

Bonyan REIT

REAL ESTATE INVESTMENT
TRADED FUND

Annual Report 2023



2023

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BONYAN REIT FUND OVERVIEW



Bonyan REIT Fund (“Fund”) is a closed end publicly traded Sharia-compliant real estate investment fund established under Real Estate Investment Funds Regulations, issued by the Capital Market Authority (“CMA”). The Fund was established in mid-2018 with a size of SAR 1.63 billion.

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 eleven real estate assets in four Saudi cities, which are in Riyadh, Abha, Madinah and Jazan. It also owns a residential estate asset in Dubai, UAE. The assets are classified amongst four different sectors: commercial centers, residential, hospitality and office. As of 31 December 2023, the Fund portfolio consists of ~700 active lease contracts with international and local companies across various industries.

Bonyan REIT 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 the 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 widely known 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. Moreover, Bonyan REIT Fund is continuing to widen its sector exposure, acquiring two office buildings in the city of Riyadh during 2021 and 2022. The Fund Manager believes this adds diversification to the portfolio as these acquisitions come in at a time when office sector is poised for growth within the Kingdom of Saudi Arabia.

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

❖ **Assets in which fund is aiming to invest in:**

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, specifically ones characterized by positive investment features, growth in business activities and positive flow of investments.

FUND PERFORMANCE

Key Financial Performance as at 31 December 2023



Total Revenue

269,767,411 SAR



Total Expenses

158,866,036 SAR



Net Income

110,901,375 SAR



Total Dividends

107,501,526 SAR



Price per unit range

9.03- 9.89 SAR



Net Asset Value per unit

8.4991 SAR



Net Asset Value

1,384,340,101 SAR



Annualized Dividend Yield

6.73%



Ratio of non-cash expenditures
from the fund's net profits

25.88 %



Percentage of uncollected
revenues from total revenues

30.10 %

Commercial Centers Segment	Hospitality Segment	Residential Segment	Office Towers
Occupancy Rate 79.00%	Occupancy Rate 55.00%	Occupancy Rate 82.33%	Occupancy Rate 100.00%
Operating Profit 55,292,838	Operating Profit 15,476,938	Operating Profit 33,523,803	Operating Profit 6,607,796
Number of Leasable Units 852	Total Room Capacity 274	Total Apartments/Villas 120	Number of Buildings 2

Leased real-estate to the total owned real estate	Unleased real-estate to the total owned real estate
18.09 %	81.91 %

percentage of rent amount for each asset	total rent of the fund's assets
Al Rashid Mall - Abha	32.74%
Al Rashid Mega Mall - Al Madinah	16.60%
Al Rashid Mall - Jazan	13.08%
Al Rashid Strip Mall - Riyadh	0.31%
City Walk Residential Building - Dubai	10.89%
Al Rafiah Villas Complex - Riyadh	6.96%
Al Maather Complex - Riyadh	0.24%
Courtyard by Marriott - Jazan	4.12%
Residence Inn by Marriott - Jazan	5.23%
Marriott Executive Apartments - Madinah	5.09%

Sahafa Tower - Riyadh	2.46%
Al Ghadeer Tower - Riyadh	2.28%
Total rent of the fund's assets	100.00%

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

	2023	2022	2021
Year-End NAV	1,384,340,101	1,380,940,252	1,390,852,977
The fund net assets value per unit at the end of each fiscal year	12.6867	11.0865	10.1769
Highest net asset value of the fund per unit for each fiscal year.	12.6867	11.0865	10.1769
Lowest net asset value of the fund per unit for each fiscal year.	11.0366	10.76	9.9689
Income distribution per unit, if any	0.66	0.66	0.64
The number of units issued at the end of each fiscal year.	162,881,100	162,881,100	162,881,100
Dividend per Unit	0.66	0.66	0.64
Expense Ratio	3.70%	3.45%	3.59%
Total Return per annum*	23.81%	12.17%	8.23%
Cumulative Total Return Result of comparing the Fund's Benchmark to the fund's performance number of units	NA	NA	NA
Percentage of borrowed assets in the total asset value, their period for fulfilment and due date	13.78% April 2025	20.23% April 2025	20.20% April 2025
Cumulative return on the unit (since inception)	60.25%	34.59%	22.18%

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

1. Previous Performance record

The total revenue for (1), (3) and (5) years (or since establishment).

	1 Year	3 Year	5 Year	Since Establishment
Total Revenue	23.81%	46.24%	63.21%	60.25%

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

	2023	2022	2021	2020	2019	2018	Since establishment
Total return	23.81%	12.17%	8.23%	2.64%	12.55%	-0.87%	60.25%

The Fund was incorporated during the year 2018.

Description of the fund's benchmark and the service

None.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

The Real estate sector continues to prove its resilience as it is a critical component of the Saudi economy. Saudi Arabia's Vision 2030 has promoted a massive push towards real estate investment, with around \$877 billion worth of projects planned or underway, which accounts for 64.5% of all GCC projects. Continual growth in the upcoming years in Saudi Arabia will be driven in part by foreign investors who are taking a strong interest in becoming part of the Vision 2030 socioeconomic transformation currently underway. With 15 mega and 6 giga projects in various phases across the Kingdom, the country is buzzing with activity. According to studies, the planned construction in the Kingdom will make Saudi Arabia the largest construction site the world has ever seen.

Saudi Arabia's Hospitality and Retail sector have seen significant growth as religious tourism has recovered to a great degree, while festivals and entertainment events have been occurring in full swing. With relaxed pandemic restrictions, the retail sector has also seen an increased demand. The loosening of border and visa restrictions is anticipated to increase the number of visitors,

which will further boost the hospitality and retail sectors. These sectors have also endured a wider engagement in the concept of staycation among those in Saudi whereby families would rent resorts in their hometowns as opposed to traveling. Destinations such as AlUla, Abha and Umluj continued to record international and domestic visitors. Offices have seen their strong demand continue in 2023. Certain government decisions such as the requirement for certain companies to move their regional headquarters to Saudi Arabia, the establishment of new businesses in search of office spaces and the return of employees to the office post pandemic, has led to the continual strong demand of Offices, evidenced by increasing occupancy rates. The fund manager holds a positive outlook for the commercial and retail segments as well, with many global restaurants, cafes and stores opening branches throughout the Kingdom's tier 1 and tier 2 cities. As for the residential segment, many government initiatives such as the Wafi program allowed for higher housing acquisitions during the year 2023.

Fund Operations Review

Bonyan REIT Fund generated total revenues amounting to SAR 269.77 million and net profit of SAR 110.90 million for the year ended 31 December 2023. All of Fund's assets actively contributed towards the topline of the Fund, which was offset by following types of expenses: SAR 99.4 million of operating expenses, SAR 45.9 million of depreciation & amortization expenses, SAR 7 million of management fees, SAR 22.9 million of finance cost, provision for doubtful debts of SAR 3.9 million, zakat charge of SAR Nil million, along with impairment reversal on investment properties net of other expenses of SAR 21.1 million.

As a result of stable and organic growth of the Fund's core properties experienced, it allowed to distribute total dividends amounting to SAR 107.5 million were amongst unitholders during 2023. This reflects an increase of 0.00% compared to 2022.

Assets in which the fund is investing in:

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.

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.

Al-Sahafa Tower – Riyadh

Demand for offices in Saudi Arabia has been recovering in the recent year, with most businesses returning back to offices as well as the growth in number of startups that are looking for a space to establish themselves. During 2021, the Fund acquired a newly built office tower in the city of Riyadh. The entire property is leased to a KSA government entity on a triple-net basis.

Al-Ghadeer Office Building – Riyadh

Acquired in 2022, this asset is situated within Al Gahdeer District, a high-end established district in northern Riyadh. The Asset's location grants it ease of access from several major connecting roads such as the Northern Ring road, Al Olaya Road and Al Thumama Road. The property is leased to a single tenant on a long-term triple-net lease.

Any Fundamental or non-Fundamental changes that occurred during the period and which affected the performance of the fund

During April of 2023, the Fund Manager announced the sale of units within Citywalk Residential Building Property located in Dubai city. The Fund initially began selling units within the Asset during December of 2022, however the sale was announced during April of 2023 due the percentage of units sold reaching 10% of the Fund's Assets. The Fund has continued the sale of

units during 2023 and as of December 2023, a total of 54 units have been sold. This development's impact was positive on the Fund's performance as the units were sold at a premium compared their initial cost.

During December of 2023, the Fund Manager announced that Bonyan REIT has executed its right-of-purchase for Al Rashid Mall Abha in exchange for SAR 110 million. The mall was originally acquired during the Fund's inception in exchange for Fund units equaling SAR 372 million, making the total cost of the Mall including the right-of-purchase SAR 482 million. This development's impact was overall positive on the Fund's performance as the market value for Al Rashid Abha Mall is SAR 761.7 million as per the latest asset valuation exercise conducted during December 2023.

- Appointment of new Sharia Committee Members.
- Amendments related to the Zakat Collection Rules for Investing in Investment Funds.

RISK ASSESSMENT REPORT

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.

The 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.

The 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. As of the reporting date, the Fund is not exposed to interest rate risk on account of no utilization of loan facilities.

The 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.

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.

The 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 12 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 manner.

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 2023, the Fund's Board of Directors held three (3) meetings. During these meetings, Fund's performance along with any regulatory and compliance related matters were duly discussed.

Summary of Fund Board Meetings

Meeting	Date
Fund Board Meeting 1	21 st May, 2023
Fund Board Meeting 2	16 th August, 2023
Fund Board Meeting 3	2 nd November, 2023

Summary of Major Decisions

1	Approval of H1 2023 Dividends
2	Approval of SAR 2 million CAPEX to set up Paul's Café in Al Rashid Madina Mall
3	Approval of Half-year Financial Statements for the period ended on June 30 th , 2023
4	Approval of updating the Fund's Terms & Conditions in lieu of new Zakat Collection Regulations for Investment Funds

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.

	Amount (SAR)
Management fee	6,968,444
Registration fee (Tadawul)	400,000
Custody fee	388,519
Valuation fee	234,000
Listing fee	300,000
Audit fee	150,000
Fund board fee	200,000
Regulatory fee (CMA)	7,500
Professional Fees	72,810
Other expenses	86,283
Total Expense Ratio*	2.48 %

Fund Manager

السعودي الفرنسي كابيتال
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The fund's report is available free of charge on request. These reports are also available for free on the fund manager's website, www.sfc.sa, and the Saudi Stock Exchange.

BONYAN REIT FUND
A Real Estate Investments Traded Fund
(Closed-Ended Fund)
(Managed by Saudi Fransi Capital Company)

FINANCIAL STATEMENTS
TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

BONYAN REIT FUND
(MANAGED BY SAUDI FRANSI CAPITAL COMPANY)
FINANCIAL STATEMENTS
For the year ended 31 December 2023

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Independent auditor's report to the Unitholders and Fund Manager of Bonyan REIT Fund

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bonyan REIT Fund (the "Fund") as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity attributable to the Unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund and Fund Manager in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Our audit approach

Overview

Key Audit Matters	Valuation of investment properties
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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where Fund Manager made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Fund, the accounting processes and controls, and the industry in which the Fund operates.

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Independent auditor's report to the Unitholders and Fund Manager of Bonyan REIT Fund (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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.

Key audit matter	How our audit addressed the Key audit matter
<p><i>Valuation of investment properties</i></p> <p>As at 31 December 2023, the carrying value of the Fund's investment properties, net were SR 1,359.8 million.</p> <p>The investment properties are stated at cost less accumulated depreciation and accumulated impairment, if any. The fair value of the investment properties is provided as a disclosure.</p> <p>For assessing the impairment of investment properties and to provide fair values for the required disclosure, the Fund manager engages two independent external certified property valuers to perform a valuation of the Fund's investment properties on a semi-annual basis.</p> <p>We considered this as a key audit matter as the external valuation used for the impairment assessment and disclosure requires significant assumptions and judgments and the potential impact of impairment if any, could be material to the financial statements.</p> <p>Refer to Note 4 and Note 5 to the accompanying financial statements for accounting policy of investment properties and accounting judgments, and Note 12 and Note 22 for related disclosure of investment properties.</p>	<p>We have carried out the following audit procedures:</p> <ul style="list-style-type: none">• We obtained the valuation reports prepared by the two external valuers as at 31 December 2023 and assessed the recoverable amount of investment properties;• We assessed the qualification and expertise of external valuers appointed by the Fund for the valuation of the investment properties;• We assessed the independence of the external valuers and read their terms of engagement with the Fund to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work;• We carried out procedures to consider the accuracy of information supplied to the external valuers by Fund Manager;• We involved our experts to assist us in assessing the reasonableness of the valuation methodology, assumptions and estimates used in deriving the valuation, on a sample basis;• We reconciled the average fair value of the investment properties as appearing in Note 22 of the accompanying financial statements to the external valuers' report; and• We assessed the adequacy of disclosures included in the financial statements.

Other information

Fund Manager is responsible for the other information. The other information comprises the information included in the Fund's Annual Report, but does not include the financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.



Independent auditor's report to the Unitholders and Fund Manager of Bonyan REIT Fund (continued)

Other information (continued)

Our opinion on the financial statements does not cover the other information and we 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 Fund's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Fund Manager and those charged with governance for the financial statements

Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable provisions of the Real Estate Investment Funds Regulations issued by the Capital Market Authority, 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, i.e. the Fund Board, is 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 International Standards on Auditing, 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 International Standards on Auditing, 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.

Independent auditor's report to the Unitholders and Fund Manager of Bonyan REIT Fund (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- 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 Fund Manager'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.

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, actions taken to eliminate threats or safeguards applied.

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 period 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.

PricewaterhouseCoopers



Bader I. Benmohareb
License Number 471

31 March 2024

BONYAN REIT FUND
(MANAGED BY SAUDI FRANSI CAPITAL COMPANY)
STATEMENT OF FINANCIAL POSITION

		<i>As at</i> 31 December 2023	<i>As at</i> 31 December 2022 <i>Restated (Note</i> <i>24)</i> <i>SR</i>	<i>As at</i> 1 January 2022 <i>Restated (Note</i> <i>24)</i> <i>SR</i>
	<i>Notes</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
ASSETS				
Cash and cash equivalents	6	55,801,228	28,749,389	106,901,780
Murabaha deposits		30,683,679	-	-
Investments measured at fair value through profit or loss (“FVTPL”)	7	78,485	75,164	73,669
Rental income receivable, net	8	64,089,785	115,489,023	82,531,646
Due from a related party		-	-	6,229
Prepayment and other assets	9	16,929,154	18,355,463	12,584,776
Intangible assets, net	10	4,116,153	2,585,903	1,451,975
Property and equipment, net	11	213,828,521	186,101,847	184,379,832
Investment properties, net	12	1,359,834,124	1,556,901,027	1,502,848,797
TOTAL ASSETS		1,745,361,129	1,908,257,816	1,890,778,704
LIABILITIES				
Bank borrowings	13	240,442,650	385,954,963	381,872,420
Deferred rental income		66,888,203	69,826,830	73,135,881
Management fee payable	14	3,541,269	3,572,527	2,065,155
Accrued expenses and other liabilities	15	50,148,906	64,870,616	40,472,691
Provision for Zakat	18	-	3,092,628	2,379,580
TOTAL LIABILITIES		361,021,028	527,317,564	499,925,727
Equity attributable to the Unitholders		1,384,340,101	1,380,940,252	1,390,852,977
Units in issue		162,881,100	162,881,100	162,881,100
Equity value per unit in Saudi Riyals – Book value	22	8.4991	8.4782	8.5391

The accompanying notes 1 to 26 form an integral part of these financial statements.

BONYAN REIT FUND
(MANAGED BY SAUDI FRANSI CAPITAL COMPANY)
STATEMENT OF COMPREHENSIVE INCOME

		<i>For the year ended 31 December 2023</i>	<i>For the year ended 31 December 2022</i>
	<i>Notes</i>	<i>SR</i>	<i>Restated (Note 24) SR</i>
Income:			
Income from properties	16	269,178,527	246,681,958
Net gain on investments measured at FVTPL, net	7	3,321	1,495
Other income		585,563	533,974
		269,767,411	247,217,427
Expenses:			
Property management expenses	17.1	(99,405,933)	(89,908,970)
Management fee	14	(6,968,444)	(7,077,954)
Allowance for Expected Credit Losses (“ECL”)	8	(3,871,504)	(5,383,055)
Other expenses	17.2	(1,816,301)	(2,061,128)
Depreciation of property and equipment	11	(4,804,312)	(4,266,349)
Amortisation of intangibles	10	(1,270,205)	(776,816)
Depreciation of investment properties	12	(39,824,248)	(40,791,435)
Reversal of impairment loss on investment properties	12	12,689,278	16,033,347
Reversal of impairment loss on property and equipment	11	8,380,574	3,259,103
		(136,891,095)	(130,973,257)
PROFIT BEFORE FINANCE COST		132,876,316	116,244,170
Profit on murabaha deposits		971,718	-
Finance cost	13	(22,923,849)	(15,581,777)
Net finance cost		(21,952,131)	(15,581,777)
NET INCOME BEFORE ZAKAT FOR THE YEAR		110,924,185	100,662,393
Zakat charge during the year	18	(22,810)	(3,082,711)
NET INCOME AFTER ZAKAT FOR THE YEAR		110,901,375	97,579,682
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		110,901,375	97,579,682
EARNINGS PER UNIT			
Weighted average number of units in issue		162,881,100	162,881,100
Earnings per unit (basic and diluted)		0.6809	0.5990

The accompanying notes 1 to 26 form an integral part of these financial statements.

BONYAN REIT FUND
(MANAGED BY SAUDI FRANSI CAPITAL COMPANY)
STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS

	<i>For the year ended 31 December 2023 SR</i>	<i>For the year ended 31 December 2022 SR</i>
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE YEAR	1,380,940,252	1,390,852,977
CHANGES FROM OPERATIONS		
Total comprehensive income for the year	110,901,375	97,579,682
Income distributions during the year (Note 20)	(107,501,526)	(107,492,407)
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE YEAR	1,384,340,101	1,380,940,252
UNIT TRANSACTIONS		
Transactions in units during the year are summarised as follows:		
	<i>For the year ended 31 December 2023 Units</i>	<i>For the year ended 31 December 2022 Units</i>
UNITS AT THE START AND END OF THE YEAR	162,881,100	162,881,100

The accompanying notes 1 to 26 form an integral part of these financial statements.

BONYAN REIT FUND
(MANAGED BY SAUDI FRANSI CAPITAL COMPANY)
STATEMENT OF CASH FLOWS

		<i>For the year ended 31 December 2022</i>	<i>Restated (Note 24)</i>
	<i>Notes</i>	<i>For the year ended 31 December 2023</i>	<i>SR</i>
		<i>SR</i>	<i>SR</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income before Zakat for the year		110,924,185	100,662,393
<i>Adjustment for:</i>			
Depreciation expense on property and equipment	11	4,804,312	4,266,349
Amortisation expense on intangibles	10	1,270,205	776,816
Depreciation expense on investment properties	12	39,824,248	40,791,435
Reversal of impairment loss on investment properties	12	(12,689,278)	(16,033,347)
Reversal of impairment loss on property and equipment	11	(8,380,574)	(3,259,103)
Gain on disposal of investment properties	16	(26,100,204)	-
Net gain on investment at FVTPL, net	7	(3,321)	(1,495)
Allowance for ECL	8	3,871,504	5,383,055
Finance cost	13	22,923,849	15,581,777
Operating cash flows before working capital changes		136,444,926	148,167,880
Changes in operating assets			
Rental income receivable		47,527,734	(38,340,432)
Prepayment and other assets		1,426,309	(5,770,685)
Due from related parties		-	6,229
Changes in operating liabilities			
Deferred rental income		(2,938,627)	(3,309,051)
Management fee payable		(31,258)	1,507,372
Accrued expenses and other liabilities		(14,721,710)	24,397,925
Zakat paid	18	(3,115,438)	(2,369,663)
NET CASH GENERATED FROM OPERATING ACTIVITIES		164,591,936	124,289,575
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of intangible assets		(2,800,455)	(1,910,744)
Payments for acquisition of property and equipment		(24,150,412)	(2,790,888)
Payments for acquisition of investment properties		(16,808,231)	(82,938,496)
Proceeds from sale of investment properties		212,840,368	4,189,803
Murabaha deposit placements		(30,683,679)	-
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES		138,397,591	(83,450,325)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings	13	-	6,100,000
Bank borrowings repaid	13	(145,500,000)	-
Finance cost paid	13	(22,936,162)	(17,599,234)
Dividend paid, net of unclaimed dividend	20	(107,501,526)	(107,492,407)
NET CASH USED IN FINANCING ACTIVITIES		(275,937,688)	(118,991,641)
NET CHANGE IN CASH AND CASH EQUIVALENTS		27,051,839	(78,152,391)
Cash and cash equivalents at the beginning of the year		28,749,389	106,901,780
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	55,801,228	28,749,389

The accompanying notes 1 to 26 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 2023

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 is 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 a Capital Market Institution licensed by the Capital Market Authority (“CMA”) under license no. 11153-37 dated 30 January 2011.

The REIT is listed on the Saudi Exchange (“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 162,881,100 units. The REIT has a term of 99 years, which is extendable at 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 Fund distributes 90% of the income to its unitholders annually. In case of losses, no distribution is required.

The terms and conditions of the Fund have been approved by the CMA on 12 Sha’aban 1438H (corresponding to 8 May 2017). The terms and conditions have been updated on 15 Rabi‘ II 1445H (corresponding to 30 October 2023).

AlBilad Investment Company is the Custodian of the Fund.

2. REGULATORY AUTHORITY

The Fund is governed by the Real Estate Investment Fund Regulations (REIFR) (the “Regulations”) issued by the Board of CMA dated 19/6/1427 corresponding to 15/7/2006 amended by the Board of CMA dated 12/7/1442H corresponding to 24/2/2021G effective from 19/9/1442H (corresponding to 1/5/2021) the New Regulations (“Amended Regulations”) published by the CMA 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 financial statements have been prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organisation for Chartered and Professional Accountants (“SOCPA”). Assets and liabilities in the statement of financial position are presented in the of liquidity.

An analysis in respect of recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 19.

3.2 Basis of measurement

These financial statements have been prepared on a historical cost basis, using the accruals basis of accounting, except for investments held at fair value through profit or loss (“FVTPL”) that are measured at fair value.

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”).

4. MATERIAL ACCOUNTING POLICIES

The material accounting policies used in the preparation of these financial statements are stated below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Cash and cash equivalents

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

Cash and cash equivalents for the statement of cash flows comprise cash in hand and bank balances and Murabaha deposits with original maturities less than 90 days.

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. In case of financial assets and financial liabilities at FVTPL, the transactions cost is expensed in statement of comprehensive income.

Classification

The Fund classifies its financial assets under the following categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); 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 assets 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. Any income generated from these financial assets is recognized using effective interest method.

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 the financial liabilities appearing in statement of financial position approximates their carrying values at the reporting date due to short duration except for borrowings from bank, which have been measured at amortised cost.

Currently cash and cash equivalent, Murabaha deposits, rental income receivable, other assets, management fee payable, accrued expenses and other liabilities and bank borrowings are carried at amortised cost.

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 or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Derecognition of financial instruments (continued)

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of the Fund's continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liabilities are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

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.

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 lifetime 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Fair value measurement (continued)

- 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 recognised 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 categorisation (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 21.

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.

Property and equipment

Property and equipment are initially recognised at acquisition cost, including any costs directly attributable to bring the assets to the location and condition necessary for it to be capable of operating in a manner intended by the Fund. Property and equipment are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

Acquisition cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss either within other income or other expenses.

The residual values, useful lives, and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property and equipment include land and buildings, furniture and equipment comprising air conditioners, computers and printers, electrical tools, furniture and fixtures, office, and electrical equipment. Hotels are considered owner occupied and therefore classified as property and equipment.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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.

Estimated useful life

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

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

Impairment of non-financial asset

The Fund assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Fund estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

A reversal of an impairment loss for an asset is only recognized if there's been a change in the estimates used to calculate the asset's recoverable amount since the last impairment. The asset's carrying amount should be adjusted up to its recoverable amount, essentially undoing the previous impairment loss. However, this adjustment should not exceed what the asset's carrying amount would have been, considering depreciation or amortization, had the impairment not been recognized in the past.

Accrued expenses and other liabilities

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

Provision

Provisions are recognised when the Fund has a present obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to passage of time is recognised as finance costs.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Rental income

Rental income from operating lease of property is recognised 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 recognised 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 such as taxes. The Fund recognises revenue when it transfers control over a product or service to a customer. The principles in IFRS 15 are applied in recognising the revenue from hotel services.

Management fee and other expenses

Management fee 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 custody fees are calculated on the net asset value of the Fund and are 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 and income tax at the Fund level is the obligation of the Unitholders and is not provided for in these financial statements. Also refer Note 18.

Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in statement of income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of income as other income or finance costs.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Equity value per unit

The equity value per unit as disclosed in the statement of financial position is calculated by dividing the total net asset value of the Fund by the number of units in issue at year-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.

Capital

Units in the Fund are classified as equity instruments when a contractual obligation for the Fund is to deliver to another entity a pro rata share of its net assets only on liquidation. The obligation arises because liquidation either is certain to occur and outside the control of the Fund or is uncertain to occur but is at the option of the instrument holder. As an exception to the definition of a financial liability, an instrument that includes such an obligation is classified as an equity instrument if it has all the following features:

(a) It entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation. The Fund's net assets are those assets that remain after deducting all other claims on its assets. A pro rata share is determined by:

- (i) dividing the net assets of the Fund on liquidation into units of equal amount; and
- (ii) multiplying that amount by the number of the units held by the financial instrument holder.

(b) The instrument is in the class of instruments that is subordinate to all other classes of instruments and has no priority over other claims to the assets of the Fund on liquidation, and

(c) does not need to be converted into another instrument before it is in the class of instruments that is subordinate to all other classes of instruments.

All financial instruments in the class of instruments that is subordinate to all other classes of instruments must have an identical contractual obligation for the issuing entity to deliver a pro rata share of its net assets on liquidation.

For an instrument to be classified as an equity instrument, in addition to the instrument having all the above features, the issuer must have no other financial instrument or contract that has total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the entity (excluding any effects of such instrument or contract) and the effect of substantially restricting or fixing the residual return to the instrument holders.

The Fund continuously assesses the classification of the units. If the units cease to have all the features, or meet all the conditions set out, to be classified as equity, the Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. If the units subsequently have all the features and meet the conditions to be classified as equity, the Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

The issuance, acquisition and cancellation of the Fund's units are accounted for as equity transactions.

Upon the issuance of units, the consideration received is included in equity. Transaction costs incurred by the Fund in issuing or acquiring its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

New standards, interpretations and amendments adopted by the Fund

The following new and revised International Financial Reporting Standards have been adopted, which became effective for annual periods beginning on or after 1 January 2023. The adoption of these new and revised International Financial Reporting Standards has not had any material effect on the reported amounts for current and prior years.

Standard, interpretation, amendments	Description	Effective date
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	<p>The IASB amended IAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies. The amendments define what is ‘material accounting policy information’ (being information that, when considered together with other information included in an entity’s financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.</p> <p>To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures</p>	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	1 January 2023
IFRS 17, ‘Insurance contracts’	This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts.	1 January 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction – These amendments requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.	1 January 2023
Amendments to IAS 12	International tax reform - pillar two model rules - These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.	1 January 2023

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

New standards, interpretations and amendments not yet effective and not early adopted by the Fund

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. These amendments and standards are not expected to have any impact on the financial statements of the Fund.

Standard, interpretation, amendments	Description	Effective date
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	1 January 2024
Amendments to IAS 21 - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	1 January 2025

5. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the Fund's financial statements in conformity with the IFRS that are endorsed in the Kingdom of Saudi Arabia and other statements and pronouncements issued by SOCPA, 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 year. 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:

Judgments

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

Classification of investments as investment property or owner occupied property

The Fund categorizes its investments in hotel properties under the designation of owner-occupied property. This classification is predicated on the consideration that the ancillary services furnished to the hotel significantly contribute to the income derived from these properties. Furthermore, the variability in cash flow and the operational risks associated with the hotels are borne by the Fund. Conversely, the Fund's investments in malls are designated as investment property. This is attributed to the fact that the ancillary services provided to the mall tenants constitute an insubstantial portion of the lease rentals accrued from these entities.

Classification of units as equity vs liability (Refer to Note 4 for accounting policy and measurement basis)

Estimates

Residual value and useful lives of investment properties and property and equipment

The Fund Manager determines the estimated residual value and useful lives of its investment properties and property and equipment for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Fund Manager will review the residual value and useful lives annually and future depreciation charge would be adjusted where the Fund Manager believes the useful lives differ from previous estimates. (Refer to Note 4 for accounting policy and measurement basis)

Impairment of financial assets (expected credit loss)

The measurement of the expected credit loss allowance for financial assets measured at amortised 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.

Impairment of non-financial assets (Refer to Note 4 for accounting policy and measurement basis)

Valuation of investment properties and property and equipment (hotel properties) (Refer to Note 4 for accounting policy and measurement basis)

BONYAN REIT FUND
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6. CASH AND CASH EQUIVALENTS

Cash and cash equivalent comprises the following:

	<i>As at 31 December 2023 SR</i>	<i>As at 31 December 2022 SR</i>
Bank balance	55,801,228	28,707,889
Cash in hand	-	41,500
	55,801,228	28,749,389

The Fund Manager 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 financial statements.

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

Investments as at the reporting date comprises investments in mutual funds.

	<i>As at 31 December 2023 SR</i>	<i>As at 31 December 2022 SR</i>
<u>Financial assets measured at fair value through profit or loss (FVTPL)</u>		
Al Badr Murabaha Fund SAR (Note 14)	3,125	2,972
Riyadh SAR Trade Fund	75,360	72,192
	78,485	75,164

The following is the movement in investments during the year:

	<i>For the year ended 31 December 2023 SR</i>	<i>For the year ended 31 December 2022 SR</i>
Carrying amount:		
Balance at beginning of the year	75,164	73,669
Unrealised gain on FVTPL investments for the year	3,321	1,495
Balance at the end of the year	78,485	75,164

As at 31 December 2023, the Fund has an investment of 184 units (2022: 184 units) in Al Badr Murabaha Fund SAR and 32 units (2022: 32 units) in Riyadh SAR Trade Fund.

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

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8. RENTAL INCOME RECEIVABLE, NET

Rental income receivable comprised of the following:

	<i>As at 31 December</i> 2023 SR	<i>As at 31 December</i> 2022 SR
Rental income receivable	81,213,011	129,658,718
Less: Allowance for expected credit losses	(17,123,226)	(14,169,695)
	64,089,785	115,489,023

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

	<i>For the year ended</i> 31 December 2023 SR	<i>For the year ended</i> 31 December 2022 SR
Opening balance	14,169,695	8,786,640
Charged during the year	3,871,504	5,383,055
Written off	(917,973)	-
Closing balance	17,123,226	14,169,695

Below is the aging analysis of gross rental income receivables:

	<i>As at 31 December</i> 2023 SR	<i>As at 31 December</i> 2022 SR
0-3 months	27,091,000	34,571,482
3-12 months	24,541,819	15,260,053
Over 365 days	29,580,192	79,827,183
Balance at the end of the year	81,213,011	129,658,718

9. PREPAYMENT AND OTHER ASSETS

	<i>As at 31 December</i> 2023 SR	<i>As at 31 December</i> 2022 SR
Prepaid expenses and other assets	5,225,445	8,775,048
Advance payment to suppliers	6,939,808	6,389,752
VAT input tax	4,763,901	3,190,663
	16,929,154	18,355,463

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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10. INTANGIBLE ASSETS, NET

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
Cost		
Balance at the beginning of the year	4,049,770	2,139,026
Additions during the year	2,800,455	1,910,744
Balance at the end of the year	<u>6,850,225</u>	<u>4,049,770</u>
Accumulated amortisation		
Balance at the beginning of the year	(1,463,867)	(687,051)
Charged during the year	(1,270,205)	(776,816)
Balance at the end of the year	<u>(2,734,072)</u>	<u>(1,463,867)</u>
Net book value at the end of the year	<u>4,116,153</u>	<u>2,585,903</u>

11. PROPERTY AND EQUIPMENT, NET

	<i>31 December 2023</i>				
	<i>Land SR</i>	<i>Building SR</i>	<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 - restated	24,422,702	209,492,478	15,065,045	-	248,980,225
Additions during the year	-	-	5,572,354	19,530,863	25,103,217
Balance at the end of the year	<u>24,422,702</u>	<u>209,492,478</u>	<u>20,637,399</u>	<u>19,530,863</u>	<u>274,083,442</u>
Accumulated depreciation					
Balance at the beginning of the year - restated	-	(17,455,829)	(10,855,277)	-	(28,311,106)
Charged during the year	-	(3,881,187)	(923,125)	-	(4,804,312)
Depreciation adjustment for the year	-	-	(952,803)	-	(952,803)
Balance at the end of the year	<u>-</u>	<u>(21,337,016)</u>	<u>(12,731,205)</u>	<u>-</u>	<u>(34,068,221)</u>
Accumulated impairment					
Balance at the beginning of the year - restated	-	(34,567,274)	-	-	(34,567,274)
Reversal of impairment during the year	-	8,380,574	-	-	8,380,574
	<u>-</u>	<u>(26,186,700)</u>	<u>-</u>	<u>-</u>	<u>(26,186,700)</u>
Net book value at the end of the year	<u>24,422,702</u>	<u>161,968,762</u>	<u>7,906,194</u>	<u>19,530,863</u>	<u>213,828,521</u>

BONYAN REIT FUND
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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11. PROPERTY AND EQUIPMENT, NET (CONTINUED)

	<i>31 December 2022 – restated (Note 24)</i>				<i>Total SR</i>
	<i>Land SR</i>	<i>Building SR</i>	<i>Furniture and equipment SR</i>	<i>Capital work in progress SR</i>	
Cost					
Balance as at 31 December 2021	-	-	13,227,307	61,625	13,288,932
Effect of restatement (Note 24)	24,422,702	209,492,478	-	-	233,915,180
Balance at the beginning of the 1 January 2022 - restated	24,422,702	209,492,478	13,227,307	61,625	247,204,112
Additions during the year	-	-	2,790,886	-	2,790,886
Write off	-	-	(953,148)	-	(953,148)
Transfer from capital work in progress	-	-	-	(61,625)	(61,625)
Balance at the end of the year - restated	24,422,702	209,492,478	15,065,045	-	248,980,225
Accumulated depreciation					
Balance as at 31 December 2021	-	-	(10,967,844)	-	(10,967,844)
Effect of restatement (Note 24)	-	(14,030,059)	-	-	(14,030,059)
Balance at the beginning of the 1 January 2022 - restated	-	(14,030,059)	(10,967,844)	-	(24,997,903)
Charged during the year	-	(3,425,768)	(840,581)	-	(4,266,349)
Write off	-	-	953,148	-	953,148
Balance at the end of the year - restated	-	(17,455,829)	(10,855,277)	-	(28,311,104)
Accumulated impairment					
Balance as at 31 December 2021	-	-	-	-	-
Effect of restatement (Note 24)	-	(37,826,377)	-	-	(37,826,377)
Balance at the beginning of the 1 January 2022 - restated	-	(37,826,377)	-	-	(37,826,377)
Impairment reversal during the year	-	3,259,103	-	-	3,259,103
Balance at the end of the year - restated	-	(34,567,274)	-	-	(34,567,274)
Net book value at the end of the year - restated	24,422,702	157,469,375	4,209,768	-	186,101,847

The land and building under property and equipment represent following three (2022: three) properties namely:

- The Courtyard Marriott Hotel investment, a freehold property acquired by the Fund, is located in Jazan and is classified 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 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 in the Five Star Apartment Hotel sector.

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12. INVESTMENT PROPERTIES, NET

	<i>31 December 2023</i>		
	<i>Land SR</i>	<i>Building SR</i>	<i>Total SR</i>
Cost			
Balance at the beginning of the year - restated	284,866,118	1,467,524,494	1,752,390,612
Additions during the year	-	16,808,231	16,808,231
Disposal during the year	-	(207,206,478)	(207,206,478)
Balance at the end of the year	284,866,118	1,277,126,247	1,561,992,365
Accumulated depreciation			
Balance at the beginning of the year - restated	-	(173,565,305)	(173,565,305)
Charge for the year	-	(39,824,248)	(39,824,248)
Disposal during the year	-	20,466,314	20,466,314
Balance at the end of the year	-	(192,923,239)	(192,923,239)
Accumulated impairment			
Balance at the beginning of the year - restated	-	(21,924,280)	(21,924,280)
Reversal of impairment during the year	-	12,689,278	12,689,278
	-	(9,235,002)	(9,235,002)
Net book value at the end of the year	284,866,118	1,074,968,006	1,359,834,124

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2023

12. INVESTMENT PROPERTIES, NET (CONTINUED)

	<i>31 December 2022 – restated (Note 24)</i>		
	<i>Land SR</i>	<i>Building SR</i>	<i>Total SR</i>
Cost			
Balance as at 31 December 2021	279,322,980	1,628,172,494	1,907,495,474
Effect of restatement (Note 24)	(24,422,702)	(209,492,478)	(233,915,180)
Balance at the beginning of the 1 January 2022 - restated	254,900,278	1,418,680,016	1,673,580,294
Additions during the year	29,965,840	52,972,656	82,938,496
Disposal during the year	-	(4,189,803)	(4,189,803)
Transfer from capital work in progress	-	61,625	61,625
Balance at the end of the year - restated	284,866,118	1,467,524,494	1,752,390,612
Accumulated depreciation			
Balance as at 31 December 2021	-	(146,803,929)	(146,803,929)
Effect of restatement (Note 24)	-	14,030,059	14,030,059
Balance at the beginning of the 1 January 2022 - restated	-	(132,773,870)	(132,773,870)
Charge for the year	-	(40,791,435)	(40,791,435)
Balance at the end of the year - restated	-	(173,565,305)	(173,565,305)
Accumulated impairment			
Balance as at 31 December 2021	-	(75,784,004)	(75,784,004)
Effect of restatement (Note 24)	-	37,826,377	37,826,377
Balance at the beginning of the 1 January 2022 - restated	-	(37,957,627)	(37,957,627)
Reversal of impairment during the year	-	16,033,347	16,033,347
Balance at the end of the year - restated	-	(21,924,280)	(21,924,280)
Net book value at the end of the year - restated	284,866,118	1,272,034,909	1,556,901,027

The investment properties represent following nine (2022: nine) properties namely:

- The Al Rashid Mega Mall investment, a freehold property acquired by the Fund, is located in Madinah and is classified 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 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 right of use under the usufruct agreement meets the definition of investment property and therefore the right of use is classified as investment property.
- The Al Rashid Mall - Jazan, a freehold property acquired by the Fund, investment is located in Jazan and is classified in the Commercial sector.
- The Al Rashid Strip Mall investment, a freehold property acquired by the Fund, is located in Riyadh and is classified in the Commercial sector.
- The Citywalk Residential Building investment, a freehold property acquired by the Fund, is located in Dubai and is classified in the Residential sector.
- The Al Rafiah Village investment, a freehold property acquired by the Fund, is located in Riyadh and is classified in the Residential sector.

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12. INVESTMENT PROPERTIES, NET (CONTINUED)

- The Al Maather Villas Complex investment, a freehold property acquired by the Fund, is located in Riyadh and is classified in the Residential sector.
- The Sahafa Office Tower, a freehold property acquired by the Fund in April 2021 and is located in Sahafa District on al-Olaya Street in Riyadh and is classified in the Office sector.
- The Ghadeer Office Tower, a freehold property acquired by the Fund in January 2022 is located in Al-Ghadeer District on Al Sail Al Kabeer Road in Riyadh and is classified in the Office sector.

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 BORROWINGS

	<i>For the year ended 31 December 2023</i>	<i>For the year ended 31 December 2022</i>
	<i>SR</i>	<i>SR</i>
	<hr/>	<hr/>
Borrowings		
Balance at the beginning of the year	385,760,000	379,660,000
Addition during the year	-	6,100,000
Paid during the year	(145,500,000)	-
	<hr/>	<hr/>
Balance at the end of the year	240,260,000	385,760,000
	<hr/>	<hr/>
Accrued finance cost		
Balance at the beginning of the year	194,963	2,212,420
Charge for the year	22,923,849	15,581,777
Paid during the year	(22,936,162)	(17,599,234)
	<hr/>	<hr/>
	182,650	194,963
	<hr/>	<hr/>
Net book value	240,442,650	385,954,963
	<hr/>	<hr/>

The borrowings from bank represents Islamic financing obtained from a local bank (ANB). The Fund obtained financing at Saudi Interbank Offer Rate (“SIBOR”) plus agreed. 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 and
- Al Rafiah Village - Riyadh

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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 (the “Fund Manager”), Banque Saudi Fransi (the “Bank” and a shareholder of the Fund Manager), Saudi Bonyan Company (being the property manager of the investment properties and property and equipment), the Fund Board Directors and affiliates of the Fund Manager. The Fund is 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 years and balances are as follows:

<i>Related party</i>	<i>Nature of transaction</i>	<i>Amount of transactions income / (expense)</i>		<i>Balances receivables/(payables)</i>	
		<i>For the year ended 31 December 2023 SR</i>	<i>For the year ended 31 December 2022 SR</i>	<i>As at 31 December 2023 SR</i>	<i>As at 31 December 2022 SR</i>
Saudi Fransi Capital Company (Fund Manager)	Asset management fee (Refer Note “a” below)	(6,968,444)	(7,077,954)	(3,541,269)	(3,572,527)
Banque Saudi Fransi	Cash and cash equivalents	-	-	22,036,864	13,398,735
Board of Directors	Board fees to independent board members	(200,000)	(200,000)	(355,000)	(180,000)
Al Badr Murabaha Fund (Managed by Fund Manager)	Investments (Refer Note “b” below) Unrealised gain on investments measured at FVTPL	- 153	- 65	3,125 -	2,972 -
Saudi Bonyan Company (Property Manager and a subsidiary of major unitholder ARTAR)	Property management fee Property operating expenses	(10,415,305) (78,984,881)	(10,733,687) (89,891,948)	(101,975) (1,516,524)	(3,671,356) (10,422,422)
Abdul Rahman Saad Al Rashid & Sons Company (“ARTAR”) (major unitholder)	Payment against balance for the addition to investment properties/Capital work in progress	-	(61,625)	-	-

- (a) 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.
- (b) As at 31 December 2023, the Fund has an investment of 184 (2022: 184 units) in Al Badr Murabaha Fund. The Fund and Al Badr Murabaha Fund are managed by same Fund Manager, i.e. Saudi Fransi Capital Company.

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15. ACCRUED EXPENSES AND OTHER LIABILITIES

	<i>As at 31 December 2023 SR</i>	<i>As at 31 December 2022 SR</i>
Trade and other payable	24,889,538	23,126,391
Maintenance payable	8,117,180	11,667,900
Accrued expenses and other liabilities	5,765,255	5,772,558
Advance from customers	5,712,293	6,018,343
VAT output	2,843,812	3,509,281
Property operating expenses (Note 14)	1,516,524	10,422,422
Board and committee fees	355,000	180,000
Property valuation fee	301,283	221,283
Custody fees	103,751	115,227
Property management fee (Note 14)	101,975	3,671,356
Audit fees	84,000	84,000
Other payable	358,295	81,855
	50,148,906	64,870,616

16. INCOME FROM PROPERTIES

	<i>For the year ended 31 December 2023 SR</i>	<i>For the year ended 31 December 2022 SR</i>
Income from investment properties		
Lease rental income on investment properties excluding hotels	191,414,918	201,750,436
Other income – ancillary services	12,731,919	11,592,306
Capital gain on disposal of investment properties	26,100,204	-
Revenue from hotel operations		
Rooms revenue	31,014,635	26,160,388
Food and beverage revenue	6,934,291	6,217,471
Others	982,560	961,357
Net income from investment properties	269,178,527	246,681,958

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>As at 31 December 2023 SR</i>	<i>As at 31 December 2022 SR</i>
Not later than one year	167,568,762	139,111,472
Later than one year and less than five years	106,882,580	341,903,391
Later than five years	280,114,570	218,414,131
	554,565,912	699,428,994

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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17. EXPENSES

17.1 Property management expenses

The analysis of property management expenses charged by the property manager is as follows:

	<i>For the year ended 31 December 2023 SR</i>	<i>For the year ended 31 December 2022 SR</i>
Utilities expense	62,917,547	64,716,954
Property management fee	10,415,305	10,733,687
Sales commission	10,005,747	-
Repair and maintenance expense	4,202,989	3,689,658
Staff costs	5,009,617	3,816,504
Insurance expense	3,791,580	3,414,437
Others	3,063,148	3,537,729
	99,405,933	89,908,969

17.2 Other expenses

The analysis of other expenses is as follows:

	<i>For the year ended 31 December 2023 SR</i>	<i>For the year ended 31 December 2022 SR</i>
Registration fee	400,000	400,000
Custody fees	388,519	400,000
Listing fees	300,000	300,000
Property valuation fees	234,000	234,000
Board and committee fee (Note 14)	200,000	200,000
Audit fees	147,000	147,000
Bank and dividend processing charges	71,282	96,310
Publishing fee	15,000	15,000
Regulatory fee	7,500	7,500
Others	53,000	261,318
	1,816,301	2,061,128

18. ZAKAT

a) Basis for Zakat:

Article 3 of Zakat Collection Rules for Investing in Investment Funds (the “Rules”), stipulates that all investment funds or real estate investment funds approved to be established by the CMA after the effective date of the resolution (1 January 2023), must register with ZATCA for Zakat purposes before the end of the first fiscal year from the date of the approval on their establishment and submit an informative zakat return within 120 days of fiscal year end. Prior to the above Rules, the Fund was already registered with ZATCA and was paying zakat at 2.5% of higher of the approximate zakat base and adjusted net income attributable to the Saudi Unitholders. However, effective 1 January 2023, in accordance with the stipulated article of the Rules, the Fund has ceased the recognition of Zakat expenses. Consequently, the responsibility for Zakat at the Fund level now rests with the Unitholders, and such obligations are not accounted for within these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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18. ZAKAT (CONTINUED)

b) Movement of provision for Zakat:	<i>For the year ended 31 December 2023 SR</i>	<i>For the year ended 31 December 2022 SR</i>
Balance at the opening of the year	3,092,628	2,379,580
Provision for the prior year*	22,810	3,082,711
Payments during the year	(3,115,438)	(2,369,663)
Balance at the end of the year	-	3,092,628

* During 2023, the Fund has made a zakat payment in the amount of SR 3,115,438 related to 2022 net income. The amount paid exceeded the accrued provision amount by SR 22,810, which was booked as additional Zakat expense in the current year.

c) Status of annual return and assessments:

The Fund would file the annual return for the year ended 31 December 2023 within the stipulated timelines as specified under the Zakat regulations issued by Zakat, Tax and Customs Authority (“ZATCA”).

19. 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 are 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

Market risk is the risk that changes in the market prices, such as foreign exchange rates, equity prices and interest rates, will affect the Fund’s income or cash flows. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

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.

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

Special commission rate risk

Special commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market special commission rates. The Fund is subject to special commission rate risk on its special commission bearing assets. The Fund does not account for any fixed rate special commission bearing financial assets at fair value and therefore, a change in special commission rates at the reporting date would not have any effect on the financial statements. The Fund is exposed to cashflow special commission rate risk on the floating rate borrowings. A hundred basis points change in commission rate keeping all other factors constant will increase/decrease the special commission expense by SR 3,421,850 (2022: SR 3,832,532).

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, investment in mutual fund, Murabaha deposits, and bank balances.

	<i>As at 31 December 2023 SR</i>	<i>As at 31 December 2022 SR</i>
Bank balances	55,801,228	28,707,889
Murabaha deposits	30,683,679	-
Investments measured at FVTPL	78,485	75,164
Rental income receivable, net	64,089,785	115,489,023
	150,653,177	144,272,076

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 Fund remains sufficiently liquid from a cash perspective with the lowest leverage levels. The Fund have multiple facilities which can be used to drawdown loans and payoff its debt.

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19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The table presented below provides an analysis of assets and liabilities, categorized by their expected timelines for recovery or settlement. Additionally, the maturity dates listed correspond with the contractual maturities of these assets and liabilities.

	<i>31 December 2023</i>		
	<i>Less than one year SR</i>	<i>More than one year SR</i>	<i>Total SR</i>
Cash and cash equivalents	55,801,228	-	55,801,228
Murabaha deposits	30,683,679	-	30,683,679
Investments measured at FVTPL	78,485	-	78,485
Rental income receivable, net	64,089,785	-	64,089,785
Prepayment and other assets		16,929,154	16,929,154
Intangible assets, net	-	4,116,153	4,116,153
Property and equipment, net	-	213,828,521	213,828,521
Investment properties, net	-	1,359,834,124	1,359,834,124
Total assets	150,653,177	1,594,707,952	1,745,361,129
Bank borrowings	182,650	240,260,000	240,442,650
Deferred rental income	66,888,203	-	66,888,203
Management fee payable	3,541,269	-	3,541,269
Accrued expenses and other liabilities	50,148,906	-	50,148,906
Total liabilities	120,761,028	240,260,000	361,021,028
Equity	29,892,149	1,354,447,952	1,384,340,101
	<i>31 December 2022 (restated)</i>		
	<i>Less than one year SR</i>	<i>More than one year SR</i>	<i>Total SR</i>
Cash and cash equivalents	28,749,389	-	28,749,389
Murabaha deposits	-	-	-
Investments measured at FVTPL	75,164	-	75,164
Rental income receivable, net	115,489,023	-	115,489,023
Due from a related party	-	-	-
Prepayment and other assets		18,355,463	18,355,463
Intangible assets, net	-	2,585,903	2,585,903
Property and equipment, net	-	186,101,847	186,101,847
Investment properties, net	-	1,556,901,027	1,556,901,027
Total assets	144,313,576	1,763,944,240	1,908,257,816
Bank borrowings	6,294,963	379,660,000	385,954,963
Deferred rental income	69,826,830	-	69,826,830
Management fee payable	3,572,527	-	3,572,527
Accrued expenses and other liabilities	64,870,616	-	64,870,616
Provision for Zakat	3,092,628	-	3,092,628
Total liabilities	147,657,564	379,660,000	527,317,564
Equity	(3,343,988)	1,384,284,240	1,380,940,252

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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 to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to Unitholders.

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.

20. DIVIDEND DISTRIBUTION

In accordance with the approved terms and conditions of the Fund, on 31 May 2023, the Fund's Board of Directors approved to distribute dividends with regards to period from 1 November 2022 till 30 April 2023 amounting to SR 0.33 per unit which amounted to SR 53.75 million (2022: 0.33 per unit amounting to SR 53.75 million).

Moreover, the Fund's Board of Directors approved to distribute dividends on 23 November 2023, with regards to period from 1 May 2023 till 31 October 2023 amounting to SR 0.33 per unit amounted to SR 53.75 million (2022: 0.33 per unit amounting to SR 53.75 million).

21. FAIR VALUE OF ASSETS AND LIABILITIES

The Fund believes that the fair value of all financial assets and liabilities approximately equal their carrying value. The fair value of investment properties and property and equipment is SAR 2,252.9 billion million (2022: SAR 2,163.5 billion) carried at level 3. The investment in mutual funds carried at FVTPL is SR 78,485 (2022: 75,164) and is carried at level 1

22. EFFECT OF EQUITY VALUE IF INVESTMENT PROPERTIES AND PROPERTY AND EQUIPMENT ARE FAIR VALUED

In accordance with Article 36 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 and property and equipment (hotel investments) 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 other than in case of impairment.

The valuation of the investment properties and property and equipment (the "properties") is carried out by Barcode, Abaad and Sinchro (2022: ValuStrat Consulting Company and Saudi Asset Valuation Company). These three valuers (2022: two valuers) are licensed by the Saudi Authority for Accredited Valuers ("TAQEEM"). Out of twelve, investment properties and property and equipment in the Fund, 11 are valued by Barcode and Abaad and one property was valued by Barcode and Sinchro.

The Fund Manager has used the average of the two valuations for the purposes of disclosing the fair value of the investment properties and property and equipment. 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.

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22. EFFECT OF EQUITY VALUE IF INVESTMENT PROPERTIES AND PROPERTY AND EQUIPMENT ARE FAIR VALUED (CONTINUED)

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

	<i>As at 31 December 2023 SR</i>	<i>As at 31 December 2022 SR Restated</i>
Estimated fair value of investment properties	2,025,695,448	1,977,536,595
Book value of investment properties	(1,359,834,124)	(1,556,901,027)
Estimated fair value of property and equipment	227,254,361	186,101,847
Book value of property and equipment	(213,828,521)	(186,101,847)
Deferred rental income	66,888,203	69,826,830
Accrued rental receivables	(64,089,785)	(115,489,023)
	<hr/>	<hr/>
Estimated fair value surplus relative to book value **	682,085,582	374,973,375
	<hr/> <hr/>	<hr/> <hr/>
Units in issue (numbers)	162,881,100	162,881,100
	<hr/> <hr/>	<hr/> <hr/>
Per unit value impact from excess of investment properties and property and equipment's estimated fair value over book value	4.1876	2.3021
	<hr/> <hr/>	<hr/> <hr/>

	<i>As at 31 December 2023 SR</i>	<i>As at 31 December 2022 SR Restated</i>
<i>Equity value</i>		
Equity value as per the statement of financial position	1,384,340,101	1,380,940,252
Estimated fair value surplus relative to book value **	682,085,582	374,973,375
	<hr/>	<hr/>
Equity based on fair valuation of investment properties and property and equipment	2,066,425,683	1,755,913,627
	<hr/> <hr/>	<hr/> <hr/>
<i>Equity value per unit</i>		
Equity per unit as per the statement of financial position	8.4991	8.4782
Per unit value impact from excess of investment properties and property and equipment's estimated fair value over book value	4.1876	2.3021
	<hr/>	<hr/>
Equity value per unit based on fair valuation of investment properties and property and equipment	12.6867	10.7803
	<hr/> <hr/>	<hr/> <hr/>

** The book value is calculated based on the assumption that the investment properties and property and equipment (hotel investments) are sold on the reporting date.

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(MANAGED BY SAUDI FRANSI CAPITAL COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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23. SEGMENT REPORTING

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

Commercial centres: 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.

Office: This includes rental of office space, which is related to Al Ghadeer & Al Sahafa office buildings.

The Fund's total assets, investment properties, properties and equipment and liabilities as at 31 December 2023 and 2022, its total operating income and expense, and the results for the years then ended, by operating segment, are as follows:

	<i>31 December 2023</i>					
	<i>Commercial Centres</i>	<i>Residential</i>	<i>Hospitality</i>	<i>Office</i>	<i>Others</i>	<i>Total</i>
Total assets	1,032,358,409	261,479,402	207,232,880	184,870,196	59,420,242	1,745,361,129
Investment properties, net	952,966,539	228,752,966	-	177,827,627	286,992	1,359,834,124
Property and equipment, net	22,772,683	3,552,837	187,100,286	402,715	-	213,828,521
Total liabilities	83,347,264	12,718,084	11,318,328	6,601,845	247,035,507	361,021,028
Total income	168,863,612	50,870,538	38,931,700	12,103,126	1,603,831	272,372,807
Inter-segment income	1,633,678	-	-	-	-	1,633,678
Net income from external customers	167,229,934	50,870,538	38,931,700	12,103,126	1,603,831	270,739,129
Total expenses	81,068,704	17,346,735	25,088,440	5,495,329	32,472,224	161,471,432
Inter-segment operating expense	-	-	(1,633,678)	-	-	(1,633,678)
Expenses excluding depreciation and impairment	58,302,135	17,924,978	27,031,024	548,685	32,472,224	136,279,046
Depreciation of investment properties	30,681,084	6,293,272	-	2,849,892	-	39,824,248
Depreciation of property and equipment	-	-	4,804,312	-	-	4,804,312
Impairments charge/(reversal) of investment properties	(7,914,515)	(6,871,515)	-	2,096,752	-	(12,689,278)
Impairments charge/(reversal) for property and equipment	-	-	(8,380,574)	-	-	(8,380,574)
Net income/(loss) for the year	86,161,230	33,523,803	15,476,938	6,607,796	(30,868,392)	110,901,375

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23. SEGMENT REPORTING

	<i>31 December 2022 (restated)</i>					<i>Total</i>
	<i>Commercial Centres</i>	<i>Residential</i>	<i>Hospitality</i>	<i>Office</i>	<i>Others</i>	
Total assets	1,020,646,368	394,063,541	242,485,884	194,808,265	56,253,758	1,908,257,816
Investment properties, net	958,962,299	415,164,456	-	182,774,272	-	1,556,901,027
Property and equipment, net	3,168,918	593,645	182,339,284	-	-	186,101,847
Total liabilities	144,078,383	15,410,014	22,501,511	5,113,262	340,214,394	527,317,564
Total income from external customers	171,711,057	30,381,871	33,339,216	11,592,306	192,977	247,217,427
Expenses excluding depreciation and impairment	58,569,025	8,689,789	30,207,720	364,388	26,041,489	123,872,411
Depreciation of investment properties	29,934,747	8,129,349	-	2,727,339	-	40,791,435
Depreciation of property and equipment	489,619	151,154	3,625,576	-	-	4,266,349
Impairments charge/(reversal) of investment properties	(9,713,435)	(7,310,218)	-	990,306	-	(16,033,347)
Impairments charge/(reversal) for property and equipment	-	-	(3,259,103)	-	-	(3,259,103)
Net income/(loss) for the year	92,431,101	20,721,797	2,765,023	7,510,273	(25,848,512)	97,579,682

24. EFFECT OF CORRECTION OF ERRORS

During the current year, the Fund Manager re-evaluated the presentation of certain balances and transactions in the financial statements to determine if such balances and transactions have been presented appropriately in line with the requirements of International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA. Where necessary, changes in presentation were made in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors".

1- Correction of prior period misstatement in classification of Property and Equipment as Investment Property

The Fund owns certain properties which are operated as a hotel by a hotel management entity for a fee. The Fund retains significant exposure to variation in the cash flows generated from the property and bears all the risks associated with the Hotel business.

During the previous period, Hotels were erroneously classified as Investment properties in the statement of financial position.

International Accounting Standard 40- Investment Property ("IAS 40"), that is endorsed in the Kingdom of Saudi Arabia, requires a property to be classified as property and equipment where the owner of a property has outsourced day-to-day functions of a property while retaining significant exposure to variation in the cash flows generated by the operations of the hotel.

BONYAN REIT FUND
(MANAGED BY SAUDI FRANSI CAPITAL COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2023

24. EFFECT OF CORRECTION OF ERRORS (CONTINUED)

As a result, prior period financial statements have been restated by reclassifying the Hotels from Investment properties to property and equipment.

Statement of financial position	of 31 December 2022		31 December 2022 (Restated)	31 December 2021		1 January 2022 (Restated)
	(As previously reported)	Increase/ (Decrease)		(As previously reported)	Increase/ (Decrease)	
Investment properties, net	1,738,793,104	(181,892,077)	1,556,901,027	1,684,907,541	(182,058,744)	1,502,848,797
Property and equipment, net	4,209,770	181,892,077	186,101,847	2,321,088	182,058,744	184,379,832
			For the year ended 31 December 2022 (As previously reported)		Adjustments	For the year ended 31 December 2022 (Restated)
Statement of comprehensive income						
Depreciation of investment properties			(44,217,203)	3,425,768		(40,791,435)
Depreciation of property and equipment			(840,581)	(3,425,768)		(4,266,349)
Reversal of impairment loss on investment properties			19,292,450	(3,259,103)		16,033,347
Reversal of impairment loss on property and equipment			-	3,259,103		3,259,103
			For the year ended 31 December 2022 (As previously reported)		Adjustments	For the year ended 31 December 2022 (Restated)
Statement of cash flows						
Depreciation of investment properties			(44,217,203)	3,425,768		(40,791,435)
Depreciation of property and equipment			(840,581)	(3,425,768)		(4,266,349)
Reversal of impairment loss on investment properties			19,292,450	(3,259,103)		16,033,347
Reversal of impairment loss on property and equipment			-	3,259,103		3,259,103

The restatement does not affect the operating, investing, and financing cash flows as reported in the statement of cash flows. The non-cash adjustment pertaining to depreciation and impairment of investment properties and property and equipment have been adjusted as a result of above restatements.

2- Statement of comprehensive income- Presentation:

In previous years, the presentation of expenses were by mix of function and nature in the statement of comprehensive income. IAS 1 'Presentation of financial statements' requires expenses to be presented in the statement of comprehensive income using a classification based on either their nature or function, whichever provides information that is reliable and more relevant. For the year ended 31 December 2023, the presentation of the statement of comprehensive income has been changed to present expenses by nature as it provides more relevant information to the users of the financial statements.

No other changes and reclassifications were made.

25. LAST VALUATION DAY

The last valuation day for the purpose of preparation of financial statements for the year was 31 December 2023 (2022: 31 December 2022).

26. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Fund's Board of Directors on 28 March 2024 (corresponding to 18 Ramadan 1445H).