

# أمول وبخيت

## OSOOL & BAKHEET

الاستثمارية | INVESTMENT

### AL Ma'ather REIT Fund

### التقرير السنوي Annual Report 2019

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شركة مساهمة برأس مال ٦٠ مليون ريال مدفوعة بالكامل، ومقرها الرئيسي بالرياض، ترخيص هيئة السوق المالية رقم: (٧-٨١٦)،  
سجل تجاري رقم ١٠١٠١٩٨٠، رقم العضوية في الغرفة التجارية: ١٦٧٣٦٦

Saudi Joint Stock Company, Paid up Capital SAR 60 Million, based in Riyadh, CMA License: 08126-07, CR: 1010219805, RCC :167366

## A- INVESTMENT FUND INFORMATION

### 1) Name of investment fund.

AL Ma'ather REIT Fund

### 2) Investment objectives, Strategies:

The fund aims to invest:

1. Mainly in income generated real estate assets within the Kingdom of Saudi Arabia.
2. The fund may invest up to 25% of the total fund assets in under development projects, with following conditions:
  - Percentage weight of under-development projects should not exceed 25% of the total fund assets according to the latest audited financial statements.
  - That the fund does not invest its assets in empty lands

### 3) Dividends Distribution Policy.

The fund manager aims to provide an annual cash dividend of no less than ninety percent (90%) of the fund from operation to the units holders, after actual collection on annual basis, and after the approval of the Fund Board of Members. Dividends due during the first quarter of each year.  
The fund manager can pay dividends more than once a year.

### 4) The fund's Reports are available upon request free of charge.

All reports of Al Ma'ather REIT Fund were prepared in accordance with the provisions of the Investment Funds Regulations, the Real Estate investment Funds Regulations, and the instructions of real estate investment traded funds issued by the Capital Market Authority. It is available to public upon request and it's free of charge.

## 5) The assets in which the fund is invested

Al-Ma'ather REIT Fund invests in several assets and has a total of 13 assets. Majority of assets are located in in Riyadh and one asset located in Khobar, as follows:

Assets	Sector	Tenant	Average latest valuation	Location
Al Ma'ather	Commercial / office / hospitality	Several tenants	183,477,369	24°40'53.2"N 46°40'03.4"E
Al Mohammadeya	Commercial / office	Several tenants	95,179,368	24°40'55.0"N 46°41'12.1"E
Al Sahafa the first	office	Medical Services - Ministry of	52,131,504	24°47'49.1"N 46°37'59.8"E
Al Sahafa the second	office	Saudi Health Council	52,287,487	24°46'48.0"N 46°38'31.1"E
Al Takhassusi	Commercial	Hala Auto Company	50,834,590	24°40'51.4"N 46°40'39.2"E
Al Rabie	Commercial / hospitality	Several tenants	48,766,373	24°46'56.2"N 46°38'56.9"E
Al Hair	Industrial	Several tenants	37,998,953	24°33'48.3"N 46°44'29.8"E
Al Sulai	Industrial	Several tenants	33,067,291	24°40'30.9"N 46°50'12.3"E
Towlan Hotel Suites	hospitality	Towlan Hotel Suites Company	22,154,040	26°18'13.4"N 50°10'31.9"E
Al Rabie (leasehold)	Commercial	Several tenants	2,048,585	24°47'16.9"N 46°39'31.9"E
Al Quds (leasehold)	Commercial	Several tenants	1,909,381	24°45'36.0"N 46°44'25.0"E
Wadi Laban (leasehold)	Commercial	Several tenants	1,972,722	24°38'06.8"N 46°34'08.2"E
Al Dabbab (leasehold)	Commercial	Several tenants	4,626,893	24°39'38.0"N 46°42'33.4"E

6) Target assets to be acquired by the fund:

The Fund Manager announced the signing of a memorandum of understanding with the Al-Roqi National Schools Company for the purpose of developing and build ROQI national school in south Riyadh at Zahra district. The school will be constructed on built to suit concept on a land area of 7000 meters (seven thousand square meters), in return for that, the tenant will lease the entire complex (the land And the building) for a period of 26 years. During the MOU validity, ROQI will work on issuance of the needed permits and licenses.

7) The percentage of weighted average occupancy:

The name of the property	Occupancy rate
Al Ma'ather	%83
Al Sahafa the first	%100
Al Sahafa the second	%100
Al Takhassusi	%100
Al Mohammadeya	%100
Al Rabie	%100
Al Hair	%100
Al Sulai	%98
Al Rabie (leasehold)	%100
Al Quds (leasehold)	%100
Al Dabbab (leasehold)	%100
Wadi Laban (leasehold)	%100
Towlan Hotel Suites	%100
<b>Total</b>	<b>%96</b>

Note: The total occupancy percentage was calculated based on the weighted average

## B- FUND PERFORMANCE

1) Performance table covering the last (3) financial years (or since inception), highlighting:

	31/12/2017	31/12/2018	31/12/2019
a) The fund net assets value at the period end.	<b>SAR 624,259,379</b>	<b>SAR 612,698,986</b>	<b>SAR 594,819,654</b>
b) The fund net assets value per unit at the period end.	<b>SAR 10.17</b>	<b>SAR 9.98</b>	<b>SAR 9.69</b>
c) Highest net asset value per unit for each financial year*	<b>SAR 10.17</b>	<b>SAR 10.13</b>	<b>SAR 9.69</b>
c) Lowest net asset value per unit for each financial year	<b>SAR 10.00</b>	<b>SAR 9.98</b>	<b>SAR 9.57</b>
d) The number of units in issue at the end of each financial year	61,370,000 <b>UNIT</b>	61,370,000 <b>UNIT</b>	61,370,000 <b>UNIT</b>
e) Income distribution per unit (gross and net).	0.26 <b>Halala</b> (For a period of 4.5 months)	0.64 <b>Halala</b>	0.62 <b>Halala</b>
f) Expense ratio**	%0.83 (For a period of 4.5 months)	%1.77	2.3%

\* The highest and lowest net assets value of the fund was calculated for each unit as of the date of the financial statements.

\*\* Depreciation, amortization and decrease in the value of investments are excluded from the expense ratio.

\*\* Expense ratio has been calculated from the net asset value of the fund as of 12/31/2019

2) Performance record:

a) The aggregate return for 1 year, and since inception since July 9, 2017.

Al Ma'ather REIT fund	2019	Year 3	Since inception*
Total return SAR	53,574,640	N/A	126,694,871
Total return ratio %	8.73%	N/A	20.64%

\*The date of commencement of the fund's work on 09/07/2017

\*\* The lease due for the fund began during August 2017 when real estate title deed was transferred to the ownership of fund, it is calculated on the basis of the fund's value at creation

b) The Annual aggregate return for each of the last 10 financial years.

Al Ma'ather REIT fund	2019	2018	2017*
Total return SAR	53,574,640	52,619,553	20,500,678
Total return ratio %	%8.73	%8.57	%3.34

\*For less than one year, as the date of commencement of the fund's is July 9, 2017.

\*\* The lease entitlement for the benefit of the fund began during August 2017 when real estate ownership was transferred to the fund, it is calculated on the basis of the fund's value at creation

- c) The table under showing actual fees and fund expenses paid by the investment fund during the year.  
The Total Expense Ratio also clearly disclosed.  
The fund manager have not waived or rebate any fees.

Expenses	Value in SAR
Chartered accountant fees	32,700.00
Board members fees	57,000.00
Custodian fee	210,962.75
Legal advice	211,108.55
Bank charges	4,175.97
Management fees	3,083,701.96
Feasibility study expenses	0
Other expenses	1,333,529.06
Operator fees	2,707,124.60
Capital Market Authority fees	7,500.00
Tadawul fees	141,476.75
Non-Performing Rent Provision	1,000,000
Property Evaluation fees	206,275.00
Lease Hold contracts	1,563,806.84
Lease operation and property Management	3,345,479.97
Depreciation and amortization	13,019,347.73
<b>Total expenses with depreciation and amortization</b>	<b>26,924,189.18</b>
<b>*The percentage of expenses with depreciation and amortization</b>	<b>%4.53</b>
<b>Total expenses without depreciation and amortization</b>	<b>12,904,841.45</b>
<b>*The percentage of expenses without depreciation and amortization</b>	<b>%2.17</b>

Note: There is an impairment in the value of real estate investments equal to (3,676,136.14), that was not included in the expenses.

The fund manager has not reduced or waived any fees, and performance data calculation methodology in addition to any assumption have been applied consistently.

\* Expense ratio has been calculated from the net asset value of the fund as of 12/31/2019.

3) Material changes that occurred during the period and affected the performance of the fund:

- a) On 06/26/1440 AH corresponding to March 03, 2019 AD: The fund manager of Al-Ma'ather REIT Fund announced the appointment of Al-Bilad Capital as a custodian of the Al-Ma'ather REIT Fund, as of Thursday..
- b) On 05/07/1440 AH corresponding to March 12, 2019 AD: Al-Ma'ather REIT Fund, announced that it started the process to pay the Zakat on the Fund on behalf of the Units holders.
- c) On 08/10/1440 AH corresponding to June 11, 2019: Al-Ma'ather REIT Fund announced cancelation of the deal in relation to the conclusion of a purchase agreement on the acquisition of 16 real estate assets at a total cost of approximately SAR552 million. Due to the seller's failure to complete the necessary procedures to complete the transaction, Al-Ma'ather REIT Fund announced the Fund's Board of Members 'decision not to proceed with the completion of the transaction and its dissolution Purchase agreement without having a material impact on the fund.
- d) On 04/12/1440 AH corresponding to August 5, 2019: Al Ma'ather REIT Fund had signed Shariah-compliant facility agreement with Al Rajhi Bank equal to SAR400,000,000.
- e) On 09/01/1441 AH corresponding to September 8, 2019: Al Ma'ather REIT fund announced the successful completion of the purchase transaction of Tolan Hotel Suites located in the city of Khobar, at a value of SAR 22,000,000.
- f) On 04/02/1441 AH corresponding to October 23, 2019: Announcing the results of the units Holders meeting, where the fundamental changes were approved as follows:
  1. Approval of amending the fund management fees to become: 0.50% calculated on the total value of the fund's assets after deduction of expenses, instead of: 0.50% calculated on the net value of the fund's assets.
  2. Approval to add a real estate brokerage fees so that the fund pays a maximum of 2.5% of the acquisition value and to be paid in favor to the real estate broker. The real estate brokerage fees could be paid to a related party or non-related party.
  3. Increasing the evaluation fees up to SAR 300,000 (Three Hundred thousand Saudi riyals)

Non material changes to the Arabic version of terms and conditions have been reviewed, including the following changes:

1. Modifying the wording of units holders, wherever they appear in the terms and conditions.



2. Amending the wording of appraiser to the evaluator wherever it is mentioned in the terms and conditions.
3. Adding the office of Al-Saleh and Al-Shali Legal Consultants among the fund's legal advisors.
4. The name of Danat Real Estate valuation was changed to Areab Real Estate valuation
5. Adding risk items in connection with the regulations of the traded real estate investment funds
6. Updating other funds membership under the Fund Board members section, according to the current situation regarding management / membership in other investment funds.
7. Adding the clauses related to cases in which the fund is suspended and / or delisted in accordance with the regulations of the traded real estate investment funds.

g) On 25/04/1441 AH corresponding to December 22, 2019: The fund manager of Al-Ma'ather REIT Fund announced the signing of a memorandum of understanding with the Al-Roqi National Schools Company for the purpose of constructing an educational building in the Al-Zahra neighborhood south of Riyadh on a land area of 7000 meters (seven thousand meters), in exchange for the Al-Roqi National Schools Company renting the entire complex (the land and the building) for a period 26 years old.

#### 4) A statement of the dividends distributed to the units holders:

On Tuesday 22/07/1441 AH, corresponding to 3/17/2020AD, the Fund Manager announced distributing cash dividends to the fund units holders for the fiscal year ending on December 31, 2019. The value is SAR 38,049,400 and the cash dividends were on the basis of 61,370,000 existing units, where the amount of profit distributed for the period amounted to 0.62 Saudi riyals for each unit, and its percentage to the initial price of the unit is 6.2%.

#### 5) Disclosure of the exercise of annual proxy voting :

During the reporting period, the fund did not invest / own any of the securities listed on the Saudi Stock Exchange.

## 6) Main topics the Fund Board discussed over the period:

### ❖ Topics discussed:

- Oversee the fund operation.
- Discussing the fund's real estate occupancy rates.
- Discussing the estimated budget for 2019.
- Discussing the realized and expected cash dividends of the fund
- Discussing developments in the custodian's change
- Discussing strategy / opportunities to acquire new real estate assets
- Discussing financing offers regarding obtaining financing for the fund
- Discussing investor Suggestions
- Discussing the general situation of the real estate market

### ❖ The decisions have been taken:

- The Board agree the acquisition of developed lands as long as it generates high returns in relation to the average returns on renting lands.
- The Board recommend acquiring properties at the size of which exceeds one billion Saudi riyals
- The Board recommend starting register in GZAT, and enable the fund to pay zakat in 2019 and going forward.
- Approval on the property manager's plan to make real estate improvements to preserve the asset value.
- Approval on the 2019 budget.
- Reform the investment committee membership, this committee is responsible to study real estate opportunities.

## C- FUND MANAGER

1) Name and address of the fund manager.

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OSOOL & BAKHEET  
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Osool & Bakheet Investment Company  
King Fahd Rd, AL Bahrain tower  
P.o.63762 Riyadh 11526  
Kingdom of Saudi Arabia  
Telephone: 00 966 11 419 1797 Fax: 00 966 11 419 1899  
Website: WWW.OBIC.COM.SA

2) Names and addresses of sub-manager and/or investment adviser (if any).

Does not apply.

3) A review of the investment activities during the period.

The fund manager of Al-Ma'ather REIT Fund announced the cancelation of a purchase agreement, in connection to the acquisition of 16 real estate assets at a total cost of approximately 552 million Saudi riyals, as result to the failure of the seller to complete the necessary procedures to complete the transaction.

The Fund's Board of Members decided not to proceed with the completion of the transaction and to cancel the purchase agreement without having a material impact on the fund.

Al Ma'ather REIT had signed Shariah-compliant facility agreement with Al Rajhi Bank worth SAR400,000,000

Further to the announcement of Osool and Bakheet Investment Company published on 11/09/1440 AH corresponding to May 16, 2019, related to the conclusion of the agreement to purchase the property of Tolan Hotel Suites located in the city of Khobar, Osool and Bakheet Investment Company announced the successful completion of the purchase transaction on Thursday 06/01/1441 AH corresponding to September 05, 2019, at value equal to SAR 22,000,000.

Al-Ma'ather REIT Fund signed Memorandum of Understanding with Al-Roqi National Schools Company for purpose of developing and constructing an educational building in Al-Zahra district, south of Riyadh, on a land area of 7,000 meters (seven thousand meters), in exchange for that, Al-Roqi National Schools Company will rent the entire complex (land and building) for a period of 26

years.

The fund manager is currently studying some of the properties targeted for acquisition, in order to achieve the expansion plan of the fund through the acquisition of new income-generating properties. The remaining cash balance available in the fund, is invested in an Islamic murabaha deposit through local banks.

4) Summary of the investment fund's performance during the period (2019/01/01 – 2019/12/31)

Fund performance	Value
Total return	<b>SAR 53,574,640</b>
Total return ratio	<b>8.73%</b>
Changing the book value of the unit	<b>-0.29</b>
The percentage change of the book value per unit	<b>-2.91%</b>
Unit price at offering (listed on the Saudi Stock Exchange - Tadawul)	<b>SAR 10.00</b>
Unit price as of 12/31/2019 (listed in the Saudi Stock Exchange - Tadawul)	<b>SAR 8.77</b>
Unit price as of 12/31/2018 (listed on the Saudi Stock Exchange - Tadawul)	<b>SAR 7.61</b>
Changing the market value of the unit (listed on the Saudi Stock Exchange - Tadawul)	<b>SAR 1.16</b>
The percentage change of the unit's market value (listed on the Saudi Stock Exchange-Tadawul)	<b>15.24%</b>

\* The date the fund started its operation on July 9, 2017

5) Details of any material changes made during the period.

- Al-Bilad capital was appointed as custodian of the fund.
- The membership of the Fund's Board of Members was changed with the resignation of one of the members and the addition of a new member.
- The results of the units holders meeting are reflected to fund T&C.

6) Any other information that would enable unitholders to make a feasible judgment about the fund's activities during the period.

There is no information to add.

7) Substantial investment by the fund in other investment funds:

There are no investments in other investment funds.

8) Any special commission received by the fund manager during the period:

There is no special commission received by the fund manager during the period, and all amounts obtained by the fund manager were disclosed during the period

9) Any other data and other information required by CMA Regulations to be included in this report.

- a) Conflict of interest disclosure: There is no conflict of interest
- b) Disclosure of details of the fund manager's investments in the fund's units: The fund manager invests in 350,819 units of the fund as of 12/31/2019
- c) Summary of all valuation and pricing errors: There is no valuation and pricing errors.

## D- CUSTODIAN

1) Name and address of custodian.



Albilad investment co.  
Headquarter – Riyadh,  
King Fahad RD,  
P.O.140 Riyadh 11411  
Free number: 920003636 Fax: 0112906299  
Website: [www.albilad-capital.com](http://www.albilad-capital.com)

2) Brief description of its duties and responsibilities

The custodian maintains records of real estate assets and accounts and documents related to the fund - Which includes but is not limited to - Fund real estate deeds, a special purpose company was established for the purpose of preserving real estate assets, all fund investment decisions and all contracts related to the fund's activities are kept with the custodian, And the minutes of the fund's board of members meetings are kept, In addition to the valuation reports for the fund's assets that are prepared by the independent evaluations, The custodian also separates the fund's assets from any other assets, The creditors of the fund manager or the custodian shall not have any right to the funds money / assets of the fund

3) A statement based on Custodian opinion whether the fund manager has:

- a) issued, transferred and redeemed the units in accordance with the provisions of the Investment Funds Regulations and the fund's Terms and Conditions.
  - b) valued and calculated the price of units in accordance with the provisions of the Investment Funds Regulations , the fund's Terms and Conditions and the information memorandum;
  - c) Breached any of the investment restrictions, limitations and borrowing powers applicable to the Investment fund Regulations.
- The responsibilities assigned to the custodian do not include expressing this opinion about clauses mentioned above.

## E- AUDITOR

1) Name and address of auditor.



Kingdom of Saudi Arabia  
P.O.28355 Riyadh 11473  
Prince Muhammad Bin Abdulaziz Rd - Sulimaniyah  
Telephone: 00966112065333  
Fax: 00966112065444  
<http://www.pkf.com/saudiarabia>  
[ibrahim.albassam@pkf.com](mailto:ibrahim.albassam@pkf.com)

2) Auditor have given unqualified opinion as follow: (detailed financial statements attached)

- a) The financial statements have been prepared and audited in accordance with SOCPA standards, the Investment Funds Regulations, the fund's terms and conditions and the information memorandum.
- b) the financial statements give a true and fair view of the net income and the net gains or losses of the investment fund's assets in that accounting period; and
- c) The financial statements give a true and fair view of the financial position of the investment fund at the end of the period.  
- Attached in Appendix No. (1) the financial statements, including all the points above.





## F- FINANCIAL STATEMENTS

Financial statements for the annual accounting period (or the interim period covered in the report) of the investment fund, which must be prepared in accordance with SOCPA standards.

**AL-MAATHAR REIT FUND**  
**A REAL ESTATE INVESTMENT TRADED- CLOSED ENDED FUND**  
**(MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**  
**WITH INDEPENDENT AUDITOR'S REPORT**

**AL-MAATHAR REIT FUND**  
**A Real Estate Investment Traded – Closed Ended Fund**  
**Financial Statements**  
**For the year ended 31 December 2019**  
**with the Independent Auditor’s Report**

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**Ibrahim Ahmed Al-Bassam & Co**  
**Certified Public Accountants - Al-Bassam & Co.**  
(member firm of PKF International)

## INDEPENDENT AUDITOR'S REPORT

**TO THE UNITHOLDERS**  
**AL MATHER REIT FUND**  
**(MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)**  
**RIYADH, KINGDOM OF SAUDI ARABIA**

### REPORT ON THE AUDIT OF FINANCIAL STATEMENT

#### Opinion

We have audited the accompanying financial statements of Al Mather REIT Fund ("the Fund"), being managed by Osool & Bakheet Investment Company (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2019 and the statement of comprehensive income, statement changes in net assets attributable to the unitholders and statement cash flows for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization of Certified Public accountants ("SOCPA").

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



**INDEPENDENT AUDITOR’S REPORT (CONTINUED)**

**TO THE UNITHOLDERS  
 AL MATHER REIT FUND  
 (MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)  
 RIYADH, KINGDOM OF SAUDI ARABIA**

**REPORT ON THE AUDIT OF FINANCIAL STATEMENT (CONTINUED)**

**Key Audit Matters (continued)**

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p>Al Mather REIT Fund owns a portfolio of investment properties comprising of commercial building located in the Kingdom of Saudi Arabia.</p> <p>Investment properties, held for capital appreciation and or rental yields, are stated at cost less accumulated depreciation and any impairment losses.</p> <p>Investment properties are re-measured for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss, if any, is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount.</p> <p>For assessing the impairment of investment properties, the Fund manager monitors volatility of fair value of properties by engaging independent certified property valuers to perform a formal valuation of the fund’s investment properties on semiannual basis.</p> <p>We considered this as a key audit matter since the assessment of impairment requires significant judgment by the Fund manager and the potential impact of impairment if any, could be material to the financial statements.</p>	<p>For impairment of investment properties, we have carried out the following audit procedures:</p> <ul style="list-style-type: none"> <li>- We Obtained two valuation reports from different/ independent real estate evaluators for each investment properties as at 31 December 2019 and confirmed that the valuation approaches are suitable for use in determining the carrying values as at the reporting date;</li> <li>- We assessed the independence of the external valuers and read their terms of engagement with the Fund to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work;</li> <li>- Assessed the recoverable amount, which is higher of fair value or value in use of the related investment properties as per the above-mentioned valuation reports. We have determined that the recoverable amount of the investment properties to be higher than the carrying amount of the same except for certain properties, which had an effect of impairment and was therefore recorded by the Fund's management; and</li> <li>- We reconciled the average fair value of the investment properties as per note 10 to the external valuers’ reports.</li> </ul>



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**TO THE UNITHOLDERS  
AL MATHER REIT FUND  
(MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)  
RIYADH, KINGDOM OF SAUDI ARABIA**

### REPORT ON THE AUDIT OF FINANCIAL STATEMENT (CONTINUED)

#### Other Information

Other information consists of the information included in the Fund's 2019 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Funds' Management is responsible for the preparation and fair presentation of the financial statements in accordance with (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by (SOCPA) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund's management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Fund's Board of Directors are responsible for overseeing the Fund's financial reporting process.



**Ibrahim Ahmed Al-Bassam & Co**  
Certified Public Accountants - Al-Bassam & Co.  
(member firm of PKF International)

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

**TO THE UNITHOLDERS  
AL MATHER REIT FUND  
(MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)  
RIYADH, KINGDOM OF SAUDI ARABIA**

### REPORT ON THE AUDIT OF FINANCIAL STATEMENT (CONTINUED)

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing "ISA" that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**TO THE UNITHOLDERS  
AL MATHER REIT FUND  
(MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)  
RIYADH, KINGDOM OF SAUDI ARABIA**

**REPORT ON THE AUDIT OF FINANCIAL STATEMENT (CONTINUED)****Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have compiled with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine the a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

For and on behalf of  
**Al-Bassam & Co.**  
Riyadh, Kingdom of Saudi Arabia

**Ibrahim A. Al-Bassam**  
Certified Public Accountant  
Registration No. 337



**22 March 2020  
27 Rajab 1441**



**AL-MAATHAR REIT FUND**  
A Real Estate Investment Traded - Closed Ended Fund  
**STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2019  
(Amounts in SAR)

	Note	31 December 2019	31 December 2018
<b><u>ASSETS</u></b>			
Cash and cash equivalents	7	43,635,850	34,254,259
Rent receivable		16,120,469	25,825,486
Prepayments and other assets	8	1,881,651	2,968,135
Benefit Contracts, net	9	8,041,114	9,447,714
Right-of-use assets	6	6,371,203	-
Investment properties	10	570,526,130	563,179,472
<b>Total assets</b>		<b>646,576,417</b>	<b>635,675,066</b>
<b><u>LIABILITIES</u></b>			
Accrued expenses and other liabilities	11	3,434,116	2,428,941
Unearned rental income		17,513,557	19,733,430
Management accrual fees and other	12	869,174	813,709
Lease liability on right of use assets	6	6,058,810	-
Islamic financing	13	22,304,259	-
Zakat provision	17	1,576,847	-
<b>Total liabilities</b>		<b>51,756,763</b>	<b>22,976,080</b>
<b>NET ASSETS VALUE</b>		<b>594,819,654</b>	<b>612,698,986</b>
<b>Units in issue (numbers)</b>		<b>61,370,000</b>	<b>61,370,000</b>
<b>PER UNIT VALUE</b>		<b>9.69</b>	<b>9.98</b>
<b>PER UNIT FAIR VALUE</b>	10	<b>9.82</b>	<b>10.03</b>

The accompanying notes 1 to 25 form an integral part of these financial statements.

**AL-MAATHAR REIT FUND**  
A Real Estate Investment Traded – Closed Ended Fund  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 31 December 2019  
(Amounts in SAR)

	Note	31 December 2019	31 December 2018
<b><u>INCOME</u></b>			
Rental income	14	53,293,385	52,303,764
Commissions income	7	272,036	314,835
Other revenues		9,219	954
<b>Total income</b>		<b>53,574,640</b>	<b>52,619,553</b>
<b><u>EXPENSES</u></b>			
Benefit contract rent expense		(1,120,523)	(1,280,762)
Properties management expenses		(2,707,125)	(2,225,748)
Fund management fees and other		(3,083,702)	(3,621,835)
Custodial fee		(210,963)	(91,862)
Loan profit expenses		(478,750)	-
Lease financing expenses		(443,284)	-
Other expenses	15	(5,866,302)	(3,654,280)
<b>Total Expenses from operations</b>		<b>(13,910,649)</b>	<b>(10,874,487)</b>
<b>Total income from operation</b>		<b>39,663,991</b>	<b>41,745,066</b>
Impairment in investment property	10	(3,398,819)	(24,500,409)
Impairment in benefits contract	9	(277,317)	-
Investment property depreciation	10	(11,863,363)	(11,700,074)
Benefit contract amortizations	9	(1,150,177)	(1,148,776)
<b>Net income for the year before zakat</b>		<b>22,974,315</b>	<b>4,395,807</b>
Zakat charge during the year	17	(1,576,847)	-
<b>Net income for the year after zakat</b>		<b>21,397,468</b>	<b>4,395,807</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>21,397,468</b>	<b>4,395,807</b>

The accompanying notes 1 to 25 form an integral part of these financial statements.

**AL-MAATHAR REIT FUND**  
A Real Estate Investment Traded – Closed Ended Fund  
**STATEMENT OF CHANGES IN NET ASSETS**  
For the year ended 31 December 2019  
(Amounts in SAR)

	<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>Net assets value attributable to the Unitholders at the beginning of the year</b>		<b>612,698,986</b>	624,259,379
<b>Changes from units' transactions:</b>			
Dividends paid during the year	20	(39,276,800)	(15,956,200)
Total comprehensive income for the year		<b>21,397,468</b>	4,395,807
<b>Net assets value attributable to the unitholders at the end of the year</b>		<b>594,819,654</b>	612,698,986

The accompanying notes 1 to 25 form an integral part of these financial statements.

**AL-MAATHAR REIT FUND**

A Real Estate Investment Traded – Closed Ended Fund

**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2019

(Amounts in SAR)

	31 December 2019	31 December 2018
<b>OPERATING ACTIVITIES</b>		
Net income for the year before zakat	22,974,315	4,395,807
<i>Adjustments to</i>		
Investment properties depreciation	11,863,363	11,700,074
Benefit Contracts Amortizations	1,150,177	1,148,776
Impairment in investment properties	3,398,819	24,500,409
Impairment in benefits contracts	277,317	-
Right-of-use assets depreciation	1,120,523	-
Finance cost of lease liability	443,284	-
	<b>41,227,798</b>	<b>41,745,066</b>
<b>Changes in operating assets:</b>		
Rent Receivable	9,705,019	(8,804,967)
Prepayments and other assets	385,283	19,442,388
Accrued expenses and other payable	1,005,175	(3,586,932)
Unearned rental income	(2,219,873)	(1,447,690)
Management accrual fees and other	55,465	(1,061,912)
Other payables	-	(10,052,500)
<b>Net cash from operating activities</b>	<b>50,158,867</b>	<b>36,233,453</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investment property	(22,608,840)	(541,135)
Additions on benefits contract	(20,895)	-
<b>Net cash used in investing activities</b>	<b>(22,629,735)</b>	<b>(541,135)</b>
<b>FINANCING ACTIVITIES</b>		
Islamic financing	22,304,259	-
Payment of lease liability	(1,175,000)	-
Dividends paid	(39,276,800)	(15,956,200)
<b>Net cash used in financing activities</b>	<b>(18,147,541)</b>	<b>(15,956,200)</b>
<b>Change in cash and cash equivalents</b>	<b>9,381,591</b>	<b>19,736,118</b>
Cash and cash equivalents at the beginning of the year	34,254,259	14,518,141
<b>Cash and cash equivalents at the end of the year</b>	<b>43,635,850</b>	<b>34,254,259</b>

The accompanying notes 1 to 25 form an integral part of these financial statements.

## **AL-MAATHAR REIT FUND**

A Real Estate Investment Traded – Closed Ended Fund

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

(Amounts in SAR)

#### **1) THE FUND AND ITS ACTIVITIES**

Al-Maathar REIT (the “REIT” or the “Fund”) is a closed-ended real estate investment traded fund. The REIT operates in accordance with Real Estate Investment Funds Regulations and REIT Regulations issued by the CMA. The REIT is listed on the Tadawul and units of the REIT shall be on traded on the Tadawul in accordance with its rules and regulations. The Capital of the REIT is SAR 613,700,000. The REIT has a term of 99 years, which is extendable in the discretion of the Fund Manager with the prior approval of the CMA.

The REIT is managed by Osool & Bakheet investment Company (the “Fund Manager”), a Saudi Closed Joint Stock Company with Saudi Arabian commercial registration no. 1010219805, Dated 02/05/1427H (corresponding to 29/05/2006 G) and an Authorized Person licensed by the CMA under license no. 08126-07 to engage in the business of dealing as an agent, management and custody in the securities business.

The Fund aims to invest in real estate assets that are capable of achieving periodic rental income within the Kingdom of Saudi Arabia in accordance with the Fund's investment strategy set out in the Fund's terms and conditions and distribution of at least 90% of the Fund's net profits annually. The Fund invests in secondary assets in real estate development projects in accordance with the limitations set out in the Fund's strategy in Article (f) of the Fund's terms and conditions.

The Fund commenced operations on 9 July 2017 (15 Shawwal 1438H). The ownership of real estate investments and benefits contracts was transferred in August of the same year.

#### **2) REGULATING AUTHORITY**

The Fund is governed by the Real Estate Investment Funds Regulations (the “Regulations”) and REIT instructions published by Capital Market Authority (CMA) pursuant to Resolution No. 1-193-2006 dated on Jumada II 1427H (corresponding to 15 July 2006) according to the CMA Regulation Issued by Royal Decree No. (M / 30) dated 2/6/1424 AH (corresponding to 07/31/2003), and the instructions for real estate investment circulating funds issued by the Board of the Capital Market Authority pursuant to Resolution No. 6 - 130 - 2016 and date 23/1 1438 AH (corresponding to 10/24/2016 AD) according to CMA regulation issued by Royal Decree No. (M / 30) dated 2/6/1424 AH (corresponding to 07/31/2003 ).

#### **3) BASIS OF PRESENTATION**

##### *a- statement of compliance*

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization of Certified Public accountants. In accordance with the CMA's circular in 16 October 2016, the Fund should apply the cost model for the measurement of property, plant and equipment, real estate investments and intangible assets when applying the three-year IFRS starting from the date of application of IFRS.

Assets and liabilities in the statement of financial position are presented in the order of liquidity.

##### *b-Basis of measurement*

These financial statements have been prepared under the historical cost convention, using accrual basis of accounting

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2019**

(Amounts in SAR)

**3) BASIS OF PRESENTATION(Continued)**

*c-functional and presentation currency*

These financial statements have been presented in Saudi Arabian Riyals (SAR), which is functional currency of the fund. All financial information has been rounded off to the nearest Saudi Riyal, unless otherwise mentioned.

**4) CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTION**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period, are described below. REIT based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of REIT. Such changes are reflected in the assumptions when they occur.

**4.1) *Going Concern***

The Fund Manager of the Fund has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on REIT's ability to continue as a going concern.

**4.2) *Valuation of investment properties***

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less cost to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the assets' useful lives and do not include restructuring activities that the fund is not yet committed to or significant future investments that will enhance each assets performance of the cash generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

**4.3) *Impairment of non-financial assets***

The carrying amounts of the non-financial assets are reviewed at the end of each reporting date or more frequently to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using the pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. The fair value less cost to sell is based on observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets are available, then based on discounted future cash flow calculations.

**AL-MAATHAR REIT FUND**

A Real Estate Investment Traded – Closed Ended Fund

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

(Amounts in SAR)

**4) CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTION (CONTINUED)**

**4.4) *Residual and useful lives of investment properties***

The Fund manager of the REIT determines the estimated residual value and useful lives of its investment properties for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management will review the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

**4.5) *Expected credit loss***

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

A number of significant judgments are also required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing group of similar financial assets for the purposes of measuring ECL.

**5) SIGNIFICANT ACCOUNTING POLICIES**

**a) *Investment properties***

investment properties consist of Real estate that are held for capital appreciation and/or rental yields instead of selling them in the context of regular business or uses in production or for administrative purposes. These properties are not used to generate sales revenue through normal business operations. Real estate investments are recognized at cost and the acquisition cost is measured at the fair value of the acquired / transferred assets. All development costs that are directly attributable to the acquisition / development of real estate are capitalized to arrive at the total cost.

The derecognition of real estate investments is canceled in the event of sale or dispensation when it is transferred to development property. Any gain or loss resulting from the derecognition of the property is recognized immediately in the statement of comprehensive income.

Real estate investments are held for the purpose of generating revenue from leasing and / or increasing the capital value, at cost, minus accumulated depreciation and any impairment losses.

Gains or losses from the sale or disposal of investment properties that represent the difference between the net proceeds from the sale and the book value are included in the statement of comprehensive income in the period in which the sale / disposal is made, except for those relating to sale and lease arrangements.

The Fund have the following policy of Depreciation:

Buildings	3.3% - 5%
Furniture's	15%

**b) *Rent receivable***

Receivables are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortized cost using effective commission method. Loss allowance for receivables is always measured at an amount equal to lifetime expected credit losses.

**c) *Cash and cash equivalents***

Cash and cash equivalents for the purpose of cash flows represent cash at banks in current accounts and other short-term highly liquid investments with original maturities of three month or less, which are available to the Fund without any restrictions.

## AL-MAATHAR REIT FUND

A Real Estate Investment Traded – Closed Ended Fund

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

(Amounts in SAR)

#### 5) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *d) Benefits Contracts*

Benefits contracts are recorded at cost less accumulated amortization and any impairment losses. Depreciation is calculated using the straight-line method over the year of the contract.

##### *e) Revenue recognition*

*The following are specific recognition criteria that must also be met before recognition of revenue:*

##### *Rental Revenue*

The Primary Fund's revenues arise from investment property rentals and Benefits Contracts rental. Revenue is recognized to the extent that the performance obligations relating to customer contracts are met by the Fund. Revenue is measured on the basis of the terms specified in the contract with the customer and the amounts collected on behalf of a third party are excluded. The Fund recognizes revenue when the control over the good or the product or service is transferred to a customer, and the special conditions for recognition of revenue must be recognized before the revenue recognition process.

##### *Commission income*

Commission income from time deposits is recognized on an accrual basis in the statement of comprehensive income.

##### *f) Accrued expenses and other liability*

Initial recognition of accrued expenses and other payables is recognized at fair value and is subsequently measured at amortized cost using the effective interest rate method.

Provisions are recognized when the Fund has obligations (legal or constructive) arising from past events and the payment of the obligation is likely to result in an outflow of economic benefits and the value of which can be reliably measured. Provisions is not recognised for future operating loss.

##### *g) Dividend distribution*

The fund has a policy of distributing at least 90% of net income as dividends.

##### *h) Net assets value*

The net assets value per unit disclosed in the financial statements is calculated by dividing the net assets of the REIT by the number of units in issue at the year-end.

##### *i) Zakat*

Zakat is calculated according to the regulations of the General Authority of Zakat and Tax in the Kingdom of Saudi Arabia ("GAZT") and the Zakat provision for the year is included in Comprehensive income statement. Any differences between the component provision and the final assessment are recorded in the year in which the final assessment is approved.

##### *j) Impairment of assets*

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized (if applicable) for the amount by which the carrying amount of the asset exceeds its recoverable amount.

##### *K) Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

(Amounts in SAR)

**5) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***k) Financial instruments***

***-Measurement methods***

***Initial recognition and measurement***

Financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual provisions of the instrument.

At initial recognition, the Fund measures a financial asset or financial liability at its fair value, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions.

Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognized for financial assets measured at amortized cost, which results in an accounting loss being recognized in the statement of comprehensive income when an asset is newly originated.

All regular-way purchases and sales of financial assets are recognised and derecognised on the trade date, i.e. the date that the Fund commits to purchase or sell the assets. Regular-way purchases or sales of financial assets require delivery of those assets within the time frame generally established by regulation or convention in the market place. All other financial assets and liabilities are initially recognised on the trade date at which the fund becomes a party to the contractual provision of the instrument.

***Amortized cost:*** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit (SPPP), and that are not designated at FVPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured as described in Note 3,3. Profit earned from these financial assets is recognized in the statement of comprehensive income using the effective commission rate method.

***Impairment of financial assets***

The fund assesses on a forward-looking basis the expected credit loss (“ECL”) associated with its financial assets carried at amortized cost and fair value through other comprehensive income. The Fund recognizes a loss allowance for such losses at each reporting date.

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets are assessed for impairment when it is established that there is objective evidence that the fund may not be able to collect all amounts due. The amount of impairment is the difference between the carrying amount and the estimated recoverable amount. The estimated recoverable amount is the present value of expected cash flows discounted based on the original effective yield rate.

***Derecognition of financial assets***

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Fund transfers substantially all the risks and rewards of ownership, or (ii) the Fund neither transfers nor retains substantially all the risks and rewards of ownership and the Fund has not retained control.

***Financial liabilities***

The Fund classifies its financial liabilities at amortised cost unless it has designated liabilities at FVPL. The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

***Loans and facilities***

After initial recognition, profit bearing loans and Islamic financing are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through amortization.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

(Amounts in SAR)

5) **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*k) Financial instruments (continued)*

***Derecognition of financial liabilities***

A financial liability is derecognized when the obligation is discharged or expires. When an existing financial liability of another lender is replaced by substantially different terms or the terms of the present liabilities are substantially modified, such an exchange or modification is treated as an exclusion of the original liability and recognition of a new liability and the difference in the amounts included in the statement of Comprehensive income.

6) **NEW STANDARDS EFFECTIVE FROM 1 JANUARY 2019.**

The Fund adopted IFRS 16 Leases as of January 1, 2019.

IFRS 16 introduces a single model of budget-based leasing for tenants that the lessee recognizes the right to use, which represents his right to use the underlying assets and lease obligations that represent his obligation to make the lease payments. There are exceptions to learn about short term lease contracts and low-value items. Lessor accounting remains the same as the current standard, meaning that the lessor continues - Classify lease contracts as finance or operating lease contracts.

IFRS 16 replaces the instructions of existing leases, including IAS 17 "Leases" and interpretation and International No. 4 "Determine if the arrangement involves a lease", and the interpretation of the former International Interpretation Committee No. 15 "Operating lease contracts - and incentives" and the interpretation of the previous International Interpretations Committee No. 27" Evaluation of the substance of transactions that take the legal form of the lease. "

**A) The recognized amendment to the application of IFRS 16:**

The Fund adopted IFRS 16 on January 1, 2019, using the revised application methodology retroactively and thus the cumulative effect of the adoption of IFRS 16 (as an adjustment to the opening balance) is recognized as advance payments without any impact on the balance Retained earnings on January 1, 2019, without re-adjusting the comparison numbers.

**B) The recognized amendment to IFRS 16 implementation**

The effect of adopting IFRS 16 on the statement of assets and liabilities as at 1 January 2019 is as follows:

	31 December 2018	increase/decrease	1 January 2019
Right-of-use assets	-	7,491,726	7,491,726
Prepayments	701,201	(701,201)	-
Lease Liability	-	6,790,525	6,790,525

**C) Accounting policy**

The assets and liability of the new operating lease is recognized for office buildings. Each lease payment is allocated between the liability and the financing cost. The cost of financing is charged to the initial income statement over the lease term to produce a constant periodic interest rate on the remaining balance of the liability for each period. The assets of the right to use are amortized over the shorter of the useful life of the asset and the lease term on a straight-line basis.

**AL-MAATHAR REIT FUND**  
A Real Estate Investment Traded – Closed Ended Fund  


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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2019  
(Amounts in SAR)

**6) SIGNIFICANT STANDARDS EFFECTIVE FROM 1 JANUARY 2019 (CONTINUED).**

**IFRS 16 - Leases (continued)**

**C) Accounting policy (continued)**

Assets and liabilities arising from the lease are initially measured at their present value.

1. The right to use assets are measured at cost which includes:

- The initial measurement of lease commitments.
- Any rental payments made on or before the start date
- Less any rent incentives received.
- Any initial direct costs, and
- Restoration costs.

2. Lease liability include net present value of the following rental payments:

- Fixed payments (including immaterial payments)
- Less rent incentives receivable. A variable lease based on an index or price.
- Amounts expected to be paid by the lessee under residual value guarantees.
- Exercise price of the purchase option If the tenant is reasonably sure of exercising this option, the
- Pay fines to terminate the lease, if the term of the lease reflects the tenant who exercises this option.

Lease payments are deducted using the additional borrowing rate, which the tenant has to pay to borrow funds to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments relating to short term leases and low value asset lease contracts are recognized as an expense in the interim income statement. Short-term leases are leases of 12 months or less.

Low-value assets include small items related to office equipment.

Rental terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Lease agreements do not impose any covenants, but leases cannot be used as collateral for borrowing purposes.

The asset balance of the usage right and the depreciation charge is as follows:

	<u>31 December 2019</u>	<u>31 December 2018</u>
<b>Cost</b>		
Balance as of 1 January 2019	7,491,726	-
Additions	-	-
Balance as of 31 December 2019	<u>7,491,726</u>	-
<b>Accumulated Depreciation</b>		
Balance as of 1 January 2019	-	-
Amortization for the period	(1,120,523)	-
Balance as of 31 December 2019	<u>(1,120,523)</u>	-
<b>Book Value as of 31 December 2019</b>	<u>6,371,203</u>	-
	<u>31 December 2019</u>	<u>31 December 2018</u>
Lease liability on right-of-use assets non-current portion	5,634,310	-
Lease liability on right-of-use assets current portion	424,500	-
Balance as of 31 December 2019	<u>6,058,810</u>	-

The total interest expense on the recognized lease obligations for the period ended 31 December 2019 is SAR 443,284 (31 December 2018: NIL)

The additional borrowing for the weighted average applied to the lease commitments as at 31 December 2019 was 7%.

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**7) CASH AND CASH EQUIVALENTS**

	<u>31 December 2019</u>	<u>31 December 2018</u>
Cash at banks	12,635,850	4,254,259
Time deposit *	31,000,000	30,000,000
	<u>43,635,850</u>	<u>34,254,259</u>

\* The amount represents Islamic Murabaha with Saudi Faransi and Samba Bank. The deposit is placed for a period ranging from one day to three months and earn special commission at a rate of 3.25% per annum.

**8) PREPAYMENTS AND OTHER ASSETS**

	<u>31 December 2019</u>	<u>31 December 2018</u>
VAT receivable	813,901	534,594
Insurance	607,511	518,492
Prepayment expenses	125,867	99,243
Income of commissions due	105,298	40,625
Operational custom	32,205	22,425
Amounts received with previous owners	-	997,651
Prepaid rents	-	701,201
Other	196,869	53,904
	<u>1,881,651</u>	<u>2,968,135</u>

**9) BENEFIT CONTRACTS, NET**

The benefit contracts are as follows:

	<u>31 December 2019</u>	<u>31 December 2018</u>
Cost of purchasing benefit contracts	9,447,714	10,596,490
Additions	20,895	-
Accumulated amortization	(1,150,178)	(1,148,776)
Impairment	(277,317)	-
	<u>8,041,114</u>	<u>9,447,714</u>

The Fund has an agreement to transfer benefit contracts concluded with Zawya Al Ma'athar on 15 March 2017 to enter on 15 August 2017. Benefit contracts consist of the following:

- Alrabee benefit: is a commercial property located in King Abdulaziz Road in the Alrabee district of Riyadh and the cost of the purchase of the benefit amount of 1,483,659 Saudi riyals and Amortized over 5 years.
- Al-Quds benefit: is a commercial office property located in King Abdullah Bin Abdul Aziz Road in Al-Quds district in Riyadh. The cost of purchasing the benefit is SAR 2,243,693 and is amortized over 10 years.
- Wadi Laban benefit: is a residential commercial property located in the Shafa road in Dhahra Laban district in Riyadh. The cost of purchasing the benefit amounts to SR 1,375,978 and is amortized over 10 years.
- Aldabab benefit: is a commercial office located in Imam Abdullah bin Faisal Road in Almurba'a district of the city of Riyadh and the cost of the purchase of the benefit amount of 5,927,493 Saudi riyals and is amortized over year 15 years.

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**10) INVESTMENTS PROPERTIES**

This represents eight properties; as following:

- Al Maathar is a commercial, residential and office property located in Prince Turki Bin Abdul Aziz Al Awal Road in Al Ma'ather. This property is located in Riyadh
- Rabee: is a commercial property "hotel units" located in the road of Prince Saud bin Mohammed bin Muqrin in the rabee district. This property is located in Riyadh.
- Mohammedia: is a commercial and office property located on the road of King Fahd bin Abdulaziz in the upper district. This property is located in Riyadh.
- Takhsusi: is a commercial property located in Al-Takhasusi Street in Al-Maather district. This property is located in Riyadh.
- Alsaafa 1: is a commercial office located in Olaya street in Alsaafa district, located in the Riyadh.
- Alsaafa 2: is a office property located in Olaya street in the Alsaafa district. The property is located in Riyadh.
- Alhair Warehouse: is a warehouse, located in the Msan'e district in Riyadh.
- Al-Sulai warehouse: is a warehouse, located in Al-Khattab Street in Al-Sulai district in Riyadh.
- Tolan Hotel Suites: is a hotel suite and is located in Al Aqrabiyah neighborhood of Al Khobar.

	Land	Building	Furnitures	Total 2019	Total 2018
<b><u>Cost</u></b>					
Balance Beginning of the year	274,368,142	296,113,824	8,743,937	579,225,903	603,185,177
Additions	8,702,023	13,756,054	150,763	22,608,840	541,135
Impairment	(2,461,146)	(937,673)	-	(3,398,819)	(24,500,409)
<b>Balance Ending of the year</b>	<b>280,609,019</b>	<b>308,932,205</b>	<b>8,894,700</b>	<b>598,435,924</b>	<b>579,225,903</b>
<b><u>Accumulated Depreciation</u></b>					
Balance Beginning of the year	-	14,243,115	1,803,316	16,046,431	4,346,357
Additions	-	10,548,654	1,314,709	11,863,363	11,700,074
<b>Balance Ending of the year</b>	<b>-</b>	<b>24,791,769</b>	<b>3,118,025</b>	<b>27,909,794</b>	<b>16,046,431</b>
<b><u>Net Book Value:</u></b>					
<b>Balance 31 December 2019</b>	<b>280,609,019</b>	<b>284,140,436</b>	<b>5,776,675</b>	<b>570,526,130</b>	<b>-</b>
Balance 31 December 2018	274,368,142	281,870,709	6,940,621	-	563,179,472

\* There is one collateral property in exchange for credit facilities (Note13).

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**10) INVESTMENTS PROPERTIES (CONTINUED).**

**EFFECT OF NET ASSET VALUE IF INVESTMENT PROPERTIES ARE FAIR VALUED**

In accordance with Article 22 of the Real Estate Investments Funds Regulations issued by CMA in the Kingdom of Saudi Arabia, the Fund Manager evaluates the Fund's assets based on an average of two evaluations prepared by independent evaluators. As set out in the terms and conditions of the Fund, net asset value declared are based on the market value obtained. However in accordance with the accounting policy of the Fund, investment properties are carried at cost less accumulated depreciation and impairment losses, if any. Accordingly, the fair value below is disclosed for information purposes and has not been accounted for in the Fund's financial statements.

The fair value of the investment properties and benefits contracts are determined by two selected appraisers **Areeb Company, Valustrat Company**. The valuation of the investment properties, Benefits contracts are as follows:

<b>2019</b>	<b>Areeb Company</b>	<b>Valustrat Company</b>	<b>Average</b>
Investment properties	574,678,990	577,114,956	575,896,973
Benefits Contracts	6,865,160	14,250,000	10,557,580
<b>Total</b>	<b>581,544,150</b>	<b>591,364,956</b>	<b>586,454,553</b>
<b>2018</b>	<b>Areeb Company</b>	<b>Valustrat Company</b>	<b>Average</b>
Investment properties	567,775,000	560,558,000	564,166,500
Benefits Contracts	8,010,647	114,998,000	11,504,324
Total	575,785,647	575,556,000	575,670,824

The management used the average of the two evaluators for the purpose of disclosing the fair value of real estate investments and benefits contracts.

The investment properties were valued taking into consideration number of factors, including the area and type of property and valuation techniques using unobservable inputs, including the financial analysis, cost method income approach and discounted cash flows. The following is an analysis of the fair value of real estate investments against cost.

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**10) INVESTMENTS PROPERTIES(CONTINUED)**

**EFFECT OF NET ASSET VALUE IF INVESTMENT PROPERTIES ARE FAIR VALUED(CONTINUED)**

	<u>31 December 2019</u>	<u>31 December 2018</u>
Estimated fair value of investment properties and benefit contracts based on the average of the two valuers used	586,454,553	575,670,824
Less: the carrying value of investment properties	(570,526,130)	(563,179,472)
Benefit Contracts	(8,041,114)	(9,447,714)
Estimated fair value increase (Decrease) of book value	<u>7,887,309</u>	<u>3,043,638</u>
Units in issue (numbers)	<u>61,370,000</u>	<u>61,370,000</u>
Additional value per unit based on fair value	<u>0.13</u>	<u>0.05</u>

*Net asset attributable to unitholders:*

	<u>31 December 2019</u>	<u>31 December 2018</u>
Net assets attributable to unitholders as per the financial statements before fair value adjustment	594,819,654	612,698,986
Estimated fair value increase of book value	<u>7,887,309</u>	<u>3,043,638</u>
Net assets attributable to unitholders based on fair valuation of investment properties and benefit contracts	<u>602,706,963</u>	<u>615,742,624</u>

*Net asset attributable to each unit:*

	<u>31 December 2019</u>	<u>31 December 2018</u>
Book value per unit as per the financial statements before fair value adjustment	9.69	9.98
Additional value per unit based on fair value	<u>0.13</u>	<u>0.05</u>
Net assets attributable to each unit based on fair valuation	<u>9.82</u>	<u>10.03</u>

\*All properties are held in the name of Baitk Alhfd Real-Estate Company (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.

**11) ACCRUED EXPENSES AND OTHER LIABILITY**

	<u>31 December 2019</u>	<u>31 December 2018</u>
Refundable Deposit – Customer	1,980,787	2,055,306
Accrued properties management expenses	674,759	-
Accruals to previous owners	334,959	-
Accruals to suppliers	249,671	292,407
Allowance to attend the members of the BOD	48,000	54,000
VAT payable	-	11,393
Other	145,940	349,879
	<u>3,434,116</u>	<u>2,428,941</u>

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**12) MANAGEMENT ACCRUAL FEES AND OTHER**

Management accrual fees and other is following:

**- MANAGEMENT FEE, OTHER EXPENSES**

The Fund Manager charges the Fund with a management fee of 0.50% per annum of the total asset value of the Fund, calculated on a daily basis and payable on a quarterly basis. The Fund Manager shall also recover from the Fund any other expenses incurred on behalf of the Fund. Real estate management fees which do not exceed 5% of the total rental income collected from the relevant property. Payment shall be made on a semi-annual basis. The Fund shall bear all fees and expenses related to the activities and investments of the Fund and shall incur expenses and fees resulting from transactions and services provided by third parties such as legal services Consultants and real estate consultants and any other professional, technical or technical services. These costs shall not exceed 1% of the total value of the Fund's assets annually.

**- 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.

**13) ISLAMIC FINANCING**

The Fund obtained credit facilities (Tawaruq) from local banks in the form of long-term loans to finance the purchase of Tolan real estate in Al Khobar, where credit facilities limits amounted to 22.3 million Saudi riyals. These facilities carry commissions according to the prevailing rates in the local market. These loans were granted are secured by a collateral of one of the Fund's properties.

**14) RENTAL INCOME**

	<u>31 December 2019</u>	<u>31 December 2018</u>
Rental income	50,297,838	49,211,434
Income from benefit contracts	2,995,547	3,092,330
	<u>53,293,385</u>	<u>52,303,764</u>

**15) OTHER EXPENSES**

	<u>31 December 2019</u>	<u>31 December 2018</u>
Maintenance and cleaning	3,345,480	2,498,713
Rent receivable provision	1,000,000	-
Tadawul and Edaa center	785,227	611,986
Professional evaluation expenses, Professional fees	512,083	418,545
Allowance to attend the members of the BOD	57,000	-
Property insurance	143,751	-
Other	22,761	125,036
	<u>5,866,302</u>	<u>3,654,280</u>



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**16) BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

Related parties of the Fund include “Osool & Bakheet Company” being the Fund Manager, Madad Alkhair for real estate” being the Management properties and zawyat alma’athar. for real estate.

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		Balance	
		2019	2018	31 December 2019	31 December 2018
Osool & Bakheet Company	Fund management fee and other*	4,302,963	5,348,870	(869,174)	(813,709)
zawyat alma’athar. for real estate – unitholder and Board member (previous owner)	Takhasusi Real estate development	-	3,626,076	(334,959)	881,696
Madad Alkhair for real estate	Management property	2,201,304	2,882,326	(674,759)	115,682
Board of Directors	Attendance allowance*	57,000	54,000	(48,000)	(54,000)

\* Board attendance allowances are included in the financial position under other Accruals.

**17) Zakat**

Zakat base as follows:

	31 December 2019
Net Adjusted Income	27,650,451
<b>Add:</b>	
Unit Net Value (beginning)	612,698,986
Provisions	24,500,409
Lease liability o	6,058,809
Loans	7,271,800
<b>Deduct:</b>	
Dividends paid	(39,276,800)
Real estate investments	(570,526,130)
Right-of-use assets	(6,371,203)
Zakat base	62,006,323
Zakat on net Adjusted Income	691,261
Zakat on remaining Zakat base	885,586
<b>Total Zakat</b>	<b>1,576,847</b>

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**17) Zakat (continued)**

The Fund registered with the General Authority of Zakat and Tax; Zakat return was not submitted until the date of preparing the financial statements. The first filling will be for the year ended 31 December 2019.

Zakat provision movement is as follows:

	<u>31 December 2019</u>
1 January	-
Provided during the year	<u>1,576,847</u>
<b>31 December</b>	<u><b>1,576,847</b></u>

**18) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Credit risk**

Its Fund's policy to enter into financial instrument contracts with reputable counterparties. The Fund seeks to limit its credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. Cash is placed with a reputable financial institution.

The following table shows maximum exposure to credit risk for the components of the statement of financial position:

	Notes	<u>31 December 2019</u>	31 December 2018
Cash and cash equivalents	7	<b>43,635,850</b>	34,254,259
Rent receivable		<b>16,120,469</b>	25,825,486

Credit risk on Cash and cash equivalents, and Rent receivable is limited as:

- Cash and cash equivalents, included short term deposits are held with banks with sound credit ratings from BBB- and above
- The management has conducted a review as required under IFRS 9 and based on assessment, the management believes that there is no need for any significant impairment loss against the carrying value of cash and cash equivalents Rent receivable are carried at net of impairment.

**Liquidity risk**

Liquidity risk is the risk that the Fund may encounter difficulty in generating funds to meet commitments associated with financial liabilities. The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise.

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**18) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**

*Maturity Profiles*

The table below summarizes the maturity profile of significant assets and liabilities of the Fund based on expected maturities:

	31 December 2019		
	Less than 1 year	More than 1 year	Total
Cash and cash equivalents	43,635,850	-	43,635,850
Rent receivable	16,120,469	-	16,120,469
Prepayments and other assets	1,881,651	-	1,881,651
Benefit Contracts, net	8,041,114	-	8,041,114
Right-of-use assets	-	6,371,203	6,371,203
Investment properties	-	570,526,130	570,526,130
<b>TOTAL ASSETS</b>	<b>69,679,084</b>	<b>576,897,333</b>	<b>646,576,417</b>
Accrued expenses and other liabilities	3,434,116	-	3,434,116
Unearned rental income	17,513,557	-	17,513,557
Management accrual fees and other	869,174	-	869,174
Lease liability on right of use assets	424,500	5,634,310	6,058,810
Islamic financing	-	22,304,259	22,304,259
Zakat provision	1,576,847	-	1,576,847
<b>TOTAL LIABILITIES</b>	<b>23,818,194</b>	<b>27,938,569</b>	<b>807,762,102</b>
	31 December 2018		
	Less than 1 year	More than 1 year	Total
Cash and cash equivalents	34,254,259	-	34,254,259
Rent receivable	25,825,486	-	25,825,486
Prepayments and other assets	2,968,135	-	2,968,135
Benefit Contracts, net	9,447,714	-	9,447,714
Right-of-use assets	-	-	-
Investment properties	-	563,179,472	563,179,472
<b>TOTAL ASSETS</b>	<b>72,495,594</b>	<b>563,179,472</b>	<b>635,675,066</b>
Accrued expenses and other liabilities	2,428,941	-	2,428,941
Unearned rental income	19,733,430	-	19,733,430
Management accrual fees and other	813,709	-	813,709
Lease liability on right of use assets	-	-	-
Islamic financing	-	-	-
Zakat provision	-	-	-
<b>TOTAL LIABILITIES</b>	<b>22,976,080</b>	<b>-</b>	<b>22,976,080</b>

*Market risk*

The REIT will be subject to the general conditions of the real estate sector in Saudi Arabia, which itself is influenced by a variety of factors such as, but not limited to the overall macroeconomic growth in the kingdom, interest rates, demand-supply, availability of financing, investor sentiment, liquidity, legal and regulatory requirement.

**19) FAIR VALUE OF FINANCIAL INSTRUMENTS**

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Fair value is the amount by which an asset is exchanged or a liability settled between willing parties in an equal condition. The financial instruments of the Fund consist of financial assets and liabilities. The financial assets of the Fund consist of cash and cash equivalents, receivable leases, net benefit contracts and other receivables. Financial liabilities consist of accrued expenses, other credit balances and unearned rental income.

For investments traded in an active market, fair value is determined by reference to quoted market prices. The fair values of financial assets and liabilities are not materially different from their carrying values.

#### **20) DIVIDEND DISTRIBUTION**

In accordance with the terms and conditions of the Fund. The Fund aims to distribute annual profits at least 90% of net income. the Fund's Board approved to distribute dividends with regards to the period ended 31 December 2018 to SAR 0.64 per unit totalling SAR 39,276,800 to its unitholders. The same was paid.

#### **21) CHANGES IN FUNDS TERMS AND CONDITIONS**

During the year the Fund has reviewed its terms and conditions in which the Fund has reviewed its Management fee from 0.50 percent of the Net Assets Value (NAV) to a 0.50 percent of the Total Assets Value , adding an endeavour expense so that the Fund pays 2.5% of the value of the acquisition of real estate Calculated and paid upon emptying for the benefit of the real estate broker, as well as increasing the fees of the evaluators so that they do not exceed 300 thousand Saudi riyals.

#### **22) SUBSEQUENT EVENTS**

The Fund announced the conclusion of the agreement to purchase the real estate of Al Nokhba Educational schools, on January 22, 2020 (conditional on obtaining the necessary approvals from the concerned authority and completing the statutory procedures). Where the acquisition value will reach 31,000,000 million Saudi riyals and the transaction will be funded through a credit facility agreement in accordance with Islamic law. The Fund pledged the title deed of two properties, Alsaahafa 1 real estate and Alsaahafa 2 real estate, to Al-Rajhi Banking and Investment Corporation on February 6, 2020, as a guarantee of credit facilities. On February 24, 2020 the Fund announced the completion of the acquisition of the property and its full lease with the seller, Al-Maaref Creative Educational Company, with a net binding contract of all expenses, for a period of 15 years, with an annual rental value of 2,635,000.00 million Saudi riyals, and the tenant provided rental guarantees, which are bonds for a three-year order It is renewed automatically to the end of the contract, in addition to paying a two-year lease in advance.

#### **23) SEGMENT REPORTING**

The Fund has invested in Twelve real estate investment properties in the Kingdom of Saudi Arabia. As it has invested in a single industry and in a single country, no segment information has been presented.

#### **24) LAST VALUATION DAY**

The last valuation day of the period was 31 December 2019.

#### **25) APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by the Fund's Board of Directors on 24 Rajab 1441 corresponding to 19 March 2020.