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You can access our annual report on [http://www.enbdreit.com/reit/investor-relations/](http://www.enbdreit.com/reit/investor-relations/)

Connect with us
[https://www.linkedin.com/showcase/enbd-reit](https://www.linkedin.com/showcase/enbd-reit)
01.
STRATEGIC REVIEW
Based in Dubai, ENBD REIT is a Shari’a compliant real estate investment trust investing directly in income generating properties, with a focus on the UAE. In March 2017, ENBD REIT’s ordinary shares were offered for trading on Nasdaq Dubai, under ticker symbol ENBD REIT. The REIT’s investment holdings represent a diverse portfolio, covering office, residential and alternative real estate assets.

Prior to listing, ENBD REIT’s predecessor, Emirates Real Estate Fund (EREF), operated as a Jersey-domiciled open-ended fund. Since its inception in 2005, the Fund’s objectives have remained consistent in providing investors with a regular and stable source of income by paying a semi-annual dividend, combined with long-term capital appreciation in Net Asset Value (NAV) per unit.

ENBD REIT is managed by Emirates NBD Asset Management Limited (the ‘Fund Manager’), which is one of the leading asset managers in the GCC, with USD 3.9 billion in assets under management across a range of public funds and discretionary portfolios. The Fund Manager is a wholly owned subsidiary of Emirates NBD Bank PJSC, one of the MENA region’s largest banks, with a market capitalisation of USD 14.3 billion and 55.8% owned by the Government of Dubai.

As at 31st March 2020, ENBD REIT held 11 assets across Dubai:

**Office**
- The Edge (Dubai Internet City)
- Al Thuraya Tower 1 (Dubai Media City)
- Burj Daman (two and a half floors, DIFC)
- DHCC 49 (Dubai Healthcare City)
- DHCC 25 (Dubai Healthcare City)

**Residential**
- Binghatti Terraces (Dubai Silicon Oasis)
- Arabian Oryx House (Barsha Heights)
- Remraam Residential (Dubailand)

**Alternative**
- Uninest (Dubailand)
- South View School (Dubailand)
- Souq Extra Retail Centre (Dubai Silicon Oasis)

ENBD REIT has historically been recognised for its performance by several leading industry publications and bodies. In 2019, the REIT was named the UAE’s leading Real Estate Investment Expert for its real estate investment leadership at the annual Global Business Excellence Awards, organised by Wealth & Finance International. The REIT was also recognised as the Most Innovative REIT in the UAE by International Business Magazine. In 2018, ENBD REIT was recognised as the Most Outstanding Real Estate Investment Services Company in the UAE at the 2018 Real Estate Excellence Awards.
<table>
<thead>
<tr>
<th><strong>SNAPSHOT</strong></th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>OCCUPANCY</strong></td>
<td><strong>PROPERTIES</strong></td>
</tr>
<tr>
<td>82%</td>
<td>11</td>
</tr>
<tr>
<td><strong>GROSS YIELD</strong></td>
<td><strong>PORTFOLIO SEGMENTATION</strong></td>
</tr>
<tr>
<td>8.1%</td>
<td>OFFICES: 65%</td>
</tr>
<tr>
<td></td>
<td>RESIDENTIAL: 16%</td>
</tr>
<tr>
<td></td>
<td>ALTERNATIVE: 19%</td>
</tr>
<tr>
<td><strong>WAULT (years)</strong></td>
<td><strong>LTV RATIO</strong></td>
</tr>
<tr>
<td>3.24</td>
<td>44%</td>
</tr>
<tr>
<td><strong>PROPERTY PORTFOLIO VALUE</strong></td>
<td>USD</td>
</tr>
<tr>
<td>410M</td>
<td></td>
</tr>
</tbody>
</table>
FINANCIAL PERFORMANCE

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross income</td>
<td>34,817,373</td>
<td>38,171,997</td>
</tr>
<tr>
<td>Expenses</td>
<td>(23,878,351)</td>
<td>(25,807,255)</td>
</tr>
<tr>
<td>Net rental income / FFO</td>
<td>10,939,022</td>
<td>12,364,742</td>
</tr>
<tr>
<td>Unrealised valuation gain/(loss)</td>
<td>(40,395,487)</td>
<td>(21,713,870)</td>
</tr>
<tr>
<td>Net income</td>
<td>(21,713,870)</td>
<td>(29,456,465)</td>
</tr>
</tbody>
</table>

USD
This was a year for adapting to new market dynamics, with the real estate sector continuing to soften in the face of significant macroeconomic headwinds. Low and volatile oil prices placed significant pressure on economies across the GCC, affecting growth across a number of sectors. In 2020, the Covid-19 pandemic is creating considerable economic repercussions, resulting from isolation policies imposed around the world. As leaders try to grapple with the health crisis, fiscal policy has also been reassessed, leading to a downward trend in interest rates.

In the face of market challenges, ENBD REIT’s Management have worked to navigate issues and mitigate negative impacts while benefitting from the diversity and resilience of the property portfolio to safeguard income, and by maintaining an active approach to asset management. The operating environment for the real estate sector has changed, and with these new market dynamics, ENBD REIT must act with agility to tackle challenges head on.

The underlying strength of the real estate portfolio continues to deliver net rental returns to Shareholders in a market that is experiencing downward valuation pressure across asset classes. ENBD REIT has remained fluid in its approach to adapting to new conditions, while ensuring that its responsibility to realising value for Shareholders remains a top priority. During 2019-2020, the REIT explored and implemented a range of measures and initiatives to protect Shareholder interests, responding directly to stakeholder concerns and recommendations.

This annual report provides a detailed evaluation of the strategic initiatives taken by Management to address the interests of Shareholders, the current and forecast market dynamics influencing the REIT’s operating environment, and new opportunities to adjust and strengthen the business strategy.
It is my pleasure to introduce ENBD REIT’s 2020 annual report. This was a year for facing challenges head on, while relying on the resilience of the portfolio to weather market conditions. In the face of these challenges, the REIT’s Management showed both determination and agility. ENBD REIT maintained its active approach to Asset Management to ensure that quality of service to tenants was consistent, and protected rental income by maintaining healthy occupancy. We are grateful to the UAE government for their wise leadership during a period of uncertainty, for their efforts in tackling the Covid-19 pandemic, and for providing financial support to residents and local businesses during this time.

Milestones in 2019-2020 included the completion of our Share Buyback Programme, initiated the previous year as a measure to improve liquidity and value for Shareholders. While the programme did not materially impact the share price, we managed to offer a layer of protection for Shareholders against small trades that had historically had a disproportionate influence on share price movements, in a market affected by weak real estate valuations and poor liquidity on local equity exchanges.
In 2019, the REIT secured a USD 177 million financing facility with Mashreq Bank to partially refinance an existing debt facility of USD 134.5 million, while providing headroom for funding acquisitions and corporate activities. The 12-year facility is profit only for the first 4 years, with 80% amortising in the following 8 years and a 20% balloon payment at the end of its term. This will deliver important cost savings for the REIT, as debt has for some time represented a significant expense. With a lower interest rate environment resulting from the Covid-19 pandemic, Management is looking at further opportunities to reduce the REIT’s cost of funding via Shari’a-compliant hedging arrangements.

Of most importance, and in direct response to Shareholders’ concerns, a proposal was made by the Board to delist the REIT from Nasdaq Dubai, transitioning to a privately held structure. We recognise a number of the challenges that Shareholders have with being invested in ENBD REIT, particularly that of the share price trading at a significant discount to Net Asset Value, coupled with limited liquidity restricting trading in the product. After consultation with Shareholders, we reviewed a number of possible solutions, with the proposal to delist identified as the optimal route. Shareholders were invited to an Extraordinary General Meeting on 12th March 2020, to cast their votes on the future structure of the REIT. The resolution in question did not receive the requisite support of 75%, and as such ENBD REIT will continue to trade on Nasdaq Dubai and distribute dividends to Shareholders in line with its dividend policy.

Management’s adaptability to new market dynamics, willingness and flexibility to renegotiate leases and renew at lower rates to maintain occupancy proved valuable towards the close of the year, amid the Covid-19 pandemic and ongoing oil price volatility. Looking ahead, their priority will be to maintain occupancy and secure longer-term lease agreements to boost WAULT, while seeking acquisition or disposal opportunities to increase the diversity of the REIT’s real estate holdings, thereby adding greater resilience to the portfolio.

I would like to personally thank, on behalf of the Board of Directors, our Management team and our Shareholders. The team at ENBD REIT has clearly shown its dedication to shareholder interests and its expertise in managing the portfolio has proved immensely valuable. The team’s strategic vision for the future will continue to guide the REIT’s growth. In equal measure, I thank our Shareholders for the support they have provided over the last 12 months, and their confidence in our commitment to delivering returns in an increasingly challenging environment.

Tariq Bin Hendi
Chairman
The Dubai PMI shows, unsurprisingly, the travel & tourism sector being the hardest hit, as all normal passenger flights have been suspended and borders have been closed since March. While flights are expected to resume from June, services will likely be limited for several months. The breakdown of Dubai’s GDP shows hotels and restaurants accounting for only around 5% of Dubai’s economy, but this by no means reflects the overall importance of tourism to the economy, as it excludes transport, services and other spending by tourists in the emirate. Indeed, Dubai took the top spot globally in Mastercard’s Overnight International Visitor Spending ranking in 2019, with USD 30.82bn spent by visitors in Dubai last year; or around 25% of Dubai’s nominal GDP. Even as parts of the economy re-

As at June 2020.

The speed at which events have evolved globally and in the region in 2020, the still-high level of uncertainty and the lack of official economic data points in the region have made it more difficult than usual to forecast key economic indicators. Add to this the extreme volatility in oil markets, which have implications for both economic growth and liquidity in oil-producing countries, and the outlook becomes even cloudier. The consensus view is that the global economy is in recession following widespread restrictions on business and activity, which have resulted in a sharp decline in demand globally. While stimulus measures have been passed in many countries, they have not been uniform, nor always easy for businesses and consumers to benefit from.

The UAE’s economy grew 1.7% in 2019, slightly slower than the 2.0% we had expected. Non-oil sector growth was just 1.0% last year, while increased oil production helped boost the overall GDP growth figure. This year, the non-oil sectors of the economy have suffered severe disruption with the closure of all non-essential businesses and restrictions on the movement of individuals for most of April and May. While these restrictions are gradually being lifted, it is likely to take some time for business conditions and consumer behaviour to normalise. PMI survey data showed a contraction in the UAE’s non-oil private sectors since the start of the year as demand softened and employment declined.

The Dubai PMI shows, unsurprisingly, the travel & tourism sector being the hardest hit, as all normal passenger flights have been suspended and borders have been closed since March. While flights are expected to resume from June, services will likely be limited for several months. The breakdown of Dubai’s GDP shows hotels and restaurants accounting for only around 5% of Dubai’s economy, but

### DUBAI PMI AND COMPONENTS

Source: IHS Markit, Emirates NBD Research

*PMI*

<table>
<thead>
<tr>
<th>Year</th>
<th>Dubai PMI</th>
<th>Employment</th>
<th>New York</th>
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<tbody>
<tr>
<td>Jan-10</td>
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<tr>
<td>Jan-12</td>
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<td>Jan-14</td>
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<td>Jan-16</td>
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<td>Jan-18</td>
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<td></td>
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<tr>
<td>Jan-20</td>
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open in the coming weeks, tourism and hospitality is likely to be one of the last sectors to return to ‘normal’ activity, and this is likely to be a headwind to Dubai’s growth for most of 2020, particularly as the boost that had been expected from Expo 2020 will now not materialise this year. Construction, wholesale & retail trade, manufacturing and other key sectors for Dubai are also likely to remain under pressure as consumption and investment are put on hold until at least the third quarter.

While the authorities have been proactive in announcing measures to support both businesses and households, sharply lower oil prices (as a result the collapse in demand for oil due to the coronavirus) are a constraint on the government’s ability to provide additional fiscal stimulus. Other GCC countries are in similar positions as most budget revenue still comes from the sale of oil, gas and related products. We expect Brent oil to average just USD 35/b in 2020, down -54% from 2019. In addition to lower prices, the decision by OPEC+ countries to cut production in the face of lower demand means that the volume of oil produced and sold by the UAE is also likely to be much lower than in 2019. This will weigh on headline GDP – the hydrocarbons sector accounts for about a third of the UAE’s economy - as well as contribute to a budget deficit this year.

Overall, both the oil and non-oil sectors of the UAE economy are likely to contract this year and we expect headline real GDP to decline by -5.5% in 2020 before partially recovering in 2021.

THE FOLLOWING REAL ESTATE MARKET REVIEW HAS BEEN PROVIDED BY CAVENDISH MAXWELL, AN INDEPENDENT VALUER.

As at March 2020.

Residential market
Median apartment prices in Dubai declined 12% over the 12-month period from Q1 2019 to Q1 2020, while median villa/townhouse prices declined 4% over the same period, outperforming apartment prices.

Similar to previous years, there is higher availability of affordable options in the property market. New concepts and formerly expensive options, which are now within reach due to softening prices, are increasingly becoming available and enticing tenants to become homebuyers. The sector’s growth is also promoting the proliferation of the fit-out, home design and renovations industries.

A possible boost to the buyer segment will likely come from the recent stimulus by the UAE Central Bank, which increases the loan-to-value (LTV) ratio applicable to mortgages for first-time buyers by 5% for off-plan and secondary market transactions.

In a major development early in 2020, a new property leasing law came into effect in the Dubai International Financial Centre, providing enhanced protection for landlords and tenants in the financial district. Some of the features of the law include an upper limit on security deposits to 10% of the annual rent of a residential lease, and the requirement of a written notice by the landlord to the tenant of a proposed rent increase at least 90 days prior to the expiry of a lease.

Given the global health alert caused by Covid-19, the emerging residential co-living concept may see heightened interest. As companies worldwide have applied measures including installing hygiene dispensers, conducting awareness campaigns and applying work-from-home policies, co-living options would provide its largely young and professional audience the ideal setting of working remotely within a community, without having to rent office space or commute to a job. Within Dubai, a number of large developers have added this concept to their delivery of product within their master communities.

Following the establishment of the Higher Committee for Real Estate Planning in November 2019, which aims to match property supply to demand in Dubai, several developers have slowed down project launches and have chosen to instead focus on completing existing projects.
For Q2 and the remainder of 2020, delivery of new units is expected to be impacted as many construction companies, contractors and suppliers temporarily suspended operations, starting March, as a precautionary measure against the further spread of Covid-19.

Office market
In light of the extraordinary conditions created by the Covid-19 pandemic, Dubai Free Zones announced a raft of measures as part of an economic stimulus package. These include the postponement of rent payments for up to six months, cancellation of some fines and penalties, monthly instalments for payments and refunding insurance and guarantees. The roughly 45,000 companies and 390,000 employees that are part of the free zones are expected to benefit from the measures, which will help businesses to tide over the current crisis and ensure business continuity. Taking cues from the free zones, some private landlords are offering rent waivers of up to three months with headroom to extend this further if the situation demands.

Apart from rent considerations, companies are likely to benefit from the AED 100 billion stimulus package extended by the UAE Central Bank. As part of the measure, the amount of capital banks have to hold for their loans to small and medium enterprises (SMEs) has been reduced by 15-20%. Banks have been advised to use the funding made available to them to grant temporary relief to private sector corporate customers and retail clients for a period of up to six months.

The pandemic will also impact the commercial offering modelled on community and collaboration: co-working. Prior to the shutdown, which has temporarily closed these spaces, increasing demand had led to some providers offering spaces on a daily or monthly rent basis at increasingly affordable rates. The first quarter also marked the entry of co-working major WeWork to the UAE, with an official launch in Abu Dhabi and an upcoming opening in Dubai. Co-working has given a boost to the commercial real estate market in the UAE, which has faced a prolonged period of uncertainty brought on by a slowing economy and businesses across sectors shedding jobs.

In addition to co-working, other trends to watch out for once the situation passes are the evolution of commercial fit-outs to include sustainable practices, biophilia to increase human interaction with nature, multi-functional spaces and enhanced use of technology. Given that the pandemic has triggered the largest work-from-home experiment globally and in the UAE, remote and flexible working will also be explored further, allowing companies to reduce their real estate footprint and, therefore, their overheads.

Alternative markets

Education
A growing expat population, high proportion of wealth and income levels, and demand for quality English-medium education from expats and locals has led to the proliferation of private schools offering an international curriculum. As of 2019/2020, there are 208 private schools in Dubai with 295,148 enrolled students. Between the academic years 2014/15 and 2019/20, 51 new schools opened in Dubai, and 12 schools ceased operations.

The average student/teacher ratio (STR) for all private schools in Dubai was 14.5 students per teacher. According to the World Bank, the global average STR for primary schools is 23 students per teacher, while for secondary schools it is 17 students per teacher.

In light of the Covid-19 pandemic, schools have been shut in the UAE since March 2020 and e-learning programmes have been swiftly activated in public and private schools. As a result, over 1.2 million school and university students across the country joined virtual classrooms.

Retail
Along with travel and hospitality, retail is another major sector that may see an impact from restrictions on regular life as a result of the Covid-19 pandemic. Malls in the UAE have been attempting to innovate, offering experiences to shoppers rather than simple retail stores. With temporary closure of entertainment centres, cinemas, indoor parks and food courts, malls can now expect revenue to trickle in from groceries, pharmacies, food delivery and online sales from certain stores.

While physical retail has come almost to a standstill, online shopping is enjoying a surge in activity. With physical
stores and restaurants shut down and people urged to stay home, retail players have ramped up online operations to bring outlets to customers’ homes.

This spike in online retail has created corresponding demand for logistics services, especially delivery riders. In an attempt to reduce the pressure on online delivery services, the Roads and Transport Authority (RTA) will help these platforms deliver items using Dubai Taxi Corporation vehicles and franchised taxis.

Whilst it is a challenging time, Dubai and the UAE have demonstrated agility and resilience in the past and are doing so in response to the current situation. With unparalleled offerings available, and more being developed, the retail sector and wider economy are expected to bounce back quickly when the recovery process begins.

**Industrial**

While most other segments of the economy are grappling with slowing business in the wake of the Covid-19 pandemic, the e-commerce space is experiencing a boom, with consumers fulfilling all their shopping needs from groceries to fitness equipment through online channels. The surge in demand, coupled with a potentially permanent shift in post-pandemic shopping behaviour to favour online retail, will likely spur demand for warehouses, fulfilment centres and other logistics facilities.

Dubai’s ‘Industrial Strategy 2030’ is well underway, with public and private companies announcing their achievements in realising the vision. Companies involved in various sectors from pharmaceuticals to food security are expected to leverage smart manufacturing techniques to help the sector contribute 25% to the country’s overall GDP by 2025. This can be expected to, in turn, spur demand for industrial real estate assets.
In 2019-20, Management’s focus was on maintaining strong and stable occupancy to deliver consistent rental income while streamlining expenses. A heavy emphasis on cost reduction has been in place since the end of last year, as we worked to refinance existing debt facilities, with the decision to maintain floating interest rates. The decision proved successful, and the REIT now benefits from lower funding costs as benchmark rates are lowered. More recently, and in light of the Covid-19 pandemic, we aim to take advantage of low interest rates via Shari’a-compliant hedging arrangements to fix financing covenants at the lowest possible cost.

The portfolio performed reasonably well in the face of further softening of the real estate market and subdued economic growth. Built-in resilience achieved by the diversification strategy, while keeping costs down, has been important for minimising the impact of market headwinds. Further diversity in the portfolio will bring it closer to an optimal asset mix, with properties across the alternative, office and residential segments holding up fairly well on occupancy and WAULT. A focus on opportunities in the alternative space will be important for long-term rental agreements and greater protection from valuation pressures. Looking ahead, agile solutions for the portfolio will enable it to maintain occupancy and rental income. We are already rolling out flexible initiatives for
occupants of the office and residential assets, to assist tenants facing genuine financial difficulty.

After Shareholders voted against a proposed delisting from Nasdaq Dubai, and with the current structure of the REIT and its portfolio remaining in place, a priority in 2020-21 will be to further diversify the weighting of the portfolio by leaning into the ‘alternative’ asset segment, which currently accounts for 19% of total value. A good case study for this approach is Souq Extra Phase One, which shifted from a rental guarantee from the developer to cash flow directly from tenants. Prior to the Covid-19 impact, cash flows exceeded expectations from the time of acquisition, and consistent and robust occupancy rates (currently 99%) have been maintained. This example is of particular note, given the significant pressure that the UAE’s retail segment has been under, demonstrating the appeal of the local convenience mall.

The REIT will take an opportunistic approach to disposals and acquisitions once more clarity returns to the market post-Covid-19. In respect to acquisitions, we have identified attractive sectors for consideration including industrial, logistics and warehousing, and healthcare. Longer lease terms are a feature of such properties, making them desirable for achieving consistent income and resilient long-term valuations. We will consider potential disposals on the basis that they offer fair value in the life cycle of the property and that there are sufficient opportunities to redeploy capital from asset disposals. These opportunities may include new acquisitions in the abovementioned target sectors, refurbishments to improve occupancy and income on other assets in the portfolio, settling in part or in full our current debt obligations to reduce costs and maintain an appropriate LTV ratio, and returning the balance of proceeds to Shareholders by way of a capital distribution.

At the start of the year, or as at 31st March 2019, we released our first financial information pack which is available quarterly on our website for Shareholders and analysts, containing a breakdown of all assets in the portfolio and of all costs and expenses we have incurred since listing. Promoting transparency across our business is important for Shareholders, potential investors and the wider market. This is the first of its kind for a REIT in the region, and we are updating the information pack on a quarterly basis in line with our regular reporting. We will continue to proactively engage with Shareholders and look for ways to improve transparency, facilitate the flow of information and earn their trust.

ENBD REIT’s Management team would like to offer our sincere gratitude to the Board, its Committees, and Shareholders for their guidance and support during a year of uncertainty. Our thanks are due to the Real Estate team for their unwavering commitment to realising value for Shareholders. Our vision is fixed on the horizon, as we work towards ambitious targets while delivering returns and strengthening our portfolio.

Anthony Taylor
Head of Real Estate
STRATEGIC OVERVIEW

In 2019-20, ENBD REIT’s strategy was to manage costs through a top-down approach to the portfolio, to deliver consistent returns while protecting value for Shareholders amidst challenging market conditions. The resilience of the portfolio was tested against macroeconomic headwinds, but benefitted from the diversification that had been achieved during the previous year.

As at 31st March 2020, occupancy levels across the portfolio stood at 82%, compared to 86% in the previous year. The REIT has sought to maintain robust occupancy levels by maintaining an agile leasing strategy, benchmarking against market pricing and providing value-add initiatives to tenants. ENBD REIT’s WAULT stands at 3.24 years, compared to 3.5 years for 31st March 2019.

Four pillars guided ENBD REIT’s strategy in 2019-20:

- **Active asset management and value enhancement of the existing portfolio**
- **Best practice governance ensuring high-quality capital and risk management**
- **Prudent acquisition identification, with a focus on diversity and potential to lengthen WAULT**
- **Targeting off-market, relationship driven transactions**

**Asset management and leasing**

The Real Estate team was vigilant in identifying measures and initiatives to create and sustain long-term relationships with tenants. Despite difficult market conditions, the REIT demonstrated flexibility in renegotiations to encourage longer term contracts. By assessing negotiations on a case by case basis, ENBD REIT can more impactfully improve rates for tenants who genuinely need them, without doing material damage to the portfolio’s income profile.

Commercial leasing across the portfolio has come under pressure, in particular at Al Thuraya Tower, following the loss of one of the building’s largest tenants, Huawei, who relocated to a purpose-built regional office. In response, Management has engaged with the free zone operator (TECOM) to help drive leasing, and has identified upgrades to the building in order to improve occupancy. Given the current lower occupancy rate, this is an opportune time for refurbishments to minimise disruption to tenants.

The wider leasing strategy has proved successful, despite softening valuations and some rate reductions, achieving longer-term tenancy agreements while minimising vacant and unoccupied space. Cost transparency has been valuable for attracting new tenants and bolstering occupancy levels through a ‘zero hidden fees’ approach.

**REIT regulation and governance**

ENBD REIT’s investment and operating strategy is delivered within the regulations applicable to REITs registered in DIFC. ENBD REIT is, firstly, required to distribute to Shareholders a minimum of 80% of audited net income. The LTV ratio is limited to a maximum of 50% of Gross Asset Value (GAV), and ENBD REIT requires a majority stake in all joint ventures it enters.

Where governance is concerned, ENBD REIT ensures a high level of independence for its Committees and Boards, and is managed by an external Fund Manager, in the form of the Emirates NBD Asset Management. Governance roles occupied by independent members include the Board of Directors, the Oversight Committee, the Investment Committee and the Shari’a Supervisory Board. Both the REIT and its Fund Manager are regulated by the Dubai Financial Services Authority and are audited regularly.

**The path ahead**

In 2020, Management will focus on flexible solutions for combating market challenges created by the Covid-19 pandemic and a low oil price environment, while taking advantage of lower interest rates and hedging opportunities. The REIT’s medium-term objectives are to reposition the portfolio by increasing diversity, and to act opportunistically on disposals and acquisitions that will deliver shareholder value.

**Short-term priorities: agility to navigate headwinds, lower cost of funding**

Management will focus on nimble solutions for the portfolio that will enable it to maintain robust occupancy levels and stable rental income during a period of volatility. The REIT is already rolling out a series of flexible initiatives for occupants of the office and residential assets, which will assist tenants facing genuine financial difficulty, as well as bolster occupancy and encourage longer-term
lease agreements. At the same time, Management will take advantage of low interest rates via Shari’a compliant hedging arrangements to fix financing covenants at the lowest possible cost for the future.

**Medium-term objectives: repositioning portfolio, opportunistic on transactions**
Throughout 2020-21, Management intends to reposition its property portfolio by increasing its diversification, and in particular by growing the weighting of the ‘alternative’ assets segment, which accounts for 19% of the portfolio’s total value. Preferred asset classes for potential acquisitions include industrial facilities, logistics/warehousing and healthcare, with longer lease terms a common feature of such properties, making them attractive for achieving stable rental income, extended unexpired lease terms and resilient long-term valuations.

The REIT will take an opportunistic view on potential disposals from the portfolio, on the basis that they offer fair value in the life cycle of the property and that there are sufficient opportunities to redeploy capital towards a favoured asset class or refurbishment of existing assets in the portfolio. Capital from asset disposals may also be utilised to partially settle current debt obligations, in order to maintain an appropriate LTV ratio, or be returned directly to Shareholders, in line with a commitment to maximising shareholder value.

The acquisition strategy is focused on high-quality assets with an optimum portfolio mix as summarised below:

In selecting acquisition targets, the following investment criteria will be applied:

- Stable income profile
- Quality of tenants and length of lease term
- Resilience of tenant to future market disruptions
- Detailed due diligence
- Delivery and completion (in the case of incomplete buildings)
- Returns profile
- Portfolio balance
- Market timing and cycle (e.g. yield forecast)
- Ownership terms (e.g. freehold vs. leasehold)
- Operating cost analysis
- Market and macroeconomic risk
- Exit potential

![Portfolio Mix Diagram](chart.png)

- Office: 50-60%
- Residential: 15-20%
- Alternative: 25-35%
Prior to the emergence of the Covid-19 pandemic, exacerbated by recent oil price volatility, the local real estate market was thought to be reaching the end of its downward cycle, with signs of possible gradual improvement in the medium-term.

With the arrival of the pandemic, restrictions to international travel, disruption to business operations and social distancing will negatively impact the growth of the UAE economy. Short-term effects will be felt acutely, while businesses adapt to new circumstances. ENBD REIT has identified scenarios that may impact the portfolio to different magnitudes, with forecasts assessing the impact on a 3-, 6- and 12-month basis, assuming interruption to business persists. With valuations adjusted, there is a growing impact on the portfolio. The Real Estate team has remained conservative in its projections for the year ahead, but given the uncertainty and length of the public health crisis is proactively modelling scenarios to make the Fund as agile as possible in responding to new dynamics.

ENBD REIT recognises that businesses and families across the UAE are struggling at this time, and as both a listed company and as a landlord, is engaging with tenants to understand which solutions will be the most beneficial, both as a measure to support business continuity and maintain stable occupancy.

Management anticipates that the initial impact will to be felt most severely in the alternative assets, which are a mixture of retail, schools and student accommodation. These sectors are bearing the brunt of the pandemic, as the physical presence of tenants and customers has been heavily reduced. While long-term leases protect the assets to a degree, the reality is that while educational institutions and retail centres remain closed, these tenants may suffer financially.

Offices have been impacted severely as employees and clients are practicing working from home initiatives, with new business generation often put on hold as a measure to prioritise the safeguarding of existing income, with many tenants putting plans to expand within buildings on pause until the disruption passes.

On the residential front, people are losing jobs, and in light of this the REIT endeavors to work with them on minimising the impact of this on their lives. ENBD REIT is open to moving to monthly payments on certain tenancies, as opposed to traditional quarterly, bi-annual or annual payments until the crisis begins to slow.

ENBD REIT is able to offer support to tenants due to healthy cash flow and prudent capital management, benefitting from lower financing costs achieved throughout the year. However, as a business the REIT has obligations to fulfil when it comes to debt servicing, third party suppliers and its Shareholders. On this basis, relief to tenants is only granted on careful case-by-case consideration.

Postponements to major events, such as Dubai Expo 2020 (now postponed to 2021), and significant decisions made by Government bodies, are new dynamics that Management continues to evaluate and address. In this respect, the decision to keep interest rates floating has enabled the REIT the opportunity to hedge its facilities at significantly lower rates.
PERFORMANCE REVIEW

As at 31st March 2020, the total value of ENBD REIT’s property portfolio stood at USD 410 million, decreasing from USD 450 million in the previous year, with a cash balance of USD 13.7 million. Gross Asset Value was USD 411 million, decreasing from USD 451 million in the previous year, with a year-end Net Asset Value of USD 230 million, as compared to USD 270 million in March 2019.

During the year, ENBD REIT paid an interim dividend of USD 0.0196 per share – amounting to USD 4.9 million (1.93% of NAV). At the forthcoming Annual General Meeting, the Board will propose a final dividend of USD 0.0204 per share, totaling USD 5.1 million, equivalent to 2.22% of NAV.

ENBD REIT’s asset management strategy has been resilient in maintaining healthy occupancy across the portfolio, which stands at 82%. Previous measures to achieve diversification of the property portfolio have provided the REIT with headroom to act with agility during periods of uncertainty. Solid rental income continues to be achieved, which, while still remaining off Management’s targets and Shareholders’ expectations, have held up well compared to wider market trends.

Within the portfolio, the total leasable area of the 11 properties was 1.29 million sq. ft., with no acquisitions or disposals taking place during the year. The Management team identified a number of acquisition opportunities to further diversify the portfolio, targeting the industrial, logistics and warehousing and healthcare sectors however took a prudent approach to executing on these opportunities and ultimately decided to not proceed on these at the current time.

ENBD REIT completed its Share Buyback Programme initiated in the previous year, acquiring 4.4 million shares from the market in an effort to improve liquidity of tradeable shares. The exercise realised value for Shareholders in preventing disproportionately negative movements affecting the share price as a result of smaller trades in the market. The REIT allocated up to USD 3.5 million for the programme at a price no higher than 10% of the previous day’s volume weighted average trading price (‘VWAP’) and the previous six month’s VWAP as prescribed by the regulator. The buy-back did not ultimately result in an improved share price valuation, which continues to be affected by poor real estate and equity market conditions.

ENBD REIT secured a Shari’a-compliant facility of USD 177 million from Mashreq Bank to refinance USD 134.5 million of the Fund’s existing debt to reduce the cost of financing. The 12-year facility is profit only for the first 4 years, amortising 80% during the following 8 years with a 20% balloon payment at the end of its term. At 3-month EIBOR +2.65% profit margin, the new facility will reduce ENBD REIT’s overall cost of debt.

<table>
<thead>
<tr>
<th>31st March 2020</th>
<th>31st March 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property portfolio value</td>
<td>USD 410 m</td>
</tr>
<tr>
<td>Gross Asset Value (GAV)</td>
<td>USD 411 m</td>
</tr>
<tr>
<td>Net Asset Value (NAV)</td>
<td>USD 230 m</td>
</tr>
<tr>
<td>NAV per share</td>
<td>USD 0.92</td>
</tr>
<tr>
<td>Net yield on NAV</td>
<td>4.76%</td>
</tr>
</tbody>
</table>
ENBD REIT’s shares are listed and traded on Nasdaq Dubai under ticker symbol ‘ENBDREIT’. The share price ended the reporting year at USD 0.36. A detailed or custom analysis of ENBD REIT’s trading history is available on the Investor Relations page of the website, as well as a full collection of disclosures made to the market, quarterly investor presentations, quarterly NAV call details and transcripts, as well as the quarterly financial information packs.

In March 2020, in light of ENBD REIT’s shares trading at a significant discount to NAV and with very low liquidity, the Board responded to requests by a number of Shareholders and proposed a delisting and restructuring of the Fund. At the ensuing EGM, Shareholders voted for the REIT to remain listed and to retain its current structure.

ENBD REIT will therefore remain a publicly traded company, and both Management and the Board are appreciative to Shareholders for their active engagement in the process. ENBD REIT will continue to maintain high levels of transparency and constructive engagement with Shareholders throughout 2020 and in future years.

For more information, visit: www.enbdreit.com/reit/investor-relations/

<table>
<thead>
<tr>
<th></th>
<th>31st March 2020</th>
<th>31st March 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share price</td>
<td>USD 0.36</td>
<td>USD 0.57</td>
</tr>
<tr>
<td>Dividend % per share</td>
<td>11.24%</td>
<td>8.65%</td>
</tr>
</tbody>
</table>
02. PORTFOLIO
As at 31st March 2020, ENBD REIT held 11 office, residential and alternative assets across Dubai. The total value of the portfolio was USD 410 million, with a net leasable area of 1.29 million sq. ft. The WAULT for the full portfolio was 3.24 years, with a blended occupancy rate of 82%.

The assets are spread throughout Dubai and are all situated in strategic locations with promising growth potential in terms of both income and market valuation. These include DIFC, Dubai Media City, Dubai Healthcare City, Dubai Internet City, Dubai Silicon Oasis, Barsha Heights and Dubailand.

The portfolio properties are managed and maintained by an experienced and committed asset management team, who work closely with selected third-party property and facility managers. ENBD REIT is thereby committed to delivering value for both tenants and Shareholders, and this philosophy is at the heart of the asset management strategy.

ENBD REIT’s portfolio currently comprises the following assets:

**Office**
- The Edge (Dubai Internet City)
- Al Thuraya 1 (Dubai Media City)
- Burj Daman (two and a half floors, DIFC)
- DHCC 49 (Dubai Healthcare City)
- DHCC 25 (Dubai Healthcare City)

**Residential**
- Binghatti Terraces (Dubai Silicon Oasis)
- Arabian Oryx House (Barsha Heights)
- Remraam (Dubailand)

**Alternative**
- Uninest (Dubailand)
- South View School (Dubailand)
- Souq Extra Community Retail Centre Phase 1 (Dubai Silicon Oasis)

**ASSET VALUE AS % OF PORTFOLIO**

- Al Thuraya 1, 19%
- The Edge, 18%
- Burj Daman, 15%
- DHCC 25, 6%
- DHCC 49, 7%
- Arabian Oryx House, 6%
- Souq Extra, 6%
- Remraam, 3%
- Binghatti Terraces, 7%
- Uninest, 8%
- South View School, 5%
PORTFOLIO CHARACTERISTICS
Strong occupancy of 82% across the portfolio

<table>
<thead>
<tr>
<th>Property</th>
<th>Occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Al Thuraya Tower 1</td>
<td>51%</td>
</tr>
<tr>
<td>The Edge</td>
<td>100%</td>
</tr>
<tr>
<td>Burj Daman</td>
<td>77%</td>
</tr>
<tr>
<td>DHCC 49</td>
<td>80%</td>
</tr>
<tr>
<td>DHCC 25</td>
<td>67%</td>
</tr>
<tr>
<td>Binghatti Terraces</td>
<td>92%</td>
</tr>
<tr>
<td>Arabian Oryx House</td>
<td>88%</td>
</tr>
<tr>
<td>Remraam Residential</td>
<td>74%</td>
</tr>
<tr>
<td>Uninest</td>
<td>100%</td>
</tr>
<tr>
<td>Souq Extra</td>
<td>96%</td>
</tr>
<tr>
<td>South View School</td>
<td>100%</td>
</tr>
</tbody>
</table>

THE EDGE

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offices</td>
<td>65%</td>
</tr>
<tr>
<td>Residential</td>
<td>16%</td>
</tr>
<tr>
<td>Alternative</td>
<td>19%</td>
</tr>
</tbody>
</table>

Target

<table>
<thead>
<tr>
<th>Category</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offices</td>
<td>50-60%</td>
</tr>
<tr>
<td>Residential</td>
<td>15-20%</td>
</tr>
<tr>
<td>Alternative</td>
<td>25-35%</td>
</tr>
</tbody>
</table>
Asset management highlights
- Installation of energy efficient lighting in the building common areas
- CCTV system upgrade and installation of new cameras to meet SIRA regulations
- 67,000 sq. ft. of renewals concluded in the third quarter
- 13,500 sq. ft. of renewals concluded during the fourth quarter, with 23,500 sq. ft. of enquiries for new leases received in the same period
- Installation of hand sanitisation stations in the common areas of the building to align to Dubai Health Authority guidance

Challenges
- Loss of major tenant Huawei
- Significant fall in occupancy from previous year

Proposed solutions
- Identified refurbishments required to attract new tenants, including upgrades to lifts, lift lobbies, common area toilet facilities, fire escapes and parking levels. Proposed work is expected to be carried out in the 2020-2021 financial year
- Engage with the free zone operator to optimise the leasing process to accommodate more tenants in the building

As at 31st March 2020

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>DUBAI MEDIA CITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACQUIRED</td>
<td>NOV 2006</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MARKET VALUE</th>
<th>USD 78M</th>
</tr>
</thead>
<tbody>
<tr>
<td>% OF PORTFOLIO VALUE</td>
<td>19%</td>
</tr>
<tr>
<td>NET LEASABLE AREA (SQ. FT.)</td>
<td>208,565</td>
</tr>
<tr>
<td>OCCUPANCY RATE</td>
<td>51%</td>
</tr>
<tr>
<td>WAULT (years)</td>
<td>0.64</td>
</tr>
<tr>
<td>GROSS RENTAL YIELD*</td>
<td>7.0%</td>
</tr>
</tbody>
</table>

*Annual contractual rental
Asset management highlights
- Occupancy maintained at 100% for majority of the year
- Internal painting initiatives took place in building common areas, including service rooms and staircases, to refresh the aesthetic of the building
- Improvements made to landscaping around the front and sides of the building to better align with the existing design features of the building
- Installation of hand sanitisation stations in the common areas of the building to align to Dubai Health Authority guidance

Challenges
- Loss of Snapchat as a tenant due to their expansion requirements with The Edge unable to accommodate them, being 100% occupied
- Initial phases of the Innovation Hub (directly across Al Falak Street from The Edge) providing additional office space in vicinity

Proposed solutions
- Current tenant in the building looking to take up this available space, with negotiations on hold during the Covid-19 lockdown period

As at 31st March 2020

LOCATION
DUBAI INTERNET CITY

ACQUIRED
OCT 2017

MARKET VALUE
USD 75M

% OF PORTFOLIO VALUE
18%

NET LEASABLE AREA (SQ. FT.)
92,208

OCCUPANCY RATE
100%

WAULT (years)
1.39

GROSS RENTAL YIELD*
8.1%

*Annual contractual rental
ENBD REIT’s interest consists of two and a half floors (the REIT fully owns the 10th and 14th floors and half of the 15th floor) in the commercial portion of the tower in the DIFC.

**Asset management highlights**
- Stable occupancy throughout the year standing at 77%
- 16,000 sq. ft. of new leasing enquiries received across the year
- Installation of wallpaper, planters and tenant name plates completed to improve the look and feel of the building
- Improvements made to lobby areas
- Installation of hand sanitisation stations in the common areas of the building to align to Dubai Health Authority guidance
- Waldorf Astoria DIFC hotel opened in 2019

**Challenges**
- Remaining vacant units proving difficult to lease in current market
- ICD Brookfield Place office building (directly across Al Mustaqbal Street (D86) from Burj Daman) nearing completion providing additional office space in vicinity

**Proposed solutions**
- Subdivision of the remaining units, including finishes and furniture to offer prospective tenants a ready to move in, ‘plug-and-play’ option is expected to complete in 2020
- Negotiations with existing tenants ongoing to extend leasing terms at favourable rental rates

### As at 31st March 2020

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>ACQUIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>DUBAI INTERNATIONAL FINANCIAL CENTRE</td>
<td>JUNE 2015</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MARKET VALUE</th>
<th>% OF PORTFOLIO VALUE</th>
<th>NET LEASABLE AREA (SQ. FT.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD 62M</td>
<td>15%</td>
<td>87,618</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OCCUPANCY RATE</th>
<th>WAULT (years)</th>
<th>GROSS RENTAL YIELD*</th>
</tr>
</thead>
<tbody>
<tr>
<td>77%</td>
<td>2.81</td>
<td>7.3%</td>
</tr>
</tbody>
</table>

*Annual contractual rental
### Asset management highlights
- External landscaping improvements made in collaboration with Dubai Municipality
- New tenant name signage installed in the car park
- Installation of energy saving LED lighting in Basements 1 and 2
- 4th floor ceiling refurbishment work completed
- Lift lobby refurbishment in Basement 1 completed
- Installation of hand sanitisation stations in the common areas of the building to align to Dubai Health Authority guidance

### Challenges
- Weaker leasing environment in DHCC leading to lower renewal rates and pressures on occupancy

### Proposed solutions
- Identified upgrades to common area facilities
- Improved retail offering being investigated to meet office tenants’ demands

---

**As at 31st March 2020**

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>ACQUIRED</th>
<th>MARKET VALUE</th>
<th>% OF PORTFOLIO VALUE</th>
<th>NET LEASABLE AREA (SQ. FT.)</th>
<th>OCCUPANCY RATE</th>
<th>WAULT (years)</th>
<th>GROSS RENTAL YIELD*</th>
</tr>
</thead>
<tbody>
<tr>
<td>DUBAI HEALTHCARE CITY</td>
<td>APRIL 2007</td>
<td>USD 29M</td>
<td>7%</td>
<td>80,808</td>
<td>80%</td>
<td>1.12</td>
<td>9.6%</td>
</tr>
</tbody>
</table>

*Annual contractual rental
DUBAI HEALTHCARE CITY 25

G+6 storey commercial tower located in the Dubai Healthcare City free zone.

**Asset management highlights**
- Bathroom refurbishments in male and female bathrooms on the 6th floor completed
- Tenant name plates for every assigned parking space installed
- Perimeter wall painting and landscaping completed
- Energy saving lighting installation in basement areas in progress
- Installation of hand sanitisation stations in the common areas of the building to align to Dubai Health Authority guidance

**Challenges**
- Weaker leasing environment in DHCC leading to lower renewal rates and pressures on occupancy

**Proposed solutions**
- Identified upgrades to common area facilities
- Improved retail offering being investigated to meet office tenants’ demands

---

**As at 31st March 2020**

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>ACQUIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>DUBAI HEALTHCARE CITY</td>
<td>JULY 2007</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MARKET VALUE</th>
<th>% OF PORTFOLIO VALUE</th>
<th>NET LEASABLE AREA (SQ. FT.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD 23M</td>
<td>6%</td>
<td>71,034</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OCCUPANCY RATE</th>
<th>WAULT (years)</th>
<th>GROSS RENTAL YIELD*</th>
</tr>
</thead>
<tbody>
<tr>
<td>67%</td>
<td>1.75</td>
<td>8.4%</td>
</tr>
</tbody>
</table>

*Annual contractual rental
ARABIAN ORYX HOUSE

A residential tower with 128 units in the Barsha Heights community. The building comprises of one, two and four-bedroom apartments.

**Asset management highlights**
- Ground floor car park resurfacing refurbishment completed with bicycle racks installed for tenant use
- Energy saving initiatives carried out to replace existing lighting to LED lighting
- Installation of new gym equipment for tenants
- Plans to refurbish basement car park finalised
- Installation of hand sanitisation stations in the common areas of the building to align to Dubai Health Authority guidance

**Challenges**
- Weaker leasing environment in the residential market leading to lower renewal rates and pressures on occupancy

**Proposed solutions**
- Identified potential conversion of a vacant floor to convert into short-term rental model (proposal to be revisited post Covid-19 lockdown restrictions)

**As at 31st March 2020**

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>ACQUIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>BARSHA HEIGHTS</td>
<td>OCT 2014</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MARKET VALUE</th>
<th>% OF PORTFOLIO VALUE</th>
<th>NET LEASABLE AREA (SQ. FT.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD 27M</td>
<td>6%</td>
<td>133,432</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OCCUPANCY RATE</th>
<th>WAULT (years)</th>
<th>GROSS RENTAL YIELD*</th>
</tr>
</thead>
<tbody>
<tr>
<td>88%</td>
<td>0.70</td>
<td>8.9%</td>
</tr>
</tbody>
</table>

*Annual contractual rental
BINGHATTI TERRACES

A residential tower with 201 residential and 5 retail units in Dubai Silicon Oasis, constructed by developers with an established track record.

Asset management highlights
- Plans with contractors to replace and upgrade external swimming pool tiling approved
- New gate barrier installed with anti-pass back system to improve security and access to parking areas
- Occupancy increased to 92% and has remained stable since
- Shuttle bus service connecting Binhgatti Terraces to Souq Extra and Uninest introduced

Challenges
- Weaker leasing environment in the residential market leading to lower renewal rates and pressures on occupancy

Proposed solutions
- Dynamic leasing model adopted, where tenants benefit from a single solution relocation package including all moving costs and rent-free options available for new tenants

As at 31st March 2020

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>ACQUIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>DUBAI SILICON OASIS</td>
<td>MAY 2016</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MARKET VALUE</th>
<th>% OF PORTFOLIO VALUE</th>
<th>NET LEASABLE AREA (SQ. FT.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD 27M</td>
<td>6%</td>
<td>178,907</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OCCUPANCY RATE</th>
<th>WAULT (years)</th>
<th>GROSS RENTAL YIELD*</th>
</tr>
</thead>
<tbody>
<tr>
<td>92%</td>
<td>0.92</td>
<td>9.8%</td>
</tr>
</tbody>
</table>

*Annual contractual rental
REMRAAM

Two residential towers offering 105 units in mainly 1&2 bedroom apartments.

Asset management highlights
- Explored opportunities to make improvements to the façade, such as repainting, in collaboration with Dubai Properties
- Refurbishment within apartments in progress and to be carried out and completed in a phased approach

Challenges
- Weaker leasing environment in the residential market leading to lower renewal rates and pressures on occupancy

Proposed solutions
- Dynamic leasing model adopted, where tenants benefit from a single solution relocation package including all moving costs and rent-free options available for new tenants

As at 31st March 2020

<table>
<thead>
<tr>
<th>Location</th>
<th>Acquired</th>
<th>Market Value</th>
<th>% of Portfolio Value</th>
<th>Net Leasable Area (SQ. FT.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dubailand</td>
<td>Sept 2015</td>
<td>USD 14M</td>
<td>3%</td>
<td>112,154</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Occupancy Rate</th>
<th>Waul (years)</th>
<th>Gross Rental Yield*</th>
</tr>
</thead>
<tbody>
<tr>
<td>74%</td>
<td>0.65</td>
<td>8.9%</td>
</tr>
</tbody>
</table>

*Annual contractual rental
UNINEST

A purpose built 424 bed student accommodation building conveniently located in the heart of Dubailand.

Asset management highlights
- Stable occupancy, currently at 100%
- Asset continues to be leased on a seven-year agreement to GSA, a global student accommodation provider
- Shuttle bus service connecting Uninest to Souq Extra and Binghatti Terraces introduced

Challenges
- Student accommodation exposed to Covid-19 lockdown restrictions and closure of all education facilities in Dubai

Proposed solutions
- Working with the operator to find flexible solutions that work for both parties during this unprecedented environment

As at 31st March 2020

LOCATION
DUBAILAND

ACQUIRED
MAY 2017

MARKET VALUE
USD 33M

% OF PORTFOLIO VALUE
8%

NET LEASABLE AREA (SQ. FT.)
160,264

OCCUPANCY RATE
100%

WAULT (years)
4.16

GROSS RENTAL YIELD*
8.2%

*Annual contractual rental
SOUTH VIEW SCHOOL

Mid-market British curriculum school located in Dubailand within Remraam, a prominent middle-income community at the Hessa Street / Emirates Road (E611) intersection.

Asset management highlights
- Occupancy stable at 100%
- Fully functioning and operational prior to the Covid-19 pandemic

Challenges
- The education sector is exposed to the Covid-19 lockdown restrictions with the closure of all education facilities in Dubai, for the short-term

Proposed solutions
- Working with the operator to find flexible solutions that work for both parties during this current unprecedented environment

As at 31st March 2020

LOCATION
DUBAILAND

ACQUIRED
AUG 2017

MARKET VALUE
USD 21M

% OF PORTFOLIO VALUE
5%

NET LEASABLE AREA (SQ. FT.)
132,000

OCCUPANCY RATE
100%

WAULT (years)
33.36

GROSS RENTAL YIELD*
6.5%

*Annual contractual rental
Phase 1 is a well-situated community retail centre in Dubai Silicon Oasis, with 42 retail tenants including Carrefour Market, KFC, McDonalds and Starbucks.

**Asset management highlights**
- Installation of a new parking management system has been implemented to improve customer footfall in the mall
- Parking areas have been repaved to improve the overall appearance and aesthetic of the area
- Bathroom refurbishment initiative completed to improve customer satisfaction and promote use of facilities
- Occupancy rates stable, with 8 contracts successfully renewed at competitive rates
- 4,500 sq. ft. of renewals completed at the beginning of 2020
- Shuttle bus service connecting Souq Extra to Uninest and Binghatti Terraces introduced

**Challenges**
- The retail sector was exposed to the Covid-19 lockdown restrictions, with closures of all retail malls in Dubai for a 4 week period during March-April 2020

**Proposed solutions**
- Working with tenants within the Souq Extra community mall to find flexible solutions that maintain occupancy and ensure tenants remain in business during this current unprecedented environment

**As at 31st March 2020**

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>DUBAI SILICON OASIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACQUIRED</td>
<td>DEC 2017</td>
</tr>
<tr>
<td>MARKET VALUE</td>
<td>USD 23M</td>
</tr>
<tr>
<td>% OF PORTFOLIO VALUE</td>
<td>6%</td>
</tr>
<tr>
<td>NET LEASABLE AREA (SQ. FT.)</td>
<td>36,027</td>
</tr>
<tr>
<td>OCCUPANCY RATE</td>
<td>96%</td>
</tr>
<tr>
<td>WAULT (years)</td>
<td>1.81</td>
</tr>
<tr>
<td>GROSS RENTAL YIELD*</td>
<td>9.4%</td>
</tr>
</tbody>
</table>

*Annual contractual rental
03. GOVERNANCE
Incorporation
ENBD REIT (CEIC) PLC – a DIFC Company with Registration Number 2209 (the ‘Company’ or ‘ENBD REIT’) was incorporated on 18th July 2016. ENBD REIT and its subsidiaries and Special Purpose Vehicles (SPVs) are collectively referred to as ‘the Group’.

ENBD REIT was incorporated as a company limited by shares under the Companies Law DIFC Law No. 2 of 2009 and has been renamed to ENBD REIT (CEIC) Limited due to the introduction of the new DIFC Companies Law, DIFC Law No. 5 of 2018.

Structure
On 23rd March 2017, the shares of ENBD REIT were admitted to the Dubai Financial Services Authority (‘DFSA’) list of shares to trade on Nasdaq Dubai after the Initial Public Offering (the ‘IPO’).

Investment policy and objectives
The purpose of the Group is to provide investors with a professionally managed means of participating in the United Arab Emirates (‘UAE’) real estate market. The primary investment objective of the Group is to achieve regular rental income and long-term capital growth from a diversified portfolio of commercial, residential and alternative properties. Investment decisions under the supervision of the Directors of the Group will be made on behalf of the Group by the Fund Manager, and will reflect the medium to long-term objective to maximise total return made up of rental income and capital appreciation.

The Group shall have the capacity to seek finance in a manner compliant with Islamic Shari’a law to aid further property acquisitions from time to time with an aim to further increase shareholders’ returns. The Group may invest in properties via offshore special purpose vehicles (‘SPVs’). A single SPV may be used to hold each separate property, and any finance sought for the property acquisitions will be either at the Group level or at the SPV level.

All investments of the Group will take place according to Shari’a guidelines, as defined by the Shari’a Supervisory Board of the Group. The Shari’a Supervisory Board will also periodically review that all implemented investment decisions of the Fund Manager remain within Shari’a guidelines.

Results and distributions
The results for the year are set out in the consolidated statement of profit or loss and other comprehensive income on page 76. During the current year, a final dividend of USD 0.0215 per share amounting to USD 5,399,754 (4.0% of NAV) was declared and approved for the year ended 31st March 2019 and paid on 14th July 2019 (USD 0.0129 per share amounting to USD 3,281,777 (2.2% of NAV) was declared and approved for the year ended 31st March 2018 and paid on 13th June 2018). Furthermore, an interim dividend of USD 0.0196 per share amounting to USD 4,900,000 (3.86% of NAV) for the 6 month period ended 30th September 2019 was declared and approved and subsequently paid on 14th December 2019 (USD 0.027 per share amounting to USD 6,868,836 (4.8% of NAV) for the 6 months period ended 30th September 2018 was declared and approved and subsequently paid on 25th February 2019).

At the Annual General Meeting (‘AGM’) to be held on 30th June 2020, the Board of Directors will propose a final dividend of USD 0.0204 per share amounting to USD 5,100,000 (4.44% of NAV) for the 12-month period ended 31st March 2020. The final dividend has been determined based on the actual net rental return and funds from operations (‘FFO’) generated during the 12-month period.

Islamic Financing
During the year, ENBD REIT signed a 12-year commodity Murabaha facility of USD 176,967,057 at a profit margin of 2.65% above quarterly EIBOR. The Shari’a-compliant facility was agreed with Mashreq Bank and delivers a reduction in finance cost. This facility refinanced Emirates NBD debt of USD 134,494,963 and will facilitate in further real estate acquisitions.

Restructuring to a Private Company
On 12th March 2020, Shareholders did not pass the special resolution for proposed restructuring of ENBD REIT from a publicly listed company on Nasdaq Dubai to a privately held company.
Property valuations
The values of the properties that form the bulk of the assets in the Group are determined regularly by CB Richard Ellis and Cavendish Maxwell, independent experts in real estate valuations. The Directors express comfort in the level of expertise applied to the valuation process which requires significant accounting estimates and judgements (refer note 2(d) of the consolidated financial statements).

Declaration
The Directors have analysed the Group’s ability to continue as a going concern and have not identified a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern. Therefore, they have prepared the consolidated financial statements of the Group for the year ended 31st March 2020 on a going concern basis.

Deloitte & Touche M.E. were appointed as external auditors of the Group for the year ended 31st March 2020. The Board of Directors has recommended the appointment of Deloitte & Touche M.E. as the auditor for 2020-21 for approval by the Shareholders at the forthcoming Annual General Meeting.

Signed on behalf of the Board

[Signature]

Director:

Date: 08 June 2020
ENBD REIT’s corporate governance framework is managed in accordance with the responsibilities of three independent boards and committees, reporting directly to the Board of Directors. The activities and membership of the Board of Directors and ENBD REIT’s boards and committees are outlined below.

**Board of Directors**

**Responsibilities**

The Board assumes overall responsibility to Shareholders for the success of ENBD REIT, as well as for oversight of its strategic direction, investment policy and corporate governance. The Board answers directly to the General Assembly of Shareholders, with responsibility for approving ENBD REIT’s audited financial statements and dividend distributions.

**MEMBERS**

**Tariq Bin Hendi**

Chairman

Tariq is currently Director General of the Abu Dhabi Investment Office, prior to which he served as Executive Vice President and Head of Products & Advisory at Emirates NBD Group, having previously held the role of CEO of Emirates NBD Asset Management. He has over 18 years of experience, with a primary focus on asset management, private equity and investment banking. Prior to his current role, Tariq held various roles at Commercial Bank of Dubai, Mubadala, Citigroup, Dubai Holding, Delta Airlines and UPS. He is a Board Member of Emirates Post Group, Dubai Gold & Commodities Exchange (DGIX) and AXA Green Crescent Insurance Company (AXA GCIC). He holds a PhD in Labour Economics from Imperial College London (UK) as well as degrees from Columbia University (USA), London Business School (UK), and Clayton State (USA).

**Khalid Al Fahim**

Director

Khalid has over 15 years of professional experience in management and board advisory, and has been an active member of various organisations and industries in the UAE, including Al Fahim Group (UAE), where he has held offices from business development to council member and executive management, most recently sitting as an advisor to the Board since 2012. He also represents the Group as a director of a number of its subsidiaries and affiliated companies. From 2010 to 2012, Khalid served as an Executive Director of Dubai Pearl. In 2007, he joined the UAE Professional Football League Assessment Committee and was later appointed to the first Board of the UAE Professional League. He is a partner of Quintessentially, the leading luxury lifestyle and concierge group, in Abu Dhabi, and since 2009 has served as a Director of the philanthropic Abdul Jalil Al Fahim & Family Endowment. Khalid holds a degree in Business Administration from the American Intercontinental University in London and a Master’s degree in Diplomacy from the University of Westminster, London.
Ali Rashid Humaid Al Mazroei
Director

Ali is Group Director and CFO at Bahri & Mazroei Group, a diversified investment group established in 1968. Prior to this, Ali worked at Citibank N.A where he held various positions at the regional and country level including TMEA Business Planning & Analysis Head, UAE Regulatory Head, and Director of Citi Business. He is the director and Group CEO of Bahri & Mazroei Group. He is a Board Member of Dubai Financial Market (DFM) since 2010, National Bonds since 2011 and Taaleem Holding since 2016. Ali holds an MBA from Southern New Hampshire University and Bachelor of Business Administration from American University in Dubai.

Mark Creasey
Director

In addition to his position on the Board of ENBD REIT, Mark acts as an Independent Non-Executive Director on the boards of a number of collective investment funds investing in Commercial and Residential Real Estate; Private Equity; UK, European, African and MENA securities; and venture capital. Mark is a Chartered Certified Accountant, qualifying with KPMG in Jersey in 1995. He has over 25 years’ experience in the finance sector covering Audit, Finance, Banking and Funds, with his most recent focus on Funds Services. In 1998, he joined Standard Bank Jersey Limited, where he held a number of senior roles, including six years as a Director in their funds division. In 2011 he moved to JTC Group Limited where he was a Director in the fund services division. Since July 2015, he has been acting as an Independent Non-Executive Director. He has extensive experience in both conventional and Shari’a compliant structures, in a variety of regulatory jurisdictions. He is a fellow of the Chartered Association of Certified Accountants and is a Member of the Chartered Institute for Securities & Investment.
Investment Committee

Responsibilities
The Committee reviews and confirms investment opportunities recommended by ENBD REIT’s management, subject to no objections being raised based on the committee members’ expertise as long-standing real estate or investment professionals. The Investment Committee is not actively involved in the daily management of ENBD REIT.

MEMBERS
- Khalid Al Fahim - Director, Al Fahim Group
- Sophie Llewellyn - Head of Asset Management, Majid Al Futtaim
- Christopher Seymour - Managing Director, Mott MacDonald Middle East

Oversight Committee

Responsibilities
The Committee provides independent oversight and supervision of ENBD REIT and its management. It ensures that financial and governance controls are in place to secure regulatory compliance, reporting findings directly to the Board of Directors for their attention or that of the DFSA.

MEMBERS
- Abdulla Mohammed Al Awar - CEO, Dubai Islamic Economic Development Centre
- Hari Bhambra - Senior Partner, Praesidium
- James Anderson - Chief Financial Officer, Emirates Food Industries

Shari’a Supervisory Board

Responsibilities
The Board ensures compliance with the principles of Shari’a, providing advice and guidance to ENBD REIT in delivering Shari’a compliant transactions and running the business according to best practice in Shari’a compliance.

MEMBERS
- Dr. Mohamed Ali Elgari
- Dr. Mohd Daud Bakar
- Dr. Muhammad Amin Ali Qattan
- Dr. Osama Al Dereai
MANAGEMENT AND ADMINISTRATION

Directors of ENBD REIT (CEIC) PLC (Formerly known as ENBD REIT (CEIC) Limited)
- Tariq Bin Hendi
- Khalid Al Fahim
- Ali Rashid Humaid Al Mazroei
- Mark Creasey

Registered Office
- 8th Floor East Wing
- DIFC – The Gate Building
- PO Box 506578
- Dubai
- United Arab Emirates

Fund Manager
- Emirates NBD Asset Management Limited
- 8th Floor East Wing
- DIFC – The Gate Building
- PO Box 506578
- Dubai
- United Arab Emirates

Shari’a Supervisory Board
- Fatwa and Shari’a Supervision Board
- Amanie Advisors LLC
- Dr. Mohamed Ali Elgari
- Dr. Mohd Daud Bakar
- Dr. Muhammad Amin Ali Qattan
- Dr. Osama Al Dereai

Independent Auditor
- Deloitte & Touch (M.E)
- Building 3, Level 6
- Emaar Square, Downtown Dubai
- P.O. Box 4254
- United Arab Emirates

Administrator and Company Secretary
- Apex Fund Services (Dubai) Ltd.
- Office 101, Level 1,
- Gate Village, Building 5, DIFC
- PO Box 506534
- Dubai
- United Arab Emirates

Custodian
- Apex Fund Services (Guernsey) Limited
- 1st Floor Tudor House Le Bordage,
- St. Peter Port
- Guernsey GY1 1DB
Transparency is at the heart of ENBD REIT’s risk and governance culture. ENBD REIT’s approach to risk management within the portfolio is to spread risk by acquiring high quality assets across a diverse range of properties, both in terms of asset type and location. The portfolio is considered to carry a medium-to-low level of risk in part due to its diversity across asset classes, which is further mitigated by an experienced, well-established and highly qualified management team. The focus of ENBD REIT’s investments is on sustainable medium to long-term income generation, as opposed to short term capital gains.

All risk-related policies are reviewed on an annual basis and presented to the Board of Directors, with Emirates NBD Group providing oversight and risk reviews on both a monthly and quarterly basis. ENBD REIT’s risk strategy is driven by the Board of Directors, who meet on a quarterly basis, being highly active in robustly challenging major decisions taken by management.

ENBD REIT has a sound governance structure, with boards and committees meeting at varying degrees of regularity. The Investment Committee meets on an ad hoc basis, according to the requirements of ENBD REIT’s acquisition and disposal activities, while the Oversight Committee meets on a quarterly basis and the Shari’a Supervisory Board meets annually. Apex Fund Management Services acts as ENBD REIT’s custodian, administrator and Company Secretary, managing its relationship with Nasdaq Dubai. Meanwhile, ENBD REIT’s regulator, the Dubai Financial Services Authority (DFSA), performs formal risk assessments every 2 years.

ENBD REIT further benefits from an internal controls programme run by the Fund Manager, Emirates NBD Asset Management. Risks relating to ENBD REIT are also discussed during Emirates NBD Asset Management board meetings, with an internal audit conducted every 18 months. The most recent internal audit of Emirates NBD Asset Management resulted in a satisfactory result. Emirates NBD Group’s compliance department as part of their normal review schedule conducts additional ad hoc and themed reviews.

**Risk profile**

- A publicly listed investment company subject to the rules and regulations of Nasdaq Dubai and the DFSA
- No compliance-related issues in the last 12 months
- Investment activities of acquiring and holding assets are considered to carry a medium-to-low level of risk
- Performance is subject to conditions in the UAE real estate and equities markets, whereby fluctuations may impact share price, occupancy, rental yield and asset valuation
- Weakened asset valuation resulting from market fluctuation may impact ENBD REIT’s ability to secure financing
- ENBD REIT’s risk appetite is conservative, as advised by the Board of Directors, and is not due to change in the immediate future
The Investment Committee is responsible for developing and monitoring ENBD REIT’s investment strategy. The Investment Committee shall review investment opportunities and report to the Fund Manager as to whether or not it consents to such transactions. No property transaction shall be made by the Fund without the prior consent of the Investment Committee. During the reporting period, no acquisitions or divestments of any real estate assets took place.

**Investment pipeline**

ENBD REIT’s future acquisition pipeline focuses on specific sectors – and in particular on the alternative assets segment – as it looks to deploy remaining finance available. Given movements in valuations closely monitor LTVs and covenants, this may have an impact on future investment pipeline. Alternative assets remain particularly attractive, due to their resilience to otherwise soft real estate market conditions, and their typically long-term lease agreements. Management has identified assets for strategic exits provided we receive attractive pricing.

The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organisation as a ‘global pandemic’ on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we are aware that less weight can be attached to previous market evidence for comparison purposes, to derive opinions of value. Indeed, the current response to Covid-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. The valuations are therefore reported as being subject to ‘material valuation uncertainty’ as set out in VPS 3 and VPGA 10 of the RICS Valuation - Global Standards. Consequently, less certainty - and a higher degree of caution - should be attached to these valuations than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that the valuation of the Portfolio be kept under frequent review. For the avoidance of doubt, the inclusion of the ‘material valuation uncertainty’ declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that, in the current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.

Despite challenges in the real estate market, the number of institutional real estate opportunities to acquire is still limited, however new opportunities that come to market at attractive pricing will continue to be monitored for potential acquisition into the portfolio.

**Which sectors are we focusing on?**

Focus is on good quality properties in the following sectors:

- **Office**: 50-60%
- **Residential**: 15-20%
- **Alternative**: 25-35%

**Which areas are we focusing on?**

The Portfolio aims to be diversified across the UAE:

- **Dubai**: 50-75%
- **Abu Dhabi**: 10-20%
- **Other Emirates (tenant driven)**: 10%
In the Name Of Allah, The Beneficent, The Merciful.

To:
The Board of Directors of ENBD REIT (CEIC) PLC.

Assalam Alaikum Wa Rahmat Allah Wa Barakatuh

We have reviewed the principles and the contracts relating to the transactions entered into by ENBD REIT (CEIC) PLC (‘ENBD REIT”), for the year ended 31st March 2020.

We have also conducted our review to form an opinion as to whether ENBD REIT has complied with the Shari’a rules and principles and also with the relevant fatwa and specific decisions and guidelines which were issued by us.

You are responsible for ensuring that ENBD REIT conducts its business in accordance with the Shari’a rules and principles, as interpreted by us. It is our responsibility to express an independent opinion based on our review of ENBD REIT’s operations, and preparing our report to you.

We conducted our review in accordance with the Auditing and Governance Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (‘AAOIFI’). An audit includes examining, on a test basis, evidence to give reasonable assurance that the Fund have neither violated any Shari’a rules and principles nor violated any relevant fatwa and specific decisions and guidelines which were issued by us. We have planned and performed our review so as to obtain all necessary information and explanations which we considered necessary for us to provide you with our opinion. We believe that the review provides us with a reasonable basis for our opinion.

In our opinion:

a. ENBD REIT remained in compliance with the Shari’a rules and principles and also with the relevant Fatwa and specific decisions and guidelines which were issued by us, for the year ended 31st March 2020.

b. All earnings that have been realized between 1st April 2019 and 31st March 2020 from the sources or by means prohibited by the Shari’a rules and principles have either been disposed of or have been segregated for disposal for charitable causes.

We ask Allah Almighty to grant us all the success and straight-forwardness.

[Signature]

Dr. Mohamed Ali Elgari
Chairman, Fatwa and Shari’a Supervisory Board
ENBD REIT (CEIC) PLC
ENBD REIT (CEIC) PLC FUND
ANNUAL SHARI’AH COMPLIANCE CERTIFICATE FOR THE PERIOD OF
1 APRIL 2019 TO 31 MARCH 2020

The Shariah Supervisory Board (“SSB”) has performed its annual Shariah audit on the business activities of the Shariah compliant ENBD REIT (CEIC) PLC Fund (the “Fund”) for the period of 1 April 2019 until the 31 March 2020 (“Year 2019/2020”). The SSB has performed its supervision to enable it to express an opinion on the Fund’s level of compliance with the provisions and principles of Shariah, as well as with fatwas, resolutions and specific guidelines that were issued by it from time to time (collectively the “Shariah Principles”) within Year 2019/2020. The audit of the Fund has been conducted as per the Accounting and Auditing Organization for Islamic Financial Institutions (“AAOIFI”) standards as required by the Dubai Financial Services Authority (“DFSA”) Islamic Finance Rules (“IFR”).

Pursuant to the above, the SSB confirms that the Fund has performed its business activities as per the Shariah Principles and had complied with the AAOIFI standards as required by the DFSA IFR, during Year 2019/2020.

Allah Almighty knows best.

APPROVED BY:

Dr. Mohamed Ali Elgari (Chairman)

Dr. Mohd Daud Bakar (Member)

Dr. Muhammad Amin Ali Al-Qattan (Member)

Dr. Osama Al-Dereai (Member)
In line with the DFSA Collective Investment Rules and DIFC Collective Investment Law, Markets rules (hereinafter the applicable regulations), the Oversight Committee supervises and reviews the activities of the Fund Manager for ENBD REIT and advises the Board of Directors on the Fund Manager’s internal system and controls, compliance with the articles, laws and regulations, risk management and safekeeping of ENBD REIT assets.

The Oversight Committee has adequate resources and access to accurate, timely and comprehensive information relating to the management of ENBD REIT and can report any actual or suspected compliance breaches or inadequacies that they identify and have recourse to the Directors.

The Oversight Committee has reviewed the internal system and controls of the Fund Manager and was satisfied that the Fund Manager has adequate procedures in place.

During the course of the year, the Oversight Committee has considered the Fund Manager’s compliance, inter alia, with the following:

- Ensuring that ENBD REIT’s articles of association (the ‘Articles’) remains in compliance with the applicable regulations;
- Ensuring that the Fund Manager is complying with the terms and conditions of its licence, particularly with respect to the management of ENBD REIT;
- The investment and borrowing limitations as imposed on ENBD REIT under the Collective Investment Law or CIR have not been transgressed;
- The issue, sale, redemption and cancellation, and calculation of the price of the Units and the application of ENBD REIT’s income, has been carried out in accordance with the applicable regulations and the Articles;
- NAV/ Valuation process has been considered, and due regard also given to the feedback of the External Auditors, noting that the Fund Manager has also satisfied the related obligations;
- Following discussion with the Compliance Officer and review of related compliance and risk reports, noted that the Fund Manager has effective systems and controls in place to comply with the applicable regulations;
- There were no Sharia issues noted during the course of the year;
- The audit report confirmed that all safekeeping requirements have been complied with; and
- All conflicts of interest and related party transactions are being reviewed by the Oversight Committee and approved by the Board.

The important areas considered by the Oversight Committee are as below:

**Calculation of Net Asset Value (‘NAV’)**

The Oversight Committee considers that the process of calculation and publication of the NAV is satisfactory. The calculation of the NAV is done by an external and independent fund administrator based in the DIFC and is published on a quarterly basis on the ENBD REIT’s website and ENBD REIT’s regulatory announcement service.

**Risk & Compliance Overview**

The Fund Manager’s compliance and risk infrastructure has been reviewed and reconfirmed in the Fund Manager’s IRAP and ICAAP. The size and scale of the structure is appropriate to support ENBD REIT. The compliance framework at the Fund Manager is subject to risk oversight independent from the Fund Manager.

The Fund Manager made available to the Oversight Committee, the IRAP and ICAAP and Operational Risk review. The Oversight Committee was satisfied that the systems and controls in place within the Fund Manager are effective in so far as they relate to ENBD REIT.

**Valuation of Properties**

All investment properties are valued independently by external valuation companies. The Oversight Committee considered the valuation methodology and process adopted and is satisfied that the valuations of the properties were conducted appropriately in accordance with the rules. The external auditors confirmed that they had, as part of their financial audit, assessed the competence, independence and integrity of the valuation process and thereafter confirmed that reasonable valuations were adopted by the Fund Manager (please see Covid-19 Cautionary note in relation to valuations below).
Investment
ENBD REIT owns only investments that are consistent with its Constitutional documents and Prospectus. All investments were made in compliance with Shari’a and investments in corporate entities, for e.g. investment holding SPVs, were made only where the liability of shareholders is limited. ENBD REIT also remained compliant with its maximum limit of 40% for investment in cash, government and public securities.

Financials
The Oversight Committee met with and reviewed the materials presented by the external audit team to assess the accuracy of, and any issues relating to the financial information of the Fund manager and the financial position of ENBD REIT. No material issues were noted.

Dividends
During the year ended 31st March 2020, a final dividend of USD 0.0215 per share amounting to USD 5,399,754 was declared and approved for the year ended 31st March 2019 and paid on 14th July 2019 (USD 0.0129 per share amounting to USD 3,281,777 was declared and approved for the year ended 31st March 2018 and paid on 13th June 2018). Furthermore, an interim dividend of USD 0.0196 per share amounting to USD 4,900,000 for the 6 month period ended 30th September 2019 was declared and approved and subsequently paid on 14th December 2019 (USD 0.027 per share amounting to USD 6,868,836 for the 6 months period ended 30th September 2018 was declared and approved and subsequently paid on 25th February 2019).

At the Annual General Meeting (‘AGM’) to be held on 30th June 2020, the Board of Directors will propose a final dividend of USD 0.0204 per share amounting to USD 5,100,000 (4.44% of NAV) for the 12-month period ended 31st March 2020. The final dividend has been determined based on the actual net rental return and funds from operations (‘FFO’) generated during the 12-month period. All dividends, either paid or proposed in relation to the year ended 31st March 2020 are distributed in accordance with the applicable regulations.

Borrowing
The Oversight Committee noted that ENBD REIT’s total outstanding borrowing amounted to USD 181,628,505, which represents 44% of the Gross Asset Value of ENBD REIT amounting to USD 411,320,512 as of 31st March 2020. This is in compliance with the CIL and CIR in terms of borrowing limits.

Related Party Transactions
During the year ended 31st March 2020, ENBD REIT also repaid the entire existing mudaraba facility with Emirates NBD Bank of USD 134,494,963 along with any profit outstanding on the facility on the due repayment date. This transaction was executed in compliance with all necessary approvals and regulatory requirements.

The members of the Oversight Committee hereby confirm that the Fund Manager has complied with the Fund’s Articles and applicable regulations.

Covid-19 Cautionary note in relation to valuations
The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organisation as a ‘global pandemic’ on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we are aware that less weight can be attached to previous market evidence for comparison purposes, to derive opinions of value. Indeed, the current response to COVD-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. The valuations are therefore reported as being subject to ‘material valuation uncertainty’ as set out in VPS 3 and VPGA 10 of the RICS Valuation - Global Standards. Consequently, less certainty - and a higher degree of caution - should be attached to these valuations than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that the valuation of the Portfolio be kept under frequent review. For the avoidance of doubt, the inclusion of the material valuation uncertainty declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that - in the current extraordinary circumstances - less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.
ENBD REIT’s ordinary shares were offered for trading on Nasdaq Dubai on 23rd March 2017. For live and custom information relating to ENBD REIT’s stock (ticker symbol: ENBDREIT), visit our Investor Relations website: www.enbdreit.com/reit/investorrelations

The REIT’s Board of Directors proposed a final dividend of USD 5,100,000 or USD 0.0204 per share – equivalent to 4.44% (annualised) of NAV and 11.46% (annualised) of the share price – subject to Shareholder approval at the Annual General Meeting (‘AGM’) on 1st July 2020. This proposed dividend is equivalent to the net rental income generated by ENBD REIT’s portfolio, despite movements in valuation experienced during the period.

ENBD REIT paid an interim dividend of USD 0.0196 per share on 17th December 2019, equivalent to an annualised dividend yield of 3.86% on NAV per share or 8.17% on the share price at the time. This brings the total dividend payable to Shareholders for the year ended 31st March 2020 to USD 10,000,000 – equivalent to 4.35% of the cum-dividend NAV and 11.24% of the share price.

Following the AGM and subject to Shareholder approval, the shares will trade ex-dividend on 8th July 2020, with the record date set as 9th July 2020 and the payment date on 28th July 2020. ENBD REIT intends to continue paying dividends on a semiannual basis in line with its current dividend policy.

<table>
<thead>
<tr>
<th>31st March 2020</th>
<th>31st March 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share price</td>
<td>USD 0.36</td>
</tr>
<tr>
<td>Dividend % per share</td>
<td>11.24%</td>
</tr>
</tbody>
</table>
04. FINANCIAL STATEMENTS
INDEPENDENT AUDITORS’ REPORT

To the Shareholders of
ENBD REIT (CEIC) PLC
Dubai
United Arab Emirates

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of ENBD REIT (CEIC) PLC (the “REIT”) and its subsidiaries (together, the “Group”) which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group’s consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
INDEPENDENT AUDITOR’S REPORT

To the Shareholders of
ENBD REIT (CEIC) PLC
Dubai
United Arab Emirates (continued)

Key Audit Matters (continued)

<table>
<thead>
<tr>
<th>Key audit matter</th>
<th>How the matter was addressed in our audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valuation of Investment properties</td>
<td>Our audit procedures included, but were not limited to, the following:</td>
</tr>
<tr>
<td></td>
<td>• We evaluated the design and implementation of relevant controls over the valuation process;</td>
</tr>
<tr>
<td></td>
<td>• We assessed and discussed management’s process for reviewing and challenging the work of the external valuers;</td>
</tr>
<tr>
<td></td>
<td>• We met with the external valuers to understand the assumptions used in relation to the key drivers in the property valuations. We also assessed the competence, capabilities and objectivity of the external valuers;</td>
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<tr>
<td></td>
<td>• For a sample of properties, with the assistance of our internal valuation specialists, we challenged the assumptions used in relation to the key drivers in the valuation such as rental income, occupancy, yields and property management costs. Our assessment as to the appropriateness of the assumptions also included considerations related to the impact of COVID-19 on the valuation;</td>
</tr>
<tr>
<td></td>
<td>• We tested the integrity of a sample of the information provided to the external valuers by agreeing that information to underlying lease agreements.</td>
</tr>
<tr>
<td></td>
<td>• We determined if the disclosure in the consolidated financial statements, relating to this matter, was in accordance with the requirements of IFRSs.</td>
</tr>
</tbody>
</table>

The Group’s investment properties amounted to USD 423 million (2019: USD 447 million) as of 31 March 2020 and the unrealised fair value loss recorded in the consolidated statement of profit or loss amounted to USD 40 million (2019: USD 22 million). The Group measures these properties at their fair value and their measurement is inherently subjective due to the individual nature and location of each property.

The determination of fair value of these properties is based on external valuations conducted by independent certified property valuers on a quarterly basis in accordance with the Royal Institute of Chartered Surveyors (“RICS”) valuation - Professional Standards using, relevant market information generated from transactions of comparable properties and discounted cash flows.

A high degree of judgment may be required from these professional valuers when observable information is not available or when significant adjustments are made to the observable market information.

The valuation of these properties is considered as a key audit matter because of the complexities inherent in the determination of fair values, which is underpinned, by a number of judgments and assumptions as it requires the estimation of property yields, rental growth, occupancy and management costs. A small change in these assumptions could have a significant impact on the valuation of these properties.

Refer to note 2 significant accounting policies and critical estimates and judgments as well as note 3 investment properties in the consolidated financial statements.
INDEPENDENT AUDITOR’S REPORT

To the Shareholders of
ENBD REIT (CEIC) PLC
Dubai
United Arab Emirates (continued)

Other Matter

The consolidated financial statements of the Group for the year ended 31 March 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 28 May 2019.

Other Information

The Fund Manager is responsible for the other information. The other information comprises the Directors’ Report but does not include the consolidated financial statements and our auditor’s report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Fund Manager and Those Charged with Governance for the Consolidated Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of the DFSA, and for such internal control as the Fund Manager determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Fund Manager is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
INDEPENDENT AUDITOR’S REPORT

To the Shareholders of
ENBD REIT (CEIC) PLC
Dubai
United Arab Emirates (continued)

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

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

- Conclude on the appropriateness of the 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 Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
INDEPENDENT AUDITOR’S REPORT

To the Shareholders of
ENBD REIT (CEIC) PLC
Dubai
United Arab Emirates (continued)

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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.

Report on Other Legal and Regulatory Requirements

Further, we report that the company’s financial statements have been properly prepared in accordance with the applicable provisions of the Market Law No 1 of 2012 (As Amended).

Deloitte & Touche (M.E.)

Malcolm Coates
8 June 2020
Dubai
United Arab Emirates
### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

<table>
<thead>
<tr>
<th></th>
<th>31 March 2020</th>
<th>31 March 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment properties</td>
<td>422,465,799</td>
<td>447,434,883</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>6,058,338</td>
<td>5,484,785</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>226,478</td>
<td>239,068</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>13,701,144</td>
<td>15,754,585</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>19,985,960</td>
<td>21,478,438</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>442,451,759</td>
<td>468,913,321</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>14,855,314</td>
<td>14,118,096</td>
</tr>
<tr>
<td>Payable for investments</td>
<td>272,257</td>
<td>2,153,945</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>929,703</td>
<td>-</td>
</tr>
<tr>
<td>Finance cost payable on Islamic financing</td>
<td>325,980</td>
<td>1,262,184</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>16,383,254</td>
<td>17,534,225</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Islamic finance payable</td>
<td>179,626,496</td>
<td>178,564,658</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>2,464,383</td>
<td>2,747,562</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>14,285,620</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>212,759,753</td>
<td>198,846,445</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>200,000,000</td>
<td>200,921,072</td>
</tr>
<tr>
<td>Capital redemption reserve</td>
<td>962,457</td>
<td>660,037</td>
</tr>
<tr>
<td>Distributable reserve</td>
<td>19,126,603</td>
<td>54,351,904</td>
</tr>
<tr>
<td>Special reserve</td>
<td>3,394,453</td>
<td>8,169,152</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>6,208,493</td>
<td>5,964,711</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>229,692,006</td>
<td>270,066,876</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>442,451,759</td>
<td>468,913,321</td>
</tr>
</tbody>
</table>

The consolidated financial statements were approved and authorised for issue by the Directors on 8th June 2020 and signed on behalf of the Board by:

**Director**

Date: 08 June 2020

The accompanying notes form an integral part of these consolidated financial statements.

The independent auditor’s report is set out on pages 70 to 74.
## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

<table>
<thead>
<tr>
<th>Note</th>
<th>31 March 2020 USD</th>
<th>31 March 2019 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental income</td>
<td>34,419,435</td>
<td>37,563,215</td>
</tr>
<tr>
<td>Other property income</td>
<td>347,731</td>
<td>477,119</td>
</tr>
<tr>
<td>Property operating expenses</td>
<td>(6,732,993)</td>
<td>(8,240,625)</td>
</tr>
<tr>
<td><strong>Property operating income</strong></td>
<td>28,034,173</td>
<td>29,799,709</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(1,632,035)</td>
<td>(1,815,746)</td>
</tr>
<tr>
<td>Management fees</td>
<td>(3,970,378)</td>
<td>(4,123,021)</td>
</tr>
<tr>
<td>Property valuation fees</td>
<td>(128,777)</td>
<td>(102,369)</td>
</tr>
<tr>
<td>Allowance for impairment against trade receivables</td>
<td>(182,560)</td>
<td>(158,162)</td>
</tr>
<tr>
<td><strong>Total fund expenses</strong></td>
<td>(5,913,750)</td>
<td>(6,199,298)</td>
</tr>
<tr>
<td><strong>Finance income / (cost)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit on Islamic deposits</td>
<td>50,207</td>
<td>131,663</td>
</tr>
<tr>
<td>Lease liability finance cost</td>
<td>(488,022)</td>
<td>-</td>
</tr>
<tr>
<td>Islamic financing costs</td>
<td>(10,745,586)</td>
<td>(11,367,334)</td>
</tr>
<tr>
<td><strong>Net finance cost</strong></td>
<td>(11,181,401)</td>
<td>(11,235,671)</td>
</tr>
<tr>
<td>Profit before amortisation and loss on fair valuation of investment properties</td>
<td>10,939,022</td>
<td>12,364,740</td>
</tr>
<tr>
<td>Unrealised loss on fair valuation of investment properties, net</td>
<td>(40,395,487)</td>
<td>(21,713,870)</td>
</tr>
<tr>
<td>Loss for the year</td>
<td>(29,456,465)</td>
<td>(9,349,130)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total comprehensive loss for the year</strong></td>
<td>(29,456,465)</td>
<td>(9,349,130)</td>
</tr>
<tr>
<td><strong>Loss per share</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic loss per share (USD)</td>
<td>0.12</td>
<td>0.04</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these consolidated financial statements.

The independent auditor’s report is set out on pages 70 to 74.
## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

<table>
<thead>
<tr>
<th></th>
<th>Share capital USD</th>
<th>Redemtion Reserve USD</th>
<th>Distributable reserve USD</th>
<th>Special reserve USD</th>
<th>Retained earnings USD</th>
<th>Total USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 April 2018 as previously reported</td>
<td>296,768,094</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,493,486</td>
<td>300,261,580</td>
</tr>
<tr>
<td>Cumulative effect of adoption of IFRS 9 – Financial Instruments (note 2(c))</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(29,032)</td>
<td>(29,032)</td>
</tr>
<tr>
<td>As at 1 April 2018</td>
<td>296,768,094</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,464,454</td>
<td>300,232,548</td>
</tr>
<tr>
<td>Total comprehensive loss for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(9,349,130)</td>
<td>(9,349,130)</td>
</tr>
<tr>
<td>Total comprehensive loss for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(9,349,130)</td>
<td>(9,349,130)</td>
</tr>
<tr>
<td>Transactions with owners recorded directly in equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduction in Share Capital (note 9)</td>
<td>(84,521,056)</td>
<td>-</td>
<td>69,843,561</td>
<td>14,677,495</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from Special Reserve (note 9)</td>
<td>-</td>
<td>-</td>
<td>6,508,343</td>
<td>(6,508,343)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from distributable reverse</td>
<td>-</td>
<td>-</td>
<td>(22,000,000)</td>
<td>-</td>
<td>22,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Dividend distribution (note 16)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(10,150,613)</td>
<td>(10,150,613)</td>
</tr>
<tr>
<td>Return of capital (note 9)</td>
<td>(8,725,966)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(8,725,966)</td>
</tr>
<tr>
<td>Shares buy-back (note 9)</td>
<td>(2,600,000)</td>
<td>660,037</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,939,963)</td>
</tr>
<tr>
<td>As at 31 March 2019</td>
<td>200,921,072</td>
<td>660,037</td>
<td>54,351,904</td>
<td>8,169,152</td>
<td>5,964,711</td>
<td>270,066,876</td>
</tr>
<tr>
<td>As at 1 April 2019</td>
<td>200,921,072</td>
<td>660,037</td>
<td>54,351,904</td>
<td>8,169,152</td>
<td>5,964,711</td>
<td>270,066,876</td>
</tr>
<tr>
<td>Total comprehensive loss for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(29,456,465)</td>
<td>(29,456,465)</td>
</tr>
<tr>
<td>Total comprehensive loss for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(23,491,754)</td>
<td>240,610,411</td>
</tr>
<tr>
<td>Transactions with owners recorded directly in equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer from Special Reserve (note 9)</td>
<td>-</td>
<td>-</td>
<td>4,774,699</td>
<td>(4,774,699)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from distributable reverse</td>
<td>-</td>
<td>-</td>
<td>(40,000,000)</td>
<td>-</td>
<td>40,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Dividend distribution (note 16)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(10,299,753)</td>
<td>(10,299,753)</td>
</tr>
<tr>
<td>Shares buy-back (note 9)</td>
<td>(921,072)</td>
<td>302,420</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(618,652)</td>
</tr>
<tr>
<td>At 31 March 2020</td>
<td>200,000,000</td>
<td>962,457</td>
<td>19,126,603</td>
<td>3,394,453</td>
<td>6,208,493</td>
<td>229,692,006</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these consolidated financial statements.

The independent auditor’s report is set out on pages 70 to 74.
### CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

<table>
<thead>
<tr>
<th>Description</th>
<th>31 March 2020 USD</th>
<th>31 March 2019 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss for the year</td>
<td>(29,456,465)</td>
<td>(9,349,130)</td>
</tr>
<tr>
<td><strong>Adjustments for:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealised loss on fair valuation of investment properties, net</td>
<td>40,395,487</td>
<td>21,713,870</td>
</tr>
<tr>
<td>Profit on Islamic deposits</td>
<td>(50,207)</td>
<td>(131,663)</td>
</tr>
<tr>
<td>Allowance for impairment against trade receivables</td>
<td>182,560</td>
<td>158,162</td>
</tr>
<tr>
<td>Islamic financing cost</td>
<td>10,743,586</td>
<td>11,367,334</td>
</tr>
<tr>
<td>Finance cost on lease liability</td>
<td>488,022</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash flows generated from operating activities</strong></td>
<td>22,302,983</td>
<td>23,758,573</td>
</tr>
<tr>
<td><strong>Changes in:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>(756,113)</td>
<td>(2,893,145)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>12,590</td>
<td>674,753</td>
</tr>
<tr>
<td>Payable for investments</td>
<td>(1,881,688)</td>
<td>(754,711)</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>454,038</td>
<td>2,550,838</td>
</tr>
<tr>
<td>Deferred finance cost</td>
<td>-</td>
<td>(209,560)</td>
</tr>
<tr>
<td><strong>Net cash flows generated from / (used in) investing activities</strong></td>
<td>50,207</td>
<td>(6,455,968)</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of investment properties</td>
<td>136,128,506</td>
<td>54,729,512</td>
</tr>
<tr>
<td>Profit on Islamic deposits</td>
<td>50,207</td>
<td>131,663</td>
</tr>
<tr>
<td><strong>Net cash flows generated from / (used in) investing activities</strong></td>
<td>50,207</td>
<td>(6,455,968)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from Islamic financing</td>
<td>136,128,506</td>
<td>54,729,512</td>
</tr>
<tr>
<td>Repayment of Islamic financing</td>
<td>(134,494,963)</td>
<td>(42,989,382)</td>
</tr>
<tr>
<td>Dividend distribution to ordinary shareholders</td>
<td>(10,299,753)</td>
<td>(10,150,613)</td>
</tr>
<tr>
<td>Shares buy-back</td>
<td>(618,652)</td>
<td>(1,939,963)</td>
</tr>
<tr>
<td>Return of capital</td>
<td>(8,725,966)</td>
<td></td>
</tr>
<tr>
<td>Islamic financing cost paid</td>
<td>(12,251,495)</td>
<td>(10,533,186)</td>
</tr>
<tr>
<td>Payment of lease liability</td>
<td>(699,101)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash flows used in financing activities</strong></td>
<td>(22,235,458)</td>
<td>(19,609,598)</td>
</tr>
<tr>
<td>Net decrease in cash and cash equivalents for the year</td>
<td>(2,053,441)</td>
<td>(2,938,818)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>15,754,585</td>
<td>18,693,403</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the year</strong></td>
<td>13,701,144</td>
<td>15,754,585</td>
</tr>
<tr>
<td><strong>Non-cash transactions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>15,215,323</td>
<td>-</td>
</tr>
<tr>
<td>Right-of-use assets</td>
<td>15,170,939</td>
<td>-</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these consolidated financial statements.

The independent auditor’s report is set out on pages 70 to 74.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2020

1. General Information
ENBD REIT (CEIC) PLC – a DIFC Company with registration number 2209 (‘the Company’ or ‘ENBD REIT’) was incorporated on 18 July 2016. The Company has changed its name from ENBD REIT (CEIC) Limited to ENBD REIT (CEIC) PLC following the introduction of the Companies Law, DIFC Law No. 5 of 2018. ENBD REIT (CEIC) PLC is registered as a Public Fund with the Dubai Financial Services Authority (‘DFSA’). The Company is regulated by the DFSA and is governed by, among others, the Collective Investment Law No. 2 of 2010 (‘CIL’), the Collective Investment Rules module of the DFSA Rules (‘CIR’), the Market Law DIFC Law No. 1 of 2012 (the ‘Market Law’), the Market Rules module of the DFSA Rules (‘Market Rules’) and the applicable Dubai International Financial Centre (‘DIFC’) companies law. The Company is categorised under the CIL as a Public Fund and the CIR as a Domestic Fund, an Islamic Fund, a Property Fund and a Real Estate Investment Trust (REIT). On 15 February 2017, the name of the Company was changed from EREF Dubai to ENBD REIT (CEIC) Limited. ENBD REIT and its subsidiaries and special purpose vehicles (‘SPV’) are collectively referred to as ‘the Group’. The registered address of the Company is 8th Floor, East Wing, Dubai International Financial Centre, The Gate Building, PO Box 506578, Dubai, United Arab Emirates.

ENBD REIT has been established as a Shari’a compliant company limited by shares under the DIFC Companies Law. The principal activity of the Group is to participate in the United Arab Emirates (‘UAE’) real estate markets to achieve regular rental income and some long-term capital growth from a diversified portfolio of property and property related assets. All investments of the Group take place according to Shari’a guidelines, as defined by the Shari’a Supervisory Board of the Group. The Shari’a Supervisory Board also periodically review that all investment decisions made by the Fund Manager are within Shari’a guidelines.

On 23 March 2017, the shares of ENBD REIT were admitted to the Dubai Financial Services Authority (‘DFSA’) list of shares to trade on Nasdaq Dubai after an Initial Public Offering (the ‘IPO’).

2. Significant accounting policies
a. Basis of presentation
The consolidated financial statements for the year ended 31 March 2020 has been prepared in accordance with International Financial Reporting Standards (‘IFRS’) as issued by the International Accounting Standards Board (‘IASB’), Islamic Shari’a rules and principles as determined by the Shari’a Supervisory Board of the Group and in accordance with the applicable regulatory requirements of the DFSA. The consolidated financial statements are prepared under the historical cost convention basis except for investment properties which are stated at fair value. The preparation of financial statement in conformity with IFRS requires the Directors to make certain accounting estimates, judgement and assumptions. Actual results may differ from those estimates and assumptions. It also requires the Directors to exercise judgement in the process of applying the Group’s accounting policies. Critical accounting estimates, judgements and assumptions are set out in Note 2(d).

b. New Standards, Interpretations and Amendments
The Group has applied IFRS 16 – Leases from 1 April 2019 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17.

IFRS 16 Leases
The Group adopted IFRS 16 ‘Leases’ from 1 April 2019. The standard replaces the existing guidance on leases, including IAS 17 ‘Leases’, IFRIC 4 ‘Determining whether an Arrangement contains a Lease’, SIC 15 ‘Operating Leases – Incentives’ and SIC 27 ‘Evaluating the Substance of Transactions in the Legal Form of a Lease’.

IFRS 16 was issued in April 2016 and is effective for annual periods commencing on or after 1 January 2019. IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognised in the Group’s consolidated financial position, unless the term is 12 months or less or the lease for low value asset. For each lease, the lessee recognises a liability for
the lease obligations incurred in the future. Correspondingly, a right of use asset is recognised equal to the lease liability, adjusted for prepaid or accrued lease payments. They are subsequently measured at this initial value less accumulated depreciation and impairment losses.

The Group has opted for the cumulative catch approach as permitted by IFRS 16 upon adoption of the new standard. During the first time application of IFRS 16 to operating leases, the right to use the leased assets has been measured at the amount of lease liability, using the interest rate at the time of first time application. IFRS 16 transition disclosures also require the Group to present the reconciliation. The off-balance sheet lease obligations as of 31 March 2019 are reconciled as follows to the recognised the lease liabilities as of 1 April 2019.

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated financial position as at 1 April 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

<table>
<thead>
<tr>
<th>1 April 2019 USD</th>
<th>31 March 2020 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and Building</td>
<td>15,426,402</td>
</tr>
<tr>
<td></td>
<td>15,170,939</td>
</tr>
</tbody>
</table>

The reduction during the period for right-of-use assets on account of fair value amounts to USD 255,463.

The change in accounting policy affected the following items in the statement of financial position on 1 April 2019:

- Right-of-use assets – increase by USD 15,426,402
- Lease liabilities – increase by USD 15,426,402
There is no impact on retained earnings as of 1 April 2019 of the adoption of IFRS 16 as Group has opted to use cumulative catchup approach.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to condensed consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is fair valued as on the reporting date.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost at initial recognition comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Subsequently, the right-of-use assets are measured at fair value.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the condensed consolidated statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

For contracts for which the Group is a lessor, there is no change in policy as a result of adoption of IFRS 16 (refer 2(j))

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- Reliance on previous assessments on whether leases are onerous;
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;
- Not to separate the non-lease components from lease components and instead account for each lease component and any service/non lease component as single lease component;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
Other standards
The following amended standards and interpretations are not expected to have a significant impact on the Group’s consolidated financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after 1 January 2020)
- Amendment to IFRS 3 Business Combinations relating to definition of a business (effective for annual periods beginning on or after 1 January 2020)
- Amendments to IAS 1 and IAS 8 relating to definition of material (effective for annual periods beginning on or after 1 January 2020)
- IFRS 17 Insurance Contracts (effective for annual periods beginning on or after 1 January 2020)

The following standards, amendments and interpretations that are mandatorily effective from the current year:

- Prepayment Features with Negative Compensation (Amendments to IFRS 9) (effective for annual periods beginning on or after 1 January 2019)
- Annual improvements to IFRS Standards 2015 - 2017 Cycle - various standards (effective for annual periods beginning on or after 1 January 2019)

These standards and amendments do not have a significant impact on the Group’s consolidated financial statements as at 31 March 2020.

c. Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiaries at 31 March 2020, as listed below:

Subsidiary
- Arabian Oryx Property SPV 1 Limited
- Blanford Fox Property SPV 2 Limited
- Camel Property SPV 3 Limited
- Dana Property SPV 4 Limited
- Ewan Property SPV 5 Limited
- Fajr Property SPV 6 Limited
- Gazal Property SPV 7 Limited
- Hesan Property SPV 8 Limited
- Ibex Property SPV 9 Limited

The subsidiaries are consolidated from the date on which control is transferred to the Group and will cease to be consolidated from the date on which control is transferred from the Group. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the Subsidiary. Control of the subsidiaries transferred to the Group on the acquisition dates detailed above. Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. The Group does not meet the Investment Entity definition under IFRS 10.
**Common control transactions**
Common control transactions are accounted at book value on the basis that the investment has transferred from one part of the group to another. Accordingly, the Group recognises the assets acquired and liabilities assumed using the book values in the financial statements of the entity transferred. Difference between the consideration paid and the capital of the acquiree, if any, is disclosed as an adjustment in equity under group restructuring reserve.

**Loss of control**
When the Group loses control over a subsidiary, the assets and liabilities of the subsidiary and any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

d. Financial instruments

a) Classification and measurement of financial assets and financial liabilities
Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (‘FVOCI’) – debt investment; FVOCI – equity investment; or fair value through profit or loss (‘FVTPL’). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any (except for those assets that are designated as at fair value through other comprehensive income on initial recognition):

1. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
2. the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

**Financial assets at FVTPL**
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

**Financial assets at amortised cost**
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Financial liabilities
The Group classifies its financial liabilities at amortised cost unless it has designated liabilities at FVPL. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 April 2018 relates solely to the new impairment requirements, as described further below:

b) Impairment
The impairment model applies to financial assets measured at amortised cost or FVOCI and contract assets, but not to investments in equity instruments. The financial assets at amortised cost consist of trade and other receivables, Islamic deposits and cash at banks.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for cash at banks and Islamic deposits, which are measured as 12-month ECLs for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

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

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

Presentation of impairment
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.
e. Foreign currency translation

(i) Functional and presentation currency
The functional currency, which is the currency of the primary economic environment in which the Group operates is United Arab Emirates Dirham (‘AED’). The presentation currency of these financial statements is United States Dollar (‘USD’). The AED is currently pegged at a conversion rate of AED 3.673 for every USD.

(ii) Transactions and balances
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 USD 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 consolidated statement of profit or loss and other comprehensive income.

f. Investment properties
All properties owned by the Group are classified as investment properties, as they are held for the purpose of earning rental income or for capital appreciation or a combination of the two. Investment properties are recognised as an asset when it is probable that the future economic benefits that are associated with the investment properties will flow to the group and the cost of the investment properties can be measured reliably. Property that is held under a lease is capitalised and treated as investment property.

Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are recognised at fair value at the reporting date. Gains and losses attributable to changes in fair value of investment properties are recognised in the period in which they arise in the profit or loss as ‘Unrealised gain / loss on investment properties’. Gains or losses from the sale or disposal of investment properties are calculated as the difference between the selling price and the carrying value of the property.

g. Cash and cash equivalents
Cash and cash equivalents comprises cash at bank. Cash equivalent are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value. For the purposes of the consolidated statement of cash flows, cash and cash equivalent consist of cash and short-term deposits, as defined above.

h. Expenses
The Group is responsible for the payment of management fees, administration fees and custodian fees, which are accrued on a monthly basis and the payment of other expenses as detailed in the Prospectus of the Company. Expenses are accounted for on an accruals basis.

i. Dividend distribution
Collective Investment Rules (‘CIR’) requires a Real Estate Investment Trust to distribute to its shareholders at least 80% of its audited annual net income. Accordingly, at the reporting date, the Group has an obligation to its shareholders to pay at least 80% of its net profits as dividend and Management will propose a final dividend to the shareholders for their approval to comply the CIR rule.

j. Leases before 1 April 2019
Leases under the terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease.
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the lease. A reassessment is made after inception of the lease only if any of the following applies:

(i) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(ii) A renewal option is exercised or extension granted, unless the term of the renewal or extension was originally included in the lease term;
(iii) There is a change in the determination of whether fulfilment is dependent on a specified asset; or
(iv) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (i), (iii) or (iv) and at the date of renewal or extension period for scenario (ii).

Where the Group leases out property under the terms of which the Group retains substantially all the risks and rewards of ownership, such leases are classified as operating leases. Receipts from operating leases are credited to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

All of the Group’s properties are leased out on an operating lease basis.

k. Provision
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of obligation can be estimated reliably.

l. Finance income and costs
Finance income and expense are recognised within ‘Profits on Islamic deposits’ and ‘Finance Cost on Mudaraba / Ijarah’ in profit or loss using the effective yield method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of the asset. The Group has chosen to capitalise borrowing costs on all qualifying assets irrespective of whether they are measured at fair value or not.

The effective yield method is a method of calculating the amortised cost of a financial asset or liability and of allocating profit income or profit expense over the relevant period. The effective yield rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective yield rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective yield rate, transaction costs and all other premiums or discounts.

m. Earnings per share
Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

The Company has no dilutive potential ordinary shares; therefore, the diluted earnings per share are the same as the basic earnings per share.
n. Operating segment
The Group has only one operating segment in the UAE.

o. Critical accounting estimates and judgements
The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies that affect the reported amounts of assets and liabilities, income and expenses. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities relates to Investment Properties.

i. Valuation of investment properties
The Group follows the fair value model under IAS 40 whereby investment property owned for the purpose of generating rental income or capital appreciation, or both, are fair valued based on valuation carried out by an independent registered valuer in accordance with RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors.

Investment properties are stated at fair value, being 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 in the principal or in its absence, the most advantageous market to which the Group has access at that date. The value of a liability reflects its non-performance risk.

The fair values have been determined by taking into consideration discounted cash flows where the Group has on-going lease arrangements. In this regard, the Group’s current lease arrangements, which are entered into on an arm’s length basis and which are comparable to those for similar properties in the same location, have been taken into account.

In cases where the Group does not have any on-going lease arrangements, fair values have been determined, where relevant, having regard to recent market transactions for similar properties in the same location as the Group’s investment properties. These values are adjusted for differences in key attributes such as property size.

The Group’s management has reviewed the assumptions and methodologies used by the independent registered valuer and, in their opinion, these assumptions and methodologies appears reasonable as at the reporting date considering the current economic uncertainties due to Covid-19 outbreak and other real estate outlook in the UAE.

3. Investment properties

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31 March 2020 USD</th>
<th>As at 31 March 2019 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at start of the year</td>
<td>447,434,883</td>
<td>462,561,122</td>
</tr>
<tr>
<td>Additions to investment properties</td>
<td>-</td>
<td>6,587,631</td>
</tr>
<tr>
<td>Changes in fair value</td>
<td>(37,279,696)</td>
<td>(18,826,673)</td>
</tr>
<tr>
<td>Accrued lease income</td>
<td>(2,860,327)</td>
<td>(2,887,197)</td>
</tr>
<tr>
<td>Balance at end of the year</td>
<td>407,294,860</td>
<td>447,434,883</td>
</tr>
<tr>
<td>Right-of-use assets</td>
<td>15,170,939</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>422,465,799</td>
<td>447,434,883</td>
</tr>
</tbody>
</table>

Investment properties as at 31 March, 2020 were valued by CB Richard Ellis and Cavendish Maxwell who are qualified external independent property valuation companies and carried out the valuation in accordance with the RICS Valuation Global Standards 2017. Property valuations are carried out in accordance with the Appraisal and Valuation Standards published by the Royal Institution
of Chartered Surveyors (‘RICS’) and are undertaken by appropriately qualified valuers who are members of RICS and who have recent experience in the locations and categories of the properties being valued. Fair value is estimated based on the Investment Method as described below and benchmarked to comparable transactions wherever applicable.

For certain investment properties, the valuer has used the Market Approach to value the apartments, where fair value was determined by taking into consideration market comparable and benchmarked from sale transactions of similar properties.

Under the investment method, fair value is a product of rent and yield derived using comparison techniques. In undertaking the valuation of properties under this method, an assessment has been made on the basis of a collation and analysis of appropriate comparable investment, rental and sale transactions, together with evidence of demand within the vicinity of the subject property. With the benefit of such transactions, yields have been applied to the properties taking into account size, location, terms, covenants and other material factors at the valuation date.

Accrued lease income of USD 2.86 million (31 March 2019: USD 2.89 million) as at the reporting date, relating to the accounting for operating lease rentals on a straight line basis has been eliminated from the valuation of investment properties, in order to avoid double counting of assets and liabilities.

Investment properties with carrying value of USD 407.3 million (31 March 2019: USD 428.8 million) are mortgaged against bank borrowings.

**Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy**

The fair value measurement for the investment properties has been categorised as Level 3 based on the inputs to the valuation technique used except for Remraam which is categorised as Level 2. For all investment properties, the current use of the property is considered to be its highest and best use. The significant unobservable inputs used in the fair value measurement of investment properties are:

- Estimated Rental Value (‘ERV’)
- Long-term vacancy rate with the exception of fully occupied properties, void periods of 6 months – 12 months were applied for units that were vacant as at the reporting date, which is over and above 3% - 10% permanent void periods applied on these properties
- Equivalent yield (31 March 2020: 6.5% - 8%; 31 March 2019: 6.5% - 8%)
- Estimated impact of Covid-19 outbreak on future cashflows

Significant increases / (decreases) in the ERV (per sqm p.a.) in isolation would result in a significantly higher / (lower) fair value measurement. Significant increases / (decreases) in the long-term vacancy rate and equivalent yield in isolation would result in a significantly lower / (higher) fair value measurement. Generally, a change in the assumption made for the ERV (per sqm p.a.) is accompanied by:

- a similar change in the equivalent yield, and
- an opposite change in the long-term vacancy rate.

Although the Group has considered the impact of Covid-19 on the valuation of its investment properties using the best available information, any future impact on the valuations are subject to a high level of uncertainty because of the current unavailability of forward-looking information. Management believes that a 25 basis points change in the yield, with all the other factors remaining constant, would result in a decrease in fair value by approximately USD 12 million. (See note 19 for further details)
4. Trade and other receivables

<table>
<thead>
<tr>
<th></th>
<th>As at 31 March 2020 USD</th>
<th>As at 31 March 2019 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rent receivable</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross amount receivable</td>
<td>921,197</td>
<td>1,152,281</td>
</tr>
<tr>
<td>Less: allowance for impairment</td>
<td>(369,754)</td>
<td>(187,194)</td>
</tr>
<tr>
<td></td>
<td>551,443</td>
<td>965,087</td>
</tr>
<tr>
<td><strong>Other Receivables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits for utilities</td>
<td>945,535</td>
<td>945,535</td>
</tr>
<tr>
<td>Accrued lease income</td>
<td>2,860,327</td>
<td>2,887,197</td>
</tr>
<tr>
<td>Other receivables</td>
<td>1,701,033</td>
<td>686,966</td>
</tr>
<tr>
<td></td>
<td>5,506,895</td>
<td>4,519,698</td>
</tr>
<tr>
<td><strong>Total trade and other receivables</strong></td>
<td>6,058,338</td>
<td>5,484,785</td>
</tr>
<tr>
<td>Movement in allowance for impairment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at start of the year</td>
<td>(187,194)</td>
<td>(29,032)</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>(182,560)</td>
<td>(158,162)</td>
</tr>
<tr>
<td>Balance at end of the year</td>
<td>(369,754)</td>
<td>(187,194)</td>
</tr>
</tbody>
</table>

5. Cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>As at 31 March 2020 USD</th>
<th>As at 31 March 2019 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at GSO Portal (in AED accounts)</td>
<td>3,777</td>
<td>-</td>
</tr>
<tr>
<td>Cash at bank (in USD accounts)</td>
<td>2,116,417</td>
<td>2,027,510</td>
</tr>
<tr>
<td>Cash at bank (in AED accounts)</td>
<td>11,580,950</td>
<td>13,727,075</td>
</tr>
<tr>
<td><strong>Total cash and cash equivalents</strong></td>
<td>13,701,144</td>
<td>15,754,585</td>
</tr>
</tbody>
</table>

6. Trade and other payables

<table>
<thead>
<tr>
<th></th>
<th>As at 31 March 2020 USD</th>
<th>As at 31 March 2019 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent received in advance and unearned income</td>
<td>10,667,924</td>
<td>10,319,654</td>
</tr>
<tr>
<td>Tenants’ security deposits</td>
<td>1,017,767</td>
<td>845,923</td>
</tr>
<tr>
<td>Management fees</td>
<td>874,230</td>
<td>904,072</td>
</tr>
<tr>
<td>Sundry creditors</td>
<td>2,295,393</td>
<td>2,048,447</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>14,855,314</td>
<td>14,118,096</td>
</tr>
<tr>
<td><strong>Non-current liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tenants’ security deposits</td>
<td>2,464,383</td>
<td>2,747,562</td>
</tr>
</tbody>
</table>
7. Islamic financing

During the period, the Group signed a commodity murabaha facility of USD 176,967,057 (equivalent to AED 650,000,000) on 30 June 2019 with Mashreq Bank which is secured against selected investment properties. The murabaha rate is 2.65% above the quarterly EIBOR, payable in arrears. As at 31 March 2020, the Group had drawn down USD 136,128,505 equivalent to AED 500,000,000, the remaining facility is available for business or acquisitions. The facility term is 12 years where first 4 years is profit only and principal repayment will start from year 5. 30% of the facility will be repaid on termination date. The Group also repaid the entire existing mudaraba facility with ENBD Bank of USD 134,494,963 equivalent to AED 494,000,000 along with any profit outstanding on the facility on the due repayment date. The Group was paying profit of 3% above the quarterly EIBOR on the facility.

During the previous year ended 31 March 2019, the Group had signed a commodity murabaha facility on 14 November 2018 with Standard Chartered Bank of USD 90,000,000 which is secured against selected investment properties. This is a profit only facility for 3 years and principal will be repaid at maturity. The profit rate is 2.15% above the quarterly LIBOR, payable in arrears. As at 31 March 2020, the Group has drawn down USD 45,500,000 from the facility. The facilities are payable as follows:

<table>
<thead>
<tr>
<th>Contractual cash flows</th>
<th>As at 31 March 2020 USD</th>
<th>As at 31 March 2019 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Less than one year</td>
<td>8,372,220</td>
<td>9,565,869</td>
</tr>
<tr>
<td>- Between one and five years</td>
<td>197,544,475</td>
<td>196,382,395</td>
</tr>
<tr>
<td></td>
<td>205,916,695</td>
<td>205,948,264</td>
</tr>
<tr>
<td>Future finance costs not recognised in the consolidated financial statements</td>
<td>(24,288,189)</td>
<td>(25,953,301)</td>
</tr>
<tr>
<td></td>
<td>181,628,506</td>
<td>179,994,963</td>
</tr>
<tr>
<td>Less: Deferred finance costs (refer note i below)</td>
<td>(2,002,010)</td>
<td>(1,430,305)</td>
</tr>
<tr>
<td>Net Islamic finance liability – carrying value</td>
<td>179,626,496</td>
<td>178,564,658</td>
</tr>
</tbody>
</table>

Net Islamic financing liability is presented in these consolidated financial statements as follows:

<table>
<thead>
<tr>
<th>Less than one year</th>
<th>As at 31 March 2020 USD</th>
<th>As at 31 March 2019 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>More than one year</td>
<td>179,626,496</td>
<td>178,564,658</td>
</tr>
</tbody>
</table>

i) This represents the arrangement fees paid for obtaining the Islamic financing facilities

Movement in the Islamic finance during the year is as follows:

<table>
<thead>
<tr>
<th>As at 1 April</th>
<th>179,994,963</th>
<th>168,254,833</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayments during the year</td>
<td>(134,494,963)</td>
<td>(42,989,382)</td>
</tr>
<tr>
<td>Drawdowns during the year</td>
<td>136,128,506</td>
<td>54,729,512</td>
</tr>
<tr>
<td>As at 31 March</td>
<td>181,628,506</td>
<td>179,994,963</td>
</tr>
</tbody>
</table>
8. Payable for investments
The balance represents retention payables of USD 272,257 (31 March 2019: USD 2,153,945) for the investment properties to be paid to third party on completion of certain terms as per individual agreements.

9. Share Capital

a) Share capital
The authorised share capital of the Company is USD 400,000,000 divided into 500,000,000 fully paid Ordinary Shares at a nominal value of USD 0.80 per share. The fully paid ordinary shares of the Company are 250,000,000 (31 March 2019: 251,151,340). Pursuant to reduction in share capital (note 9(b)) and shares buy-back (note 9(c)), the share capital of the Company is USD 200,000,000 (31 March 2019: USD 200,921,072).

b) Reduction of capital
During the year ended 31 March 2019, shareholders' in General Meeting dated 27th November 2018 approved to reduce the issued share capital of the Company and transfer the same to distributable reserve and special reserve. The purpose of the distributable reserve is to enable ENBD REIT to maintain consistent dividend payments despite movements in capital values. As at 31 March 2020, the balance in the distributable reserve account stands at USD 19,126,603 (31 March 2019: USD 54,351,904).

The purpose of the special reserve account is for coverage of liabilities outstanding as at 31st December 2018, where the balance will move to the distributable reserve account as and when these liabilities are settled. As at 31 March 2020, ENBD REIT has settled USD 11,283,042 and the balance in the special reserve account stands at USD 3,394,453 (31 March 2019: USD 8,169,152).

c) Shares buy-back
Following share capital reduction, the Company initiated a share buy-back programme for a total number of 4,401,340 shares, commencing from 21st February 2019 until 30th September 2019. As at the reporting date, ENBD REIT has bought back 4,401,340 shares (31 March 2019: 3,250,000 shares) at the prevailing market price thereby completing the share buy-back programme. The surplus reserve of USD 962,457 (31 March 2019: USD 660,037), as a result of the share buy-back programme, was transferred to Capital Redemption Reserve. The Company had appointed Integrated Securities LLC as an independent broker to execute the programme on behalf of ENBD REIT, with the programme aimed to add value to shareholders holding equity at the discounted share price level.

d) Return of capital
During the year ended 31 March 2019, the Company has returned share capital of USD 8,725,966 to its shareholders on 13 June 2018 based on final approval of the shareholders in the Annual General Meeting dated 3 June 2018, reducing its share capital from USD 296,768,094 to USD 288,042,128.

During the current year the Company has not returned any share capital to its shareholders.
## 10. Property operating expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>For the year ended 31 March 2020 USD</th>
<th>For the year ended 31 March 2019 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building managers’ expenses</td>
<td>4,179,560</td>
<td>5,059,377</td>
</tr>
<tr>
<td>Cleaning, electricity and water</td>
<td>998,728</td>
<td>1,425,828</td>
</tr>
<tr>
<td>Building maintenance expenses</td>
<td>276,167</td>
<td>906,222</td>
</tr>
<tr>
<td>Air conditioning</td>
<td>641,309</td>
<td>499,017</td>
</tr>
<tr>
<td>Insurance</td>
<td>121,743</td>
<td>142,660</td>
</tr>
<tr>
<td>Legal and professional fees</td>
<td>116,689</td>
<td>90,915</td>
</tr>
<tr>
<td>Miscellaneous expenses</td>
<td>398,797</td>
<td>116,606</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,732,993</strong></td>
<td><strong>8,240,625</strong></td>
</tr>
</tbody>
</table>

## 11. General and administrative expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>For the year ended 31 March 2020 USD</th>
<th>For the year ended 31 March 2019 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal and professional fees</td>
<td>689,623</td>
<td>902,728</td>
</tr>
<tr>
<td>Board and committee fees (refer to note 12(ii))</td>
<td>475,512</td>
<td>544,067</td>
</tr>
<tr>
<td>Fund administration custodian and related services (refer to note 12(iv))</td>
<td>106,929</td>
<td>112,696</td>
</tr>
<tr>
<td>Miscellaneous expenses</td>
<td>359,971</td>
<td>256,255</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,632,035</strong></td>
<td><strong>1,815,746</strong></td>
</tr>
</tbody>
</table>

## 12. Related parties and significant transactions

Related parties of the Group include significant shareholders, key management personnel, directors and businesses which are controlled directly or indirectly by the significant shareholders or directors or over which they exercise significant management influence. Pricing policies and terms of these transactions are approved by the Group’s management and are carried out at arm’s length transaction.

The following are considered related parties of the Group:

<table>
<thead>
<tr>
<th>Related party</th>
<th>Relationship (basis for being a related party)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emirates NBD Bank PJSC</td>
<td>Shareholder</td>
</tr>
<tr>
<td>Emirates NBD Asset Management Limited</td>
<td>Fund Manager</td>
</tr>
<tr>
<td>Board of Directors (‘the Board’)</td>
<td>Directing and making key decisions for the Group</td>
</tr>
</tbody>
</table>
The basis of the fees payable to the related parties are set out below. The fees incurred during the year are disclosed in the consolidated statement of profit or loss, with amounts outstanding at the reporting date included in trade and other payables.

<table>
<thead>
<tr>
<th>Related party transactions</th>
<th>For the year ended 31 March 2020 USD</th>
<th>For the year ended 31 March 2019 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance cost on Mudaraba</td>
<td>3,319,377</td>
<td>10,724,248</td>
</tr>
<tr>
<td>Mudaraba facility repaid</td>
<td>134,494,963</td>
<td>42,989,382</td>
</tr>
<tr>
<td>Management fees (i)</td>
<td>3,970,378</td>
<td>4,123,021</td>
</tr>
<tr>
<td>Board and Committee fees (ii)</td>
<td>475,512</td>
<td>544,067</td>
</tr>
<tr>
<td>Transaction and development fee (iii)</td>
<td>-</td>
<td>152,464</td>
</tr>
<tr>
<td>Profit on Islamic deposit</td>
<td>50,207</td>
<td>131,663</td>
</tr>
<tr>
<td>Fund administration custodian and related services (iv)</td>
<td>106,929</td>
<td>112,696</td>
</tr>
<tr>
<td>Other Asset Management expenses</td>
<td>76,232</td>
<td>99,646</td>
</tr>
</tbody>
</table>

i) The Group has appointed Emirates NBD Asset Management Limited as the Fund Manager. The following management fee is payable to the Fund Manager:

<table>
<thead>
<tr>
<th>Total Net Assets per Fund</th>
<th>Management Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>On first USD 550 million Net Assets</td>
<td>1.50% of NAV</td>
</tr>
<tr>
<td>On next USD 450 million Net Assets</td>
<td>1.25% of NAV</td>
</tr>
<tr>
<td>Over USD 1,000 million Net Assets</td>
<td>1.00% of NAV</td>
</tr>
</tbody>
</table>

The Fund Manager is entitled to receive from the Fund a Performance Fee of 10% above a 7% hurdle rate on the annualised total return to investors calculated on a change in NAV per Share cum-dividend, with a High-water Mark (High-water Mark is the highest NAV from the date of the incorporation of the Company to the date of calculation of the performance fee) rebased every 12 months upwards only, provided that no Performance Fee shall be payable in respect of an increase in NAV per Share from an amount below the High-water Mark up to an amount which is still below or equal to the High-water Mark. No performance fee has been paid or is payable to the Fund Manager (31 March 2019: NIL).

ii) Each director of ENBD REIT is entitled to a remuneration of USD 75,000 per annum. Director fees charged to the Group for the year ended 31 March 2020 were USD 302,648 (31 March 2019: USD 259,110) and USD Nil was owed to Directors at 31 March 2020 (31 March 2019: USD 216,369). The remaining amount in board and committee fees head relates to Oversight and Investment Committee and Sharia Advisory Board fees.

iii) The Fund Manager is also entitled to receive transaction and development fees from the Fund on the acquisition and development of investment properties at an agreed rate.

iv) The Company has appointed Apex Fund Services (Guernsey) Ltd as the Custodian. The custodian fees are divided into two categories for each market of investment, namely safekeeping fees and transaction fees. Custodian fees charged to the Group for the year ended 31 March 2020 were USD 12,563 (31 March 2019: USD 14,777) and USD Nil was owed as at 31 March 2020 (31 March 2019: USD 2,021). The remaining amount under Fund administration and related services relates to Administration agreement and Corporate Secretary services provided by Apex Fund Services (Dubai) Limited.
Balances with related parties
Cash and cash equivalents of the Group is placed with a shareholder of the Company (a bank) amounting to USD 2,191,085.66 (31 March 2019: USD 12,817,209).

At 31 March 2020, the Group had no Mudaraba payable to the shareholder (bank) (31 March 2019: USD 134,494,963) at market prevailing profit rates. The finance cost on bank borrowing for the year amounted to USD 3,319,377 (For the year ended 31 March 2019: USD 10,724,249).

As at 31 March 2020, the Group has an amount payable to the Fund Manager of USD 874,230 (31 March 2019: USD 904,072).

13. Financial risk and capital management
The Group’s investing activities expose it to various types of risk that are associated with financial instruments and markets in which it invests. The Group’s approach to some of the most important types of financial risk to which the Group is exposed, including the Group’s objectives, policies and procedures for managing the risks, are summarised below:

Objectives for managing financial risks
The Group’s objective for managing financial risks is to ensure that shareholder value is created and protected through ongoing identification, measurement and monitoring of the risks including assessment of the returns to ensure they are commensurate with the risks taken.

Risk management structure
The Fund Manager is responsible for the identification, measurement and controlling of financial risks. The Investment Committee of the Company provides the necessary advice and guidance in managing financial risks. The Investment Committee meets on a regular basis with the Fund Manager to discuss and monitor the Group’s risk exposure.

Concentration of financial risks
In order to avoid excessive risk concentration, the Group’s policies and procedures include specific guidelines to limit some geographic, counterparty, security, industry or currency exposures.

The Group’s objectives for capital management are to ensure that there are adequate funds to seize investment opportunities as they arise, in line with the investment objectives. The Group may borrow for funding investments, provided that, the amount of such outstanding financing shall not, in the aggregate, exceed 50% of the Gross Asset Value (‘GAV’).

(i) Credit risk
Credit risk is the risk that counterparty will be unable or unwilling to meet commitments it has entered into with the Group. The Group’s main credit risk derives from the possibility of defaults in rental payments by tenants and other receivables.

The table below shows the maximum exposure to credit risk as at the reporting date:

<table>
<thead>
<tr>
<th></th>
<th>As at 31 March 2020 USD</th>
<th>As at 31 March 2019 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>13,701,144</td>
<td>15,754,585</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>3,198,011</td>
<td>2,597,588</td>
</tr>
<tr>
<td><strong>Maximum exposure to credit risk</strong></td>
<td><strong>16,899,155</strong></td>
<td><strong>18,352,173</strong></td>
</tr>
</tbody>
</table>
The Group’s objective for managing credit risk is to ensure that the exposure is limited to acceptable levels in line with the investment guidelines and risk management processes. The investment decisions under the supervision of the Directors are made on behalf of the Group by the Fund Manager, advised by the Investment Committee, and they reflect the medium to long-term objectives of the Group.

In determining the provisions, the Group considered the status of the counterparties, status of any recovery procedures and the likelihood of recovering these amounts. Cash and cash equivalents are placed with reputable financial institutions. The credit risk exposure is managed and monitored through regular reviews of the underlying issuers and making assumptions on their credit risks in relation to other rated issuers. Non-rated securities mainly relate to deposits for utilities and accrued rental income.

The Fund Manager monitors the counterparties with whom the Group trades to ensure that they have a sound credit standing and that they do not expose the Group to unreasonably high exposure to credit risk. As provided for in the Group’s Prospectus, there are specific limits on each type of investment as a proportion of the NAV of the Group in order to limit the concentration of either counterparty or investment-type risk.

Based on management judgement, an allowance for impairment for expected credit loss of USD 369,754 (31 March 2019: USD 187,194) has been recognised as at 31 March 2020.

None of the amounts above are past due nor have their terms been renegotiated.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its financial obligations as they fall due. The extent of liquidity risk for the Group is dependent upon the nature of the Group and its investment objectives, which are discussed in detail in the Directors’ Report on pages 54 and 55.

The Company’s objective is to ensure that there are adequate liquid resources to meet the obligations under the financial liabilities and invest in accordance with the investment objectives.

The tables below show the maturity profiles and the contractual cash flows for the financial liabilities:

<table>
<thead>
<tr>
<th>Carrying value</th>
<th>Less than 1 year</th>
<th>1 to 5 years</th>
<th>Over 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>USD</td>
<td>USD</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td><strong>As at 31 March 2020</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Islamic financing payable (Note 8)</td>
<td>181,628,506</td>
<td>8,372,220</td>
<td>197,544,475</td>
<td>-</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>22,465,333</td>
<td>4,697,563</td>
<td>6,619,923</td>
<td>11,147,847</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>204,093,839</strong></td>
<td><strong>13,069,783</strong></td>
<td><strong>204,164,398</strong></td>
<td><strong>11,147,847</strong></td>
</tr>
<tr>
<td><strong>As at 31 March 2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Islamic financing payable (Note 8)</td>
<td>179,994,963</td>
<td>9,565,869</td>
<td>196,382,395</td>
<td>-</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>9,962,133</td>
<td>7,214,571</td>
<td>2,379,843</td>
<td>367,719</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>189,957,096</strong></td>
<td><strong>16,780,440</strong></td>
<td><strong>198,762,238</strong></td>
<td><strong>367,719</strong></td>
</tr>
</tbody>
</table>
Reconciliation of the maturity values of the financial liabilities per the Consolidated Statement of Financial Position to the contractual cash flows

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31 March 2020 USD</th>
<th>As at 31 March 2019 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total current liabilities per the consolidated statement of financial position</td>
<td>16,383,254</td>
<td>17,534,225</td>
</tr>
<tr>
<td>Total non-current liabilities per the consolidated statement of financial position</td>
<td>196,376,499</td>
<td>181,312,220</td>
</tr>
<tr>
<td>Add: future finance costs not recognised in the consolidated financial statements (refer to note 8)</td>
<td>24,288,189</td>
<td>25,953,301</td>
</tr>
<tr>
<td>Add: deferred finance cost excluded in Islamic finance payable (refer to note 8)</td>
<td>2,002,010</td>
<td>1,430,305</td>
</tr>
<tr>
<td>Less: deferred income excluded in maturity profile (refer to note 7)</td>
<td>(10,667,924)</td>
<td>(10,319,645)</td>
</tr>
<tr>
<td><strong>Total per maturity profile</strong></td>
<td><strong>228,382,028</strong></td>
<td><strong>215,910,397</strong></td>
</tr>
</tbody>
</table>

### (iii) Market risk

Market risk is the risk that the fair value and/or future cash flows of financial instruments will be adversely affected by the movements in market variables. The key components of market risk that the Group is exposed to are Currency Risk, Equity Price Risk, and Profit Rate Risk. These are considered in turn below:

**Currency risk**

Currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates. The Group may hold assets denominated in currencies other than its functional currency of US Dollar. The majority of the assets of the Group are denominated either in US Dollar or in currencies pegged to US Dollar. Therefore, the Group is not significantly exposed to currency risk from such currencies.

The Group’s objective for managing currency risk is to ensure that the assets of the Group in a particular currency are adequate to cover the corresponding currency liabilities.

The Ordinary Shares of ENBD REIT are in US Dollar.

The investment restrictions provide for limits, such as maximum exposure to a particular country thereby limiting concentration to any one currency, or investing in collective funds that are, in themselves, well diversified.

**Equity price risk**

Equity price risk is the sensitivity of the Group to movements in the value of its investments in shares or units. The Group is not exposed to any equity price risk.

**Profit rate risk**

Profit rate risk is the risk that changes in profit rates will affect future cash flows or the fair value of financial instruments of the Group.

The Group is exposed to risks associated with the effects of fluctuations in the prevailing levels of market profit rates.
The following table sets out the contractual maturities of the Group’s financial instruments that are exposed to profit rate risk as at 31 March 2020:

<table>
<thead>
<tr>
<th>Floating rate</th>
<th>Within 1 year USD</th>
<th>Between 1 and 5 years USD</th>
<th>Over 5 years USD</th>
<th>Total Contractual Cash Flows USD</th>
<th>Carrying Value USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Islamic financing payable (gross)</td>
<td>8,372,220</td>
<td>197,544,475</td>
<td>-</td>
<td>205,916,695</td>
<td>181,628,506</td>
</tr>
</tbody>
</table>

The following table sets out the contractual maturities of the Group’s financial instruments that are exposed to profit rate risk as at 31 March 2019:

<table>
<thead>
<tr>
<th>Floating rate</th>
<th>Within 1 year USD</th>
<th>Between 1 and 5 years USD</th>
<th>Over 5 years USD</th>
<th>Total Contractual Cash Flows USD</th>
<th>Carrying Value USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Islamic financing payable (gross)</td>
<td>9,565,869</td>
<td>196,382,395</td>
<td>-</td>
<td>205,948,264</td>
<td>179,994,963</td>
</tr>
</tbody>
</table>

The Group considers that floating rate securities are not materially affected in their fair values by changes in profit rates. However, cash flows are affected by changes in profit rates of floating rate securities. The sensitivity analysis for the Group shows that an increase in profit rates of 50bps across Investments and Islamic financing payable would impact NAV by -0.02% (2019: -0.02%). In practice, the actual movements and sensitivity may vary and the difference could be significant.

(iv) Fair value of financial instruments

The carrying amounts of the Group financial assets and financial liabilities approximate their fair values as at the reporting date.
## 14. Schedule of investment properties

### Investment properties as at 31 March 2020

<table>
<thead>
<tr>
<th>Property Name</th>
<th>Opening Cost USD</th>
<th>Additions during the year USD</th>
<th>Closing Cost USD</th>
<th>Fair value as at 31 Mar 2020 USD</th>
<th>Fair value as at 31 Mar 2019 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>DHCC 49</td>
<td>39,666,921</td>
<td>-</td>
<td>39,666,921</td>
<td>28,678,955</td>
<td>30,882,441</td>
</tr>
<tr>
<td>DHCC 25</td>
<td>34,663,109</td>
<td>-</td>
<td>34,663,109</td>
<td>23,065,011</td>
<td>24,616,106</td>
</tr>
<tr>
<td>Arabian Oryx House</td>
<td>37,078,538</td>
<td>-</td>
<td>37,078,538</td>
<td>26,545,058</td>
<td>33,106,452</td>
</tr>
<tr>
<td>Burj Daman (DIFC)</td>
<td>72,717,075</td>
<td>-</td>
<td>72,717,075</td>
<td>60,886,877</td>
<td>65,006,423</td>
</tr>
<tr>
<td>Remraam (Dubailand)</td>
<td>23,457,367</td>
<td>-</td>
<td>23,457,367</td>
<td>14,048,462</td>
<td>17,349,034</td>
</tr>
<tr>
<td>Al Thuraya Towers 1</td>
<td>69,295,924</td>
<td>-</td>
<td>69,295,924</td>
<td>77,539,673</td>
<td>89,602,699</td>
</tr>
<tr>
<td>BinGhatti Terraces</td>
<td>41,563,653</td>
<td>-</td>
<td>41,563,653</td>
<td>26,626,736</td>
<td>31,265,995</td>
</tr>
<tr>
<td>The Edge</td>
<td>80,462,402</td>
<td>-</td>
<td>80,462,402</td>
<td>74,445,441</td>
<td>76,181,023</td>
</tr>
<tr>
<td>Souq Extra</td>
<td>23,592,605</td>
<td>-</td>
<td>23,592,605</td>
<td>23,332,426</td>
<td>25,183,774</td>
</tr>
<tr>
<td>Uninest</td>
<td>33,698,053</td>
<td>-</td>
<td>33,698,053</td>
<td>32,187,733</td>
<td>33,857,343</td>
</tr>
<tr>
<td>South View School</td>
<td>15,579,411</td>
<td>-</td>
<td>15,579,411</td>
<td>19,938,488</td>
<td>20,383,593</td>
</tr>
<tr>
<td>Right-of-use asset Souq Extra</td>
<td>-</td>
<td>3,925,771</td>
<td>3,925,771</td>
<td>3,844,085</td>
<td>-</td>
</tr>
<tr>
<td>Right-of-use asset South View School</td>
<td>-</td>
<td>11,500,631</td>
<td>11,500,631</td>
<td>11,326,854</td>
<td>-</td>
</tr>
<tr>
<td>Total investment properties</td>
<td>471,775,058</td>
<td>15,426,402</td>
<td>487,201,460</td>
<td>422,465,799</td>
<td>447,434,883</td>
</tr>
</tbody>
</table>

All investment properties in the portfolio are secured against Islamic financing facility.
15. Fair value hierarchy
The Group is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

**Level 1** - Quoted market price in an active market for an identical asset or liability.

**Level 2** - Valuation techniques based on observable inputs. This category includes an asset or liability valued using: quoted market prices in active markets for similar or assets or liabilities; quoted prices for similar assets or liabilities in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

**Level 3** - Valuation techniques using significant unobservable inputs. This category includes all assets or liabilities where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant impact on the asset or liabilities' valuation. This category includes assets or liabilities that are valued based on quoted prices for similar assets or liabilities where significant unobservable adjustments or assumptions are required to reflect differences between the assets or liabilities.

The Director’s/Fund Manager appoint independent external valuers to be responsible for the external valuations of the Group’s properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The fair value measurement for investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used except for Remraam which is categorised as Level 2 (see note 3).

There were no transfers between, into or out of Level 1, Level 2 or Level 3 during the year ended 31 March 2020 (31 March 2019: Nil).

16. Dividend distribution
During the current year, a final dividend of USD 0.0215 per share amounting to USD 5,399,753 (4% of NAV) was declared and approved for the period ended 31st March 2019 and paid on 15th July 2019 (31 March 2019: USD 3,281,777). Subsequent to 30th September 2019, an interim dividend of USD 0.0196 per share amounting to USD 4,900,000 (3.9% of NAV) (31 March 2019: USD 6,868,836) was declared and approved for the six-month period ended 30th September 2019 and subsequently paid on 12th December 2019.
17. Loss per share
The calculation of basic earnings per share is based on the profit or loss attributable to Ordinary Shareholders and weighted average number of Ordinary Shares outstanding. The Group does not have any potential ordinary shares and accordingly basic and diluted earnings per share are the same.

<table>
<thead>
<tr>
<th></th>
<th>As at 31 March 2020 USD</th>
<th>As at 31 March 2019 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss attributable to the ordinary shareholders of the Group</td>
<td>(29,456,465)</td>
<td>(9,349,130)</td>
</tr>
<tr>
<td>Weighted number of ordinary shares in issue (refer note i below)</td>
<td>250,452,893</td>
<td>254,208,780</td>
</tr>
<tr>
<td>Basic loss per share (USD)</td>
<td>(0.12)</td>
<td>(0.04)</td>
</tr>
</tbody>
</table>

i) Reconciliation of weighted average number of ordinary shares

<table>
<thead>
<tr>
<th></th>
<th>As at 31 March 2020 USD</th>
<th>As at 31 March 2019 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1st April</td>
<td>251,151,340</td>
<td>254,401,340</td>
</tr>
<tr>
<td>Impact of shares buy back</td>
<td>(698,447)</td>
<td>(192,560)</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares at year end</td>
<td>250,452,893</td>
<td>254,208,780</td>
</tr>
</tbody>
</table>

18. Contingent Liabilities and Commitments

Capital commitments and contingencies
The Group does not have any significant contingent liabilities at 31 March 2020 (31 March 2019: Nil). The Group has no capital commitments as at the reporting date (31 March 2019: USD 34,304,383 for acquisition of Souq Extra Phase II)

Operating lease commitments as a lessor
The Group leases out its investment properties. Future minimum lease receivable under non-cancellable operating leases are as follows:

<table>
<thead>
<tr>
<th></th>
<th>As at 31 March 2020 USD</th>
<th>As at 31 March 2019 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>24,670,856</td>
<td>26,166,316</td>
</tr>
<tr>
<td>Between one and five years</td>
<td>34,268,537</td>
<td>43,468,233</td>
</tr>
<tr>
<td>More than five years</td>
<td>60,841,309</td>
<td>53,829,943</td>
</tr>
<tr>
<td></td>
<td>119,780,702</td>
<td>123,464,492</td>
</tr>
</tbody>
</table>
19. Impact of Covid – 19
On the 11 March 2020, the World Health Organization declared the novel strain of coronavirus, or Covid-19, a global pandemic and recommended containment and mitigation measures worldwide. The Covid-19 pandemic continues to adversely impact economic activity in the real estate sector and has contributed significant volatility and downward pressure on the fair values of the Group’s investment properties. The impact of the virus has been rapidly evolving and as a result this may impact the Group’s ability to recognize revenue due to changes in the probability of collection and reduction in lease income.

The Group continues to determine net asset values with the frequency as set out in the offering documents, consistently applying valuation policies and reflective of prevailing market conditions. In determining the investment property valuations as of 31 March 2020, the Group has considered the potential impact (based on the best available information) of the uncertainties caused by the Covid-19 pandemic and has taken into account the economic and relief measures it has to extend to its tenants. The impact on the fair valuation of the investment properties due to uncertainty in future cashflows due to Covid-19 has been assessed at USD 9,679,895 by CBRE by adjusting the yields while Cavendish Maxwell has considered the impact in the cashflow by reducing the rent which is not quantifiable at the moment. The overall impact has been treated as part of the unrealised loss on investment properties in these consolidated financial statements. Any changes made to valuations to estimate the overall impact of Covid-19 is subject to very high levels of uncertainty, as little reasonable and supportable forward-looking information is currently available on which to base those changes.

As with any economic forecasts, the projections and likelihoods of the occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected.

On 20 May 2020, the Group had also announced a relief initiative for tenants that have been severely affected by the outbreak of Covid-19. The initiative is aimed at tenants who are in genuine need of rent relief, taking the form of rent free periods, postponement of cheques or rescheduling rental payment plans, depending on their financial situation.

At this stage sufficient information is not available to enable the Group to quantify the impact of the relief initiatives on its performance and resulting impact on the fair values of investment properties.

20. Corresponding figures
Certain corresponding figures have been regrouped / reclassified to conform to the presentation adopted in this consolidated financial statements.

21. Approval of the financial information
The consolidated financial statements were approved by the Board of Directors on 08 June 2020.
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Fax: +971 4 370 0034
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