

Bonyan REIT

REAL ESTATE INVESTMENT
TRADED FUND

Annual Report 2020

2020

Annual Report

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Vision
Passion
Achievement

FUND PERFORMANCE

Key Financial Performance as at 31 December 2020



Total Revenue
SAR **172.5** million



Total Operating Cost
SAR **73.5** million



Total Operating Profit
SAR **99** million



Net Income
SAR **45.4** million



Total Dividends
SAR **65** million



Price per unit range
SAR **8.88 – SAR 9.79**



Net Asset Value per Unit
SAR **8.7775**



Net Asset Value
SAR **1,429** million



Annualized Dividend Yield
4.49%



68%
Commercial Centers
Segment



10%
Hospitality
Segment



22%
Residential
Segment

Occupancy Rate	89%	40%	99%
Operating Profit	SAR 68.2 million	SAR 6.4 million	SAR 23.7 million
	Number of Leasable Units 850	Total Room Capacity 274	Total Apartments/Villas 178

Leased real-estate to the total owned real estate	Uneased real-estate to the total owned real estate
79.2% (9 properties)	20.8% (1 property)

BONYAN REIT FUND OVERVIEW



The Bonyan REIT Fund ("Fund") is a closed and publicly traded with Sharia-compliant real estate investment fund that is established under Real Estate Investment Funds Regulations and the Real Estate Investment Traded Funds Instructions of the Capital Market Authority ("CMA").

The Fund was established in mid-2018 with a size of SAR 1.63 billion and it is one of the largest listed REIT on the Saudi Stock Exchange ("Tadawul"). The Fund's real estate portfolio consists of diversified assets in various sectors and is capable of achieving periodic rental income. The Fund distributes at least 90% of net profits in cash dividends to unitholders on a semi-annual basis.

The Fund owns ten real estate assets in four Saudi cities, which are Riyadh, Abha, Madinah and Jazan. It also owns a residential estate asset in Dubai, UAE. The assets are classified amongst three different sectors: commercial centers, residential and hospitality. As of 31 December 2020, the Fund portfolio consists of 730+ active lease contracts with international and local companies across various industries.

Bonyan REIT Fund is distinguished by its geographical and sectoral diversity, which makes it an attractive REIT. Most of the Fund's assets are located in densely populated areas, whereby there is low competition, and the majority of the assets are amongst the famous landmarks of their respective city and region. Further, all of the Fund's commercial centers are family and entertainment destinations of their region.

The commercial centers in the Fund's assets portfolio are the largest malls in their regions with little competition, which contributes to attracting the best tenants from both, international and local brands. In addition, the hotels in the Fund's assets portfolio are the only hotels in their regions that give visitors easy access to the malls as they are directly attached to them. In addition, the presence of the (Marriott)

brand, which is one of the most famous brands associated with the hospitality sector, makes these hotels attractive to many visitors of these areas. Residential assets are also distinguished by their locations, in the heart of commercial capitals Riyadh and Dubai (City Walk).

The Bonyan REIT Fund is managed by Saudi Fransi Capital ("Fund Manager") a leading financial services provider offering investment banking, asset management, debt and equity research, institutional sales trading, and local and global securities brokerage. Saudi Fransi Capital is the investment arm of Banque Saudi Fransi, where it was trademarked with a paid up capital of 500 million Saudi Riyals and is a closed joint stock company in the Kingdom of Saudi Arabia. It is licensed by the Capital Market Authority with license 11153-37 to conduct a wide range of investment activities include dealing, arranging, managing, advising and custody of securities business.

Fund Strategy

The Fund aims to invest in real estate assets inside and outside the Kingdom of Saudi Arabia, capable of achieving periodic leasing income and returns on invested capital in all sectors and geographical regions. The regions and cities are characterized by positive investment features, growth in business activities and positive flow of investments.



MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

The year 2020 began on a positive note with world economy off to a healthy start and several GCC countries including Kingdom of Saudi Arabia were poised for a stellar year. However, following the World Health Organization's declaration of COVID-19 as a global pandemic in March 2020 and subsequent precautionary measures introduced by the Government of Saudi Arabia, many businesses had to close or reduce their hours of operations during the second quarter of 2020. All these events led to global economy contracting by 3.5% whilst Saudi Arabian economy contracted by 3.7% in the year 2020.

Without question, the COVID-19 pandemic took center stage during 2020. Its impact has been felt across large sections of the globe, resulting in a shift to remote work and markets shutting down seemingly overnight. Throughout these difficult times, as always, our top priority remained the health and safety of all our stakeholders, including our tenants, their customers and employees. To that end, Bonyan REIT Fund's strategy since inception, including our focus on second tier cities and consumer relevant tenancies.

In terms of the real estate sector, commercial and retail sector was directly impacted, including Fund's malls which were closed for a major part of second quarter of 2020 to comply with government's precautionary mandates. Further, increase in VAT from 5% to 15% and suspension of public sector allowances negatively impacted aggregate buying power in the country. On the other hand, residential real estate sector witnessed significant growth because of government promoted home ownership schemes.

The Fund Manager does not believe these current conditions to be entirely indicative of the retail landscape to come. We believe that this is an unprecedented crisis that will undoubtedly cause significant temporary disruption to the landscape. However, over the long term the Fund Board of Bonyan REIT Fund would like to assure all stakeholders that they retain the utmost confidence and optimism in both the Saudi Arabian economy and the positioning and quality of Fund's assets

As for the UAE economy, it also contracted by 4% in the year 2020 on account of record low tourism and other restrictive measures that affected local businesses. In addition, residential rental yield remained under pressure throughout 2020 because of over-supplied market conditions. Going forward, we remain optimistic on the UAE economy. Government initiatives such as the new 2040 Urban Master Plan that is expected to make Dubai the world's best city to live in, will finally approach the problem of the huge housing supply glut in the emirate. In addition, World Expo 2020 in Dubai with drive demand in short to medium term in the UAE.

Fund Operations Review

During Q4 2020, the Real Estate Transaction Tax was introduced in the Kingdom of Saudi Arabia. This tax applies to all land and property sales (and rights thereto), assignments, transfers and similar that take place in Saudi Arabia. This is a new tax in KSA and will have a far-reaching impact for companies and organizations (involved in any real estate) including Bonyan REIT Fund whilst undertaking new real estate investments in the near future.

Performance of the fund during the last (3) financial years or since the inception (SAR)

		2020	2019	2018
Year-End NAV (SAR)		1,429,694,959	1,449,291,938	1,480,540,231
Fair Value NAV per Unit (SAR)	Year-End	10.0157	10.1467	9.6686
	High	10.1313	10.1467	9.6686
	Low	10.0157	9.8120	9.6686
Number of units		162,881,100	162,881,100	162,881,100
Dividend per Unit (SAR)		0.3988	0.7350	0.2449
Expense Ratio		3.24%	0.67%	0.52%
Total Return per annum		2.64%	12.55%	-0.87%
Cumulative Total Return		14.32%	11.68%	-0.87%

*Total return is calculated based on fair value NAV and dividend payments for each fiscal year.

HISTORICAL PERFORMANCE

Total Annualized Return for 1 Year, 3 Years, 5 Years, and Since Inception

	1 Year	Since Inception
Total Return	2.64%	13.94%

Total Annual Returns for Each of the Past 10 Years or Since Inception

	2020	2019	2018
Total Return	2.64%	12.55%	-0.87%

Note: The Fund was incorporated during the year 2018.

Abha - Rashid Mall

The Asir region and its capital Abha have always held significant promise as a tourist destination and stand to benefit significantly from government's renewed focus on developing a promoting domestic tourism. Starting 2019, as part of Vision 2030, the government has launched billions of Riyals worth of infrastructure projects including healthcare, transportation, housing and aviation. The most prominent of these projects include the Abha airport project, King Faisal Medical City, the SAR 6 billion Asir-Jazan Road and a SAR 4 billion project for the expansion of the Jeddah-Jazan Coastal Road.

Rashid Mall in Abha has perhaps being the strongest performing asset in the portfolio, surpassing even our most optimistic expectations. We are proud to report that despite being operational for less than four years, the mall is now almost fully occupied and rental rates have been higher than expected owing to the mall's strong brand and positioning within the city. The average independent valuation as at 31 December 2020 has increased by SAR 10.3 million as compared to 31 December 2019. Further, we are happy to report that the mall opened cinemas during late 2020, and it is expected to generate significant operating income for the mall as the lease terms not only have a fixed rent but have a revenue sharing component as well.

Riyadh – Al Rafiah Village, AlMaather Villas & Rashid Strip Mall

Riyadh, being both the official and financial capital of Saudi Arabia, is perhaps the most important symbol of the massive transformation that Saudi Arabia is going through. Several huge projects are underway that promise to transform the capital over the next decade to become one of the leading capitals not only in the region but also in the world. In the near future, the city will witness the launch of Riyadh Metro that is likely to have a defining impact on the city's commercial real estate sector. In addition to this, King Abdullah Financial District is making rapid progress.

In particular, 2020 has been a very strong year for residential market in Riyadh and Kingdom of Saudi Arabia at large. In terms of both, average house prices and transaction volumes have witnessed significant growth because of government promoted home ownership schemes. On the other hand, the commercial sector has been severely impacted due to COVID-19 related lockdowns, which has resulted in negative pressure on rents and average occupancy rates.

The Rashid Strip Mall, which was newly developed at the inception of the Fund, was fully leased throughout 2020. Further, total rental income for the year 2020 was approximately in line with 2019 and accordingly, property's valuation as at 31 December 2020 had a mere increase of SAR 0.3 million as compared to 31 December 2019.

Al Maather Villas remains 95% occupied and renewals have taken place at approximately same rates as previous year. The average independent valuation has remained almost unchanged – fair value

improved by SAR 0.1 million as compared to prior year.

Al Rafiah Village remains fully occupied with a very stable single tenant at the exact same terms as compared to last year. The average independent valuation has improved by SAR 0.9 million since last year because of change in discount rate.

Dubai – Citywalk residential apartments

As highlighted above in the market overview, residential prices and rents in Dubai continued to soften in 2020, however, there are expectations of stronger demand going forward because of the recent approval of a range of legislations to ease visa regulations, given that many of the changes are linked to property ownership as well as World Expo 2020 to be conducted in 2021.

All apartments in Citywalk are fully leased and rental income has compressed in line with prevailing market conditions. The average independent valuations have decreased by SAR 11.7 million since last year mainly because of rent compression of residential properties in the UAE market.

Concluding Remarks

Overall operating performance of the portfolio was below our expectations mainly on account of COVID-19 related lockdowns which impacted overall economy and Fund's commercials assets at large. Going forward, as the economy opens up and starts to operate at optimal capacity, the Fund will be able to continue to deliver on its most important objective: delivering attractive and regular income to its investors. The Fund paid two dividends in 2020 – April and November. We remain optimistic on the operating performance of the portfolio in the long term mainly due to:

- 1.The expected improvements in economic conditions both across Saudi Arabia and UAE and more specifically in the specific cities / regions we are invested in as highlighted above;
- 2.The realization of significant initiatives under Vision 2030 targeted towards infrastructure, tourism, employment, financing and transportation, which are likely to provide a significant boost to the real estate market; and
- 3.Specific steps that have been taken that are expected to result in material improvements in performance such as the introduction of cinemas.

In our assessment, overall risks to economic growth and to the real estate sector have started receding and activity is expected to normalize over the next few years.



segments. The main driver behind this will be the Vision 2030 objective of increasing Umrah visitor capacity from 8 million in 2015 to 30 million by 2030, which have made the two holy cities of Makkah and Madinah the focus of significant investment in the years ahead. This will come in the form of both real estate developments in the hospitality, retail and residential segments, and from the significant infrastructure upgrades due to come online in the coming years. We believe that both our assets are optimally positioned to benefit from this expected growth specifically in terms of rental/ADR growth and cap rate compression.

The fair valuation of Rashid Mega Mall - Madina as at 31 December 2020 decreased by SAR 4.7 million as compared to 31 December 2019. The main reason for this change in value was due slight change in mall's average rental yield. Going forward, we expect the rent roll to improve further given strong and unique positioning of the holy city of Madinah and its strong future prospects.

The Marriott Executive Apartments had a financially challenging year. Both, ADR and occupancy rate, were below our forecast because of COVID-19 induced travel restrictions. This resulted in decrease in the average independent valuation as of 31 December 2020 vs. 31 December 2019 by SAR 21.8 million. As international travel resumes in 2021, the hotel's performance is expected to improve in part due to strong brand recognition, key location and also because of unique proposition of being connected to Rashid Mega Mall.

Jazan - Rashid Mall, Marriott Courtyard & Residence Inn by Marriott

The future prospects of Jazan are centered around the Jazan Economic City which is now being managed by the Royal Commission of Jubail & Yanbu. The city is slated to be the home of upwards of USD 26 billion of industrial projects, the cornerstone being the Jazan Refinery. The construction of refinery is now complete and it is slated to start operations in 2021 starting with crude runs of 200,000 b/d before ramping up to 400,000 b/d. This will enable to city to attract large number of private and public investors in sectors such as housing, commercial, healthcare and infrastructure projects to develop the city and surrounding areas.

The average occupancy rates in the Courtyard and Residence have improved significantly year-over-year. This has led to an increase in the average independent valuations by SAR 6.7 million as compared to 31 December 2019. It is management's view that over the course of the next 12-18 months, both hotels should experience improved financial performance due to the acceleration of works in the industrial projects related to Jazan Economic City.

Despite the political risks and challenges presented by COVID-19, Rashid Mall weathered the storm fairly well by maintaining both, occupancy and rental rates. The average independent valuation as at 31 December 2020 of Rashid Mall increased by SAR 2.1 million as compared to 31 December 2019.

Fund Operations Review

Bonyan REIT Fund generated income from operations amounting to SAR 84.5 million and net profit of SAR 45.4 million for the year ended 31 December 2020. All of Fund's assets actively contributed towards the topline of the Fund which amounted to SR 172.5 million, it was offset by SAR 75.3 million of operating expenses (including allowance for expected credit losses), SAR 45 million of deprecation & amortization expenses, SAR 7.3 million of management fees, SAR 3.5 million of finance cost, zakat charge of SAR 2.3 million, other expenses of SAR 1.9 million and reversal on investment properties amounting to SAR 8.2 million on account of improved fair valuations of Fund's real estate assets.

As a result of stable and organic growth of Fund's core properties, total dividends amounting to SAR 65 million were distributed amongst unitholders of the Fund during 2020.

Madinah - Rashid Mega Mall and Marriott Executive Apartments

During the year 2020, the holy city of Medina was severely impacted due to COVID-19 and related lockdowns that dented the local economy in a significant manner. In light of these challenges, Fund's property manager worked alongside mall's tenants to ensure the strategic interests of all stakeholders were secured at all times. Despite such limitations, the mall ended 2020 with near optimal occupancy by retaining vast majority of mall's tenants.

In the long-term, we remain extremely optimistic on the prospects of the Madinah property market both in the commercial and hospitality

Al Rashid Mega Mall - Al Madinah

Al Rashid Mega Mall is located in Al Madinah Al Munawwarah on King Abdullah Road - the second ring - and it is only 10 minutes away from the Holy Prophet's Mosque. The complex consists of four floors (first ground, ground, first, and second) and it is famous for containing the dancing fountain in the lake with the ship in the first ground floor. It also contains many world famous brands in addition to Carrefour Hypermarket, and entertainment halls (FunCity and Snow Forest), in addition to many international and local restaurants that cater to all tastes. It also contains multiple exhibitions including H&M, Sephora, Paris Gallery, Home Center, Home Box, and Center Point and entertainment halls. As one of the advantages of the commercial complex, it contains entertainment halls and various international brands, more than 30 international and local restaurants, a spacious dining hall and various cafes dedicated to all visitors.

Al Rashid Mall – Abha

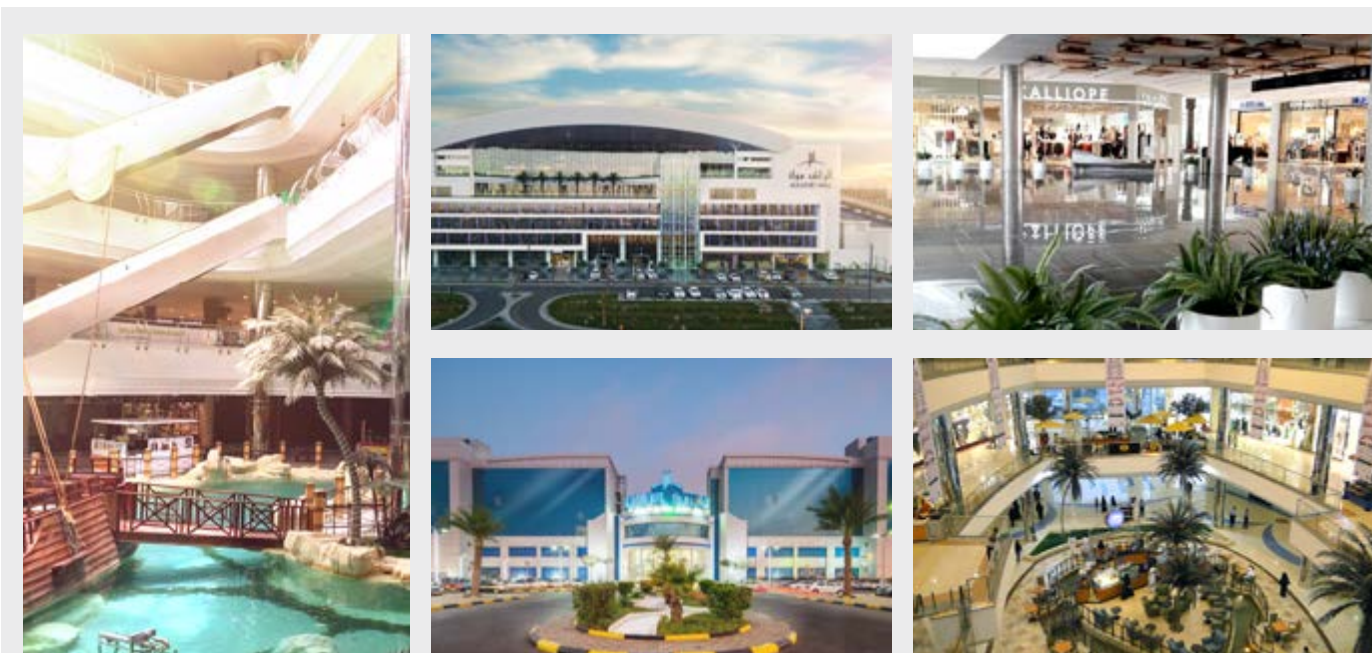
Al Rashid Mall - Abha is located in the city of Abha on King Fahd Road, and is 15 minutes away from Abha Airport. The complex consists of two floors (ground and first). It contains many famous brands in addition to a hypermarket, an entertainment city and more than 20 diversified restaurants. Al Rashid Mall - Abha is the largest commercial complex in the Asir region, as it is considered one of the most important entertainment destinations for many families in the region, which contains multiple exhibitions of the best international brands, and there is also a huge family entertainment hall, which is one of the largest in the region. It is worth noting that the commercial complex was opened at the end of the year 2017 AD and it is considered as the latest mega mall, and it has no competitor in the Asir region.

Al Rashid Mall – Jazan

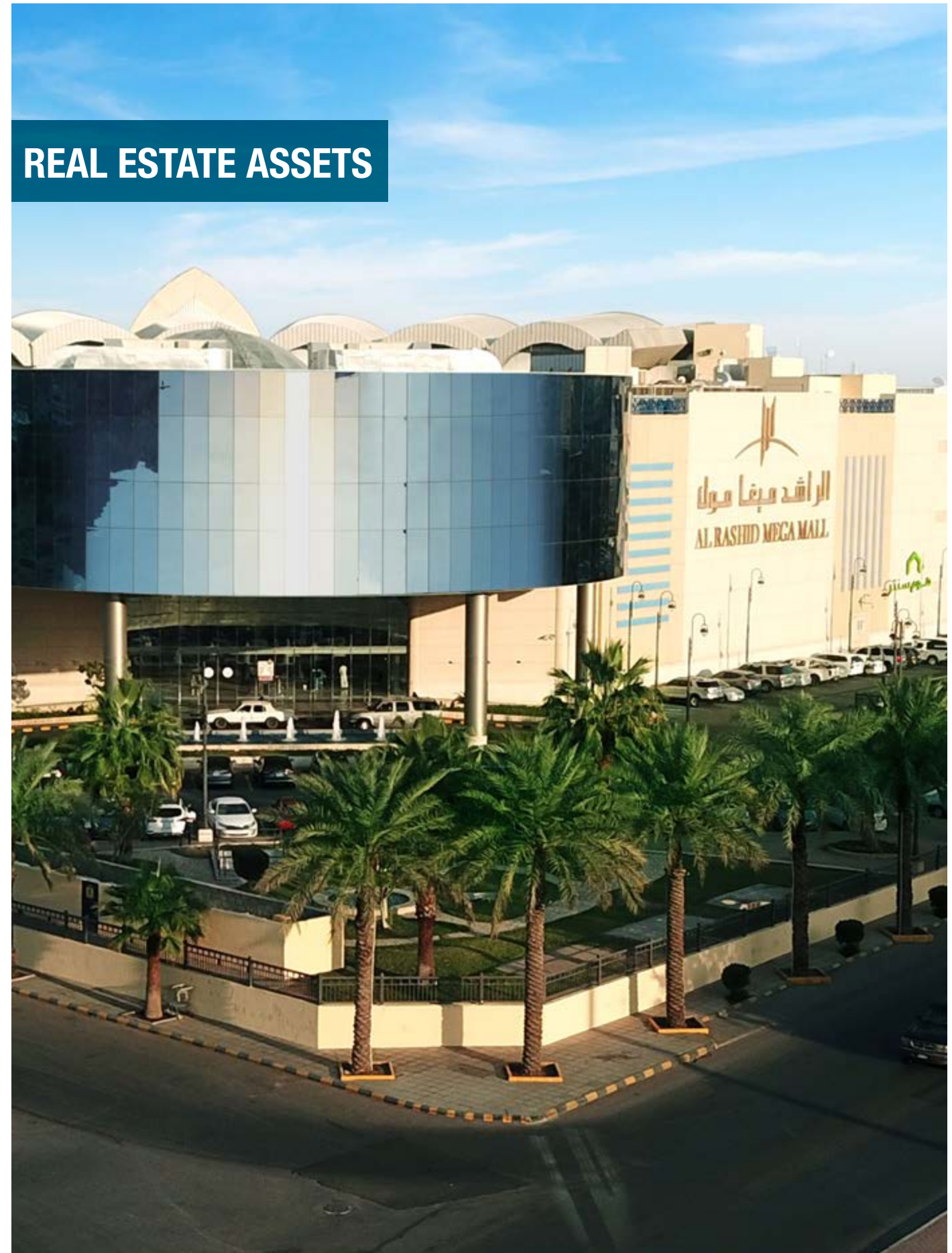
Al Rashid Mall is located in Jazan City on King Fahd Road, next to the Marriott Hotel and Residence Inn Marriott Apartments, close to Jazan Airport with an estimated 15 minutes' drive. The complex consists of three floors (ground, first, and second). It contains many world famous fashion brands, perfumes, etc. in addition to the supermarket (Panda), the entertainment city and more than 30 international and local restaurants. It also contains multiple exhibitions, supermarket (Panda), comprehensive exhibitions (H&M, R & B, Terranova) and an entertainment city. The mall is characterized by its direct contact with Marriott hotels, and this feature is not found in any other mall in the region. Also, the mall features entertainment halls and various international brands and more several international and local restaurants, a spacious dining hall and various cafes dedicated to all visitors.

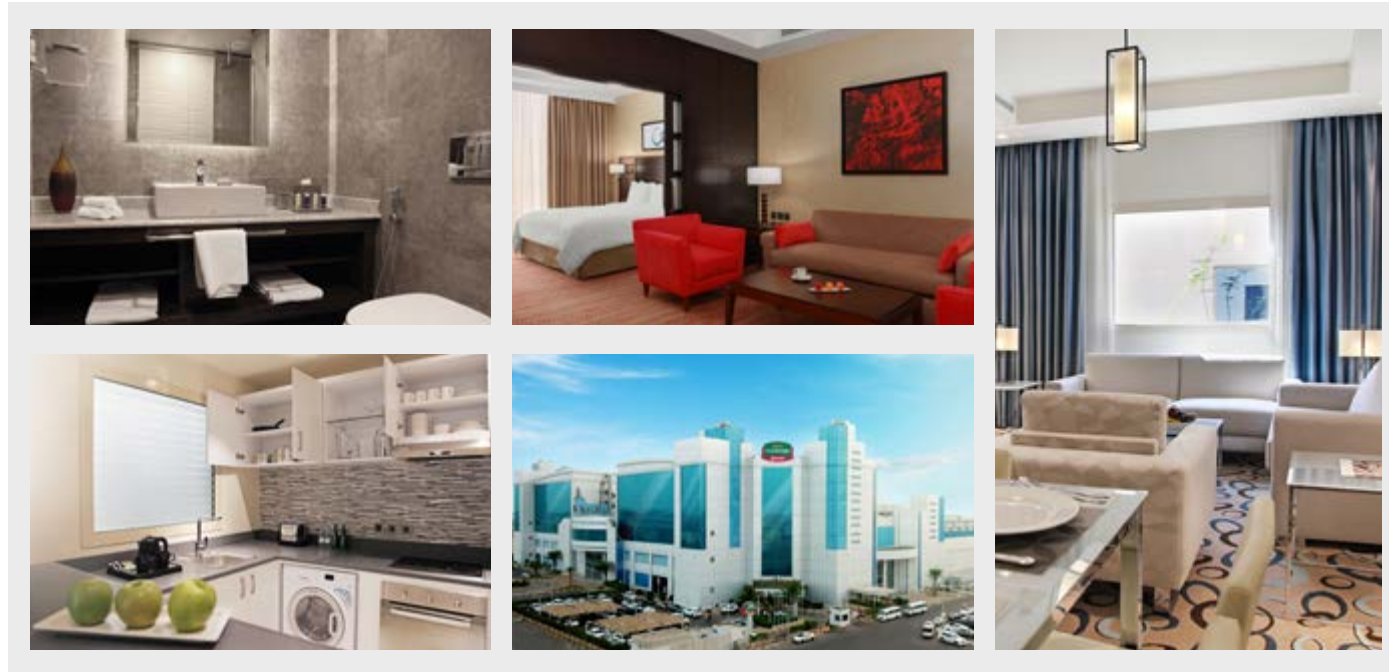
Al-Rashed Strip Mall – Riyadh

Al-Rashed Building is located in the north of Riyadh, on Othman Bin Affan Road, in Al-Narjis neighborhood, opposite to the Institute of Public Administration housing and near King Fahd Center for Child Cancer Control. The building consists of seven large exhibitions, and there is an ATM in the parking lot. It is worth noting that there were no tenants at the time the Fund was established due to the fact that the commercial complex is new, but the complex was completely leased during 2019.



REAL ESTATE ASSETS





Courtyard by Marriott – Jazan

The Courtyard Marriott is a four-star hotel located in the city center, a few minutes from the airport and close to the commercial complexes and Jazan Corniche. Courtyard by Marriott is associated with Al Rashid Mall building for easy shopping, amusement parks and various restaurants. It has 129 rooms equipped with the finest furniture and designed to the highest levels, a health club with an indoor pool, a fitness center and many services to keep pace with developments. Also, there are meeting rooms for more than 170 people. The hotel meets the requirements of businessmen, whether designing rooms that contain an office, or various meeting rooms, and the city center is close to all service facilities. The hotel is connected to Al Rashid Mall building with a private entrance for easy shopping, entertainment and restaurants.

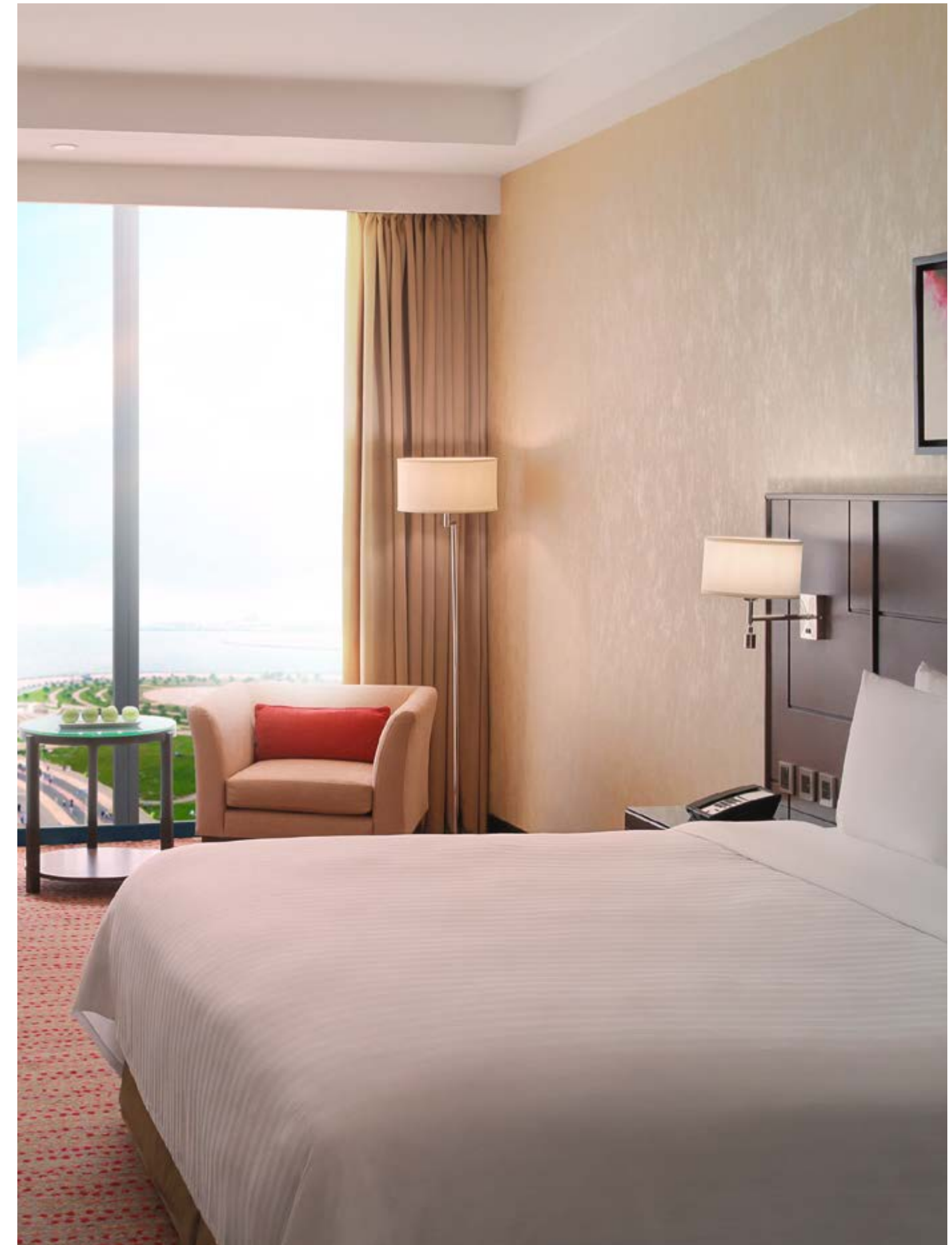
Marriott Residence Inn – Jazan

Marriott Residence Inn is a 4-star aparthotel located in the center of Jazan City, a few minutes away from King Abdullah Airport and close to the commercial complexes and Jazan Corniche. It is distinguished by its association with Al-Rashed Mall building for easy shopping, amusement parks and various restaurants. It contains 79 suites equipped with the finest furniture and designed to the highest levels. They include a health club with an indoor pool, a fitness center and many services to keep pace with developments.

Marriott Executive Apartments – Madinah

Marriott Executive Apartments (former name Al Rashid Residences) are five-star hotel apartments located in Madinah. The location and design of the apartments meets the requirements of both, visitors and pilgrims, and they can live in these apartments for long or short

periods. Marriott Executive Apartments are considered to be one of the finest and newest apartments in Madinah, and they contain 66 apartments of various sizes and the finest facilities. It is characterized by its location near the Prophet's Mosque and Prince Muhammad bin Abdulaziz Airport, on King Abdullah Road, alongside Al Rashid Mega Mall, and it is connected to an entrance to the mall that contains fashion brands, international perfumes and various restaurants.



City Walk Residential Building – Dubai

It is an integrated building in the heart of the City Walk area, which has 69 luxury residential units. The City Walk area is a modern destination that includes a variety of stores, restaurants, and high-end hotels, in addition to exterior spaces with great designs. City Walk also includes a range of great entertainment attractions, in addition to a cinema and events that continue throughout the year. The City Walk area features European-style pedestrianized streets.

Al-Rafiah Villas Complex – Riyadh

Al-Rafiah residential complex located in Riyadh is fully rented by King Fahd Medical City, and it is characterized by its quiet location away from the noise, surrounded by a number of beautiful palm plantations. It contains 102 varied one-to-four bedroom villas to suit all tastes.

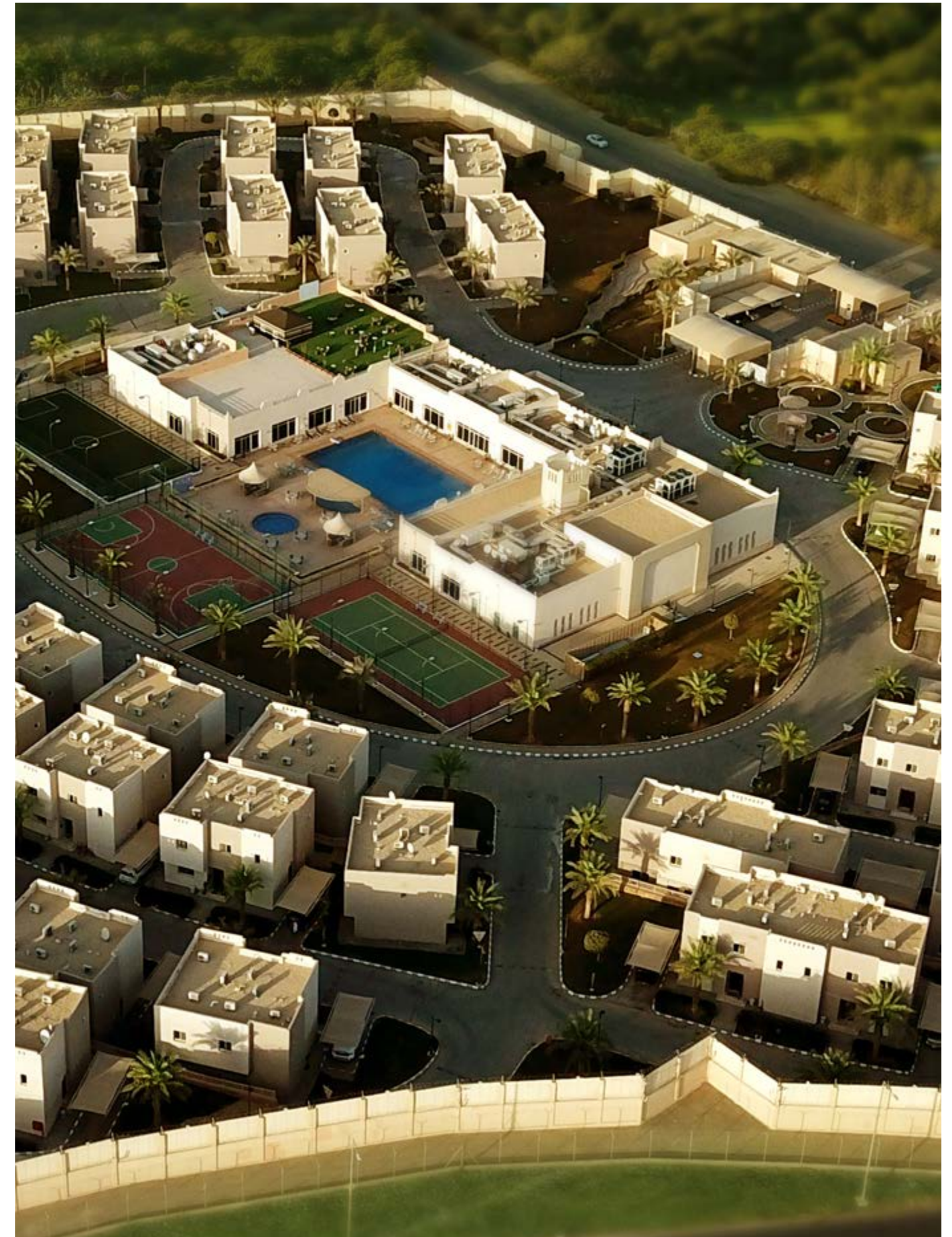
The complex also features the interior design of the villas in an integrated analog, and the diversity of service facilities at the highest levels such as the entertainment club that includes the pool, fitness center, restaurant and children's playgrounds. In addition, as the complex is located in the center of Riyadh, it is easily accessible to markets, schools and hospitals.

Al-Maather Villas Complex – Riyadh

It is a residential complex (compound) in Riyadh in the Al-Ma'athar neighborhood, near King Faisal Specialist Hospital, which consists of 7 residential villas in addition to some services such as a shared indoor pool.

Any material changes that occurred during the period and which affected the performance of the fund

In line with directives issued by the Government of Saudi Arabia to safeguard its citizens and residents, and to contain spread of coronavirus (COVID-19), Fund's malls were temporarily closed (with the exception of supermarkets and pharmacies) for a period of approximately 6 weeks during Q2 2020. In order to mitigate impact of same, the property manager made significant headway in cutting operating expenses for the affected period. Further, overall COVID-19 related restrictions impacted the economic growth, business and consumer sentiment across the Kingdom of Saudi Arabia.



Risks of a decrease in the value of the property

The value of real estate is subject to fluctuations and changes. The change in the indicators of the Saudi economy may lead to a decrease in the market value of the Fund's investments, which in turn may lead to a decrease in the Fund's returns or the liquidation of the Fund. In addition, investments in commercial and residential real estate are exposed to risks that affect the commercial and residential real estate sector in general, including seasonal changes, real estate buyers desire and changes in economic conditions. To reduce these risks, Fund's assets are evaluated twice a year by independent valuers, and the Fund Manager may use internal valuations for various purposes, including knowing market conditions well to avoid loss.

Risks of tenants being unable to meet their lease obligations

The real estate assets are leased by several tenants. Consequently, the Fund is vulnerable in the event that one of the tenants fails to fulfill its obligations. If one of the tenants fails to pay the payments due on a real estate or real estate assets, this may limit the ability of the Fund Manager to re-rent or rent the property on satisfactory terms. Accordingly, these risks are minimized by ensuring that there are lease contracts that preserve the rights of unit owners with the existence of property management contracts with a company specialized in property management, which in turn monitors and collects the rental payments in full.

Risks of not occupying the real estate for long periods

When any of the real estate units becomes vacant for long periods as a result of the expiry of the lease contract without renewing it, the inability of the tenant to legally complete the lease, the tenant has declared bankruptcy, cancellation or non-renewal of the contract or other reasons, the Fund may suffer from a decrease in returns, and hence lower periodic dividends for investors. To reduce these risks, high occupancy rates must be maintained, the Fund's properties managed appropriately, the property manager should be followed in the lease operations and find a replacement.

Risks of operating companies or companies specialized in property management

The Fund will use a company or companies specialized in operating and managing real estate assets. Accordingly, any failure, failure, or defect in the level of service provided by the operator or the contractors for any reason will have a direct and negative impact on the performance of the Fund and its financial position, and thus on the unit price. To reduce these risks, a specialized, experienced and experienced property manager was selected to enable him to manage the assets appropriately, which would benefit the unit owners.

Real estate development risks

1.Delay in completing works in a timely manner.

2.Exceeding the specified costs

3.The inability to achieve lease contracts at the expected levels

4.Force majeure resulting from factors outside the control of the fund related in particular to the contracting sector

Note that the fund does not intend to engage in any real estate development project at the present time, but in the event of entering into development projects in the future, the fund will develop a clear and logical plan that includes the necessary studies to avoid any problems.

Risks of the possibility of not being able to renew the lease or re-lease the leased area at the end of the contract period

The Fund depends on its profit on the rental amounts paid by the tenants and accordingly, the financial position of the Fund and the results of operations and cash flow as well as the ability of the Fund to distribute profits may be affected negatively in the event that the Fund is not able to immediately re-rent properties or renew the lease contracts. To reduce these risks, the lease contracts concluded with a prior notice period are included, enabling the Fund to search for an alternative tenant, and the Fund seeks to renew the lease contracts in line with the prevailing market conditions.

Risks of concluding long-term leases

The Fund will enter into long leases with some tenants. These contracts may include increases in the rental value or may not include it. It is expected that the returns of the Fund will decrease when there is an increase in operating costs, inflation rates, change in currency exchange rates, or an increase in real estate prices with the stability of the rental payments. To reduce these risks, these contracts must be based on commercial foundations and future aspirations to avoid losses.

Risk of pandemics and/or similar situations resulting in lockdowns that might affect tenants' operations and their ability to honor lease payments

The Fund owns 10 properties that are leased to tenants operating in various industries and/or individuals. There is a risk that a pandemic or similar situation might result in situation whereby tenants' use of property might be limited. In such a situation, tenants business's financial performance might suffer and accordingly, they might not honor their rental payments on time. The Fund Manager mitigates this risk by ensuring Fund's interests are protected by way of guarantees or other relevant means in lease contracts. Further, the Fund Manager aims to preserve Fund's strategic contractual relationships by engaging with all tenants in a timely fashion.



As part of effective risk management policy, the Fund Manager has adopted a four-point framework to ensure risks are appropriately identified and mitigated. The components of framework are as follows: Annual review of Risk Register and Control Matrix, Third Party Risk Management Strategy ("TPRM"), Continuous monitoring and reporting of any non-compliance with the regulations, and Annual monitoring of outstanding external audit recommendations. To address each of these areas, the Fund Manager has adopted policies and/or designated specific departments/staff at SFC to effectively mitigate those risks.

Risk of not having an investment profitability guarantee in the Fund

Not ensuring that the Fund will be able to achieve investment returns or that the returns will be proportional to the Fund's investments. It is possible that the value of the units may decrease or the Fund may lose some or all of its capital. It is not possible to provide a guarantee that the expected or targeted returns of the Fund will be achieved. To reduce these risks, real estate assets are evaluated twice a year by independent valuers, and changes in market conditions are taken into account and actions are taken to protect the value of real estate and investment profitability.

Risks of not fulfilling the relevant regulations

The Fund may become ineligible to be a real estate investment Fund in accordance with Real Estate Investment Funds Regulations and the Real Estate Investment Traded Funds Instructions as issued by the CMA. This can have negative effects on the liquidity of trading in the Fund's units, which may negatively affect the value of its investments. It should be noted that there is no guarantee that the Fund will remain in circulation in the financial market due to the failure to meet the regulatory requirements. To reduce these risks, the Fund Manager follows all the rules and regulations with independent supervision by the Compliance and Compliance Department on all the activities of the Fund.

Risks of changing interest rates and general economic conditions

Changes in economic conditions, including interest rates and inflation, will negatively affect the business and opportunities of the Fund. To reduce these risks, the value and amount of financing is studied, which greatly reduces the risk of interest rates.

Nature of the investment risk

There will be no guarantee that the Fund will be able to achieve returns on its investments in a timely manner. There may be no possibility to sell or dispose of its assets, and if it is decided to dispose of it by selling, there may be no possibility to sell it at a price that the Fund Manager believes represents the fair value to it or to be sold within the time frame required by the Fund. To reduce these risks, none of the assets owned by the Fund will be sold until after the appropriate procedures are followed to sell them, according to the market conditions at the time.

Real estate investment risks

The Fund will be affected by the general real estate sector conditions in the Kingdom of Saudi Arabia, which in turn are affected by many factors, including but not limited to, macroeconomic growth, political stability, change in interest rates, supply and demand, financing availability, real estate trends, liquidity, the legal and regulatory environment, and other conditions that may affect the real estate market prices, which in turn is reflected in the value of the Fund's units. To reduce these risks, the Fund Manager follows economic news, regulatory trends and laws that would help the Fund Manager to be proactive in taking the necessary steps to mitigate or reduce the impact of the event as much as possible.

Services, commissions, fees and expenses charged to the Fund throughout the year

There were no instances during which the Fund Manager waived or reduced any fees. The Fund Manager did not receive any soft commissions during the year.



Management fee
SAR 7,270,658



Audit fee
SAR 110,000



Regulatory fee (CMA)
SAR 7,500



Custody fee
SAR 400,000



Fund board fee
SAR 120,000



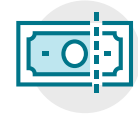
Registration fee (Tadawul)
SAR 400,000



Listing fees
SAR 300,000



Valuation Fee
SAR 234,000



Zakat expense
SAR 2,301,760



Other expenses
SAR 300,341



Total Expense Ratio*
3.24%



Fund Governance

In line with CMA rules and regulation, Bonyan REIT Fund Board of Directors supervise and monitor the progress of Fund's performance in line with Fund's terms and conditions. During 2020, the Fund's Board of Directors held eight (8) meetings. During these meetings, Fund's performance along with any regulatory and compliance related matters were duly discussed.

Meeting	Date
Fund Board Meeting (01)	30 January 2020
Fund Board Meeting (02)	15 March 2020
Fund Board Meeting (03)	22 March 2020
Fund Board Meeting (04)	14 April 2020
Fund Board Meeting (05)	14 May 2020
Fund Board Meeting (06)	30 July 2020
Fund Board Meeting (07)	1 November 2020
Fund Board Meeting (08)	30 November 2020

1. Approval of 2019 Financial Statements
2. Approval of 2020 Financial Budget (COVID-19 related budget revision)
3. Approval on Cinema capex overruns (mainly relating to HVAC costs)
4. Approval on 2020 capital expenditures (for general renovations, cinema and related works)
5. Approval on funding Furniture, Fixtures and Equipment reserve
6. Approval on 30 June 2020 interim financial statements
7. Approval on dividend payments (two approvals in total)
8. Approval on 2021 Financial Budget and Capex Plan



FINANCIAL STATEMENTS

Fund Manager

السعودي الفرنسي كابيتال
Saudi Fransi Capital



Saudi Fransi Capital
8092 King Fahd Road – Riyadh – Kingdom of Saudi Arabia
Mailing Address: P.O. Box 23454 – Riyadh 11426 – Kingdom of Saudi Arabia
Telephone: +966 11 282 6666 – Fax: +966 11 282 6667

Custodian

البلاد المالية
Albilad Capital



Albilad Investment Company
8162 King Fahd Road – Riyadh – Kingdom of Saudi Arabia
Mailing Address: P.O. Box 140 – Riyadh 11411 – Kingdom of Saudi Arabia
Telephone: 920003636 – Fax: +966 11 290 6299

Financial Auditor

 **Crowe**
Al Azem, Al Sudairy, Al Shaikh & Partners
CPA's & Consultants - Member Crowe Global

Al-Azem, Al-Sudairy, Al-Shaikh & Partners (a member of Crowe Horwath International)
3174 Prince Muhammad Bin Abdulaziz Road – Riyadh – Kingdom of Saudi Arabia
Mailing Address: P.O. Box 11 – Riyadh 10504 – Kingdom of Saudi Arabia
Telephone: 920004741 – Fax: +966 11 217 5000

Fund reports are available upon request and free of charge. These reports are free of charge and are also available on the Fund Manager's website at www.sfc.sa and on the Saudi Stock Exchange website (Tadawul).

Saudi Fransi Capital (Closed Joint Stock Company owned by Banque Saudi Fransi) – Commercial Registration 1010231217 – Authorized and Regulated by the Capital Market authority (CMA) under license 11153-37

INDEPENDENT AUDITOR'S REPORT(CONTINUED)
BONYAN REIT FUND
(Managed by Saudi Fransi Capital Company)



Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of investment properties</p> <p>As at 31 December 2020, the carrying value of the Fund's investment properties were SR 1.62 billion.</p> <p>The investment properties are stated at cost less impairment in value, if any (Refer to Note 5 for relevant accounting policies). The fair value of the investment properties is also disclosed along with its impact on Net Asset Value per unit is disclosed in note 23.</p> <p>The Fund manager uses two independent valuers licensed by the Saudi Authority for Accredited Valuer's (Taqeem) to evaluate the value of the property at the reporting date.</p> <p>We consider it as key audit matter since the valuation requires significant judgement with respect to the valuation method adopted including the appropriateness of the various assumptions and projections used in the valuation.</p> <p>All assumptions and projections by their nature require significant judgement and there is a risk that changes to these may have significant impact on the valuation of these investment properties.</p> <p>This could result in a material misstatement of the financial statements either through a lack of recognition of impairment of the investment properties or through inaccurate disclosures of the fair value of the investment properties.</p>	<p>Our audit procedures in respect of valuation of investment properties comprised of the following:</p> <ul style="list-style-type: none"> - assessed the qualification and expertise of third party valuers appointed by the Fund for the valuation of the properties; - assessed the recoverable amount based assessment prepared by the third party valuers and assessed the model, assumptions and estimates used in deriving the recoverable values; and - carried out procedures to satisfy ourselves of the accuracy of information supplied to the valuers by the Fund manager.

Other information included in the Fund's 2020 Annual Report

The fund manager is responsible for the other information. Other information consists of the information included in the Fund's 2020 annual report, other than the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



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INDEPENDENT AUDITOR'S REPORT

TO: THE UNIT HOLDERS OF
BONYAN REIT FUND
(Managed by Saudi Fransi Capital Company)

Opinion

We have audited the financial statements of BONYAN REIT FUND (the "Fund") managed by Saudi Fransi Capital (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2020, and the statements of comprehensive income, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other Standards and pronouncement issued by Saudi Organization for Certificate Public Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Kingdom of Saudi Arabia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the following matters described below to be the key audit matters to be communicated in our report:

Audit, Tax & consultants

Salman B. AlSudairy
 License No. 283

Musad A. Al Shaikh
 License No. 658

Abdullah M. AlAzem
 License No. 335



INDEPENDENT AUDITOR'S REPORT(CONTINUED)
BONYAN REIT FUND
 (Managed by Saudi Fransi Capital Company)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with those charged with governance 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.

We also provide those charged with governance 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Al Azem, Al Sudairy, Al Shaikh & Partners
Certified Public Accountants

Abdullah M. Al Azem
 License No. 335

15 Shaban 1442H (March 28, 2021)
 Riyadh, Kingdom of Saudi Arabia



INDEPENDENT AUDITOR'S REPORT(CONTINUED)
BONYAN REIT FUND
 (Managed by Saudi Fransi Capital Company)

Responsibilities of Fund Manager and Those Charged with Governance for the Financial Statements:
 Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards ("IFRSs") as endorsed in the Kingdom of Saudi Arabia and other Standards and pronouncement issued by Saudi Organization for Certificate Public Accountants (SOCPA), the Fund's Terms and Conditions and for such internal control as Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Fund Manager is responsible for assessing the Fund'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 Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs that are endorsed in the Kingdom of Saudi Arabia 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 financial statements.

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Fund Manager.
- Conclude on the appropriateness of Fund Manager's 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 Fund'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 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 Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

BONYAN REIT FUND
(MANAGED BY SAUDI FRANSI CAPITAL COMPANY)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Note	31 December 2020 SR	31 December 2019 SR
ASSETS			
Cash and cash equivalents	7	36,022,448	33,553,060
Investments measured at fair value through profit or loss (FVTPL)	8	73,085	2,856
Rental income receivable, net	9	69,766,251	52,236,575
Due from related parties	15	3,055,661	-
Prepayment and other assets	10	10,852,988	10,461,614
Intangible assets	11	562,030	789,658
Furniture and equipment	12	4,201,278	15,193,248
Investment properties	13	1,617,279,326	1,640,249,986
TOTAL ASSETS		1,741,813,067	1,752,486,997
LIABILITIES			
Bank borrowings	14	190,426,655	-
Due to related parties	15	-	186,160,000
Deferred rental income		74,001,479	75,654,942
Management fee payable	15	1,382,216	1,802,380
Accrued expenses and other liabilities	16	44,003,161	37,142,626
Provision for Zakat	19	2,304,597	2,440,119
TOTAL LIABILITIES		312,118,108	303,200,067
Net assets attributable to unitholders		1,429,694,959	1,449,286,930
Units in issue		162,881,100	162,881,100
Net asset value per unit		8.7775	8.8978
Net asset Fair value per unit	23	10.0157	10.1467

The accompanying notes 1 to 29 form an integral part of these financial statements.

BONYAN REIT FUND
(MANAGED BY SAUDI FRANSI CAPITAL COMPANY)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	31 December 2020 SR	31 December 2019 SR
INCOME			
Income from investment properties, net	17	97,975,315	122,488,301
Other income		373,147	359,513
Net gain on investment at FVTPL, net	8	670,229	229,830
TOTAL INCOME		99,018,691	123,077,644
EXPENSES			
Management fees	15	(7,270,658)	(7,319,871)
Allowance for expected credit losses (ECL)	9	(1,849,881)	(2,852,264)
Finance cost		(3,488,914)	-
Other expenses	18	(1,871,841)	(2,004,806)
TOTAL EXPENSES		(14,481,294)	(12,176,941)
Income from operations during the year		84,537,397	110,900,703
Depreciation expense on furniture and equipment	12	(2,612,543)	(4,078,362)
Amortization expense on intangibles	11	(227,628)	(203,633)
Depreciation expense on investment properties	13	(42,179,317)	(42,172,440)
Impairment reversal on investment properties	13	8,197,727	26,451,599
NET INCOME BEFORE ZAKAT FOR THE YEAR		47,715,636	90,897,867
Zakat charge during the year	19	(2,301,760)	(2,440,119)
NET INCOME AFTER ZAKAT FOR THE YEAR		45,413,876	88,457,748
OTHER COMPREHENSIVE INCOME			
Foreign exchange gain		-	6,559
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		45,413,876	88,464,307
Earnings per unit			
Weighted average units in issue		162,881,100	162,881,100
Earnings per unit		0.2788	0.5431

The accompanying notes 1 to 29 form an integral part of these financial statements.

BONYAN REIT FUND
(MANAGED BY SAUDI FRANSI CAPITAL COMPANY)

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 December 2020

	<i>31 December 2020 SR</i>	<i>31 December 2019 SR</i>
NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE YEAR	1,449,286,930	1,480,540,231
CHANGES FROM OPERATIONS		
Net income for the year	45,413,876	88,457,748
Other comprehensive income	-	6,559
Total comprehensive income	45,413,876	88,464,307
Income distributions during the year (note 21)	(65,005,847)	(119,717,608)
	(65,005,847)	(119,717,608)
NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE YEAR	1,429,694,959	1,449,286,930
UNIT TRANSACTIONS		
Transactions in units during the year are summarised as follows:		
	<i>31 December 2020 Units</i>	<i>31 December 2019 Units</i>
UNITS AT THE START AND END OF THE YEAR	162,881,100	162,881,100

The accompanying notes 1 to 29 form an integral part of these financial statements.

BONYAN REIT FUND
(MANAGED BY SAUDI FRANSI CAPITAL COMPANY)

STATEMENT OF CASH FLOWS

For year ended 31 December 2020

	Note	31 December 2020 SR	31 December 2019 SR
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income before zakat for the year		47,715,636	90,897,867
Adjustment for:			
Depreciation expense on furniture and equipment	12	2,612,543	4,078,362
Amortization expense on intangibles	11	227,628	203,633
Depreciation expense on investment properties	13	42,179,317	42,172,440
Impairment reversal on investment properties	13	(8,197,727)	(26,451,599)
Net gain on investment at FVTPL, net	8	(670,229)	(229,830)
Allowance for expected credit losses (ECL)	9	1,849,881	2,852,264
Finance cost		3,488,914	-
<i>Operating cash flows before working capital changes</i>		<i>89,205,963</i>	<i>113,523,137</i>
Changes in operating assets			
Rental income receivable		(19,379,557)	5,647,647
Prepayment and other assets		(391,374)	(254,309)
Due from related parties		(3,055,661)	10,021,475
Changes in operating liabilities:			
Deferred rental income		(1,653,463)	1,571,680
Management fee payable		(420,164)	(2,345,607)
Accrued expenses and other liabilities		6,852,889	11,138,142
Zakat paid	19	(2,437,282)	-
Net cash generated from operating activities		68,721,351	139,302,165
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition of intangible assets	11	-	(398,055)
Addition of furniture and equipment	12	(1,828,549)	(10,314,592)
Addition of investment properties	13	(802,954)	(1,954,130)
Subscription of investments measured at FVTPL	8	(178,800,000)	(65,000,000)
Proceeds from redemption of investments measured at FVTPL	8	179,400,000	65,226,974
Net cash used in investing activities		(2,031,503)	(12,439,803)
CASH FLOWS FROM FINANCING ACTIVITY			
Bank borrowings	14	189,210,000	-
Due to related parties	15	(186,160,000)	(5,942,240)
Finance cost paid		(2,274,479)	-
Dividends paid, net off unclaimed dividend	21	(64,995,981)	(119,688,130)
Net cash used in financing activity		(64,220,460)	(125,630,370)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		2,469,388	1,231,992
Cash and cash equivalents at the beginning of the year		33,553,060	32,321,068
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	36,022,448	33,553,060

The accompanying notes 1 to 29 form an integral part of these financial statements.

BONYAN REIT FUND (MANAGED BY SAUDI FRANSI CAPITAL COMPANY)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. THE FUND AND ITS ACTIVITIES

Bonyan REIT Fund (the "REIT" or the "Fund") is a closed-ended Shariah compliant real estate investment traded fund. The Fund commenced its operations on 3 July 2018. The listing date of the Fund was on 25 July 2018.

The REIT is managed by Saudi Fransi Capital Company (the "Fund Manager"), a Saudi Closed Joint Stock company with Commercial Registration No.1010231217, and an Authorized Person licensed by the CMA under license no. 11153-37 dated 30 January 2011.

The REIT is listed on Tadawul and the units of the REIT are traded on Tadawul in accordance with its rules and regulations. The subscribed units of the REIT amounts to SR 1,628,811,000. The REIT has a term of 99 years, which is extendable on the discretion of the Fund Manager following the approval of CMA.

The primary investment objective of the REIT is to provide its investors with regular income by investing in income generating real estate assets in Saudi Arabia, United Arab Emirates and globally, provided that the fund's investments outside Saudi Arabia do not exceed 25% of Fund's assets. In addition to this, the Fund may also opportunistically invest in real estate development projects, provided that the Fund invests at least 75% of the assets of the Fund in income generating real estate assets and that the Fund does not invest in white lands.

The terms and conditions of the REIT were approved by CMA on 04 Rajab 1439H (corresponding to 21 March 2018).

During the year, the terms and conditions has been updated on 09 Dhul Qadah 1441H (corresponding to 30 June 2020) and 11 Rabi'al-Awwal 1442 (corresponding to 28 October 2020).

AlBilad Investmnet Company is the Custodian for the Fund.

2. REGULATORY AUTHORITY

The Fund is governed by the Real Estate Investment Fund Regulations (REIFR) and the Real Estate Investment Traded Funds Instructions (REITF) (the "Regulations") published by the Capital Market Authority (CMA), detailing the requirements for all type of real estate funds and traded real estate funds within the Kingdom of Saudi Arabia.

3. BASIS OF PREPARATION

3.1 Statement of Compliance

These financial statements have been prepared in accordance with International Accounting Standards ("IFRS"), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA").

3.2 Basis of measurement

The financial statements have been prepared on a historical cost basis, using the accruals basis of accounting except for investments that are measure at fair value through profit or loss.

3.3 Functional and presentation currency

These financial statements have been presented in Saudi Arabian Riyal ("SR"), which is also the functional currency of the Fund. All financial information presented has been rounded to the nearest Saudi Riyal ("SR").

BONYAN REIT FUND
(MANAGED BY SAUDI FRANSI CAPITAL COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are consistent with those used and disclosed in the financial statements for the year ended 31 December 2019.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances, and are available for use by the Fund unless otherwise stated.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition

The Fund records financial asset or a financial liability in its statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument.

At initial recognition, financial assets or financial liabilities are measured at their fair value. In the case of financial assets or financial liabilities not at fair value through profit or loss, its fair value less transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability is the initial recognition amount.

Classification

The Fund classifies its financial assets under the following categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVTOCI); and
- Amortised cost.

These classifications are on the basis of business model of the Fund for managing the financial assets, and contractual cash flow characteristics.

The Fund measures financial asset at amortised cost when it is within the business model to hold assets in order to collect contractual cash flows, and contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in either profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the Fund has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Fund classifies all financial liabilities as subsequently measured at amortised cost except for financial liabilities at fair value through profit or loss.

The undiscounted amount of these financial liabilities approximates their carrying values at the reporting date.

Derecognition of financial instruments

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Fund's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Fund has transferred its rights to receive cash flows from the asset

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if there is a currently 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.

BONYAN REIT FUND
(MANAGED BY SAUDI FRANSI CAPITAL COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets

The Fund assesses on a forward looking basis the Expected Credit Losses ("ECL") associated with its financial assets, carried at amortised cost and FVOCI, the ECL is based on a 12-month ECL and life time ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilise the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Fund analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Fund's accounting policies.

The Fund also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed are discussed in note 22.

BONYAN REIT FUND
(MANAGED BY SAUDI FRANSI CAPITAL COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties

Investment properties are real estate that are held for capital appreciation and/or rental yields are recorded as investment properties. Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed using the straight-line method. The cost less residual value of investment property is depreciated over its estimated useful life. Any capital expenditure incurred post acquisition on investment properties is depreciated on straight line basis over its estimated useful life.

The carrying values of investment properties are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Intangible assets

Intangible assets include computer software and licenses. Intangibles assets are initially capitalised at cost and subsequently at cost less accumulated amortisation and accumulated impairment if any. Amortisation is computed using the straight-line method. The cost less residual value of intangible assets is amortised over its estimated useful life.

Furniture and equipment

Furniture and equipment includes air conditioners, computers and printers, electrical tools, furniture and fixtures, office and electrical equipment. Furniture and equipment are initially capitalised at cost and subsequently at cost less accumulated depreciation and accumulated impairment if any. Depreciation is computed using the straight-line method. The cost less residual value of furniture and equipment is depreciated over its estimated useful life.

Estimated useful life

The estimated useful life for investment properties, intangible assets and furniture and equipment is as below:

- Investment properties – 20 to 50 years
- Intangible assets – 5 to 20 years
- Furniture and equipment – 3 to 10 years

Impairment of non-current assets

Properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss subsequently reverses, the carrying amount of the property is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the statement of comprehensive income.

Accrued expenses and other liabilities

Accrued expenses and other payables are recognised initially at fair value and subsequently measured at amortised cost.

Provision

A provision is recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provision is not recognised for future operating loss.

BONYAN REIT FUND
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Rental income

Rental income receivable from operating lease of property is recognized on a straight-line basis over the term of the lease.

Revenue from hotel services

Revenue from hotel services comprises revenue from rooms, food and beverages and other associated services provided. The revenue is recognized net of discount, applicable taxes and municipality fees on an accrual basis when the services are rendered.

Revenue is measured based on the consideration specified in a contract with customer and excludes amount collected on behalf of third parties. The Fund recognizes revenue when it transfers control over a product or service to a customer. The principles in IFRS 15 are applied using the following five steps:

- Step 1: The Fund accounts for a contract with a customer when: The contract has been approved and the parties are committed; Each party's rights are identified; payment terms are defined; the contract has commercial substance; and collection is probable.
- Step 2: The Fund identify all promised goods or services in a contract and determines whether to account for each promised good or service as a separate performance obligation.
- Step 3: The Fund determine the transaction price, which is the amount of consideration it expects to be entitled to in exchange for transferring promised goods or services to a customer.
- Step 4: The transaction price in an arrangement is allocated to each separate performance obligation based on the relative standalone selling price of the good or service being provided to the customer.
- Step 5: Revenue is recognized when control of the goods or services is transferred to the customer. The Fund transfers a good or service when the customer obtains control of that good or service. A customer obtains control of a good or service if it has the ability to direct the use of and receive the benefit from the good or service.

Management fees and other expenses

Management fees and other expenses are charged at rates / amounts within limits mentioned in terms and conditions of the REIT. Management fee is calculated and payable quarterly in arrears.

Custody fees

As per the terms and conditions of the Fund, the custodian charges 0.025% per annum of the Fund's total assets. The fee is calculated on the net asset value of the Fund and is payable on a quarterly basis.

Foreign exchange transactions

Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to SR at the foreign currency closing exchange rate ruling at the reporting date. Foreign currency exchange differences arising on retranslation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the statement of profit or loss and other comprehensive income.

Zakat

Zakat is computed on the Saudi shareholders' share of equity or net income using the basis defined under the Zakat regulations. Zakat is accrued on a monthly basis and charged to statement of comprehensive income.

Borrowing

Borrowing is initially recognized at fair value. Borrowings are subsequently measured at amortized cost.

BONYAN REIT FUND
(MANAGED BY SAUDI FRANSI CAPITAL COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net assets value

The net assets value per unit disclosed in the financial statements is calculated by dividing the net assets of the REIT by the number of units in issue at the period-end.

Dividend distribution

As per the Regulations, the distributed profits to unitholders must not be less than (90%) of the fund's annual net profits. Accordingly, the fund distributes dividends on semi-annual basis.

Unclaimed dividends are disclosed under other liabilities in the statement of financial position.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Fund's financial statements in conformity with the IFRS endorsed in the Kingdom of Saudi Arabia, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, may differ from the related actual results.

Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

Going concern

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

Impairment of non-financial assets

The carrying amounts of the non-financial assets are reviewed at the end of each reporting date or more frequently to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using the pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. The fair value less cost to sell is based on observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets are available, then based on discounted future cash flow calculations.

Valuation of investment properties

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the assets' useful lives and do not include restructuring activities that the Fund is not yet committed to or significant future investments that will enhance each asset's performance of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

BONYAN REIT FUND
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Valuation of investment properties (Continued)

The valuation of the investment properties (the "properties") is carried out by ValuStrat Consulting Company and Saudi Asset Valuation Company. These two valuers are licensed by the Saudi Authority for Accredited Valuers ("TAQEEM").

The valuation models have been applied in accordance with the recommendations of the International Valuation Standards Committee. The Fund manager has concluded that the valuation models used by the Fund are consistent with the principles in IFRS 13. These models comprise land plus cost method, residual value method and the discounted cash flow ("DCF") method.

Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including estimated rental income and an exit or terminal value. This involves the projection of a series of cash flows to which an appropriate, market-derived discount rate is applied to establish the present value of the income stream (see note 23).

Residual and useful lives of investment properties, furniture and equipment and Intangible assets

The REIT's management determines the estimated residual value and useful lives of its investment properties, furniture and equipment for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management will review the residual value and useful lives annually and future depreciation and/or amortization charge would be adjusted where the management believes the useful lives differ from previous estimates.

Expected credit loss

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

A number of significant judgments are also required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing group of similar financial assets for the purposes of measuring ECL.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

New IFRS, amendments and interpretations issued not yet effective and not early adopted

There are several standards and interpretations that are issued, but not yet effective, up to the date of the Fund's financial statements. In the opinion of the Board, these standards will have no significant impact on the financial statements of the Fund. The Fund intends to adopt these standards, if applicable.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalent comprised of the following:

	<i>31 December 2020 SR</i>	<i>31 December 2019 SR</i>
Bank Balance	35,972,448	33,493,060
Cash in hand	50,000	60,000
	36,022,448	33,553,060

The management has conducted a review of these balance, as required under IFRS 9 and based on such an assessment, the management believes that there is no need for loss allowance against the carrying value of bank balances.

BONYAN REIT FUND
(MANAGED BY SAUDI FRANSI CAPITAL COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

8. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Investments as at the reporting date comprise of investments in mutual funds.

	<i>31 December 2020 SR</i>	<i>31 December 2019 SR</i>
Financial assets measured at fair value through profit or loss (FVTPL)		
Al Badr Murabaha Fund	2,886	2,856
Riyadh SAR Trade Fund	70,199	-
	73,085	2,856

The following is the movement in investments during the year:

	<i>31 December 2020 SR</i>	<i>31 December 2019 SR</i>
Balance at beginning of the year	2,856	-
Additions during the year	178,800,000	65,000,000
Sold during the year	(179,400,000)	(65,226,974)
Realized gain on FVTPL investment, net	669,584	229,801
Unrealized gain on FVTPL investments for the year	645	29
Balance at the end of the year	73,085	2,856
Movement in unrealized gain on FVTPL investment, net		
Balance at the beginning of the year	29	-
Less: balance at the end of the year	674	29
Unrealized gain on FVTPL investments for the year	645	29

During the year, Bonyan REIT Fund subscribed 81,403 units (2019: Nil units) and redeemed 81,371 units (2019: Nil units) of Riyadh SAR Trade Fund.

As at 31 December 2020, Bonyan REIT Fund has an investments of 184 units (31 December 2019: 184 units) in Al BADR Murabaha Fund and 32 units (31 December 2019: Nil) in Riyadh SAR Trade Fund.

Bonyan REIT and Al BADR Murabaha Fund are managed by same Fund Manager i.e Saudi Fransi Capital.

9. RENTAL INCOME RECEIVABLE, NET

Rental income receivable comprised of the following:

	<i>31 December 2020 SR</i>	<i>31 December 2019 SR</i>
Rental income receivable	75,066,534	55,686,977
Less: Allowance for expected credit losses (ECL)	(5,300,283)	(3,450,402)
	69,766,251	52,236,575

BONYAN REIT FUND
(MANAGED BY SAUDI FRANSI CAPITAL COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

9. RENTAL INCOME RECEIVABLE, NET (CONTINUED)

The movement in loss allowance is as follows:

	<i>31 December 2020 SR</i>	<i>31 December 2019 SR</i>
Opening balance	3,450,402	598,138
Charged during the year	1,849,881	2,852,264
Balance at the end of the year	5,300,283	3,450,402

Below is the aging analysis of gross rental income receivables:

0-3 months	43,486,756	30,676,147
3-12 months	19,776,753	17,321,119
Over 365 days	11,803,025	7,689,711
Balance at the end of the year	75,066,534	55,686,977

10. PREPAYMENT AND OTHER ASSETS

	<i>31 December 2020 SR</i>	<i>31 December 2019 SR</i>
Prepaid insurance	1,034,740	1,066,325
Other prepaid expenses and other assets	3,572,853	3,457,014
Advance payment to suppliers	5,144,540	5,105,872
VAT input credit	1,100,855	832,403
	10,852,988	10,461,614

11. INTANGIBLE ASSETS

	<i>31 December 2020 SR</i>	<i>31 December 2019 SR</i>
Cost		
Balance at the beginning of the year	1,099,350	625,440
Additions during the year	-	398,055
Transfer in from furniture and equipment (note 12)	-	75,855
Balance at the end of the year	1,099,350	1,099,350
Accumulated Amortisation		
Balance at the beginning of the year	(309,692)	(95,259)
Charge during the year	(227,628)	(203,633)
Transfer in from furniture and equipment (note 12)	-	(10,800)
Balance at the end of the year	(537,320)	(309,692)
Net book value at the end of the year	562,030	789,658

BONYAN REIT FUND
(MANAGED BY SAUDI FRANSI CAPITAL COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

12. FURNITURE AND EQUIPMENT

	31 December 2020		
	<i>Furniture and equipment SR</i>	<i>Capital work in progress SR</i>	<i>Total SR</i>
Cost			
Balance at the beginning of the year	11,517,717	9,664,094	21,181,811
Additions during the year	1,223,042	605,507	1,828,549
Fixed assets write off	(600,379)	-	(600,379)
Transfer out to Building ** (Note 13)	-	(10,207,976)	(10,207,976)
Balance at the end of the year	12,140,380	61,625	12,202,005
Accumulated Depreciation			
Balance at the beginning of the year	(5,988,563)	-	(5,988,563)
Charge for the year	(2,612,543)	-	(2,612,543)
Reversal of accumulated depreciation due to fixed asset write off	600,379	-	600,379
Balance at the end of the year	(8,000,727)	-	(8,000,727)
Net book value at the end of the year	4,139,653	61,625	4,201,278

**The amount of SR 10.2 million relates to construction of Cinema located in Abha Mall. The Cinema becomes operational during December 2020, accordingly, the amount has been capitalized and transferred to Investment property.

	31 December 2019		
	<i>Furniture and equipment SR</i>	<i>Capital work in progress SR</i>	<i>Total SR</i>
Cost			
Balance at the beginning of the year	11,018,118	-	11,018,118
Additions during the year	650,498	9,664,094	10,314,592
Fixed assets sold / written off	(75,044)	-	(75,044)
Transfer out to intangibles (note 11)	(75,855)	-	(75,855)
Balance at the end of the year	11,517,717	9,664,094	21,181,811
Accumulated Depreciation			
Balance at the beginning of the year	(1,996,045)	-	(1,996,045)
Charge for the year	(4,078,362)	-	(4,078,362)
Reversal of accumulated depreciation	75,044	-	75,044
Transfer out to intangibles (note 11)	10,800	-	10,800
Balance at the end of the year	(5,988,563)	-	(5,988,563)
Book value at the end of the year	5,529,154	9,664,094	15,193,248

BONYAN REIT FUND
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

13. INVESTMENT PROPERTIES

	31 December 2020		
	Land SR	Building SR	Total SR
Cost			
Balance at the beginning of the year	243,843,205	1,543,466,354	1,787,309,559
Additions during the year	-	802,954	802,954
Transfer in from furniture and equipment (Note 12)	-	10,207,976	10,207,976
Balance at the end of the year	243,843,205	1,554,477,284	1,798,320,489
Accumulated Depreciation and Impairment			
Balance at the beginning of the year	-	(147,059,573)	(147,059,573)
Charge for the year	-	(42,179,317)	(42,179,317)
Reversal of impairment loss	-	8,197,727	8,197,727
Balance at the end of the year	-	(181,041,163)	(181,041,163)
Net book value at the end of the year	243,843,205	1,373,436,121	1,617,279,326

	31 December 2019		
	Land SR	Building SR	Total SR
Cost			
Balance at the beginning of the year	243,843,205	1,541,529,889	1,785,373,094
Additions during the year	-	1,954,130	1,954,130
Fixed assets sold / written off	-	(17,665)	(17,665)
Balance at the end of the year	243,843,205	1,543,466,354	1,787,309,559
Accumulated Depreciation and Impairment			
Balance at the beginning of the year	-	(131,338,732)	(131,338,732)
Charge for the year	-	(42,172,440)	(42,172,440)
Reversal of Impairment loss	-	26,451,599	26,451,599
Balance at the end of the year	-	(147,059,573)	(147,059,573)
Net book value at the end of the year	243,843,205	1,396,406,781	1,640,249,986

The investment properties represent following ten properties; namely:

- The Al Rashid Mega Mall investment, a freehold property acquired by the Fund, is located in Madinah and is classified as in the Commercial sector.
- The Al Rashid Mall - Abha investment, a leasehold property acquired by the Fund under a 20-year usufruct agreement, is located in Abha and is classified as in the Commercial sector. The Fund has the right to purchase this property outright within 5 years from the signing date of the usufruct agreement for a consideration of SR 110 million.

Moreover, the Fund was liable to pay SR 148.8 million as a lease liability as per the lease agreement, which has been paid during the year through a financing facility from ANB bank (See note 14).

- The Al Rashid Mall - Jazan, a freehold property acquired by the Fund, investment is located in Jazan and is classified as in the Commercial sector.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

13. INVESTMENT PROPERTIES (CONTINUED)

- The Al Rashid Strip Mall investment, a freehold property acquired by the Fund, is located in Riyadh and is classified as in the Commercial sector.

The Fund was liable to pay SR 8.9 million as a deferred purchase consideration, which has been paid during the year through a financing facility from ANB bank (See note 14).

- The Courtyard Marriott Hotel investment, a freehold property acquired by the Fund, is located in Jazan and is classified as in the Four Star Hotel sector.
- The Residence Inn by Marriott investment, a freehold property acquired by the Fund, is located in Jazan and is classified as in the Four Star Apartment Hotel sector.
- Marriott Executive Apartments investment, a freehold property acquired by the Fund, is located in Madinah and is classified as in the Five Star Apartment Hotel sector.

The Fund was liable to pay SR 28.4 million as a deferred purchase consideration, which has been paid during the year through a financing facility from ANB bank (See note 14).

- The Citywalk Residential Building investment, a freehold property acquired by the Fund, is located in Dubai and is classified as in the Residential sector.
- The Al Rafiah Village investment, a freehold property acquired by the Fund, is located in Riyadh and is classified as in the Residential sector.
- The Al Maather Villas Complex investment, a freehold property acquired by the Fund, is located in Riyadh and is classified as in the Residential sector.

The investment properties are held in the name of "Bonyan Real Estate Fund One Person LLC Company" ("Special Purpose Vehicle - SPV") which is owned by the AlBilad Investment Company ("Custodian of the Fund"). The properties are held by the SPV on behalf of the Fund.

14. BANK BORROWING

The borrowings from bank represents Islamic financing obtained from a local bank (ANB). The Fund obtained financing at Saudi Interbank Offer Rate (SIBOR) plus spread. The profit mark-up / bank commission is payable on semi-annual basis and the principal is due for payment as one bullet payment during April 2025.

During the year, the Fund made payments to M/s Abdul Rahman Saad Al Rashid & Sons Company ("ARTAR") amounting to SR 186.1 million, a related party, by utilizing the Bank facility. The payment relates to deferred purchase consideration for Al Rashid Strip Mall – Riyadh and Marriot Executive Apartments – Madinah and lease liability for Al Rashid Mall–Abha as per T&C of the Fund.

Moreover, the fund utilized the borrowing amounting to SR 3.05 million for the settlement of VAT assessment raised by GAZT (See note 15).

15. RELATED PARTY TRANSACTIONS AND BALANCES

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 operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties include Saudi Fransi Capital ("the Fund Manager"), Banque Saudi Fransi (the Bank and the shareholder of the Fund Manager), Saudi Bonyan Company (being the property manager of the investment properties), the Funds' Board of Directors (BOD), affiliates of the Fund Manager, the Funds managed by the Fund Manager and the Unit holders of the Fund including Abdul Rahman Saad Al Rashid & Sons Company (being a substantial unitholder).

In the ordinary course of its activities, the Fund transacts business with related parties.

BONYAN REIT FUND
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

15. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Transactions with related parties during the years and balances are as follows:

Related Party	Nature of transaction	Amount of transactions		Balances	
		For the year ended	For the year ended	Receivables / (Payables)	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
		SR	SR	SR	SR
Saudi Fransi Capital (Fund manager)	Asset management fees (Refer note "b" below)	(7,270,658)	(7,319,871)	(1,382,216)	(1,802,380)
	Reimbursement of expense paid by Fund Manager on behalf of the Fund	-	-	-	(284,702)
	Receivable of finance cost	2,220	-	2,220	-
Banque Saudi Fransi	Cash and cash equivalents	-	-	29,339,893	25,695,721
	Dividend distribution charges	(39,026)	(26,221)	(25,074)	(12,574)
Board of directors	Board fees to independent board members	(120,000)	(105,000)	-	(30,000)
Al BADR Murabaha Fund (Managed by Fund Manager)	Investments (Refer note "a" below)	-	-	2,886	2,856
	Unrealised gain on investments measured at FVTPL	30	29	-	-
Saudi Bonyan Company	Property Management Fees	7,477,044	9,370,871	(1,346,049)	(2,443,144)
	Property Operating Expenses	31,453,335	42,307,779	(13,409,351)	(7,065,081)
	Advances to supplier	-	-	5,071,820	5,071,820
	Cash collected against old rental receivables	2,308,343	6,188,502	-	-
	Cash paid against old rental received	-	(12,131,413)	-	-
	Others	(671)	-	-	(671)
Abdul Rahman Saad Al Rashid & Sons Company ("ARTAR")	(Payment) / initial acquisition of Investment Properties	(186,160,000)	-	-	(186,160,000)
	Addition to Investment Properties	802,954	1,954,130	-	(44,986)
	Capital work in progress	605,507	9,664,094	-	(9,664,094)
	Payment against balance for the addition to investment properties / Capital work in progress	-	-	-	-
	Receivable against VAT assessment (Refer note "c" below)	-	-	3,053,441	-

- (a) As at 31 December 2020, Bonyan REIT Fund has an investments of 184 units (31 December 2019: 184 units) in Al BADR Murabaha Fund. Bonyan REIT and Al BADR Murabaha Fund are managed by same Fund Manager i.e. Saudi Fransi Capital.

BONYAN REIT FUND
(MANAGED BY SAUDI FRANSI CAPITAL COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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15. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

- (b) As per the terms and conditions of the Fund, the Fund is liable to pay the Fund Manager a management fee being 0.5% plus applicable taxes of the net asset value of the Fund. The fee is payable on a quarterly basis.
- (c) During the year, the Fund was subject to a VAT audit by GAZT for the period / year 2018 and 2019. GAZT claimed SR 3,053,441 which is the output VAT that pertains to the revenues of the Fund for the period from July to October 2018 (transition period). ARTAR, being the seller of the real estate assets, already discharged the VAT liability on the said amount of revenues to GAZT on behalf of the Fund during this transition period. However, GAZT opined that the VAT should have been paid by the entity responsible.

The Fund Manager sought an independent advice (cost to be borne by the fund manager) with regard to the recoverability of the amount paid to GAZT. Based on the advice received, SR 3,053,441 was paid by the Fund in December 2020 and a receivable by the Fund from ARTAR has been booked which is expected to recover the amount from GAZT.

16. ACCRUED EXPENSES AND OTHER LIABILITIES

	<i>31 December 2020 SR</i>	<i>31 December 2019 SR</i>
Trade and other payable	2,443,813	10,984,625
Property management fee	1,346,059	2,443,144
Property operating expenses	13,409,351	7,065,081
Accrued expenses	12,526,392	5,823,910
Furniture, fixture and equipment maintenance	6,573,042	4,243,514
Advance from customers	5,067,463	4,696,661
VAT output	2,040,418	945,656
Custody fees	200,548	205,781
Listing fees	-	136,507
Audit fees	84,000	80,000
Board and committee fees	-	30,000
Property valuation fee	80,000	180,000
Other payable	232,075	307,747
	44,003,161	37,142,626

BONYAN REIT FUND
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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17. INCOME FROM INVESTMENT PROPERTIES, NET

	<i>31 December 2020 SR</i>	<i>31 December 2019 SR</i>
Income from investment properties		
Lease rental income on investment properties excluding hotels	133,403,368	170,247,970
Revenue from hotel services	30,290,713	33,397,468
Other income – Ancillary services	7,792,105	9,345,363
	171,486,186	212,990,801
Operational costs for investment properties	(73,510,871)	(90,502,500)
Net income from investment properties	97,975,315	122,488,301

Revenue from hotel services comprises revenue from rooms, food and beverages and other associated services provided.

Other income (Ancillary services) comprises of service charges and recovery of utility charges from the tenants of commercial properties (Malls).

Future rental commitments (to be received) at year end, under the operating leases is as follows:

	<i>31 December 2020 SR</i>	<i>31 December 2019 SR</i>
Not later than one year	52,239,756	93,853,555
Later than one year and less than five years	77,906,180	124,328,393
Later than five years	119,031,807	93,976,847
	249,177,743	312,158,795

18. OTHER EXPENSES

	<i>31 December 2020 SR</i>	<i>31 December 2019 SR</i>
Registration fee	400,000	400,000
Custody fess	400,000	400,000
Property Valuation fees	234,000	361,000
Listing fees	300,000	300,000
Audit fees	110,000	110,000
Board & Committee fee	120,000	105,000
Bank and dividend processing charges	61,995	26,446
Publishing fee	-	5,000
Regulatory fee	7,500	7,500
Others	238,346	289,860
	1,871,841	2,004,806

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19. ZAKAT

a) Basis for Zakat:

Zakat is payable at 2.5% of higher of the approximate zakat base and adjusted net income attributable to the Unitholders.

b) Zakat charge for the year:

	<i>31 December 2020 SR</i>	<i>31 December 2019 SR</i>
Zakat Base / Adjusted Net Income	90,964,908	97,604,751
<i>Zakat charge during the year</i>		
Zakat charge for the current year	2,304,597	2,440,119
Reversal of over provision for the prior year	(2,837)	-
	2,301,760	2,440,119

c) Movement of provision for zakat:

	<i>31 December 2020 SR</i>	<i>31 December 2019 SR</i>
Balance at the opening of the year	2,440,119	-
Provision for the year	2,304,597	2,440,119
Reversal of over provision for the prior year	(2,837)	-
Payments during the year	(2,437,282)	-
Balance at the end of the year	2,304,597	2,440,119

d) Status of annual return and assessments:

The Fund would file the annual return for the year ended 31 December 2020 within the stipulated timelines as specified under the Zakat regulations issued by General Authority of Zakat and Tax ("GAZT").

20. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management

The Fund's Investment Manager is primarily responsible for identifying and controlling risks.

Risk measurement and reporting system

Monitoring and controlling risks is primarily set up to be performed based on limits as specified in the Regulations. In addition, the Compliance Department of the Fund Manager monitors the exposures against the limits as specified in the Regulations.

Risk mitigation

The Fund's investment guidelines as specified in Terms and Conditions and fact sheet set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

Market risk

The REIT will be subject to the general conditions of the real estate sector in Saudi Arabia and United Arab Emirates, which itself is influenced by a variety of factors such as, but not limited to the overall macroeconomic growth in the country, interest rates, demand-supply, availability of financing, investor sentiment, liquidity, legal and regulatory changes, and the geopolitical environment. The Asset Management Department of the Fund Manager monitors the impact of the factors stated above on the REIT.

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20. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet the contractual obligation. The Fund is exposed to credit risk for its rental receivables, due from related parties and bank balances.

	<i>31 December 2020 SR</i>	<i>31 December 2019 SR</i>
Bank balances	36,022,448	33,553,060
Rental income receivable, net	69,766,251	52,236,575
Due from related party	3,055,661	-
	108,844,360	85,789,635

In order to mitigate the credit risk, the fund enters into financial instrument contracts with reputable counterparties. A significant cash balance is placed with Banque Saudi Fransi and the remaining is placed with reputable financial institution.

Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through use of available cash balance, liquidation of the investment portfolio or by taking short to medium term loans from the Fund Manager and /or Banks. The table below summarizes the maturity profile of significant assets and liabilities of the Fund based on expected maturities:

	<i>31 December 2020</i>		
	<i>Less than one year SR</i>	<i>More than one year SR</i>	<i>Total SR</i>
Cash and cash equivalents	36,022,448	-	36,022,448
Rental income receivable, net	69,766,251	-	69,766,251
Investment measured at fair value through profit or loss (FVTPL)	73,085	-	73,085
Investment properties	-	1,617,279,326	1,617,279,326
Furniture and equipment	-	4,201,278	4,201,278
Intangible assets	-	562,030	562,030
Due from related party	3,055,661	-	3,055,661
Total Assets	108,917,445	1,622,042,634	1,730,960,079
Management fee payable	1,382,216	-	1,382,216
Accrued expenses and other liabilities	44,003,161	-	44,003,161
Provision for Zakat	2,304,597	-	2,304,597
Bank borrowing	1,216,655	189,210,000	190,426,655
Total Liabilities	48,906,629	189,210,000	238,116,629
Surplus / (Deficit)	60,010,816	1,432,832,634	1,492,843,450

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20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk (Continued)

	Less than one year SR	31 December 2019 More than one year SR	Total SR
Cash and cash equivalents	33,553,060	-	33,553,060
Rental income receivable, net	52,236,575	-	52,236,575
Investment measured at fair value through profit or loss (FVTPL)	2,856	-	2,856
Investment properties	-	1,640,249,986	1,640,249,986
Furniture and equipment	-	15,193,248	15,193,248
Intangible assets	-	789,658	789,658
Total Assets	85,792,491	1,656,232,892	1,742,025,383
Management fee payable	1,802,380	-	1,802,380
Accrued expenses and other liabilities	37,142,626	-	37,142,626
Provision for Zakat	2,440,119	-	2,440,119
Due to related parties	186,160,000	-	186,160,000
Total Liabilities	227,545,125	-	227,545,125
Surplus / (deficit)	(141,752,634)	1,656,232,892	1,514,480,258

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities either internally or externally at the Fund's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to unitholders.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates. The fund's functional and presentation currency is Saudi Riyal, with some transactions in UAE Dirham, which is mainly related to Investment property located in the United Arab Emirates. UAE Dirham has a stable exchange rate to Saudi Riyal. The Fund is not consequently exposed to any material currency risk.

Investment property price risk

Investment property price risk is the risk that the tenant may become insolvent causing a significant loss of rental income and reduction in the value of the associated property. The Fund Manager manages this risk through review of financial status of all tenants and decides on the appropriate level of security required via promissory notes and/or guarantee.

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21. DIVIDEND / DISTRIBUTION

In accordance with the approved terms and conditions of the Fund, on 14 May 2020, the Fund's board of directors approved to distribute dividends with regards to period from 01 November 2019 till 30 April 2020 amounting to SR 0.1228 per unit amounted to SR 20 million.

Moreover, the Fund's board of directors approved to distribute dividends on 1 November 2020, with regards to period from 01 May 2020 till 30 November 2020 amounting to SR 0.2763 per unit amounted to SR 45 million.

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability the principal or the most advantageous market must be accessible to the Fund.

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted market price: financial instruments with quoted unadjusted prices for identical instruments in active markets.

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data.

Level 3: valuation techniques for which any significant input is not based on observable market data.

The Fund's financial assets consist of bank balances, investments measured at FVTPL, due from related party and rental income receivable, net. The Fund's financial liabilities consist of deferred rental income, management fees payable, bank borrowings and, accrued expenses and other liabilities.

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments are measured at fair value. It does not include fair value information for financial assets and financial liabilities that are not measured at fair value and then carrying amount is a reasonable approximation of fair value.

	<i>Carrying value</i>	<i>Fair value</i>			
		<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
31 December 2020					
Financial assets measured at FVTPL	73,085	73,085	-	-	73,085
	73,085	73,085	-	-	
31 December 2019					
Financial assets measured at FVTPL	2,856	2,856	-	-	2,856
	2,856	2,856	-	-	2,856

The fair value of all other financial assets and liabilities approximately equal their carrying value due to short term nature of the said financial asset and liability.

During the year ended 31 December 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements.

The Fund will monitor the fair value on a regular basis.

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23. EFFECT OF NET ASSET VALUE IF INVESTMENT PROPERTIES ARE FAIR VALUED

In accordance with Article 22 of the Real Estate Investment Funds Regulations issued by CMA in the Kingdom of Saudi Arabia, the Fund Manager evaluates the Fund's assets based on an average of two evaluations prepared by independent valuers. As set out in the terms and conditions of the Fund, the net asset values declared are based on the market value obtained. However, in accordance with International Accounting Standards 40 ("IAS 40") the Fund opted to use the cost method wherein investment properties are carried at cost less accumulated depreciation and impairment, if any, in these financial statements. Accordingly, the fair value below is disclosed for information purposes and has not been accounted for in the Fund's books.

The valuation of the investment properties (the "properties") is carried out by ValuStrat Consulting Company and Saudi Asset Valuation Company. These two valuers are licensed by the Saudi Authority for Accredited Valuers ("TAQEEM"). The Fund Manager has used the average of the two valuations for the purposes of disclosing the fair value of the properties. The properties were valued taking into consideration of a number of factors, including the area and type of properties, and valuation techniques using significant unobservable inputs, including the land plus cost method, residual value method and the discounted cash flow method.

Below is the fair valuation of the investments properties by the two valuers:

	<i>First Appraiser</i>	<i>Second Appraiser</i>	<i>Average</i>
31 December 2020			
Investment properties	1,789,369,340	2,058,108,000	1,923,738,670
	1,789,369,340	2,058,108,000	1,923,738,670
	<i>First Appraiser</i>	<i>Second Appraiser</i>	<i>Average</i>
31 December 2019			
Investment properties	1,885,433,300	1,997,820,000	1,941,626,650
	1,885,433,300	1,997,820,000	1,941,626,650

Below is an analysis of the properties fair value versus cost:

	<i>31 December 2020 SR</i>	<i>31 December 2019 SR</i>
Estimated fair value of investment properties	1,923,738,670	1,941,626,650
Book value of investment properties	(1,617,279,326)	(1,640,249,986)
Less: present value of purchase option on Rashid Mall Abha	(104,780,809)	(97,955,099)
Estimated fair value in excess of book value	201,678,535	203,421,565
Units in issue (numbers)	162,881,100	162,881,100
Value per unit relating to excess of estimated fair value over book value of investment properties	1.2382	1.2489

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23. EFFECT OF NET ASSET VALUE IF INVESTMENT PROPERTIES ARE FAIR VALUED
(CONTINUED)

<i>Net asset value</i>	<i>31 December 2020 SR</i>	<i>31 December 2019 SR</i>
Net asset value as per the financial statements	1,429,694,959	1,449,286,930
Estimated fair value in excess of book value of investment properties	201,678,535	203,421,565
Net asset value based on fair valuation of investment properties	1,631,373,494	1,652,708,495
<i>Net asset value per unit</i>		
Net asset value per unit as per the financial statements	8.7775	8.8978
Estimated fair value in excess of book value of investment properties	1.2382	1.2489
Net asset value per unit based on fair valuation of investment properties	10.0157	10.1467

24. SEGMENT REPORTING

The Fund's primary business is conducted in Saudi Arabia and the United Arab Emirates. The Funds reportable segment under IFRS 8 are as follows

Commercial Centers: This includes unit of investment properties such as malls.

Residential: This includes units of private houses such as individual apartments

Hospitality: This includes hospitality service providing entity, which is related to Marriot properties.

The Fund's total assets, Investment properties and liabilities as at 31 December 2020 and 2019, its total operating income and expense, and the results for the years then ended, by operating segment, are as follows

	<i>31 December 2020</i>				
	<i>Commercial Centers</i>	<i>Residential</i>	<i>Hospitality</i>	<i>Others</i>	<i>Total</i>
Total assets	1,088,806,220	423,976,276	202,742,956	26,287,615	1,741,813,067
Investment properties	1,024,591,737	418,020,386	174,667,203	-	1,617,279,326
Total liabilities	90,599,340	16,312,653	10,026,553	195,179,562	312,118,108
Total operating income	68,261,595	23,699,498	6,387,369	670,229	99,018,691
Total expense	1,745,493	-	104,388	12,631,413	14,481,294
Net income / (loss) for the year	39,775,036	13,772,711	6,386,290	(14,520,161)	45,413,876
	<i>31 December 2019</i>				
	<i>Commercial Centers</i>	<i>Residential</i>	<i>Hospitality</i>	<i>Others</i>	<i>Total</i>
Total assets	1,115,876,214	432,382,642	194,277,506	9,950,635	1,752,486,997
Investment properties	1,039,550,259	428,045,402	172,654,325	-	1,640,249,986
Total liabilities	88,522,905	11,278,099	13,869,290	189,529,773	303,200,067
Total income	87,610,204	32,340,224	2,897,386	229,830	123,077,644
Total expense	2,844,805	-	7,459	9,324,677	12,176,941
Net income / (loss) for the year	97,235,631	1,781,467	1,040,604	(11,599,954)	88,457,748

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25. COMPARATIVES FIGURES

Certain previous year comparatives figures have been regroup/reclassified to conform the presentation adopted in these financial statements.

Following are the reclassification at the face of the statement of financial position and statement of comprehensive income:

	31 December 2019		
	(Previously disclosed)	(Reclassification adjustments)	(Reclassified balances)
	SR	SR	SR
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Prepayment and other assets	9,515,958	945,656	10,461,614
	9,515,958	945,656	10,461,614
LAIBILITIES			
Accrued expenses and other liabilities	36,196,299	946,327	37,142,626
Due to related parties	186,160,671	(671)	186,160,000
	222,356,970	945,656	223,302,626
For the year ended 31 December 2019			
	(Previously disclosed)	(Reclassification adjustments)	(Reclassified amounts)
	SR	SR	SR
STATEMENT OF COMPREHENSIVE INCOME			
Income from investment properties, net	122,480,842	7,459	122,488,301
Provision for doubtful debts	(2,844,805)	(7,459)	(2,852,264)
	119,636,037	-	119,636,037

26. IMPACT OF COVID 19

On 11 March 2020, the World Health Organisation ("WHO") declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular implemented closure of borders, released social distancing guidelines and enforced country-wide lockdowns and curfews. Later on, the situation was improved with the easing of lockdown restrictions.

Due to lockdown and curfew situation, the Fund's operations were impacted significantly during the year. In order to curb the situation and to ensure the long-term viability of the Fund, the Fund Manager extended support to the tenants by offering discounts, which is also evident from significant reduction in revenues as compared to prior year.

In response to the spread of the Covid-19 virus, the Fund Manager has proactively assessed its impacts on the operations of the Fund and has taken series of proactive and preventative measures to ensure the health and safety of its employees and to reduce the operational cost of the Fund in order to safeguard the interest of the unitholders.

The Fund Manager continues to monitor the evolving situation carefully and will take required actions. Further, the Fund will continue to follow the Government policies and advice and, in parallel, will do utmost to continue Fund's operations in the best and safest way possible.

27. SIGNIFICANT EVENTS AFTER REPORTING DATE

There are no significant events subsequent to the date of the statement of financial statements, which requires adjustments and / or disclosures in the financial statements.

28. LAST VALUATION DAY

The last valuation day of the year was 31 December 2020 (31 December 2019: 31 December 2019).

29. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Fund Board on 15 Shaban 1442H (corresponding to March 28, 2021).

