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23

Emirates REIT

ANNUAL REPORT

EMIRATES REIT
FACT SHEET FY 2022

Emirates REIT (CEIC) PLC — FY 2022

Reuters REIT.DI   Bloomberg REIT.DU

All information as at December 31, 2022 unless otherwise stated.

IN BRIEF

		VARIANCE Y-O-Y
INVESTMENT PROPERTIES	USD 784.9 AED 2.9bn	+6.5%
NET ASSET VALUE	USD 372.6m AED 1.4bn	+28.6%
NAV* PER SHARE	USD 1.17	+22.6%
NET LETTABLE AREA	202,950 sqm 2.2m sq.ft.	-7.3%
OCCUPANCY	84.5%	+12.7 p.p.

* Net Asset Value

FINANCIAL HIGHLIGHTS

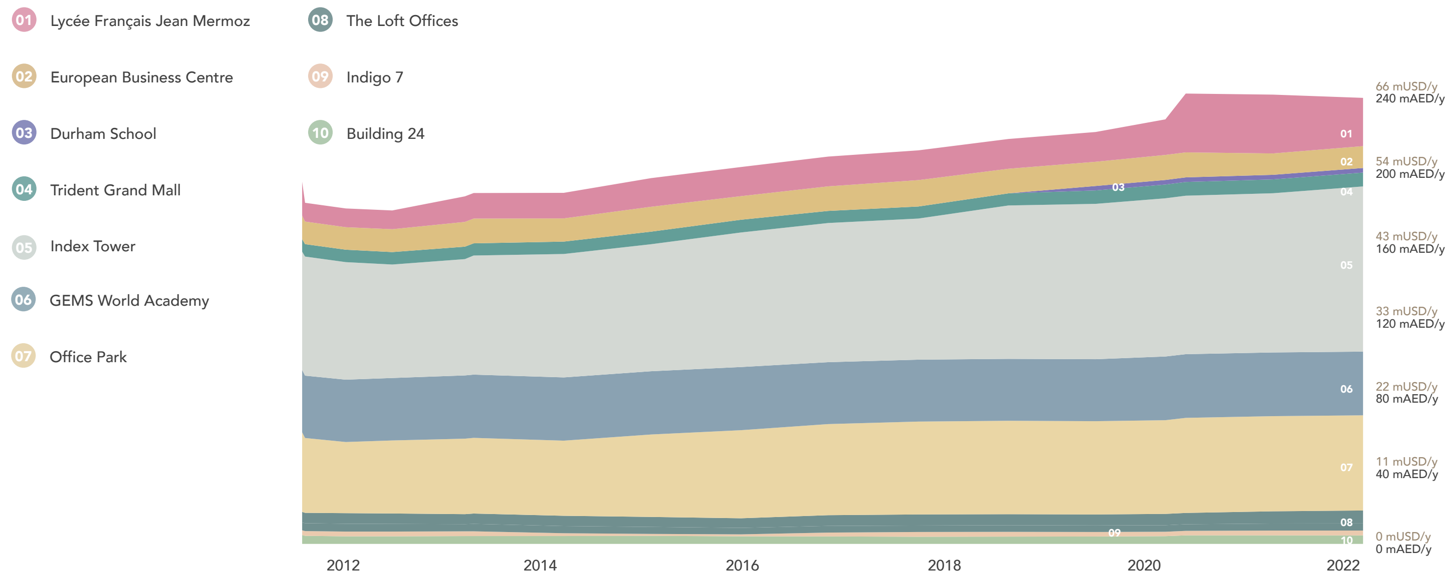
- Rental, Fee & Other Income amounted to USD 68.8m as at December 31, 2022, a 10.8% increase y-o-y. Taking into account the effect of asset disposals, the Total Property Income in FY 2022 amounted to USD 67.3m, compared to USD 68.6m in FY 2021 (-1.8% y-o-y).
- Property operating expenses recorded a y-o-y decline of 4.3% to USD 12.0m, contributing to a 4 p.p. improvement of the Net Property Income Margin to 93.7%.
- Net Property Income amounted to USD 55.3m as at December 31, 2022, a 1.3% decrease y-o-y. Disregarding the effect of asset disposals, the core Net Property Income grew by 14.6% y-o-y.
- Fund expenses are up 48.3% y-o-y at USD 21.7m, principally driven by the USD 6.8m professional fees incurred in connection with the Sukuk refinancing in December 2022.
- As a consequence, the Operating Profit is down 30.9% y-o-y at USD 32.2m.
- Owing to a rise in profit rates during FY 2022, finance costs are up by 3.2% at USD 26.3m and the Profit before fair valuation / Funds from operations thus stands at USD 3.2m.
- Resulting from a positive real estate market and improved valuations, the net unrealized gain on revaluation for FY 2022 amounted to USD 78.8m, up by 76.3% from FY 2021.
- Consequently, the Net Profit for the year amounted to USD 82.0m, a 29.9% increase y-o-y from USD 63.1m posted in FY 2021
- NAV per share jumped by 22.6% to close at USD 1.17 per share as at December 31, 2022 compared ot USD 0.95 a year earlier.
- FTV reduced to 49.8% from 56.3% both as a result of the rise in the portfolio value and supported by the amortization of bilateral Islamic financing facilities during the year.

OPERATIONAL HIGHLIGHTS

- Occupancy across the portfolio increased by 12.7 p.p. to 84.5% for FY 2022 with 4Q 2022 recording a 2.7 p.p. improvement quarter-on-quarter.
- Passing rental rates across the commercial portfolio increased by 12.7% y-o-y to AED 1,647 / sqm / annum.
- Owing to the rent ramp-up period granted to Durham School Dubai, passing rental rates across the education portfolio[(1)] decreased by 15.1% y-o-y to AED 595 per / sqm / annum
- On a like-for-like basis, WALE increased from 5.8 years to 7.1 years.
- Leasing activity during FY 2022:
  - 160 renewals (25,721 sq.m.)
  - 106 new leases (22,395 sq.m.)
  - 58 exits (8,500 sq.m.)
- Total number of tenants for the portfolio increased by 13.7% from 327 to 372 and the retention rate by area was 75.2%.
- Strong demand in the DIFC benefiting Index Tower, the REIT's largest asset. Occupancy at Index Tower increased by 18.4 p.p. during FY 2022 to 80.7% with a blended rental rate increase of 4.5%.
- Occupancy at properties in Media City / Internet City increased by 11.8 p.p. to 73.2%, with a sustained level of new enquiries.
- Works on phase 3 at Lycée Français Jean Mermoz are progressing and are scheduled to be completed during 1H 2023.
- Works at Durham School were completed and the school opened as scheduled on 5 September 2022.
- Jebel Ali School was sold in May 2022.

(1) Excludes Jebel Ali School

ANNUALISED RENT



Emirates REIT (CEIC) PLC — FY 2022

Reuters REIT.DI   Bloomberg REIT.DU

All information as at December 31, 2022 unless otherwise stated.

INCOME AND EARNINGS

	FOR THE YEAR ENDED		
IN USD M	31 DEC 2022	31 DEC 2021	VARIANCE Y-O-Y
RENTAL, FEE & OTHER INCOME	68.8	62.1	10.8%
(LOSS) / GAIN ON DISPOSAL OF INVESTMENT PROPERTY	(1.5)	6.5	(1.3x)
TOTAL PROPERTY INCOME	67.3	68.6	(1.8%)
PROPERTY OPERATING EXPENSES	(12.0)	(12.6)	(4.3%)
NET PROPERTY INCOME	**55.3**	**56.0**	**(1.3%)**
FUND EXPENSES	(21.7)	(14.6)	+48.3%
ALLOWANCE FOR EXPECTED CREDIT LOSS	(1.4)	5.2	(126.7%)
OPERATING PROFIT	**32.2**	**46.6**	**(30.9%)**
FINANCE COST	(26.3)	(25.5)	+3.2%
IFRS 16 FINANCE CHARGE	(2.7)	(2.7)	(0.6%)
PROFIT BEFORE FAIR VALUATION / FUNDS FROM OPERATIONS (FFO)	**3.2**	**18.4**	**(82.9%)**
NET UNREALIZED GAIN ON REVALUATION	78.8	44.7	+76.3%
NET PROFIT FOR THE YEAR	**82.0**	**63.1**	**+29.9%**
FAIR VALUE ADJUSTMENT ON CASH FLOW HEDGES	-	1.2	(100%)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**82.0**	**64.3**	**+27.5%**
FFO PER SHARE (USD)	0.010	0.060	(83.6%)
EARNINGS PER SHARE (USD)	0.257	0.198	+29.8%

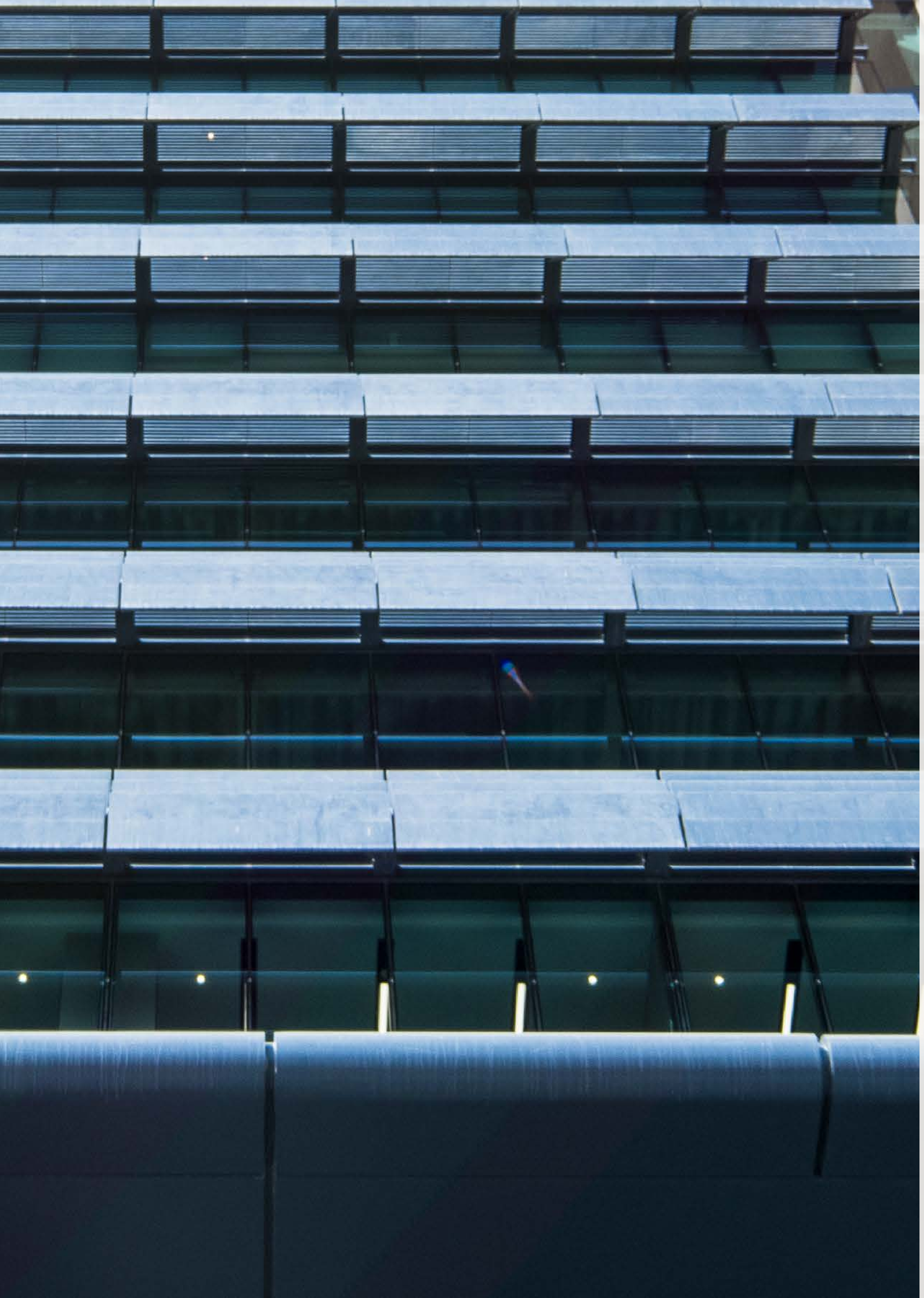
BALANCE SHEET

	AS AT		
IN USD M	31 DEC 2022	31 DEC 2021	VARIANCE Y-O-Y
INVESTMENT PROPERTIES - FAIR VALUE	784.9	737.1	+6.5%
TOTAL ASSETS	**929.6**	**853.8**	**+8.9%**
TOTAL LIABILITIES	**557.0**	**564.0**	**(1.3%)**
EQUITY / NET ASSET VALUE (NAV)	**372.6**	**289.8**	**+28.6%**
NAV PER SHARE (USD)	1.17	0.95	+22.6%
FTV	49.8%	56.3%	(6.5p.p)
NET CASH FROM OPERATING ACTIVITIES	40.5	35.5	+14.1%

DISCLAIMER

Due to rounding, numbers presented throughout this section may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures. The summary financial information presented is extracted from the audited Financial Statements. This document is only for ease of use and for details please refer to the audited Financial Statements published on Emirates REIT website.

Emirates REIT (CEIC) PLC | ir@reit.ae | +971 4 405 7348   MANAGED BY EQUITATIVA GROUP



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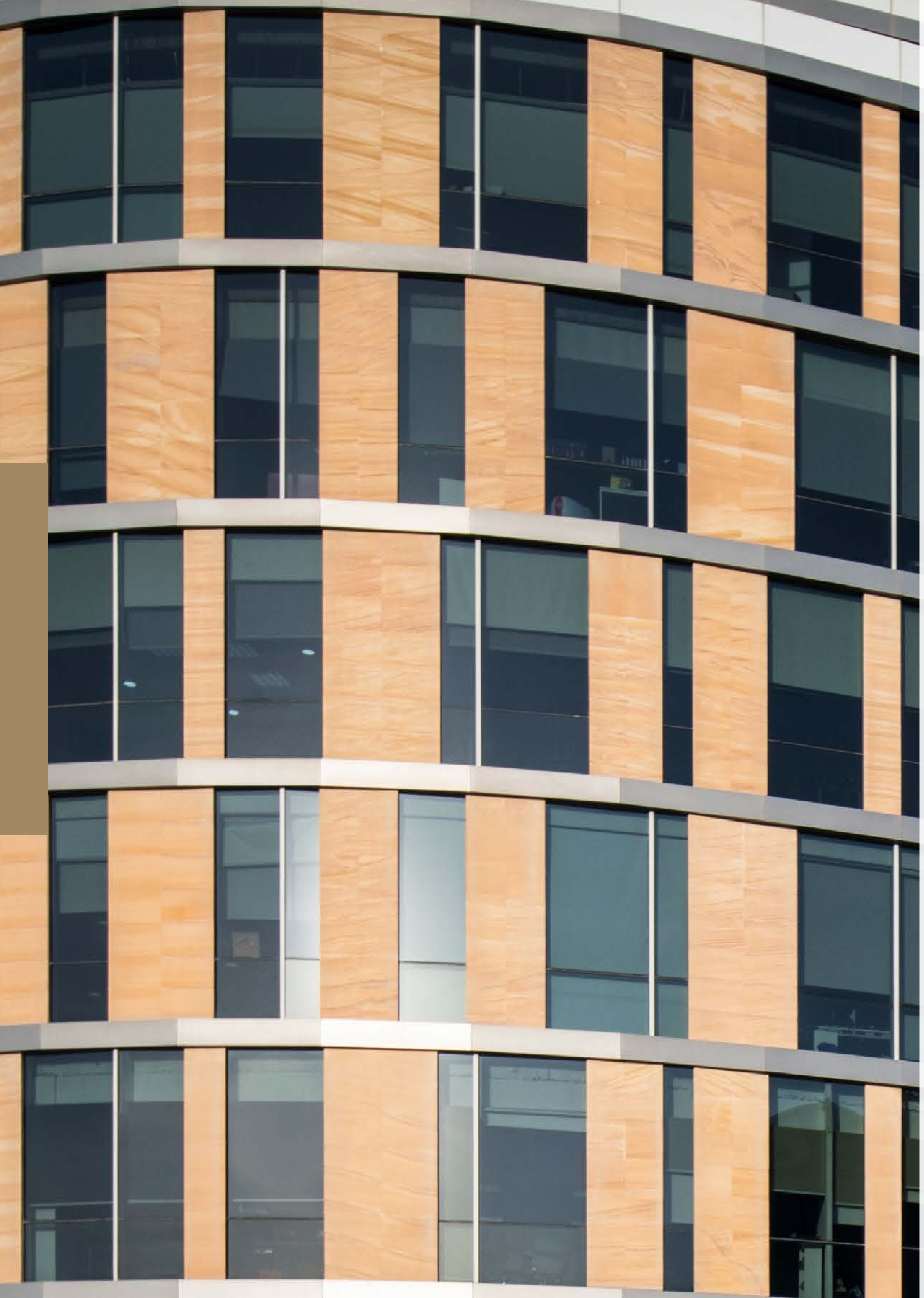

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AT A GLANCE

CHAIRMAN'S MESSAGE

Dear Shareholders,

It is my pleasure to present Emirates REIT's 2022 Annual Report

On behalf of the Board, I am pleased to present Emirates REIT's (the "REIT") Annual Report for the financial year ended on December 31, 2022. The report details the REIT's continued improved operational performance in an overall positive real estate market for Dubai which, together with the UAE, seems to have become a safe haven during a turbulent 2022 year, both from a geopolitical and macro-economic standpoints.

Indeed, the UAE economy is forecast to have grown by 7.6% in 2022 as reported by the Minister of Economy of the UAE early March, as the economy rebounded sharply from the Covid-19 pandemic and clearly outpaced the rest of the world whose GDP is forecast to have grown by 3.1%. 2022 was also marked by a significant hike in global inflation and a corresponding increase in profit rates as most countries used a tightening of their monetary policy to contain said inflation.

From an operational standpoint, buoyed by the macroeconomic indicators of the UAE and particularly those of Dubai, one should note that the commercial real estate market improved markedly in terms of occupancy and rental rates.

Overall, all key performance indicators at the property level have improved in 2022. In October 2020, the portfolio's occupancy reached its lowest point at 67.3%. As of December 31, 2022, the occupancy has reached 84.5%, a 17.2 percentage points improvement to the trough level.

Two significant asset management achievements in 2022 were the leasing of the school premises in Dubai Investments Park to Durham School Dubai in March 2022 and the successful disposal of Jebel Ali School to Taaleem Holdings PSC ("Taleem") in May 2022.

CHAIRMAN'S MESSAGE

Owing to said disposal, the total property income decreased by 1.8% in FY2022 compared to 2021 at USD 67.3 million. On a like-for-like basis however, that is disregarding the impact of the sale of assets in both years, the total property income would have increased by 10.8% year-on-year.

This favorable environment, coupled with the relentless attention of the REIT's management team to costs, led to a 4 percentage points improvement in Emirates REIT's net property income margin from 89.7% in 2021 to 93.7% in 2022.

From an asset valuation standpoint, the capital values of commercial real estate in Dubai continued to benefit from the favorable economic environment in 2022. As a result of this market movement and of the asset management successes, the REIT's portfolio valuation has increased by USD 41.3 million, a 5.4% increase compared to December 31, 2021, notwithstanding the disposal of the Jebel Ali School and now stands at USD 803.4 million as at December 31, 2022. This valuation improvement notably contributed to Emirates REIT USD 82.0 million annual profit for FY 2022. From a capital structure standpoint, Emirates REIT successfully implemented a consent solicitation in December 2022 with an overwhelming support of the Sukuk holders (99%) having cast a vote. Pursuant to said consent solicitation, the 2022 USD 400 million Sukuk was refinanced at maturity through a hybrid exchange of USD 380 million of new secured certificates and USD 20 million paid in cash.

In the wake of such refinancing, Emirates REIT also secured a USD 75 million 7 year facility from Commercial Bank of Dubai on December 28, 2022 and, more recently in March 2023, a USD 50 million 10-year facility from Ajman Bank. The proceeds of the latter two facilities have been committed to repay other financial indebtedness and to pay down part of the new secured certificates this month.

As a consequence of the refinancings which were completed prior to year end, Emirates REIT's facility to assets value ("FTV") ratio as at December 31, 2022 was 49.8%, well within the regulatory requirements and a 6.5 percentage points reduction year-on-year.

Given however the current macro-economic environment, the historically high level of profit rates and the costs associated with the refinancings which will be amortized over the next few years, the net profit before any revaluation of the investment property is expected to be negatively impacted in 2023.

Given those challenges, the key priorities for the REIT Manager for FY 2023 will be to secure a more sustainable and long-term financing solution for the REIT through a partial or total refinancing of the new secured certificates, to endeavor to lower the FTV through disposal of assets that are not core to the REIT's strategy, to continue leasing up the portfolio, to increase the net property income margin through active asset management on both income and costs and to deliver on asset enhancement initiatives that will enable greater overall performance of the REIT going forward.

Emirates REIT remains committed to its two-pronged investment strategy around commercial real estate and educational assets, underpinned by an actively managed portfolio, supported by an experienced team that constantly evaluates optimal capital structure and exercises judicious capital deployment.

With value creation potential offered by the leasing opportunities and the asset enhancement initiatives embedded in the portfolio, the Board believes Emirates REIT is well-placed to complete its recovery in 2023 and return to sustainable growth.

Thank you for your continued interest and investment in Emirates REIT and for your confidence and trust.

I am grateful to our Shareholders, tenants, financiers, regulators and the wider business community for their ongoing support.

We are also happy to welcome Thierry Delvaux who is joining Equitativa as CEO to foster a new phase of growth. Replacing Mr. Leleu, Mr. Delvaux joins from JLL where he was most recently Chief Executive Officer, Middle East, Africa and Turkey. Prior to this, Mr. Delvaux held a number of global strategic and leadership positions at JLL during his more than 20-year tenure. Subject to the DFSA's approval, he will assume his new role in the coming months.

Abdulla Al Hamli
Chairman

EMIRATES REIT
OVERVIEW
as at December 31, 2022

Based in the DIFC, Emirates REIT is the first and largest listed Shari'a compliant REIT in the UAE by assets under management, and has a principal mandate to invest in income generating properties with a primary focus in the UAE. The REIT's investment holdings represent a diverse commercial portfolio covering office, retail and educational assets.

The principal objective of Emirates REIT is to provide its Shareholders with a stable source of income through the consistent distribution of at least 80% of its audited annual net income (in accordance with the DFSA CIR Rules) and an increased value of their holding in Emirates REIT through active asset management and the potential capital appreciation of the properties within the portfolio.

Emirates REIT's portfolio comprises 10 predominantly freehold properties in Dubai with a market value of approximately USD 803.4 million, with an aggregate lettable area of approximately 202,950 sqm and 372 tenants.

COMMERCIAL

- Index Tower (DIFC)
- Office Park (Dubai Knowledge Village)
- Loft Offices (Dubai Media City)
- European Business Center (Dubai Investments Park)
- Building 24 (Dubai Internet City)
- Indigo 7 (Sheikh Zayed Road)

EDUCATION

- GEMS World Academy (Al Barsha South)
- Lycee Francais Jean Mermoz (Al Quoz)
- Durham School Dubai (Dubai Investments Park)

RETAIL

- Index Mall (DIFC) [1]
- Trident Grand Mall (JBR, Dubai Marina)

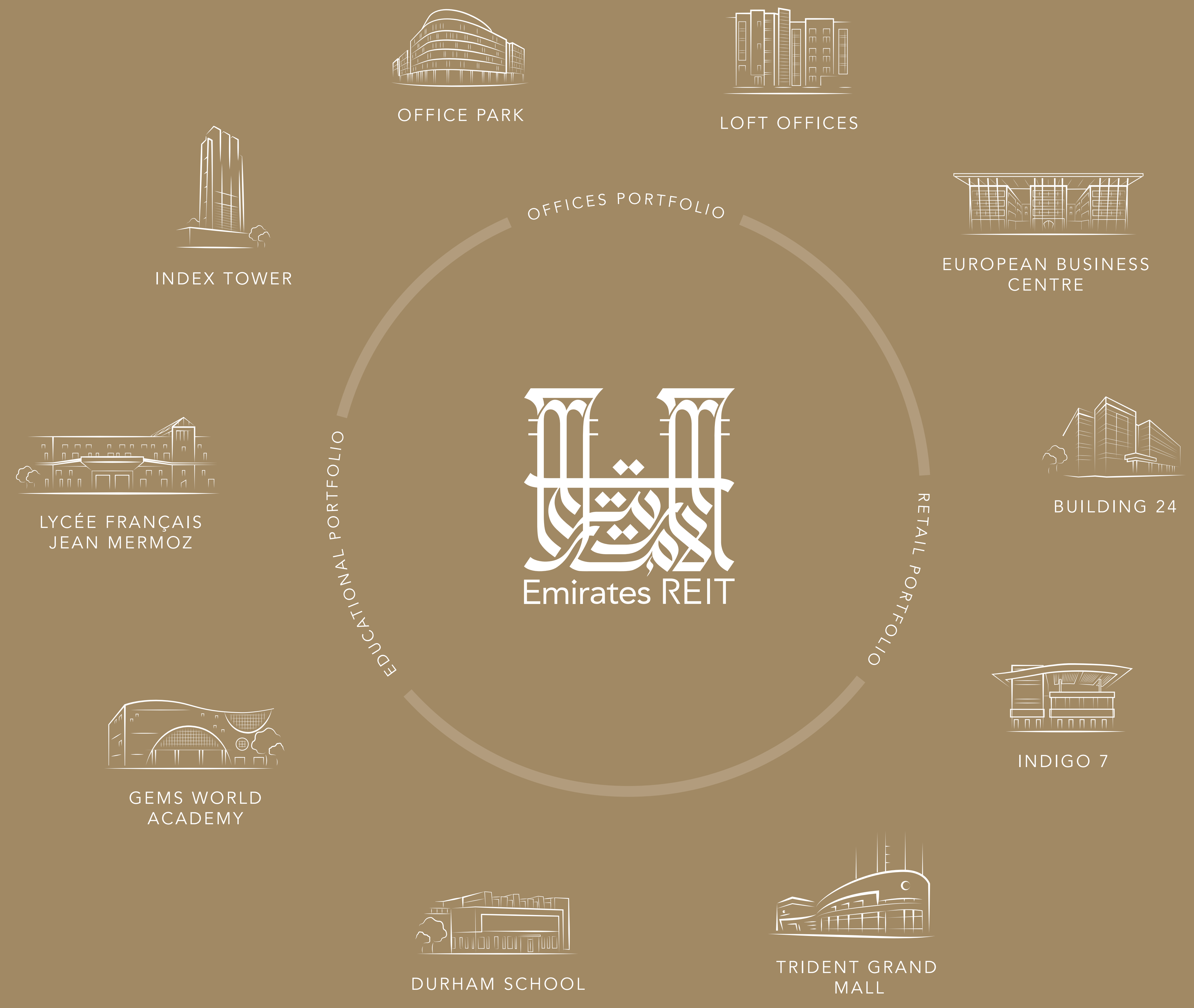
Emirates REIT's shares are listed on Nasdaq Dubai under the ticker symbol REIT and it is managed by Equitativa (Dubai) Limited, which is a leading independent asset manager in the UAE.

[1] Index Mall and Index Tower are considered as a single asset within Emirates REIT's portfolio.

REIT
IN BRIEF

- First Listed Shari'a compliant REIT in the UAE
- Focus on income-producing assets with attractive investment fundamentals
- 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



FY 2022
IN BRIEF

2022

MARCH
DIP School leased to Durham School Dubai, an international operator with a 600 year history in the UK

MAY
Jebel Ali School sold to Taaleem for a total consideration of USD 63.6m, representing 1.4x the original investment

JUNE
Final scrip dividend of USD 0.0483 per share totalling USD 14,705,007

NOVEMBER
84% of Sukuk Certificateholders cast their vote before the Early Participation Deadline with more than 99% of those votes cast in favour of the Consent Solicitation

DECEMBER
Emirates REIT successfully closes USD 380 million Sukuk Issuance

DECEMBER
New USD 75M Sharia compliant financing facility agreed with Commercial Bank of Dubai PSC (CBD)

INVESTMENT PROPERTIES

USD **784.9**M

AED 2.9bn

NET ASSET VALUE

USD **372.6** M

AED 1.4bn

NET LETTABLE AREA

202,950 SQM

WEIGHTED AVERAGE LEASE EXPIRY

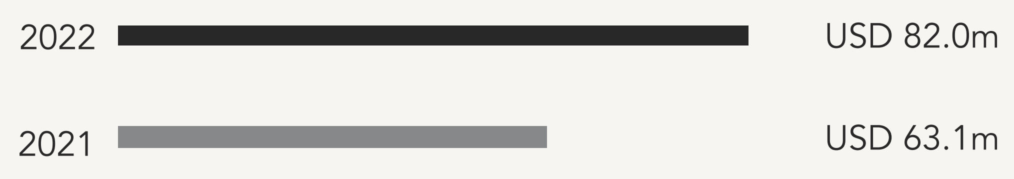
7.1 YEARS

NET PROPERTY INCOME*

-1.3%

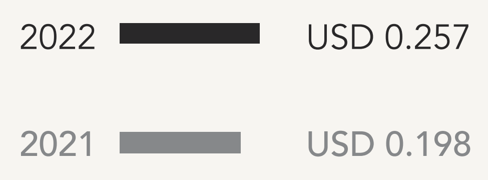
NET PROFIT / (LOSS) FOR THE YEAR

29.9%



EARNINGS PER SHARE

29.8%

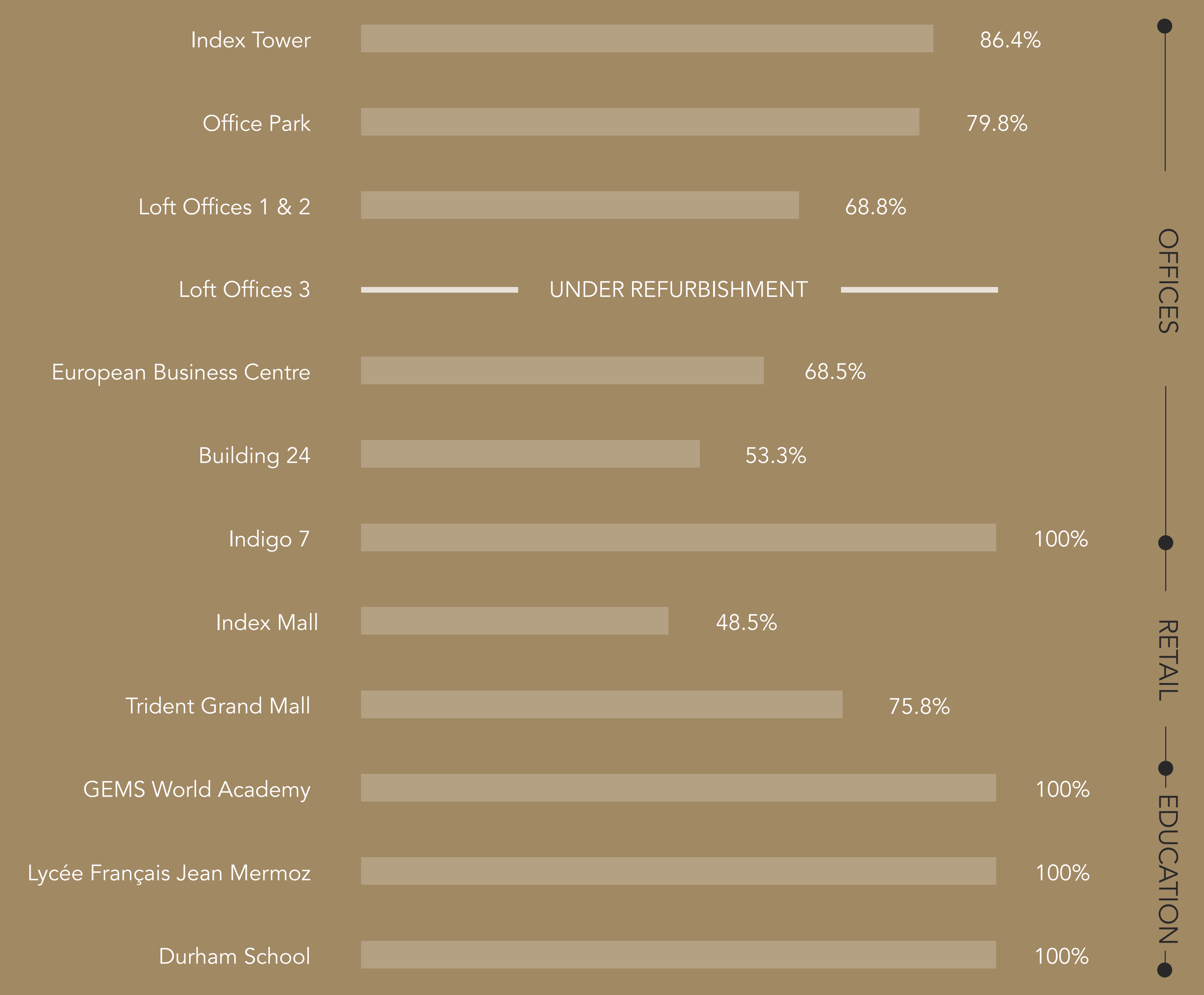


* a one-off gain of USD 6.5m and a one of loss of USD 1.5m was booked in 2021 and 2022 respectively.
Disregarding those one-offs, the net property income would be up by 14.6% y-o-y.

FY 2022 PORTFOLIO OCCUPANCY

TOTAL OCCUPANCY

84.5%



INCOME AND EARNINGS

USD '000	FY 2022	FY 2021	VARIANCE	% VARIANCE [2]
Rental, fee & other income	68,785	62,092	6,693	10.8%
(Loss) / Gain on disposal of investment property	(1,455)	6,500	(7,955)	-1.3x
Total property income	67,330	68,592	(1,262)	-1.8%
Net property income	55,306	56,029	(723)	-1.3%
Operating profit	32,202	46,619	(14,417)	-30.9%
Net finance cost	(29,050)	(28,238)	(812)	+2.9%
Net unrealised gain on revaluation[1]	78,838	44,728	34,110	+76.3%
Net profit for the year	81,990	63,109	18,881	+29.9%
Fair value adjustments on cash flow hedges	-	1,214	(1,214)	-100%
Total comprehensive profit for the year	81,990	64,323	17,667	+27.5%
EPS (USD)	0.257	0.198	0.059	+29.8%

[1] Including impact of IFRS 16

[2] % Variance computed based on financial impact.

STATEMENT OF FINANCIAL POSITION

USD '000	FY 2022	FY 2021	VARIANCE	% VARIANCE
Investment property	784,932	737,132	47,800	+6.5%
Total assets	929,582	853,834	75,748	+8.9%
Total liabilities	556,992	564,047	(7,055)	-1.3%
Total equity	372,590	289,787	82,803	+28.6%
NAV per share (USD)	1.17	0.95	0.22	+22.6%
FTV	49.8%	56.3%	-	(6.5p.p)
Net cash from operating activities	40,514	35,510	5,004	+14.1%

FY 2022 FINANCIAL HIGHLIGHTS

as at December 31, 2022

During FY 2022, the net profit of Emirates REIT reached USD 82.0 million, a 29.9% improvement when compared to the FY 2021 results.

This was the result of both strong operational results (see FY 2022 Operational Highlights) but also of a USD 78.8 million unrealised gain on revaluation.

The earnings per share thus stand at USD 0.257 as at December 31, 2022, a 29.8% improvement y-o-y.

The operating profit is however down by 30.9% y-o-y at USD 32.2 million as the overall fund expenses increased by 48.3% y-o-y to USD 21.7 million. This increase was mostly driven by one-off expenses linked to the successful refinancing in December 2022 of the 2022 USD 400 million sukuk certificates in an amount of USD 6.8 million.Whilst the gross asset value increased steadily throughout the year, buoyed by the REIT's independent valuers positive view of the Dubai real estate market.

From a balance sheet standpoint, total assets as at December 31, 2022 amounted to USD 929.6 million, a USD 75.7 million or 8.9% increase y-o-y, notably driven by the USD 78.8 million revaluation gain on investment properties.

Total liabilities reduced by USD 7.1 million during FY 2022, mostly driven by the amortisation of the Islamic financing, and closed at USD 557.0 million as at December 31, 2022.

The FTV ratio reduced by 6.5 p.p. over FY 2022 as a result of the combination of the revaluation of the portfolio and the aforesaid Islamic financing amortisation. As at December 31, 2022 the FTV ratio stands at 49.8% and continues to be well below the regulatory limit of 65.0%.

The NAV per share increased by 22.6% over FY 2022 and is equal to USD 1.17 per share as at December 31, 2022.

FY 2022 OPERATIONAL HIGHLIGHTS
as at December 31, 2022

FY 2022 was a year of continuing operational improvement for Emirates REIT which benefited not only from the UAE and Dubai's outperforming economies compared to the rest of the world but also from its asset management achievements both in terms of occupancy and cost recovery.

From an occupancy standpoint, the portfolio stood at 84.5% as at December 31, 2022, a 13 percentage point increase when compared to December 31, 2021, despite the disposal of the fully leased Jebel Ali School. On a like-for-like basis, the improvement would be 16 p.p. year-on-year, driven mostly by the successful leasing of Durham School Dubai in March 2022, the continuing interest in Index Tower offices and the strong pick-up in Office Park.

Owing to the disposal of Jebel Ali School however, the fact that no income was recognised in connection therewith for nearly 7 months in 2022 and the USD 6.5 million one-off profit resulting from the sale of half a floor of Index in 2021, the total property income is marginally lower (-1.8%) at USD 67.3 million as at December 31, 2022 compared to December 31, 2021.

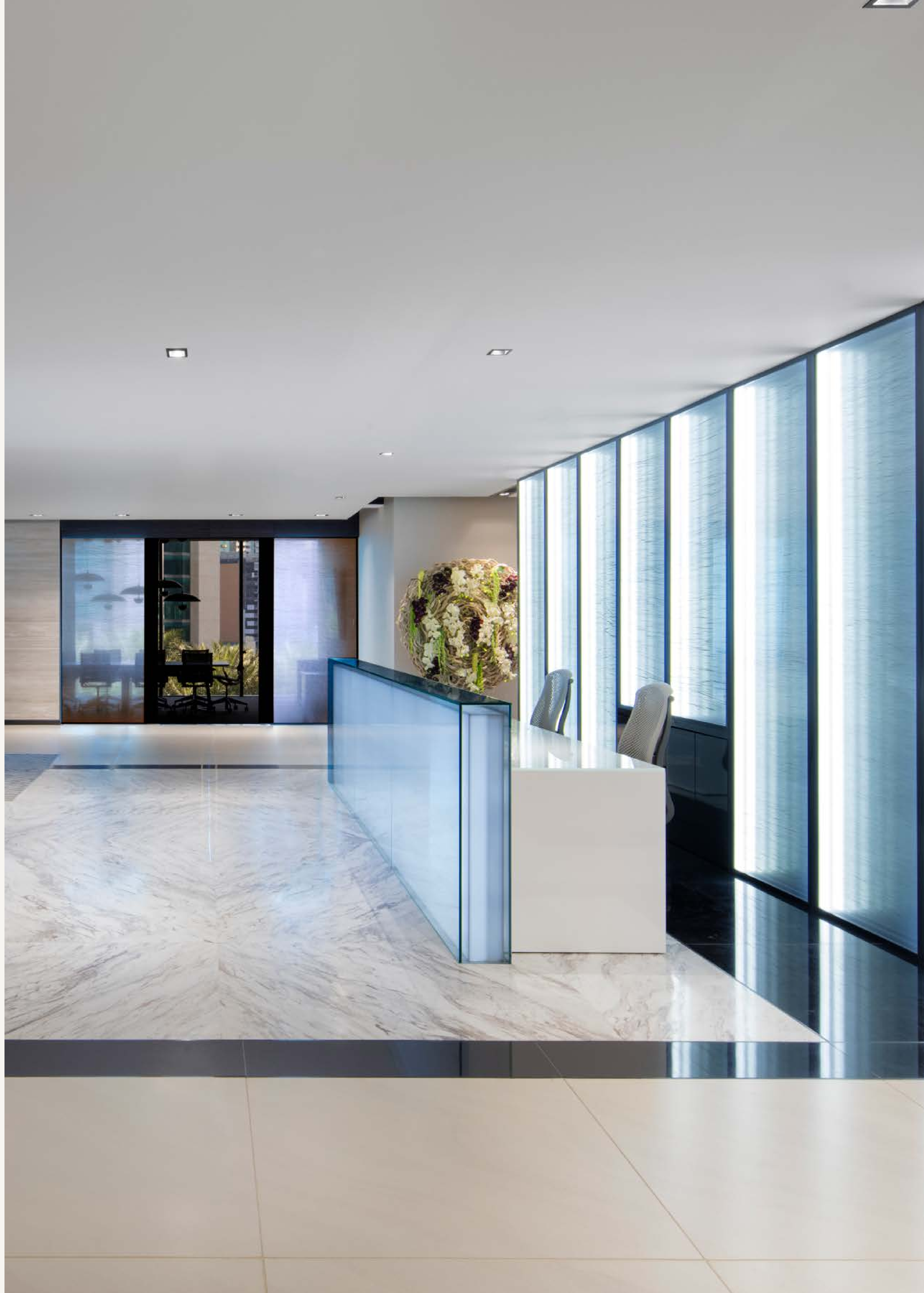
On a like-for-like basis however, disregarding the effect of asset disposals,, the total property income would have increased by 10.8% year-on-year.

Property expenses have been reduced by 4.3% at USD 12 million over the same period. As a result, the Net Property Income Margin[1] reached 93.7% as at December 31, 2022, compared to 89.7% a year earlier.

The portfolio's total number of tenants increased from 327 as at December 31, 2021 to 372 as at December 31, 2022 whilst the WALE remains over 7 years as at December 31, 2022.

On the valuations' front, and whilst the liquidity of the UAE commercial real estate market remains subdued, Emirates REIT independent valuers CBRE and Cushman & Wakefield have integrated the positive sentiment within the Dubai property market and of the asset management achievements and thus revised upwards their valuations to USD 803.4 million, a 5.4% increase compared to December 31, 2021 USD 762.1 million.

On a like-for-like basis, disregarding the valuation of Jebel Ali School from the December 31, 2021 valuation, the year-on-year increase would be 12.6%.



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[1] NPI Margin is equal to 1 – (Property Operating Expenses – Service Fee Income)/(Rental Income + Other Property Income)

PORTFOLIO

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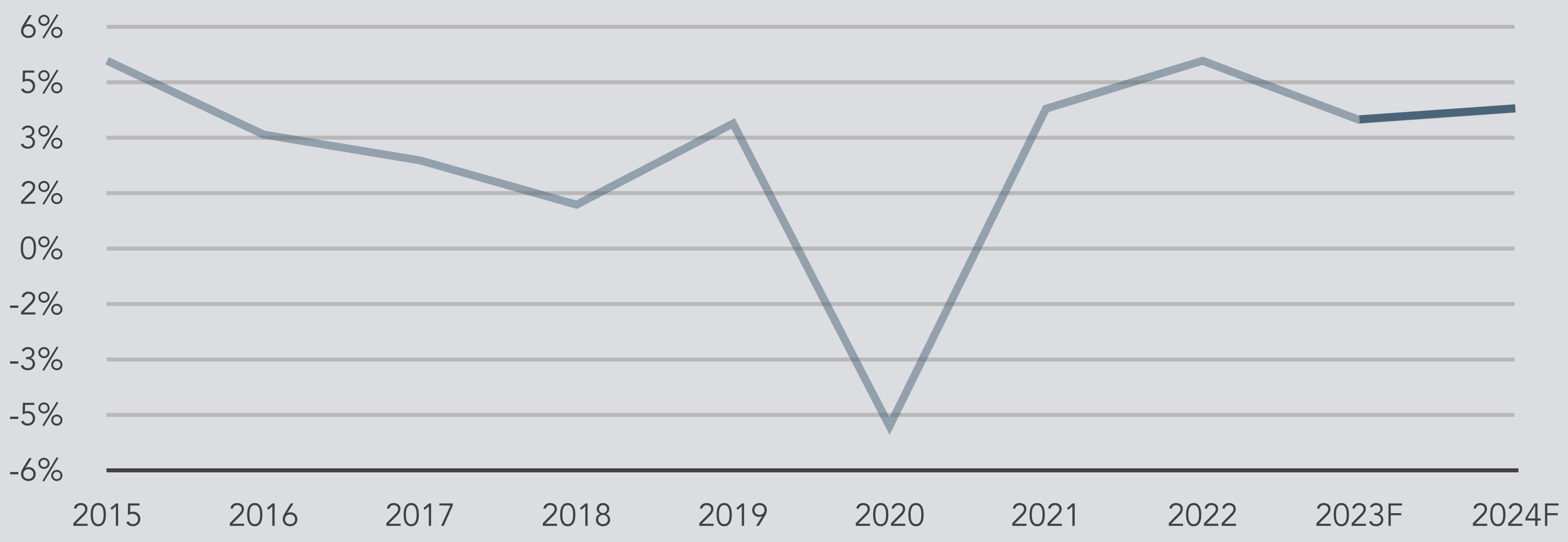
MARKET
OVERVIEW

MACROECONOMIC OVERVIEW

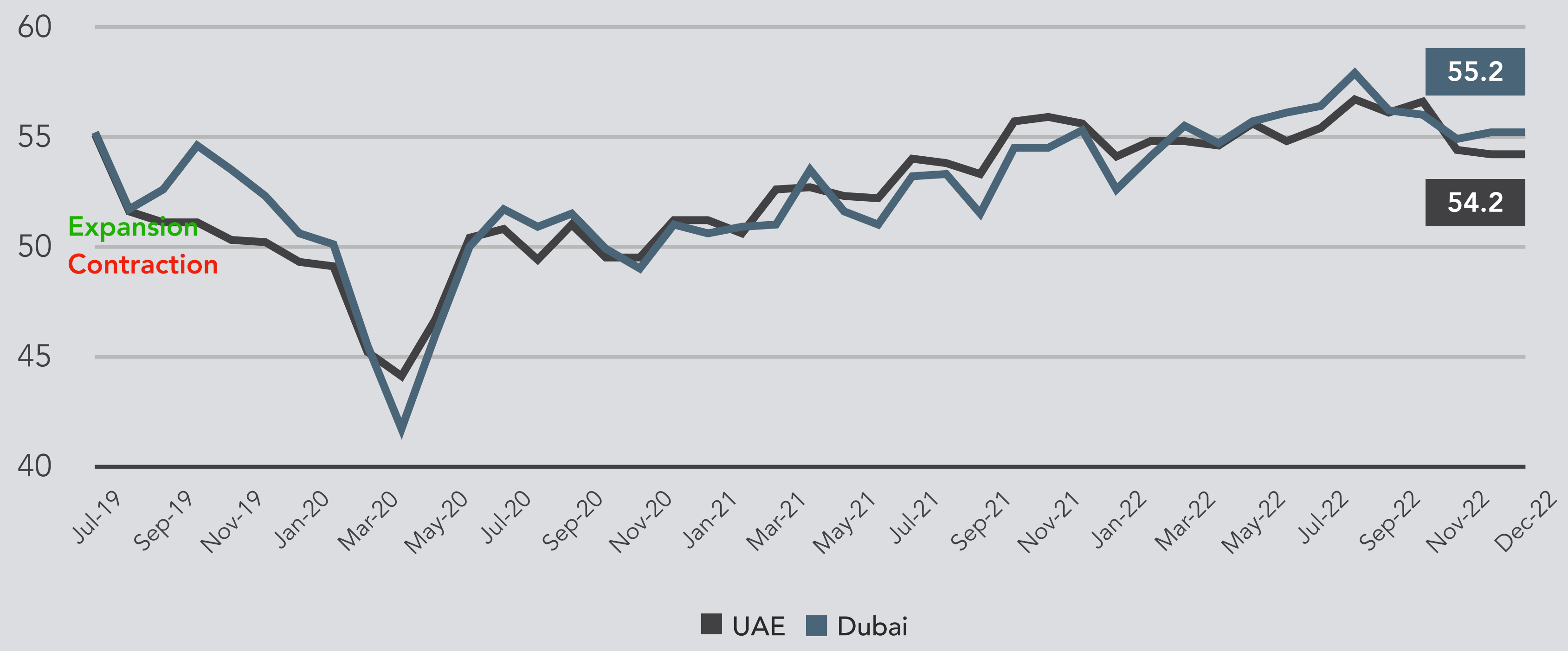
- The UAE economy continued its post-pandemic growth into 2022 on the back of an increase in tourism, higher oil production and a rebounding services sector.
- The visa reforms, stability, and ease of doing business has continued to increase the attractiveness of the UAE from a migration and an alternative base perspective. This has greatly benefited the real estate market throughout the UAE and particularly in Dubai.
- As per the IMF, while lower than earlier forecasts, the UAE GDP grew 5.1% in 2022, a considerable increase compared to 3.8% recorded in 2021. Going forward, although the UAE has announced the introduction of Corporate Taxes from June 2023, various other costs of doing business are being revised to make it more attractive to conduct business, as well as make it more affordable for tourists to visit the UAE.
- Economic growth forecasts for 2023 and 2024, compiled by Bloomberg's Composite Index through multiple sources, are estimated at 3.5% and 3.8%, respectively.
- Concerns over recession, inflationary pressures and rising profit rates continue to remain; however, the opening up of China is expected to relieve some of that pressure and contribute to a greater world output in 2023.
- The UAE and Dubai Purchasing Managers Indices both recorded a three-year peak in August 2022 and have steadily moderated since then.
- The decrease from the 57.9 and 56.7 level to 55.2 and 54.2 for Dubai and the UAE, respectively, suggests that growth momentum is now stabilizing from the post-pandemic peak.
- The decrease was attributed to a softening in improvement of business conditions as well as slower increases in output, new orders and employment.
- Nevertheless, the readings are still firmly above the 50.0 mark compared to other major economies such as the US and the Eurozone, which have been below the 50.0 level since August. In December 2022, the US registered 46.6 while the Eurozone inched slightly upwards at 50.2.

UAE REAL GDP GROWTH (Y-O-Y)



Source: IMF, Bloomberg Composite Index

UAE PURCHASING MANAGERS INDICES



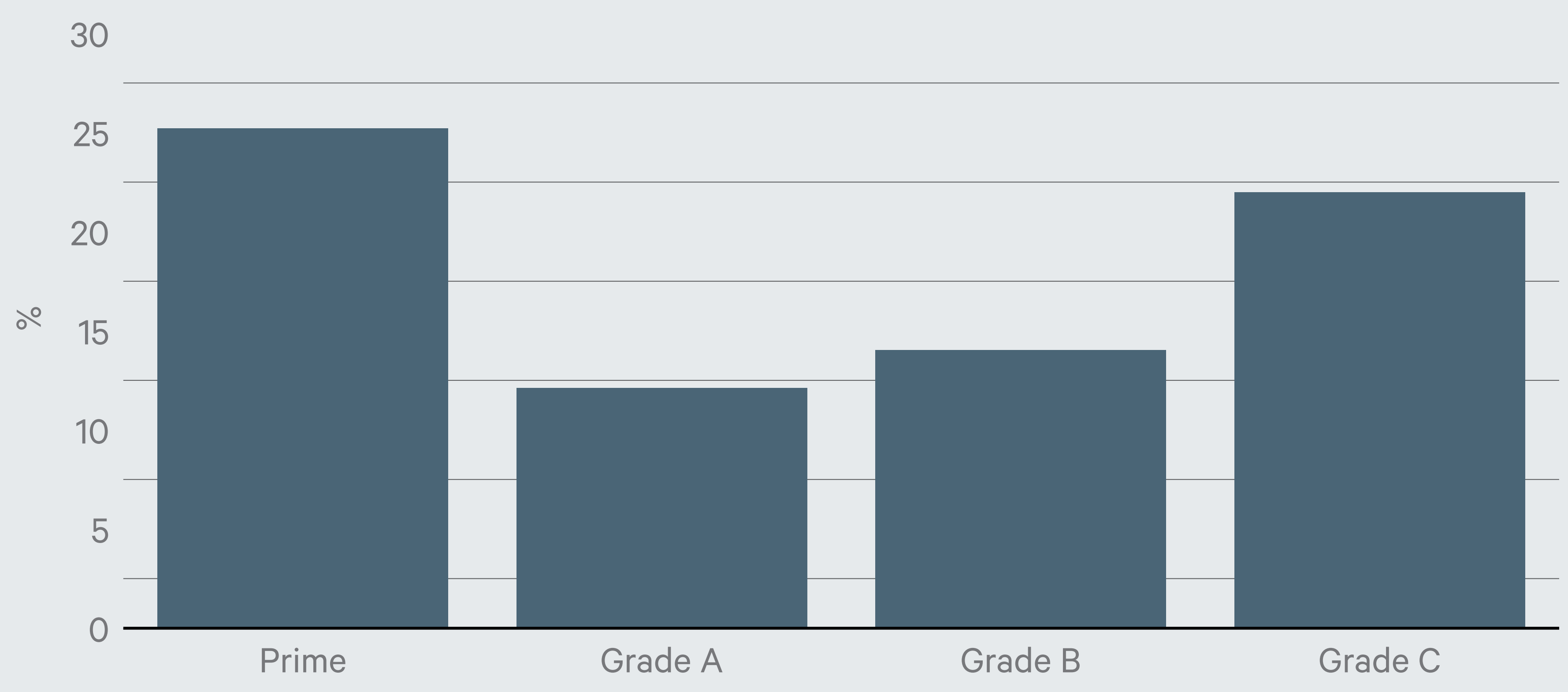
Source: S&P Global Purchasing Managers Index

MARKET
OVERVIEW

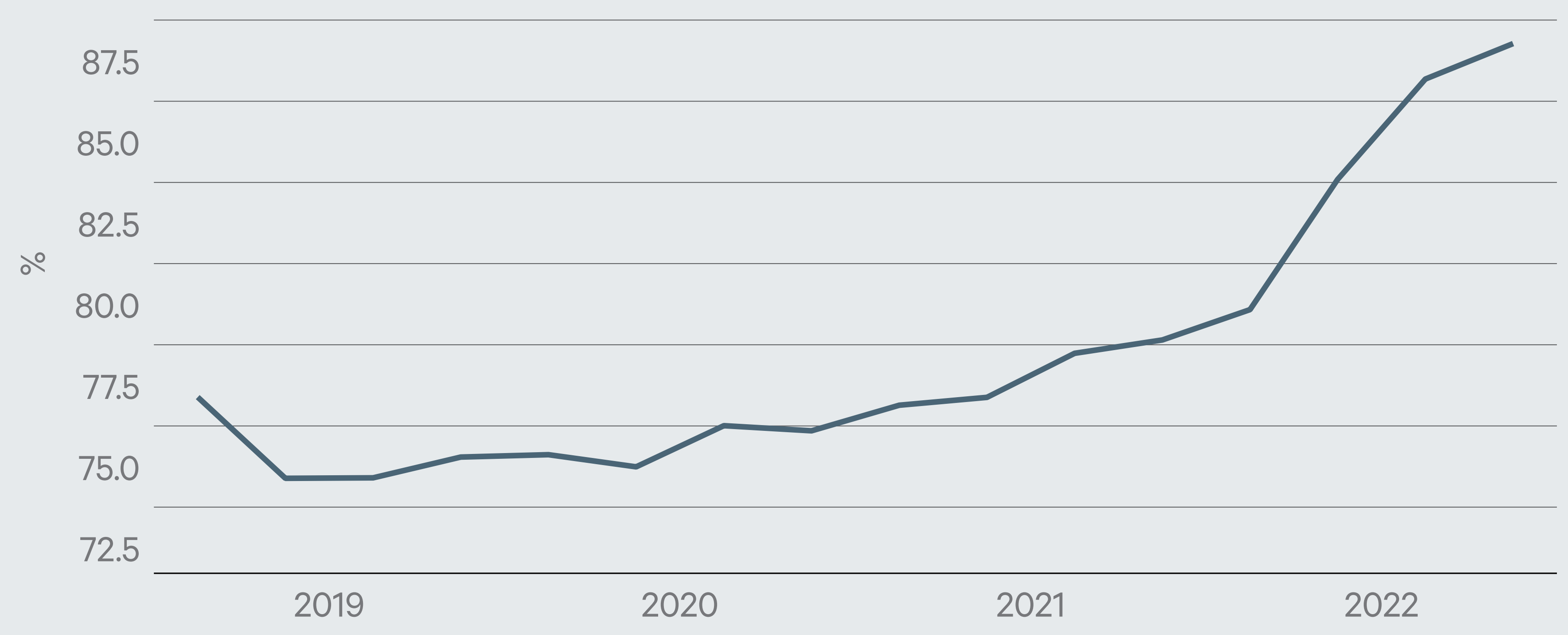
DUBAI OFFICE MARKET UPDATE

- Q-o-Q as well as Y-o-Y increases in number of new business registrations, and consequently occupier demand, has resulted in average occupancy rates 88.0% as at 4Q 2022, up from 78.9% a year earlier.
- Limited new completions, coupled with the increase in take-up, has resulted in a 25.2%, 12.1%, 14.0% and 22.0% growth in rental rates for Prime, Grade A, Grade B and Grade C stock, respectively.
- With average rental rates now at AED240, AED159, AED128 and AED105 per sq.ft annum for the four office grades respectively, these rates are now comparable to those seen in early 2019.
- With the implementation of the UAE Corporate Tax for onshore businesses from June 2023, free-zone areas such as DIFC, DMCC and TECOM are capturing significant interest from new entrants.
- Additionally, agents have reported an increase in demand for larger spaces to account for future expansion plans as well as an increase in demand for serviced offices which are now close to full occupancy.

DUBAI, OFFICE RENTS, Y-O-Y % CHANGE TO 4Q 2022



DUBAI, OFFICES, AVERAGE OCCUPANCY RATE, %



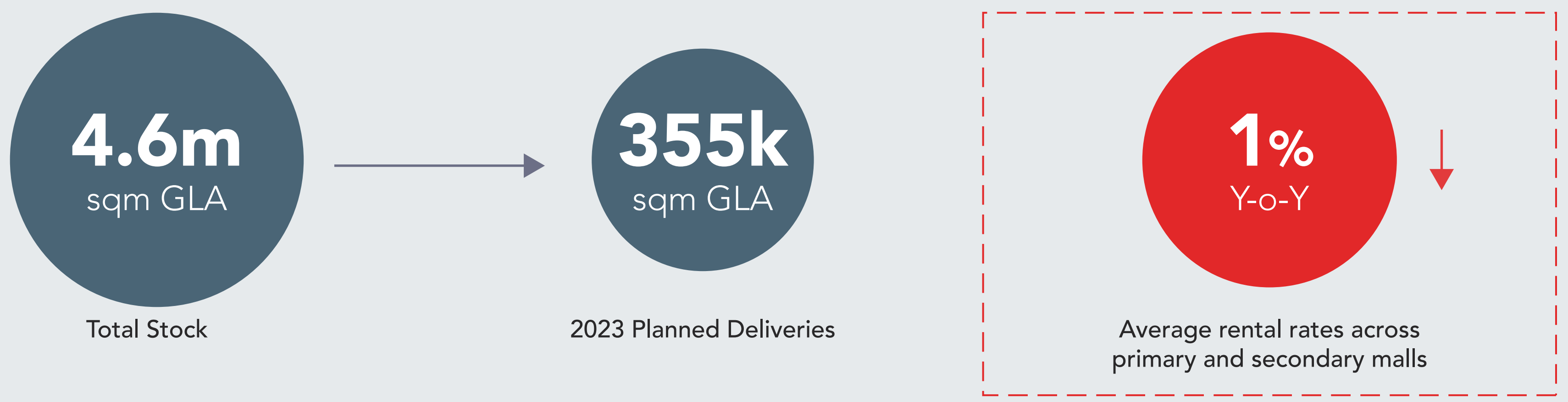
Source: CBRE UAE Real Estate Market Review Q4 2022.

MARKET
OVERVIEW

DUBAI RETAIL MARKET UPDATE

- The retail stock in Dubai has largely been stable with new completions being delayed to catch up with demand levels rather than risk a greater supply-demand imbalance.
- Other than a 200,000 sqm opening in 2022 which was delayed during the pandemic, there have been no other major openings. For 2023, about 355,000 sqm of space is expected to be delivered.
- Rents within regional and super-regional malls have also largely been stable with some malls registering percentage growth in the single digits.
- F&B and entertainment continue to be the out-performing sectors, supported by rebounding tourism and a demand for a more experiential offering.
- New and homegrown brands and concepts have also been seen entering the market for the first time, particularly at malls aiming to differentiate themselves.

CHANGE IN OFFICE RENTS SINCE THE START OF THE PANDEMIC (1Q 2020 V 1Q 2022)



Source: JLL The UAE Real Estate Market - A Year In Review 2022.

MARKET
OVERVIEW

DUBAI SCHOOL MARKET

216

42 American Curriculum Schools	**89** British Curriculum Schools	**30** Indian Curriculum Schools	**55** Other Curriculum Schools

As of Academic Year 2022 - 2023
Dubai Schools

Estimated Additional Requirements by 2032

27,500 Additional Students	**14** Additional Schools (assuming an average school capacity of 2,000 students)

DUBAI SCHOOL MARKET UPDATE

- There are currently 216 schools operating in Dubai for the 2022-2023 academic year, offering 17 curricula and catering to 326,000 students.
- Owing to strong demographic trends, and with the Dubai population forecast to reach 5.8 million by 2040, there is more demand for schools expected over the next decade.
- According to consultant estimates, 14 additional schools may be sustainable over the next decade.

Source: KHDA, Knight Frank

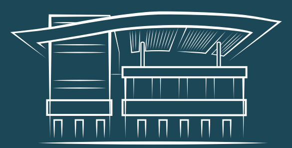
OFFICES


INDEX TOWER

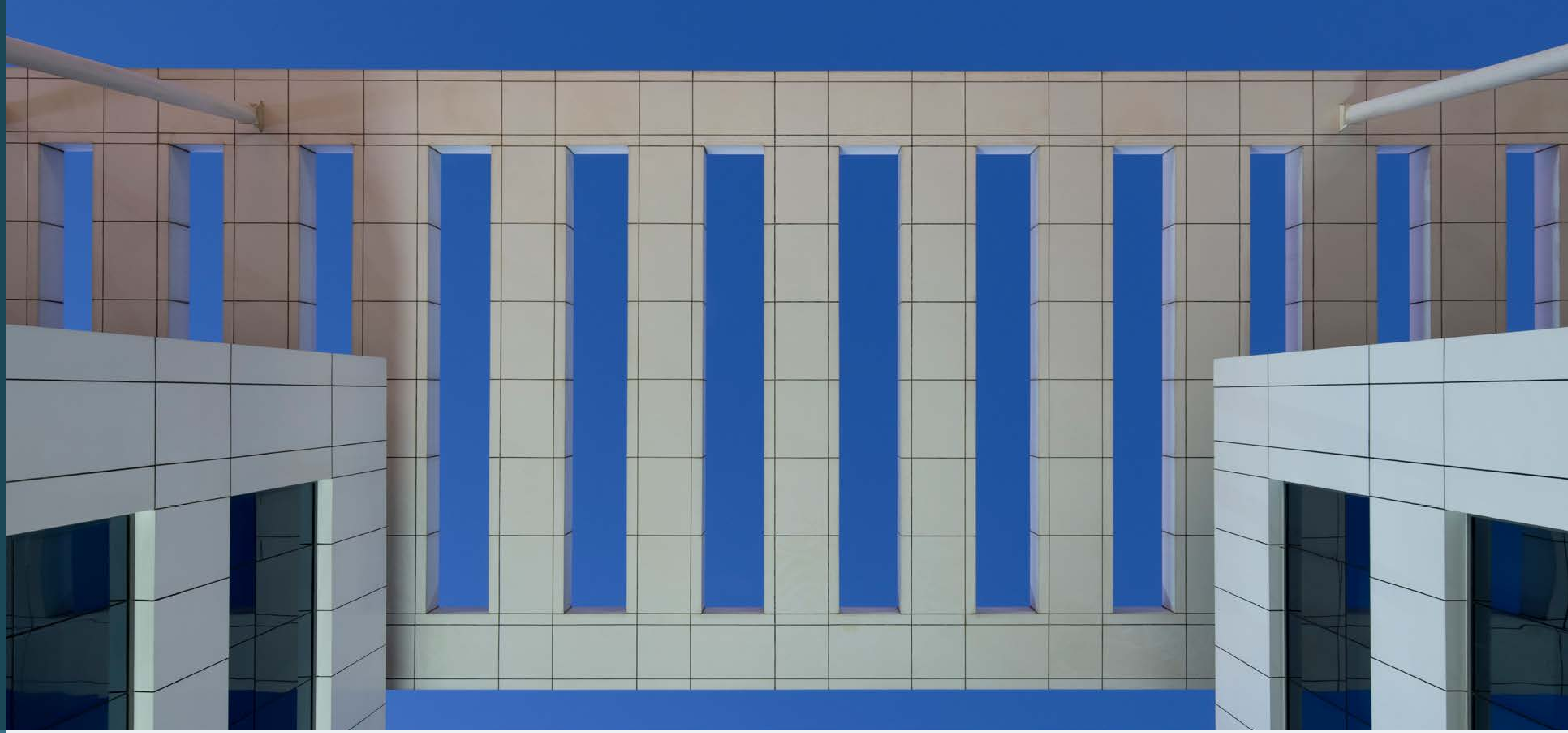

OFFICE PARK


LOFT OFFICES


EUROPEAN BUSINESS CENTRE


INDIGO 7


BUILDING 24



VALUATION	NLA	INCOME
72.3%	56.8%	65.0%
SHARE OF PORTFOLIO	SHARE OF PORTFOLIO	SHARE OF PORTFOLIO

Source: Share of Income as a % of the portfolio is calculated based on contracted rents for the next 12 months on an IFRS basis

Emirates REIT office portfolio is comprised of six properties situated in prominent locations in Dubai: Index Tower, Office Park, Loft Offices, European Business Centre, Building 24 and Indigo 7.

As at December 31, 2022, the market value of the office portfolio totalled USD 580.9 million.

2022 was a year of strong recovery for the office sector with a sustained demand for expansion of existing tenants and a steady flow of new entrants.

Occupier activity has originated from a range of sectors during the year with the main driver for new corporates being Dubai's robust infrastructure and ease of business transactions.

During this period, Free Zones have captured a significant share of occupiers, with two notable sectors of increasing demand being the traditional and alternative finance sectors.

The positive market sentiment, the limited supply and high demand for Prime and Grade A offices has been favorable to landlords, resulting in a reduction of tenant incentives, such as rent-free periods, the opportunity for higher rental rates and demand for larger office space with clients willing to commit to longer-term leases.

The REIT's presence in key freezone areas and active asset management has helped increase the occupancy by 9.7% over the last year across the office portfolio.

Whilst the growth in occupancy was primarily driven by a strong pick up at Index Tower, the properties in Dubai Knowledge Village and in Dubai Media City also contributed to the increase in occupancy with a good conversion of enquiries received from 2Q 2022.

Coupled with the positive market sentiment throughout the year, the REIT Manager's continuing proactive approach in supporting and further enhancing its relationships with its tenants has had a positive impact on the portfolio.

The REIT Manager's key focus on leasing, cost management and commercial operations has also yielded good results with an improving NPI margin and strong tenant retention across the office portfolio.

INDEX TOWER

DUBAI INTERNATIONAL FINANCIAL CENTRE

ACQUIRED	NET LETTABLE AREA	OCCUPANCY	OCCUPANCY VARIANCE	RATES Y-O-Y*	WALE
2013-2018	32,765 sqm	86.4%	+19.9p.p.	+4.1%	2.2 years

Located in the DIFC, Index Tower is a breathtaking and iconic 80-story 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's freehold interests in Index Tower were acquired in various phases during 2013, 2014 and 2018, now consisting of 32,765 sqm of office space and 1,347 car park spaces.

Demand in DIFC has remained strong throughout FY 2022 underpinned by occupiers' desire to secure best high quality work environments.

Occupancy in Index Tower has increased to 86.4% (+19.9 p.p. y-o-y) with a continuing sustained level of enquiries, reflecting the strong interest and popularity of the Tower. The property's prime location in DIFC and connection to the DIFC Gate Avenue in June 2020 has transformed Index Tower into a vibrant lifestyle epicentre, resulting in strong income growth in excess of 45% during FY 2022.

POSITIONING

- Landmark Grade A building, located in a Central Business District.
- Clear and differentiated offering across 4 types of office products, providing flexibility for clients throughout the life of their business (flexibility and easy expansion or reduction of space within the same building).
- Index Tower provides to its office tenants a full community experience with Index Mall and Index Park. The connectivity to DIFC Gate Avenue provides a full and seamless integration to the community.

2022 OPERATIONAL HIGHLIGHT

- Full y-o-y effect of savings from reduction of costs and improved recovery of operating expenses through service charge.
- Completion of common areas renovations on all occupied floors.
- Active relationship building with key tenant to improve retention and flexibility on leasing requirements to ensure conversion of all enquiries.

CHALLENGES

- Two construction sites on both side of Index causing temporary disruption.
- Implementation of higher rental rates on existing clients and reduction of tenant incentives.
- Micro and Premium fully fitted offices are now almost fully occupied with remaining supply being shell and core space.

ACTIONS ENVISIONED

- Further capital expenditures for sub-divisions and enhancement of common areas to meet the demand.
- Upgrade access controls.
- Signage upgrade to improve visibility and accessibility of Index Tower.

* Based on the annualized passing rent as at 31 December, 2022 compared to a year earlier

OFFICE PARK

DUBAI KNOWLEDGE VILLAGE

ACQUIRED	NET LETTABLE AREA	OCCUPANCY	OCCUPANCY VARIANCE	RATES Y-O-Y*	WALE
2012	**34,567 sqm**	**88.1%**	**+15.8p.p.**	**+0.5%**	**2.3 years**

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 well established Knowledge Village, the world's only talent development freezone, housing human resource management, recruitment, consultancy, executive search, vocational training and professional development companies. The community provides facilities for corporates and is home to over 500 companies and institutions. The premises are arranged as five interconnected blocks, in an L-shape, with four levels of parking and units from c. 60 sqm to 6,000 sqm to be able to accommodate any tenant need.

Office park was refurbished during FY 2021 and remains a property of choice for corporates.

The REIT's strategy has been to offer flexibility in the leaseable areas by sub-dividing larger office spaces to meet the demand for 300-500 sqm offices, whilst maintaining higher rates.

Occupancy stands at 88.1% (+15.8 p.p. y-o-y) with a total of 51 tenants and notably, 13 new clients with c. 6,000 sqm of leased space during the year.

Office Park continues to be well positioned to compete with the existing and new supply at the nearby Innovation Hub and benefit from the significant pick-up in the level of enquiries since 2Q 2022.

POSITIONING

- Premium low-rise building with high visibility and ease of access from Sheikh Zayed Road and Internet City.
- Attractive to multinational companies for their regional headquarters due to large, efficient and flexible floor plates.
- Stylish, contemporary and spacious lobbies with upgraded building security system.
- Full year effect of savings initiated during FY 2021.

2022 OPERATIONAL HIGHLIGHT

- Sub-division of larger office space vacated by larger corporate clients.
- Refreshed retail mix with ongoing replacement of certain retail tenants with new concepts.

CHALLENGES

- Two large offices remain vacant as the demand is mostly for medium sized offices.
- Competition from new free zone and new upcoming supply at Innovation Hub.

ACTIONS ENVISIONED

- Sub-dividing more of the larger offices to meet demand for 350 sqm - 500 sqm offices.
- Reinstatement of the vacant units to Shell & Core to keep up with market demand.
- Capital expenditure towards energy efficiency and saving project.

* Based on the annualized passing rent as at 31 December, 2022 compared to a year earlier

LOFT OFFICES

DUBAI MEDIA CITY

ACQUIRED	NET LETTABLE AREA	OCCUPANCY	OCCUPANCY VARIANCE	RATES Y-O-Y*	WALE
2011	15,242 sqm	46.4%	+8.1p.p.	-5.5%	0.8 years

The Loft Offices is a cluster of three low-rise office buildings in DMC. DMC was launched in January 2001 to establish Dubai as the region's leading media hub. For the past 20 years, DMC has cemented its position as the region's most credible media community that houses the largest global and local media brands. It is a community where freelancers, start-ups, SMEs and large enterprises co-exist, contributing to Dubai being named "The capital of Arab Media 2020". It encompasses a media community of over 24,000 people working in over 1,600+ regional and international media companies pushing the limits of creativity every day. The property is a unique building, providing duplex office spaces and featuring a recently uplifted vibrant central courtyard with retail, thus creating a unique and ideal environment attracting creative companies and start-ups.

Acquired on a freehold ownership title by Emirates REIT in December 2011, the premises is comprised of a total lettable area of 15,242 sqm.

The Loft Offices is home to creative and media companies and SMEs which were most impacted by the effect of the pandemic during 2020 and 2021. FY 2022 has however been a turn around year with a good level of enquiries for 3Q which have successfully materialized into new leases.

The property and community are very unique and have an attractive offering in the free zone with the level of enquiries remaining encouraging. With new demand from 3Q 2022, occupancy at the Loft Offices has rebounded to 46.4% (+8.1 p.p. y-o-y) with the business being concentrated on Loft Offices 1 & 2 which are occupied at 68.8% (+12.1 p.p. y-o-y).

The Loft Office 3 remains vacant and the REIT is currently pursing approvals towards a conversion of the property into 6 larger offices to access the more resilient market for larger corporate clients. The conversion project is expected to commence during FY 2023, along with a pre-lease strategy.

POSITIONING

- In the heart of DMC.
- Urban landscape look & feel and re-branding of the Loft Offices with a thematic twist (Helvetica, Garamond & Rockwell) targeted to SMEs, creative and communication companies and start-ups.
- Well established surrounding, providing a community feel.

2022 OPERATIONAL HIGHLIGHT

- Implementation of energy saving initiatives, and full year effect of savings implemented.
- Improved overall appearance, visibility and quality of the building with major improvements to exteriors.

CHALLENGES

- Direct competition from freezones (D3, Innovation Hub).
- Short-term nature of leases and constant need for marketing to maintain occupancy.

ACTIONS ENVISIONED

- Repurposing of Loft Offices 3 to cater for larger tenants.
- Marketing campaign targeting SME's and creative community.
- New retail tenants to enhance and support the community.

* Based on the annualized passing rent as at 31 December, 2022 compared to a year earlier

Source: DMC Website

EUROPEAN BUSINESS CENTRE

DUBAI INVESTMENTS PARK

ACQUIRED	NET LETTABLE AREA	OCCUPANCY	OCCUPANCY VARIANCE	RATES Y-O-Y*	WALE
2017	**25,567 sqm**	**69.0%**	**-6.5p.p.**	**+10.8%**	**1.2 years**

Emirates REIT acquired the leasehold interest in the European Business Centre property in DIP in August 2017. DIP is a self-contained mixed- use industrial, commercial and residential zone operated by Dubai Investments Park Development Company LLC. Spread across an area of 2,300 hectares (with 1,700 hectares leased), it is a city within a city offering world-class infrastructure and outstanding facilities and services. DIP is designed to be one of the most environment-friendly developments in the region. Extensive landscaping and eco-friendly policies underline its focus on a green, clean environment.

European Business Centre enjoys a strategically prime location next to the metro station which opened in June 2021, and is one stop away from the Expo City.

European Business Centre is the ideal location for companies willing to set up their operations in this prominent business community. The property is a modern mixed-use office and retail development arranged over three floors, comprised of office and retail space. The premises accommodate 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.

Occupancy at EBC declined to 69.0% (-6.5 p.p. y-o-y) as two large leases expired in 1Q and 3Q 2022. As at December 31, 2022, commercial floors are occupied at 75.2%, with most of the vacant offices being larger units of c. 500 sqm.

Retail is still only occupied at 50.1%. The property's strategic location directly opposite the metro station, the improvement of external areas and refurbishment of common areas are expected to increase the property's attractiveness and to attract a good tenant mix.

POSITIONING

- Premium building with high visibility in a key location within DIP.
- One of the most attractive propositions in the area with significant growth potential and upside of being adjacent to the metro station.
- Flexible floor plates are suitable for large corporates and SMEs alike.
- Attractive SMEs with short term leases by nature.

2022 OPERATIONAL HIGHLIGHT

- Completed the upgrade of the telecommunication infrastructure to enable direct billing to the tenants.
- Commenced upgrade of exterior grounds and building entrance.
- Replacement of Property Manager (effective January, 2023).
- Assessment of a soft refurbishment of the common areas.

CHALLENGES

- Pressure on performance due to exit of two larger leases and continued demand for smaller offices.
- Aging property in need for a soft refurbishment of common areas, and opportunity to re-position the property.
- Pressure on rates in a competitive environment, despite European Business Centre being one of the best offering in the area.

ACTIONS ENVISIONED

- Sub-dividing some of the 500 sqm larger offices to meet demand for smaller offices (80-180 sqm).
- Implementation of sub-metering and energy saving measures to reduce service charge and thus, improve commercial attractiveness of EBC.
- Refurbishment of exteriors , retail and office common areas.

* Based on the annualized passing rent as at 31 December, 2022 compared to a year earlier

BUILDING 24

DUBAI INTERNET CITY

ACQUIRED	NET LETTABLE AREA	OCCUPANCY	OCCUPANCY VARIANCE	RATES Y-O-Y*	WALE
2011	5,327 sqm	53.3%	+8.6p.p.	-10.0%	1.5 years

Building 24 is a low-rise building located in a prime area of DIC.

DIC is the region's leading tech hub #WhereMindsClick it was founded in 2000 to foster innovation. Today, its tech community comprises 24,000+ professionals and 1,600 businesses collaborating to write themselves into history.

Building 24 is part of phase 1 of DIC, built in 2005 and acquired by Emirates REIT in 2011, offering 5,327 sqm of lettable area over three floors, with turn-key offices in flexible sizes, as well as retail facilities.

Occupancy improved as businesses returned to the Free Zone and stands at 53.3% (+8.6 p.p. y-o-y) with a good level of enquiries during 3Q and 4Q 2022.

With new office stock expected in the coming 12-18 months, and to maintain the property's competitive edge in the free-zone, the REIT Manager is currently assessing a renovation of the common areas along with new leasing strategies.
The low-rise property is ideally located in the heart of DMC, and its flexible office space is attractive to small to medium corporate offices or regional headquarters.

The building is under a Property Management and Leasing Agreement ("PMLA") with TECOM. An amendment to the PMLA was concluded during FY 2022 allowing the REIT Manager to actively engage in promoting and leasing the property, whilst also reducing its property management expenses and improving service charge recovery.

POSITIONING

- Excellent Location, part of phase 1 of DIC.
- Highly visible building in the heart of DIC.
- Fllexible floor plates with the option of a single tenant lease.
- Flexible licensing options in the free zone. *

2022 OPERATIONAL HIGHLIGHT

- Concluded amendment to the PMLA allowing the REIT Manager to take an active role in Leasing and Managing the property.
- Renewed interest and higher level of enquiries in the freezone from 3Q 2022.

CHALLENGES

- Aging property and in need of refurbishment to remain competitive within the market.

ACTIONS ENVISIONED

- Refurbishment of Ground Floor and common areas
- Renovating some of the vacant units to Cat A to keep up with market demand.
- Active leasing campaign and engagement with agents.

* Based on the annualized passing rent as at 31 December, 2022 compared to a year earlier

Source: DIC website

INDIGO 7

SHEIKH ZAYED ROAD

ACQUIRED	NET LETTABLE AREA	OCCUPANCY	OCCUPANCY VARIANCE	RATES Y-O-Y*	WALE
2011	1,902 sqm	100.0%	+0.0p.p.	+0.5%	5.9 years

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

Indigo 7 is a low-rise building constructed in 2009 and acquired by Emirates REIT in September 2011.

The property enjoys excellent visibility and features 1,902 sqm 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.

Indigo 7's operational performance remains robust and is a mature asset within the portfolio boasting 100% occupancy.

POSITIONING

- Highly visible with easy access from Sheikh Zayed Road.
- Well established and in high demand for its retail and commercial space.

2022 OPERATIONAL HIGHLIGHT

- Continued maintenance and upkeep of the building.
- Improved visibility and interest with the opening of a new restaurant in the GF retail units.

CHALLENGES

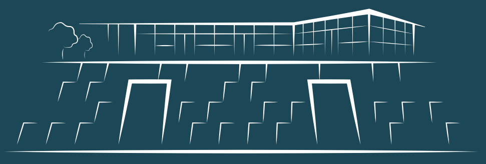
- Recovery of service charge in a predominantly service charge inclusive market.

ACTIONS ENVISIONED

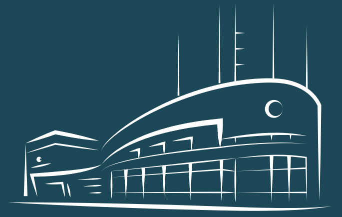
- Installation of access control systems to reduce security cost further.
- Opportunity for adjustments to the service charge and renewals at a higher rate to improve property performance.

* Based on the annualized passing rent as at 31 December, 2022 compared to a year earlier

RETAIL



INDEX MALL



TRIDENT GRAND MALL

VALUATION	NLA	INCOME
6.9%	5.5%	5.2%
SHARE OF PORTFOLIO	SHARE OF PORTFOLIO	SHARE OF PORTFOLIO

Emirates REIT's retail portfolio is comprised of two properties, Index Mall and Trident Grand Mall, located in excellent sought-after locations, DIFC and Jumeirah Beach Residence, respectively.

As at December 31 2022, the market value of the retail portfolio totalled USD 55.6 million.

The retail sector, which was among the hardest hit by the pandemic, is yet to rebound to pre-pandemic levels even as shoppers have returned to the malls.

The outlook for the UAE's retail sector is positive: UAE retail market is anticipated to grow at a CAGR of 5.9% during the forecast period to reach around USD37.70 billion by 2027 on account of a number of factors, including rising per capita income, a booming tourism sector, an increase in the number of expatriates living in the country, and an increase in the number of new projects.

Dubai's malls specifically are a major global tourist attraction, with the landmark malls receiving more than 80 million visitors annually.

Developers also continue to boost supply in the market, with the delivery of yet around 200,000 sqm of retail floorspace last year raising Dubai's total stock to 4.63 million sqm.

In this context, landlords have been offering favourable lease terms and incentives to attract new brands, especially in the F&B segment.

Active asset management has enabled resilience.

There has been a strong increase in footfall at Index Mall since its connection to Gate Avenue and notable increase in offices with 148 corporate clients now operating from Index Tower.

The occupancy improved slightly for Trident Mall at 75.8% (+ 4.3 p.p. y-o-y) and WALE decreased to 4.1 years, whist rental rates remained stable.

Source: Share of Income as a % of the portfolio is calculated based on contracted rents for the next 12 months on an IFRS basis

INDEX MALL*

DUBAI INTERNATIONAL FINANCIAL CENTRE

ACQUIRED	NET LETTABLE AREA*	OCCUPANCY	OCCUPANCY VARIANCE	RATES Y-O-Y*	WALE
2013	5,660 sqm	48.5%	+10.2p.p.	69.2%	6.2 years

Index Mall consists of 32 exclusive retail outlets across 2 levels with 4,440 sqm of retail space and 158 parking spaces. The ground floor level provides a range of community services in an elegant setting. The podium level is directly connected to DIFC mosque, DIFC Gate Avenue and overlooks Index Park, making it a highly desirable place to be.

Index Park offers seating areas, picnic areas, fountains and an outdoor cinema. It creates an urban green space, with nature pods and a children's play area, in the DIFC. With a setting for events, markets and pop-up outlets, Index Park will bring a range of outdoor activities into Index Mall and the community.

The attention to the design and finishing of the spaces in the mall has been thought through in every aspect from the large marble used on the columns and down to the finest details of texture and lighting.

The very exclusive 1,220 sqm panoramic retail space located on the 28 and 29th floors remains vacant and is aggregated to the retail mix.

Occupancy for Index Mall (excluding level 28/29) stands at 55.5% with 19 units currently leased at the Mall and a good level of enquiries during 1Q 2023.

POSITIONING

- Attractive location at the entrance of DIFC catering to office tenants and residential occupiers.
- Differentiated and select offering in DIFC Exclusive retail outlets in an elegant setting creating desirability.
- Good footfall of office clients and residents alike.

2022 OPERATIONAL HIGHLIGHT

- Secured new anchor lease with Smart Salem Medical Centre.
- Good and high quality tenant mix offering quality and variety, and bringing a natural footfall.
- Activation of Index Park with community activities.

CHALLENGES

- Visibility and accessibility, particularly access to upper level and Index Park.
- Restrictions on F&B limiting access to certain more profitable sectors.

ACTIONS ENVISIONED

- Index Mall activation to continue as community engagement grows.
- Review of operating expenses and optimization initiatives.
- Conversion of generator room to shell and core retail space for a nursery.

* Based on the annualized passing rent as at 31 December, 2022 compared to a year earlier

* includes Index Mall 4,440 sqm and Level 28/29 retail 1,220 sqm

TRIDENT GRAND MALL

DUBAI MARINA

ACQUIRED	NET LETTABLE AREA	OCCUPANCY	OCCUPANCY VARIANCE	RATES Y-O-Y*	WALE
2014	5,472 sqm	75.8%	+4.3p.p.	+6.9%	4.1 years

Trident Grand Mall is the two-floor retail component of Trident Grand Residence in Dubai Marina's popular JBR.

JBR is a destination on its own, built on a 1.7 kilometer long waterfront featuring world-class hotels, residences and commercial developments.

The asset was acquired in May 2014 on a freehold ownership title. The community mall features prime retail and terrace space with 22 retail units over two floors and 164 basement parking spaces.

Occupancy at Trident Grand Mall is stable at 71.5%, despite the retail sector remaining impacted by the effect of the pandemic. The property's retail tenants are strong and stable.

POSITIONING

- Attractive location at the entrance of JBR.
- The area enjoys strong footfall and is highly desirable for residents and tourists alike.

2022 OPERATIONAL HIGHLIGHT

- Optimisation of operational costs and improving service charge recovery (ongoing).
- Reduction of utilities through sub metering chilled water.

CHALLENGES

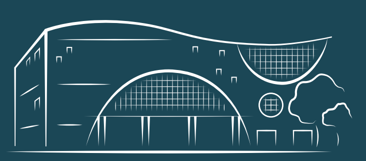
- The property requires a soft refurbishment to maintain its attractiveness in a competitive market.
- Premium positioning and high rental rates and location in a competitive area with over supply.

ACTIONS ENVISIONED

- Installation of external signage to improve awareness and visibility of retail tenants.
- Automation of visitor parking options (full automation).
- Assessment of a soft refurbishment to common areas.

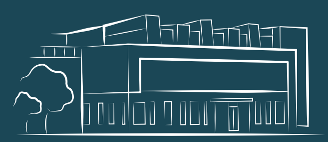
* Based on the annualized passing rent as at 31 December, 2022 compared to a year earlier

EDUCATION



GEMS WORLD ACADEMY

LYCÉE FRANÇAIS JEAN MERMOZ



DURHAM SCHOOL

VALUATION	NLA	INCOME
20.8%	37.7%	29.8%
SHARE OF PORTFOLIO	SHARE OF PORTFOLIO	SHARE OF PORTFOLIO

Source: Share of Income as a % of the portfolio is calculated based on contracted rents for the next 12 months on an IFRS basis

Emirates REIT is invested into some of the best education complexes in Dubai, which remains an attractive sector. The UAE ranks among the most developed and competitive education markets in the GCC with a wide presence of public and private institutions. Within the UAE, Dubai and Abu Dhabi are the country's largest markets and account for approximately half of the total students in private K-12 schools. The country's education sector has grown exponentially over the years,transforming into a hub for students not only from the region but also across the globe.

The quality of the UAE's primary and higher education systems rank among the top 20 globally.

The Dubai education sector is largely dominated by the private sector operators and is one of the most privatized education systems in the world. The number of students attending Dubai private schools has topped 300,000 for the first time ever in 2022. A total of 326,000 students from 187 nationalities are enrolled in Dubai's private schools, up from 289,019 in September 2021, representing a growth of 12.8%.

Dubai currently has 216 schools providing 17 curriculum choices.

The education sector of the United Arab Emirates is growing and expected to register a CAGR of 5% during the next 5 years, due to factors like the increasing expatriate population, increasing enrollments, improved quality of education, and the increasing focus toward privatization in the education sector, and supporting government initiatives.

With the primary goal of making Dubai the best city in the world by enhancing quality of life for all residents, the Government has announced a 25% increase in the land area allocated to education by 2040. Demand for private education is being bolstered by an unprecedented hike in the influx of expatriates, brought about by recent Government initiatives such as green visas and other business acceleration programmes which are attracting young, innovation-charged talent into the Country.

The REIT's education portfolio comprises four school complexes. As of December 31, 2022, the market value of the REIT's education portfolio totaled USD 166.9 million.

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

Source: PWC , education country profile, education sector in the UAE

GEMS WORLD ACADEMY

AL BARSHA SOUTH

ACQUIRED	NET LETTABLE AREA	OCCUPANCY	WALE
2013	**42,700 sqm**	**100%**	**20.8 years**

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, providing the IB curriculum to over 2,000 students ranging from KG1 to Grade 12. The school is managed and operated by the reputable GEMS Education Group which was founded in 1959. GEMS Education now has operations in Asia, the Middle East, Africa, Europe and the US and is firmly committed to expansion into other markets.

GEMS World Academy puts a significant focus on investment in Education Technology, Artificial Intelligence and building Centres of Excellence for the benefit of each and every student.

Extending over a land area of 42,700 sqm, Emirates REIT acquired the property in October 2013 with the benefit of a long leasehold title.

The school completed a soft refurbishment of the common areas and enhancement of the school's Classrooms and facilities. A further enhancement to the sports facilities is on-going.

Within the state-of-the-art, 21st century learning environment, a diverse student body with over 90 nationalities and a welcoming community spirit, each and every student participates in their educational journey as an active learner, embracing the opportunities and experiences facilitated by our multi-cultural, multi-lingual international staff of passionate educators.

KEY FACILITIES

- 112 Classrooms
- 600+ seat Auditorium
- 3D Planetarium
- Advanced Design Technology Labs
- 7 custom-built Science Labs
- 50m Olympic-sized Swimming Pool
- Music Recording Studio
- Main Gym with three smaller "side" gyms

Sources: GEMS World Academy Website

LYCÉE FRANÇAIS JEAN MERMOZ

RESIDENTIAL AREA OF AL QUOZ

ACQUIRED	NET LETTABLE AREA	OCCUPANCY	WALE
2018	16,594 sqm	100%	22.2 years

Emirates REIT acquired LFJM in May 2018 on a sale and leaseback basis.

The campus is conveniently located in the center 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 from the maternelle to the 3eme to over 990 students from over 50 countries.

LFJM is part of the network of French schools abroad which is affiliated to the "Agence pour l'enseignement français à l'étranger" (AEFE), a French public agency sponsored by the French Ministry of Europe and Foreign Affairs. The French curriculum has still a limited supply in Dubai and continues to enjoy a strong demand and a good reputation for high level education at reasonable rates – drawing in the French community and French speaking students.

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 completed during FY 2020 to accommodate for secondary classes and, the school is now fully occupied.

The REIT has commenced its investment into the third phase which will consist of two sports halls, a dance studio, a pool and improvements to the existing facilities and is expected to complete during 1H 2023 and provide the facilities for the following school year.

Upon completion of the third phase, LFJM campus will be complete and at maximum capacity will be able to increase the number of students to over 1,480.

KEY FACILITIES

- 300+ seat Auditorium
- 3 custom-built Science Labs
- 2 outside sport pitches
- 2 libraries
- 25m Olympic-sized Swimming Pool*
- 2 gymnasiums*

Sources: LFJM Website
* Scheduled for completeion in 1H 2023

DURHAM SCHOOL DUBAI

DUBAI INVESTMENTS PARK

ACQUIRED	NET LETTABLE AREA	OCCUPANCY*	WALE*
2016	19,350 sqm	100%	8.7 years

Emirates REIT further expanded its investments in the education sector in 2016 by acquiring a leasehold interest in a 25,000 sqm plot in DIP for the development of a new school, built to the requirements of international operators and a capacity for more than 1,700 students.

DIP is a 2,300 hectares 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.

The school was initially developed for, and leased to, British Columbia Canadian School, which defaulted on its rental obligations and eventually vacated the premises in the summer 2018.

The REIT has signed a lease in March 2022 with Durham School Dubai LLC, which opened in September 2022 for the academic year. It has since achieved a very encouraging start with an outstanding team providing the best of British education;

Founded in 1414, Durham School has a 600-year legacy of providing outstanding education.

The school provides students with a complete education following the ethos of the UK school and one which instills in them an aspiration for achievement, a respect for others and a 'Confidence for Life'.

Durham School Dubai is the latest educational institution in Durham School's expanding international portfolio. At capacity, Durham School Dubai will educate more than 1,700 students and it is strategically located within the catchment area of the populous communities of Arabian Ranches, Damac Hills, Jumeirah Golf Estates, Jumeirah Village Circle, the Green Community, Motor City and Dubai Sports City.

The DIP school property has been constructed to the highest standards with a world-class contemporary design.

KEY FACILITIES

- Foundation Stage section, with all classrooms opening up into a central covered play area
- Primary and Secondary libraries
- Acoustically designed music performance hall
- Auditorium
- Dining hall
- Primary and Secondary classroom complex, with specialist science, art and IT labs
- 25-meters indoor swimming pool
- Indoor multipurpose sports hall
- Rooftop sports courts
- Sports pitch

* Lease now signed with Durham School LLC as at March 8, 2022 for three successive periods of 9 years each

JEBEL ALI SCHOOL

AKOYA DUBAILAND

ACQUIRED	NET LETTABLE AREA	OCCUPANCY	WALE
2015	**20,802 sqm**	**n/a**	**n/a**

The Jebel Ali School is a built-to-suit development completed in 2016 for, and on behalf, of Jebel Ali School – a leading British curriculum school, educating children in Dubai since 1977 and providing independent, high-quality not-for-profit education in the UAE for students aged 3-18 years. It relocated its operations to the new Akoya campus in 2016.

The property has been sold to Taaleem Holdings PSC (Taaleem) highlighting the REIT Manager's dual commitment to optimise returns for our investors and support our tenants' operations and growth.

The aggregate consideration of the transaction to be paid by Taaleem to Emirates REIT is equal to $63.5 million (AED 233.5 million) and comprises both the property sale price, a quantum equal to the last valuation undertaken by one of the REIT's independent valuers, and the settlement of the school outstanding liabilities towards the REIT.

Upon receipt of the full consideration, the total return on investment derived by Emirates REIT from the Jebel Ali School property over the hold period will be 1.4 times its investment.

KEY FACILITIES

- 300+ seat Auditorium
- 8 custom-built Science Labs
- Numerous outside sport pitches
- Dedicated music studio
- Dance and performing art studios
- 25m Swimming Pool
- 2 Gymnasiums

GOVERNANCE

3

REIT MANAGER'S REPORT

The Directors present their report for the FY December 31, 2022

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 December 31, 2022, the REIT's issued share capital comprised a total of 319,156,400 ordinary shares with a market value of USD 0.24 each. The REIT has one class of ordinary shares. All issued 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 sole corporate Director of the REIT. Equitativa is incorporated in the DIFC and regulated by the DFSA since 2010. Equitativa is part of a group of companies (the "Equitativa Group") specialising in creating and managing innovative financial products in Emerging Markets, notably Real Estate Investment Trusts.

INVESTMENT OBJECTIVES

Emirates REIT's key investment objectives are to deliver sustainable income and growth in total return to its Shareholders over the long term through active asset management, yield-accretive acquisitions and optimal capital and risk management in a Shari'a compliant environment.

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 may be required to approve the transaction in accordance with the DFSA Rules.

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 Equitativa Group to invest in properties onshore in Ras Al Khaimah.

MANAGEMENT STRATEGY

To achieve its objectives, the REIT has adopted the following key strategies:

Disciplined Acquisition Strategy

The REIT will continue to seek yield-accretive opportunities with the aim of improving income resilience and overall returns.

Since the incorporation of the REIT, Equitativa's team has evaluated over 1,900 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 maximising the net property income generated by the portfolio.

The REIT Manager is practising active management focused on enhancing rental revenues through both increased occupancy and improving rental rates, refining operational efficiencies and mitigating non-recoverable expenses, which in turn may contribute to enhanced market valuations.

Equitativa works closely with the property managers appointed with respect 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;
- Optimising the net lettable area of the properties where possible;
- Establishing close relationships with the tenants so as to become a landlord of choice and increasing retention;
- Increasing the net rental income; and
- Enhancing 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

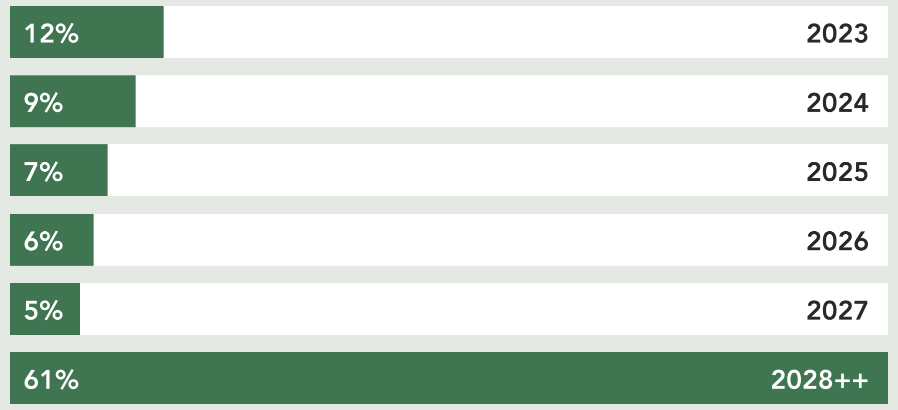
The REIT Manager has implemented a stable system of risk management and internal controls to safeguard all stakeholders' interests and the REIT's assets.

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, and divesting of properties that have reached their optimum value or no longer meet the REIT's investment strategy;
- Using Shari'a compliant financing to provide additional investment capacity and enhance Shareholders' returns over the long term while maintaining strict compliance with regulatory gearing limitations; and
- Continually revisiting financing facilites and ensuring that the maturity profile, gearing levels and facility tenure are aligned with the REIT's long term strategy.

PORTFOLIO RISK

The Portfolio offers diversification across asset classes and long-term leases with a weighted average lease term of 7.1 years as at December 31, 2022. Notably, c. 28% of the leases are expiring in the next three years. On a like-for-like basis excluding schools, the weighted average lease term remains stable at 2.2 years (up from 2.1 years as at December 31, 2021).



2022 was a strong year of recovery for Dubai's real estate market and headline office rents in the Emirate have started to grow again, particularly in free zones. In addition, Durham School Dubai opened in September 2022 (school in DIP) and Jebel Ali School was sold in May 2022, indicating leasing as well as investment demand for such assets.

SHAREHOLDING

The maximum limit of 49% of non-GCC ownership is monitored by both Nasdaq Dubai and Equitativa. As at December 31, 2022, the non-GCC shareholding was at 24.26% and 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%
DH 6 LLC	13.7%
Premier Point Trading LLC DMCC	5.0%

RELATED PARTIES TRANSACTIONS

It should be noted that the definition of "Related Parties" differs between the DFSA and IFRS. Please refer to our Financial Statements for details relating to the Related Parties Disclosures as defined under IFRS. Please refer to the Oversight Report for details relating to the Related Parties Disclosures as defined under 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

Each property comprised in the REIT's portfolio was subject to four quarterly valuations in 2022. The REIT has approved the appointment of independent valuers Cushman & Wakefield International Limited and CBRE (DIFC) Limited (the "REIT Valuers") to conduct the 2022 valuations, depending on the property.

2022 EVENTS

New Consent Solicitation and successful close of USD 380 Million Sukuk Issuance

On December 12, 2022, Emirates REIT announced the successful completion of a USD 380 million sukuk issuance to refinance the USD 400 million sukuk issued in 2017. More than 88% of the existing certificate holders participated in the consent solicitation, with more than 99% voting in favour of the proposed refinancing. The agreed terms for the New Secured Certificates embedded several new features, including a fully secured position and a profit rate increase from 5.125% to 9.5% which reflects the current credit environment with rising inflation, profit rates and market volatility. The New Secured Certificates will have a new maturity date of December 2024, with a one-year extension option. Following the aforesaid refinancing, Fitch has withdrawn its ratings of Emirates REIT.

New USD 75M Islamic Financing Facility with Commercial Bank of Dubai PSC

On December 28, 2022, Emirates REIT announced that it had agreed to a USD 75m Shari'a compliant secured financing facility from Commercial Bank of Dubai PSC ("CBD") . This is the first credit facility secured by Emirates REIT following the refinancing of its USD 400 million Sukuk earlier this month and demonstrates the high level of confidence in the REIT as it continues to pursue its growth and refinancing strategy. The facility's profit rate was set at 3-month EIBOR + 4.0% with a gradual step up amortization over a 7-year period, followed by bullet repayments of 65% at year 7.

Investments Portfolio

In March 2022, the REIT signed a lease with Durham School Dubai for its school property in Dubai Investments Park ("DIP"). After the completion of certain capital expenditures, Durham School Dubai opened in September for the 2022-2023 academic year.

In May 2022, the REIT had sold its property hosting Jebel Ali School, which is located in Akoya, Dubai, to Taaleem Holdings PSC ("Taaleem").

The aggregate consideration of the transaction to be paid by Taaleem to Emirates REIT is equal to AED 233.5 million and comprises both the property sale price and the settlement of the school's outstanding liabilities towards the REIT.
Upon receipt of the full consideration, the total return on investment derived by Emirates REIT from the Jebel Ali School property over the hold period will be 1.4 times its investment.

For further details on our portfolio, including on the above sale, please refer to the portfolio section.

Regulatory Update

Further to the review conducted by Chestertons International Real Estate (the "Valuation Expert"), in accordance with the Enforceable Undertaking (the "EU") entered into on 5 December 2021 with the DFSA, the Valuation Expert produced a Review Report of its findings in four quarterly reports in 2022 in relation to the four quarterly valuation reports produced by the REITs Valuers and whether the actions undertaken by the REIT Manager comply with DFSA CIR 13.4.22, including sufficient audit trails of records and communication with the REIT Valuers, as well as the REIT Manager's compliance with Annex C of the EU.

The Valuation Expert's Review Reports determined that the REIT Manager had implemented the requirements as set out in DFSA CIR 13.4.22, together with Annex C of the EU and with regards to audit trails.

The Valuation Expert had raised minor points in their 1Q 2022 Review Report, which were subsequently included in the 2Q 2022 valuation reports produced by the REIT Valuers. These points did not impact the REIT Valuers valuations with respect to the REITs portfolio. There were no further points raised by the Valuation Expert in the remaining quarterly reports of 2022. In accordance with the EU, the Valuation Expert was appointed to review the valuations conducted with respect to FY 2022.

Results and Dividends

The results for the FY 2022 are stated in the Consolidated Statement of Comprehensive Income.

In 2022, the Shareholders approved a total dividend of USD 0.0483 per share relating to the FY 2021. Such dividend was distributed by way of an allotment of 14,705,007 newly issued ordinary bonus shares which were admitted to trading on Nasdaq on June 30, 2022.

Interim Dividend

The Shareholders authorised the REIT Manager to arrange the payment of interim dividends of the REIT to its Shareholders, without returning to the Shareholders for the specific approval, should the REIT Manager decide that it was in the best interest of the Shareholders, subject to the REIT having sufficient retained earnings to pay its debts as they become due immediately after the dividend is paid.

Auditors

The appointment of Deloitte & Touche (ME) as Auditors to the REIT was extended until the closing of the 2023 AGM.

Purchase of Own Shares

The Shareholders authorised the REIT to make one or more market purchases of its Ordinary Shares, provided that:

i. the number of ordinary shares which may be purchased in any given period and the price which may be paid for such ordinary shares shall be in accordance with the rules of the Dubai Financial Services Authority and Nasdaq Dubai, and any conditions or restrictions imposed by the Dubai Financial Services Authority and applicable law;

ii. this authority shall expire on the conclusion of the next Annual General Meeting of the Company; and

iii. the Company may make a contract to purchase ordinary shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of ordinary shares in pursuance of any such contract.

2023 Annual General Meeting

The 2023 AGM will be planned before the end of June 2023 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 supporting documents and explanatory notes. Shareholders are encouraged to access the Emirates REIT corporate website at www.reit.ae for the latest updates.

Queries can be submitted via the investor relations email address, ir@equitativa.com

POST PERIOD EVENTS

New USD 50M (AED 184M) Islamic Financing Facility with Ajman Bank PJSC

On March 14, 2023, Emirates REIT announced that that it had agreed to an AED 184m Islamic Financing Facility with Ajman Bank PJSC, the net proceeds of which will be used to repay existing financial indebtedness and pay down the secured certificates issued in December 2022.

Partial redemption of the USD 380m Secured Sukuk Certificates

On March 22, 2023, Emirates REIT partially redeemed USD 56 million of the USD 380 million secured sukuk certificates issued on December 12, 2022 (the "Secured Sukuk"), together with accrued profit thereon. As a result, upon completion of this partial redemption, the outstanding principal amount on the Secured Sukuk has reduced to USD 324 million.

Appointment of new CEO

In April 2023, Equitativa, subject to regulatory approval, appointed Mr. Thierry Delvaux as Chief Executive Officer. He will become a Connected Person, replacing Mr. Thierry Leleu, who will also cease to be a Connected Person.

CORPORATE GOVERNANCE

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

MANAGEMENT BOARD

The Management Board of the REIT Manager 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.

As at December 31, 2022, the Investment Board comprised of Mr. David Savy, Mr. Abdulla Al Hashemi and Dr. Faisal Alayyan

OVERSIGHT BOARD

The Oversight Board is responsible for reviewing and advising the Management Board on Equitativa's internal systems and controls, fund properties' safekeeping, risk management, valuation disclosure processes and compliance with the Laws, Rules and Constitution of the REIT.

As at December, 31 2022, the Oversight Board was comprised of Mr. Suresh Kumar, Mr. Mustafa Al Hashimi, Mr. Abdulla Al Ashram and Mr Simon Townsend.

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 the date of this report, the REIT Manager is in the process of re-appointing the Advisory Board Members.

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.

As at December 31, 2022, the Sharia Supervisory Board comprised of Dr. Mohamed Abdul Hakim Zoeir, Mr. Mian Muhammad Nazir and Mr. Fazal Rahim Abdul Rahim.

INVESTMENT BOARD REPORT

INVESTMENT BOARD

The Investment Board is responsible for the review of proposed investment opportunities presented by the REIT Manager, and reporting to the REIT Manager as to whether or not it objects to any proposed transaction. No investment shall be made by the REIT without the Investment Board confirming that it does not object. The members of the Investment Board do not involve themselves in the day to day management of the REIT.

INVESTMENT BOARD APPOINTMENTS

In accordance with applicable DFSA regulations, the REIT Manager is required to call a meeting of the Shareholders of the REIT to vote on the election of at least three experts, proposed by the REIT Manager, who are independent of the REIT Manager, to sit on an Investment Board of the REIT.

The 2022 AGM was duly convened and held on June 22, 2022 at 3 pm during which the proposed Ordinary Resolution to re-appoint Mr. Abdulla Al Hashemi, Captain David Savy and Dr. Faisal Alayyan to the Investment Board, until the conclusion of the next AGM, was passed.

INVESTMENT ACTIVITIES

During FY 2022, the Investment Board reviewed and approved the divestment of the REITs property hosting Jebel Ali School, located in Akoya, Dubai, to Taleem Holdings PSC.

The aggregate consideration of the transaction to be paid by Taaleem to Emirates REIT is equal to AED 233.5 million and comprises both the property sale price and the settlement of the school's outstanding liabilities towards the REIT. Upon receipt of the full consideration, the total return on investment derived by Emirates REIT from the Jebel Ali School property over the hold period will be 1.4 times its investment.

There were no investment opportunities which the Investment Board was required to consider during FY 2022.

MISCELLANEOUS

There were no material issues raised by the Investment Board during FY 2022.

OVERSIGHT BOARD REPORT

The Oversight Board is responsible for reviewing and advising the Management Board on the REIT Manager's internal systems and controls, valuation and disclosure processes, Fund Properties safe-keeping, risk management and compliance with applicable laws, regulations and constituent documents of the REIT.

FINANCIAL ACTIVITIES

The Oversight Board reviewed the key financial information published during FY 2022, including the half-year financial statements, the quarterly fact sheets and the FY 2022 Annual Financial Statements.

The Oversight Board considered that the FY 2022 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 Oversight Board considered the appropriateness of the activities of the REIT. The significant areas considered are set out below:

Type of Investment

The REIT currently owns investments that are consistent with its constituent documents and license. The REIT stayed compliant with its maximum limit of 40% of cash, government or public securities throughout the year and, as at December 31, 2022, the REIT does not own any government or public securities.

Valuation of Investment Properties

Throughout FY 2022, the valuations of each investment property have been determined on a quarterly basis by the independent external valuers, CBRE or Cushman & Wakefield, depending on the investment property. Such valuations are one of the critical components of both the half-year financial statements and the FY 2022 Annual Financial Statements.

The Oversight Board has full access to the aforesaid valuations and has notably reviewed the December 31, 2022 valuations while assessing the financial statements The Oversight Board is satisfied that the valuations of the REIT's properties were conducted in accordance with applicable rules.

Regulatory Update

In March 2022, Chesterton International Real Estate Valuation Services LLC, including the Terms and Conditions of their appointment were approved by the DFSA as the Valuation Expert to review Emirates REIT's independent external valuers' reports and compliance with the terms of the Enforceable Undertaking ("EU")

The Valuation Expert produced a Review Report of its findings in four quarterly reports in 2022 in relation to the four quarterly valuation reports produced by the REIT's Valuers and whether the actions undertaken by the REIT Manager comply with DFSA CIR 13.4.22, including sufficient audit trails of records and communication with the REIT Valuers, as well as the REIT Manager's compliance with Annex C of the EU.

The Valuation Expert's Review Reports determined that the REIT Manager had implemented the requirements as set out in DFSA CIR 13.4.22, together with Annex C of the EU and with regards to audit trails.

The Valuation Expert had raised minor points in their 1Q 2022 Review Report, which were subsequently included in the 2Q 2022 valuation reports produced by the REIT Valuers. These points did not impact the REIT Valuers valuations with respect to the REIT's portfolio. There were no further points raised by the Valuation Expert in the remaining quarterly reports of 2022. In accordance with the EU, In accordance with the EU, the Valuation Expert was appointed to review the valuations conducted with respect to FY 2022.

Borrowing

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

As at December 31, 2022, the GAV of the REIT was c. USD 929.6 million (c. AED 3.4 billion). The Oversight Board noted that the REIT's total outstanding borrowings amounted to USD 462.9 million (AED 1.7 billion), representing 49.8% of the REIT's GAV, down from 56.3% as at December 31, 2021, well within the REIT's regulatory borrowing limit.

Net Asset Value

The Net Asset Value ("NAV") is calculated by an independent external fund administrator and in 2022 was published quarterly through the REIT's regulatory announcement service. The Oversight Board considered and was satisfied with the process of calculation and publication of the NAV.

RISK REVIEW PROCESS

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

DIVIDENDS

During FY 2022, the REIT issued a final dividend payment relating to the FY 2021 of USD 0.00483 per ordinary share, totalling an aggregate amount of USD 14,705,007. Said final dividend was entirely satisfied by way of an allotment and distribution of newly issued ordinary shares of the REIT.

The REIT subsequently received all the requisite approvals for the issuance and allotment of 14,705,007 new shares.

The Oversight Board considered the dividend distributions and was satisfied that they were in accordance with applicable laws, regulations and the constituent documents of the REIT.

RELATED PARTY TRANSACTIONS

It should be noted that Related Parties are defined differently under DFSA rules and regulations and under IFRS.

To review the Related Parties Disclosure, as defined under IFRS, please refer to our FY 2022 Annual 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 for FY 2022 was USD 79,929,360.

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 Repayment, Rent & Service Charges, Profit Income, Bank Charges, Swap Costs
Dar Al Shari'a Consultancy	Professional Fees
Oversight Board	Professional Fees
Tecom	Property Management Fees

MISCELLANEOUS

During FY 2022, there was no sale or cancellation of REIT shares and the REIT Manager did not initiate any share buy-back scheme.

The Oversight 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 Oversight Board was satisfied that the REIT Manager complies with the terms and conditions of the REIT's license and constituent documents.

SHARIA COMPLIANCE CERTIFICATE

Issued by the Sharia Supervisory Board of Emirates REIT (CEIC) PLC (The "REIT")

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.

SHARIA SUMMARY OF THE REIT

The REIT is the first Shari'a compliant real estate investment trust incorporated within the Dubai International Financial Centre (DIFC) and regulated by the Dubai Financial Services Authority (DFSA) under the CIR Rules as a public Fund. The REIT's property portfolio currently consists of ten 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 Shari'a 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 Shari'a matters for the REIT

The Shari'a Supervisory Board has final authority with regard to the Shari'a compliance of all business and activities of the REIT and the audit of its investment records for Shari'a compliance.

The assessment of the Shari'a Supervisory Board with regard to Shari'a compliance of all business and investment activities of the REIT is binding on the REIT and the Shareholders in terms of Shari'a 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 (iii) financing facilities availed by the REIT (the "Activities and Transactions") 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 Shari'a Supervisory Board of the REIT has examined the Half-Yearly Report of Shari'a Review conducted by Dar Al Shari'a Limited (the "Dar Al Shari'a") on the REIT for the period commencing from July 1, 2022 and ending on December 31, 2022 prepared in accordance with the DFSA Islamic Finance Rules (IFR) 6.4.1. (1) and (2) (the "Shari'a 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 Fatawas, resolutions and guidelines issued by us.

PRONOUNCEMENT BY SHARIA 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 July 1, 2022 and ending on December 31, 2022 (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 & DIVIDEND SUMMARY

MARKET PRICE PERFORMANCE

	HIGHEST	LOWEST	AS AT 31 DECEMBER
2022	USD 0.28	USD 0.22	USD 0.24
2021	USD 0.29	USD 0.13	USD 0.28
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

NET ASSET VALUE

	2022	2021	2020
Total NAV	USD 372.6	USD 289.8m	USD 225.5m
NAV per share	USD 1.17	USD 0.95	USD 0.74

DIVIDEND DISTRIBUTION

2021	PER UNIT	DATE	TOTAL DISTRIBUTED
Final	0. 0483	15.06.2022	USD 14,705,007
TOTAL	**0. 0483**		**USD 14,705,007**

2020	PER UNIT	DATE	TOTAL DISTRIBUTED
Final	0. 0016	30.06.2021	USD 486,343
TOTAL	**0.0016**		**USD 486,343**

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**

FINANCIAL STATEMENTS

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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 subsidiary (together, the "Group") which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, 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

The aggregated value of the Group's investment properties was USD 785 million as of 31 December 2022 (84.5% of total assets) and the unrealised fair value gain recorded in the consolidated statement of comprehensive income amounted to USD 79 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.

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 OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We performed the following procedures on the valuation of investment properties, 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
- 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 gain; and
- Assessed the disclosures made in the consolidated financial statements against the requirements of IFRS.

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
April 03, 2023
Dubai
United Arab Emirates

EMIRATES REIT (CEIC) PLC
CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

These consolidated financial statements were approved by the Board of Directors of Equitativa (Dubai) Limited as the sole director of the REIT on April 03, 2023 and signed on its behalf by:

Sylvain Vieujot
Executive Deputy Chairman

Sheikh Muhammed Moeen
Director Finance

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		NOTE	AS AT 31 DECEMBER 2022 USD'000	AS AT 31 DECEMBER 2021 USD'000
ASSETS	**NON CURRENT ASSETS**			
	Investment properties	5	784,932	737,132
	Right-of-use assets	5.6	48,126	49,837
	Rent and other receivables	6	26,958	33,238
			860,016	**820,207**
	CURRENT ASSETS			
	Rent and other receivables	6	22,580	22,641
	Cash and cash equivalents	7	46,986	10,986
			69,566	**33,627**
	TOTAL ASSETS		**929,582**	**853,834**
EQUITY	Share capital	8	319,157	304,452
	Share premium	8	59,393	59,393
	Cash flow hedging reserve		-	(813)
	Accumulated losses		(5,960)	(73,245)
	TOTAL EQUITY		**372,590**	**289,787**
LIABILITIES	**NON-CURRENT LIABILITIES**			
	Sukuk financing instrument	9	371,485	-
	Islamic financing	10	83,756	63,278
	Lease liability	11	51,313	51,209
	Derivative financial instruments	12	-	813
			506,554	**115,300**
	CURRENT LIABILITIES			
	Sukuk financing instrument	9	-	399,451
	Islamic financing	10	7,694	18,090
	Lease liability	11	3,488	3,015
	Other payables	13	39,256	28,191
			50,438	448,747
	TOTAL LIABILITIES		**556,992**	**564,047**
	TOTAL EQUITY AND LIABILITIES		**929,582**	**853,834**
	Net asset value (USD)		372,590,000	289,787,000
	Number of shares		319,156,400	304,451,393
	Net asset value USD per share		1,17	0.95

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTE	FOR THE YEAR ENDED DECEMBER 31, 2022 USD'000	FOR THE YEAR ENDED DECEMBER 31, 2021 USD'000
INCOME			
Rental income	5	60,177	54,861
Service fee income	5	8,233	6,880
(Loss) / Gain on disposal of investment property	5	(1,455)	6,500
Other property income		375	351
		67,330	**68,592**
Property operating expenses		(12,024)	(12,563)
NET PROPERTY INCOME		**55,306**	**56,029**
EXPENSES			
Management and performance fee	16	(13,649)	(10,832)
Board fees		(341)	(338)
(Allowance) / reversal of allowance for expected credit loss	6	(1,396)	5,231
Other expenses		(7,718)	(3,471)
OPERATING PROFIT		**32,202**	**46,619**
FINANCE INCOME/(COSTS)			
Finance costs	17	(29,400)	(28,261)
Finance income	17	350	23
NET FINANCE COSTS		**(29,050)**	**(28,238)**
Profit before fair valuation of investment properties		**3,152**	**18,381**
Net unrealised gain on revaluation of investment properties	5	78,838	44,728
PROFIT FOR THE YEAR		**81,990**	**63,109**
Fair value adjustments on cash flow hedges	12	-	1,214
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**81,990**	**64,323**
EARNINGS PER SHARE			
Basic and diluted gain per share (USD)	18	0.257	0.198

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	NOTE	SHARE CAPITAL USD'000	SHARE PREMIUM USD'000	CASH FLOW HEDGING RESERVE USD'000	ACCUMULATED LOSS USD'000	TOTAL USD'000
BALANCE AT JANUARY 1, 2021		303,966	59,393	(2,027)	(135,868)	225,464
COMPREHENSIVE						
Comprehensive profit for the year		-	-	1,214	63,109	64,323
TRANSACTIONS WITH SHAREHOLDERS						
Stock dividends	15	486	-	-	(486)	-
BALANCE AT DECEMBER 31, 2021		**304,452**	**59,393**	**(813)**	**(73,245)**	**289,787**

	NOTE	SHARE CAPITAL USD'000	SHARE PREMIUM USD'000	CASH FLOW HEDGING RESERVE USD'000	ACCUMULATED LOSS USD'000	TOTAL USD'000
BALANCE AT JANUARY 1, 2022		304,452	59,393	(813)	(73,245)	**289,787**
COMPREHENSIVE						
Comprehensive profit for the year		-	-	-	81,990	**81,990**
Unrealised fair gain value on cash flow hedges		-	-	813	-	**813**
TRANSACTIONS WITH SHAREHOLDERS						
Stock dividends	15	14,705	-	-	(14,705)	-
BALANCE AT DECEMBER 31, 2022		**319,157**	**59,393**	**-**	**(5,960)**	**372,590**

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	FOR THE YEAR ENDED DECEMBER 31, 2022 USD'000	FOR THE YEAR ENDED DECEMBER 31, 2021 USD'000
OPERATING ACTIVITIES			
Profit for the year		81,990	63,109
ADJUSTMENTS FOR:			
Net unrealised gain on revaluation of investment properties	5	(78,838)	(44,728)
Loss / (gain) on disposal of investment property	5.3	1,455	(6,500)
Finance costs	17	29,400	28,261
Finance income	17	(350)	(23)
Allowance / (reversal of allowance) for expected credit loss	6.2	1,396	(5,231)
OPERATING CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL		**35,053**	**34,888**
CHANGES IN WORKING CAPITAL			
Increase in rent and other receivables		(5,604)	(2,884)
Increase other payables		11,065	3,506
NET CASH GENERATED FROM OPERATING ACTIVITIES		**40,514**	**35,510**
INVESTING ACTIVITIES			
Sale proceeds of investment property - net	5.3	49,049	10,721
Additions to investment property	5	(7,208)	(4,572)
Finance income received		350	23
NET CASH USED IN INVESTING ACTIVITIES		**42,191**	**6,172**
FINANCING ACTIVITIES			
Proceeds from Islamic financing	10	75,000	-
Repayments of Islamic financing	10	(64,559)	(15,545)
Repayment of Sukuk	9	(20,000)	-
Payment of lease liabilities	11	(2,153)	(4,132)
Finance costs paid		(34,993)	(24,751)
NET CASH USED IN FINANCING ACTIVITIES		**(46,705)**	**(44,428)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		36,000	(2,746)
Cash and cash equivalents at the beginning of the year		10,986	13,732
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**7**	**46,986**	**10,986**

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 November 28, 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 investment in properties and the generation of the income stream through rental income. 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 April 8, 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 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 II Limited, a structured entity (the "SE"), is an exempted company with limited liability incorporated on May 18, 2021 under the laws of the Cayman Islands with registered number 375765 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 1 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 November 4, 2022 (the Share Declaration of Trust).

The consolidated financial statements for the year ended December 31, 2022 comprise the REIT and its SE (together referred to as the "Group"). Considering the purpose and design of the SE, the financial statements of the REIT consolidate the SE in accordance with IFRS 10.

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

As at December 31, 2022, the Group has accumulated losses of USD 6.0 million (2021: USD 73.2 million), a 92% reduction compared to the accumulated losses as at December 31, 2021.

The current assets of the Group exceed the current liabilities by USD 19.1 million as compared to the previous year, where the current liabilities of the Group exceed the current assets by USD 415.1 million. The REIT Manager in December 2022, successfully executed the Sukuk refinancing plan of USD 380 million post approval from more than 88% of the existing certificate holders participating in the consent solicitation, with more than 99% voting in favour of the proposed refinancing.

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.

2.1.1 Changes in accounting policies and disclosures

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

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

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

  Annual Improvements to IFRS Standards 2018-2020 cycle

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

(B) NEW AND AMENDED STANDARDS ISSUED BUT NOT EFFECTIVE FOR THE FINANCIAL YEAR BEGINNING JANUARY 1, 2022 AND NOT EARLY ADOPTED:

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

NEW AND REVISED IFRSS	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
IFRS 17 INSURANCE CONTRACTS	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements relating to Classification of Liabilities as Current or Non-Current.	1 January 2023
Amendments to IFRS 4 Insurance Contracts Extension of the Temporary Exemption from Applying IFRS 9	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2	1 January 2023
Amendments to IAS 12 Income Taxes relating to Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to IFRS 16 Leases	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements	1 January 2024
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture	Effective date deferred indefinitely. Adoption is still permitted.

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

2.2 Basis for consolidation

(A) SUBSIDIARIES

Subsidiaries are all entities (including a 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 de-consolidated from the date that control ceases.

The Group 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 Group.

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 Group 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 Group 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 Group 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 United States Dollars ("USD") translated at a rate of AED 3.673 to USD 1 (2021: 3.673). 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 Islamic 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 de-recognised.

Investment property is de-recognised 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 de-recognition.

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 islamic 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 (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 consolidated statement of cash flows, cash and cash equivalents comprise bank balances and islamic 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 Shari'a 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 Other payables

Other 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 islamic 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 Islamic 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 Islamic 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 Islamic financing pending their expenditure on qualifying assets is deducted from the Islamic financing costs eligible for capitalisation. All other Islamic 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 profit attributable to the ordinary shareholders of the REIT by the weighted average numbers of ordinary shares outstanding during the period. In accordance with the requirements of IAS 33, in case of increase in the number of ordinary shares due to issuance of bonus, shares the basic EPS for current and corresponding reporting period is calculated based on the number of ordinary shares outstanding at the reporting date. 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 of 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 December 31, 2022, 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 267 thousand (2021: USD 932 thousand) lower/higher, mainly as a result of higher/lower finance expense.

The impact of 1% upward/downward profit rate movement on the Profit Rate Swaps (”PRS”), with all other variables held constant would result in increasing/decreasing the cash flow hedging reserve by USD Nil (2021: USD 320 thousand) with corresponding impact on decreasing or increasing the derivative liability on the consolidated statement of financial position by similar amount.

As at December 31, 2022, 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 United States Dollar and the UAE Dirham, which is pegged to the USD, 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
- Rent 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.

Rent and other receivables

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

To measure the expected credit losses, rent and other 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 December 31, 2022 and 2021 was determined as follows for rent and other receivables:

	GROSS	2022 IMPAIRMENT (ECL)	GROSS	2021 IMPAIRMENT (ECL)
	USD'000	USD'000	USD'000	USD'000
Less than 6 months	2,631	(4)	80	(4)
Between 6 months to 1 year	466	(22)	452	(80)
Between 1 to 2 years	551	(134)	329	(84)
Between 2 to 3 years	104	(52)	79	(38)
More than 3 years	22	(22)	46	(46)
ECL general provision	**3,774**	**(234)**	**986**	**(252)**
Add: Specific Provision	6,077	(5,512)	22,781	(9,235)
TOTAL	**9,851**	**(5,746)**	**23,767**	**(9,487)**

The closing loss allowances for rent and other receivables and other assets assets as at December 31, 2022 reconcile to the opening loss allowances refer Note 6.

Rent and other 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 rent and other receivables are presented as net impairment losses on rent and other receivables within 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 rent and other receivables therefore, these are classified as Stage 2 under the provisions of IFRS 9 and life time ECL is determined.

(D) FINANCIAL COUNTER-PARTIES

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. These are assessed by the REIT Manager to be at a relatively low risk of default.

RATING	CREDIT RATING AGENCY	2022	2021
		USD'000	USD'000
A+	Fitch	874	1,591
A	Fitch	16,338	5,481
A-	Fitch	29,752	3,737
B+	Fitch	9	76
BBB+	Fitch	13	101
TOTAL		**46,986**	**10,986**

(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 December 31, 2022 represented 21.03% (2021: 61.55%) 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 2022	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	-	-	380,000	-	380,000
Sukuk profit expense	-	36,892	42,497	-	79,389
Ijarah Islamic finance	4,017	3,882	26,179	58,500	92,578
Ijarah Islamic financing profit expense	1.913	5,432	24,366	7,189	38,900
Other payables (excluding advances received)	13,248	148	-	-	13,396
TOTAL UNDISCOUNTED FINANCIAL LIABILITIES	**19,178**	**46,354**	**473,042**	**65,689**	**604,263**
CAPITAL COMMITMENT (NOTE 20a)	3,779	-	-	-	3,779

AT 31 DECEMBER 2021	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 expense	-	20,500	-	-	20,500
Ijarah Islamic finance	4,569	13,706	63,861	-	82,136
Ijarah Islamic financing profit expense	754	2,025	4,485	-	7,264
Trade and other payables (excluding advances received)	8,080	148	-	-	8,228
TOTAL UNDISCOUNTED FINANCIAL LIABILITIES	**13,403**	**436,379**	**68,346**	-	**518,128**
CAPITAL COMMITMENT (NOTE 20a)	2,915	-	-	-	2,915

(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 of share capital, share premium, retained earnings and other reserves and amounts to USD 372,590 thousand as at December 31, 2022 (2021: USD 289,787 thousand).

The REIT is required by DFSA to limit Islamic financing to a maximum of 65% of gross asset value. As of December 31, 2022, the Islamic financing as a percentage of gross asset value were 49.8% (2021: 56.3%)

3. 2 Fair value measurement

Fair value of financial instruments

Financial instruments comprise of 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 properties:

	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	(LEVEL 4) USD'000
Investment properties	31-Dec-22	-	-	803,407	803,407
Investment properties	31-Dec-21	-	-	762,134	762,134

Level 1 - Quoted market price in an active market for an identical asset or liability.

Level 2 - Valuation techniques based on observable inputs. This category includes an asset or liability valued using: quoted market prices in active markets for similar assets or liabilities; quoted prices for similar assets or liabilities in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 - Valuation techniques using significant unobservable inputs. This category includes all assets or liabilities where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant impact on the asset or liabilities' valuation. This category includes assets or liabilities that are valued based on quoted prices for similar assets or liabilities where significant unobservable adjustments or assumptions are required to reflect differences between the assets or liabilities.

The REIT manager appoint independent external valuers to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

There were no transfers between, into or out of Level 1, Level 2 or Level 3 during the year ended 31 December 2022 (31 December 2021: Nil).

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 properties 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 December 31, 2022. The valuation methodology is based on the income approach method, 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).

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		ESTIMATED 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%
(30,432)	34,648	2,644	(8,833)	29,330	(29,108)

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.

(B) DISCOUNTING OF LEASE PAYMENTS – IFRS 16

The lease payments are discounted using the REIT's incremental Islamic 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 financiers 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

	TOTAL
	USD'000
AT JANUARY 1, 2021	690,342
Additional re-development and fitout projects on completed properties (spent during the year)	4,572
An investment property disposed during the year	(5,989)
Net gain from fair value adjustments on investment property	48,207
AT DECEMBER 31, 2021	**737,132**
Additional re-development and fitout projects on completed properties (spent during the year)	7,208
An investment property disposed during the year	(50,504)
Net gain from fair value adjustments on investment property	91,096
AT DECEMBER 31, 2022	**784,932**

5.1 Fair value reconciliation

	2022	2021
	USD'000	USD'000
Market value per external valuation report as at December 31,	**803,407**	**762,134**
Additional re-development and fit-out projects under progress on completed properties	2,690	3,251
Lease incentive asset (Note 6)	(30,255)	(36,729)
Deferred income (Note 13)	9,090	8,476
FAIR VALUE AS AT DECEMBER 31,	**784,932**	**737,132**

5.2 Net unrealised gain on revaluation

	2022	2021
	USD'000	USD'000
Net profit from fair value adjustments on investment property	91,096	48,207
Reversal of unrealised fair value gain on disposal of investment property	(10,547)	-
Unrealised loss on sale of investment property	-	(1,769)
Change in fair value of right-of-use asset (Note 5.6)	(1,711)	(1,710)
	78,838	**44,728**

As at the reporting date, the Group held total investment property amounting to USD 784,932 thousand (2021: USD 737,132 thousand) in a real estate portfolio of 10 properties (2021: 11 properties) located in Dubai, UAE. Total rental and service fee income for the year ended December 31, 2022 is USD 68,410 thousand (2021: USD 61,741 thousand). Investment property with a carrying value of USD 803,407 thousand (2021: USD 256,211 thousand) are mortgaged against sukuk and Islamic financing.

The fair value of the Group's investment property at December 31, 2022 has been arrived at on the basis of a valuation carried out at that date by CBRE (DIFC) Limited and Cushman & Wakefield, International Limited, 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.

5.3 Divestment of investment property

Emirates REIT announced on May 27, 2022 the sale of Jebel Ali School ("School") to Taaleem Holdings PJSC ("Taaleem"). On the date of sale, the book value of the property was USD 50,504 thousand. The aggregate consideration of the transaction equals to USD 63,572 thousand, which comprises both the property sale price of USD 50,504 thousand and the settlement of USD 13,068 thousand towards the School's outstanding liabilities to the REIT. Total expenses incurred in connection with this sale amounted to USD 1,455 thousand.

5.4 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 16.7 years with property fair value of USD 5,690 thousand;
- Remaining lease term of 34.0 years with property fair value of USD 96,352 thousand;
- Remaining lease term of 21.1 years renewable for another term of 30 years with property fair value of USD 23,244 thousand;
- Remaining lease term of 42.5 years with property fair value of USD 27,661 thousand; and
- Remaining lease term of 22.3 years renewable for another term of 30 years with property fair value of USD 47,275 thousand.

5.5 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 December 31, 2022, 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 30,255 thousand and USD 9,090 thousand respectively (2021: USD 36,729 thousand and USD 8,476 thousand respectively).

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

	2022	2021
	USD'000	USD'000
Balance at the beginning of the year	762,134	708,930
Disposal investment property during the year	(50,504)	(4,221)
Net unrealised gain on revaluation of investments properties	91,777	57,425
BALANCE AT THE END OF THE YEAR	**803,407**	**762,134**

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.

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:

	2022	2021
Stabilised occupancy rate (%)	78 - 100	80 - 100
Stabilised yield (%)	7.50 - 9.50	7.75 - 10.00
Estimated rental value (USD/sqm per annum)	100 - 1,612	132 - 1,436

5.6 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:

	2022	2021
	USD'000	USD'000
ASSETS:		
Right-of-use Asset as on January 1,	49,837	51,547
Less: Change in fair value during the year (Note 5.2)	(1,711)	(1,710)
RIGHT-OF-USE ASSET AS ON DECEMBER 31,	**48,126**	**49,837**

6 RENT AND OTHER RECEIVABLES

	2022	2021
	USD'000	USD'000
RENTAL AND SERVICE INCOME RECEIVABLE	9,851	23,767
Less: allowance for expected credit losses (Note 6.2)	(5,746)	(9,487)
	4,105	**14,280**
OTHER FINANCIAL ASSETS AT AMORTISED COST		
Other receivables (Note 6.1)	14,901	4,271
OTHER ASSETS		
Lease incentive asset (Note 5.1)	30,255	36,729
Prepayments	277	599
	49,538	**55,879**
Less:non-current portion – Lease incentive asset	(26,958)	(33,238)
CURRENT PORTION	**22,580**	**22,641**

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 within the USD 5,746 thousand (2021: USD 9,487 thousand) provision for expected credit losses is an amount of USD 5,512 thousand (2021: USD 9,235 thousand), which represents specific provisions made for amounts due from certain tenants as per the tenancy contracts.

6.1 – Other receivables include an amount of USD 9,121 thousand receivable from Taaleem. Consequent to the sale of the School, the receivables from the School stands settled. The aggregate consideration of the transaction to be paid by Taaleem to the REIT is inclusive of an amount of USD 13,068 thousand ("Settlement Amount") towards settlement of the outstanding liabilities of the School (Note 5.3). The REIT is due to receive the balance amount of USD 9,121 thousand of the Settlement Amount from Taaleem on the first anniversary of the sale transaction date.

Further, other receivables include an amount that is due from Liquidity Provider (LP) USD 814 thousand being the balance of pre-funding sums provided for liquidity provisioning services that were engaged with LP since 2019.

6.2 – As at December 31, 2022 and 2021, the movement in the allowance for impairment of receivables is as follows:

	2022	2021
	USD'000	USD'000
Opening expected credit loss as at January 1 - calculated under IFRS 9	9,487	14,718
Allowance / (reversal of allowance) for expected credit loss recognised in consolidated statement of comprehensive income during the year	1,396	(5,231)
Reversal of allowance for expected credit loss on disposal of an investment property and other write-offs	(5,137)	-
BALANCE AT THE END OF THE YEAR	**5,746**	**9,487**

7 CASH AND CASH EQUIVALENTS

	2022	2021
	USD'000	USD'000
Current and savings accounts	25,205	10,986
Islamic Deposits	21,781	-
	46,986	10,986

Islamic deposits represents wakala investment and have profit of 4.4% per annum.

Balances are with Shari'a compliant accounts of local 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 d).

8 SHARE CAPITAL

	NUMBER OF ORDINARY SHARES	TOTAL PAR VALUE ORDINARY SHARES	TOTAL SHARE PREMIUM	TOTAL
		USD'000	USD'000	USD'000
At 31 December 2022	319,156,400	319,157	59,393	378,550
At 31 December 2021	304,451,393	304,452	59,393	363,845

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 USD 100; and 10,000,000,000 ordinary shares with a nominal par value of USD 1 per share. All shares were issued and allotted on or before December 31, 2022.

9 SUKUK FINANCING INSTRUMENT

On December 12, 2017, the REIT had issued USD 400 million five year trust certificates (the "Initial Sukuk") through Emirates REIT Sukuk Limited, a structured entity formed for the issuance of the Sukuk Certificates. The initial sukuk certificates were listed on the Main Securities Market (MSM) of Euronext Dublin and had a stated maturity of December 12, 2022 (the "Refinancing Date") .

On November 14, 2022, the REIT launched a consent solicitation process, which was approved by the majority of the existing certificate holders pursuant to which, on the Refinancing Date, the maturing Initial Sukuk were refinanced through a cash payment of USD 20 million and the issuance of USD 380 million new secured certificates (the "Secured Sukuk") through Emirates REIT Sukuk II Limited (the "Trustee" or "SE"). The terms of the new Secured Sukuk are materially different from the Initial Sukuk.

The Secured Sukuk have a maturity date of December 12, 2024 (or, in the event that the extension option is exercised by Emirates REIT, December 12, 2025) with an initial profit rate of 9.5% per annum payable semi-annually on June 12 and December 12 of each year, commencing on June 12, 2023, compared to a profit rate of 5.125% profit rate per annum payable semi-annually for the Initial Sukuk.

To avail itself of the extension option, the trustee is required to have a maximum outstanding secured certificates of USD 250 million by the second anniversary. The Secured Sukuk has a ratcheting up profit rate structure, thus providing incentives to the trustee to prepay the secured certificates as swiftly as possible. The Secured Sukuk has no pre-payment fees or conditionality attaching to any early repayment.

The below table sets forth the applicable profit rates for each year of outstanding Secured Sukuk, depending on the quantum outstanding:

FACE AMOUNT OF THE NEW SECURED CERTIFICATES OUTSTANDING	YEAR 1	YEAR 2	YEAR 3 (OPTIONAL)
	PROFIT RATE (PERCENT. PER ANNUM)		
Greater than USD 300 million	9.50	11.00	-
Greater than USD 200 million but no more than 300 million	9.00	10.25	12.25
USD 200 million or less	9.00	9.25	11.25

The Secured Sukuk is fully secured by way of mortgages over certain properties of the REIT which are to be perfected within an agreed time line ranging from 120 – 270 days after the Refinancing Date.

As per the terms of Secured Sukuk, the REIT is required to ensure that the fair market value of the secured properties remains at all times at least 150% of the face value of the outstanding Secured Certificates, out of which Index Tower and Index Mall mortgages shall at all times represent at least 86% of the outstanding Secured Certificates

The terms of the Secured Certificates issuance include the transfer of certain identified investment properties (the "Wakala Properties") to the SE in order to comply with the principles of Shari'a. Not withstanding their transfer to the SE, the Wakala Properties will continue to remain under the control of the REIT and to be serviced by the REIT.

	2022	2021
	USD'000	USD'000
At January 1,	399,451	398,871
Amortisation of transaction costs	549	580
Liability extinguished	(20,000)	-
SUKUK LIABILITY - BEFORE REFINANCING DURING THE YEAR	**380,000**	**399,451**
Secured sukuk liability recognised (net of transaction cost)	371,246	-
Amortisation of transaction costs	239	-
At December 31,	371,485	399,451

Other key covenants of the Secured Certificates include (i) a requirement of mandatory aggregate redemption of the Secured Certificates by USD 150 million before December 12, 2024, (ii) limitations on further indebtedness, (iii) application of all disposal proceeds of the collateralized properties to redeem the Secured Certificates, (iv) a cash sweep tested on a semi-annual basis, (v) a limitation on capital expenditure (vi) deliver certain information (vii) prohibition of cash dividends and (vi) retaining a part of the management fee in a pledge account if effectively received over (a) 1.2 per cent.(in years one and two) and (b) 1.125 per cent. of Emirates REIT's gross asset value (in year three, if the Extension Option is exercised).

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, 2022	7,694	25,524	58,232	91,450
At 31 December, 2021	18,090	63,278	-	81,368

On December 28, 2022, the REIT has enter into a new Islamic financing facility with Commercial Bank of Dubai PSC (the "Lender") for an amount of USD 75,000 thousand (2021: USD Nil) with a profit rate of 3 month EIBOR + 4% payable annually. The facility has a maturity period of 7 years from the first draw down..

As As at December 31, 2022, the outstanding balance of Islamic financing amounted to USD 91,450 thousand (2021: USD 81,368 thousand) net of unamortised transaction costs of USD 1,128 thousand (2021: USD 769 thousand).

Of the above Islamic financing facility on December 30, 2022, the REIT pre-settled its outstanding finance facility with Dubai Islamic Bank's amounting to USD 64,559 thousand at a profit rate of 3 months EIBOR + 2.95%. As at December 31, 2022, the REIT still has an outstanding amount of USD 2,694 thousand net of amortised cost.

At December 31, 2022, the weighted average cost of finance taking into account the profit rate attributable to each facility and the amortisation of financing transaction costs was 3 month EIBOR +4.06% (2021: 3 month EIBOR +3.26%).

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 December 31, 2022.

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 insurance 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 December 31 is as follows:

	2022	2021
	USD'000	USD'000
Balance at the beginning of the year	81,368	96,728
Add: Islamic financing received during the year	75,000	-
Less: Transaction costs on financing	(938)	-
Less: Repayment during the year	(64,559)	(15,545)
Add: Amortisation of transaction cost	579	185
BALANCE AT THE END OF THE YEAR	**91,450**	**81,368**

11 LEASE LIABILITY

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

	2022	2021
	USD'000	USD'000
LIABILITIES:		
Lease liability recorded on January 1,	54,224	55,611
Add: Finance cost for the year (Note 17)	2,730	2,745
Less: Payments made during the year	(2,153)	(4,132)
Lease liability as on December 31,	**54,801**	**54,224**
Current liabilities	3,448	3,015
Non-current liabilities	51,313	51,209

12 DERIVATIVE FINANCIAL INSTRUMENTS

	2021	2021
	USD'000	USD'000
Profit rate swaps	-	813

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.

As at December 31, 2022, the REIT had pre-settled the outstanding amount of profit rate swaps (2021: 31,990 thousand). The profit rate swaps are effective from March 12, 2019 and August 21, 2019 and mature on December 12, 2025 together with the maturity of the Ijarah financing facility. The swaps have a combined maximum notional amount of USD Nil (2021: USD 47,640 thousand). The swap programs had a fair value of USD Nil (2021: Fair Value of USD 813 thousand) as at December 31, 2022, resulting in a gain of USD 813 thousand (2021: loss of USD 1,214 thousand) which was recognised as fair value adjustments on profit rate swaps in cash flow hedging reserve.

13 OTHER PAYABLES

	2022	2021
	USD'000	USD'000
Tenant deposits payable	11,791	8,562
Deferred income (Note 5.1)	9,090	8,476
Accrued expenses (Note 13.1)	12,733	7,696
Service fee received in advance	3,051	1,673
Accrued profit expense*	2,211	1,253
Management fee payable	232	383
Payable against investment property under construction or re-development	148	148
	39,256	**28,191**

13.1) Accrued expenses include an amount of USD 6,814 thousand related to Sukuk transaction cost.

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

During the period, at the Annual General Meeting 2022 which was held on June 22, 2022. The Shareholders of REIT approved the final dividend payment for the financial year 2021, at USD 0.0483 per share, which was to be paid by way of an allotment and distribution of newly issued ordinary shares at par value ("New Shares") to those shareholders recorded on the share book as at June 15, 2022. REIT has received all the requisite approvals for the issuance and allotment of 14,705,007 New Shares. The new shares have been admitted to trading on Nasdaq Dubai on June 30, 2022.

In June 2021, the REIT paid a final dividend in respect of the year ended December 31, 2020 by way of issuing bonus shares of 486,343 / USD 0.0016 per ordinary share. These bonus shares were issued to shareholders whose name was appearing on the shareholders register as at June 30, 2021.

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:

	2022	2021
	USD'000	USD'000
REIT Manager	14,490	10,932
Board members	120	71
Financial institutions	65,135	16,420
Others	185	217
TOTAL	**79,930**	**27,640**

(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:

	2022	2021
	USD'000	USD'000
REIT MANAGER		
Management fee and Performance fee	(13,649)	(10,832)
TOTAL	**(13,649)**	**(10,832)**

(C) DUE TO RELATED PARTIES COMPRISES

	2022	2021
	USD'000	USD'000
REIT Manager	232	383
Board members	113	117
Financial institutions	2,723	64,094
Others	47	50
TOTAL	**3,115**	**64,644**

(D) DUE FROM RELATED PARTIES COMPRISES

	2022	2021
	USD'000	USD'000
Financial institutions	3	486
TOTAL	**3**	**486**

All transactions with related parties are conducted in accordance with the applicable regulations. There have been no guarantees provided or received for any related party receivables or payables.

Transactions with key management personnel

During the years ended December 31, 2022 and 2021, 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

	2022	2021
	USD'000	USD'000
Ijarah Islamic financing profit expense	(3,823)	(4,251)
Ijarah fee amortisation	(579)	(185)
Finance cost on lease liability	(2,730)	(2,745)
Sukuk profit expense	(21,480)	(20,500)
Sukuk issuance cost amortisation	(788)	(580)
FINANCE COSTS	**(29,400)**	**(28,261)**
Profit income on Wakala	261	23
Profit income on PRS maturity	89	-
FINANCE INCOME	**350**	**23**
FINANCE COSTS - NET	**(29,050)**	**(28,238)**

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.

	2022	2021
Profit attributable to ordinary shareholders (USD'000)	81,990	63,109
Number of ordinary shares for basic EPS	319,156,400	319,156,400
Basic and diluted loss per share (USD)	0.257	0.198

In accordance with the requirements of IAS 33, in case of increase in the number of ordinary shares due to issuance of bonus, shares the basic EPS for current and corresponding reporting period is calculated based on the number of ordinary shares outstanding at the reporting date The Group has no share options outstanding at the period end and therefore the basic and diluted EPS are the same.

Reconciliation of number of ordinary shares:

	2022	2021
As at January 1,	304,451,393	303,965,050
Impact of shares dividend	14,705,007	486,343
Weighted average number of ordinary shares	319,156,400	304,451,393

19 EXPENSE RATIO

The total expense ratio for the year ended December 31, 2022 was 6.80% of the Gross Asset Value (December 31, 2021: 6.50%)

20 COMMITMENTS AND CONTINGENCIES

(A) CAPITAL COMMITMENTS

At December 31, 2022, the REIT had contractual capital commitments of USD 2,581 thousand (2021: USD 1,130 thousand), which pertained to the school upgrade, and USD 1,198 thousand (2021: USD 1,785 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") filed claims against the REIT in the DIFC-LCIA in 2018. The REIT Manager filed counter-claims on behalf of the REIT. On January 24, 2022, following the confidential proceedings, the DIFC-LCIA awarded the REIT the unpaid rent. The REIT Manager has maintained the 100% allowance for the related rental and service income receivable due from the REIT tenant as of December 31, 2022 and the DIFC-LCIA award of unpaid rent is in excess of the provision.

The REIT continued to hold adequate provision for the related sums due from the REIT tenant taking into account the expected time in recovery and other factors surrounding the matter whilst continuing to seek recovery in other jurisdictions where the REIT believes that the REIT Tenant possesses assets.

(C) OPERATING LEASE COMMITMENTS — GROUP AS LESSEE

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

	2022	2021
	USD'000	USD'000
Within one year	3,016	3,016
After one year but not more than five years	12,539	12,349
More than five years	98,891	102,097
	114,446	**117,462**

(D) Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on properties. Future minimum rentals receivables under operating leases as at December 31, 2022 and December 31, 2021 are as follows:

	2022	2021
	USD'000	USD'000
Within one year	58,399	57,123
After one year but not more than five years	135,224	156,433
More than five years	320,533	417,465
	514,156	**631,021**

21 FINANCIAL INSTRUMENTS BY CATEGORY

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

Assets as per the consolidated statement of financial position

	2022	2021
	USD'000	USD'000
AMORTISED COST		
Rent and other receivables, excluding lease incentive asset and prepayments	19,006	18,551
Cash and cash equivalents	46,986	10,986
	65,992	**29,537**

Liabilities as per the consolidated statement of financial position

	2022	2021
	USD'000	USD'000
OTHER FINANCIAL LIABILITIES AT AMORTISED COST		
Other payables excluding deferred income, service fee received in advance, accrued expense and management fee	14,150	9,963
Sukuk financing instrument	371,485	399,451
Islamic financing	91,450	81,368
	477,085	**490,782**

22 NET ISLAMIC FINANCING RECONCILIATION

	2022	2021
	USD'000	USD'000
Cash and cash equivalents	46,986	10,986
Islamic and sukuk financing – repayable within one year	(7,694)	(417,541)
Islamic and sukuk financing – repayable after one year	(455,241)	(63,278)
NET ISLAMIC FINANCING	**(415,949)**	**(469,833)**

	2022	2021
	USD'000	USD'000
Cash and cash equivalents	46,986	10,986
Gross Islamic financing - fixed profit rates	(371,485)	(399,451)
Gross Islamic financing – variable profit rates	(91,450)	(81,368)
NET ISLAMIC FINANCING	**(415,949)**	**(469,833)**

Liabilities from financing activites

	Other Assets and Cash	Sukuk financing instruments and Islaminc financing due within 1 year	Sukuk financing instruments and Islaminc financing due after 1 year	Total
	USD'000	USD'000	USD'000	USD'000
Net islamic financing as at January 1, 2022	10,986	(417,541)	(63,278)	(469,833)
Net movement during the year	36,000	409,847	(391,963)	53,884
NET ISLAMIC FINANCING AS AT DECEMBER 31, 2022	**46,986**	**(7,694)**	**(455,241)**	**(415,949)**
Net islamic financing as at January 1, 2021	13,732	(17,195)	(478,404)	(481,867)
Net movement during the year	(2,746)	(400,346)	415,126	12,034
NET ISLAMIC FINANCING AS AT DECEMBER 31, 2021	**10,986**	**(417,541)**	**(63,278)**	**(469,833)**

23 SIGNIFICANT EVENTS

Lease signed for Dubai Investments Park property

In March 2022, the REIT had signed a lease for its school property in Dubai Investments Park ("DIP") with an international school operator, Durham School Dubai, one of the UK's most prestigious educational establishments.

Sale of property housing Jebel Ali School

In May 2022, the REIT sold its property hosting Jebel Ali School, which is located in Akoya, Dubai to Taleem. The aggregate consideration of the transaction to be paid by Taleem to the REIT is equal to USD 63,572 thousand and comprises both the property sale price and the settlement of the school's outstanding liabilities towards the REIT (Note 5.3 & Note 6.1).

Successful close of USD 380 million Sukuk issuance

In December 2022, the REIT Manager on behalf of the REIT, announced the successful completion of a USD 380 million sukuk issuance to refinance the USD 400 million Sukuk issued in 2017.

The agreed terms for the New Secured Certificates embedded several new features, including a fully secured position and a profit rate increase from 5.125% to 9.5% which reflects the current credit environment with rising inflation, profit rates and market volatility. They will have a new maturity date of December 2024, with a one-year extension option.

New Islamic Financing Facility with Commercial Bank of Dubai PSC

On December 28, 2022, the REIT entered into a new Islamic financing facility with Commercial Bank of Dubai PSC (the "Lender") for an amount of USD 75 million (2021: USD Nil).

The facility's profit rate was set at 3-month EIBOR + 4.0%.

The facility has a maturity period of 7 years with a gradual step up amortization over the tenor, followed by bullet repayments of 65% at maturity.

24 CORPORATE INCOME TAX

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

Generally, UAE businesses will be subject to a 9% CT rate, however a rate of 0% could be applied to taxable income not exceeding a particular threshold or to certain types of entities, to be prescribed by way of a Cabinet Decision. The Group is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities.

25 SUBSEQUENT EVENTS

New islamic financing facility with Ajman Bank

On March 14, 2023, Emirates REIT announced that that it had agreed to a new USD 50 million (AED 184 million) Islamic financing facility with Ajman Bank PJSC. This facility was drawn down on March 21, 2023 and the net proceeds of which were used to repay existing financial indebtedness.

Partial Redemption of Secured Sukuk

On March 22, 2023, Emirates REIT concluded the partial redemption of USD 56 million of the USD 380 million Secured Sukuk issued on December 12, 2022, together with accrued profit thereon. As a result, upon completion of this partial redemption, the outstanding principal amount on the Secured Sukuk has reduced to USD 324 million.

NON-EXHAUSTIVE GLOSSARY OF TERMS AND FIRST MENTIONS

1H 2022	January 1 to June 30, 2022
2H 2022	July 1 to December 31, 2022
1Q 2022	January 1 to March 31, 2022
1Q 2022	January 1 to March 31, 2022
2Q 2022	April 1 to June 30, 2022
3Q 2022	July 1 to September 30, 2022
4Q 2022	October 1 to December 31, 2022
AED	United Arab Emirates Dirhams - legal currency of the United Arab Emirates
AEI(s)	Asset Enhancement Initiative(s)
Advisory Board	Advisory Board of the REIT
Aggregate Leverage	The ratio of a REIT's debt to its total assets, also known as "gearing"
Annual Report	Emirates REIT's annual report for financial year ended December 31, 2022
Auditor	Deloitte & Touche (M.E.)
AUM	Assets Under Management
Board	Board of Directors
CAGR	Compound Annual Growth Rate
Capex	Capital Expenditure
CBD	Central Business District
CBRE	CBRE (DIFC) Limited
CIR	Collective Investment Rules of the DFSA
CEO	Chief Executive Officer of Equitativa (Dubai) Limited
Constituent Documents	Articles of Association of the REIT
Covid-19	Novel Coronavirus
Cushman & Wakefield or C&W	Cushman & Wakefield International Limited
Company Secretary	The REIT Manager
Deloitte & Touche	Deloitte & Touche (M.E.)
DFSA	Dubai Financial Services Authority
DFSA Rulebook	DFSA administered rule book
DIC	Dubai Internet City
DIFC	Dubai International Financial Centre
DIFC-LCIA	DIFC-LCIA Arbitration Centre
DIP	Dubai Investments Park
Director(s)	Member of the Board
DMC	Dubai Media City
DPS	Dividend per Share
EBC	European Business Centre
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
ECL	Expected Credit Loss pursuant to IFRS 9
Equitativa	Equitativa (Dubai) Limited; the REIT Manager
Equitativa Group	Group of companies specialising in creating and managing innovative financial products in emerging markets, notably Real Estate Investment Trusts
Emirates REIT	Emirates REIT (CEIC) PLC
Emirates REIT's Annual Report	Emirates REIT's annual report for financial year ended December 31, 2022
EPS	Earnings Per Share
ERV	Estimated Rental Value
ESG	Environmental Social and Governance
EU	Enforceable Undertaking
F&B	Food and Beverage
Fitch Ratings	Credit rating agency – Fitch Rating Inc.
FTV	Facility to Assets Value
Fund Property	Assets of Emirates REIT
FY 2020	January 1, 2020 to December 31, 2020
FY 2021	January 1, 2021 to December 31, 2021
FY 2022	January 1, 2022 to December 31, 2022
FY2022 Annual Financial Statements	Emirates REIT consolidated financial statements which comprise the consolidated statement of financial position as at 31 December 22 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended
FY 2022 Annual Report	Emirates REIT's annual report for financial year ended 31 December 2022
GAV	Gross Asset Value
GCC	Gulf Co-operation Council
GDP	Gross Domestic Product
GLA	Gross Lettable Area
Group	Emirates REIT and its subsidiaries
IB	International Baccalaureate
IESBA Code	the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants
IFR	Islamic Finance Rules rulebook module of the DFSA Rulebook
IFRS	International Financial Reporting Standards the accounting standards issued by the International Accounting Standard Board
IPO	Initial Public Offering
Investment Board	The Investment Committee of the REIT pursuant to the DFSA CIR Rules
ISA	International Standards on Auditing
JBR	Jumeirah Beach Residence
KHDA	Knowledge and Human Development Authority
LFJM	Lycée français Jean Mermoz
Listing Date	Listing Date
Listing Rules	Listing rules of the Nasdaq Dubai and DFSA

NON-EXHAUSTIVE GLOSSARY OF TERMS AND FIRST MENTIONS

Management or the management team	The management team of the REIT Manager
NAV	Net Asset Value
NAV per share	Net Asset Value of the REIT divided by the number of ordinary shares in issue on that date.
NLA	Net Lettable Area
NPI	Net Property Income
NPI Margin	(1 - Property Operating Expenses – Service Fee Income)/ (Rental Income + Other Property Income)
Ordinary Shares	Ordinary shares issued by the REIT
Oversight Board	Oversight Committee of the REIT pursuant to the DFSA CIR Rulebook
PMLA	Property Management and Leasing Agreement
p.p	Percentage Points
Regulatory Borrowing Limit	65% of GAV as specified in DFSA CIR Rulebook
REIT	Real estate investment trust; Emirates REIT (CEIC) PLC
Related Party (Parties)	As defined by the DFSA Glossary Rulebook and CIR or as defined under IFRS as applicable.
Related Party Transaction(s)	As defined by the DFSA Glossary Rulebook and CIR or as defined under IFRS as applicable.
REIT Manager	Equitativa (Dubai) Limited
RICS	Royal Institution of Chartered Surveyors
ROI	Return on Investment
$ or USD	United States Dollars – legal currency of the United States
sqm	Square metres
Sq ft.	Square feet
Shares	Shares / Units of Emirates REIT
Shareholders	Shareholders / Unitholders of Emirates REIT
Shari'a	Means Islamic Sharia laws and principles
Shari'a Supervisory Board	Sharia Board of Sharia scholars pursuant to the DFSA CIR and IFR Rulebooks
SME(S)	Small and Medium Sized Enterprises
UAE	United Arab Emirates
Valuer	Independent valuer appointed to conduct valuations on the fund real estate assets
Valuation Expert	Chestertons International Real Estate Valuation Services LLC, appointed in accordance with the EU
WALE	Weighted average lease term in years, based on the final termination date of the agreement (assuming the tenants does not terminate the lease on any of the permissible break date(s), if applicable)
y-o-y	Year-On-Year