

Eskan Bank Realty Income Trust

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS**

30 JUNE 2024

Eskan Bank Realty Income Trust
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2023

Information about the Trust

<u>Board of Directors of the Trust</u>	Mr. Wajdi Al Jallad – Chairman Mr. Muhammad Saeed Butt – Deputy Chairman Mr. Nandakumar Narasimhan
<u>Registered office</u>	24th Floor NBB Tower PO Box 11718 Government Avenue Manama Kingdom of Bahrain
<u>Principle Banker</u>	Bahrain Islamic Bank B.S.C.
<u>Trustee & custodian</u>	Keypoint Trust B.S.C. (c)
<u>Investment manager</u>	Eskan Bank B.S.C. (c)
<u>Market Maker</u>	SICO B.S.C. (c)
<u>Registrar</u>	Bahrain Clear B.S.C. (c)
<u>Property manager</u>	Savills Middle East Co. S.P.C.
<u>Administrator</u>	SICO Fund Services B. S. C. (c)
<u>Paying agent</u>	Bahrain Clear B.S.C. (c)
<u>Property appraiser</u>	House Me WLL
<u>External auditor</u>	Ernst & Young - Middle East P O Box 140, 10th Floor, East Tower, Bahrain World Trade Centre Manama, Kingdom of Bahrain
<u>Shari'a Board</u>	Dr. Sheikh Nezam Yacoby (Chairperson) Dr. Sheikh Abdulaziz Khalifa AlQassar (Vice Chairperson) Sheikh Abdalnasser Al-Mahmood (Member)

Eskan Bank Realty Income Trust

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-months ended 30 June 2024

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Eskan Bank Realty Income Trust

DIRECTORS' REPORT

For the six-months ended 30 June 2024

The Directors have pleasure in submitting their report together with the reviewed interim condensed consolidated 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 2024.

Principal activities

The Trust is a closed ended Real Estate Investment Trust ("REIT") and its primary objective is to maximize stable Shari'a 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 condensed consolidated statement of financial position of the Group as at 30 June 2024 and results for the six-months ended 30 June 2024 are set out in the accompanying interim condensed consolidated financial statements.

Dividends


The Board of Directors on 22 February 2024 declared a distribution at 3.00% of the unit's capital of the Trust for the period 1 January 2023 to 31 December 2023, after obtaining CBB approval (note 17).

Board of Directors of the Trust

The following Directors served during the six-month period ended 30 June 2024:

Mr. Wajdi Al Jallad - Chairman
Mr. Muhammad Saeed Butt – Deputy Chairman
Mr. Nandakumar Narasimhan

On behalf of the Directors:



Mr. Wajdi Al Jallad
Chairman



Muhammad Saeed Butt
Director

26 September 2024

REPORT ON REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE UNITHOLDERS OF ESKAN BANK REALTY INCOME TRUST

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Eskan Bank Realty Income Trust ("the Trust") and its subsidiaries (collectively, "the Group") as at 30 June 2024 comprising of the interim consolidated statement of financial position as at 30 June 2024, the related interim consolidated statements of income and other comprehensive income, changes in net assets attributable to the unitholders and cash flows for the six-month period then ended and explanatory notes. The Board of Directors of the Trust is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with FAS 41, "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

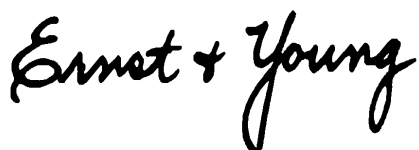
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Other matters

The consolidated financial statements of the Group for the year ended 31 December 2023 and the interim condensed consolidated financial statements for the six-month period ended 30 June 2023 were audited and reviewed respectively by another auditor who expressed an unmodified audit opinion and review conclusion dated 18 February 2024 and 30 August 2023 respectively.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with FAS 41, "Interim Financial Reporting".



29 September 2024
Manama, Kingdom of Bahrain

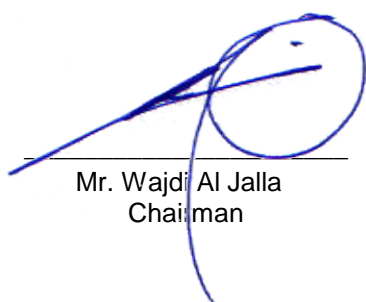
Eskan Bank Realty Income Trust

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Note</i>	30 June 2024 BD	<i>31 December 2023 BD</i>
Assets			
Non-current assets			
Investment in real estate	8	10,640,000	10,610,000
Total non-current assets		10,640,000	10,610,000
Current assets			
Cash and cash equivalents		681,417	890,402
Trade receivables		79,240	35,180
Prepaid expenses		27,026	23,912
Total current assets		787,683	949,494
Total assets		11,427,683	11,559,494
Liabilities			
Current liabilities			
Trade payables and other liabilities		232,785	250,399
Dividend payable		486	486
Due to related parties	9.1	9,900	10,000
Total liabilities		243,171	260,885
Net assets attributable to unitholders		11,184,512	11,298,609
Unit Capital	11	19,800,000	19,800,000
Statutory Reserve		1,000	1,000
Capital expenditure reserve		114,596	93,302
Accumulated losses		(8,731,084)	(8,595,693)
		11,184,512	11,298,609
Number of issued and outstanding units	11 & 14	198,000,000	198,000,000
Net asset value per unit	14	0.0565	0.0571

The interim condensed consolidated financial statements were approved and authorized for issue by the Directors on 26 September 2024 and signed on their behalf by:



Mr. Wajdi Al Jalla
Chairman



Mr. Muhammad Saeed Butt
Director

The accompanying notes 1 to 18 form integral part of these interim condensed consolidated financial statements.

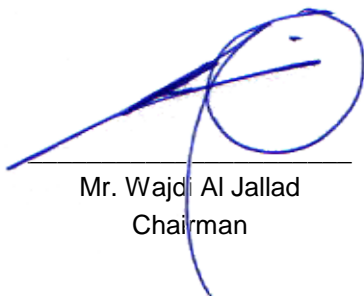
Eskan Bank Realty Income Trust

INTERIM CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

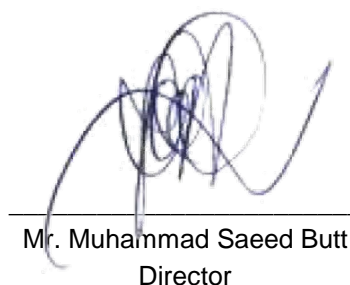
For the six-months ended 30 June 2024

	<i>Note</i>	30 June 2024 BD	<i>30 June 2023 BD</i>
Rental income	10	528,108	528,958
Service fee income	10	28,809	28,166
Property operating expenses		(180,264)	(181,684)
Property operating income, net		376,653	375,440
Other income	12	105,221	149,332
Investment management fee		(7,500)	(7,500)
Administration fee		(4,000)	(4,000)
Trustee and custodian fees		(10,000)	(10,000)
Other professional fees		(25,187)	(16,628)
Other expenses		(12,707)	(8,419)
Operating profit		422,480	478,225
Unrealized fair value gain on investment in real estate	8	30,000	-
Profit for the period		452,480	478,225
Other comprehensive income			
Items that will subsequently be classified to statement of income		-	-
Total other comprehensive income for the period		-	-
Total comprehensive income for the period		452,480	478,225
Earning per unit	15	0.00229	0.00242

The interim condensed consolidated financial statements were approved and authorized for issue by the Directors on 26 September 2024 and signed on their behalf by:



Mr. Wajdi Al Jallad
Chairman



Mr. Muhammad Saeed Butt
Director

Eskan Bank Realty Income Trust

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS

For the six-months ended 30 June 2024

	<i>No. of units</i>	<i>Unit capital</i>	<i>Statutory reserve</i>	<i>Capital expenditure reserve</i>	<i>Accumulated losses</i>	<i>Total</i>
30 June 2024 (reviewed)						
As at 1 January 2024	198,000,000	19,800,000	1,000	93,302	(8,595,693)	11,298,609
Profit for the period	-	-	-	-	452,480	452,480
Transfer to capital expenditure reserve	-	-	-	21,294	(21,294)	-
Dividend declared (note 17)	-	-	-	-	(566,577)	(566,577)
As at 30 June 2024	198,000,000	19,800,000	1,000	114,596	(8,731,084)	11,184,512
30 June 2023 (reviewed)						
As at 1 January 2023	198,000,000	19,800,000	1,000	47,002	(8,570,187)	11,277,815
Profit for the period	-	-	-	-	478,225	478,225
Transfer to capital expenditure reserve	-	-	-	46,300	(46,300)	-
Dividend declared	-	-	-	-	(802,649)	(802,649)
As at 30 June 2023	198,000,000	19,800,000	1,000	93,302	(8,940,911)	10,953,391

The accompanying notes 1 to 18 form an integral part of this interim condensed consolidated financial statements.

Eskan Bank Realty Income Trust

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-months ended 30 June 2024

	<i>Six months ended</i>	
	<i>30 June</i>	<i>30 June</i>
<i>Note</i>	<i>2024</i>	<i>2023</i>
	<i>(reviewed)</i>	<i>(reviewed)</i>
	<i>BD</i>	<i>BD</i>
Profit for the period	452,480	478,225
Adjustments for:		
Unrealized fair value gain on investment in real estate	(30,000)	-
Operating cash flows before changes in working capital	422,480	478,225
Changes in working capital:		
Increase in trade receivables	(44,060)	(4,402)
Increase in prepaid expenses	(3,114)	(3,579)
Decrease in trade payables and other liabilities	(17,614)	(29,361)
Decrease in due to related parties	(100)	(3,251)
Net cash generated from operating activities	357,592	437,632
Financing activity		
Dividends paid	(566,577)	(802,649)
Cash used in financing activity	(566,577)	(802,649)
Net decrease in cash and cash equivalents	(208,985)	(365,017)
Cash and cash equivalents at the beginning of the period	890,402	918,708
Cash and cash equivalents at the end of the period	681,417	553,691
Represented by:		
Current accounts	681,417	553,691

The accompanying notes 1 to 18 form integral part of these interim condensed consolidated financial statements.

Eskan Bank Realty Income Trust

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-months ended 30 June 2024

1 REPORTING ENTITY

Eskan Bank Realty Income Trust (the "Trust" or "EBRIT"), was created through a trust instrument entered into between Bahrain Property Musharaka Trust ("BPMT") as the Settlor and Crestbridge Bahrain B.S.C (c) as the Trustee ("Crestbridge" or the "Trustee") on November 3, 2016 and was registered as a trust under the Financial Trust Law of Kingdom of Bahrain (Law No. 23 of 2006 and as replaced by Law No. 23 of 2016) with the Central Bank of Bahrain (the "CBB") under registration number FT/11/002/16 on 8 November 2016.

EBRIT is established as a closed-ended Shari'a compliant Bahrain Real Estate Investment Trust with a 100-year duration and has been authorized by the CBB to be constituted as a Bahrain domiciled retail Collective Investment Undertaking in derogation from Rule BRT-1.1.2 of Volume 7 of the CBB Rulebook.

At the inception of the Trust, the Trust had issued 198,000,000 units at a price of BD 0.100 per unit and a Net Asset Value of BD 0.101 per unit to the pre-Initial Public Offer unitholder Bahrain Property Musharaka Trust ("BPMT"). In consideration for the same, BPMT transferred the ownership of the Inaugural Trust Property to the Trust.

BPMT made an initial public offering of 144,394,499 units of EBRIT at an offer price of BD 0.100 to individuals and institutions in the Kingdom of Bahrain via a prospectus dated 15 November 2016. The initial public offering opened on 22 November 2016 and closed on 6 December 2016. The allotment of the units to the participants of the Initial Public Offering was made on 14 December 2016 and the units of EBRIT were listed on the Bahrain Bourse and commenced trading from 2 January 2017.

The primary objective of achieving an attractive level of return from rental income and long-term capital growth and to maximize stable income generation for the unitholders with a long-term approach and in a risk-adjusted manner.

EBRIT is overseen by Keypoint Trust B.S.C. (c) as the Trustee Custodian. Eskan Bank B.S.C (c) ("Eskan"), a bank incorporated in the Kingdom of Bahrain, has been appointed as the Investment Manager of EBRIT. SICO Fund Service B.S.C. (c) has been appointed as the Administrator of EBRIT.

EBRIT does not currently have any direct employees, however, it uses the services of a Trustee, Investment Manager, a Property Manager, a Property Appraiser, an Administrator and a Custodian for the management, administration and custody functions.

The following are the principal subsidiaries of the Group that are consolidated:

- (a) **Segaya Plaza Company BSC (c):** The subsidiary was incorporated in Bahrain under the law of Bahrain with commercial registration number 96206 owning real estate property named Segaya Plaza and was established on 29 December 2015. The Trust owns 100% of the Company, 99% through the Trustee and 1% through the Trust's subsidiary Danaat Al Madina Company BSC (c). The property is situated on the northern edge of Segaya and south of Salmaniya Hospital. The principal activity of the Company is to hold properties and to engage in real estate activities on behalf of the Trust.
- (b) **Danaat Al Madina Company BSC (c):** The subsidiary was incorporated in Bahrain under the law of Bahrain with commercial registration number 96210 owning real estate asset property named Danaat Al Madina and was established on 29 December 2015. The Trust owns 100% of the Company, 99% through the Trustee and 1% through the Trust's subsidiary Segaya Plaza Company BSC (c). The property is located in Isa Town. The principal activity of the Company is to hold properties and to engage in real estate activities on behalf of the Trust.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-months ended 30 June 2024

1 REPORTING ENTITY (continued)

The ownership of both the properties listed above, were transferred to the Trust on 10 November 2016. However, as per the prospectus of Trust any profit and losses pertaining to the Trust Properties shall accrue to the benefit of the Unitholders from 1 January 2017.

These interim condensed consolidated financial statements of Trust and its subsidiaries (together referred as the "Group") have been authorised for issue in accordance with a resolution of the Board of Directors of the Trust dated 26 September 2024 and authorized for issuance on 29 September 2024.

2 BASIS OF PREPARATION

This interim condensed consolidated financial statements has been prepared in accordance with the Financial Accountings Standards ("FAS") issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"). In line with the requirement of AAOIFI and the CBB Rule Book, for matters that are not covered by AAOIFI standards, the Trust uses guidance from the relevant International Financial Reporting Standards. Accordingly, the interim condensed consolidated financial statements has been presented in condensed form in accordance with the guidance provided by International Accounting Standard, IAS 41 - "Interim Financial Reporting".

The interim condensed consolidated financial statements does not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Trust for the year ended 31 December 2023.

The interim condensed consolidated financial statements for the six-month period ended 30 June 2024 is reviewed, not audited. The corresponding figures for the interim consolidated statement of financial position have been extracted from the audited consolidated financial statements for the year ended 31 December 2023 and the corresponding figures for the interim consolidated statement of income and other comprehensive income, changes in net assets attributable to the unitholders and cash flows have been extracted from the interim condensed consolidated financial statements for the six-month period ended 30 June 2023.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 New standards, interpretations and amendments

These interim condensed consolidated financial statements have been prepared using accounting policies, which are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of following FASs as explained below.

- **FAS 1 "General Presentation and Disclosures in the Financial Statements" (revised) (effective 1 January 2024)**

This standard describes and improves the overall presentation and disclosure requirements prescribed in line with the global best practices and supersedes the earlier FAS 1. It is applicable to all the Islamic Financial Institutions and other institutions following AAOIFI FAS's.

The revision of FAS 1 is in line with the modifications made to the AAOIFI conceptual framework for financial reporting, and has resulted in enhancements to the overall presentation and disclosures in the financial statements. The Group has adopted FAS 1 from the effective date of 1 January 2024 and has presented single combined interim consolidated statement of income and other comprehensive and the disclosure of interim consolidated statement of sources and use of charity fund has been relocated to the notes, further the Group has included the related applicable disclosures in these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-months ended 30 June 2024

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 New standards, interpretations and amendments (continued)

- **FAS 1 "General Presentation and Disclosures in the Financial Statements" (revised) (effective 1 January 2024) - (continued)**

Some of the significant revisions to the standard are as follows:

- a) Revised conceptual framework is now integral part of the FAS issued by AAOIFI;
- b) Definition of Quasi-equity is introduced;
- c) Definitions have been modified and improved;
- d) Concept of comprehensive income has been introduced;
- e) Institutions other than banking institutions are allowed to classify assets and liabilities as current and non-current;
- f) Disclosure of Zakah and charity have been relocated to the notes;
- g) True and fair override has been introduced;
- h) Treatment for change in accounting policies, change in estimates and correction of errors has been introduced;
- i) Disclosures of related parties, subsequent events and going concern have been improved;
- j) Improvement in reporting for foreign currency, segment reporting; and
- k) Presentation and disclosure requirements have been divided into three parts. First part is applicable to all institutions, second part is applicable only to banks and similar Islamic Financial Institutions "IFI's" and third part prescribes the authoritative status, effective date and amendments to other FAS issued by AAOIFI.

Adoption of the above standard has mainly changed the presentation of the interim condensed consolidated financial statements of the Group and the same has been prepared keeping in view such revised requirements so far as they are applicable to interim condensed consolidated financial statements under FAS 41.

- **FAS 40 "Financial Reporting for Islamic Finance Windows" (effective 1 January 2024)**
The standard improves upon and supersedes FAS 18 "Islamic Financial Services offered by Conventional Financial Institutions" and defines the financial reporting requirements applicable to conventional financial institutions offering financial services.

The above standard is not applicable to the Group and accordingly did not have any impact on the interim condensed consolidated financial statements of the Group for the period ended 30 June 2024.

3.2 New standards, amendments and interpretations issued but not yet effective

Standards, interpretations and amendments to existing standards and interpretations issued but not yet effective up to the date of issuance of the Group's interim condensed consolidated financial statements are disclosed below. The Group reasonably expects these issued standards, interpretations and amendments to existing standards and interpretations to be applicable at a future date. The Group intends to adopt these standards, interpretations and amendments to existing standards and interpretations, if applicable, when they become effective:

- **FAS 45 Quasi - Equity (Including Investment Accounts) (effective 1 January 2026)**
The standard is to establish the principles of financial reporting related to instruments classified as Quasi - Equity, such as investment accounts and similar instruments invested with Islamic financial institutions. Quasi - Equity is an element of financial statements of an institution in line with the "AAOIFI Conceptual Framework for Financial Reporting".

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-months ended 30 June 2024

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 New standards, amendments and interpretations issued but not yet effective (continued)

- FAS 46 Off - Balance - Sheet Assets Under Management (effective 1 January 2026)
The standard is to establish the principles of financial reporting related off - balance - sheet assets under management in line with with the "AAOIFI Conceptual Framework for Financial Reporting".
- FAS 47 Transfer of Assets between Investment Pools (effective 1 January 2026)
The standard is to establish the principles that apply in respect of transfer of assets between various investment pools of an Islamic financial institution.
- FAS 42 Presentation and Disclosures in the Financial Statements of Takaful Institutions (effective 1 January 2025)
This standard sets out the principles for the presentation and disclosure for the financial statements of Takaful institutions. It aims to ensure that the Takaful institutions faithfully present the information related to these arrangements to the relevant stakeholder as per the contractual relationship between the parties and the business model of the Takaful business in line with the Shari'ah principles and rules.
- FAS 43 Accounting for Takaful: Recognition and Measurement (effective 1 January 2025)
This standard sets out the principles for the recognition, measurement and reporting of Takaful arrangements and ancillary transactions for the Takaful institutions. It aims to ensure that the Takaful institutions faithfully present the information related to these arrangements to the relevant stakeholders as per the contractual relationship between the parties and the business model of the Takaful business in line with the Shari'ah principles and rules.

4 ESTIMATES

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim condensed consolidated financial statements, the significant judgments made by management in applying the Trust's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

5 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Trust's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements as at and for the year ended 31 December 2023.

6 COMPARATIVES

The comparatives for the interim consolidated statement of financial position have been extracted from the Group's audited consolidated financial statements for the year ended 31 December 2023 and comparatives for the interim consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows have been extracted from the Group's reviewed interim condensed consolidated financial statements for the six months ended 30 June 2024. Certain comparative figures have been regrouped, where necessary, in order to conform to the current period's presentation. Such regrouping did not affect the previously reported profit, comprehensive income for the period or total equity.

Eskan Bank Realty Income Trust

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-months ended 30 June 2024

7 SEASONALITY

Due to the nature of the Trust's activities, the results for the six-month period ended 30 June 2024, as reported in this interim condensed consolidated financial statements, are not necessarily indicative of the results that may be expected for the year ending 31 December 2024.

8 INVESTMENT IN REAL ESTATE

The following table shows the movement in investment in real estate:

	Six-months ended 30 June 2024 (reviewed) BD	Year ended 31 December 2023 (audited) BD
Balance at 1 January	10,610,000	10,575,000
Unrealized fair value gain on investment in real estate	30,000	35,000
	10,640,000	10,610,000

Schedule of investment in real estate as at 30 June 2024:

		Fair Value	
	Cost BD	30 June 2024 (reviewed) BD	31 December 2023 (audited) BD
Segaya Plaza	11,150,000	6,205,000	6,170,000
Danaat Al Madina	8,550,000	4,435,000	4,440,000
	19,700,000	10,640,000	10,610,000

As at 30 June 2024, the Group held total investment in real estate amounting to BD 10,640,000 (31 December 2023: BD 10,610,000) in two properties located in the Kingdom of Bahrain. During the six-month period ended 30 June 2023, the Group did not incur any cost (year ended 31 December 2023: Nil) on investment in real estate.

The investment in real estate has been valued by an independent external appraiser.

	30 June 2024	
	Fair value (reviewed) BD	% of net assets value (reviewed) BD
Segaya Plaza	6,205,000	55.48%
Danaat Al Madina	4,435,000	39.65%
	10,640,000	95.13%

Eskan Bank Realty Income Trust

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-months ended 30 June 2024

8 INVESTMENT IN REAL ESTATE (continued)

	<i>31 December 2023</i>	
	<i>Fair value (audited) BD</i>	<i>% of net assets value (audited) BD</i>
Segaya Plaza	6,170,000	54.61%
Danaat Al Madina	4,440,000	39.30%
	10,610,000	93.91%

Investment in real estate are stated at fair value, being the estimated amount for which a property would exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably, prudently and without compulsion. Fair value is estimated based on the Income Approach (Discounted Cash Flow "DCF" method as described below.

The Income Approach is a recognized valuation approach in many world markets where real estate is held as an investment. It is used to value tenanted property based on the anticipated future cash flows. Property occupancy, its current and expected rental rates, operating cost, and ongoing refurbishment costs are some of the variables used in a DCF analysis. The future cashflows are discounted using a discount rate (Yield rate / All Risks Yield) which is estimated based on current market trends as well as factors specific to the property like its location, condition of the development and expectations on capital growth and income.

For purpose of valuation assessment, stabilized occupancy rate within range of 90% - 95%, discount rate within range of 10.25% -10.5% and terminal growth rate of 2% were considered (31 December 2023: Same).

Property valuations are carried out in accordance with the Appraisal and Valuation Standards published by the International Valuation Standards Council (IVSC), and Bahrain Valuation Standards (BVS) and are undertaken by appropriately qualified and independent accredited by Real Estate Regulatory Authority (RERA) valuers who are members of Royal Institution of Chartered Surveyors (RICS) and who have recent experience in the locations and categories of properties being valued.

Sensitivity analysis to significant changes to unobservable inputs within Level 3 of the hierarchy

30 June 2024

The following sensitivity analysis has been done by calculating the impact of, change in stabilized occupancy rate and discount rate (keeping all other variables constant), on the valuation of investment in real estate where a positive / (negative) amount reflect possible increase / (decrease) in the carrying value.

<i>Stabilized occupancy rate</i>	<i>Discount Rate</i>			
	9.5%	10.5%	11%	11.5%
85%	(445,000)	(1,115,000)	(1,430,000)	(1,730,000)
90%	150,000	(560,000)	(890,000)	(1,210,000)
95%	760,000	-	(350,000)	(690,000)

Eskan Bank Realty Income Trust

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-months ended 30 June 2024

8 INVESTMENT IN REAL ESTATE (continued)

Sensitivity analysis to significant changes to unobservable inputs within Level 3 of the hierarchy (continued)

31 December 2023

The following sensitivity analysis has been done by calculating the impact of, change in stabilized occupancy rate and discount rate (keeping all other variables constant), on the valuation of investment in real estate where a positive / (negative) amount reflect possible increase / (decrease) in the carrying value.

<i>Stabilized occupancy rate</i>	<i>Discount Rate</i>			
	9.5%	10.5%	11%	11.5%
85%	(420,000)	(1,100,000)	(1,420,000)	(1,720,000)
90%	210,000	510,000	(840,000)	(1,170,000)
95%	820,000	60,000	(290,000)	(630,000)

The above sensitivity analysis however, do not necessarily indicate an absolute impact on valuation as the final outcome would be determined by selecting a point estimate within the range of possible outcomes.

9 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 operating decisions. Related parties comprise the Trustee, Investment Manager, significant unitholders and Directors of the above entities.

9.1 Transactions and balances with related parties

	30 June 2024 (reviewed) BD	<i>31 December 2023 (audited) BD</i>
Management fees payable (i)	1,250	1,250
Trustee and custodian fees payables (ii)	6,000	4,000
Audit fees payable	2,650	4,750
	9,900	10,000
	Six-months ended 30 June 2024 (reviewed) BD	<i>Year ended 31 December 2023 (reviewed) BD</i>
Performance supplement (note 12)	100,208	141,961
Investment management fees (i)	7,500	7,500
Trustee and custodian fees (ii)	10,000	10,000
Audit fees	4,000	10,350

(i) Represents investment management fees charged by Eskan Bank BSC (c)

(ii) Represents trustee and custodian fees charged by KeyPoint Trust B.S.C (c)

Eskan Bank Realty Income Trust

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-months ended 30 June 2024

9 RELATED PARTIES (continued)

9.2 The following related parties owned units in the Group:

<i>Related Party</i>	<i>Nature of Relationship</i>	30 June 2024 <i>(reviewed)</i> BD	<i>31 December 2023</i> <i>(audited)</i> BD
Eskan Bank B.S.C. (c)	Investment Manager of the Trust	63,618,044	63,618,044

10 RENTAL AND SERVICE FEE INCOME

	<i>Six-month period ended</i> 30 June 2024 <i>(reviewed)</i>			<i>Six-month period ended</i> 30 June 2023 <i>(reviewed)</i>		
	<i>Rental Income</i> <i>(reviewed)</i> BD	<i>Service fee income</i> BD	<i>Total</i> BD	<i>Rental Income</i> <i>(reviewed)</i> BD	<i>Service fee income</i> BD	<i>Total</i> BD
Segaya Plaza	341,983	8,085	350,068	370,181	11,515	381,696
Danaat Al Madina	186,125	20,724	206,849	158,777	16,651	175,428
	528,108	28,809	556,917	528,958	28,166	557,124

11 UNIT CAPITAL

The capital of the Trust consists of 198,000,000 units with a par value of BD 0.100 per unit. The units represent beneficial interest in the Trust, divided into interest of one class only. The units shall be entitled to the rights and subject to the limitations, restrictions and conditions set out in the prospectus and the Trust Instrument. The interest of each unitholder shall be determined by the number of units registered in the name of the unitholder. The units shall be indivisible. However, two persons or more may jointly own one unit, provided that one person shall represent them towards the Trust.

Each unit shall represent a proportionate, undivided beneficial ownership interest in the Trust and shall confer the right to one vote at any meeting of the unitholders and to participate pro rata in any distribution by the Trust, whether of Net Distributable Income of the Trust or other amounts, and in the event of termination or winding-up of the Trust, in the net asset of the Trust remaining after satisfaction of all liabilities. No Unit shall have any preference or priority over any other. Units shall rank among themselves equally and ratably without discrimination, preference or priority. Units shall be issued and held in dematerialized book entry form with the Central Depository in accordance with the applicable rules of the Module CSD of the CBB Rulebook, Volume 7. No unitholder shall be entitled to pre-emption rights in any issue of units.

Weighted average number of units for the purposes of calculating earnings per unit for the period is 198,000,000 (31 December 2023: 198,000,000) units.

Eskan Bank Realty Income Trust

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

12 OTHER INCOME

	<i>Six-month period ended 30</i>	
	<i>June</i>	
	2024	2023
	<i>(reviewed)</i>	<i>(reviewed)</i>
	<i>BD</i>	<i>BD</i>
Performance supplement (*)	100,208	141,961
Profit income	5,013	7,371
	105,221	149,332

(*) Pursuant to the Investment Management Agreement, and whilst not a mandatory obligation on the Investment Manager, the Investment Manager has the ability to supplement (the “Performance supplement”) any shortfall of the annualized net distributable income of the Trust. Accordingly, the Investment Manager agreed to supplement the shortfall in annualized net distributable income of the Trust for the year ended 31 December 2023 (refer to note 17).

13 FAIR VALUE

Fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

The fair value of the Group’ financial assets and liabilities approximate its carrying value due to its short term nature. The fair value of investment in real estate approximates its carrying value and are categorized within level 3 of the fair value hierarchy as at 30 June 2024 and 31 December 2023. The Group determines the fair values of its investment in real estate by using the Income Approach (Refer to note 8).

There were no transfers between Level 1, Level 2 and Level 3 during the period.

14 NET ASSET VALUE PER UNIT

	<i>Net Assets</i>	<i>Number of</i>	<i>Net Assets</i>
	<i>Value</i>	<i>Units in</i>	<i>Value</i>
		<i>issue</i>	<i>Per Unit</i>
As at 30 June 2024 (reviewed)	11,184,512	198,000,000	0.0565
As at 31 December 2023 (audited)	11,298,609	198,000,000	0.0571
As at 31 December 2022 (audited)	11,277,815	198,000,000	0.0570
As at 31 December 2021 (audited)	11,491,853	198,000,000	0.0580
As at 31 December 2020 (audited)	12,394,766	198,000,000	0.0626

The net asset value per unit is based on the net assets value and units outstanding as at 30 June 2024, 31 December 2023, 31 December 2022, 31 December 2021 and 31 December 2020. There has been no redemption since inception of the Trust.

Eskan Bank Realty Income Trust

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

15 EARNING PER UNIT

Earning per unit is calculated by dividing the profit for the period attributable to unitholders of the EBRIT by the weighted average number of units outstanding during the period.

	<i>Six-month period ended 30 June</i>	
	<i>2024</i>	<i>2023</i>
	<i>(reviewed)</i>	<i>(reviewed)</i>
	<i>BD</i>	<i>BD</i>
Profit attributable to unitholders – BD	452,480	478,225
Weighted average number of units outstanding – units	198,000,000	198,000,000
Earning per unit – BD	0.00229	0.00242

As this is a closed-ended real estate investment trust, diluted earnings per unit is not applicable.

16 NET DISTRIBUTABLE INCOME

“Net Distributable Income” is defined in Clause 16.4 of the Trust Instrument and is arrived at as follows:

	<i>Six-month period ended 30 June</i>	
	<i>2024</i>	<i>2023</i>
	<i>(reviewed)</i>	<i>(reviewed)</i>
	<i>BD</i>	<i>BD</i>
Opening balance	914,463	974,969
Profit for the period	452,480	478,225
Deduct capital expenditure reserve	(21,294)	(46,300)
Net distributable income	1,345,649	1,406,894
Dividend distributed	(566,577)	(802,649)
Net distributable income available	779,072	604,245

17 DIVIDENDS

The Board of Directors on 22 February 2024 declared a distribution for the period from 1 January 2023 to 31 December 2023 after obtaining CBB approval on 28 February 2024.

The total distribution equated to BD 466,368 or 2.36 fils per unit, which is a 2.36% yield over the twelve-month period from 1 January to 31 December 2023 and was payable to all Unitholders registered in EBRIT’s register of Unitholders with Bahrain Clear as at 29 Feb 2024 (the record date).

In addition, Eskan Bank B.S.C (c), in its capacity as Investment Manager, decided to provide a performance supplement to unitholders from the income that it was to receive on its locked-up units equating to BD 100,208 resulting in all other unitholders receiving a net distribution of 3 fils per unit or a 3% yield for the 2023 year (refer to note 12).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

18 SUBSEQUENT EVENTS

In the unitholders meeting held on 16 April 2024, Eskan extended a voluntary offer to acquire units of the EBRIT to provide an exit opportunity to the unitholders of EBRIT. The offer was completed subsequent to 30 June 2024 and as part of the offer, Eskan had acquired 18,776,142 units from the unitholders of the Trust. The market making activity was cancelled and 9,999,000 market making shares were added to the shareholding of Eskan.

Following these transactions, Eskan holds a total of 92,393,186 units in EBRIT.