



Derayah REIT: Quarterly Performance Report Q1 2018

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Table of Contents

1. Review of Existing REITs	3
2. Derayah REIT's Assets & Main Updates	7
3. Bank Financing	13
4. Expected Cash Dividend	15

1. Review of Existing REITs

Publicly Listed REITs

Twelve REITs are currently listed on the Saudi Stock Exchange where four of them were listed in Q1 2018. During the same period, the CMA had approved the public offering of five other REITs.

Newly Approved REITs in Q1 2018



Bonyan REIT –
Saudi Fransi

Al-Awwal Al-
Markaziyah REIT

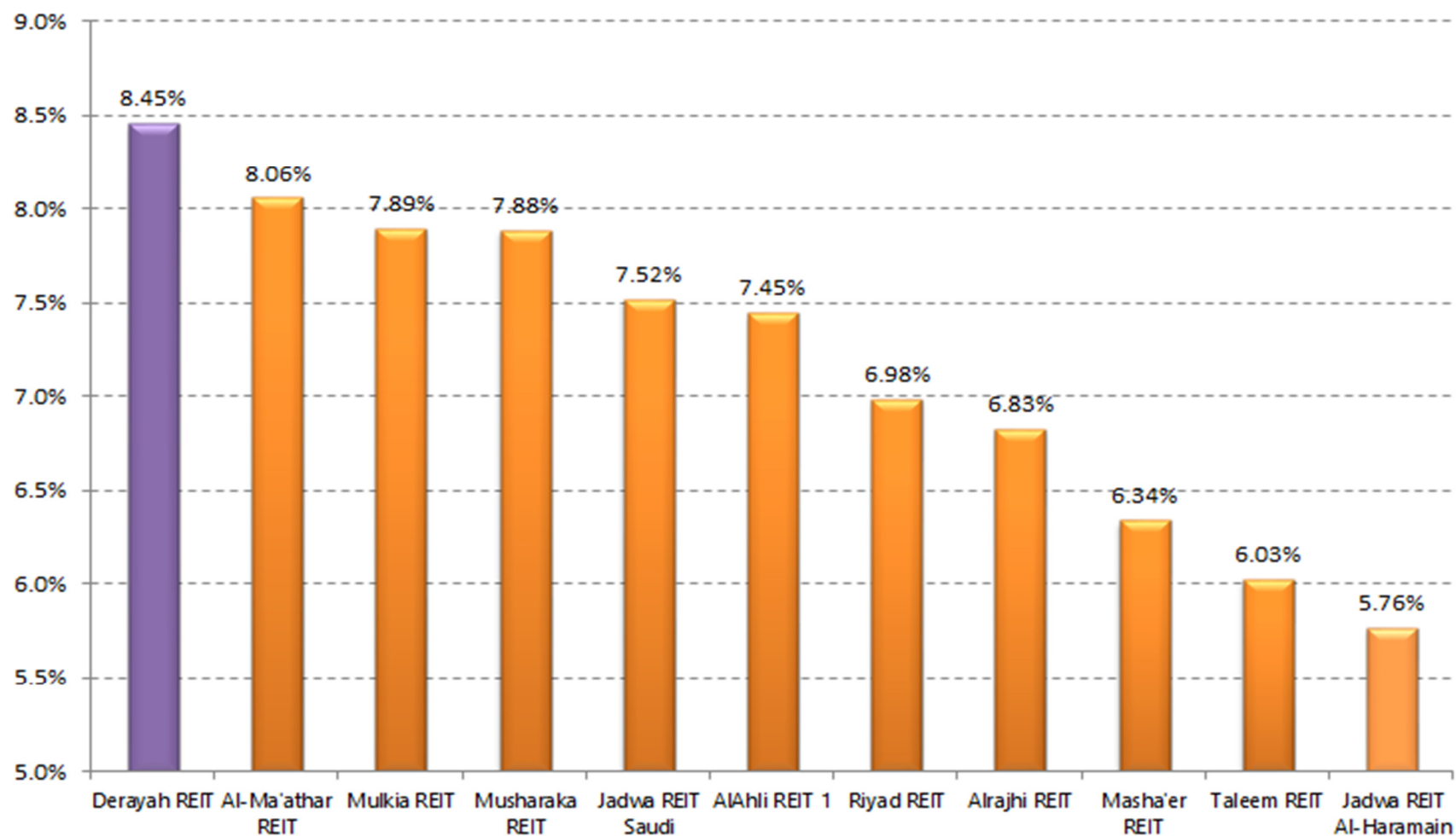
Al-Markaz REIT –
Saudi KFH

Newly Listed REITs in Q1 2018



صندوق الأهلي ريت (أ)

Net Cash Yield for Listed REITs at Current Prices



Unit Price as of Mar 29 2018

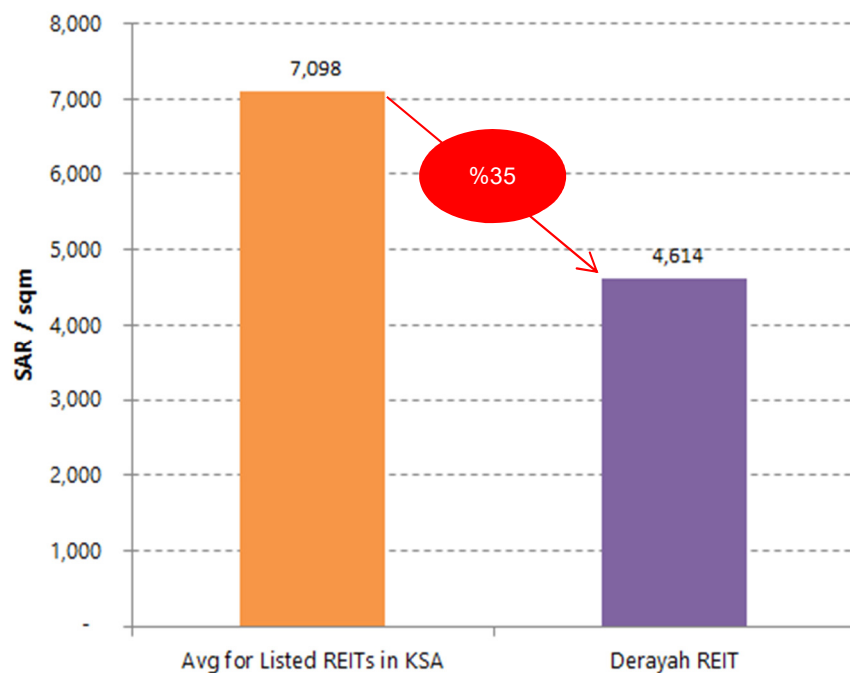
8.54	8.72	8.36	8.88	9.75	8.73	9.02	9.01	8.30	10.67	9.02
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Notes

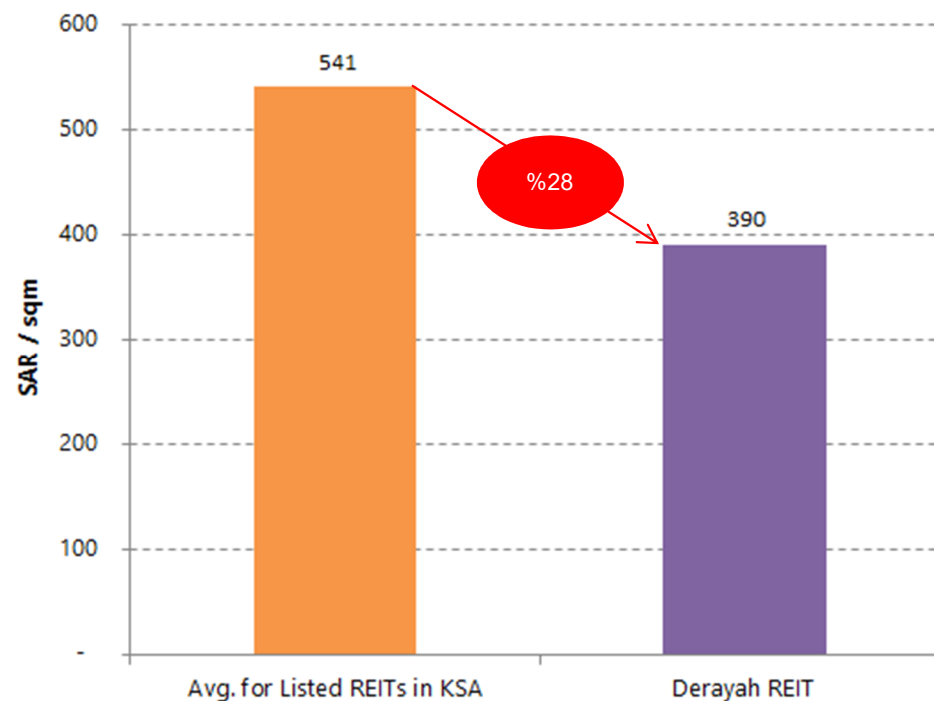
- Net cash yield is equal to the expected annual cash distribution per unit for each REIT as per its T&C divided by the REIT's unit price as of Mar 29th 2018
- Al-Jazira REIT is not mentioned since its T&C does not mention the expected annual cash distribution per unit
- Source for unit prices: Bloomberg

Average Property Purchase Price and its Rent per Built-Up Area

Purchase Price per Built-Up Area



Rent per Built-Up Area



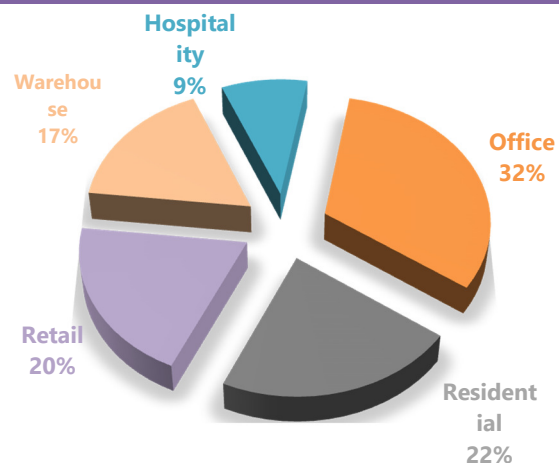
Source: Terms & Conditions of each listed REIT in Tadawul, Derayah analysis

2. Derayah REIT's Assets & Main Updates

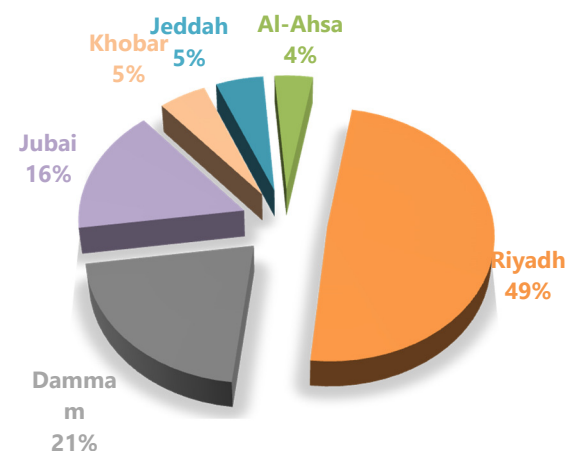
Derayah REIT – a General Overview

Derayah REIT's total asset size is SAR1.17 billion composed of 15 properties located in different cities and in different sectors

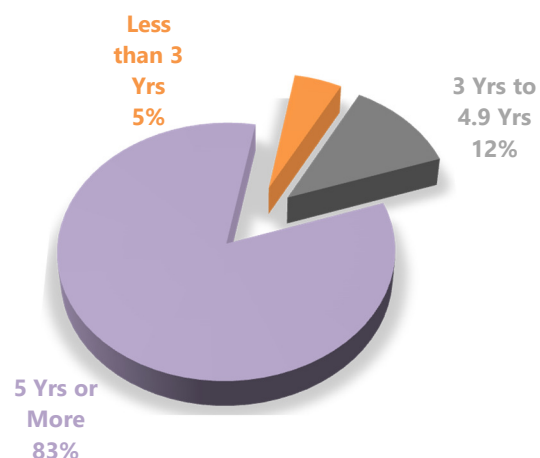
Sector Allocation of Derayah REIT's Assets*



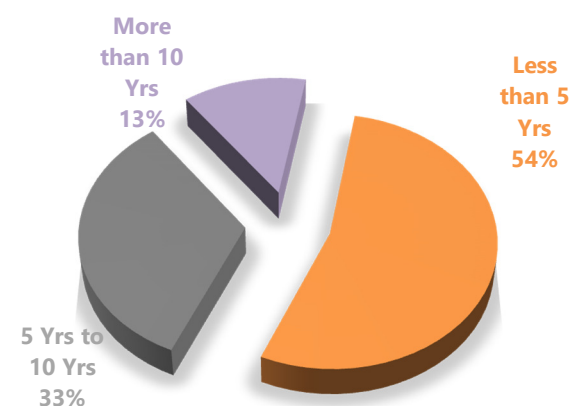
Geographical Allocation of Derayah REIT's Assets*



Lease Agreements **



Age of Derayah REIT's Assets*



Notes:

* As a percentage of total asset size

** As a percentage of total rental income

Main Updates in Q1 2018

In Q1 2018, no material event occurred that might impact the rental income negatively. Some positive updates include:

Smart Tower

- Master tenant started renovating the building
- At his own expense, the master tenant allocated SAR8 mil for improvement works
- During the quarter, a new access to the basement parking from King Fahad Road was opened and some works were carried out on the external ground floor
- Next, the building will be illuminated externally, inner offices will be re-designed to cater for the current market and a new design for the lobby will be implemented.

Al-Siteen Commercial Center

- The previous owner completed the renovation works which started last year
- Carried out works include: improving the external looks of the building, installing new Mitsubishi elevators, setting up electronic entry/exit parking gates, and re-designing some of the offices.
- As a result, occupancy had increased from 80% to 92%, which is further expected to increase to 96% in the future which would increase the annual rent to SAR4 million

Grand B Building

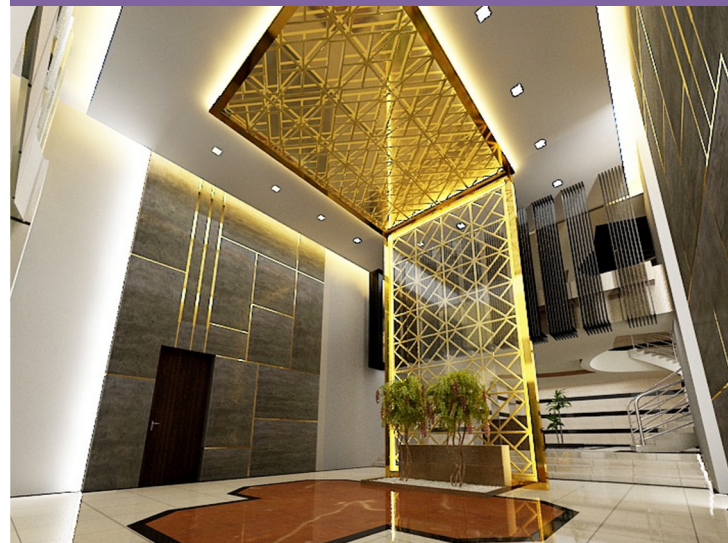
- Property was under development when it was acquired
- Development was completed and handed over to the tenant, Arab Open University, in January 2018.

Main Updates in Q1 2018: Smart Tower

Renovation of External Parking Space



Artistic Impression of the New Lobby



New Parking Entrance



Main Updates in Q1 2018: Al Siteen Commercial Center

Current Picture of the Property



Property at Acquisition Date



New Elevators



Modern Hallway to Offices



Main Updates in Q1 2018: Grand B Building

Current Picture of the Property








Property at Acquisition Date



3. Bank Financing

Bank Financing

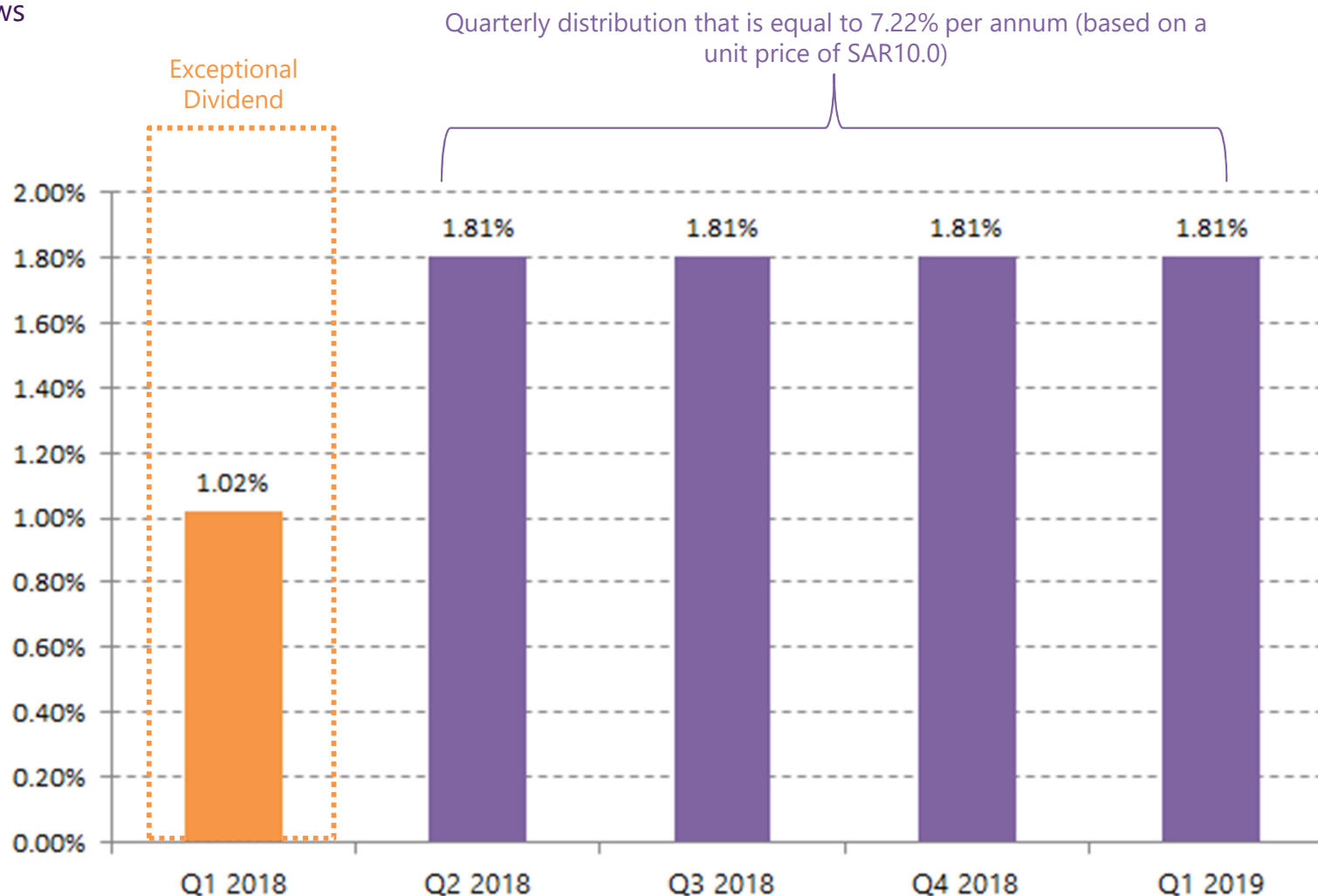
In 27th of Mar 2018, the Fund Manager announced the signing of an MoU with Riyadh Bank to avail a shariah-compliant financing to acquire new income-producing assets, which is expected to enhance the dividend yield

Financing Bank	 Riyadh Bank
Financing Amount	 SAR600 million
Purpose of Financing.	 Acquisition of income-producing assets in KSA
Financing Type	 Shariah-Compliant
Tenor of the Financing	 Seven Years

4. Expected Cash Dividend

Expected Cash Dividend for 2018

After the end of the IPO and the return of the excess subscription, The Fund Manager transferred the titled deeds to the REIT in phases. In 29th of Mar 2018, the Fund Manager announced an exceptional dividend distribution of 1.02% of nominal unit price, which represents net income from the properties prior to listing. The Fund Manager forecasts the dividend distribution to be as follows



Note: the forecasted dividend distribution does not assume the acquisition of new properties as a result of the financing

Distribution & Record Dates

The REIT distributes cash dividend on a quarterly basis as per the following schedule

Quarter	Profit Period	Record Date (Entitlement Date)	Distribution Date
First	1 Jan to 31 Mar	31 Mar	1 May
Second	1 Apr to 30 Jun	30 Jun	1 Aug
Third	1 Jul to 30 Sep	30 Sep	1 Nov
Fourth	1 Oct to 31 Dec	31 Dec	1 Feb

Note: If the record date (entitlement date) falls on a holiday, then the record date (entitlement date) is the working day before the holiday date