

**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 2021**



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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 2021, and the related interim condensed statements of comprehensive income, 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 as endorsed in the Kingdom of Saudi Arabia.

For Ernst & Young

  
Saad M. Al-Khathlan  
Certified Public Accountant  
License No. 509



Riyadh: 8 Muharram 1443H  
(16 August 2021)

Blom Fund of REITS Fund  
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INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	30 June 2021 SR (Unaudited)	31 December 2020 SR (Audited)
<b>ASSETS</b>			
Financial assets at fair value through profit or loss (FVTPL)	4	<b>42,296,101</b>	36,133,025
Cash and cash equivalents		<b>24,990</b>	269,460
Dividend receivables		<b>91,990</b>	28,399
Other receivables		<b>291,669</b>	-
<b>TOTAL ASSETS</b>		<b>42,704,750</b>	36,430,884
<b>LIABILITIES</b>			
Accrued management fees	6	<b>27,299</b>	28,154
Accrued expenses		<b>143,539</b>	90,271
<b>TOTAL LIABILITIES</b>		<b>170,838</b>	118,425
<b>EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (TOTAL EQUITY)</b>			
		<b>42,533,912</b>	36,312,459
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>42,704,750</b>	36,430,884
Redeemable units in issue		<b>306,347</b>	305,582
Net asset value attributable to each unit		<b>138.84</b>	118.83

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The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

Blom Fund of REITS Fund  
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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
(UNAUDITED)

For the six-month period ended 30 June 2021

	Notes	30 June 2021 SR	30 June 2020 SR
<b>INCOME</b>			
Net realized gain on disposal of financial assets at FVPTL		<b>409,911</b>	-
Net unrealized gain (loss) on financial assets at FVPTL		<b>5,724,286</b>	(3,836,096)
Dividend income		<b>1,056,424</b>	1,100,984
<b>TOTAL INCOME (LOSS)</b>		<b>7,190,621</b>	(2,735,112)
<b>EXPENSES</b>			
Management fee	6	<b>(152,733)</b>	(131,392)
Other expenses	5	<b>(181,605)</b>	(158,484)
<b>TOTAL EXPENSES</b>		<b>(334,338)</b>	(289,876)
<b>NET INCOME (LOSS) FOR THE PERIOD</b>		<b>6,856,283</b>	(3,024,988)
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>		<b>6,856,283</b>	(3,024,988)

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

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

For the six-month period ended 30 June 2021

	30 June 2021 SR	30 June 2020 SR
<b>EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE PERIOD</b>	<b>36,312,459</b>	35,125,429
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>6,856,283</b>	(3,024,988)
<b>ISSUANCE AND REDEMPTION OF UNITS</b>		
Issuance of units during the period	<b>100,000</b>	500,000
Net changes in units	<b>100,000</b>	500,000
<b>PAYMENT OF DIVIDENDS TO UNITHOLDERS</b>	<b>(734,830)</b>	(914,048)
<b>EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE PERIOD</b>	<b>42,533,912</b>	31,686,393

**REDEEMABLE UNIT TRANSACTIONS**

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

	30 June 2021 Units	30 June 2020 Units
<b>UNITS AT THE BEGINNING OF THE PERIOD</b>	<b>305,582</b>	300,757
Issue of units during the period	<b>765</b>	4,825
Net changes in units	<b>765</b>	4,825
<b>UNITS AT THE END OF THE PERIOD</b>	<b>306,347</b>	305,582

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

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INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2021

	30 June 2021 SR	30 June 2020 SR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss) for the period	<b>6,856,283</b>	(3,024,988)
<i>Adjustment to reconcile net income (loss) to net cash flows:</i>		
Movement in unrealized (gain) loss on financial assets at FVTPL	<b>(5,724,286)</b>	3,836,096
	<b>1,131,997</b>	811,108
<i>Working capital adjustments:</i>		
(Increase) in financial assets at fair value through profit or loss (FVTPL)	<b>(438,790)</b>	(499,841)
(Increase) decrease in dividend receivable	<b>(63,591)</b>	499,840
(Increase) in other receivables	<b>(291,669)</b>	-
Increase in accrued management fees and other expenses	<b>52,413</b>	168,943
Net cash flows from operating activities	<b>390,360</b>	980,050
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of units	<b>100,000</b>	500,000
Payment of dividends to unitholders	<b>(734,830)</b>	(914,048)
Net cash flows used in financing activities	<b>(634,830)</b>	(414,048)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(244,470)</b>	566,002
Cash and cash equivalents at the beginning of the period	<b>269,460</b>	138,888
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>24,990</b>	704,890

The accompanying notes 1 to 11 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 2021

### 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”) detailing requirements for all investment funds operating within the Kingdom of Saudi Arabia and published by the Capital Market Authority (the “CMA”) on 3 Dhul Hijja 1427H (corresponding to 24 December 2006). The Regulations were further Amended by Resolution of the Board of the Capital Market Authority Number 2-22-2021 Dated 12/7/1442H. Corresponding to 24/2/2021G (the “Amended Regulations”).

### 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 2021 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 2020.

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 2020, except for the adoption of new standards effective as of 1 January 2021. The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed financial statements of the Fund.

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)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2021

**3.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (Continued)**

The amendments include the following practical expedients:

- a) 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
- b) Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- c) 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 interim condensed financial statements of the Fund. The Fund intends to use the practical expedients in future periods if they become applicable.

**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 2021 (Unaudited)			
	% of market Value	Cost SR	Market value SR	Unrealised gain SR
Derayah REIT Fund	15.27%	4,049,297	6,458,472	2,409,175
Riyad REIT Fund	14.94%	5,572,011	6,317,989	745,978
Jadwa REIT Saudi Fund	14.82%	4,159,986	6,269,352	2,109,366
Al Rajhi REIT Fund	14.01%	4,498,799	5,925,316	1,426,517
Musharaka REIT Fund	12.31%	3,969,594	5,206,883	1,237,289
Mulkia Gulf Real Estate REIT	12.15%	4,133,406	5,140,287	1,006,881
Sed Capital REIT Fund	5.73%	1,852,934	2,422,886	569,952
Taleem REIT Fund	3.40%	1,141,502	1,437,457	295,955
Alkhabeer REIT Fund	3.00%	1,260,265	1,268,402	8,137
Bonyan REIT Fund	2.34%	901,145	989,728	88,583
AlAhli REIT Fund 1	2.03%	633,515	859,329	225,814
	<b>100.00%</b>	<b>32,172,454</b>	<b>42,296,101</b>	<b>10,123,647</b>



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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2021

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

Description	31 December 2020 (Audited)			
	% 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

Equity investments are traded on the Saudi Arabian stock exchange (“Tadawul”).

The movement of financial assets at fair value through profit and loss is as follow:

	30 June 2021 SR	30 June 2020 SR
Fair value as at the beginning of the period	36,133,025	34,590,213
Net sales (purchase) of financial assets at FVTPL	28,879	499,841
Net realized gain (loss) on financial assets at FVTPL	409,911	-
Net unrealized gain (loss) on financial assets at FVTPL	5,724,286	(3,836,096)
Fair value as at the end of period	42,296,101	31,253,958

5. OTHER EXPENSES

	30 June 2021 SR	30 June 2020 SR
Custodian and administration fees (see below)	84,300	84,535
Shariah review fees	23,307	23,372
Audit fees	19,092	22,377
Fund board expense	9,916	9,946
VAT expenses	38,789	-
Miscellaneous	6,201	18,254
	181,605	158,484

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.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2021

**6. 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 152,733 (2020: SR 131,392) 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 2021 SR	31 December 2020 SR
Accrued management fees	<u><b>27,299</b></u>	<u>28,154</u>

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

	30 June 2021 Units	31 December 2020 Units
Held by the fund manager	<u><b>100,000</b></u>	<u>100,000</u>

**7. 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.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2021

**8. 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:

As at 30 June 2021 (Unaudited)	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
<b>ASSETS</b>			
Financial assets at fair value through profit or loss (FVTPL)	42,296,101	-	42,296,101
Cash and cash equivalents	24,990	-	24,990
Dividend receivables	91,990	-	91,990
Other receivables	291,669	-	291,669
<b>TOTAL ASSETS</b>	<b>42,704,750</b>	<b>-</b>	<b>42,704,750</b>
<b>LIABILITIES</b>			
Accrued management fee	27,299	-	27,299
Accrued expenses	143,539	-	143,539
<b>TOTAL LIABILITIES</b>	<b>170,838</b>	<b>-</b>	<b>170,838</b>
As at 31 December 2020 (Audited)	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
<b>ASSETS</b>			
Financial assets at fair value through profit or loss (FVTPL)	36,133,025	-	36,133,025
Cash and cash equivalents	269,460	-	269,460
Dividend receivables	28,399	-	28,399
<b>TOTAL ASSETS</b>	<b>36,430,884</b>	<b>-</b>	<b>36,430,884</b>
<b>LIABILITIES</b>			
Accrued management fee	28,154	-	28,154
Accrued expenses	90,271	-	90,271
<b>TOTAL LIABILITIES</b>	<b>118,425</b>	<b>-</b>	<b>118,425</b>

**9. LAST VALUATION DAY**

The last valuation day of the period was 30 June 2021 (2020: 30 December 2020).

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2021

**10. 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.

The impact of the pandemic on the Fund’s operations and financial results till the date of the unaudited interim 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.

**11. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS**

These interim condensed financial statements were approved by the Fund’s management on 8 Muharram 1443 H (corresponding to 16 August 2021).