

BONYAN REIT FUND
(Managed by Saudi Fransi Capital Company)

INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022
TOGETHER WITH THE INDEPENDENT AUDITOR'S REVIEW REPORT

BONYAN REIT FUND
(Managed by Saudi Fransi Capital Company)

INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022
AND INDEPENDENT AUDITOR'S REVIEW REPORT

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Report on review of interim condensed financial statements

To the Unitholders and the Fund Manager of
Bonyan REIT Fund

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Bonyan REIT Fund (the "Fund") as of 30 June 2022 and the related interim condensed statements of comprehensive income, changes in equity attributable to the Unitholders and cash flows for the six-month period then ended and other explanatory notes. Fund Manager is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - *"Interim Financial Reporting" (IAS 34)*, as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to be 'Bader I. Benmohareb', is written over the PricewaterhouseCoopers logo.

Bader I. Benmohareb
License Number 471

23 August 2022

BONYAN REIT FUND
(Managed by Saudi Fransi Capital Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

		<i>As at 30 June 2022 (Un-Audited) SR</i>	<i>As at 31 December 2021 (Audited) SR</i>
	<i>Note</i>		
<u>ASSETS</u>			
Cash and cash equivalents	7	36,899,833	106,901,780
Investments measured at fair value through profit or loss (FVTPL)	8	74,168	73,669
Rental income receivable, net	9	93,454,242	82,531,646
Due from related parties		-	6,229
Prepayment and other assets		18,371,739	12,584,776
Intangible assets, net	10	1,828,102	1,451,975
Furniture and equipment, net	11	2,380,629	2,321,088
Investment properties, net	12	1,770,437,066	1,684,907,541
TOTAL ASSETS		1,923,445,779	1,890,778,704
<u>LIABILITIES</u>			
Bank borrowings	13	389,414,424	381,872,420
Deferred rental income		82,356,727	73,135,881
Management fee payable	14	4,031,144	2,065,155
Accrued expenses and other liabilities		38,753,525	40,472,691
Provision for Zakat		1,199,708	2,379,580
TOTAL LIABILITIES		515,755,528	499,925,727
Equity attributable to the Unitholders		1,407,690,251	1,390,852,977
Units in issue		162,881,100	162,881,100
Equity value per unit in Saudi Riyals – Book value		8.6424	8.5391
Equity value per unit in Saudi Riyals – Fair value	18	10.7632	10.1769

The accompanying notes from 1 to 21 form an integral part of these interim condensed financial statements.

BONYAN REIT FUND
(Managed by Saudi Fransi Capital Company)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

		<i>For the six-month period ended 30 June 2022 SR</i>	<i>For the six-month period ended 30 June 2021 SR</i>
	<i>Note</i>		
<u>INCOME</u>			
Income from investment properties	15	78,149,119	67,207,379
Other income		-	50,114
Net gain on investment at FVTPL, net		499	277
		78,149,618	67,257,770
<u>EXPENSES</u>			
Management fees	14	(3,505,429)	(3,554,902)
Allowance for Expected Credit Losses (ECL)	9	(191,482)	(117,344)
Finance cost		(5,941,421)	(3,637,044)
Other expenses		(983,965)	(1,123,507)
TOTAL EXPENSES		(10,622,297)	(8,432,797)
Amortisation expense on intangibles	10	(239,921)	(112,570)
Depreciation expense on furniture and equipment	11	(414,098)	(1,525,430)
Depreciation expense on investment properties	12	(21,741,904)	(20,238,974)
Reversal / (Impairment loss) on investment properties	12	26,646,429	(9,570,855)
NET INCOME BEFORE ZAKAT FOR THE PERIOD		71,777,827	27,377,144
Zakat charge for the period		(1,189,790)	(1,152,298)
NET INCOME AFTER ZAKAT FOR THE PERIOD		70,588,037	26,224,846
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		70,588,037	26,224,846
Earnings per unit			
Weighted average units in issue		162,881,100	162,881,100
Earnings per unit (Basic and diluted)		0.4334	0.1610

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BONYAN REIT FUND
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INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO UNITHOLDERS (UN-AUDITED)

	<i>For the six-month period ended 30 June 2022 SR</i>	<i>For the six-month period ended 30 June 2021 SR</i>
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE PERIOD	1,390,852,977	1,429,694,959
CHANGES FROM OPERATIONS		
Total comprehensive income for the period	70,588,037	26,224,846
Income distributions during the period (note 16)	(53,750,763)	(52,121,952)
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE PERIOD	1,407,690,251	1,403,797,853
Transactions in units during the period are summarised as follows:		
	<i>For the six-month period ended 30 June 2022 Units</i>	<i>For the six-month period ended 30 June 2021 Units</i>
UNITS AT THE BEGINNING AND END OF THE PERIOD	162,881,100	162,881,100

The accompanying notes from 1 to 21 form an integral part of these interim condensed financial statements.

BONYAN REIT FUND
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INTERIM CONDENSED STATEMENT OF CASH FLOWS (UN-AUDITED)

		<i>For the six-month period ended 30 June 2022 SR</i>	<i>For the six-month period ended 30 June 2021 SR</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income before Zakat for the period		71,777,827	27,377,144
<i>Adjustment to reconcile net income to net cash generated from operating activities:</i>			
Amortization expense on intangibles	10	239,921	112,570
Depreciation expense on furniture and equipment	11	414,098	1,525,430
Depreciation expense on investment properties	12	21,741,904	20,238,974
Impairment (reversal)/charge on investment properties	12	(26,646,429)	9,570,855
Net (gain) on investments at FVTPL, net	8	(499)	(277)
Write off of furniture and equipment		-	1,762
Allowance for Expected Credit Losses (ECL)	9	191,482	117,344
Finance cost	13	5,941,421	3,637,044
<i>Operating cash flows before working capital changes</i>		<u>73,659,725</u>	<u>62,580,846</u>
Changes in operating assets and liabilities:			
Rental income receivable		(11,114,078)	(7,666,399)
Prepayment and other assets		(5,786,963)	(1,407,586)
Advance for investments		-	(10,000,000)
Due from related parties		6,229	2,220
Deferred rental income		9,220,846	6,310,539
Management fee payable		1,965,989	665,236
Accrued expenses and other liabilities		(1,719,166)	63,109
Zakat paid		(2,369,662)	(2,334,285)
Net cash flow generated from operating activities		<u>63,862,920</u>	<u>48,213,680</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to furniture and equipment	11	(473,639)	(540,557)
Addition to investment properties	12	(80,625,000)	(106,622,565)
Addition to intangible assets	10	(616,048)	-
Net cash flow used in investing activities		<u>(81,714,687)</u>	<u>(107,163,122)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Bank borrowings	13	6,100,000	193,500,000
Finance cost paid	13	(4,499,417)	(2,482,733)
Dividends paid, net off unclaimed dividend	16	(53,750,763)	(52,121,952)
Net cash (used in) / generated from financing activity		<u>(52,150,180)</u>	<u>138,895,315</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		(70,001,947)	79,945,873
Cash and cash equivalents at the beginning of the period		106,901,780	36,022,488
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u>36,899,833</u>	<u>115,968,361</u>

The accompanying notes from 1 to 21 form an integral part of these interim condensed financial statements.

BONYAN REIT FUND
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

For the six-month period ended 30 June 2022

All amounts are presented in Saudi Riyals unless otherwise stated

1. GENERAL

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 Authorised 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 period, the terms and conditions have been updated on 27 Rajab 1443H (corresponding to 28 February 2022).

Al-Bilad Capital Company is the Custodian for the Fund.

2. REGULATORY AUTHORITY

The Fund is governed by the Real Estate Investment Fund Regulations (REIFR) (the “Regulations”) Issued by the Board of the Capital Market Authority Dated 19/6/1427 Corresponding to 15/7/2006 Amended by the Board of the Capital Market Authority Dated 12/7/1442H Corresponding to 24/2/2021G effective from 19/9/1442H (corresponding 1/5/2021) the New Regulations (“Amended Regulations”) published by the Capital Market Authority on 19/7/1442H (corresponding to 1/3/2021) detailing 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 interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements as issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, therefore, these should be read in conjunction with the Fund’s annual audited financial statements as at and for the year ended 31 December 2021. The results for the six-month period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ended 31 December 2022.

Assets and liabilities in the interim condensed statement of financial position are presented in the order of liquidity.

3.2 BASIS OF MEASUREMENT

These interim condensed financial statements are prepared under the historical cost convention, using the accrual basis of accounting except for investment held at fair value through profit or loss (FVTPL) that are measured at fair value.

3. BASIS OF PREPARATION (CONTINUED)

3.3 FUNCTIONAL CURRENCY

These interim condensed financial statements are presented in Saudi Riyal (“SR”), which is the Fund’s functional and presentation currency.

4. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES

The significant accounting and risk management policies used in the preparation of these interim condensed financial statements are consistent with those used and disclosed in the financial statements for the year ended 31 December 2021.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The significant accounting estimates used in the preparation of these interim condensed financial statements are consistent with those used and disclosed in the financial statements for the year ended 31 December 2021.

Going concern

The Fund Manager 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 management is not aware of any material uncertainties that may cast significant doubt about the Fund’s ability to continue as a going concern. Therefore, these interim condensed financial statements continue to be prepared on the going concern basis.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

New standards, interpretations and amendments adopted by the Fund

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after 1 January 2022. The management has assessed that the amendments have no significant impact on the Fund’s interim condensed financial statements.

- Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the practical expedient
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16

The listing of standards and interpretations issued which the Fund reasonably expects to be applicable at a future date are as follows. The Fund intends to adopt these standards when they become effective.

Standard / Interpretation	Description	Effective from periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	Disclosure of Accounting Policies	1 January 2023
IFRS 17, ‘Insurance contracts’	New Insurance standard	1 January 2023
Amendments to IAS12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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All amounts are presented in Saudi Riyals unless otherwise stated

7. CASH AND CASH EQUIVALENTS

	30 June 2022 (Un-Audited) SR	31 December 2021 (Audited) SR
Bank balance	36,849,713	106,866,235
Cash in hand	50,120	35,545
	36,899,833	106,901,780

The management has conducted a review as required under IFRS 9 and based on such an assessment, the effect of expected credit loss allowance against the carrying value of cash and cash equivalents is insignificant as the balances are held with investment grade credit rated financial institutions and therefore has not been recognised in these interim condensed financial statements.

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

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

	30 June 2022 (Un-Audited) SR	31 December 2021 (Audited) SR
Al Badr Murabaha Fund	2,931	2,907
Al Riyadh Murabaha Fund	71,237	70,762
	74,168	73,669

The following is the movement in investments during the period/year;

	30 June 2022 (Un-Audited) SR	31 December 2021 (Audited) SR
Carrying amount:		
At beginning of the period/year	73,669	73,085
Unrealized gain on FVTPL investments for the period/year	499	584
	74,168	73,669

The movement in unrealised gain on investments measured at FVTPL during the period is as below;

	30 June 2022 (Un-Audited) SR	31 December 2021 (Audited) SR
Balance at the end of the period/year	1,757	1,258
Less: balance at beginning of the period/year	(1,258)	(674)
Unrealised gain on FVTPL for the period/year	499	584

As at 30 June 2022, Bonyan REIT Fund has an investment of 184 units (31 December 2021: 184 units) in Al BADR Murabaha Fund and 32 units (31 December 2021: 32 units) in Riyadh SAR Trade Fund.

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

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9. RENTAL INCOME RECEIVABLE, NET

Rental income receivable comprised of the following:

	30 June 2022 (Un-Audited) SR	31 December 2021 (Audited) SR
Rental income receivable	102,432,364	91,318,286
Less: Allowance for expected credit losses	(8,978,122)	(8,786,640)
	<u>93,454,242</u>	<u>82,531,646</u>

The movement in allowance for expected credit losses is as follows;

	30 June 2022 (Un-Audited) SR	31 December 2021 (Audited) SR
Opening balance	8,786,640	5,300,283
Charged during the period/ year	191,482	3,486,357
Closing balance	<u>8,978,122</u>	<u>8,786,640</u>

Below is the aging analysis of gross rental income receivables:

	30 June 2022 (Un-Audited) SR	31 December 2021 (Audited) SR
0-30 days	29,856,931	31,338,904
3-12 months	37,594,622	28,375,416
Over 365 days	34,980,811	31,603,966
Balance at the end of the period/year	<u>102,432,364</u>	<u>91,318,286</u>

10. INTANGIBLE ASSETS

	30 June 2022 (Un-Audited) SR	31 December 2021 (Audited) SR
<u>Cost</u>		
At the beginning of the period / year	2,139,026	1,099,350
Additions during the period / year	616,048	1,080,176
Disposals during the period / year	-	(40,500)
At the end of the period / year	<u>2,755,074</u>	<u>2,139,026</u>
<u>Accumulated Amortisation</u>		
At the beginning of the period / year	(687,051)	(537,320)
Charged during the period / year	(239,921)	(188,469)
Reversal due to disposals / year	-	38,738
At the end of the period / year	<u>(926,972)</u>	<u>(687,051)</u>
Net book value	<u>1,828,102</u>	<u>1,451,975</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

For the six-month period ended 30 June 2022

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11. FURNITURE AND EQUIPMENT

	<i>30 June 2022 (Un-Audited)</i>		
	<i>Furniture and Equipment SR</i>	<i>Capital work in progress SR</i>	<i>Total SR</i>
<u>Cost</u>			
At the beginning of the period	13,227,307	61,625	13,288,932
Additions during the period	473,639	-	473,639
At the end of the period	13,700,946	61,625	13,762,571
<u>Accumulated depreciation</u>			
At the beginning of the period	(10,967,844)	-	(10,967,844)
Charged during the period	(414,098)	-	(414,098)
At the end of the period	(11,381,942)	-	(11,381,942)
Net book value	2,319,004	61,625	2,380,629

	<i>31 December 2021 (Audited)</i>		
	<i>Furniture and Equipment SR</i>	<i>Capital work in progress SR</i>	<i>Total SR</i>
<u>Cost</u>			
At the beginning of the year	12,140,380	61,625	12,202,005
Additions during the year	1,086,927	-	1,086,927
At the end of the year	13,227,307	61,625	13,288,932
<u>Accumulated depreciation</u>			
At the beginning of the year	(8,000,727)	-	(8,000,727)
Charged during the year	(2,967,117)	-	(2,967,117)
At the end of the year	(10,967,844)	-	(10,967,844)
Net book value	2,259,463	61,625	2,321,088

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12. INVESTMENT PROPERTIES

	<i>30 June 2022 (Un-Audited)</i>		
	<i>Land SR</i>	<i>Building SR</i>	<i>Total SR</i>
<u>Cost</u>			
At the beginning of the period	279,322,980	1,628,172,494	1,907,495,474
Additions during the period	-	80,625,000	80,625,000
Balance at the end of the period	279,322,980	1,708,797,494	1,988,120,474
<u>Accumulated depreciation and impairment</u>			
At the beginning of the period	-	(222,587,933)	(222,587,933)
Charged during the period	-	(21,741,904)	(21,741,904)
Reversal of impairment loss	-	26,646,429	26,646,429
At the end of the period	-	(217,683,408)	(217,683,408)
Net book value	279,322,980	1,491,114,086	1,770,437,066
	<i>31 December 2021 (Audited)</i>		
	<i>Land SR</i>	<i>Building SR</i>	<i>Total SR</i>
<u>Cost</u>			
At the beginning of the year	243,843,205	1,554,477,284	1,798,320,489
Additions during the year	35,479,775	73,695,210	109,174,985
Balance at the end of the year	279,322,980	1,628,172,494	1,907,495,474
<u>Accumulated depreciation and impairment</u>			
At the beginning of the year	-	(181,041,163)	(181,041,163)
Charge during the year	-	(41,493,922)	(41,493,922)
Reversal of impairment loss	-	(52,848)	(52,848)
At the end of the year	-	(222,587,933)	(222,587,933)
Net book value	279,322,980	1,405,584,561	1,684,907,541

The investment properties represent following ten properties; namely:

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

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12. INVESTMENT PROPERTIES (CONTINUED)

- 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 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.
- During the year 2021, the Fund has acquired a newly constructed office tower (a freehold property) leased to a Government Entity. The property is located in Sahafa District on Al-Olaya Street on a total land size spanning 3,330 square metres, with a total built-up area of 16,643.96 square metres and total GLA of 9,260 square metres.
- On 30 January 2022 corresponding to 27 Jumada Al Akhira 1443H, the Fund has acquired a newly constructed office tower (a freehold property) leased to AL Khaleej Training and Education. The property is located in Al-Ghadeer District on Al Sail Al Kabeer Road on a total land size spanning 4,360 square metres, with a total built-up area of 13,261 square metres.

The investment properties are held in the name of “Bonyan Real Estate Fund 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.

13. BANK BORROWING

	30 June 2022 (Un-Audited) SR	31 December 2021 (Audited) SR
Borrowings		
At the beginning of the period / year	379,660,000	189,210,000
Additional borrowings during the period / year	6,100,000	193,500,000
Paid during the period / year	-	(3,050,000)
Balance at the end of the period / year	385,760,000	379,660,000
Accrued finance cost		
Balance at the beginning of the period / year	2,212,420	1,216,655
Charge for the period / year	5,941,421	8,459,795
Paid during the period / year	(4,499,417)	(7,464,030)
	3,654,424	2,212,420
Receivable from SFC (note 14)		
Balance at the beginning of the period / year	-	2,220
Charged for the period / year	-	38,003
Received during the period / year	-	(40,223)
At the end of the period / year	-	-
Net book value	389,414,424	381,872,420

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13. BANK BORROWING (continued)

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.

The title deed of following properties has been mortgaged and is being held as a collateral against the bank borrowing:

- Al Rashid Mall - Jazan,
- The Courtyard Marriott Hotel - Jazan,
- The Residence Inn by Marriott - Jazan,
- Al Rashid Mega Mall - Madinah
- Marriott Executive Apartments - Madinah
- Al Rafiah Village - Riyadh

14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or 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 Company (“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 Unitholders 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.

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

<i>Related Party</i>	<i>Nature of transaction</i>	<i>Amount of transactions</i>		<i>Balances receivables / (payables)</i>	
		<i>For the period ended 30 June 2022</i>	<i>For the period ended 30 June 2021</i>	<i>30 June 2022</i>	<i>31 December 2021</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Saudi Fransi Capital (Fund manager)	Asset management fees (Refer note “b” below)	(3,505,429)	(3,554,902)	(4,031,144)	(2,065,155)
	Receivable for finance cost	-	38,003	-	-
	Reimbursement of finance cost	-	(40,223)	-	-
Board of Directors	Board fees to independent board members	(100,000)	(100,000)	(100,000)	-
Banque Saudi Fransi	Cash and cash equivalents	-	-	33,193,559	96,432,680
	Dividend distribution charges	(36,035)	(16,713)	(25,074)	(25,074)
Al BADR Murabaha Fund (Managed by Fund Manager)	Investments (Refer note “a” below)	-	-	2,931	2,907
	Unrealised gain on investments measured at FVTPL	45	8	-	-

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14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Related Party	Nature of transaction	Amount of transactions		Balances receivables / (payables)	
		For the period ended 30 June 2022 SR	For the period ended 30 June 2021 SR	30 June 2022 (Un-audited) SR	31 December 2021 (Audited) SR
Saudi Bonyan Company	Property Management Fees	(5,173,842)	(4,763,373)	(988,117)	(2,001,488)
	Property Operating Expenses	(26,867,661)	(24,001,934)	(5,124,557)	(10,033,206)
	Advances to supplier		-	5,071,820	5,071,820
	Cash collected against old rental receivables	205,406	-		-
	Cash paid against old rental received		(2,308,343)		-
	Others	-	-		6,229
Abdul Rahman Saad Al Rashid & Sons Company	(Payment) / initial acquisition of Investment Properties		-		-
	Addition to Investment Properties		160,565		-

- (a) As at 30 June 2022, Bonyan REIT Fund has an investment of 184 units (31 December 2021: 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 Company.
- (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.

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15. INCOME FROM INVESTMENT PROPERTIES, NET

	<i>For the six- month period ended 30 June 2022 (Un-Audited) SR</i>	<i>For the six- month period ended 30 June 2021 (Un-Audited) SR</i>
Lease rental income on investment properties excluding hotels	102,005,310	88,499,638
Revenue from hotel services	15,122,200	14,431,069
Other income – ancillary services	4,346,446	4,240,135
	121,473,956	107,170,842
Operational costs for investment properties	(43,324,837)	(39,963,463)
Net income from investment properties	78,149,119	67,207,379

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 period end, under the operating leases is as follows:

	<i>30 June 2022 (Un-Audited)</i>	<i>31 December 2021 (Audited)</i>
Not later than one year	95,821,597	103,505,340
Later than one year and less than five years	179,226,007	164,451,370
Later than five years	110,300,177	146,195,690
	385,347,781	414,152,400

16. DIVIDEND DISTRIBUTION

In accordance with the approved terms and conditions of the Fund, on 31 May 2022, the Fund's Board of Directors approved to distribute dividends with regards to period from 01 November 2021 till 30 April 2022 amounting to SR 0.33 per unit which amounted to SR 53.75 million (2021: 0.32 per unit amounting to SR 52.12 million).

17. 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.

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17. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The Fund's financial assets consist of bank balances, and rental income receivable and its financial liabilities consist of management fees payable, borrowing from bank and other liabilities.

The Fund's financial assets consist of bank balances, investments measured at FVTPL, and rental income receivable, net and Due from related parties. The Fund's financial liabilities consist of due to related parties, deferred rental income, management fees payable 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>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
30 June 2022 (Un-Audited)					
Investments measured at FVTPL	74,168	-	74,168	-	74,168
31 December 2021 (Audited)					
Investments measured at FVTPL	73,669	-	73,669	-	73,669

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

The fair value of investment properties is SR 2.22 billion (2021: SR 2.06 billion)

During the six-month period ended 30 June 2022, 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.

18. 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 investment properties by the two valuers:

	<i>First Appraiser</i>	<i>Second Appraiser</i>	<i>Average</i>
30 June 2022 (Un-Audited)			
Investment properties	2,007,965,200	2,433,894,000	2,220,929,600
31 December 2021 (Audited)			
Investment properties	1,895,962,200	2,220,685,000	2,058,323,600

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18. EFFECT OF NET ASSET VALUE IF INVESTMENT PROPERTIES ARE FAIR VALUED (continued)

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

	<i>30 June 2022 (Un-Audited)</i>	<i>31 December 2021 (Audited)</i>
Estimated fair value of investment properties	2,220,929,600	2,058,323,600
Book value of investment properties	(1,770,437,066)	(1,684,907,541)
Less: present value of purchase option on Rashid Mall Abha	(105,057,110)	(106,644,042)
Estimated fair value in excess of book value	<u>345,435,424</u>	<u>266,772,017</u>
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	<u>2.1208</u>	<u>1.6378</u>
Equity		
	<i>30 June 2022 (Un-Audited)</i>	<i>31 December 2021 (Audited)</i>
Equity as per the financial statements	1,407,690,251	1,390,852,977
Estimated fair value in excess of book value of investment properties	345,432,248	266,722,017
Equity based on fair valuation of investment properties	<u>1,753,122,499</u>	<u>1,657,574,994</u>
Equity per unit		
Equity per unit as per the financial statements	8.6424	8.5391
Estimated fair value in excess of book value of investment properties	2.1208	1.6378
Value per unit relating to excess of estimated fair value over book value of investment properties	<u>10.7632</u>	<u>10.1769</u>

19. SEGMENT INFORMATION

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.

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19. SEGMENT INFORMATION (continued)

The Fund's total assets, Investment properties and liabilities as at 30 June 2022 and 31 December 2021, its total operating income and expense, and the results for the six-month period ended, by operating segment, are as follows:

	<i>30 June 2022 (Un-Audited)</i>				
	<i>Commercial Centres</i>	<i>Residential</i>	<i>Hospitality</i>	<i>Others</i>	<i>Total</i>
Total assets	1,035,405,346	433,527,405	235,450,187	219,062,841	1,923,445,779
Investment properties	974,995,978	428,328,201	183,622,959	183,489,928	1,770,437,066
Total liabilities	79,812,064	23,286,518	11,161,408	401,495,538	515,755,528
Total operating income	59,360,150	10,698,627	2,822,670	5,268,171	78,149,618
Total expense	-	-	191,482	10,430,815	10,622,297
Net income / (loss) for the period	54,910,408	20,119,989	3,354,911	(7,797,271)	70,588,037

	<i>31 December 2021 (Audited)</i>				
	<i>Commercial Centres</i>	<i>Residential</i>	<i>Hospitality</i>	<i>Others</i>	<i>Total</i>
Total assets	1,040,701,201	419,833,454	222,469,820	207,774,229	1,890,778,704
Investment properties	978,152,090	418,826,616	182,061,919	105,866,916	1,684,907,541
Total liabilities	85,031,642	12,112,098	11,366,170	391,415,817	499,925,727

	<i>30 June 2021 (Un-Audited)</i>				
	<i>Commercial Centres</i>	<i>Residential</i>	<i>Hospitality</i>	<i>Others</i>	<i>Total</i>
Total operating income	53,925,898	9,669,430	3,612,051	50,391	67,257,770
Total expense	-	-	117,344	8,315,453	8,432,797
Net income / (loss) for the year	42,521,253	(10,827,233)	3,998,577	(9,467,751)	26,224,846

20. LAST VALUATION DAY

The last valuation day for the purpose of preparation of these interim condensed financial statements for the six-month period ended was 30 June 2022 (2021: 31 December 2021).

21. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved and authorised for issue by the Fund Board on 24 Muharram 1444H (corresponding to 22 August 2022G).