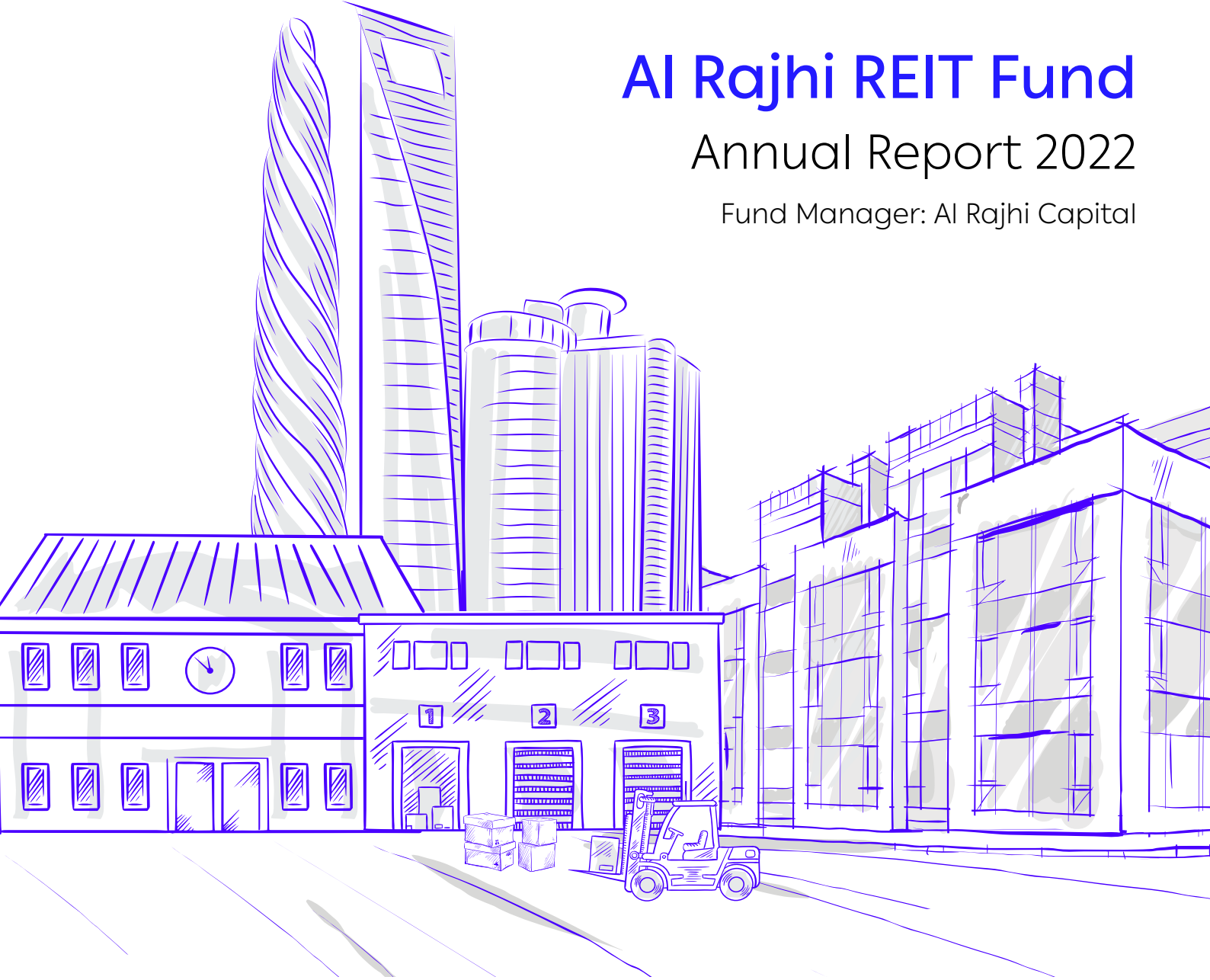


Al Rajhi REIT Fund

Annual Report 2022

Fund Manager: Al Rajhi Capital



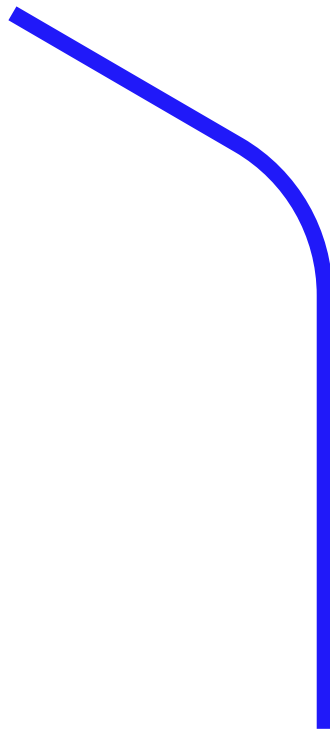
Al Rajhi Capital, Head Office

King Fahad Road - Al Muruj Dist. Unit No 1

PO Box 5561 - Riyadh 11432 - Kingdom of Saudi Arabia

T: 800 124 5858 - F: (+966) 11 460 0625

www.alrajhi-capital.sa



Al Rajhi Capital is a Saudi Closed Joint Stock Company (Commercial Registration: 1010241681) with a paid-up capital of SAR 500 million, and regulated by Saudi Arabia's Capital Market Authority (License number: 37-07068). The Company provides asset management, brokerage and investment bankin, which is: Dealing as a Principal, Agent & Underwriter, & Managing & Operating Investment Funds and Discretionary Portfolios, in addition to Arranging, Advising and Custody.



The Custodian of the Two Holy Mosques

King Salman Bin Abdulaziz Al Saud



His Royal Highness Crown Prince

Mohammad Bin Salman Al Saud

Name & Address of Fund Manager

Al Rajhi Capital Company

King Fahd Road – Al Murooj District, P.O. Box 5561, Riyadh 11432

Telephone: 8001245858, Kingdom of Saudi Arabia

Commercial Registration No. 1010241681

CMA License Number 07068/37

Website: www.alrajhi-capital.sa

Name & Address of Custodian

KASB Capital

Al-Nafl District – King Abdulaziz Road, Building No. 6747, First Floor, office number (1-2-3)-Riyadh- Kingdom of Saudi Arabia-P.O. Box 395737, Riyadh 11375

Telephone: 920000757

Kingdom of Saudi Arabia

Website: www.kasbcapital.sa

Name & Address of Auditor

PKF Al-Bassam and co.

Prince Mohammed bin Abdulaziz Road,

P.O Box 69658, Riyadh 11557,

Kingdom of Saudi Arabia

Website: www.pkfalbassam.com

About Al Rajhi REIT Fund

Al Rajhi REIT Fund (the 'REIT') is a closed-ended Shariah-compliant real estate investment traded fund. The REIT operates in accordance with Real Estate Investment Funds Regulations issued by the CMA. The primary investment objective of the REIT is to provide Unitholders with periodic 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.

For more information on the investment risks involved in the fund, please read the [Fund Terms & Conditions](#).

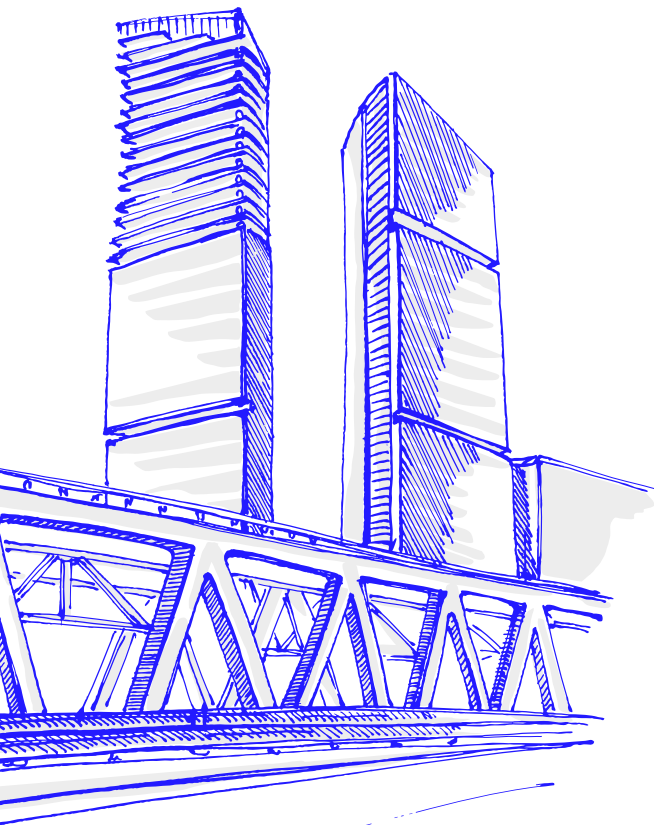
A review of the activities during the year 2022

Background: Al Rajhi REIT Fund (the "Fund" or "REIT") is a closed-ended shariah compliant real estate investment traded fund, listed on Saudi Stock Exchange ("Tadawul") on 3 Rajab 1439H (corresponding to 20 March 2018). The initial subscribed units of the Fund were 122,200,609 units at par value of SAR 10 per unit resulting in capital of SAR 1,222,006,090. However, during the year 2019, as a part of increasing its total assets, the Fund issued 39,656,248 new units of par value SAR 10 per unit at an issue price of SAR 8.8 per unit. Thus, currently the total subscribed units of the Fund stand at 161,856,857 units. The Fund currently has a diversified portfolio of 19 properties across various sectors such as retail, education, commercial offices, logistics and healthcare.

Investments: During the year 2022, the Fund acquire oasis mall in first period of 2022 ,the fund board of directors approved the process of increasing the total value of the fund assets for the purpose of acquiring two development properties, one property based in Riyadh and other property in Jeddah ,the Fund Manager has a robust pipeline of deals that it is evaluating currently and it is expected that 2023 would see robust activity in terms of deal execution and enhancement in distributions from the REIT.

Management and Operation: During the year 2022, the Board of Directors of Al Rajhi REIT Fund have approved several decisions, including development decisions that would improve the quality of real estate, which impacted positively on the current real estate and future improvement of occupancy rates of real estate managed by a property manager.

The Fund continues to determine net asset values with the frequency set out in the offering documents, consistently applying valuation policies and reflective of prevailing market conditions.



REIT's Performance

Particulars	(Figures in SAR)				
	FY 2022	FY 2021	FY 2020	FY 2019 ⁽²⁾	FY 2018 ⁽¹⁾
Total Assets	2,186,582,095	2,061,500,228	2,323,594,697	2,386,201,229	1,740,371,858
Net asset value	1,260,541,568	1,245,863,350	1,511,581,047	1,578,439,127	1,250,411,446
Issued units	161,856,857	161,856,857	161,856,857	161,856,857	122,200,609
Net asset value per unit (at cost)	7.79	7.70	9.34	9.75	10.23
Net asset value per unit (fair value)	8.33	8.01	9.75	9.91	10.09
Distribution of income per unit for the year	0.66 ⁽⁷⁾	0.56 ⁽⁶⁾	0.56 ⁽⁵⁾	0.53 ⁽⁴⁾	0.484 ⁽³⁾
Total Income	159,965,892	135,383,569	170,366,698	117,229,775	92,099,709
Total net income	113,410,901	(175,077,857)	12,451,780	56,104,033	49,647,505
Funds from operations	113,640,540	80,586,183	106,566,513	74,038,740	63,395,305
Borrowing ⁽⁹⁾	896,399,599	791,254,599	791,254,599	791,253,536	459,913,600
Borrowing as a percentage of total assets	40.99%	38.38%	34.05%	33.16%	26.25%
Net income per unit	0.70	(1.08)	0.08	0.34	0.46
Total Cost ratio ⁽⁸⁾	0.62%	1.64%	1.6%	0.99%	0.85%
Highest NAV per unit	7.79	9.34	9.75	10.17	10.23
Lowest NAV per unit	7.70	7.70	9.34	9.75	10.17

1: From date of listing 20.3.2018 to 31.12.2022

2: Fund went through capital increase process

3: For FY 2018 Dividend of 0.174 per unit for H1 2018 was declared on 15.7.2018, & 0.311 per unit for H2 2018 was declared on 12.02.2019

4: For FY 2019 Dividend of 0.32 per unit for H1 2019 was declared on 23.7.2019 & 0.21 per unit for H2 2019 was declared on 9.2.2020

5: For FY 2020 Dividend of 0.28 per unit for H1 2020 was declared on 6.8.2020 & 0.28 per unit for H2 2020 was declared on 1.2.2021

6: For FY 2021 Dividend of 0.28 per unit for H1 2021 was declared on 5.8.2021 & 0.28 per unit for H2 2021 was declared on 1.2.2022

7: For FY 2022 Dividend of 0.33 per unit for H1 2022 was declared on 3.8.2022 & 0.33 per unit for H2 2022 was declared on 6.2.2022

8: Total cost excluding profit payment depreciation & impairment charges as a percentage of total assets

9: Fulfillment period and due date:

Facility Amount (SAR MN)	Period (Yrs.)	Start	End
57	7	30 Oct , 2018	31 Dec, 2025
57.55	8	19 Aug, 2019	31 Dec, 2027
118.6	8	6 Nov, 2019	31 Dec, 2027
92.3	8	18 Dec, 2019	31 Dec, 2027
65.88	8	22 Dec, 2019	31 Dec, 2027
254.5	5	20 Dec, 2019	31 Dec, 2025
145.4	5	23 Mar , 2021	31 Dec, 2026
105.14	7	7 Feb ,2022	6 Feb 2029

Fund Performance

Particulars	1 year	3 years	5 years	Since inception*
Net asset value per unit (at cost)	1.14%	-20.12%	N.A	-22.12%
Net asset value per unit (fair value)	4.04%	-15.91%	N.A	-16.66%

*since date of listing 20.03.2018 to 31.12.2022;

Annual Revenues

Particulars	2022	2021	2020	2019	2018*
Annual Revenue	159,965,892	135,383,568	170,366,698	117,229,775	92,099,709

*since date of listing 20.03.2018 to 31.12.2022;

Total Revenues

Particulars	1 year	3 years	5 years	Since inception*
Total Revenue	159,965,892	465,716,158	675,045,642	675,045,642

*inception date 20.03.2018

Details of Fees and Expenses Paid to Third Parties

Particulars	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018 ⁽¹⁾
Fund management fee	(16,812,114)	(16,520,103)	(18,204,172)	(13,450,101)	(9,809,233)
Custodian fee	(185,000)	(185,000)	(185,000)	(150,209)	(90,959)
Audit fee	(55,000)	(55,000)	(40,000)	(35,000)	(30,000)
Property related expense	(3,246,871)	(3,570,120)	(3,592,341)	(4,089,753)	(3,211,359)
Other fee	(5,606,485)	(3,337,824)	(2,449,590)	(2,125,943)	(1,679,848)
Provisions	12,272,541 ⁽²⁾	(10,100,313)	(12,804,340)	(3,965,311)	-
Total expenses excluding profit against the borrowing payment & depreciation & impairment/reversal of impairment charges	(13,632,929)	(33,768,360)	(37,275,442)	(23,816,317)	(14,821,399)
Profit payment against the borrowing	(32,692,423)	(21,029,026)	(26,524,743)	(19,374,717)	(13,883,005)
Depreciation charges	(29,934,541)	(28,595,889)	(29,213,979)	(17,934,707)	(13,747,800)
Impairment charges/reversal of Impairment in real estate	29,704,902 ⁽³⁾	(227,068,151)	(64,900,754)	-	-
Total expenses including profit against borrowing payment, depreciation & impairment/reversal of impairment charges	(46,554,991)	(310,461,427)	(157,914,918)	(61,125,741)	(42,452,204)
Total expenses excluding profit against borrowing payment depreciation & impairment charges as a percentage of total assets	%0.62	%1.64	%1.60	%0.99	%0.85
Total expenses including profit against borrowing payment, depreciation & impairment/reversal of impairment charges as a percentage of total assets	%2.13	%15.06	%6.80	%2.56	%2.43

1: From date of listing 20.3.2018 to 31.12.2022.

2: it appears at a positive value value after reversing the allowance amount of doubtful receivables.

3: it appears at a positive value due to the reversal of the provision for decline in the value of the property

Fund Board Report

Summary of Fund Board meetings and resolutions approved during the year 2022:

The Fund Board meeting was conducted twice during the year 2022 and the below points were discussed:

- Registration of the fund for zakat purposes in ZATCA.
- Real Estate fund's performance and market sector for REIT, including the yield and new acquisitions.
- Hedging mechanism from the profit rate fluctuations.
- Possibility of increasing dividends and maintaining dividend distribution after potential acquisitions are completed.
- Proposal to change the distribution policy from semi-annual to quarterly.
- Proposal for the fund to buy back its units.
- Renewal of the lease contract for the blue tower and Lulu'ah Warehouse property.
- Deal pipeline.
- Approval for development of Rama, Anwar plaza, Al-Andalus, Alahsa square (Jarir bookstore) & Alsalam Hospital properties.
- Topics related to the requested made by tenants.
- Disclosure of conflict of interest, if any.

Following is the list of resolutions that were approved by Fund Board during the year 2022:

Resolution Date	Particulars
10.01.2022	Approval for participial in real estate auction.
23.01.2022	Approval of acquisition of the oasis mall.
27.01.2022	Approval for cancel the remaining of the lock on the unit owned by Rowad Al Khaleej international school.
31.01.2022	Approval for distribution of the dividends for the period 1.7.2021 to 31.12.2021.
14.02.2022	Approval For Appointment external auditor for Fund SPVs.
22.03.2022	Approval for participial in real estate auction.
30.03.2022	Availability of annual report REIT's audited financial statements for period ending 31.12.2021.
15.05.2022	Approval for adding the cost of evaluating the property of oasis mall to the cost of periodic valuation of other assets owned by Al Rajhi REIT fund.
18.05.2022	Approval for appointment of PKF external auditor for fund.
25.05.2022	Approval to allocate a budget for due-diligence before an acquisition of dome building in Jeddah.
31.05.2022	Approval to allocate a budget for due-diligence before an acquisition of dome building in Riyadh.
06.06.2022	Approval on deal terms of the acquiring court building in Jeddah.
02.08.2022	approval for distribution of the dividends for the period 1.1.2022 to 30.6.2022.
11.08.2022	Approval of financial statement of semi-annually period from 1.1.2022 to 30.6.2022.
30.08.2022	Approval for sign the contract early payment for acquisition of the Al-Hnake business center.
11.10.2022	Approval of increase the Aailed facility value from SAR 600 Million to SAR 900 Million.
26.10.2022	Approval of the rent proposal for blue tower and luluah warehouse.
06.11.2022	Approval of actuation of Riyadh avenue and Al-Hnaki business center.

22.11.2022	Approval of changing dividend distribution payment from semiannually basis to quarterly basis
06.12.2022	Approval of appointment of representative of the sponsor of listed entity before exchange
08.12.2022	Approval to assign receiving banks for AI Rajhi REIT capital increase
08.12.2022	Approval of fund capital increase with details of acquired real estate
13.12.2022	Approval of fund capital increase by repair Al-salam hospital
19.12.2022	Approval of fund capital increase include details of IPO

Disclosures During the Year including Fundamental and Non-Fundamental Changes

Date	Particulars
11.01.2022	Announcement by AI Rajhi Capital regarding the details of non-fundamental changes to AI Rajhi REIT Fund which is approval from boards of directors for releasing the lock on the unit owned by Rowad AlKhaleej international school, and appointment Medad-AlKhaer real estate as a property and facility manager for Anwar and Rama plaza.
13.01.2022	Availability of quarterly statement for AI Rajhi REIT fund for the period ended 31st December 2021.
16.01.2022	Announcement by AI Rajhi Capital about updating the terms and conditions of the AI Rajhi REIT Fund to reflect the change of releasing the lock on unit owned by AlKhaleej school international school and appointment Medad AlKear as property and facility manager for Anwar , And Rama plaza.
25.01.2022	Announcement by AI Rajhi Capital about specific event related on AI Rajhi REIT Fund (availed SAR 600 M sharia compliant facility from AI Rajhi Bank.
27.01.2022	Addendum announcement by AI Rajhi Capital regarding the details of non-Fundamental changes to AI Rajhi REIT Fund, Effectiveness of the change related to appointment Medad AlKhear as a property and facility manager for Anwar Plaza and Rama plaza, and effectiveness of releasing the lock on the unit owned by Rowad AlKhaleej international school.
30.01.2022	Addendum announcement by AI Rajhi Capital regarding updating the terms and conditions of AI Rajhi REIT Fund , Effectiveness of the change related to appointment Medad AlKhear as a property and facility manager for Anwar and Rama plaza , and effectiveness of releasing the lock on the unit owned by Rowad AlKhaleej international school.
31.01.2022	AI Rajhi Capital announces an invitation to attend the meeting of unitholders (First meeting) of AI Rajhi REIT Fund.
01.02.2022	AI Rajhi Capital Announces distribution of cash dividend to the unit-holders of AI Rajhi REIT Fund for the period 1.6.2021 to 30.12.2021.
09.02.2022	Announcement by AI Rajhi Capital about acquisition of oasis mall.
14.02.2022	Reminder announcement by AI Rajhi Capital Regarding the invitation to attend the meeting of unitholders (First meeting) of AI Rajhi REIT Fund.

Disclosures During the Year including Fundamental and Non-Fundamental Changes

16.02.2022	Al Rajhi Capital announces the non-convening of the unitholders meeting of Al Rajhi REIT Fund.
16.02.2022	Al Rajhi Capital announces an invitation to attend the meeting of unitholders (Second meeting) of Al Rajhi REIT Fund.
21.02.2022	Reminder announcement by Al Rajhi Capital Regarding the invitation to attend the meeting of unitholders (Second meeting) of Al Rajhi REIT Fund.
21.02.2022	Announcement of Al Rajhi Capital for the availability of the semiannual report of the assets of Al Rajhi REIT Fund for the period ending on 31.12.2021.
27.02.2022	Al Rajhi Capital company Announces the meeting of unitholders results of Al Rajhi REIT Fund.
28.02.2022	Al Rajhi Capital announces updating the terms and conditions of Al Rajhi REIT Fund.
31.03.2022	Announcement by Al Rajhi Capital that Al Rajhi REIT Funds annual reports , including the annual audited financial statement , for period ending on 31.12.2021 are available for the public.
14.04.2022	Al Rajhi Capital announces the availability of quarterly statement for Al Rajhi REIT Fund for the period ended 31.3.2022.
26.05.2022	Announcement by Al Rajhi Capital company regarding the appointment of Ibrahim al Bassam and co (PKF) as an auditor for Al Rajhi REIT Fund.
08.06.2022	Al Rajhi Capital announces updating the terms and conditions of Al Rajhi REIT Fund.
09.06.2022	Corrective Announcement from the fund manager of Al Rajhi REIT Fund regarding Announcement by Al Rajhi Capital regarding an update the terms and conditions of the Al Rajhi REIT Fund.
20.07.2022	Al Rajhi Capital announces the availability of quarterly statement for Al Rajhi REIT Fund for the period ended 30th June 2022.
01.08.2022	Announcement of Al Rajhi Capital for the availability of the semiannual report of the assets of Al Rajhi REIT Fund for the period ending on 30.6.2022.
03.08.2022	Al Rajhi Capital Announces distribution of cash dividend to the unit-holders of Al Rajhi REIT Fund for the period 1.1.2022 to 30.6.2022.
16.08.2022	Announcement by Al Rajhi Capital providing the public with interim financial statement of Al Rajhi REIT Fund for the period ending on 30.06.2022.
11.10.2022	Al Rajhi REIT Fund announces an addendum Announcement regarding about a specific event related to increase the ability to acquire assets , reduce the risk of profit rate fluctuations Al Rajhi REIT fund.
13.10.2022	Al Rajhi Capital announces the availability of quarterly statement for Al Rajhi REIT Fund for the period ended 30.9.2022.
07.11.2022	Announcement by Al Rajhi Capital regarding a material development of Al Rajhi REIT Fund.
22.11.2022	Announcement by Al Rajhi Capital regarding the change policy of dividend distribution policy form semiannually paid at the end of February, August to quarterly paid at the end of march, June, September, December starting from the first quarter of 2023.
08.12.2022	Announcement by Al Rajhi Capital Regarding an update of terms and conditions of Al Rajhi REIT Fund.

Soft Commissions (if any)

Fund Manager did not receive any soft commissions during financial year 2022.

Reduction & Exemption of Fees & Expenses

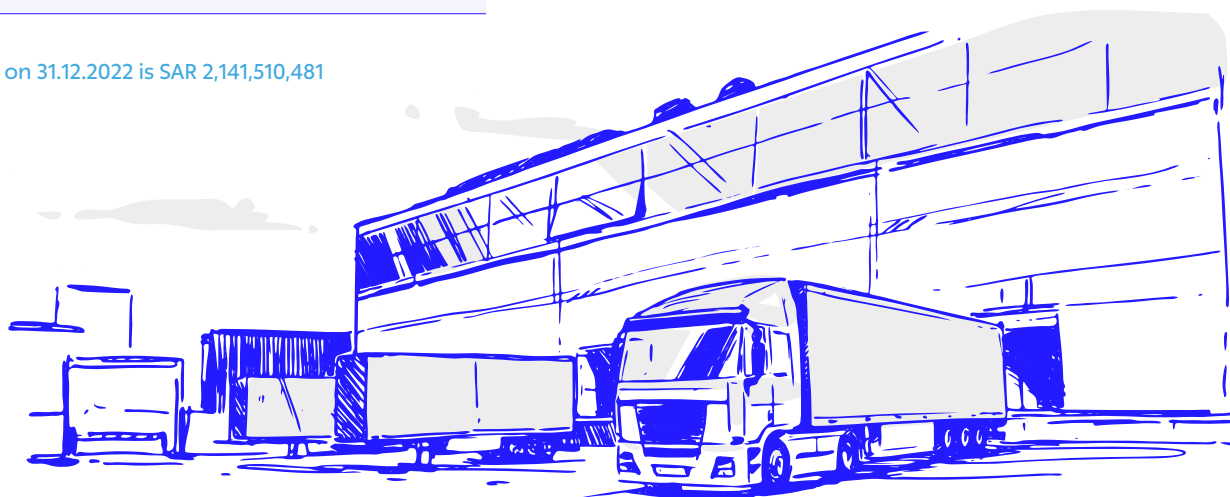
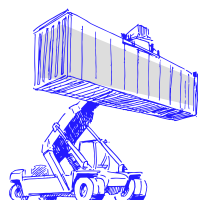
The fund manager has the right to reduce subscription fees according to the fund manager's internal policy related to reducing fees on products.

Portfolio Highlights:

Location	No. of Properties	Location	% of Market Value*
Khamis Mushait	1	Riyadh	54.9%
Al Khobar	1	Jeddah	19.6%
Dammam	1	Dammam	12.1%
Jeddah	4	AlKhobar	6.7%
Riyadh	11	Alkharj	4.6%
Alkharj	1	Khamis Mushait	2.1%
Total	19	Total	100%

Sector	% of Market Value*
Retail	36.74%
Education	29.82%
Office	16.74%
Logistics	9.05%
Healthcare	7.65%
Total	100%

* FMV as on 31.12.2022 is SAR 2,141,510,481



B) Percentage of Rent Amount for Each Asset in the Total Rent of the Fund's Assets

Name of Asset	% of rent income
Rowad Al Khaleej International School, Dammam	12.47%
Lulu hypermarket, Riyadh	10.76%
Rowad Al Khaleej International School, Riyadh	10.71%
Blue Tower, Khobar	8.12%
AlSalam Hospital, Riyadh	7.71%
Panda Marwah - Jeddah	7.41%
Faris International School, Riyadh	6.58%
Al Andalus Jeddah	6.44%
Lulu'ah warehouse, Riyadh	6.17%
Oasis mall, AlKharj	5.48%
Al Ahsa square (Jarir), Riyadh	2.99%
Al Narjes Plaza, Riyadh	2.96%
Lulu Logistics Warehouse, Riyadh	2.80%
Panda, Khamis Mushait	2.08%
Panda Madain Fahad, Jeddah	1.91%
Rama Plaza, Riyadh	1.87%
Panda Rowdah, Jeddah	1.83%
Baraem Rowad Al Khaleej Intl Kindergarten, Riyadh	1.02%
Al Anwar Plaza, Riyadh	0.68%
Total	100%

C) Other Details

Particulars	Value
% of net uncollected revenue from total revenue	15.69%
Ratio of non-cash expenses from Fund's net profit	9.42%*
The percentage of the value of the leased real estates to the total value of the owned real estates	94.51%
The percentage of the value of unleased real estates to the total value of the owned real estates	5.49%
Fund manager investment on the fund	15,320,447 units

* The value of non-cash expenses this year appeared positively due to the reversal of the decline in the value of real estate and the reversal of provision for doubtful debts after collecting some late rent.

Property Portfolio

Name	Lulu Hypermarket
Asset Class	Retail
City	Riyadh
Land Size (Sqm)	19,428
Built up area (Sqm)	37,539.36
Acquisition Cost (SAR)	225,634,585
Master Lessee	AL Mutlaq
Lease Type	Triple Net Lease
Occupancy	100%
Lease Expiry	25-Apr-29

Name	Narjees Plaza
Asset Class	Retail
City	Riyadh
Land Size (Sqm)	9,000
Built up area (Sqm)	5,697.6
Acquisition Cost (SAR)	61,289,083
Master Lessee	Fouzan Trading Co.
Lease Type	Triple Net Lease
Occupancy	100%
Lease Expiry	3-Mar-25

Name	Jarir Building
Asset Class	Retail
City	Riyadh
Land Size (Sqm)	4,953
Built up area (Sqm)	9,162
Acquisition Cost (SAR)	72,178,814
Master Lessee	N.A
Lease Type	Multi-tenancy
Occupancy	90%
Lease Expiry	N.A

Name	Anwar Plaza
Asset Class	Retail
City	Riyadh
Land Size (Sqm)	9,981.76
Built up area (Sqm)	4,812.42
Acquisition Cost (SAR)	62,245,967
Master Lessee	N.A
Lease Type	Multi-tenancy
Occupancy	43%
Lease Expiry	N.A

Name	Rama Plaza
Asset Class	Retail
City	Riyadh
Land Size (Sqm)	15,600
Built up area (Sqm)	9,822.42
Acquisition Cost (SAR)	69,403,268
Master Lessee	N.A
Lease Type	Multi-tenancy
Occupancy	57%
Lease Expiry	NA

Name	Faris Intl. School
Asset Class	Education
City	Riyadh
Land Size (Sqm)	16,500
Built up area (Sqm)	36,835
Acquisition Cost (SAR)	132,826,263
Master Lessee	Faris International School
Lease Type	Triple Net Lease
Occupancy	100%
Lease Expiry	27-Jun-26

Property Portfolio

Name	Panda – Khamis Mushait
Asset Class	Retail
City	Khamis Mushait
Land Size (Sqm)	19,000
Built up area (Sqm)	5,456.27
Acquisition Cost (SAR)	47,993,565
Master Lessee	Panda
Lease Type	Triple Net Lease
Occupancy	100%
Lease Expiry	22-Mar-29

Name	Panda – Al Rowda
Asset Class	Retail
City	Jeddah
Land Size (Sqm)	9,929.79
Built up area (Sqm)	3,300.4
Acquisition Cost (SAR)	67,443,000
Master Lessee	Panda
Lease Type	Triple Net Lease
Occupancy	100%
Lease Expiry	25-Feb-29

Name	Al Andalus Tower
Asset Class	Office+ Showrooms
City	Jeddah
Land Size (Sqm)	9,565.85
Built up area (Sqm)	33,426.34
Acquisition Cost (SAR)	190,000,000.00
Master Lessee	N.A
Lease Type	Multi-tenancy
Occupancy	61%
Lease Expiry	N.A

Name	Panda – Marwa
Asset Class	Retail
City	Jeddah
Land Size (Sqm)	38,641
Built up area (Sqm)	15,247.72
Acquisition Cost (SAR)	217,604,099
Master Lessee	Panda
Lease Type	Triple Net Lease
Occupancy	100%
Lease Expiry	10-Nov-28

Name	Panda – Madein Al Fahd
Asset Class	Retail
City	Jeddah
Land Size (Sqm)	11,873.92
Built up area (Sqm)	3,838
Acquisition Cost (SAR)	48,592,750
Master Lessee	Panda
Lease Type	Triple Net Lease
Occupancy	100%
Lease Expiry	2-Sep-29

Name	Blue Tower
Asset Class	Office+ Showrooms
City	Al Khobhar
Land Size (Sqm)	5,464.00
Built up area (Sqm)	33,591.91
Acquisition Cost (SAR)	227,000,000.00
Master Lessee	Rawaj Real Estate Company
Lease Type	Triple Net Lease (100%)
Occupancy	100%
Lease Expiry	10-Mar-23

Property Portfolio

Name	Lulu'ah Warehouse
Asset Class	Logistics
City	Riyadh
Land Size (Sqm)	94,908.60
Built up area (Sqm)	80,359.08
Acquisition Cost (SAR)	198,701,300
Master Lessee	Rawaj Real Estate Company
Lease Type	Triple Net Lease
Occupancy	100%
Lease Expiry	5-Mar-23

Name	AlSalam Health Medical Hospital
Asset Class	Healthcare
City	Riyadh
Land Size (Sqm)	3,600
Built up area (Sqm)	17,568
Acquisition Cost (SAR)	163,776,224
Master Lessee	Alsalam Medical Group Company
Lease Type	Triple Net Lease
Occupancy	100%
Lease Expiry	31-Dec-2033

Name	Rowad Alkhaleej Intl. School, Riyadh
Asset Class	Education
City	Dammam
Land Size (Sqm)	20,213
Built up area (Sqm)	25,797
Acquisition Cost (SAR)	244,500,000
Master Lessee	AlKhaleej Training & Education Company
Lease Type	Triple Net Lease
Occupancy	100%
Lease Expiry	25-Dec-34

Name	Lulu Central Logistics Warehouse
Asset Class	Logistics
City	Riyadh
Land Size (Sqm)	23,716.29
Built up area (Sqm)	16,500
Acquisition Cost (SAR)	52,250,000
Master Lessee	Lulu Hypermarkets LLC
Lease Type	Triple Net Lease
Occupancy	100%
Lease Expiry	16-Dec-31

Name	Rowad Alkhaleej Intl. School, Riyadh
Asset Class	Education
City	Riyadh
Land Size (Sqm)	15,960
Built up area (Sqm)	39,028
Acquisition Cost (SAR)	210,000,000
Master Lessee	AlKhaleej Training & Education Company
Lease Type	Triple Net Lease
Occupancy	100%
Lease Expiry	24-Dec-34

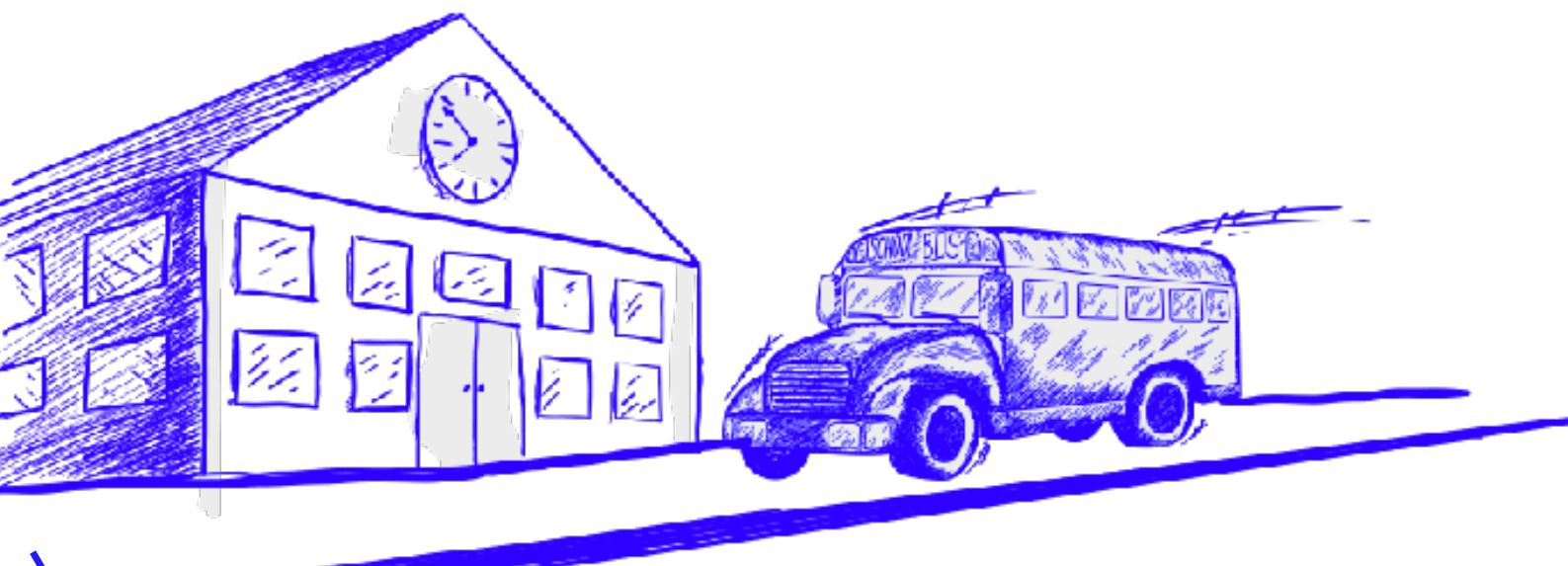
Name	Baraem Rowad Alkhaleej Kindergarten School, Riyadh
Asset Class	Education
City	Riyadh
Land Size (Sqm)	1,830
Built up area (Sqm)	2,549
Acquisition Cost (SAR)	20,000,000
Master Lessee	AlKhaleej Training & Education Company
Lease Type	Triple Net Lease
Occupancy	100%
Lease Expiry	25-Dec-34

Property Portfolio

Name	Oasis mall -AlKharj
Asset Class	Retail
City	AlKharj
Land Size (Sqm)	16,719.61
Built up area (Sqm)	17,477.422
Acquisition Cost (SAR)	93,000,000
Master Lessee	Landmark & herfy
Lease Type	Rent contract
Occupancy	100%
Lease Expiry	Landmark 28.11.2032 Herfy 11.04.2032

Risk Assessment Report 2022

Name of the Fund	Al Rajhi REIT Fund
Type	Close ended – REIT Fund listed on Tadawul Stock Exchange comply with Shariah compliant
Objective	Investing in income-generating real estate assets to earn regular rental income and distribute at least 90% of Fund's net income to investors quarterly basis.
Tenure	99 years
Risk Level	High



Risk Assessment Report

Key Risk	Description	Mitigation																								
Market Risk	Risk of adverse changes in the economic conditions like demand supply imbalance, poor liquidity, insufficient credit availability etc. that may have a negative impact on property values.	Evaluating properties on semi-annual basis to understand the market conditions and take necessary actions to protect the value of property.																								
Credit Risk	The failure of tenants to pay any contractual dues to the fund on time may result in a lower income of the fund and ultimately affect the earnings of the unitholders.	For new tenants: Credit analysis/ assessment by property manager of tenants before they are on-boarded. For existing tenants, regular monitoring of outstanding dues and follow up with tenants for payments.																								
Liquidity Risk	<ol style="list-style-type: none"> Inability to convert assets into cash without a loss of capital or income in the process. Inability to service the debts of the fund. 	<ol style="list-style-type: none"> Any sale of asset shall be planned through a proper sale process keeping market conditions in mind. Currently there are no plans to sell any assets Debt Service Coverage Ratio of more than 4.48 provides adequate comfort on ability to service debt 																								
Interest Rate Risk	Risk of increase in profit payments due to increase in interest rate volatility impacting the fund's net income.	28.39% of total loan amount has fixed profit rate. Thereby significantly reducing the interest rate risk. Balance 71.61% amount has variable profit rate is exposed to interest rate volatility. During the year, in order to mitigate the risks of variable interest rates, the profit margin on financing was reduced by Al Rajhi Bank for total variable loans, and hedging against interest rates for a facility amounting SAR 193.7 Mn. Where 50% from the total financing (Approximately SAR 448) will have a fixed cost at a rate of 4.52% until the end of 2025G.																								
Regulatory Risk	Risk of not fulfilling legal and regulatory risks as applicable to the fund.	The fund strictly follows all relevant governance and regulatory regulations. The company's governance and compliance department has an oversight on the fund Management activity.																								
Concentration Risk	Excessive concentration of real estate type or sector or geographic location.	<p>The fund has a well-diversified portfolio in terms of sector and location. Below is the comparison of exposure to various sectors between Dec 2021 and Dec 2022 as % of the market value of the portfolio</p> <table border="1"> <thead> <tr> <th>Sector</th> <th>2022</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>36.74%</td> <td>33.63%</td> </tr> <tr> <td>Education</td> <td>29.82%</td> <td>31.48%</td> </tr> <tr> <td>Office</td> <td>16.74%</td> <td>17.56%</td> </tr> <tr> <td>Logistics</td> <td>9.05%</td> <td>9.34%</td> </tr> <tr> <td>Healthcare</td> <td>7.65 %</td> <td>7.99%</td> </tr> <tr> <td>Total</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>No. of Properties</td> <td>19</td> <td>18</td> </tr> </tbody> </table>	Sector	2022	2021	Retail	36.74%	33.63%	Education	29.82%	31.48%	Office	16.74%	17.56%	Logistics	9.05%	9.34%	Healthcare	7.65 %	7.99%	Total	100%	100%	No. of Properties	19	18
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Fund Manager shall continue its effort to further diversify the portfolio.

Risk Assessment Report

Economic Risk	Changes in economic conditions, including, for example, inflation, new government regulations, political events and trends, tax laws and other factors can affect the fund's prospects.	Regular monitoring of macro-economic conditions and regulatory trends in laws is carried out. Proactive steps to be taken to mitigate or minimize the impact as much as possible.
Financing Risk	Inability to get the financing for the fund and thereby not able to achieve the desired leverage levels (subject to maximum cap of 50% of total asset value)	The fund has track record of securing the financing and is current on its debt service thereby maintaining good track record. The financing will be availed by mortgage of assets. The current LTV is 40.99% of total asset value and the fund has further scope to add leverage up to maximum cap permitted under the regulation.
Occupancy Risk	Risk of fall in occupancy levels of the properties and thereby impacting the rental income of the fund.	Out of 19 properties, 15 are leased on triple net basis (except the cost of insurance for Al Fares international school property and Alsalam Hospital and oasis mall will be borne by the fund) therefore occupancy is 100%. Remaining 4 properties that are multi-tenanted are managed through property manager who is entrusted with leasing the vacant premises as soon as possible ensuring maximum occupancy levels in these properties. There is provision of advance notice of 3 months by either party before terminating the contract. During this period alternative arrangement can be made.
Property Manager Risk	Risk of early termination of the property manager contract may impact the operations of the properties that it manages.	Provision of advance notice of 3 months by either party before terminating the services. During this period alternative arrangement can be made.
Lease Renewal Risk	Risk of non-renewal of existing leases or renewal at lower than current lease rate may impact the rental income of the fund.	Provision of advance notice by tenants before terminating the services. During notice period alternative tenant can be searched. In some cases, the Fund Manager may accept the renewal of lease as per prevailing market conditions. Any significant impact arising due to such renewals shall be disclosed to the market.
Increase in cost of managing properties	Risk of escalations in cost of managing properties on account of various reasons for example, increase in utilities charges, un-anticipated expenses, municipality regulations, natural calamities etc.	Out of 19 properties, 15 are leased on triple net basis (except the cost of insurance for Al Fares international school property and AlSalam Health Medical and oasis mall Hospital will be borne by the fund) therefore master lessee is responsible for operating expenses of properties. For 4 assets that are multi-tenanted, property manager shall strive to maintain the current run rate of operating expense by efficient management.
Structural Damage Risk	Any adverse event leading to structural damage to properties owned by the fund thereby risking the income generating potential from such properties may have negative impact on income profile of the fund	<ol style="list-style-type: none"> 1. For Triple Net Leased properties: Annual inspection by Fund Manager / disclosure from master lessee. 2. For Multi tenanted properties: Preventative maintenance on regular intervals.

Zakat:

The ruling for Zakat on this fund will be according to the intention of the investor:

- A. If his intention is speculation - which is the sale and purchase of units for the purpose of profit from the difference between the two prices - he must extract zakat on his money over the entire market value of the units he owns in accordance with the provisions of zakat on trade offers, and given the difference in the terms of investment in the fund from one investor (speculator in units) to another, it is difficult to determine the period for each of them separately, which makes it difficult to calculate the Zakat of the Mudarib money in the units of the fund, each of them must pay the zakat of his share if the year has passed, according to the provisions of Zakat on Trade Offers, which is 2.5% of the average market price for the investment units that he owns on the day when zakat* is due.
- B. If he intends to purchase the units to keep them and take advantage of the returns that the units achieve, he must extract the zakat of his money by looking only at what the price of the Zakat assets represents in the units he owns, and given the difference in the period of investment in the fund from one investor (the acquisition of units) to another, it is difficult to determine the period for each of them separately, which makes it difficult to calculate the Zakat of the units of the fund, then each of them must pay the zakat of his share if the year has passed for him, which is 2.5% of the total price of the Zakat assets for the units he owns on the day when zakat is due, the unitholders of the fund can calculate zakat* by following one of the following two equations (according to the half-year in which zakat is due to the unit holders):

Year	Period	The share of each unit of Zakat	The number of units owned by the unit holder	The total amount of Zakat (In Saudi Riyals)
2022	End of H1 2022	0.012	x	=
	End of H2 2022	0.009	x	=

* It must be ensured that the price of the total units owned by the Unit holder in the fund (plus the sum of other funds that the unit holders owns in trade or cash offers) has reached the quorum for Zakat.

