BONYAN REIT FUND

A Real Estate Investments Traded Fund
(Closed-Ended Fund)
(Managed by Saudi Fransi Capital Company)

FINANCIAL STATEMENTS
TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

Index	**Page**

Independent auditor's report to the Unitholders and Fund Manager of Bonyan REIT Fund

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bonyan REIT Fund (the "Fund") as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity attributable to the Unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund and Fund Manager in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Our audit approach

Overview

Key Audit Matters	Valuation of investment properties

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where Fund Manager made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Fund, the accounting processes and controls, and the industry in which the Fund operates.

Independent auditor's report to the Unitholders and Fund Manager of Bonyan REIT Fund (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Valuation of investment properties As at 31 December 2023, the carrying value of the Fund's investment properties, net were SR 1,359.8 million. The investment properties are stated at cost less accumulated depreciation and accumulated impairment, if any. The fair value of the investment properties is provided as a disclosure. For assessing the impairment of investment properties and to provide fair values for the required disclosure, the Fund manager engages two independent external certified property valuers to perform a valuation of the Fund's investment properties on a semi-annual basis. We considered this as a key audit matter as the external valuation used for the impairment assessment and disclosure requires significant assumptions and judgments and the potential impact of impairment if any, could be material to the financial statements. Refer to Note 4 and Note 5 to the accompanying financial statements for accounting policy of investment properties and accounting judgments, and Note 12 and Note 22 for related disclosure of investment properties.	We have carried out the following audit procedures: • We obtained the valuation reports prepared by the two external valuers as at 31 December 2023 and assessed the recoverable amount of investment properties; • We assessed the qualification and expertise of external valuers appointed by the Fund for the valuation of the investment properties; • We assessed the independence of the external valuers and read their terms of engagement with the Fund to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work; • We carried out procedures to consider the accuracy of information supplied to the external valuers by Fund Manager; • We involved our experts to assist us in assessing the reasonableness of the valuation methodology, assumptions and estimates used in deriving the valuation, on a sample basis; • We reconciled the average fair value of the investment properties as appearing in Note 22 of the accompanying financial statements to the external valuers' report; and • We assessed the adequacy of disclosures included in the financial statements.

Other information

Fund Manager is responsible for the other information. The other information comprises the information included in the Fund's Annual Report, but does not include the financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

Independent auditor's report to the Unitholders and Fund Manager of Bonyan REIT Fund (continued)

Other information (continued)

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Fund's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Fund Manager and those charged with governance for the financial statements

Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable provisions of the Real Estate Investment Funds Regulations issued by the Capital Market Authority, the Fund's terms and conditions, and for such internal control as Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Fund Board, is responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditor's report to the Unitholders and Fund Manager of Bonyan REIT Fund (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fund Manager's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Fund Manager.
- Conclude on the appropriateness of Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

Bader I. Benmohareb
License Number 471

31 March 2024

	Notes	As at 31 December 2023 SR	As at 31 December 2022 Restated (Note 24) SR	As at 1 January 2022 Restated (Note 24) SR
ASSETS				
Cash and cash equivalents	6	**55,801,228**	28,749,389	106,901,780
Murabaha deposits		**30,683,679**	-	-
Investments measured at fair value through profit or loss ("FVTPL")	7	**78,485**	75,164	73,669
Rental income receivable, net	8	**64,089,785**	115,489,023	82,531,646
Due from a related party		**-**	-	6,229
Prepayment and other assets	9	**16,929,154**	18,355,463	12,584,776
Intangible assets, net	10	**4,116,153**	2,585,903	1,451,975
Property and equipment, net	11	**213,828,521**	186,101,847	184,379,832
Investment properties, net	12	**1,359,834,124**	1,556,901,027	1,502,848,797
TOTAL ASSETS		**1,745,361,129**	1,908,257,816	1,890,778,704
LIABILITIES				
Bank borrowings	13	**240,442,650**	385,954,963	381,872,420
Deferred rental income		**66,888,203**	69,826,830	73,135,881
Management fee payable	14	**3,541,269**	3,572,527	2,065,155
Accrued expenses and other liabilities	15	**50,148,906**	64,870,616	40,472,691
Provision for Zakat	18	**-**	3,092,628	2,379,580
TOTAL LIABILITIES		**361,021,028**	527,317,564	499,925,727
Equity attributable to the Unitholders		**1,384,340,101**	1,380,940,252	1,390,852,977
Units in issue		**162,881,100**	162,881,100	162,881,100
Equity value per unit in Saudi Riyals – Book value	22	**8.4991**	8.4782	8.5391

The accompanying notes 1 to 26 form an integral part of these financial statements.

	Notes	For the year ended 31 December 2023 SR	For the year ended 31 December 2022 Restated (Note 24) SR
Income:			
Income from properties	16	**269,178,527**	246,681,958
Net gain on investments measured at FVTPL, net	7	**3,321**	1,495
Other income		**585,563**	533,974
		269,767,411	247,217,427
Expenses:			
Property management expenses	17.1	**(99,405,933)**	(89,908,970)
Management fee	14	**(6,968,444)**	(7,077,954)
Allowance for Expected Credit Losses ("ECL")	8	**(3,871,504)**	(5,383,055)
Other expenses	17.2	**(1,816,301)**	(2,061,128)
Depreciation of property and equipment	11	**(4,804,312)**	(4,266,349)
Amortisation of intangibles	10	**(1,270,205)**	(776,816)
Depreciation of investment properties	12	**(39,824,248)**	(40,791,435)
Reversal of impairment loss on investment properties	12	**12,689,278**	16,033,347
Reversal of impairment loss on property and equipment	11	**8,380,574**	3,259,103
		(136,891,095)	(130,973,257)
PROFIT BEFORE FINANCE COST		**132,876,316**	116,244,170
Profit on murabaha deposits		**971,718**	-
Finance cost	13	**(22,923,849)**	(15,581,777)
Net finance cost		**(21,952,131)**	(15,581,777)
NET INCOME BEFORE ZAKAT FOR THE YEAR		**110,924,185**	100,662,393
Zakat charge during the year	18	**(22,810)**	(3,082,711)
NET INCOME AFTER ZAKAT FOR THE YEAR		**110,901,375**	97,579,682
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**110,901,375**	97,579,682
EARNINGS PER UNIT			
Weighted average number of units in issue		**162,881,100**	162,881,100
Earnings per unit (basic and diluted)		**0.6809**	0.5990

The accompanying notes 1 to 26 form an integral part of these financial statements.

	For the year ended 31 December 2023 SR	*For the year ended 31 December 2022 SR*
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE YEAR	**1,380,940,252**	1,390,852,977
CHANGES FROM OPERATIONS		
Total comprehensive income for the year	**110,901,375**	97,579,682
Income distributions during the year (Note 20)	**(107,501,526)**	(107,492,407)
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE YEAR	**1,384,340,101**	1,380,940,252

UNIT TRANSACTIONS

Transactions in units during the year are summarised as follows:

	For the year ended 31 December 2023 Units	*For the year ended 31 December 2022 Units*
UNITS AT THE START AND END OF THE YEAR	**162,881,100**	162,881,100

STATEMENT OF CASH FLOWS

	Notes	For the year ended 31 December 2023 SR	For the year ended 31 December 2022 Restated (Note 24) SR
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income before Zakat for the year		**110,924,185**	100,662,393
Adjustment for:			
Depreciation expense on property and equipment	11	**4,804,312**	4,266,349
Amortisation expense on intangibles	10	**1,270,205**	776,816
Depreciation expense on investment properties	12	**39,824,248**	40,791,435
Reversal of impairment loss on investment properties	12	**(12,689,278)**	(16,033,347)
Reversal of impairment loss on property and equipment	11	**(8,380,574)**	(3,259,103)
Gain on disposal of investment properties	16	**(26,100,204)**	-
Net gain on investment at FVTPL, net	7	**(3,321)**	(1,495)
Allowance for ECL	8	**3,871,504**	5,383,055
Finance cost	13	**22,923,849**	15,581,777
Operating cash flows before working capital changes		**136,444,926**	148,167,880
Changes in operating assets			
Rental income receivable		**47,527,734**	(38,340,432)
Prepayment and other assets		**1,426,309**	(5,770,685)
Due from related parties		**-**	6,229
Changes in operating liabilities			
Deferred rental income		**(2,938,627)**	(3,309,051)
Management fee payable		**(31,258)**	1,507,372
Accrued expenses and other liabilities		**(14,721,710)**	24,397,925
Zakat paid	18	**(3,115,438)**	(2,369,663)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**164,591,936**	124,289,575
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of intangible assets		**(2,800,455)**	(1,910,744)
Payments for acquisition of property and equipment		**(24,150,412)**	(2,790,888)
Payments for acquisition of investment properties		**(16,808,231)**	(82,938,496)
Proceeds from sale of investment properties		**212,840,368**	4,189,803
Murabaha deposit placements		**(30,683,679)**	-
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES		**138,397,591**	(83,450,325)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings	13	**-**	6,100,000
Bank borrowings repaid	13	**(145,500,000)**	-
Finance cost paid	13	**(22,936,162)**	(17,599,234)
Dividend paid, net of unclaimed dividend	20	**(107,501,526)**	(107,492,407)
NET CASH USED IN FINANCING ACTIVITIES		**(275,937,688)**	(118,991,641)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**27,051,839**	(78,152,391)
Cash and cash equivalents at the beginning of the year		**28,749,389**	106,901,780
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	**55,801,228**	28,749,389

The accompanying notes 1 to 26 form an integral part of these financial statements.

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 is 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 162,881,100 units. The REIT has a term of 99 years, which is extendable at the discretion of the Fund Manager following the approval of 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 Fund distributes 90% of the income to its unitholders annually. In case of losses, no distribution is required.

The terms and conditions of the Fund have been approved by the CMA on 12 Sha'aban 1438H (corresponding to 8 May 2017). The terms and conditions have been updated on 15 Rabi' II 1445H (corresponding to 30 October 2023).

AlBilad Investment Company is the Custodian of 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 to 1/5/2021) the New Regulations ("Amended Regulations") published by the 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

These financial statements have been prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organisation for Chartered and Professional Accountants ("SOCPA"). Assets and liabilities in the statement of financial position are presented in the of liquidity.

An analysis in respect of recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 19.

3.2 Basis of measurement

These financial statements have been prepared on a historical cost basis, using the accruals basis of accounting, except for investments held at fair value through profit or loss ("FVTPL") that are measured at fair value.

3.3 Functional and presentation currency

These financial statements have been presented in Saudi Arabian Riyal ("SR"), which is also the functional currency of the Fund. All financial information presented has been rounded to the nearest Saudi Riyal ("SR").

4. MATERIAL ACCOUNTING POLICIES

The material accounting policies used in the preparation of these financial statements are stated below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Cash and cash equivalents

Cash and cash equivalents for the statement of financial position comprise cash in hand and bank balances and are available for use by the Fund unless otherwise stated.

Cash and cash equivalents for the statement of cash flows comprise cash in hand and bank balances and Murabaha deposits with original maturities less than 90 days.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition

The Fund records financial asset or a financial liability in its statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument.

At initial recognition, financial assets or financial liabilities are measured at their fair value. In the case of financial assets or financial liabilities not at fair value through profit or loss, its fair value less transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability is the initial recognition amount. In case of financial assets and financial liabilities at FVTPL, the transactions cost is expensed in statement of comprehensive income.

Classification

The Fund classifies its financial assets under the following categories:
- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); and
- Amortised cost.

These classifications are on the basis of business model of the Fund for managing the financial assets, and contractual cash flow characteristics.

The Fund measures financial assets at amortised cost when it is within the business model to hold assets in order to collect contractual cash flows, and contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Any income generated from these financial assets is recognized using effective interest method.

For assets measured at fair value, gains and losses will either be recorded in either profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the Fund has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Fund classifies all financial liabilities as subsequently measured at amortised cost except for financial liabilities at fair value through profit or loss.

The undiscounted amount of the financial liabilities appearing in statement of financial position approximates their carrying values at the reporting date due to short duration except for borrowings from bank, which have been measured at amortised cost.

Currently cash and cash equivalent, Murabaha deposits, rental income receivable, other assets, management fee payable, accrued expenses and other liabilities and bank borrowings are carried at amortised cost.

Derecognition of financial instruments

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Fund's statement of financial position) when:
- The rights to receive cash flows from the asset have expired; or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Derecognition of financial instruments (continued)

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of the Fund's continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liabilities are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Impairment of financial assets

The Fund assesses on a forward-looking basis the expected credit losses ("ECL") associated with its financial assets, carried at amortised cost and FVOCI, the ECL is based on a 12-month ECL and lifetime ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilise the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Fair value measurement (continued)

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Fund analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Fund's accounting policies.

The Fund also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed are discussed in Note 21.

Investment properties

Investment properties are real estate that are held for capital appreciation and/or rental yields are recorded as investment properties. Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed using the straight-line method. The cost less residual value of investment property is depreciated over its estimated useful life. Any capital expenditure incurred post-acquisition on investment properties is depreciated on straight line basis over its estimated useful life.

The carrying values of investment properties are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Property and equipment

Property and equipment are initially recognised at acquisition cost, including any costs directly attributable to bring the assets to the location and condition necessary for it to be capable of operating in a manner intended by the Fund. Property and equipment are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

Acquisition cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment arc required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss either within other income or other expenses.

The residual values, useful lives, and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property and equipment include land and buildings, furniture and equipment comprising air conditioners, computers and printers, electrical tools, furniture and fixtures, office, and electrical equipment. Hotels are considered owner occupied and therefore classified as property and equipment.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Intangible assets

Intangible assets include computer software and licenses. Intangibles assets are initially capitalised at cost and subsequently at cost less accumulated amortisation and accumulated impairment if any. Amortisation is computed using the straight-line method. The cost less residual value of intangible assets is amortised over its estimated useful life.

Estimated useful life

The estimated useful life for investment properties, property and equipment and intangible assets is as below:

- Building – 20 to 50 years
- Furniture and equipment – 3 to 10 years
- Intangible assets – 5 to 20 years

Impairment of non-financial asset

The Fund assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Fund estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

A reversal of an impairment loss for an asset is only recognized if there's been a change in the estimates used to calculate the asset's recoverable amount since the last impairment. The asset's carrying amount should be adjusted up to its recoverable amount, essentially undoing the previous impairment loss. However, this adjustment should not exceed what the asset's carrying amount would have been, considering depreciation or amortization, had the impairment not been recognized in the past.

Accrued expenses and other liabilities

Accrued expenses and other liabilities are recognised initially at fair value and subsequently measured at amortised cost.

Provision

Provisions are recognised when the Fund has a present obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to passage of time is recognised as finance costs.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Rental income

Rental income from operating lease of property is recognised on a straight-line basis over the term of the lease.

Revenue from hotel services

Revenue from hotel services comprises revenue from rooms, food and beverages and other associated services provided. The revenue is recognised net of discount, applicable taxes, and municipality fees on an accrual basis when the services are rendered.

Revenue is measured based on the consideration specified in a contract with customer and excludes amount collected on behalf of third parties such as taxes. The Fund recognises revenue when it transfers control over a product or service to a customer. The principles in IFRS 15 are applied in recognising the revenue from hotel services.

Management fee and other expenses

Management fee and other expenses are charged at rates/amounts within limits mentioned in terms and conditions of the REIT. Management fee is calculated and payable quarterly in arrears.

Custody fees

As per the terms and conditions of the Fund, the custodian charges 0.025% per annum of the Fund's total assets. The custody fees are calculated on the net asset value of the Fund and are payable on a quarterly basis.

Foreign exchange transactions

Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to SR at the foreign currency closing exchange rate ruling at the reporting date. Foreign currency exchange differences arising on retranslation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the statement of profit or loss and other comprehensive income.

Zakat

Zakat and income tax at the Fund level is the obligation of the Unitholders and is not provided for in these financial statements. Also refer Note 18.

Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in statement of income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of income as other income or finance costs.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Equity value per unit

The equity value per unit as disclosed in the statement of financial position is calculated by dividing the total net asset value of the Fund by the number of units in issue at year-end.

Dividend distribution

As per the regulations, the distributed profits to Unitholders must not be less than (90%) of the Fund's annual net profits. Accordingly, the Fund distributes dividends on semi-annual basis. Unclaimed dividends are disclosed under other liabilities in the statement of financial position.

Capital

Units in the Fund are classified as equity instruments when a contractual obligation for the Fund is to deliver to another entity a pro rata share of its net assets only on liquidation. The obligation arises because liquidation either is certain to occur and outside the control of the Fund or is uncertain to occur but is at the option of the instrument holder. As an exception to the definition of a financial liability, an instrument that includes such an obligation is classified as an equity instrument if it has all the following features:

(a) It entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation. The Fund's net assets are those assets that remain after deducting all other claims on its assets. A pro rata share is determined by:

(i) dividing the net assets of the Fund on liquidation into units of equal amount; and

(ii) multiplying that amount by the number of the units held by the financial instrument holder.

(b) The instrument is in the class of instruments that is subordinate to all other classes of instruments and has no priority over other claims to the assets of the Fund on liquidation, and

(c) does not need to be converted into another instrument before it is in the class of instruments that is subordinate to all other classes of instruments.

All financial instruments in the class of instruments that is subordinate to all other classes of instruments must have an identical contractual obligation for the issuing entity to deliver a pro rata share of its net assets on liquidation.

For an instrument to be classified as an equity instrument, in addition to the instrument having all the above features, the issuer must have no other financial instrument or contract that has total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the entity (excluding any effects of such instrument or contract) and the effect of substantially restricting or fixing the residual return to the instrument holders.

The Fund continuously assesses the classification of the units. If the units cease to have all the features, or meet all the conditions set out, to be classified as equity, the Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. If the units subsequently have all the features and meet the conditions to be classified as equity, the Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

The issuance, acquisition and cancellation of the Fund's units are accounted for as equity transactions.

Upon the issuance of units, the consideration received is included in equity. Transaction costs incurred by the Fund in issuing or acquiring its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

New standards, interpretations and amendments adopted by the Fund

The following new and revised International Financial Reporting Standards have been adopted, which became effective for annual periods beginning on or after 1 January 2023. The adoption of these new and revised International Financial Reporting Standards has not had any material effect on the reported amounts for current and prior years.

Standard, interpretation, amendments	**Description**	**Effective date**
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	The IASB amended IAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies. The amendments define what is ‘material accounting policy information’ (being information that, when considered together with other information included in an entity’s financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	1 January 2023
IFRS 17, ‘Insurance contracts’	This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts.	1 January 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction – These amendments requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.	1 January 2023
Amendments 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.	1 January 2023

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

New standards, interpretations and amendments not yet effective and not early adopted by the Fund

The listing of standards and interpretations issued which the Fund reasonably expects to be 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.

Standard, interpretation, amendments	Description	Effective date
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
Amendments to IAS 21 - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	1 January 2025

5. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the Fund's financial statements in conformity with the IFRS that are endorsed in the Kingdom of Saudi Arabia and other statements and pronouncements issued by SOCPA, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, may differ from the related actual results.

Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

Judgments

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 Fund Manager is not aware of any material uncertainties that may cast significant doubt on the Fund's ability to continue as a going concern. Therefore, these financial statements continue to be prepared on a going concern basis.

Classification of investments as investment property or owner occupied property
The Fund categorizes its investments in hotel properties under the designation of owner-occupied property. This classification is predicated on the consideration that the ancillary services furnished to the hotel significantly contribute to the income derived from these properties. Furthermore, the variability in cash flow and the operational risks associated with the hotels are borne by the Fund. Conversely, the Fund's investments in malls are designated as investment property. This is attributed to the fact that the ancillary services provided to the mall tenants constitute an insubstantial portion of the lease rentals accrued from these entities.

Classification of units as equity vs liability (Refer to Note 4 for accounting policy and measurement basis)

Estimates

Residual value and useful lives of investment properties and property and equipment

The Fund Manager determines the estimated residual value and useful lives of its investment properties and property and equipment for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Fund Manager will review the residual value and useful lives annually and future depreciation charge would be adjusted where the Fund Manager believes the useful lives differ from previous estimates. (Refer to Note 4 for accounting policy and measurement basis)

Impairment of financial assets (expected credit loss)

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

A number of significant judgments are also required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing group of similar financial assets for the purposes of measuring ECL.

Impairment of non-financial assets *(Refer to Note 4 for accounting policy and measurement basis)*
Valuation of investment properties and property and equipment (hotel properties) *(Refer to Note 4 for accounting policy and measurement basis)*

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalent comprises the following:

	As at 31 December 2023 SR	*As at 31 December 2022 SR*
Bank balance	**55,801,228**	28,707,889
Cash in hand	**-**	41,500
	55,801,228	28,749,389

The Fund Manager has conducted a review as required under IFRS 9 and based on such an assessment, the effect of expected credit loss allowance 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 these financial statements.

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

Investments as at the reporting date comprises investments in mutual funds.

	As at 31 December 2023 SR	*As at 31 December 2022 SR*
Financial assets measured at fair value through profit or loss (FVTPL)		
Al Badr Murabaha Fund SAR (Note 14)	**3,125**	2,972
Riyadh SAR Trade Fund	**75,360**	72,192
	78,485	75,164

The following is the movement in investments during the year:

	For the year ended 31 December 2023 SR	*For the year ended 31 December 2022 SR*
Carrying amount:		
Balance at beginning of the year	**75,164**	73,669
Unrealised gain on FVTPL investments for the year	**3,321**	1,495
Balance at the end of the year	**78,485**	75,164

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

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

8. RENTAL INCOME RECEIVABLE, NET

Rental income receivable comprised of the following:

	As at 31 December 2023 SR	*As at 31 December 2022 SR*
Rental income receivable	**81,213,011**	129,658,718
Less: Allowance for expected credit losses	**(17,123,226)**	(14,169,695)
	64,089,785	115,489,023

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

	For the year ended 31 December 2023 SR	*For the year ended 31 December 2022 SR*
Opening balance	**14,169,695**	8,786,640
Charged during the year	**3,871,504**	5,383,055
Written off	**(917,973)**	-
Closing balance	**17,123,226**	14,169,695

Below is the aging analysis of gross rental income receivables:

	As at 31 December 2023 SR	*As at 31 December 2022 SR*
0-3 months	**27,091,000**	34,571,482
3-12 months	**24,541,819**	15,260,053
Over 365 days	**29,580,192**	79,827,183
Balance at the end of the year	**81,213,011**	129,658,718

9. PREPAYMENT AND OTHER ASSETS

	As at 31 December 2023 SR	*As at 31 December 2022 SR*
Prepaid expenses and other assets	**5,225,445**	8,775,048
Advance payment to suppliers	**6,939,808**	6,389,752
VAT input tax	**4,763,901**	3,190,663
	16,929,154	18,355,463

10. INTANGIBLE ASSETS, NET

	31 December 2023 SR	*31 December 2022 SR*
Cost		
Balance at the beginning of the year	**4,049,770**	2,139,026
Additions during the year	**2,800,455**	1,910,744
Balance at the end of the year	**6,850,225**	4,049,770
Accumulated amortisation		
Balance at the beginning of the year	**(1,463,867)**	(687,051)
Charged during the year	**(1,270,205)**	(776,816)
Balance at the end of the year	**(2,734,072)**	(1,463,867)
Net book value at the end of the year	**4,116,153**	2,585,903

11. PROPERTY AND EQUIPMENT, NET

	31 December 2023				
	Land SR	***Building SR***	***Furniture and equipment SR***	***Capital work in progress SR***	***Total SR***
Cost					
Balance at the beginning of the year - restated	**24,422,702**	**209,492,478**	**15,065,045**	**-**	**248,980,225**
Additions during the year	**-**	**-**	**5,572,354**	**19,530,863**	**25,103,217**
Balance at the end of the year	**24,422,702**	**209,492,478**	**20,637,399**	**19,530,863**	**274,083,442**
Accumulated depreciation					
Balance at the beginning of the year - restated	**-**	**(17,455,829)**	**(10,855,277)**	**-**	**(28,311,106)**
Charged during the year	**-**	**(3,881,187)**	**(923,125)**	**-**	**(4,804,312)**
Depreciation adjustment for the year	**-**	**-**	**(952,803)**	**-**	**(952,803)**
Balance at the end of the year	**-**	**(21,337,016)**	**(12,731,205)**	**-**	**(34,068,221)**
Accumulated impairment					
Balance at the beginning of the year - restated	**-**	**(34,567,274)**	-	-	**(34,567,274)**
Reversal of impairment during the year	**-**	**8,380,574**	-	-	**8,380,574**
	-	**(26,186,700)**	-	-	**(26,186,700)**
Net book value at the end of the year	**24,422,702**	**161,968,762**	**7,906,194**	**19,530,863**	**213,828,521**

11. PROPERTY AND EQUIPMENT, NET (CONTINUED)

	31 December 2022 – restated (Note 24)				
	Land SR	*Building SR*	*Furniture and equipment SR*	*Capital work in progress SR*	*Total SR*
Cost					
Balance as at 31 December 2021	-	-	13,227,307	61,625	13,288,932
Effect of restatement (Note 24)	24,422,702	209,492,478	-	-	233,915,180
Balance at the beginning of the 1 January 2022 - restated	24,422,702	209,492,478	13,227,307	61,625	247,204,112
Additions during the year	-	-	2,790,886	-	2,790,886
Write off	-	-	(953,148)	-	(953,148)
Transfer from capital work in progress	-	-	-	(61,625)	(61,625)
Balance at the end of the year - restated	24,422,702	209,492,478	15,065,045	-	248,980,225
Accumulated depreciation					
Balance as at 31 December 2021	-	-	(10,967,844)	-	(10,967,844)
Effect of restatement (Note 24)	-	(14,030,059)	-	-	(14,030,059)
Balance at the beginning of the 1 January 2022 - restated	-	(14,030,059)	(10,967,844)	-	(24,997,903)
Charged during the year	-	(3,425,768)	(840,581)	-	(4,266,349)
Write off	-	-	953,148	-	953,148
Balance at the end of the year - restated	-	(17,455,829)	(10,855,277)	-	(28,311,104)
Accumulated impairment					
Balance as at 31 December 2021	-	-	-	-	-
Effect of restatement (Note 24)	-	(37,826,377)	-	-	(37,826,377)
Balance at the beginning of the 1 January 2022 - restated	-	(37,826,377)	-	-	(37,826,377)
Impairment reversal during the year	-	3,259,103	-	-	3,259,103
Balance at the end of the year - restated	-	(34,567,274)	-	-	(34,567,274)
Net book value at the end of the year - restated	24,422,702	157,469,375	4,209,768	-	186,101,847

The land and building under property and equipment represent following three (2022: three) properties namely:

- The Courtyard Marriott Hotel investment, a freehold property acquired by the Fund, is located in Jazan and is classified 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 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 in the Five Star Apartment Hotel sector.

12. INVESTMENT PROPERTIES, NET

	31 December 2023		
	Land ***SR***	***Building*** ***SR***	***Total*** ***SR***
Cost			
Balance at the beginning of the year - restated	**284,866,118**	**1,467,524,494**	**1,752,390,612**
Additions during the year	**-**	**16,808,231**	**16,808,231**
Disposal during the year	**-**	**(207,206,478)**	**(207,206,478)**
Balance at the end of the year	**284,866,118**	**1,277,126,247**	**1,561,992,365**
Accumulated depreciation			
Balance at the beginning of the year - restated	**-**	**(173,565,305)**	**(173,565,305)**
Charge for the year	**-**	**(39,824,248)**	**(39,824,248)**
Disposal during the year	**-**	**20,466,314**	**20,466,314**
Balance at the end of the year	**-**	**(192,923,239)**	**(192,923,239)**
Accumulated impairment			
Balance at the beginning of the year - restated	**-**	**(21,924,280)**	**(21,924,280)**
Reversal of impairment during the year	**-**	**12,689,278**	**12,689,278**
	-	**(9,235,002)**	**(9,235,002)**
Net book value at the end of the year	**284,866,118**	**1,074,968,006**	**1,359,834,124**

12. INVESTMENT PROPERTIES, NET (CONTINUED)

	31 December 2022 – restated (Note 24)		
	Land *SR*	*Building* *SR*	*Total* *SR*
Cost			
Balance as at 31 December 2021	279,322,980	1,628,172,494	1,907,495,474
Effect of restatement (Note 24)	(24,422,702)	(209,492,478)	(233,915,180)
Balance at the beginning of the 1 January 2022 - restated	254,900,278	1,418,680,016	1,673,580,294
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 - restated	284,866,118	1,467,524,494	1,752,390,612
Accumulated depreciation			
Balance as at 31 December 2021	-	(146,803,929)	(146,803,929)
Effect of restatement (Note 24)	-	14,030,059	14,030,059
Balance at the beginning of the 1 January 2022 - restated	-	(132,773,870)	(132,773,870)
Charge for the year	-	(40,791,435)	(40,791,435)
Balance at the end of the year - restated	-	(173,565,305)	(173,565,305)
Accumulated impairment			
Balance as at 31 December 2021	-	(75,784,004)	(75,784,004)
Effect of restatement (Note 24)	-	37,826,377	37,826,377
Balance at the beginning of the 1 January 2022 - restated	-	(37,957,627)	(37,957,627)
Reversal of impairment during the year	-	16,033,347	16,033,347
Balance at the end of the year - restated	-	(21,924,280)	(21,924,280)
Net book value at the end of the year - restated	284,866,118	1,272,034,909	1,556,901,027

The investment properties represent following nine (2022: nine) properties namely:

- The Al Rashid Mega Mall investment, a freehold property acquired by the Fund, is located in Madinah and is classified 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 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 in the Commercial sector.
- The Al Rashid Strip Mall investment, a freehold property acquired by the Fund, is located in Riyadh and is classified in the Commercial sector.
- The Citywalk Residential Building investment, a freehold property acquired by the Fund, is located in Dubai and is classified in the Residential sector.
- The Al Rafiah Village investment, a freehold property acquired by the Fund, is located in Riyadh and is classified in the Residential sector.

12. INVESTMENT PROPERTIES, NET (CONTINUED)

- The Al Maather Villas Complex investment, a freehold property acquired by the Fund, is located in Riyadh and is classified 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 and is classified in the 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.

13. BANK BORROWINGS

	For the year ended 31 December 2023 SR	*For the year ended 31 December 2022 SR*
Borrowings		
Balance at the beginning of the year	**385,760,000**	379,660,000
Addition during the year	**-**	6,100,000
Paid during the year	**(145,500,000)**	-
Balance at the end of the year	**240,260,000**	385,760,000
Accrued finance cost		
Balance at the beginning of the year	**194,963**	2,212,420
Charge for the year	**22,923,849**	15,581,777
Paid during the year	**(22,936,162)**	(17,599,234)
	182,650	194,963
Net book value	**240,442,650**	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. 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

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 and property and equipment), the Fund Board 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 years and balances are as follows:

Related party	***Nature of transaction***	***Amount of transactions income / (expense)***		***Balances receivables/(payables)***	
		For the year ended 31 December 2023 SR	*For the year ended 31 December 2022 SR*	***As at 31 December 2023 SR***	*As at 31 December 2022 SR*
Saudi Fransi Capital Company (Fund Manager)	Asset management fee (Refer Note "a" below)	**(6,968,444)**	(7,077,954)	**(3,541,269)**	(3,572,527)
Banque Saudi Fransi	Cash and cash equivalents	**-**	-	**22,036,864**	13,398,735
Board of Directors	Board fees to independent board members	**(200,000)**	(200,000)	**(355,000)**	(180,000)
Al Badr Murabaha Fund (Managed by Fund Manager)	Investments (Refer Note "b" below)	**-**	-	**3,125**	2,972
	Unrealised gain on investments measured at FVTPL	**153**	65	**-**	-
Saudi Bonyan Company (Property Manager and a subsidiary of major unitholder ARTAR)	Property management fee	**(10,415,305)**	(10,733,687)	**(101,975)**	(3,671,356)
	Property operating expenses	**(78,984,881)**	(89,891,948)	**(1,516,524)**	(10,422,422)
Abdul Rahman Saad Al Rashid & Sons Company ("ARTAR") (major unitholder)	Payment against balance for the addition to investment properties/Capital work in progress	**-**	(61,625)	**-**	-

(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 31 December 2023, the Fund has an investment of 184 (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. ACCRUED EXPENSES AND OTHER LIABILITIES

	As at 31 December 2023 SR	*As at 31 December 2022 SR*
Trade and other payable	**24,889,538**	23,126,391
Maintenance payable	**8,117,180**	11,667,900
Accrued expenses and other liabilities	**5,765,255**	5,772,558
Advance from customers	**5,712,293**	6,018,343
VAT output	**2,843,812**	3,509,281
Property operating expenses (Note 14)	**1,516,524**	10,422,422
Board and committee fees	**355,000**	180,000
Property valuation fee	**301,283**	221,283
Custody fees	**103,751**	115,227
Property management fee (Note 14)	**101,975**	3,671,356
Audit fees	**84,000**	84,000
Other payable	**358,295**	81,855
	50,148,906	64,870,616

16. INCOME FROM PROPERTIES

	For the year ended 31 December 2023 SR	*For the year ended 31 December 2022 SR*
Income from investment properties		
Lease rental income on investment properties excluding hotels	**191,414,918**	201,750,436
Other income – ancillary services	**12,731,919**	11,592,306
Capital gain on disposal of investment properties	**26,100,204**	-
Revenue from hotel operations		
Rooms revenue	**31,014,635**	26,160,388
Food and beverage revenue	**6,934,291**	6,217,471
Others	**982,560**	961,357
Net income from investment properties	**269,178,527**	246,681,958

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 year end, under the operating leases is as follows:

	As at 31 December 2023 SR	*As at 31 December 2022 SR*
Not later than one year	**167,568,762**	139,111,472
Later than one year and less than five years	**106,882,580**	341,903,391
Later than five years	**280,114,570**	218,414,131
	554,565,912	699,428,994

17. EXPENSES

17.1 Property management expenses

The analysis of property management expenses charged by the property manager is as follows:

	For the year ended 31 December 2023 SR	*For the year ended 31 December 2022 SR*
Utilities expense	**62,917,547**	64,716,954
Property management fee	**10,415,305**	10,733,687
Sales commission	**10,005,747**	-
Repair and maintenance expense	**4,202,989**	3,689,658
Staff costs	**5,009,617**	3,816,504
Insurance expense	**3,791,580**	3,414,437
Others	**3,063,148**	3,537,729
	99,405,933	89,908,969

17.2 Other expenses

The analysis of other expenses is as follows:

	For the year ended 31 December 2023 SR	*For the year ended 31 December 2022 SR*
Registration fee	**400,000**	400,000
Custody fees	**388,519**	400,000
Listing fees	**300,000**	300,000
Property valuation fees	**234,000**	234,000
Board and committee fee (Note 14)	**200,000**	200,000
Audit fees	**147,000**	147,000
Bank and dividend processing charges	**71,282**	96,310
Publishing fee	**15,000**	15,000
Regulatory fee	**7,500**	7,500
Others	**53,000**	261,318
	1,816,301	2,061,128

18. ZAKAT

a) Basis for Zakat:

Article 3 of Zakat Collection Rules for Investing in Investment Funds (the “Rules”), stipulates that all investment funds or real estate investment funds approved to be established by the CMA after the effective date of the resolution (1 January 2023), must register with ZATCA for Zakat purposes before the end of the first fiscal year from the date of the approval on their establishment and submit an informative zakat return within 120 days of fiscal year end. Prior to the above Rules, the Fund was already registered with ZATCA and was paying zakat at 2.5% of higher of the approximate zakat base and adjusted net income attributable to the Saudi Unitholders. However, effective 1 January 2023, in accordance with the stipulated article of the Rules, the Fund has ceased the recognition of Zakat expenses. Consequently, the responsibility for Zakat at the Fund level now rests with the Unitholders, and such obligations are not accounted for within these financial statements.

18. ZAKAT (CONTINUED)

b) Movement of provision for Zakat:	***For the year ended 31 December 2023 SR***	*For the year ended 31 December 2022 SR*
Balance at the opening of the year	**3,092,628**	2,379,580
Provision for the prior year*	**22,810**	3,082,711
Payments during the year	**(3,115,438)**	(2,369,663)
Balance at the end of the year	**-**	3,092,628

* During 2023, the Fund has made a zakat payment in the amount of SR 3,115,438 related to 2022 net income. The amount paid exceeded the accrued provision amount by SR 22,810, which was booked as additional Zakat expense in the current year.

c) Status of annual return and assessments:

The Fund would file the annual return for the year ended 31 December 2023 within the stipulated timelines as specified under the Zakat regulations issued by Zakat, Tax and Customs Authority (“ZATCA”).

19. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management

The Fund’s Investment Manager is primarily responsible for identifying and controlling risks.

Risk measurement and reporting system

Monitoring and controlling risks are primarily set up to be performed based on limits as specified in the Regulations. In addition, the Compliance Department of the Fund Manager monitors the exposures against the limits as specified in the Regulations.

Risk mitigation

The Fund’s investment guidelines as specified in Terms and Conditions and fact sheet set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, equity prices and interest rates, will affect the Fund’s income or cash flows. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates. The Fund’s functional and presentation currency is Saudi Riyal, with some transactions in UAE Dirham, which is mainly related to Investment property located in the United Arab Emirates. UAE Dirham has a stable exchange rate to Saudi Riyal. The Fund is not consequently exposed to any material currency risk.

19. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Special commission rate risk

Special commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market special commission rates. The Fund is subject to special commission rate risk on its special commission bearing assets. The Fund does not account for any fixed rate special commission bearing financial assets at fair value and therefore, a change in special commission rates at the reporting date would not have any effect on the financial statements. The Fund is exposed to cashflow special commission rate risk on the floating rate borrowings. A hundred basis points change in commission rate keeping all other factors constant will increase/decrease the special commission expense by SR 3,421,850 (2022: SR 3,832,532).

Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet the contractual obligation. The Fund is exposed to credit risk for its rental receivables, investment in mutual fund, Murabaha deposits, and bank balances.

	As at 31 December 2023 SR	*As at 31 December 2022 SR*
Bank balances	**55,801,228**	28,707,889
Murabaha deposits	**30,683,679**	-
Investments measured at FVTPL	**78,485**	75,164
Rental income receivable, net	**64,089,785**	115,489,023
	150,653,177	144,272,076

In order to mitigate the credit risk, the Fund enters into financial instrument contracts with reputable counterparties. A significant cash balance is placed with Banque Saudi Fransi, and the remaining is places with reputable financial institution.

Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through use of available cash balance, liquidation of the investment portfolio or by taking short to medium term loans from the Fund Manager and /or banks. The Fund remains sufficiently liquid from a cash perspective with the lowest leverage levels. The Fund have multiple facilities which can be use to drawdown loans and payoff its debt.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The table presented below provides an analysis of assets and liabilities, categorized by their expected timelines for recovery or settlement. Additionally, the maturity dates listed correspond with the contractual maturities of these assets and liabilities.

	31 December 2023		
	Less than one year SR	***More than one year SR***	***Total SR***
Cash and cash equivalents	**55,801,228**	**-**	**55,801,228**
Murabaha deposits	**30,683,679**	**-**	**30,683,679**
Investments measured at FVTPL	**78,485**	**-**	**78,485**
Rental income receivable, net	**64,089,785**	**-**	**64,089,785**
Prepayment and other assets		**16,929,154**	**16,929,154**
Intangible assets, net	**-**	**4,116,153**	**4,116,153**
Property and equipment, net	**-**	**213,828,521**	**213,828,521**
Investment properties, net	**-**	**1,359,834,124**	**1,359,834,124**
Total assets	**150,653,177**	**1,594,707,952**	**1,745,361,129**
Bank borrowings	**182,650**	**240,260,000**	**240,442,650**
Deferred rental income	**66,888,203**	**-**	**66,888,203**
Management fee payable	**3,541,269**	**-**	**3,541,269**
Accrued expenses and other liabilities	**50,148,906**	**-**	**50,148,906**
Total liabilities	**120,761,028**	**240,260,000**	**361,021,028**
Equity	**29,892,149**	**1,354,447,952**	**1,384,340,101**

	31 December 2022 (restated)		
	Less than one year SR	*More than one year SR*	*Total SR*
Cash and cash equivalents	28,749,389	-	28,749,389
Murabaha deposits	-	-	-
Investments measured at FVTPL	75,164	-	75,164
Rental income receivable, net	115,489,023	-	115,489,023
Due from a related party	-	-	-
Prepayment and other assets	-	18,355,463	18,355,463
Intangible assets, net	-	2,585,903	2,585,903
Property and equipment, net	-	186,101,847	186,101,847
Investment properties, net	-	1,556,901,027	1,556,901,027
Total assets	144,313,576	1,763,944,240	1,908,257,816
Bank borrowings	6,294,963	379,660,000	385,954,963
Deferred rental income	69,826,830	-	69,826,830
Management fee payable	3,572,527	-	3,572,527
Accrued expenses and other liabilities	64,870,616	-	64,870,616
Provision for Zakat	3,092,628	-	3,092,628
Total liabilities	147,657,564	379,660,000	527,317,564
Equity	(3,343,988)	1,384,284,240	1,380,940,252

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Fund’s activities either internally or externally at the Fund’s service provider and from external factors other than credit, liquidity, currency, and market risks such as those arising from the legal and regulatory requirements.

The Fund’s objective is to manage operational risk to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to Unitholders.

Investment property price risk

Investment property price risk is the risk that the tenant may become insolvent causing a significant loss of rental income and reduction in the value of the associated property. The Fund Manager manages this risk through review of financial status of all tenants and decides on the appropriate level of security required via promissory notes and/or guarantee.

20. 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).

Moreover, the Fund’s Board of Directors approved to distribute dividends on 23 November 2023, with regards to period from 1 May 2023 till 31 October 2023 amounting to SR 0.33 per unit amounted to SR 53.75 million (2022: 0.33 per unit amounting to SR 53.75 million).

21. FAIR VALUE OF ASSETS AND LIABILITIES

The Fund believes that the fair value of all financial assets and liabilities approximately equal their carrying value. The fair value of investment properties and property and equipment is SAR 2,252.9 billion million (2022: SAR 2,163.5 billion) carried at level 3. The investment in mutual funds carried at FVTPL is SR 78,485 (2022: 75,164) and is carried at level 1

22. EFFECT OF EQUITY VALUE IF INVESTMENT PROPERTIES AND PROPERTY AND EQUIPMENT ARE FAIR VALUED

In accordance with Article 36 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 and property and equipment (hotel investments) are carried at cost less accumulated depreciation and impairment, if any, in these financial statements. Accordingly, the fair value below is disclosed for information purposes and has not been accounted for in the Fund's books other than in case of impairment.

The valuation of the investment properties and property and equipment (the “properties”) is carried out by Barcode, Abaad and Sinchro (2022: ValuStrat Consulting Company and Saudi Asset Valuation Company). These three valuers (2022: two valuers) are licensed by the Saudi Authority for Accredited Valuers (“TAQEEM”). Out of twelve, investment properties and property and equipment in the Fund, 11 are valued by Barcode and Abaad and one property was valued by Barcode and Sinchro.

The Fund Manager has used the average of the two valuations for the purposes of disclosing the fair value of the investment properties and property and equipment. 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.

22. EFFECT OF EQUITY VALUE IF INVESTMENT PROPERTIES AND PROPERTY AND EQUIPMENT ARE FAIR VALUED (CONTINUED)

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

	As at 31 December 2023 SR	*As at 31 December 2022 SR Restated*
Estimated fair value of investment properties	**2,025,695,448**	1,977,536,595
Book value of investment properties	**(1,359,834,124)**	(1,556,901,027)
Estimated fair value of property and equipment	**227,254,361**	186,101,847
Book value of property and equipment	**(213,828,521)**	(186,101,847)
Deferred rental income	**66,888,203**	69,826,830
Accrued rental receivables	**(64,089,785)**	(115,489,023)
Estimated fair value surplus relative to book value **	**682,085,582**	374,973,375
Units in issue (numbers)	**162,881,100**	162,881,100
Per unit value impact from excess of investment properties and property and equipment's estimated fair value over book value	**4.1876**	2.3021

Equity value	***As at 31 December 2023 SR***	*As at 31 December 2022 SR Restated*
Equity value as per the statement of financial position	**1,384,340,101**	1,380,940,252
Estimated fair value surplus relative to book value **	**682,085,582**	374,973,375
Equity based on fair valuation of investment properties and property and equipment	**2,066,425,683**	1,755,913,627
Equity value per unit		
Equity per unit as per the statement of financial position	**8.4991**	8.4782
Per unit value impact from excess of investment properties and property and equipment's estimated fair value over book value	**4.1876**	2.3021
Equity value per unit based on fair valuation of investment properties and property and equipment	**12.6867**	10.7803

** The book value is calculated based on the assumption that the investment properties and property and equipment (hotel investments) are sold on the reporting date.

23. SEGMENT REPORTING

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

Commercial centres: 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, properties and equipment and liabilities as at 31 December 2023 and 2022, its total operating income and expense, and the results for the years then ended, by operating segment, are as follows:

	31 December 2023					
	Commercial Centres	***Residential***	***Hospitality***	***Office***	***Others***	***Total***
Total assets	**1,032,358,409**	**261,479,402**	**207,232,880**	**184,870,196**	**59,420,242**	**1,745,361,129**
Investment properties, net	**952,966,539**	**228,752,966**	**-**	**177,827,627**	**286,992**	**1,359,834,124**
Property and equipment, net	**22,772,683**	**3,552,837**	**187,100,286**	**402,715**	**-**	**213,828,521**
Total liabilities	**83,347,264**	**12,718,084**	**11,318,328**	**6,601,845**	**247,035,507**	**361,021,028**
Total income	**168,863,612**	**50,870,538**	**38,931,700**	**12,103,126**	**1,603,831**	**272,372,807**
Inter-segment income	**1,633,678**	**-**	**-**	**-**	**-**	**1,633,678**
Net income from external customers	**167,229,934**	**50,870,538**	**38,931,700**	**12,103,126**	**1,603,831**	**270,739,129**
Total expenses	**81,068,704**	**17,346,735**	**25,088,440**	**5,495,329**	**32,472,224**	**161,471,432**
Inter-segment operating expense	**-**	**-**	**(1,633,678)**	**-**	**-**	**(1,633,678)**
Expenses excluding depreciation and impairment	**58,302,135**	**17,924,978**	**27,031,024**	**548,685**	**32,472,224**	**136,279,046**
Depreciation of investment properties	**30,681,084**	**6,293,272**	**-**	**2,849,892**	**-**	**39,824,248**
Depreciation of property and equipment	**-**	**-**	**4,804,312**	**-**	**-**	**4,804,312**
Impairments charge /(reversal) of investment properties	**(7,914,515)**	**(6,871,515)**	**-**	**2,096,752**	**-**	**(12,689,278)**
Impairments charge /(reversal) for property and equipment	**-**	**-**	**(8,380,574)**	**-**	**-**	**(8,380,574)**
Net income/(loss) for the year	**86,161,230**	**33,523,803**	**15,476,938**	**6,607,796**	**(30,868,392)**	**110,901,375**

23. SEGMENT REPORTING

	31 December 2022 (restated)					
	Commercial Centres	*Residential*	*Hospitality*	*Office*	*Others*	*Total*
Total assets	1,020,646,368	394,063,541	242,485,884	194,808,265	56,253,758	1,908,257,816
Investment properties, net	958,962,299	415,164,456	-	182,774,272	-	1,556,901,027
Property and equipment, net	3,168,918	593,645	182,339,284	-	-	186,101,847
Total liabilities	144,078,383	15,410,014	22,501,511	5,113,262	340,214,394	527,317,564
Total income from external customers	171,711,057	30,381,871	33,339,216	11,592,306	192,977	247,217,427
Expenses excluding depreciation and impairment	58,569,025	8,689,789	30,207,720	364,388	26,041,489	123,872,411
Depreciation of investment properties	29,934,747	8,129,349	-	2,727,339	-	40,791,435
Depreciation of property and equipment	489,619	151,154	3,625,576	-	-	4,266,349
Impairments charge /(reversal) of investment properties	(9,713,435)	(7,310,218)	-	990,306	-	(16,033,347)
Impairments charge /(reversal) for property and equipment	-	-	(3,259,103)	-	-	(3,259,103)
Net income/(loss) for the year	92,431,101	20,721,797	2,765,023	7,510,273	(25,848,512)	97,579,682

24. EFFECT OF CORRECTION OF ERRORS

During the current year, the Fund Manager re-evaluated the presentation of certain balances and transactions in the financial statements to determine if such balances and transactions have been presented appropriately in line with the requirements of International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA. Where necessary, changes in presentation were made in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors".

1- Correction of prior period misstatement in classification of Property and Equipment as Investment Property

The Fund owns certain properties which are operated as a hotel by a hotel management entity for a fee. The Fund retains significant exposure to variation in the cash flows generated from the property and bears all the risks associated with the Hotel business.

During the previous period, Hotels were erroneously classified as Investment properties in the statement of financial position.

International Accounting Standard 40- Investment Property (“IAS 40”), that is endorsed in the Kingdom of Saudi Arabia, requires a property to be classified as property and equipment where the owner of a property has outsourced day-to-day functions of a property while retaining significant exposure to variation in the cash flows generated by the operations of the hotel.

24. EFFECT OF CORRECTION OF ERRORS (CONTINUED)

As a result, prior period financial statements have been restated by reclassifying the Hotels from Investment properties to property and equipment.

Statement of financial position	31 December 2022 (As previously reported)	Increase/ (Decrease)	31 December 2022 (Restated)	31 December 2021 (As previously reported)	Increase/ (Decrease)	1 January 2022 (Restated)
Investment properties, net	1,738,793,104	(181,892,077)	1,556,901,027	1,684,907,541	(182,058,744)	1,502,848,797
Property and equipment, net	4,209,770	181,892,077	186,101,847	2,321,088	182,058,744	184,379,832

Statement of comprehensive income	For the year ended 31 December 2022 (As previously reported)	Adjustments	For the year ended 31 December 2022 (Restated)
Depreciation of investment properties	(44,217,203)	3,425,768	(40,791,435)
Depreciation of property and equipment	(840,581)	(3,425,768)	(4,266,349)
Reversal of impairment loss on investment properties	19,292,450	(3,259,103)	16,033,347
Reversal of impairment loss on property and equipment	-	3,259,103	3,259,103

Statement of cash flows	For the year ended 31 December 2022 (As previously reported)	Adjustments	For the year ended 31 December 2022 (Restated)
Depreciation of investment properties	(44,217,203)	3,425,768	(40,791,435)
Depreciation of property and equipment	(840,581)	(3,425,768)	(4,266,349)
Reversal of impairment loss on investment properties	19,292,450	(3,259,103)	16,033,347
Reversal of impairment loss on property and equipment	-	3,259,103	3,259,103

The restatement does not affect the operating, investing, and financing cash flows as reported in the statement of cash flows. The non-cash adjustment pertaining to depreciation and impairment of investment properties and property and equipment have been adjusted as a result of above restatements.

2- Statement of comprehensive income- Presentation:

In previous years, the presentation of expenses were by mix of function and nature in the statement of comprehensive income. IAS 1 'Presentation of financial statements' requires expenses to be presented in the statement of comprehensive income using a classification based on either their nature or function, whichever provides information that is reliable and more relevant. For the year ended 31 December 2023, the presentation of the statement of comprehensive income has been changed to present expenses by nature as it provides more relevant information to the users of the financial statements.

No other changes and reclassifications were made.

25. LAST VALUATION DAY

The last valuation day for the purpose of preparation of financial statements for the year was 31 December 2023 (2022: 31 December 2022).

26. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Fund's Board of Directors on 28 March 2024 (corresponding to 18 Ramadan 1445H).