

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

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) AND  
INDEPENDENT AUDITOR'S REVIEW REPORT**

**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**



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## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE UNITHOLDERS OF BLOM FUND OF REITS FUND (MANAGED BY BLOMINVEST SAUDI ARABIA)

### Introduction

We have reviewed the accompanying interim condensed statement of financial position of Blom Fund of REITS Fund (the "Fund") managed by Blominvest Saudi Arabia (the "Fund Manager") as at 30 June 2020, and the related interim condensed statements of comprehensive income, interim condensed changes in equity attributable to the unitholders and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed 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" endorsed in the Kingdom of Saudi Arabia. A review of 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 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 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 endorsed in the Kingdom of Saudi Arabia.

For Ernst & Young

Abdulaziz A. Al-Sowailim  
Certified Public Accountant  
License No. 277



Riyadh: 28 Dhul-Hijjah 1441H  
(18 August 2020)

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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2020

	<i>Notes</i>	<i>30 June 2020 SR</i>	<i>31 December 2019 SR</i>
<b>ASSETS</b>			
Financial assets at fair value through profit or loss (FVTPL)	4	<b>31,253,958</b>	34,590,213
Dividends receivables		-	499,840
Bank balance		<b>704,890</b>	138,888
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>31,958,848</b>	35,228,941
		<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES</b>			
Accrued management fees	7	<b>108,668</b>	25,074
Accrued expenses		<b>163,787</b>	78,438
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		<b>272,455</b>	103,512
		<hr/>	<hr/>
<b>EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (TOTAL EQUITY)</b>		<b>31,686,393</b>	35,125,429
		<hr/>	<hr/>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>31,958,848</b>	35,228,941
		<hr/> <hr/>	<hr/> <hr/>
Redeemable units in issue		<b>305,582</b>	300,757
		<hr/> <hr/>	<hr/> <hr/>
Net asset value attributable to each unit		<b>103.69</b>	116.79
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The accompanying notes 1 to 12 form an integral part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
(UNAUDITED)

For the six-month period ended 30 June 2020

	<i>Notes</i>	<i>30 June 2020 SR</i>	<i>30 June 2019 SR</i>
<b>INCOME</b>			
Net (loss) gain from financial assets at FVTPL	5	<b>(3,836,096)</b>	1,646,493
Dividend income		<b>1,100,984</b>	1,371,401
<b>TOTAL (LOSS) INCOME</b>		<b>(2,735,112)</b>	3,017,894
<b>EXPENSES</b>			
Management fee	7	<b>(131,392)</b>	(116,405)
Other expenses	6	<b>(158,484)</b>	(149,503)
<b>TOTAL EXPENSES</b>		<b>(289,876)</b>	(265,908)
<b>NET (LOSS) INCOME FOR THE PERIOD</b>		<b>(3,024,988)</b>	2,751,986
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		-	-
<b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD</b>		<b>(3,024,988)</b>	2,751,986

The accompanying notes 1 to 12 form an integral part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY  
ATTRIBUTABLE TO THE UNITHOLDERS (UNAUDITED)

For the six-month period ended 30 June 2020

	30 June 2020 SR	30 June 2019 SR
<b>EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE PERIOD</b>	<b>35,125,429</b>	29,105,285
<b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD</b>	<b>(3,024,988)</b>	2,751,986
<b>ISSUANCE AND REDEMPTION OF UNITS</b>		
Issuance of units during the period	<b>500,000</b>	-
Net changes in units	<b>500,000</b>	-
<b>PAYMENT OF DIVIDENDS TO UNITHOLDERS</b>	<b>(914,048)</b>	(858,159)
<b>EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE PERIOD</b>	<b>31,686,393</b>	30,999,112

**REDEEMABLE UNIT TRANSACTIONS**

Transactions in redeemable units made for the period ended are summarized as follows:

	30 June 2020 Units	30 June 2019 Units
<b>UNITS AT THE BEGINNING AND END OF THE PERIOD</b>	<b>300,757</b>	300,757
Issue of units during the period	<b>4,825</b>	-
Net changes in units	<b>4,825</b>	-
<b>UNITS AT THE END OF THE PERIOD</b>	<b>305,582</b>	300,757

The accompanying notes 1 to 12 form an integral part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2020

	30 June 2020 SR	30 June 2019 SR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) income for the period	<b>(3,024,988)</b>	2,751,986
Adjustment to reconcile net income to net cash flows:		
Movement in unrealized loss (gain) on financial assets at FVTPL	<b>3,836,096</b>	(1,646,493)
	<b>811,108</b>	1,105,493
Working capital adjustments:		
Increase in financial assets at fair value through profit or loss (FVTPL)	<b>(499,841)</b>	-
Decrease in other assets	<b>499,840</b>	(230,894)
Increase in accrued management fees and other expenses	<b>168,943</b>	83,074
Net cash flows from operating activities	<b>980,050</b>	957,673
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of units	<b>500,000</b>	-
Payment of dividends to unitholders	<b>(914,048)</b>	(858,159)
Net cash flows from (used in) financing activities	<b>(414,048)</b>	(858,159)
<b>NET INCREASE IN BANK BALANCE</b>	<b>566,002</b>	99,514
Bank balance at the beginning of the period	<b>138,888</b>	665,801
<b>BANK BALANCE AT THE END OF THE PERIOD</b>	<b>704,890</b>	765,315

The accompanying notes 1 to 12 form an integral part of these interim condensed financial statements.

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

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2020

### 1. GENERAL

Blom Fund 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 (“unit holders”). The investment objective of the fund is long-term growth of capital through participation and investment primarily in initial public offerings in the Saudi stock market as well as initial rights and the remaining subscriptions of newly listed companies up to a maximum of five years from the listing date provided they comply with the fund’s Sharia’a standards. The Fund was established on 16 April 2018 as per approval from the Capital Market Authority (the “CMA”).

The books and records of the Fund are maintained in Saudi Riyals.

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.

### 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 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.

### 3. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

#### 3.1 Basis of Preparation

These interim condensed financial statements for the six-month period ended 30 June 2020 have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia.

The interim condensed financial statements do not include all the information and disclosures required in annual financial statements and should, therefore, be read in conjunction with the annual financial statements for the year ended 31 December 2019.

The interim condensed financial statements have been prepared on a historical cost basis, using the accrual basis of accounting except for investments held at fair value through profit or loss that are measured at fair value. These interim condensed financial statements are presented in Saudi Arabian Riyals (“SR”), which is the Fund’s functional currency. All financial information presented has been rounded to the nearest SR.

#### 3.2 New standards, interpretations and amendments

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Fund’s annual financial statements for the year ended 31 December 2019. There are new standards, amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed financial statements of the Fund.

There are other several amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund’s interim condensed financial statements. In the opinion of the Board, these will have no significant impact on the interim condensed financial statements of the Fund. The Fund intends to adopt those amendments and interpretations, if applicable.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2020

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

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

Description	30 June 2020			
	% of market Value	Cost SR	Market value SR	Unrealised gain SR
Derayah REIT Fund	22.42%	5,818,283	7,006,828	1,188,545
Al Rajhi REIT Fund	19.40%	6,325,452	6,063,926	(261,526)
Mulkia Gulf Real Estate REIT	18.31%	5,733,003	5,723,647	(9,356)
Musharaka REIT Fund	16.89%	5,693,245	5,277,584	(415,661)
Jadwa REIT Saudi Fund	13.47%	3,666,007	4,210,287	544,280
AlAhli REIT Fund 1	7.99%	2,452,900	2,495,864	42,964
Taleem REIT Fund	1.52%	445,075	475,822	30,747
	<b>100%</b>	<b>30,133,965</b>	<b>31,253,958</b>	<b>1,119,993</b>

Description	31 December 2019			
	% of market Value	Cost SR	Market value SR	Unrealised gain SR
Derayah REIT Fund	21.81%	5,818,283	7,545,815	1,727,532
Mulkia Gulf Real Estate REIT	20.30%	5,733,003	7,020,913	1,287,910
Al Rajhi REIT Fund	18.27%	5,825,612	6,318,548	492,936
Musharaka REIT Fund	18.10%	5,693,245	6,260,534	567,289
Jadwa REIT Saudi Fund	12.19%	3,666,007	4,217,819	551,812
AlAhli REIT Fund 1	7.84%	2,452,900	2,712,895	259,995
Taleem Reit Fund	1.49%	445,074	513,689	68,615
	<b>100%</b>	<b>29,634,124</b>	<b>34,590,213</b>	<b>4,956,089</b>

The financial assets at fair value through profit or loss are traded on the Saudi Arabian stock exchange ("Tadawul").



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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2020

5. NET (LOSS) GAIN FROM FINANCIAL ASSETS AT FVTPL

	30 June 2020 SR	30 June 2019 SR
Unrealized (loss) gain	<b>(3,836,096)</b>	1,646,493
	<b>(3,836,096)</b>	1,646,493

6. OTHER EXPENSES

	30 June 2020 SR	30 June 2019 SR
Custodian and administration fees (see below)	<b>84,535</b>	84,301
Shariah review fees	<b>23,372</b>	23,307
Audit fees	<b>22,377</b>	14,876
Fund board expense	<b>9,946</b>	9,917
Miscellaneous	<b>18,254</b>	17,102
	<b>158,484</b>	149,503

Saudi Fransi Capital acts as the custodian and administrator of the Fund. Custodian and administration fees are 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.

7. TRANSACTIONS WITH RELATED PARTIES

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

The management fees amounting to SR 131,392 (2019: SR 116,405) reflected in the interim condensed statement of comprehensive income represents the fees charged by the Fund Manager during the period as prescribed above. The accrued management fees payable to the Fund Manager at the period-end are as follows:

	30 June 2020 SR	31 December 2019 SR
Accrued management fees	<b>108,668</b>	25,074

The Unitholders' account during the period included units held as follows:

	30 June 2020 Units	31 December 2019 Units
Held by the fund manager	<b>100,000</b>	100,000

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2020

**8. 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 measures financial instruments at fair value at each interim condensed statement of financial position date.

The Fund has only investments at fair value through profit or loss which is measured at fair values and are classified within level 1 of the fair value hierarchy. 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. These are all classified within level 2 of the fair value hierarchy. There were no transfers between various levels of fair value hierarchy during the current period or prior year.

**9. 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>As at 30 June 2020</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
<b>ASSETS</b>			
Financial assets at FVTPL	<b>31,253,958</b>	-	<b>31,253,958</b>
Bank balance	<b>704,890</b>	-	<b>704,890</b>
<b>TOTAL ASSETS</b>	<b>31,958,848</b>	-	<b>31,958,848</b>
<b>LIABILITIES</b>			
Accrued management fee	<b>108,668</b>	-	<b>108,668</b>
Accrued expenses	<b>163,787</b>	-	<b>163,787</b>
<b>TOTAL LIABILITIES</b>	<b>272,455</b>	-	<b>272,455</b>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2020

**9. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)**

<i>As at 31 December 2019</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
<b>ASSETS</b>			
Financial assets at FVTPL	34,590,213	-	34,590,213
Other assets	499,840	-	499,840
Bank balance	138,888	-	138,888
<b>TOTAL ASSETS</b>	<b>35,228,941</b>	<b>-</b>	<b>35,228,941</b>
<b>LIABILITIES</b>			
Accrued management fee	25,074	-	25,074
Accrued expenses	78,438	-	78,438
<b>TOTAL LIABILITIES</b>	<b>103,512</b>	<b>-</b>	<b>103,512</b>

**10. LAST VALUATION DAY**

The last valuation day of the period/year was 30 June 2020 (2019: 31 December 2019).

**11. IMPACT OF COVID-19 ON THE INTERIM CONDENSED 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.

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 interim condensed financial statements for the six months period ended 30 June 2020, 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 share prices declining trend. The impact of the pandemic on the Fund’s operations and financial results till the date of the interim condensed 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.

**12. APPROVAL OF FINANCIAL STATEMENTS**

These interim condensed financial statements were approved by the Fund’s management on 28 Dhul-Hijjah 1441H (corresponding to 18 August 2020).