

ESKAN BANK REALTY INCOME TRUST

**REPORT OF THE BOARD OF DIRECTORS,
INDEPENDENT AUDITOR'S REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM NOVEMBER 8, 2016
(INCEPTION) TO DECEMBER 31, 2017**

ESKAN BANK REALTY INCOME TRUST
MANAMA – KINGDOM OF BAHRAIN

<u>Directors</u>	Dr. Graham Journeaux (Chairman) Mr. Naser Obaid Mr. Aref Qamber (resigned on January 26, 2017)
<u>Registered Office</u>	Office 341, Floor 34 Bahrain World Trade Center, West Tower P O Box 18206 Manama Kingdom of Bahrain
<u>Banker</u>	Bahrain Islamic Bank B.S.C.
<u>Trustee & Custodian</u>	Crestbridge Bahrain B.S.C (c)
<u>Investment Manager</u>	Eskan Bank B.S.C. (c)
<u>Sub-Investment Manager & Market Maker</u>	SICO B.S.C. (c)
<u>Registrar</u>	Bahrain Bourse
<u>Property Manager</u>	Cluttons LLP
<u>Administrator</u>	Keypoint Consulting W.L.L.
<u>Paying Agent</u>	Karvy Computershare W.L.L.
<u>Property Appraiser</u>	Savills – DMB International W.L.L.
<u>External Auditor</u>	Deloitte & Touche – Middle East Engagement Partner: Irshad Mahmood
<u>Shari'ah Board</u>	Dr. Sheikh Nezam Yacouby (Chairperson) Dr. Sheikh Abdulaziz Khalifa AlQassar (Vice Chairperson) Sheikh Abdunasser Al-Mahmood (Member)

ESKAN BANK REALTY INCOME TRUST

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ESKAN BANK REALTY INCOME TRUST

DIRECTORS' REPORT

The Directors present the report and consolidated financial statements of Eskan Bank Realty Income Trust (the "Trust" or "EBRIT") and its subsidiaries (together "the Group") for the period from November 8, 2016 (Inception) to December 31, 2017.

PRINCIPAL ACTIVITY

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

REVIEW OF BUSINESS

The results of the operations of the Trust are summarized on page 6.

APPROPRIATIONS

The Board of Directors has declared and distributed interim dividend at 3% of the unit capital of the Trust after obtaining CBB approval.

CHANGES IN DIRECTORS

Mr. Aref Qamber resigned during the year on January 26, 2017.

On behalf of the Board



Dr. Graham Journeaux
Chairman

March 29, 2018

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of
Eskan Bank Realty Income Trust
Manama, Kingdom of Bahrain

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Eskan Bank Realty Income Trust (the "Trust" or "EBRIT") and its subsidiaries (together "the Group"), which comprise the consolidated statements of financial position and portfolio investments, receivables and financing as at December 31, 2017, and the related consolidated statements of operations, changes in net assets, cash flows and financial highlights for the period from November 8, 2016 (Inception) to December 31, 2017, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions and to the operation of the Group in accordance with Islamic Shari'ah rules and principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2017 and the results of its operations, its cash flows and changes in net assets for the period from November 8, 2016 (Inception) to December 31, 2017 in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions..

INDEPENDENT AUDITOR'S REPORT (CONTINUED)**Report on regulatory requirements and other matters**

As required by the Bahrain Commercial Companies Law (BCCL) and the Central Bank of Bahrain (CBB) Rulebook (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 report of the Board of Directors is consistent with the consolidated financial statements;
- c) we are not aware of any violation of the BCCL, CBB and Financial Institutions Law, the CBB Rulebook (Volume 7) and CBB directives, rules and procedures of the Bahrain Bourse or the terms of the Trust Instrument, having occurred during the period from November 8, 2016 (Inception) to December 31, 2017 that might have had a material adverse effect on the business of the Trust or on its financial position;
- d) satisfactory explanations and information have been provided to us by management in response to all our requests; and
- e) the Trust has also complied with the Islamic Shari'ah Rules and Principles as determined by the Shari'ah Board of the Trust.

Deloitte & Touche,

DELOITTE & TOUCHE – MIDDLE EAST
Partner Registration No. 157

Manama, Kingdom of Bahrain
March 29, 2018

ESKAN BANK REALTY INCOME TRUST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	<u>Notes</u>	<u>2017</u> <u>BHD</u>
Assets		
Non-current assets		
Investment in real estate	5	19,700,000
Current assets		
Trade and other receivables	6	386,584
Prepaid expenses		15
Cash and cash equivalents	7	511,356
Total current assets		897,955
Total assets		20,597,955
Liabilities		
Current liabilities		
Trade and other payables	8	207,043
Due to related parties	9.4	40,535
Total liabilities		247,578
Net assets attributable to unitholders		20,350,377
Equity		
Unit capital	11	19,800,000
Statutory reserve	12	1,000
Capital expenditure reserve	2.7 (k)	2,000
Retained earnings		547,377
Net assets attributable to unitholders		20,350,377
Number of outstanding units	11 & 18	198,000,000
Net asset value per unit	18	0.1028

The consolidated financial statements were approved and authorized for issue by the Directors on March 29, 2018 and signed on their behalf by


 Dr. Graham Journeaux
 Chairman


 Mr. Naser Obaid
 Director

ESKAN BANK REALTY INCOME TRUST
CONSOLIDATED STATEMENT OF PORTFOLIO INVESTMENTS, RECEIVABLES AND
FINANCING
AS AT DECEMBER 31, 2017

	2017	
	<u>BHD</u>	<u>% of portfolio</u>
<u>Investment:</u>		
Investment in real estate:		
Segaya Plaza	11,350,000	56.51%
Danaat Al Madina	8,350,000	41.57%
	-----	-----
	19,700,000	98.08%
<u>Receivables:</u>		
Rent and service charges receivable	386,584	1.92%
	-----	-----
	<u><u>20,086,584</u></u>	<u><u>100%</u></u>

The attached notes form part of these consolidated financial statements

ESKAN BANK REALTY INCOME TRUST
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE PERIOD FROM NOVEMBER 8, 2016 (INCEPTION) TO DECEMBER 31, 2017

	<u>Notes</u>	<u>For the period from November 8, 2016 (Inception) to December 31, 2017</u>
		<u>BHD</u>
Income		
Rental income	13	1,418,201
Service fee income	13	79,804

		1,498,005
Property operating expenses	14	(245,990)

Property operating income		1,252,015
Other operating expenses		
Investment management fees	9.1	(50,000)
Administrator's fees		(10,000)
Trustee and custodian fees	9.1	(22,000)
Other professional fees		(17,006)
Other expenses		(8,632)

Total other operating expenses		(107,638)

Profit for the period		1,144,377
		=====
Earnings per unit	19	0.0058
		=====

The consolidated financial statements were approved and authorized for issue by the Directors on March 29, 2018 and signed on their behalf by



 Dr. Graham Journeaux
 Chairman



 Mr. Naser Obaid
 Director

The attached notes form part of these consolidated financial statements

ESKAN BANK REALTY INCOME TRUST
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD FROM NOVEMBER 8, 2016 (INCEPTION) TO DECEMBER 31, 2017

	<u>No. of units</u>	<u>Unit capital</u> <u>BHD</u>	<u>Statutory</u> <u>reserve</u> <u>BHD</u>	<u>Capital</u> <u>expenditure</u> <u>reserve</u> <u>BHD</u>	<u>Retained</u> <u>earnings</u> <u>BHD</u>	<u>Total</u> <u>BHD</u>
Issue of units (Note 11)	198,000,000	19,800,000	-	-	-	19,800,000
Profit for the period	-	-	-	-	1,144,377	1,144,377
Transfer to statutory Reserve (Note 12)	-	-	1,000	-	(1,000)	-
Transfer to property capital expenditure reserve (Note 2.7 (k))	-	-	-	2,000	(2,000)	-
Interim Dividend (Note 10)	-	-	-	-	(594,000)	(594,000)
At December 31, 2017	<u>198,000,000</u>	<u>19,800,000</u>	<u>1,000</u>	<u>2,000</u>	<u>547,377</u>	<u>20,350,377</u>

The attached notes form part of these consolidated financial statements

ESKAN BANK REALTY INCOME TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM NOVEMBER 8, 2016 (INCEPTION) TO DECEMBER 31, 2017

	<u>Notes</u>	<u>For the period from November 8, 2016 (Inception) to December 31, 2017 BHD</u>
Cash flows from operating activities		
Profit for the period		1,144,377
Changes in working capital:		
Trade and other receivables		(386,584)
Prepaid expenses		(15)
Trade and other payables		207,043
Due to related parties		40,535

Net cash generated from operating activities		1,005,356

Cash flows from investing activity		
Net cash inflow on acquisition of subsidiaries		100,000

Net cash generated from investing activity		100,000

Cash flows from financing activity		
Interim dividend	10	(594,000)

Net cash used by financing activity		(594,000)

Net increase in cash and cash equivalents		511,356
Cash and cash equivalents at the beginning of the period		-

Cash and cash equivalents at the end of the period	7	511,356
		=====

The initial units were issued for in kind transfer of assets and hence has not been included in the consolidated statement of cash flows. The assets transferred comprise:

		<u>BHD</u>
Properties transferred from Bahrain Property Musharaka Trust	5	19,700,000
Bank balance in subsidiaries		100,000

		19,800,000
		=====

The attached notes form part of these consolidated financial statements

ESKAN BANK REALTY INCOME TRUST
CONSOLIDATED STATEMENT OF FINANCIAL HIGHLIGHTS
FOR THE PERIOD FROM NOVEMBER 8, 2016 (INCEPTION) TO DECEMBER 31, 2017

<u>Per Unit</u>	<u>For the period from</u> <u>November 8, 2016</u> <u>(Inception) to</u> <u>December 31, 2017</u> BHD
Net asset value at the beginning of the period	-
Income from investments	
Net income from investments, sales and financing	0.0058
Net realized and/or unrealized gains or losses from investment and financing	-
Total income from investments	<u>0.0058</u>
Distributions to unitholders	
From net profits on investment	(0.0030)
From net realized gains on investments	-
Total distributions	<u>(0.0030)</u>
Capital contributions	0.1000
Net asset value at the end of the period	<u><u>0.1028</u></u>
Financial Ratios/Supplemental Data	
Total net assets at the end of the period	20,350,377
Weighted average net assets	20,230,639
Ratio of expenses to weighted average net assets	0.0175:1
Turnover rate of portfolio investments, receivables and financing	N.A.
Period rate of return	5.66%

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 period divided by the weighted net assets of the Fund during the period.

b) Period rate of return

The period rate of return is computed by dividing the net income (loss) for the period by the weighted average net assets of the Fund during the period.

ESKAN BANK REALTY INCOME TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM NOVEMBER 8, 2016 (INCEPTION) TO DECEMBER 31, 2017

1. GENERAL INFORMATION:

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) (formerly known as Ohad Trust B.S.C. (c)) as 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 November 8, 2016.

EBRIT is established as a closed-ended Shari’ah 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.

- 1.1 At the inception of the Trust, the Trust had issued 198,000,000 units at a price of BHD 0.100 per unit and a Net Asset Value of BHD 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 consisting of 100% of the authorized and issued capital of:
- Segaya Plaza Company B.S.C. (c), a closed joint stock company incorporated under the law of Bahrain with commercial registration number 96206 owning certain real estate property named Segaya Plaza. The property is situated on the northern edge of Segaya and south of Salmaniya Hospital. The total land area of the property is approximately 5,469 square meters and has a leasable area of 15,893 square meters consisting of 15 retail units and 105 fully furnished residential apartments; and
 - Danaat Al Madina Company B.S.C. (c), a closed joint stock company incorporated under the law of Bahrain with commercial registration number 96210 owning certain real estate asset property named Danaat Al Madina. Danaat Al Madina is located in Isa Town. It is a mixed use property consisting of approximately 10,460 square meters of leasable area. The property consists of 44 retail units and 2 office towers named Durra 1 and Durra 2. The total land area of the property is approximately 29,014 square meters. There are certain freehold apartments situated on the floors above the retail units which do not form part of the Trust property.
- 1.2 The ownership of both the properties listed above, were transferred to the Trust on November 10, 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 January 1, 2017.
- 1.3 BPMT made an initial public offering of 144,394,499 units of EBRIT at an offer price of BHD 0.100 to individuals and institutions in the Kingdom of Bahrain via a prospectus dated November 15, 2016. The initial public offering opened on November 22, 2016 and closed on December 6, 2016. The allotment of the units to the participants of the Initial Public Offering was made on December 14, 2016 and the units of EBRIT were listed on the Bahrain Bourse and commenced trading from January 2, 2017.

ESKAN BANK REALTY INCOME TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM NOVEMBER 8, 2016 (INCEPTION) TO DECEMBER 31, 2017

- 1.4 EBRIT is principally engaged in investing in a diverse portfolio of properties with 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 intends to increase its Shari'ah compliant property portfolio, as and when attractive opportunities arise. The Trust will focus predominantly on yielding properties in Bahrain and with a conservative leverage policy, as and when required and when deemed to be in the best interest of the unitholders.
- 1.5 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. Eskan as the Investment Manager has appointed SICO B.S.C. (c) ("SICO") as the Sub-Investment Manager. EBRIT is administered by Keypoint Consulting W.L.L., Bahrain ("the Administrator") and Crestbridge is also the Custodian of EBRIT.
- 1.6 EBRIT does not currently have any direct employees, however, it uses the services of a Trustee, Investment Manager (who in turn has appointed a Sub-Investment Manager), a Property Manager, a Property Appraiser, an Administrator and a Custodian for the management, administration and custody functions.
- 1.7 These consolidated financial statements consist of the activities of the Trust and its two fully owned subsidiaries namely:
- a) Segaya Plaza Company B.S.C. (c); and
 - b) Danaat Al Madina Company B.S.C. (c).
- The Trust together with its subsidiaries is referred to as the "Group".
- 1.8 Terms utilized herein and not defined shall have the same meaning as per the Trust Instrument.
- 1.9 These consolidated financial statements of the Group have been authorised for issue in accordance with a resolution of the Board of Directors of the Trust dated March 29, 2018. The Shari'ah Board has reviewed the consolidated financial statements of the Group and have provided clearance on Sharia'ah compliance on March 29, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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'ah Rules and Principals as determined by the Shari'ah Board of the Trust, Financial Institutions Law, the CBB Rulebook Volume 7, directives, regulations and associated resolutions and the terms of the Trust Instrument. In accordance with the requirements of AAOIFI, for matters for which no AAOIFI standard exists, the Group uses the relevant International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB").

ESKAN BANK REALTY INCOME TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM NOVEMBER 8, 2016 (INCEPTION) TO DECEMBER 31, 2017

2.2 Basis of preparation

The consolidated financial statements are prepared on the historical cost convention, modified for fair valuation of investment in real estate.

The consolidated financial statements are presented in Bahraini Dinars (“BHD”) which is considered to be the Group’s functional and operational currency.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiaries as at December 31, 2017. The financial statements of the subsidiaries are prepared for the same reporting period as the Trust, using consistent accounting policies. All intra-group balances, transactions, income and expenses and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

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 to govern the financial and operating policies of an entity with the objective of obtaining benefits from its operations.

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

2.4 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 Board of Directors of the Trust are 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.

2.5 New accounting standards: issued and effective

There are no new AAOIFI accounting standards, amendments to standards and interpretations that have been issued and are effective for the first time for the financial period beginning on or after November 8, 2016 that would be expected to have material impact on the Group.

2.6 New accounting standards: issued but not yet effective

There are no new AAOIFI accounting standards, amendments to standards and interpretations that are not yet effective for the first time for the financial year beginning on or after January 1, 2017 that would be expected to have material impact on the Group.

ESKAN BANK REALTY INCOME TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM NOVEMBER 8, 2016 (INCEPTION) TO DECEMBER 31, 2017

2.7 Significant accounting policies:

a) Investment in real estate

Investment in real estate is initially recognized 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 recognised directly in equity under “property fair value reserve” for the period in which it arises.

Any unrealised losses resulting from re-measurement at fair value of investment in real estate carried at fair value shall be adjusted in equity 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 operations. In case there are unrealised losses relating to investment in real estate that have been recognised in the consolidated statement of operations in the previous financial period, the unrealised gains relating to the current financial period shall be recognised to the extent of crediting back such previous losses in the consolidated statement of operations.

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 operations for the current financial period.

b) Financial assets

(i) Classifications

The Group currently classifies its financial assets as ‘loans and receivables’. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables comprise of ‘Trade and other receivables’ and ‘cash and cash equivalents’ in the consolidated statement of financial position.

(ii) Recognition and measurement

Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost.

(iii) 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.

ESKAN BANK REALTY INCOME TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM NOVEMBER 8, 2016 (INCEPTION) TO DECEMBER 31, 2017

(iv) Impairment of financial assets

An allowance for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the receivable is impaired.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective profit rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of operations. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit ratings), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of operations.

c) **Cash and cash equivalents**

Cash and cash equivalents includes deposits held with banks and other short –term highly liquid investments with original maturities of three months or less.

For the purposes of the consolidated statement of cash flow, cash and cash equivalents comprise of cash at banks.

d) **Rental and service income receivables**

Rental and service income receivables are amounts due from tenants arising from leases on investment in real estate in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

e) **Financial liabilities**

Financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost.

f) **Derecognition of financial liabilities**

The Group derecognises a financial liability when the obligation under the liability is discharged.

ESKAN BANK REALTY INCOME TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM NOVEMBER 8, 2016 (INCEPTION) TO DECEMBER 31, 2017

g) Trade and other payables

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. Accounts payables are recognized initially at fair value and subsequently measured at amortized cost.

h) Offsetting financial instruments

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

i) 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 taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognised.

(i) 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 operations due to its operating nature.

(ii) Service fee income

Service fee income represents amounts receivable 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.

j) 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 consolidated statement of operations in the period in which they are incurred (on an accruals basis).

k) 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.

ESKAN BANK REALTY INCOME TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM NOVEMBER 8, 2016 (INCEPTION) TO DECEMBER 31, 2017

l) **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 consolidated statement of operations for the period.

m) **Earning prohibited by Shari'ah**

EBRIT is committed to avoiding recognizing 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.

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:**

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 **Key sources of estimation uncertainty**

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

a) *Determination of fair market value of investment in real estate*

Valuation of investment in real estate involves judgement and is based on one of the valuation by independent external valuers.

b) *Impairment of receivables*

The Group's management periodically reviews items classified as receivables to assess whether a provision for impairment should be recorded in the consolidated statement of operations. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty. The actual result may differ resulting in future change to such provisions.

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4. **FEES AND EXPENSES:**

4.1 **Investment management fee**

The Investment Manager is entitled to the following fees payable from the Trust Properties:

- a) BHD 50,000 per annum if the Trust's Gross Asset Value over a trailing 12-month period is below or equal to BHD 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 BHD 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.

The Sub-Investment Manager shall not be separately entitled to fees and shall share in the Investment Management Fees in accordance with an agreement between the Investment Manager and such Sub-Investment Manager.

4.2 **Administration fee**

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

- a) BHD 10,000 if the weighted average of the NAV across the year is less than or equal to BHD 25 million; or
- b) the higher of BHD 17,500 or 0.07% of the weighted average of the NAV across the year if the weighted average of the NAV across the year is greater than BHD 25 million; and
- c) BHD 1,000 per year per Subsidiary.

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4.3 Custody fee

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

4.4 Registrar fee

As per the Registrar Agreement, the annual Registrar fees charged to the Trust for the services provided are dependent on the number of outstanding Unitholders and are expected to range between BHD 2,000 and BHD 10,000 per annum.

4.5 Trustee fee

The annual Trustee's fees charged to the Trust for the services provided are expected to equate to BHD 20,000 per annum.

4.6 Property appraiser fee

The Property Appraiser is entitled for the services provided to the Group a fee up to BHD 5,450 per annum.

4.7 Property manager fee

The Property Manager is entitled to a monthly fee up to BHD 9,400 in addition to leasing agency fees equivalent to 1-month rent on successfully arranging new tenants.

4.8 Regulatory fee

The Bahrain Bourse is entitled to an annual fee of BHD 5,000 and the CBB is entitled to an annual fee of BHD 2,000.

5. INVESTMENT IN REAL ESTATE

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

	<u>2017</u>
	<u>BHD</u>
Properties transferred from Bahrain Property Musharaka Trust ("BPMT")	19,700,000

Balance at the end of the period	19,700,000
	=====

Schedule of investment in real estate as at December 31, 2017:

	<u>Cost</u>	<u>Fair value</u>
Segaya Plaza	11,150,000	11,350,000
Danaat Al Madina	8,550,000	8,350,000
	-----	-----
	19,700,000	19,700,000
	=====	=====

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As at December 31, 2017, the Group held total investment in real estate amounting to BHD 19,700,000 in two properties located in the Kingdom of Bahrain. The investment in real estate has been valued by an independent external appraiser – Savills represented by its global associate DMB International W.L.L. in Bahrain. Both these properties have been leased out.

Investment in real estate is 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 (direct capitalization) Method as described below.

The Income Approach is a recognized valuation approach in many world markets where real estate is held as an investment. It is used to value tenanted property for which there is good market comparable evidence of rents paid by tenants and of capital sales.

The capitalization or income multiplier approach is the simplest form of this approach (price earnings ratios are used in equity share markets). Earnings or income in the case of property is the rent received by an owner when a property is tenanted.

Property valuations are carried out in accordance with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors ("RICS") and are undertaken by appropriately qualified valuers who are members of 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

The significant unobservable inputs used in the fair value measurement of investment properties is the yield rate. The yield rate is an expression of the relationship between price paid by buyers and the expected income to be derived from ownership.

Significant increases / (decreases) in the yield rate in isolation would result in a significantly higher / (lower) fair value measurement.

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6. TRADE AND OTHER RECEIVABLES

	<u>2017</u> <u>BHD</u>
Property rental & service charges receivable (Note 9.3)	386,584
	386,584

There are no impaired property rental & service charges receivables as at the period end.

7. CASH AND CASH EQUIVALENTS

	<u>2017</u> <u>BHD</u>
Current accounts - cash and cash equivalents	511,356
	511,356

8. TRADE AND OTHER PAYABLES

	<u>2017</u> <u>BHD</u>
Property rent received in advance	43,379
Rental security deposit	81,122
Property expenses payable	22,366
Accrued fees (Note 8.1)	18,725
Other liability	41,451
	207,043

8.1 Accrued fees:

	<u>2017</u> <u>BHD</u>
Property manager fee	9,450
Administration fees	2,500
Audit fees	2,375
Registrar fees	2,000
Other fees and expenses	2,400
	18,725

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9. RELATED PARTIES:

Related parties comprise of the Trustees, Investment Manager, Sub-Investment Manager & Market Maker and associated companies, unitholders, directors and other key management personnel of the above entities.

9.1 Transactions with related parties

During the period, the Group entered into the following transactions with related parties:

<u>Related Party</u>	<u>Nature of Transaction</u>	<u>For the period from November 8, 2016 (Inception) to December 31, 2017 BHD</u>
Eskan Bank B.S.C. (c)	Management fees	50,000
Crestbridge Bahrain B.S.C (c)	Trustee & Custodian Fees	22,000

9.2 The following related parties owned units in the Group:

<u>Related Party</u>	<u>Nature of Relationship</u>	<u>Number of Units Held as at December 31, 2017</u>
Eskan Bank B.S.C. (c)	Investment Manager of the Trust	63,618,044
SICO B.S.C. (c)	Sub-Investment Manager	10,119,000
SICO B.S.C. (c)	Market Maker	2,174,049
Bahrain Liquidity Fund	Operated by SICO	5,527,080
Bahrain Property Musharaka Trust	Pre-IPO Unitholder	1,920,100

9.3 Included in property rental & service charges receivable (Note 6) is BHD 9,141 due from Eskan Bank B.S.C. (c) in connection with rental of 4 units at Danaat Al Madina.

9.4 **Amounts due to related parties as at December 31, 2017 consist of the following balances:**

	<u>2017 BHD</u>
Bahrain Property Musharaka Trust ("BPMT") *	19,368
Eskan Bank B.S.C. (c) (Management fee payable)	16,667
Crestbridge Bahrain B.S.C (c) (Trustee and Custody fees payable)	4,500
Total	----- 40,535 =====

* The amount payable to BPMT relates to rent collected from tenants that pertain to the period before January 1, 2017 which are repayable to BPMT as per the terms of the Trust Instrument.

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10. **DISTRIBUTIONS**

The Board of Directors has declared and distributed interim dividend at 3% (BD 594,000) of the unit capital of the Trust after obtaining CBB approval.

11. **UNIT CAPITAL**

The capital of the Trust consists of 198,000,000 units with a par value of BHD 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 units.

12. **STATUTORY RESERVE**

The Trust is regulated by the CBB Rulebook 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 Bahrain Commercial Companies Law, Decree Number 21 of 2001 (as amended), 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, an amount of BD 500 has been transferred to the statutory reserve by each of the subsidiary companies and it has been recognized in the consolidated statement of changes in net assets of the Trust.

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13. **REVENUE**

	<u>For the Period from November 8,</u> <u>2016 (Inception) to December</u> <u>31, 2017</u>		
	<u>Rental</u>	<u>Service</u>	<u>Total</u>
	<u>income</u>	<u>fee</u>	<u>income</u>
	<u>BHD</u>	<u>BHD</u>	<u>BHD</u>
Segaya Plaza	1,005,150	31,755	1,036,905
Danaat Al Madina	413,051	48,049	461,100
	-----	-----	-----
	<u>1,418,201</u>	<u>79,804</u>	<u>1,498,005</u>

14. **PROPERTY OPERATING EXPENSES**

	<u>For the Period</u> <u>from</u> <u>November 8,</u> <u>2016</u> <u>(Inception) to</u> <u>December 31,</u> <u>2017</u> <u>BHD</u>
Property management fee	64,700
Property management expenses	181,290

	<u>245,990</u>

15. **BUSINESS AND GEOGRAPHIC SEGMENTS**

The Directors are of the opinion that 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.

16. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Financial instruments consist of financial assets and financial liabilities.

Financial assets of the Group include cash and cash equivalents and trade and other receivables.

Financial liabilities of the Group include trade and other payables and due to related parties.

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Significant accounting policies

Significant accounting policies and methods adopted, including the criteria for recognition, basis of measurement, and the basis on which income and expenses are recognized in respect of each class of financial assets and financial liabilities are set out in Note 2.

Categories of financial instruments

	<u>December</u> <u>31, 2017</u> <u>BHD</u>
Financial assets	
Loans and receivables at amortized cost (including cash and cash equivalents)	897,955 =====
Financial liabilities	
Payables at amortized cost	204,199 =====

Financial risk management objectives

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 (foreign currency risk, equity price risk and profit rate risk).

The risk associated with financial instruments and the Group's approaches to managing such risks are:

16.1 Credit risk

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.

(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.

75% of the property rental and service charge receivable are due from 1 (one) tenant as at the reporting date.

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(ii) Financial counterparties

The Group is not exposed to significant credit on liquid funds as it only maintains cash deposits with a bank, with high credit ratings, that is Shari'ah compliant and regulated by the Central Bank of Bahrain.

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.

Recorded financial assets have not been provided as collateral for any facilities.

16.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities, it arises because of the possibility (which may often be remote) that the entity could be required to pay its liabilities earlier than expected.

The Group manages liquidity risk by maintaining sufficient cash at banks or by obtaining credit facilities from the banks.

16.3 Market risk

Market risk is the risk that the fair value and/or future cash flows of financial instruments will be adversely affected by the movements in markets variables. The Group is not currently exposed to significant fluctuations with Currency Risk, Equity Price Risk, and Profit Rate Risk.

a) Currency risk

Currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates. The Group may hold assets denominated in currencies other than its functional currency of BHD. All of the assets of the Group are denominated in BHD and accordingly, the Group is not exposed to currency risk.

b) Equity price risk

Equity price risk is the sensitivity of the Group to movements in the value of its investments in equity. As the Group does not currently hold any such investments, it is not exposed to any equity price risk.

c) Profit rate risk

Profit rate risk is the risk that changes in profit rates will affect future cash flows or the fair value of financial instruments of the Group. Given that the Group does not have any profit rate bearing assets, it is not exposed to profit rate risk.

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16.4 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.

17. FAIR VALUES

Fair value is the value representing an estimate of the amount of cash or cash equivalent that would be received for an asset sold or amount of cash or cash equivalent paid for a liability extinguished or transferred in an orderly transaction between a willing buyer and a willing seller at the measurement date. Consequently, differences may arise between the carrying values and the fair value estimates.

The Directors believe that the fair values of financial instruments recorded at amortised cost at the reporting date are not significantly different from the carrying values included in the consolidated financial statements.

17.1 Fair value measurements recognized in the consolidated statement of financial position

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 categorized within level 3 of the fair value hierarchy.

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

18. NET ASSET VALUE PER UNIT

	<u>Net Assets Value</u> <u>BHD</u>	<u>Number of Units</u> <u>in issue</u>	<u>Net Assets Value</u> <u>Per Unit</u> <u>BHD</u>
As at December 31, 2017	20,350,377	198,000,000	0.1028

The net asset value per unit is based on the net assets value and units outstanding as at December 31, 2017.

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19. **EARNINGS PER UNIT**

Earnings 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.

	<u>For the Period</u> <u>from</u> <u>November 8,</u> <u>2016</u> <u>(Inception) to</u> <u>December 31,</u> <u>2017</u> <u>BHD</u>
Profit attributable to unitholders	1,144,377 =====
Weighted average number of units outstanding	<u>Units</u> 198,000,000 =====
Earnings per unit	<u>BHD</u> 0.0058 =====

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

20. **NET DISTRIBUTABLE INCOME**

“Net Distributable Income” is defined in Clause 9.5 (e) of the Trust Instrument and is arrived at as follows:

		<u>For the Period</u> <u>from November 8,</u> <u>2016 (Inception) to</u> <u>December 31,</u> <u>2017</u> <u>BHD</u>
Profit for the period	Note	1,144,377
Add back depreciation and/or impairment charges		
pertaining to the Trust Property	5	-
Deduct working capital reserve		-
Deduct statutory reserve	12	(1,000)
Deduct capital expenditure reserve	2.7 (k)	(2,000)
Deduct any amounts retained for purposes approved by Ordinary Resolution		-
Deduct unrealized fair value gains pertaining to the Trust property		-
Add back provisions, write-off or adjustments		-
Deduct any amounts required by regulatory bodies		-
Interim dividend distributed in 2017		----- 1,141,377 (594,000) -----
Net distributable income available for 2017		----- 547,377 =====

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21. **COMPARATIVE FIGURES**

The Group's consolidated financial statements cover a period from November 8, 2016 (Inception) to December 31, 2017. Since this is the first year of the Group's operation, no comparative figures have been presented.

ANNEXURE
ADDITIONAL DISCLOSURES

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ADDITIONAL DISCLOSURES
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Additional Disclosures

The additional disclosures as required by “BRT-3.1 General Requirements” to the Rulebook on Collective Investment Undertakings (CIU) – Volume 7 on Capital Markets are as follows:

BRT-3.1.1- Jointly Controlled Entities- Not Applicable as EBRIT does not have any joint ownership in any investment.

BRT-3.1.2- Financing and Debt Position - Not Applicable as EBRIT does not have any Financing or Debt.

BRT-3.1.3- Historical Financial Results- Not Applicable as this is the first reporting financial statement.

BRT-3.1.4- Portfolio Performances. (Predominantly extracted from valuation report provided by Savills):

Properties	Segaya Plaza	Danaat Al Madina
a) Address of the asset;	Segaya Plaza, Oman Ave, Manama, Kingdom of Bahrain	Danaat Al Madina, Isa Town, Kingdom of Bahrain
b) Acquisition date;	November 10, 2016	November 10, 2016
c) Type of property including the respective proportion allocated to office/retail/residential/parking;	Residential (80.65%), Retail (19.3%)	Offices (57.0%), Retail (43.0%)
d) Land area;	5,469 sq m	29,014 sq m*
e) Gross/lettable building space;	Net lettable area is 15,893 sq m	Net lettable area is 10,460 sq m
f) Current valuation;	BHD 11,350,000	BHD 8,350,000
g) Valuation cap rate;	Yield of 7.75% on projected 2018 net rental income	The current gross cap rate stands at 5.40% and the potential cap rate is estimated at 9.34%
h) Average passing rent per square meter;	BHD 65.243**	BHD 44.082**
i) Current level of leasing incentives for each asset;	3 To 6 months grace period to new tenants	3 To 6 months grace period to new tenants
j) Annualized net rent based on current rent roll;	BHD 1,036,905***	BHD 461,100***
k) Vacant space of a building and any large impending lease expiries;	-Vacant Space: No vacant space, the residential building is fully leased -large impending lease expiries: the residential tenant lease is due for renewal on 14 June 2017.	-Vacant Space: The combined space is approximately 32.6% vacant. -large impending lease expiries: Not Applicable
l) Operating profit (after property expenses);	Current net rental income stands at BHD 856,178 per annum – after operating costs	Current net rental income stands at BHD 395,839 per annum – after operating costs
m) Percentage of ownership (and commentary on control provisions);	100%	100%
n) Form of ownership (e.g. freehold or leasehold ownership);	Freehold	Freehold
o) Year of construction completion/major refurbishment; and	Construction completion date is May 31, 2014 and no major refurbishments have been carried out since then.	Construction completion date is April 26, 2015 and no major refurbishments have been carried out since then.
p) Impending capital expenditure costs.	None	None

*Includes land area for certain freehold apartments situated on floors above the retail components which do not form part of the Trust Property.

**the average rent per sqm is calculated based on the annualized rent divided by the total net lettable area.

*** The annualized figures are based on the figures reported in the consolidated statement of operations for the period 1 Jan 2017 to 31 December 2017.