

**SNB CAPITAL FUND OF REITs FUND**  
(Managed by SNB Capital Company)  
**CONDENSED INTERIM FINANCIAL**  
**STATEMENTS (UNAUDITED)**  
For the six-month period ended 30 June 2022  
together with the  
**Independent Auditor's Review 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 on review of condensed interim financial statements

To the Unitholders of SNB Capital Fund of REITs Fund

## Introduction

We have reviewed the accompanying 30 June 2022 condensed interim financial statements of **SNB Capital Fund of REITs Fund** (the "Fund"), managed by SNB Capital Company ("the Fund Manager"), which comprises:

- the condensed statement of financial position as at 30 June 2022;
- the condensed statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2022;
- the condensed statement of changes in equity attributable to the Unitholders for the six-month period ended 30 June 2022;
- the condensed statement of cash flows for the six-month period ended 30 June 2022; and
- the notes to the condensed interim financial statements.

The Fund Manager is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34, 'Interim Financial Reporting' ("IAS 34"), that is endorsed in the Kingdom of Saudi Arabia and to comply with the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority and the Fund's terms and conditions. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

## Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2022 condensed interim financial statements of **SNB Capital Fund of REITs Fund** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

## KPMG Professional Services

إبراهيم عبود باشن

Ebrahim Oboud Baeshen  
License No. 382

Date: 19 Muharram 1444H  
Corresponding to: 17 August 2022



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 مقفلة، مسجلة في المملكة العربية السعودية، رأسمالها (25,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي للوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة والتابعة لشركة كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

**SNB CAPITAL FUND OF REITs FUND**  
**(Managed by SNB Capital Company)**

**CONDENSED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2022

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

	<i>Notes</i>	<b>30 June 2022</b> (Unaudited)	31 December 2021 (Audited)
<b>ASSETS</b>			
Cash and cash equivalents	8	838	542
Investments	9	46,302	54,682
Other receivables		1,558	2,541
<b>Total assets</b>		<b>48,698</b>	<b>57,765</b>
<b>LIABILITIES</b>			
Other payables		139	310
<b>Equity attributable to the Unitholders</b>		<b>48,559</b>	<b>57,455</b>
<b>Units in issue in thousands (number)</b>	10	<b>47,226</b>	<b>46,873</b>
<b>Equity per unit (SAR)</b>		<b>1.0282</b>	<b>1.2258</b>

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

**SNB CAPITAL FUND OF REITs FUND**  
**(Managed by SNB Capital Company)**

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Unaudited)**

For the six-month period ended 30 June 2022

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

		<b>For the six-month period ended 30 June</b>	
	<i>Note</i>	<b><u>2022</u></b>	<b><u>2021</u></b>
Realised loss on FVTPL investments – net		<b>(569)</b>	(198)
Unrealised (loss) / gain on FVTPL investments – net		<b>(7,242)</b>	10,035
Dividend income		<b>1514</b>	1,145
<b>Total income</b>		<b><u>(6,297)</u></b>	<b><u>10,982</u></b>
Management fees	11	<b>(141)</b>	(116)
Value added tax expense		<b>(21)</b>	(17)
Professional fees		<b>(16)</b>	(16)
Shariah audit fees		<b>(15)</b>	(15)
Fund Board remuneration		<b>(12)</b>	(12)
Custody fees		<b>(11)</b>	(11)
Administrative expenses		<b>(8)</b>	(4)
Capital Market Authority fees		<b>(4)</b>	(4)
<b>Total operating expenses</b>		<b><u>(228)</u></b>	<b><u>(195)</u></b>
<b>(Loss)/Profit for the period</b>		<b><u>(6,525)</u></b>	<b><u>10,787</u></b>
<b>Other comprehensive income for the period</b>		<b><u>--</u></b>	<b><u>--</u></b>
<b>Total comprehensive income for the period</b>		<b><u>(6,525)</u></b>	<b><u>10,787</u></b>

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

**SNB CAPITAL FUND OF REITs FUND**  
**(Managed by SNB Capital Company)**

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

For the six-month period ended 30 June 2022

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

	<b>For the six-month period ended 30 June</b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>Equity attributable to the Unitholders at the beginning of the period (Audited)</b>	<b>57,455</b>	<b>41,538</b>
Total comprehensive income for the period	<b>(6,525)</b>	<b>10,787</b>
<b>Increase in equity from unit transactions during the period</b>		
Proceeds from units issued	<b>2,953</b>	<b>3,923</b>
Value of units redeemed	<b>(2,524)</b>	<b>(991)</b>
	<b>429</b>	<b>2,932</b>
Dividend distributed during the period	<b>(2,800)</b>	<b>(940)</b>
<b>Equity attributable to the Unitholders at the end of the period (Unaudited)</b>	<b><u>48,559</u></b>	<b><u>54,317</u></b>

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

**SNB CAPITAL FUND OF REITs FUND**  
**(Managed by SNB Capital Company)**

**CONDENSED STATEMENT OF CASH FLOWS (Unaudited)**

For the six-month period ended 30 June 2022

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

		<b>For the six-month period ended</b>	
	<i>Notes</i>	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>Cash flows from operating activities</b>			
(Loss)/Profit for the period		<b>(6,525)</b>	10,787
<u>Adjustments for:</u>			
Realised loss on FVTPL investments – net		<b>569</b>	198
Unrealised loss / (gain) on FVTPL investments – net		<b><u>7,242</u></b>	<u>(10,035)</u>
		<b>1,286</b>	950
<u>Changes in operating assets and liabilities:</u>			
Investments		<b>569</b>	(2,271)
Other payables		<b>(171)</b>	5
Other receivables		<b>983</b>	(175)
<b>Net cash generated from / (used in) operating activities</b>		<b><u>2,667</u></b>	<u>(1,491)</u>
<b>Cash flows from financing activities</b>			
Proceeds from units issued		<b>2,953</b>	3,923
Value of units redeemed		<b>(2,524)</b>	(991)
Dividend distributed to the Unitholders		<b>(2,800)</b>	(940)
<b>Net cash (used in ) / generated from financing activities</b>		<b><u>(2,371)</u></b>	<u>1,992</u>
<b>Net increase in cash and cash equivalents</b>		<b>296</b>	501
Cash and cash equivalents at the beginning of the period	8	<b><u>542</u></b>	<u>385</u>
<b>Cash and cash equivalents at the end of the period</b>	8	<b><u>838</u></b>	<u>886</u>

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

**SNB CAPITAL FUND OF REITs FUND**  
**(Managed by SNB Capital Company)**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)**

For the six-month period ended 30 June 2022

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

---

**1 THE FUND AND ITS ACTIVITIES**

SNB Capital Fund of REITs Fund ("the Fund") is a Shariah compliant, open-ended investment fund, established under article 31 of the Investment Funds Regulations ("the Regulations") issued by the Capital Market Authority ("CMA") and managed by SNB Capital Company ("the Fund Manager"), a subsidiary of The Saudi National Bank ("the Bank"), for the benefit of the Fund's Unitholders.

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 Funds Regulations (the "Regulations") published by the 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). These 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 from 19 Ramadan 1442 H (corresponding to 1 May 2021).

**2. BASIS OF ACCOUNTING**

These condensed interim financial statements of the Fund have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") is endorsed in the Kingdom of Saudi Arabia and comply with the applicable provisions of the Regulations and the Fund's terms and conditions.

These condensed interim financial statements do not include all information and disclosures required for a complete set of financial statements and should be read in conjunction with the Fund's annual audited financial statements of the Fund as at and for the year ended 31 December 2021.

**3. BASIS OF MEASUREMENT**

These condensed interim financial statements have been prepared on going concern concept and 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 condensed interim statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)**

---

**SNB CAPITAL FUND OF REITs FUND**  
**(Managed by SNB Capital Company)**

For the six-month period ended 30 June 2022

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

---

**4. FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in the condensed interim financial statements are measured using the currency of the primary economic environment in which the Fund operates (“the functional currency”). These condensed interim financial statements are presented in Saudi Arabian Riyals (“SAR”) which is the Fund’s functional and presentation currency and have been rounded off to the nearest thousand unless otherwise stated.

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

During the period, there have been no change in the terms and conditions of the Fund.

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

The preparation of the condensed interim financial statements requires management to make judgements, 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. The basis and the methods used for critical accounting judgements, estimates and assumptions adopted are consistent with those used in the preparation of the annual audited financial statements of the Fund for the year ended 31 December 2021.

**7. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual audited financial statements of the Fund for the year ended 31 December 2021.

*a) Standards, interpretations and amendments effective during the year*

Below amendments to accounting standards, interpretations and amendments became applicable for annual reporting periods commencing on or after 1 January 2022. The Fund manager has assessed that the amendments have no significant impact on the Fund’s condensed interim financial statements.

Amendments to IFRS 16 – Covid - 19 Related Rent Concessions beyond 30 June 2021

Amendments to IAS 37 - Onerous Contracts – Cost of fulfilling a contract

Annual Improvements to IFRS Standards 2018-2020

Amendments to IFRS 3 - Reference to the Conceptual Framework



**SNB CAPITAL FUND OF REITs FUND**  
**(Managed by SNB Capital Company)**

For the six-month period ended 30 June 2022

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

---

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

*b. Standards, interpretations and amendments issued but not yet effective*

Standards, interpretations and amendments issued but not yet effective up to the date of issuance of the Fund's condensed interim financial statements are listed below. The Fund intends to adopt these standards when they become effective.

<b>Standards, interpretations and amendments</b>	<b>Description</b>	<b>Effective from periods beginning on or after the following date</b>
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 IAS 1	Classification of liabilities as current or non-current	January 1, 2024
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 standards, interpretations and amendments are not expected to have a significant impact on the Fund's financial statements.

**8. CASH AND CASH EQUIVALENTS**

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

**SNB CAPITAL FUND OF REITs FUND**  
**(Managed by SNB Capital Company)**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)**

For the six-month period ended 30 June 2022

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

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

	<b>30 June 2022 (Unaudited)</b>		
	<b><u>% of Total Investment (fair value)</u></b>	<b><u>Cost</u></b>	<b><u>Fair value</u></b>
<b>Investments in Exchange Traded Funds</b>			
Jadwa Saudi REIT Fund	28.3	12,909	13,105
SEDCO Capital REIT Fund	14.9	6,721	6,899
Riyad REIT Fund	13.35	6,158	6,181
AlAhil REIT Fund 1 – a related party	12.78	5,817	5,915
Derayah REIT	10.83	6,121	5,013
Taleem REIT Fund	7.66	3,545	3,547
Al Rajhi REIT Fund	6.98	3,660	3,233
SNB Capital Saudi Riyal Trade Fund- a related party	5.2	2,408	2,409
	<u>100</u>	<u>47,339</u>	<u>46,302</u>
	<b>31 December 2021 (Audited)</b>		
	<b><u>% of Total Investment (fair value)</u></b>	<b><u>Cost</u></b>	<b><u>Fair value</u></b>
<b>Investments in Exchange Traded Funds</b>			
Jadwa Saudi REIT Fund	30.81	12,862	16,848
Al Rajhi REIT Fund	19.23	9,927	10,515
AlAhil REIT Fund 1 – a related party	11.90	5,688	6,505
Derayah REIT	11.00	6,329	6,017
SEDCO Capital REIT Fund	10.15	4,506	5,552
Riyadh REIT Fund	9.98	5,525	5,456
Taleem REIT Fund	6.93	3,640	3,789
	<u>100</u>	<u>48,477</u>	<u>54,682</u>

**10. UNITS TRANSACTIONS**

Transactions in units during the period are summarized as follows:

	<b>For the six-month period ended 30 June</b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
	<b>-----Units in 000-----</b>	
<b>Units at the beginning of the period (Audited)</b>	<b>46,873</b>	<b>39,688</b>
Units issued	<b>2,433</b>	<b>3,444</b>
Units redeemed	<b>(2,080)</b>	<b>(881)</b>
<b>Net increase in units during the period</b>	<b>353</b>	<b>2,563</b>
<b>Units at the end of the period (Unaudited)</b>	<b>47,226</b>	<b>42,251</b>

**SNB CAPITAL FUND OF REITs FUND**  
**(Managed by SNB Capital Company)**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)**

For the six-month period ended 30 June 2022

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

---

**11. RELATED PARTY TRANSACTIONS AND BALANCES**

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

**Management fees 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. Following are the details of transactions and balances and closing balance with the Fund manager related to management fees and other expenses

Related party	Nature of transaction	Amounts of transactions for the six-month period ended 30 June		Amount Payable as at	
		30 June 2022 (unaudited)	30 June 2021 (unaudited)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Fund manager	Management fee	141	116	(9)	12
	Expenses paid on behalf of the Fund	87	79		

**SNB CAPITAL FUND OF REITs FUND**  
**(Managed by SNB Capital Company)**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)**

For the six-month period ended 30 June 2022

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

---

**12. FAIR VALUE MEASUREMENT**

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 is assessed to be a 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 transfers between levels of fair value at the end of the reporting period 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 2. During the period, 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 were determined to be a reasonable approximation of fair value due to their short-term nature. The Fund has classified cash and cash equivalents as level 1 while remaining financial assets and liabilities are classified as level 3 as per the fair value hierarchy.

**13. LAST VALUATION DAY**

The last valuation day for the purpose of preparation of these condensed interim financial statements was 30 June 2022 (2021: 30 December 2021).

**14. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

These condensed interim financial statements were approved by the Fund Manager on 19 Muharram, 1444H corresponding to 17 August 2022.