

RIYAD REIT FUND
(MANAGED BY RIYAD CAPITAL)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

AND INDEPENDENT AUDITOR'S REPORT ON REVIEW

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

RIYAD REIT FUND
(Managed by Riyadh Capital)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 JUNE 2023

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**PKF****Ibrahim Ahmed Al-Bassam
& Co. Certified Public Accountants**

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

TO THE UNITHOLDERS OF
RIYAD REIT FUND

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Riyadh REIT Fund (the "Fund") and its subsidiary (together "Group") managed by Riyadh Capital (the "Fund Manager") as at 30 June 2023 and the related interim consolidated statements of comprehensive income, interim consolidated statement of changes in net assets (Equity) and interim consolidated statement cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated 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 consolidated 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 consolidated 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: 26 Muharram 1445H
Corresponding to: 13 August 2023

RIYADH

Tel. +966 11 206 5333 | P.O Box 69658
Fax +966 11 206 5444 | Riyadh 11567

JEDDAH

Tel. +966 12 652 5333 | P.O Box 15661
Fax +966 12 652 2894 | Jeddah 21454

AL KHOBAR

Tel. +966 13 893 3378 | P.O Box 4836
Fax +966 13 893 3349 | Al Khobar 31952

RIYAD REIT FUND
(Managed by Riyad Capital)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

(Amounts in Saudi Riyals)

	Notes	30 June 2023 (Unaudited)	31 December 2022 (Audited)
<u>ASSETS</u>			
Cash and cash equivalents		49,630,004	32,480,182
Account receivables		114,937,434	84,265,661
Inventories		922,473	806,615
Prepayment and other assets		59,426,710	73,113,842
Due from related parties		1,320,330	469,261
Properties under development		103,986,883	79,061,339
Investments carried at fair value through profit or loss (FVTPL)		831,914,172	881,922,929
Investment properties	6	1,907,220,816	1,922,702,695
TOTAL ASSETS		3,069,358,822	3,074,822,524
<u>LIABILITIES</u>			
Islamic financing		1,418,685,964	1,439,174,419
Accounts payable		32,756,602	27,427,114
Unearned rental income		32,589,468	31,349,528
Accrued expenses and other liabilities		58,700,699	41,548,860
Due to related parties		-	1,002,081
Hotels employees' post-employment benefits		3,335,174	3,013,197
TOTAL LIABILITIES		1,546,067,907	1,543,515,199
Net assets attributable to the Unitholders		1,523,290,915	1,531,307,324
Units in issue (<i>numbers</i>)		171,697,101	171,697,101
Book value attributable to each unit		8.87	8.92
Fair value attributable to each unit	8	11.41	11.34
Commitments and contingencies			

The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements.

RIYAD REIT FUND
(Managed by Riyadh Capital)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six-month period ended 30 June 2023

(Amounts in Saudi Riyals)

	<u>Notes</u>	<u>30 June 2023</u>	<u>30 June 2022</u>
Income from rental and operations		119,689,167	99,993,384
Cost of revenue		(32,474,770)	(20,664,031)
Investment properties depreciation	6	(15,481,878)	(15,481,878)
Gross Profit		71,732,519	63,847,474
Property management expenses		(3,624,581)	(3,080,146)
Fund management fees	9	(14,424,894)	(12,783,070)
Custody fees		(50,000)	(50,000)
General and administrative expenses		(28,812,466)	(27,106,075)
Net operating profit		24,820,578	20,828,183
Dividend income from investments at FVTPL		32,630,163	32,522,831
Realized gain on investment at FVTPL		594,235	20,532,353
Finance cost expense	9	(22,894,280)	(12,801,821)
Other income		-	5,284
Other expense		(242,829)	-
Profit for the period		34,907,867	61,086,830
Other comprehensive income for the period			-
Total comprehensive income for the period		34,907,867	61,086,830

	<u>Notes</u>	<u>30 June 2023</u>	<u>30 June 2022</u>
Funds from operations			
Profit for the period		34,907,867	61,086,830
Investment properties depreciation	6	15,481,878	15,481,878
Funds from operations		50,389,745	76,568,708

The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements.

RIYAD REIT FUND
(Managed by Riyadh Capital)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (EQUITY)
(UNAUDITED)

For the six month-period ended 30 June 2023

(Amounts in Saudi Riyals)

	<u>Notes</u>	<u>30 June 2023</u>	<u>30 June 2022</u>
Net assets value attributable to the Unitholders at the beginning of the period		1,531,307,324	1,598,624,597
Total comprehensive income for the period		34,907,867	61,086,830
Dividends paid during the period	13	(42,924,276)	(80,697,634)
Net assets value attributable to the Unitholders at the end of the period		1,523,290,915	1,579,013,793
Transactions in units for the period are summarized as follows:			
		<u>30 June 2023</u>	<u>30 June 2022</u>
Number of units at the beginning and the end of the period		171,697,101	171,697,101

The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements.

RIYAD REIT FUND
(Managed by Riyad Capital)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2023

(Amounts in Saudi Riyals)

	Notes	30 June 2023	30 June 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period		34,907,867	61,086,830
<i>Adjustments to reconcile net income to net cash generated from (used in) operating activities:</i>			
Provision for doubtful debt		411,811	1,500,000
Investment properties depreciation	6	15,481,878	15,481,879
Finance cost	9	22,894,280	12,801,821
		<u>73,695,835</u>	<u>90,870,530</u>
<u>CHANGES IN OPERATING ASSETS AND LIABILITIES</u>			
Account receivables		(31,083,584)	(57,808,640)
Inventories		(115,858)	29,200
Prepayment and other receivables		13,687,132	(12,246,279)
Due from Related Parties		(851,069)	6,711,692
Properties under development		(24,925,544)	(13,075,410)
Accounts payable		5,329,488	4,248,036
Accrued expenses and other liabilities		17,151,839	756,536
Hotels employees' post-employment benefits		321,977	244,706
Unearned rental income		1,239,940	2,463,455
Due to related parties		(1,002,081)	(1,875,584)
Net cash generated from operating activities		<u>53,448,076</u>	<u>20,318,242</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of investments measured at FVTPL		50,008,756	84,566,366
Net cash generated from investing activities		<u>50,008,756</u>	<u>84,566,366</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Islamic financing	7	(26,894,279)	-
Finance cost paid	7	(16,488,455)	(19,281,005)
Dividends paid	13	(42,924,276)	(80,697,634)
Net cash used in financing activities		<u>(86,307,010)</u>	<u>(99,978,639)</u>
Net change in cash and cash equivalents		17,149,822	4,905,969
Cash and cash equivalents at the beginning of the period		32,480,182	68,187,474
Cash and cash equivalents at the end of the period		<u>49,630,004</u>	<u>73,093,443</u>

The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements.

RIYAD REIT FUND

(Managed by Riyadh Capital)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023 (Unaudited)

(Amounts in Saudi Riyals)

1. THE FUND AND ITS ACTIVITIES

Riyad REIT (the “REIT” or the “Fund”) is a closed-ended Shari’ah-compliant real estate investment traded fund. The REIT operates in accordance with Real Estate Investment Funds Regulations and REIT Regulations issued by the Capital Market Authority (CMA). The REIT is listed on the Tadawul and units of the REIT traded on the Tadawul in accordance with its rules and regulations. The REIT is managed by Riyadh Capital (the “Fund Manager”), a Saudi Arabian One Person Closed Joint Stock Company with Saudi Arabian commercial registration no. 1010239234, and an Authorized Person licensed by the CMA under license no. 07070-37. Also, a 100% owned subsidiary of Riyadh Bank. The subscribed units of the REIT equal to 171,697,101 unit. The REIT has a term of 99 years, which is extendable on the discretion of the Fund Manager with the prior approval of the CMA.

These consolidated financial statements include the accounts of the REIT and its subsidiaries (together the “REIT” or the “Fund”).

The primary investment objective of the REIT is to provide its investors with income by investing in developed income-producing real estate assets in Saudi Arabia. While the REIT will primarily invest in such assets, the REIT may opportunistically invest in real estate development projects; provided that (i) at least 75% of the REIT’s total assets are invested in developed real estate assets which generate periodic income and (ii) the REIT may not invest in vacant land.

The REIT may on, a secondary basis, invest in development opportunities with profitable growth potentials that cater for specific real-estate needs, previously unavailable in certain areas. An added value is expected, in the medium term, to be created to Unitholders in such development projects. In the long term, the REIT’s investment portfolio will continue to focus on attractive investment opportunities in different real-estate sectors, including, but not limited to, offices, trade exhibitions, houses, hospitality facilities, warehouses, etc. in order to build a real-estate base with diverse and stable income for Unitholders as well as achieve reasonable increase in the portfolio value.

These consolidated financial statements include the information of the REIT and its following subsidiaries (Collectively Group) as of 30 June 2023 and 2022.

Name of subsidiary	Principal Activity	Country	Proportion of Ownership Interest and Voting Power Held
Durrat Aldahia Company – Burj Rafal Hotel	Hotel	Saudi Arabia	100%
Durrat Hittin company – Braira Hattin Hotel	Hotel	Saudi Arabia	100%
Rafal Hotel Company	Hotel	Saudi Arabia	100%
Takhtit Al Marafiq	Operating and maintenance	Saudi Arabia	100%
Shati Alkhobar	Hotel	Saudi Arabia	100%

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.

RIYAD REIT FUND

(Managed by Riyadh Capital)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023 (Unaudited)

(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 2022.

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 2022.

The results for the six-month period ended 30 June 2023 are not necessarily indicative of the financial statements as at 31 December 2023.

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.

RIYAD REIT FUND

(Managed by Riyad Capital)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023 (Unaudited)

(Amounts in Saudi Riyals)

5. MANAGEMENT FEE, OTHER EXPENSES AND TRANSACTION FEE

- MANAGEMENT FEE, OTHER EXPENSES

On semiannual basis the Fund Manager charges the Fund, management fee at the rate of 1.2 % per annum of the Fund's total assets value. The Fund Manager also recovers from the Fund any other expenses incurred on behalf of the Fund such as audit and legal fees, board compensation and other similar charges.

- TRANSACTION FEE

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

6. INVESTMENT PROPERTIES

As at 30 June 2023 (Unaudited)

	<u>Land</u>	<u>Building</u>	<u>Equipment</u>	<u>Total</u>
<u>Cost</u>				
Balance as of 31 December 2022	829,801,226	1,082,611,284	145,874,217	2,058,286,727
Balance as of 30 June 2023	829,801,226	1,082,611,284	145,874,217	2,058,286,727
<u>Accumulated Depreciation</u>				
Balance as of 31 December 2022	-	(97,899,203)	(37,684,829)	(135,584,032)
Charge for the period	-	(10,649,913)	(4,831,965)	(15,481,878)
Balance as of 30 June 2023	-	(108,549,116)	(42,516,794)	(151,065,910)
Net Book Value:				
As of 30 June 2023	829,801,226	974,062,167	103,357,423	1,907,220,816

As at 31 December 2022 (Audited)

	<u>Land</u>	<u>Building</u>	<u>Equipment</u>	<u>Total</u>
<u>Cost</u>				
Balance as of 31 December 2021	829,801,226	1,082,611,284	145,874,217	2,058,286,727
Additions	-	-	-	-
Balance as of 31 December 2022	829,801,226	1,082,611,284	145,874,217	2,058,286,727
<u>Accumulated Depreciation</u>				
Balance as of 31 December 2021	-	(76,599,377)	(28,020,900)	(104,620,277)
Charge for the year	-	(21,299,826)	(9,663,929)	(30,963,755)
Balance as of 31 December 2022	-	(97,899,203)	(37,684,829)	(135,584,032)
Net Book Value:				
as of 31 December, 2021	829,801,226	984,712,081	108,189,388	1,922,702,695

RIYAD REIT FUND

(Managed by Riyadh Capital)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023 (Unaudited)

(Amounts in Saudi Riyals)

6. INVESTMENT PROPERTIES (CONTINUED)

This represents Thirteen properties: namely:

1. **Izdhar Center:** represents a commercial property located on Othman Bin Afan Road in the Izdihar District (within close proximity to Arabian Centre's Al Nakheel Mall). The property is located in Riyadh.
2. **Al-Tamayuz Center:** represents a commercial property located on the intersection of Imam Road and Khalid Bin Waleed Street in the Qurtoba neighborhood. The property is located in Riyadh.
3. **Shati:** represents a newly built commercial property located on Prince Mohammed Bin Fahad Road in the Al Shatea neighborhood. The property is located in Dammam.
4. **Al-Forsan Towers Plaza:** represents a commercial property located on King Fahad Road between the Kingdom Center and the Faisaliah Tower. The property is located in Riyadh.
5. **Ascott Tahlia:** represents a commercial property located on Tahlia street close to Bin Hamran, one of Jeddah's most prominent business and shopping centers. The property is located in Jeddah.
6. **The Residence:** represents commercial building and hospitality villas consisting of showrooms and office suites located within Hittin district. The property is located in Riyadh.
7. **Vivienda:** represents a newly built hotel villas located on Musa Ibn Nussair Street in Mather Ash Shamali district, between Takhasusi road Prince Turki Ibn Abdulaziz Al Awwal road. The property is located in Riyadh.
8. **Saudi Electronic University:** represents a university located in Alrabi district. The property is located in Riyadh
9. **Omniah Center:** represents a commercial property located on Saud Al Faisal Road. The property is located in Jeddah.
10. **Burj Rafal:** Mixed-use property located in King Fahad Road. The property is located in Riyadh
11. **Olaya Tower:** Commercial property located in Olaya street. The property is located in Riyadh
12. **Ascott Cornich Al-Khobar:** represents a hotel located in Prince Turki Road. The property is located in Al Khobar
13. **Al Raed:** It is newly developed and on triple net lease for three years to the Saudi Tourism Authority, Located in Al Raed district on King Abdullah Road in Riyadh.

6-1 The Fund charge depreciation on building and equipment over 50 years and 15 years respectively. The depreciation is charged on depreciable amount i.e. cost less residual value.

6-2 All properties are held in the name of Riyadh Real Estate income Company (the "SPV") or by companies owned by the SPV. The SPV 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 Fund manager periodically reviews its investment properties to determine if there is any indication of impairment in the value of the assets. An impairment loss is recognized for the amount in which the carrying amount of the investment properties exceeds its recoverable amount, which is the higher of the assets' fair value less costs to sell and value in use.

6-4 As of June 30, 2023, according to the periodic cumulative evaluation reports submitted by the valuation experts independent of the Fund, there was a decrease in the value of certain individual real estate investments, however no impairment charge was recorded since the amount is immaterial.

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(Managed by Riyadh Capital)

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For the six-month period ended 30 June 2023 (Unaudited)

(Amounts in Saudi Riyals)

7. ISLAMIC FINANCING

The Fund obtained a Tawaruq (Short term) and Islamic Murabaha (Long term) facility (Shari'ah compliant), from Riyadh Bank through Riyadh Capital and Riyadh real estate income company respectively. The Tawaruq facility carries a floating special commission rate of SAIBOR+ 1% and matured 2024. The Islamic Murabaha facility carries a floating special commission rate of SAIBOR + 1.4% with a maturity due during 2029.

The Tawaruq and Islamic Murabaha is secured by pledge of the following properties: Omniah Center, Ascott Tahlia, Burj Rafal, Saudi Electronic University, Izdhar Center, and Olaya Tower, Shati, Ascott Cornich Al-Khobar, Residence, Vivienda, Forsan Plaza, Al Raed.

	30 JUNE 2023 (Unaudited)	31 December 2022 (Audited)
Current portion	407,810,394	354,639,845
Non-Current portion	1,010,875,570	1,084,534,573

8. EFFECT OF NET ASSET VALUE IF INVESTMENT PROPERTIES AND PROPERTIES UNDER DEVELOPMENT ARE FAIR VALUED

The Fund Manager evaluates the investment properties and properties under development based on an average of two evaluations prepared by independent evaluators. As set out in the terms and conditions of the Fund, net asset value declared are based on the market value obtained. However, in accordance with international accounting standards, properties under development are carried at cost less impairment if any and investment properties are carried at cost less accumulated depreciation and impairment if any in these financial statements. Accordingly, the fair value below is disclosed for information purposes and has not been accounted for in the Fund's books.

The fair value of the investment and development properties are determined by two selected independent valuers accredited by the Saudi Authority for Accredited Valuers (Taqeem), each of the 13 properties i.e. **Mumtalakati Company** and **Barcode Company**. As of 30 June, the valuation of the investment and development properties are as follows:

30 JUNE 2023 (Unaudited)	First Appraiser	Second Appraisers	Average
Investment properties and property under development	2,486,500,000	2,407,834,000	2,447,167,000
Total	2,486,500,000	2,407,834,000	2,447,167,000
31 December 2022 (Audited)	First Appraiser	Second Appraisers	Average
Investment properties and property under development	2,455,800,000	2,380,483,000	2,418,141,500
Total	2,455,800,000	2,380,483,000	2,418,141,500

Management has used the average of the two valuations for the purposes of disclosing the fair value of the investment and development properties.

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(Amounts in Saudi Riyals)

8. EFFECT OF NET ASSET VALUE IF INVESTMENT PROPERTIES AND PROPERTIES UNDER DEVELOPMENT ARE FAIR VALUED (CONTINUED)

The investment and development 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 & fragmentation plot analysis, the cost method, the direct comparison method, and residual value method. Below is an analysis of the development and investment properties fair value versus cost:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Estimated fair value of investment and development properties based on the average of the two valuers used	2,447,167,000	2,418,141,500
Less: the carrying value of		
- Investment property	(1,907,220,816)	(1,922,702,695)
- Properties under development	(103,986,883)	(79,061,339)
Estimated fair value in excess of book value	435,959,301	416,377,466
Units in issue (numbers)	171,697,101	171,697,101
Additional value per unit based on fair value	2.54	2.42

Net asset attributable to unitholders:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Net assets attributable to unitholders as per the financial statements before fair value adjustment	1,523,290,915	1,531,307,324
Estimated fair value in excess of book value	435,959,301	416,377,466
Net assets attributable to unitholders based on fair valuation of investment and properties under development	1,959,250,216	1,947,684,790

Net asset attributable to each unit:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Book value per unit as per the financial statements before fair value adjustment	8.87	8.92
Additional value per unit based on fair value	2.54	2.42
Net assets attributable to each unit based on fair valuation	11.41	11.34

All properties are held in the name of Riyadh Real Estate Income Company (the "Trustee") or companies owned by the trustee. The Trustee is holding these properties for the beneficial ownership of the Fund and does not possess any controlling interest or any stake in the properties.

RIYAD REIT FUND

(Managed by Riyadh Capital)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023 (Unaudited)

(Amounts in Saudi Riyals)

9. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties of the Fund include Riyadh Capital (being the Fund Manager), Riyadh Bank (being the shareholder of Riyadh Capital), KASB Capital (being the Custodian of the Fund) and the Hotels operator.

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

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

Related Party	Nature of transactions	Amount of transactions		Closing balances	
		30 June 2023	30 June 2022	30 June 2023	31 December 2022
Due from Related parties					
Riyad Bank	Cash margin against letter of credit *	-	-	219,545	494,322
	Current account	-	-	10,217,167	10,913,938
		-	-	-	-
Riyad Capital	Investments account	-	-	4,164,591	1,896,600
		-	-	-	-
Due to Related parties					
Riyad Capital	Fund management fee**	14,424,894	12,783,070	28,417,385	13,992,491
Riyad Bank	Islamic financing	-	-	1,418,685,964	1,439,174,419
	Finance cost	(22,894,280)	(12,801,821)	-	(16,488,455)
	Bank commissions	(387,621)	(406,934)	-	-

* Cash margin against letter of credit is included in the consolidated statement of financial position under Prepayment and other receivables.

** Fund management fee and Transaction fee payable is included in the consolidated statement of financial position under accrued expenses.

RIYAD REIT FUND

(Managed by Riyad Capital)

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For the six-month period ended 30 June 2023 (Unaudited)

(Amounts in Saudi Riyals)

10. FAIR VALUE MEASUREMENT

Financial assets comprise of accounts receivable and other assets. Financial liabilities comprise of unearned rental income and accrued management fees. The fair value of financial assets and financial liabilities is not significantly different from their carrying value.

The following table shows the fair value of disclosed financial instruments and investment properties as at the year-end:

30 June 2023	Level 1 SAR	Level 2 SAR	Level 3 SAR	Total SAR
Investments carried at FVTPL	-	20,000,000	831,914,172	851,914,172
Total	-	20,000,000	831,914,172	851,914,172

31 December 2022	Level 1 SAR	Level 2 SAR	Level 3 SAR	Total SAR
Investments carried at FVTPL	-	50,008,757	831,914,172	881,922,929
Total	-	50,008,757	831,914,172	881,922,929

The fair value of financial instruments that are not quoted in an active market is determined using valuation methods. These valuation methods maximize the use of observable market data and rely as little as possible on the entity's own estimates. If all significant inputs required to measure the fair value of an instrument are observable, then the instrument is classified within Level 2. If one or more significant inputs are not based on observable market data, then the instrument classified within Level 3. Changes in assumptions of These inputs can affect the reported fair value of items in these financial statements and the level within which items are disclosed in the fair value hierarchy.

Financial assets at fair value through profit or loss that are classified under level 2 include investments in open-ended public funds, whose fair values are determined based on the last recorded net asset value as of the reporting date.

Financial assets at fair value through profit or loss classified within level 3 include investments in closed-end real estate funds which fair values are determined based on the last recorded net asset value as at the reporting date, as well as unquoted equity instruments which are recognized at cost price, in accordance with IFRS 9 requirements.

There were no transfers between the different levels of the fair value hierarchy during the current period or previous year.

RIYAD REIT FUND

(Managed by Riyadh Capital)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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(Amounts in Saudi Riyals)

11. CAPITAL COMMITMENTS AND CONTINGENCIES

As at 30 June 2023, the Fund has outstanding a letter of credit of SR 0.21 million (31 December 2022: SR 0.49 million), being issued by Riyadh Bank, against 100% cash margin, which is included in the interim condensed consolidated statement of financial position under prepayment and other receivables.

12. OPERATING SEGMENTS

The Fund's primary business is conducted in Saudi Arabia. Transactions between the operating segments are on normal commercial terms and conditions. The Fund's total assets and liabilities as at 30 June 2023 and 2022, its total operating income and expenses, and the results for the period then ended, by operating segment, are as follows:

Comprehensive income	For the period ended 30 June 2023 (Unaudited)		
	Rent	Hotel managed by third party	Total
Income from rental	40,741,885	-	40,741,885
Rooms revenue	-	54,109,184	54,109,184
Food and Beverages	-	23,035,570	23,035,570
Other operating departments	-	1,802,528	1,802,528
Rooms cost	-	(15,705,111)	(15,705,111)
Food and Beverages cost	-	(12,312,898)	(12,312,898)
Other operating departments cost	-	(4,456,761)	(4,456,761)
Investment properties depreciation	(15,481,878)	-	(15,481,878)
Gross Profit	25,260,007	46,472,512	71,732,519
Property management expenses	(827,824)	-	(827,824)
Fund management fees	(7,033,302)	(7,391,591)	(14,424,893)
Custody fees	(50,000)	-	(50,000)
General and administrative expenses	(5,595,769)	(26,013,454)	(31,609,223)
Net operating profit	11,753,112	13,067,467	24,820,579
Dividend income from investments FVTPL	33,224,397	-	33,224,397
Finance cost expense	(22,894,280)	-	(22,894,280)
Other income	(242,829)	-	(242,829)
Profit for the period	21,840,400	13,067,467	34,907,867
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	21,840,400	13,067,467	34,907,867

RIYAD REIT FUND

(Managed by Riyad Capital)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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(Amounts in Saudi Riyals)

12. OPERATING SEGMENTS (CONTINUED)

Comprehensive income	For the period ended 30 June 2022 (Unaudited)		
	Rent	Hotel managed by third party	Total
Income from rentals	39,625,301	-	39,625,301
Rooms revenue	-	45,581,444	45,581,444
Food and Beverages	-	13,496,888	13,496,888
Other operating departments	-	1,289,751	1,289,751
Rooms cost	-	(9,488,348)	(9,488,348)
Food and Beverages cost	-	(9,327,979)	(9,327,979)
Other operating departments cost	-	(1,847,705)	(1,847,705)
Investment properties depreciation	(15,481,878)	-	(15,481,878)
Gross Profit	24,143,422	39,704,052	63,847,474
Property management expenses	(784,083)	(2,296,063)	(3,080,146)
Fund management fee	(7,741,123)	(5,041,947)	(12,783,070)
General and administrative expenses	(50,000)	-	(50,000)
Net operating profit	(3,189,810)	(22,416,265)	(25,606,075)
	(1,500,000)	-	(1,500,000)
Dividend income	10,878,406	9,949,777	20,828,183
Finance cost expense			
Profit for the period	32,522,831	-	32,522,831
	20,532,353	-	20,532,353
Other comprehensive income for the period	(12,801,821)	-	(12,801,821)
	5,284	-	5,284
Total comprehensive income for the period	51,137,053	9,949,777	61,086,830

RIYAD REIT FUND

(Managed by Riyad Capital)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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(Amounts in Saudi Riyals)

12. OPERATING SEGMENTS (CONTINUED)

Financial position	As at 30 June 2023 (Unaudited)		
	Rent	Hotel managed by third party	Total
ASSETS			
Cash and cash equivalents	35,292,891	14,337,113	49,630,004
Account receivables	85,587,415	29,350,019	114,937,434
Inventories	-	922,473	922,473
Prepayment and other assets	52,157,298	7,269,412	59,426,710
Due from related parties	(1,835,693)	3,156,022	1,320,330
Properties under development	103,986,883	-	103,986,883
Investments carried at fair value through profit or loss (FVTPL)	831,914,172	-	831,914,172
Investment properties	1,907,220,816	-	1,907,220,816
TOTAL ASSETS	3,014,323,783	55,035,039	3,069,358,822
LIABILITIES			
Islamic financing	1,418,685,964	-	1,418,685,964
Accounts payable	15,957,635	16,798,967	32,756,602
Unearned rental income	32,589,468	-	32,589,468
Accrued expenses and other liabilities	39,835,121	18,865,578	58,700,699
Hotels employees' post-employment benefits	-	3,335,174	3,335,174
TOTAL LIABILITIES	1,507,068,188	38,999,719	1,546,067,907
As at 31 December 2022 (Audited)			
Financial position	Rent	Hotel managed by third party	Total
ASSETS			
Cash and cash equivalents	21,295,523	11,184,659	32,480,182
Account receivables	47,525,637	36,740,024	84,265,661
Inventories	-	806,615	806,615
Prepayment and other assets	65,966,164	7,147,678	73,113,842
Due from related parties	-	469,261	469,261
Properties under development	79,061,339	-	79,061,339
Investments carried at fair value through profit or loss (FVTPL)	881,922,929	-	881,922,929
Investment properties	1,922,702,695	-	1,922,702,695
TOTAL ASSETS	3,018,474,287	56,348,237	3,074,822,524
LIABILITIES			
Islamic financing	1,439,174,419	-	1,439,174,419
Accounts payable	17,544,371	9,882,743	27,427,114
Unearned rental income	31,349,528	-	31,349,528
Accrued expenses and other liabilities	17,538,006	24,010,854	41,548,860
Due to related parties	478,982	523,097	1,002,081
Hotels employees' post-employment benefits	-	3,013,197	3,013,197
TOTAL LIABILITIES	1,506,085,306	37,429,891	1,543,515,199

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(Managed by Riyadh Capital)

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13. DIVIDEND DISTRIBUTION

On 13 February 2022, the Fund's Board approved to distribute dividends with regards to the six-month period ended 31 December 2021 amounting to SAR 0.47 per unit totalling SAR 80.698 million to its unitholders.

On 29 August 2022, the Fund's Board of Directors approved the distribution of profits for the six-month period ended on June 30, 2022, amounting to SAR 0.44 per unit totalling SAR 75.546 million, to the unit holders.

On 26 March 2023, the Fund's Board approved to distribute dividends with regards to the six-month period ended 31 December 2022 amounting to SAR 0.25 per unit totaling SAR 42.924 million to its unitholders.

14. RECLASSIFICATION OF PRIOR PERIOD FIGURES

Certain comparative information has been reclassified to conform to the current period presentation.

15. CHANGES IN FUNDS TERMS AND CONDITIONS

There has been no significant change in the terms and conditions of the Fund as at period ended 30 June 2023.

16. SIGNIFICANT EVENTS

On 3 January 2022, the Fund manager announces Riyadh REIT Fund's board of directors' recommendation to take the necessary measures for increasing the Fund's capital, which requires obtaining approval from respective regulatory authorities and the unitholders' meeting.

17. LAST VALUATION DAY

The last valuation day of the period was at 30 June 2023.

18. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by the Fund's Board on 13 August 2023 (Corresponding to 26 Muharram 1445H).