Managing Real Estate in a Pandemic

Annual Report 2021
Assets

1. Al Thuraya Tower 1
2. The Edge
3. Arabian Oryx House
4. South View School
5. Remraam
6. Uninest
7. Souq Extra Retail Centre
8. Binghatti Terraces
9. Burj Daman
10. DHCC 25
11. DHCC 49
About 2021

In 2020-21, ENBD REIT’s strategy was to further safeguard the net rental income generated from the portfolio by renegotiating longer lease terms with tenants at competitive market rates. Reduction of operational costs from a top-down approach was achieved by renegotiating operating expenses with service providers and reducing management and fund level costs. Strategic hedging was also executed in 2020, while finance costs stood at historic lows. These initiatives resulted in an extended weighted unexpired lease term (WAULT) and significant savings which were passed on to the shareholders.
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ENBD REIT in brief

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 ENBDREIT. The REIT’s investment holdings represent a diverse portfolio, covering office, residential and alternative real estate assets.

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 4.9 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.

As at 31st March 2021, 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, Dubai International Financial Centre (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)

The purpose of the REIT is to provide investors with a professionally managed means of participating in the United Arab Emirates (“UAE”) institutional real estate market. The primary investment objective of ENBD REIT is to achieve regular rental income and long-term capital growth from a diversified portfolio of commercial, residential and alternative properties. All investments by the REIT are made in compliance with Shari’a guidelines, as defined by the Shari’a Supervisory Board.
Managing real estate in a pandemic

This was a year of extraordinary market conditions for ENBD REIT, and indeed most other businesses. It was one in which difficult challenges needed to be tackled head on, with agility and flexibility to combat volatility, uncertainty, and the social and economic pressures that have been placed on the UAE. Throughout 2020-2021, the conditions created by the Covid-19 pandemic placed downward pressure on the portfolio in terms of both valuation and occupancy, creating the impetus for the ENBD REIT team to pivot to a defensive position to safeguard income.

The property portfolio weathered the initial impact of the pandemic reasonably well, benefitting from an optimal asset mix, achieved in recent years, which helped to ensure stable rental income was still generated and received. But it was by no means immune to the dual pressures of softening real estate valuations and pandemic-induced economic dynamics. The value of the REIT’s real estate assets, in particular, has come under significant pressure. The operating environment remains fluid and volatile, requiring a healthy balance of proactive asset management and reactive programmes to protect stakeholder interests.

Throughout the year, the management team took an active approach to exploring and integrating new initiatives to protect occupancy, by listening attentively and responding to both shareholder and tenants’ concerns. Protection of the interests of these stakeholders was achieved through strategic asset upgrades, the ongoing roll-out of rental relief measures in order to maintain and subsequently shore-up long-term occupancy, the exploitation of low interest rates, active negotiations to reduce operating costs across all assets and service providers and paring back costs on management fees, as well as discounts to Board and Committee remuneration. The impact of these initiatives was greater than the sum of its parts, with the intention of bolstering future dividend income in a difficult market.

This Annual Report will provide a detailed evaluation of the strategic initiatives mentioned above, as well as the market dynamics that have influenced the management team’s strategy over the past year, while identifying areas that will be key pillars of the REIT’s future activities.
The conscientious efforts of the REIT’s management team in the face of significant difficulties was characterised by innovation in identifying options shoring up the performance of our assets, while addressing the interests of tenants and shareholders. The Government of Dubai are deserving of our gratitude for their efforts to rejuvenate the local economy. By swiftly introducing a number of initiatives to stimulate the economy, the Government was successful in mitigating a large portion of financial stress placed on the local market by Covid-19, and was supportive of local businesses and industries. The Government has acted with great diligence in response to the pandemic, becoming a global leader in vaccination rates which bodes well for economic recovery in the medium-term.

Key achievements for ENBD REIT during the year include securing a hedging facility to manage down the future cost of finance; maintaining stable occupancy rates across majority of the portfolio; securing long term lease agreements with key tenants at key assets; and the integration of the Yardi property management system to create greater visibility on operating costs. On a year-on-year basis, management were effective in reducing operating costs at portfolio and fund level, with overall costs down by 23% and fund expenses down by 27%, excluding provisions for doubtful debts.

In 2020, the REIT secured an AED 400 million hedging facility with Mashreq Bank as a Shari’a-compliant profit swap to hedge 56% of total outstanding debt. The arrangement fixes the variable rate of EIBOR for two years starting from July 2021 and ending June 2023. In light of the Covid-19 pandemic and challenging market conditions, this initiative will mitigate impact on the business by removing volatility relating to the REIT’s single largest expense, amounting to 39% of total expenses, and maintain it at minimal levels, thereby securing profitability in future years.

Market pressures created by Covid-19 have sustained a lower interest environment over the past year, and management remains proactive in searching for opportunities to reduce the cost of financing and to optimise the capital structure. The 12-month forward profit swap, and a portion of the REIT’s debt financing remaining variable, are two examples of how management has positioned ENBD REIT’s finances well to take advantage of current benchmark interest rates.

In responding to the challenges created by the pandemic, the management team’s initiatives over the past year to protect occupancy levels and ensure future value for shareholders have been invaluable to the business. These have, in particular, included a rent relief programme for tenants who can adequately demonstrate financial stress, with the objective of securing longer-term occupancy; and a series of capital upgrades to assets to improve tenant experience and support improved leasing performance. Looking to the future, their priority will be to maintain the stability of the portfolio’s occupancy as valuations continue to face downward pressure. Managing down costs, where possible, to ensure timely dividend payments to shareholders and protect against protracted volatility in the market will also be a high priority.

Given challenging market conditions and with an aim to maintain the integrity, robustness and accuracy of the portfolio, ENBD REIT will revise its valuation policy for 2021-2022. The management team will implement this new policy ahead of the first valuation cycle for the new financial year, commencing 30th June 2021, from a pre-qualified list of appointed valuers following a tender process. The Dubai Financial Services Authority (DFSA) regulations stipulate the change of appointed valuers every five years unless re-appointed by tender process, and our revised valuation policy, which includes a rotation of assets each year between the pre-qualified valuers is both in line with the regulations as well as adhering to international best practices. Each external valuer will also be invited to present to the Board annually to explain their assumptions and movements in valuation for the period. ENBD REIT’s revised policy has already been approved by the Board and Oversight Committee.

I would like to offer my personal thanks, on behalf of the Board of Directors, to the management team, committee members and our shareholders. The ENBD REIT team has proven once again their commitment to shareholder interests, along with foresight and decisiveness in managing our diverse portfolio of real estate assets. The team’s vision for the future will continue to play an important role in the growth of the REIT. Our shareholders deserve our gratitude in no small measure, and I am thankful for the unwavering support they have provided throughout the year, despite the challenges we have faced. Their commitment remains a testament to the REIT’s ability to weather storms and deliver future value.

*NAV stated cum-dividend.
The following macroeconomic summary is provided by Emirates NBD Research

As at May 2021

Global GDP is expected to strongly rebound this year, with the IMF forecasting 6% growth following a contraction of -3.3% in 2020, although the recovery will be uneven and uncertainty remains high. Those countries – mainly developed markets – which have been able to procure and rollout Covid-19 vaccines relatively quickly, and where there has been significant fiscal and monetary policy support, are likely to recover faster than many emerging markets, where access to vaccines is more limited and distribution relatively slow. The emergence of new variants of the coronavirus is yet another source of uncertainty with regards to the global, and regional, economic outlook.

Nevertheless, recent data from the US, UK and Europe point to a strengthening recovery in those markets, while China's economy is forecast to expand by 8.5% this year. In the GCC we expect the non-oil sectors to rebound this year, although the growth rate is likely to be slower than in larger developed markets, where there has been much greater fiscal stimulus over the last year.

Manufacturing has also held up well through 2020, and recent announcements of increased government investment and monetary policy support, are likely to recover faster than many emerging markets, where access to vaccines is more limited and distribution relatively slow. The emergence of new variants of the coronavirus is yet another source of uncertainty with regards to the global, and regional, economic outlook.

PMI surveys suggest that the UAE's non-oil sectors are seeing a recovery in business activity and domestic demand, albeit at a modest rate. Furthermore, higher commodities prices and freight costs are pushing up input costs and squeezing margins. As a result, we have yet to see sustained growth across the board in private sector employment, as firms prioritise keeping costs down.

The availability of vaccines and limited restrictions on normal activity in the UAE has also attracted increased foreign investment in the real estate sector in the first quarter of this year, as much of the rest of the world entered stricter lockdowns. The Central Bank's decision last year to increase loan-to-value limits for residential mortgages has helped boost demand, as has the shift towards working and learning remotely, which has increased demand for larger residential units in particular. Lower interest rates and a limited supply of larger properties have also contributed to the stabilisation in residential real estate prices in Dubai after several years of decline.

Residential market

Dubai experienced an expat exodus in 2020 as a direct result of the Covid-19 pandemic. Oxford Economics data suggests an 8.4% decline in population, which translates to approximately 282,000 people leaving the emirate in 2020.

While the exodus has resulted in increased vacancies and decreasing rents, households with stable income perceived market conditions as an opportunity to upgrade their dwellings. Preference moved towards larger unit types as work from home became a norm; beachfront villas gained traction as staycations prevailed due to global lockdowns; and community living with private backyards were sought as public parks and outdoor areas remained shut throughout the city. Consequently, communities such as The Palm Jumeirah, Arabian Ranches, DAMAC Hills, Jumeirah Islands, and The Villa saw stable rents and even annual rent escalations, as these communities satisfied emerging end-user requirements during the pandemic.

While 2020 proved to be a difficult year in terms of property prices, Dubai is witnessing a recovery after prices bottomed out in Q3 2020. Month-on-month property prices increased by 1.1%, 1.9%, 1.7%, and 2.6% in the first four months of 2021, with the current average sale price standing at AED 895 per sq ft. Rental yields witnessed compression as rents declined at a faster pace than property values. However, with the market currently expected to be in recovery, it is anticipated that rental yields may expand through 2021.

The following real estate market review has been provided by Cavendish Maxwell, an independent valuer.

As at May 2021

We expect the UAE's recovery to gain momentum in the second half of 2021, as international restrictions on travel are gradually eased and the global economy continues to rebound. Monetary policy in the US will remain highly accommodative for some time, and the government is expected to push through even more fiscal stimulus over the course of this year, underpinning the global economic recovery. We expect the UAE's non-oil sectors to grow 3.5% in 2021.
ENBD REIT Annual Report 2021

Strategic Review

In the last couple of years Dubai has seen government initiatives to attract and retain the population within the emirate. These include the introduction of new visa reforms such as the 10-year long-stay golden visa, the five-year retiree visa, the remote work visa and the five-year multiple-entry tourist visa for all nationalities.

Moreover, the UAE launched a citizenship program granting Emirati passports to select expats including but not limited to investors, individuals residing legally in the country for a prolonged period, and any person who may have provided outstanding services to the country. Such initiatives are expected to encourage expats to settle in the UAE for the long-term and, therefore, increase their confidence in owning a property.

Office market
Since the onset of the pandemic, businesses have suffered from a sluggish economy and liquidity challenges which trickled down into corporate P&Ls, imposing financial constraints for businesses to retain or upgrade their existing workplace. Co-working operators faced demand challenges as employees started to work out of their home offices and because of the reduced capacity guidelines enforced by the government as a Covid-19 preventative measure. To retain corporate tenants and co-working operators, landlords are offering concessions and incentives including deferrals, waivers, an increased number of cheques and, in some cases, lower headline rental rates to existing leases.

Retail market
In line with the office market, extended rent-free periods and capex contributions were offered to retail tenants to secure long-term leases within the organised retail segment. Additionally, landlords have increasingly showed willingness to peg rents to annual retail turnover to attract tenants. These actions were aimed at keeping vacancy levels low and to accommodate tenants’ requests of lowering rents or relocating to smaller units as business requirements changed.

As of April 2021, the Dubai government has provided AED 7.1 billion in economic stimulus to help the economy deal with the fallout of the pandemic. These include benefits for retailers such as exemption of fees in postponement and cancellation of events, renewal of commercial licenses without renewing lease contracts, and a freeze on fees charged for selling tickets and issuing permits concerning entertainment and business events.

Furthermore, in March 2021, HH Sheikh Mohammed bin Rashid Al Maktoum announced the launch of the ‘Dubai 2040 Urban Master Plan’ aiming to achieve a total population of 5.8 million residents by 2040. A successful doubling of Dubai’s population by 2040 will play a vital role in bridging the current gap between supply and demand, provided future residential supply is also kept in check.

In terms of supply, approximately 77,000 residential units are anticipated to be added to the market in 2021. However, based on historical materialisation rate, only 40% of the supply is expected to be handed over on time, with the remainder either scaled back or delayed.

Retail market
Despite the uncertainty brought on by the pandemic, single-owned well-managed buildings with good amenities in central locations are likely to maintain healthy occupancies. New developments in emerging areas with healthy parking ratios and direct metro access are expected to outperform lower-quality developments in central areas with meagre amenities.

As of 2020, total office supply in Dubai stood at 101.72 million sq ft of gross leasable area (GLA). A total of 10.88 million sq ft GLA is expected to come online between 2021 and 2025. Major completions expected include Dubai CommerCity Phase 1, One Al Goolool on Sheikh Zayed Road, Uptown Tower in Uptown Dubai, and Dubai Financial Market Headquarters in Business Bay.

While the pandemic rapidly changed customers’ shopping habits in favour of online retail, most providers have had to ramp up their capacity through on-demand fulfilment centres and last-mile delivery options. However, even though e-commerce offers convenience for customers, physical retail space is expected to continue to be in demand due to its experiential nature.

With regards to spending on retail, the retail share of total consumer spending is anticipated to increase from 41.0% in 2020 to 41.9% by 2021. This will translate into a retail spend increase from AED 81.03 billion in 2020 to AED 88.7 billion by 2025, indicating a positive outlook for the retail sector.

As to retail supply, the existing supply of organised retail in Dubai is estimated to be 43.32 million sq ft of GLA with approximately 82% of the supply falling within the regional and super-regional retail typologies.

Industrial market
Dubai offers a diverse mix of industrial parks and zones that are suited to various requirements. For instance, Al Qouz is preferred by businesses that require a central location for last-mile deliveries, retail and the like. National Industries Park (NIP) and Dubai Industrial City (DIC) are located further away from the city but benefit from newer properties with higher specifications. Dubai Investments Park (DIP) is preferred due to its location, infrastructure and product offering including a mix of multiple light industrial unit compounds at competitive prices.

In terms of rents and sales, the market has likely bottomed for assets with higher specifications resulting in rates stabilisation. On the other hand, light industrial units are still experiencing oversupply, with prices expected to move further downward by approximately 5-10% in 2021. Furthermore, the pandemic has worsened the challenges faced by lower grades of industrial units and warehouses, especially in the freezones.

Education sector
According to the Knowledge & Human Development Authority (KHDA), as of Spring 2020/2021, Dubai’s private schools recorded an increase of 2.6% in the total number of enrolled students, compared to the Autumn term of the same year. The total school enrollment in Spring 2020/2021 stood at 286,588 from a sluggish economy and liquidity challenges which worsened the challenges faced by lower grades of industrial units and warehouses, especially in the freezones.

While many tenants have struggled through the months with business operations and rent payments, landlords have been flexible during lease renewals and are keen to drop headline rents to better reflect market realities. However, landlords who must pay land rents are under pressure themselves and expect to work together with tenants to ensure on-time payments to overcome the situation. As Covid-19 impacted regional and global supply chains and increased reliance on e-commerce, the onshore and freezone industrial markets have seen heavy activity over the past couple of quarters.

In summary, demand is on the rise for better-quality standalone warehouses with European specifications that benefit from high eaves height, multiple loading bays and quality office content. However, most of the upcoming supply does not meet these requirements as developers tend to save on construction costs and disregard such preferences. Meanwhile, supply continues to accommodate a large proportion of run-down and older properties that are nearing the end of their natural life cycle and suffers from a lack of re-investment for upgrades.

In March 2021, KHDA released the annual Education Cost Index (ECI). The ECI measures annual changes in the costs of running a school, including salaries, rent and utilities. Given that the ECI for this year stands at -2.58%, KHDA announced that the private schools in Dubai will not be increasing tuition fees for the academic year 2021/2022.
Management report
Letter from the management

Our clearly defined strategy addressed and responded to many of the challenges of the past year, and we look to the future with renewed optimism and confidence.

Anthony Taylor
Head of Real Estate

Despite a significant hit to occupancy levels as a result of sustained softening of the real estate market and weak economic indicators, blended portfolio occupancy remains relatively healthy and stable at 76%, which can be attributed to our active and flexible leasing strategy.

In 2020-2021, the management team’s priority was to ensure occupancy rate stability to limit downward movement on rental income in the portfolio, while reducing fund and portfolio expenses where possible. We have been successful in reducing costs in the past year, both across the portfolio and at the fund level, and locking in favorable interest rates on our debt facilities while taking a deeper look at our service providers, where we believe we can further reduce operating expenses. On a year-on-year basis, overall costs were down 23% and fund expenses down 27%, excluding provisions for doubtful debts.

Despite a significant hit to occupancy levels as a result of sustained softening of the real estate market and weak economic indicators, blended portfolio occupancy remains relatively healthy and stable at 76%, which can be attributed to our active and flexible leasing strategy. Our initiative to offer rental relief to tenants proved vital in securing long-term income, allowing tenants to remain in occupation despite taking an initial hit on revenues. Supporting tenants on mutually beneficial terms was a priority for the year. As pressures on the market have continued to impact valuations, we have been using this as an opportunity to renegotiate contractual leases with tenants at lower rates that are more in line with market benchmarks, however extending lease terms further into the future. This has enabled material cost savings for our tenants while locking in longer term occupancy, thereby improving WAULT.

The lower interest rate environment has been positive for ENBD REIT, and provided some support to the real estate market in general. In a particularly soft market, debt financing is a significant cost, and the management team have been successful in minimising financing costs now and for the future, while leaving room for further hedging if the market indicates that interest rates are to start rising again. Meanwhile, we have kept in close contact with our lenders to mitigate the impact of exceeding covenants, specifically related to increasing LTV. We are now closely monitoring our LTV ratios and will consider asset disposals if the right pricing for a property can be achieved.

With lower occupancy in some assets, we took the opportunity to strategically enhance value in the portfolio by initiating several capital work projects in the office segment with minimal disruption to existing tenants. These programmes kicked off at the beginning of the year and we expect all projects to be finalised before the end of 2021. In terms of capital deployed we have spent USD 866,000 in refurbishments in this financial year, and earmarked a further USD 5-6 million for the remainder of 2021, where we benefitted from downward pressures in the market as contracting rates fell in order to remain competitive. Refurbishing and upgrading existing assets is a key priority and will support future improvements in occupancy and leasing performance.

Globally, REITs remain an important investment vehicle for investors seeking exposure to institutional real estate, as well as developers and landlords looking to restructure their holdings. The local UAE REIT market has yet to fully establish itself, however, there have been promising signs over the past year indicating renewed confidence. The first Dubai Financial Market (DFM) listed REIT came to market in early 2021, and the launch of the UAE's first sustainable REIT in Masdar City in Abu Dhabi highlights growing appetite for sustainable real estate investment in the region, with some maturity coming to the sector. Overall, there have been some exciting developments in the past 12 months, and we are confident that this asset class will become more attractive and better understood as the market develops further.

ENBD REIT’s management team would like to extend our gratitude to the Board, its committees and shareholders for their ongoing support during a particularly challenging year. We owe sincere thanks to the Real Estate team for their adaptability and creativity in developing innovative initiatives to protect income and stabilise occupancy, in turn preserving value for shareholders in unprecedented market conditions. Our clearly defined strategy addressed and responded to many of the challenges of the past year, and we look to the future with renewed optimism and confidence. We will continue to take measures to work with all stakeholders, including tenants and service providers, to achieve mutually beneficial gains while focusing on our primary objective to deliver value to shareholders.

Occupancy 76%  WAULT 4.09  LTV* 52%  Properties 11

ENBD REIT Annual Report 2021  Strategic Review
Strategic overview

In 2020-21, ENBD REIT’s strategy was to further safeguard the net rental income generated from the portfolio by renegotiating longer lease terms with tenants at competitive market rates. Reduction of operational costs from a top-down approach was achieved by renegotiating operating expenses with service providers and reducing management and fund level costs. Strategic hedging was also executed in 2020, while finance costs stood at historic lows. These initiatives resulted in an extended weighted unexpired lease term (WAULT) and significant savings which were passed on to the shareholders.

The portfolio showed a relatively high level of resilience in terms of occupancy; however, it was not immune to the macroeconomic challenges presented to the market. Overall, it was a challenging year as occupancy rates were ultimately down from the previous year, and rental income suffered. As at 31st March 2021, Funds from Operations (FFO) stood at USD 11.8 million, as compared to USD 10.9 million in 2020. Blended occupancy stood at 76%, compared to 83% in the previous year, and ENBD REIT’s WAULT stands at 4.09 years, compared to 3.24 years for 31st March 2020. Total property portfolio value stood at USD 360 million, declining by 12% on the previous year, with NAV at USD 0.72, declining by 17.2%.

Four pillars guided ENBD REIT’s strategy in 2020-21:
- Managing down costs by exploiting a lower interest rate environment and securing preferential terms with lenders for medium-term periods
- Active asset management and value enhancement of existing portfolio
- Best practice governance ensuring both capital and risk management
- Proactively identifying potentially attractive terms for strategic asset disposals

Asset management and strategic upgrades

With Covid-19 impacting the office market we are seeing tenants requiring more flexible office space and, in some cases, smaller spaces to accommodate down-sizing plans. Pressures faced during the pandemic provided an opportunity for landlords to assess their buildings and identify key trends where improvements are necessary in order to improve occupancy as the market recovers. As such, ENBD REIT has created from the beginning of the reporting year.

For the office segment, aesthetic and functional upgrades are underway to bring the look and feel of assets in line with modern counterparts in surrounding areas. Despite some initial challenges in the alternative portfolio, it has proved resilient with most tenants continuing to pay rent, and in most assets with strong occupancy of up to 100%.

The largest project initiated this year was the refurbishment of Al Thuraya Tower 1 in Dubai Media City, our largest asset by value in the portfolio. The building has seen significant pressure on occupancy, and the Board has approved a major refurbishment of the building, with the intention of transforming this asset into a destination of choice for potential tenants in the area. Upgrades will include refurbishments to common area lobbies and bathrooms and repurposing of the podium level with the intent of creating a level of common facilities that all tenants can enjoy. Lifts in the building will also be replaced with a new and more efficient system.

The path ahead

In 2021-22, management will focus on flexible solutions for combating the leasing and valuation challenges created by the softer real estate market and the Covid-19 pandemic, while continuing to take advantage of lower costs of finance. The REIT’s medium-term objectives are to reposition the portfolio by maintaining the diversity of holdings, and to act pragmatically on any transactions that will deliver shareholder value and strengthen the balance sheet.

Medium-term objectives: repositioning portfolio, managing down costs

Throughout 2020-21, management intends to take further advantage of the ongoing low interest rate environment to manage down debt costs and arrange fixed pricing that will bring tangible benefits to shareholders in the medium- to long-term. Active management of the properties will be key to further bring down operating costs, and we have taken steps to reduce fund management, Board, and Committees costs during the year to help ensure we are able to meet our dividend commitments to shareholders.

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. Capital from asset disposals may be utilised to partially settle current debt obligations, in order to maintain an appropriate LTV ratio, used to acquire further assets at attractive pricing or be returned directly to shareholders, in line with a commitment to maximising shareholder value.

The portfolio strategy is focused on high-quality assets, with an optimum portfolio mix as summarised below:
Covid-19 impact and response

The Covid-19 pandemic continues to place direct downward pressure on the global economy, exacerbating already soft real estate conditions in the local market. While activity in the real estate market has improved in 2021, in comparison to 2020, we expect that this sustained pressure will continue through the coming year, with signs of recovery showing through in 2022.

Over the 12 months since the pandemic arrived in the UAE we have seen valuations come under significant pressure as many tenants struggled to maintain rental payments while others looked to downsize to rationalise costs or vacate. Competition from new supply has further driven rental prices down, and to retain occupancy we have had to renegotiate a number of contractual rental agreements to remain competitive in the market, which has severely impacted the overall valuation of the portfolio. The management team is conservative on projections for the year ahead, and has taken the necessary steps to materially reduce costs.

ENBD REIT was cognizant of the financial pressures that businesses and people in the UAE faced throughout the year and, as a listed company and landlord, actively worked with tenants to create solutions that would be mutually beneficial on a long-term basis. Rent relief was assessed on a case-by-case basis to ensure it was impactful enough for those who were in dire need, as opposed to blanket relief that would have had a negligible impact for all tenants. Towards the end of the year, the REIT finalised the majority of the rental relief contracts as the market began to stabilise, and we have since locked in longer term leases to ensure stable future occupancy and rental income.

Despite lower occupancy resulting from the pandemic, the office portfolio remains stable but was negatively impacted by increased work-from-home practices and sustained pressure on the performance of most business sectors. With many businesses reassessing costs and looking for more affordable options, the Burj Daman subdivision has been completed to create smaller and more affordable options in the market. With lower occupancy at Al Thuraya Tower 1 and Dubai Healthcare City 25 & 49 buildings, the opportunity has been taken to carry out major refurbishment works on these assets with minimal disruption to current occupants in the buildings.

Residential rental rates have fallen throughout the year due to competitive market conditions and downward pressure is likely to persist well into next year. Despite some stabilisation, people continue to lose jobs and income, and ENBD REIT remains open to working with tenants to negotiate rental terms and offer relief where necessary to protect occupancy.

The outlook is not entirely negative, with green shoots indicating that confidence will return. Exposure to international investment is likely to improve following the relaunch of Expo 2020, after the decision to delay this global event to 2021, compounding with an aggressive and successful vaccination drive to protect the population. For the real estate market, certain subsectors have observed growth in recent months, with villa purchases and leasing performing well, and an overall recovery for the hospitality market where hotel rates and occupancies are beginning to rise once more. Market recovery is not likely to be immediate, but Dubai is well-positioned to recover quickly when compared to many other global cities.
Performance summary

As at 31st March 2021, the total value of ENBD REIT’s property portfolio stood at USD 360 million, decreasing from USD 410 million in the previous year, with a cash balance of USD 24.6 million. Gross Asset Value was USD 374 million, decreasing from USD 411 million in the previous year, with a year-end Net Asset Value of USD 180 million, as compared to USD 230 million in March 2020.

During the year, ENBD REIT paid an interim dividend of USD 0.0194 per share – amounting to USD 4,850,000 (2.45% of NAV and 6.26% per share on the prevailing share price as at 30th September 2020). At the forthcoming Annual General Meeting, the Board will propose a final dividend of USD 0.0176 per share, totaling USD 4,400,000 million, equivalent to 2.44% of NAV and 4.1% per share on the prevailing share price as at 31st March 2021. Operating expenses are down 8% for the year (despite significant increases in provisions for doubtful debts) as a direct result of active management and the reduction of various fees across the REIT’s management structure.

Despite market headwinds, ENBD REIT’s active asset management strategy helped stabilise occupancy rates, which stood at 76% as at 31st March 2021 as compared to 82% in 2020. Previous efforts to de-risk the portfolio through a high level of diversity paid off during this period of volatility, with Funds from Operations (FFO) standing at USD 11.8 million, compared to USD 10.9 million as at 31st March 2020.

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 maintain an opportunistic stance towards transactions, especially disposals aimed to bring LTV’s in line with management’s targets, however given the current market environment the team is prioritising maintaining the current portfolio, with disposals only under consideration subject to the attractiveness of pricing and terms.

ENBD REIT successfully negotiated the renewal of its largest tenant, Oracle, at The Edge building, located in Dubai Media City, for an additional five year term, and the wider portfolio’s Weight Average Unexpired Lease Term (WAULT) now stands at 4.09 years compared to 3.24 years in 2020. Major tenant renewals have been important for helping to overcome the challenges presented by Covid-19 and provided momentum for leasing vacant units.

ENBD REIT secured a USD 109 million hedging facility with Mashreq Bank to hedge 56% of total outstanding debt. The arrangement fixed the variable EIBOR rate for two years from July 2021, and will last until June 2023. Cost of financing remains the REIT’s single largest expense, amounting to 39% of total expenses as at 31st March 2021, and by fixing EIBOR the management team intends to benefit from lower finance costs for the next two years on a significant portion of its debt facilities. Separately, the management team has begun to engage the market concerning the refinancing of a current facility, with a number of lenders expressing interest.

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<tr>
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<th>31st March 2021</th>
<th>31st March 2020</th>
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</thead>
<tbody>
<tr>
<td>Property portfolio</td>
<td>USD 360 m</td>
<td>USD 410 m</td>
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<tr>
<td>Gross Asset Value</td>
<td>USD 374 m</td>
<td>USD 411 m</td>
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<tr>
<td>Net Asset Value</td>
<td>USD 180 m</td>
<td>USD 230 m</td>
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<td>NAV per share</td>
<td>USD 0.72</td>
<td>USD 0.92</td>
</tr>
<tr>
<td>Net yield on NAV</td>
<td>6.57%</td>
<td>4.76%</td>
</tr>
</tbody>
</table>
Share price and shareholder information

ENBD REIT’s shares are listed and traded on Nasdaq Dubai under ticker symbol ‘ENBDREIT’. The share price ended the reporting year at USD 0.429. 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 detailed quarterly financial information packs ensuring maximum levels of transparency to shareholders and potential investors.

<table>
<thead>
<tr>
<th></th>
<th>31st March 2021</th>
<th>31st March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share price</td>
<td>USD 0.43</td>
<td>USD 0.36</td>
</tr>
<tr>
<td>Dividend % per share</td>
<td>8.60%</td>
<td>11.24%</td>
</tr>
</tbody>
</table>

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

- Portfolio summary: 30
- Office portfolio: 32
- Residential portfolio: 42
- Alternative portfolio: 48
PORTFOLIO

Portfolio summary

As at 31st March 2021, ENBD REIT held 11 office, residential and alternative assets across Dubai. The total value of the portfolio was USD 360 million, with a net leasable area of 1.29 million sq. ft. The WAULT for the full portfolio was 4.09 years, with a blended occupancy rate of 76%.

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 shareholders and tenants, 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)
• Al Ramth Buildings 57 & 59, Remraam (Dubailand)

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

Asset Value as % of portfolio

<table>
<thead>
<tr>
<th>Asset Name</th>
<th>Value as % of Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Al Thuraya Tower 1</td>
<td>19%</td>
</tr>
<tr>
<td>The Edge</td>
<td>6%</td>
</tr>
<tr>
<td>Burj Daman</td>
<td>6%</td>
</tr>
<tr>
<td>DHCC 49</td>
<td>6%</td>
</tr>
<tr>
<td>DHCC 25</td>
<td>5%</td>
</tr>
<tr>
<td>Binghatti Terraces</td>
<td>7%</td>
</tr>
<tr>
<td>Arabian Oryx House</td>
<td>6%</td>
</tr>
<tr>
<td>Remraam Residential</td>
<td>8%</td>
</tr>
<tr>
<td>Uninest</td>
<td>6%</td>
</tr>
<tr>
<td>Souq Extra</td>
<td>5%</td>
</tr>
<tr>
<td>South View School</td>
<td>3%</td>
</tr>
</tbody>
</table>

Portfolio characteristics (portfolio occupancy)

<table>
<thead>
<tr>
<th>Asset Name</th>
<th>Occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Al Thuraya Tower 1</td>
<td>43%</td>
</tr>
<tr>
<td>The Edge</td>
<td>69%</td>
</tr>
<tr>
<td>Burj Daman</td>
<td>78%</td>
</tr>
<tr>
<td>DHCC 49</td>
<td>67%</td>
</tr>
<tr>
<td>DHCC 25</td>
<td>68%</td>
</tr>
<tr>
<td>Binghatti Terraces</td>
<td>90%</td>
</tr>
<tr>
<td>Arabian Oryx House</td>
<td>98%</td>
</tr>
<tr>
<td>Remraam Residential</td>
<td>46%</td>
</tr>
<tr>
<td>Uninest</td>
<td>100%</td>
</tr>
<tr>
<td>Souq Extra</td>
<td>99%</td>
</tr>
<tr>
<td>South View School</td>
<td>100%</td>
</tr>
</tbody>
</table>

Uninest
Al Thuraya 1
A G+29-storey high rise commercial tower, located at a prime location in Dubai Media City with views over the Dubai Marina, Dubai Internet City, Emirates Living and Palm Jumeirah.

Asset management highlights
- Building refurbishments approved by the Board of Directors
- Appointment of Savills, Bluehaus Group, KPS and Kone to lead refurbishment works
- Lifts to be upgraded and replaced with a more efficient system
- Toilets and bathroom refurbishments underway
- Corridors and common areas to be refurbshed
- Repurposing podium level for common facilities such as meeting rooms, prayer rooms, exercise studios, changing rooms and landscaped gardens.
- In the process of procuring the WELL Health Safety Certification

Challenges
- Low occupancy maintained due to vacation of major tenants in the previous year
- Newer buildings in the area with modern amenities
- Increased availability in the area with more commercial buildings being completed

Proposed solutions
- Ongoing refurbishment programme to bring asset in line with building quality of the surrounding area

As at 31st March 2021

LOCATION
Dubai Media City

ACQUIRED
November 2006

MARKET VALUE
USD 69 million

% OF PORTFOLIO VALUE
19%

NET LEASABLE AREA (SQ. FT.)
208,565

OCCUPANCY RATE
43%

WAULT (years)
1.28

GROSS RENTAL YIELD*
5.7%

*Annual contractual rental
The Edge
A G+6-storey office tower, located in a prime location in Dubai Internet City with prominent frontage and Grade A tenants.

Asset management highlights
- Occupancy maintained at 97% for majority of the year
- Renewal with largest tenant Oracle for 80% of the building for the next 5 years
- Unexpired lease term improved by 22%, from 3.2 to 4.05 years

Challenges
- Lack of available space has proved challenging in maintaining growing tenants
- Pressure on rents due to lower leasing rates in adjacent buildings

Proposed solutions
- Registered for the LEED certification from the US Green Building Council
- Proposed improvements to amenities through the installation a shaded outdoor seating area

As at 31st March 2021

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>ACQUIRED</th>
<th>MARKET VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dubai Internet City</td>
<td>October 2017</td>
<td>USD 67 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% OF PORTFOLIO VALUE</th>
<th>NET LEASABLE AREA (SQ. FT.)</th>
<th>OCCUPANCY RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>19%</td>
<td>92,208</td>
<td>97%</td>
</tr>
</tbody>
</table>

WAULT (years) 4.05  
GROSS RENTAL YIELD* 8.8%

*Annual contractual rental
### Office portfolio

**Burj Daman**

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 69%
- 25,000 sq. ft. of new leasing enquiries received across the year
- Corridor enhancement and refurbishment works complete
- Sub-division works completed to create smaller more cost-effective office spaces for prospective businesses
- Furnished and unfurnished units have been completed
- Two large tenants leasing 12,000 sq. ft. have renewed leases for additional five-year terms

**Challenges**

- Remaining vacant units proving difficult to lease in current market
- Additional office space made available in DIFC due to the opening of ICD Brookfield Place in 2020
- Pressure on rents due to lower lease offerings within the building and surrounding areas

**Proposed solutions**

- Negotiations with existing tenants ongoing to extend leasing terms at favourable rental rates
- Common area refurbishment to improve aesthetics of the floors

#### As at 31st March 2021

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>ACQUIRED</th>
<th>MARKET VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dubai International Centre</td>
<td>June 2015</td>
<td>USD 58 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% OF PORTFOLIO VALUE</th>
<th>NET LEASABLE AREA (SQ. FT.)</th>
<th>OCCUPANCY RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>16%</td>
<td>87,618</td>
<td>69%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>WAULT (years)</th>
<th>GROSS RENTAL YIELD*</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.04</td>
<td>7.0%</td>
</tr>
</tbody>
</table>

*Annual contractual rental
Dubai Healthcare City 49

G+5 storey commercial complex located in the Dubai Healthcare City free zone.

Asset management highlights
- Approval received from Board of Directors for aesthetic refurbishments of the lobby area
- Installation of energy saving LED lighting in Basements 1 and 2
- Basement repainting project completed with addition of tenant names to allocated parking spaces
- Largest tenant renewed lease agreement for another five-year term

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

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

As at 31st March 2021

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>ACQUIRED</th>
<th>MARKET VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dubai Healthcare City</td>
<td>April 2007</td>
<td>USD 27 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% OF PORTFOLIO VALUE</th>
<th>NET LEASABLE AREA (SQ. FT.)</th>
<th>OCCUPANCY RATE</th>
<th>GROSS RENTAL YIELD*</th>
</tr>
</thead>
<tbody>
<tr>
<td>8%</td>
<td>80,808</td>
<td>78%</td>
<td>9.1%</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
• Approval received from Board of Directors for aesthetic refurbishments of the lobby area
• Perimeter wall painting and landscaping completed
• Energy saving lighting installed in basement areas

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 2021

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>ACQUIRED</th>
<th>MARKET VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dubai Healthcare City</td>
<td>July 2007</td>
<td>USD 21 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% OF PORTFOLIO VALUE</th>
<th>NET LEASABLE AREA (SQ. FT.)</th>
<th>OCCUPANCY RATE</th>
<th>GROSS RENTAL YIELD*</th>
</tr>
</thead>
<tbody>
<tr>
<td>6%</td>
<td>71,034</td>
<td>67%</td>
<td>8.1%</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**
- Basement car park refurbishment completed including resurfacing of car park and installation of LED lighting
- Occupancy stable at 97% in light of pandemic induced market challenges

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

**As at 31st March 2021**

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>ACQUIRED</th>
<th>MARKET VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barsha Heights</td>
<td>October 2014</td>
<td>USD 21 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% OF PORTFOLIO VALUE</th>
<th>NET LEASABLE AREA (SQ. FT.)</th>
<th>OCCUPANCY RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>6%</td>
<td>133,432</td>
<td>97%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>WAULT (years)</th>
<th>GROSS RENTAL YIELD*</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.67</td>
<td>10.0%</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**

- Awarded new facilities management contract to ISBS to rationalise costs and reduce expenses.
- Costs reduced by 20% following the renegotiation of existing contracts for facilities management services.

**Challenges**

- Occupancy falling to 68% in light of pandemic induced market challenges as well as recently completed, additional residential units coming to market in the immediate vicinity.
- 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 2021

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>ACQUIRED</th>
<th>MARKET VALUE</th>
<th>LOUALT (years)</th>
<th>GROSS RENTAL YIELD*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dubai Silicon Oasis</strong></td>
<td><strong>May 2016</strong></td>
<td><strong>USD 19 million</strong></td>
<td>0.99</td>
<td>8.9%</td>
</tr>
<tr>
<td><strong>% OF PORTFOLIO VALUE</strong></td>
<td><strong>5%</strong></td>
<td><strong>NET LEASABLE AREA (SQ. FT.)</strong></td>
<td><strong>178,907</strong></td>
<td><strong>OCCUPANCY RATE</strong></td>
</tr>
</tbody>
</table>
**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
- Occupancy affected by the pandemic and lowered rental rates across the area
- Weaker leasing environment in the residential market leading to lower renewal rates and pressures on occupancy
- Increasing supply of units in the surrounding area placing additional pressure 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 2021

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>ACQUIRED</th>
<th>MARKET VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dubailand</td>
<td>September 2015</td>
<td>USD 11 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% OF PORTFOLIO VALUE</th>
<th>NET LEASABLE AREA (SQ. FT.)</th>
<th>OCCUPANCY RATE</th>
<th>GROSS RENTAL YIELD*</th>
</tr>
</thead>
<tbody>
<tr>
<td>3%</td>
<td>112,154</td>
<td>46%</td>
<td>6.5%</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
• Asset continues to be leased on a seven-year agreement to GSA, a global student accommodation provider despite rental non-payment issues brought about by the Covid-19 pandemic

Challenges
• Student accommodation exposed to Covid-19 lockdown restrictions and closure of all education facilities in Dubai
• Tenant cashflow affected by pandemic leading to non-payment of rent for consecutive quarters throughout the year

Proposed solutions
• Ongoing dialogue with the operator to find flexible solutions that benefit both parties during unprecedented market conditions

As at 31st March 2021

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>ACQUIRED</th>
<th>MARKET VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dubailand</td>
<td>May 2017</td>
<td>USD 23 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% OF PORTFOLIO VALUE</th>
<th>NET LEASABLE AREA (SQ. FT.)</th>
<th>OCCUPANCY RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>6%</td>
<td>160,264</td>
<td>100%</td>
</tr>
</tbody>
</table>

WAULT (years) 3.16
GROSS RENTAL YIELD* 11.6%

*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**
- Rental relief granted following careful evaluation of applications in 2020, with tenant returning to full contractual rental payments in Q3 2020

### As at 31st March 2021

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>Acquired</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dubailand</td>
<td>August 2017</td>
<td>USD 21 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% of Portfolio Value</th>
<th>Net Leasable Area (SQ. FT.)</th>
<th>Occupancy Rate</th>
<th>GROSS RENTAL YIELD*</th>
</tr>
</thead>
<tbody>
<tr>
<td>6%</td>
<td>132,000</td>
<td>100%</td>
<td>6.5%</td>
</tr>
</tbody>
</table>

*Annual contractual rental
Souq Extra
Community Retail Centre

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
• Occupancy rates stable at 99%
• 7,500 sq. ft. of renewals completed between 2020-2021

Challenges
• Sustained pressure on the physical retail sector due to Covid-19 lockdown restrictions throughout the year and the transition to online retail and e-commerce

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
• Rental relief granted to retailers that have been acutely affected by the pandemic

As at 31st March 2021

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>ACQUIRED</th>
<th>MARKET VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dubai Silicon Oasis</td>
<td>December 2017</td>
<td>USD 22 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% OF PORTFOLIO VALUE</th>
<th>NET LEASABLE AREA (SQ. FT.)</th>
<th>OCCUPANCY RATE</th>
<th>GROSS RENTAL YIELD*</th>
</tr>
</thead>
<tbody>
<tr>
<td>6%</td>
<td>36,027</td>
<td>99%</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

WAULT (years)
1.88

*Annual contractual rental
03. Governance

- Directors’ report
- Corporate governance framework
- Management and administration
- Risk management
- Investment Committee report
- Shari’a Supervisory Board report
- Shari’a compliance certificate
- Oversight Committee report
- Share performance and dividend distribution
Directors’ report

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) PLC from 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 Sharia’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 Sharia’a guidelines, as defined by the Sharia’a Supervisory Board of the Group. The Sharia’a Supervisory Board will also periodically review all implemented investment decisions of the Fund Manager remain within Sharia’a guidelines.

Results and distributions
The results for the year are set out in the statement of profit or loss and other comprehensive income on page 78. During the current year, a final dividend of USD 0.0204 per share amounting to USD 5,100,000 (4.4% annualised of NAV) was declared and approved for the year ended 31st March 2020 and paid on 28th July 2020 (USD 0.0215 per share amounting to USD 5,399,754 (4% annualised of NAV) was declared and approved for the year ended 31st March 2019 and paid on 14th July 2019). Furthermore, an interim dividend of USD 0.0194 per share amounting to USD 4,850,000 (4.89% of NAV) for the 6 month period ended 30th September 2020 was declared and approved and subsequently paid on 6th January 2021 (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.

Reduction of Share Capital
ENBD REIT reduced its share capital by USD 199,750,000 subsequent to shareholders’ approval at the Virtual Annual General Meeting held on 1st July 2020 following the necessary regulatory approvals. It transferred from its share capital the amount of USD 199,750,000 to a distributable reserve account. The purpose of the distributable reserve is to enable ENBD REIT to maintain consistent dividend payments despite movements in capital values. As at 31st March 2021, ENBD REIT has settled USD 199,750,000 and the balance in the distribution reserve account stands at USD 101,465,373.

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). Going forward the Directors have approved a revised valuation policy which will include additional valuer(s) to the ongoing quarterly valuations of the Group’s properties along with a rotation policy to ensure the properties are not valued by the same valuer for more than 5 years as per regulatory requirements for REITs.

Emirates NBD Asset Management’s other REIT management commitments
Masdar, a subsidiary of Mubadala Investment company, appointed Emirates NBD Asset Management Limited to provide management services for the UAE’s first sustainable real estate investment trust – the Masdar Green REIT. The Masdar Green REIT has been established at Abu Dhabi Global Market (ADGM) as a qualified investor fund (QIF), having received approval from ADGM’s Financial Services Regulatory Authority to begin operations. Emirates NBD Asset Management Limited provides services to the Masdar Green REIT via its management company, Masdar Capital Management Limited. Emirates NBD Asset Management Limited is the non-exclusive REIT manager for ENBD REIT, and is free to manage more than one REIT in the UAE. The ENBD REIT Board of Directors and DFSA cleared all necessary conflicts and regulatory queries in relation to the ongoing management of ENBD REIT, prior to engaging its services for the Masdar Green REIT. The Board of Directors of ENBD REIT can confirm that no conflict exists in respect to this engagement.

Signed on behalf of the Board

Date: 01 June 2021

Director:

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 31 March 2021 on a going concern basis.

Deloitte & Touche M.E. were appointed as external auditors of the Group for the year ended 31 March 2021. The Board of directors has recommended the appointment of Deloitte & Touche M.E. as the auditor for 2021-22 for approval by the shareholders at the forthcoming Annual General Meeting.
Corporate governance framework

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 (DGXC) 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 18 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 serving 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 CEO 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 also 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 twenty five 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 held a number of senior roles, including six years as a Director in their funds 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
- Sophie Llewellyn
- Christopher Seymour

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
- Hari Bhambra
- James Anderson

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
Office 8th Floor East Wing
DIFC – The Gate Building
P.O. Box 506578
Dubai
United Arab Emirates

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

Shari’a Supervisory Board
Amanie Advisors LLC
Emirates NBD Asset Management Limited
Dr. Mohamed Ali Elgari (Chairman)
Dr. Mohd Daud Bakar (Executive Member)
Dr. Muhammad Amin Ali Qattan
Dr. Osama Al Dereai

Independent Auditor
Deloitte & Touche (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
P.O. Box 506534
Dubai
United Arab Emirates

Custodian
Apex Fund Services (Guernsey) Limited
1st Floor Tudor House Le Bordage,
St. Peter Port
Guernsey GY1 1DB
Risk management

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.

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 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.

Investment Committee report

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

Although currently limited due to being fully invested, ENBD REIT’s future acquisition pipeline focuses on specific sectors – and in particular long-term leased assets often categorised within the alternative assets segment. Given negative movements in valuations directly impact LTVs and lenders’ covenants, this may have limitations on future investment pipeline in the short-term. 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 also 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 20-25%
- Alternative 15-25%

Which areas are we focusing on?

The Portfolio aims to be diversified across the UAE.

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

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

Asslam Alaikum Wa Rahamat 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 2021.

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 2021.

b. All earnings that have been realized between 1st April 2020 and 31st March 2021 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.

Dr. Mohamed Ali Elgari
Chairman, Fatwa and Shari’a Supervisory Board
ENBD REIT (CEIC) PLC
Overview Committee report

In line with the DSFA Collective Investment Law, Markets Law, Collective Investment Rules and 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 all applicable articles, laws and regulations, risk management and safeguarding 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”) remain 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 NAV/ Valuation process has been considered, 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 and Revised Valuation Policy

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).

Given the challenging market conditions and with an aim to maintain the integrity, robustness and accuracy of the REIT Portfolio, from financial year 2021-2022 onwards, ENBD REIT will revise its valuation policy. It is proposed to conduct the tender process ahead of the first valuation cycle for the new financial year being 30 June 2021 from a pre-qualified list of valuers. The revised valuation policy is in line with international best practice and DSFAs’s regulation that stipulates change of appointed valuers every five years unless re-appointed by tender process and will include a rotation mechanism to ensure each asset in the portfolio is valued by a new valuer every 3-4 years. Furthermore, each external valuer will be invited to present to the Board at least annually to explain their assumptions and movements in valuation during that period.

The revised valuation policy has been approved by the ENBD REIT Board and the Oversight Committee.

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 2021, a final dividend of USD 0.0204 per share amounting to USD 5,100,000 was declared and approved for the year ended 31st March 2020 and paid on 28th July 2020 (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). Furthermore, an interim dividend of USD 0.0194 per share amounting to USD 4,850,000 for the 6 month period ended 30th September 2020 was declared and approved and subsequently paid on 6th January 2021 (USD 0.0196 per share amounting to USD 5,100,000 for the 6 months period ending 30th September 2019 was declared and approved and subsequently paid on 14th December 2019).

At the Annual General Meeting (“AGM”) to be held on 29th June 2021, the Board of Directors will propose a final dividend of USD 0.0176 per share amounting to USD 4,400,000 (2.44% of NAV) for the 6 month period ended 31st March 2021. 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 2021 are distributed in accordance with the applicable regulations.

Borrowing

The Oversight Committee noted that ENBD REIT’s total outstanding borrowing amounted to USD 195 million, which represents 52% of the Gross Asset Value of ENBD REIT amounting to USD 374 as of 31st March 2021. This is in compliance with the CIL and CIR in terms of borrowing limits.

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 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.

The Oversight Committee has noted that the valuation methodologies applied during these extraordinary circumstances – less certainty can be attached to the valuations than otherwise would be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.
Share performance and dividend distribution

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: ENBDRIT), visit our Investor Relations website: www.enbdreit.com/reit/investorrelations

The REIT’s Board of Directors proposed a final dividend for the financial year ending 31st March 2021 of USD 4,400,000 or USD 0.0176 per share – equivalent to 4.88% (annualised) of NAV and 8.21% (annualised) of the share price – subject to shareholder approval at the Annual General Meeting (“AGM”) on 29th June 2021. This proposed dividend is equivalent to 78% of 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 0.0194 per share, equivalent to an annualised dividend yield of 2.45% on NAV per share or 6.26% on the share price at the time. This brings the total dividend payable to shareholders for the year ended 31st March 2021 to USD 9,250,000 – equivalent to 5.1% of the cum-dividend NAV and 8.6% of the share price at 31st March 2021.

Following the AGM and subject to Shareholder approval, the shares will trade ex-dividend on 7th July 2021, with the record date set as 8th July 2021 and the payment date on 27th July 2021. ENBD REIT intends to continue paying dividends on a semiannual basis in line with its current dividend policy.

<table>
<thead>
<tr>
<th></th>
<th>31st March 2021</th>
<th>31st March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share price</td>
<td>USD 0.43</td>
<td>USD 0.36</td>
</tr>
<tr>
<td>Dividend % per share</td>
<td>8.6%</td>
<td>11.24%</td>
</tr>
</tbody>
</table>
04. Financial statements

- Independent auditor’s report 72
- Consolidated statement of financial position 77
- Consolidated statement of profit or loss and other comprehensive income 78
- Consolidated statement of changes in equity 79
- Consolidated statement of cash flows 80
- Notes to the consolidated financial statements 81
Key audit matter: Valuation of Investment properties

The Group’s investment properties amounted to USD 372 million (2020: USD 423 million) as of 31 March 2021 (92% of total assets) and the unrealised fair value loss recorded in the consolidated statement of profit or loss amounted to USD 51 million (2020: USD 40 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 the professional valuers when observable market information is not available or when significant adjustments are made to the observable market information.

As detailed in note 3, the Group’s external valuers have declared a ‘material valuation uncertainty’ in their valuation reports on the portfolio as at 31 March 2021 as a result of the impact of the Covid 19 pandemic. This is because market activity is being impacted in many sectors. The valuers consider that they can attach less weight to previous market evidence for comparison purposes in performing their valuations at 31 March 2021 and therefore a higher degree of caution should be attached to their valuation.

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.

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>
</tr>
<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>
Independent auditor’s report (Continued)

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

INDEPENDENT AUDITOR’S REPORT

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.

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.

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 (Continued)

Deloitte

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).

Malcolm Coates
3 June 2021
Dubai
United Arab Emirates

Consolidated statement of financial position
As at 31 March 2021

<table>
<thead>
<tr>
<th>Note</th>
<th>31 Mar 2021</th>
<th>31 Mar 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
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<tr>
<td>Investment properties</td>
<td>3 &amp; 17</td>
<td>372,035,481</td>
</tr>
<tr>
<td>Total non-current assets</td>
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<td>372,035,481</td>
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<tr>
<td>Current assets</td>
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<tr>
<td>Trade and other receivables</td>
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<td>7,453,637</td>
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<tr>
<td>Prepaid expenses</td>
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<td>349,804</td>
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<tr>
<td>Cash and cash equivalents</td>
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<td>24,607,598</td>
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<td>Total current assets</td>
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<td>Total assets</td>
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<td>404,446,520</td>
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<tr>
<td>Liabilities</td>
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<tr>
<td>Current liabilities</td>
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<tr>
<td>Islamic finance payable</td>
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<td>43,732,824</td>
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<td>Trade and other payables</td>
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<td>Payable for investments</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>11</td>
<td>699,101</td>
</tr>
<tr>
<td>Finance cost payable on Islamic financing</td>
<td>8</td>
<td>170,930</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td></td>
<td>57,657,908</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Islamic finance payable</td>
<td>9</td>
<td>149,741,356</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>7</td>
<td>2,358,346</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>11</td>
<td>14,396,410</td>
</tr>
<tr>
<td>Total liabilities</td>
<td></td>
<td>224,153,920</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>12 (a)</td>
<td>250,000</td>
</tr>
<tr>
<td>Capital redemption reserve</td>
<td>12 (c)</td>
<td>962,457</td>
</tr>
<tr>
<td>Distributable reserve</td>
<td>12 (b)</td>
<td>101,465,373</td>
</tr>
<tr>
<td>Special reserve</td>
<td>12 (b)</td>
<td>70,805,683</td>
</tr>
<tr>
<td>Retained earnings</td>
<td></td>
<td>6,809,087</td>
</tr>
<tr>
<td>Total equity</td>
<td></td>
<td>180,292,600</td>
</tr>
<tr>
<td>Total equity and liabilities</td>
<td></td>
<td>404,446,520</td>
</tr>
</tbody>
</table>

The consolidated financial statements were approved and authorised for issue by the Directors on 3 June 2021 and signed on behalf of the Board by:

Director
Date: 3 June 2021

The accompanying notes form an integral part of these consolidated financial statements. The independent auditor’s report is set out on pages 72 to 76.
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 March 2021

<table>
<thead>
<tr>
<th>Note</th>
<th>31 Mar 2021</th>
<th>31 Mar 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental income</td>
<td>31,907,728</td>
<td>34,419,435</td>
</tr>
<tr>
<td>Other property income</td>
<td>-</td>
<td>347,731</td>
</tr>
<tr>
<td>Property operating expenses</td>
<td>(6,224,486)</td>
<td>(6,732,993)</td>
</tr>
<tr>
<td><strong>Property operating income</strong></td>
<td>25,683,242</td>
<td>28,034,173</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(1,259,521)</td>
<td>(1,632,035)</td>
</tr>
<tr>
<td>Management fees</td>
<td>(2,813,618)</td>
<td>(3,970,378)</td>
</tr>
<tr>
<td>Property valuation fees</td>
<td>(103,458)</td>
<td>(128,777)</td>
</tr>
<tr>
<td>Allowance for impairment against trade receivables</td>
<td>(1,793,715)</td>
<td>(182,560)</td>
</tr>
<tr>
<td><strong>Total fund expenses</strong></td>
<td>(5,970,312)</td>
<td>(5,913,750)</td>
</tr>
<tr>
<td><strong>Finance income / (cost)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit on Islamic deposits</td>
<td>47,471</td>
<td>50,207</td>
</tr>
<tr>
<td>Lease liability finance cost</td>
<td>(809,890)</td>
<td>(488,022)</td>
</tr>
<tr>
<td>Islamic financing costs</td>
<td>(7,103,591)</td>
<td>(10,743,586)</td>
</tr>
<tr>
<td><strong>Net finance cost</strong></td>
<td>(7,866,010)</td>
<td>(11,181,401)</td>
</tr>
<tr>
<td><strong>Profit before depreciation and loss on fair valuation of investment properties</strong></td>
<td>11,846,920</td>
<td>10,939,022</td>
</tr>
<tr>
<td>Unrealised loss on fair valuation of investment properties, net</td>
<td>(51,296,326)</td>
<td>(40,395,487)</td>
</tr>
<tr>
<td><strong>Loss for the year</strong></td>
<td>(39,449,406)</td>
<td>(29,456,465)</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive loss for the year</strong></td>
<td>(39,449,406)</td>
<td>(29,456,465)</td>
</tr>
<tr>
<td><strong>Loss per share</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic loss per share (USD)</td>
<td>(0.16)</td>
<td>(0.12)</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 72 to 76.

Consolidated statement of changes in equity
For the year ended 31 March 2021

<table>
<thead>
<tr>
<th>Share capital USD</th>
<th>Capital Redemption 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 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>
</tr>
<tr>
<td><strong>Total comprehensive loss for the year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive loss for the year</strong></td>
<td>200,921,072</td>
<td>660,037</td>
<td>54,351,904</td>
<td>8,169,152</td>
<td>(23,491,754)</td>
</tr>
<tr>
<td><strong>Transactions with owners recorded directly in equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer from Special Reserve (note 12)</td>
<td>-</td>
<td>-</td>
<td>4,774,699</td>
<td>4,774,699</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from distributable reserve</td>
<td>-</td>
<td>-</td>
<td>40,000,000</td>
<td>-</td>
<td>40,000,000</td>
</tr>
<tr>
<td>Dividend distribution (note 19)</td>
<td>-</td>
<td>-</td>
<td>(10,299,753)</td>
<td>-</td>
<td>(10,299,753)</td>
</tr>
<tr>
<td>Shares buy-back (note 12)</td>
<td>(921,072)</td>
<td>302,420</td>
<td>-</td>
<td>4,774,699</td>
<td>-</td>
</tr>
<tr>
<td><strong>At 31 March 2020</strong></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>
</tr>
<tr>
<td><strong>As at 1 April 2020</strong></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>
</tr>
<tr>
<td><strong>Total comprehensive loss for the year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive loss for the year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transactions with owners recorded directly in equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Movement in Share Capital (note 12)</td>
<td>(199,750,000)</td>
<td>-</td>
<td>199,750,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from distributable reserve (note 12)</td>
<td>-</td>
<td>-</td>
<td>(117,411,230)</td>
<td>67,411,230</td>
<td>50,000,000</td>
</tr>
<tr>
<td>Dividend distribution (note 19)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(9,950,000)</td>
</tr>
<tr>
<td><strong>At 31 March 2021</strong></td>
<td>250,000</td>
<td>962,457</td>
<td>101,465,373</td>
<td>70,805,683</td>
<td>6,809,087</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 72 to 76.
Notes to the Consolidated Financial Statements
For the year ended 31 March 2021

1. General Information
ENBD REIT (CEIC) PLC – a DIFC Company with registration number 2209 ("the Company" or "ENBD REIT") was incorporated on 30 July 2014. 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, amongst 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 2021 have 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 issued
At the date of authorisation of these consolidated financial statements, there were a number of standards and interpretations which were in issue. The Fund is assessing the impact of these standards and anticipates that the adoption of these standards and interpretations in future periods will not have a significant impact on its financial statements.

Standards / amendments to standards / interpretations Effective date
Amendments to IFRS 3: Definition of a Business 1 January 2020
Amendments to IFRS 7, "IFRS 9 and IAS 39: Interest Rate Benchmark Reform 1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material 1 January 2020
Conceptual Framework for Financial Reporting issued on 29 March 2018 1 January 2020

Certain new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2020, with the Company not opting for early adoption. These have, therefore, not been applied in preparing these financial statements.

The accompanying notes form an integral part of these consolidated financial statements. The independent auditor’s report is set out on pages 72 to 76.
Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

The Company anticipates that these new standards, interpretations and amendments will be adopted in the Company’s consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of Company in the period of initial application.

c. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiaries at 31 March 2021, as listed below.

Subsidiary

<table>
<thead>
<tr>
<th>Subsidiary</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arabian Oryx Property SPV 1 Limited</td>
<td>The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9 Financial Instruments, IAS 39) and IFRS 16 Leases) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity’s progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.</td>
</tr>
<tr>
<td>Blamford Fox Property SPV 2 Limited</td>
<td>Effective date</td>
</tr>
<tr>
<td>Camel Property SPV 3 Limited</td>
<td>1 January 2021</td>
</tr>
<tr>
<td>Dana Property SPV 4 Limited</td>
<td></td>
</tr>
<tr>
<td>Ewan Property SPV 5 Limited</td>
<td></td>
</tr>
<tr>
<td>Fajr Property SPV 6 Limited</td>
<td></td>
</tr>
<tr>
<td>Gazal Property SPV 7 Limited</td>
<td></td>
</tr>
<tr>
<td>Hasan Property SPV 8 Limited</td>
<td></td>
</tr>
<tr>
<td>Ibex Property SPV 9 Limited</td>
<td></td>
</tr>
</tbody>
</table>

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.

2. Significant accounting policies (continued)

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 interest.

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.
Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

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.

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 financial asset is more than 90 days past due;
• 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
(ii) 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.

2. Significant accounting policies (continued)

(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 comprise 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.
Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 March 2021

j. Leases
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 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 consolidated statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

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 Murabaha 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.

2. Significant accounting policies (continued)
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 valuations 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 case 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.
### Notes to the Consolidated Financial Statements (Continued)

#### For the year ended 31 March 2021

#### 3. Investment properties

<table>
<thead>
<tr>
<th></th>
<th>As at 31 Mar 2021 USD</th>
<th>As at 31 Mar 2020 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at start of the year</strong></td>
<td>407,294,860</td>
<td>447,434,883</td>
</tr>
<tr>
<td>Additions to investment properties</td>
<td>866,008</td>
<td>-</td>
</tr>
<tr>
<td>Changes in fair value</td>
<td>(47,924,004)</td>
<td>(37,279,696)</td>
</tr>
<tr>
<td>Accrued lease income</td>
<td>(2,936,981)</td>
<td>(2,860,327)</td>
</tr>
<tr>
<td><strong>Balance at end of the year</strong></td>
<td>357,299,883</td>
<td>407,294,860</td>
</tr>
<tr>
<td>Right-of-use assets</td>
<td>14,735,598</td>
<td>15,170,939</td>
</tr>
<tr>
<td></td>
<td>372,035,481</td>
<td>422,465,799</td>
</tr>
</tbody>
</table>

Investment properties as at 31 March, 2021 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 2.94 million (31 March 2020: USD 2.86 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 357.3 million (31 March 2020: USD 407.3 million) are mortgaged against bank borrowings.

**Material uncertainty around the valuation**

For the 31 March 2021 valuation, the rapid spread of COVID-19 has disrupted activity in the real estate market creating heightened valuation uncertainty for the Group’s valuers. As a result, the valuation reports include a clause which highlights a ‘material uncertainty’ which is as follows:

“The outbreak of Novel Coronavirus (COVID-19) declared by the World Health Organization as a Global Pandemic on the 11 March 2020, has impacted global financial markets. Travel restriction have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purpose, to inform 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 our judgement. Our valuation is therefore reported as being subject to ‘material uncertainty’ as set out in VPS3 and VPGA 10 of the RICS valuation- Global Standards. Consequently, less certainty and a higher degree of caution should be attached to our valuation than would normally be the case. Given the unknown future impact that the COVID-19 might have on the real estate market, we recommend that you keep the valuation of the properties under frequent review”.

For the avoidance of doubt, the inclusion of the ‘material uncertainty’ declaration 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.

**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 2021: 6.5%-8%; 31 March 2020: 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 22 for further details).
4. Trade and other receivables

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31 Mar 2021</th>
<th>As at 31 Mar 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent receivable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross amount receivable</td>
<td>5,571,655</td>
<td>921,197</td>
</tr>
<tr>
<td>Less: allowance for impairment</td>
<td>(2,163,469)</td>
<td>(369,754)</td>
</tr>
<tr>
<td></td>
<td>3,408,186</td>
<td>551,443</td>
</tr>
<tr>
<td>Other receivables</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>3,099,916</td>
<td>2,860,327</td>
</tr>
<tr>
<td>Other receivables</td>
<td>-</td>
<td>1,701,083</td>
</tr>
<tr>
<td></td>
<td>4,045,451</td>
<td>5,566,895</td>
</tr>
<tr>
<td>Total trade and other receivables</td>
<td>7,453,637</td>
<td>6,058,338</td>
</tr>
</tbody>
</table>

5. Prepaid expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31 Mar 2021</th>
<th>As at 31 Mar 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid expenses</td>
<td>349,804</td>
<td>226,478</td>
</tr>
<tr>
<td>Total prepaid expenses</td>
<td>349,804</td>
<td>226,478</td>
</tr>
</tbody>
</table>

6. Cash and cash equivalents

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31 Mar 2021</th>
<th>As at 31 Mar 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at GSO Portal (in AED accounts)</td>
<td>14,915</td>
<td>3,777</td>
</tr>
<tr>
<td>Cash at bank (in USD accounts)</td>
<td>1,184,316</td>
<td>2,116,417</td>
</tr>
<tr>
<td>Cash at bank (in AED accounts)</td>
<td>16,567,109</td>
<td>11,580,950</td>
</tr>
<tr>
<td>Islamic deposits</td>
<td>6,841,258</td>
<td>-</td>
</tr>
<tr>
<td>Total cash and cash equivalents</td>
<td>24,607,998</td>
<td>13,701,544</td>
</tr>
</tbody>
</table>

Islamic deposits represent Wakala investment in Emirates Islamic Money Market Fund. They have gross yield of 0.92 bps and the return on the current investment is 0.63%.

7. Trade and other payables

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31 Mar 2021</th>
<th>As at 31 Mar 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent received in advance and unearned income</td>
<td>9,341,206</td>
<td>10,667,924</td>
</tr>
<tr>
<td>Tenants’ security deposits</td>
<td>771,412</td>
<td>1,017,767</td>
</tr>
<tr>
<td>Management fees</td>
<td>717,895</td>
<td>874,230</td>
</tr>
<tr>
<td>Sundry creditors</td>
<td>2,224,540</td>
<td>2,295,393</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>19,055,053</td>
<td>14,855,314</td>
</tr>
</tbody>
</table>

8. Finance cost payable on Islamic financing

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31 Mar 2021</th>
<th>As at 31 Mar 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit expense payable</td>
<td>170,930</td>
<td>317,606</td>
</tr>
<tr>
<td>Debt processing fee payable</td>
<td>-</td>
<td>8,374</td>
</tr>
<tr>
<td>Total finance cost payable on Islamic financing</td>
<td>170,930</td>
<td>325,980</td>
</tr>
</tbody>
</table>

The balance represents profit expense payable on Murabaha facility from Mashreq bank. For details on the Murabaha facility and profit rate refer note 9 on Islamic financing.

9. Islamic financing

During the year ended 31 March 2020, the Group had 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 2021, the Group had drawn down USD 149,741,356 equivalent to AED 550,000,000, while the remaining facility has lapsed. The facility term is 12 years where the first 4 years is profit only and principal repayment will start from year 5 onwards. 30% of the facility will be repaid on the termination date.

The balance represents profit expense payable on Murabaha facility from Mashreq bank. For details on the Murabaha facility and profit rate refer note 9 on Islamic financing.
Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

During the 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 Murabaha rate is 2.15% above the quarterly LIBOR, payable in arrears. As at 31 March 2021, the Group has drawn down USD 44,900,000 from the facility. The facilities are payable as follows:

- Less than one year
  50,161,776 8,372,220
- Between one and five years
  155,471,937 197,544,475
  205,633,713 205,916,695
Future finance costs not recognised in the consolidated financial statements
  (10,952,358) (24,288,189)
Less: Deferred finance costs (refer note i below)
  (1,167,175) (2,002,010)
Net Islamic finance liability – carrying value
  194,414,180 179,626,496

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

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31 Mar 2021</th>
<th>As at 31 Mar 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>43,732,824</td>
<td>-</td>
</tr>
<tr>
<td>More than one year</td>
<td>149,681,356</td>
<td>179,626,496</td>
</tr>
</tbody>
</table>

10. Payable for investments

The balance represents retention payables of USD Nil (31 March 2020: USD 272,257) for the investment properties to be paid to third party on completion of certain terms as per individual agreements.

11. Lease liabilities

The Group adopted IFRS 16 ‘Leases’ from 1 April 2019. The Group has opted for the cumulative catch up 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.

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31 Mar 2021</th>
<th>As at 31 Mar 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease liabilities recognised as at 1 April</td>
<td>15,215,323</td>
<td>15,426,402</td>
</tr>
<tr>
<td>Finance cost on lease liability during the period</td>
<td>809,890</td>
<td>488,022</td>
</tr>
<tr>
<td>Lease liability paid during the period</td>
<td>(929,702)</td>
<td>(699,101)</td>
</tr>
<tr>
<td>Closing balance of Lease liabilities</td>
<td>15,095,511</td>
<td>15,215,323</td>
</tr>
</tbody>
</table>

12. Share Capital

a) Share capital

The authorised share capital of the Group is USD 500,000 divided into 500,000,000 fully paid Ordinary Shares at a nominal value of USD 0.01 per share. The fully paid ordinary shares of the Company are 250,000,000 (31 March 2020: 250,000,000). Pursuant to reduction in share capital (note 12(b)) and shares buy-back (note 12(c)), the share capital of the Group is USD 250,000 (31 March 2020: USD 200,000,000).

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. Subsequently, shareholders in the Annual General Meeting dated 1st July 2020 approved to reduce the issued capital of the Company further and transfer the same to distributable 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 2021, the balance in the distributable reserve account stands at USD 101,465,373 (31 March 2020: USD 19,126,603).

The purpose of the special reserve account is for coverage of liabilities outstanding at the time of movement of share capital to the distributable reserve account. On the 16th September 2020, the Company transferred USD 67.4 million from the distributable reserve to the special reserve to cover the outstanding liabilities as at that date. As at 31 March 2021, ENBD REIT has settled USD 8,029,643 and the balance in the special reserve account stands at USD 70,805,683 (31 March 2020 USD 3,394,458).

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 Nil shares (until 31 March 2020: 4,401,340 shares) at the prevailing market price thereby completing the share buy-back programme. The surplus reserve of USD Nil (31 March 2020: USD 962,457), 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.
Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

13. Property operating expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>For the year ended 31 Mar 2021 USD</th>
<th>For the year ended 31 Mar 2020 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building managers’ expenses</td>
<td>2,195,892</td>
<td>4,179,560</td>
</tr>
<tr>
<td>Cleaning, electricity and water</td>
<td>1,361,736</td>
<td>998,728</td>
</tr>
<tr>
<td>Building maintenance expenses</td>
<td>1,320,657</td>
<td>276,167</td>
</tr>
<tr>
<td>Air conditioning</td>
<td>487,388</td>
<td>641,309</td>
</tr>
<tr>
<td>Insurance</td>
<td>117,894</td>
<td>121,743</td>
</tr>
<tr>
<td>Legal and professional fees</td>
<td>657,023</td>
<td>398,797</td>
</tr>
<tr>
<td>Miscellaneous expenses</td>
<td>6,224,486</td>
<td>6,732,993</td>
</tr>
</tbody>
</table>

14. General and administrative expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>For the year ended 31 Mar 2021 USD</th>
<th>For the year ended 31 Mar 2020 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal and professional fees</td>
<td>352,661</td>
<td>689,623</td>
</tr>
<tr>
<td>Board and committee fees</td>
<td>438,008</td>
<td>475,512</td>
</tr>
<tr>
<td>Fund administration custodian and related services</td>
<td>177,286</td>
<td>106,929</td>
</tr>
<tr>
<td>Miscellaneous expenses</td>
<td>291,566</td>
<td>359,971</td>
</tr>
<tr>
<td>Total</td>
<td>1,259,521</td>
<td>1,632,035</td>
</tr>
</tbody>
</table>

15. 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.

Related party transactions

<table>
<thead>
<tr>
<th>Description</th>
<th>For the year ended 31 Mar 2021 USD</th>
<th>For the year ended 31 Mar 2020 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance cost on Murabaha</td>
<td>-</td>
<td>3,319,377</td>
</tr>
<tr>
<td>Murabaha facility repaid</td>
<td>-</td>
<td>134,494,963</td>
</tr>
<tr>
<td>Management fees (i)</td>
<td>2,813,618</td>
<td>3,970,378</td>
</tr>
<tr>
<td>Board and Committee fees (ii)</td>
<td>438,008</td>
<td>475,512</td>
</tr>
<tr>
<td>Profit on Islamic deposit</td>
<td>47,471</td>
<td>50,207</td>
</tr>
<tr>
<td>Fund administration custodian and related services (iv)</td>
<td>177,286</td>
<td>106,929</td>
</tr>
<tr>
<td>Other Asset Management expenses</td>
<td>-</td>
<td>76,232</td>
</tr>
</tbody>
</table>

(ii) 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 500 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 2020: 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 2021 were USD 280,000 (31 March 2020: USD 302,648) and USD Nil was owed to Directors at 31 March 2021 (31 March 2020: USD Nil). The remaining amount in board and committee fees head relates to Oversight and Investment committee and Sharia Advisory board fees.

During the year the Fund Manager, Board of Directors, Oversight Committee, Investment Committee and Sharia Board, all reduced their fees by 13.33% for a 6 months period beginning from 1st July 2020 to 31 December 2020.

(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 2021 were USD 280,000 (31 March 2020: USD 302,648) and USD Nil was owed as at 31 March 2021 (31 March 2020: USD Nil). The remaining amount under Fund administration and related services relates to Administration agreement and Corporate Secretary services provided by Apex Fund Services (Dubai) Limited.
16. 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 summarized 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 Group 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”).

(ii) Credit risk (continued)

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 Mar 2021 USD</th>
<th>As at 31 Mar 2020 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>24,607,598</td>
<td>13,701,144</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>4,353,721</td>
<td>3,198,011</td>
</tr>
<tr>
<td><strong>Maximum exposure to credit risk</strong></td>
<td><strong>28,961,319</strong></td>
<td><strong>16,899,155</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.

(i) Credit risk

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 2,163,469 (31 March 2020: USD 369,754) has been recognized as at 31 March 2021.

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 56 and 57.

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 USD</th>
<th>Less than 1 year USD</th>
<th>1 to 5 years USD</th>
<th>Over 5 years USD</th>
<th>Total USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 31 March 2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Islamic financing payable (Note 9)</td>
<td>194,641,357</td>
<td>50,161,776</td>
<td>155,471,937</td>
<td>-</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>21,338,534</td>
<td>4,583,878</td>
<td>2,358,246</td>
<td>14,396,410</td>
</tr>
<tr>
<td>215,979,891</td>
<td>54,745,654</td>
<td>157,830,183</td>
<td>14,396,410</td>
<td>226,972,247</td>
</tr>
</tbody>
</table>

| As at 31 March 2020|                      |                 |                 |          |
| Islamic financing payable (Note 9) | 181,628,506 | 8,372,220 | 197,544,475 | - | 205,916,495 |
| Other financial liabilities | 22,465,333 | 4,697,563 | 6,619,923 | 11,147,847 | 22,465,333 |
| 204,093,839 | 13,069,783 | 204,164,398 | 11,147,847 | 228,382,028 |
Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2021

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></th>
<th>As at 31 Mar 2021 USD</th>
<th>As at 31 Mar 2020 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total current liabilities per the consolidated statement of financial position</td>
<td>57,657,908</td>
<td>16,383,254</td>
</tr>
<tr>
<td>Total non-current liabilities per the consolidated statement of financial position</td>
<td>166,496,012</td>
<td>196,376,499</td>
</tr>
<tr>
<td>Add: future finance costs not recognised in the consolidated statements (refer to note 8)</td>
<td>224,153,930</td>
<td>212,799,738</td>
</tr>
<tr>
<td>Add: deferred finance cost excluded in Islamic finance payable (refer to note 8)</td>
<td>10,992,358</td>
<td>24,288,189</td>
</tr>
<tr>
<td>Less: deferred income excluded in maturity profile (refer to note 7)</td>
<td>1,167,175</td>
<td>2,002,010</td>
</tr>
<tr>
<td>Less: deferred income excluded in maturity profile (refer to note 7)</td>
<td>(9,341,206)</td>
<td>(10,667,924)</td>
</tr>
<tr>
<td>Total per maturity profile</td>
<td>226,972,247</td>
<td>228,382,028</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 Ordinary Shares of ENBD REIT are in US Dollar.

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 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 2021:

<table>
<thead>
<tr>
<th></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>Floating rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Islamic financing payable (gross)</td>
<td>50,161,776</td>
<td>155,471,097</td>
<td></td>
<td>205,633,713</td>
<td>194,641,357</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 2020:

<table>
<thead>
<tr>
<th></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>Floating rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<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 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% (2021: -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.
17. Schedule of investment properties

### Investment properties as at 31 March 2021

<table>
<thead>
<tr>
<th>Property</th>
<th>Opening Cost (USD)</th>
<th>Additions during the year (USD)</th>
<th>Closing Cost (USD)</th>
<th>Fair value at 31 Mar 2021 (USD)</th>
<th>Fair value at 31 Mar 2020 (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DHCC 49</td>
<td>39,666,921</td>
<td>-</td>
<td>39,666,921</td>
<td>27,093,057</td>
<td>28,678,955</td>
</tr>
<tr>
<td>DHCC 25</td>
<td>34,663,109</td>
<td>-</td>
<td>34,663,109</td>
<td>21,279,863</td>
<td>23,065,011</td>
</tr>
<tr>
<td>Arabian Oryx House</td>
<td>37,078,538</td>
<td>-</td>
<td>37,078,538</td>
<td>20,922,252</td>
<td>26,545,058</td>
</tr>
<tr>
<td>Burj Daman (DIFC)</td>
<td>72,717,075</td>
<td>448,829</td>
<td>73,165,904</td>
<td>57,816,642</td>
<td>60,886,877</td>
</tr>
<tr>
<td>Remraam (Dubailand)</td>
<td>23,457,367</td>
<td>-</td>
<td>23,457,367</td>
<td>11,262,523</td>
<td>14,048,462</td>
</tr>
<tr>
<td>Al Thuraya Towers 1</td>
<td>69,296,924</td>
<td>415,978</td>
<td>69,711,902</td>
<td>68,634,197</td>
<td>77,539,673</td>
</tr>
<tr>
<td>BinGhatti Terraces</td>
<td>41,563,653</td>
<td>-</td>
<td>41,563,653</td>
<td>19,155,827</td>
<td>26,626,736</td>
</tr>
<tr>
<td>The Edge</td>
<td>80,462,402</td>
<td>1,200</td>
<td>80,463,602</td>
<td>66,778,524</td>
<td>74,445,441</td>
</tr>
<tr>
<td>Souq Extra</td>
<td>23,592,605</td>
<td>-</td>
<td>23,592,605</td>
<td>21,508,229</td>
<td>23,332,426</td>
</tr>
<tr>
<td>Uninest</td>
<td>33,698,053</td>
<td>-</td>
<td>33,698,053</td>
<td>22,564,665</td>
<td>32,187,733</td>
</tr>
<tr>
<td>South View School</td>
<td>15,579,411</td>
<td>-</td>
<td>15,579,411</td>
<td>20,284,102</td>
<td>19,938,488</td>
</tr>
<tr>
<td>Right-of-use asset Souq Extra</td>
<td>3,925,777</td>
<td>-</td>
<td>3,925,777</td>
<td>3,755,360</td>
<td>3,844,085</td>
</tr>
<tr>
<td>Right-of-use asset South View School</td>
<td>11,500,631</td>
<td>-</td>
<td>11,500,631</td>
<td>10,980,250</td>
<td>10,326,854</td>
</tr>
<tr>
<td><strong>Total investment properties</strong></td>
<td><strong>487,201,460</strong></td>
<td><strong>866,007</strong></td>
<td><strong>488,067,467</strong></td>
<td><strong>372,035,481</strong></td>
<td><strong>422,465,799</strong></td>
</tr>
</tbody>
</table>

All investment properties in the portfolio are secured against Islamic financing facility.

18. 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 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 2021 (31 March 2020: Nil).
Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 March 2021

22. Impact of Covid – 19
During the first quarter of 2020, the World Health Organisation 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 recognise 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 2021, 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 on a case by case basis. The impact on the fair value of the investment properties due to uncertainty in future cashflows due to COVID-19 has been assessed by adjusting the yields or by reducing the rents. 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. See Note 3 for further details.

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.

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

24. Approval of the financial information
The consolidated financial statements were approved by the Board of Directors on 03 June 2021.