

ENBD REIT (CEIC) PLC AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2021

ENBD REIT (CEIC) PLC and its subsidiaries

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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 and Company Secretary	Apex Fund Services (Dubai) Ltd. Office 101, Level 1 Gate Village, Building 5, DIFC PO Box 506534 Dubai United Arab Emirates
Fund Manager	Emirates NBD Asset Management Limited 8th Floor East Wing DIFC – The Gate Building PO Box 506578 Dubai United Arab Emirates	Custodian	Apex Fund Services (Guernsey) Limited 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		

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 period are set out in the condensed consolidated statement of profit or loss and other comprehensive income on page 7. During the current period, a final dividend of USD 0.0176 per share amounting to USD 4,400,000 (2.44% annualised of NAV) was declared and approved for the year ended 31 March 2021 and paid on 25 July 2021 (USD 0.0204 per share amounting to USD 5,100,000 (4.4% annualised of NAV) was declared and approved for the year ended 31 March 2020 and paid on 28 July 2020). Dividend has been determined based on the actual net rental return and funds from operations (“FFO”) generated during that period.

Property valuations

The values of the properties that form the bulk of the assets in the Group are determined regularly by CB Richard Ellis, Cavendish Maxwell and Knight Frank, 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(c) of the condensed consolidated interim financial information).

ENBD REIT (CEIC) PLC and its subsidiaries

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 period ended 30 September 2021 on a going concern basis.

Signed on behalf of the Board

A handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke at the end.

Director:

Date: 23 November 2021

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The Shareholders
ENBD REIT (CEIC) PLC
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of **ENBD REIT (CEIC) PLC and its Subsidiaries** (together referred to as the “Group”) as at 30 September 2021 and the related condensed consolidated interim income statement, condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 - *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects in accordance with IAS 34.

Deloitte & Touche (M.E.)

Deloitte + Touche

Malcolm Coates
23 November 2021
Dubai
United Arab Emirates

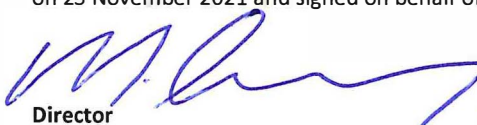
ENBD REIT (CEIC) PLC and its subsidiaries

Condensed consolidated statement of financial position

As at 30 September 2021

	Note	30 Sep 2021 USD (Unaudited)	31 Mar 2021 USD (Audited)
Assets			
Non-current assets			
Investment properties	3	357,375,876	372,035,481
Total non-current assets		<u>357,375,876</u>	<u>372,035,481</u>
Current assets			
Trade and other receivables	4	9,156,743	7,453,637
Prepaid expenses	5	127,322	349,804
Cash and cash equivalents	6	20,863,316	24,607,598
Total current assets		<u>30,147,381</u>	<u>32,411,039</u>
Total assets		<u><u>387,523,257</u></u>	<u><u>404,446,520</u></u>
Liabilities			
Current liabilities			
Islamic finance payable	10	44,403,305	44,229,090
Trade and other payables	7	10,743,216	13,055,053
Lease liabilities	8	699,101	699,101
Finance cost payable on Islamic financing	9	182,670	170,930
Total current liabilities		<u>56,028,292</u>	<u>58,154,174</u>
Non-current liabilities			
Islamic finance payable	10	149,444,687	149,245,090
Trade and other payables	7	2,285,102	2,358,246
Lease liabilities	8	14,640,707	14,396,410
Derivative financial instruments	11	822,070	-
Total liabilities		<u>223,220,858</u>	<u>224,153,920</u>
Equity			
Share capital	12 (a)	250,000	250,000
Capital redemption reserve	12 (c)	962,457	962,457
Distributable reserve	12 (b)	-	101,465,373
Special reserve	12 (b)	66,243,585	70,805,683
Hedge reserve	12 (d)	(822,070)	-
Retained earnings		97,668,427	6,809,087
Total equity		<u>164,302,399</u>	<u>180,292,600</u>
Total equity and liabilities		<u><u>387,523,257</u></u>	<u><u>404,446,520</u></u>

This condensed consolidated interim financial information were approved and authorised for issue by the Directors on 23 November 2021 and signed on behalf of the Board by:



Director

Date: 23 November 2021

Director



The accompanying notes on pages 10 to 20 form an integral part of this condensed consolidated interim financial information.

The independent auditor's report on the review of the condensed consolidated interim financial information is set out on pages 5.

ENBD REIT (CEIC) PLC and its subsidiaries

Condensed consolidated statement of profit or loss and other comprehensive income

For the six month period ended 30 September 2021

		30 Sep 2021	30 Sep 2020
		USD	USD
	Note	(Unaudited)	(Unaudited)
Income			
Rental income		14,909,512	17,111,403
Property operating expenses	13	(2,975,497)	(3,377,655)
Total operating income		<u>11,934,015</u>	<u>13,733,748</u>
Expenses			
General and administrative expenses	14	(567,687)	(652,884)
Management fees	15	(1,326,045)	(1,478,666)
Property valuation fees		(66,022)	(51,729)
Allowance for impairment against trade receivables	4	(401,334)	(335,080)
Total fund expenses		<u>(2,361,088)</u>	<u>(2,518,359)</u>
Finance income / (cost)			
Profit on Islamic deposits		39,620	11,065
Finance cost on lease liabilities		(406,326)	(402,404)
Islamic financing costs		(3,445,831)	(3,821,686)
Net finance cost		<u>(3,812,537)</u>	<u>(4,213,025)</u>
Profit before loss on fair valuation of investment properties		5,760,390	7,002,364
Unrealised loss on fair valuation of investment properties, net	3	(16,528,521)	(33,191,906)
Loss for the period		<u>(10,768,131)</u>	<u>(26,189,542)</u>
Other comprehensive loss			
Fair value adjustments to cash flow hedge	11	(822,070)	-
Total comprehensive loss for the period		<u>(11,590,201)</u>	<u>(26,189,542)</u>
Loss per share			
Basic loss per share (USD)	17	<u>(0.04)</u>	<u>(0.10)</u>

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ENBD REIT (CEIC) PLC and its subsidiaries

Condensed consolidated statement of changes in equity

For the six month period ended 30 September 2021

	Share Capital	Capital Redemption Reserve	Distributable Reserve	Special Reserve	Hedge Reserve	Retained Earnings	Total
	USD	USD	USD	USD	USD	USD	USD
As at 01 April 2020 (audited)	200,000,000	962,457	19,126,603	3,394,453	-	6,208,493	229,692,006
Total comprehensive income for the period (unaudited)							
Loss for the period	-	-	-	-	-	(26,189,542)	(26,189,542)
Total comprehensive loss for the period (unaudited)	200,000,000	962,457	19,126,603	3,394,453	-	(19,981,049)	203,502,464
Transactions with shareholders recorded directly in equity							
Dividend distribution	-	-	-	-	-	(5,100,000)	(5,100,000)
Transfer from Special Reserve	-	-	317,710	(317,710)	-	-	-
At 30 September 2020 (unaudited)	<u>200,000,000</u>	<u>962,457</u>	<u>19,444,313</u>	<u>3,076,743</u>	<u>-</u>	<u>(25,081,049)</u>	<u>198,402,464</u>
As at 1 April 2021 (audited)	250,000	962,457	101,465,373	70,805,683	-	6,809,087	180,292,600
Total comprehensive income for the period (unaudited)							
Loss for the period	-	-	-	-	-	(10,768,131)	(10,768,131)
Other comprehensive loss	-	-	-	-	(822,070)	-	(822,070)
Total comprehensive loss for the period (unaudited)	-	-	-	-	(822,070)	(10,768,131)	(11,590,201)
Transactions with shareholders recorded directly in equity							
Dividend distribution	-	-	-	-	-	(4,400,000)	(4,400,000)
Transfer to Retained earning	-	-	(101,465,373)	-	-	101,465,373	-
Transfer to distributable Reserve	-	-	-	(4,562,098)	-	4,562,098	-
At 30 September 2021 (unaudited)	<u>250,000</u>	<u>962,457</u>	<u>-</u>	<u>66,243,585</u>	<u>(822,070)</u>	<u>97,668,427</u>	<u>164,302,399</u>

The accompanying notes on pages 10 to 20 form an integral part of this condensed consolidated interim financial information.

The independent auditor's report on the review of the condensed consolidated interim financial information is set out on pages 5.

ENBD REIT (CEIC) PLC and its subsidiaries

Condensed consolidated statement of cash flows

For the six month period ended 30 September 2021

	Note	30 Sep 2021 USD (Unaudited)	30 Sep 2020 USD (Unaudited)
Cash flows from operating activities			
Loss for the period		(10,768,131)	(26,189,542)
Adjustments for:			
Unrealised loss on investment properties, net		16,528,521	33,191,906
Profit on Islamic deposits		(39,620)	(11,065)
Finance cost on lease liabilities		406,326	402,404
Allowance for impairment against trade receivables	4	401,334	335,080
Islamic financing cost		3,445,831	3,821,686
		<u>9,974,261</u>	<u>11,550,469</u>
Changes in:			
Trade and other receivables		(2,104,440)	(719,816)
Prepaid expenses		222,482	(81,005)
Payable for investments		-	(272,257)
Trade and other payables		<u>(2,179,730)</u>	<u>(6,248,215)</u>
Net cash flows generated from operating activities		<u>5,912,573</u>	<u>4,229,176</u>
Cash flows from investing activities			
Acquisition of investment properties	3	(1,868,916)	(161,854)
Profit received on Islamic deposits		39,620	11,065
Net cash flow used in investing activities		<u>(1,829,296)</u>	<u>(150,789)</u>
Cash flows from financing activities			
Proceeds from Islamic financing	10	-	13,612,851
Repayment of Islamic financing	10	(250,000)	-
Dividend distribution to ordinary shareholders	20	(4,400,000)	(5,100,000)
Payment of lease liabilities	8	(162,029)	-
Islamic financing cost paid		(3,015,530)	(3,520,229)
Net cash flows (used in)/ provided by financing activities		<u>(7,827,559)</u>	<u>4,992,622</u>
Net decrease in cash and cash equivalents for the period		(3,744,282)	9,071,009
Cash and cash equivalents at the beginning of the period	6	24,607,598	13,701,144
Cash and cash equivalents at the end of the period	6	<u>20,863,316</u>	<u>22,772,153</u>

The accompanying notes on pages 10 to 20 form an integral part of this condensed consolidated interim financial information.

The independent auditor's report on the review of the condensed consolidated interim financial information is set out on pages 5.

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

For the six month period ended 30 September 2021

1. General information

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

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

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

2. Significant accounting policies

a. Basis of presentation

The condensed consolidated interim financial information for the six month period ended 30 September 2021 has been prepared in accordance with IAS 34 ‘Interim financial reporting’. The condensed consolidated interim financial information should be read in conjunction with the last annual consolidated financial statements for the year ended 31 March 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), Islamic Shari’a rules and principles as determined by the Shari’a Supervisory Board of the Group and in accordance with the applicable regulatory requirements of the DFSA. The condensed consolidated interim financial information is prepared under the historical cost convention as modified by the revaluation of investment properties and financial assets and financial liabilities at fair value through profit or loss. It does not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes and reclassification of previously reported numbers are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements. The preparation of financial statement in conformity with IFRS requires the Directors to make certain accounting estimates, judgements 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(c).

b. Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the fund’s annual consolidated financial statements for the year ended 31 March 2021.

New standards, Amendments and interpretations effective from 1 April 2021

At the date of authorisation of these condensed consolidated interim financial information, there were a number of standards and interpretations which were in issue but not yet effective. The Fund is assessing the impact of these standards and anticipates that the adoption of these standards and interpretations in future periods will not have a significant impact on its financial statements except for the below.

Amendments to IFRS 7, IFRS 4, IFRS 16, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform. In the current year, the Group adopted the Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

For the six month period ended 30 September 2021

2. Significant accounting policies (continued)

Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The amendments are relevant for the Cash flow hedges where IBOR-linked derivatives are designated as a cash flow hedge of IBOR-linked bank borrowings of the Group, which extend beyond 2021.

The Group will continue to apply the Phase 1 amendments to IFRS 9/IAS 39 until the uncertainty arising from the interest rate benchmark reform with respect to the timing and the amount of the underlying cash flows to which the Group is exposed ends. The Group expects this uncertainty will continue until the Group's contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced and the basis for the cash flows of the alternative benchmark rate are determined including any fixed spread. The Company anticipates that adoption of these new standards, interpretations and amendments may have no material impact on the condensed consolidated financial information of Company in the period of initial application.

c. Critical accounting estimates and judgements

The preparation of condensed consolidated interim financial information 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 relate to Investment Properties and allowance for impairment losses on financial assets.

In preparing the condensed consolidated interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 March 2021.

1 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 appear reasonable as at the reporting date considering the current economic and real estate outlook in the UAE.

d. Derivative Financial Instruments

The Group enters into a derivative financial instruments to manage its exposure to interest rate risks, including foreign exchange forward contracts, options and interest rate 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.

e. Operating segment

The Group has only one operating segment in the UAE.

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

For the six month period ended 30 September 2021

3. Investment properties

	As at 30 Sep 2021 USD (Unaudited)	As at 31 Mar 2021 USD (Audited)
Balance at start of the period / year	357,299,883	407,294,860
Additions to investment properties	1,868,916	866,008
Changes in fair value	(13,252,653)	(47,924,004)
Accrued lease income	(3,057,601)	(2,936,981)
	342,858,545	357,299,883
Right-of-use assets	14,517,331	14,735,598
Balance at end of the period / year	357,375,876	372,035,481
	For the six month period ended 30 Sep 21 USD (Unaudited)	For the six month period ended 30 Sep 20 USD (Unaudited)
Unrealised loss on fair valuation of investment properties, net		
Changes in fair value of investment properties	(13,252,653)	(29,999,594)
Accrued lease income	(3,057,601)	(2,974,045)
Changes in fair value of right-of-use assets	(218,267)	(218,267)
Movement during the period	(16,528,521)	(33,191,906)

Investment properties as at 30 September 2021 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 2017. Fair value is estimated based on the Investment Method as described below and benchmarked to comparable transactions wherever applicable.

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

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

Accrued lease income of USD 3.06 million (31 March 2021: USD 2.94 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 342.86 million (31 March 2021: USD 357.3 million) are mortgaged against bank borrowings (Note 10).

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

For the six month period ended 30 September 2021

3. Investment properties (continued)

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 (30 September 2021: 6.5% - 8%; 31 March 2021: 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 30 Sep 21 USD (Unaudited)	As at 31 Mar 21 USD (Audited)
<i>Rent receivable</i>		
Gross amount receivable	6,711,751	5,571,655
Less: allowance for impairment	(2,564,803)	(2,163,469)
	4,146,948	3,408,186
<i>Other Receivables</i>		
Deposits for utilities	945,535	945,535
Profit receivable	12,644	-
Other receivable	57,857	-
Capital work in progress (i)	684,616	-
Accrued lease incentive	3,309,142	3,099,916
	5,009,795	4,045,451
Total trade and other receivables	9,156,743	7,453,637
Movement in allowance for impairment		
Balance at start of the period / year	(2,163,469)	(369,754)
Charge for the period / year	(401,334)	(1,793,715)
Balance at end of the period / year	(2,564,803)	(2,163,469)

(i) The balance represents advance made of USD 684,616 to third party for completion of the refurbishments for Al Thuraya property.

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

For the six month period ended 30 September 2021

5. Prepaid expenses

	As at 30 Sep 21 USD (Unaudited)	As at 31 Mar 21 USD (Audited)
Other prepaid expenses	127,322	349,804
Total prepaid expenses	127,322	349,804

6. Cash and cash equivalents

	As at 30 Sep 21 USD (Unaudited)	As at 31 Mar 21 USD (Audited)
Cash at GSO Portal (in AED account)	14,915	14,915
Cash at bank (in USD accounts))	1,066,602	1,184,316
Cash at bank (in AED accounts)	10,183,150	16,567,109
Islamic deposits	9,598,649	6,841,258
Total cash and cash equivalents	20,863,316	24,607,598

Islamic deposits represent Wakala deposits with Emirates NBD Bank and Ajman Bank. They have a maturity of less than 3 months.

7. Trade and other payables

	As at 30 Sep 21 USD (Unaudited)	As at 31 Mar 21 USD (Audited)
Current liabilities:		
Rent received in advance and unearned income	6,287,847	9,341,206
Tenants' security deposits	912,139	771,412
Management fees	696,854	717,895
Retention Payable	85,147	-
Derivative financial instruments	822,070	-
Sundry creditors	2,761,229	2,204,104
	11,565,286	13,055,053
Non-current liabilities:		
Tenants' security deposits	2,285,102	2,358,246

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

For the six month period ended 30 September 2021

8. Lease liabilities

The lease liability is measured by increasing the carrying amount to reflect profit on lease liability and by reducing the carrying amount to reflect the lease payments made.

	As at 30 Sep 21 USD (Unaudited)	As at 31 Mar 21 USD (Audited)
Lease liabilities recognised as at 1 April	15,095,511	15,215,323
Finance cost on lease liability during the period / year	406,326	809,890
Lease liability paid during the period / year	(162,029)	(929,702)
Closing balance of Lease liabilities	15,339,808	15,095,511
Shown as:		
Current lease liabilities	699,101	699,101
Non-current lease liabilities	14,640,707	14,396,410

9. Finance cost payable on Islamic financing

	As at 30 Sep 21 USD (Unaudited)	As at 31 Mar 21 USD (Audited)
Profit expense payable	182,670	170,930
Total finance cost payable on Islamic financing	182,670	170,930

The balance represents profit expense payable on murabaha facility from Mashreq bank. For details on the murabaha facility and profit rate refer note 10 on Islamic financing.

10. Islamic financing

The Group had signed a commodity murabaha facility of USD 176,967,057 (equivalent to AED 650,000,000) on 30 June 2019 with Mashreq Bank which is secured against selected investment properties. The murabaha rate is 2.65% above the quarterly EIBOR, payable in arrears. As at 30 September 2021, the Group had drawn down USD 149,741,356 equivalent to AED 550,000,000, the remaining facility has lapsed. The facility term is 12 years where the first 4 years is profit only and principal repayment will start from year 5 onwards. 30% of the facility will be repaid on the termination date.

During the year ended 31 March 2019, the Group had signed a commodity murabaha facility on 14 November 2018 with Standard Chartered Bank of USD 90,000,000 which is secured against selected investment properties. This is a profit only facility for 3 years and principal will be repaid at maturity. The murabaha rate is 2.15% above the quarterly LIBOR, payable in arrears. As at 30 September 2021, the Group has drawn down USD 44,650,000 from the facility.

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

For the six month period ended 30 September 2021

10. Islamic financing (continued)

The facilities are payable as follows:

	As at 30 Sep 21 USD (Unaudited)	As at 31 Mar 21 USD (Audited)
<i>Contractual cash flows</i>		
- Less than one year	49,272,705	50,161,776
- Between one and five years	153,088,998	155,471,937
	<u>202,361,703</u>	<u>205,633,713</u>
Future finance costs not recognised in the condensed consolidated interim financial information	(7,970,346)	(10,992,358)
	<u>194,391,357</u>	<u>194,641,357</u>
Less: Deferred finance costs (refer note i below)	(748,616)	(1,167,177)
Add: Derivative financial instrument cost (refer note ii below)	205,251	-
Net Islamic finance liability – carrying value	<u>193,847,992</u>	<u>193,474,180</u>

Net Islamic financing liability is presented in these condensed consolidated interim financial information as follows:

	As at 30 Sep 21 USD (Unaudited)	As at 31 Mar 21 USD (Audited)
- Less than one year	44,403,305	44,229,090
- More than one year	149,444,687	149,245,090
	<u>193,847,992</u>	<u>193,474,180</u>

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

ii) This represents derivative finance cost payable on hedging instruments.

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

	As at 30 Sep 21 USD (Unaudited)	As at 31 Mar 21 USD (Audited)
As at 1 April	194,641,357	181,628,506
Repayments during the period/year	(250,000)	(600,000)
Withdrawals during the period/year	-	13,612,851
As at end of the period/year	<u>194,391,357</u>	<u>194,641,357</u>

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

For the six month period ended 30 September 2021

11. Derivative financial instruments

	As at 30 Sep 21 USD (Unaudited)	As at 31 Mar 21 USD (Audited)
Profit rate SWAP	822,070	-

In order to manage the risk arising from fluctuations in interest rates arising from the Company's variable rate borrowings (Note 11), the company entered into a profit rate swap with Mashreq Al Islami, Islamic Banking Division of Mashreqbank PS.

On 30 September 2021, the Company had an outstanding profit rate swap with a notional amount of AED 400 million (March 2021: NIL). The profit rate swap is effective from 1 July 2021 and the termination date is 30 June 2023 with cashflows exchanged on a quarterly basis. It has a maximum notional amount of AED 400 million. The swap programme had a negative fair value of USD 822,070 (March 2021: NIL) as at 30 September 2021, resulting in a loss of USD 822,070 (March 2021: NIL) which was recognised in the other comprehensive income.

12. Share Capital and Reserves

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 2021: 250,000,000). Pursuant to reduction in share capital (note 13(b)) and shares buy-back (note 13(c)), the share capital of the Group is USD 250,000 (31 March 2021: 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. During the period, the entire distributable reserve was transferred to retained earnings following board resolution dated 15 September 2021. As at 30 September 2021, the balance in the distributable reserve account stands at USD Nil (31 March 2021: USD 101,465,373)

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 4.56 million is made from the special reserve account. As at 30 September 2021, the balance in the special reserve account stands at USD 66,243,585 (31 March 2021 USD 70,805,683).

c) Shares buy-back

The balance of USD 962,457 (31 March 2021: USD 962,457) represents the transfer from Surplus reserve to Capital Redemption Reserve as a result of the share buy-back programme.

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 822,070 (31 March 2021: Nil) represents the provision on the profit rate swap on the basis of the mark to market adjustment on 30 September, 2021.

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

For the six month period ended 30 September 2021

13. Property operating expenses

	For the six month period ended 30 Sep 21 USD (Unaudited)	For the six month period ended 30 Sep 20 USD (Unaudited)
Building managers' expenses	1,698,489	1,930,136
Cleaning, electricity and water	443,594	490,631
Building maintenance expenses	392,013	344,800
Air conditioning	270,442	274,761
Insurance	54,522	62,112
Legal & professional fees	70,823	33,847
Miscellaneous expenses	45,614	241,368
	<u>2,975,497</u>	<u>3,377,655</u>

14. General and administrative expenses

	For the six month period ended 30 Sep 21 USD (Unaudited)	For the six month period ended 30 Sep 20 USD (Unaudited)
Legal and professional fees	90,030	174,362
Board and committee fees	244,998	218,171
Fund administration custodian and related services	75,390	96,077
Miscellaneous expenses	157,269	164,274
	<u>567,687</u>	<u>652,884</u>

15. Related parties and significant transactions

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

There have been no changes identified in related parties since 31 March 2021.

Related party transactions

	For the six month period ended 30 Sep 21 USD (Unaudited)	For the six month period ended 30 Sep 20 USD (Unaudited)
Management fees (i)	1,326,045	1,478,666
Board and Committee fees (ii)	244,998	218,171
Fund administration custodian and related services (iii)	75,390	96,077
Profit on Islamic deposit	39,620	11,065

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 condensed consolidated interim financial information (continued)

For the six month period ended 30 September 2021

15. Related parties and significant transactions (continued)

For the period 1 July 2020 to 31 December 2020 Emirates NBD Asset Management Limited reduced the management fee to 1.3% on the first USD 550 million Net assets.

- 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 period ended 30 September 2021 were USD 150,000 (30 September 2020: USD 140,000) and USD Nil was owed to Directors at 30 September 2021 (31 March 2020: USD Nil).
- iii) The Company has appointed Apex Fund Services (Guernsey) Ltd as the Custodian (previously, State Street Custodial Services (Jersey) Limited). The custodian fees are divided into two categories for each market of investment, namely safekeeping fees and transaction fees.

Balances with related parties

Cash and cash equivalents of the Group are placed with a shareholder of the Company (a bank) amounting to USD 1,167,386 (31 March 2021: USD 1,217,297.43).

As at 30 September 2021, the Group has an amount payable to the Fund Manager of USD 696,854 (31 March 2021: USD 717,895).

16. Financial risk and Capital management

The Group's activities expose it to various types of risk that are associated with financial instruments and markets in which it invests.

The condensed consolidated interim financial information does not include all financial risk management statements and disclosures required in the annual consolidated financial statements and they should be read in conjunction with the Group's audited annual financial statements as at 31 March 2021.

Profit rate risk

Profit rate risk is the risk that changes in profit rates will affect future cash flows or the fair value of financial instruments of the Group. The Group is exposed to risks associated with the effects of fluctuations in the prevailing levels of market profit rates. The Group manages its cash flow profit rate risk by using profit rate swap (Note 11).

As at 30 September 2021, the impact of 1% upward and downward profit rate movement on the profit rate swap, with all other variables held constant would result in Increasing / Decreasing the Cash Flow Hedging Reserve by USD 1.09 million with corresponding impact on decreasing or increasing the Derivative Liability on the statement of financial position by similar amount.

There have been no changes in the risk profile and capital management policies since 31 March 2021 apart from the above.

17. Loss per share

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

	For the six month period ended 30 Sep 21 USD	For the six month period ended 30 Sep 20 USD
Loss attributable to the ordinary shareholders of the Group	(10,768,131)	(26,189,542)
Weighted number of ordinary shares in issue (refer note i below)	250,000,000	250,000,000
Basic loss per share (USD)	<u>(0.04)</u>	<u>(0.10)</u>

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

For the six month period ended 30 September 2021

17. Loss per share (continued)

i) Reconciliation of weighted average number of ordinary shares

	For the six month period ended 30 Sep 21 USD	For the six month period ended 30 Sep 20 USD
As at 1st April	250,000,000	250,000,000
Weighted average number of ordinary shares at end of the period	<u>250,000,000</u>	<u>250,000,000</u>

18. Contingent Liabilities and Commitments

Capital commitments and contingencies

The Group does not have any contingent liabilities at 30 September 2021 (31 March 2021: Nil). The Group has a capital commitment of USD 3.5 Million as at the reporting date (31 March 2021: USD Nil). This is related to the refurbishments of Al Thuraya property.

Operating lease commitments as a lessor

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

	As at 30 Sep 21 USD (Unaudited)	As at 31 Mar 21 USD (Audited)
Less than one year	23,335,802	24,091,743
Between one and five years	47,422,663	51,798,580
More than five years	56,640,639	56,844,061
	<u>127,399,104</u>	<u>132,734,384</u>

19. 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.

20. Dividend Distribution

During the current period, a final dividend of USD 0.0176 per share amounting to USD 4,400,000 (2.44% of NAV) was declared and approved for the period ended 31 March 2021 and paid on 25 July 2021 (31 March 2020: USD 5,100,000).

21. Significant subsequent events

Subsequent to the reporting date, the Group has settled the outstanding commodity murabaha facility of USD 44,650,000 with Standard Chartered Bank on 10 November 2021 and transferred the same to Emirates NBD Bank PJSC through an assignment.

22. Approval of the financial information

The condensed consolidated interim financial information was approved by the Board of Directors on 23 November 2021.