

BLOM FUND OF REITs FUND

Annual Fund Report

31 December 2021

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A. Investment Fund Information

1) Name of investment fund.

BLOM FUND OF REITs FUND

2) Investment objectives and policies.

BLOM Fund of REITs is a public open-ended investment fund, which aims to achieve capital growth in the medium to long term and distribute returns, through investment in listed Shariah-Compliant REITs managed by the fund manager or other fund managers, as well as participation in the initial listings of REITs which are consistent the terms of the Fund. If the Fund invests in REIT funds managed by the fund manager, those investments will be exempt from management fees.

Policies:

- The investment in any REITs Fund shall not exceed 50% of the net asset value of the Holding Fund
- The Fund Manager may, as he deems appropriate, to realize the interest of the Fund's units holders to increase or decrease the distribution of its investments in the REITs managed by the Fund Manager or other Fund Managers. It may also determine its concentration in certain sectors or geographical areas, in a manner not inconsistent with the Fund's terms and conditions, Capital Market Authority.
- If the Fund invests in REIT funds managed by the Fund Manager, such investments will be exempted from management fees.
- The Fund Manager may participate in the subscription to the REITs that will be offered in the Saudi market (ie, the initial offerings of the REITs).
- No investment will be made in any of the REITs that invest in Makkah or Medina as they have been listed or will be listed (Initial Offering).
- The Fund Manager may also hold no more than 5% of the Fund's assets in cash.
- The Fund Manager may deposit cash not invested in fixed deposit accounts that comply with Islamic Shariah, murabaha / low risk funds or similar securities.
- The Fund shall not invest in any securities other than those stated in the Terms and Conditions and the Information Memorandum.

- Commitment that all investments are compliant with Islamic Sharia.

3) Distribution of income and gain policy.

- The Fund will distribute twice yearly dividends to the unit holders from the proceeds of the invested RIETs fund.
- Due Date and Distribution: At the end of the first quarter and the third quarter of each calendar year, ie March 31 and September 30 of each year.

4) The Fund Reports are available upon request free of charge at Blominvest Saudi Arabia website:

WWW.BLOMINVEST.SA

5) Description of the fund's benchmark and the service provider's website.

The Fund's benchmark is Tadawul REIT Index and the service provider's website is

www.saudiexchange.sa

B. Fund Performance

1) Fund inception date 16/04/2018

	2019	2020	2021
a) NAV at year-end (SAR)	35,125,429.59	36,312,430.08	14,176,569
b) NAV/unit at year-end (SAR)	116.7899	118.8303	129.7150
c) Lowest NAV (SAR)	95.7376	98.7424	117.9837
c) Highest NAV(SAR)	116.7899	123.3616	144.1279
d) Units at year-end	300,757.46	305,582.29	109,290.16
e) Distribution/ unit	-	-	-
f) Expense Ratio	1.89%	1.80%	1.72%
g) percentage of borrowed assets from the total asset value	0.00%	0.00%	0.00%
h) Fund's Performance vs Benchmark	Fund's Return : 26.65% Benchmark's Return: 23.52%	Fund : 5.94% Benchmark: 7.59%	Fund : 13.12% Benchmark: 12.70%

2) Performance record.

	1 year	Since Inception
a) Total Return	13.12%	46.87%

	2019	2020	2021
b) Annual Total Return	26.65%	5.94%	13.12%

c) Fund Expenses

Fee Type	Amount	Pct. Of average NAV
Management Expense	SAR 319,822	0.80%
VAT on Management Fee Expense	SAR 47,745	0.12%
Custodian Expense	SAR 170,000	0.43%
VAT on Custody Fees Expense	SAR 25,500	0.06%
Audit Expense	SAR 38,500	0.10%
VAT on Audit Fee Expense	SAR 5,775	0.01%
Fund Board Expense	SAR 20,000	0.05%
CMA Expense	SAR 7,500	0.02%
Tadawul Charges	SAR 5,000	0.01%
VAT on Tadawul Registration Fee Expense	SAR 750	0.00%
Shariah Board Expense	SAR 47,000	0.12%
Total	SAR 687,592	1.72%

The Fund Manager did not elect to waive or rebate any fees.

d) The bases for calculating the performance data.

The measures of performance have been consistently applied.:

$$=((P1/P0)-1)*100\%$$

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

- The fund distributed dividend on 31/03/2021 by 734,831.37SAR .
- The fund distributed dividend on 29/09/2021 by 708,029.22SAR

4) Exercise of annual voting rights.

Issuer name	Date	Subject	Decision
SEDCO Capital REIT Fund	12/2/2021	To vote on increasing the total value of the fund's assets by an amount of seven hundred and one million, nine hundred and fifty-one thousand seven hundred and fifty Saudi riyals (701,951,750 riyals) by offering additional units (in kind and cash) with the aim of acquiring the SEDCO Capital Real Estate Income Fund 2 portfolio and paying related expenses and costs, which is a managed portfolio By the fund manager who is a related party	Yes
		To vote on the supplementary supplement to the Fund's terms and conditions published on 13/04/1443 AH corresponding to 11/18/2021 AD	Yes

5) Fund board meeting.

a) Names of Fund Board members, and indicating membership type

- 1- Mr. Mark Hajj -Chairman
- 2- Mr. Khaled Shaker Al Mubaid - Independent Member
- 3- Mr. Saad Mohammed Al-Tuwaim - Independent Member

b) A brief about of the fund board members' qualifications

1- Mr. Khaled Shaker Al Mubaid

He established a real estate company in 2007 with two partners of the most famous real estate in the Kingdom, with a capital of 2,000,000 riyals, and this company became the most successful real estate services company in the Kingdom, achieving annual profits of 4,000,000 riyals .He also established a small real estate development company with a capital of less than 60,000 riyals, through which it developed a real estate project with more than 100,000,000 riyals, and was managing a real estate portfolio of 150,000,000 riyals.He also worked as the head of marketing in the commercial malls sector and was responsible for marketing and leasing campaigns in all Othaim Shopping Malls .He also worked as a director of real estate projects for Tawaswar Real Estate Company (one of the largest real estate companies in the Kingdom).

2- Mr. Saad Mohammed Al-Tuwaim

He has many initiatives and interests, including :-Demanding the organization of the evaluation profession in the Kingdom .Establishing the first company specialized in evaluating real estate, industrial, commercial, and intellectual property assets .Adoption and establishment of the real estate valuation index. Establishment of a comprehensive information center for assets . Launching an online appraisal program.. Scientific experiences and projects involved, the owner of the idea and the initial perception of the King Abdullah Financial District project. Marketing the land of the King Abdullah Financial District. Assistant director of selection and evaluation of the feasibility study sites for sites in the Saudi Automotive Service Company "SASCO". General Manager of the Saudi Installment Company. Contributed to the establishment of many real estate funds

3- Mr. Mark Hajj

Mark Al Hajj is responsible for business development and institutional sales at Bloom Investments Saudi Arabia. Prior to assuming this role, he was involved in developing the asset management business of BLOM BANK Group in the Middle East and North Africa region. On the structuring front, Mr. Al-Hajj worked on the legal and technical structure of all issued investment funds managed by Bloom Group.

c) The roles and responsibilities of the Fund Board

- Approval of all contracts, decisions and substantial reports to which the Fund is a party, including - but not limited to - approving contracts for providing management services for the Fund, and contracts for providing custody services, and this does not include contracts concluded in accordance with investment decisions regarding any investments it has made Fund or will do so in the future.
- Adopting a written policy regarding voting rights related to the Fund's assets.
- Supervising, and when appropriate, approving or approving any conflict of interest disclosed by the fund manager.
- Meeting at least twice annually with the Fund Manager's Compliance and Compliance Committee or its compliance officer to review the Fund's compliance with all relevant laws, rules and regulations, including - but not limited to - the requirements stipulated in the Investment Funds Regulations.
- Ensure the completeness and accuracy of the terms and conditions of the fund, the information memorandum and any other document, whether a contract or other, that includes disclosures related to the fund and the fund manager and its management of the Fund, in addition to ensuring that the foregoing complies with the provisions of the Investment Funds Regulations.
- Ensuring that the fund manager carries out his responsibilities in the interest of the unit holders in accordance with the provisions of the Investment Funds Regulations, the terms and conditions of the fund and the information memorandum.
- To work with honesty, good faith, interest, skill, care and diligence in a manner that achieves the interests of unit owners.
- Recording the minutes of the meetings that show all the proceedings of the meetings and the decisions taken by the Board.

d) Details on the remuneration of fund board members.

5,000 Saudi riyals for each attendance session for each independent member, calculated on each calendar day, and paid immediately after the session (twice annually). The annual total of all independent members' remuneration amounts to only 20,000 Saudi riyals.

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.

Situations in which a conflict of interest may arise:

- Conflict between the interest of the fund manager and the interest of any investment fund he manages.
- A conflict between the interest of the fund and the interest of any other investment fund managed by the fund manager or the interest of a client account.
- Conflict between the interests of the members of the fund's board of directors and the interests of the fund.

Knowing that the fund manager invests at the time in 5 other funds that he manages in addition to his investment in Blom Fund of REIT Funds, which are: Blom MSCI Saudi Arabia Select Min Vol Fund, Blom Saudi Equity Fund, Al Mazaya Saudi Equity Fund, Blominvest Freestyle Equity Fund, and Blominvest Murabaha Fund, there is no significant conflict of interest between these funds and the fund manager. It should also be noted that the chairman of Blom REITs Fund of Funds Mr. Mark Hajj is the Chairman of other fund affiliated with the fund manager, namely Blominvest Murabaha Fund. Accordingly, the fund manager reports that there is no conflict of interest between the interests of the members of the fund's board of directors and the interests of the fund.

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

The chairman of Blom REITs Fund of Funds Mr. Mark Hajj is the Chairman of other fund affiliated with the fund manager, namely Blominvest Murabaha Fund.

g) Discussion Topics - Board Resolution dated 01/11/2021

- a) Presenting and discussing the performance of the Fund
- b) Discuss the fund distributions to unit holders.
- c) The fund's commitment to the relevant laws, and regulations
- d) Discuss the possibility of conflicts of interest.
- e) Approval of the audited financial statements as of 31 December 2020 & the interim condensed financial statements (unaudited) for the six-month period ended 30 June 2021
- f) The changes made in the prospectus and the terms and conditions of the Fund(if any)

Resolutions

- a) Approval of the Fund performance
- b) Approval of the fund distributions to unit holders.
 - Cash distribution of dividend income to the Unitholders for the period from end of March 2021 to September 2021 as follows: Total dividend distribution 708,029.22 SAR, equivalent to SAR 2.31 per unit and its percentage of the unit initial price is 2.31%.
 - cash distribution of income to the Unitholders for the period from end of September, 2020 to March 2021 as follows : Total income distribution: 734,831.37 SAR , equivalent to SAR 2.40 per unit and its percentage of the unit initial price is 2.40%
- c) Approval of The Fund's commitment to the relevant laws, regulations and regulations.
- d) Approval of the possibility of conflicts of interest.
- e) Approval of financial statements as at 31 December 2020 & the interim condensed financial statements (unaudited) for the six-month period ended 30 June 2021 .
- f) Approval of The changes made in the prospectus and the terms and conditions of the Fund.

Discussion Topics - Board Resolution dated 29/12/2021

- a) Presenting and discussing the performance of the Fund
- b) Discuss the fund distributions to unit holders.
- c) The Fund's commitment to the relevant laws, and regulations
- d) Discuss the possibility of conflicts of interest.

e) Discuss The changes made in the prospectus & the terms and conditions

Resolutions

- a) Approval of the Fund performance
- b) Approval of fund distributions to unit holders.
- c) Approval of fund's commitment to the relevant laws, and regulations
- d) Approval of the possibility of conflicts of interest.
- e) Approval of the changes made in the prospectus and the terms & conditions of the Fund.

The fund manager took the boards' approval to remove investment restriction that prevents the fund manager from investing in REIT funds that invest in Makkah or Madinah, whether they are listed or will be offered (initial offering).

C. Fund Manager

1) Name and address of the fund manager.

Blominvest Saudi Arabia, with its registered office at Al Oula Building, 3rd floor, King Fahad Road, Riyadh, P.O. Box 8151, Riyadh 11482, Saudi Arabia with CMA License number: 08094 - 37.

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

The Fund Manager did not appoint a sub-manager or investment advisor.

3) Investment activities during the period.

Tadawul's REITs recovered during 2021, the REITs index registered a 12.7% rise in market value as the COVID-related restrictions were lifted. Blom Fund of REITs returned 13.12% as at the end of 2021 ending the year with a slight outperformance to the benchmark. The fund was able to beat the sector's performance by 11.5% since inception by utilizing an effective selection strategy. The Fund Distributed Dividends of SAR 4.8 for the year .

The assessment process of the Saudi listed REITs is based on analyzing the fundamental performance to select the best performing funds. The Ranking Methodology is based on testing each REIT on ten quantitative and qualitative parameters, each one carrying a distinguished weight. The

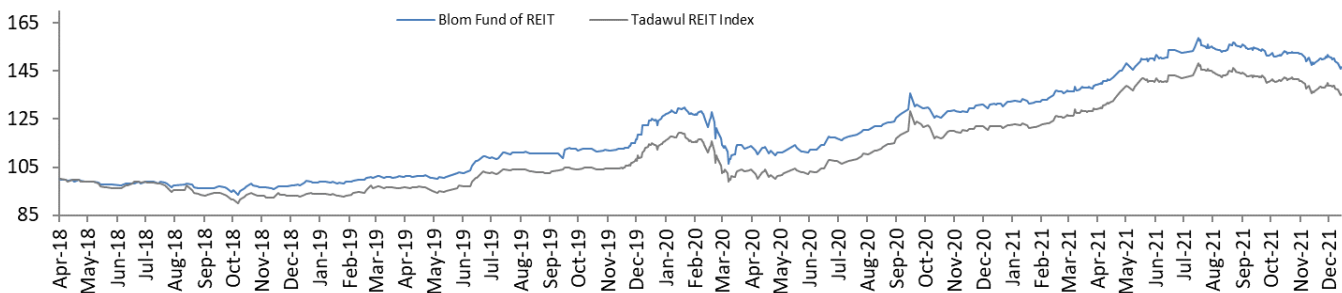
parameters were chosen based on five elements: Valuation, Operational Efficiency, Dividend distribution, Asset growth, and Risk assessment.

4) Investment fund's performance during the period.

Total return - Dividends included

YTD : The Fund ended 2021 up 13.12% vs 12.7% for the benchmark.

Since Inception: The Fund ended 2021 up 46.87% vs 35.34% for the benchmark.



5) Details of any material changes made during the period

- Update the financial information of the fund manager to reflect the year ended 2020.
- Update the fund's performance to include the year ended 2021 performance.
- Updates on the terms and conditions related to an investment restriction that has been removed that prevents the fund manager from investing in REIT funds that invest in Makkah or Madinah, whether they are listed or will be offered (initial offering).

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

Not Applicable

7) Investment fund invests substantially in other investment funds.

Not Applicable

8) A statement on any special commission received by the fund manager during the period.

The Fund manager did not receive any special commission during the year of 2021.

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

Not Applicable.

10) Period for the management of the person registered as fund manager

The registered fund manager has been managing the fund since the fund's inception in 16-April-2018

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).

Not Applicable.

D. Custodian

1) Name and address of custodian.

Saudi Fransi Capital

Head Office | Kingdom of Saudi Arabia | P.O. Box: 23454 Riyadh 11426 . website: www.sfc.sa

2) A brief description of its duties and responsibilities.

- The custodian is responsible for his obligations in accordance with the provisions of the investment funds regulations, whether he performs his responsibilities directly or assigns them to a third party in accordance with the provisions of the investment funds regulations and the regulations of financial market institutions.
- The custodian is responsible towards the fund manager and unit holders for the fund's losses resulting from its fraud, negligence, misbehaviour or wilful negligence.

- The custodian is responsible for preserving and protecting the assets of the fund for the benefit of the unit owners, and is also responsible for taking all necessary administrative procedures in relation to the preservation of the fund's assets.



ANNEX 5

Date: 30 Mar 2022

CONTENTS OF FUND'S REPORTS

Content of Fund Report

(d.) Custodian

Fund Name : Blom Fund of Reits Fund

1) Name and address of custodian.

Saudi Fransi Capital, P O Box 23454 Riyadh 11426, Kingdom OF Saudi Arabia

2) Brief description of duties and responsibilities of custodian.

- Securities settlements
- Safekeeping
- Corporate actions
- Income and entitlements collection
- Cash management

3) Opinion by custodian

- The fund administrator issued, transferred and redeemed the units as instructed by the fund manager
- The fund administrator valued and calculated the price of units in accordance with the provisions of the Investment Funds Regulations, the fund's Terms and Conditions and the information memorandum

Mohammed Al-Somali
Director - Head of Brokerage Operations

Public

Saudi Fransi Capital (Closed Joint Stock Company owned by Banque Saudi Fransi)
C.R. 1010231217 - Paid Up Capital 500,000,000 S.R. - Capital Market Authority 11153-37
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السعودية الفرنسي كابيتال (شركة مساهمة مغلقة مختلطة الفئات السعودية الفرنسي)
عنوانه ٨٠٩٢ طريق الملك فهد - الرياض ١٢٩١٣-٣٧٣٥ - المملكة العربية السعودية
الإدارة العامة: ٨٠٩٢ طريق الملك فهد - الرياض ١٢٩١٣-٣٧٣٥ - المملكة العربية السعودية
البريد الإلكتروني: info@sfc.sa - الرياض ١١٤٢٦
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E. Fund Operator

1) Name and address of fund operator

Blominvest Saudi Arabia

Riyadh, Kingdom of Saudi Arabia,

Phone: +966 (11) 4949555, Fax: +966 (11) 4949551, P.O. Box 8151 Riyadh 11482

2) A brief description of its duties and responsibilities.

- The fund operator will keep books and records related to the operation of all the funds it operates
- Preparing a register of unit owners and keeping it in the Kingdom
- Subscription or redemption requests shall be treated at the price calculated at the evaluation point following the deadline for submitting subscription and redemption requests
- Implementation of subscription or redemption requests so that they do not conflict with any provisions contained in the investment regulations or the terms and conditions of the fund

3) Sub – Fund Operator

1) Name and address of fund operator

Saudi Fransi Capital

Head Office | Kingdom of Saudi Arabia | P.O. Box: 23454 Riyadh 11426 .

website: www.sfc.sa

2) A brief description of its duties and responsibilities.

- The sub-operator is responsible for the full and fair evaluation of the Fund's assets
- The sub-operator of the fund is responsible for calculating the unit price of fund .

E. Auditor

1) Name and address of auditor.

Ernst & Young

Al Faisaliah Office Tower | King Fahad Road | P.O. Box 2732 | Riyadh 11461, Saudi Arabia

The auditors in their "opinion" letter have declared the following:

- a) The financial statements have been prepared and audited in accordance with IFRS standards, the Investment Funds Regulations, the fund's terms and conditions and the information memorandum;
- b) The financial statements give a true and fair view of the net income and the net gains or losses of the investment fund's assets in that accounting period; and
- c) The financial statements give a true and fair view of the financial position of the investment fund at the end of the period.

F. Financial Statement

Financial Statement (attached) has been prepared in accordance with IFRS standards

BLOM FUND OF REITS FUND
(Managed by Blominvest Saudi Arabia)

**FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT**

31 DECEMBER 2021



Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
Head Office
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INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF BLOM FUND OF REITS FUND (MANAGED BY BLOMINVEST SAUDI ARABIA)

Opinion

We have audited the financial statements of Blom Fund of Reits Fund (the "Fund") managed by Blominvest Saudi Arabia (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity attributable to the unitholders and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organisation for Chartered and Professional Accountants.

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 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 Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organisation for Chartered and Professional Accountants and the applicable provisions of the Investment Funds Regulations issued by the Board of the Capital Market Authority, and the Fund's terms and conditions and the Information Memorandum, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF BLOM FUND OF REITS FUND
(MANAGED BY BLOMINVEST SAUDI ARABIA) (CONTINUED)**

Responsibilities of Management and Those Charged with Governance for the Financial Statements (continued)

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

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

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF BLOM FUND OF REITS FUND
(MANAGED BY BLOMINVEST SAUDI ARABIA) (CONTINUED)**

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

for Ernst & Young Professional Services



Fahad M. Al-Toaimi
Certified Public Accountant
License No. 354

Riyadh: 27 Sha'ban 1443H
(30 March 2022)



Blom Fund of REITS Fund
(Managed by Blominvest Saudi Arabia)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 SR	2020 SR
ASSETS			
Financial assets at fair value through profit or loss (FVTPL)	7	14,038,244	36,133,025
Dividend receivable		7,493	28,399
Receivables from disposal of financial assets at FVTPL		1,076,874	-
Cash and cash equivalents		25,507,778	269,460
TOTAL ASSETS		40,630,389	36,430,884
LIABILITIES AND EQUITY			
LIABILITIES			
Management fees payable	10	26,326	28,154
Redemption payable		26,168,145	-
Accrued expenses		259,349	90,271
TOTAL LIABILITIES		26,453,820	118,425
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS			
(TOTAL EQUITY)		14,176,569	36,312,459
TOTAL LIABILITIES AND EQUITY		40,630,389	36,430,884
Redeemable units in issue		109,290	305,582
Net asset value attributable to each unit		129.72	118.83

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

Blom Fund of REITS Fund
(Managed by Blominvest Saudi Arabia)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 SR	2020 SR
INCOME			
Net movement in unrealised (loss) gain on financial assets at FVTPL		(2,934,219)	1,275,652
Net realised gain on financial assets at FVTPL		6,274,901	(556,728)
Dividend income		2,222,026	2,077,187
TOTAL INCOME		5,562,708	2,796,111
EXPENSES			
Management fees	9	(319,822)	(271,082)
Other expenses	8	(367,770)	(338,566)
TOTAL EXPENSES		(687,592)	(609,648)
NET INCOME FOR THE YEAR		4,875,116	2,186,463
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,875,116	2,186,463

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

Blom Fund of REITS Fund
(Managed by Blominvest Saudi Arabia)

STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS
For the year ended 31 December 2021

	2021 SR	2020 SR
Equity attributable to the unitholders at beginning of the year	36,312,459	35,125,429
Net income and total comprehensive income for the year	4,875,116	2,186,463
Issuance and redemptions of units:		
Issuance of units during the year	600,000	500,000
Redemptions of units during the year	(26,168,145)	-
Net changes from units transactions	(25,568,145)	500,000
Payment of dividend to unitholders	(1,442,861)	(1,499,433)
Net assets attributable to the unitholders at the end of the year	14,176,569	36,312,459

REDEEMABLE UNIT TRANSACTIONS

Transactions in redeemable units during the year are summarised, as follows:

	2021 <i>Units</i>	2020 <i>Units</i>
Units at beginning of the year	305,582	300,757
Issuance of units during the year	4,465	4,825
Redemptions of units during the year	(200,757)	-
Net changes in units	(196,292)	4,825
Units at end of the year	109,290	305,582

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

Blom Fund of REITS Fund
(Managed by Blominvest Saudi Arabia)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	2021 SR	2020 SR
OPERATING ACTIVITIES		
Net income for the year	4,875,116	2,186,463
Adjustment to reconcile net income to net cash flows:		
Net movement in unrealised gain on financial assets at FVTPL	2,934,219	(1,275,652)
Dividend income	(2,222,026)	(2,077,187)
	<u>5,587,309</u>	<u>(1,166,376)</u>
Working capital changes:		
Financial assets at FVTPL	18,083,688	(267,160)
Management fee payable and accrued expenses	167,250	14,913
	<u>23,838,247</u>	<u>(1,418,623)</u>
Net cash generated from operations	23,838,247	(1,418,623)
Dividends received	2,242,932	2,548,628
	<u>26,081,179</u>	<u>1,130,005</u>
Net cash flows from operating activities	26,081,179	1,130,005
FINANCING ACTIVITIES		
Proceeds from issuance of units	600,000	500,000
Payment of dividend	(1,442,861)	(1,499,433)
	<u>(842,861)</u>	<u>(999,433)</u>
Net cash flows used in financing activities	(842,861)	(999,433)
NET INCREASE IN CASH AND CASH EQUIVALENTS	25,238,318	130,572
Cash and cash equivalents at beginning of year	269,460	138,888
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	25,507,778	269,460

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

Blom Fund of REITS Fund (Managed by Blominvest Saudi Arabia)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2021

1. GENERAL

Blom Funds of REITS Fund (the “Fund”) is an open ended investment fund created by an agreement between Blominvest Saudi Arabia Company (the “Fund Manager”) and investors (“unitholders”). The primary objective of the Fund is to achieve medium to long-term capital appreciation as well as periodic dividend distributions through investing in REITs listed on the Saudi Market. The Fund will not invest in any REIT that has exposure to Makkah or Madinah, whether the REIT is listed, or about to be listed in an initial public offering. The Fund was established on 16 April 2019 as per approval from the Capital Market Authority (the “CMA”).

The address of the registered office of the Fund Manager is as follows:

Al-Oula Building 3rd Floor, King Fahd Road
P.O. Box 8151, Riyadh 11482
Kingdom of Saudi Arabia

The Fund has appointed Saudi Fransi Capital to act as its custodian and administrator. The fees for the custodian and administrator services are paid directly by the Fund.

During the year, a cash dividend of 4.71 per unit totaling SR 1,442,861 (2020: SR 4.96 per unit totaling SR 1,499,433) was declared and paid.

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) issued by the CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006), and effective from 6 Safar 1438H (corresponding to 6 November 2016) by the New Investment Fund Regulations (“Amended Regulations”) published by the Capital Market Authority on 16 Sha’aban 1437H (corresponding to 23 May 2016), detailing requirements for all funds within the Kingdom of Saudi Arabia. The regulations were further amended by Resolution of the Board of CMA number 2-22-2021 dated 1 Rajab 1442H (corresponding to 24 February 2021). The amended regulations were effective from 19 Ramadan 1442H (corresponding to 1 May 2021).

3. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred to as “IFRS as endorsed in the KSA”) and applicable provisions of Investment Funds Regulations issued by the Board of Capital Market Authority, Fund’s terms and conditions and Investment memorandum.

These financial statements have been prepared on a historical cost basis, except for investments at fair value through profit or loss which are stated at their fair value and also using the accruals basis of accounting and the going concern concept.

These financial statements are presented in Saudi Riyal (“SR”), which is the functional currency of the Fund, and all values are rounded to the nearest one Saudi Riyal, except where otherwise indicated.

4. SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Fund in preparing its financial statements:

Blom Fund of REITS Fund
(Managed by Blominvest Saudi Arabia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.1 Financial instruments

The Fund recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

(i) Classification

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset
- *Financial assets measured at amortised cost*
A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- *Financial assets measured at fair value through profit or loss (FVTPL)*
A financial asset is measured at fair value through profit or loss if:
 - i. Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding (SPPI); and
 - ii. It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
 - iii. At initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Fund investments includes investments in equity instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price.

Financial liabilities

- *Financial liabilities measured at fair value through profit or loss (FVTPL)*
A financial liability is measured at FVTPL if it meets the definition of held for trading. The Fund does not hold any financial liabilities measured at FVTPL.
- *Financial liabilities measured at amortised cost*

This category includes all financial liabilities, other than those measured at fair value through profit or loss..

Blom Fund of REITS Fund
(Managed by Blominvest Saudi Arabia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.1 Financial instruments (continued)

(ii) Recognition

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

(iii) Initial measurement

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in the statement of comprehensive income.

Financial assets and liabilities (other than those classified as at FVTPL) are measured initially at their fair value including any directly attributable transaction costs.

(iv) Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as at FVTPL, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at FVTPL in the statement of comprehensive income. Interest and dividends earned or paid on these instruments are recorded separately in interest income or expense and dividend income or expense in the statement of comprehensive income.

Financial assets and financial liabilities at amortised cost are subsequently measured at amortised cost using effective commission rate (ECR) method.

(v) Derecognition of financial instruments

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Fund's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of the Fund's continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Financial liabilities

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

(vi) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the statement of financial position.

Blom Fund of REITS Fund
(Managed by Blominvest Saudi Arabia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.1 Financial instruments (continued)

(vii) Impairment of financial assets

The Fund assesses on a forward looking basis the Expected Credit Losses (“ECL”) associated with its financial assets, carried at amortised cost, the ECL is based on a 12-month ECL and lifetime ECL. The 12-month ECL is the portion of lifetime the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

4.2 Trade date accounting

All regular way purchases and sales of financial assets are recognised / derecognised on the trade date (i.e. the date that the Fund commits to purchase or sell the assets). Regular way purchases or sales are purchases or sales of financial assets that require settlement of assets within the time frame generally established by regulation or convention in the market place.

4.3 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

Short-term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as ‘cash and cash equivalents.

For the purpose of the statement of cash flows, cash and cash equivalents consists of bank balance as described above.

4.4 Accrued expenses

Liabilities are recognised for amounts to be paid in the future for services received, whether billed by the suppliers or not. These are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method.

4.5 Provisions

Provisions are recognised when the Fund has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably. If the effect of time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to passage of time is recognised as finance costs.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured.

4.6 Zakat and income tax

Under the current system of taxation in the Kingdom of Saudi Arabia the Fund is not liable to pay any Zakat or income tax as they are considered to be the obligation of the Unitholders and as such, these are not provided in the financial statements.

4.7 Redeemable Units

Redeemable units are classified as equity instruments when:

- The redeemable units entitle the holder to a pro rata share of the Fund’s net assets in the event of the Fund’s liquidation
- The redeemable units are in the class of instruments that is subordinate to all other classes of instruments
- All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features
- The redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the holder’s rights to a pro rata share of the Fund’s net assets

Blom Fund of REITS Fund (Managed by Blominvest Saudi Arabia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2021

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Redeemable Units (Continued)

The total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

In addition to the redeemable shares having all of the above features, the Fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund
- The effect of substantially restricting or fixing the residual return to the redeemable shareholders

The Fund continuously assesses the classification of the redeemable shares. If the redeemable shares cease to have all the features, or meet all the conditions set out, to be classified as equity, the Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. If the redeemable shares subsequently have all the features and meet the conditions to be classified as equity, the Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

The issuance, acquisition and cancellation of redeemable shares are accounted for as equity transactions.

No gain or loss is recognised in the statement of comprehensive income on the purchase, issuance or cancellation of the Fund's own equity instruments.

The capital of the Fund is SR 10,929,000 (31 December 2020: SR 30,558,200) divided into 109,290 (31 December 2020: 305,582) participating units of SAR 100 par value. All issued participating units are fully paid. The Fund's capital is represented by these participating units and are classified as equity instruments. The units are entitled to payment of a proportionate share of the Fund's net asset value upon winding up of the Fund.

4.8 Net assets value per unit

Net assets value per unit as disclosed in the statement of financial position is calculated by dividing the net assets of the Fund by the number of units outstanding at year end.

4.9 Dividend income

Dividend income is recognised in statement of comprehensive income on the date on which the right to receive the payment for dividend is established. For quoted equity securities, this is usually the ex-dividend date. Dividend income from equity securities designated as at FVTPL is recognised in statement of comprehensive income in a separate line item.

4.10 Net gain or loss on financial assets at fair value through profit or loss ("FVTPL")

Net gains or losses on financial assets and liabilities at FVTPL are changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as at FVTPL and exclude special commission and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of the prior year's unrealised gains and losses for financial instruments, which were realised in the reporting period. Realised gains and losses on disposals of financial instruments classified as at FVTPL are calculated using the weighted average cost method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

4.11 Management fees

Fund management fees are recognised on accrual basis and charged to the statement of comprehensive income. Fund management fee is charged at agreed rates with the Fund Manager and as stated in the terms and conditions of the Fund

Blom Fund of REITS Fund
(Managed by Blominvest Saudi Arabia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.12 Fair value of financial instruments

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in financial statements at fair value on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each year. The Fund determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

At each reporting date, the Fund analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Fund's accounting policies. For this analysis, the Fund verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Fund also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

4.13 Foreign currency translation

Transactions in foreign currencies are translated into SR at the exchange rate at the dates of the transactions. Foreign exchange gains and losses arising from translations are included in the statement of comprehensive income.

Monetary assets and liabilities denominated in foreign currencies are retranslated into SR at the exchange rate at the reporting date.

Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income as net foreign exchange losses, except for those arising on financial instruments at FVTPL, which are recognised as a component of net gain from financial instruments at FVTPL.

Blom Fund of REITS Fund
(Managed by Blominvest Saudi Arabia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2021

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS as endorsed in the KSA requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgment in the process of applying the Funds' accounting policies. Such judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advices and expectations of future events that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Significant areas where management has used estimates, assumptions or exercised judgement are as follows:

Going concern

The Board of Directors in conjunction with the Fund Manager made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, they are not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis

Fair value Measurement

The Fund measures its investments in financial instruments, such as equity instruments at fair value at each reporting date. 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. The principal or the most advantageous market must be accessible to the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

6. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED BY THE FUND

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Fund. The Fund intends to use the practical expedients in future periods if they become applicable.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. However, these amendments had no impact on the financial statements of the Fund.

Blom Fund of REITS Fund
(Managed by Blominvest Saudi Arabia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2021

**6. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED BY THE FUND
(continued)**

Standards issued but not yet effective and not early adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Based on the Fund's assessment, the below standards are not expected to have potential impacts on the reported numbers and disclosures.

Standards	Description	Mandatory effective date
IFRS 17	Insurance Contracts	1 January 2023
IFRS 1	First-time Adoption of International Financial Reporting Standards: Subsidiary as a first-time adopter	1 January 2022
IFRS 9	Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 37	Onerous Contracts: Costs of Fulfilling a Contract	1 January 2022

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The composition of the financial assets at fair value through profit and loss is summarised below:

<i>Description</i>	<i>As of 31 December 2021</i>			
	<i>% of market value</i>	<i>Cost SR</i>	<i>Market value SR</i>	<i>Unrealised (loss) gain SR</i>
Derayah REIT Fund	16.52%	1,628,672	2,319,071	690,399
Riyad REIT Fund	14.38%	1,835,310	2,019,181	183,871
Musharaka REIT Fund	10.34%	1,383,074	1,451,613	68,539
Jadwa REIT Saudi Fund	10.26%	1,187,996	1,440,627	252,631
Mulkia Gulf Real Estate REIT	10.06%	1,205,976	1,411,643	205,667
Al Rajhi REIT Fund	8.91%	1,033,635	1,251,377	217,742
Bonyan REIT Fund	7.63%	1,080,099	1,071,297	(8,802)
Alkhabeer REIT Fund	7.29%	1,105,479	1,023,979	(81,500)
Alahli REIT Fund 1	5.39%	820,745	757,142	(63,603)
Sed Capital REIT Fund	3.86%	469,113	541,236	72,123
Taleem REIT Fund	3.05%	460,300	428,262	(32,038)
Jadwa REIT Alharamain Fund	2.4%	362,703	322,816	(39,887)
	100%	12,573,102	14,038,244	1,465,142

Blom Fund of REITS Fund
(Managed by Blominvest Saudi Arabia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2021

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) (continued)

Description	As of 31 December 2020			
	% of market value	Cost SR	Market value SR	Unrealised gain (loss) SR
Jadwa REIT Saudi Fund	16.91%	4,508,263	6,110,076	1,601,813
Derayah REIT Fund	15.81%	4,128,983	5,711,933	1,582,950
Al Rajhi REIT Fund	14.49%	4,842,085	5,236,661	394,576
Musharaka REIT Fund	12.51%	3,969,594	4,521,525	551,931
Riyad REIT Fund	10.75%	3,991,712	3,885,554	(106,158)
Mulkia Gulf Real Estate REIT	10.63%	3,413,655	3,840,992	427,337
Sed Capital REIT Fund	5.88%	2,155,948	2,124,264	(31,684)
Alkhabeer REIT Fund	3.88%	1,441,423	1,401,476	(39,947)
Taleem REIT Fund	3.31%	1,141,502	1,196,024	54,522
Bonyan REIT Fund	2.99%	1,089,569	1,078,831	(10,738)
Al Matheer REIT Fund	2.84%	1,050,930	1,025,689	(25,241)
	100.00%	31,733,664	36,133,025	4,399,361

8. OTHER EXPENSES

	2021 SR	2020 SR
Custodian and administration fees (see below)	170,000	170,000
Shariah review fees	47,000	47,000
Audit fees	38,500	40,000
Fund's Board expense	20,000	20,000
Miscellaneous	92,270	61,566
	367,770	338,566

Saudi Fransi Capital act as the custodian and administrator of the Fund. Custodian and administration fees is calculated and accrued at a rate of 0.11% per annum of the net asset value at each valuation date as set out in the Fund's terms and conditions and subject to the minimum fees of SR 170,000 per annum.

9. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Fund pays a management fee at the rate of 0.8% per annum calculated based on the net assets at each valuation date. The Fund Manager also recovers from the Fund any other expenses incurred on behalf of the Fund including audit fee, Board expense and other similar charges.

The management fees amounting to SR 319,822 (2020: SR 271,082) recognised in the statement of comprehensive income represents the fees charged by the Fund Manager during the year as prescribed above. The management fees payable to the Fund Manager as of 31 December 2021 is SR 26,326 (2020: SR 28,154).

The unitholders' account included 100,000 as of 31 December (2020: 100,000) units held by the Fund Manager.

Blom Fund of REITS Fund
(Managed by Blominvest Saudi Arabia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2021

10. FINANCIAL ASSETS AND FINANCIAL LIABILITY

Set out below is an overview of financial assets, other than cash and cash equivalents, held by the Fund as at 31 December 2021 and 31 December 2020:

	2021 SR	2020 SR
<i>Financial assets at fair value through profit or loss</i>		
Financial assets at fair value through profit or loss (FVTPL)	14,038,244	36,133,025
Financial assets at amortised cost		
Dividend receivables	7,493	28,399
Receivables from disposal of financial assets at FVTPL	1,076,874	-
	<u>1,084,367</u>	<u>28,399</u>
Total financial assets	<u>15,122,611</u>	<u>36,161,424</u>

Set out below is an overview of financial liabilities held by the Fund as at 31 December 2021 and 31 December 2020:

	2021 SR	2020 SR
<i>Financial liabilities at amortised cost</i>		
Management fee payable	26,326	28,154
Redemption payable	26,168,145	-
	<u>26,194,471</u>	<u>28,154</u>
Total financial liabilities	<u>26,194,471</u>	<u>28,154</u>

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund measures its investments in financial instruments, such as equity instruments, at fair value at each reporting date.

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. The principal or the most advantageous market must be accessible by the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

The Fund has only investments at fair value through profit or loss which is measured at fair values and are classified within level 2 of the fair value hierarchy. All other financial assets and liabilities are classified as amortised cost and management believes that the fair value of all other financial assets and liabilities at the reporting date approximate their carrying values owing to their short-term tenure and the fact that these are readily liquid. There were no transfers between various levels of fair value hierarchy during the current year or prior year.

Blom Fund of REITS Fund
(Managed by Blominvest Saudi Arabia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2021

11. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Fund's financial assets as at 31 December 2021 and 31 December 2020. There are no other financial assets and financial liabilities measured at fair value.

	<i>Total</i> <i>SR</i>	<i>Fair value measurement using</i>		
		<i>Quoted prices in active markets (Level 1) SR</i>	<i>Significant observable inputs (Level 2) SR</i>	<i>Significant unobservable inputs (Level 3) SR</i>
<i>As at 31 December 2021</i>				
<i>Financial asset measured at fair value</i>				
Financial assets at FVTPL	14,038,244	-	14,038,244	-
<i>As at 31 December 2020</i>				
<i>Financial asset measured at fair value</i>				
Financial assets at FVTPL	36,133,025	-	36,133,025	-

There were no transfers between Level 1 and Level 2 fair value measurements during the year, and no transfers into or out of Level 3 fair value measurements during the year.

12. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

The Fund's principal financial liabilities are management fees payable and redemption payable.

The Fund also has financial assets in the form of cash and cash equivalents and financial assets at FVTPL, dividend receivables and receivables from disposal of financial assets at FVTPL which are integral and directly derived out of its regular business.

The Fund's financial operations are exposed to following risks.

Credit risk

Credit risk refers to the risk that a party to a financial instrument will default on its contractual obligations resulting in financial loss to the Fund. The Fund has adopted a policy of only dealing with creditworthy counterparties, for whom the credit risk is assessed to be low. The Fund attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. The Fund maintains bank accounts with high credit rated financial institutions.

The table below shows the Fund's maximum exposure to credit risk for components of the statement of financial position.

	<i>2021</i> <i>SR</i>	<i>2020</i> <i>SR</i>
Dividend receivable	7,493	28,399
Cash and cash equivalents	25,507,778	269,460
Receivables from disposal of financial assets at FVTPL	1,076,874	-
	26,592,145	297,859

The management has conducted an assessment as required under IFRS 9 and based on such an assessment, the management believes that no allowance for expected credit losses is required to be recognised against the carrying value of cash and cash equivalents, dividend receivables and receivables from disposal of financial assets at FVTPL.

Blom Fund of REITS Fund
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2021

12. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in releasing funds to meet commitments associated with financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value.

The Fund's terms and conditions provide for redemptions of units twice a week and it is, therefore, exposed to the liquidity risk of meeting Unit holders redemptions. The Fund's investments at fair value through profit and loss are considered to be readily realisable, as the equity investments are listed on the Saudi stock market and investments, if any, in mutual funds and can be redeemed any time throughout the week. The Fund Manager monitors liquidity requirements on a regular basis and seeks to ensure that sufficient funds are available including bank facilities to meet commitments as they arise.

The undiscounted value of all financial liabilities of the Fund at the reporting date approximate to their carrying values and all are to be settled within one year from the reporting date.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as commission rate risk, foreign currency risk and equity price risk. The maximum risk resulting from financial instruments equals their fair value. The objective of market risk management is to manage and control the market risk exposures within acceptable parameters while optimising the return. The Fund is only exposed to equity price risk.

Equity price risk

Equity price risk is the risk of unfavourable changes in the fair values of equity instruments as a result of changes in the value of individual shares. The equity price risk exposure arises from the Fund's investments in equity securities. The Fund's investments are susceptible to market price risk arising from uncertainties about future prices. The Board manages this risk through diversification of its investment portfolio in terms of geographical distribution and/or industry concentration. The Fund only exposed to equity price risk.

Sensitivity analysis

The table below sets out the effect on profit or loss of a reasonably possible weakening /strengthening in the individual equity market prices by 5% at the reporting date. The estimates are made on an individual investment basis. The analysis assumes that all other variables, in particular commission and foreign currency rates, remain constant.

<i>Effect on profit and loss</i>	<i>2021</i>		<i>2020</i>	
		<i>SR</i>		<i>SR</i>
<i>Net movement in gain (loss) on financial assets at FVTPL</i>	+5%	701,912	+5%	1,806,651
	-5%	(701,912)	-5%	(1,806,651)

Concentration of equity price risk

The following table analyses the Fund's concentration of equity price risk in the Fund's equity portfolio, measured at FVTPL by geographical distribution (based on counterparties' place of primary listing or, if not listed, place of domicile).

<i>% of units in REIT funds</i>	<i>2021</i>	<i>2020</i>
Kingdom of Saudi Arabia	100%	100%

Blom Fund of REITS Fund
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2021

13. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled respectively:

	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
<i>As at 31 December 2021</i>			
ASSETS			
Financial assets at FVTPL	14,038,244	-	14,038,244
Dividend receivable	7,493	-	7,493
Receivables from disposal of financial assets at FVTPL	1,076,874	-	1,076,874
Cash and cash equivalents	25,507,778	-	25,507,778
TOTAL ASSETS	40,630,389	-	40,630,389
LIABILITIES			
Management fees payable	26,326	-	26,326
Accrued expenses	259,249	-	259,249
Redemption payable	26,168,145	-	26,168,145
TOTAL LIABILITIES	26,453,820	-	26,453,820
<i>As at 31 December 2020</i>			
ASSETS			
Financial assets at FVTPL	36,133,025	-	36,133,025
Dividend receivable	28,399	-	28,399
Cash and cash equivalents	269,460	-	269,460
TOTAL ASSETS	36,430,884	-	36,430,884
LIABILITIES			
Management fees payable	28,154	-	28,154
Accrued expenses	90,271	-	90,271
TOTAL LIABILITIES	118,425	-	118,425

14. LAST VALUATION DAY

The last valuation day of the year was 29 December 2021 (2020: 31 December 2020)

15. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

During March 2020, the World Health Organisation (“WHO”) declared the Coronavirus (“COVID-19”) outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2021

15. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS (continued)

In response to the rapid spread of the virus and the resulting disruption of some social and economic activities and business continuity, the Fund Manager has taken a series of preventive and precautionary measures, including activating of remote work to ensure the safety of its employees and their families.

As of the date of financial statements for the year ended 31 December 2021, the Fund's operations and financial results have witnessed impact due to the COVID-19 outbreak mainly as result of decline in the Fund's investments' fair values in line with unit price declining trend. The impact of the pandemic on the Fund's operations and financial results till the date of the financial statements has been reflected in the net assets value and investments value. These developments could further impact our future financial results, cash flows and financial condition and the Fund Manager will continue to assess the nature and extent of the impact on its business and financial results.

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Fund's management on 26 Sha'ban 1443H (corresponding to 29 March 2022)