

ENBD REIT (CEIC) Limited
(Formerly known as EMIRATES REAL ESTATE FUND LIMITED)
AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2017

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

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ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Management and Administration

Directors of ENBD REIT (CEIC) Limited	Tariq Bin Hendi Mark Creasey David Marshall	Independent Auditor	KPMG LLP Unit No. 819, Liberty House, DIFC P.O. Box 3800, Dubai, UAE
Registered Office of ENBD REIT (CEIC) Limited	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 Emirates NBD Asset Management Limited Dr Hussein Hamid Hassan Dr Ojeill Jassim AlNashmi Dr Ali Al-Qurra Daghi		

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Directors' Report

Incorporation

ENBD REIT (CEIC) Limited (formerly known as Emirates Real Estate Fund Limited) – a DIFC Company with Registration Number 2209 (the “Company” or “ENBD REIT”) was incorporated on 18 July 2016 and did not exist prior to that date. ENBD REIT and its subsidiaries (Special Purpose Vehicle (SPVs)) are collectively referred to as the “Group”.

ENBD REIT was incorporated as a company limited by shares under the Company Law, DIFC Law No. 2 of 2009.

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”). Since the Group was not in existence prior to the Company’s incorporation on 18th July 2016, the assets previously held by Emirates Real Estate Fund Limited Jersey (“EREF Jersey”) would not have been included in the Group’s financial history. However, as the transfer of business from EREF Jersey to the Group was a common control transaction, the comparative condensed consolidated interim financial information of the Group discussed below reflect what the Group’s financial results of operations, financial position and cash flows might have been had the Group operated as EREF Jersey during the periods presented.

EREF Jersey was established as a collective investment fund as stated in the prospectus under the Collective Investment Funds (Jersey) Law 1988 and was a subsidiary of Emirates Fund Limited (the “EFL”).

The following Share Classes of Participating Shareholders were issued by EFL and fed into EREF Jersey:

- Emirates Real Estate Fund Limited – USD A Share Class (“A Share Class”)
- Emirates Real Estate Fund Limited - AED E Share Class (“E Share Class”)
- Emirates Real Estate Fund Limited - USD Income Share Class (“Income Share Class”)

In March 2017, ENBD REIT was effectively re-domiciled from Jersey to Dubai International Financial Centre, by way of a distribution in-specie of shares in EREF Jersey share classes of EFL; which at the time of the distribution in-specie was the sole shareholder of EREF Jersey.

DIFC Law No. 2 of 2009 Article 102.1 requires a company to start its first financial year from the first day of incorporation. However, since EREF Jersey was in existence prior to that date and subsequently transferred all the assets and liabilities to ENBD REIT, management had prepared the annual consolidated financial statements from 1 April 2016 to 31 March 2017. The condensed consolidated interim financial information is for the six month period ended 30 September 2017. The comparatives for the condensed consolidated interim statement of financial position are as at 31 March 2017. The comparatives for the condensed consolidated interim statements of profit and loss and other comprehensive income, changes in equity and cash flows are as at 30 September 2016.

Investment policy and objectives

The purpose of the Group is to provide investors with a professionally managed means of participating primarily in the United Arab Emirates (“UAE”) real estate market. The primary investment objective of the Group is to achieve regular rental income and some long-term capital growth from a diversified portfolio of residential, commercial 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 plus some 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.

The Company may invest in properties via offshore special purpose vehicles (“SPVs”). A single SPV may be used to hold each separate property. Any finance sought for property acquisitions may be at the Company level or at the SPV level.

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

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Directors' Report (continued)

Results and distributions

The results for the period are set out in the condensed consolidated interim statement of profit or loss and other comprehensive income on page 8. The dividend of \$0.0382 per share (6.4% of NAV) was declared for the period 1 January 2017 to 30 June 2017 and was paid on 12th July 2017 (30 June 2016 : \$0.1998 per share (5.75% of NAV) per Participating Share in EFL EREF Jersey's Income Share Class was paid on 26 July 2016).

Property valuations

The values of the properties that form the bulk of the assets in the Group are determined regularly by CB Richard Ellis and Cavendish Maxwell Real Estate Consultants both of whom are 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

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 six month period ended 30 September 2017 on a going concern basis.

Signed on behalf of the Board



Director:

Date: 29.11.17



KPMG LLP
Unit No. 819, Liberty House,
DIFC, Dubai, UAE
Tel. +971 (4) 403 0300, Fax +971 (4) 330 1515

Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholders of ENBD REIT (CEIC) Limited (formerly "Emirates Real Estate Fund Limited")

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of ENBD REIT (CEIC) Limited ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 30 September 2017, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the 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 condensed consolidated interim financial information as at 30 September 2017 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.



Other matter

The corresponding figures presented in the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows are those included in the special purpose consolidated financial statements of the Group for the six month period ended 30 September 2016. These special purpose consolidated financial statements of the Group were audited by us and we expressed an unmodified opinion on them on 20 March 2017.

KPMG LLP

KPMG

Milind Navalkar
Dubai, United Arab Emirates

Date: **29 November 2017**

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Condensed consolidated interim statement of financial position

As at 30 September 2017

	Note	30 Sep 17 \$ (Unaudited)	31 Mar 17 \$ (Audited)
Assets			
Non-current assets			
Investment properties	5	353,362,919	315,273,618
Current assets			
Islamic deposits and receivables		54,451,403	99,959,162
Trade and other receivables	6	1,946,353	816,996
Prepaid expenses	7	1,620,992	1,574,002
Cash and cash equivalents	8	8,574,425	9,896,078
Total current assets		66,593,173	112,246,238
Total assets		419,956,092	427,519,856
Liabilities			
Current liabilities			
Payable for investments		1,530,333	1,361,285
Finance cost on Mudaraba payable		160,167	152,040
Trade and other payables	9	6,363,503	11,957,330
Total current liabilities		8,054,003	13,470,655
Non-current liabilities			
Mudaraba payable	10	117,070,515	117,070,515
Total liabilities		125,124,518	130,541,170
Equity			
Share capital		296,978,686	296,978,686
Retained earnings		(2,147,112)	-
Total Equity		294,831,574	296,978,686
Total equity and liabilities		419,956,092	427,519,856

The condensed consolidated interim financial information were approved and authorised for issue by the Directors on 29 November 2017 and signed on behalf of the Board by:



Director

Date: 29 November 2017



Director

The accompanying notes on pages 11 to 18 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 and 6.

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Condensed consolidated interim statement of profit or loss and other comprehensive income

For the six month period ended 30 September 2017

		2017	2016
		\$	\$
		(Unaudited)	(Audited)*
Income			
Rental income		14,320,413	13,758,302
Property operating expenses	12	(3,457,562)	(4,042,208)
Property operating income		<u>10,862,851</u>	<u>9,716,094</u>
Unrealised gain / (loss) on investment properties, net	5	2,679,041	(267,558)
Realised gain on investment properties, net		-	329,431
Total operating income		<u>13,541,892</u>	<u>9,777,967</u>
Expenses			
Management fees	14	(1,882,682)	(3,172,166)
Board and Committee fees	14	(332,340)	(99,619)
General and administrative expenses	13	(1,321,918)	(336,536)
Movement in provision for doubtful debts	6	-	211,287
Total fund expenses		<u>(3,536,940)</u>	<u>(3,397,034)</u>
Finance income / (cost)			
Profit on Islamic deposits		509,660	543,323
Finance cost on Mudaraba facility		(2,943,593)	(34,791)
Distribution to Participating Shareholders	17	-	(9,929,315)
Net finance cost		<u>(2,433,933)</u>	<u>(9,420,783)</u>
Profit / (loss) for the period		7,571,019	(3,039,850)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the period		<u>7,571,019</u>	<u>(3,039,850)</u>
Earnings per share			
Basic and Diluted earnings per share (USD)	18	<u>0.03</u>	<u>-</u>

*Refer note 21

The accompanying notes on pages 11 to 18 form an integral part of this Condensed Consolidated Interim Financial Information.

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ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Condensed consolidated interim statement of changes in equity

For the six month period ended 30 September 2017

	Share Capital \$	Retained Earnings \$	Total \$
Share Capital as at 01 April 2017 (audited)	296,978,686	-	296,978,686
Total comprehensive income for the period (unaudited)			
Profit for the period	-	7,571,019	7,571,019
Total comprehensive income for the period (unaudited)	-	7,571,019	7,571,019
Transactions with owners recorded directly in equity			
Dividend distribution	-	(9,718,131)	(9,718,131)
At 30 September 2017 (unaudited)	296,978,686	(2,147,112)	294,831,574
Unitholders' fund as at 01 April 2016 (audited)	455,419,484	313,096	455,732,580
Total comprehensive income for the period (unaudited)			
Loss for the period	-	(3,039,850)	(3,039,850)
Total comprehensive income	-	(3,039,850)	(3,039,850)
Subscription and redemption by holders of participating shares of EREF Jersey			
issuance of Participating Shares	1,498,614	-	1,498,614
Redemption of Participating Shares	(43,382,251)	-	(43,382,251)
At 30 September 2016 (audited)*	413,535,847	(2,726,754)	410,809,093
Transaction with Ordinary Shareholders' of EREF			
Issuance of Ordinary Shares	50,000	-	50,000
Ordinary Shares as at 30 September 2016	50,000	-	50,000

*Refer note 21

The accompanying notes on pages 11 to 18 form an integral part of this Condensed Consolidated Interim Financial Information.

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Condensed consolidated interim statement of cash flows

For the six month period ended 30 September 2017

	Note	2017 \$ (Unaudited)	2016 \$ (Audited)*
Cash flows from operating activities			
Profit / (loss) for the period		7,571,019	(3,039,850)
Adjustments for:			
Unrealised (gain) / loss on investment properties, net		(2,679,041)	267,558
Profit on Islamic deposits		(509,660)	(543,323)
Realised gain on investment properties, net		-	(329,431)
Movement in provision for doubtful debts	6	-	(211,287)
Distributions to participating shareholders of EREF Jersey		-	9,929,315
Finance cost on Mudaraba facility		2,943,593	34,791
		<u>7,325,911</u>	<u>6,107,773</u>
Changes in :			
Trade and other receivables		(1,176,347)	1,027,369
Payable for investment		169,048	-
Trade and other payables		(5,593,827)	2,590,925
		<u>724,785</u>	<u>9,726,067</u>
Net cash flows generated from operating activities			
Investing Activity			
Acquisition of investment properties	5	(35,410,260)	(42,369,382)
Disposal of investment properties		-	65,417,915
Changes in Islamic deposits and receivables		45,507,759	(54,851,053)
Profit on Islamic deposits		509,660	600,540
		<u>10,607,159</u>	<u>(31,201,980)</u>
Net cash flows generated from / (used in) investing activities			
Cash flows from financing activities			
Issuance of Participating Shares of EREF Jersey		-	1,498,614
Redemption of Participating Shares of EREF Jersey		-	(43,382,251)
Issue of Ordinary Share capital of EREF Jersey	10	-	50,000
Distributions to participating shareholders	17	-	(9,929,315)
Dividend paid		(9,718,131)	-
Finance cost on Mudaraba paid		(2,935,466)	(34,791)
		<u>(12,653,597)</u>	<u>(51,797,743)</u>
Net cash flows used in financing activities			
Net decrease in cash and cash equivalents for the period		(1,321,653)	(73,273,656)
Cash and cash equivalents at the beginning of the period	8	<u>9,896,078</u>	<u>77,645,560</u>
Cash and cash equivalents at the end of the period		<u><u>8,574,425</u></u>	<u><u>4,371,904</u></u>

*Refer note 21

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ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Notes to the Condensed Consolidated Interim Financial Information

For the six month period ended 30 September 2017

1. General Information

ENBD REIT (CEIC) Limited (formerly known as Emirates Real Estate Fund Limited or “EREF Dubai”) – a DIFC Company with registration number 2209 (the “Company” or “ENBD REIT”) was incorporated on 18 July 2016. ENBD REIT (CEIC) Limited 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 Dubai International Financial Centre (“DIFC”) companies Law No. 2 of 2009 (as amended) (the “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 Companies Law, DIFC Law No. 2 of 2009. The principal activity of the Group is to participate primarily in the United Arab Emirates (“UAE”) real estate markets 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. The Shari’a Supervisory Board also periodically review whether 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. Basis of preparation

The condensed consolidated interim financial information for the six month period ended 30 September 2017 has been prepared in accordance with IAS 34 ‘Interim financial reporting’. The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year end 31 March 2017, 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 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. The preparation of financial information in conformity with IFRS requires management to make certain accounting estimates, judgement and assumptions. Actual results may differ from those estimates and assumptions. It also requires management to exercise judgement in the process of applying the Group’s accounting policies. Critical accounting estimates, judgements and assumptions are set out in Note 4.

Historically, the Group’s assets were ultimately held by Emirates Real Estate Fund, Jersey (“EREF Jersey”). During 2016, post incorporation of ENBD REIT, the business of EREF Jersey was transferred to ENBD REIT at book value. As this was a common control transaction, the Group has presented the results of its operations, financial position and cash flows as they might have been had the Group operated as EREF Jersey during the prior period presented.

(i) Operating segment

The Group has only one operating segment in the UAE.

(ii) Seasonality and Cyclicity

There is no material seasonality or cyclicity impacting interim financial reporting.

3. Significant accounting policies

(i) Accounting policies

The accounting policies applied in this condensed consolidated interim financial information are consistent with those of the annual consolidated financial statements of the Group for the year ended 31 March 2017.

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six month period ended 30 September 2017

3. Significant accounting policies (continued)

(ii) Standards, amendments and interpretations that are mandatorily effective from the current interim period :

- Annual Improvements to IFRSs 2014-2016 Cycle (various standards (Amendments to IFRS 12))
- Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)
- Disclosure Initiative (Amendment to IAS 7)

These standards and amendments do not have a significant impact on the Group's condensed consolidated interim financial information as at 30 September 2017.

(iii) New Standards, Interpretations and Amendments issued and relevant to the Group but not yet effective

The Group has not amended its accounting policies by early adopting IFRS 9, Financial Instruments, IFRS 15, Revenue Recognition, IFRS 16 Leases or any other standard, interpretation or amendment that has been issued but is not yet effective.

- IFRS 9, "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018)
- IFRS 15, "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018)
- IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019)
- Transfers of Investment Property (Amendments to IAS 40) (effective for annual periods beginning on or after 1 January 2018)
- Annual Improvements to IFRSs 2014-2016 Cycle – various standards (Amendments to IFRS 1 and IAS 28) (effective for annual periods beginning on or after 1 January 2018)

Management is currently assessing the impact of the above standards on the consolidated financial statements of the Group in future periods.

4. Critical accounting estimates and judgments

The preparation of condensed consolidated financial information requires management to make certain accounting estimates, judgements and assumptions. Actual results may differ from those estimates and assumptions. It also requires management to exercise judgment in the process of applying the Group's accounting policies that affect the reported amounts of assets and liabilities and income and expenditure. 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, Mudaraba and provision for doubtful debts.

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 2017.

* Valuation of the investment properties

The valuation principles of investment properties are based, amongst other assumptions, on rental yields and expected occupancy rates. Should these yields change significantly, there may be a material impact on the valuation of the properties (refer note 5).

* Calculation of the mudaraba repayments

Profits for the mudaraba are at EIBOR plus an additional profit rate. In order to calculate future profit payments due under the mudaraba it has been necessary to estimate the forward EIBOR rate based on average actual rates to date.

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six month period ended 30 September 2017

5. Investment properties

	As at 30 Sep 17 \$ (Unaudited)	As at 31 Mar 17 \$ (Audited)
Balance at start of the period / year	315,273,618	336,961,612
Acquisition of investment properties	33,698,054	41,206,392
Additions to investment property under development	1,712,206	-
Disposal of investment properties	-	(65,088,484)
Change in fair value – net	2,679,041	2,194,098
Balance at end of the period / year	353,362,919	315,273,618

On 29 May 2017, the Group acquired a student accommodation building named Uninest, Dubai's first purpose-built student residence located in Dubailand, on a sale and leaseback agreement at a total acquisition cost of \$33,698,053.

On 3 August 2017, the Group acquired the Musataha rights to undertake construction of a school and related educational facilities in the master Remraam Community. The estimated cost of developing the property has been budgeted at USD 15,246,393.

Investment properties as at 30 September, 2017 were valued by CB Richard Ellis and Cavendish Maxwell Real Estate consultants, both of whom are qualified external independent experts in real estate valuations. Investment properties are stated at fair value, being the estimated amount for which a property would exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably, prudently and without compulsion. Fair value is estimated based on the investment method as described below.

Under the investment method, investment 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 a demand within the vicinity of the subject property. With the benefit of such transactions, capitalization rates have been applied to the properties taking into account size, location, terms, covenants and other material factors at the valuation date.

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

The significant unobservable inputs used in the fair value measurement of investment properties are:

- * Estimated Rental Value ("ERV")
- * Long-term vacancy rate (2017 and 2016: with the exception of fully occupied property void, periods of 6 months – 12 months were applied for units that were vacant as at 30 September, which is over and above 3% - 10% permanent void periods applied on these properties)
- * Equivalent yield (2017: 7.5% - 10%; 2016: 7.6% - 10%)

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

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 properties being valued

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six month period ended 30 September 2017

6. Trade and other receivables

	As at 30 Sep 17 \$ (Unaudited)	As at 31 Mar 17 \$ (Audited)
<i>Rent receivable</i>		
Gross amount receivable	15,700,472	15,700,472
Less: provision for doubtful debts	(15,700,472)	(15,700,472)
	<u>-</u>	<u>-</u>

Movement in provision for doubtful debts

Balance at start of the period / year	(15,700,472)	(18,114,584)
Bad debts written off	-	2,067,796
Reversal for the period / year	-	346,316
Balance at end of the period / year	<u>(15,700,472)</u>	<u>(15,700,472)</u>

	As at 30 Sep 17 \$ (Unaudited)	As at 31 Mar 17 \$ (Audited)
<i>Other Receivables</i>		
Advance for investments	1,023,496	-
Deposits for utilities	702,874	702,874
Profit receivable on Islamic deposits	190,578	8,828
Receivable for sale of investment property	29,405	65,604
Security deposits	-	39,690
Total trade and other receivables	<u>1,946,353</u>	<u>816,996</u>

7. Prepaid expenses

	As at 30 Sep 17 \$ (Unaudited)	As at 31 Mar 17 \$ (Audited)
Arrangement fees paid for Mudaraba facility	1,358,212	1,476,604
Other prepaid expenses	262,780	97,398
	<u>1,620,992</u>	<u>1,574,002</u>

8. Cash and cash equivalents

	As at 30 Sep 17 \$ (Unaudited)	As at 31 Mar 17 \$ (Audited)
Cash at bank	197,918	5,099,947
Cash at bank in foreign currency	8,376,507	4,796,131
	<u>8,574,425</u>	<u>9,896,078</u>

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six month period ended 30 September 2017

9. Trade and other payables

	As at 30 Sep 17 \$ (Unaudited)	As at 31 Mar 17 \$ (Audited)
Rent received in advance and Unearned income, net*	1,841,062	3,017,250
Tenants' security deposits	1,749,652	1,639,788
Management fees	932,512	1,104,462
Listing fee payable	-	4,371,922
Sundry creditors	1,840,277	1,823,908
	<u>6,363,503</u>	<u>11,957,330</u>

*Net of lease income accrued on a straight line basis of the contractual rent.

10. Mudaraba payable

The Group signed a Mudaraba facility of AED 700,000,000 on 15 December 2016 which is secured against selected investment properties. The Mudaraba rate is 2.5% above the quarterly EIBOR, payable in arrears. There are two tranches of the facility of AED 350,000,000 each. On 19 December 2016, the Group had drawn down 100% of tranche 2 and AED 60,000,000 from Tranche 1. In February 2017, the Group had further drawn down AED 20,000,000 from Tranche 1 of the facility. 10% of the drawn down amount is payable at the end of year 4 and the balance is payable at the end of the 5-year term of the facility.

The Mudaraba is payable as follows:

	As at 30 Sep 17 \$ (Unaudited)	As at 31 Mar 17 \$ (Audited)
Gross Mudaraba liability		
Less than one year	4,808,423	4,682,821
Between one and five years	<u>132,549,686</u>	<u>134,493,173</u>
	137,358,109	139,175,994
Future costs	<u>(20,287,594)</u>	<u>(22,105,479)</u>
Net Mudaraba liability	<u>117,070,515</u>	<u>117,070,515</u>
Net Mudaraba liability		
Less than one year	-	-
Between one and five years	<u>117,070,515</u>	<u>117,070,515</u>

The carrying amount of the net Mudaraba liability approximates its fair value.

11. Share Capital

The authorised share capital of the Company is US\$ 500,000,000 divided into 500,000,000 fully paid Ordinary Shares each with no par value.

No new shares have been issued during the period.

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six month period ended 30 September 2017

12. Property operating expenses

	For the six month period ended 30 Sep 17 \$ (Unaudited)	For the six month period ended 30 Sep 16 \$ (Audited)
Building managers' expenses	2,087,435	1,967,048
Building maintenance expenses	414,466	1,084,471
Cleaning, electricity and water	448,746	501,170
Air conditioning	243,508	254,745
Miscellaneous expenses	263,407	234,774
	<u>3,457,562</u>	<u>4,042,208</u>

13. General and administrative expenses

	For the six month period ended 30 Sep 17 \$ (Unaudited)	For the six month period ended 30 Sep 16 \$ (Audited)
Legal and professional fees	252,903	(262,015)
Administration and accountancy fees	58,752	193,916
Audit fees	55,132	40,000
Custodian fees	6,267	274,679
Miscellaneous expenses	948,864	89,956
	<u>1,321,918</u>	<u>336,536</u>

14. Related parties and significant transactions

Related parties of the Group include significant shareholders, directors, fellow subsidiary companies and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management and are carried out on an arm's length basis.

There have been no changes identified in related parties since 31 March 2017.

Related party transactions

	For the six month period ended 30 Sep 17 \$ (Unaudited)	For the six month period ended 30 Sep 16 \$ (Audited)
Management fees	1,882,682	3,172,166
Directors' fees	137,808	8,600
	<u>2,020,490</u>	<u>3,180,766</u>

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 \$550 million Net Assets	1.50% of NAV
On next \$450 million Net Assets	1.25% of NAV
Over \$1,000 million Net Assets	1.00% of NAV

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six month period ended 30 September 2017

15. 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 information 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 2017.

There have been no changes in the risk profile and capital management policies since the year end.

16. Fair value of financial instruments

The carrying amounts of investment properties, deposits, investment in financial assets, trade and other receivables and trade and other payables approximate their fair values.

17. Dividend Distribution

As stated in the Directors' report, the Group paid an interim dividend of \$0.0382 per share for the period from 1 January 2017 to 30 June 2017 to the Ordinary Shareholders during the reporting period (30 June 2016: \$0.1998).

18. Earnings per share

The calculation of basic earnings per share is based on the profit 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.

(i) Profit Attributable to Ordinary Shareholders (basic and diluted)	30 Sep 17
Profit for the period attributable to Ordinary Shareholders	7,571,019
Profits attributable to Ordinary Shareholder	<u>7,571,019</u>
(ii) Weighted average number of Ordinary Shares (basic and diluted)	30 Sep 17
ENBD REIT Ordinary Shares	
Weighted average number of Ordinary Shares at period end	<u>254,401,340</u>

On 18 July 2016, 50,000 shares with par value of US\$1 were issued by the Company to EREF Jersey as part of the common control transaction (Note 2). However, no profit was attributable to these Ordinary Shares. Accordingly, no EPS disclosure has been provided for 30 September 2016.

19. Contingent Liabilities and Commitments

Capital commitments and contingencies

The Group does not have any significant contingent liabilities at 30 September 2017 (31 March 2017: Nil). The Group has capital commitments of \$12,858,018 (31 March 2017: Nil) for the construction of the school and related educational facility as at the reporting date.

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six month period ended 30 September 2017

19. Contingent Liabilities and Commitments (continued)

Operating lease commitments as a lessee

The Group has entered into commercial property leases on certain properties. Future minimum lease payable under non-cancellable operating lease are as follows:

	As at 30 Sep 17 \$ (Unaudited)	As at 31 Mar 17 \$ (Audited)
Less than one year	499,603	-
Between one and five years	2,341,422	-
More than five years	14,790,337	-
	<u>17,631,362</u>	<u>-</u>

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 17 \$ (Unaudited)	As at 31 Mar 17 \$ (Audited)
Less than one year	19,287,338	13,475,759
Between one and five years	32,038,384	19,725,440
More than five years	19,795,155	886,675
	<u>71,120,877</u>	<u>34,087,874</u>

20. Significant events since the reporting date

On 5 October 2017, the Group acquired The Edge Building located in Dubai Internet City at a transaction value of \$76,231,963, excluding transaction costs.

21. Corresponding figures

The corresponding figures included in the condensed consolidated interim financial statements for the six month period ended 30 September 2016 have been obtained from special purpose financial statements prepared for the same period which were audited.

Certain corresponding figures have been reclassified to conform to the presentation adopted in this condensed consolidated interim financial information.

22. Approval of the financial information

The condensed consolidated interim financial information was approved by the Board of Directors on 29 November 2017.