

ENBD REIT (CEIC) PLC AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 MARCH 2023

ENBD REIT (CEIC) PLC and its subsidiaries

Contents	Page number
Management and Administration	2
Directors' Report	3-4
Independent Auditors' Report	5-9
Consolidated Statement of Financial Position	10
Consolidated Statement of Profit or Loss and Other Comprehensive Income	11
Consolidated Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Notes to the Consolidated Financial Information	14-34

ENBD REIT (CEIC) PLC and its subsidiaries

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	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 1 st 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 Al-Qattan Dr. Osama Al Dereai	Company Secretary	Equiom Corporate Services (Middle East) Ltd Office 302, Liberty House, DIFC, PO Box 506543, Dubai, UAE

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 18 July 2016. ENBD REIT and its subsidiaries and Special Purpose Vehicle (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 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 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 0.0200 per share amounting to USD 5,000,000 (2.99% of NAV) was declared and approved on 21st June 2022 for the year ended 31 March 2022 and paid on 29th July 2022 (31 March 2021: USD 4,400,000). Subsequent to 30th September 2022, an interim dividend of USD 0.0180 per share amounting to USD 4,500,000 (2.61% of NAV) was approved on 24th November 2022 and paid on 19th December 2022 (30 September 2021 : USD 4,500,000).

Property valuations

The values of the properties that form the bulk of the assets in the Group are determined regularly by CB Richard Ellis, Knight Frank 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). A revised valuation policy has been implemented in this Financial year ending 31 March 2022 which includes a rotation mechanism to ensure the properties 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

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 condensed consolidated interim financial information of the Group for the year ended 31 March 2023 on a going concern basis.

Deloitte & Touche M.E. were appointed as external auditors of the Group for the year ended 31 March 2023. The Board of directors has recommended the appointment of Deloitte & Touche M.E. as the auditor for 2023-24 for approval by the shareholders at the forthcoming Annual General Meeting.

Signed on behalf of the Board



Director:
Tariq Bin Hendi

Date: 25 May 2023

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 2023, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of 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 2023, 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	
<p>The Group's investment properties amounted to USD 380 million (2022: USD 367 million) as of 31 March 2023 (92% of total assets) and the unrealised fair value gain recorded in the consolidated statement of profit or loss amounted to USD 12 million (2022: loss of USD 11 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.</p> <p>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.</p> <p>The portfolio includes completed investment properties. The valuation of the Group's portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rentals for that particular property. The wider challenges currently facing the real estate sector as the impact of climate change further contributed to the subjectivity at 31 March 2023. The valuations take into account the property-specific information including the current tenancy agreements and rental income, condition and location of the property, and future rental prospects, as well as prevailing market yields and market transactions.</p>	<p>Our audit procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • 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 made enquiries of 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. • 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.

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 (continued)	
<p>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.</p> <p>Refer to note 2 significant accounting policies and critical estimates and judgments as well as note 3 investment properties in the consolidated financial statements for more information relating to this matter.</p>	

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.



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

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.

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.)

A handwritten signature in black ink, appearing to read "Malcolm Coates".

Malcolm Coates
25 May 2023
Dubai
United Arab Emirates

ENBD REIT (CEIC) PLC and its subsidiaries

Consolidated statement of financial position As at 31 March 2023

	Note	31 Mar 2023 USD	31 Mar 2022 USD
Assets			
Non-current assets			
Investment properties	3 & 16	379,904,252	367,144,748
Total non-current assets		<u>379,904,252</u>	<u>367,144,748</u>
Current assets			
Trade and other receivables	4	7,998,984	6,638,512
Prepaid expenses	5	406,939	401,309
Cash and cash equivalents	6	24,707,632	19,030,420
Total current assets		<u>33,113,555</u>	<u>26,070,241</u>
Total assets		<u><u>413,017,807</u></u>	<u><u>393,214,989</u></u>
Liabilities			
Current liabilities			
Trade and other payables	7	15,496,122	8,414,811
Finance cost payable on Islamic financing	8	93,064	-
Lease liabilities	10	812,890	812,890
Total current liabilities		<u>16,402,076</u>	<u>9,227,701</u>
Non-current liabilities			
Trade and other payables	7	2,690,428	2,651,071
Islamic finance payable	9	192,241,692	196,420,049
Derivative financial instruments (Currency swap & Profit rate swap)	9	7,886,627	3,573,036
Lease liabilities	10	14,392,958	14,393,951
Total non-current liabilities		<u>217,211,705</u>	<u>217,038,107</u>
Total liabilities		<u>233,613,781</u>	<u>226,265,808</u>
Equity			
Share capital	11 (a)	250,000	250,000
Capital redemption reserve	11 (c)	962,457	962,457
Special reserve	11 (b)	5,933,829	6,063,007
Hedge reserve	11 (d)	(2,611,034)	(3,149,050)
Retained earnings		174,868,774	162,822,767
Total equity		<u>179,404,026</u>	<u>166,949,181</u>
Total equity and liabilities		<u><u>413,017,807</u></u>	<u><u>393,214,989</u></u>

This consolidated financial statement were approved and authorised for issue by the Directors on 25 May 2023 and signed on behalf of the Board by:



Director
Tariq Bin Hendi



Director
Mark Creasey

Date: 25 May 2023

The accompanying notes form an integral part of this 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 profit or loss and other comprehensive income For the year ended 31 March 2023

		31 Mar 2023	31 Mar 2022
	Note	USD	USD
Income			
Rental income		31,024,107	27,252,477
Property operating expenses	12	(6,330,988)	(5,548,661)
Total operating income		<u>24,693,119</u>	<u>21,703,816</u>
Expenses			
General and administrative expenses	13	(1,193,576)	(1,388,684)
Management fees	14	(2,632,913)	(2,540,909)
Property valuation fees		(135,108)	(154,681)
(Allowance) for / reversal of impairment against trade receivables	4	(258,959)	79,040
Total fund expenses		<u>(4,220,556)</u>	<u>(4,005,234)</u>
Finance income / (cost)			
Profit on Islamic deposits	14	268,065	36,793
Lease liability finance cost	10	(811,897)	(810,432)
Islamic financing costs		(10,772,858)	(7,408,840)
Net finance cost		<u>(11,316,690)</u>	<u>(8,182,479)</u>
Profit before depreciation and loss on fair valuation of investment properties		9,155,873	9,516,103
Unrealised gain / (loss) on fair valuation of investment properties, net		12,260,956	(10,810,472)
Profit / (loss) for the year		<u>21,416,829</u>	<u>(1,294,369)</u>
Other comprehensive income / (loss)			
Fair value adjustments to cash flow hedge	11 (d)	538,016	(3,149,050)
Total comprehensive income / (loss) for the year		<u>21,954,845</u>	<u>(4,443,419)</u>
Earnings / (loss) per share			
Basic earnings / (loss) per share (USD)	19	<u>0.09</u>	<u>(0.01)</u>

The accompanying notes form an integral part of this 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 2023

	Share Capital	Capital Redemption Reserve	Distributable Reserve	Special Reserve	Hedge Reserve	Retained Earnings	Total
	USD	USD	USD	USD	USD	USD	USD
As at 1 April 2021	250,000	962,457	101,465,373	70,805,683	-	6,809,087	180,292,600
Total comprehensive loss for the year							
Loss for the year	-	-	-	-	-	(1,294,369)	(1,294,369)
Other comprehensive loss	-	-	-	-	(3,149,050)	-	(3,149,050)
Total comprehensive loss for the year	-	-	-	-	(3,149,050)	(1,294,369)	(4,443,419)
Transactions with owners recorded directly in equity							
Transfer from reserves (note 11)	-	-	(101,465,373)	(64,742,676)	-	166,208,049	-
Dividend distribution (note 18)	-	-	-	-	-	(8,900,000)	(8,900,000)
At 31 March 2022	250,000	962,457	-	6,063,007	(3,149,050)	162,822,767	166,949,181
As at 1 April 2022	250,000	962,457	-	6,063,007	(3,149,050)	162,822,767	166,949,181
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	21,416,829	21,416,829
Other comprehensive income	-	-	-	-	538,016	-	538,016
Total comprehensive income for the year	-	-	-	-	538,016	21,416,829	21,954,845
Transactions with shareholders recorded directly in equity							
Dividend distribution (note 18)	-	-	-	-	-	(9,500,000)	(9,500,000)
Transfer from reserves (note 11)	-	-	-	(129,178)	-	129,178	-
At 31 March 2023	250,000.00	962,457	-	5,933,829	(2,611,034)	174,868,774	179,404,026

The accompanying notes form an integral part of this 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 2023

	Note	31 Mar 2023 USD	31 Mar.2022 USD
Cash flows from operating activities			
Profit / (loss) for the year		21,416,829	(1,294,369)
Adjustments for:			
Unrealised (gain) / loss on investment properties, net		(12,260,956)	10,810,472
Profit on Islamic deposits		(268,065)	(36,793)
Allowance / (reversal) for impairment against trade receivables	4	258,959	(79,040)
Islamic financing cost		10,772,858	7,408,840
Finance cost on lease liabilities	10	811,897	810,432
		<u>20,731,522</u>	<u>17,619,542</u>
Changes in:			
Trade and other receivables		(1,619,431)	894,165
Prepaid expenses		(5,630)	(51,505)
Trade and other payables		7,120,668	(4,347,417)
		<u>26,227,129</u>	<u>14,114,785</u>
Net cash flows generated from operating activities			
Cash flows from investing activities			
Capital expenditure on investment properties	3	(498,548)	(5,919,740)
Profit on Islamic deposits		268,065	36,793
		<u>(230,483)</u>	<u>(5,882,947)</u>
Net cash flow used in investing activities			
Cash flows from financing activities			
Proceeds from Islamic financing	9	-	200,000,000
Repayment of Islamic financing	9	-	(194,641,357)
Dividend distribution to ordinary shareholders	18	(9,500,000)	(8,900,000)
Islamic financing cost paid		(10,006,544)	(9,568,557)
Payment of lease liabilities	10	(812,890)	(699,102)
		<u>(20,319,434)</u>	<u>(13,809,016)</u>
Net cash flows used in financing activities			
Net increase / (decrease) in cash and cash equivalents for the year		5,677,212	(5,577,178)
Cash and cash equivalents at the beginning of the year	6	19,030,420	24,607,598
Cash and cash equivalents at the end of the year	6	<u><u>24,707,632</u></u>	<u><u>19,030,420</u></u>

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

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

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2023

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. On 15 February 2017, the name of the Company was changed from Emirates Real Estate Fund to ENBD REIT (CEIC) Limited, subsequently the Company 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 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 Markets Law DIFC Law No. 1 of 2012 (the “Markets Law”), the Markets Rules module of the DFSA Rules (“Markets 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). 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 market to achieve regular rental income and 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 2023 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, Amendments and Interpretations issued

i) New standards and amendments effective from 1 April 2022

There are no standards, interpretations or amendments to existing standards that are effective for the financial year beginning on 1 April 2022 that would be expected to have a material impact on the REIT.

- Amendments to IFRS 3-*Reference to the conceptual framework*, with amendments to IFRS 3 ‘*Business Combinations*’ that update an outdated reference in IFRS 3 without significantly changing its requirements.
- Amendments to IAS 16 - *Property, plant and equipment*-proceeds before intended use, regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.
- Amendments to IAS 37-*Onerous contracts* -cost of fulfilling a contract, amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

Annual improvements to IFRS Standards 2018-2020 cycle

- IFRS 1 *First-time Adoption of International Financial Reporting Standards*: The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent to account for cumulative translation differences.
- IFRS 9 *Financial Instruments*: The amendment clarifies which fees an entity includes in applying the ‘10 per cent’ test to assess whether to derecognise a financial liability.
- IFRS 16 *Leases*: The amendment removes the illustration of the reimbursement of leasehold improvements.

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2023

2. Significant accounting policies (continued)

b. *New standards, Amendments and Interpretations issued (continued)*

ii) New and amended standards issued but not effective for the financial year beginning 1 April 2022 and not early adopted:

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to IAS 1 <i>Presentation of Financial Statements</i> relating to Classification of Liabilities as Current or Non-Current.	1 January 2023
Amendments to IFRS 4 <i>Insurance Contracts</i> Extension of the Temporary Exemption from Applying IFRS 9	1 January 2023
Amendments to IAS 1 <i>Presentation of Financial Statements</i> and IFRS Practice Statement 2	1 January 2023
Amendments to IAS 12 <i>Income Taxes</i> relating to Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2023
Amendments to IFRS 16 <i>Leases</i>	1 January 2024
Amendments to IAS 1 <i>Presentation of Financial Statements</i>	1 January 2024
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures (2011)</i> relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture	Effective date deferred indefinitely. Adoption is still permitted.

The Company anticipates that these new standards, interpretations and amendments will be adopted in the Group's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of Group 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 2023, 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

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2023

2. Significant accounting policies (continued)

c. Basis of Consolidation (continued)

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

(i) Classification and measurement of financial assets and financial liabilities

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

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

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

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

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

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

Financial assets at FVTPL

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

Financial assets at amortised cost

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

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2023

2. Significant accounting policies (continued)

d. Financial instruments (continued)

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

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.

(ii) 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.

(iii) Derivative financial instruments

The Group enters into a derivative financial instruments to manage its exposure to currency risks, including foreign exchange forward contracts, options and cross currency swaps. Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months.

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2023

2. Significant accounting policies (continued)

d. Financial instruments (continued)

(iii) Derivative financial instruments (continued)

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the value changes that result from that economic relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged items affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the losses accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. This discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

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 (2022: AED 3.673) for every USD.

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2023

2. Significant accounting policies (continued)

e. Foreign currency translation (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 equivalents 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 accrual's basis.

i. Dividend distribution

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

j. Leases

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:

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2023

2. Significant accounting policies (continued)

j. Leases (continued)

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 Islamic financing in profit or loss using the effective yield method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of the asset. The Group has chosen to capitalise borrowing costs on all qualifying assets irrespective of whether they are measured at fair value or not.

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

m. Earnings per share

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

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

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2023

2. Significant accounting policies (continued)

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 and allowance for impairment losses on financial assets.

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.

3. Investment properties

	As at 31 Mar 2023 USD	As at 31 Mar 2022 USD
Balance at start of the year	352,844,491	357,299,883
Capital expenditure on investment properties	498,548	5,919,740
Changes in fair value	16,485,440	(7,161,904)
Accrued lease income	(3,781,787)	(3,213,228)
	<u>366,046,692</u>	<u>352,844,491</u>
Right-of-use assets	13,857,560	14,300,257
Balance at end of the year	<u>379,904,252</u>	<u>367,144,748</u>

Investment properties as at 31 March 2023 were valued by CB Richard Ellis, Cavendish Maxwell and Knight Frank who are qualified external independent property valuation companies and carried out the valuation in accordance with the RICS Valuation Global Standards. 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.

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2023

3. Investment properties (continued)

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, capitalisation rates have been applied to the properties taking into account size, location, terms, covenants and other material factors at the valuation date.

During the previous year, Group recommended to refine the valuation accounting approach in determining fair value and move from a net to a gross valuation (excluding transaction costs) in line with DFSA, IFRS and RICS guidance. Had the investment properties been valued on a net basis at 31 March 2023 then their value would have been 3.27% (2022: 3.07%) lower.

Accrued lease income of USD 3.8 million (31 March 2022: USD 3.2 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 369.8 million (31 March 2022: USD 356.1 million) are mortgaged against bank borrowing. Depreciation for the year ended 31 March 2023 on right-of-use assets amounted to USD 442,697 (31 March 2022: USD 435,341).

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 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 property 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 2023: 7% - 9%) 31 March 2022: 6.5% - 8%)

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

4. Trade and other receivables

	As at 31 Mar 2023 USD	As at 31 Mar 2022 USD
<i>Rent receivable</i>		
Gross amount receivable	5,436,641	4,387,387
Less: allowance for impairment	(2,343,388)	(2,084,429)
	<u>3,093,253</u>	<u>2,302,958</u>

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2023

4. Trade and other receivables (continued)

	As at 31 Mar 2023 USD	As at 31 Mar 2022 USD
<i>Other Receivables</i>		
Deposits for utilities	945,535	945,535
Other receivable	57,857	57,857
Profit receivable on Islamic deposits	43,749	-
Accrued lease income	3,858,590	3,332,162
	<u>4,905,731</u>	<u>4,335,554</u>
Total trade and other receivables	<u>7,998,984</u>	<u>6,638,512</u>
Movement in allowance for impairment		
Balance at start of the year	(2,084,429)	(2,163,469)
Charge for the year	(258,959)	79,040
Balance at end of the year	<u>(2,343,388)</u>	<u>(2,084,429)</u>

5. Prepaid expenses

	As at 31 Mar 2023 USD	As at 31 Mar 2022 USD
Advance paid for investments	203,376	203,376
Prepaid expenses	203,563	197,933
Total prepaid expenses	<u>406,939</u>	<u>401,309</u>

6. Cash and cash equivalents

	As at 31 Mar 2023 USD	As at 31 Mar 2022 USD
Cash at GSO Portal (in AED account)	12,279	13,247
Cash at bank (in USD accounts) (Note 14)	2,782,962	2,129,455
Cash at bank (in AED accounts) (Note 14)	12,305,167	11,363,516
Islamic deposits (Note 14)	9,607,224	5,524,202
Total cash and cash equivalents	<u>24,707,632</u>	<u>19,030,420</u>

Islamic deposits represent Wakala deposits with Emirates NBD Bank.

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2023

7. Trade and other payables

	As at 31 Mar 2023 USD	As at 31 Mar 2022 USD
Current liabilities:		
Rent received in advance and unearned income	10,613,617	4,208,712
Tenants' security deposits	855,965	761,358
Management fees (Note 14)	675,297	614,552
Payable for investments	214,309	214,309
Sundry creditors	3,136,934	2,615,880
	<u>15,496,122</u>	<u>8,414,811</u>
Non-current liabilities:		
Tenants' security deposits	<u>2,690,428</u>	<u>2,651,071</u>

8. Finance cost payable on Islamic financing

	As at 31 Mar 2023 USD	As at 31 Mar 2022 USD
Profit expenses payable	93,064	-
Total finance cost payable on Islamic financing	<u>93,064</u>	<u>-</u>

The balance represents profit expense payable on Islamic financing facility from with Emirates NBD Bank and Commercial Bank of Dubai, for details on the Islamic financing facility and profit rate refer note 9 on Islamic financing.

9. Islamic financing

During the previous year ended 31 March 2022, the Group has refinanced its existing Islamic finance by entering into an Islamic financing facility of USD 200,000,000 with Emirates NBD Bank and Commercial Bank of Dubai on 7th December 2021. The facility consists of tranche A of USD 120M at a profit margin of 2.05% above the quarterly LIBOR and tranche B of GBP equivalent to USD 80M at a profit margin of 1.95% above the quarterly LIBOR. The Group has hedged the exposure on GBP loan by entering into a cross currency profit rate swap with Emirates NBD Bank PJSC. The swap is effective from 9th December 2021 and the termination date is 7th December 2026. The swap has a negative fair value of USD 7,830,980 as on 31 March 2023 (31 March 2022: 3,573,036).

Derivatives subject to offsetting, master netting and any collateral pledged or received are presented below:

	As at 31 Mar 2023 USD	As at 31 Mar 2022 USD
Emirates NBD Bank PJSC		
Derivative assets	72,169,020	76,426,964
Derivative liabilities	(80,000,000)	(80,000,000)
Profit rate swap	(55,647)	-
Net derivative financial assets/(liabilities) presented in the statement of financial position	<u>(7,886,627)</u>	<u>(3,573,036)</u>

As at 24th March 2023, the Company has entered into two profit rate swap contracts with Emirates NBD bank and Commercial Bank of Dubai for a notional amount of USD 25 million each and the termination date for both contracts is 7th December 2026.

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2023

9. Islamic financing (continued)

The facilities are payable as follows:

	As at 31 Mar 2023	As at 31 Mar 2022
<i>Contractual cash flows</i>		
- Less than one year	14,741,561	6,099,920
- Between one and five years	234,385,266	222,087,226
	<u>249,126,827</u>	<u>228,187,146</u>
Future finance costs not recognised in the condensed consolidated interim financial information	(54,402,418)	(28,611,132)
	194,724,409	199,576,014
Less: Deferred finance costs (refer note i below)	<u>(2,482,717)</u>	<u>(3,155,965)</u>
Net Islamic finance liability – carrying value	<u>192,241,692</u>	<u>196,420,049</u>

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

	As at 31 Mar 2023 USD	As at 31 Mar 2022 USD
- More than one year	<u>192,241,692</u>	<u>196,420,049</u>

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 2023 USD	As at 31 Mar 2022 USD
As at 1 April	199,576,014	194,641,357
Repayments during the year	-	(194,641,357)
Drawdowns during the year	-	200,000,000
Movement due to currency revaluation	<u>(4,851,605)</u>	<u>(423,986)</u>
As at end of the year	<u>194,724,409</u>	<u>199,576,014</u>

10. Lease liabilities

The following table shows the movement of lease liability recognised by the REIT.

	As at 31 Mar 2023 USD	As at 31 Mar 2022 USD
Lease liabilities recognised as at 1 April	15,206,841	15,095,511
Finance cost on lease liability during the year	811,897	810,432
Lease liability paid during the year	<u>(812,890)</u>	<u>(699,102)</u>
Closing balance of Lease liabilities	<u>15,205,848</u>	<u>15,206,841</u>
Shown as:		
Current lease liabilities	812,890	812,890
Non-current lease liabilities	<u>14,392,958</u>	<u>14,393,951</u>

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2023

11. 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 2022: 250,000,000). Pursuant to reduction in share capital (note 11(b)) and shares buy-back (note 11(c)), the share capital of the Group is USD 250,000 (31 March 2022: USD 250,000).

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 2022, the Company transferred all its distributable reserve to retained earnings. During the year end, the balance in the distributable reserve account stands at USD Nil.

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. During the period a transfer of USD 0.13 million is made from the special reserve account. As at 31 March 2023, the balance in the special reserve account stands at USD 5,933,829 (31 March 2022: USD 6,063,007).

c) Shares buy-back

Following the share capital reduction in 2019, the Company initiated a share buy-back programme for a total number of 4,401,340 shares, commencing from 21st February 2019 and completed the programme in September 2019. The surplus reserve of USD 962,457 (31 March 2022: USD 962,457) as a result of the share buy-back programme, was transferred to Capital Redemption Reserve.

d) Hedge Reserve

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non-financial liability. The balance of USD 2,611,034 (31 March 2022: USD 3,149,050) represents the provision on the profit rate swap on the basis of the mark to market adjustment for the year of USD 4,313,590 (31 March 2022: USD 3,573,036) and FX gain on currency revaluation of USD 4,851,605 on 31 March 2023 (31 March 2022: 423,986).

12. Property operating expenses

	For the year ended 31 Mar 2023 USD	For the year ended 31 Mar 2022 USD
Building managers' expenses	3,622,549	2,934,296
Utilities	1,413,999	1,493,984
Building maintenance expenses	819,201	725,581
Insurance	95,993	97,125
Legal & professional fees	81,173	111,740
Miscellaneous expenses	298,073	185,935
	<u>6,330,988</u>	<u>5,548,661</u>

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2023

13. General and administrative expenses

	For the year ended 31 Mar 2023 USD	For the year ended 31 Mar 2022 USD
Legal and professional fees	146,124	287,955
Board and committee fees	470,000	496,719
Fund administration custodian and related services (Note 14)	199,414	189,179
Miscellaneous expenses	378,038	414,831
	1,193,576	1,388,684

14. 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	Parent of Fund Manager
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.

Related party transactions	For the year ended 31 Mar 2023 USD	For the year ended 31 Mar 2022 USD
Management fees (i)	2,632,913	2,540,909
Board fees (ii)	300,000	300,000
Profit on Islamic deposit (iii)	268,065	36,793
Fund administration custodian and related services (iv)	199,414	189,179
Finance cost on Islamic financing facility (v)	4,989,623	669,303

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

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2023

14. Related parties and significant transactions (continued)

The Fund Manager is entitled to receive from the Company 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 2022: Nil).

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

- 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 2023 were USD 300,000 (31 March 2022: USD 300,000) and USD Nil was owed to Directors at 31 March 2023 (31 March 2022: USD Nil).
- iii) As of 31 March 2023, an amount of USD 9,607,224 is deposited as Wakala deposits with ENBD Bank. During the previous year ended 31 March 2022, AED 20,000,000 (USD 5,445,140) funds are deposited in the Emirates Islamic Money Market Fund where profit on Islamic deposit is earned.
- 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 2023 were USD 12,500 (31 March 2022: USD 12,500) and USD Nil was owed as at 31 March 2023 (31 March 2022: 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.
- v) During the previous year ended 31 March 2022, the Group signed a Islamic financing facility of USD 200,000,000 with Emirates NBD and Commercial Bank of Dubai with equal proportion. Finance cost is calculated at given profit margins above quarterly LIBOR.
The Lending Bank was also paid USD Nil (31 March 2022: USD 2,555,000) for arrangement, book running, advisory, structuring & coordinating, investment agency and security agency fee.

Balances with related parties

Cash and cash equivalents of the Group are placed with the lending bank of the Company amounting to USD 24,695,353 (31 March 2022: USD 18,668,674).

Islamic financing facility with Emirates NBD as at 31 March 2023 amounts to USD 92,241,692 (31 March 2022: 96,420,049).

Derivative contracts with Emirates NBD have negative fair value of USD 7,886,627 as at 31 March 2023 (31 March 2022: 3,573,036)

As at 31 March 2023, the Group has an amount payable to the Fund Manager of USD 675,297 (31 March 2022: USD 626,413).

15. 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.

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2023

15. Financial risk and capital management (continued)

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 2023 USD	As at 31 Mar 2022 USD
Cash and cash equivalents	24,707,632	19,030,420
Trade and other receivables	7,998,984	3,306,350
Maximum exposure to credit risk	32,706,616	22,336,770

The Group's objective for managing credit risk is to ensure that the exposure is limited to acceptable levels in line with the investment guidelines and risk management processes. The investment decisions under the supervision of the Directors are made on behalf of the Group by the Fund Manager, advised by the Investment Committee, and they reflect the medium to long-term objectives of the Group.

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

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

Based on management judgement, an allowance for impairment for expected credit loss of USD 2,343,388 (31 March 2022: USD 2,084,429) has been recognized as at 31 March 2023.

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

The Group's current credit risk grading framework comprises of the following categories:

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2023

15. Financial risk and capital management (continued)

(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 2023	Carrying value USD	Less than 1 year USD	1 to 5 years USD	Over 5 years USD	Total USD
Islamic financing payable (Note 9)	194,724,409	14,741,561	234,385,266	-	249,126,827
Lease liabilities	15,205,848	812,890	3,381,467	11,011,491	15,205,848
Other financial liabilities	15,552,624	4,975,569	10,577,055	-	15,552,624
	<u>225,482,881</u>	<u>20,530,020</u>	<u>248,343,788</u>	<u>11,011,491</u>	<u>279,885,299</u>

As at 31 March 2022	Carrying value USD	Less than 1 year USD	1 to 5 years USD	Over 5 years USD	Total USD
Islamic financing payable (Note 9)	199,576,014	6,099,920	222,087,226	-	228,187,146
Lease liabilities	15,206,841	812,890	3,338,166	11,055,785	15,206,841
Other financial liabilities	10,430,206	4,206,099	6,224,107	-	10,430,206
	<u>225,213,061</u>	<u>11,118,909</u>	<u>231,649,499</u>	<u>11,055,785</u>	<u>253,824,193</u>

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 2023 USD	As at 31 Mar 2022 USD
Total current liabilities per the consolidated statement of financial position	16,402,076	9,227,701
Total non-current liabilities per the consolidated statement of financial position	217,211,705	217,038,107
	<u>233,613,781</u>	<u>226,265,808</u>
Add: future finance costs not recognised in the consolidated financial statements (refer to note 9)	54,402,418	28,611,132
Add: deferred finance cost excluded in Islamic finance payable (refer to note 9)	2,482,717	3,155,965
Less: deferred income excluded in maturity profile (refer to note 7)	<u>(10,613,617)</u>	<u>(4,208,712)</u>
Total per maturity profile	<u>279,885,299</u>	<u>253,824,193</u>

(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:

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2023

15. Financial risk and capital management (continued)

(iii) Market risk (continued)

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.

During the previous year ended 31 March 2022, the Group has refinanced its existing Islamic finance by entering into a Islamic financing facility of USD 200,000,000 with Emirates NBD Bank and Commercial Bank of Dubai. The facility consists of tranche A of USD 120M and tranche B of GBP equivalent to USD 80M. Therefore, Group has exposure to GBP currency on tranche B of the facility.

The Group seeks to minimize the effects of market risks, being currency and interest rate risks, by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The table below sets out the Group's exposure to foreign currency exchange rates with regards to its liabilities as at 31 March 2023 and 31 March 2022.

	Total GBP	Total USD
As at 31 March 2023		
Islamic finance payable	60,569,352	74,724,409
Total per maturity profile	<u>60,569,352</u>	<u>74,724,409</u>
	Total GBP	Total USD
As at 31 March 2022		
Islamic finance payable	60,569,352	79,576,014
Total per maturity profile	<u>60,569,352</u>	<u>79,576,014</u>

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.

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2023

15. Financial risk and capital management (continued)

(iii) Market risk (continued)

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 2023:

	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)	14,741,561	234,385,266	-	249,126,827	194,724,409

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 2022:

	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)	6,099,920	222,087,226	-	228,187,146	199,576,014

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 -0.28% (2022: -0.60%). In practice, the actual movements and sensitivity may vary and the difference could be significant.

16. Schedule of investment properties

Investment properties as at 31 March 2023

	Opening Cost USD	Additions/ (disposals) during the year USD	Closing Cost USD	Fair value as at 31 Mar 2023 USD	Fair value as at 31 Mar 2022 USD
DHCC 49	39,780,013	-	39,780,013	27,685,453	26,967,439
DHCC 25	34,765,788	-	34,765,788	19,754,349	20,584,928
Arabian Oryx House	37,078,538	-	37,078,538	22,322,736	17,850,394
Burj Daman (DIFC)	73,353,689	(11,807)	73,341,882	62,240,727	58,706,594
Remraam (Dubailand)	23,457,367	-	23,457,367	12,853,887	11,778,261
Al Thuraya Towers 1	75,228,086	510,354	75,738,440	68,525,787	67,524,718
BinGhatti Terraces	41,563,653	-	41,563,653	21,170,353	19,065,946
The Edge	80,463,602	-	80,463,602	68,827,465	69,118,240
Souq Extra	23,592,605	-	23,592,605	22,126,216	20,687,335
Uninest	33,698,053	-	33,698,053	19,898,323	19,172,708
South View School	15,579,411	-	15,579,411	20,641,395	21,387,926
Right-of-use asset Souq Extra	3,925,771	-	3,925,771	3,576,216	3,666,614
Right-of-use asset South View School	11,500,631	-	11,500,631	10,281,345	10,633,645
Total investment properties	493,987,207	498,547	494,485,754	379,904,252	367,144,748

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

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2023

17. 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 2023 (31 March 2022: Nil).

Derivative financial liabilities are remeasured to their fair value at each reporting date. The carrying amounts of all other Group financial assets and financial liabilities approximate their fair values as at the reporting date.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and input used)

Financial assets/ financial liabilities	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship and sensitivity of unobservable inputs to fair value
Foreign currency forward contracts and interest rate swaps	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk various counterparties.	N/A	N/A

18. Dividend distribution

During the current year, a final dividend of USD 0.0200 per share amounting to USD 5,000,000 (2.99% of NAV) was declared and approved on 21st June 2022 for the year ended 31 March 2022 and paid on 29th July 2022 (31 March 2021: USD 4,400,000). Subsequent to 30th September 2022, an interim dividend of USD 0.0180 per share amounting to USD 4,500,000 (2.61% of NAV) was approved on 24th November and paid on 19th December 2022 (30 September 2021: USD 4,500,000).

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2023

19. Earnings/(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 2023 USD	31 Mar 2022 USD
Profit/(loss) attributable to the ordinary shareholders of the Group	21,416,829	(1,294,369)
Weighted number of ordinary shares in issue	250,000,000	250,000,000
Basic earnings/(loss) per share (USD)	<u>0.09</u>	<u>(0.01)</u>

20. Contingent liabilities and commitments

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 2023 USD	As at 31 Mar 2022 USD
Less than one year	24,362,503	23,835,949
Between one and five years	45,969,897	48,709,400
More than five years	56,392,056	61,502,518
	<u>126,724,456</u>	<u>134,047,867</u>

21. Fair value of financial instruments

The carrying amounts of the Group's financial assets and financial liabilities approximate their fair values as at the reporting date.

22. Corporate income tax

On 3 October 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") issued Federal Decree Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate, however a rate of 0% could be applied to taxable income not exceeding a particular threshold or to certain types of entities, to be prescribed by way of a Cabinet Decision.

The Company is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities.

23. Subsequent events

The Company has entered into 2 profit rate swaps with Emirates NBD for a notional of USD 25M each effective from 03 April 2023 for a fixed rate of 3.645% and 8 May 2023 for a fixed rate of 3.59% respectively. The Company similarly entered into 2 profit rate swaps with Commercial Bank of Dubai for a notional of USD 25M each effective from 03 April 2023 for a fixed rate of 3.65% and 8 May 2023 for a fixed rate of 3.59% respectively.

24. Approval of the financial information

The consolidated financial statements were approved by the Board of Directors on 25 May 2023.