

## AIAhli REIT Fund (1)

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Semi-Annual Report 30 June 2018

# Highlights

Current Net Asset value  
SAR 1,412,135,170

Funds From Operations  
SR 47,822,347

Dividend Rate\*  
3.25%

\* % of par value

# Fund Facts

**Fund Name:**

AlAhli REIT Fund (1) (the "Fund").

**Description of the Fund:**

A close-ended Shariah-compliant Real Estate Investment Traded Fund operating in accordance with the Shariah guidelines set by the Shariah Board, and in accordance with Real Estate Investment Funds Regulations and Real Estate Investment Traded Funds Instructions issued by the Capital Market Authority.

**Fund Investment Objective:**

The Fund aims to provide rental income to Unitholders by investing mainly in income-generating developed properties, to distribute at least 90% of the Fund's net profits to Unitholders on a semi-annual basis, and to achieve growth in the total value of the Fund's assets by means of asset development, expansion, or acquisition of new assets.

**Existing Fund Assets:**

AlAndalus Mall (Jeddah)  
Staybridge Suites (Jeddah)

## Fund Updates

- Fund's assets are held under a special purpose vehicle owned by the custodian.
- The real estate assets were acquired and transferred to the Fund on 25/07/2017.
- The Fund got listed and commenced trading on the Saudi Stock Exchange in 08/01/2018.
- The Fund was registered with General Authority of Zakat and Tax and has obtained its VAT registration number.
- The Fund's assets were evaluated at the end of June 2018. The valuation reports were published on the Fund Manager's website and Tadawul.
- The Fund's Board of Directors approved the financial statements and dividend distributions for the period.
- Semi-annual distribution to unitholders were made on 15/08/2018.

## Retail Sector Overview

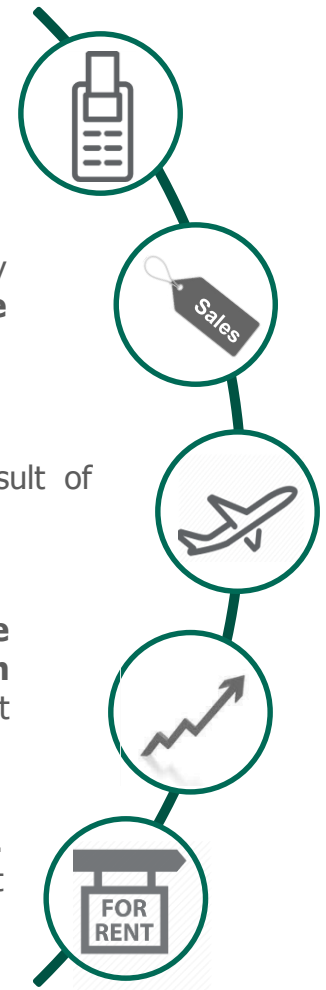
According to POS data published by the Saudi Arabian Monetary Agency (SAMA) in May 2018, **the number and volume of point-of-sale transactions in Jeddah** increased by 38% and 13% respectively in April 2018.

Despite this increase, the rate of increase in the value of transactions remained significantly lower than the increase in the number of transactions, indicating **that consumer preference is still value focused**.

However, **these growth levels could decrease** in the third quarter of 2018 as a result of foreigners leaving Saudi Arabia due **to increased expat levy fees**.

In the medium term, **BMI\* expects demand for apparel and footwear to rise by more than 5.4%** on the basis of compound annual growth rate, **supported by the youth concentration in population** and the increased disposable income as a result of government subsidy.

Retail sector rents in Jeddah remained largely unchanged during the second quarter of 2018. **The vacancy rate also reflected a slight improvement** on Quarter-on-Quarter basis but is still around 7%.



\*BMI Research is a research firm specialized in providing analysis of macroeconomics, industries and financial markets

## Fund Assets – Al-Andalus Mall

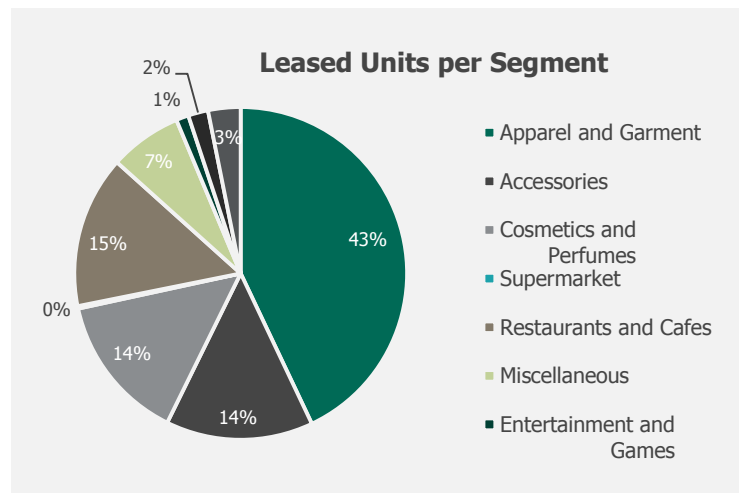


<b>Location</b>	Jeddah - Fayhaa district, King Abdul Aziz Square – near King Abdullah Road intersection with Prince Majed road
<b>Total land area</b>	152,910 square meters
<b>Rental area</b>	89,713 square meters
<b>Mall components</b>	2 floors, 3,000 parking lots, 415 retail outlets
<b>Building age</b>	10 years
<b>Occupancy rate as of 30 June 2018</b>	98.3%
<b>Acquisition price</b>	SR 1,150,000,000
<b>Property manager</b>	AlAndalus Mall is operated and managed by Hamat Real Estate, an experienced company in providing management, leasing and operating services.

## Summary of Al-Andalus Mall performance

Total leased units at AlAndalus mall stood at 412 units as of June 2018. The Fund aims to strengthen and diversify its tenant base, providing investors with consistent cash flows as a result of diversification of tenant business segments. The diversity of tenants in the mall will also lead to risk distribution.

The following table shows the diversity of business segments in the mall and the area occupied by each segment:



Segment	Percentage of income to total mall income	Percentage of leased area to total leasable area	Number of leased units
Apparel and garment	49%	40%	177
Accessories	11%	4%	59
Cosmetics and perfumes	11%	6%	59
Supermarket	8%	25%	1
Restaurants and Cafes	8%	4%	61
Miscellaneous	6%	3%	29
Entertainment and games	4%	15%	5
Banks	1%	0%	8
Communication	1%	1%	13

## Mall Anchor Tenants

### Fawaz Alhokair Group



### Landmark Group



### Alshaya International Trading Company



### Others





## Fund Assets - Staybridge Suites Jeddah



<b>Location</b>	Fayhaa district, Jeddah
<b>Category</b>	5-star hotel
<b>Total land area</b>	6,223 square meters
<b>Number of suites</b>	164 suites
<b>Hotel components</b>	16 Floors, 236 Parking Lots, Swimming Pool, Spa, Tennis Court
<b>Building age</b>	One year
<b>Acquisition price</b>	SR 200,000,000
<b>Hotel operator</b>	Staybridge Suites is managed by InterContinental Hotels Group, an experienced firm in hotel operation and management.



## Staybridge Suites Jeddah Performance Summary

The operator sought to develop the hotel's public relations with the most important clients. For example, rooms and hall reservation offers were made for many banks, universities and other institutions to hold workshops, conferences etc. in an effort to boost hotel performance and provide constant cash flows through long term agreements.

<b>Total guests</b>	23,238
<b>Occupancy rate</b>	60%
<b>Average daily rate per room</b>	SR 586
<b>Revenue per room</b>	SR 354



# Fund Performance

Summary of Fund Performance – 1 <sup>st</sup> half of 2018	
Number of units issued	137,500,000 units
NAV at inception	SR 1,375,000,000
<b>Net asset value</b>	<b>SR 1,412,135,170</b>
NAV per unit at inception	SR 10
<b>NAV per unit</b>	<b>SR 10.27</b>
Net operating earning per unit	SR 0.348
<b>Total income dividend per unit (August 2018)</b>	<b>SR 0.325</b>
Highest unit closing price (Saudi Stock Exchange)	SR 10.5
Unit closing price (as of 28 June 2018)	SR 8.29

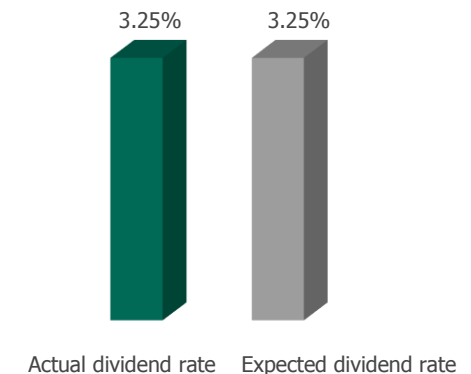
Fund Expenses during 1 <sup>st</sup> half of 2018	
Total administration expenses	SR 178,620
Fund management fees	SR 7,059,348
Sharia board fees	SR 13,500
Tadawul fees	SR 414,354
Custodian fees	SR 228,750
Auditor fees	SR 125,000
<b>Total Fund fees and expenses</b>	<b>SR 8,019,572</b>
Assets under management	SR 1,494,372,190
<b>Total expenses ratio</b>	<b>0.54%</b>

# Dividends

The Fund Manager aims to distribute at least 90% of its annual net profit as cash dividends to unitholders twice a year, excluding the capital gains resulting from the sale of real estate assets and investments in money market funds and transactions which may be reinvested to acquire additional assets for the Fund.

The Fund Manager distributed cash dividends to the Fund unitholders for the period ended 30 June 2018 as shown in the following below:

<b>Total dividends</b>	SR 44,687,500
<b>Dividend per unit</b>	SR 0.325
<b>Number of units outstanding</b>	137,500,000 outstanding unit
<b>Dividend payout to nominal price</b>	3.25%
<b>Unit nominal price (initial unit price)</b>	SR 10
<b>% dividends of net asset value</b>	3.16%
<b>NAV as of 31 Jun 2018</b>	SR 1,412,135,170
<b>Date of announcement</b>	1 August 2018
<b>Date of distribution</b>	15 August 2018



**Dividend rate to unit inception price the  
1<sup>st</sup> half 2018**

## Disclosers

- **Other investments**

The Fund Manager invested the surplus cash balances in low risk investments (AlAhlī Saudi Riyal Trading Fund) in accordance with Shariah investment guidelines.

- **Special commissions**

The Fund is exempt from the management fees payable to the Saudi Riyal Trading Fund, which shall be returned to the Fund's account.

- **Material changes**

Not available

- **Annual voting rights**

Not available

- **Changes to the Terms and Conditions**

Not available

- **Dividend**

Operating profits for the first half of the year were distributed in August 2018.

# Fund Manager and Third Parties

Custodian



Fund Manager



Auditor



Property Agent



Real estate valuator



Real estate Valuator



## Financial Statements Annex

The Fund's financial statements were published on the websites of the Fund Manager and the Saudi Stock Exchange. A copy of the reports can be obtained via:

- Arabic: <https://goo.gl/BMvUym>
- English: <https://goo.gl/urh9xY>

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