

SNB CAPITAL FUND OF REITs FUND
(Managed by the SNB Capital Company)
CONDENSED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2023
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 ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed interim financial statements

To the Unitholders of the SNB Capital Fund of REITs Fund

Introduction

We have reviewed the accompanying 30 June 2023 condensed interim financial statements of the **SNB Capital Fund of REITs Fund** (the "Fund"), managed by the SNB Capital Company (the "Fund Manager"), which comprises:

- the condensed statement of financial position as at 30 June 2023;
- the condensed statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2023;
- the condensed statement of changes in net assets attributable to the Unitholders for the six-month period ended 30 June 2023;
- the condensed statement of cash flows for the six-month period ended 30 June 2023; 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 IAS 34, 'Interim Financial Reporting' 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 condensed interim 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 the International Standards on Auditing 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 2023 condensed interim financial statements of the **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

Ebrahim Oboud Baeshen
License No. 382

Date: 9 Muharram 1445 H
Corresponding to: 27 July 2023



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

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

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

	<i>Notes</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
Cash and cash equivalents	9	625	1,373
FVTPL investments	10	47,980	49,297
Other receivables		1,540	235
Total assets		50,145	50,905
LIABILITIES			
Other payables		110	1,396
Net assets attributable to the Unitholders		50,035	49,509
Units in issue in thousands (number)		47,893	47,374
Net assets value per unit (SAR)		1.0447	1.0451

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

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

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

For the six-month period ended 30 June 2023

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

	<i>Note</i>	For the six-month period ended 30 June	
		<u>2023</u>	<u>2022</u>
Unrealised loss on FVTPL investments – net		(805)	(7,242)
Realised loss on FVTPL investments – net		(246)	(569)
Dividend income		1,249	1,514
Other income		17	--
Total income / (loss)		<u>215</u>	<u>(6,297)</u>
Management fees	11	(118)	(141)
Administrative expenses		(31)	(8)
Professional fees		(25)	(16)
Value added tax expense		(18)	(21)
Fund Board remuneration		(12)	(12)
Custody fees		(11)	(11)
Shariah audit fees		(10)	(15)
Capital Market Authority fees		(4)	(4)
Total operating expenses		<u>(229)</u>	<u>(228)</u>
Loss for the period		<u>(14)</u>	<u>(6,525)</u>
Other comprehensive income for the period		<u>--</u>	<u>--</u>
Total comprehensive loss for the period		<u>(14)</u>	<u>(6,525)</u>

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

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

CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS

For the six-month period ended 30 June 2023

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

	For the six-month period ended 30 June	
	<u>2023</u>	<u>2022</u>
Net assets attributable to the Unitholders at the beginning of the period (Audited)	49,509	57,455
Total comprehensive loss for the period	(14)	(6,525)
Increase in net assets from unit transactions during the period		
Proceeds from units issued	990	2,953
Value of units redeemed	(450)	(2,524)
	540	429
Distribution to the Unitholders	--	(2,800)
Net assets attributable to the Unitholders at the end of the period (Unaudited)	50,035	48,559

UNITS TRANSACTIONS

Transactions in units during the period are summarised as follows:

	For the six-month period ended 30 June	
	<u>2023</u>	<u>2022</u>
	-----Units in '000s-----	
Units at the beginning of the period (Audited)	47,374	46,873
Units issued	952	2,433
Units redeemed	(433)	(2,080)
Net increase in units during the period	519	353
Units at the end of the period (Unaudited)	47,893	47,226

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

CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2023

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

	Notes	For the six-month period ended 30 June	
		<u>2023</u>	<u>2022</u>
Cash flows from operating activities			
Loss for the period		(14)	(6,525)
<i>Adjustments for:</i>			
Unrealised loss on FVTPL investments – net		805	7,242
Realised loss on FVTPL investments – net		246	569
		<u>1,037</u>	<u>1,286</u>
<i>Net changes in operating assets and liabilities:</i>			
FVTPL investments		266	569
Other receivables		(1,305)	983
Other payables		(1,286)	(171)
		<u>(1,288)</u>	<u>2,667</u>
Cash flows from financing activities			
Proceeds from units issued		990	2,953
Value of units redeemed		(450)	(2,524)
Distribution to the Unitholders		--	(2,800)
		<u>540</u>	<u>(2,371)</u>
Net cash generated from / (used in) financing activities		<u>540</u>	<u>(2,371)</u>
Net (decrease) / increase in cash and cash equivalents		(748)	296
Cash and cash equivalents at the beginning of the period	9	<u>1,373</u>	<u>542</u>
Cash and cash equivalents at the end of the period	9	<u><u>625</u></u>	<u><u>838</u></u>

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2023

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

1. THE FUND AND ITS ACTIVITIES

SNB Capital Fund of REITs Fund (the “Fund”) is an 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 the 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 the Unitholders by investing primarily in units of Shariah compliant Real Estate Investment Traded Funds (“REITs”) and investment funds that invest in listed real estate companies. The Fund may invest surplus funds in Shariah compliant money market investment funds.

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

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulation”) published by the CMA’s Board Resolution no. (1-219-2006) dated 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) thereafter amended pursuant to the CMA’s Board Resolution no. (2-22-2021) dated 12 Rajab 1442 H (corresponding to 24 February 2021), detailing requirements for all funds within the Kingdom of Saudi Arabia.

3. BASIS OF ACCOUNTING

These condensed interim financial statements of the Fund have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ that 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 annual audited financial statements of the Fund as at and for the year ended 31 December 2022.

4. BASIS OF MEASUREMENT AND PRESENTATION

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

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 annual audited financial statements of the Fund as at and for the year ended 31 December 2022.

5. 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 Riyal (“SAR”) which is the Fund’s functional and presentation currency and have been rounded off to the nearest thousand unless otherwise stated.

6. CHANGES IN THE FUND’S TERMS AND CONDITIONS

During the period, there have been no significant changes to the terms and conditions of the Fund.

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2023

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

7. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the condensed interim financial statements requires the Fund Manager 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 2022.

8. 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 2022.

a. Standards, interpretations and amendments thereof, effective during the period

Below amendments to accounting standards, interpretations and amendments became applicable for annual reporting periods commencing on or after 1 January 2023. The Fund Manager has assessed that the amendments have no significant impact on the Fund's condensed interim financial statements.

Amendments to IAS 1 and IFRS practice statement 2 - *Disclosure of accounting policies*

Amendments to IAS 8 - *Definition of accounting estimates*

Amendments to IAS 12 - *Deferred tax related to assets and liabilities arising from a single transaction*

Amendments to IFRS 17 - *Insurance contracts*

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.

<i><u>Standards, interpretations and amendments</u></i>	<i><u>Description</u></i>	<i><u>Effective from periods beginning on or after the following date</u></i>
Amendments to IAS 1	Classification of liabilities as current or non-current and non current liabilities with covenants	1 January 2024
Amendments to IFRS 16	Lease liability in a sale and leaseback transaction	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate 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 condensed interim financial statements.

SNB CAPITAL FUND OF REITs FUND
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2023

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, Fund Board, other funds managed by the Fund Manager, and The 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, management fee up to 0.5% (2022: 0.5%) per annum of the Fund's daily net assets value 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% (2022:1%) per annum of the Fund's net assets value at the respective valuation days. These expenses are recovered by the Fund Manager on an actual basis.

During the period, the Fund entered into the following transactions, other than those disclosed elsewhere in these condensed interim financial statements, with related parties in the ordinary course of business. These transactions were carried out on the basis of approved terms and conditions of the Fund.

Related party	Nature of transactions	Amounts of transactions for the six-month period ended		Net payable balance as at	
		30 June 2023 (Unaudited)	30 June 2022 (Unaudited)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
SNB Capital Company	Management fees	118	141	110	27
	Expenses paid on behalf of the Fund	111	87		

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 a financial 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 recognises transfer between levels of fair value at the end of the reporting period during which the change has occurred.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2023

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

15. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the Fund Board on 9 Muharram 1445 H corresponding to 27 July 2023.