

ENBD REIT (CEIC) PLC AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2020

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 0.0204 per share amounting to USD 5,100,000 (4.4% annualised of NAV) was declared and approved for the year ended 31st March 2020 and paid on 28th July 2020 (USD 0.0215 per share amounting to USD 5,399,754 (4% annualised of NAV) was declared and approved for the year ended 31st March 2019 and paid on 14th July 2019). 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 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(c) of the condensed consolidated financial statements).

Other information

Following the shareholders’ approval of the Share Capital Reduction at the Annual General Meeting for Financial Year 2019-20, Management has filed an application with the DIFC court to complete the Share Capital Reduction process. It will enable the Group to distribute consistently even in the downturns on the Real Estate valuations. Post completion of the Share Capital Reduction process USD 199,750,000 will move to the Distributable Reserve and Special Reserve accounts.

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 financial statements of the Group for the period ended 30 September 2020 on a going concern basis.

Signed on behalf of the Board

A handwritten signature in blue ink, appearing to be 'A. M. J.', is written over the text 'Signed on behalf of the Board'.

Director:

Date: 25 November 2020

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 as “the Group”) as at 30 September 2020 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and 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 (IAS) 34 ‘Interim Financial Reporting’. 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 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 interim financial information is not prepared, in all material respects in accordance with IAS 34, “Interim Financial Reporting”.

Deloitte & Touche (M.E.)

Deloitte + Touche

Malcolm Coates
25 November 2020
Dubai
United Arab Emirates

ENBD REIT (CEIC) PLC and its subsidiaries

Condensed consolidated statement of financial position

As at 30 September 2020

| | Note | 30 Sep 20 USD (Unaudited) | 31 Mar 20 USD (Audited) |
|-------------------------------------------|--------|---------------------------------|-------------------------------|
| Assets | | | |
| Non-current assets | | | |
| Investment properties | 3 | 389,435,747 | 422,465,799 |
| Total non-current assets | | <u>389,435,747</u> | <u>422,465,799</u> |
| Current assets | | | |
| Trade and other receivables | 4 | 6,443,074 | 6,058,338 |
| Prepaid expenses | 5 | 307,483 | 226,478 |
| Cash and cash equivalents | 6 | 22,772,153 | 13,701,144 |
| Total current assets | | <u>29,522,710</u> | <u>19,985,960</u> |
| Total assets | | <u>418,958,457</u> | <u>442,451,759</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 7 | 8,491,366 | 14,855,314 |
| Payable for investments | 8 | - | 272,257 |
| Lease liabilities | 9 | 929,703 | 929,703 |
| Finance cost payable on islamic financing | 10 | 208,878 | 325,980 |
| Total current liabilities | | <u>9,629,947</u> | <u>16,383,254</u> |
| Non-current liabilities | | | |
| Islamic finance payable | 11 | 193,657,906 | 179,626,496 |
| Trade and other payables | 7 | 2,580,116 | 2,464,383 |
| Lease liabilities | | 14,688,024 | 14,285,620 |
| Total liabilities | | <u>220,555,993</u> | <u>212,759,753</u> |
| Equity | | | |
| Share capital | 12 (a) | 200,000,000 | 200,000,000 |
| Capital redemption reserve | 12 (c) | 962,457 | 962,457 |
| Distributable reserve | 12 (b) | 19,444,313 | 19,126,603 |
| Special reserve | 12 (b) | 3,076,743 | 3,394,453 |
| Retained earnings | | (25,081,049) | 6,208,493 |
| Total equity | | <u>198,402,464</u> | <u>229,692,006</u> |
| Total equity and liabilities | | <u>418,958,457</u> | <u>442,451,759</u> |

This condensed consolidated interim financial statements were approved and authorised for issue by the Directors on 25 November 2020 and signed on behalf of the Board by:



Director
Date: 25 November 2020



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 2020

| | | 30 September 2020 | 30 September 2019 |
|--------------------------------------------------------------------------------|------|----------------------------|----------------------------|
| | Note | USD (Unaudited) | USD (Unaudited) |
| Income | | | |
| Rental income | | 17,111,403 | 17,872,740 |
| Property operating expenses | 13 | <u>(3,377,655)</u> | <u>(3,817,569)</u> |
| Total operating income | | <u>13,733,748</u> | <u>14,055,171</u> |
| Expenses | | | |
| General and administrative expenses | 14 | (652,884) | (697,819) |
| Management fees | 15 | (1,478,666) | (2,148,349) |
| Property valuation fees | | (51,729) | (68,200) |
| Allowance for impairment against trade receivables | 4 | <u>(335,080)</u> | <u>(183,158)</u> |
| Total fund expenses | | <u>(2,518,359)</u> | <u>(3,097,526)</u> |
| Finance income / (cost) | | | |
| Profit on Islamic deposits | | 11,065 | 44,312 |
| Lease liability financing costs | | (402,404) | (85,618) |
| Islamic financing costs | | <u>(3,821,686)</u> | <u>(5,929,439)</u> |
| Net finance cost | | <u>(4,213,025)</u> | <u>(5,970,745)</u> |
| Profit before depreciation and loss on fair valuation of investment properties | | 7,002,364 | 4,986,900 |
| Unrealised loss on fair valuation of investment properties, net | 3 | <u>(33,191,906)</u> | <u>(15,004,011)</u> |
| Loss for the period | | <u>(26,189,542)</u> | <u>(10,017,111)</u> |
| Other comprehensive income | | <u>-</u> | <u>-</u> |
| Total comprehensive loss for the period | | <u><u>(26,189,542)</u></u> | <u><u>(10,017,111)</u></u> |
| Loss per share | | | |
| Basic loss per share (USD) | 17 | <u><u>(0.10)</u></u> | <u><u>(0.04)</u></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 2020

| | Note | Share capital USD | Capital redemption reserve USD | Distributable reserve USD | Special reserve USD | Retained earnings / (accumulated losses) USD | Total USD |
|-------------------------------------------------------------------|------|----------------------|-----------------------------------|------------------------------|------------------------|-------------------------------------------------|--------------|
| As at 1 April 2019 (audited) | | 200,921,072 | 660,037 | 54,351,904 | 8,169,152 | 5,964,711 | 270,066,876 |
| Total comprehensive income for the period (unaudited) | | | | | | | |
| Other adjustments to retained earnings | | - | - | - | - | - | - |
| Loss for the period | | - | - | - | - | (10,017,111) | (10,017,111) |
| Total comprehensive income for the period (unaudited) | | - | - | - | - | (10,017,111) | (10,017,111) |
| Transactions with shareholders recorded directly in equity | | | | | | | |
| Dividend distribution | 20 | - | - | - | - | (5,399,754) | (5,399,754) |
| Transfer from Special Reserve | 12 | - | - | 3,596,107 | (3,596,107) | - | - |
| Share buy-back | 12 | (921,072) | 302,421 | - | - | - | (618,651) |
| At 30 September 2019 (unaudited) | | 200,000,000 | 962,458 | 57,948,011 | 4,573,045 | (9,452,154) | 254,031,360 |
| As at 1 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 | 20 | - | - | - | - | (5,100,000) | (5,100,000) |
| Transfer from Special Reserve | 12 | - | - | 317,710 | (317,710) | - | - |
| At 30 September 2020 (unaudited) | | 200,000,000 | 962,457 | 19,444,313 | 3,076,743 | (25,081,049) | 198,402,464 |

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

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ENBD REIT (CEIC) PLC and its subsidiaries

Condensed consolidated statement of cash flows

For the six month period ended 30 September 2020

| | Note | 30 Sep 2020 USD (Unaudited) | 30 Sep 2019 USD (Unaudited) |
|--------------------------------------------------------------------|------|-----------------------------------|-----------------------------------|
| Cash flows from operating activities | | | |
| Loss for the period | | (26,189,542) | (10,017,111) |
| Adjustments for: | | | |
| Unrealised loss on investment properties, net | | 33,191,906 | 15,004,011 |
| Profit on Islamic deposits | | (11,065) | (44,312) |
| Finance cost on lease liabilities | | 402,404 | 85,816 |
| Allowance for impairment against trade receivables | 4 | 335,080 | 183,158 |
| Islamic financing cost | | 3,821,686 | 5,929,439 |
| | | <u>11,550,469</u> | <u>11,140,803</u> |
| Changes in : | | | |
| Trade and other receivables | | (719,816) | (3,191,297) |
| Prepaid expenses | | (81,005) | 44,725 |
| Payable for investments | | (272,257) | (792,659) |
| Trade and other payables | | (6,248,215) | (11,226) |
| | | <u>4,229,176</u> | <u>7,190,346</u> |
| Net cash flows generated from operating activities | | | |
| Cash flows from investing activities | | | |
| Acquisition of investment properties | 3 | (161,854) | - |
| Profit on Islamic deposits | | 11,065 | 44,311 |
| | | <u>(150,789)</u> | <u>44,311</u> |
| Net cash flow (used in)/generated from investing activities | | | |
| Cash flows from financing activities | | | |
| Proceeds from Islamic financing | 11 | 13,612,851 | 136,128,505 |
| Repayment of Islamic financing | 11 | - | (134,494,963) |
| Dividend distribution to ordinary shareholders | 20 | (5,100,000) | (5,399,754) |
| Shares buy-back | 12 | - | (618,651) |
| Payment of lease liabilities | | - | (162,028) |
| Islamic financing cost paid | | (3,520,229) | (7,528,474) |
| | | <u>4,992,622</u> | <u>(12,075,365)</u> |
| Net cash flows provided by/(used in) financing activities | | | |
| Net decrease in cash and cash equivalents for the period | | 9,071,009 | (4,840,708) |
| Cash and cash equivalents at the beginning of the period | 6 | 13,701,144 | 15,754,585 |
| Cash and cash equivalents at the end of the period | | <u><u>22,772,153</u></u> | <u><u>10,913,877</u></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

For the six month period ended 30 September 2020

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 2020 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 2020, 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 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 statements are consistent with those followed in the preparation of the fund’s annual consolidated financial statements for the year ended 31 March 2020.

New standards, Amendments and interpretations effective from 1 April 2020

At the date of authorisation of these condensed consolidated financial statements, 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.

Standards / amendments to standards / interpretations

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

In the opinion of the Board of Directors of the Fund, these standards, amendments to standards and interpretations do not impact the Fund as the Fund has no application to the above-mentioned standards.

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six month period ended 30 September 2020

2. Significant accounting policies (continued)

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 2020.

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. Operating segment

The Group has only one operating segment in the UAE.

3. Investment properties

| | As at 30 Sep 20 USD (Unaudited) | As at 31 Mar 20 USD (Audited) |
|------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Balance at start of the period / year | 407,294,860 | 447,434,883 |
| Additions to investment properties | 161,854 | - |
| Changes in fair value | (29,999,594) | (37,279,696) |
| Accrued lease income | (2,974,045) | (2,860,327) |
| | <u>374,483,075</u> | <u>407,294,860</u> |
| Right-of-use assets | 14,952,672 | 15,170,939 |
| Balance at end of the period / year | <u>389,435,747</u> | <u>422,465,799</u> |
| | For the six month period ended 30 Sep 20 USD (Unaudited) | For the six month period ended 30 Sep 19 USD (Unaudited) |
| Unrealised loss on fair valuation of investment properties, net | | |
| Changes in fair value of investment properties | (29,999,594) | (12,106,813) |
| Accrued lease income | (2,974,045) | (2,860,002) |
| Changes in fair value of right-of-use assets | (218,267) | (37,196) |
| Movement during the period | <u>(33,191,906)</u> | <u>(15,004,011)</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 2020

3. Investment properties (continued)

Investment properties as at 30 September 2020 were valued by CB Richard Ellis and Cavendish Maxwell who are qualified external independent property valuation companies and carried out the valuation in accordance with the RICS Valuation Global Standards 2017. 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 2.97 million (31 March 2020: USD 2.86 million) as at the reporting date, relating to the accounting for operating lease rentals on a straight-line basis has been eliminated from the valuation of investment properties, in order to avoid double counting of assets and liabilities.

Investment properties with carrying value of USD 390 million (31 March 2020: USD 407.3 million) are mortgaged against bank borrowings (Note 11).

Material uncertainty around the valuation

For the 30 September 2020 valuation, the rapid spread of COVID-19 has disrupted activity in the real estate market creating heightened valuation uncertainty for the Group's valuers. As a result, the valuation report includes a clause which highlights a 'material uncertainty' which is as follows:

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

For the avoidance of doubt, the inclusion of the 'material uncertainty' declaration does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that in the current extraordinary circumstances less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.

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

The fair value measurement for the investment properties has been categorised as Level 3 based on the inputs to the valuation technique used except for Remraam which is categorised as Level 2. For all investment properties, the current use of the property is considered to be 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 2020: 6.5% - 8.25%; 31 March 2020: 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.

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six month period ended 30 September 2020

3. Investment properties (continued)

Generally, a change in the assumption made for the ERV (per sqm p.a.) is accompanied by:

- a similar change in the equivalent yield, and
- an opposite change in the long-term vacancy rate

Although the Group has considered the impact of COVID-19 on the valuation of its investment properties using the best available information, any future impact on the valuations are subject to a high level of uncertainty because of the current unavailability of forward-looking information. Management believes that a 25 basis points change in the yield, with all the other factors remaining constant, would result in a decrease in fair value by approximately USD 15.4 million. (See note 21 for further details).

4. Trade and other receivables

| | As at 30 Sep 20 USD (Unaudited) | As at 31 Mar 20 USD (Audited) |
|---------------------------------------------|------------------------------------------|----------------------------------------|
| <i>Rent receivable</i> | | |
| Gross amount receivable | 3,228,328 | 2,622,230 |
| Less: allowance for impairment | (704,834) | (369,754) |
| | <u>2,523,494</u> | <u>2,252,476</u> |
| <i>Other Receivables</i> | | |
| Deposits for utilities | 945,535 | 945,535 |
| Accrued lease incentive | 2,974,045 | 2,860,327 |
| | <u>3,919,580</u> | <u>3,805,862</u> |
| Total trade and other receivables | <u><u>6,443,074</u></u> | <u><u>6,058,338</u></u> |
| Movement in allowance for impairment | | |
| Balance at start of the period / year | (369,754) | (187,194) |
| Charge for the period / year | (335,080) | (182,560) |
| Balance at end of the period / year | <u><u>(704,834)</u></u> | <u><u>(369,754)</u></u> |

5. Prepaid expenses

| | As at 30 Sep 20 USD (Unaudited) | As at 31 Mar 20 USD (Audited) |
|-------------------------------|------------------------------------------|----------------------------------------|
| Other prepaid expenses | 307,483 | 226,478 |
| Total prepaid expenses | <u><u>307,483</u></u> | <u><u>226,478</u></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 2020

6. Cash and cash equivalents

| | As at 30 Sep 20 USD (Unaudited) | As at 31 Mar 20 USD (Audited) |
|----------------------------------------|------------------------------------------|----------------------------------------|
| Cash at GSO Portal (in AED account) | 14,915 | 3,777 |
| Cash at bank (in USD accounts)) | 1,419,266 | 2,116,417 |
| Cash at bank (in AED accounts) | 10,445,657 | 11,580,950 |
| Islamic deposits | 10,892,315 | - |
| Total cash and cash equivalents | 22,772,153 | 13,701,144 |

Islamic deposits represent Wakala deposits with Emirates NBD Bank and Ajman Bank. They have a maturity of less than 3 months and profit rates range from 0.17% and 1.00%.

7. Trade and other payables

| | As at 30 Sep 20 USD (Unaudited) | As at 31 Mar 20 USD (Audited) |
|----------------------------------------------|------------------------------------------|----------------------------------------|
| Current liabilities: | | |
| Rent received in advance and unearned income | 5,830,187 | 10,667,924 |
| Tenants' security deposits | 631,433 | 1,017,767 |
| Management fees | 661,332 | 874,230 |
| Sundry creditors | 1,368,414 | 2,295,393 |
| | 8,491,366 | 14,855,314 |
| Non-current liabilities: | | |
| Tenants' security deposits | 2,580,116 | 2,464,383 |

8. Payable for investments

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

9. Lease liabilities

The Group adopted IFRS 16 'Leases' from 1 April 2019. The Group has opted for the cumulative catch up approach as permitted by IFRS 16 upon adoption of the new standard. During the first time application of IFRS 16 to operating leases, the right to use the leased assets has been measured at the amount of lease liability, using the interest rate at the time of first time application.

| | As at 30 Sep 20 USD (Audited) | As at 31 Mar 20 USD (Audited) |
|---------------------------------------------------|----------------------------------------|----------------------------------------|
| Lease liabilities recognised as at 1 April | 15,215,323 | 15,426,402 |
| Finance cost on lease liability during the period | 402,404 | 488,022 |
| Lease liability paid during the period | - | (699,101) |
| Closing balance of Lease liabilities | 15,617,727 | 15,215,323 |
| Shown as: | | |
| Current lease liabilities | 929,703 | 929,703 |
| Non-current lease liabilities | 14,688,024 | 14,285,620 |

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six month period ended 30 September 2020

10. Finance cost payable on Islamic financing

| | As at 30 Sep 20 USD (Unaudited) | As at 31 Mar 20 USD (Audited) |
|--------------------------------------------------------|------------------------------------------|----------------------------------------|
| Profit expense payable | 200,504 | 317,606 |
| Debt processing fee payable | 8,374 | 8,374 |
| Total finance cost payable on Islamic financing | 208,878 | 325,980 |

The balance represents profit expense payable on murabaha facility from Mashreq bank. For details on the murabaha facility and profit rate refer note 11 on Islamic financing.

11. Islamic financing

During the year ended 31 March 2020, the Group had signed a commodity murabaha facility of USD 176,967,057 (equivalent to AED 650,000,000) on 30 June 2019 with Mashreq Bank which is secured against selected investment properties. The murabaha rate is 2.65% above the quarterly EIBOR, payable in arrears. As at 30 September 2020, the Group had drawn down USD 149,741,356 equivalent to AED 550,000,000, 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 2020, the Group has drawn down USD 45,500,000 from the facility. The facilities are payable as follows:

| | As at 30 Sep 20 USD (Unaudited) | As at 31 Mar 20 USD (Audited) |
|-------------------------------------------------------------------------------------------------|------------------------------------------|----------------------------------------|
| <i>Contractual cash flows</i> | | |
| - Less than one year | 6,786,454 | 8,372,220 |
| - Between one and five years | 203,972,042 | 197,544,475 |
| | 210,758,496 | 205,916,695 |
| Future finance costs not recognised in the condensed consolidated interim financial information | (15,517,139) | (24,288,189) |
| | 195,241,357 | 181,628,506 |
| Less: Deferred finance costs (refer note i below) | (1,583,451) | (2,002,010) |
| Net Islamic finance liability – carrying value | 193,657,906 | 179,626,496 |

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

| | As at 30 Sep 20 USD (Unaudited) | As at 31 Mar 20 USD (Audited) |
|----------------------|------------------------------------------|----------------------------------------|
| - Less than one year | - | - |
| - More than one year | 193,657,906 | 179,626,496 |

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

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six month period ended 30 September 2020

11. Islamic financing (continued)

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

| | As at 30 Sep 20 USD | As at 31 Mar 20 USD |
|-------------------------------------|---------------------------|---------------------------|
| As at 1 April | 181,628,506 | 179,994,963 |
| Repayments during the period/year | - | (134,494,963) |
| Withdrawals during the period/year | 13,612,851 | 136,128,506 |
| As at end of the period/year | 195,241,357 | 181,628,506 |

The Group is required to comply with certain financial covenants in respect of its Islamic Financing facilities. Having received the final valuations from the Independent Valuation Specialists at 30 September 2020, management determined that there could be a potential non-compliance with the Facility to Value Ratio covenant of its Standard Chartered facility if it is not rectified. In accordance with the terms of the facility, the Group is able to cure the non-compliance of the covenant by making a prepayment on the facility within a 90 day period. The Group has made a prepayment of USD 600,000 on this facility on 17 November 2020 and as a result rectified the potential non-compliance.

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

12. Share Capital

a) Share capital

The authorised share capital of the Company is USD 400,000,000 divided into 500,000,000 fully paid Ordinary Shares at a nominal value of USD 0.80 per share. The fully paid ordinary shares of the Company are 250,000,000 (31 March 2020: 250,000,000). Pursuant to a reduction in share capital (note 12(b)) and shares buy-back (note 12(c)), the share capital of the Company is USD 200,000,000 (31 March 2020: USD 200,000,000).

b) Distributable reserve

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. The purpose of the distributable reserve is to enable ENBD REIT to maintain consistent dividend payments despite movements in capital values. As at 30 September 2020, the balance in the distributable reserve account stands at USD 19,444,313 (31 March 2020: USD 19,126,603).

The purpose of the special reserve account is for coverage of liabilities outstanding as at 31st December 2018, where the balance will move to the distributable reserve account as and when these liabilities are settled. As at 30th September 2020, ENBD REIT has settled USD 11,600,752 and the balance in the special reserve account stands at USD 3,076,743 (31 March 2020 USD 3,394,453).

c) Capital redemption reserve

Following the share capital reduction, the Company initiated a share buy-back programme for a total number of 4,401,340 shares, commencing from 21st February 2019 until 30th September 2019. As at the reporting date, ENBD REIT has bought back 4,401,340 shares (until 31 March 2020: 4,401,340 shares) at the prevailing market price thereby completing the share buy-back programme. The surplus reserve of USD 962,457 (31 March 2020: USD 962,457), as a result of the share buy-back programme, was transferred to the Capital Redemption Reserve.

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six month period ended 30 September 2020

13. Property operating expenses

| | For the six month period ended 30 Sep 20 USD (Unaudited) | For the six month period ended 30 Sep 19 USD (Unaudited) |
|---------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|
| Building managers' expenses | 1,930,136 | 2,546,579 |
| Cleaning, electricity and water | 490,631 | 491,321 |
| Building maintenance expenses | 344,800 | 145,460 |
| Air conditioning | 274,761 | 288,147 |
| Insurance | 62,112 | 57,127 |
| Legal & professional fees | 33,847 | 32,074 |
| Miscellaneous expenses | 241,368 | 256,861 |
| | <u><u>3,377,655</u></u> | <u><u>3,817,569</u></u> |

14. General and administrative expenses

| | For the six month period ended 30 Sep 20 USD (Unaudited) | For the six month period ended 30 Sep 19 USD (Unaudited) |
|----------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|
| Legal and professional fees | 174,362 | 255,366 |
| Board and committee fees | 218,171 | 245,512 |
| Fund administration custodian and related services | 96,077 | 54,483 |
| Miscellaneous expenses | 164,274 | 142,458 |
| | <u><u>652,884</u></u> | <u><u>697,819</u></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 2020.

Related party transactions

| | For the six month period ended 30 Sep 20 USD (Unaudited) | For the six month period ended 30 Sep 19 USD (Unaudited) |
|----------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|
| Management fees (i) | 1,478,666 | 2,148,198 |
| Board and Committee fees (ii) | 218,171 | 152,648 |
| Other Asset Management expenses | - | 25,592 |
| Fund administration custodian and related services (iii) | 96,077 | 48,483 |
| Profit on Islamic deposit | 11,065 | 44,311 |
| Repayment of Mudaraba facility | - | 134,494,963 |
| Finance cost on Islamic financing | - | 2,980,141 |
| | <u><u>-</u></u> | <u><u>-</u></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 2020

15. Related parties and significant transactions (continued)

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 |

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 2020 were USD 140,000 (30 September 2019: USD 152,648) and USD Nil was owed to Directors at 30 September 2020 (31 March 2020: USD Nil). For the period 1 July 2020 to 31 December 2020 Directors resolved to reduce the Director fees by 13.33%.

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 784,709 (31 March 2020: USD 9,034,830).

As at 30 September 2020, the Group has an amount payable to the Fund Manager of USD 661,332 (31 March 2020: USD 977,384).

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 2020.

There have been no changes in the risk profile and capital management policies since 31 March 2020.

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 20 USD | For the six month period ended 30 Sep 19 USD |
|------------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|
| Loss attributable to the ordinary shareholders of the Group | (26,189,542) | (10,017,111) |
| Weighted number of ordinary shares in issue (refer note i below) | 250,000,000 | 250,905,787 |
| Basic loss per share (USD) | <u>(0.10)</u> | <u>(0.04)</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 2020

17. Loss per share (continued)

i) Reconciliation of weighted average number of ordinary shares

| | For the six month period ended 30 Sep 20 USD | For the six month period ended 30 Sep 19 USD |
|-----------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|
| As at 1st April | 250,000,000 | 251,151,340 |
| Impact of shares buy back | | (245,553) |
| Weighted average number of ordinary shares at end of the period | <u>250,000,000</u> | <u>250,905,787</u> |

18. Contingent Liabilities and Commitments

Capital commitments and contingencies

The Group does not have any significant contingent liabilities at 30 September 2020 (31 March 2020: Nil). The Group has no capital commitments as at the reporting date (31 March 2020: USD Nil).

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 20 USD (Unaudited) | As at 31 Mar 20 USD (Audited) |
|----------------------------|------------------------------------------|----------------------------------------|
| Less than one year | 36,272,864 | 24,670,856 |
| Between one and five years | 39,110,178 | 34,268,537 |
| More than five years | 30,166,016 | 60,841,309 |
| | <u>105,549,058</u> | <u>119,780,702</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 0.0204 per share amounting to USD 5,100,000 (2.22% of NAV) was declared and approved for the period ended 31 March 2020 and paid on 23rd July 2020 (31 March 2020: USD 5,399,754).

ENBD REIT (CEIC) PLC and its subsidiaries

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six month period ended 30 September 2020

21. Impact of COVID – 19

During the first quarter of 2020, the World Health Organisation declared the novel strain of coronavirus, or COVID -19 a global pandemic and recommended containment and mitigation measures worldwide. The COVID -19 pandemic continues to adversely impact economic activity in the real estate sector and has contributed significant volatility and downward pressure on the fair values of the Group's investment properties. The impact of the virus has been rapidly evolving and as a result this may impact the Group's ability to recognise revenue due to changes in the probability of collection and reduction in lease income.

The Group continues to determine net asset values with the frequency as set out in the offering documents, consistently applying valuation policies and reflective of prevailing market conditions. In determining the investment property valuations as of 30 September 2020, the Group has considered the potential impact (based on the best available information) of the uncertainties caused by the COVID-19 pandemic and has taken into account the economic and relief measures it has to extend to its tenants on a case by case basis. The impact on the fair value of the investment properties due to uncertainty in future cashflows due to COVID -19 has been assessed by adjusting the yields or by reducing the rents. The overall impact has been treated as part of the unrealised loss on investment properties in these consolidated financial statements. Any changes made to valuations to estimate the overall impact of COVID -19 is subject to very high levels of uncertainty, as little reasonable and supportable forward-looking information is currently available on which to base those changes. See Note 3 for further details.

As with any economic forecasts, the projections and likelihoods of the occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected

22. Approval of the financial information

The condensed consolidated interim financial information was approved by the Board of Directors on 25 November 2020.