

**ESKAN BANK REALTY  
INCOME TRUST**

**CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS**

**30 JUNE 2020**

**ESKAN BANK REALTY INCOME TRUST**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

---

**Information about the Trust**

<b><u>Board of Directors of the Trust</u></b>	Mr. Bashar Al Bazian - Chairman Mr. Muhammad Saeed Butt – Deputy Chairman Mr. Michael Roy Pankhurst
<b><u>Registered office</u></b>	Office 341, Floor 34 Bahrain World Trade Center, West Tower P O Box 18206 Manama Kingdom of Bahrain
<b><u>Principal banker</u></b>	Bahrain Islamic Bank B.S.C.
<b><u>Trustee &amp; custodian</u></b>	Crestbridge Bahrain B.S.C. (c)
<b><u>Investment manager</u></b>	Eskan Bank B.S.C. (c)
<b><u>Sub-Investment manager (Resigned on March 31, 2020)</u></b>	SICO B.S.C. (c)
<b><u>Market Maker</u></b>	SICO B.S.C. (c)
<b><u>Registrar</u></b>	Bahrain Clear B.S.C. (c)
<b><u>Property manager</u></b>	Savills Middle East Co. S.P.C.
<b><u>Administrator</u></b>	Keypoint Consulting W.L.L.
<b><u>Paying agent</u></b>	Karvy Fintech (Bahrain) W.L.L.
<b><u>Property appraiser</u></b>	Knight Frank Spain Saudi Arabia Real Estate Valuations Company
<b><u>External auditor</u></b>	KPMG Fakhro Salman Manjlai, <i>Partner</i> P.O. Box 710, Manama, Kingdom of Bahrain
<b><u>Shari'ah Board</u></b>	Dr. Sheikh Nezam Yacouby (Chairperson) Dr. Sheikh Abdulaziz Khalifa AlQassar (Vice Chairperson) Sheikh Abdunnasser Al-Mahmood (Member)

---

**ESKAN BANK REALTY INCOME TRUST**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the six-months ended 30 June 2020**

---

<b>CONTENTS</b>	<b>Page</b>
Directors' report	1
Shari'a Supervisory Board Report	2-3
Independent auditors' report to the unitholders	4
Consolidated statement of financial position	5
Consolidated statement of income	6
Consolidated statement of changes in equity	7
Consolidated statement of cash flows	8
Notes to the consolidated interim financial statements	9 – 28
<b>Supplementary information (un-audited)</b>	<b>29</b>
<i>Annexures:</i>	
Annexure A: Consolidated interim statement of portfolio investments, receivables and financing	31
Annexure B: Consolidated interim statement of financial highlights	32
Annexure C: Additional disclosures	33-34

## ESKAN BANK REALTY INCOME TRUST

### DIRECTORS' REPORT

For the six-months ended 30 June 2020

---

The Directors have pleasure in submitting their report together with the audited consolidated interim financial statements of Eskan Bank Realty Income Trust (the "Trust" or "EBRIT") and its subsidiaries (together "the Group") for the six-month period ended 30 June 2020.

#### Principal activities

The Trust is a closed ended Real Estate Investment Trust ("REIT") and its primary objective is to maximize stable Shari'ah compliant income generation for the unitholders with a long term approach and risk adjusted manner. The Trust invests primarily in income generating properties in the Kingdom of Bahrain.

#### Results and financial position

The consolidated statement of financial position of the Group as at 30 June 2020 and results for the six-month ended 30 June 2020 are set out in the accompanying consolidated interim financial statements.

#### Dividends

The Board of Directors on 27 February 2020 declared a distribution at 1.57% of the unit's capital of the Trust for the period 1 January 2019 to 31 December 2019, after obtaining CBB approval. (note 11)

#### Board of Directors of the Trust

The following Directors served during the six-month period ended 30 June 2020:

Mr. Bashar Al Bazian – Chairman  
Mr. Muhammad Saeed Butt – Deputy Chairman  
Mr. Michael Roy Pankhurst

On behalf of the Directors:



Mr. Bashar Al Bazian  
Chairman



Mr. Muhammad Saeed Butt  
Director

27 August 2020





## **INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS**

Eskan Bank Realty Income Trust  
Manama, Kingdom of Bahrain

### **Report on the consolidated interim financial statements**

We have audited the accompanying consolidated interim financial statements of Eskan Bank Realty Income Trust (the "Trust") and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as at 30 June 2020, the consolidated statements of income, changes in equity and cash flows for the six-months ended, and a summary of significant accounting policies and other explanatory notes.

#### *Respective responsibilities of board of directors and auditors*

These consolidated interim financial statements and the Group's undertaking to operate in accordance with Islamic Shari'a rules and principles are the responsibility of the board of directors of the Trust. Our responsibility is to express an opinion on these consolidated interim financial statements based on our audit.

#### *Basis of opinion*

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions issued by Accounting and Auditing Organisation for Islamic Financial Institutions. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated interim financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated interim financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

#### *Other matter*

The consolidated financial statements of the Group as at and for the six-months ended 30 June 2019 and as at and for the year ended 31 December 2019, from which the corresponding figures of consolidated statement of financial position, statements of income, changes in equity and cash flows have been derived, were audited by another auditor whose issued an unmodified audit opinion on those consolidated financial statements on 28 August 2019 and 26 February 2020 respectively.

#### *Opinion*

In our opinion, the consolidated interim financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2020, and of its consolidated results of operations, its consolidated cash flows and its consolidated changes in equity for the six-months then ended in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions.

### **Report on other regulatory requirements**

As required by Volume 7 of the Rule Book issued by the Central Bank of Bahrain (CBB), we report that:

- a) the Trust has maintained proper accounting records and the consolidated interim financial statements are in agreement therewith; and
- b) we are not aware of any violations during the six-months of the CBB and Financial Institutions Law, the CBB Rule Book (Volume 7 and applicable provisions of Volume 6 and CBB directives), the CBB Capital Markets Regulations and associated resolutions, the Bahrain Bourse rules and procedures that would have had a material adverse effect on the business of the Trust or on its financial position.

KPMG Fakhro  
Partner Registration No. 213  
27 August 2020

**ESKAN BANK REALTY INCOME TRUST**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at 30 June 2020

**BD**

	Notes	30 June 2020 (audited)	31 December 2019 (audited)
<b>Assets</b>			
<b>Non-current asset</b>			
Investment in real estate	6	11,717,435	11,786,060
<b>Total non-current assets</b>		<b>11,717,435</b>	<b>11,786,060</b>
<b>Current assets</b>			
Cash and cash equivalents	8	479,071	608,236
Trade receivables	7	115,693	77,838
Prepaid expenses		4,599	-
<b>Total current assets</b>		<b>599,363</b>	<b>686,074</b>
<b>Total assets</b>		<b>12,316,798</b>	<b>12,472,134</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	213,975	201,753
Dividends payable	11	95,940	45,013
Due to related parties	10.1	8,250	12,833
<b>Total liabilities</b>		<b>318,165</b>	<b>259,599</b>
<b>Net assets attributable to unitholders</b>		<b>11,998,633</b>	<b>12,212,535</b>
<b>Equity</b>			
Unit capital	12	19,800,000	19,800,000
Statutory reserve	13	1,000	1,000
Capital expenditure reserve	3 (i)	7,000	6,000
Accumulated losses		(7,809,367)	(7,594,465)
<b>Total equity</b>		<b>11,998,633</b>	<b>12,212,535</b>
<b>Number of issued and outstanding units</b>	12 & 20	<b>198,000,000</b>	<b>198,000,000</b>
<b>Net asset value per unit</b>	20	<b>0.0606</b>	<b>0.0616</b>

The consolidated interim financial statements were approved and authorized for issue by the Directors on 27 August 2020 and signed on their behalf by:



Mr. Bashar Al Bazian  
Chairman



Mr. Muhammad Saeed Butt  
Director

The accompanying notes 1 to 22 form an integral part of this consolidated interim financial statements.



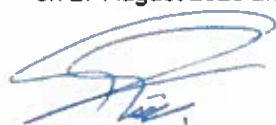
**ESKAN BANK REALTY INCOME TRUST**

**CONSOLIDATED STATEMENT OF INCOME**  
for the six months ended 30 June 2020

**BD**

	Notes	Six months period ended 30 June	
		2020 (audited)	2019 (audited)
Rental income	14	404,102	596,717
Service fee income	14	35,572	40,674
Property operating expenses	15	(164,763)	(172,423)
<b>Property operating income, net</b>		<b>274,911</b>	<b>464,968</b>
Other income	16	66,809	95,288
Investment management fee	10.1	(16,250)	(25,000)
Administration fee		(5,000)	(5,000)
Trustee and custodian fees	10.1	(11,000)	(11,000)
Other professional fees		(20,168)	(19,949)
Other expenses		(15,408)	(13,066)
<b>Operating profit</b>		<b>273,894</b>	<b>486,241</b>
Net unrealised loss on investment in real estate	6	(68,810)	(5,563,381)
Impairment loss	7.1	(41,247)	(45,414)
<b>Profit / (loss) for the period</b>		<b>163,837</b>	<b>(5,122,554)</b>
<b>Earning / (loss) per unit</b>	21	<b>0.0008</b>	<b>(0.0259)</b>

The consolidated interim financial statements were approved and authorized for issue by the Directors on 27 August 2020 and signed on their behalf by



Mr. Bashar Al Bazian  
Chairman



Mr. Muhammad Saeed Butt  
Director

The accompanying notes 1 to 22 form an integral part of this consolidated interim financial statements.

**ESKAN BANK REALTY INCOME TRUST**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the six months ended 30 June 2020

**BD**

30 June 2020 (audited)	No. of units	Unit capital	Statutory reserve	Capital expenditure reserve	Accumulated losses	Total
At 1 January 2020	198,000,000	19,800,000	1,000	6,000	(7,594,465)	12,212,535
Profit for the period	-	-	-	-	163,837	163,837
Transfer to capital expenditure reserve (Note 3 (i))	-	-	-	1,000	(1,000)	-
Dividend declared	-	-	-	-	(377,739)	(377,739)
<b>At 30 June 2020</b>	<b>198,000,000</b>	<b>19,800,000</b>	<b>1,000</b>	<b>7,000</b>	<b>(7,809,367)</b>	<b>11,998,633</b>

30 June 2019 (audited)	No. of units	Unit capital	Statutory reserve	Capital expenditure reserve	Accumulated losses	Total
At 1 January 2019	198,000,000	19,800,000	1,000	4,000	(2,716,243)	17,088,757
Loss for the period	-	-	-	-	(5,122,554)	(5,122,554)
Transfer to property capital expenditure reserve (Note 3 (i))	-	-	-	1,000	(1,000)	-
Dividend declared	-	-	-	-	(594,000)	(594,000)
<b>At 30 June 2019</b>	<b>198,000,000</b>	<b>19,800,000</b>	<b>1,000</b>	<b>5,000</b>	<b>(8,433,797)</b>	<b>11,372,203</b>

The accompanying notes 1 to 22 form an integral part of this consolidated interim financial statements.

ESKAN BANK REALTY INCOME TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS  
for the six months ended 30 June 2020

BD

	Notes	Six months period ended 30 June	
		2020 (audited)	2019 (audited)
<b>Operating activities</b>			
Profit / (loss) for the period		163,837	(5,122,554)
Adjustment for:			
Net unrealized loss on investment in real estate	6	68,810	5,563,381
Impairment loss	7.1	41,247	45,414
<b>Operating cash flows before changes in working capital</b>		<b>273,894</b>	<b>486,241</b>
Changes in working capital:			
Increase in trade receivables		(79,102)	(13,502)
Increase in prepaid expenses		(4,599)	(2,000)
Increase / (decrease) in trade and other payables		63,150	(72,741)
(Decrease) / increase in due to related parties		(4,584)	4,166
<b>Net cash generated from operating activities</b>		<b>248,759</b>	<b>402,164</b>
<b>Investing activity</b>			
Amounts incurred on investment in real estate	6	(185)	(74,381)
<b>Net cash used in an investing activity</b>		<b>(185)</b>	<b>(74,381)</b>
<b>Financing activity</b>			
Dividends paid	11	(377,739)	(397,307)
<b>Net cash used in a financing activity</b>		<b>(377,739)</b>	<b>(397,307)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(129,165)</b>	<b>(69,524)</b>
Cash and cash equivalents at the beginning of the period		608,236	374,158
<b>Cash and cash equivalents at the end of the period</b>	8	<b>479,071</b>	<b>304,634</b>

The accompanying notes 1 to 22 form an integral part of this consolidated interim financial statements.