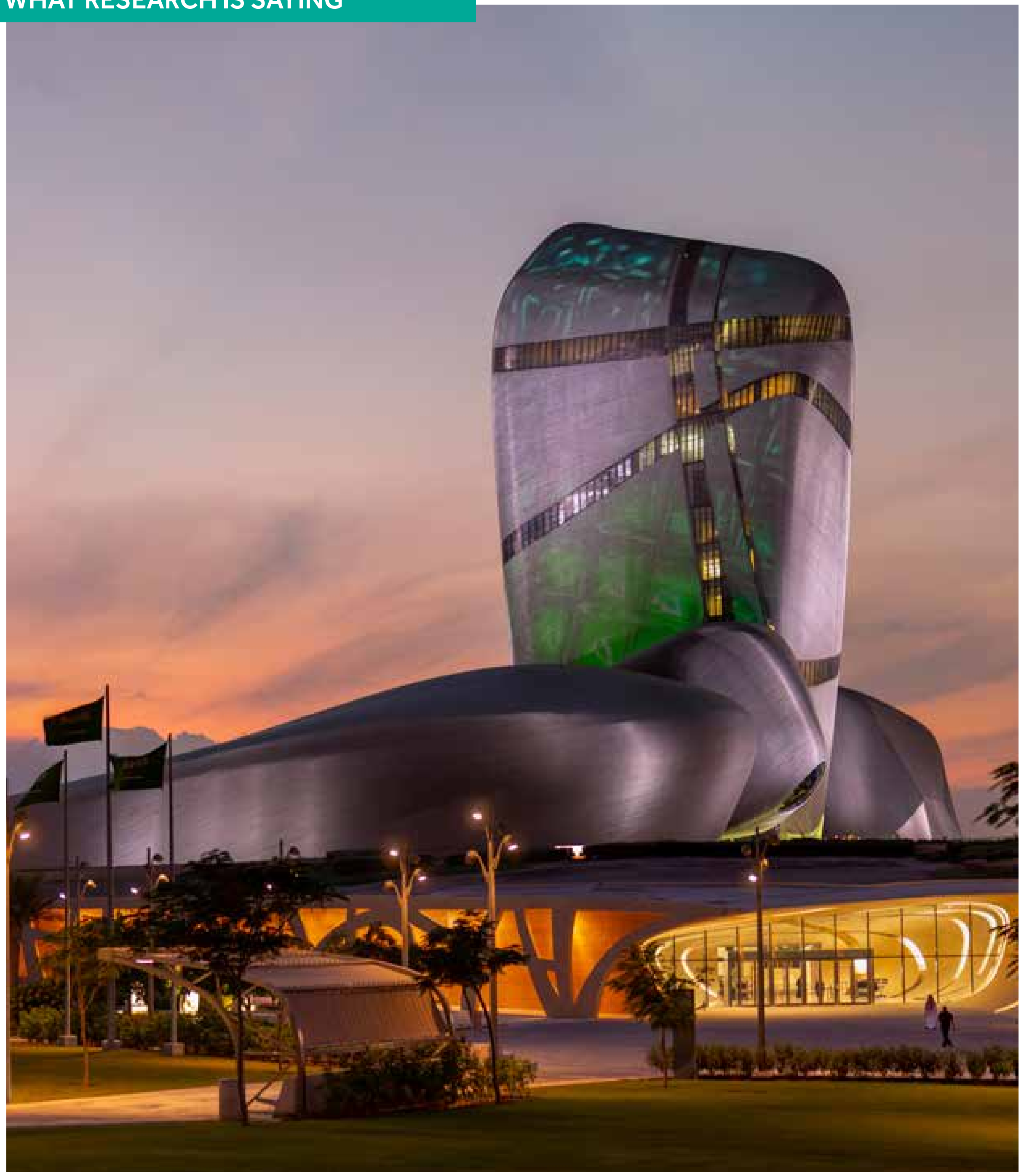
- The employment growth rate in Riyadh is expected to reach 4.7% in 2022, up from 2% a year earlier. (CBRE)
- The relative outperformance of Grade A offices can be attributed to a marked increase in the number of licenses granted to foreign investors wishing to set up businesses in the Kingdom. Indeed, the number foreign investment licenses issued have almost doubled from about 700 in 2018 to nearly 1300 last year. (Knight Frank)
- Grade A rents have risen by 9.8% in the 12 months to December 2021. Over this period Grade B rents have also risen, albeit relatively marginally by 1.3%. We expect total office supply to increase by 20.7% to reach 4.39 million sqm. (CBRE)
- Most of the upcoming supply in Riyadh comprises master-planned projects to develop integrated communities. In 2022, approximately 49,000 units are expected to be completed. (JLL)
- In Riyadh, in 2021, the total number of residential transactions increased by 12.0% in the year to Q4 2021. (CBRE)
- The delivery of 900 keys last year brought Riyadh's hospitality stock to 20,000 keys. (JLL)
- In the fourth quarter, Riyadh Season – an entertainment festival – kicked off in the capital which stimulated greater tourism activity. This was reflected in the city's hotel occupancy rate, which reached 56% in the YT November 2021 (compared to 48% in the same period of last year). (JLL)

JEDDAH

- In Q4 2021, average Grade A rents in Jeddah rose by 8% year on-year to SAR 1,036 per sqm per annum. The jump can broadly be attributed to limited availability of Grade A office space, and growing demand, especially from government & related entities. In Q4 2021, the city's market-wide vacancy rate stood at 13% - down 5%-points from a year earlier. (JLL)
- Average occupancy rates in Jeddah are estimated at 87.85 and 74.6% for Grade A and Grade B stock respectively. (CBRE)
- Jeddah's hospitality market continues to outperform the rest of the country. The resumption of Umrah pilgrimage for international visitors following a 17-month closure was one of the main drivers of Jeddah's relative outperformance over the summer, alongside the first cruise ship departing Jeddah's Islamic port in July. The uptick in demand for hotel rooms in the city has persisted into Q3 and as a result, in the year to September, Jeddah's ADR rose by 14.4% to SAR 686. (Knight Frank)
- In the YT November 2021, Jeddah's occupancy rate reached 46% – up from 32% in the corresponding period of the preceding year. The higher occupancy rate and ADR combined resulted in Jeddah's RevPAR reaching USD 82 in the YT November 2021 – up 55% year-on-year. (JLL)
- Jeddah's total number of residential transactions increase by 6.7%. (CBRE)
- The various entertainment events that were held in Jeddah in Q4 provided an uplift to the city's hospitality performance. A key event of the year was the Formula 1 race, which took place in December 2021 and attracted domestic & international visitors. (JLL)

KSA
MARKET SNAPSHOT

WHAT RESEARCH IS SAYING



EASTERN PROVINCE

- Activity in the Eastern Province continues to be relatively subdued and resultantly rental market performance has followed suit, with Grade A rents in Dammam and Khobar seeing only marginal improvements of 0.2% and 2.1% in the year to Q4 2021. (CBRE)

- In the year to September, average ADRs are up by 2.6% to SAR 432, while occupancy rates have increased by 7.6% over the same period to stand at 55.8%. Unsurprisingly, market-wide RevPAR levels rose by 10.4%. (Knight Frank)

- There were no hotel completions in DMA, resulting in the total stock holding steady at approximately 9,500 keys at the end of 2021. (JLL)

- On the supply front, there were no significant completions in DMA in Q3, leaving the total office supply relatively unchanged at 1.25 million sqm, with a 28% increase in total stock to 1.6 sqm forecast by 2023. (Knight Frank)

- Average rents in DMA declined by 3% in the final quarter of 2021. Year-on-year, office vacancy rates remained stable at 32% in DMA in Q4 2021. (JLL)
- DMA was the only market that saw no change in its vacancy rate in Q4 2021. (JLL)

- The recent rebounding of oil prices is inevitably going to be positive for the local economy and a continued recovery in oil prices will eventually drive new demand as it has done historically. (Knight Frank)

USA
MARKET SNAPSHOT

US REAL ESTATE OFFICE MARKET

JLL · Knight Frank · LEE & ASSOCIATES COMMERCIAL REAL ESTATE SERVICES · LINCOLN PROPERTY COMPANY · Colliers INTERNATIONAL · CUSHMAN & WAKEFIELD · CBRE · savills

- After several quarters of low inflation, the Federal Reserve (Fed) has announced that it would allow inflation to rise above the 2% during 2022. The Fed is expected to proceed cautiously with rate hikes, basically insuring a "lower-for-longer" rate environment as the economy recovers. This will almost certainly result in increased downward pressure on long-term cap rates in commercial real estate.
- In terms of GDP, the United States has largely recovered from the pandemic-induced recession of 2020, according to CBRE market outlook research. The rate of GDP growth is expected to be higher than the long-term trend for the United States. Strong economic growth, along with low loan rates, will create ideal conditions for commercial real estate. (Newmark)
- The U.S. office market continued to recover throughout 2021. The spread of the Delta variant slowed the pace of office market recovery, but market fundamentals modesty improved nonetheless.
- The office market finished the year with a bang. Quarterly volume topped $50 billion for only the fourth time in history, and the first since the prime of the REIT privatization trend of 2006-2007. (Colliers)
- Office fundamentals are improving. An increasing share of markets posted positive net absorption. Rents remain mostly stable, and tenant activity has picked up. Construction is also easing, which will further support vacancies. (Colliers)
- Office should be an area of focus in 2022 and beyond. Capital will look to office as a value play relative to other investments. Value-add opportunities will gain traction, and REIT privatization displays watching. (Colliers)
- Given the widespread vaccine availability, the development of new therapeutic treatments, and leisure travel trending toward pre-COVID levels, optimism is growing for a continued bounce in 2022. (JLL)

DALLAS

- In November 2021, unemployment fell to 4.3% in Dallas and 4.4% in Fort Worth. According to the Federal Reserve Bank of Dallas, Dallas-Fort Worth employment gains during the fourth quarter of 2021 puts DFW's labor market 1.7% above its pre-pandemic level. (Newmark)
- H2 2021 has proven that DFW is almost fully recovered from the pandemic. Absorption is positive again recording over 1.5 million sq. ft. feet with Class A space leading the charge. There were over 3,500 transactions this year, up 17% from 2020. (Colliers)
- Leasing activity in 2021 totaled over 18.8 million sq. ft., across 5,000+ transactions. This was about 800,000 SF more than 2020, but less than the 5-year average of 22.7 million sq. ft. Demand for Class A product continues to drive the market, with nearly 9.5 msf of leases transacted in 2021, or 72.4% of all leases signed. (Cresa) (Cushman & Wakefield)
- Rental rates continue to rise, ending the year at $28.14/SF. Rental rates have maintained a steady climb in the DFW Metro overall, increasing 1.6% year-over-year in the fourth quarter of 2021. (Newmark Knight Frank)
- The Dallas-Fort Worth's office market fundamentals have peaked in the fourth quarter of 2021. Job growth and corporate relocations helped to further strengthen the market's fundamentals. Additionally, other organizations, including AECOM, Regent Properties, Lion Real Estate Group LLC, and CBRE Inc., have shifted their headquarters to DFW.

USA
MARKET SNAPSHOT

US REAL ESTATE OFFICE MARKET

PHILADELPHIA MSA, PENNSYLVANIA

- As of Q4 of 2021, Philadelphia's unemployment rate has reached its lowest level after improving to 4.1% since March 2020 (15%) returning to pre-pandemic levels as the jobless rate continues to fall as more firms seek to expand employee capabilities. (Avison Young)
- Throughout 2021, the Philadelphia metro area consistently ranked in the top five metro areas nationwide for return to office usage. Per Kastle's, Back to Work Barometer, the Philadelphia metro area ranked first among northeastern US metro areas and fourth highest, peaking at nearly 36.0% in late 2021. (Cushman & Wakefield)
- The brightest spot in the picture is the life science industry which remains strong in Philadelphia, where the life sciences sector is undergoing a period of dynamic growth. The overall success seen explains why many office landlords in other submarkets want to convert their space to accommodate this alternative use, as there is a strong demand for additional life science space. (Newmark)
- Philadelphia MSA base rental rates increased (+9.39%) over the past three years, while overall rents notched up slightly quarter-over-quarter (QOQ) to $33.11 psf. (Avison Young) (Cushman & Wakefield)
- Philadelphia MSA had a combined total of $2.4B in office investment dollar volume from 2020-2021. The largest building to trade during Q4 was 45 Liberty Boulevard in Malvern's Great Valley Corporate Center. The 137,000-square-foot building was purchased by Equus Capital Partners from FLDGroup. (Avison Young) (Newmark)
- Office-to-lab conversions will accelerate in 2022 with Philadelphia's burgeoning reputation as "Cellicon Valley". (Savills)

USA
MARKET SNAPSHOT

US REAL ESTATE OFFICE MARKET

WASHINGTON DC (District of Columbia)

- The DC Metropolitan Statistical Area (MSA) added 128,700 jobs from Nov 2020-Nov 2021, representing 4.1% growth YOY. DC's labor market outperformed others due to its large federal presence that led to net job gains during the pandemic. This is largely attributed to large amounts of government-backed spending including emergency expenditures.

- The Washington DC office market ended 2021 strong as occupancy loss slowed significantly and tenants signed notable leases before year-end. DC experienced just 22,800 s.f. of net occupancy loss in Q4, the lowest quarterly total since Q2 2020. Gateway markets across the U.S. have experienced significant flight-to-quality activity as the pandemic wears on, and DC is no exception. (JLL)

- Through year-end 2021, DC proportionate vaccination rates have mildly surpassed the U.S. average of 62%, an important metric that has allowed the city to determine reopening efforts. (Avison Young)

- The largest public sector lease executed was a 543,798-sq-ft renewal by the DC Government, in the Southwest submarket. Kaiser Permanente executed the largest private sector lease with a 206,875-sq-ft renewal, in the NoMa submarket. (Lincoln)

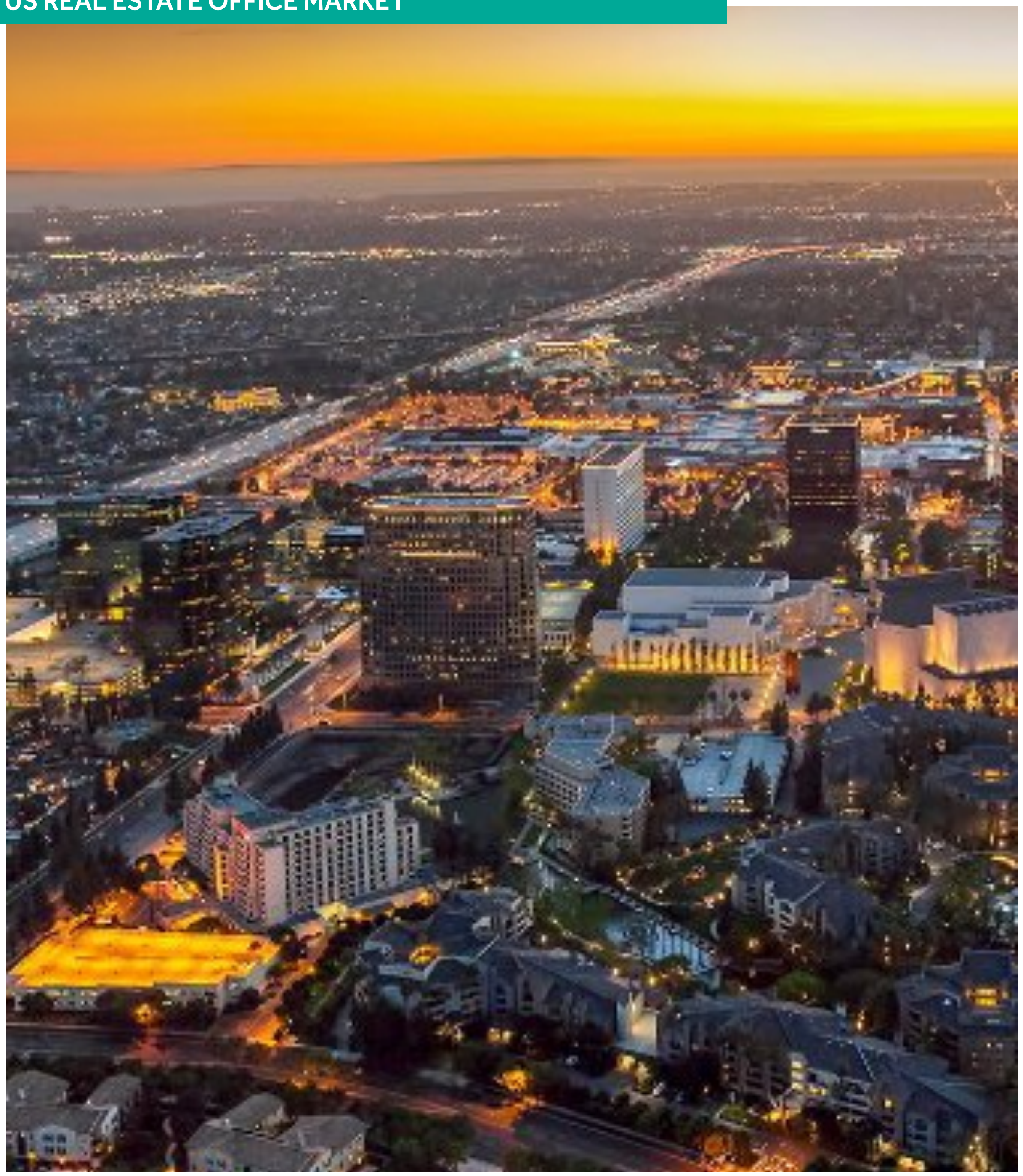
- Increased leasing activity over the last several quarters indicated companies' willingness to re-enter the commercial space. (Colliers)

- The District's construction pipeline currently measures 1.4 million square feet, excluding renovations, and is 48.1% pre-leased. (Newmark)

- Asset pricing has trended incrementally upward in recent months, indicating a potential pathway to additional stabilization. DC office asset prices have seen a +28.4% Rebound when compared to 2020.

USA
MARKET SNAPSHOT

US REAL ESTATE OFFICE MARKET



ORANGE COUNTY, California

- The Orange County unemployment rate decreased 60 bps month-over-month to 4.1% in November, well below the 5.4% unadjusted unemployment rate for California. 93,900 nonfarm jobs were added year over year, a 6.1% increase. (CBRE)

- In the fourth quarter 2021, the Orange County office market saw a 180-basis-point decrease in the total availability rate from 22.7% reported in the previous quarter to 20.9% at year-end. As the overall economy has reopened and grown throughout the year, some local companies - primarily in the technology sector - have expanded again. (Savills)

- Orange County showed a significant change in its average asking rent, closing at $2.59, which is an increase of 10.2% since Q3 2020. (Colliers)

- A mix of new leases and renewals across multiple industries helped drive the leasing activity up 32% quarter-over-quarter. Leasing activity totaled 1.6 million sq. ft. in the third quarter, especially aerospace and defense firms, led by Terran Orbital's 89,006 sq. ft. sublease in the Irvine Spectrum, followed by Bandai Namco's 69,647 sq. ft. new lease at the Source H2O building, also in the Irvine Spectrum. The City of Irvine's strong talent pool, great weather, and cheaper lease rates enticed the company away from Silicon Valley. Irvine Spectrum continues to evolve as the metro's premier employment hub as it attracts a growing technology and life science tenant base. (Avison Young) (JLL) (Savills) (CBRE) (Newmark)

- Lee & Associates forecasts that the Orange County office market will continue to recover in the following quarters. The recovery will be led by the area's technology and expanding life sciences ecosystem which have showed continued demand despite pandemic challenges.

USA

MARKET SNAPSHOT

US REAL ESTATE OFFICE MARKET

SAN FRANCISCO, CALIFORNIA

- San Francisco's unemployment rate was at 3.3% at the close of 2021. San Francisco, along with the state of California's rate of 6.9% and the national rate of 3.9% are the lowest points on record since the start of the pandemic in April 2020. (Newmark)

- Uncertainty from the Delta and Omicron variants continued through the fourth quarter as leasing volume ended at close to half of what occurred in the third quarter. However, tenant demand in San Francisco increased by 250,000 s.f. since October, with more than 30 new tenants looking for office space and absorption YTD increasing by 55% since 2020. (JLL) (Avison Young)

- Many notable leases came from the tech industry, one of the first sectors to embrace remote work ideologies at the start of the pandemic, and now also among the first confident to move with leasing decisions. (Savills)

- Direct average asking rents remained steady by the end of 2021 bringing the overall market average to $76.08. Class A rents were stable at $80.66 in Q3 2021, while Class B and C assets saw rents increase 0.3% to $68.34 and $60.85, respectively. (CBRE)

- San Francisco continues to receive venture capital funding at a record pace, ending 2021 at a record high of over $78 billion. With an improving economy and venture capital funding at its

- Highest on record, we expect recently funded firms to expand in San Francisco, especially in plug and play space. (JLL)

EUROPE

MARKET SNAPSHOT

EUROPE REAL ESTATE OFFICE MARKET

EUROPEAN REAL ESTATE OFFICE MARKET OUTLOOK

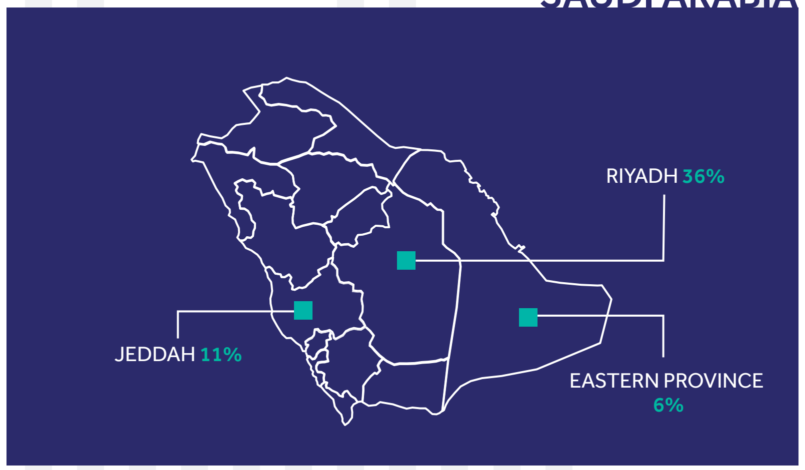
- The Office market remains the largest sector in Europe and is showing renewed investment growth (16%), recording EUR 111bn in total. (CBRE)
- Europe's economies continue to show a positive recovery, with improving GDP growth forecasts. Overall, the euro area is forecast to see 4.6% growth in 2021, up from -6.7% in 2020. (Savills)
- The gap between bond and real estate yields that has seen allocations to real estate consistently increase for the past decade remains. While certain sectors face serious challenges to income security because of the pandemic, real estate generally is seen as one of the few asset classes to generate acceptable returns at a time of negative interest rates. (PWC)
- Office rental growth across Europe accelerated to +0.8% quarter on quarter in Q4 2021, up from +0.7% in Q3 2021 and from (-0.5%) in Q4 2020. This pushed annual growth to +1.8% with all core regions now witnessing an uplift in rents. (Cushman & Wakefield)
- Commercial real estate investment volumes reached EUR 136bn in Q4 2021, up 37% from Q4 2020, and therefore a record quarter ever beating the EUR 123bn we've seen in Q4 2019. This brings full year 2021 investment volumes in Europe to EUR 359bn, a 25% increase from 2020, posting a new annual record. (CBRE)
- Although demand volume remained stable year on year, we have observed demand shift away from the tech sector (21% to 14% of take-up) towards the advanced manufacturing and pharmaceutical sector (5% to 13%), as well as real estate (2% to 10%). (Savills)

BELGIUM, WEST OF EUROPE

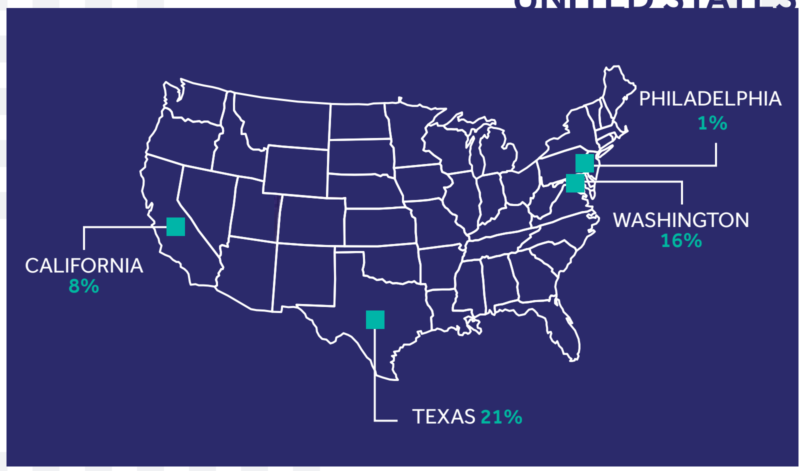
- The leading lease transaction of the quarter was Proximus taking 37,486 sqm in the Boreal building along Rue du Progrès. The last quarter of the year saw EUR 1.968 billion of CRE deals close in Belgium, bringing the 2021 total to EUR 4 billion, Brussels offices accounted for 50.3%. (CBRE)
- Market sentiment is high and quality assets are in high demand. Given market conditions and the demand for scarce office assets, prime yields are estimated at 3.5% for standard-length contracts and 3.0% for long-term contracts. (CBRE)
- Stronger than expected economic activity in 2021 has already lifted Belgian GDP above pre-pandemic levels, with economic growth increasing to 5.85%, which means pre-crisis level of economic activity was reached and even exceeded. (CBRE) (Cushman & Wakefield)
- The average transaction size surged by 43% to 1,457 sqm, exceeding the 5-year average by 21%. 2021 was indeed characterized by large-size transactions. The number of deals surpassing 10,000 sqm increased to 9 vs. 3 in 2020 and 5 on average over the last 5 years. (JLL)
- Having ended the year with a standard Q4 in terms of office activity with 43,000 sqm of take-up, it is fair to say that 2021 marked the beginning of the recovery for Flanders offices with a total of 192,000 sqm in take-up on the back of a complicated 2020. (Cushman & Wakefield)
- One of the key trends initiated way before the pandemic and likely to persist for another couple of years is the flight to sustainable offices. In 2021, the relative proportion of Grade A property was 53%, of which 31% comprised projects under development. (JLL)

REVENUE BASE

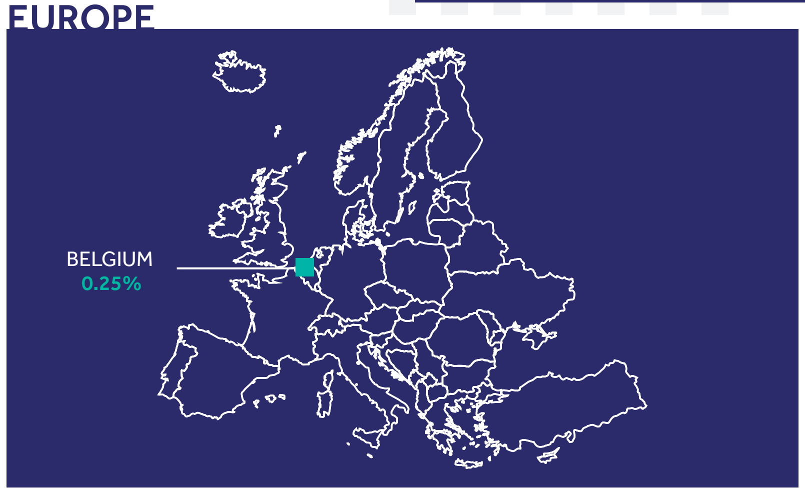
SAUDI ARABIA



UNITED STATES

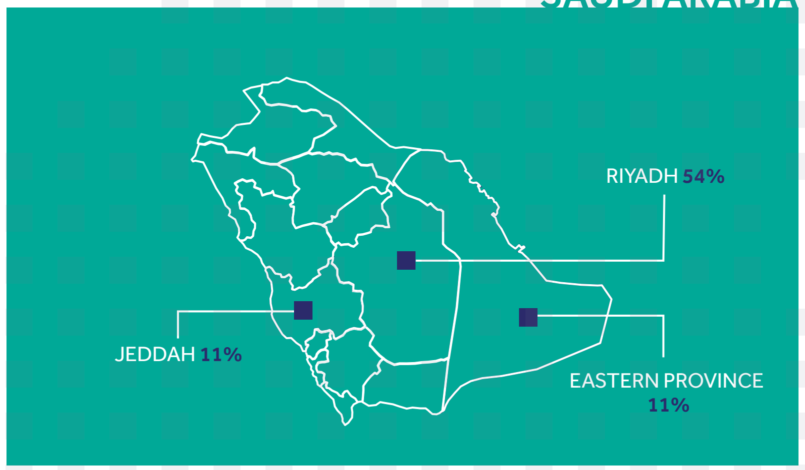


EUROPE



ASSET BASE

SAUDI ARABIA



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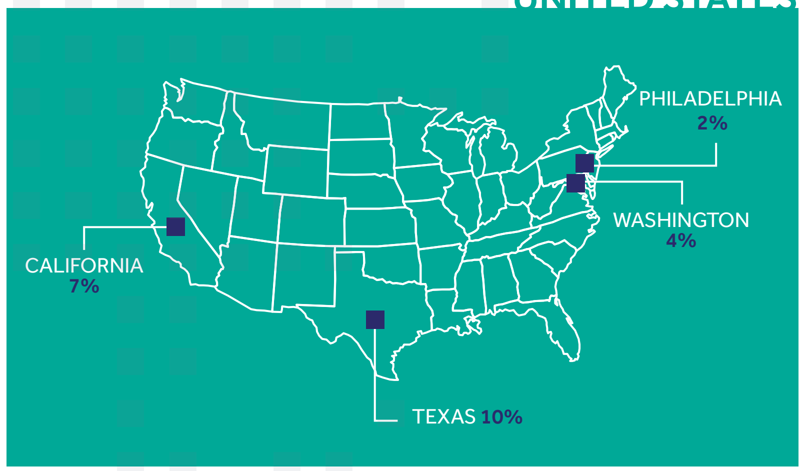
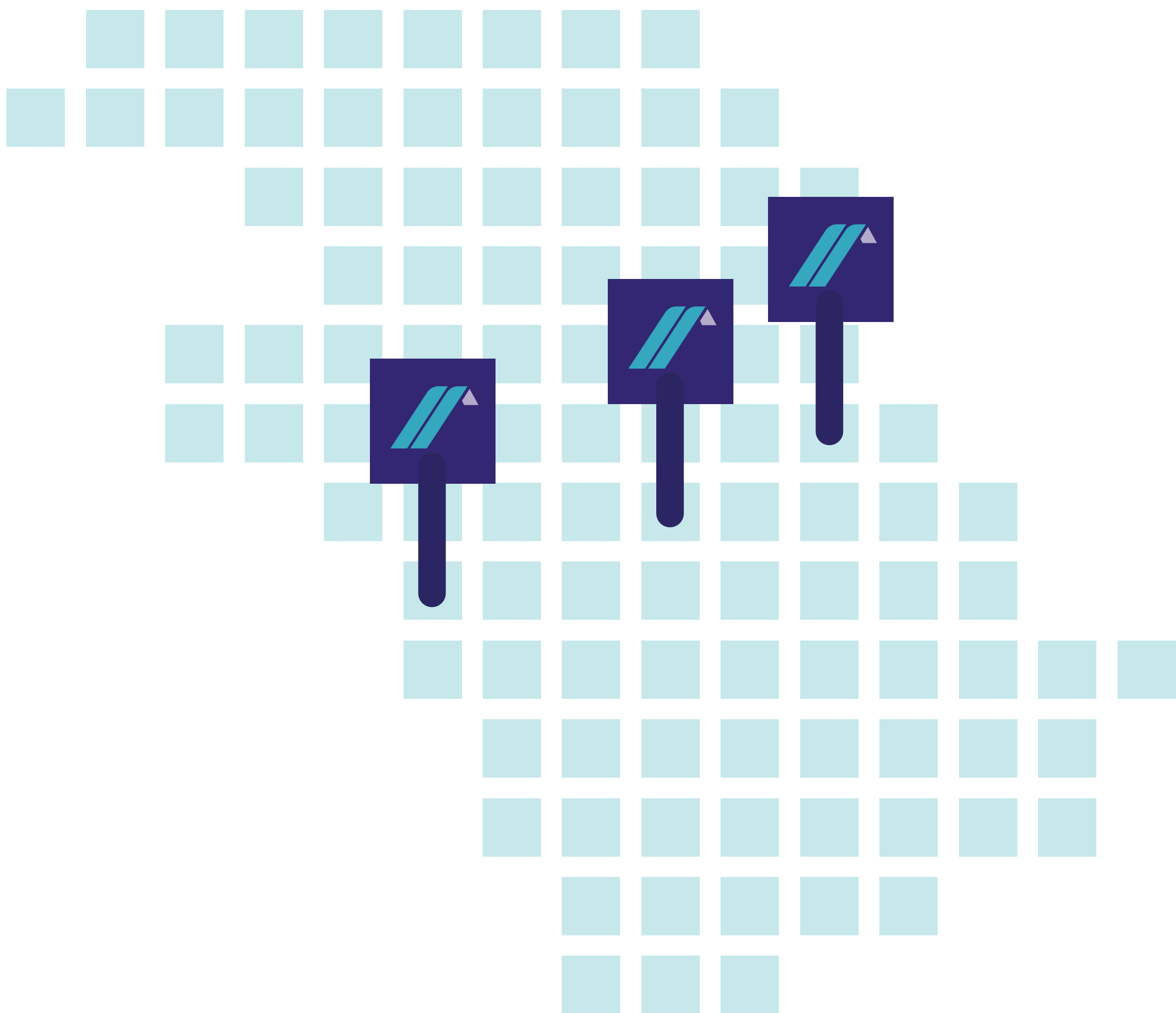


EUROPE

LOCAL PORTFOLIO



1. The Residence
2. Braira Hittin Hotel Villas
3. Saudi Electronic University
4. Vivienda - Mousa Bin Nussair
5. The Academy
6. Burj Rafal, A Marriott International Hotel
7. Olaya Tower
8. Al-Tamayuz Center
9. Alizdhar Center
10. Alraed Tower
11. Alfursan Towers-Hilton Double tree
12. AlShatea Towers
13. Ascott Corniche al Khobar
14. Omnia Center
15. Ascott Tahlia

LOCAL PORTFOLIO

01/ The Residence

Description
Mixed-use property of 6,388 m2 commercial space

Location
Hittin, Prince Mohammed Bin Salman Road

City
Riyadh

Land Area
5,000 m2

WAULT
4.02 years

Year Built
2017

Occupancy
100%

Key Tenant(s)
Farzi Café
Morood Investment Company
Luxury KSA ,Dunia

Percentage of Rent Amount to Total Fund Asset's Rent*
7%

*Does not include operating income, i.e hotels

LOCAL
PORTFOLIO

02/ Braira Hittin Hotel Villas

Description
Mixed-use property including 33 hotel villas

Location
Hittin, Prince Mohammed Bin Salman Road

City
Riyadh

Land Area
10,000 m2

WAULT
Operational agreement with Braira

Year Built
2017

Operator
Boudl Group (Braira)

LOCAL PORTFOLIO

03/ Saudi Electronic University

Description
Main campus of the Saudi Electronic University

Location
Located in Ar Rabi district at the intersection of Abi Bakr As Siddiq Road and Prince Mohammed Bin Salman Road in the north of Riyadh

City
Riyadh

Land Area
14,210 m2

WAULT
2.21 years

Year Built
2012

Occupancy
100%

Key Tenant(s)
Saudi Electronic University

Percentage of Rent Amount to Total Fund Asset's Rent*
13%

*Does not include operating income, i.e hotels

LOCAL
PORTFOLIO

04/ Vivienda – Mousa Bin Nusair

Description
Hotel Villas

Location
Um-Alhamam District,
Mousa bin Nusair Street

City
Riyadh

Land Area
2,800 m2

WAULT
10.24 years

Year Built
2015

Occupancy
100%

Key Tenant(s)
Forus Company

Percentage of Rent Amount to Total Fund Asset's Rent*
4%

*Does not include operating income, i.e hotels

LOCAL PORTFOLIO

05/ The Academy

Description
Education Center

Location
King Fahad Road,
Al Sahafa District

City
Riyadh

Land Area
4,575 m2

WAULT
0.7 year

Year Built
2014

Occupancy
100%

Key Tenant(s)
STC

Percentage of Rent Amount to Total Fund Asset's Rent*
7%

*Does not include operating income, i.e hotels

LOCAL PORTFOLIO

06/ Burj Rafal, A Marriott International Hotel

Description
Burj Rafal, A Marriott International Hotel, which includes a Five-star Hotel (349 rooms), Ballroom, Business center, Spa, six restaurants

Location
King Fahad Road, Al Sahafa District

City
Riyadh

Land Area
21,106 m2

WAULT
Operational agreement with Marriott International

Year Built
2014

Operator
Marriott International

LOCAL PORTFOLIO

07/ Olaya Tower

Description
Office building

Location
Olaya Street

City
Riyadh

Land Area
2,555 m2

WAULT
2.34 years

Year Built
2019

Occupancy
100%

Key Tenant(s)
Saudi Authority for Intellectual Property

Percentage of Rent Amount to Total Fund Asset's Rent*
7%

*Does not include operating income, i.e hotels

LOCAL PORTFOLIO

08/ Al-Tamayuz Center

Description
Mixed-use property

Location
Qurtoba, positioned on the intersection of Imam Abdullah Bin Saud Road, Khalid ibn AlWalid Street

City
Riyadh

Land Area
7,149 m2

WAULT
1.65 years

Year Built
2015

Occupancy
60%

Key Tenant(s)
Magrabi
Dominos

Percentage of Rent Amount to Total Fund Asset's Rent*
6%

*Does not include operating income, i.e hotels

LOCAL
PORTFOLIO

09/ Alizdhar Center

Description
Mixed-use property

Location
Izdihar, located on Othman Bin Affan Road in close proximity to Nakheel Mall

City
Riyadh

Land Area
2,515 m2

WAULT
3.06 years

Year Built
2015

Occupancy
100%

Key Tenant(s)
Al Nahdi Pharmacy
Opal Clinics

Percentage of Rent Amount to Total Fund Asset's Rent*
4%

*Does not include operating income, i.e hotels

LOCAL PORTFOLIO

10/ Alraed Tower

Description
Office Tower

Location
King Abdullah Road, Alraed District, within close proximity to Prince Turki Ibn Abdulaziz Al Awwal Metro Station

City
Riyadh

Land Area
5000 m2

WAULT
2.82 years

Year Built
2021

Occupancy
100%

Key Tenant(s)
Saudi Tourism Authority

Percentage of Rent Amount to Total Fund Asset's Rent*
16%

*Does not include operating income, i.e hotels

LOCAL PORTFOLIO

11/ Alfursan Towers (under construction to be upgraded to a Hilton Double Tree)

Description
147 room keys, 8 meeting rooms and commercial rental space on King Fahad

Location
King Fahad Road

City
Riyadh

Land Area
1,740 m2

Operator
Hilton

Year Built
Under construction

Operator
Hilton

LOCAL
PORTFOLIO

12/ AlShatea Towers

Description
Mixed-use property consisting of retail, office and hospitality space

Location
Al Shatea Prince Mohammad Bin Fahad Street

City
Dammam

Land Area
6,300 m2

WAULT
4.96 years. The hospitality space is under a long-term 10-year corporate lease

Year Built
2015

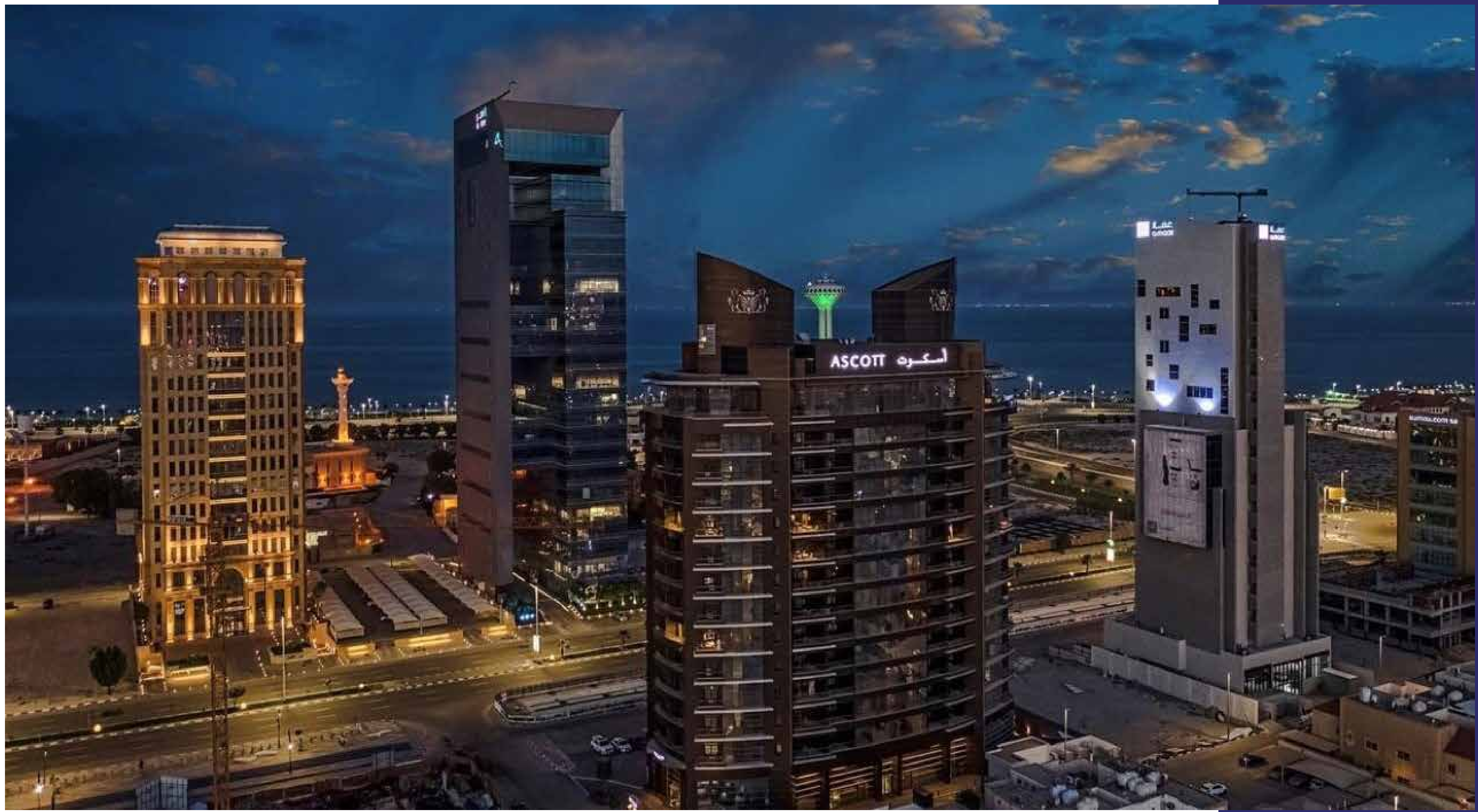
Occupancy
64%

Key Tenant(s)
Boudl (Braira)
Channel 24

Percentage of Rent Amount to Total Fund Asset's Rent*
9.5%

*Does not include operating income, i.e hotels

LOCAL
PORTFOLIO



13/ Ascott Corniche Al Khobar

Description
148-key serviced apartment with ground floor retail

Location
Corniche Area, Prince Turki Street

City
Al-Khobar

Land Area
2,784 m2

Hotel Management Term
25 years

Year Built
2019

Occupancy
100%

Operator
Ascott International

LOCAL PORTFOLIO

14/ Omnia Center

Description
Offices, retail stores,
Residencial apartments

Location
Located in Rawdah District,
Prince Saud Alfaisal Street

City
Jeddah

Land Area
10,000 m2

WAULT
0.95 years

Year Built
2009

Occupancy
78%

Key Tenant(s)
Saudi National Bank
Saudi Research & Media Group
Joelle Medical Center

Percentage of Rent Amount to Total Fund Asset's Rent*
14%

*Does not include operating income, i.e hotels

LOCAL
PORTFOLIO

15/ Ascott Tahlia

Description
Serviced Apartments operated by Ascott with ground floor and mezzanine retail space

Location
Al Rawdah District, located on Tahlia Street – Jeddah's main commercial avenue

City
Jeddah

Land Area
2,025 m2

WAULT
6.46 years

Year Built
2015

Occupancy
93%

Key Tenant(s)
Ascott
(Spectrums Company)

Percentage of Rent Amount to Total Fund Asset's Rent
12%

U.S
PORTFOLIO

1. Pioneer Headquarters
2. 1111 Pennsylvania Avenue
3. 350 Rhode Island North
4. FedEx Office Headquarters
5. Broadcom Corporation HQ
6. AmerisourceBergen Global HQ

U.S PORTFOLIO

01/ Pioneer Headquarters

Description
Class A Trophy Office

Location
Las Colinas, Irving Dallas, Texas

City
Dallas-Fort Worth Metropolitan Area, Texas, USA

Land Area
104,555 m2

Lease Duration
Brand new 20-years lease (with annual escalations)

Key Tenant(s)
Pioneer Natural Resources (investment grade)

Occupancy
100%

U.S PORTFOLIO

02/ 1111 Pennsylvania Avenue

Description
Class A Trophy Office

Location
1111 Pennsylvania avenue
NW, Washington, DC

City
Washington DC, USA

Land Area
31,350 m2

Lease Duration
Approx. 12.5 years
(with annual escalation)

Key Tenant(s)
Predominantly leased to Morgan Lewis Law Firm for 13 years (with annual escalation)

Occupancy
100%

U.S
PORTFOLIO

03/ 350 Rhode Island North

Description
Class A Office

Location
350 Rhode Island St, San Francisco, California

City
San Francisco, California, USA

Land Area
11,810 m2

Lease Duration
14 year lease
(with annual escalation)

Key Tenant(s)
98% leased to the City & County of San Francisco (investment grade) and 2% Starbucks (investment grade

Occupancy
100%

U.S
PORTFOLIO

04/ FedEx Office Headquarters

Description
Class A Office

Location
Legacy Business Park,
Plano, Texas

City
Dallas-Fort Worth
Metropolitan Area, Texas, USA

Land Area
24,491 m2

Lease Duration
7 years

Key Tenant(s)
FedEx Office
(investment grade)

Occupancy
100%

U.S PORTFOLIO

05/ Broadcom Corporation HQ

Description
Class A office and R&D

Location
Irvine, Orange County, California

City
Los Angeles MSA, California, USA

Land Area
61,400 m2

Lease Duration
17 years

Key Tenant(s)
Broadcom Corporation (investment grade)

Occupancy
100%

U.S
PORTFOLIO

06/ AmerisourceBergen Global HQ

Description
Class A Office

Location
Conshohocken, Philadelphia MSA, Pennsylvania

City
Philadelphia MSA, Pennsylvania, USA

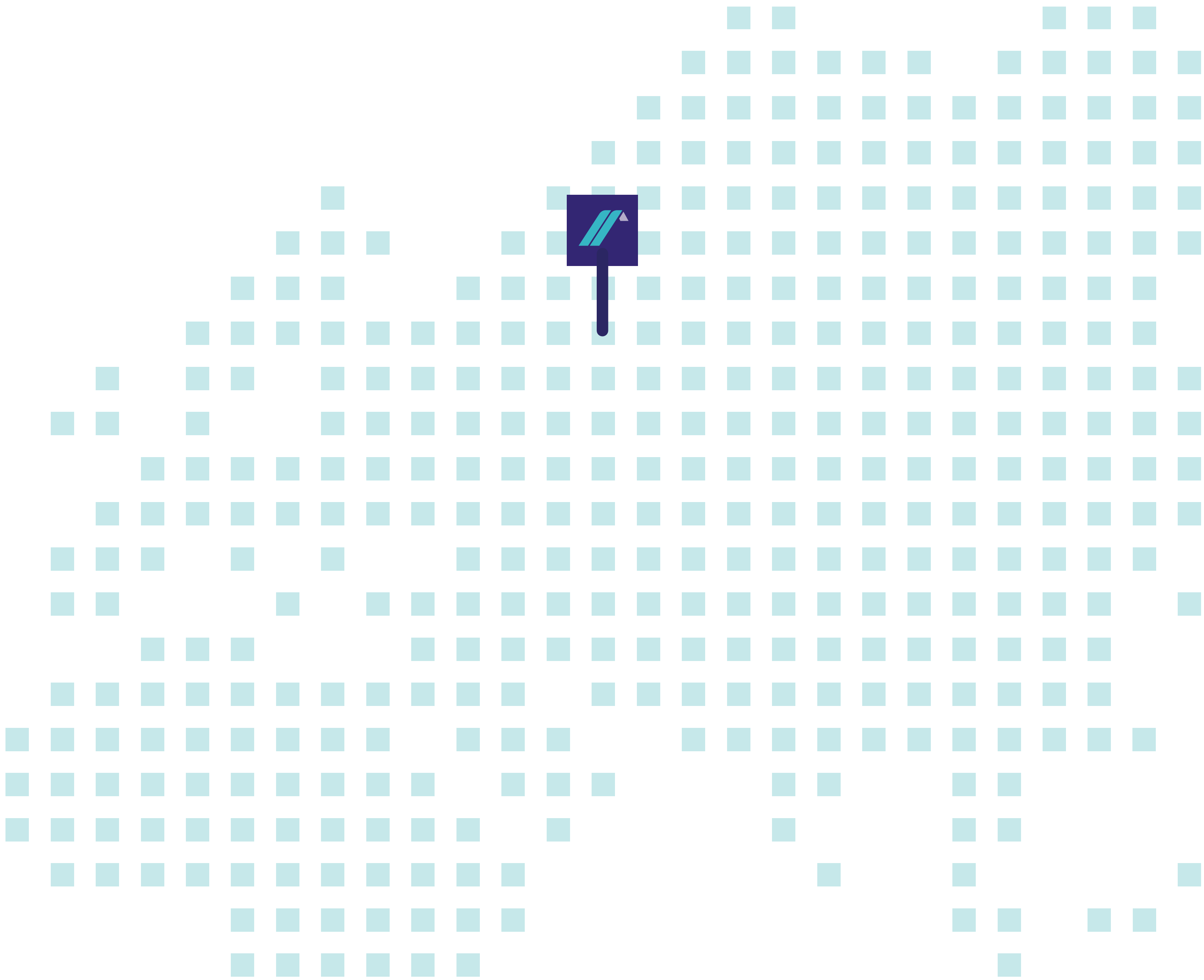
Land Area
39,866 m2

Lease Duration
15 years

Key Tenant(s)
AmerisourceBergen (investment grade)

Occupancy
100%

EUROPEAN PORTFOLIO



1 PWC Belgium

EUROPEAN PORTFOLIO

01/ PWC Belgium

Description
Class A office

Location
Brussels (Airport District), Belgium

City
Brussels, Belgium, European Union

Land Area
35,536 m2

Lease Duration
14 years

Key Tenant(s)
80% leased to PwC and 20% leased to MeetDistrict

Occupancy
100%

RISK ASSESSMENT

Main Risk Factors	Description	Assessment
Failure by tenants to meet their rental obligations	The performance of the Fund may be negatively affected if a substantial number of tenants are unable to satisfy their rental obligations. In addition, in case a tenant resorts to bankruptcy, insolvency or similar proceedings, such tenant may be able to terminate its lease, which in turn results in a decrease in the cash flow of the Fund. Therefore, in case a large number of tenants breach their obligations or become bankrupt, the cash flow of the Fund as well as the ability of the Fund to make distributions to unitholders may be negatively affected.	The cash flow generated from the operation of the real estate portfolio is the main source of liquidity used to repay the Fund's periodical overhead and administrative expenses. Therefore, the Fund Manager shall ensure that it has sufficient funds to pay for all liabilities in a timely and effective manner. In addition, the Fund Manager will use the excess funds in short-term deposits in accordance with cash management policies and procedures. In addition, the abovementioned risks are mitigated through geographical diversification, diversification of the tenants and asset classes, and continuous evaluation of tenant credit ratings and rental arrears.

Main Risk Factors	Description	Assessment
Market risks	Market risks arise from external factors, including, for example but not limited to, economic conditions, competition, supply and demand, and political changes.	The Fund Manager will monitor the economic conditions, the real estate market, competition from similar assets, and various other factors, with a view of mitigating the impact these factors on the Fund through diversifying asset classes that add stability to the real estate portfolio while reducing exposure to economic volatility.
No guarantee of profits	There is no guarantee that the Fund will be able to achieve returns for its investors or that returns will be commensurate with the risk of investing in Fund. It is possible for the value of units in the Fund to decrease or that the investors lose some or all of the capital invested. There is no guarantee that the expected returns or the objective of the Fund will be achieved.	The Fund Manager will carry out valuation of the real estate portfolio twice a year to take necessary precautions to protect the value of the underlying assets.
Risks related to the use of bank financing	The level of risk that the Fund is exposed to increases in case it mortgages any of its assets in favor of a third-party financier. Under any mortgage arrangements, the Fund may lose title to any of its mortgaged assets, as per the terms of any financing documentation. Whereas the use of finance creates an opportunity to increase business efficiency and returns; it also involves a high degree of financial risks and exposes the Fund and its investments to other factors such as rising	The Fund Manager uses bank finance in order to enhance returns for investors. However, the Fund Manager may resort to financial instruments to mitigate the impact of financing risk on the Fund as the Fund Manager acknowledges that financing risks may lead to unforeseen losses.

Main Risk Factors	Description	Assessment
Risks related to the use of bank financing	costs of leverage and downturns in the economy. Furthermore, defaulting under any financing arrangements may allow the financiers to dispose of the mortgaged assets to recover the amounts owed, which in turn affects the performance and expected returns of the Fund.	
Development risks	There are development risks associated with real estate projects under development, which include (1) delays in the completion of work in a timely manner, (2) cost overruns, (3) inability to obtain rental contracts at targeted returns, and (4) force majeure resulting from factors outside the control of the Fund relating to the construction sector (including poor weather and environment conditions and shortage of building materials in the market) the matter which hinders the completion of development projects which may affect the profitability and/or financial viability of the project and lead to inability to meet the revenue expectations upon completion.	This type of risk is relatively mitigated based on the fact that the Fund has a limited right to invest as maximum 25% of its asset value in assets which are under development. The Fund Manager also aims to mitigate these risks through performing the development work after carrying out all necessary technical, financial and legal due diligence.

Main Risk Factors	Description	Assessment
Legal, regulatory and tax risks	There may be legal, fiscal, regulatory or other changes in the Kingdom or other countries during the Fund's duration, which can have a negative impact on the Fund, its investments, or the unitholders. There are currently no taxes levied on investment funds within the Kingdom of Saudi Arabia. However, there is no guarantee that the current tax regime in Saudi Arabia will not change.	The Fund Manager adopts an effective approach to monitor regulatory requirements and any modifications to them which impact the management of the Fund, such as modifications which impact compliance and risk management requirements in relation to the Fund. Such practices by the Fund Manager aim to establish appropriate controls to avoid non-compliance by the Fund or Fund Manager.
Real Estate Transaction Tax (RETT) Risk	The fund is subject to real estate transaction tax, effective from October 4, 2020, at a rate of 5% of the value of the property to be sold or transferred by the fund, regardless of its condition or shape, and it includes the land and what is constructed or built on it. The tax is paid by the disposer of the property (including the fund in the event of disposing the property) unless the exceptions stipulated in the executive regulations for real estate transaction tax issued pursuant to Royal Order No. (A / 84) dated 14/2/1442 H are applied. The tax is paid before or during the real estate disposal or notarizing contracts. In the event that real estate transaction tax is applied to any real estate disposed by the fund, the fund pays a tax of 5% of the property value to the General Authority of Zakat & Tax, which may affect the return to the fund and unitholders.	The Fund Manager adopts an effective approach to monitor tax requirements and any modifications to them which impact the management of the Fund, such as modifications which impact compliance and risk management requirements in relation to the Fund. Such practices by the Fund Manager aim to establish appropriate controls to avoid non-compliance by the Fund or Fund Manager.

Main Risk Factors	Description	Assessment
Real estate valuation risks	For the purpose of estimating the value of a property within the Fund's investment portfolio, the Fund Manager shall carry out internal valuations in many cases for the Fund, in addition to obtaining third party valuations carried out by independent third parties. In this regard, valuations carried out by the Fund Manager are for guidance purposes only and are not an accurate measure of the value that can be obtained when selling the relevant property. The final verification of the market value of a property depends largely on negotiations between a seller and a buyer which may be affected by economic conditions and other circumstances beyond the control of the Fund and the Fund Manager.	The Fund Manager shall valuate the Fund's real estate assets based on valuations carried out by two independent valuators accredited by Saudi Authority for Accredited Valuators. The average of two valuations shall be adopted and in case of a substantial discrepancy between both valuations, the Fund Manager shall appoint a third valuator.
Epidemics risks	The Fund's properties may not be able to operate or achieve the expected income due to several factors associated with the spread of Coronavirus disease (COVID-19), including but not limited to, imposing a curfew on the areas where the Fund's properties are located, as such circumstances lead to an increase in real estate expenditures as it adapts to the prevailing circumstances, which may have a material negative impact on the amounts available for distribution to unitholders.	The Fund Manager monitors the epidemiological situation in the areas where the Fund's properties are located and considers all available options to reduce the damages resulting from the spread of the disease on the real estate and distributions to unitholders.

Main Risk Factors	Description	Assessment
Risks of investing in real estate outside Saudi Arabia	The Fund may be exposed to various risks related to investing in real estate located outside the Kingdom. For example, foreign real estate markets are subject to a decline in public activity and rental levels. In addition, real estate or companies that own these properties are exposed to losses as a result of claims relating to environmental liability, occupational safety, insurance, tax or other legal or regulatory claims related to the ownership of foreign assets.	The Fund Manager studies the markets in which the fund invests using specialized advisors in the target markets to examine the markets in general and the potential risks of investment. After acquiring the property, the Fund Manager takes an effective approach to monitor the level of activity in the real estate markets in which the Fund invests, in addition to the regulatory requirements and any modifications to them. This contributes to establishing appropriate controls that allow the Fund Manager to make appropriate decisions that ensure the interests of the Fund and unit holders.

DISCLAIMER

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For

Financial Statements

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