Eskan Bank Realty Income Trust

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2024

Information about the Trust

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

Eskan Bank Realty Income Trust

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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DIRECTORS' REPORT

For the year ended 31 December 2024

The Directors have pleasure in submitting their report together with the audited consolidated financial statements of Eskan Bank Realty Income Trust (the “Trust” or “EBRIT”) and its subsidiaries (together “the Group”) for the year ended 31 December 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 consolidated statement of financial position of the Group as at 31 December 2024 and results for the year ended 31 December 2024 are set out in the accompanying audited 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 year ended 31 December 2023, after obtaining CBB approval.

Board of Directors of the Trust

The following Directors served during the year ended 31 December 2024:

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

On behalf of the Directors:

Wajdi Al Jallad Chairman	Muhammad Saeed Butt Director

25 March 2025

بِسۡمِ ٱللَّهِ ٱلرَّحۡمَٰنِ ٱلرَّحِيمِ

Shari'a Supervisory Board Report for the year ended 31 December 2024

24 Ramadhan1446 BC coinciding 24 March 2025

Praise be to Allah, and May peace and blessing be upon Prophet Mohammed, his family and his companions

To the Unitholders of ESKAN Bank Realty Income Trust

Assalam Alaikum Wa Rahmat Allah Wa Barakatuh

In compliance with the letter of appointment, we are required to submit the following report:

During the year ended 31 December 2024, we have reviewed the principles and contracts relating to the transactions and applications conducted by ESKAN Bank Realty Income Trust (the “Trust”). We have also conducted our review to form an opinion as to whether the Trust has complied with Shari'a Rules and Principles and with specific Fatwas, rulings and guidelines issued by us.

We believe that ensuring the conformity of the Trust's activities with the provision of Islamic Shari'a is the sole responsibility of the Trust's Management, while the Shari'a Supervisory Board is only responsible for expressing an independent opinion based on our review of the operations of the Trust, and to report to you.

We have reviewed the internal Shari’a auditor report which contains the detail findings of auditing the Trust financial statements, transactions, activities, investments and pertinent documentation adopted by the Trust Management. Our review was conducted to form an opinion as to whether the Trust Management has complied with Shari’a rules and principles issued by us and also with the directives and guidelines issued by AAOIFI.

We planned and performed our review so as obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Trust has not violated Shari’a rules and Principles.

In our opinion:

Contracts, transactions and dealings related to the Trust entered into by the Trust Management during year ended 31 December 2024 that we have reviewed complies with the Islamic Shari'a Rules and Principles.

Since distributions to the unit holders are their share according to the terms and conditions of the total collected rent, minus what is determined according to the terms and conditions of the Trust, Therefore the Zakat is on the holder of each unit according to his applicable Zakat period and Nisab.

We pray that Allah may grant all of us further success and prosperity.

Sh. Dr. Nezam Mohammed Saleh Yacouby

Chairman

Sh. Dr. Abdul Aziz Khalif a Al Qassar

Vice Chairman

Sh. Dr. Abdul Nasser Omar Al Mahmood

Executive Member

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ESKAN BANK REALITY INCOME TRUST

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated 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 31 December 2024, and the related consolidated statements of income and other comprehensive income, net assets attributable to unit holders, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and it's consolidated results of operations, net assets attributable to unit holders and cash flows for the year then ended in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ["AAOIFI"].

Basis for opinion

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions (ASIFI) issued by AAOIFI. Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the consolidated financial statements*' section of our report. We are independent of the Group in accordance with the AAOIFI's Code of Ethics for Islamic Finance Professionals ("Code"), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The consolidated financial statements for the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified audit opinion on those consolidated financial statements on 18 February 2024.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material judgment of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Report on the Audit of the Consolidated Financial Statements (continued)

Key audit matters (continued)

1. Valuation of investment in real state	
Refer to notes 3.3.1 and 6	
Key audit matter / risk	**How the key audit matter was addressed in the audit**
<u>Valuation of investments in real estate</u> Investment in real estate represents approximately 90% of the total assets. The valuation of investments in real estate involve complex accounting requirements, including assumptions, estimates and judgements underlying the determination of fair values, which increases the level of judgement required by the Group in calculating the fair values and the associated audit risk of recognition and measurement.	Our audit procedures included, among others, the following: Understanding the process of valuations of investment in real estate for the purpose of assessing changes in fair value. Obtaining independent external valuation reports and assessing the appropriateness of the valuation methods and assumptions used by the valuer. We assessed the adequacy of the Group's disclosures in relation to these investments by reference to the requirements of the relevant accounting standards.

Report on the Audit of the Consolidated Financial Statements (continued)

Other information included in the Board of Directors' Report and Shari'a Supervisory Board Report

Other information consists of the information included in the Directors' report and the Shari'a Supervisory Board report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement, of this other information, we are required to report the fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

These consolidated financial statements and the Group's undertaking to operate in accordance with Islamic Shari'ah Rules and Principles are the responsibility of the Trust's Board of Directors.

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with AAOIFI and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 AAOIFI 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 consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ESKAN BANK REALITY INCOME TRUST (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)
As part of an audit in accordance with AAOIFI, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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.

- 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 the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' 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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ESKAN BANK REALITY INCOME TRUST (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)
We also provide the audit committee 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, related safeguards.

Report on Other Legal and Regulatory Requirements

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

a) the Trust has maintained proper accounting records and the consolidated financial statements are in agreement therewith;

b) the financial information contained in the Directors' report is consistent with the consolidated financial statements;

c) we are not aware of any violations during the year of the CBB and Financial Institutions Law No. 64 of 2006 (as amended), the CBB Rule Book (Volume 7, 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; and

d) satisfactory explanations and information have been provided to us by management in response to all our requests.

In our opinion, the Group has also complied with the Islamic Shari'a Principles and Rules as determined by the Shari'a Supervisory Board of the Group during the period under audit.

The Partner in charge of the audit resulting in this independent auditor's report is Essa Al-Jowder.

Ernst + Young

Auditor's Registration No: 45
25 March 2025
Manama, Kingdom of Bahrain

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Note	(Audited) 31 December 2024 BD	(Audited) 31 December 2023 BD
Assets			
Non-current assets			
Investment in real estate	6	**10,630,000**	10,610,000
Total non-current assets		**10,630,000**	10,610,000
Current assets			
Cash and cash equivalents	8	**1,030,508**	890,402
Trade receivables	7	**107,881**	35,180
Prepaid expenses		**-**	23,912
Total current assets		**1,138,389**	949,494
Total assets		**11,768,389**	11,559,494
Liabilities			
Current liabilities			
Trade payables and other liabilities	9	**245,531**	255,149
Dividend payable		**486**	486
Due to related parties	10.1	**4,000**	5,250
Total liabilities		**250,017**	260,885
Net assets attributable to unitholders		**11,518,372**	11,298,609
Unit capital	12	**19,800,000**	19,800,000
Statutory reserve	13	**1,000**	1,000
Capital expenditure reserve		**114,596**	93,302
Accumulated losses		**(8,397,224)**	(8,595,693)
		11,518,372	11,298,609
Number of issued and outstanding units	12 , 20	**198,000,000**	198,000,000
Net asset value per unit	20	**0.0582**	0.0571

The consolidated financial statements were approved and authorized for issue by the Directors on 24 March 2025 and signed on their behalf by:

Wajdi Al Jallad
Chairman

Muhammad Saeed Butt
Director

CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	***(Audited) 31 December 2024 BD***	*(Audited) 31 December 2023 BD*
Rental income	14	**1,058,429**	1,068,294
Service fee income	14	**57,928**	55,477
Property operating expenses	15	**(385,077)**	(397,991)
Property operating income, net		**731,280**	725,780
Other income	16	**160,603**	156,176
Investment management fee	10.1	**(15,000)**	(15,000)
Administration fee		**(8,000)**	(8,000)
Trustee and custodian fees	10.1	**(20,000)**	(20,000)
Other professional fees		**(36,728)**	(37,361)
Other expenses		**(28,342)**	(13,151)
Operating profit		**783,813**	788,444
Unrealized fair value gain on investment in real estate	6	**20,000**	35,000
Allowance for expected credit loss	7.1	**(17,474)**	-
Profit for the year		**786,339**	823,444
Other comprehensive income			
Items that will subsequently be classified to statements of income		**-**	-
Total comprehensive income for the year		**786,339**	823,444
Earning per unit	21	**0.0040**	0.0042

The consolidated financial statements were approved and authorized for issue by the Directors on 24 March 2025 and signed on their behalf by:

Wajdi Al Jallad
Chairman

Muhammad Saeed Butt
Director

The accompanying notes 1 to 23 form integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS

For the year ended 31 December 2024

31 December 2024 (audited)	***No. of units***	***Unit capital***	***Statutory reserve***	***Capital expenditure reserve***	***Accumulated losses***	***Total***
		BD	***BD***	***BD***	***BD***	***BD***
As at 1 January 2024	198,000,000	19,800,000	1,000	93,302	(8,595,693)	11,298,609
Profit for the year	-	-	-	-	786,339	786,339
Transfer to capital expenditure reserve	-	-	-	21,294	(21,294)	-
Dividend (note 11)	-	-	-	-	(566,576)	(566,576)
As at 31 December 2024	**198,000,000**	**19,800,000**	**1,000**	**114,596**	**(8,397,224)**	**11,518,372**

31 December 2023 (audited)	*No. of units*	*Unit Capital*	*Statutory reserve*	*Capital expenditure reserve*	*Accumulated losses*	*Total*
		BD	*BD*	*BD*	*BD*	*BD*
As at 1 January 2023	198,000,000	19,800,000	1,000	47,002	(8,570,187)	11,277,815
Profit for the year	-	-	-	-	823,444	823,444
Transfer to capital expenditure reserve	-	-	-	46,300	(46,300)	-
Dividend (note 11)	-	-	-	-	(802,650)	(802,650)
As at 31 December 2023	198,000,000	19,800,000	1,000	93,302	(8,595,693)	11,298,609

The accompanying notes 1 to 23 form an integral part of this consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	*(Audited)* *31 December* *2024* *BD*	*(Audited)* *31 December* *2023* *BD*
Profit for the year		**786,339**	823,444
Adjustments for:			
Unrealized fair value gain on investment in real estate	6	**(20,000)**	(35,000)
Allowance for expected credit loss	7.1	17,474	-
Operating cash flows before changes in working capital		**783,813**	788,444
Changes in working capital:			
Increase in trade receivables		**(90,175)**	(12,553)
Decrease / (increase) in prepaid expenses		**24,412**	(7,880)
(Increase) / decrease in trade payables and other liabilities		**(10,118)**	6,333
Decrease in due to related parties		**(1,250)**	-
Net cash generated from operating activities		**706,682**	774,344
Financing activity			
Dividends paid		**(566,576)**	(802,650)
Cash used in financing activity		**(566,576)**	(802,650)
Net Increase / (decrease) in cash and cash equivalents		**140,106**	(28,306)
Cash and cash equivalents at the beginning of the year		**890,402**	918,708
Cash and cash equivalents at the end of the year	8	**1,030,508**	890,402
Represented by:			
Current accounts		**488,944**	468,402

The accompanying notes 1 to 23 form integral part of these financial statements.

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 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.

These 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 25 March 2025 and authorized for issuance on 25 March 2025.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The consolidated financial statements are prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"), the Shari'a Rules and Principals as determined by the Shari'a Board of the Trust, the Central Bank of Bahrain and Financial Institutions Law, the CBB Rule Book (Volume 7 and applicable provisions of Volume 6 and CBB directives), the Bahrain Bourse rules and procedures. In accordance with the requirements of AAOIFI, for matters for which no AAOIFI standard exists, the Group uses guidance from relevant International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB").

2.2 Basis of measurement

The consolidated financial statements are prepared on the historical cost convention except for investment in real estate which are measured at fair value.

2 BASIS OF PREPARATION (continued)

2.3 Functional and presentation currency

The consolidated financial statements are presented in Bahraini Dinars ("BD") which is considered to be the Group's functional and operational currency.

2.4 Basis of consolidation

(i) Subsidiaries:

The consolidated financial statements comprise the financial statements of the Trust and its subsidiaries as at 31 December 2024.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and continue to be consolidated until the date when such control ceases. Control is achieved where the Group has the power directly or indirectly to govern the financial and operating policies of an entity with the objective of obtaining benefits from its operations.

The reporting period of the Trust's subsidiaries are identical, and their accounting policies conform to those used by the Trust for like transactions and events in similar circumstances. Adjustments are made in the consolidated financial statements where appropriate to ensure the accounting policies of the subsidiaries are consistent with the policies adopted by the Group.

The results of subsidiaries acquired or disposed of during the year, if any, are included in the consolidated statement of operations from the date of acquisition or up to the date of disposal, as appropriate.

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.

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.

(ii) Transactions eliminated on consolidation:

All intra-group balances, transactions, income and expenses and unrealized gains and losses resulting from intra-group transactions are eliminated in full on consolidation.

(iii) Loss of control:

When the Group loses control over subsidiary, it derecognises the assets and liabilities of the subsidiary, any related non-controlling interest and other component of equity. Any resulting gain or loss is recognized in statement of income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 New standards, interpretations and amendments

These 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 consolidated statement of income and other comprehensive income and the Group has included the related applicable disclosures in these consolidated financial statements.

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 an amendments to other FAS issued by AAOIFI.

Adoption of the above standard has mainly changed the presentation of the 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 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 consolidated financial statements of the Group for the year ended 31 December 2024.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 New and amended standards 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 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".

- 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.

The above standards are not expected to have any implications on the group as they are mainly not applicable

3.3 Summary of significant accounting policies

3.3.1 Investment in real estate

Investment in real estate is an investment that earns rental income and / or is expected to benefit from capital appreciation. Investment in real estate is initially recognised at cost including directly attributable expenditure. Subsequent to initial recognition, the investment in real estate is stated at fair value, which reflects market conditions at the reporting date.

Any unrealised gains arising from a change in the fair value of investment in real estate shall be recognized directly in unitholders accounts under “property fair value reserve” for the period in which it arises.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Summary of significant accounting policies (continued)

3.3.1 Investment in real estate (continued)

Any unrealised losses resulting from re-measurement at fair value of investment in real estate carried at fair value shall be adjusted in unitholders accounts against the property fair value reserve, to the extent of the available credit balance of this reserve. In case such losses exceed the available balance, the unrealised losses shall be recognised in the consolidated statement of income. In case there are unrealised losses relating to investment in real estate that have been recognised in the consolidated income statement in the previous financial year, the unrealised gains relating to the current financial year shall be recognised to the extent of crediting back such previous losses in the consolidated statement of income.

The realised profits or losses resulting from the sale of any investment in real estate shall be measured as the difference between the book value (or carrying amount) and the net cash or cash equivalent proceeds from the sale for each investment separately. The resulting profit or loss together with the available balance on the property fair value reserve account shall be recognised in the consolidated statement of income for the current financial year.

3.3.2 Financial instruments

Classification
The Group currently classifies and measures its financial assets and financial liabilities at amortised cost.

Recognition and measurement
Financial assets and financial liabilities are recognised at fair value and stated at amortised cost less provision for impairment (for financial assets)

Derecognition
Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation is discharged, cancelled or expired.

Impairment of financial assets
The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Group measures loss allowances on trade receivables at an amount equal to lifetime ECLs ("Simplified approach").

Loss allowances on bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition are measured at 12-month ECLs ("General approach").

When determining whether the credit risk of a financial asset has increased significantly since initial recognition when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment including forward-looking information.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the;
- Group to actions such as realising security (if any is held); or
- the trade receivables are more than 180 days past due from the due date.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Summary of significant accounting policies (continued)

3.3.2 Financial instruments (continued)

Impairment of financial assets (continued)
Lifetime ECL are the ECLs that result from all possible default events over the expected life of the financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

Trade receivables - (Simplified approach)
The Group uses an allowance matrix to measure the ECLs of trade receivables.

Loss rates are calculated using a ‘roll rate (Net-flow)’ method based on the probability of a receivable progressing through successive stages of delinquency to the loss bucket. Recovery from the loss bucket is also considered for computing the historical loss rates. Roll rates are calculated separately for exposures in different segments based on the customer’s common credit risk characteristics.

Loss rates are based on actual credit loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and Group view of economic conditions over the expected lives of the receivables. The forward-looking adjustment of the loss rates is based on a qualitative score card which factors the management’s view on the future economic and business conditions.

Bank balances - (General approach)
Impairment on bank balances has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Group assumes that the credit risk on bank balances has been increased significantly if the underlying credit risk of the bank has increased by two rating grades.

Credit-impaired financial assets;
At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit - impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

significant financial difficulty of the borrower / debtor or issuer;
a breach of contract such as a default or being more than 180 days past due from the due date; or it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount.

3.3.3 Cash and cash equivalents
Cash and cash equivalents comprise balances held in current accounts, which are realisable on demand and fixed deposit with original maturity of 90 days or less.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Summary of significant accounting policies (continued)

3.3.4 Trade receivables
Trade receivables comprises of rental and service income receivables due from tenants arising from leases on investment in real estate in the ordinary course of business.

3.3.5 Trade and other liabilities
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer), if not, they are presented as non-current liabilities.

3.3.6 Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is currently an 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.

3.3.7 Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to EBRIT and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding VAT or duty. The Group has concluded that it is the principal in all its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognised.

(a) Rental income
Rental income arising from operating leases on investment in real estate is accounted for on a straight-line basis over the lease term and is included in rental income in the consolidated statement of income due to its operating nature.

(b) Service fee income
Service fee income represents amounts for property service charges that are payable by tenants to contribute towards the operation and maintenance expenses of the relevant property. Service fees are recognised on a time proportion basis in accordance with the terms of the rental or service agreements.

3.3.8 Property expenses
Property expenses comprise all property related expenses which include third party property and facility management fees and utility expenses. Property expenses are recognised in the consolidated statement of income in the year in which they are incurred (on an accruals basis).

3.3.9 Capital expenditure reserve
The Investment Manager has forecasted the expected capital expenditure requirements of the real estate properties within the Inaugural Trust Property and established a reserve, to be funded on an ongoing basis, for such expenditures to ensure the properties maintain their income generating capacity and value.

3.3.10 Foreign currencies
Foreign currency transactions are recognised in the functional currency at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency at the reporting date are retranslated at the rates of exchange at that date.

Exchange differences arising on the settlement of transactions and on the retranslation of monetary items are included in the consolidated statement of income for the year.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Summary of significant accounting policies (continued)

3.3.11 Zakat
Zakat is directly borne by the unitholders on distributed profits. The Trust currently does not collect or pay Zakat on behalf of its unitholders.

3.3.12 Earning prohibited by Shari'a
EBRIT is committed to avoiding recognising any income generated from non-Islamic sources. Accordingly, any non-Islamic income will be credited to a Charity Trust where EBRIT uses these Trusts for social welfare activities. To date, no non-Islamic income has been generated.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, revenue and expenses. However, uncertainty about these judgment, assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liability affected in the future.

Such estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described below:

Judgement
In the process of applying the Group's accounting policies, management has made the following judgements apart from those involving estimates and assumptions, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Going concern
The Investment Manager has made an assessment of the Group's ability to continue on a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the Investment Manager is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on going concern basis.

Impairment of trade receivables
Refer to section "impairment of trade receivables" in note 3.3.2.

Estimate
The key assumptions concerning future and other key sources of estimation uncertainty at the consolidated financial statements date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair value measurement
Measurement of fair value with significant unobservable input. Refer to note 6 and 9.

Inputs, assumptions and techniques used for estimating impairment
Refer to section "impairment of financial assets" in note 3.3.2

5 FEES AND EXPENSES

Investment management fee
The Investment Manager will be entitled to receive the following fees payable from the Trust Properties:

(a) BD 15,000 per annum if the Trust's Gross Asset Value ("GAV") over a trailing 12-month period is below or equal to BD 25,000,000; or

(b) 0.5% per annum of the Gross Asset Value of the Trust if the Trust's Gross Asset Value over a trailing 12-month period is in excess of BD 25,000,000.

The Investment Manager is entitled to a performance incentive as follows:

The Investment Manager is entitled to a performance incentive should (a) distributions of Net Distributable Income to Unitholders, calculated at the end of each Financial Year, by dividing such distributions by the Offer Price exceed 7% (the amount of such excess distribution, the "Excess Distribution"); and (b) the NAV calculated at the end of same Financial Year be higher than the NAV calculated at the end of the last Financial Year where a performance incentive was paid to the Investment Manager or, should no performance incentive have been paid to the Investment Manager prior to the end of a Financial Year, the NAV calculated at the end of such Financial Year be higher than the NAV as at the Issue Date. In any such case the Excess Distribution shall be allocated at 30:70 between the Investment Manager and the Unitholders, and any amendment to the profit should be done following obtaining the approval of the Trustee.

Administration fee
The annual Administrator fees charged to the Group for the services provided are determined as follows:

(a) BD 8,000 (2023: BD 8,000) effective from 1 March 2021 per year if the Trust's NAV is up to BD 25,000,000 within a 12-month period; or

(b) the higher of BD 15,000 effective from 1 March 2021 or 0.06% of the Trust's NAV if the Trust's NAV is over BD 25,000,000 within a 12-month period.

(c) BD 1,000 per year per subsidiary; and

(d) Other service charges to be agreed in writing between the parties when required.

Custody fee
Under the Custody Agreement, the annual Custodian fees charged to the Trust for the services provided are expected to equate to BD 2,000 per annum.

Registrar fee
As per the Registrar Agreement, the annual Registrar fees charged to the Trust for the services provided are 0.500 fils per unitholder per annum provided that such fees, in the aggregate shall not be less than BD 2,000 or greater than BD 10,000.

Trustee fee
The annual Trustee's fees charged to the Trust for the services provided are expected to equate to BD 18,000 per annum.

Property appraiser fee
The Property Appraiser is entitled for the services provided to the Group and the total contracted costs for the current Property Appraiser for the period from 30 June 2023 to 31 December 2024 (for providing four valuations) is BD 4,000.

Property manager fee
The Property Manager is entitled to a monthly fee up to BD 5,125 (2023: BD 5,590) for the services provided.

5 FEES AND EXPENSES (continued)

Regulatory fee
This includes Bahrain Bourse annual fee of BD 5,000 and the CBB annual fee of BD 2,000.

Shari'a board member fee
The annual Trustee's fees charged to the Trust for the services provided are expected to equate to BD 1,000 per Shari'ah board member per annum.

6 INVESTMENT IN REAL ESTATE

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

	31 December 2024 (audited) BD	*31 December 2023 (audited) BD*
Balance at 1 January	**10,610,000**	10,575,000
Unrealized fair value gain on investment in real estate	**20,000**	35,000
	10,630,000	10,610,000

Schedule of investment in real estate as at 31 December 2024:

		Fair Value	
	Cost BD	***31 December 2024 (audited) BD***	*31 December 2023 (audited) BD*
Segaya Plaza	**11,150,000**	**6,200,000**	6,170,000
Danaat Al Madina	**8,550,000**	**4,430,000**	4,440,000
	19,700,000	**10,630,000**	10,610,000

As at 31 December 2024, the Group held total investment in real estate amounting to BD 10,630,000 (31 December 2023: BD 10,610,000) in two properties located in the Kingdom of Bahrain. During the year, 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 – House Me Company WLL (2023: House Me Company WLL). Both these properties have been leased out.

	31 December 2024	
	Fair value (audited) BD	***% of net assets value** (audited) **BD***
Segaya Plaza	**6,200,000**	**53.83%**
Danaat Al Madina	**4,430,000**	**38.46%**
	10,630,000	**92.29%**

6 INVESTMENT IN REAL ESTATE (continued)

	31 December 2023	
	Fair value (audited) BD	*% of net assets value (audited) BD*
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 recognised 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, stabilised 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

31 December 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.

	Discount Rate			
Stabilized occupancy rate	**9.5%**	**10.5%**	**11%**	**11.5%**
85%	(350,000)	(1,050,000)	(1,280,000)	(1,610,000)
90%	310,000	(400,000)	(740,000)	(1,080,000)
95%	1,080,000	250,000	(100,000)	(450,000)

6 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.

	Discount Rate			
Stabilized occupancy rate	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.

7 TRADE RECEIVABLES

	31 December 2024 (audited) BD	*31 December 2023 (audited) BD*
Property rental & service charge receivable	**415,850**	325,675
Less: impairment allowance (note 7.1)	**(307,969)**	(290,495)
	107,881	35,180

7.1 The movement in impairment allowance for trade receivables is as follow:

	31 December 2024 (audited) BD	*31 December 2023 (audited) BD*
Balance at 1 January	**290,495**	290,495
Charge for the year	**17,474**	-
Balance as at 31 December	**307,969**	290,495

8 CASH AND CASH EQUIVALENTS

	31 December 2024 (audited) BD	*31 December 2023 (audited) BD*
Current accounts	**488,944**	468,402
Murabaha deposit	**541,563**	422,000
	1,030,508	890,402

9 TRADE PAYABLES AND OTHER LIABILITIES

	31 December 2024 (audited) BD	*31 December 2023 (audited) BD*
Security deposit	**135,852**	127,949
Advance rent	**64,196**	75,031
Property expenses payable	**22,309**	28,621
Accrued fees (note 9.1)	**23,174**	23,548
	245,531	255,149

9.1 Accrued fees

	31 December 2024 (audited) BD	*31 December 2023 (audited) BD*
Property manager fee	**6,254**	6,254
Administration fees	**3,500**	1,500
Audit fees*	**11,100**	4,750
Registrar fees	**-**	2,000
Other fees and expenses	**2,320**	9,044
	23,174	23,548

*Fees relating to the Group's external auditor, during the year 2024 amounted to BD 12,500 (2023: BD 10,350).

10 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.

10.1 Transactions and balances with related parties

	31 December 2024 (audited) BD	*31 December 2023 (audited) BD*
Management fees payable (i)	**-**	1,250
Trustee and custodian fees payables (ii)	**4,000**	4,000
	4,000	5,250

10 RELATED PARTIES

10.1 Transactions and balances with related parties (continued)

	31 December 2024 (audited) BD	*31 December 2023 (reviewed) BD*
Performance supplement (note 11)	**100,208**	141,961
Investment management fees (i)	**15,000**	15,000
Trustee and custodian fees (ii)	**20,000**	20,000

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

10.2 The following related parties owned units in the Group:

Related Party	***Nature of Relationship***	***31 December 2024 (audited) Units***	*31 December 2023 (audited)* ***Units***
*Eskan Bank B.S.C. (c)	Investment Manager of the Trust	**92,393,186**	63,618,044

*In addition to the above, as at 31 December 2024, the investment manager holds nil units as market maker (31 December 2023: 9,901,292).

11 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 16).

Accordingly, the total dividend for the year ended 31 December 2023 amounted to BD 566,576 (31 December 2022: BD 802,650).

12 UNIT CAPITAL

The capital of the Trust consists of 198,000,000 units with a par value of BD 0.100 per unit (2023 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.

12 UNIT CAPITAL (continued)

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.

13 STATUTORY RESERVE

The Trust is regulated by the Volume 7 – Collective Investment Undertaking. However, its subsidiaries Segaya Plaza Company B.S.C. (c); and Danaat Al Madina Company B.S.C. (c) follow provisions of the Commercial Companies Law and are required to transfer an amount equivalent to 10% of the net profit before appropriations to a reserve account until such time as a minimum 50% of the share capital is set aside. Accordingly, during this year no transfer has been made to the statutory reserve by the subsidiaries as the statutory reserve has already reached 50% of the share capital.

14 RENTAL AND SERVICE FEE INCOME

	Year ended 31 December 2024 (audited)			*Year ended 31 December 2023 (audited)*		
	Rental income	***'Service fee income***	***Total***	*Rental income*	*'Service fee income*	*Total*
	BD	***BD***	***BD***	*BD*	*BD*	*BD*
Segaya Plaza	**689,618**	**16,311**	**705,929**	716,570	19,340	735,910
Danaat Al Madina	**368,811**	**41,617**	**410,428**	351,724	36,137	387,861
	1,058,429	**57,928**	**1,116,357**	1,068,294	55,477	1,123,771

15 PROPERTY OPERATING EXPENSES

	Year ended 31 December	
	2024 (audited)	*2023 (audited)*
	BD	*BD*
Property management expenses	**323,277**	329,650
Property management fee	**61,800**	68,341
	385,077	397,991

16 OTHER INCOME

	Year ended 31 December	
	2024	*2023*
	(audited)	*(audited)*
	BD	*BD*
Performance supplement (*)	**100,208**	141,961
Expense reimbursement from tenants	**48,721**	-
Profit income	**11,674**	14,215
	160,603	156,176

(*) 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 annualised net distributable income of the Trust for the year ended 31 December 2023 by BD 100,280 (2022: BD 141,961) (refer to note 11). During the year Eskan Bank B.S.C. had provided a voluntary offer to acquire units of the Trust to provide an exit opportunity to the unitholders. The terms of the offer included Eskan Bank B.S.C. to cease the providing of performance supplement from the year ended 31 December 2024 and terminating the market making activity.

17 BUSINESS AND GEOGRAPHIC SEGMENTS

The Group is mainly engaged in a single segment of business, being investments in income generating real estate properties located in the Kingdom of Bahrain.

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Financial instruments include financial assets and financial liabilities. A financial instrument is any contract that gives rise to both a financial asset in one enterprise and a financial liability or equity instrument of another enterprise.

Financial assets of the Trust consist of bank balances and trade receivables.

Financial liabilities of the Trust consist of trade payables and due to related parties.

Categories of financial instruments

	31 December 2024	*31 December 2023*
	(audited)	*(audited)*
	BD	*BD*
Financial assets at amortized cost		
Cash and cash equivalents	**1,030,508**	890,402
Trade receivables	**107,881**	35,180

	31 December 2024	*31 December 2023*
	(audited)	*(audited)*
	BD	*BD*
Financial liabilities at amortised cost		
Trade and other payables	**245,531**	255,149
Dividends payable	**486**	486
Due to related parties	**4,000**	5,250

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Overview

The Trust has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Trust's exposure to each of the above risks, the Trust's objectives, policies and processes for measuring and managing risk. The note also presents certain quantitative disclosures in addition to the disclosures throughout the consolidated financial statements.

The Investment Manager provides investment management services to the Group and monitors and manages the financial risks relating to the operations of the Group. These risks include credit risk, liquidity risk and market risk.

18.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk on its bank balances and trade receivables.

The credit risk faced by the Group is the risk of a financial loss if (i) tenants fail to make rental payments or meet other obligations under their leases or (ii) a counterparty to a financial instrument or other financial arrangement fails to meet its obligations under that instrument or arrangement.

The Group seeks to limit its credit risk by means of the following policies:

(i) Tenants

The Group maintains the property portfolio under continual review through the appointed property manager to minimize tenant credit risk. Tenants occupying under existing leases at the time of the acquisition of an interest in a property are actively monitored for timely payment of rent and other obligations following the acquisition. New tenants that commence occupation subsequent to the acquisition of an interest in a property are assessed at the time of entering a lease.

The Group engages external property management agents to manage the payment of rents by tenants. The Group through the Investment Manager remains actively involved and undertakes regular consideration of tenant profiles, existing and anticipated voids, overdue rents and outstanding rent reviews. Rent deposits are held in respect of all new leases and may be withheld by the Group in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract.

(ii) Financial counterparties

The Group is not exposed to significant credit risk on its bank balances as it maintains it with a bank, having high credit ratings, that is Shari'a compliant and regulated by the Central Bank of Bahrain and therefore does not hold any allowance for expected credit loss.

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

18.1 Credit risk (continued)

(ii) Financial counterparties (continued)

Maximum exposure to credit risk
The management of the Group believes that the carrying amount of financial assets recorded in the consolidated financial statements at the reporting date represents the Group's maximum exposure to credit risk.

	31 December 2024 (audited) BD	*31 December 2023 (audited) BD*
Cash and cash equivalents	**1,030,508**	890,402
Trade receivables	**415,850**	325,675

Aging of trade receivables:

	31 December 2024 (audited) BD	*31 December 2023 (audited) BD*
0–29 days	**16,401**	10,737
330–89 days	**31,219**	25,026
90–179 days	**39,759**	10,570
180–365 days	**37,327**	41,056
More than 365 days*	**291,143**	238,286
Gross receivables	**415,850**	325,675
Allowance for expected credit loss	**(307,969)**	(290,495)
	107,881	35,180

*includes vacated tenants.

Gross receivables amounting to BD 328,470 (2023: BD 279,342) are considered impaired by management.

The Group does not hold any collateral against above receivables. However, these are secured by deposits held by the Group against certain tenants.

The Group believes that the provision on trade receivables represent best estimate of amount that would be recovered from customers based on available reliable information.

Concentration risk:
All the real estate investment of the Group is located in the Kingdom of Bahrain. Decreased government revenue from reduced oil prices may have a negative effect on Bahrain economy and in turn on the Group's Properties. Emerging markets such as Bahrain are generally susceptible to greater risk than in more developed markets. Any unexpected changes in the political, social, economic or other conditions in Bahrain may have a material adverse effect on the investment in real estate of the Group.

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

18.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which is inherent to the Group's operations. The Group manages liquidity risk by maintaining sufficient cash at banks to meet its liabilities when due. As of 31 December 2024, the Group is not exposed to significant liquidity risk.

18.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The Group is not exposed to any significant market risk as of reporting date.

19 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 it carrying value due to its short-term nature. The fair value of investment in real estate approximates it carrying value (note 4).

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Fair value measurements subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investment in real estate carried at fair value are categorised within level 3 of the fair value hierarchy. The
Group determines the fair values of its investment in real estate by using the income approach Refer to

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

20 NET ASSET VALUE PER UNIT

	Net Assets Value	*Number of Units in issue*	*Net Assets Value Per Unit*
As at 31 December 2024 (audited)	**11,518,372**	**198,000,000**	**0.0582**
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 31 December 2024, 31 December 2023, 31 December 2022, 31 December 2021 and 31 December 2020. There has been no redemption since inception of the Trust.

21 EARNING PER UNIT

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

	Year ended 31 December	
	2024	*2023*
	BD	*BD*
Profit attributable to unitholders – BD	**786,339**	823,444
Weighted average number of units outstanding – units	**198,000,000**	198,000,000
Earning per unit – BD	**0.0040**	0.0042

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

22 NET DISTRIBUTABLE INCOME

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

	Notes	*Year ended 31 December*	
		2024	*2023*
		BD	*BD*
Opening balance		**914,463**	974,969
Profit for the year		**786,339**	823,444
(Deduct) back fair value unrealized gain pertaining to the trust property pertaining to the Trust property	6	**(20,000)**	(35,000)
Add back allowance for expected credit loss	7.1	**17,474**	-
Deduct capital expenditure reserve		**(21,294)**	(46,300)
Net distributable income		**1,676,982**	1,717,113
Dividend distributed		**(566,576)**	(802,650)
Net distributable income available		**1,110,406**	914,463

23 COMPARATIVE INFORMATION

Comparatives have been reclassified in order to conform with the presentation for the current period. Such reclassifications do not affect previously reported net profit and total equity of the Company.

Supplementary information

ANNEXURE

ESKAN BANK REALTY INCOME TRUST
ANNEXURE A: CONSOLIDATED STATEMENT OF PORTFOLIO INVESTMENTS, RECEIVABLES AND FINANCING
AS AT 31 December 2024

	31 December 2024		31 December 2023	
	BD	**% of portfolio**	BD	% of portfolio
Investments:				
Investment in real estate:				
Segaya Plaza	6,200,000	57.74%	6,170,000	57.96%
Danaat Al Madina	4,430,000	41.26%	4,440,000	41.71%
	10,630,000	**99.00%**	**10,610,000**	**99.67%**
Receivable:				
Trade receivable	107,881	1.00%	35,180	0.33%
	10,737,881	**100%**	**10,645,180**	**100%**

ESKAN BANK REALTY INCOME TRUST
ANNEXURE B: CONSOLIDATED STATEMENT OF FINANCIAL HIGHLIGHTS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Year ended 31 December	
Per Unit	**2024 BD**	2023 BD
Net asset value at the beginning of the year	0.0571	0.0570
Income from investments		
Net income from investments	0.0039	0.0040
Net unrealized gain / (losses) from investments	0.0001	0.0002
Total income from investments	**0.0040**	**0.0042**
Distributions to unitholders		
From net income on investment	(0.0029)	(0.0041)
Total distributions	**(0.0029)**	**(0.0041)**
Capital contributions	-	-
Net asset value at the end of the year	**0.0582**	**0.0571**
Financial Ratios/Supplemental Data		
Total net assets at the end of the year	11,518,372	11,298,609
Weighted average net assets	11,233,980	11,288,212
Ratio of expenses to weighted average net assets	0.0439:1	0.0435:1
Turnover rate of portfolio investments, receivables and financing	N.A	N.A
Period rate of return	6.98%	6.99%

Disclosure of the methods used to calculate the following:

a) **Ratio of expenses to weighted average net assets**
The ratio of expenses is computed taking the total expenses for the year divided by the weighted net assets of the Trust during the year.

b) **Period rate of return**
The period rate of return is computed by dividing the net income (loss) for the year by the weighted average net assets of the Trust during the year.