2020 ANNUAL REPORT

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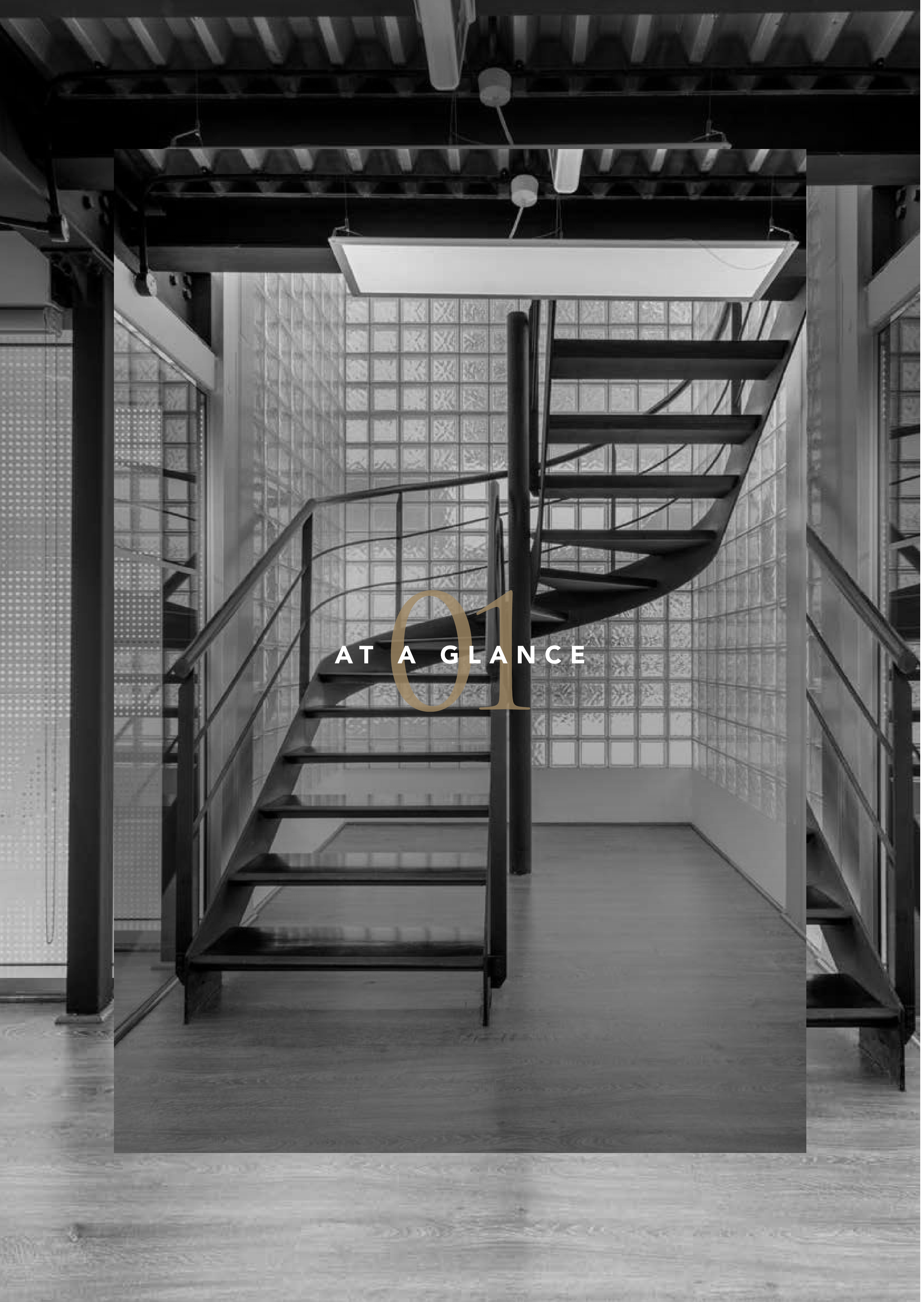

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CHAIRMAN'S MESSAGE

Abdulla Al Hamli — Chairman

Dear Shareholders,
It is my pleasure to present
Emirates REIT's 2020 Annual Report

2020 witnessed unprecedented times, with particular uncertainty and challenges impacting the Real Estate market worldwide.

Given the uncertain and evolving environment in which we have been living and working, I am pleased to be able to report that the Equitativa team's actions have been critical in delivering on short-term strategic priorities to support our long-term underlying purpose: to curate a portfolio of real property assets that produce regular revenue.

A key focus for the Board from the beginning of the Covid-19 disruption has been maintaining the occupancy across the portfolio. We believe that this approach will position the business to return to long-term growth as the pandemic issues recede.

However, Emirate's REIT assets have inevitably witnessed a larger than normal drop in valuation due to the high volatility and the lack of certainty of the real estate market. We trust that such volatility will recede and that following the decisive actions of the UAE government, the market is already on a fast recovery trajectory.

In addition to the strenuous global situation, we recognize a number of challenges that lenders and shareholders have faced.

During the summer, the REIT has engaged Houlihan Lokey to conduct a strategic review. The key findings were:

- The portfolio of the REIT stands out, and the REIT is well managed with a high quality of information available and with a management fee in line with peers;
- The REIT currently suffers a high vacancy due to some issues in its education portfolio and the late connection of its largest asset, Index Tower, to the DIFC, further amplified by the Covid-19 disruption;
- The REIT is not receiving the value originally envisioned by listing on the stock market with Emirates REIT accounting for up to 96.8% of trading volumes of the market in recent months and should proceed with a delisting;
- The REIT and Houlihan Lokey are assessing how to address the Sukuk maturity, which falls in December 2022.

In line with such recommendations, the REIT Manager has offered to reduce its management fee by 20%, until the end of 2021. The REIT is also currently deliberating a delisting from the Nasdaq Dubai and exploring options for the Sukuk refinancing.

Whilst a large part of the Board's regular stakeholder engagement is with its shareholders and lenders, a crucial part of our roles as a Board is the oversight of the wider team's relationship with other stakeholders, including occupiers, the local community, suppliers, partners, local authorities, and industry associates. I would like to personally thank, on behalf of the Board of Directors, the Equitativa team's continued hard work and dedication during the year, navigating through the challenges faced by the business and nurturing the relationships with all our stakeholders during these times.

In addition, Equitativa's team joins me to express our gratitude to my fellow Board members, across all boards, for their continued support and additional commitment over the past twelve months.

Lastly, I would like to thank all lenders and shareholders for your continued support in these extraordinary times.

Abdulla Al Hamli
Chairman

FY 2020 IN BRIEF

PORTFOLIO VALUE

USD 690m

AED 2.5bn

NET ASSET VALUE

USD 225m

AED 826m

NET LEASABLE AREA

2.4m SQ. FT.

219,865 sq m

WEIGHTED AVERAGE LEASE EXPIRY

9.3 YEARS

TOTAL PROPERTY INCOME

-9.4%

2020	USD 66.0m
2019	USD 72.9m

NET PROPERTY INCOME

-11.3%

2020	USD 52.0m
2019	USD 58.7m

EBITDA

-12.3%

2020	USD 29.3m
2019	USD 33.4m

2018

31 JAN
Dividend Distribution
USD 0.04 per share

13 MAY
Acquisition of Lycée Français Jean Mermoz

30 JUN
Dividend Distribution
USD 0.04 per share

18 DEC
Acquisition of three new floors in Index Tower

2019

31 JAN
Dividend Distribution
USD 0.04 per share

30 JUN
Dividend Distribution
USD 0.04 per share

2020

01 JUN
Connection of Index Mall to Gate Avenue

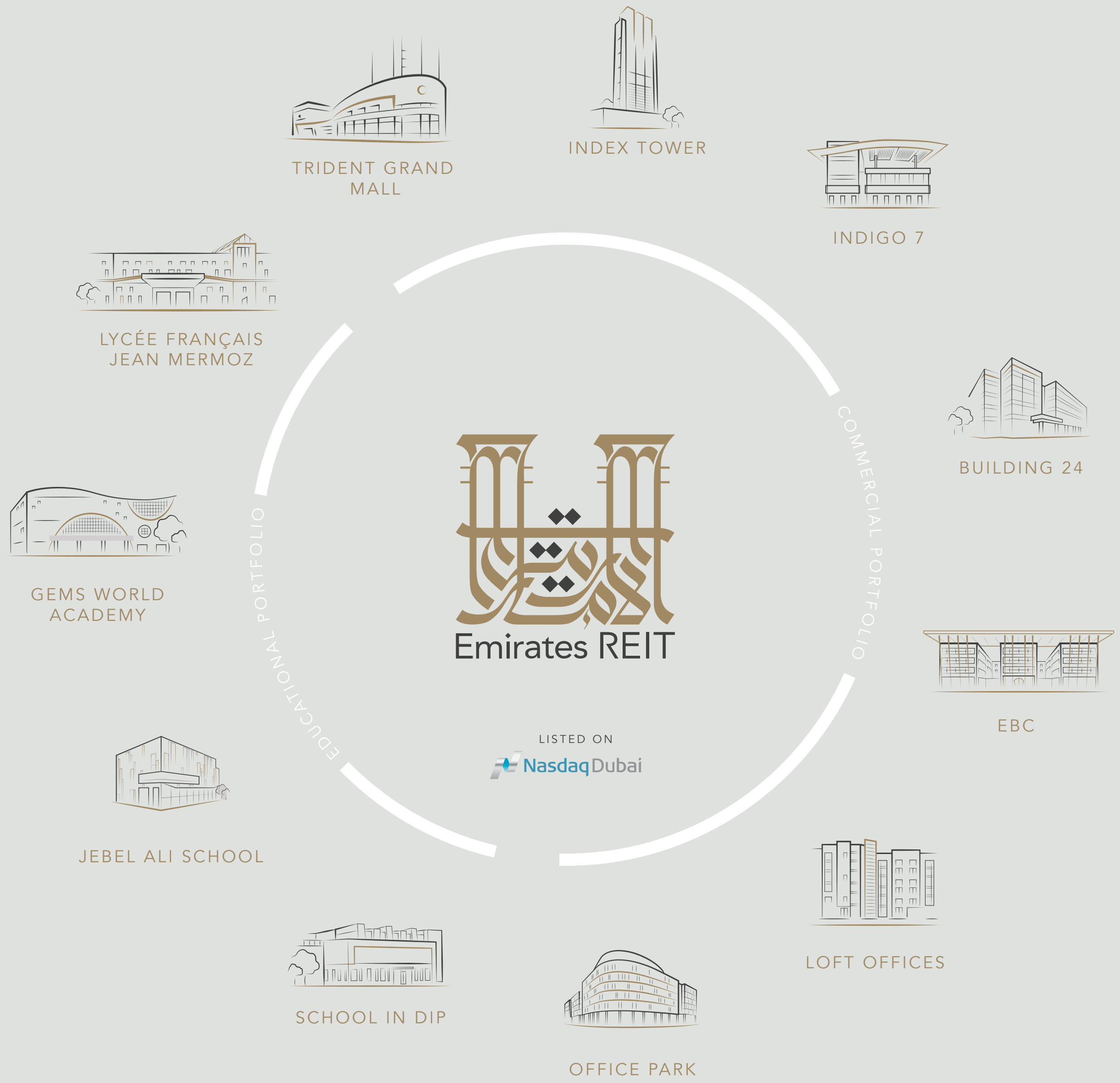
29 JUN
Scrip Dividend Distribution

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

REIT IN BRIEF

- First Listed Shari'a compliant REIT in the UAE
- Focus on income-producing assets with attractive investment fundamentals
- A good degree of visibility on existing income and contracted rental organic growth opportunities within current portfolio
- Experienced REIT Manager with detailed knowledge of the UAE real estate sector
- Active asset management and enhancement of the income profile of the properties
- Regulated REIT Manager with established corporate governance framework
- Regulatory highlights: minimum of 80% of the net income distribution, gearing limit of 65% of Gross Asset Value, development activities limited to 30% of portfolio

EMIRATES REIT PORTFOLIO



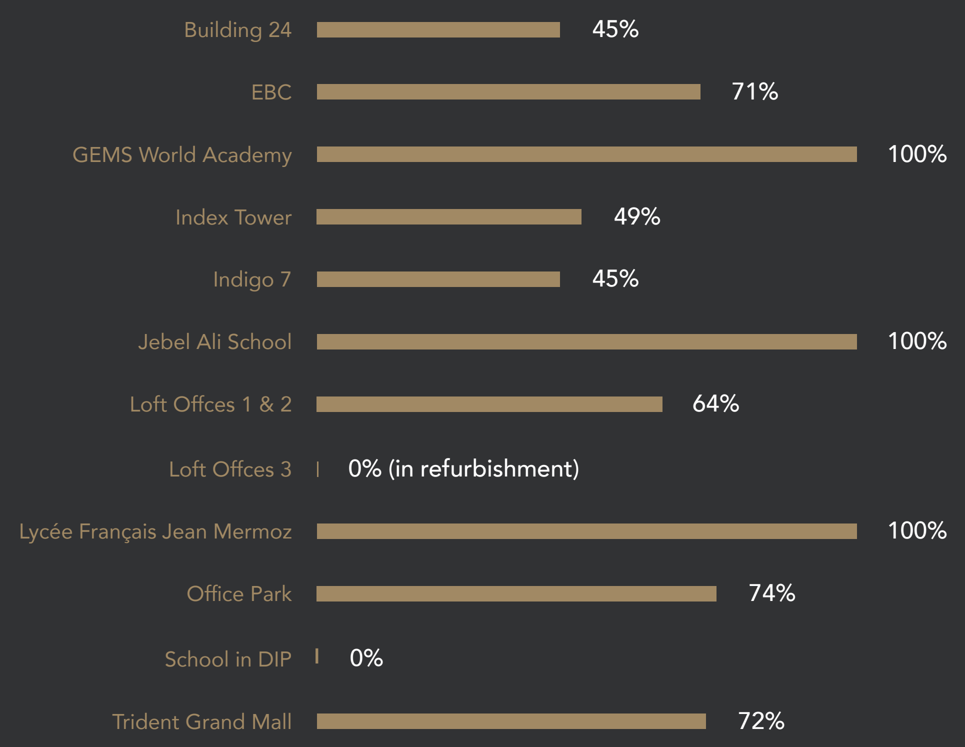
MANAGED BY EQUITATIVA

PORTFOLIO OCCUPANCY

TOTAL OCCUPANCY

71%*

* excluding Loft Offices 3 (in refurbishment)
all inclusive portfolio occupancy 69%



INCOME AND EARNINGS

Year ended 31 December 2020

USD '000	2020	2019	VARIANCE	% VARIANCE
Total property income	66,034	72,871	(6,837)	(9.4%)
Net property income	52,010	58,663	(6,653)	(11.3%)
Operating profit	29,258	33,369	(4,111)	(12.3%)
Net finance cost[1]	(28,766)	(28,997)	231	+0.8%
Net unrealised (loss) / gain on revaluation[1]	(243,404)	(30,004)	(213,400)	(7.1x)
(Loss) / profit for the year	(242,912)	(25,632)	(217,280)	(8.5x)
Fair value adjustments on cash flow hedges	(1,334)	(693)	(641)	(0.9x)
Total comprehensive (loss) / profit for the year	(244,246)	(26,325)	(217,921)	(8.3x)
EPS (USD)	(0.802)	(0.085)	(0.717)	(8.4x)

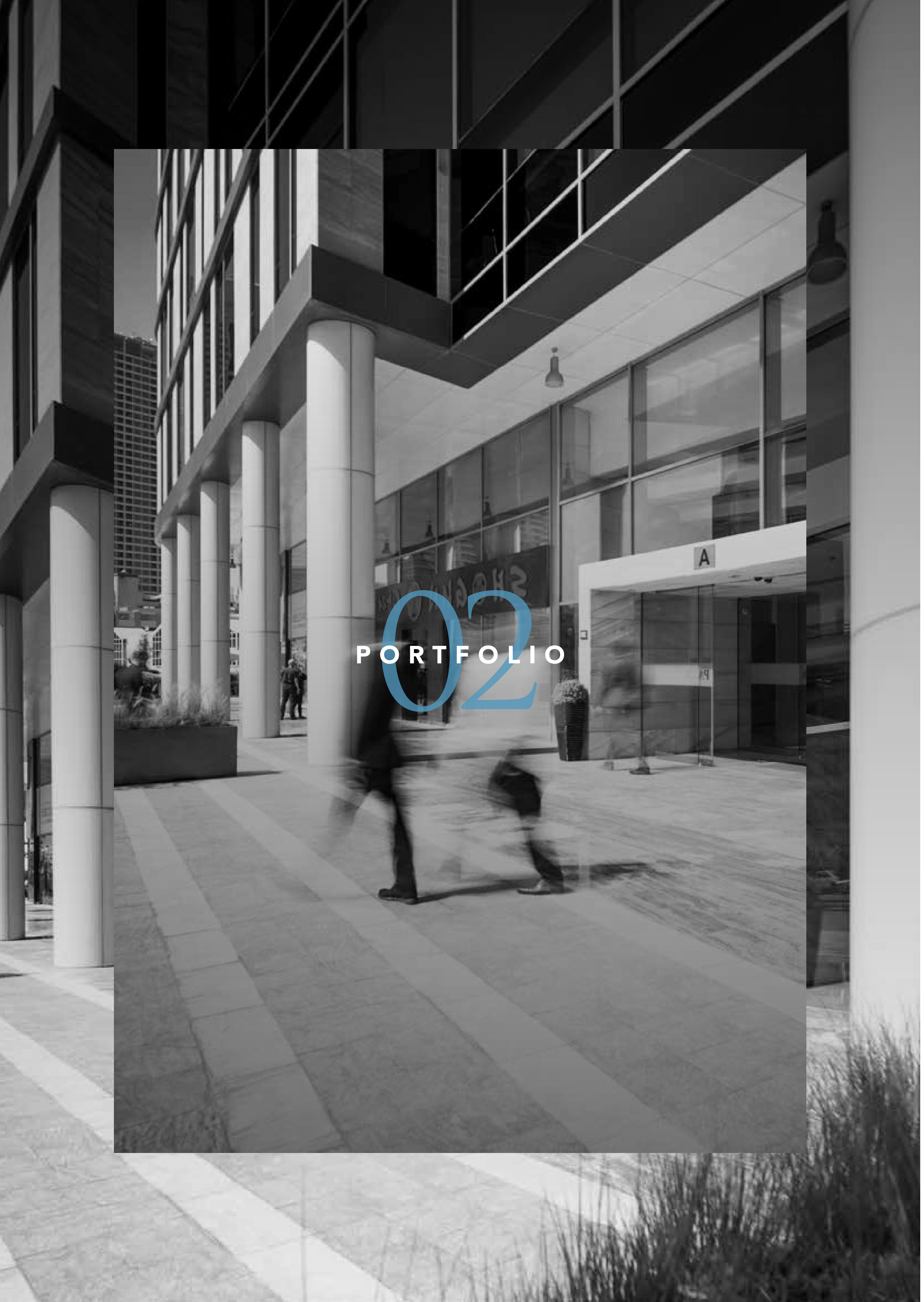
[1] Including impact of IFRS 16.

STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2020

USD '000	2020	2019	VARIANCE	% VARIANCE
Investment property	690,342	919,440	(229,098)	(24.9%)
Total assets	803,385	1,058,806	(255,421)	(24.1%)
Equity	225,464	469,710	(244,246)	(52.0%)
Liabilities	577,921	589,096	(11,175)	+1.9%
NAV per share (USD)	0.74	1.57	(0.83)	(52.7%)
LTV	61.7%	47.9%	(13.8%)	(13.8%)
Net cash from operating activities	17,372	28,475	(11,103)	(39.0%)

* variance computed based on financial impact



02 PORTFOLIO

The Investment Board is pleased to report the activities of the portfolio for the Financial Year 2020

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Education 40

Lycée Français Jean Mermoz 42

GEMS World Academy 44

Jebel Ali School 46

School in DIP 48

MARKET OVERVIEW

GLOBAL MARKETS 2020

- In 2020 the combination of a pandemic induced slump and oil pricing/production tensions led to sharp declines across risk assets worldwide
- Government stimulus programs and central bank intervention provided some relief near the end of the first quarter
- Global real estate investment volumes declined by 28% year-on-year from a record amount of capital markets activity in 2019

GLOBAL MARKETS OUTLOOK

- A worldwide vaccination effort will inevitably support us against indefinite lockdowns, although a rebound in the global economy is not expected before H2 2021
- In 2021, the global real estate market has started to show signs of recovery, which varies by region
- Currently, there is a large amount of capital awaiting deployment into real estate due to it's attractive yield margin
- Whilst the residential sector continues to demonstrate resilience, the commercial market continues to face uncertainty
- Income will remain favourable on a longer-term basis when compared to developed market government bond yields, which are expected remain low level for a notable period of time
- Flexible lending practices combined with fiscal support has alleviated some of downward pressures on global real estate

GLOBAL PERFORMANCE SIGNALS

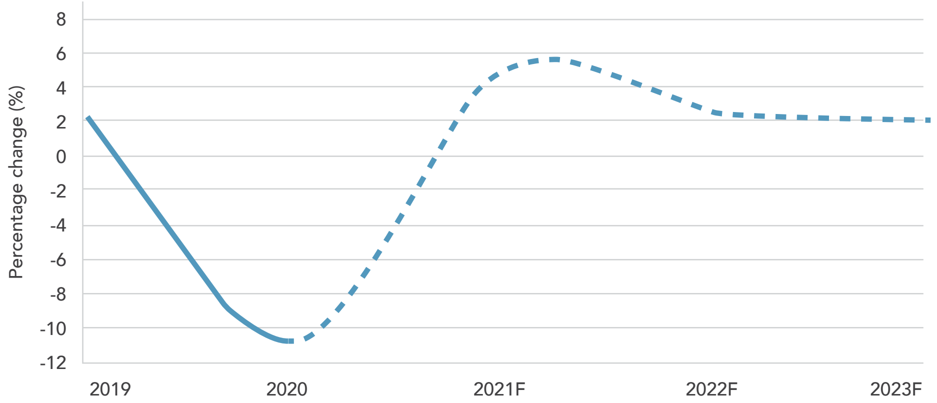
	PERFORMANCE SIGNALS	UK	EUROPE	N. AMERICA	APAC	GLOBAL
Macro	Economic fundamentals	→	↗	↗	↗	↗
	Margin over bonds	↗	→	→	→	→
	Monetary Policy	→	→	→	↗	→
Real Estate	Supply	→	↗	→	→	→
	Flows of capital	↗	→	↗	↗	↗
	Lending	→	↗	→	→	→
	Fund flows	→	→	↗	↗	↗
	360° view	→	→	↗	→	→

Key
Performance Signal: Supportive Neutral Unsupportive
Trend: ↗ Upward trend → Stable ↘ Downward trend

Source: CNBC

UAE MACROECONOMIC FORECAST

- The economy is expected to grow in 2021 as it recovers from its pandemic-induced slump in 2020
- Despite a high GDP contraction of around 11% last year, GDP is expected to follow a V-shaped recovery this year and remain positive until 2023
- The UAE's economy is projected to grow 2.5 per cent in 2021
- A 3.6 per cent expansion in the non-oil sector is expected in 2021 according to the Central Bank

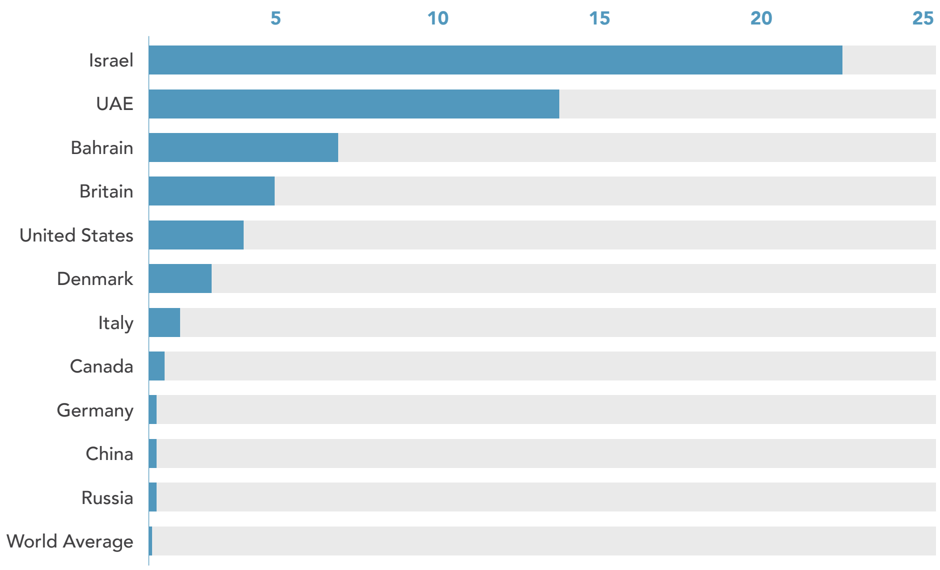


Source: Aberdeen Standard, JLL, AXA

MARKET OVERVIEW

- As at January 2021 the UAE was ranked second globally by way off vaccination doses administered per 100 people, as of today the vaccination program is even further advanced, providing confidence and UAE ability to manage the pandemic, boosting business sentiment in the region
- On the 15th of September 2020, the UAE and Israel signed an historic peace treaty, marking a significant event in stabalising geopolitical tensions
- According to BBC News, Israeli estimates suggest trade with the UAE could eventually total $4bn a year, creating 15,000 jobs. Trade is also likely to grow to include more physical goods with many Asian exports flowing through Dubai

COVID-19, Vaccination Doses administered
13 Jan 2021, per 100 People



Source: The Economist

MAJOR SHIFT IN OPERATING ENVIRONMENT

Residential
- The residential sector was able to make a rapid recovery, especially as end users looked to capitalise on lower interest rates, reduced LTV ratios and attractive payment plans
- An increase in villa sale prices and rental rates was witnessed in some developments, partially a result of a shift towards a hybrid working model for many companies
- Overall, the residential sector showed a high level of resilience to some of the challenges resulting from the pandemic
- Notable improvements in the residential market, especially in demand for villas, luxurious apartments and townhouses
- As at Q1 2021, lower sales prices have yielded a 15% increase in sales volume for Dubai compared to the same period last year
- End users are taking advantage to enter the market at a more affordable time in Q1 2021, and as result demand for villas & townhouses have led to a recovery in villa sale prices of 2% to 3% when compared to the previous quarter

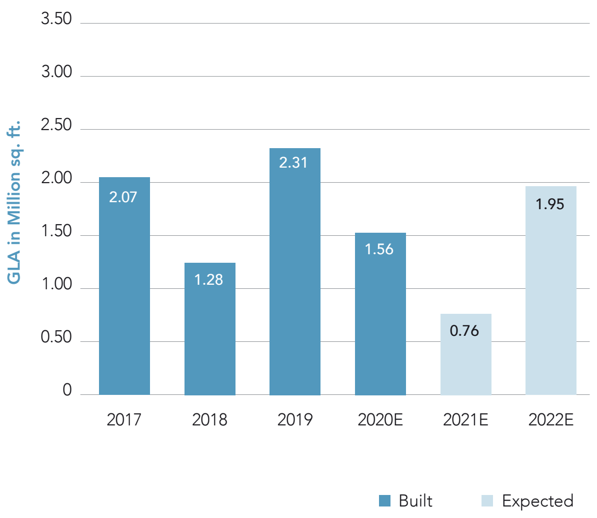
Commercial
- A shift to a home working model by many businesses, caused tenants to reduce their space, whilst tenant requirements increased over the latter stages of Q2 2020
- The majority of activity came from cost saving and consolation requirements
- Large corporates were also seen to reduce office space rental in accordance with international trends
- Incentives such as flexible payment terms, rent free periods and CAPEX contributions were used by Landlords in order to retain and attract tenants
- We witnessed a flight to quality by tenants who were looking to take advantage of weaker market conditions to upgrade occupational space

Education
- Covid-19 was a significant disruption to the Education sector, given the general economic headwinds, lockdown measures and non-payment of fees had a significant impact on schools in the region
- Operators were quick to respont to new policies and teaching practices to ensure continuity of education in the UAE
- As of April 2021, most UAE pupils are now attending in-person classes across the country, the education sector has recorded an increase in jobs
- The education sector is beginning to mature in the region and economic recovery combined with new government initiatives and policies is expected to result in increased investment in the sector

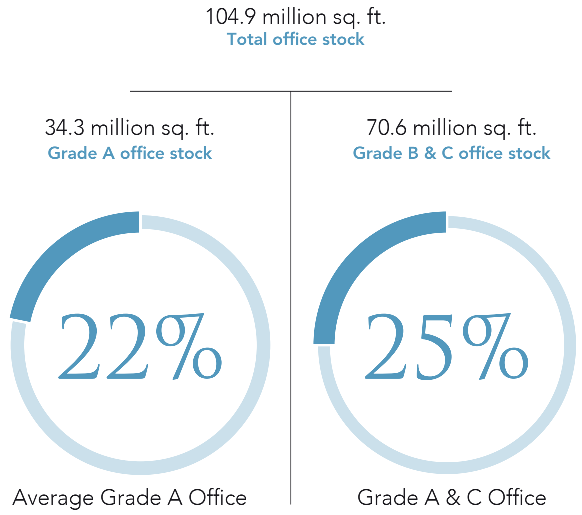
Source: Knight Frank

DUBAI OFFICE MARKET IN NUMBERS

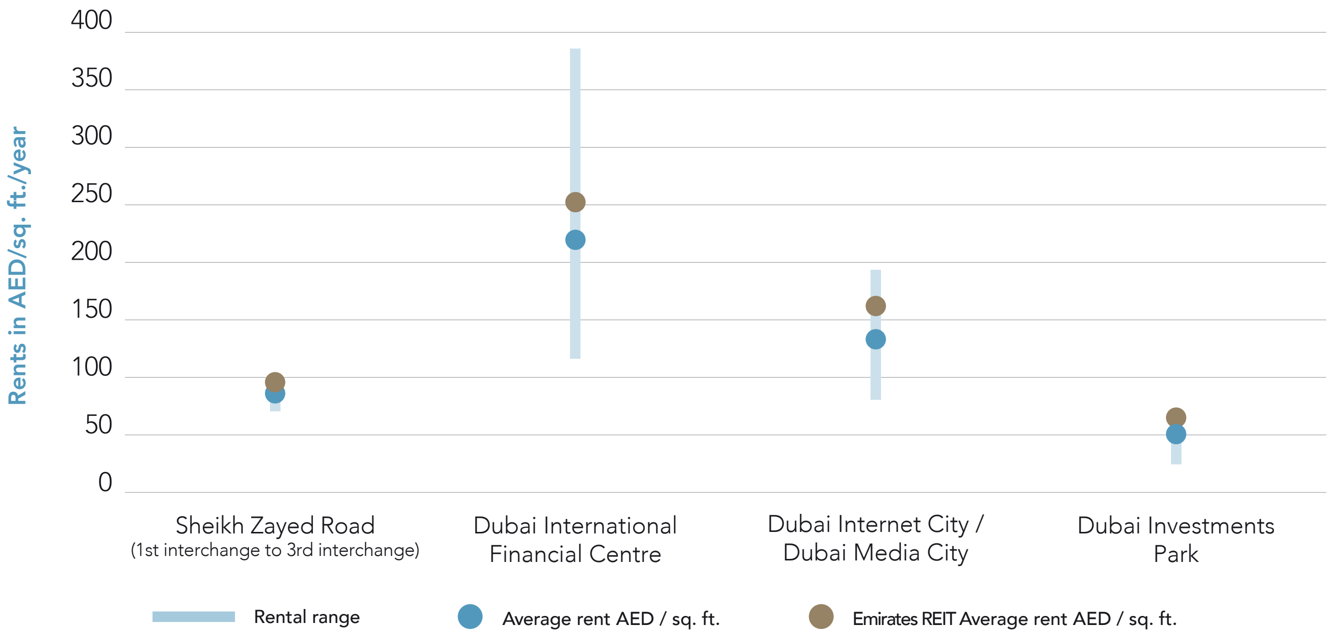
DUBAI OFFICE SUPPLY 2017 - 2022



VACANCY LEVELS



DUBAI OFFICE RENTS - Q4 2020



This market study was prepared by CORE. Established in 2008 and present in Abu Dhabi, Dubai and Bahrain,
CORE is a full-service real estate advisory, brokerage and management firm delivering integrated expertise across Office, Retail, Industrial and Hotel sectors.

OFFICE MARKET FORECAST

OFFICE IS HERE TO STAY

Flexibility around remote working will remain prevalent. Importance of the physical office is unlikely to be diminished, given the need common spaces to foster innovation, productivity, company culture and teamwork.

SECOND WAVE OF RELOCATIONS

We expect a second wave of relocations in 2021 when global corporates inevitably adjust their workplace strategies.
Most of the demand for these relocations/ consolidations are expected in the Grade A market.

RESISTANCE IN HEADLINE RENTS

Landlords are providing a variety of incentives to attract and retain tenants as tenant retention continues to be the most important issue for landlords.

OCCUPANCY AND TENANT RETENTION

As most new office demand is dominated by relocation or downsizing activity while sub-leasing activity also gathers pace, we foresee maintaining occupancy levels and retaining tenants be the main focus for commercial landlords

RISE OF TECHNOLOGY CLIENTS

Globally, technology and allied sectors are the new major landlords, superseding the BFSI and service industries. We are also seeing rising volumes of technology clients and take-up in Dubai.

FURNISHING AND FITTING OUT

As most enquiry levels are for fitted/plug and play offices, we expect landlords to increasingly convert their shell and core assets to CAT A fit-out (raised floor and ceiling) or completely furnish to aid absorption.

REPURPOSING BUILDING USE

With some of the older stock underperforming, developers and landlords are looking at refurbishing office units or repurposing retail/mixed use into office space to optimise asset classes and footprint.

GRADE A SUPPLY PERFORMANCE

With nearly 67% of new supply coming in the Grade A segment (2018 - 2020), most of the large occupier activity is expected to be in this segment in the next few years.

COVID-19 IMPACT

TENANTS SEEKING CONCESSIONS:

A reduction in business sentiment and introduction of social distancing and lockdown measures had a detrimental impact on businesses during 2020. Those worst effected were operating in sectors such as Hospitality, Retail, Education and Aviation.

As result many tenants looked for support from landlords, who were willing to accommodate rent reviews given the market backdrop by providing rent relief, deferrals etc. and working closely with their tenants in best efforts to ensure the longevity of the relationship in an uncertain market.

Source: Bloomberg, Pinsent Masons

FORCE MAJEURE EVENT:

The pandemic impacted businesses and supply chains in an unprecedented manner. As result, many of those affected looked to enact their Force Majeure clause, which is a reference to an external event, outside of the parties' control, which parties cite as a reason to withhold performance of their contractual obligations.

POPULATION DECREASE:

Dubai experienced the highest population decline in the GCC (8.4% vs a region average of 4%.), resulting in further strains on the economy. As residency permits are usually intertwined with employment, the pandemic's impact on the job market and employment rates meant many expats had to leave as result of unemployment

COVID-19 TIMELINE

2020

29 JAN
First case reported

08 MAR
The Ministry of Education announced the closure of all schools and higher education institutions in the UAE for four weeks

13 MAR
Remote work for government employees is announced

16 MAR
Mosques, churches, temples and other places of worship close.

21 MAR
Beaches, parks, and pools, parks, movie theatres, and gyms close.

22 MAR
Announcement of closures of Restaurants, Cafes, and Food and Beverage Outlets

23 MAR
Closure of malls, restaurants serve deliveries only

25 MAR
All passenger flights are suspended. Dubai Economy obliged 80% of private-sector employees to work from home.

27 MAR
National Disinfection Program; imposed curfew from 8 pm to 6 am.

04 APR
A two-week lockdown came into effect in Dubai

07 APR
Dubai Economy announced that all commercial activities, with the exception of vital and support sectors, would remain closed until April 18.

13 APR
UAE sets up mass testing across the country's seven emirates

24 APR
Partial ease of restrictions in Dubai

25 APR
Abu Dhabi starts national sterilization program during Ramadan

27 MAY
The government announces that public sector employees may gradually go back to the offices.

25 JUN
Commercial centres, restaurants allowed to operate at 60% capacity. Dubai's economic sectors operations to return to normal working hours

15 SEP
The UAE approves Sinopharm vaccine for emergency use

14 DEC
The UAE launched COVID-19 vaccinations in the capital Abu Dhabi

COMMERCIAL

VALUATION	NLA	INCOME
73%	58%	64%
SHARE OF PORTFOLIO	SHARE OF PORTFOLIO	SHARE OF PORTFOLIO

Emirates REIT Commercial portfolio comprises of 7 properties located in prominent locations in Dubai's most sought after special economic zones: Index Tower, Office Park, Loft Offices, Building 24, Indigo 7, European Business Centre, and Trident Grand Mall.

As at 31 December 2020, the market value of the commercial portfolio totalled USD 520m.

Market conditions in the commercial real estate sector remain challenging in Dubai and were particularly accentuated with the COVID pandemic.

As an immediate response to the situation, the REIT Manager implemented several initiatives to ensure the safety of our buildings, our tenants and teams, including immediate implementation of additional cleaning, sanitization and control measures and ensuring social distancing measures at all properties.

During that time, management pro-actively managed over 150 tenant requests for rent waivers and collaborated with tenants to manage rental payments and identify solutions in the best interests of both parties. No 'across-the-board' rent waivers or rent-free periods were offered. Instead relief was provided through flexibility and rent deferrals whilst taking the opportunity to offer lease renewals on favourable terms.

Whilst occupancy within Index Tower and European Business Centre remained more resilient, larger corporate downsizing and pressure on SME's particularly impacted Office Park, The Lofts and Building 24.

During this time, the REIT Manager focused on supporting and further building relationships with key tenants and also recruited additional team members with a particular focus on leasing and commercial operations. The market remains impacted by challenging and longer negotiations and various tenants re-negotiating the terms of their lease, whilst considering alternatives or smaller spaces.

Further, additional investment was deployed and initiated to ensure our properties remain the best option for quality in a highly competitive market. CAPEX was also dedicated to the opening of Index Mall and connection to the Gate Avenue, a refurbishment of lobbies and common areas at Office Park and a major ovehaul of exteriors and re-branding at The Lofts offices.

INDEX TOWER

DUBAI INTERNATIONAL FINANCIAL CENTRE

Located in the Dubai International Financial Centre (DIFC) area, Index Tower is a breathtaking and iconic 80-storey building.

Built by award-winning architects Foster & Partners, this tower has won accolades including being named "Best Tall Building Middle East & Africa" by the Council on Tall Buildings and Urban Habitat in 2011.

Completed in 2010, the building is a high-end, mixed-use property featuring residential, office and retail components.

The REIT freehold interests in Index Tower were acquired in various phases during 2013, 2014 and 2019, now consisting of 432,930 sq. ft of office space, 1,561 car park spaces, and 63,000 sq. ft of retail space.

The property's prime location, the adjacent Index Mall and Index Park, as well as it's integration to DIFC's Gate Avenue will create a vibrant lifestyle epicentre.

POSTIONING

- Landmark Grade A building in the Central Business District
- Clear and differentiated offering across 5 types of office & retail products, permitting the accompaniment of the occupiers throughout the life of their business (flexibility and easy expansion or reduction of space within the same building)
- Index Mall and Index Park provide a full community experience in addition to its connecting to the DIFC Gate Avenue

2020 OPERATIONS HIGHLIGHT

- Completed Index Park refurbishment
- Reduction of costs notably by the integration into the REIT Manager's leasing team (50% decrease of costs year-on-year) and Property Management (44% decrease of costs year-on-year)
- Health and safety communication and measures enhanced due to Covid-19 pandemic
- Commencement of bathroom renovation on all occupied floors
- Covid-19 induced close collaboration with the occupiers to approach deferments and lease resets to help retail tenants. No rent waivers were approved for commercial tenants, but reassessment of some leases in exchange for extended terms

CHALLENGES

- Material vacancy and direct competition with ICD Brookfield Building which opened in 2020 (over 900,000 sqft of grade A office space).
- Index Mall and Index Park lease interest and footfall hindered due to Covid-19 disruption

ACTIONS ENVISIONNED

- Start of the activation campaigns of Index Mall and Index Park, depending on government guidance restrictions due to Covid-19

ACQUIRED

2013-2019

NET LEASABLE AREA

427,155 SQ. FT.

OCCUPANCY

49%

WAULT

2.0 years

OFFICE PARK

DUBAI INTERNET CITY

Office Park was completed in 2008, and Emirates REIT acquired the freehold interest in the property in June 2012. The building is located in the popular and well established Knowledge Village, the world's only free zone campus dedicated to human resources management, professional learning and education. The community provides facilities for corporates and is home to over 400 companies and institutions.

The premises are arranged as five interconnected blocks, in an L-shape, with four levels of parking and large floor spaces from 600 sq. ft to 60,000 sq. ft to be able to accommodate any tenant need. The property enjoys strong occupancy levels and is particularly attractive to international companies.

POSTIONING

- Premium building, with high visibility and easy access from and to Sheikh Zayed Road and Internet city
- Appreciated by multinational companies for their GCC or MENA head quarters, for its large and adaptable floor plans
- Cost-saving actions taken in 2019 had a full effect during 2020

2020 OPERATIONS HIGHLIGHT

- Quality assurance visit conducted during H1 2020
- Commenced refurbishment of all common areas (lobbies, corridors and bathrooms)
- Installation of control access system commenced
- Completion of motorbike parking in collaboration with Tecom
- Health and safety communication and measures enhanced due to Covid-19 pandemic
- Covid-19 induced close collaboration with the occupiers to approach early terminations, deferments and lease resets
- Replaced non-renewing retail tenants with new concepts

CHALLENGES

- Two large tenants leases have expired during 2020, and several others have downsized leading to a drop in occupancy in 2020
- Extremely low footfall around the building during 2020, as the majority of the tenants still request their employees to fully work remotely from home

ACTIONS ENVISIONNED

- Completing of the refurbishment planned by end of H1 2021
- Marketing and active leasing campaign
- Start of energy audit and review of possible providers

ACQUIRED

2012

NET LEASABLE AREA

371,408 SQ. FT.

OCCUPANCY

74%

WAULT

2.4 years

LOFT OFFICES

DUBAI MEDIA CITY

The Loft Offices is a cluster of three low-rise commercial buildings in Dubai Media City (DMC). DMC was launched in January 2001 to establish Dubai as the region's leading media hub. It encompasses a media community of over 20,000 people working in over 2,000 regional and international media companies pushing the limits of creativity every day.

The property is a unique proposition providing duplex office spaces featuring a central courtyard and retail, thus creating a unique and ideal environment for creative companies and start-ups. Acquired on a freehold ownership title by Emirates REIT in December 2011, the premises comprised of a total leasable area of 163,869 sq. ft.

POSTIONING

- In the heart of Internet City
- Look and feel targeted to SMEs, creative and communication companies
- Well established surrounding providing a community feel
- Energy saving initiatives in place, started to have an effect 2020

2020 OPERATIONS HIGHLIGHT

- Refurbishment and re-branding of the external areas and landscape in collaboration with Tecom
- Implementation of energy saving initiatives
- New Facility Management provider improved the overall appearance and quality of the building
- Loft 3 vacated for its re-purposing to larger offices
- Quality assurance visit was conducted in H1 2020
- Health and safety communication and measures enhanced due to Covid-19 pandemic
- Covid-19 induced close collaboration with the occupiers to approach deferments and lease resets against tenant retention via longer leases.

CHALLENGES

- Due to the concentration of SME and creative companies, this building cluster has been the most impacted by Covid-19 disruption
- The buildings are in direct competition with the newly completed D3 District and Innovation Hub with aggressive rental proposition from Tecom
- Short term leases and constant need for a marketing campaign to maintain occupancy. The campaign was put on hold during 2020 due to the Covid-19 disruption uncertainty

ACTIONS ENVISIONNED

- Re-purposing of Loft 3 to cater for larger tenants
- Marketing campaign restarting in Q2 2021
- Potential broker's incentive campaign, if appropriate
- Assessing potential activations and activities in common areas to enhance community interaction, depending on government guidance restrictions due to Covid-19, in collaboration with DMC

ACQUIRED

2012

NET LEASABLE AREA

163,880 SQ. FT.

OCCUPANCY*

64%

WAULT*

0.8 years

* excluding Loft Offices 3 (in refurbishment)

BUILDING 24

DUBAI INTERNET CITY

Building 24 is a low-rise building located in a prime area of Dubai Media City (DMC).

DMC was established as a regional hub for media organisations including news agencies, publishing, online media, advertising, production, and broadcast facilities. Dubai Media City has become a significant hub for the media industry in the GCC and the Middle East, with more than 2,000 companies.

Building 24 is part of phase 1 of DMC, built in 2005 and acquired by Emirates REIT in 2011 offering 57,334 sq. ft leasable area, over three floors, with turn-key offices in flexible sizes, as well as retail facilities. The building is under a Property Management and Leasing Agreement with Tecom.

POSTIONING

- Excellent Location, part of phase one of Dubai Media City
- Highly visible building in heart of Dubai Media City
- Flexible floor plates for corporates and desirable location next to major corporate regional headquarters

2020 OPERATIONS HIGHLIGHT

- Managed under a PMLA agreement with Tecom, preventing the REIT Manager from directly managing the property
- Coordination with Tecom to support tenants through deferments and lease resets

CHALLENGES

- Lowest occupancy and largest decline in the portfolio
- Ageing property in need of refurbishment to remain competitive within the market

ACTIONS ENVISIONNED

- Assessment of soft refurbishment of common areas and external landscape
- Assessment the PMLA in collaboration with Tecom

ACQUIRED

2011

NET LEASABLE AREA

57,334 SQ. FT.

OCCUPANCY

45%

WAULT

1.8 years

INDIGO 7

SHEIKH ZAYED ROAD

Indigo 7 is a mixed-use retail strip mall and office building, located on the highly desirable Sheikh Zayed Road, in the Al Manara district of Dubai.

The building is a low-rise building constructed in 2009 and acquired by Emirates REIT in September 2011. The property enjoys excellent visibility and features 20,476 sq. ft of prime retail and office space.

In addition to the visibility, the proximity to the Al Manara residential district makes the property a desirable destination for retail, commercial and food and beverage alike.

POSTIONING

- Highly visible with easy access from Sheikh Zayed road, situated in the Al Manara district
- Well established and high demand for retail and commercial space

2020 OPERATIONS HIGHLIGHT

- Quality assurance visit was conducted in H1 2020
- Health and safety communication and measures enhanced due to Covid-19 pandemic
- Covid-19 induced close collaboration with the occupiers to approach deferments and lease resets an secured tenant retention via longer leases.

CHALLENGES

- New supply along Sheikh Zayed road with aggressive rental rates

ACTIONS ENVISIONNED

- Replacement of largest tenant (achieved in Q1 2021)

ACQUIRED

2011

NET LEASABLE AREA

20,473 SQ. FT.

OCCUPANCY

45%

WAULT

2.9 years

EUROPEAN BUSINESS CENTRE

DUBAI INVESTMENTS PARK

Emirates REIT acquired the freehold interest in the European Business Centre in Dubai Investments Park (DIP) in August 2017.

EBC is the ideal location for companies willing to set up their operations in a prominent business community. The property is a modern mixed-use office and retail development arranged over three floors – comprised of 86,111 sq. ft of office space and 73,347 sq. ft of prime retail space. The premises accommodates turn-key offices in flexible sizes, as well as in-house retail facilities, serviced offices that offer meeting and conference rooms, logistical facilities, basement parking, and 'green building' amenities. This is a prime commercial asset in a secure and upcoming location.

The building will, in the near future directly benefit from the improvements in the area, especially following the completion of the adjacent metro station, expected to open for Expo.

POSTIONING

- Premium building with high visibility in a key location in DIP
- One of the most attractive propositions in the area with significant growth potential, being adjacent to the metro station
- Large and flexible floor plans suitable for large corporates and SME's alike

2020 OPERATIONS HIGHLIGHT

- Reduction of operating costs by renegotiation of all maintenance contracts
- Assessment of a soft refurbishment of common areas to improve attractiveness
- Quality assurance visit was conducted in H1 2020
- Health and safety communication and measures enhanced due to Covid-19 pandemic
- Covid-19 induced close collaboration with the occupiers to approach deferments and lease resets an secured tenant retention via longer leases.

CHALLENGES

- The property was isolated due to metro works for c. 2 years.
- Pressure on performance due to 25% retail mix, whilst also being an opportunity to reposition the property and take advantage of the metro station

ACTIONS ENVISIONNED

- Possible further savings in energy and utilities
- Assessment of soft refurbishment of common areas and external landscape

ACQUIRED

2017

NET LEASABLE AREA

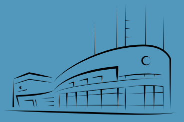
275,197 SQ. FT.

OCCUPANCY

71%

WAULT

1.0 years



TRIDENT GRAND MALL

DUBAI MARINA

Trident Grand Mall is a two-floor retail component of Trident Grand Residence in Dubai Marina's popular Jumeirah Beach Residence mixed-use residential and retail development.

Jumeirah Beach Residence (also known as JBR) is a destination on its own, built on 1.7 kilometres long waterfront featuring world-class hotels, residences and commercial developments.

The asset was acquired in May 2014 on a freehold ownership title. The mall features prime retail and terrace space with 22 retail units over two floors and 161 basement parking spaces.

POSTIONING

- At the entrance of JBR
- Cost-saving actions taken in 2019 had a full effect during 2020

2020 OPERATIONS HIGHLIGHT

- Quality assurance visit was conducted in H1 2020
- Health and safety communication and measures enhanced due to Covid-19 pandemic
- Covid-19 induced close collaboration with the occupiers to approach deferments, lease resets and extension of lease terms
- Replaced parking equipment and changed parking management

CHALLENGES

- 100% retail tenants particularly impacted by Covid-19
- Property requires soft refurbishment to maintain its attractiveness in a competitive market
- Service charge costs are particularly high compared to the market

ACTIONS ENVISIONNED

- Audit service charge costs and options assessment
- Assessment of automated parking system to potentially reduce the running costs
- Assessment of soft refurbishment of common areas and external signage
- Assessment of potential activations and activities in common areas to enhance community interaction, depending on government guidance restrictions due to Covid-19

ACQUIRED

2014

NET LEASABLE AREA

58,897 SQ. FT.

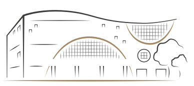
OCCUPANCY

72%

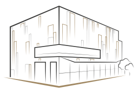
WAULT

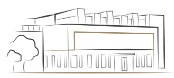
5.8 years

EDUCATION


GEMS World


Lycée Français Jean Mermoz


Jebel Ali School


School in DIP

VALUATION	NLA	INCOME
27%	42%	36%
SHARE OF PORTFOLIO	SHARE OF PORTFOLIO	SHARE OF PORTFOLIO

Emirates REIT has invested in some of the best education complexes in Dubai which remains an attractive sector. The private education market continues to grow in the Dubai Emirate with both the number of schools and students increasing year on year.

The education sector in Dubai is now at a tipping point, with aggressive marketing and tuition fee discounts symptomatic of an oversupply of schools. Pressure is expected to increase with a further 13 schools scheduled to open this academic year, bringing the total number of private schools in Dubai to 207.

The Dubai education sector is largely dominated by private sector operators, enrolling 91% of Dubai's student population; making it one of the most privatised education systems in the world.

Private schools in Dubai are becoming increasingly popular and continue to draw an increasing share of the school-going-age population.

The education sector is now maturing, with 16 curricula available, price points that range from a few thousand dirhams to schools that have approved fees of more than AED 100,000 annually and internationally-branded operators commonplace.

Demand for international brands and schools to provide something out of the ordinary has driven the desire for better quality education, by a growing number of population, perceived to have large disposable income.

In the last 5 years the majority of new school openings have driven up average tuition fees.

A recent report by HSBC, ranked UAE school fees as the second highest in the world, behind Hong Kong. Furthermore, against a stagnated rate of growth in the economy, many schools have missed their student enrolment targets as supply has started to outstrip demand. With more choice and increasing tuition fee levels, parents are inevitably seeking value for money, bringing the issue of affordable education under the spotlight

The REIT education portfolio comprises of four school complexes. As of 31 December 2020, the market value of education portfolio total to USD 189m.

All contracts are triple net leases with the school having full control of the premises and responsibility for the maintenance and insurance of the buildings.

Lycée Français Jean Mermoz, which was acquired in 2016, is fully occupied. The Phase 2 extension of Lycée Français Jean Mermoz was completed on time & on budget and will accommodate for the extra classrooms required as the school grows. The school is currently operating at full capacity, with the benefit of additional classrooms providing a clear advantage with social distancing.

The school in DIP remains vacant as management takes a long term view and seeks to secure a tenant with solid backing. Various negotiations are on going.

Emirates REIT also engaged legal action with Jebel Ali School in relation to receivables, which is actively being managed.

* Market value
Source: PWC, Knight Frank, GEMS Education

GEMS WORLD ACADEMY

AL BARSHA SOUTH

GEMS World Academy, Dubai, is a low-rise education complex located on Al Khail Road, in Al Barsha South, an upcoming residential district.

Founded in 2007, GEMS World Academy is an International private school, offering education to students ranging from KG1 to Grade 12.

The school is managed and operated by the reputable GEMS Education Group, the largest operator of kindergarten to Grade 12 schools in the world, with a network of over 70 schools in over a dozen countries.

Extending over a land area of 459,614 sq. ft, Emirates REIT acquired the property in October 2013 with the benefit of a long leasehold title.

In 2020 a soft refurbishment of common areas is currently under-way to enhance the school's facilities.

ACQUIRED

2013

NET LEASABLE AREA

459,619 SQ. FT.

OCCUPANCY

100%

WAULT

22.8 years

LYCÉE FRANÇAIS JEAN MERMOZ

RESIDENTIAL AREA OF AL QUOZ

Emirates REIT acquired Lycée Français Jean Mermoz (LFJM) In May 2018 on a sale and leaseback basis.

The campus is conveniently located in the centre of Dubai's Al Quoz district, with easy access to Business Bay, Jumeirah and Al Barsha neighbourhoods. The school opened in September 2017 and provides French curriculum education.

The property development includes a built-to-suit component to the operator's specifications, which is programmed and aligned with the ramp-up of the school. The second phase was built during 2020 to accommodate for secondary classes, which has also proved to be an excellent addition in light of Covid-19 social distancing requirements.

ACQUIRED

2018

NET LEASABLE AREA

124,075 SQ. FT.

OCCUPANCY

100%

WAULT

24.3 years

JEBEL ALI SCHOOL

AKOYA, DUBAILAND

The Jebel Ali School is a build-to-suit development for, and on behalf, of Jebel Ali School – a British curriculum school, educating children in Dubai since 1977 and providing independent, high-quality not-for-profit education in the UAE.

With the official opening for the academic year 2016/2017 - the campus consists of state of the art facilities, including an auditorium, indoor sports centre, a 25m pool, science & technology laboratories, a lecture theatre, art, drama & music facilities and numerous sports fields.

The campus was built on a 358,454 sq. ft plot in the Akoya Development of Dubai Land in August 2015. At its full capacity, the school is set to accommodate 1,800 students. The demand remains steadily fuelled by the completion of surrounding residential developments & communities such as Akoya, Arabian Ranches, Meydan, Motor City and Dubai Sports City.

ACTIONS ENVISIONNED

The REIT is currently managing a dispute in relation to the rental payments from Jebel Ali School. Arbitration proceedings are ongoing.

ACQUIRED

2015

NET LEASABLE AREA

223,911 SQ. FT.

OCCUPANCY

100%

WAULT

20.7 years

SCHOOL IN DIP

DUBAI INVESTMENTS PARK

Emirates REIT further expanded its investments in the education sector in 2016 by acquiring a leasehold interest in a 269,098 sq. ft plot in Dubai Investments Park for the development of a new school, built to the requirements of international operators and a capacity for up to 1,350 students.

The school is conveniently located in Dubai Investments Park (DIP). DIP is a 32 million sq.m. development with industrial, commercial, residential and educational zones.

DIP is designed to become one of the most environment-friendly developments in the region providing a high-quality residential area while it cements its position as the region's premier business and industrial park.

However, following the default of the school operator during summer 2018, the premises have been closed. The REIT Manager is working actively to find new solutions to lease or re-purpose this building.

ACQUIRED

2016

NET LEASABLE AREA

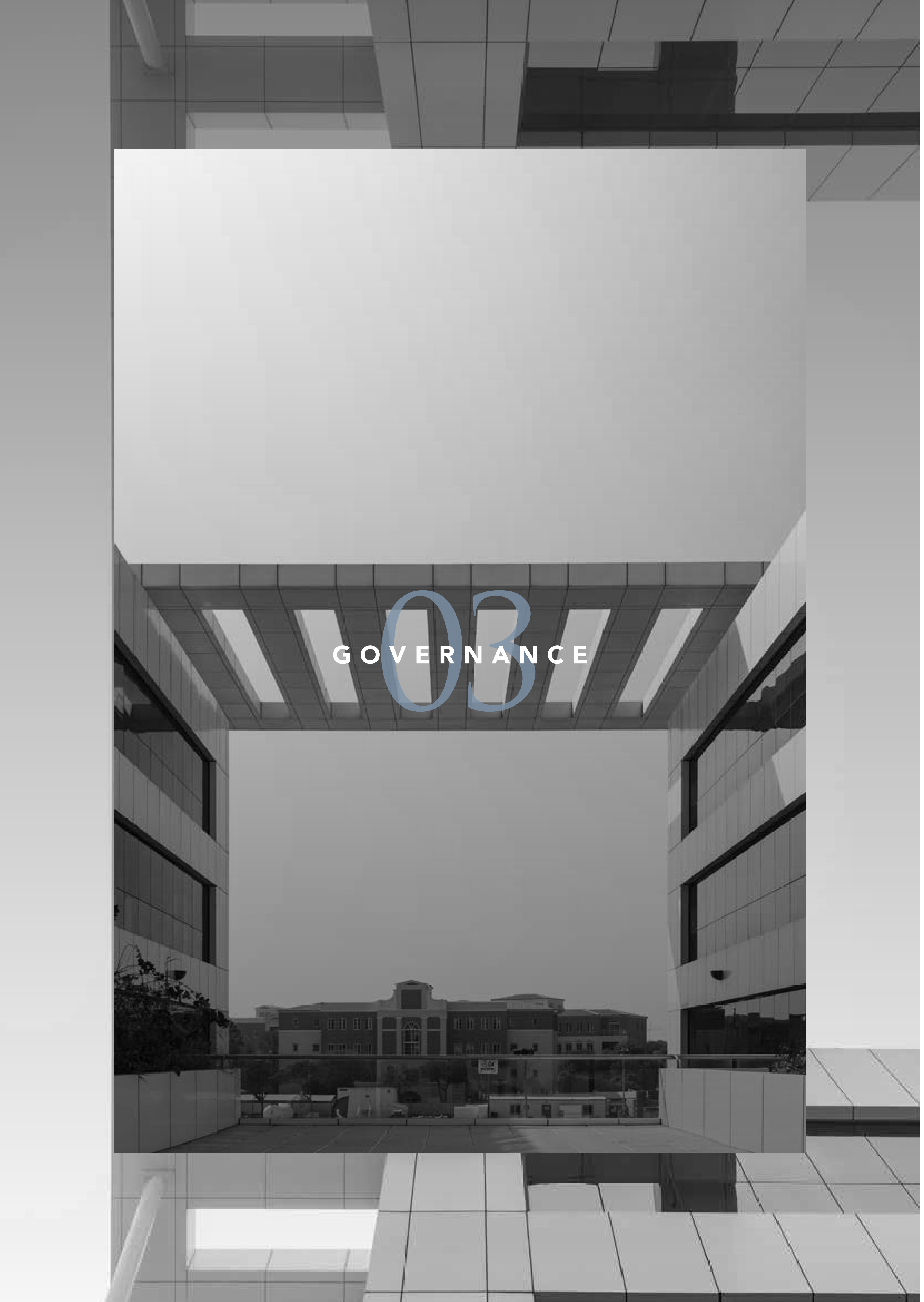
184,665 SQ. FT.

OCCUPANCY

0%

WAULT

0 years



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REIT MANAGER'S REPORT

The Directors present their report for the year ended 31st December 2020.

SHARE CAPITAL

Emirates REIT (CEIC) PLC (the "REIT" or "Emirates REIT"), is a closed-ended Shari'a compliant investment company incorporated in DIFC, registered by the DFSA as a Domestic Public Fund with license number CL0997. It operates under the laws and regulations of the DIFC and DFSA and in accordance with the principles of Shari'a.

As of 31st December 2020, the REIT's issued share capital comprised a total of 303,965,050 ordinary shares with a market value of USD 0.18 each. The REIT has one class of ordinary shares. All shares rank equally and are fully paid. No person holds shares carrying special rights with regards to control of the company. There are no restrictions on the size of a holding.

REIT MANAGER

Emirates REIT is managed by Equitativa (Dubai) Limited ("Equitativa" or the "REIT Manager"), as the sole Director of the REIT, a limited company incorporated in DIFC and regulated by the DFSA since 2010. Equitativa is part of a group of companies specialising in creating and managing innovative financial products in emerging markets, notably Real Estate Investment Trusts.

INVESTMENT OBJECTIVE

Emirates REIT's key investment objective is to generate Shari'a compliant dividend distributions to shareholders, long-term rental growth and capital appreciation.

INVESTMENT POLICY

The type of investments which the REIT can undertake currently includes investments in real property, property related assets, shares or units in another property fund and up to a maximum of 40% in cash, government or public securities.

The REIT has in place a strict process for any acquisition or disposal of assets, including but not limited to the consent of the Investment Board and the Shari'a Supervisory Board. In case of a Related Party Transaction, the Oversight Board will also provide its consent, and the Shareholders shall approve the transaction.

SPECIAL DECREES

In February 2013, the REIT was granted a Ruler's Decree, which allowed the REIT to invest through its onshore Dubai Branch in onshore properties in Dubai. In October 2016, the Equitativa Group was granted an Emiri Decree by the Ruler of the Emirate of Ras Al Khaimah, allowing any REIT managed by the group to invest in properties onshore in Ras Al Khaimah.

MANAGEMENT STRATEGY

In order to achieve its objectives, the REIT has adopted the following key strategies:

Disciplined Acquisition Strategy

The REIT will continue to pursue acquisitions with the aim of improving income stability and overall returns.

Since the incorporation of the REIT, Equitativa's team has evaluated over 1,800 investment opportunities, thereby ensuring their knowledge of the market is comprehensive and allows timely reactions to changes in market conditions.

Active Asset Management Strategy

The Portfolio of the REIT is actively managed, with the aim of delivering returns to the Shareholders.

The REIT manager is practicing an active management focused on enhancing rental revenues and improving operational efficiencies, which in turn may contribute to enhanced market valuations.

Equitativa works closely with the property managers appointed to each property to optimise the REIT's portfolio occupancy and rental rates.

Equitativa applies the following key operating and management principles:

- Continual monitoring of the performance of the portfolio;
- Optimise the net leasable area of the properties where possible;
- Establish close relationships and proactively manage the leases;
- Increase rental income; and
- Enhance the overall operating efficiency of the portfolio.

RISK PROFILE

The REIT's risk appetite is conservative and is not expected to increase as a result of any projected strategic changes in the foreseeable future.

The REIT seeks to adopt a prudent capital and financial management strategy. The REIT's continued performance is subject to, among other things, the conditions of the property market in the UAE, which can affect both the value and the rental income of the properties in the portfolio.

Any deterioration in the property market could result in a decline in rental incomes, occupancy, and property value. It may also weaken the REIT's ability to obtain financing for new investments. These factors may have a material adverse effect on the REIT's financial condition, business, prospects and results of operations.

The REIT will operate within the parameters defined by its Boards and as guided by the Shareholders while conforming at all times to the investment policy.

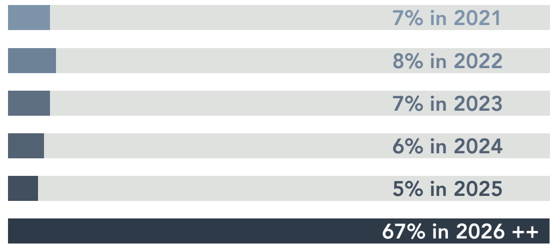
RISK MANAGEMENT STRATEGY

The key pillars for the Capital and Risk Management Strategy include:

- Managing the risks associated with the properties by balancing the portfolio and focusing on acquiring properties of best fit with attractive lease terms and strong covenants;
- Using Shari'a compliant debt financing as an attempt to provide additional capital, improving Shareholder returns over the long term (where such Shari'a debt financing is appropriate) and ensuring that the gearing does not exceed the regulatory threshold; and
- Continually revisiting lines of credit and assessing a variety of possible financing structures.

PORTFOLIO RISK

The portfolio has diversification across asset classes and long-term leases with a weighted average lease term of 9.3 years as at 31st December 2020. Notably, only 22% of the leases are expiring in the next three years (7% only within one year).



The continued impact of Covid-19 and the macro deterioration in the UAE property market resulted in a severe decline in rental occupancy, income and property value.

The REIT's subsequent ability to obtain financing for new investments may, as a result, also be weakened.

In addition, two school operators, tenants of built-to-suit properties of the REIT have either vacated their premises (school in DIP) or do not honour their rental payments (Jebel Ali School). The Covid-19 pandemic has amplified the situation, leading to a material impact on the properties' cash flow and portfolio value.

SHAREHOLDING

The maximum limit of 49% of non-GCC ownership is monitored by both Equitativa and Nasdaq Dubai. At 31st December 2020, the non-GCC shareholding was 27.38%.

As at 31st December 2020, the following shareholders held 5% or more of the REIT's issued share capital:

	ISSUED SHARE CAPITAL (%)
Dubai Islamic Bank PJSC	15.7%
Vintage Bullion	15.3%
Dubai Properties Group LLC	9.9%
Famcorp Holding LLC & Associates *	5.0%

* Premier Point Trading DMCC (An associate of Famcorp Holding LLC & Mr Mohamed AlMatrook) have notified Equitativa on 22nd April 2021 with further clarification during the following days that a transaction for 70,000 shares at a price of USD 0.94 occurred on 21st October 2018, and the aggregate holdings of Famcorp Holding LLC and Mr Mohamed AlMatrook crossed the 5% level and stood at 5.0199% (no. of shares: 15,040,565) as of 21st October 2018 (previous holding 4.9965%).

RELATED PARTIES

It should be noted that the Related Parties are defined differently by the DFSA and the IFRS. Please refer to our Financial Statements for details relating to the Related Parties Disclosure as defined by the IFRS.

Please refer to the Oversight Report for details relating to the Related Parties Disclosure as defined by the DFSA rules.

AUDIT

The REIT Manager is not aware of any relevant audit information of which the REIT's auditor is not aware and has taken all reasonable steps to become aware of such relevant audit information.

VALUATIONS

The aggregate value of the Group's investment properties has recorded an unprecedented decline during 2020. The reported fair values of the REIT's properties are based on external valuations conducted by independent certified property valuers who perform their assessment in accordance with professional valuation standards of the Royal Institute of Chartered Surveyors ("RICS") and also take into account various external and internal factors and inputs, including changes in the economic environment and business outlook.

The REIT manager does not believe that these valuations reflect an accurate depiction of where we are today.

We believe that the significant decline in the fair values of investment properties is a function of a change in valuation methodology used by the independent valuer, which reflects the challenging market conditions created by the Covid-19 pandemic during 2020. However, the REIT manager believes that 2021 will see volatility recede as economic conditions improve, and as a result of the positive actions of the UAE Government to stimulate recovery, the market should record a fast recovery in medium term.

2020 EVENTS

Covid-19

The Novel Coronavirus (Covid-19) pandemic, which prompted the country's lockdown from the first quarter 2020, has heavily impacted Emirates REIT operations and financials.

Although Equitativa's team was prepared and ready for the lockdown and managed to adapt swiftly to remote working, the impact on the on-site management and the inhabitation of rented offices impacted the REIT operations.

The retail part of the portfolio has been particularly impacted, with the restaurants and cafes being the most affected.

Investments Portfolio

For more details on the properties, please refer to the portfolio section.

Strategic Review and appointment of Strategic Advisor

In 2020, the REIT Manager launched a comprehensive review of the strategic options for the REIT, including a potential delisting from Nasdaq Dubai and appointed a leading global investment bank Houlihan Lokey to advise on the review.

Having previously been restricted, and as part of this strategic review, it was decided that all directors and employees of both Equitativa and the REIT would now be permitted to purchase shares of the REIT while complying with the best market practice and applicable laws.

Irregular Trading Activity

In February and March 2020, the REIT recorded some irregular trading activities and escalated the matter to the DFSA and Nasdaq Dubai.

To ascertain the identity of the trader(s) undertaking the potentially manipulative trading, the REIT filed an application in the DIFC Courts seeking an order for the disclosure of the identity, which would allow the REIT to start legal action(s). Although the DIFC Court acknowledged that the trading was highly irregular, they did not grant the order for disclosure, preventing the REIT from any further action.

Media allegations & Regulatory Investigations

On 10th July 2020, the REIT Manager became aware of a media article published in the Gulf News regarding a letter sent by some investors of Emirates REIT to the Dubai Financial Services Authority ("DFSA").

At the time of publication of the article, the REIT Manager had not been notified by any investor or the DFSA of any investigation. However, subsequent to the REIT Manager's reply to this article via a press release, the DFSA informed that there was an investigation underway, reviewing matters pertaining to specifically: the DFSA's Collective Investment Rule 13.4.22 (on valuation); the DFSA's General Module Rule 4.2.6; and the DFSA's General Module - Rule 4.2.11. The REIT Manager continues to co-operate with the DFSA throughout the investigation.

Rating

On 8th September 2020, Fitch Ratings has downgraded Emirates REIT's Long Term Issuer Default Rating(IDR) to 'B+' from 'BB'. Fitch has also downgraded the senior unsecured Sukuk trust certificates, issued through Emirates REIT Sukuk Limited, to 'BB-'/RR3/57% from 'BB'. All ratings have been removed from Rating Watch Negative (RWN), where they were placed on 2nd July 2020.

Results and Dividends

The Results for the year ended 31st December 2020 are stated in the Consolidated Statement of Comprehensive Income. In 2020 total dividend of 0.0145 USD per share related to the financial year 2019 was distributed with such final dividend satisfied wholly and distributed by way of an allotment and distribution of newly issued ordinary shares.

Auditors

The appointment of Deloitte & Touche (ME) as Auditors to the REIT was extended until the closing of the 2021 AGM.

Purchase of Own Shares

At the 2020 AGM, the REIT was allowed to extend the authority to make one or more market purchases of its own shares in accordance with the rules and conditions of the DFSA and Nasdaq Dubai. This authority will expire at the conclusion of the 2021 AGM and a resolution will be proposed to seek further authority until the closure of the next AGM. No ordinary shares were purchased at this authority during 2020 or to date.

Future Related Party Transactions

At the 2020 AGM, the Shareholders did not pre-approve the REIT Manager on behalf of the REIT to enter into Related Party Transactions for the acquisition or sale of Real Property in the United Arab Emirates pursuant to the DFSA CIR Rule 13.4.11A and 8.3.2. Accordingly, the REIT Manager will have to issue circulars and / or obtain Shareholder approval prior to entering such Transactions.

Interim Dividend

The Shareholders authorised the REIT Manager to arrange the payment of interim dividends of the REIT to its Shareholders, subject to the REIT having sufficient retained earnings to pay its debts as they become due immediately after the dividend is paid.

2021 Annual General Meeting

The 2021 AGM is planned before the end of June 2021 and shall be called with not less than 21 days' notice. The resolutions proposed for approval will be set out in the Notice of Meeting, together with explanatory notes.

POST PERIOD EVENTS

Appointment of Valuer

The REIT has approved the appointment of JLL Valuation LLC with CBRE to conduct the December 2020 valuations.

CORPORATE GOVERNANCE

The REIT's Corporate governance framework includes the following committees and boards:

MANAGEMENT BOARD
The Management Board is responsible for guiding the REIT in its day to day operations and expanding and optimizing the REIT's Portfolio.

It is comprised of Mr. Abdulla Al Hamli (Chairman), Mr. Sylvain Vieujot (Executive Deputy Chairman) and Ms. Magali Mouquet (Executive Director).

INVESTMENT BOARD
The Investment Board is responsible for overseeing the implementation of the REIT's investment strategy ensuring its adequacy and appropriateness. Furthermore, the Investment Board reviews and consents to all acquisitions and disposals.

Mr. David Savy, Mr. Abdulla Al Hashemi and Mr. Mohamed Sharaf were re-appointed for another year at the 2020 AGM.

On 31st December 2020, the Investment Board comprised of Mr. Mohamed Sharaf, Mr. David Savy and Mr. Abdulla Al Hashemi.

OVERSIGHT BOARD
The Oversight Board is responsible for reviewing and advising the Management Board on Equitativa's internal systems and controls, fund properties' safe keeping, risk management and compliance with the Laws, Rules and Constitution of the REIT.

On 15th September 2020 Mr. Fahad Kazim has resigned from the Oversight Board to take position with a leading accounting firm.

Mr. Abdulla Alashram subsequently joined the Oversight Board.

As at 31st December 2020, the Oversight Board is comprised of Mr. Suresh Kumar, Mr. Mustafa Al Hashimi and Mr. Abdulla AlAshram.

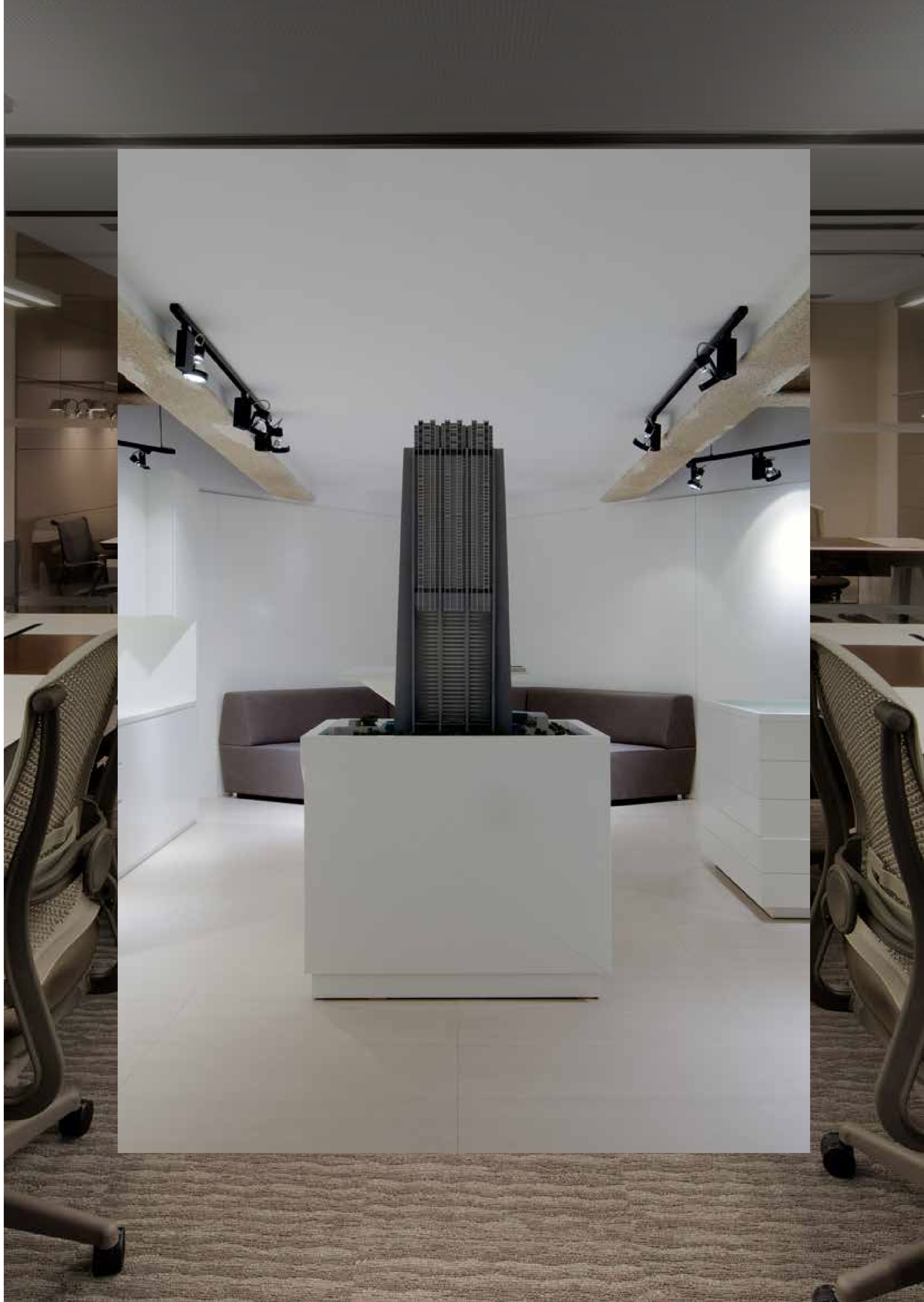
ADVISORY BOARD
The Advisory Board provides expert strategic advice and general views and assistance to the REIT on the current state of the real estate market, together with opinions on recent trends and developments.

The Advisory Board members can also provide specific ad-hoc advice in relation to various projects, as needed.

As at 31st December 2020, the Advisory Board is comprised of Mr. Khalid Al Malik, Mr. Michael Wunderbaldinger and Mr. Kunal Bansal.

SHARI'A BOARD
The Shari'a Supervisory Board ensures compliance by the REIT with Shari'a principles and where possible, advises, guides and provides assistance in the development and structuring of Shari'a compliant transactions as well as developing the REIT's business in line with best Shari'a practices.

It is comprised of Dr. Mohamed Abdul Hakim Zoeir, Mr. Mian Muhammad Nazir and Mr. Fazal Rahim Abdul Rahim.



OVERSIGHT BOARD REPORT

The Oversight Board is responsible for reviewing and advising the board on Equitativa's internal systems and controls, Fund Properties safe-keeping, risk management and compliance with the laws, rules, and constitution of the REIT.

FINANCIAL ACTIVITIES

The Board reviewed the key financial information published during the year 2020, including the half-year financial statements, the quarterly fact sheets and the 2020 Annual Financial Statements.

The Board considered that the Annual Financial Statements were fair, balanced and understandable and that they provided the necessary information for shareholders to assess the REIT's performance, business model, and strategy.

The Board considered the appropriateness of the activities of the REIT. The significant areas considered are set as below:

Type of Investment

The REIT currently owns investments that are consistent with its constitution and license. The REIT stayed compliant with its maximum limit of 40% of cash, government or public securities throughout the year and as at 31 December 2020 the REIT does not own any government or public securities.

Valuation of Investment Properties

The valuation opinion is provided by independent external valuers, and is one of the critical components of both the half-year and annual financial results. The members discussed the continuing challenging market conditions with Equitativa, and noted that the DFSA was undertaking an investigation into potential rule breaches surrounding the valuation process for the preceding years. The Board noted that the investigation was still being conducted and Equitativa and the DFSA continued to correspond on the matter. No final decisions had been communicated to Equitativa.

Decemeber 2020 valuations have been conducted by CBRE and JLL Valuation LLC.

The Board considered the valuation while reviewing the financial statements with the management and is satisfied that the valuations of the REIT's properties were conducted in accordance with the rules.

The Board has full access to each valuation and considered the valuations while reviewing the financial statements with the management and is satisfied that the valuations of the REIT's properties were conducted in accordance with the rules.

Borrowing

In Accordance with DFSA Collective Investment ("CIR") Rule 13.4.5, the REIT is required to limit borrowings to a maximum of 65% of its total Gross Asset Value ("GAV").

As at 31 December 2020, the GAV of the REIT was USD 803.39 million (AED 2.95 billion). The Board noted that the REIT's total outstanding borrowings amounted to USD 495.59 million (AED 1.82 billion), representing 61.7% of the GAV (2019: 47.9%). The loan-to-GAV ratio as at 31 December 2020 is in compliance with the REIT borrowing limit.

Net Asset Value

The Net Asset Value ("NAV") is calculated by an independent external administrator and is published regularly through the REIT's regulatory announcement service. The Board considered and was satisfied with the process of calculation and publication of the NAV.

RISK REVIEW PROCESS

The Board regularly discussed and advised Equitativa on the principal risks, and discussed the mitigation procedures when and where necessary. The Board further reviewed the internal controls framework of Equitativa and was satisfied that Equitativa met the essential requirements and has adequate systems and controls in place.

DIVIDENDS

During the calendar year 2020, the REIT issued final dividend payment relating to the financial year 2019, of USD 0.0145 per ordinary share, an aggregate of USD 4.34 million, for the financial year ending December 2019, with such final dividend satisfied wholly, and distributed by way of an allotment and distribution of newly issued ordinary shares.

The Board considered the dividend distributions and was satisfied that they were in accordance with the Laws, Rules and the Constitution of the REIT.

RELATED PARTY TRANSACTIONS

It should be noted that the Related Parties are defined differently by the DFSA and the IFRS. To review the Related Parties Disclosure, as defined by the IFRS, please refer to our Financial Statements.

The Board monitored all Related Party Transactions as per DFSA CIR 8.3.2.

All Related Party Transactions were based on existing approved contracts/lease agreements.

The total value of all of the Related Party Transactions was USD 30,171,637.

The nature and identity of Related Party Transactions based on existing approved contracts/lease agreements are shown below:

RELATED PARTY	TRANSACTION
REIT Manager	Management fees
Dubai Islamic Bank	Existing Islamic Financing
Dar Al Sharia Consultancy	Professional Fees
Oversight Board	Professional Fees
Tecom	Property Management Fees

MISCELLANEOUS

During 2020, there was no sale or cancellation of REIT shares and the management did not initiate any share buy-back scheme.

In 2020 all directors and employees of both Equitativa and Emirates REIT have been permitted to purchase shares of Emirates REIT, subject to compliance with best market practice and applicable laws.

The Board monitored the systems and controls surrounding the safe custody of the REIT's Real Property and was satisfied that they were in accordance with the DFSA requirements.

The Board was satisfied that Equitativa complies with the terms and conditions of the REIT's license and Constitution.

SHARI'A COMPLIANCE CERTIFICATE

Issued by the Shari'a Supervisory Board of Emirates REIT (CEIC) PLC (The "REIT") as at 30 December 2020

SUBJECT OF THIS CERTIFICATE
This certificate is being issued by the Sharia Supervisory Board of the REIT with regard to the Sharia compliance of the REIT.

SHARI'A SUMMARY OF THE REIT

The REIT is the first Sharia compliant real estate investment trust incorporated within the Dubai International Financial Center and regulated by the Dubai Financial Services Authority ("DFSA") under the Collective Investment Rules as a public Fund. The REIT's property portfolio currently consists of eleven properties, all of which are located in the Emirate of Dubai, consisting of a mixture of office, retail, educational and car parking properties.

The REIT has a Sharia Supervisory Board, which advises the REIT pursuant to IFR Rule 6.2.1(2) and provides on-going and continuous supervision of and adjudication in all Sharia matters for the REIT.

The Sharia Supervisory Board has final authority with regard to the Sharia compliance of all business and activities of the REIT and the audit of its investment records for Sharia compliance. The assessment of the Sharia Supervisory Board with regard to Sharia compliance of all business and investment activities of the REIT is binding on the REIT and the Shareholders in terms of Sharia compliance.

Further to the clause above, the Sharia Supervisory Board also has oversight on the Sharia audit of the REIT, which is conducted semi-annually (the "Sharia Audit"). Pursuant to the Sharia Audit, the Sharia Supervisory Board confirms its findings and renders its opinion on the financials, activities and transactions performed by the REIT (including but not limited to (i) the properties acquired, leased and managed by the REIT; (ii) usage of the properties owned by the REIT; and financials during the year comply with principles of Sharia (as interpreted by the members of the Sharia Supervisory Board) and the Fatawa of the Sharia Supervisory Board.

REFERENCE FOR THIS CERTIFICATE
The Sharia Supervisory Board of the REIT has examined the Half-Yearly Report of Sharia Review conducted by Dar Al Sharia Limited (the "Dar Al Sharia") on the REIT for the period commencing from 1 July 2020 and ending on 31 December 2020 prepared in accordance with the DFSA Islamic Finance Rules (IFR) 6.4.1. (1) and (2) (the "Sharia Review Report").

SHARIA REVIEW OF THE REIT BY THE SHARIA SUPERVISORY BOARD
We, the Sharia Supervisory Board of the REIT hereby provide as follows:

a. We have reviewed the Sharia Review Report submitted by Dar Al Sharia covering the various Activities and Transactions of the REIT and evaluated the observations therein for the purpose of this Certificate.

b. We have reviewed the principles followed and contracts related to Activities and Transactions undertaken by the REIT relying on the Sharia Review Report in order to express an opinion as to whether the REIT has undertaken its Activities and Transactions in accordance with Principles of Sharia and the specific Fatawa, resolutions and guidelines issued by us.

PRONOUNCEMENT BY SHARI'A SUPERVISORY BOARD OF THE REIT
We, the Sharia Supervisory Board of the REIT hereby pronounce our opinion as follows:

a. The Activities and Transactions executed by the REIT during the period commencing from 01 July 2020 and ending on 31 December 2020 (as reviewed by Dar Al Sharia pursuant to the Sharia Review Report) were carried out in accordance with the rules and principles of Sharia.

b. The distribution of profits and losses complies with the basis approved by us in accordance with the principles of Sharia.

c. All income achieved from the Activities and Transactions were in line with principles of Sharia.

d. All of the tenants of the properties currently owned by the REIT are in line with the principles of Sharia.

e. All of the Company's financing is in accordance with the principles of Sharia.

f. All contracts, including leases are in accordance with the principles of Sharia.

g. Since the management of the REIT is not authorized to pay Zakat directly, the responsibility of paying Zakat is that of the shareholders.

We ask Allah, the Most High, Most Capable to grant the REIT management the consistency on the track of welfare and integrity.

MARKET PRICE PERFORMANCE

	HIGHEST	LOWEST	AS AT 31 DECEMBER
2020	USD 0.57	USD 0.11	USD 0.18
2019	USD 0.94	USD 0.56	USD 0.57
2018	USD 1.07	USD 0.91	USD 0.93
2017	USD 1.19	USD 0.94	USD 1.05
2016	USD 1.26	USD 1.09	USD 1.15
2015	USD 1.30	USD 1.09	USD 1.26

DIVIDEND DISTRIBUTION

2020	PER UNIT	DATE	TOTAL DISTRIBUTED
Final	TBC	TBC	TBC
Total	**TBC**		**TBC**

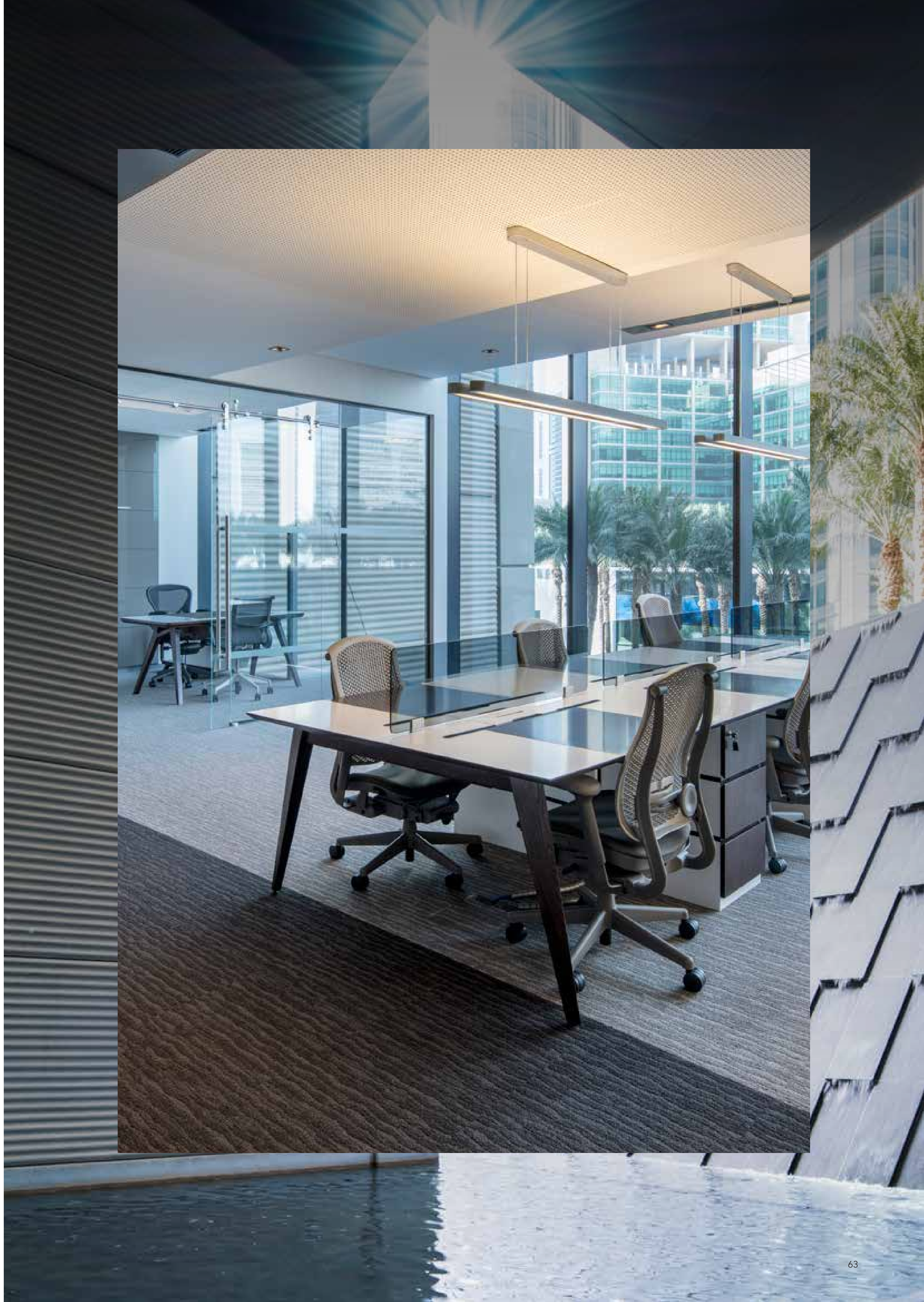
2019	PER UNIT	DATE	TOTAL DISTRIBUTED
Final	0.0145	29.06.2020	USD 4,344,509
Total	**0.0145**		**USD 4,344,509**

2018	PER UNIT	DATE	TOTAL DISTRIBUTED
Final	USD 0.04	30.06.2019	USD 11,984,821
Interim	USD 0.04	31.01.2019	USD 11,984,821
Total	**USD 0.08**		**USD 23,969,642**

2017	PER UNIT	DATE	TOTAL DISTRIBUTED
Final	USD 0.04	30.06.2018	USD 11,984,821
Interim	USD 0.04	31.01.2018	USD 11,984,821
Total	**USD 0.08**		**USD 23,969,642**

2016	PER UNIT	DATE	TOTAL DISTRIBUTED
Final	USD 0.04	30.06.2017	USD 11,984,821
Interim	USD 0.04	31.01.2017	USD 11,984,821
Total	**USD 0.08**		**USD 23,969,642**

2015	PER UNIT	DATE	TOTAL DISTRIBUTED
Final	USD 0.04	30.06.2016	USD 11,984,821
Interim	USD 0.04	31.01.2016	USD 11,984,821
Total	**USD 0.08**		**USD 23,969,642**



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EMIRATES REIT (CEIC) PLC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Emirates REIT (CEIC) PLC (the "REIT") and its subsidiaries (together, the "Group") which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs').

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

VALUATION OF INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES UNDER DEVELOPMENT

The aggregated value of the Group's investment properties was USD 690 million as of 31 December 2020 (86% of total assets) and the unrealised fair value loss recorded in the consolidated statement of comprehensive income amounted to USD 243 million. The Group measures these properties at their fair value and its measurement is inherently subjective due to the individual nature and location of each property which considerably influences the expected rental income or sales price.

The determination of fair value of these properties is based on external valuations conducted by independent certified property valuers using relevant market information generated from transactions of comparable properties and discounted cash flows. A high degree of judgment may be required from these certified valuers when observable information is not available or when significant adjustments are made to the observable market information.

In addition, the COVID 19 pandemic has created lower investor confidence, resulting in market activity being impacted negatively in many sectors. This lack of market activity is creating a dearth of comparable transactions that valuers would normally benchmark to, creating a higher estimation uncertainty in the valuation of real estate market.

The valuation of those properties is considered as a key audit matter because of the complexities inherent in the determination of fair values, including the use of estimates and the significant impact any changes thereon or error in their computation could have on the Group's consolidated financial statements.

Refer to note 2 for significant accounting policies as well as note 5 investment properties in the consolidated financial statements.

The determined fair value of each investment property is most sensitive to its equivalent yield, estimated rental value and stabilised occupancy rates. The underlying assumptions used to determine the fair value of investment properties and sensitivity analysis are further explained in Note 4.

HOW THE MATTER WAS ADDRESSED IN OUR AUDIT

We performed the following procedures on the measurement of investment properties and properties under development, which included, but was not limited to, the following:

- Evaluated the design and implementation of relevant controls over the measurement of those properties;
- Assessed the competence, capabilities and objectivity of the third-party valuers for the valuation of the properties engaged by the Group and evaluated their scope of work;
- Obtained and read the valuation reports covering every property;
- For a sample of properties, engaged our internal real estate valuation specialists in assessing key assumptions that are not readily comparable with published benchmarks and their relevance and reasonableness; and confirmed that the valuation approach was in accordance with standards of the Royal Institute of Chartered Surveyors ("RICS");
- We held a meeting with the independent valuers to understand the valuation process adopted and to identify and challenge the critical judgment areas in the valuation model, including the changes made to the key assumptions arising from the impact of the COVID 19 pandemic.
- When assumptions were outside an expected range or otherwise appeared unusual, we undertook further investigations and, when necessary, held further discussions with the valuers and obtained evidence to support explanations received;
- Tested the data underpinning the valuation and provided to the valuers by the Group on a sample basis;
- Agreed the total of the valuation in the valuers report to the amount presented in the consolidated financial statements;
- Verified the arithmetic accuracy of the determination of the net fair value loss; and
- Assessed the disclosures made in the consolidated financial statements against the requirements of IFRS.

EMPHASIS OF MATTER

We draw attention to Note 22 of the consolidated financial statements, which describes the status of an ongoing investigation by the Dubai Financial Services Authority. Our opinion is not modified in respect of this matter.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF THE REIT MANAGER AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

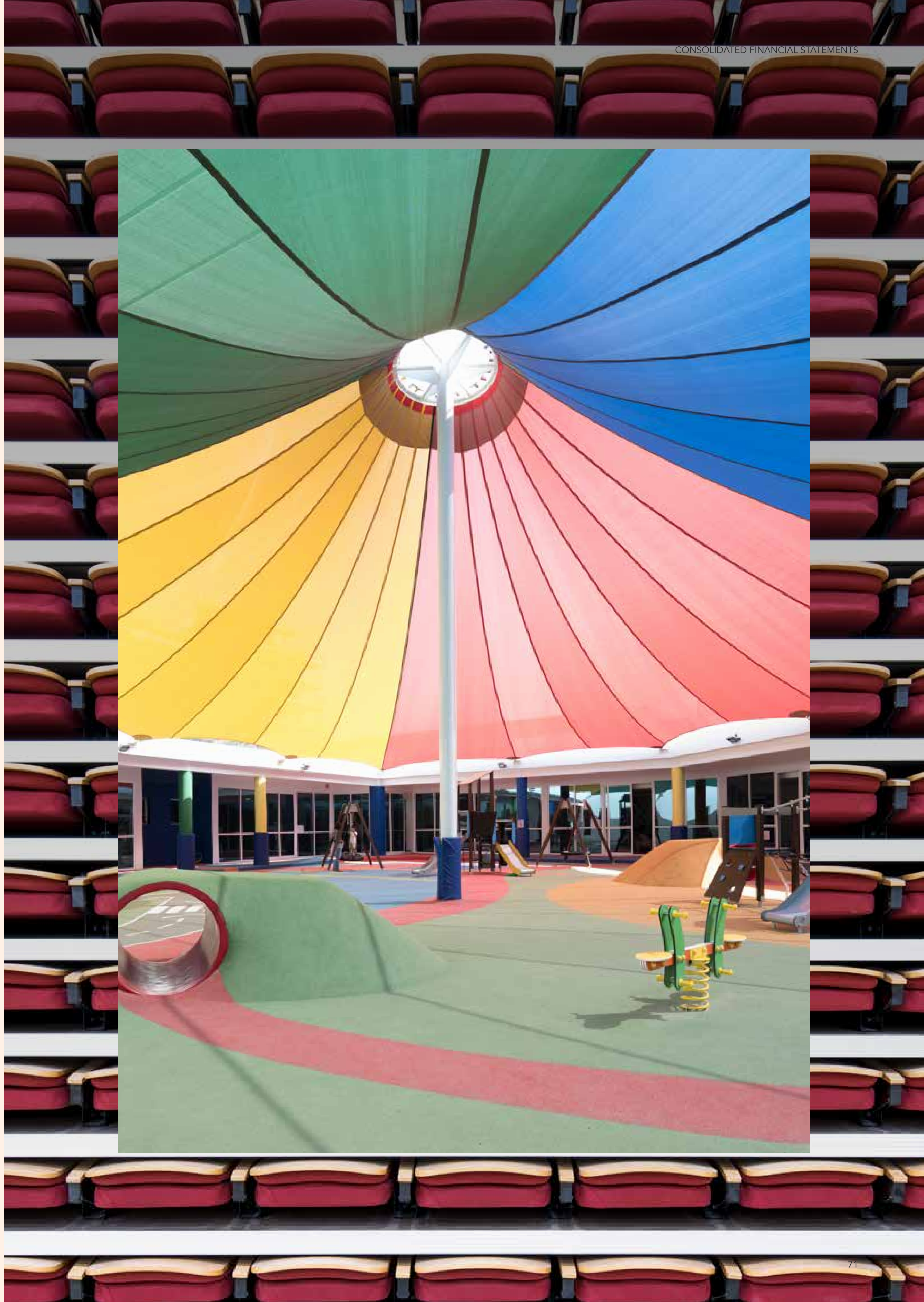
As required by the applicable provisions of the DFSA Rulebook, we report that:

- the consolidated financial statements of the Group have been prepared and comply, in all material respects, with the applicable provisions of the DFSA and the Articles of Association of the REIT;
- the Group has maintained proper books of account and the consolidated financial statements are in agreement therewith;
- we have obtained all the information and explanations which we considered necessary for the purposes of our audit; and
- the financial information included in the report of the REIT Manager is consistent with the Group's books of account;

Deloitte & Touche (M.E.)
Dubai, United Arab Emirates

Yahia Shatila
Partner

5 May 2021
Dubai, United Arab Emirates



EMIRATES REIT (CEIC) PLC

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		NOTE	AS AT 31 DEC 2020 USD'000	AS AT 31 DEC 2019 USD'000
ASSETS	**Non-current assets**			
	Investment property	5	690,342	919,440
	Right-of-use assets	5	51,547	53,265
	Trade and other receivables	6	32,027	26,538
			773,916	**999,243**
	Current assets			
	Trade and other receivables	6	15,737	11,131
	Cash and cash equivalents	7	13,732	48,432
			29,469	59,563
	Total assets		**803,385**	**1,058,806**
EQUITY	**Share capital**	8	303,966	299,621
	Share premium	8	59,393	59,393
	Cash flow hedging reserve		(2,027)	(693)
	Retained earnings		(135,868)	111,389
	Total equity		**225,464**	**469,710**
LIABILITIES	**Non-current liabilities**			
	Sukuk financing instrument	9	398,871	398,290
	Islamic financing	10	79,533	95,915
	Lease liability	11	52,147	51,138
	Derivative financial instruments	12	2,027	693
			532,578	**546,036**
	Current liabilities			
	Islamic financing	10	17,195	13,191
	Lease liability	11	3,464	3,394
	Trade and other payables	13	24,684	26,475
			45,343	43,060
	Total liabilities		**577,921**	**589,096**
	TOTAL EQUITY AND LIABILITIES		**803,385**	**1,058,806**
	Net asset value (USD)		225,464,000	469,710,000
	Number of shares		303,965,050	299,620,541
	Net asset value USD per share		0.74	1.57

These consolidated financial statements were approved by the Board of Directors of Equitativa (Dubai) Limited as the sole director of the REIT on May 5, 2021 and signed on its behalf by:

Sylvain Vieujot
Executive Deputy Chairman

Sheikh Muhammed Moeen
Director Finance

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTE	FOR THE YEAR ENDED 31 DEC 2020	FOR THE YEAR ENDED 31 DEC 2019
		USD'000	USD'000
Rental income		58,192	64,452
Service fee income		7,320	7,884
Other property income		522	535
		66,034	72,871
Property operating expenses		(14,024)	(14,208)
Net property income		**52,010**	**58,663**
Expenses			
Management and performance fee	16	(14,097)	(16,001)
Board fees		(312)	(366)
Allowance for expected credit loss	6	(6,831)	(6,967)
Other expenses		(1,512)	(1,960)
Operating profit		**29,258**	**33,369**
Finance income/(costs)			
Finance costs	17	(29,160)	(29,517)
Finance income	17	394	520
Net finance costs		**(28,766)**	**(28,997)**
Profit before fair valuation of investment properties		492	4,372
Net unrealised loss on revaluation	5	(243,404)	(30,004)
Loss for the year		**(242,912)**	**(25,632)**
Fair value adjustments on cash flow hedges	12	(1,334)	(693)
Loss and total comprehensive loss for the year		**(244,246)**	**(26,325)**
Earnings Per Share			
Basic and diluted loss per share (USD)	18	(0.802)	(0.085)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	NOTE	SHARE CAPITAL	SHARE PREMIUM	CASH FLOW HEDGING RESERVE	RETAINED EARNINGS	TOTAL
		USD' 000	USD' 000	USD' 000	USD' 000	USD' 000
Balance at 1 January 2019		299,621	59,393	—	160,990	520,004
Comprehensive loss						
Loss for the year		—	—	(693)	(25,632)	(26,325)
Transactions with shareholders						
Cash dividends	15	—	—	—	(23,969)	(23,969)
Balance at 31 December 2019		**299,621**	**59,393**	**(693)**	**111,389**	**469,710**
At 1 January 2020		299,621	59,393	(693)	111,389	469,710
Comprehensive loss						
Loss for the year		—	—	(1,334)	(242,912)	(244,246)
Transactions with shareholders						
Stock dividends	15	4,345	—	—	(4,345)	—
Balance at 31 December 2020		**303,966**	**59,393**	**(2,027)**	**(135,868)**	**225,464**

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	FOR THE YEAR ENDED 31 DEC 2020	FOR THE YEAR ENDED 31 DEC 2019
		USD'000	USD'000
Operating Activities			
Loss for the year		(242,912)	(25,632)
Adjustments for:			
Net unrealised loss on revaluation	5	243,404	30,004
Finance costs	17	29,160	29,517
Finance income	17	(394)	(520)
Allowance for expected credit loss	6	6,831	6,967
Operating cash flows before changes in working capital		**36,089**	**40,336**
Changes in working capital			
Trade and other receivables		(16,926)	(12,280)
Trade and other payables		(1,791)	419
Net cash generated from operating activities		**17,372**	**28,475**
Investing activities			
Additions to investment property		(12,588)	(7,798)
Finance income received		394	520
Net cash used in investing activities		**(12,194)**	**(7,278)**
Financing activities			
Proceeds from Islamic financing received		—	54,459
Repayment of Islamic financing		(12,548)	(11,470)
Payment of lease liabilities		(1,670)	(3,202)
Dividends paid to shareholders	15	—	(23,969)
Finance costs paid		(25,660)	(26,758)
Net cash used in financing activities		**(39,878)**	**(10,940)**
Net (decrease) / increase in cash and cash equivalents		(34,700)	10,257
Cash and cash equivalents at the beginning of the year		48,432	38,175
Cash and cash equivalents at the end of the year	**7**	**13,732**	**48,432**

1 GENERAL INFORMATION

EMIRATES REIT (CEIC) PLC (the "REIT") is a closed ended domestic, public Islamic fund set up for the purpose of investing in Real Property in a Shari'a compliant manner under the provisions of its Articles of Association and the rules and regulations of the Dubai Financial Services Authority ("DFSA") and the Dubai International Financial Centre ("DIFC"), including the DIFC Law No. 2 of 2010 and the Collective Investment Rules contained within the DFSA Rulebooks and operates as an Islamic fund in accordance with such provisions, laws and rules.

The REIT was established on 28 November 2010 by Equitativa (Dubai) Limited (the "REIT Manager"), a company limited by shares, duly registered in the DIFC under commercial registration number CL0997, and having its registered office at Level 23, Index Tower, Dubai International Financial Centre, Dubai, UAE. The REIT Manager was appointed by the REIT to undertake the management of the REIT.

The REIT's activities include acquisition of properties which are rented out. The REIT receives rental revenues from the properties and distributes the income generated to shareholders through dividends.

The REIT's shares were admitted to the official list maintained by the DFSA and to trading on NASDAQ Dubai on 8 April 2014 following the REIT's Initial Public Offering ("IPO").

The REIT's business activities are subject to the supervision of a Shari'a Supervisory Board consisting of three independent members appointed by the REIT Manager who review the REIT's compliance with general Shari'a principles, specific fatwas, rulings and guidelines issued. Their review includes examination of evidence relating to the documentation and procedures adopted by the REIT to ensure that its activities are conducted in accordance with Islamic Shari'a principles.

Emirates REIT Sukuk Limited, a structured entity (the "SE"), is an exempted company with limited liability incorporated on 23 October 2017 under the laws of the Cayman Islands with registered number 328401 with its registered office at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands.

Ownership of SE

The authorised share capital of the SE is USD 50,000 consisting of 50,000 ordinary shares of USD 1.00 each, of which 250 of the Trustee's shares have been fully paid and issued. The SE's entire share capital is held on trust for charitable purposes by MaplesFS Limited as share trustee under the terms of a share declaration of trust dated 21 November 2017 (the Share Declaration of Trust).

The consolidated financial information for the year ended 31 December 2020 comprise the REIT and its SE (together referred to as "the Group"). Considering the purpose and design of the SE, the financial information of the REIT consolidate the SE in accordance with IFRS 10.

This consolidated financial information has been approved by the REIT Manager as the sole director of the REIT on May 5, 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(A) STATEMENT OF COMPLIANCE

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by IFRS Interpretations Committee (IFR IC), Islamic Shari'a rules and principles as determined by the Shari'a Supervisory Board and in accordance with the applicable regulatory requirements of the DFSA.

(B) CONSOLIDATED STATEMENT OF INCOME AND CONSOLIDATED CASH FLOW STATEMENT

The Group has elected to present a single consolidated statement of comprehensive income and presents its expenses by nature.

The Group reports cash flows from operating activities using the indirect method. Finance income received is presented within investing cash flows; finance expense paid is presented within financing cash flows. Finance cost on lease liability is presented as financing activities. The acquisition of investment property is disclosed as cash flows from investing activities because this most appropriately reflects the Group's business activities.

(C) PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared on a going concern basis, applying a historical cost convention, except for the measurement of investment property at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the REIT Manager to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions change. The REIT Manager believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(D) GOING CONCERN

During the year ended 31 December 2020, the Group incurred a net loss of USD 242.9 million (2019: USD 25.6 million) and as at 31 December 2020, the Group's current liabilities exceed the current assets by USD 15.9 million and had accumulated losses of USD 135.9 million. However, The REIT Manager has prepared cash flow projections covering a 12-month period from the date of audit report which shows the Group will be able to meet its liabilities as they fall due. In view of the foregoing, the REIT manager is not aware of any material uncertainties that may cast significant doubt upon the REIT's ability to continue as going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

2.1.1 Changes in accounting policies and disclosures

(A) NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED BY THE GROUP

(i) AMENDMENTS TO IFRS 3: DEFINITION OF A BUSINESS

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs.

There are no other standards, interpretations or amendments to existing standards that are effective for the financial year beginning on 1 January 2020 that would be expected to have a material impact on the REIT.

(B) NEW AND AMENDED STANDARDS ISSUED BUT NOT EFFECTIVE FOR THE FINANCIAL YEAR BEGINNING 1 JANUARY 2021 AND NOT EARLY ADOPTED:

The following amended standards and interpretations are not expected to have a significant impact on the Company's consolidated financial statements.

- IFRS 17 Insurance Contracts (effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023).
- Amendments to IFRS 3 Reference to the Conceptual Framework (effective for annual periods beginning on or after 1 January 2022).

2.2 Basis for consolidation

(A) SUBSIDIARIES

Subsidiaries are all entities (including structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The REIT applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the REIT.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the REIT recognises any non- controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

When the REIT ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the REIT had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(B) TRANSACTIONS ELIMINATED ON CONSOLIDATION

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

(C) CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.3 Segment reporting

For management reporting purposes, the Group is organised into one operating segment.

2.4 Foreign currency translation

(A) FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency of the Group is UAE Dirhams ("AED"). The presentation currency of the consolidated financial statements of the Group is USD translated at a rate of AED 3.67 to USD 1 (2019: 3.67). The translation rate has remained constant throughout the current year.

(B) TRANSACTIONS AND BALANCES

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised within profit and loss in the consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item.

2.5 Leases

The REIT's leasing activities as a lessee and how these are accounted for:

The REIT assesses whether contract is or contains a lease, at inception of the contract. The REIT recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the REIT recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the REIT uses its incremental financing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect profit on the lease liability (using the effective profit method) and by reducing the carrying amount to reflect the lease payments made.

The REIT re-measure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating profit rate, in which case a revised discount rate is used);
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the REIT incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

After initial recognition, the REIT applies fair value model to right-of-use assets that meet the definition of investment property. For assets that meet the definition of property, plant and equipment, right of use asset is carried at cost net of depreciation and impairment and is amortised over the term of the lease. Right of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the REIT expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

At the commencement date, the REIT recognises a right-of-use asset and a corresponding lease liability under the lease contract with respect to all leases arrangements in which it is the lessor, except for leases (defined as leased with a lease term of 12 months or less) and leases of low values. For these leases, the REIT recognise the lease payments as an operating expense on a straight line basis over the terms of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The REIT's leasing activities as a lessor and how these are accounted for:

Leases for which the REIT is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.6 Investment Property

Property that is held for long-term rental yields or for capital appreciation, or both, and that is not occupied by the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Investment property under construction or re-development is measured at fair value if the fair value is considered to be reliably determinable. Investment property under construction or re-development for which the fair value cannot be determined reliably, but for which the REIT Manager expects that the fair value of the property will be reliably determinable when construction is completed, is measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as discounted cash flow projections. Valuations are performed by independent professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements.

Gains or losses arising from changes in the fair values of investment property are included in profit or loss from the consolidated statement of comprehensive income in the period in which they arise.

In order to evaluate whether the fair value of an investment property under construction or re-development can be determined reliably, the REIT Manager considers the following factors, among others:

- The provisions of the construction contract;
- The stage of completion;
- Whether the project/property is standard (typical for the market) or non-standard;
- The level of reliability of cash inflows after completion;
- The development risk specific to the property;
- Past experience with similar constructions; and
- Status of construction permits.

The fair value of investment property reflects, among other things, income from similar assets at their current highest and best use and assumptions about income from future operations in the light of current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised within profit and loss in the consolidated statement of comprehensive income in the period of derecognition.

2.7 Financial assets

(i) CLASSIFICATION

The Group classifies its financial assets as at amortised cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows except for financial assets which are considered as equity instrument.

Business model: The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at Fair Value through Profit or Loss ("FVPL"). Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to the REIT Manager, how risks are assessed and managed and how the REIT Manager is compensated.

Solely Payments of Principal and Profit ("SPPI"): Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether financial instruments' cash flows represent SPPI.

In making this assessment, the Group considers whether contractual cash flows present a nature consistent with a basic lending arrangement, i.e. profit includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with basic lending arrangement.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

(ii) INITIAL RECOGNITION AND MEASUREMENT

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial assets, including trade receivables, at its fair value plus, in the case of a financial asset not at Fair Value through Profit or Loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Immediately after initial recognition, an Expected Credit Loss (ECL) allowance is recognised for financial assets measured at amortised cost and at Fair Value through Other Comprehensive Income ("FVOCI"), which results in accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the Group recognises the difference as follows:

a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

b) In all other cases, the difference is deferred and the time of recognition of deferred day one profit or loss is determined individually. It is either amortised over life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

(iii) SUBSEQUENT MEASUREMENT

Debt Instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments.

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Profit income from these financial assets, if any, is included in finance income using the effective profit rate method.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and profit, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, profit income, if any and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains / (losses). Profit income, if any, from these financial assets is included in finance income using the effective profit rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the profit or loss statement within other gains / (losses) in the year in which it arises. Profit income, if any, from these financial assets is included in the finance income.

(iv) IMPAIRMENT

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk and is computed based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

As rent and service income receivables held by the Group have short credit period, i.e. tenor less than or equal to 12 months and does not comprise significant financing component, the Group applies simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised for receivables.

We understand that accrued income pertains to lease incentive assets and is therefore not subject to IFRS 9 for impairment.

For all other receivables, at the end of each year the Group applies a three stage impairment approach to measure the expected credit losses (ECL) on all debt instruments carried at amortised cost.

The ECL three stage impairment is based on the change in the credit quality of financial assets since initial recognition. If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and an allowance for credit losses that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded. When there is a significant increase in credit risk since initial recognition, these non- impaired financial instruments are migrated to Stage 2, and an allowance for credit losses that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to Stage 1, i.e., recognition of 12-month expected credit losses.

When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit- impaired and is migrated to Stage 3, and an allowance for credit losses equal to lifetime expected losses continues to be recorded or the financial asset is written off. The profit income, if any, is calculated on the gross carrying amount for financial assets in Stages 1 and 2 and on the net carrying amount for financial assets in Stage 3.

Significant increase in credit risk

In assessing whether the credit risk on its financial instrument has increased significantly since initial recognition, the Group compares the probability of a default occurring on the financial instrument as at the reporting date with the probability of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate.

Definition of Default

The definition of default used by the Group to measure ECLs and transfer financial instruments between stages is consistent with the definition of default used for internal credit risk management purposes. The Group considers a financial asset to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred or when contractual payments are 180 days past due.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, and all the efforts for collection of the receivables are exhausted. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the consolidated statement of comprehensive income.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

ECLs for all financial instruments are recognised in other expenses in the Statement of Comprehensive Income. In the case of debt instruments measured at amortised cost, they are presented net of the related allowance for expected credit loss on the statement of financial position.

(v) DERECOGNITION

Financial Assets:

Financial assets (or, where applicable a part of a financial asset) are derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement, and either:
- The Group has transferred substantially all the risks and rewards of the asset; or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2.8 Financial Liabilities
Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

At initial recognition, the Group measures a financial liability not classified as fair value through profit or loss, at its fair value minus transactions costs that are incremental and directly attributable to the acquisition or issue of the financial liability. Transactions costs of financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

The Group classifies all financial liabilities as subsequently measured at amortised cost, using effective profit rate method, except for those instruments which are carried at fair value through profit or loss.

The Group derecognises financial liabilities when the obligation is discharged, cancelled or expires. Any difference between carrying value of financial liability extinguished and the consideration paid is recognised in statement of profit or loss.

Offsetting Financial Instruments
Financial assets and liabilities were offset and the net amount reported in the consolidated statement of financial position when there was a legally enforceable right to offset the recognised amounts and there was an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Financial Assets Measured at Fair Value
For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

2.9 Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

For the purpose of the consolidate statement of cash flows, cash and cash equivalents comprise bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts, if any.

2.10 Rental and service income receivables
Rental and service income receivables are amounts due from customers arising from leases on investment property in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Rental and service income receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective profit rate method, less provision for impairment.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all rental and service income receivables.

To measure the expected credit losses, rental and service income receivables have been grouped based on shared credit risk characteristics and the days past due. The Group has established a provision matrix that is based on the Group's historical credit loss experience, which is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Rental and service income receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

2.11 Share capital
Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

2.12 Islamic financing
Islamic financing (corporate Ijarah) is a lease agreement whereby one party (as lessor) leases an asset to the other party (as lessee), after purchasing/acquiring the specified asset according to the other party's request and promise to lease against certain rental payments for specified lease term/periods. The duration of the lease, as well as the basis for rental payments, are set and agreed in advance.

After initial recognition, profit bearing Ijarah is subsequently measured at amortised cost using the effective profit rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective profit rate amortisation process. Ijarah rent expense is recognised on a time-proportion basis over the Ijarah term.

2.13 Sukuk financial instruments
Sukuk financing instruments comprise Sharia's compliant financial instruments representing debt under a hybrid Murabaha and Wakala structure which are initially measured at fair value net of transaction costs incurred. After initial recognition, Sukuk financial instruments are subsequently measured at cost.

Transaction costs include commissions paid to agents, advisers, brokers and levies by regulatory agencies and securities exchanges that are directly attributable to the issue of the Sukuk.

2.14 Trade and other payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non- current liabilities. Accounts payables are recognised initially at fair value and subsequently measured at amortised cost using the effective profit rate method.

2.15 Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) arising from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

2.16 Derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. The method of recognising resulting gains or losses depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the profit or loss.

The Group's policy is to document at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments are disclosed in Note 12. The full fair value of a derivative is classified as a non-current asset or liability when the remaining maturity of the derivative instrument is more than 12 months and as a current asset or liability when the remaining maturity of the derivative instrument is less than 12 months.

2.17 Revenue recognition

RENTAL INCOME

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term after the spreading of tenant incentives and fixed rental increases on such lease terms and is included in rental income in the consolidated statement of comprehensive income due to its operating nature.

The Group's main source of revenue is rental income earned from its investment properties, which is excluded from the scope of IFRS 15.

SERVICE FEE AND OTHER INCOME

The Group recognises revenue from contracts with customers based on a five step model as set out in IFRS 15.

Step 1 - Identify the contract(s) with a customer
A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2 – Identify the performance obligations in the contract
A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3 – Determine the transaction price
Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 – Allocate the transaction price to the performance obligations in the contract
For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 – Recognise revenue when (or as) the entity satisfies a performance obligation
The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance obligations completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract based asset on the amount of consideration earned by the performance – unbilled receivables. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives right to a contract liability – advances from customers.

Revenue is measured at the fair value of the consideration received or receivable, taking into account the contractually agreed terms of payment excluding taxes and duties.

Revenue is recognised in the consolidated statement of comprehensive income to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if and when applicable, can be measured reliably.

Service fee income represents amounts receivable for property service charges that are payable by tenants to contribute towards the operation and maintenance expenses of the relevant property. Service fees are recognised over time upon satisfaction of the performance obligation.

2.18 Property expenses

Property expenses comprise all property related expenses which include third party property and facility management fees and utility expenses. Property expenses are recognised in profit and loss in the period in which they are incurred (on an accruals basis).

2.19 Management fee

Management fee represents the fee payable to the REIT Manager in relation to its management of the REIT. The management fee expense is recorded when it is due.

2.20 Performance fee

The REIT accrues for the amount of performance fee at the statement of financial position date calculated in accordance with the REIT Management Agreement.

2.21 Finance income and costs

Finance income comprises profit income on short term investments and other bank deposits. Profit income is recognised as it accrues in the consolidated statement of comprehensive income, using the effective profit rate method.

Finance costs are mainly profits payable on sukuk financing instruments issued and financing obtained from financial institutions at normal commercial rates and recognised as it accrues in the consolidated statement of comprehensive income in the period in which it is incurred.

General and specific financing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Profit income earned on the temporary investment of specific financing pending their expenditure on qualifying assets is deducted from the financing costs eligible for capitalisation. All other financing costs are recognised in profit or loss in the period in which they are incurred.

2.22 Earnings per share

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the (loss) / profit attributable to the ordinary shareholders of the REIT by the weighted average numbers of ordinary shares outstanding during the period. Diluted EPS is calculated by adjusting the weighted average number of equity shares outstanding to assume conversion of all dilutive potential ordinary shares. The REIT does not have any dilutive potential ordinary shares.

2.23 Dividend distribution
Dividend distribution to the REIT's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the shareholders.

2.24 Earnings prohibited by Shari'a
The Group is committed to avoiding recognising any income generated from non-Islamic sources. Accordingly, any non-Islamic income will be credited to a charity fund where the Group uses these funds for social welfare activities. To date, no non-Islamic income has been generated.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's principal financial liabilities comprise sukuk financing instruments, Islamic financing facilities and trade payables. The main purpose of these financial instruments is to fund the purchase of investment property and to finance the Group's operations. The Group has various financial assets such as trade receivables and bank balances and cash, which arise directly from its operations.

The main risks arising from the Group's financial instruments are profit rate risk, foreign currency risk, credit risk, and liquidity risk. The REIT Manager reviews and agrees policies for managing each of these risks which are summarised below:

(A) PROFIT RATE RISK

The Group's exposure to the risk of changes in market profit rates relates primarily to the REIT's Islamic financing facilities with floating rates. The REIT manages its cash flow profit rate risk by using profit rate swaps (Note 12).

As at 31 December 2020, if the profit rate on Ijarah facilities had been 1% higher / lower, with all other variables held constant, profit for the year would have been USD 954 thousand (2019: 765 thousand) lower/higher, mainly as a result of higher/lower finance expense.

The impact of 1% upward and downward profit rate movement on the PRS, with all other variables held constant would result in Increasing / Decreasing the Cash Flow Hedging Reserve by USD 385 thousand with corresponding impact on decreasing or increasing the Derivative Liability on the statement of Financial position by similar amount.

As at 31 December 2020, the Group had sukuk financing instruments (Note 9). The fair value of the sukuk financial instrument is not materially different to their carrying amount, since the profit payable on the sukuk financing instrument is close to current market rates.

(B) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. As the Group's exposure to foreign currency risk is primarily limited to the US Dollar and the UAE Dirham, which is pegged to the US Dollar, the Group is not considered to be exposed to any significant currency risk.

(C) CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Credit risk arises from bank balances and trade and other receivables.

The credit risk faced by the Group is the risk of a financial loss if (i) tenants fail to make rental payments or meet other obligations under their leases or (ii) a counter party to a financial instrument or other financial arrangement fails to meet its obligations under that instrument or arrangement.
Following financial assets of the Group are subject to expected credit loss model as they are classified as amortised cost:

- Cash and cash equivalents
- Trade receivables and other receivables

Cash and cash equivalents are current and saving account balances which are receivable on demand and the REIT Manager is able to withdraw the deposit as and when required. Based on the ECL assessment, the amount after assessment is approximately equal to the carrying value.

Trade receivables
The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of revenue over historical period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2020 and 31 December 2019 was determined as follows for trade receivables:

	2020 GROSS	2020 IMPAIRMENT	2019 GROSS	2019 IMPAIRMENT
	USD'000	(ECL) USD'000	USD'000	(ECL) USD'000
Less than 6 months	14,980	(2)	5,061	(21)
Between 6 months to 1 year	1,806	(77)	4,270	(214)
Between 1 to 2 years	2,264	(87)	3,047	(348)
Between 2 to 3 years	2,396	(109)	1,347	(465)
More than 3 years	1,519	(234)	308	(308)
ECL general provision	**22,965**	**(509)**	**14,033**	**(1,356)**
Add: Specific Provision		(14,209)		(8,022)
Total	**22,965**	**(14,718)**	**14,033**	**(9,378)**

The closing loss allowances for trade receivables and contract assets as at 31 December 2020 reconcile to the opening loss allowances refer note 6.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses (or reversal) on trade receivables are presented as net impairment losses on trade receivables within other expenses. Subsequent recoveries of amounts previously written off are credited against the same line item or recorded in other income.

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

Since simplified model has been used for trade receivables therefore, these are classified as Stage 2 under the provisions of IFRS 9 and life time ECL is determined.

(D) FINANCIAL COUNTERPARTIES

The Group only maintains cash deposits with banks in the UAE that are regulated by the UAE Central Bank and which are Shari'a compliant. As a result, the credit risk in respect of those entities is minimised. They are assessed by the REIT Manager to be at a relatively low risk of default.

RATING	CREDIT RATING AGENCY	2020	2019
		USD'000	USD'000
A+	Fitch	1,799	4,618
A	Fitch	9,308	1,195
A-	Fitch	206	4,873
BBB+	Fitch	2,419	37,746
Total		**13,732**	**48,432**

(E) TENANTS

The REIT Manager maintains the property portfolio under continual review to minimise tenant credit risk. Tenants occupying under existing leases at the time of the acquisition of an interest in a property are actively monitored for timely payment of rent and other obligations following the acquisition. New tenants that commence occupation subsequent to the acquisition of an interest in a property are assessed at the time of entering a lease. Amounts receivable from a single customer at 31 December 2020 represented 61.17% (31 December 2019: 44.28%) of the total rental and service fee income receivable.

The REIT Manager engages external property management agents to manage the payment of rents by tenants. The REIT Manager remains actively involved and undertakes regular consideration of tenant profiles, existing and anticipated voids, overdue rents and outstanding rent reviews. Rent deposits are held in respect of all new leases and may be withheld by the Group in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract.

(F) LIQUIDITY RISK

The liquidity risk faced by the Group is that it may have insufficient cash or cash equivalent resources to meet its financial obligations as they fall due. The Group actively manages liquidity risk by monitoring actual and forecast cash flows and by maintaining adequate cash reserves.

AT 31 DECEMBER 2020	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
	USD'000	USD'000	USD'000	USD'000	USD'000
Sukuk financing instruments	—	—	400,000	—	400,000
Sukuk profit	—	20,500	20,500	—	41,000
Ijarah Islamic finance	3,267	13,928	77,185	3,301	97,681
Ijarah Islamic financing profit expense	874	2,508	6,977	89	10,448
Trade and other payables (excluding advances received)	7,986	137	—	—	8,123
Total undiscounted financial liabilities	**12,127**	**37,073**	**504,662**	**3,390**	**557,252**

AT 31 DECEMBER 2019	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
	USD'000	USD'000	USD'000	USD'000	USD'000
Sukuk financing instruments	—	—	400,000	—	400,000
Sukuk profit	—	20,500	41,000	—	61,500
Ijarah Islamic finance	3,344	10,032	71,205	25,664	110,245
Ijarah Islamic financing profit expense	1,472	4,196	13,833	1,065	20,566
Trade and other payables (excluding advances re-ceived)	7,626	137	—	—	7,763
Total undiscounted financial liabilities	**12,442**	**34,865**	**526,038**	**26,729**	**600,074**

(G) CAPITAL MANAGEMENT

The primary objective of the Group when managing capital is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value.

The Group's strategy for its capital management is to maintain a prudent balance of equity and debt appropriate to the profile of the Group's asset portfolio taking into account regulatory restrictions on gearing.

Capital comprises share capital, share premium and retained earnings and is measured at USD 225,464 thousand as at 31 December 2020 (2019: USD 469,710 thousand).

The REIT is required by DFSA to limit financing to a maximum of 65% of gross asset value. As of 31 December 2020, the financing as a percentage of gross asset value were 61.7% (2019: 47.9%).

3. 2 Fair value measurement

Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets of the Group include bank balances and cash, receivables and certain other assets. Financial liabilities of the Group include sukuk financing instruments, Islamic financing facilities and accounts payable and certain other liabilities. The fair values of the financial assets and financial liabilities approximate their carrying values.

Assets measured at fair value

The following table provides the fair value measurement hierarchy of the Group's investment property:

	DATE OF VALUATION	QUOTED PRICES IN ACTIVE MARKETS	SIGNIFICANT OBSERVABLE INPUTS	SIGNIFICANT UNOBSERVABLE INPUTS	TOTAL
		(LEVEL 1) USD'000	(LEVEL 2) USD'000	(LEVEL 3) USD'000	USD'000
Investment property	31-Dec-20	—	—	708,930	708,930
Investment property	31-Dec-19	—	91,390	845,990	937,380

Based on the lack of availability of significant observable comparable values of certain units, the newly engaged independent valuation specialist changed the valuation method for those units from 'sales comparison method' to 'income approach method' . Accordingly, the units previously reported in level 2 have been transferred to level 3

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

The preparation of the Group's consolidated financial statements requires the REIT Manager to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. In the process of applying the Group's accounting policies, the REIT Manager has made the following judgements, apart from those involving estimations, which have the most significant impact on the amounts recognised in the consolidated financial statements.

(A) FAIR VALUATION OF INVESTMENT PROPERTY

The Group carries its investment property at fair value, with changes in fair value being recognised in the consolidated statement of comprehensive income. The Group engaged independent valuation specialists who hold recognised and relevant professional qualifications and have relevant experience in the location and type of investment property held, to determine the fair values of investment property as at 31 December 2020. For income producing investment property, a valuation methodology based on the capitalisation rate method was used, as it represents a method of determining the value of the investment property by calculating the net present value of expected future earnings.

The valuation method adopted for these properties is based on inputs that are not based on observable market data (that is, unobservable inputs - Level 3).

Management believes that the change in fair values of investment properties during the year is reflective of the change in valuation methodology and inputs used by the independent valuation specialists, which are mainly impacted by current challenging market conditions and uncertain outlook driven by the Covid-19.

The determined fair value of the investment property is most sensitive to the equivalent yield and estimated rental value. Below is a sensitivity analysis in isolation of the key assumptions used to determine the fair value of the investment property:

STABILISED YIELD		STABILISED OCCUPANCY RATE		ESTIMATE RENTAL VALUE	
USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
+0.5%	-0.5%	+5.0%	-5.0%	+5.0%	-5.0%
(32,294)	36,392	11,856	(12,319)	24,042	(23,723)

Significant increases/(decreases) in the Estimated Rental Value (ERV) (per sqm p.a.) in isolation would result in a significantly higher/(lower) fair value measurement. Significant increases/(decreases) in the long- term occupancy rate and equivalent yield in isolation would result in a significantly lower/(higher) fair value measurement.

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 subjectivity of forward-looking information.

(B) DISCOUNTING OF LEASE PAYMENTS – IFRS 16

The lease payments are discounted using the REIT's incremental financing rate ("IBR"). Management has applied judgements and estimates to determine the IBR at the commencement of lease by using the applicable profit rates paid by REIT to its lenders financier of Islamic financing facilities.

(C) DETERMINING THE LEASE TERM – IFRS 16

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the REIT.

(D) ALLOWANCE FOR EXPECTED CREDIT LOSS

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;

An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 180 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

5 INVESTMENT PROPERTY

	COMPLETED PROPERTIES	PROPERTIES UNDER CONSTRUCTION	TOTAL
	USD' 000	USD' 000	USD' 000
At 1 January 2019	903,729	36,207	939,936
Acquisitions during the year	—	—	—
Construction work in progress during the year	—	302	302
Transfer from properties under construction	36,509	(36,509)	—
Additional re-development and fitout projects on completed properties	7,496	—	7,496
Net loss from fair value adjustments on investment property	(28,294)	—	(28,294)
At 31 December 2019	**919,440**	**—**	**919,440**
Additional re-development and fitout projects on completed properties (spent during the year)	12,588	—	12,588
Re-development and fitout projects on completed properties (spent during previous year)	5	—	5
Net loss from fair value adjustments on investment property	(241,691)	—	(241,691)
At 31 December 2020	**690,342**	**—**	**690,342**

Fair value reconciliation

	TOTAL
	USD' 000
Market value per external valuation report as at 31 December 2020	708,930
Additional re-development and fitout projects under progress on completed properties	12,217
Accrued income (Note 6)	(35,414)
Deferred income (Note 13)	4,609
Fair value as at 31 December 2020	**690,342**

Net unrealised (loss)/gain on revaluation

	2020	2019
	USD' 000	USD' 000
Net loss from fair value adjustments on investment property	(241,693)	(28,294)
Change in fair value of right-of-use asset	(1,711)	(1,710)
	(243,404)	**(30,004)**

As at the reporting date, the Group held total investment property amounting to USD 690,342 thousand (31 December 2019: USD 919,440 thousand) in a real estate portfolio of 11 properties (2019: 11 properties) located in Dubai, UAE.

Rental income for the year ended 31 December 2020 is recognised at USD 58,192 thousand (2019: 64,452).

The fair value of the Group's investment property at 31 December 2020 has been arrived at on the basis of a valuation carried out at that date by CBRE and JLL, Independent valuation specialists not connected with the Group. The valuation conforms to the RICS Valuations – Global Standards and International Valuation Standards. The fair value was determined based on the income approach method. .

Properties under land lease agreements

Five of the REIT's properties are constructed on plots in Dubai which are under land lease agreements as follows

- Remaining lease term of 18.7 years with property fair value of USD 4,029 thousand;
- Remaining lease term of 35.9 years with property fair value of USD 89,191 thousand;
- Remaining lease term of 23.1 years renewable for another term of 30 years with property fair value of USD 20,147 thousand;
- Remaining lease term of 44.5 years with property fair value of USD 20,147 thousand; and
- Remaining lease term of 24.3 years renewable for another term of 30 years with property fair value of USD 37,571 thousand.

Fair valuation

The fair valuations of investment property were based on an individual assessment, for each property type, of both the future earnings and the required yield. In assessing the future earnings of the properties, the REIT Manager took into account potential changes in rental levels from each contract's rent and expiry date compared with the estimated current market rent, as well as changes in occupancy rates and property costs. Fair value hierarchy disclosures for investment property has been provided in Note 3.2.

As at 31 December 2020, the fair value of the investment property was adjusted for the lease incentive asset (Note 6) and deferred income (Note 13) in accordance with IAS 40. The amount of adjustment is USD (35,414) thousand and USD 4,609 thousand respectively (2019: USD (29,570) thousand and USD 6,975 thousand respectively).

The following table shows a reconciliation of the opening balances to the closing balances for Level 3 fair values:

	2020	2019
	USD' 000	USD' 000
Balance at the beginning of the year	845,990	811,372
Transfer from Level 2 to Level 3	91,390	53,083
Net unrealised loss on revaluation of investments properties	(228,450)	(18,465)
Balance at the end of the year	**708,930**	**845,990**

For investment property categorised under Level 3 fair value hierarchy, a valuation methodology based on the 'income approach method'was used, as it represents a method of determining the value of the investment property by calculating the net present value of expected future earnings.

Based on the lack of availability of significant observable comparable values of certain units, the newly engaged independent valuation specialist changed the valuation method for those units from 'sales comparison method' to 'income approach method' . Accordingly, the units previously reported in level 2 have been transferred to level 3.

The significant unobservable inputs used in arriving at fair values of investment property are the stabilised occupancy rate, the equivalent yield and property operating expenses. The assumptions are applied on a property by property basis and vary depending on the specific characteristics of the property being valued.

The range in those assumptions used in arriving at the fair value of investment property are as follows:

	2020	2019
Stabilised occupancy rate (%)	80 - 100	85 - 100
Equivalent yield (%)	8.25 - 13.00	8.00 - 9.75
Operating Expenses (USD/sq. ft.)	5.4 – 28.8	6.53 – 19.52

Right of use assets

The following table shows the movement of the Right of use Asset recognised by the REIT along with the related change in the fair value during the:

	2020	2019
	USD' 000	USD' 000
Assets:		
Right-of-use Asset as on 1 January	53,265	54,975
Add: Change due to Foreign Exchange revaluation	(7)	—
Less: Change in fair value during the year	(1,711)	(1,710)
Right-of-use Asset as on 31 December	**51,547**	**53,265**
Non-current assets	51,547	53,265

6 TRADE AND OTHER RECEIVABLES

	2020	2019
	USD' 000	USD' 000
Rental and service income receivable	22,965	14,033
Less: provision for expected credit losses	(14,718)	(9,378)
	8,247	4,655
Other financial assets at amortised cost		
Other receivables	2,600	2,350
Other assets		
Lease incentive asset (Note 5)	35,414	29,570
Prepayments	1,503	1,094
	47,764	**37,669**
Less non-current portion – Lease incentive asset	(32,027)	(26,538)
Current portion	**15,737**	**11,131**

Lease incentive asset relates to rents recognised in advance as a result of spreading the effect of rent free and reduced rent periods and rent uplifts, over the expected terms of their respective leases in accordance with IFRS 16.

Included in the above are balances due from REIT manager amounting to USD 38 thousand (31 December 2019: USD 177 thousand) (Note 16).

Included within the USD 14,718 thousand provision for expected credit losses is an amount of USD 14,209 thousand (2019: USD 8,022), which represents specific provisions made for amounts due from certain tenants as per the tenancy contracts (Note 19 (b)).

As at 31 December 2020 and 2019, the movement in the allowance for impairment of receivables is as follows:

	2020	2019
	USD' 000	USD' 000
Opening expected credit loss as at 1 January - calculated under IFRS 9	9,378	2,411
Write offs during the year	(1,491)	—
Increase in expected credit loss recognised in consolidated statement of comprehensive income during the year	6,831	6,967
Balance at the end of the year	**14,718**	**9,378**

As at 31 December, the aging analysis of receivables is as follows:

	2020 RENTAL AND SERVICE INCOME RECEIVABLE	2020 ALLOWANCE FOR EXPECTED CREDIT LOSS	2019 RENTAL AND SERVICE INCOME RECEIVABLE	2019 ALLOWANCE FOR EXPECTED CREDIT LOSS
	USD'000	USD'000	USD'000	USD'000
Less than 6 months	14,980	(2)	5,061	(21)
Between 6 months to 1 year	1,806	(77)	4,270	(214)
Between 1 to 2 years	2,264	(87)	3,047	(348)
Between 2 to 3 years	2,396	(109)	1,347	(465)
More than 3 years	1,519	(234)	308	(308)
ECL general provision	**22,965**	**(509)**	**14,033**	**(1,356)**
Add: Specific Provision		(14,209)		(8,022)
Total	**22,965**	**(14,718)**	**14,033**	**(9,378)**

7 CASH AND CASH EQUIVALENTS

	2020	2019
	USD' 000	USD' 000
Current and savings accounts	13,732	48,432

Balances are with local Islamic banks that are regulated by the UAE Central Bank. As a result, the credit risk in respect of those entities is minimised. They are assessed by the REIT Manager to be at a relatively low risk of default (Note 3.1).

8 SHARE CAPITAL

	NUMBER OF ORDINARY SHARES	ORDINARY SHARES	SHARE PREMIUM	TOTAL
		USD' 000	USD' 000	USD' 000
At 31 December 2020	303,965,050	303,966	59,393	363,359
At 31 December 2019	299,620,541	299,621	59,393	359,014

The authorised share capital of the REIT is USD 10,000,000,100 and is divided into one Manager Share with a par value of USD100; and 10,000,000,000 ordinary shares with a nominal par value of USD 1 per share.

During the year, the REIT paid a final dividend in respect of the year ended 31 December 2019 by way of issuing bonus shares amounting to USD 4,344,509 / USD 0.0145 per ordinary share. These bonus shares were issued to shareholders whose name was appearing on the shareholders register as at 17 June 2020.

9 SUKUK FINANCING INSTRUMENT

On 12 December 2017, the REIT issued five year trust certificates ("Sukuk") of USD 400 million through Emirates REIT Sukuk Limited (the "Trustee" or "SE"), a structured entity formed for the issuance of the Sukuk. The Sukuk were listed on the Main Securities Market (MSM) of Euronext Dublin with a Fitch rating of BB+.

The Sukuk have a maturity date of December 2022 and pay a profit rate of 5.125% per annum payable semi-annually on 12 June and 12 December in each year, commencing on 12 June 2018.

The Shari'a terms of the issuance include transfer of certain identified investment properties (the "Properties") to the SE in order to comply with the principles of Shari'a. In substance, these Properties shall continue to remain under the control of the REIT and shall continue to be serviced by the REIT.

	2020	2019
	USD' 000	USD' 000
At 1 January	398,290	397,710
Amortisation of transaction costs	581	580
At 31 December	**398,871**	**398,290**

The Sukuk financing instrument has certain covenants on the REIT, which were complied with during the year ended 31 December 2020.

10 ISLAMIC FINANCING

Ijarah facilities

	WITHIN 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL
	USD' 000	USD' 000	USD' 000	USD' 000
At 31 December 2020	17,195	76,268	3,265	96,728
At 31 December 2019	13,191	70,465	25,450	109,106

The Islamic financing facilities were obtained by the REIT to finance the acquisitions of investment property. During the year the REIT did not entered into any new Islamic financing facility (2019: USD NIL). As at 31 December 2020, the drawn down amounts are recorded at USD 96,728 thousand net of transaction costs of USD 953 thousand.

At 31 December 2020, the weighted average cost of finance taking into account the profit rate attributable to each loan and the amortisation of financing transaction costs was 3 month EIBOR + 3.23%. (2019: 3 month EIBOR + 3.17%)

The facilities have certain covenants on the REIT. These covenants state that the REIT will ensure that the following financial ratios are met:

a) Finance to value ratio of the underlying asset should not exceed 50%-65%.

b) Income cover: income over profit and principal payments should be 25% higher than net operating income at property level.

Also as per DFSA Rules, the Total Islamic finance should not exceed 65% of the gross asset value of the REIT.

The REIT has complied with the financial covenants of its Islamic facilities during the year ended 31 December 2020.

The financing facilities are secured by the following:

a) First rank legal mortgages over financed properties in favour of the banks.

b) Assignment of comprehensive takaful over financed properties in favour of the bank.

c) Assignment of rental income from financed properties in favour of the bank.

Movement for the year ended 31 December is as follows:

	2020	2019
	USD' 000	USD' 000
Balance at the beginning of the year	109,106	65,920
(Less) / Add: Change due to Foreign Exchange revaluation	(15)	8
Add: Islamic financing received during the year	—	54,459
Less: Repayment during the year	(12,548)	(11,470)
Add: Amortisation of transaction cost	185	189
Balance at the end of the year	**96,728**	**109,106**

11 LEASE LIABILITY

The following table shows the movement of lease liability recognised by the:

	2020	2019
	USD' 000	USD' 000
Liabilities:		
Lease liability recorded on 1 January	54,532	54,975
Add: Finance cost for the year	2,756	2,759
Less: Change due to Foreign Exchange revaluation	(7)	—
Less: Payments made during the year	(1,670)	(3,202)
Lease liability as on 31 December	**55,611**	**54,532**
Current liabilities	3,464	3,394
Non-current liabilities	52,147	51,138

12 DERIVATIVE FINANCIAL INSTRUMENTS

	2020	2019
	USD' 000	USD' 000
Profit rate swaps	2,027	693

In order to manage the risk arising from fluctuations in profit rates arising from the REIT's variable rate Ijarah facilities (Note 10), the REIT entered into profit rate swaps with one financial institution.

At 31 December 2020, the REIT had outstanding profit rate swaps with a combined notional amount of USD 38,524 thousand (2019: 43,560 thousand). The profit rate swaps are effective from 12 March 2019 and 21 August 2019 and mature on 12 December 2025 together with the maturity of the Ijarah financing facility. The swaps have a combined maximum notional amount of USD 47,640 thousand. The swap programs had a negative fair value of USD 2,027 thousand (2019: USD 693 thousand) as at 31 December 2020, resulting in a loss of USD 1,334 thousand (2019: USD 693 thousand) which was recognised as fair value loss on profit rate swaps in cash flow hedging reserve.

13 TRADE AND OTHER PAYABLES

	2020	2019
	USD' 000	USD' 000
Deferred income (Note 5)	4,609	6,975
Payable against investment property under construction or re-development	137	137
Tenant deposits payable	8,330	8,527
Accrued expenses	8,533	7,610
Service fee received in advance	1,760	1,762
Accrued profit expense	1,288	1,448
Administration fee	27	16
	24,684	**26,475**

14 ZAKAT

Zakat is payable by the shareholders based on their share of the net assets of the REIT at the end of every reporting period. The Group is not liable to pay Zakat.

15 DIVIDENDS

In June 2020, the REIT paid a final dividend in respect of the year ended 31 December 2019 by way of issuing bonus shares amounting to USD 4,344,509 / USD 0.0145 per ordinary share. These bonus shares were issued to shareholders whose name was appearing on the shareholders register as at 17 June 2020.

In January 2019, the REIT paid an interim dividend in respect to the six month period ended 30 June 2018 of USD 0.04 per ordinary share amounting to a total interim dividend of USD 11,984,821 to shareholders on the register as at 23 January 2019.

In June 2019, the REIT paid a final dividend in respect of the year ended 31 December 2018 of USD 0.04 per ordinary share amounting to a total final dividend of USD 11,984,821 to shareholders on the register as at 13 June 2019.

16 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the REIT Manager, associated companies, shareholders, directors and key management personnel of the REIT Manager, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the REIT Manager.

Equitativa (Dubai) Limited, a company limited by shares, is the REIT Manager of the REIT.

(A) TRANSACTIONS EXECUTED DURING THE YEAR

Transactions executed with various related parties during the year amounted to:

	2020	2019
	USD'000	USD'000
REIT Manager	15,625	17,901
Board Members	79	90
Financial Institutions	14,173	66,750
Others	295	640
Total	30,172	85,381

(B) MANAGEMENT AND PERFORMANCE FEE

Management fee is payable to the REIT Manager quarterly in advance and is calculated quarterly based on the aggregated gross value of the assets of the REIT at a rate of 1.5% per annum.

The Performance fee is payable to the REIT Manager annually in arrears, at a rate of 3% of the increase in net asset value per share by reference to the highest net asset value per share previously used in calculating the fee. During the year there was no accrual or payment made on account of Performance fee.

Management and Performance Fee charged by the REIT Manager during the year amounted to:

	2020	2019
	USD'000	USD'000
REIT Manager		
Management fee and Performance fee	(14,097)	(16,001)
Total	**(14,097)**	**(16,001)**

(C) DUE TO RELATED PARTIES COMPRISES

	2020	2019
	USD'000	USD'000
Board Members	99	90
Financial Institutions	77,183	87,330
Others	12	29
Total	**77,294**	**87,449**

(D) DUE FROM RELATED PARTIES COMPRISES

	2020	2019
	USD'000	USD'000
REIT Manager	38	177
Financial Institutions	385	112
Total	**423**	**289**

All transactions with related parties are conducted in accordance with the applicable regulations. Outstanding balances at the year-end are unsecured and profit free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Transactions with key management personnel

During the years ended 31 December 2020 and 31 December 2019, the role of the key management personnel in accordance with IAS 24 was performed by the REIT Manager, for which the REIT Manager receives remuneration in the form of a management fee and performance fee.

17 FINANCE COSTS

	2020	2019
	USD'000	USD'000
Ijarah Islamic financing profit expense	(5,138)	(5,489)
Ijarah fee amortisation	(185)	(189)
Finance cost on lease liability	(2,756)	(2,759)
Sukuk profit expense	(20,500)	(20,500)
Sukuk issuance cost amortisation	(581)	(580)
Finance costs	**(29,160)**	**(29,517)**
Profit income on saving accounts	394	520
Finance income	**394**	**520**
Finance costs, net	**(28,766)**	**(28,997)**

18 EARNINGS PER SHARE

Basic and diluted earnings per share ("EPS") is calculated by dividing the net profit for the period attributable to ordinary equity holders of the REIT by the weighted average number of ordinary shares outstanding during the year.

	2020	2019
Loss attributable to ordinary shareholders (USD'000)	(242,912)	(25,632)
Weighted average number of ordinary shares for basic EPS	301,828,406	299,620,541
Basic and diluted loss per share (USD)	(0.802)	(0.085)

The Group has no share options outstanding at the period end and therefore the basic and diluted EPS are the same.

Reconciliation of weighted average number of ordinary shares

	2020	2019
As at 01 January 2020	299,620,541	299,620,541
Impact of shares dividend	2,206,865	—
Weighted average number of ordinary shares	301,828,406	299,620,541

19 COMMITMENTS AND CONTINGENCIES

(A) CAPITAL COMMITMENTS

At 31 December 2020, the REIT had contractual capital commitments of USD 7,043 thousand (2019: USD 4,909 thousand), which pertains to the construction of a school development and USD 2,408 thousand (2019: USD 5,420 thousand) in relation to fit out and re-development work in certain completed properties.

(B) CONTINGENCIES

(i) One of the REIT's tenant (the "REIT tenant") has filed a claim in 2018 which is subject to arbitration proceedings in the DIFC-LCIA. The REIT Manager filed a counterclaim and the matters are still in arbitration . The REIT Manager has considered its obligations with respect to its contractual arrangement with the REIT tenant and also the facts and circumstances surrounding the confidential arbitration proceedings in this regard.

The REIT Manager has maintained the 100% provision for the related rental and service income receivable due from the REIT tenant as of 31 December 2020 (Note 6). The REIT Manager however believes, the case is unlikely to have a material impact on the consolidated financial statements.

(ii) In 2019 the REIT Manager filed a case against a tenant in arbitration under the rules of the DIFC-LCIA Arbitration Center, seeking recovery of the rent due from the tenant. In March 2021 the REIT

Manager won the first stage of the case where the tenant was challenging the Arbitration Center jurisdiction to hear this case. In addition to that the Arbitration award ordered the tenant to pay for all the legal costs relating to the jurisdictional matter that the REIT had paid. A final award is being sought after before the Arbitration Center to judge on the merits of the case and accordingly order the payment of the outstanding rent. Such Arbitration decision on the merits is yet to be received.

(C) OPERATING LEASE COMMITMENTS — GROUP AS LESSEE

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

	2020	2019
	USD'000	USD'000
Within one year	2,992	2,921
After one year but not more than five years	12,245	12,117
More than five years	105,216	108,336
	120,453	**123,374**

(D) OPERATING LEASE COMMITMENTS — GROUP AS LESSOR

The Group has entered into commercial property leases on certain properties. Future minimum rentals receivables under non-cancellable operating leases as at 31 December 2020 and 31 December 2019 are as follows:

	2020	2019
	USD'000	USD'000
Within one year	59,781	52,941
After one year but not more than five years	149,295	146,307
More than five years	436,986	462,734
	646,062	**661,982**

20 FINANCIAL INSTUMRNTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below

Assets as per the statement of financial position

	2020	2019
	USD' 000	USD' 000
Amortised cost		
Trade and other receivables, excluding lease incentive asset and prepayments	10,847	7,005
Cash and cash equivalents	13,732	48,432
	24,579	**55,437**

Liabilities as per the statement of financial position

	2020	2019
	USD' 000	USD' 000
Other financial liabilities at amortised cost		
Trade and other payables excluding deferred income, accrued expenses, service fee received in advance, performance fee payable, accrued profit expense and management fee	8,467	8,680
Sukuk financing instrument	398,871	398,290
Islamic financing	96,728	109,106
	504,066	**516,076**

21 NET DEBT RECONCILIATION

	2020	2019
	USD' 000	USD' 000
Cash and cash equivalents	13,732	48,432
Islamic financing – repayable within one year	(17,195)	(13,191)
Sukuk financing instrument and Islamic financing – repayable after one year	(478,404)	(494,205)
Net debt	**(481,867)**	**(458,964)**

	2020	2019
	USD' 000	USD' 000
Cash and bank balances	13,732	48,432
Gross debt – fixed profit rates	(398,871)	(398,290)
Gross debt – variable profit rates	(96,728)	(109,106)
Net debt	**(481,867)**	**(458,964)**

	OTHER ASSETS CASH	LIABILITIES FROM FINANCING ACTIVITIES ISLAMIC FINANCING DUE WITHIN 1 YEAR	LIABILITIES FROM FINANCING ACTIVITIES SUKUK FINANCING INSTRUMENTS AND ISLAMIC FINANCING DUE AFTER 1 YEAR	TOTAL
	USD' 000	USD' 000	USD' 000	USD' 000
Net debt as at 1 January 2020	48,432	(13,191)	(494,205)	(458,964)
Cash flows, net	(34,700)	(4,004)	15,801	(22,903)
Net debt as at 31 December 2020	**13,732**	**(17,195)**	**(478,404)**	**(481,867)**
Net debt as at 1 January 2019	38,175	(8,952)	(454,678)	(425,455)
Cash flows, net	10,257	(4,239)	(39,527)	(33,509)
Net debt as at 31 December 2019	48,432	(13,191)	(494,205)	(458,964)

22 SIGNIFICANT EVENTS

Media allegations and regulatory investigation

In mid July, an article appeared regarding allegations made by some shareholders regarding the REIT Manager. Subsequently, the DFSA informed the REIT Manager that it was conducting investigations into certain concerns surrounding disclosures, valuation processes relating to the fair valuation of the investment properties and communications.

The REIT Manager has responded to all concerns and queries related to the investigation and continues to co-operate with the DFSA with their investigations.

Strategic Review

In July 2020, the REIT Manager launched a comprehensive review of the strategic options for the REIT, including a potential de-listing from Nasdaq Dubai and appointed Houlihan Lokey, a leading global investment bank to advise the review. As part of the review, all directors and employees of both REIT Manager and Emirates REIT were now permitted to purchase shares of the REIT.

Impact of the Novel Coronavirus

In 2020, the Novel Coronavirus (Covid-19) was confirmed as a Pandemic and has spread across several countries and territories across the globe and still causing businesses and economies disruptions in their activities. The Group's business has also been impacted, particularity from cashflow and valuation perspective as several deferments and restructuring requests from tenants were completed. The anticipated effects due to outbreak of third wave on the economy is expected to cause further disruptions but not at the same level as experienced in 2020. Continuous cash flow assessments using various assumptions and downside scenarios are being done. However, given the current business environment, no liquidity constraints have been identified which will not allow Group to meet its financial obligations falling due in the next twelve months from the date of the consolidated financial statements. However, negotiations with financiers is a continuous process to get the most favorable financing terms and match maturities of receivables and payables in the most efficient manner.

23 SUBSEQUENT EVENTS

There are no significant events subsequent to the reporting date, which requires adjustments and / or disclosures in the consolidated financial statements.