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## A) Investment Fund Information

## أ) معلومات صندوق الاستثمار

<b>1) Name of the Investment Fund</b> SNB Capital Fund of REITs Fund	<b>1) اسم صندوق الاستثمار</b> صندوق الأهلي القابض لصناديق الاستثمار العقارية المتداولة
<b>2) Investment Objectives and Policies</b> <ul style="list-style-type: none"> <li><b>Fund's Objectives:</b>            SNB Capital Fund of REITs Fund is an open-ended investment fund of funds fund which aims to distribute income to Unitholders through investing mainly in real estate investment traded funds (REITs).</li> <li><b>Investment Policies and Practices:</b>            The fund invests primarily in units of Real Estate Investment Traded Funds (REITs) including REITs IPO's, units of open or closed end income generating real estate funds and in funds investing in listed real estate companies.</li> </ul>	<b>2) أهداف وسياسات الاستثمار وممارساته</b> <ul style="list-style-type: none"> <li><b>أهداف الصندوق:</b>            صندوق الأهلي القابض لصناديق الاستثمار العقارية المتداولة هو صندوق استثماري قابض عام مفتوح يهدف إلى توزيع الدخل على مالكي الوحدات من خلال الاستثمار بشكل أساسي في صناديق الاستثمار العقارية المتداولة المعروفة باسم (ريت).</li> <li><b>سياسات الاستثمار وممارساته:</b>            يستثمر الصندوق بشكل أساسي في وحدات صناديق الاستثمار العقارية المتداولة ويشمل ذلك الطروحات العامة الأولية لوحدات صناديق الاستثمار العقارية المتداولة، ووحدات صناديق الاستثمار العقاري المدرة للدخل المفتوحة أو المغلقة ووحدات صناديق استثمار تستثمر في شركات عقارية مدرجة.</li> </ul>
<b>3) Distribution of Income &amp; Gain Policy</b> Dividends are distributed to the unitholders twice a year, within five working days from the end of June and December.	<b>3) سياسة توزيع الدخل والأرباح</b> يتم توزيع الأرباح على مالكي الوحدات مرتين في السنة خلال خمسة أيام عمل بالمملكة من نهاية شهر يونيو وشهر ديسمبر.
<b>4) The fund's reports are available upon request free of charge.</b>	<b>4) تتاح تقارير الصندوق عند الطلب وبدون مقابل.</b>
<b>5) The fund's benchmark and the service provider's website (if any)</b> NCB Capital Saudi REITs Shariah Index .The benchmark service is provided by (S&P).	<b>5) المؤشر الاسترشادي للصندوق، والموقع الإلكتروني لمزود الخدمة (إن وجد)</b> مؤشر الأهلي كابيتال المتوافق مع الشريعة للصناديق الاستثمارية العقارية المتداولة السعودية. يتم تزويد خدمة المؤشر عن طريق شركة ستاندرد آند بورز (S&P).

## B) Fund Performance

## أداء الصندوق

- 1) A comparative table covering the last three financial years/or since inception, highlighting: (1) جدول مقارنة يغطي السنوات المالية الثلاث الأخيرة / أو منذ التأسيس، يوضح:

Year	2021	2020	2019	السنة
NAV*	57,454,670	41,538,513	19,198,041	صافي قيمة أصول الصندوق*
NAV per Unit*	1.23	1.05	0.99	صافي قيمة أصول الصندوق لكل وحدة*
Highest Price per Unit*	1.35	1.12	1.01	أعلى سعر وحدة*
Lowest Price per Unit *	1.03	0.84	0.78	أقل سعر وحدة*
Number of Units	46,873,096	39,687,681	19,481,639	عدد الوحدات
Income Distribution Per Unit	0.028	0.040	0.044	قيمة الأرباح الموزعة لكل وحدة
Fees & Expense Ratio	0.79%	0.86%	1.03%	نسبة الرسوم والمصروفات
Percentage of borrowed assets from the total asset value, the period of their exposure period and due date (if any)	N/A	N/A	N/A	نسبة الأصول المقرضة من إجمالي قيمة الأصول، ومدة انكشافها وتاريخ استحقاقها (إن وجدت)
*In Saudi Riyal				*بالريال السعودي

- 2) A performance record that covers the following: (2) سجل أداء يغطي ما يلي:

- a. The total return for the fund compared to the benchmark for 1 year, 3 years, 5 years and since inception: أ. العائد الإجمالي للصندوق مقارنة بالمؤشر لسنة واحدة، ثلاث سنوات، خمس سنوات ومنذ التأسيس:

Period	Since Inception منذ التأسيس	5 Years 5 سنوات	3 Years 3 سنوات	1 Year سنة	الفترة
Return %	9.15	N/A	19.77	19.14	عائد الصندوق %
Benchmark %	8.89	N/A	17.63	15.28	عائد المؤشر %

- b. The annual total return for the fund compared to the benchmark for the last 10 years/ or since inception: ب. العائد الإجمالي السنوي للصندوق مقارنة بالمؤشر للعشر سنوات الماضية / أو منذ التأسيس:

Year	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	السنة
Return %	19.14	10.56	30.42	-16.73	N/A	N/A	N/A	N/A	N/A	N/A	عائد الصندوق %
Benchmark %	15.28	11.60	26.53	-13.24	N/A	N/A	N/A	N/A	N/A	N/A	عائد المؤشر %

c. Actual fees and fund expenses paid by the investment fund during the year as a percentage of average Net Asset Value:

ج. مقابل الخدمات والعمولات والأتعاب التي تحملها الصندوق على مدار العام كنسبة مئوية من متوسط صافي قيمة أصول الصندوق:

Fees and Expenses	ألف ريال SAR '000	النسبة المئوية %	الرسوم والمصروفات
Management Fees	265	0.50%	أتعاب الإدارة
VAT on Management Fees	39	0.08%	ضريبة القيمة المضافة على أتعاب الإدارة
Custodian Fees	20	0.03%	رسوم الحفظ
Auditor Fees	29	0.05%	أتعاب مراجع الحسابات
Fund Admin Expenses	10	0.02%	مصاريف العمليات الإدارية
CMA Fees	7	0.01%	رسوم هيئة السوق المالية
Tadawul Fees	5	0.01%	رسوم نشر معلومات الصندوق على موقع تداول
Shariah Committee Fees	31	0.05%	أتعاب خدمات اللجنة الشرعية
Independent Fund Board Remunerations	23	0.04%	مكافآت أعضاء مجلس إدارة الصندوق المستقلين
<b>Total Fees and Expenses</b>	<b>429</b>	<b>0.79%</b>	<b>مجموع الرسوم والمصاريف</b>

### 3) Material Changes

There were no material changes that occurred during the period that affected the performance of the fund.

#### Economic Outlook:

- Crude oil prices (Brent) averaged USD 71/bbl during 2021, up 65% from 2020 levels on average basis, and exhibited a steadily rising trend throughout the year on two counts, namely (1) strong post-pandemic global demand recovery, and (2) active supply management by OPEC. The oil market continued to strengthen for the whole year, with the lowest daily closing price in the year is USD 51/bbl that was seen in January 2021 and the highest close of USD 86/bbl witnessed in October 2021. The prices were flattish on a QoQ basis in the last quarter of the year and closed the year at USD 78/bbl an overall 50% higher level than 2020 closing.
- The Saudi market's representation kept gradually increasing in the two premier international indices, FTSE EM and MSCI EM during the year under review. Net foreign inflows of over USD 6.8 bln in 2021 took overall foreign ownership to USD 68 bln at Tadawul (excluding strategic partners).
- The Saudi government's relief measures to combat the pandemic continued in 2021. SAMA extended its support programs for debt repayments of the private sector to the banks.

### 3) تغييرات جوهرية حدثت خلال الفترة

لم تحدث تغييرات جوهرية تؤثر في أداء الصندوق خلال الفترة. نظرة عامة على أداء الاقتصاد:

- بلغ متوسط أسعار النفط الخام 71 دولار للبرميل خلال عام 2021، بارتفاع وقدره 65% مقارنة بمتوسط سعر عام 2020، ويعزى هذا الارتفاع الحاد إلى عنصرين، هما: (1) التعافي القوي للطلب العالمي للنفط فيما بعد الجائحة، (2) الإدارة الفعالة لإمدادات النفط من قبل مجموعة أوبك. استمرت قوة سوق النفط بالارتفاع طوال العام، حيث سجل أدنى سعر إغلاق يومي خلال العام عند 51 دولارًا أمريكيًا للبرميل في يناير 2021 وأعلى سعر إغلاق عند 86 دولارًا أمريكيًا للبرميل في أكتوبر 2021. في الربع الأخير من العام لم تشهد الأسعار تغيير يذكر على أساس ربعي، وأغلق العام عند 78 دولارًا أمريكيًا للبرميل بمستوى إجمالي أعلى بنسبة 50% من سعر إغلاق عام 2020.
- استمرت الزيادة التدريجية في تمثيل السوق السعودي في المؤشرين الدوليين الرئيسيين، FTSE EM و MSCI EM خلال العام. أدى صافي التدفقات الأجنبية الوافدة المقدر بـ 6.8 مليار دولار أمريكي في عام 2021 لرفع الملكية الأجنبية الإجمالية إلى 68 مليار دولار أمريكي في تداول (باستثناء الشركاء الاستراتيجيين).
- استمرت الحكومة السعودية بالتخفيف من قيود الإجراءات الاحترازية المتخذة ضد الآثار السلبية لفيروس كورونا في عام 2021. كما مدد البنك المركزي السعودي برامجه الداعمة لسداد ديون القطاع الخاص لدى لبنوك.
- كان نشاط الاكتتابات قويًا جدًا خلال الفترة، حيث تم إدراج تسع شركات في السوق الرئيسية لتداول في عام 2021 برأسمال

- IPO activity was very strong, nine companies were listed at the Main Market of Tadawul in 2021 with over USD 4.6 bln capital raised. Investor participation in these IPOs from both institutional and retail segments reached record levels, thanks to elevated liquidity in the capital markets and low interest rate environment. Three noteworthy IPOs were ACWA Power, raising USD 1.2 bln, Saudi Tadawul Group with USD 1.0 bln raised, and Arabian Internet and Communications Services Co raising USD 966 mln. In addition, Nomu Parallel Market saw six IPOs that raised cumulative USD 518 mln, where Jahez was the most notable IPO in Nomu.
- The Kingdom's economic performance during FY21 was robust owing to the reopening theme. Fiscal deficit decreased to only around 2% of GDP from over 12% in FY20. Oil output stayed at 9.1 mln bbl/d, approximately 1% lower on YoY basis. The Kingdom's PMI averaged at a robust level of 56 points for the year, recording a low of 53 points in March and a high of 59 points in September. These compare to an average of 50 points seen in 2020.
- Interest rates were fairly stable in 2021, with the US Fed Target Rate maintaining its lowest-on-record level of 0.25%. 3-month Saibor averaged at 0.8% during 2021. Tadawul reported 7% increase in average daily traded value during 2021 that reached a rate of USD 2.3 bln a day.
- The 2022 budget has a clear focus on shifting the onus of the development spending from public sector to the private sector, with the government rationalizing overall spending via seeking productivity gains and introducing various efficiency measures in the ministries. Furthermore, the government will continue its focus on decreasing dependency on oil revenues. Worthy to note that 2022 is expected to register the first surplus budget in 8 years.

يزيد عن 4.6 مليار دولار أمريكي. وصلت مشاركة المستثمرين في هذه الاكتتابات الأولية من قطاعي المؤسسات والأفراد إلى مستويات قياسية، وذلك بفضل السيولة المرتفعة في أسواق رأس المال وفي ظل انخفاض أسعار الفائدة. ثلاثة اكتتابات منها كانت جديدة بالملاحظة هذه الشركات هي شركة أكوابور، حيث جمعت 1.2 مليار دولار، ومجموعة تداول السعودية حيث جمعت 1.0 مليار دولار، والشركة العربية لخدمات الإنترنت والاتصالات التي جمعت 966 مليون دولار. بالإضافة إلى ذلك، شهد سوق نمو السوق الموازية ستة اكتتابات عامة جمعت 518 مليون دولار أمريكي بشكل تراكمي. كان اكتتاب جاهز هو الأبرز في نمو.

- كان الأداء الاقتصادي للمملكة خلال العام المالي 2021 قوياً بسبب إعادة الافتتاح بعد الجائحة. انخفض العجز المالي إلى حوالي 2% فقط من الناتج المحلي الإجمالي مقارنة بأكثر من 12% في السنة المالية 2020. ظل إنتاج النفط عند 9.1 مليون برميل في اليوم، أي أقل بنسبة 1% تقريباً على أساس سنوي. كما سجل متوسط مؤشر مديري المشتريات في المملكة مستوى قوياً بلغ 56 نقطة للسنة، مسجلاً أدنى مستوى له عند 53 نقطة في مارس وأعلى مستوى عند 59 نقطة في سبتمبر. مقارنة بمتوسط 50 نقطة شهود في عام 2020.
- كانت أسعار الفائدة مستقرة إلى حد ما في عام 2021، مع الحفاظ على سعر الفائدة المستهدف، من قبل الاحتياطي الفيدرالي في الولايات المتحدة، إلى أدنى مستوى له على الإطلاق عند 0.25%. بلغ متوسط السايبور لمدة 3 أشهر 0.8% خلال عام 2021. سجلت تداول زيادة بنسبة 7% في متوسط قيمة التداول اليومية خلال عام 2021 حيث بلغت معدل 2.3 مليار دولار أمريكي في اليوم.
- تركز موازنة 2022 بشكل واضح على تحويل عبء الإنفاق التنموي من القطاع العام إلى القطاع الخاص، مع ترشيد الحكومة للإنفاق الكلي من خلال السعي لتحقيق مكاسب إنتاجية وتقديم مقاييس كفاءة متنوعة في الوزارات. علاوة على ذلك، ستواصل الحكومة تركيزها على تقليل الاعتماد على عائدات النفط. وجدير بالملاحظة أن سنة 2022 يتوقع لها وجود أول فائض بالميزانية منذ 8 سنوات.

#### 4) Exercising of Voting Rights

The Fund Manager has exercised voting rights, for more details kindly refer to the "Exercising of Voting Right Annex".

#### 4) ممارسات التصويت السنوية

قام مدير الصندوق بممارسات التصويت السنوية. وللمزيد من التفاصيل يرجى مراجعة "ملحق ممارسات التصويت السنوية".

#### 5) Fund Board Annual Report

#### 5) تقرير مجلس إدارة الصندوق السنوي

##### a. Names of Fund Board Members

- Naif Al Saif – Chairman – Non-Independent Member
- Wisam Fasihaldin - Non-Independent Member
- Dr. Asem Al Homaidi - Independent Member
- Mohammed Al Oyaidi - Independent Member

##### أ. أسماء أعضاء مجلس إدارة الصندوق

- نايف آل سيف - رئيس مجلس إدارة الصندوق - عضو غير مستقل
- وسام فصيح الدين - عضو غير مستقل
- د. عاصم الحميضي - عضو مستقل
- محمد العييدي - عضو مستقل

##### b. A brief about of the fund board members' qualifications

**Naif Al-Saif:** He is currently the Head of Principal Investments in SNB Capital. Naif joined Samba in February 2006. He has 15 years of experience. In Samba,

##### ب. نبذة عن مؤهلات أعضاء مجلس إدارة الصندوق

**نايف آل سيف:** رئيس إدارة الاستثمارات الخاصة لدى شركة الأهلي المالية. انضم نايف إلى سامبا في فبراير 2006 حاصل على 15 سنة من الخبرة في العمل في سامبا، تولى نايف إدارة



Naif has managed the fixed income portfolio of more than SAR 60 billion and managed the public budget of SAR 225 billion. He is also the Chief Operating Officer in Samba London. Moreover, he is a member in Samba's Asset and Liability Committee. He has taken part in several strategic projects in developing the Saudi banking sector. Prior to joining Samba, he worked for Saudi Hollandi Bank, Derivatives Department, Treasury Section. Naif holds a bachelor's degree with Honors in Finance and Economics from King Fahd University of Petroleum and Minerals and MBA from Prince Sultan University.

**Wisam Fasihaldin:** He is the Chief Financial Officer at Jeddah Central Development Company (A subsidiary of PIF). Also, he was the Chief Financial Officer at SNB Capital. He joined SNB Capital in 2014G. Prior to that he held multiple roles at Saudi National Bank. He has more than 20 years of experience in financial sector. He received an MBA degree - specialized in Finance University of Business & Technology (former CBA). He holds a Bachelor degree - specialized in Business Administration from King Abdulaziz University.

**Dr. Asem Al Homaidi:** He is an assistant professor of Finance and Investment. He received PhD in Finance from the University of New Orleans in United States of America, a Master in Financial Economics from University of New Orleans in United States of America, a Master of Finance from University of Tampa, FL and Bachelor's degree from King Saud University in Business Administration (major in Finance) Excellent grade with First Class Honor.

**Mohammed Al Oyaidi:** He is the founder of OCPAs, has more than 15 years of experience in the area of capital markets, accounting, auditing and risk management. He has also worked in some international companies and agencies such as KPMG, Ernst & Young, the World Bank Group and the Saudi Capital Market Authority. He received a Master of Business Administration from Oklahoma City University and a Bachelor's degree in Accounting from King Saud University. He was awarded CPA Fellowship as well as SOCPA Fellowship. Aloyaidi is Business Valuer certified by Saudi Authority for Accredited Valuers (TAQEEM).

#### c. Roles and responsibilities of the Fund Board

The responsibilities of the members of the fund board shall include the following:

1. Approving material contracts, decisions and reports involving the fund.
2. Approve a written policy in regards to the voting rights related to the fund assets.

محفظة الدخل الثابت والتي تتجاوز 60 مليار ريال سعودي، بالإضافة إلى إدارة الميزانية العمومية التي تتجاوز 225 مليار ريال سعودي. وهو أيضاً رئيس المتداولين لفرع سامبا لندن. وهو عضو في لجنة الأصول والخصوم في سامبا. وقد شارك في العديد من المشاريع الاستراتيجية في تطوير القطاع المصرفي السعودي. قبل انضمامه إلى سامبا، عمل في البنك السعودي الهولندي، قسم المشتقات المالية - إدارة الخزينة. حصل نايف على درجة البكالوريوس في العلوم المالية والاقتصاد من جامعة الملك فهد للبترول والمعادن وشهادة الماجستير في إدارة الأعمال / مالية من جامعة الأمير سلطان بمرتبة الشرف.

**وسام فصيح الدين:** المدير المالي لشركة وسط جدة للتطوير (إحدى الشركات التابعة لصندوق الاستثمارات العامة). شغل سابقاً منصب المدير المالي في شركة الأهلي المالية. انضم إلى شركة الأهلي المالية عام 2014م. شغل عدة مناصب في البنك الأهلي السعودي. لديه أكثر من 20 عاماً من الخبرة في الإدارة المالية. حاصل على ماجستير في إدارة الأعمال من جامعة الأعمال والتكنولوجيا في المملكة العربية السعودية، وشهادة مراقب تكاليف معتمد. وحاصل على درجة البكالوريوس في إدارة الأعمال من جامعة الملك عبدالعزيز.

**د. عاصم الحميضي:** الدكتور عاصم، أستاذ المالية والاستثمار المساعد. حصل على درجة الدكتوراه في الفلسفة المالية من جامعة نيو أورلينز في الولايات المتحدة الأمريكية، ودرجة الماجستير في الاقتصاد المالي من جامعة نيو أورلينز ومن جامعة تامبا في الولايات المتحدة الأمريكية، ودرجة الماجستير في العلوم المالية من جامعة تامبا في الولايات المتحدة الأمريكية. درس في جامعة الملك سعود وحصل على درجة البكالوريوس في إدارة الأعمال (تخصص المالية) بتقدير امتياز مع مرتبة الشرف الأولى.

**محمد العبيدي:** مؤسس مكتب العبيدي محاسبون ومراجعون قانونيون، يمتلك خبرة أكثر من (15) عام في السوق المالية والمحاسبة والمراجعة وإدارة المخاطر. سبق له العمل في بعض بيوت الخبرة العالمية مثل شركة كي بي إم جي (KPMG)، وارنست آند يونغ (Ernst & Young)، والبنك الدولي، وهيئة السوق المالية السعودية. حصل على ماجستير إدارة أعمال من جامعة مدينة أوكلاهوما، وشهادة البكالوريوس في المحاسبة من جامعة الملك سعود وزمالة المحاسبين القانونيين الأمريكية (CPA)، وزمالة الهيئة السعودية للمحاسبين القانونيين (SOCPA)، وهو مقيم منشآت معتمد لدى الهيئة السعودية للمقيمين المعتمدين.

#### ج. أدوار مجلس إدارة الصندوق ومسؤولياته

تشمل مسؤوليات أعضاء مجلس إدارة الصندوق، على سبيل المثال لا الحصر، الآتي:

1. الموافقة على جميع العقود والقرارات والتقارير الجوهرية التي يكون الصندوق طرفاً فيها.
2. اعتماد سياسة مكتوبة فيما يتعلق بحقوق التصويت المتعلقة بأصول الصندوق.

3. Overseeing and, where appropriate, approving or ratifying any conflicts of interest the fund manager has identified.
4. Meeting at least twice annually with the fund manager's compliance committee or its compliance officer to review the fund manager's compliance with all applicable rules, laws and regulations.
5. Approving all changes stipulated in Articles (62) and (63) of the Investment Funds Regulations "IFRs" before the fund manager obtains the approval or notification of the unitholders and the Authority (as applicable).
6. Confirming the completeness and accuracy (complete, clear, accurate, and not misleading), and compliance with the IFRs, of the Terms and Conditions and of any other document, contractual or otherwise.
7. Ensuring that the fund manager carries out its obligations in the best interests of the unitholders, in accordance with the IFRs and the Fund's Terms and Conditions.
8. Reviewing the report that includes assessment of the performance and quality of services provided by the parties involved in providing significant services to the fund referred to in Paragraph (I) of Article (9) of IFRs, in order to ensure that the fund manager fulfils his responsibilities in the interest of unitholders in accordance with the Fund's Terms and Conditions and the provisions stipulated in IFRs.
9. Assessing the mechanism of the fund manager's handling of the risks related to the fund's assets in accordance with the fund manager's policies and procedures that detect the fund's risks and how to treat such risks.
10. Have a fiduciary duty to unitholders, including a duty to act in good faith, a duty to act in the best interests of the unitholders and a duty to exercise all reasonable care and skill.
11. Approving the appointment of the external Auditor nominated by the Fund Manager.
12. Taking minutes of meetings that provide all deliberations and facts of the meetings and the decisions taken by the fund's board of director.
13. Review the report containing all complaints and the measures taken regarding them referred to in Paragraph (m) of Article (9) of IFRs, in order to ensure that the fund manager carries out his responsibilities in a way that serves the interest of unitholders in accordance with the Fund's Terms and Conditions and what contained in this Regulation.

3. الإشراف، ومتى كان ذلك مناسباً، الموافقة أو المصادقة على أي تعارض مصالح يفصح عنه مدير الصندوق وفقاً لللائحة صناديق الاستثمار.
4. الاجتماع مرتين سنوياً على الأقل مع لجنة المطابقة والالتزام لدى مدير الصندوق أو مسؤول المطابقة والالتزام لديه، للتأكد من التزام مدير الصندوق بجميع اللوائح والأنظمة المتبعة.
5. الموافقة على جميع التغييرات المنصوص عليها في المادتين (62) و (63) من لائحة صناديق الاستثمار وذلك قبل حصول مدير الصندوق على موافقة مالكي الوحدات والهيئة أو إشعارهم (حيثما ينطبق).
6. التأكد من اكتمال ودقة شروط وأحكام الصندوق وأي مستند آخر (سواء أكان عقداً أم غيره) يتضمن إفصاحات تتعلق بالصندوق ومدير الصندوق وإدارته للصندوق، إضافةً إلى التأكد من توافق ما سبق مع أحكام لائحة صناديق الاستثمار.
7. التأكد من قيام مدير الصندوق بمسؤولياته بما يحقق مصلحة مالكي الوحدات وفقاً لشروط وأحكام الصندوق، وأحكام لائحة صناديق الاستثمار.
8. الاطلاع على التقرير المتضمن تقييم أداء وجودة الخدمات المقدمة من الأطراف المعنية بتقديم الخدمات الجوهرية للصندوق المشار إليه في الفقرة (ل) من المادة (9) من لائحة صناديق الاستثمار؛ وذلك للتأكد من قيام مدير الصندوق بمسؤولياته بما يحقق مصلحة مالك الوحدات وفقاً لشروط وأحكام الصندوق وما ورد في لائحة صناديق الاستثمار.
9. تقييم آلية تعامل مدير الصندوق مع المخاطر المتعلقة بأصول الصندوق وفقاً لسياسات وإجراءات مدير الصندوق حيال رصد المخاطر المتعلقة بالصندوق وكيفية التعامل معها.
10. العمل بأمانة وحسن نية واهتمام ومهارة وعناية وحرص وبما يحقق مصلحة مالكي الوحدات.
11. الموافقة على تعيين مراجع الحسابات بعد ترشيحه من قبل مدير الصندوق.
12. تدوين محاضر الاجتماعات التي تشتمل على جميع وقائع الاجتماعات والقرارات التي اتخذها مجلس إدارة الصندوق.
13. الاطلاع على التقرير المتضمن جميع الشكاوى والإجراءات المتخذة حيالها المشار إليه في الفقرة (م) من المادة (9) من لائحة صناديق الاستثمار؛ وذلك للتأكد من قيام مدير الصندوق بمسؤولياته بما يحقق مصلحة مالكي الوحدات وفقاً لشروط وأحكام الصندوق وما ورد في لائحة صناديق الاستثمار.



**d. Remuneration of fund board members**

Each member of the Fund's independent Board of Directors receives SAR (140) thousand annually, divided by the number of open-ended public investment funds managed by the Fund Manager and supervised by the Fund Board.

**e. A statement of any conflict or potential conflict of interest between the interests of a fund board member and the interests of the fund**

Members of the Fund Board may be members of other funds that may seek investment objectives similar to those of the Fund. Therefore, in the exercise of its business, a member of the Fund Board may find himself in a situation of potential conflict of duties or interests with one or more funds. However, in such cases, the member shall take into account his obligations to act in the best interests of the Unitholders to the maximum practicable extent and not to overlook his obligations to his other clients when he considers any investment that may involve a potential conflict of interest, and in situations requiring voting, that Member shall refrain from doing so. To the date of issuing the Terms and Conditions, there is no significant business or other interest to the members of the Fund Board, which is likely to conflict with the interests of the Fund.

**f. A statement showing all the funds boards that the relevant board member is participating in**

**د. مكافآت أعضاء مجلس إدارة الصندوق**

يتقاضى عضو مجلس إدارة الصندوق المستقل (140) ألف ريال سنوياً مقسمة على عدد الصناديق العامة المفتوحة المدارة من قبل مدير الصندوق والتي يشرف عليها المجلس.

**هـ. تعارض المصالح بين مصالح عضو مجلس إدارة الصندوق**

**ومصالح الصندوق**

يجوز لأعضاء مجلس إدارة الصندوق أن يكونوا أعضاء من حين لآخر لصناديق أخرى قد تنشأ أهدافاً استثمارية مماثلة لتلك الخاصة بالصندوق. ولذلك، فمن الممكن أن يجد أحد أعضاء مجلس إدارة الصندوق، في نطاق ممارسته لأعماله، أنه في موقف ينطوي على تعارض محتمل في الواجبات أو المصالح مع واحد أو أكثر من الصناديق. وعلى أي حال، ففي تلك الحالات سوف يراعي عضو مجلس الإدارة التزاماته بالتصرف بما يحقق أقصى مصالح مالكي الوحدات المعنيين إلى أقصى درجة ممكنة عملياً، وعدم إغفال التزاماته تجاه عملائه الآخرين عند الاطلاع بأي استثمار قد ينطوي على تعارض محتمل في المصالح، وفي الحالات التي تتطلب التصويت سوف يمتنع ذلك العضو عن ذلك. علماً أنه إلى تاريخ إعداد الشروط والأحكام، لا يوجد أي نشاط عمل أو مصلحة أخرى مهمة لأعضاء مجلس إدارة الصندوق أو أعضاء مجلس إدارة الصندوق يُحتمل تعارضها مع مصالح الصندوق.

**و. جدول يوضح جميع مجالس إدارة الصناديق التي يشارك فيها عضو مجلس الصندوق**

اسم الصندوق / العضو	نايف آل سيف Naif Al-Saif	وسام فصيح الدين Wisam Fasihaldin	د. عاصم الحميضي Dr. Asem AlHomaidi	محمد العبيدي Mohammed Al Oyaidi	Fund's/ Member's Name
صندوق الأهلي الخليجي للنمو والدخل	✓	✓	✓	✓	SNB Capital GCC Growth and Income Fund
صندوق الأهلي العالمي للريث	✓	✓	✓	✓	SNB Capital Global REITs Fund
صندوق الأهلي القابض لصناديق الاستثمار العقارية المتداولة	✓	✓	✓	✓	SNB Capital Fund of REITs Fund
صندوق الأهلي المرن للأسهم السعودية	✓	✓	✓	✓	SNB Capital Freestyle Saudi Equity Fund
صندوق الأهلي لأسهم الشركات السعودية الصغيرة والمتوسطة	✓	✓	✓	✓	SNB Capital Saudi Small and Mid-Cap Equity Fund
صندوق الأهلي العالمي للرعاية الصحية	✓	✓	✓	✓	SNB Capital Global Health Care Fund
صندوق الأهلي للمتاجرة بالأسهم الخليجية	✓	✓	✓	✓	SNB Capital GCC Trading Equity Fund
صندوق الأهلي للمتاجرة بالأسهم السعودية	✓	✓	✓	✓	SNB Capital Saudi Trading Equity Fund

اسم الصندوق / العضو	نايف آل سيف Naif Al-Saif	وسام فصيح الدين Wisam Fasihaldin	د. عاصم الحميضي Dr. Asem AlHomaidi	محمد العبيدي Mohammed Al Oyaidi	Fund's/ Member's Name
صندوق الأهلي لمؤشر أسهم آسيا والباسيفيك	✓	✓	✓	✓	SNB Capital Asia Pacific Index Fund
صندوق الأهلي لمؤشر أسهم الأسواق الناشئة	✓	✓	✓	✓	SNB Capital Emerging Markets Index Fund
صندوق الأهلي لمؤشر أسهم أمريكا الشمالية	✓	✓	✓	✓	SNB Capital North America Index Fund
صندوق الأهلي لمؤشر أسهم أوروبا	✓	✓	✓	✓	SNB Capital Europe Index Fund
صندوق الأهلي للصكوك السيادية	✓				SNB Capital Sovereign Sukuk Fund
صندوق الأهلي سدكو للتطوير السكي			✓	✓	AlAhli SEDCO Residential Development Fund
صندوق الأهلي ريت (1)				✓	AlAhli REIT Fund (1)
صندوق الأهلي للضيافة بمكة المكرمة				✓	AlAhli Makkah Hospitality Fund
صندوق الأهلي العقاري				✓	SNB Capital Real Estate Fund

**g. Topics discussed and issued resolutions, as well as the fund performance and fund achievement of its objectives**

The Fund's Board of Directors held three meetings during 2021. The following is a summary of the key decisions approved and the matters discussed by the Fund's Board of Directors:

- Fund's objectives achievement and performance review.
- Risks related to the funds; including: liquidity, market, and operational risks.
- Ensuring fund's compliance to all applicable rules and regulations.
- Approving the periodic income distributions to the unitholders.

**ز. الموضوعات التي تمت مناقشتها والقرارات الصادرة بشأنها بما في ذلك أداء الصندوق وتحقيق الصندوق لأهدافه**

- عقد مجلس إدارة الصندوق ثلاثة اجتماعات خلال العام 2021م، وفيما يلي ملخصاً لأهم القرارات التي تم إقرارها والمواضيع التي تمت مناقشتها من قبل مجلس إدارة الصندوق:
- مناقشة تحقيق الصندوق لأهدافه وأدائه خلال العام.
  - المخاطر المتعلقة بالصندوق بما في ذلك مخاطر السيولة، السوق، والتشغيل.
  - التزام الصناديق بلوائح هيئة السوق المالية مع مسؤول المطابقة والالتزام.
  - الموافقة على توزيع الأرباح الدورية لمالكي الوحدات.

**C) Fund Manager**

**ج) مدير الصندوق**

**1) Name and address of the Fund Manager**

**SNB Capital Company**  
King Saud Road, P.O. Box 22216, Riyadh 11495,  
Saudi Arabia  
Tel: +966 920000232  
Website: [www.alahlicapital.com](http://www.alahlicapital.com)

**1) اسم مدير الصندوق، وعنوانه**

**شركة الأهلي المالية**  
طريق الملك سعود، ص.ب. 22216، الرياض 11495،  
المملكة العربية السعودية  
هاتف: +966 920000232  
الموقع الإلكتروني: [www.alahlicapital.com](http://www.alahlicapital.com)

<b>2) Names and addresses of Sub-Manager / Investment Adviser</b>	<b>2) اسم وعنوان مدير الصندوق من الباطن و/أو مستشارين الاستثمار (إن وجد)</b>
None.	لا يوجد.
<b>3) Investment Activities during the period</b>	<b>3) أنشطة الاستثمار خلال الفترة</b>
<p>The Fund's activities were carried out as per the Fund's investment objective, Fund's terms and conditions guidelines, and applicable rules and regulations. Moreover, the Fund maintained adequate level of diversification to achieve its investment objective while complying with internal limits as well as regulatory guidelines.</p>	<p>جميع أنشطة الصندوق الاستثمارية متوافقة مع أهداف الصندوق الاستثمارية ومع شروط وأحكام الصندوق ومع القوانين التي يخضع لها. حافظ الصندوق على مستوى كافي من التنوع الاستثماري الذي مكن الصندوق من تحقيق أهدافه الاستثمارية مع الالتزام بالإجراءات الداخلية والأنظمة التشريعية.</p>
<b>4) Performance</b>	<b>4) تقرير الأداء خلال الفترة</b>
<p>Fund Performance 19.14%</p> <p>Benchmark Performance 15.28%</p>	<p>أداء الصندوق 19.14%</p> <p>أداء المؤشر 15.28%</p>
The fund outperformed the benchmark by 386 bps.	تفوق أداء الصندوق عن أداء المؤشر بفارق 386 نقطة أساس.
<b>5) Terms &amp; Conditions Material Changes</b>	<b>5) تغيرات حدثت في شروط وأحكام الصندوق</b>
<p>1. Update Information regarding: Fund Manger's Board of Directors, Financial Disclosure, Fund's Performance, and Fund Manger's Financial Result.</p>	<p>1. تحديث المعلومات المتعلقة ب: مجلس إدارة مدير الصندوق، ملخص الإفصاح المالي، أداء الصندوق، وملخص المعلومات المالية لمدير الصندوق.</p>
<p>2. Change in the membership of the Fund's Board of Directors:</p> <p>a. Resignation of Mr. Mohammed Alali and Mr. Mohammed AlSaggaf.</p> <p>b. Appointments of Mr. Naif Al-Saif and Mr. Abduljabar Alabduljabar.</p>	<p>2. تغيير في عضوية مجلس إدارة الصندوق:</p> <p>أ. استقالة الأستاذ/ محمد العلي والأستاذ/ محمد السقاف.</p> <p>ب. تعيين الأستاذ/ نايف السيف والأستاذ/ عبد الجبار العبد الجبار.</p>
<p>3. Non-fundamental Changes: Change the fund's English name, Update Fund Manager Information, Update Sharia Committee Name – Members - and Guidelines, Update the info of Fund Manager Board of Directors – the members' bio and their memberships.</p>	<p>3. تغييرات غير أساسية: تغيير اسم الصندوق باللغة الإنجليزية، تحديث معلومات مدير الصندوق، تحديث اسم الهيئة الشرعية – الأعضاء - المعايير الشرعية، تحديث معلومات مجلس إدارة مدير الصندوق؛ نبذة عن الأعضاء وعضوياتهم.</p>
<p>4. Change in the membership of the fund's board of directors:</p> <p>a. Resignation of Mr. Abduljabar Alabduljabar.</p> <p>b. Appointment of Mr. Wisam Fasihaldin.</p>	<p>4. تغيير في عضوية مجلس إدارة الصندوق:</p> <p>أ. استقالة الأستاذ/ عبد الجبار العبد الجبار.</p> <p>ب. تعيين الأستاذ/ وسام فصيح الدين.</p>
<p>5. Non-fundamental Changes: Updating the investment Policies and Practices to allow the Fund Manager to invest in real estate located in Makkah and Al Madinah cities.</p>	<p>5. تغييرات غير أساسية: تحديث سياسات الاستثمار وممارساته للصندوق وذلك للسماح لمدير الصندوق بالاستثمار في العقارات الواقعة بمدينة مكة المكرمة والمدينة المنورة.</p>
<b>6) Any other information that would enable unitholders to make an informed judgment about the fund's activities during the period</b>	<b>6) أي معلومة أخرى من شأنها أن تمكن مالكي الوحدات من اتخاذ قرار مدروس ومبني على معلومات كافية بشأن أنشطة الصندوق خلال الفترة</b>
<p>SNB Capital has included all necessary information that would enable unitholders to make an informed judgment about the fund's activities during the period.</p>	<p>قامت الأهلي المالية بتضمين جميع المعلومات الضرورية التي تمكن مالكي الوحدات من اتخاذ قرار مدروس ومبني على معلومات كافية بشأن أنشطة الصندوق خلال الفترة.</p>
<b>7) Investments in other Investment Funds</b>	<b>7) الاستثمار في صناديق استثمارية أخرى</b>
<p>The fund management fee is 0.50% of NAV and the annual fees charged by the underlying funds are as follows:</p>	<p>نسبة رسوم الإدارة المحتسبة على الصندوق هي 0.50% سنوياً، ونسبة رسوم الإدارة السنوية للصناديق التي يستثمر فيها الصندوق هي على النحو التالي:</p>

Fund Name	Management Fees	رسوم الإدارة	اسم الصندوق
AlAhli REIT Fund (1)*	1.00%		صندوق الأهلي ريت (1)*
Taleem REIT Fund	0.75%		صندوق تعليم ريت
Jadwa REIT Saudi Fund	0.75%		صندوق جدوى ريت السعودية
Riyad REIT Fund	1.20%		صندوق الرياض ريت
Al Rajhi REIT	0.80%		صندوق الراجحي ريت
Sedco Capital REIT Fund	1.00%		صندوق سدكو كابيتال ريت
Derayah REIT Fund	0.85%		صندوق دراية ريت
*The fund manager waives management fees for funds managed.			
*يقوم مدير الصندوق بالتنازل عن رسوم الإدارة للصناديق المدارة من قبله.			
<b>8) Special commission received by the fund manager during the period</b>		<b>العمولات الخاصة التي حصل عليها مدير الصندوق خلال الفترة</b>	
No special commissions were received during the period.		لم يحصل مدير الصندوق على أي عمولات خاصة خلال الفترة.	
<b>9) Any other data and other information required by Investment Fund Regulations to be included in this report</b>		<b>أي بيانات ومعلومات أخرى أوجبت لائحة صناديق الاستثمار تضمينها بهذا التقرير</b>	
<b>a. Conflict of Interests</b>		<b>أ. تعارض في المصالح</b>	
There is no conflict of interests.		لا يوجد تعارض مصالح.	
<b>b. Fund Distribution During The Year</b>		<b>ب. توزيعات الصندوق خلال العام</b>	
The fund distributed SAR 0.056 per unit during the year.		وزع الصندوق 0.056 ريال سعودي عن كل وحدة خلال العام.	
<b>c. Incorrect Valuation or Pricing</b>		<b>ج. خطأ في التقويم والتسعير</b>	
None.		لا يوجد.	
<b>d. Investment Limitation Breaches</b>		<b>د. مخالفة قيود الاستثمار</b>	
None.		لا يوجد.	
<b>10) Period for the management of the person registered as fund manager</b>		<b>10) مدة إدارة الشخص المسجل كمدير للصندوق</b>	
Since August – 2020.		منذ أغسطس – 2020م.	
<b>11) A disclosure of the expense ratio of each underlying fund at end of year and the weighted average expense ratio of all underlying funds that invested in (where applicable)</b>		<b>11) الإفصاح عن نسبة مصروفات كل صندوق بنهاية العام والمتوسط المرجح لنسبة مصروفات كل الصناديق الرئيسة المستثمر فيها (حيثما ينطبق)</b>	
As shown in the sub-paragraph (7) of paragraph (C) in this Annual Report.		كما هو موضح في الفقرة الفرعية (7) من الفقرة (ج) من هذا التقرير السنوي.	

## D) Custodian

## د) أمين الحفظ

### 1) Name and address of custodian

**Albilad Investment Company**  
King Fahad Road, P.O. Box 140, Riyadh 11411,  
Saudi Arabia  
Tel: +966 92000 3636  
Website: [www.albilad-capital.com](http://www.albilad-capital.com)

### 1) اسم أمين الحفظ، وعنوانه

شركة البلاد للاستثمار  
طريق الملك فهد، ص.ب. 140، الرياض 11411،  
المملكة العربية السعودية  
هاتف: +966 92000 3636  
الموقع الإلكتروني: [www.albilad-capital.com](http://www.albilad-capital.com)

### 2) Custodian's duties and responsibilities

- Notwithstanding the delegation by a custodian to one or more third parties under the provisions of Investment Funds Regulations or the Capital Market Institutions Regulations, the custodian shall remain fully responsible for compliance with its responsibilities in accordance to the provisions of Investment Funds Regulations.
- The custodian shall be held responsible to the fund manager and unitholders for any losses caused to the investment fund due to the custodian fraud, negligence, misconduct or willful default.
- The custodian shall be responsible for taking custody and protecting the fund's assets on behalf of unitholders, and taking all necessary administrative measures in relation to the custody of the fund's assets.

### 2) واجبات ومسؤوليات أمين الحفظ

- يعد أمين الحفظ مسؤولاً عن التزاماته وفقاً لأحكام لائحة صناديق الاستثمار، سواء قام بتأدية مسؤولياته بشكل مباشر أم كلف بها طرفاً ثالثاً بموجب أحكام لائحة صناديق الاستثمار أو لائحة مؤسسات السوق المالية.
- يعد أمين الحفظ مسؤولاً تجاه مدير الصندوق ومالكي الوحدات عن خسائر الصندوق الناجمة بسبب احتياله أو إهماله أو سوء تصرفه المتعمد أو تقصيره المتعمد.
- يعد أمين الحفظ مسؤولاً عن حفظ أصول الصندوق وحمايتها لصالح مالكي الوحدات، وهو مسؤول كذلك عن اتخاذ جميع الإجراءات الإدارية اللازمة فيما يتعلق بحفظ أصول الصندوق.

## E) Fund Operator

## هـ) مشغل الصندوق

### 1) Name and address of fund operator

**SNB Capital Company**  
King Saud Road, P.O. Box 22216, Riyadh 11495,  
Saudi Arabia  
Tel: +966 920000232  
Website: [www.alahlicapital.com](http://www.alahlicapital.com)

### 1) اسم مشغل الصندوق، وعنوانه

شركة الأهلي المالية  
طريق الملك سعود، ص.ب. 22216، الرياض 11495،  
المملكة العربية السعودية  
هاتف: +966 920000232  
الموقع الإلكتروني: [www.alahlicapital.com](http://www.alahlicapital.com)

### 2) Operator's duties and responsibilities

- In relation to investment funds, the fund operator shall be responsible for operating the investment fund.
- The fund operator must maintain the books and records related to the operation of the fund it operates.
- The fund operator must establish a register of unitholders and must maintain it in the Kingdom in accordance to the Investment Funds Regulations.
- The fund operator shall be responsible for the process of dividends distribution (if available) to unitholders.

### 2) واجبات ومسؤوليات مشغل الصندوق

- يكون مشغل الصندوق مسؤولاً عن تشغيل الصندوق.
- يقوم مشغل الصندوق بالاحتفاظ بالدفاتر والسجلات ذات الصلة بتشغيل الصندوق.
- يقوم مشغل الصندوق بإعداد وتحديث سجل مالكي الوحدات وحفظه في المملكة وفقاً لمتطلبات لائحة صناديق الاستثمار.
- يُعدّ مشغل الصندوق مسؤولاً عن عملية توزيع الأرباح (إن وجدت) حسب سياسة التوزيع المنصوص عليها في شروط وأحكام الصندوق.
- يقوم مشغل الصندوق بإجراءات الاشتراك حسب المنصوص عليها في شروط وأحكام الصندوق.
- يُعدّ مشغل الصندوق مسؤولاً عن تقييم أصول الصندوق تقييماً كاملاً وعادلاً وحساب سعر وحدات الصندوق حسب ما ورد في شروط وأحكام الصندوق.

- The fund operator must process requests for subscriptions or redemption according to the fund's Terms & Conditions.
- The fund operator shall be responsible for calculating the price of the units and valuing the assets of the fund. In so doing, the fund operator shall conduct a full and fair valuation according to the fund's Terms & Conditions.

#### F) Auditor

#### و) مراجع الحسابات

##### Name and Address of Auditor

##### KPMG Al Fozan & Partners

Riyadh Front – Airport Road P.O Box. 92876, Riyadh  
11663, Saudi Arabia  
Tel: +966118748500  
Website: [www.kpmg.com/sa](http://www.kpmg.com/sa)

##### اسم مراجع الحسابات، عنوانه

كي بي ام جي الفوزان وشركاه  
واجهة الرياض – طريق المطار ص.ب 92876، الرياض 11663،  
المملكة العربية السعودية  
هاتف: +966118748500  
الموقع الإلكتروني: [www.kpmg.com/sa](http://www.kpmg.com/sa)

#### G) Financial Statements

#### ز) القوائم المالية

As shown below in the financial statements section.

كما هو موضح أدناه في قسم القوائم المالية.

#### Annex - Exercised Voting Rights

#### ملحق - ممارسات التصويت السنوية

بنود التصويت	قرار التصويت	تاريخ الجمعية العمومية (هجري)	تاريخ الجمعية العمومية (ميلادي)	الشركة
التصويت على زيادة إجمالي قيمة أصول الصندوق بقيمة سبعمائة وواحد مليوناً وتسعمائة وواحد وخمسون ألفاً وسبعمائة وخمسون ريال سعودي (701,951,750 ريال) من خلال طرح وحدات إضافية (عينية ونقدية) بهدف الاستحواذ على محفظة صندوق سدكو كابيتال للدخل العقاري 2 وسداد المصاريف والتكاليف ذات العلاقة وهي محفظة مدارة من قبل مدير الصندوق وهو طرف ذو علاقة.	نعم	1443/04/27هـ	2021/12/02م	صندوق سدكو كابيتال ريت
التصويت على الملحق التكميلي لشروط وأحكام الصندوق والمنشور بتاريخ 1443/04/13هـ الموافق 2021/11/18م والتي تم إعدادها لتعكس زيادة إجمالي قيمة أصول الصندوق. ويمكن الاطلاع على الملحق التكميلي للشروط والأحكام من خلال الموقع الإلكتروني لمدير الصندوق والموقع الإلكتروني للسوق السعودية (تداول).	نعم			



**SNB CAPITAL FUND OF REITs FUND**  
**(Formerly known as Alahli Fund of REITs Fund)**  
(Managed by SNB Capital Company –  
formerly known as NCB Capital Company)  
**FINANCIAL STATEMENTS**  
For the year ended 31 December 2021  
with  
**Independent Auditor's Report to the Unitholders**



## KPMG Professional Services

Riyadh Front, Airport Road  
P. O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Commercial Registration No. 1010425494

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار  
صندوق بريد 92876  
الرياض 11663  
المملكة العربية السعودية  
سجل تجاري رقم 1010425494

المركز الرئيسي في الرياض

# Independent Auditor's Report

To the Unitholders of SNB Capital Fund of REITs Fund (formerly known as AlAhli Fund of REITs Fund)

## Opinion

We have audited the financial statements of **SNB Capital Fund of REITs Fund** ("the Fund") managed by SNB Capital Company (formerly known as NCB Capital Company) (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2021, the statements of profit or loss and other comprehensive income, changes in equity attributable to unitholders and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2021, 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 issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's 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 ethical 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.

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

The Fund Manager 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 issued by SOCPA, and to comply with the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority ("CMA"), the Fund's terms and conditions, and the Information Memorandum, and for such internal control as the Fund Manager 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 Manager 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 Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with the paid-up capital of SAR (25,000,000). Previously known as "KPMG Al Fozan & Partners Certified Public Accountants". A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (25,000,000) ريال سعودي مدفوع بالكامل. المسماة سابقاً "شركة كي بي إم جي للقران وشركاء محاسبين ومراجعين قانونيين". وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.



## Independent Auditor's Report

To the Unitholders of AIAhli Fund of REITs Fund (formerly known as AIAhli Fund of REITs Fund)  
(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 auditor's 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 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 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 judgement and maintain professional scepticism 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 Manager's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of the Fund Manager'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, then we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- 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 of **SNB Capital Fund of REITs Fund** ("the Fund").

### KPMG Professional Services

**Dr. Abdullah Hamad Al Fozan**  
License No. 348

Riyadh: 28 Sha'ban 1443H  
Corresponding to 31 March 2022



**SNB CAPITAL FUND OF REITs FUND (FORMERLY KNOWN AS ALAHLI FUND OF REITs FUND)**  
**(Managed by SNB Capital Company - formerly known as NCB Capital Company)**

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2021

Expressed in Saudi Arabian ‘000 (unless otherwise stated)

	<i>Note</i>	<b>31 December <u>2021</u></b>	31 December <u>2020</u>
<b>ASSETS</b>			
Cash and cash equivalents	8	<b>542</b>	385
Investments	9	<b>54,682</b>	41,173
Other receivables		<u><b>2,541</b></u>	<u>27</u>
<b>Total assets</b>		<u><b>57,765</b></u>	<u>41,585</u>
<b>LIABILITY</b>			
Other payables		<u><b>310</b></u>	<u>47</u>
<b>Equity attributable to Unitholders</b>		<u><b>57,455</b></u>	<u>41,538</u>
<b>Units in issue in thousands (number)</b>	10	<u><b>46,873</b></u>	<u>39,688</u>
<b>Equity per unit (SAR)</b>		<u><b>1.2258</b></u>	<u>1.0466</u>

The accompanying notes 1 to 16 form integral part  
of these financial statements

**SNB CAPITAL FUND OF REITs FUND (FORMERLY KNOWN AS ALAHLI FUND OF REITs FUND)**

**(Managed by SNB Capital Company - formerly known as NCB Capital Company)**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2021

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

	<i>Note</i>	<b><i>For the year ended 31 December</i></b>	
		<b><u>2021</u></b>	<b><u>2020</u></b>
Realised gain / (loss) on sale of FVTPL investments – net		<b>1,648</b>	(41)
Unrealised gain on FVTPL investments – net		<b>3,853</b>	870
Dividend income		<b>2,753</b>	2,323
<b>Total income</b>		<b>8,254</b>	3,152
Management fees	11	<b>(265)</b>	(195)
Value added tax expense		<b>(39)</b>	(20)
Professional fees		<b>(34)</b>	(34)
Shariah audit fees		<b>(31)</b>	(31)
Fund Board remuneration		<b>(23)</b>	(24)
Custody fees		<b>(20)</b>	(12)
Administrative expenses		<b>(10)</b>	(7)
Capital Market Authority fees		<b>(7)</b>	(8)
<b>Total operating expenses</b>		<b>(429)</b>	(331)
<b>Profit for the year</b>		<b>7,825</b>	2,821
<b>Other comprehensive income for the year</b>		<b>--</b>	--
<b>Total comprehensive income for the year</b>		<b>7,825</b>	2,821

The accompanying notes 1 to 16 form integral part  
of these financial statements

**SNB CAPITAL FUND OF REITs FUND (FORMERLY KNOWN AS ALAHLI FUND OF REITs FUND)**

**(Managed by SNB Capital Company - formerly known as NCB Capital Company)**

**STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO UNITHOLDERS**

For the year ended 31 December 2021

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

	<b>For the year ended 31 December</b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
<b>Equity attributable to unitholders at the beginning of the year</b>	<b>41,538</b>	<b>19,198</b>
Total comprehensive income for the year	<b>7,825</b>	<b>2,821</b>
<b>Increase in equity from unit transactions during the year</b>		
Proceeds from units sold	<b>14,127</b>	<b>30,595</b>
Value of units redeemed	<b>(5,095)</b>	<b>(9,456)</b>
	<b>9,032</b>	<b>21,139</b>
Dividend distributed during the year	<b>(940)</b>	<b>(1,620)</b>
<b>Equity attributable to Unitholders at the end of the year</b>	<b><u>57,455</u></b>	<b><u>41,538</u></b>

The accompanying notes 1 to 16 form integral part  
of these financial statements



**SNB CAPITAL FUND OF REITs FUND (FORMERLY KNOWN AS ALAHLI FUND OF REITs FUND)**

**(Managed by SNB Capital Company - formerly known as NCB Capital Company)**

**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2021

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

	<i>Note</i>	<b><u>For the year ended 31 December</u></b>	
		<b><u>2021</u></b>	<b><u>2020</u></b>
<b>Cash flows from operating activities</b>			
Profit for the year		<b>7,825</b>	2,821
<i>Adjustments for:</i>			
Realised (gain) / loss on sale of FVTPL investments – net		<b>(1,648)</b>	41
Unrealised gain on FVTPL investments – net		<b>(3,853)</b>	(870)
		<b>2,324</b>	1,992
<i>Changes in operating assets and liabilities:</i>			
Investments		<b>(8,008)</b>	(21,635)
Other Receivables		<b>(2,514)</b>	(27)
Other payable		<b>263</b>	29
<b>Net cash used in operating activities</b>		<b>(7,935)</b>	(19,641)
<b>Cash flows from financing activities</b>			
Proceeds from units sold		<b>14,127</b>	30,595
Value of units redeemed		<b>(5,095)</b>	(9,456)
Income distribution to Unitholders		<b>(940)</b>	(1,620)
<b>Net cash generated from financing activities</b>		<b>8,092</b>	19,519
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>157</b>	(122)
Cash and cash equivalents at the beginning of the year	8	<b>385</b>	507
<b>Cash and cash equivalents at the end of the year</b>	8	<b>542</b>	385

The accompanying notes 1 to 16 form integral part of these financial statements

**SNB CAPITAL FUND OF REITs FUND (FORMERLY KNOWN AS ALAHLI FUND OF REITs FUND)**

**(Managed by SNB Capital Company - formerly known as NCB Capital Company)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

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**1. THE FUND AND ITS ACTIVITIES**

SNB Capital Fund of REITs Fund (formerly known as AlAhli Fund of REITs Fund) ("the Fund") is a Shariah compliant, open-ended investment fund, managed by SNB Capital Company (formerly known as NCB Capital Company) ("the Fund Manager"), a subsidiary of The Saudi National Bank (formerly known as National Commercial Bank) ("the Bank"), for the benefit of the Fund's Unitholders.

NCB Capital Company has completed its merger proceedings with the Samba Capital & Investment Management Company effective 9 July 2021 and the name has been changed to SNB Capital Company.

The Fund's objective is to provide income to unitholders by investing primarily in Shariah compliant Real Estate Investment Traded Funds ("REITs").

The terms and conditions of the Fund were issued on 12 Saffar 1439H (corresponding to 1 November 2017). The Fund commenced its activities on 31 December 2017.

The Fund is governed by the Investment Fund Regulations (the "Regulations") published by Capital Market Authority ("CMA") on 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) thereafter amended on 16 Sha'ban 1437 H (corresponding to 23 May 2016). The Regulations were further amended (the "Amended Regulations") on 17 Rajab 1442 H (corresponding to 1 March 2021), detailing requirements for all funds within the Kingdom of Saudi Arabia. The Amended Regulations have effective dates starting from 19 Ramadan 1442 H (corresponding to 1 May 2021).

The Fund is established under article 31 of the Investment Fund Regulations ("the Regulations") issued by the Capital Market Authority ("CMA").

**2. BASIS OF ACCOUNTING**

These financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA"), and to comply with the applicable provisions of the Investment Funds Regulations issued by Capital Market Authority, the Fund's terms and conditions and the Information Memorandum.

**3. BASIS OF MEASUREMENT**

The financial statements have been prepared on going concern concept and a historical cost convention using accrual basis of accounting except for investments measured at fair value through profit or loss ("FVTPL") which are recorded at fair value.

The Fund does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

**4. FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates ("the functional currency"). These financial statements are presented in Saudi Arabian Riyal ("SAR") which is the Fund's functional and presentation currency.

**SNB CAPITAL FUND OF REITs FUND (FORMERLY KNOWN AS ALAHLI FUND OF REITs FUND)**

**(Managed by SNB Capital Company - formerly known as NCB Capital Company)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

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**5. CHANGES IN FUND'S TERMS AND CONDITIONS**

The Fund Manager has updated the terms and conditions of the Fund during the year. The changes include revisions required to align the terms and conditions with the Amended Regulations, to reflect changes in the Fund Board, extension of the term of the Fund and certain other administrative changes.

**6. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

*Fair value estimation*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis. The Fund measures instruments quoted in an active market at a market price, because this price reasonable approximation of the exit price.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The Fund recognizes transfer between levels of fair value at the end of the reporting year during which the change has occurred.

The fair value hierarchy has the following levels:

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

The fund has classified the investment measured at Fair Value Through Profit or Loss (FVTPL) per the fair value hierarchy as level 1. During the year there has been no transfer in fair value hierarchy for FVTPL investments. For other assets and liabilities such as cash and cash equivalents, other receivables and other payables, the carrying values are a reasonable approximation of fair value.

**SNB CAPITAL FUND OF REITs FUND (FORMERLY KNOWN AS ALAHLI FUND OF REITs FUND)**

**(Managed by SNB Capital Company - formerly known as NCB Capital Company)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

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**7. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**7.1 *Cash and cash equivalents***

Cash equivalents include cash at bank and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**7.2 *Receivables***

Receivables are initially recognised when they are originated. A receivable without a significant financing component is initially measured at the transaction price (which is equivalent of the fair value) and subsequently at their amortised cost using effective commission rate method. Loss allowance for receivables is always measured at an amount equal to lifetime expected credit losses.

**7.3 *Financial assets and liabilities***

***Classification of financial assets***

On initial recognition, a financial asset is measured at its fair value and classified at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

***Financial assets measured at amortised cost***

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and commission on the principal amount outstanding.

***Financial assets measured at fair value through other comprehensive income ("FVOCI")***

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL.

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and commission on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund Manager may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

**SNB CAPITAL FUND OF REITs FUND (FORMERLY KNOWN AS ALAHLI FUND OF REITs FUND)**

**(Managed by SNB Capital Company - formerly known as NCB Capital Company)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

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**7. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**7.3 *Financial assets and liabilities (continued)***

***Classification of financial assets (Continued)***

**Financial assets measured at fair value through profit or loss ("FVTPL")**

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL.

**Business model assessment**

The Fund Manager assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Fund Manager;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - for example, whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly purchased financial assets going forward.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

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**7. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**7.3 *Financial assets and liabilities (continued)***

***Classification of financial assets (Continued)***

**Assessment whether contractual cash flows are solely payments of principal and commission**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. Interest or 'Commission' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (for example, liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and commission, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (for example, non-recourse asset arrangements); and
- features that modify consideration of the time value of money – for example, periodical reset of interest / commission rates.

**Reclassifications**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

***Classification of financial liabilities***

The Fund classifies its financial liabilities at amortised cost unless it has designated liabilities at FVTPL.

***Recognition and initial measurement***

An entity shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. Financial assets at measured FVTPL are initially recognized on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated.

Financial asset or financial liability is measured initially at fair value plus or minus, for an item not measured at FVTPL, transaction costs that are directly attributable to its acquisition issue.

***Subsequent measurement***

Financial assets measured at FVTPL are subsequently measured at fair value. Net gain or losses including any foreign exchange gains and losses, are recognized in profit or loss in 'realized and unrealized gains / (losses) on investments – net' in the statement of comprehensive income.



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**7. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**7.3 *Financial assets and liabilities (continued)***

***Subsequent measurement (Continued)***

Financial assets and financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest / commission method and is recognized in statement of comprehensive income. Any gain or loss on de-recognition is also recognized in the statement of comprehensive income. The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative commission using the effective interest / commission method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

***Derecognition***

The Fund derecognizes a financial asset when the contractual rights to the cash flow from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of the financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognized in the statement of comprehensive income. Any commission in such transferred financial assets that is created or retained by the Fund is recognized as a separate asset or liability.

The Fund enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risk and rewards are retained, then the transferred assets are not derecognized. The Fund derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

***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 has legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle them liability simultaneously.

Income and expenses are presented on a net basis for gain and losses from financial instruments at FVTPL and foreign exchange gains and losses.

**7.4 *Provisions***

A provision is recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provision is not recognised for future operating losses.

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**7. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**7.5 *Equity per unit***

The Fund is open for subscription and redemption of units on every Saudi business day. The equity per unit is calculated by dividing the equity attributable to unitholders included in the statement of financial position by the number of units outstanding at the year end.

**7.6 *Distributions to the Unitholders***

Distribution to the Unitholders is accounted for as a deduction from net assets (equity) attributable to the Unitholders.

**7.7 *Units in issue***

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Fund has redeemable units in issue. On liquidation of the Fund, they entitle the holders to the residual net assets. They rank pari passu in all respects and have identical terms and conditions. The redeemable units provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Fund's net assets at each redemption date as well as in the event of the Fund's liquidation.

Redeemable units are classified as equity as it meets all of the following conditions:

- it entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund over the life of the instrument

Incremental costs directly attributable to the issue or redemption of redeemable units are recognized directly in equity as a deduction from the proceeds or part of the acquisition cost.

**7.8 *Taxation / zakat***

Under the current system of zakat and income tax in the Kingdom of Saudi Arabia, the Fund is exempt from paying any zakat and income tax. Zakat and income tax are considered to be the obligation of the Unitholders and are not provided in the financial statements.

The Value Added Tax ("VAT") applicable for fees and expenses are recognized in the statement of comprehensive income.

**7.9 *Dividend income***

Dividend income is recognized in statement of comprehensive income on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend. Dividend income from equity securities designated as at fair value through profit or loss ("FVTPL") is recognized in statement of comprehensive income in a separate line item.

**7.10 *Management fee expense***

Management fee expense is recognized in the statement of comprehensive income as the related services are performed.

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**7. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**7.11 *Accrued expenses and other payables***

Accrued expenses and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective commission rate method.

**7.12 *New IFRS standards, IFRIC interpretations and amendments thereof, adopted by the Fund***

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2021. The Fund manager has assessed that the amendments have no significant impact on the Fund's financial statements.

**Standards / Interpretations and Amendments**

Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions (applicable for annual periods beginning on or after 1 June 2020)

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2.

**7.13 *Standards issued but not yet effective***

Standards issued but not yet effective are listed below. The Fund intends to adopt these standards when they become effective.

<b><u>Standards / Interpretations and amendments</u></b>	<b><u>Description</u></b>	<b><u>Effective from periods beginning on or after the following date</u></b>
Amendments to IAS 1	Classification of Liabilities as current or non-current	January 1, 2022
Amendments to IAS 37	Onerous contracts – Cost of Fulfilling a contract	January 1, 2022
Annual Improvements to IFRS standards 2018 - 2020		January 1, 2022
Amendments to IFRS 3	Reference to Conceptual Framework	January 1, 2022
Amendments to IAS 1 and IFRS practice statement 2	Disclosure of accounting policies	January 1, 2023
Amendments to IAS 8	Definition of accounting estimates	January 1, 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between investor or Joint Venture	Available for optional adoption / effective date deferred indefinitely

The above amended standards and interpretations are not expected to have a significant impact on the Fund's financial statements.

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**8. CASH AND CASH EQUIVALENTS**

This comprises of balances held with a local Bank having a sound credit rating.

**9. INVESTMENTS – MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS**

	31 December 2021		
	<u>% of Total Investment</u>	<u>Cost</u>	<u>Fair value</u>
<i>Investment in Exchange Traded Funds</i>			
AlAhli REIT Fund 1 – a related party	11.90	5,688	6,505
Al Rajhi REIT Fund	19.23	9,927	10,515
Jadwa Saudi REIT Fund	30.81	12,862	16,848
Taleem REIT Fund	6.93	3,640	3,789
Riyadh REIT	9.98	5,525	5,456
Derayah REIT	11.00	6,329	6,017
Sedco Capital REIT Fund	10.15	4,506	5,552
	<u>100</u>	<u>48,477</u>	<u>54,682</u>

	31 December 2020		
	<u>% of Total Investment</u>	<u>Cost</u>	<u>Fair value</u>
<i>Investment in Exchange Traded Funds</i>			
Jadwa Saudi REIT Fund	35.6	11,418	14,677
AlAhli REIT Fund 1 – a related party	25.6	11,395	10,549
Al Rajhi REIT Fund	18.8	7,935	7,754
Taleem REIT Fund	8.8	3,132	3,569
Riyadh REIT Fund	6.3	2,914	2,598
Sedco Capital REIT Fund	4.9	2,027	2,026
	<u>100</u>	<u>38,821</u>	<u>41,173</u>

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**10. UNITS TRANSACTIONS**

Transactions in units are summarized as follows:

	<b>For the year ended 31 December</b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
	<b>-----Units' in 000-----</b>	
<b>Units at the beginning of the year</b>	<b>39,688</b>	<b>19,482</b>
Units sold	<b>11,275</b>	<b>29,638</b>
Units redeemed	<b>(4,090)</b>	<b>(9,432)</b>
<b>Net increase in units during the year</b>	<b>7,185</b>	<b>20,206</b>
<b>Units as at the end of the year</b>	<b><u>46,873</u></b>	<b><u>39,688</u></b>

As at 31 December 2021, the top 5 unitholders (2021: top 5) represented 78.74% (2020: 91.62%) of the Fund's units.

**11. RELATED PARTY TRANSACTIONS AND BALANCES**

The related party of the Fund includes Fund Manager, Fund Board, other funds managed by the Fund Manager, and Saudi National Bank, being parent of the Fund Manager.

***Management fee and other expenses***

The Fund is managed and administered by the Fund Manager. For these services, the Fund accrues, daily a management fee, which should not be more than the maximum annual rate of 0.5% p.a. of the Fund's daily equity as set out in the Fund's terms and conditions.

The Fund Manager is also entitled to recover expenses incurred on behalf of the Fund relating to audit, custody, advisory, data processing and other similar charges. The maximum amount of such expenses that can be recovered from the Fund by the Fund Manager is restricted to 1% per annum of the Fund's equity at the respective valuation days. These expenses have been recovered by the Fund Manager on an actual basis except for custody fees, which is borne by the Fund Manager.

**SNB CAPITAL FUND OF REITs FUND (FORMERLY KNOWN AS ALAHLI FUND OF REITs FUND)****(Managed by SNB Capital Company - formerly known as NCB Capital Company)****NOTES TO THE FINANCIAL STATEMENTS**

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**11. RELATED PARTY TRANSACTIONS AND BALANCES (continued)*****Transactions with related parties***

During the year, the Fund entered into the following transactions, other than those disclosed elsewhere in the financial statements, with related parties in the ordinary course of business. These transactions were carried out on the basis of approved terms and conditions of the Fund. All related party transactions are approved by the Fund Board.

<b><u>Related party</u></b>	<b><u>Nature of transaction</u></b>	<b><u>Amount of transactions</u></b>		<b><u>Balance as at</u></b>	
		<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>31 December 2021</u></b>	<b><u>31 December 2020</u></b>
SNB Capital Company	Management fees	<b>265</b>	195	<b>12</b>	<b>289</b>
	Expenses paid on behalf of the fund	<b>164</b>	136	--	--
SNB Capital GCC Growth and Income Fund	Subscription of units	--	--		--
	Redemption of units	--	1,000	--	--
SNB Capital Saudi Trading Equity Fund	Subscription of units	--			
	Redemption of units	--	3,000	--	--



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**12. FINANCIAL RISK MANAGEMENT**

**12.1 *Financial risk factors***

The Fund's activities expose it to a variety of financial risks including market risk, credit risk, liquidity risk and operational risk.

The Fund Manager is responsible for identifying and controlling risks. The Fund Board supervises the Fund Manager and is ultimately responsible for the overall management of the Fund.

Monitoring and controlling risks are primarily set up to be performed based on the limits established by the Fund Board. The Fund has its Terms and Conditions document that set out its overall business strategies, its tolerance of risks and its general risk management philosophy and is obliged to take actions to rebalance the portfolio in line with the investment guidelines.

**12.1.1 *Market risk***

'Market Risk' is the risk that changes in market prices – such as commission rates, foreign exchange rates, equity prices and credit spreads – will affect the Fund's income or the fair value of its holdings in financial instruments.

**a) *Foreign exchange risk***

Foreign exchange risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in foreign currency.

The Fund does not have any foreign exchange risk since all of the transactions are carried out in SAR.

**b) *Commission rate risk***

Commission rate risk is the risk that the value of the future cash flows of a financial instrument or fair values of fixed coupon financial instruments will fluctuate due to changes in market commission rates.

All the assets and liabilities of the Fund are non-commission bearing therefore the Fund is not exposed to commission rate risk.

**c) *Other price risk***

Other price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and commission rate movements. The price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds. The Fund Manager daily monitors concentration of risk for equity based on securities and industries in line with defined limits while closely tracking the portfolio level volatilities. As of the statement of financial position date, the Fund has investments in mutual funds.

The effect on the equity (as a result of the change in the fair value of investments) due to a reasonably possible notional change in market price of the investments, with all other variables held constants is as follows:

	<b><u>31 December 2021</u></b>	<b><u>31 December 2020</u></b>
Effect on equity	<b>±10% <u>5,468</u></b>	<b>±10% <u>4,117</u></b>

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**12. FINANCIAL RISK MANAGEMENT (continued)**

**12.1 *Financial risk factors (continued)***

**12.1.2 *Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund Manager seeks to manage credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. As at the statement of financial position date, the Fund's maximum exposure to credit risk is represented by the carrying amount of cash and cash equivalents, which represent balances with a local Bank having Moody's credit rating of A3 and other receivables. There is no impact of ECL on these financial assets.

**12.1.3 *Liquidity risk***

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund's terms and conditions provide for subscription and redemption of units on every Saudi business day and it is, therefore, exposed to the liquidity risk of meeting unitholder redemptions on these days. The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of the investment portfolio or by taking short term loans from the facilities obtained by the Fund Manager.

The Fund manages its liquidity risk by investing predominantly in securities that it expects to be able to liquidate within short period.

**12.1.4 *Operational risk***

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities either internally or externally at the Fund's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

The Fund's objective is to manage operational risk to balance limiting of financial losses and damage to its reputation with achieving its investment objective of maximising returns to unitholders.

The primary responsibility for the development and implementation of control over operational risks rests with the Risk Management Team. This responsibility is supported by the development of overall standard for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- documentation of controls and procedures
- requirements for
  - appropriate segregation of duties between various functions, roles and responsibilities;
  - reconciliation and monitoring of transactions; and
  - periodic assessment of operational risks faced,
- the adequacy of controls and procedures to address the risks identified;
- compliance with regulatory and other legal requirements;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation.

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**12. FINANCIAL RISK MANAGEMENT (continued)**

***12.1.5 Considerations due to COVID-19***

The COVID-19 pandemic continues to disrupt global markets as many geographies are experiencing re swinging waves of infections despite having previously controlled the outbreak through aggressive precautionary measures. The Government of the Kingdom of Saudi Arabia (“the Government”) however, has managed to successfully control the outbreak to date, owing primarily to the effective measures taken by the Government.

The Fund Manager however continues to be cognizant of both the micro and macroeconomic challenges that COVID-19 has posed, the effects of which may be felt for some time and is closely monitoring its exposures.

**13. UNIT TRANSACTIONS**

The total number of units outstanding as at 31 December 2021: 46,873 (31 December 2020: 36,688), and during the year the unitholders redeemed 4,090 units and subscribed 11,275 units.

During the year ended 31 December 2021, capital distribution amounts to SAR 0.94 million (2020: SAR 1.62 million).

**14. LAST VALUATION DAY**

The last valuation day for the purpose of preparation of these financial statements was 30 December 2021 (2020: 31 December 2020).

**15. EVENTS AFTER THE END OF THE REPORTING PERIOD**

There was no event subsequent to the statement of financial position date which required adjustment of or disclosure in the financial statements or notes thereto.

**16. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were approved by the Fund Manager on 28 Sha’ban 1443H Corresponding to 31 March 2022.