

**RIYAD REIT**  
**A Real Estate Investment Traded Fund**  
**Closed-Ended Fund**  
**(Managed by Riyad Capital)**  
**Interim Condensed Financial Statements (Un-Audited)**  
**For the period ended 30 June 2017**  
**Together with**  
**Review Report to the Unitholder**



**Al-Bassam & Al-Nemer**  
**Allied Accountants**  
(Member firm of PKF International)

## INDEPENDENT AUDITOR'S REVIEW REPORT

### THE UNITHOLDERS RIYAD REIT FUND KINGDOM OF SAUDI ARABIA

#### Introduction:

We have reviewed the accompanying interim balance sheet of Riyadh REIT Fund ("the Fund") managed by Riyadh Capital (the "Fund Manager") as at 30 June 2017 and the related interim statements of income, cash flows and changes in net assets attributable to Unitholders for the six month period then ended and the accompanying notes which form an integral part of these interim condensed financial statements. The Fund's management is responsible for the preparation and fair presentation of these interim condensed financial in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

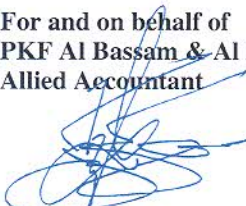
#### Scope of Review:

We conducted our review in accordance with 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 these interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

For and on behalf of  
PKF Al Bassam & Al Nemer  
Allied Accountant

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



2 August 2017  
10 Dhual Qadah 1438

**RIYAD REIT**  
**A Real Estate Investment Traded Fund**  
**Closed Ended Fund**  
**(Managed by Riyad Capital)**  
**INTERIM BALANCE SHEET (Un-Audited)**  
**As at 30 June 2017**  
(Amounts in SAR)

<u>ASSETS</u>	Notes	30 June 2017	30 June 2016
Cash and cash equivalents		2,102,263	15,152,914
Held for trading investment		-	137,650,221
Rent receivable		6,388,928	843,712
Other receivable		692,916	280,533
Advances to sub-contractor		1,507,080	925,633
Property under development	6	74,172,680	85,555,000
Investment properties	7	588,675,884	276,054,066
<b>Total Assets</b>		<b>673,539,751</b>	<b>516,462,079</b>
<u>LIABILITIES</u>			
Tawaruq facility	12	114,977,000	-
Accrued expenses		16,163,882	8,340,182
Unearned rental income		9,304,727	4,401,255
Transaction fee payable		4,512,333	2,752,333
Dividend Payable	13	13,000,000	-
Other payable		37,288,839	367,350
<b>Total Liabilities</b>		<b>195,246,781</b>	<b>15,861,120</b>
<b>Net assets attributable to the Unitholders</b>		<b>478,292,970</b>	<b>500,600,959</b>
Units in issue ( <i>numbers</i> )		<b>50,000,000</b>	<b>50,000,000</b>
Book value attributable to each unit		<b>9.57</b>	<b>10.01</b>
Market value attributable to each unit	11	<b>10.23</b>	<b>10.34</b>

Adel Alateer



Abdulaziz Almosa  
on behalf

Dina Alwadh



The accompanying notes 1 to 15 form an integral part of these interim financial statements.

**RIYAD REIT**  
**A Real Estate Investment Traded Fund**  
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**(Managed By Riyadh Capital)**  
**INTERIM STATEMENT OF INCOME**  
(Amounts in SAR)

	Note	For the period ended 30 June 2017	For the period ended 30 June 2016
<b><u>Revenue</u></b>			
Rental Revenue		16,830,258	7,843,011
Gain from held for trading investment	8	74,695	1,226,657
<b>Total Revenue</b>		<b>16,904,953</b>	<b>9,069,668</b>
<b><u>DIRECT EXPENSES</u></b>			
Property management fees and expenses		(670,745)	-
Other expenses		(274,817)	(697,052)
<b>Total direct expenses</b>		<b>(945,562)</b>	<b>(697,052)</b>
<b>Gross operating income</b>		<b>15,959,391</b>	<b>8,372,616</b>
<b><u>OVERHEADS</u></b>			
Fund management fee		(2,898,681)	(3,179,766)
Custodian fee		(50,000)	(50,000)
Investment property depreciation		(3,479,980)	(1,978,554)
<b>Total overheads</b>		<b>(6,428,661)</b>	<b>(5,208,320)</b>
<b>Net income for the period</b>		<b>9,530,730</b>	<b>3,164,296</b>

Adel Alakeq



Abdulraziz almosa  
on behalf


Dina Alawadh




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**RIYAD REIT**  
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**INTERIM STATEMENT OF CASH FLOWS**  
(Amounts in SAR)

	For the period ended 30 June 2017	For the period ended 30 June 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period	9,530,730	3,164,296
<i>Adjustments to reconcile net income to net cash (used in) / from operating activities:</i>		
Realized gain from sale of held for trading investment	(74,695)	(306,146)
Unrealized gain on revaluation of held for trading investment	-	(920,511)
Prior year adjustment	(141,898)	98,833
Investment property depreciation	3,479,980	1,978,554
	<u>12,794,117</u>	<u>4,015,026</u>
<b>Changes in operating assets and liabilities</b>		
Purchase of held for trading investments	(20,000,000)	-
Proceeds from held for trading investment	20,074,695	178,000,000
Rent receivable	(3,716,003)	(600,040)
Other receivables	(444,209)	(280,533)
Advances to sub-contractor	-	(925,633)
Investment properties	(179,571,949)	(150,002,000)
Property under development	(8,518,852)	(25,900,000)
Tawaruq facility	114,977,000	-
Accrued expenses	40,903,763	3,179,766
Unearned rental income	3,119,093	2,428,487
Transaction fee payable	410,000	1,480,000
Other payables	57,068	277,350
<b>Net cash (used in) / from operating activities</b>	<u>(19,915,277)</u>	<u>11,672,423</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(19,915,277)</b>	<b>11,672,423</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<u>22,017,540</u>	<u>3,480,491</u>
<b>Cash and cash equivalents at end of the period</b>	<u>2,102,263</u>	<u>15,152,914</u>

Adel Alateeq  


Abdulaziz Almos<sup>on</sup> Khalil  
Dina Alowadh  


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**RIYAD REIT**  
**A Real Estate Investment Traded Fund**  
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**INTERIM STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE**  
**UNITHOLDERS**  
(Amounts in SAR)

	Note	For the period ended 30 June 2017	For the period ended 30 June 2016
Net asset value attributable to the Unitholder at beginning of the period		481,904,138	497,535,496
Net income for the period		9,530,730	3,164,296
Prior year adjustment		(141,898)	(98,833)
Dividends	13	<u>(13,000,000)</u>	<u>-</u>
Net asset value attributable to the Unitholder at end of the period		<u>478,292,970</u>	<u>500,600,959</u>

Adel Alakea



Abdulaziz Almosa  
on behalf

Dina Alawadh



The accompanying notes 1 to 15 form an integral part of these interim financial statements.

**RIYAD REIT**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENT (Un-Audited)**  
For the six month period ended 30 June 2017

**1. THE FUND AND ITS ACTIVITIES**

Riyad REIT Fund (“REIT”) is a closed-ended a Shari’ah-compliant real estate investment traded fund. The REIT operates in accordance with Real Estate Investment Funds Regulations and REIT Regulations issued by the CMA. The REIT is listed on the Tadawul and units of the REIT shall be traded on the Tadawul in accordance with its rules and regulations. The Capital of the REIT is SAR [500,000,000]. The REIT has a term of 99 years, which is extendable in the discretion of the Fund Manager with the prior approval of the CMA.

Riyad Capital (the “Fund Manager”), a Saudi Arabian limited liability company with Saudi Arabian commercial registration no. 1010239234, and an Authorized Person licensed by the CMA under license no. 07070-37, manages the REIT.

The primary investment objective of the REIT is to provide its investors with current income by investing in income-producing real estate assets in Saudi Arabia. The Fund Manager is targeting to distribute to Unitholders an annual cash dividend of no less than 90% of the REIT’s Net Profits. It is expected that the amount of such annual dividend will increase over the REIT’s term as the number of income-producing properties in the REIT’s portfolio increases.

While the REIT will primarily invest in such assets, the REIT may invest in real estate development projects; provided that (i) at least 75% of the REIT’s total assets are invested in developed real estate assets which generate periodic income and (ii) the REIT may not invest in vacant land.

The REIT may, a secondary basis, invest in development opportunities with profitable growth potentials that cater for specific real-estate needs, previously unavailable in certain areas. An added value is expected, in the medium term, to be created to Unitholders in such development projects.

The REIT has been transformed from “Riyad Real Estate Income Fund” which was a closed-ended Shari’ah-compliant Saudi Arabian real estate fund and accordingly, on 8 Safer 1438 corresponding to 8 November 2016, the CMA’s Board has issued its resolution approving Riyadh Capital request to register and list Riyadh REIT’s units on the Saudi Stock Exchange (Tadawul) as real estate investment traded fund.

**2. REGULATING AUTHORITY**

The Fund is governed by the Real Estate Investment Funds Regulations (the “Regulations”) and REIT instructions published by CMA on 19 Jumada II 1427H (corresponding to 15 July 2006) and 23 Muharram 1438 (corresponding to 24 October 2016) respectively, detailing requirements for all type of real estate funds and traded real estate funds within the Kingdom of Saudi Arabia.

