

**ESKAN BANK REALTY
INCOME TRUST**

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

30 JUNE 2023

ESKAN BANK REALTY INCOME TRUST

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION 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>Principal 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 Chesterton International Bahrain WLL (31 December 2022)
<u>External auditor</u>	KPMG Fakhro Salman Manjlai, <i>Partner</i> P.O. Box 710, Manama, Kingdom of Bahrain
<u>Shari'a Board</u>	Dr. Sheikh Nezam Yacouby (Chairperson) Dr. Sheikh Abdulaziz Khalifa AlQassar (Vice Chairperson) Sheikh Abdalnasser Al-Mahmood (Member)

ESKAN BANK REALTY INCOME TRUST

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the six-months ended 30 June 2023

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ESKAN BANK REALTY INCOME TRUST

DIRECTORS' REPORT

For the six-months ended 30 June 2023

The Directors have pleasure in submitting their report together with the reviewed condensed consolidated interim financial information of Eskan Bank Realty Income Trust (the "Trust" or "EBRIT") and its subsidiaries (together "the Group") for the six-month period ended 30 June 2023.

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 2023 and results for the six-months ended 30 June 2023 are set out in the accompanying condensed consolidated interim financial information.

Dividends

The Board of Directors on 26 March 2023 declared a distribution at 4.25% of the unit's capital of the Trust for the period 1 January 2022 to 31 December 2022, after obtaining CBB approval (note 16).

Board of Directors of the Trust


The following Directors served during the six-month period ended 30 June 2023:

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

On behalf of the Directors:



Mr. Wajdi Al Jallad
Chairman



Mr. Muhammad Saeed Butt
Director

30 August 2023



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CR No. 6220 - 2

Independent auditors' report on review of condensed consolidated interim financial information

To the Unitholders

*Eskan Bank Realty Income Trust
Kingdom of Bahrain*

Introduction

We have reviewed the accompanying 30 June 2023 condensed consolidated interim financial information of Eskan Bank Realty Income Trust (the "Trust") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2023;
- the condensed consolidated statement of income for the six-month period ended 30 June 2023;
- the condensed consolidated statement of changes in net assets attributable to the unitholders for the six-month period ended 30 June 2023;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2023; and
- notes to the condensed consolidated interim financial information.

The Board of Directors of the Trust is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with FAS 41, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review

Scope of Review

We conducted our review in accordance with the 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 Auditing standards for Islamic Financial Institutions and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2023 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with FAS 41, "Interim Financial Reporting".


30 August 2023


CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

BD

	Notes	30 June 2023 (reviewed)	31 December 2022 (audited)
Assets			
Non-current asset			
Investment in real estate	7	10,575,000	10,575,000
Total non-current assets		10,575,000	10,575,000
Current assets			
Cash and cash equivalents		553,691	918,708
Trade receivables		27,030	22,627
Prepaid expenses		19,610	16,032
Total current assets		600,331	957,367
Total assets		11,175,331	11,532,367
Liabilities			
Current liabilities			
Trade payable and other liabilities		219,454	248,816
Dividends payable		486	486
Due to related parties	8.1	2,000	5,250
Total liabilities		221,940	254,552
Net assets attributable to unitholders		10,953,391	11,277,815
Unitholders			
Unit capital	10	19,800,000	19,800,000
Statutory reserve		1,000	1,000
Capital expenditure reserve		93,302	47,002
Accumulated losses		(8,940,911)	(8,570,187)
		10,953,391	11,277,815
Number of issued and outstanding units	10 & 13	198,000,000	198,000,000
Net asset value per unit	13	0.0553	0.0570

The condensed consolidated interim financial information were approved and authorized for issue by the Directors on 30 August 2023 and signed on their behalf by:


Mr. Wajdi Al Jallad
Chairman

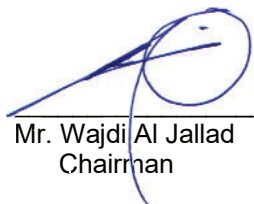

Mr. Muhammad Saeed Butt
Director

The accompanying notes 1 to 16 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six-months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 (reviewed)	2022 (reviewed)
Rental income	9	528,958	529,349
Service fee income	9	28,166	28,076
Property operating expenses		(181,684)	(181,058)
Property operating income, net		375,440	376,367
Other income	11	149,332	100,823
Investment management fee	8.1	(7,500)	(7,500)
Administration fee		(4,000)	(4,000)
Trustee and custodian fees	8.1	(10,000)	(10,000)
Other professional fees		(16,628)	(28,495)
Other expenses		(8,419)	(7,381)
Operating profit		478,225	419,814
Fair value unrealised loss on investment in real estate	7	-	(300,000)
Allowance for expected credit loss		-	(28,254)
Profit for the period		478,225	91,560
Earning per unit	14	0.00242	0.00046

The condensed consolidated interim financial information were approved and authorized for issue by the Directors on 30 August 2023 and signed on their behalf by:


Mr. Wajdi Al Jallad
Chairman


Mr. Muhammad Saeed Butt
Director

The accompanying notes 1 to 16 form an integral part of this condensed consolidated interim financial information.

ESKAN BANK REALTY INCOME TRUST

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

For the six-months ended 30 June 2023

BD

30 June 2023 (reviewed)	No. of units	Unit capital	Statutory reserve	Capital expenditure reserve	Accumulated losses	Total
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 (note 16)	-	-	-	-	(802,649)	(802,649)
At 30 June 2023	198,000,000	19,800,000	1,000	93,302	(8,940,911)	10,953,391

30 June 2022 (reviewed)	No. of units	Unit capital	Statutory reserve	Capital expenditure reserve	Accumulated losses	Total
At 1 January 2022	198,000,000	19,800,000	1,000	45,001	(8,354,148)	11,491,853
Profit for the period	-	-	-	-	91,560	91,560
Transfer to capital expenditure reserve	-	-	-	1,001	(1,001)	-
Dividend declared (note 16)	-	-	-	-	(566,576)	(566,576)
At 30 June 2022	198,000,000	19,800,000	1,000	46,002	(8,830,165)	11,016,837

The accompanying notes 1 to 16 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six-months ended 30 June 2023

BD

	Notes	Six months ended 30 June	
		2023 (reviewed)	2022 (reviewed)
Operating activities			
Profit for the period		478,225	91,560
Adjustment for:			
Fair value unrealized loss on investment in real estate	7	-	300,000
Allowance for expected credit loss		-	28,254
Operating cash flows before changes in working capital		478,225	419,814
Changes in working capital:			
Increase in trade receivables		(4,402)	2,721
Increase in prepaid expenses		(3,579)	(4,336)
Decrease in trade and other liabilities		(29,361)	(18,137)
Decrease in due to related parties		(3,251)	1,750
Net cash generated from operating activities		437,632	401,812
Financing activity			
Dividends paid		(802,649)	(566,576)
Net cash used in a financing activity		(802,649)	(566,576)
Net decrease in cash and cash equivalents		(365,017)	(164,764)
Cash and cash equivalents at the beginning of the period		918,708	743,128
Cash and cash equivalents at the end of the period		553,691	578,364
Represented by:			
Current accounts		553,691	578,364
		553,691	578,364

The accompanying notes 1 to 16 form an integral part of this condensed consolidated interim financial information.

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 the year 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.

EBRIT is overseen by Crestbridge Bahrain B.S.C (c) (“Crestbridge”) as the Trustee. The Trustee has appointed Eskan Bank B.S.C (c) (“Eskan”), a bank incorporated in the Kingdom of Bahrain as the Investment Manager. EBRIT was administered by Keypoint Consulting W.L.L., Bahrain (“the Administrator”) and Crestbridge was the Custodian of EBRIT.

Subsequent to the year ended 31 December 2020, the Trustee and custodian of the EBRIT has changed from Crestbridge Bahrain B.S.C (c) to Keypoint Trust B.S.C.(c) with effect from 31 December 2020. Further, the administrator of EBRIT has changed from Keypoint Consulting W.L.L to SICO Fund Service B.S.C. (c). with effect from 1 March 2021.

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 BSC (c):** The subsidiary was incorporated in Bahrain under the law of Bahrain with commercial registration number 96206 owning certain 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 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 certain 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 to hold properties and to engage in real estate activities on behalf of the Trust.

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 condensed consolidated interim financial information 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 30 August 2023.

2 BASIS OF PREPERATION

This condensed consolidated interim financial information has been prepared in accordance with the Financial Accountings Standards FAS 41, Interim Financial Reporting (“FAS 41”) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (“AAOIFI”).

2 BASIS OF PREPERATION (CONTINUED)

The condensed consolidated interim financial information 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 2022.

The condensed consolidated interim financial information for the six-month period ended 30 June 2023 is reviewed, not audited. The corresponding figures for the condensed consolidated statement of financial position have been extracted from the audited consolidated financial statements for the year ended 31 December 2022 and the corresponding figures for the condensed consolidated income statement, changes in net assets attributable to the unitholders and cash flows have been extracted from the reviewed condensed consolidated interim financial information for the six-month period ended 30 June 2022.

3 SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial information for the six-month period ended 30 June 2023 has been prepared using the same accounting policies and computational methods used by the Trust in its audited consolidated financial statements as at and for the year ended 31 December 2022.

A. New standards, amendments, and interpretations issued and effective for annual periods beginning on or after 1 January 2023

(i) FAS 39 Financial Reporting for Zakah

AAOIFI has issued FAS 39 Financial Reporting for Zakah in 2021. The objective of this standard is to establish principles of financial reporting related to Zakah attributable to different stakeholders of an Islamic financial Institution. This standard supersedes FAS 9 Zakah and is effective for the financial reporting periods beginning on or after 1 January 2023.

The Group has adopted this standard and did not have significant impact on the condensed consolidated interim financial information.

(ii) FAS 41 Interim financial reporting

This standard prescribes the principles for the preparation of condensed interim financial information and the relevant presentation and disclosure requirements, emphasizing the minimum disclosures specific to Islamic financial institutions in line with various financial accounting standards issued by AAOIFI. This standard is also applicable to the institutions which prepare a complete set of financial statements at interim reporting dates in line with the respective FAS's.

This standard is effective for financial statements for the period beginning on or after 1 January 2023. The Group has adopted this standard for the basis of preparation of its condensed consolidated interim financial information. The adoption of this standard did not have any significant impact on the Group's interim financial information.

B. New standards, amendments, and interpretations issued but not yet effective.

(i) FAS 1 General Presentation and Disclosures in the Financial Statements

AAOIFI has issued the revised FAS 1 General Presentation and Disclosures in the Financial Statements in 2021. 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. This standard is effective for the financial reporting periods beginning on or after 1 January 2024 with an option to early adopt. The revision of FAS 1 is in line with the modifications made to the AAOIFI conceptual framework for financial reporting.

The Group is assessing the impact of adoption of this standard and expects changes in certain presentation and disclosures in its consolidated financial statement in line with the wider market practice.

4 ESTIMATES

The preparation of condensed consolidated interim financial information 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 condensed consolidated interim financial information, 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 2022.

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 2022.

6 SEASONALITY

Due to the nature of the Trust's activities, the results for the six-month period ended 30 June 2023, as reported in this condensed consolidated interim financial information, are not necessarily indicative of the results that may be expected for the year ending 31 December 2023.

7 INVESTMENT IN REAL ESTATE

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

	30 June 2023 (reviewed)	31 December 2022 (audited)
Balance at 1 January	10,575,000	10,905,000
Fair value unrealized loss on revaluation of investment in real estate	-	(330,000)
	10,575,000	10,575,000

Schedule of investment in real estate as at 30 June 2023:

	Cost	Fair value	
		30 June 2023 (reviewed)	31 December 2022 (audited)
Segaya Plaza	11,150,000	6,140,000	6,140,000
Danaat Al Madina	8,550,000	4,435,000	4,435,000
	19,700,000	10,575,000	10,575,000

As at 30 June 2023, the Group held total investment in real estate amounting to BD 10,575,000 (31 December 2022: BD 10,575,000) in two properties located in the Kingdom of Bahrain. During the period, the Group did not incur any cost (31 December 2022: Nil) on investment in real estate.

The investment in real estate has been valued by an independent external appraiser – House Me WLL, (31 December 2022: Chesterton International Bahrain WLL). Both these properties have been leased out.

7 INVESTMENT IN REAL ESTATE (CONTINUED)

		30 June 2023 (reviewed)	
		Fair value	% of net assets value
Segaya Plaza		6,140,000	56.06%
Danaat Al Madina		4,435,000	40.49%
		10,575,000	96.55%

		31 December 2022 (audited)	
		Fair value	% of net assets value
Segaya Plaza		6,140,000	54.44%
Danaat Al Madina		4,435,000	39.32%
		10,575,000	93.76%

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. 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 since the property is currently operating and generating a steady income. Fair value is estimated based on the income approach method as described below.

30 June 2023

The traditional investment method (term & reversion) has been adopted since the current rental rate of the property cope with the market rates and the income of the property has predictable perpetuity that generate normal income. For purpose of valuation assessment, All-Risk Yield (ARY) within range of 8.25% - 8.5% was considered on the net term and reversion rent.

31 December 2022

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 85% - 95%, discount rate within range of 10.25% - 10.5% and terminal growth rate of 2% were considered.

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

7 INVESTMENT IN REAL ESTATE (CONTINUED)

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

30 June 2023 (reviewed)

The following sensitivity analysis has been done by calculating the impact of, change in ARY (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.

All-Risk Yield (ARY)	BD
8%	469,065
8.5%	(180,590)
9%	(758,050)

31 December 2022 (audited)

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.

Stabilized occupancy rate	Discount rate			
	9.5%	10.5%	11%	11.5%
85%	(280,000)	(935,000)	(1,245,000)	(1,540,000)
90%	420,000	(290,000)	(620,000)	(935,000)
95%	1,115,000	360,000	10,000	(325,000)

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.

8 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.

8.1 Transactions and balances with and from related parties

	30 June 2023 (reviewed)	31 December 2022 (audited)
Management fees payable (i)	-	1,250
Trustee and custodian fees payables (ii)	2,000	4,000
	2,000	5,250

	30 June 2023 (reviewed)	30 June 2022 (reviewed)
Performance supplement (note 11)	141,961	100,208
Investment management fees (i)	7,500	7,500
Trustee and custodian fees (ii)	10,000	10,000

(i) Represent investment management fees charged by Eskan Bank BSC (c)
(ii) Represent trustee and custodian fees charged by Keypoint Trust B.S.C (c)

8 RELATED PARTIES (CONTINUED)

8.2 The following related parties owned units in the Group:

Related Party	Nature of Relationship	Units held at	
		30 June 2023 (reviewed)	31 December 2022 (audited)
Eskan Bank B.S.C. (c)	Investment Manager of the Trust	63,618,044	63,618,044

9 RENTAL AND SERVICE FEE INCOME

	Six-month period ended 30 June 2023 (reviewed)			Six-month period ended 30 June 2022 (reviewed)		
	Rental income	Service fee income	Total	Rental income	Service fee income	Total
Segaya Plaza	370,181	11,515	381,696	378,825	12,425	391,250
Danaat Al Madina	158,777	16,651	175,428	150,524	15,651	166,175
	528,958	28,166	557,124	529,349	28,076	557,425

10 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 2022: 198,000,000) units.

11 OTHER INCOME

	Six-month period ended 30 June	
	2023 (reviewed)	2022 (reviewed)
Performance supplement (*)	141,961	100,208
Profit income	7,371	615
	149,332	100,823

11 OTHER INCOME (CONTINUED)

(*) 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 2022 by BD 141,961 (2021: BD 100,208) (refer to note 16).

12 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 approximate its carrying value and are categorized within level 3 of the fair value hierarchy as at 30 June 2023 and 31 December 2022. The Group determines the fair values of its investment in real estate by using the income approach (refer to note 7).

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

13 NET ASSET VALUE PER UNIT

	Net Assets Value	Number of Units in issue	Net Assets Value Per Unit
As at 30 June 2023 (reviewed)	10,953,391	198,000,000	0.0553
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
As at 31 December 2019 (audited)	12,212,535	198,000,000	0.0616

The net asset value per unit is based on the net assets value and units outstanding as at 30 June 2023, 31 December 2022, 31 December 2021, 31 December 2020 and 31 December 2019. There has been no redemption since inception of the Trust.

14 EARNING PER UNIT

Earning per unit are 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.

	Six-month period ended 30 June	
	2023 (reviewed)	2022 (reviewed)
Profit attributable to unitholders – BD	478,225	91,560
Weighted average number of units outstanding – units	198,000,000	198,000,000
Earning per unit – BD	0.00242	0.00046

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

15 NET DISTRIBUTABLE INCOME

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

	Six-month period ended 30 June	
	2023 (reviewed)	2022 (reviewed)
Opening balance	974,969	848,568
Profit for the period	478,225	91,560
Add back fair value unrealized loss pertaining to the Trust property	-	300,000
Add back allowance for expected credit loss	-	28,254
Deduct capital expenditure reserve	(46,300)	(1,001)
Net distributable income	1,406,894	1,267,381
Dividend distributed	(802,649)	(566,576)
Net distributable income available	604,245	700,805

16 DIVIDENDS

The Board of Directors on 26 March 2023 declared a distribution for the period from 1 January 2022 to 31 December 2022 after obtaining CBB approval on 10 April 2023.

The total distribution equated to BD 660,688 or 3.34 fils per unit, which is a 3.34% yield over the twelve-month period from 1 January to 31 December 2022 and was payable to all Unitholders registered in EBRIT’s register of Unitholders with Bahrain Clear as at 30 April 2023 (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 141,961 resulting in all other unitholders receiving a net distribution of 4.25 fils per unit or a 4.25% yield for the 2022 year (refer to note 11).