ENBD REIT (CEIC) PLC AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

ENBD REIT (CEIC) PLC and its subsidiaries

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Management and Administration

Directors of ENBD REIT (CEIC) PLC	Tariq Bin Hendi Mark Creasey Khalid AlFaheem Ali AlMazroei	**Independent Auditor**	Deloitte & Touch (M.E) Building 3, Level 6 Emaar Square, Downtown Dubai P.O. Box 4254 United Arab Emirates
Registered Office	8th Floor East Wing DIFC – The Gate Building PO Box 506578 Dubai United Arab Emirates	**Administrator and Company Secretary**	Apex Fund Services (Dubai) Ltd. Office 101, Level 1, Gate Village, Building 5, DIFC PO Box 506534 Dubai United Arab Emirates
Fund Manager	Emirates NBD Asset Management Limited 8th Floor East Wing DIFC – The Gate Building PO Box 506578 Dubai United Arab Emirates	**Custodian**	Apex Fund Services (Guernsey) Limited 1st Floor Tudor House Le Bordage, St. Peter Port Guernsey GY1 1DB
Shari'a Supervisory Board	Fatwa and Shari'a Supervision Board Amanie Advisors LLC Dr. Mohamed Ali Elgari Dr. Mohd Daud Bakar Dr. Muhammad Amin Ali Qattan Dr. Osama Al Dereai		

ENBD REIT (CEIC) PLC and its subsidiaries

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

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

Results and distributions

The results for the year are set out in the statement of profit or loss and other comprehensive income on page 11. 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 and 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 valued are not valued by the same valuer for more than 5 years as per regulatory requirements for REITs.

ENBD REIT (CEIC) PLC and its subsidiaries

Directors' Report (continued)

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.

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.

Signed on behalf of the Board

Director:

Date: 03 June 2021

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of ENBD REIT (CEIC) PLC (the "REIT") and its subsidiaries (together, the "Group") which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of ENBD REIT (CEIC) PLC, Dubai, United Arab Emirates (continued)

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in our audit
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 these professional valuers when observable 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 purpose in performing their valuations at 31 March 2021and 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. Refer to note 2 significant accounting policies and critical estimates and judgments as well as note 3 investment properties in the consolidated financial statements.	Our audit procedures included, but were not limited to, the following: • We evaluated the design and implementation of relevant controls over the valuation process; • We assessed and discussed management's process for reviewing and challenging the work of the external valuers; • 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; • 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; • We tested the integrity of a sample of the information provided to the external valuers by agreeing that information to underlying lease agreements. • We determined if the disclosure in the consolidated financial statements, relating to this matter, was in accordance with the requirements of IFRSs.

Other Information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

Report on Other Legal and Regulatory Requirements

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

Deloitte & Touche (M.E.)

Malcolm Coates
3 June 2021
Dubai
United Arab Emirates

ENBD REIT (CEIC) PLC and its subsidiaries

Consolidated statement of financial position

As at 31 March 2021

	Note	31 Mar 2021 USD	31 Mar 2020 USD
Assets			
Non-current assets			
Investment properties	3 & 17	372,035,481	422,465,799
Total non-current assets		372,035,481	422,465,799
Current assets			
Trade and other receivables	4	7,453,637	6,058,338
Prepaid expenses	5	349,804	226,478
Cash and cash equivalents	6	24,607,598	13,701,144
Total current assets		32,411,039	19,985,960
Total assets		404,446,520	442,451,759
Liabilities			
Current liabilities			
Islamic finance payable	9	43,732,824	-
Trade and other payables	7	13,055,053	14,855,314
Payable for investments	10	-	272,257
Lease liabilities	11	699,101	929,703
Finance cost payable on Islamic financing	8	170,930	325,980
Total current liabilities		57,657,908	16,383,254
Non-current liabilities			
Islamic finance payable	9	149,741,356	179,626,496
Trade and other payables	7	2,358,246	2,464,383
Lease liabilities	11	14,396,410	14,285,620
Total liabilities		224,153,920	212,759,753
Equity			
Share capital	12 (a)	250,000	200,000,000
Capital redemption reserve	12 (c)	962,457	962,457
Distributable reserve	12 (b)	101,465,373	19,126,603
Special reserve	12 (b)	70,805,683	3,394,453
Retained earnings		6,809,087	6,208,493
Total equity		180,292,600	229,692,006
Total equity and liabilities		404,446,520	442,451,759

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

Director

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

The independent auditor's report is set out on pages 5 to 9.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 March 2021

	Note	31 Mar 2021 USD	31 Mar 2020 USD
Income			
Rental income		31,907,728	34,419,435
Other property income		-	347,731
Property operating expenses	13	(6,224,486)	(6,732,993)
Property operating income		25,683,242	28,034,173
Expenses			
General and administrative expenses	14	(1,259,521)	(1,632,035)
Management fees	15	(2,813,618)	(3,970,378)
Property valuation fees		(103,458)	(128,777)
Allowance for impairment against trade receivables	4	(1,793,715)	(182,560)
Total fund expenses		(5,970,312)	(5,913,750)
Finance income / (cost)			
Profit on Islamic deposits		47,471	50,207
Lease liability finance cost		(809,890)	(488,022)
Islamic financing costs		(7,103,591)	(10,743,586)
Net finance cost		(7,866,010)	(11,181,401)
Profit before depreciation and loss on fair valuation of investment properties		11,846,920	10,939,022
Unrealised loss on fair valuation of investment properties, net		(51,296,326)	(40,395,487)
Loss for the year		(39,449,406)	(29,456,465)
Other comprehensive income		-	-
Total comprehensive loss for the year		(39,449,406)	(29,456,465)
Loss per share			
Basic loss per share (USD)	20	(0.16)	(0.12)

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

The independent auditor’s report is set out on pages 5 to 9.

ENBD REIT (CEIC) PLC and its subsidiaries

Consolidated statement of changes in equity

For the year ended 31 March 2021

	Share capital USD	Capital Redemption Reserve USD	Distributable reserve USD	Special reserve USD	Retained earnings USD	Total USD
As at 1 April 2019	200,921,072	660,037	54,351,904	8,169,152	5,964,711	270,066,876
Total comprehensive loss for the year						
Loss for the year	-	-	-	-	(29,456,465)	(29,456,465)
Total comprehensive loss for the year	200,921,072	660,037	54,351,904	8,169,152	(23,491,754)	240,610,411
Transactions with owners recorded directly in equity						
Transfer from Special Reserve (note 12)	-	-	4,774,699	(4,774,699)	-	-
Transfer from distributable reverse	-	-	(40,000,000)	-	40,000,000	-
Dividend distribution (note 19)	-	-	-	-	(10,299,753)	(10,299,753)
Shares buy-back (note 12)	(921,072)	302,420	-	-	-	(618,652)
At 31 March 2020	200,000,000	962,457	19,126,603	3,394,453	6,208,493	229,692,006
As at 1 April 2020	200,000,000	962,457	19,126,603	3,394,453	6,208,493	229,692,006
Total comprehensive loss for the year						
Loss for the year	-	-	-	-	(39,449,406)	(39,449,406)
Total comprehensive loss for the year	-	-	-	-	(39,449,406)	(39,449,406)
Transactions with owners recorded directly in equity						
Movement in Share Capital (note 12)	(199,750,000)	-	199,750,000	-	-	-
Transfer from distributable reverse (note 12)	-	-	(117,411,230)	67,411,230	50,000,000	-
Dividend distribution (note 19)	-	-	-	-	(9,950,000)	(9,950,000)
At 31 March 2021	250,000	962,457	101,465,373	70,805,683	6,809,087	180,292,600

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

The independent auditor's report is set out on pages 5 to 9.

ENBD REIT (CEIC) PLC and its subsidiaries

Consolidated statement of cash flows
For the year ended 31 March 2021

	Note	31 Mar 2021 USD	31 Mar 2020 USD
Cash flows from operating activities			
Loss for the year		(39,449,406)	(29,456,465)
Adjustments for:			
Unrealised loss on investment properties, net		51,296,326	40,395,487
Profit on islamic deposits		(47,471)	(50,207)
Allowance for impairment against trade receivables	4	1,793,715	182,560
Islamic financing cost		7,103,591	10,743,586
Finance cost on lease liability	11	809,890	488,022
		21,506,645	22,302,983
Changes in :			
Trade and other receivables		(3,189,014)	(756,113)
Prepaid expenses		(123,326)	12,590
Payable for investments		(272,257)	(1,881,688)
Trade and other payables		(1,906,398)	454,038
Net cash flows generated from operating activities		16,015,650	20,131,810
Cash flows from investing activities			
Additions to investment properties	3	(866,008)	-
Profit on Islamic deposits		47,471	50,207
Net cash flows generated (used in) / from investing activities		(818,537)	50,207
Cash flows from financing activities			
Proceeds from islamic financing	9	13,612,851	136,128,506
Repayment of islamic financing	9	(600,000)	(134,494,963)
Dividend distribution to ordinary shareholders	19	(9,950,000)	(10,299,753)
Shares buy-back	12	-	(618,652)
Islamic financing cost paid		(6,423,808)	(12,251,495)
Payment of lease liability	11	(929,702)	(699,101)
Net cash flows used in financing activities		(4,290,659)	(22,235,458)
Net increase / (decrease) in cash and cash equivalents for the year		10,906,454	(2,053,441)
Cash and cash equivalents at the beginning of the year	6	13,701,144	15,754,585
Cash and cash equivalents at the end of the year	6	24,607,598	13,701,144
Non-cash transactions			
Lease liabilities		119,812	15,215,323
Right-of-use assets		435,339	15,170,939

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

The independent auditor's report is set out on pages 5 to 9.

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 18 July 2016. The Company has changed its name from ENBD REIT (CEIC) Limited to ENBD REIT (CEIC) PLC following the introduction of the Companies Law, DIFC Law No. 5 of 2018. ENBD REIT (CEIC) PLC is registered as a Public Fund with the Dubai Financial Services Authority ("DFSA"). The Company is regulated by the DFSA and is governed by, 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 has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), Islamic Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Group and in accordance with the applicable regulatory requirements of the DFSA. The consolidated financial statements are prepared under the historical cost convention basis except for investment properties which are stated at fair value. The preparation of financial statement in conformity with IFRS requires the Directors to make certain accounting estimates, judgement and assumptions. Actual results may differ from those estimates and assumptions. It also requires the Directors to exercise judgement in the process of applying the Group's accounting policies. Critical accounting estimates, judgements and assumptions are set out in Note 2(d).

b. New Standards, Interpretations and Amendments 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 I 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.

Standard	Description	Effective date
Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases)	The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) 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.	1 January 2021

2. Significant accounting policies (continued)

b. New Standards, Interpretations and Amendments issued (continued)
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
Arabian Oryx Property SPV 1 Limited
Blanford Fox Property SPV 2 Limited
Camel Property SPV 3 Limited
Dana Property SPV 4 Limited
Ewan Property SPV 5 Limited
Fajr Property SPV 6 Limited
Gazal Property SPV 7 Limited
Hesan Property SPV 8 Limited
Ibex Property SPV 9 Limited

The subsidiaries are consolidated from the date on which control is transferred to the Group and will cease to be consolidated from the date on which control is transferred from the Group. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the Subsidiary. Control of the subsidiaries transferred to the Group on the acquisition dates detailed above. Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. The Group does not meet the Investment Entity definition under IFRS 10.

Common control transactions

Common control transactions are accounted at book value on the basis that the investment has transferred from one part of the group to another. Accordingly, the Group recognises the assets acquired and liabilities assumed using the book values in the financial statements of the entity transferred. Difference between the consideration paid and the capital of the acquiree, if any, is disclosed as an adjustment in equity under group restructuring reserve.

Loss of control

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

d. Financial instruments

a) Classification and measurement of financial assets and financial liabilities

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

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

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

2. Significant accounting policies (continued)

d. Financial instruments (continued)

a) Classification and measurement of financial assets and financial liabilities (continued)

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

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

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

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

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities
The Group classifies its financial liabilities at amortised cost unless it has designated liabilities at FVPL. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

b) Impairment

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

Under IFRS 9, loss allowances are measured on either of the following bases:
- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

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

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

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

2. Significant accounting policies (continued)

e. Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

f. Investment properties

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

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

g. Cash and cash equivalents

Cash and cash equivalents 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.

2. Significant accounting policies (continued)

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.

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.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 March 2021

2. Significant accounting policies (continued)

m. Earnings per share

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

The company has no dilutive potential ordinary shares; therefore, the diluted earnings per share are the same as the basic earnings per share.

n. Operating segment

The Group has only one operating segment in the UAE.

o. Critical accounting estimates and judgements

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

i. Valuation of investment properties

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

Investment properties are stated at fair value, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or in its absence, the most advantageous market to which the Group has access at that date. The value of a liability reflects its non-performance risk.

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

In 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.

3. Investment properties

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

3. Investment properties (continued)

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 cautions 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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

3. Investment properties (continued)

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

	As at 31 Mar 2021 USD	As at 31 Mar 2020 USD
Rent receivable		
Gross amount receivable	5,571,655	921,197
Less: allowance for impairment	(2,163,469)	(369,754)
	3,408,186	**551,443**
Other Receivables		
Deposits for utilities	945,535	945,535
Accrued lease income	3,099,916	2,860,327
Other receivables	-	1,701,033
	4,045,451	**5,506,895**
Total trade and other receivables	**7,453,637**	**6,058,338**

Movement in allowance for impairment

Balance at start of the year	(369,754)	(187,194)
Charge for the year	(1,793,715)	(182,560)
Balance at end of the year	**(2,163,469)**	**(369,754)**

5. Prepaid expenses

	As at 31 Mar 2021 USD	As at 31 Mar 2020 USD
Prepaid expenses	349,804	226,478
Total prepaid expenses	**349,804**	**226,478**

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 March 2021

6. Cash and cash equivalents

	As at 31 Mar 2021 USD	As at 31 Mar 2020 USD
Cash at GSO Portal (in AED accounts)	14,915	3,777
Cash at bank (in USD accounts)	1,184,316	2,116,417
Cash at bank (in AED accounts)	16,567,109	11,580,950
Islamic deposits	6,841,258	-
Total cash and cash equivalents	**24,607,598**	**13,701,144**

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

	As at 31 Mar 2021 USD	As at 31 Mar 2020 USD
Current liabilities:		
Rent received in advance and unearned income	9,341,206	10,667,924
Tenants' security deposits	771,412	1,017,767
Management fees	717,895	874,230
Sundry creditors	2,224,540	2,295,393
	13,055,053	**14,855,314**
Non-current liabilities:		
Tenants' security deposits	**2,358,246**	**2,464,383**

8. Finance cost payable on Islamic financing

	As at 31 Mar 2021 USD	As at 31 Mar 2020 USD
Profit expense payable	170,930	317,606
Debt processing fee payable	-	8,374
Total finance cost payable on Islamic financing	**170,930**	**325,980**

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

9. Islamic financing (continued)

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:

	As at 31 Mar 2021 USD	As at 31 Mar 2020 USD
Contractual cash flows		
- 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	(10,992,358)	(24,288,189)
	194,641,357	181,628,506
Less: Deferred finance costs (refer note i below)	(1,167,175)	(2,002,010)
Net Islamic finance liability – carrying value	**193,474,180**	**179,626,496**

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

	As at 31 Mar 2021 USD	As at 31 Mar 2020 USD
Less than one year	43,732,824	-
More than one year	149,741,356	179,626,496

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

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

	As at 31 Mar 2021 USD	As at 31 Mar 2020 USD
As at 1 April	**181,628,506**	**179,994,963**
Repayments during the year	(600,000)	(134,494,963)
Drawdowns during the year	13,612,851	136,128,506
As at 31 March	**194,641,357**	**181,628,506**

The Group is required to comply with certain financial covenants in respect of its Islamic Financing facilities. Having received the final valuations from the Independent Valuation Specialists at 31 March 2021, management determined that there could be a potential non-compliance with the Facility to Value Ratio covenant of its Standard Chartered facility if it is not rectified. In accordance with the terms of the facility, the Group is able to cure the non-compliance of the covenant by making a prepayment on the facility within a 90 days period. The Group has made a prepayment of USD 250,000 on this facility on 28 April 2021 and as a result rectified the potential non-compliance.

The Group is in compliance with all other financial covenants of its facilities.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

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.

	As at 31 Mar 20 USD	**As at 31 Mar 20 USD**
Lease liabilities recognised as at 1 April	**15,215,323**	**15,426,402**
Finance cost on lease liability during the period	809,890	488,022
Lease liability paid during the period	(929,702)	(699,101)
Closing balance of Lease liabilities	**15,095,511**	**15,215,323**
Shown as:		
Current lease liabilities	699,101	929,703
Non-current lease liabilities	14,396,410	14,285,620

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 3,394,453).

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

	For the year ended 31 Mar 2021 USD	For the year ended 31 Mar 2020 USD
Building managers' expenses	2,195,892	4,179,560
Cleaning, electricity and water	1,361,736	998,728
Building maintenance expenses	1,320,657	276,167
Air conditioning	487,388	641,309
Insurance	117,894	121,743
Legal and professional fees	83,896	116,689
Miscellaneous expenses	657,023	398,797
	6,224,486	**6,732,993**

14. General and administrative expenses

	For the year ended 31 Mar 2021 USD	For the year ended 31 Mar 2020 USD
Legal and professional fees	352,661	689,623
Board and committee fees	438,008	475,512
Fund administration custodian and related services	177,286	106,929
Miscellaneous expenses	291,566	359,971
	1,259,521	**1,632,035**

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:

Related party	Relationship (basis for being a related party)
Emirates NBD Bank PJSC	Shareholder
Emirates NBD Asset Management Limited	Fund Manager
Board of Directors ("the Board")	Directing and making key decisions for the Group

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

15. Related parties and significant transactions (continued)

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

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

Total Net Assets per Fund	**Management Fee**
On first USD 550 million Net Assets	1.50% of NAV
On next USD 450 million Net Assets	1.25% of NAV
Over USD 1,000 million Net Assets	1.00% of NAV

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 12,500 (31 March 2020: USD 12,563) 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.

Balances with related parties

Cash and cash equivalents of the Group are placed with a shareholder of the Group (a bank) amounting to USD 1,217,297.43 (31 March 2020: USD 2,191,085.66).

At 31 March 2021, the Group had no Murabaha payable to the shareholder (bank) (31 March 2020: USD Nil) at market prevailing profit rates. The finance cost on bank borrowing for the year amounted to USD Nil (For the year ended 31 March 2020: USD 3,319,377).

As at 31 March 2021, the Group has an amount payable to the Fund Manager of USD 717,895 (31 March 2020: USD 874,230).

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").

(i) Credit risk

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

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

	As at 31 Mar 2021 USD	As at 31 Mar 2020 USD
Cash and cash equivalents	24,607,598	13,701,144
Trade and other receivables	4,353,721	3,198,011
Maximum exposure to credit risk	**28,961,319**	**16,899,155**

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.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 March 2021

16. Financial risk and capital management (continued)

(i) Credit risk (continued)

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 3 and 4.

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:

As at 31 March 2021	Carrying value USD	Less than 1 year USD	1 to 5 years USD	Over 5 years USD	Total USD
Islamic financing payable (Note 9)	194,641,357	50,161,776	155,471,937	-	205,633,713
Other financial liabilities	21,338,534	4,583,878	2,358,246	14,396,410	21,338,534
	215,979,891	54,745,654	157,830,183	14,396,410	226,972,247

As at 31 March 2020	Carrying value USD	Less than 1 year USD	1 to 5 years USD	Over 5 years USD	Total USD
Islamic financing payable (Note 9)	181,628,506	8,372,220	197,544,475	-	205,916,695
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

Reconciliation of the maturity values of the financial liabilities per the Consolidated Statement of Financial Position to the contractual cash flows

	As at 31 Mar 2021 USD	As at 31 Mar 2020 USD
Total current liabilities per the consolidated statement of financial position	57,657,908	16,383,254
Total non-current liabilities per the consolidated statement of financial position	166,496,012	196,376,499
	224,153,920	212,759,753
Add: future finance costs not recognised in the consolidated financial statements (refer to note 8)	10,992,358	24,288,189
Add: deferred finance cost excluded in Islamic finance payable (refer to note 8)	1,167,175	2,002,010
Less: deferred income excluded in maturity profile (refer to note 7)	(9,341,206)	(10,667,924)
Total per maturity profile	226,972,247	228,382,028

16. Financial risk and Capital management (continued)

(iii) Market risk

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

Currency risk

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

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

The Ordinary Shares of ENBD REIT are in US Dollar.

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

Equity price risk

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

Profit rate risk

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

The Group is exposed to risks associated with the effects of fluctuations in the prevailing levels of market profit rates.

The following table sets out the contractual maturities of the Group's financial instruments that are exposed to profit rate risk as at 31 March 2021:

	Within 1 year USD	Between 1 and 5 years USD	Over 5 years USD	Total Contractual Cash Flows USD	Carrying Value USD
Floating rate					
Islamic financing payable (gross)	50,161,776	155,471,937	-	205,633,713	194,641,357

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:

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

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

17. Schedule of investment properties

Investment properties as at 31 March 2021

	Opening Cost USD	Additions during the year USD	Closing Cost USD	Fair value as at 31 Mar 2021 USD	Fair value as at 31 Mar 2020 USD
DHCC 49	39,666,921	-	39,666,921	27,093,057	28,678,955
DHCC 25	34,663,109	-	34,663,109	21,279,863	23,065,011
Arabian Oryx House	37,078,538	-	37,078,538	20,922,252	26,545,058
Burj Daman (DIFC)	72,717,075	448,829	73,165,904	57,816,642	60,886,877
Remraam (Dubailand)	23,457,367	-	23,457,367	11,262,523	14,048,462
Al Thuraya Towers 1	69,295,924	415,978	69,711,902	68,634,197	77,539,673
BinGhatti Terraces	41,563,653	-	41,563,653	19,155,827	26,626,736
The Edge	80,462,402	1,200	80,463,602	66,778,524	74,445,441
Souq Extra	23,592,605	-	23,592,605	21,508,229	23,332,426
Uninest	33,698,053	-	33,698,053	22,564,665	32,187,733
South View School	15,579,411	-	15,579,411	20,284,102	19,938,488
Right-of-use asset Souq Extra	3,925,771	-	3,925,771	3,755,350	3,844,085
Right-of-use asset South View School	11,500,631	-	11,500,631	10,980,250	11,326,854
Total investment properties	487,201,460	866,007	488,067,467	372,035,481	422,465,799

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 or assets or liabilities; quoted prices for similar assets or liabilities in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

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

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

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

There were no transfers between, into or out of Level 1, Level 2 or Level 3 during the year ended 31 March 2021 (31 March 2020: Nil).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

19. Dividend distribution

During the current year, a final dividend of USD 0.0204 per share amounting to USD 5,100,000 (2.22% of NAV) was declared and approved for the period ended 31 March 2020 and paid on 23rd July 2020 (31 March 2020: USD 5,399,753). Subsequent to 30th September 2020, an interim dividend of USD 0.0194 per share amounting to USD 4,850,000 (2.44% of NAV) Subsequent to 30th September 2019, an interim dividend of USD 0.0196 per share amounting to USD 4,900,000 (3.9% of NAV) was declared and approved for the six-month period ended 30th September 2020 and subsequently paid on 6th January 2021.

20. Loss per share

The calculation of basic earnings per share is based on the profit or loss attributable to Ordinary Shareholders and weighted average number of Ordinary Shares outstanding. The Group does not have any potential ordinary shares and accordingly basic and diluted earnings per share are the same.

	31 Mar 2021 USD	31 Mar 2020 USD
Loss attributable to the ordinary shareholders of the Group	(39,449,406)	(29,456,465)
Weighted number of ordinary shares in issue (refer note i below)	250,000,000	250,452,893
Basic loss per share (USD)	(0.16)	(0.12)

i) Reconciliation of weighted average number of ordinary shares

	31 Mar 2021 USD	31 Mar 2020 USD
As at 1st April	250,000,000	251,151,340
Impact of shares buy back	-	(698,447)
Weighted average number of ordinary shares at year end	250,000,000	250,452,893

21. Contingent Liabilities and Commitments

Capital commitments and contingencies

The Group does not have any significant contingent liabilities or capital commitments at 31 March 2021 (31 March 2020: Nil).

Operating lease commitments as a lessor

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

	As at 31 Mar 2021 USD	As at 31 Mar 2020 USD
Less than one year	24,091,743	24,670,856
Between one and five years	51,798,580	34,268,537
More than five years	56,844,061	60,841,309
	132,734,384	**119,780,702**

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 these consolidated financial statements.

24. Approval of the financial information

The consolidated financial statements were approved by the Board of Directors on 3 June 2021.