

BONYAN REIT FUND
A Closed End Real Estate Investment Traded Fund
(Managed by Saudi Fransi Capital Company)

CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023
TOGETHER WITH THE INDEPENDENT AUDITOR'S REVIEW REPORT

BONYAN REIT FUND
(Managed by Saudi Fransi Capital Company)

CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

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Report on review of condensed interim financial information

To the Unitholders and the Fund Manager of
Bonyan REIT Fund

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Bonyan REIT Fund (the "Fund") as of 30 June 2023 and the related condensed interim statements of comprehensive income, changes in equity attributable to the Unitholders and cash flows for the six-month period then ended and other explanatory notes. Fund Manager is responsible for the preparation and presentation of this condensed interim financial information 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 this condensed interim financial information 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*", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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, as 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 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

A blue ink signature of Bader A. Benmohareb, consisting of a stylized, cursive script.

Bader A. Benmohareb
License Number 471

10 August 2023

BONYAN REIT FUND
(Managed by Saudi Fransi Capital Company)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

		<i>As at 30 June 2023 (Un-Audited) SR</i>	<i>As at 31 December 2022 (Audited) SR</i>
	<i>Note</i>	<u>SR</u>	<u>SR</u>
ASSETS			
Cash and cash equivalents	7	58,976,413	28,749,389
Investments measured at fair value through profit or loss ("FVTPL")	8	76,693	75,164
Rental income receivable, net	9	131,285,401	115,489,023
Prepayment and other assets		21,359,831	18,355,463
Intangible assets, net	10	2,178,933	2,585,903
Furniture and equipment, net	11	6,902,592	4,209,770
Investment properties, net	12	1,636,686,263	1,738,793,104
TOTAL ASSETS		<u>1,857,466,126</u>	<u>1,908,257,816</u>
LIABILITIES			
Bank borrowings	13	340,853,359	385,954,963
Deferred rental income		73,217,357	69,826,830
Management fee payable	14	3,423,641	3,572,527
Accrued expenses and other liabilities		68,004,516	64,870,616
Provision for Zakat		1,189,790	3,092,628
TOTAL LIABILITIES		<u>486,688,663</u>	<u>527,317,564</u>
Equity attributable to the Unitholders		<u>1,370,777,463</u>	<u>1,380,940,252</u>
Units in issue		<u>162,881,100</u>	<u>162,881,100</u>
Equity value per unit in Saudi Riyals – Book value		<u>8.4158</u>	<u>8.4782</u>

The accompanying notes from 1 to 21 form an integral part of this condensed interim financial information.

BONYAN REIT FUND
(Managed by Saudi Fransi Capital Company)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

		<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
	<i>Note</i>	<i>SR</i>	<i>SR</i>
Income from investment properties	15	135,082,861	121,473,956
Operational cost		(52,086,061)	(43,324,837)
		82,996,800	78,149,119
Net unrealised gain on investment at FVTPL, net		1,529	499
Other income		258,909	-
Management fee	14	(3,427,090)	(3,505,429)
Charge for Expected Credit Losses (“ECL”)	9	(849,196)	(191,482)
Finance cost		(13,597,619)	(5,941,421)
Other expenses		(1,095,802)	(983,965)
Amortisation expense on intangibles	10	(503,370)	(239,921)
Depreciation expense on furniture and equipment	11	(367,040)	(414,098)
Depreciation expense on investment properties	12	(21,943,022)	(21,741,904)
Impairment reversal on investment properties	12	3,326,475	26,646,429
		(38,196,226)	(6,371,292)
NET INCOME BEFORE ZAKAT FOR THE PERIOD		44,800,574	71,777,827
Zakat charge for the period		(1,212,600)	(1,189,790)
NET INCOME AFTER ZAKAT FOR THE PERIOD		43,587,974	70,588,037
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		43,587,974	70,588,037
EARNINGS PER UNIT			
Weighted average units in issue		162,881,100	162,881,100
Earnings per unit (Basic and diluted)		0.2676	0.4334

The accompanying notes from 1 to 21 form an integral part of this condensed interim financial information.

BONYAN REIT FUND
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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO UNITHOLDERS (UN-AUDITED)

	<i>For the six-month period ended 30 June 2023 SR</i>	<i>For the six-month period ended 30 June 2022 SR</i>
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE PERIOD	1,380,940,252	1,390,852,977
CHANGES FROM OPERATIONS		
Total comprehensive income for the period	43,587,974	70,588,037
Income distributions during the period (Note 16)	<u>(53,750,763)</u>	<u>(53,750,763)</u>
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE PERIOD	<u>1,370,777,463</u>	<u>1,407,690,251</u>
UNIT TRANSACTIONS		
Transactions in units during the period are summarised as follows:		
	<i>For the six-month period ended 30 June 2023 Units</i>	<i>For the six-month period ended 30 June 2022 Units</i>
UNITS AT THE BEGINNING AND END OF THE PERIOD	<u>162,881,100</u>	<u>162,881,100</u>

The accompanying notes from 1 to 21 form an integral part of this condensed interim financial information.

BONYAN REIT FUND
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CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

		<i>For the six-month period ended 30 June 2023 SR</i>	<i>For the six-month period ended 30 June 2022 SR</i>
	<i>Note</i>		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income before Zakat for the period		44,800,574	71,777,827
<i>Adjustment for:</i>			
Amortization expense on intangibles	10	503,370	239,921
Depreciation expense on furniture and equipment	11	367,040	414,098
Depreciation expense on investment properties	12	21,943,022	21,741,904
Impairment reversal on investment properties	12	(3,326,475)	(26,646,429)
Net unrealised gain on investments at FVTPL, net	8	(1,529)	(499)
Charge for ECL	9	849,196	191,482
Finance cost	13	13,597,619	5,941,421
Operating cash flows before working capital changes		78,732,817	73,659,725
Changes in operating assets			
Rental income receivable		(16,645,574)	(11,114,078)
Prepayment and other assets		(3,004,368)	(5,786,963)
Due from related parties		-	6,229
Changes in operating liabilities			
Deferred rental income		3,390,527	9,220,846
Management fee payable		(148,886)	1,965,989
Accrued expenses and other liabilities		3,133,900	(1,719,166)
Zakat paid		(3,115,438)	(2,369,662)
NET CASH GENERATED FROM OPERATING ACTIVITIES		62,342,978	63,862,920
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition to intangible assets	10	(96,400)	(616,048)
Payments for acquisition to furniture and equipment	11	(3,059,862)	(473,639)
Payments for acquisition to investment properties	12	(13,972,425)	(80,625,000)
Proceeds from disposal of investment properties		97,462,719	-
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES		80,334,032	(81,714,687)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings	13	-	6,100,000
Bank borrowings repaid	13	(46,000,000)	-
Finance cost paid	13	(12,699,223)	(4,499,417)
Dividends paid, net off unclaimed dividend	16	(53,750,763)	(53,750,763)
NET CASH USED IN FINANCING ACTIVITIES		(112,449,986)	(52,150,180)
NET CHANGE IN CASH AND CASH EQUIVALENTS		30,227,024	(70,001,947)
Cash and cash equivalents at the beginning of the period		28,749,389	106,901,780
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	58,976,413	36,899,833

The accompanying notes from 1 to 21 form an integral part of this condensed interim financial information.

BONYAN REIT FUND
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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
For the six-months period ended 30 June 2023

1. THE FUND AND ITS ACTIVITIES

Bonyan REIT Fund (the “REIT” or the “Fund”) is a closed-ended Shariah compliant real estate investment traded fund. The Fund commenced its operations on 3 July 2018. The listing date of the Fund was on 25 July 2018.

The REIT is managed by Saudi Fransi Capital Company (the “Fund Manager”), a Saudi Closed Joint Stock company with Commercial Registration No.1010231217, and a Capital Market Institution licensed by the Capital Market Authority (“CMA”) under license no. 11153-37 dated 30 January 2011.

The REIT is listed on the Saudi Exchange (“Tadawul”) and the units of the REIT are traded on Tadawul in accordance with its rules and regulations. The subscribed units of the REIT amounts to SR 1,628,811,000. The REIT has a term of 99 years, which is extendable on the discretion of the Fund Manager following the approval of the CMA.

The primary investment objective of the REIT is to provide its investors with regular income by investing in income generating real estate assets in Saudi Arabia, United Arab Emirates and globally, provided that the Fund’s investments outside Saudi Arabia do not exceed 25% of Fund’s assets. In addition to this, the Fund may also opportunistically invest in real estate development projects, provided that the Fund invests at least 75% of the assets of the Fund in income generating real estate assets and that the Fund does not invest in white lands.

The terms and conditions of the REIT were approved by CMA on 4 Rajab 1439H (corresponding to 21 March 2018). The terms and conditions were updated on 27 Rajab 1443H (corresponding to 28 February 2022).

AlBilad Investment Company is the Custodian for the Fund.

2. REGULATORY AUTHORITY

The Fund is governed by the Real Estate Investment Fund Regulations (“REIFR”) (the “Regulations”) issued by the Board of CMA dated 19/6/1427 corresponding to 15/7/2006 Amended by the Board of CMA dated 12/7/1442H Corresponding to 24/2/2021G effective from 19/9/1442H (corresponding 1/5/2021) the New Regulations (“Amended Regulations”) published by CMA on 19/7/1442H (corresponding to 1/3/2021) detailing requirements for all type of real estate funds and traded real estate funds within the Kingdom of Saudi Arabia.

3. BASIS OF PREPARATION

3.1 STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

This condensed interim financial information does not include all the information and disclosures required in the annual financial statements, therefore, this should be read in conjunction with the Fund’s annual audited financial statements as at and for the year ended 31 December 2022. The results for the six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

Assets and liabilities in the condensed interim statement of financial position are presented in the order of liquidity.

3.2 BASIS OF MEASUREMENT

This condensed interim financial information is prepared under the historical cost convention, using the accrual basis of accounting except for investment held at fair value through profit or loss (FVTPL) that are measured at fair value.

3. BASIS OF PREPARATION (CONTINUED)

3.3 FUNCTIONAL CURRENCY

This condensed interim financial information is presented in Saudi Riyal (“SR”), which is the Fund’s functional and presentation currency.

4. ACCOUNTING AND RISK MANAGEMENT POLICIES

The accounting and risk management policies used in the preparation of this condensed interim financial information is consistent with those used and disclosed in the financial statements for the year ended 31 December 2022.

5. ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The accounting estimates used in the preparation of this condensed interim financial information is consistent with those used and disclosed in the financial statements for the year ended 31 December 2022.

Going concern

The Fund Manager made an assessment of the Fund’s ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt about the Fund’s ability to continue as a going concern. Therefore, this condensed interim financial information continue to be prepared on the going concern basis.

6. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

New standards, interpretations and amendments adopted by the Fund

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after 1 January 2023. Fund Manager has assessed that the amendments have no impact on the Fund’s financial statements.

- IFRS 17, ‘Insurance contracts’ – This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts.
- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 - The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction - requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
- Amendment to IAS 12 - International tax reform - pillar two model rules - These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

New Standards, interpretations and amendments not yet effective and not early adopted

The listing of standards and interpretations issued which are applicable at a future date are as follows. The Fund intends to adopt these standards when they become effective. These amendments and standards are not expected to have any impact on the financial statements of the Fund.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
For the six-months period ended 30 June 2023

6. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)

New Standards, interpretations and amendments not yet effective and not early adopted (continued)

Standard/ Interpretation	Description	Effective from periods beginning on or after
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	1 January 2024
IFRS S1, 'General requirements for disclosure of sustainability-related financial information'	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	1 January 2024 subject to endorsement from SOCPA
IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	1 January 2024 subject to endorsement from SOCPA

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
For the six-months period ended 30 June 2023

7. CASH AND CASH EQUIVALENTS

	<i>30 June 2023 (Un-Audited) SR</i>	<i>31 December 2022 (Audited) SR</i>
Bank balance	58,934,913	28,707,889
Cash in hand	41,500	41,500
	58,976,413	28,749,389

The management has conducted a review as required under IFRS 9 and based on such an assessment, the effect of expected credit loss against the carrying value of cash and cash equivalents is insignificant as the balances are held with investment grade credit rated financial institutions and therefore has not been recognised in this condensed interim financial information.

8. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Investments as at the reporting date comprise of investments in mutual funds.

	<i>30 June 2023 (Un-Audited) SR</i>	<i>31 December 2022 (Audited) SR</i>
Financial assets measured at fair value through profit or loss (FVTPL)		
Al Badr Murabaha Fund	3,037	2,972
Riyadh SAR Trade Fund	73,656	72,192
	76,693	75,164

The following is the movement in investments during the period / year;

	<i>30 June 2023 (Un-Audited) SR</i>	<i>31 December 2022 (Audited) SR</i>
Carrying amount:		
At beginning of the period / year	75,164	73,669
Unrealized gain on FVTPL investments for the period / year	1,529	1,495
	76,693	75,164

As at 30 June 2023, Bonyan REIT Fund has an investment of 184 units (31 December 2022: 184 units) in Al Badr Murabaha Fund and 32 units (31 December 2022: 32 units) in Riyadh SAR Trade Fund.

Bonyan REIT Fund and Al Badr Murabaha Fund are managed by same Fund Manager i.e., Saudi Fransi Capital Company.

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(Managed by Saudi Fransi Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the six-months period ended 30 June 2023

9. RENTAL INCOME RECEIVABLE, NET

Rental income receivable comprised of the following:

	<i>30 June 2023 (Un-Audited) SR</i>	<i>31 December 2022 (Audited) SR</i>
Rental income receivable	146,304,292	129,658,718
Less: Allowance for expected credit losses	(15,018,891)	(14,169,695)
	<u>131,285,401</u>	<u>115,489,023</u>

The movement in allowance for expected credit losses is as follows:

	<i>30 June 2023 (Un-Audited) SR</i>	<i>31 December 2022 (Audited) SR</i>
Opening balance	14,169,695	8,786,640
Charged during the period / year	849,196	5,383,055
Closing balance	<u>15,018,891</u>	<u>14,169,695</u>

Below is the aging analysis of gross rental income receivables:

	<i>30 June 2023 (Un-Audited) SR</i>	<i>31 December 2022 (Audited) SR</i>
0-30 days	35,074,552	34,571,482
3-12 months	26,076,149	15,260,053
Over 365 days	85,153,591	79,827,183
Balance at the end of the period / year	<u>146,304,292</u>	<u>129,658,718</u>

10. INTANGIBLE ASSETS, NET

	<i>30 June 2023 (Un-Audited) SR</i>	<i>31 December 2022 (Audited) SR</i>
Cost		
Balance at the beginning of the period / year	4,049,770	2,139,026
Additions during the period / year	96,400	1,910,744
Balance at the end of the period / year	<u>4,146,170</u>	<u>4,049,770</u>
Accumulated amortisation		
Balance at the beginning of the period / year	(1,463,867)	(687,051)
Charged during the period / year	(503,370)	(776,816)
Balance at the end of the period / year	<u>(1,967,237)</u>	<u>(1,463,867)</u>
Net book value at the end of the period / year	<u>2,178,933</u>	<u>2,585,903</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the six-months period ended 30 June 2023

11. FURNITURE AND EQUIPMENT, NET

	<i>30 June 2023 (Un-Audited)</i>		
	<i>Furniture and Equipment SR</i>	<i>Capital work in progress SR</i>	<i>Total SR</i>
<u>Cost</u>			
Balance at the beginning of the period	15,065,047	-	15,065,047
Additions during the period	3,059,862	-	3,059,862
Balance at the end of the period	<u>18,124,909</u>	-	<u>18,124,909</u>
Accumulated depreciation			
Balance at the beginning of the period	(10,855,277)	-	(10,855,277)
Charged during the period	(367,040)	-	(367,040)
Balance at the end of the period	<u>(11,222,317)</u>	-	<u>(11,222,317)</u>
Net book value at the end of the period	<u>6,902,592</u>	-	<u>6,902,592</u>
	<i>31 December 2022 (Audited)</i>		
	<i>Furniture and Equipment SR</i>	<i>Capital work in progress SR</i>	<i>Total SR</i>
<u>Cost</u>			
Balance at the beginning of the year	13,227,307	61,625	13,288,932
Additions during the year	2,790,888	-	2,790,888
Write off	(953,148)	-	(953,148)
Transfer from capital work in progress	-	(61,625)	(61,625)
Balance at the end of the year	<u>15,065,047</u>	-	<u>15,065,047</u>
Accumulated depreciation			
Balance at the beginning of the year	(10,967,844)	-	(10,967,844)
Charged during the year	(840,581)	-	(840,581)
Reversal of accumulated depreciation due to fixed asset write off	953,148	-	953,148
Balance at the end of the year	<u>(10,855,277)</u>	-	<u>(10,855,277)</u>
Net book value at the end of the year	<u>4,209,770</u>	-	<u>4,209,770</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the six-months period ended 30 June 2023

12. INVESTMENT PROPERTIES, NET

	<i>30 June 2023 (Un-Audited)</i>		
	<i>Land SR</i>	<i>Building SR</i>	<i>Total SR</i>
Cost			
At the beginning of the period	309,288,820	1,677,016,972	1,986,305,792
Additions during the period	-	13,972,425	13,972,425
Disposal during the period	-	(107,285,246)	(107,285,246)
Balance at the end of the period	<u>309,288,820</u>	<u>1,583,704,151</u>	<u>1,892,992,971</u>
Accumulated depreciation			
At the beginning of the period	-	(191,021,134)	(191,021,134)
Charge during the period	-	(21,943,022)	(21,943,022)
Disposal during the period	-	9,822,527	9,822,527
Balance at the end of the period	-	<u>(203,141,629)</u>	<u>(203,141,629)</u>
Accumulated impairment			
At the beginning of the period	-	(56,491,554)	(56,491,554)
Reversal of impairment during the period	-	3,326,475	3,326,475
Balance at the end of the period	-	<u>(53,165,079)</u>	<u>(53,165,079)</u>
Net book value at the end of the period	<u>309,288,820</u>	<u>1,327,397,443</u>	<u>1,636,686,263</u>
	<i>31 December 2022 (Audited)</i>		
	<i>Land SR</i>	<i>Building SR</i>	<i>Total SR</i>
Cost			
At the beginning of the year	279,322,980	1,628,172,494	1,907,495,474
Additions during the year	29,965,840	52,972,656	82,938,496
Disposal during the year	-	(4,189,803)	(4,189,803)
Transfer from capital work in progress	-	61,625	61,625
Balance at the end of the year	<u>309,288,820</u>	<u>1,677,016,972</u>	<u>1,986,305,792</u>
Accumulated depreciation			
At the beginning of the year	-	(146,803,931)	(146,803,931)
Charge during the year	-	(44,217,203)	(44,217,203)
At the end of the year	-	<u>(191,021,134)</u>	<u>(191,021,134)</u>
Accumulated impairment			
At the beginning of the year	-	(75,784,004)	(75,784,004)
Reversal during the year	-	19,292,450	19,292,450
Balance at the end of the year	-	<u>(56,491,554)</u>	<u>(56,491,554)</u>
Net book value at the end of the year	<u>309,288,820</u>	<u>1,429,504,284</u>	<u>1,738,793,104</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the six-months period ended 30 June 2023

12. INVESTMENT PROPERTIES (CONTINUED)

The investment properties represent following twelve properties namely:

- The Al Rashid Mega Mall investment, a freehold property acquired by the Fund, is located in Madinah and is classified as in the Commercial sector.
- The Al Rashid Mall - Abha investment, a leasehold property acquired by the Fund under a 20-year usufruct agreement, is located in Abha and is classified as in the Commercial sector. The Fund has the right to purchase this property outright within 5 years from the signing date of the usufruct agreement for a consideration of SR 110 million. The right of use under the usufruct agreement meets the definition of investment property and therefore the right of use is classified as investment property.
- The Al Rashid Mall - Jazan, a freehold property acquired by the Fund, investment is located in Jazan and is classified as in the Commercial sector.
- The Al Rashid Strip Mall investment, a freehold property acquired by the Fund, is located in Riyadh and is classified as in the Commercial sector.
- The Courtyard Marriott Hotel investment, a freehold property acquired by the Fund, is located in Jazan and is classified as in the Four Star Hotel sector.
- The Residence Inn by Marriott investment, a freehold property acquired by the Fund, is located in Jazan and is classified as in the Four Star Apartment Hotel sector.
- Marriott Executive Apartments investment, a freehold property acquired by the Fund, is located in Madinah and is classified as in the Five Star Apartment Hotel sector.
- The Citywalk Residential Building investment, a freehold property acquired by the Fund, is located in Dubai and is classified as in the Residential sector.
- The Al Rafiah Village investment, a freehold property acquired by the Fund, is located in Riyadh and is classified as in the Residential sector.
- The Al Maather Villas Complex investment, a freehold property acquired by the Fund, is located in Riyadh and is classified as in the Residential sector.
- The Sahafa Office Tower, a freehold property acquired by the Fund in April 2021 and is located in Sahafa District on al-Olaya Street in Riyadh and is classified in the Office sector.
- The Ghadeer Office Tower, a freehold property acquired by the Fund in January 2022 is located in Al-Ghadeer District on Al Sail Al Kabeer Road in Riyadh as is classified as in Office sector.

The investment properties are held in the name of "Bonyan Real Estate Fund Company" ("Special Purpose Vehicle - SPV") which is owned by the AlBilad Investment Company ("Custodian of the Fund"). The properties are held by the SPV on behalf of the Fund.

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13. BANK BORROWING

	<i>30 June 2023 (Un-Audited) SR</i>	<i>31 December 2022 (Audited) SR</i>
Borrowings		
Balance at beginning the of the period / year	385,760,000	379,660,000
Addition during the period / year	-	6,100,000
Paid during the period / year	(46,000,000)	-
Balance at the end of the period / year	339,760,000	385,760,000
Accrued finance cost		
Balance at the beginning of the period / year	194,963	2,212,420
Charge for the period / year	13,597,619	15,581,777
Paid during the period / year	(12,699,223)	(17,599,234)
	1,093,359	194,963
Net book value	340,853,359	385,954,963

The borrowings from bank represents Islamic financing obtained from a local bank (ANB). The Fund obtained financing at Saudi Interbank Offer Rate (“SIBOR”) plus agreed spread. The profit mark-up / bank commission is payable on semi-annual basis and the principal is due for payment as one bullet payment during April 2025.

The title deed of following properties has been mortgaged and is being held as a collateral against the bank borrowing:

- Al Rashid Mall – Jazan;
- The Courtyard Marriott Hotel - Jazan;
- The Residence Inn by Marriott - Jazan;
- Al Rashid Mega Mall - Madinah;
- Marriott Executive Apartments – Madinah; and
- Al Rafiah Village – Riyadh.

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14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties include Saudi Fransi Capital (“the Fund Manager”), Banque Saudi Fransi (the “Bank” and a shareholder of the Fund Manager), Saudi Bonyan Company (being the property manager of the investment properties), the Funds’ Board of Directors and affiliates of the Fund Manager. The Fund is managed by the Fund Manager and the Unitholders of the Fund, including Abdul Rahman Saad Al Rashid & Sons Company (being a substantial unitholder).

In the ordinary course of its activities, the Fund transacts business with related parties.

Transactions with related parties during the periods and balances are as follows:

<i>Related Party</i>	<i>Nature of transaction</i>	<i>Amount of transactions</i>		<i>Balances receivables / (payables)</i>	
		<i>For the period ended 30 June 2023</i>	<i>For the period ended 30 June 2022</i>	<i>30 June 2023</i>	<i>31 December 2022</i>
		<i>SR</i>	<i>SR</i>	<i>(Un-audited) SR</i>	<i>(Audited) SR</i>
Saudi Fransi Capital (Fund manager)	Asset management fees (Refer note “b” below)	(3,427,090)	(3,505,429)	(3,423,641)	(3,572,527)
Banque Saudi Fransi	Cash and cash equivalents	-	-	-	13,398,735
	Dividend distribution charges	-	(36,035)	-	-
Board of Directors	Board fees to independent board members	(100,000)	(100,000)	(100,000)	(180,000)
Al Badr Murabaha Fund (Managed by Fund Manager)	Investments (Refer note “b” below)	-	-	3,037	2,972
	Unrealised gain on investments measured at FVTPL	65	45		-
Saudi Bonyan Company	Property Management Fees	(5,147,934)	(5,173,842)	(79,508)	(3,671,356)
	Property Operating Expenses	(52,086,061)	(26,867,661)	(2,377,928)	(10,422,422)
	Cash collected against old rental receivables	-	205,406	-	-

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14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (CONTINUED)

- (a) As per the terms and conditions of the Fund, the Fund is liable to pay the Fund Manager a management fee being 0.5% plus applicable taxes of the net asset value of the Fund. The fee is payable on a quarterly basis.
- (b) As at 30 June 2023, the Fund has an investment of 184 (31 December 2022: 184 units) in Al Badr Murabaha Fund. The Fund and Al Badr Murabaha Fund are managed by same Fund Manager i.e., Saudi Fransi Capital Company.

15. INCOME FROM INVESTMENT PROPERTIES, NET

	<i>For the six-month period ended 30 June 2023 (Un-Audited) SR</i>	<i>For the six-month period ended 30 June 2022 (Un-Audited) SR</i>
Income from investment properties		
Lease rental income on investment properties excluding hotels	107,991,088	102,005,310
Revenue from hotel services	20,337,966	15,122,200
Other income – ancillary services	6,753,807	4,346,446
	135,082,861	121,473,956
Operational costs for investment properties	(52,086,061)	(43,324,837)
Net income from investment properties	82,996,800	78,149,119

Revenue from hotel services comprises revenue from rooms, food and beverages and other associated services provided.

Other income (ancillary services) comprises of service charges and recovery of utility charges from the tenants of commercial properties (malls).

Future rental commitments (to be received) at period end, under the operating leases is as follows:

	<i>30 June 2023 (Un-Audited)</i>	<i>31 December 2022 (Audited)</i>
Not later than one year	117,643,248	139,111,472
Later than one year and less than five years	309,416,449	341,903,391
Later than five years	197,524,547	218,414,131
	624,584,244	699,428,994

16. DIVIDEND DISTRIBUTION

In accordance with the approved terms and conditions of the Fund, on 31 May 2023, the Fund's Board of Directors approved to distribute dividends with regards to period from 1 November 2022 till 30 April 2023 amounting to SR 0.33 per unit which amounted to SR 53.75 million (2022: 0.33 per unit amounting to SR 53.75 million).

17. FAIR VALUE OF ASSETS AND LIABILITIES

Determination of fair value and fair value hierarchy

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability the principal or the most advantageous market must be accessible to the Fund.

The Fund uses the following hierarchy for determining and disclosing the fair value of its assets and liabilities:

Level 1: quoted market price: financial instruments with quoted unadjusted prices for identical instruments in active markets.

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data.

Level 3: valuation techniques for which any significant input is not based on observable market data.

The Fund's financial assets consist of bank balances, investments measured at FVTPL, due from related parties, prepayment and other assets and rental income receivable, net. The Fund's financial liabilities consist of deferred rental income, management fees payable, bank borrowings and accrued expenses and other liabilities.

The following table shows the carrying amount and fair values of assets and liabilities, including their levels in the fair value hierarchy for assets that are measured at fair value. It does not include fair value information for financial assets and financial liabilities that are not measured at fair value and then carrying amount is a reasonable approximation of fair value.

	<i>Carrying value</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
30 June 2023 (Un-Audited)					
Financial assets measured at FVTPL	76,693	-	76,693	-	76,693
Investment properties, net	1,636,686,263	-	-	2,063,580,684	2,063,580,684
	1,636,762,956	-	76,693	2,063,580,684	2,063,657,377
31 December 2022 (Audited)					
Financial assets measured at FVTPL	75,164	-	75,164	-	75,164
Investment properties, net	1,738,793,104	-	-	2,163,638,442	2,163,638,442
	1,738,868,268	-	75,164	2,163,638,442	2,163,713,606

The fair value of all other financial assets and liabilities approximately equals their carrying value due to short term nature of the said financial assets and liability.

During the six-month period ended 30 June 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements.

The Fund will monitor the fair value on a regular basis.

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18. EFFECT OF NET ASSET VALUE IF INVESTMENT PROPERTIES ARE FAIR VALUED

In accordance with Article 22 of the Real Estate Investment Funds Regulations issued by CMA in the Kingdom of Saudi Arabia, the Fund Manager evaluates the Fund's assets based on an average of two evaluations prepared by independent valuers. As set out in the terms and conditions of the Fund, the net asset values declared are based on the market value obtained. However, in accordance with International Accounting Standards 40 ("IAS 40") the Fund opted to use the cost method wherein investment properties are carried at cost less accumulated depreciation and impairment, if any, in this financial information. Accordingly, the fair value below is disclosed for information purposes and has not been accounted for in the Fund's books.

The valuation of the investment properties (the "properties") is carried out by ValuStrat Consulting Company and Saudi Asset Valuation Company. These two valuers are licensed by the Saudi Authority for Accredited Valuers ("TAQEEM"). The Fund Manager has used the average of the two valuations for the purposes of disclosing the fair value of the properties. The properties were valued taking into consideration of a number of factors, including the area and type of properties, and valuation techniques using significant unobservable inputs, including the land plus cost method, residual value method and the discounted cash flow method.

Below is the fair valuation of the investment properties by the two valuers:

	<u>First Appraiser</u>	<u>Second Appraiser</u>	<u>Average</u>
30 June 2023 (Un-Audited)			
Investment properties	1,841,292,124	2,285,869,244	2,063,580,684
31 December 2022 (Audited)			
Investment properties	1,968,080,322	2,359,196,562	2,163,638,442

Below is an analysis of the properties fair value versus cost:

	<u>30 June 2023 (Un-Audited)</u>	<u>31 December 2022 (Audited)</u>
Estimated average fair value of investment properties	2,063,580,684	2,163,638,442
Book value of investment properties	(1,636,686,263)	(1,738,793,104)
Estimated fair value in excess of book value	426,894,421	424,845,338
Units in issue (numbers)	162,881,100	162,881,100
Value per unit relating to excess of estimated fair value over book value of investment properties	2.6208	2.6083
Equity value		
	<u>30 June 2023 (Un-Audited)</u>	<u>31 December 2022 (Audited)</u>
Equity value as per the condensed interim statement financial position	1,370,777,463	1,380,940,252
Estimated fair value in excess of book value of investment properties	426,894,421	424,845,338
Equity value based on fair valuation of investment properties	1,797,671,884	1,805,785,590
Equity value per unit		
Equity value per unit as per the condensed interim statement financial position	8.4158	8.4782
Estimated fair value in excess of book value of investment properties	2.6208	2.6083
Equity value per unit based on fair valuation of investment properties	11.0366	11.0865

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19. SEGMENT INFORMATION

The Fund's primary business is conducted in Saudi Arabia and the United Arab Emirates. The Funds reportable segment under IFRS 8 – Operating Segments are as follows;

Commercial Centers: This includes unit of investment properties such as malls.

Residential: This includes units of private houses such as individual apartments.

Hospitality: This includes hospitality service providing entity, which is related to Marriot properties.

Office: This includes rental of office space, which is related to Al Ghadeer & Al Sahafa office buildings.

The Fund's total assets, Investment properties and liabilities as at 30 June 2023 and 31 December 2022, its total operating income and expense, and the results for the six-month period ended, by operating segment, are as follows:

	<i>30 June 2023 (Un-Audited)</i>					
	<i>Commercial Centres</i>	<i>Residential</i>	<i>Hospitality</i>	<i>Office</i>	<i>Others</i>	<i>Total</i>
Total assets	1,020,938,671	302,481,166	256,339,804	197,815,808	79,890,677	1,857,466,126
Investment properties	959,621,821	309,865,287	185,080,871	182,118,283	-	1,636,686,263
Total liabilities	152,220,283	22,134,329	24,419,447	5,756,100	282,158,504	486,688,663
Total operating income	54,754,194	16,431,008	6,187,077	5,597,087	287,871	83,257,238
Total expense	14,790,809	7,637,320	(3,478,748)	631,629	18,615,216	38,196,226
Net income / (loss) for the period before zakat and tax	39,702,948	8,793,688	9,665,825	4,965,458	(18,327,345)	44,800,574
	<i>31 December 2022 (Audited)</i>					
	<i>Commercial Centres</i>	<i>Residential</i>	<i>Hospitality</i>	<i>Office</i>	<i>Others</i>	<i>Total</i>
Total assets	1,020,646,368	394,063,541	242,485,884	194,808,265	56,253,758	1,908,257,816
Investment properties	960,753,918	415,164,456	180,100,458	182,774,272	-	1,738,793,104
Total liabilities	144,078,383	15,410,014	22,501,511	5,113,262	340,214,394	527,317,564
	<i>30 June 2022 (Un-Audited)</i>					
	<i>Commercial Centres</i>	<i>Residential</i>	<i>Hospitality</i>	<i>Office</i>	<i>Others</i>	<i>Total</i>
Total operating income	59,359,152	10,698,627	2,822,670	-	5,268,171	78,148,620
Total expense	-	-	114,852	-	6,256,440	6,371,292
Net income / (loss) for the period before zakat and tax	59,359,651	10,698,627	2,707,818	-	(988,269)	71,777,827

20. LAST VALUATION DAY

The last valuation day for the purpose of preparation of this condensed interim financial information for the six-month period ended was 30 June 2023 (2022: 31 December 2022).

21. APPROVAL OF THE CONDENSED INTERIM FINANCIAL INFORMATION

This condensed interim financial information was approved and authorised for issue by the Fund Board on Muharram 23, 1445 (corresponding to August 10, 2023).