Emirates Reit

# Interim Report H1 2015

## Emirates REIT (CEIC) Limited

This Report contains certain 'forward-looking' statements.

Such statements reflect current views on, among other things, our markets, activities and prospects. Such 'forward-looking' statements can sometimes, but not always, be identified by their reference to a date or point in the future or the use of 'forward looking' terminology, including terms such as 'believes', 'estimates', 'anticipates', 'expects', 'forecasts', 'intends', 'plans', 'projects', 'goal', 'target', 'aim', 'may', 'will', 'would', 'could', 'should' or similar expressions or in each case their negative or variations or comparable terminology.

By their nature, forward-looking statements involve inherent risks and uncertainties because they relate to future events and circumstances which may or may not occur and may be beyond our ability to control or predict. Therefore they should be regarded with caution. Important factors that could cause actual results, performance or achievements of Emirates REIT (CEIC) Limited ("Emirates REIT") to differ materially from any outcomes or results expressed or implied by such forward-looking statements include, among other things, general business and economic conditions globally, industry trends, competition, changes in government and other regulation, including in relation to the environment, health and safety, changes in political and economic stability, changes in occupier demand and tenant default and the availability and cost of finance. Such forward-looking statements should therefore be construed in light of such factors. Information contained in this Report relating to Emirates REIT or its share price, or the yield on its shares are not guarantees of, and should not be relied upon as an indicator of future performance.

Any forward-looking statements made by or on behalf of Emirates REIT speak only as of the date they are made and no representation, assurance, guarantee or warranty is given in relation to them (whether by Emirates REIT or any of its associates, directors, officers, employees or advisers), including as to their completeness, accuracy or the basis on which they were prepared. Other than in accordance with our legal and regulatory obligations, Emirates REIT does not intend or undertake to update or revise forward-looking statements to reflect any changes in its expectations with regard thereto or any changes in information, events, conditions or circumstances on which any such statement is based.

This report for the interim period ended 30 June 2015 has been prepared by Emirates REIT Management (Private) Limited as the Manager of Emirates REIT (CEIC) Limited. Whilst every care has been taken in relation to the accuracy, no warranty is given or implied. The information provided is not investment advice and recipients should consider obtaining independent advice before making any investment decision that relies on this information.

# KEY FIGURES

## Income and Earnings

| | Six months ended - Unaudited | | |
|---|---|---|---|
| USD '000 | 30 June 2015 | 30 June 2014 | Change |
| Property income | 19,081 | 17,739 | 1,342 |
| Net rental income | 13,138 | 13,915 | -777 |
| Net property income | 44,668 | 41,999 | 2,669 |
| Operating profit | 37,976 | 36,679 | 1,297 |
| Finance cost, net | (2,864) | (2,529) | -335 |
| Net Profit | 35,112 | 34,150 | 962 |
| Adjusted Net Profit* | 3,582 | 6,813 | -3,231 |
| EPS (USD) | 0.1172 | 0.1576 | -0.04 |

* excluding revaluation and IPO costs

## Balance Sheet

| USD '000 | 30 June 2015 Unaudited | 31 December 2014 Audited | Change |
|---|---|---|---|
| Investment property | 614,967 | 575,332 | 39,635 |
| Total assets | 625,872 | 594,149 | 31,723 |
| Equity | 443,178 | 432,036 | 11,142 |
| Liabilities | (182,694) | (162,113) | (20,581) |
| NAV per share in USD | 1.4791 | 1.4419 | 0.0372 |
| LTV | 27.2% | 25.8% | 1.4 pp |

# About Us

Emirates REIT (CEIC) Limited ("Emirates REIT" or "REIT") is a closed-ended investment company with a mandate to invest in a diversified portfolio of Shari'a compliant real estate properties.

It was established in the Dubai International Financial Centre ("DIFC") on 28 November 2010 by Emirates REIT Management (Private) Limited (the "REIT Manager").

Emirates REIT operates under the Dubai Financial Services Authority's ("DFSA") Collective Investment Rules ("CIR") and is the first Shari'a compliant real estate investment trust incorporated in the DIFC.

In February 2013, an exclusive Ruler's Decree was granted to Emirates REIT permitting it to purchase properties in onshore Dubai through its onshore Dubai branch.

For the six months ended 30 June 2015, Emirates REIT had profit and total comprehensive income of USD 35.11 million, (30 June 2014: USD 34.15 million).

Emirates REIT's total assets were USD 625.87 million (AED 2.30 billion) as at 30 June 2015, an increase of 5.3% from USD 594.15 million (AED 2.18 billion) as at 31 December 2014. As at 30 June 2015, Emirates REIT's net asset value per share (as calculated by its REIT Administrator, Maples Fund Services (Middle East) Limited) had risen to USD 1.48 from USD 1.44 as at 31 December 2014.

Emirates REIT is managed by the REIT Manager, which was incorporated in the DIFC on 27 October 2010 and is regulated by the DFSA.

Until March 2015, the REIT Manager was a joint venture between Dubai Islamic Bank PJSC ("DIB") and Eiffel Management Limited ("Eiffel") where Eiffel owned 75% and DIB owned 25% of the REIT Manager's total issued share capital. From March 2015, the REIT Manager is fully owned by Eiffel.

# Dear Shareholders,

In the first half of 2015, we stayed faithful to our core principles: a disciplined acquisitions strategy, active management of our portfolio and prudent management of capital and risk.

This approach continues to deliver our two core objectives. First, a stable income stream: net property income rose 6.4% to USD 45 million (AED 164 million), and net profit was up 2.8% to USD 35.11 million (AED 129 million) year-on-year.

Second, to grow the value of the REIT: We started to realise significant capital appreciation on Index Tower, reflecting a positive start to leasing the asset. This contributed to increasing total assets by 5.3% in the last six months to USD 626 million (AED 2.3 billion).

We were pleased to pay shareholders a total dividend of USD 24 million (AED 88 million) for 2014, equivalent to USD 0.08 (AED 0.29) per ordinary share. This is an increase of 60% over the dividend relating to 2013.

For the first half of 2015, the annualised total return of the REIT was 16.4%.

After payment of the dividend on 30 June 2015, our net asset value was USD 1.48 per share. Emirates REIT aims to continue to distribute a dividend to its shareholders twice a year; an interim dividend at the end of January and a final dividend in June.

Operationally, a primary focus over the first six months of the year has been the fit-out and lease of commercial space in Index Tower. In June and July, two floors out of the total of 17 have already been released, fitted-out and furnished. Three additional floors are in the process of being fitted-out and furnished and should be ready for leasing during the 4$^{th}$ quarter of 2015.

In the first half of 2015 we recognized the first significant valuation gain on Index Tower. This asset now represents 43% of the REIT's total asset portfolio by value. For the coming months we expect to see further capital appreciation as occupancy rates rise, and next year we should witness the impact of cash flows reflected in the income stream.

As expected, in the short term, the effect of Index Tower in the first half of 2015 has been to increase expenses and reduce net rental income margin, compensated by the increase in asset value.


All numbers are as at 30 June 2015, unless otherwise specified

The rest of the portfolio has continued to perform well. Occupancy, excluding Index Tower, remained steady at 94.6%. Passing income across the whole portfolio was up 4.8% year on year to USD 36.8 million (AED 135 million). We have continued to improve the tenant mix across the portfolio and we continue to make progress at Le Grande Community Mall, which we acquired in May 2014. We have signed an agreement with Choithrams, the chain of UAE-based supermarkets and department stores, to be the anchor retailer in this mall.

As of 30 June 2015, our loan-to-value ratio remained at 27%, leaving significant headroom for further borrowings to fund acquisitions.

After the period end, in early August 2015, we agreed to develop a new school in Akoya development. We acquired the freehold land plot and leased it immediately to the school operator at a 10.1% net yield. Over the course of the next year, we will fund further the development of the school and we expect to achieve an internal rate of return for this project in excess of 11%.

Akoya is an upcoming prime residential development in Dubai. The REIT's total investment in this project is expected to be USD 56.7 million (AED 208 million). The REIT also expects to see an immediate valuation gain of USD 1.6 million (AED 6 million) at the end of August. The transaction enhances rental income from day one and should provide long term secure cash flows.

The addition of the school to our portfolio of well performing assets and the progress made at Index Tower, maintains our momentum into the second half of the year. Our strategy of active portfolio management and the acquisition of properties with upside potential, enables us to consistently deliver a healthy total return.

Abdulla Al Hamli
Chairman

# CONTENTS

# AT A GLANCE

# REIT Details as at 30 June 2015

| | |
|---|---|
| REIT Name | Emirates REIT (CEIC) Limited |
| Date of Incorporation | 28 November 2010 |
| Share ISIN | AEDFXA1XE5D7 |
| NASDAQ Dubai Ltd Trading Symbol | REIT |
| REIT Manager | Emirates REIT Management (Private) Limited |
| Portfolio Size | USD 614.97 million (AED 2.3 billion) |
| Gross Asset Value | USD 625.87 million (AED 2.3 billion) |
| Investment Board | Marwan Bin Ghulaita – CEO of RERA (Real Estate Regulatory Agency)<br>Abdulla Al Hashemi – Director and Board member of DEWA (Dubai Electricity and Water Authority), Director and Owner of Al Hashemi (Planning, architectural and engineering company)<br>Captain David Ralph Savy – Chairman of the Seychelles Civil Aviation Authority |
| Oversight Board | Suresh Kumar – Chairman of the Values Group<br>Abdul Wahab Al Halabi – Group Chief Investment Officer at Meraas Holdings<br>Nasser Rafi – Chief Executive Officer of Emaar Malls Groups LLC |
| Advisory Board | Khalid Al Malik – Group Chief Executive Officer of Dubai Properties Group<br>Kunal Bansal – Director and Partner at Vintage Bullion DMCC<br>Michael Wunderbaldinger – Chief Financial Officer at TECOM Investments |
| Shari'a Supervisory Board | Dr Mohamed Abdul Hakim Zoeir<br>Mian Muhammad Nazir<br>Dr. Muhiuddin Ghazi |
| Auditor | PricewaterhouseCoopers |
| Valuers | Asteco Property Management LLC<br>CBRE DIFC Limited |
| Administrator | Maples Fund Services (Middle East) Limited |
| Fee Structure | Management Fee: 1.5% of Gross Asset Value<br>Performance Fee: 3% of increase in NAV<br>Administration Fee: Sliding scale dependent on portfolio value (currently 0.05% of NAV) |

# DIFC REIT Regulation Highlights

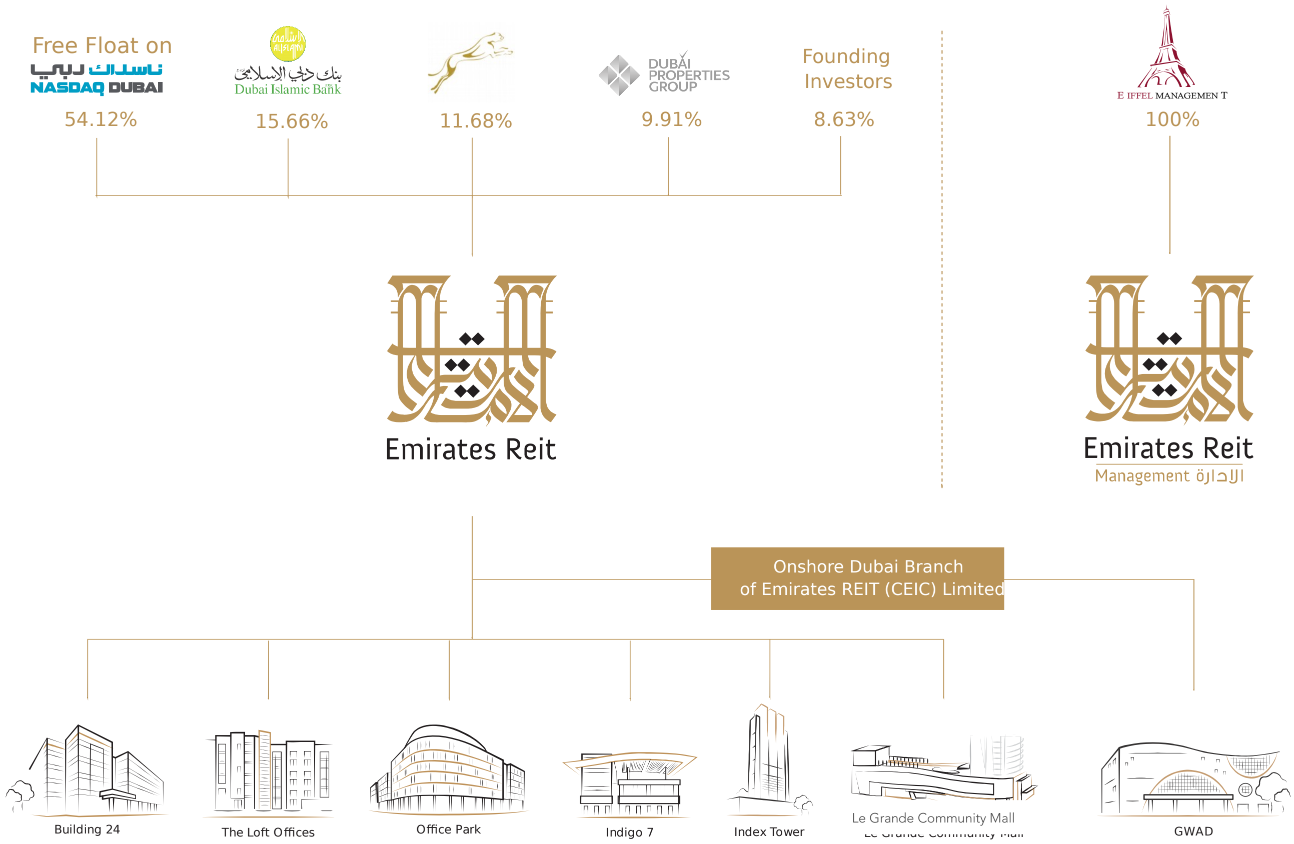
- Minimum of 80% of the net income distributed
- Majority of the investments must be in real estate related assets
- Limit on borrowing : 50% of Gross Asset Value
- Invest only in properties under development if it intends to hold the property
- Limited development activity : 30% of portfolio

# Emirates REIT in Brief

- The UAE first Shari'a compliant REIT established in the DIFC and regulated by the DFSA
- Focus on income-producing assets with attractive investment fundamentals
- Portfolio comprising interests in 7 properties with c.1.628 million sqft (151,272 $m^2$) net leasable area diversified across different market segments
(8 properties and c. 1.852 million sqft (172,075 $m^2$) as of 3 August 2015)
- Good degree of income visibility and embedded organic growth opportunities within existing portfolio
- Bi-Annual dividend distributions and steady increase in NAV per share since incorporation
- Experienced REIT Management with detailed knowledge of UAE real estate sector
- Active management and enhancement of the income profile of the properties
- Regulated REIT and REIT Manager with established corporate governance framework


All numbers are as at 30 June 2015, unless otherwise specified

# Legal & Ownership Structure




Emirates REIT (CEIC) Limited is established in the DIFC (Dubai International Financial Centre) and is regulated by the DFSA (Dubai Financial Services Authority)

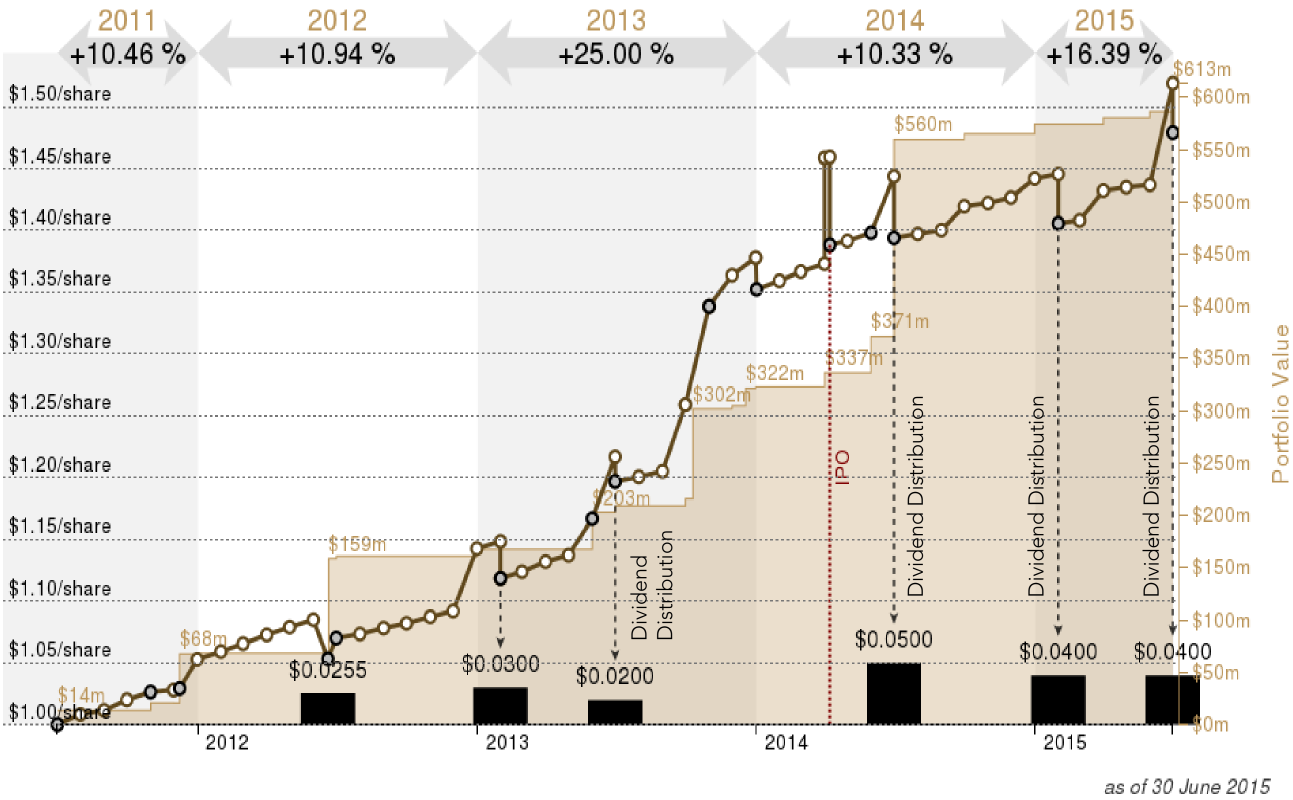
The investors in the REIT are the shareholders of this company.

The REIT receives rental revenues from the assets, which are distributed to the shareholders through dividends.

Emirates REIT Management (Private) Limited is the REIT's Manager.

It is owned at 100% by Eiffel Management, a European managed fund manager.

# Performance




NAV per share is calculated by the REIT administrator. Growth rates are adjusted for dividends and annualized.

For 2011, 2012 and 2013, the NAV per share was calculated in accordance with the REIT's Articles of Association, not IFRS.
From 2014, the NAV has been calculated in accordance with IFRS.

The historical NAV per share data presented in the figure above has been adjusted to reflect the sub-division of Shares by a factor of 100 on 26 January 2014.

# Market Price


Source : NASDAQ Dubai

# Market Price Performance

## First Semester 2015

| | |
|---|---|
| Highest | USD 1.30 |
| Lowest | USD 1.18 |
| As at 30 June 2015 | USD 1.22 |

## Year 2014 – First year of trading

| | |
|---|---|
| Highest | USD 1.49 |
| Lowest | USD 1.20 |
| As at 31 December 2014 | USD 1.30 |

# Dividend Distribution

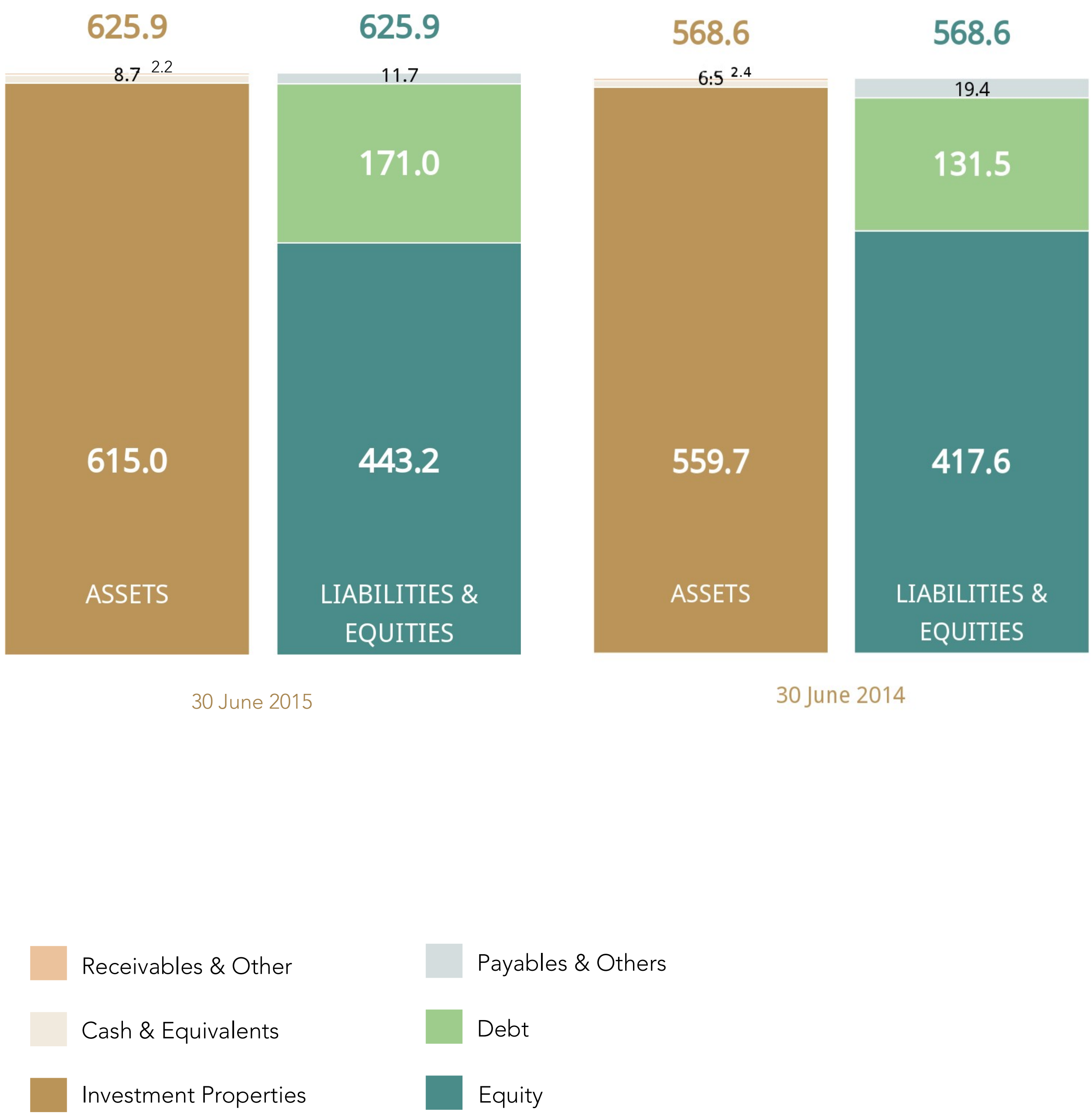
| | Per Unit | Date | Total Distributed |
|---|---|---|---|
| **2014** | | | |
| Final | USD 0.04 | 30 Jun 2015 | USD 11,984,821 |
| Interim | USD 0.04 | 31 Jan 2015 | USD 11,984,821 |
| Total | USD 0.08 | | USD 23,969,642 |
| **2013** | | | |
| Final | USD 0.05 | 30 Jun 2014 | USD 14,981,027 |
| Total | USD 0.05 | | USD 14,981,027 |
| **2012[2]** | | | |
| Final | USD 2.00 | 30 Jun 2013 | USD 2,550,364 |
| Interim | USD 3.00 | 31 Jan 2013 | USD 3,788,886 |
| Total | USD 5.00 | | USD 6,339,250 |
| **2011[1-2]** | | | |
| Final | USD 2.55 | 19 Jun 2012 | USD 1,150,863 |
| Total | USD 2.55 | | USD 1,150,86 |

[1] 13 months period

[2] The dividends distributed in 2011 and 2012 are reflecting the share price of USD 100.00, before the sub-division of shares by a factor of 100 on the 26 January 2014.

# Balance Sheet

in USD million

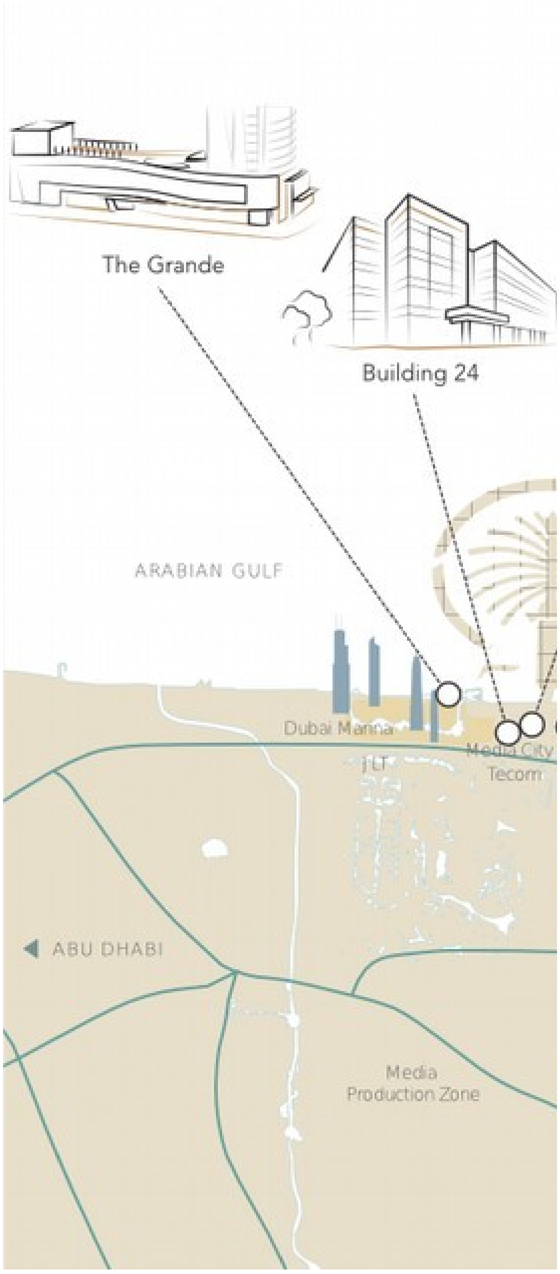


# PORTFOLIO IN DETAIL

# Portfolio Overview

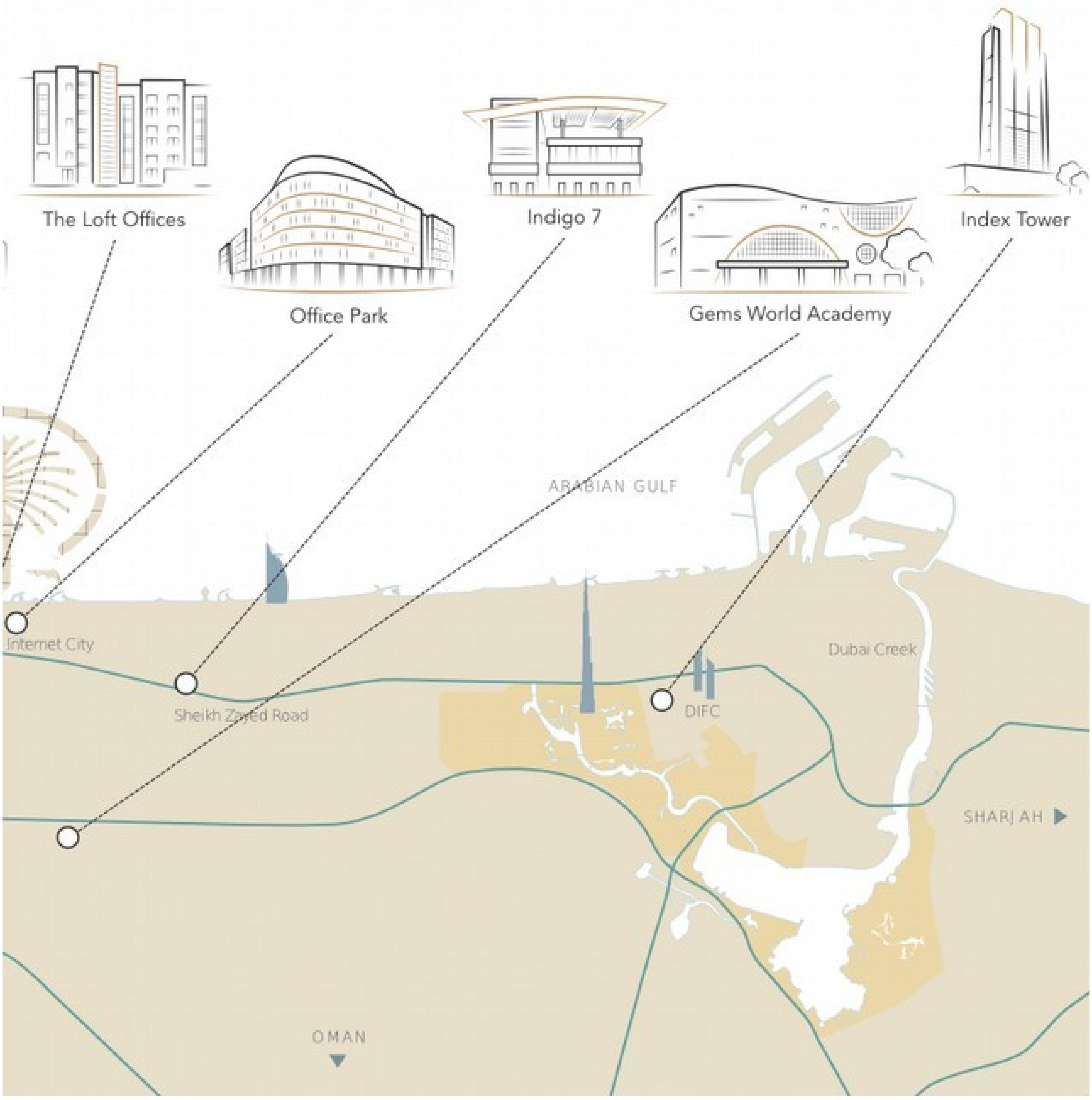
As at 30 June 2015, the REIT's Portfolio consists of the following seven consolidated properties:

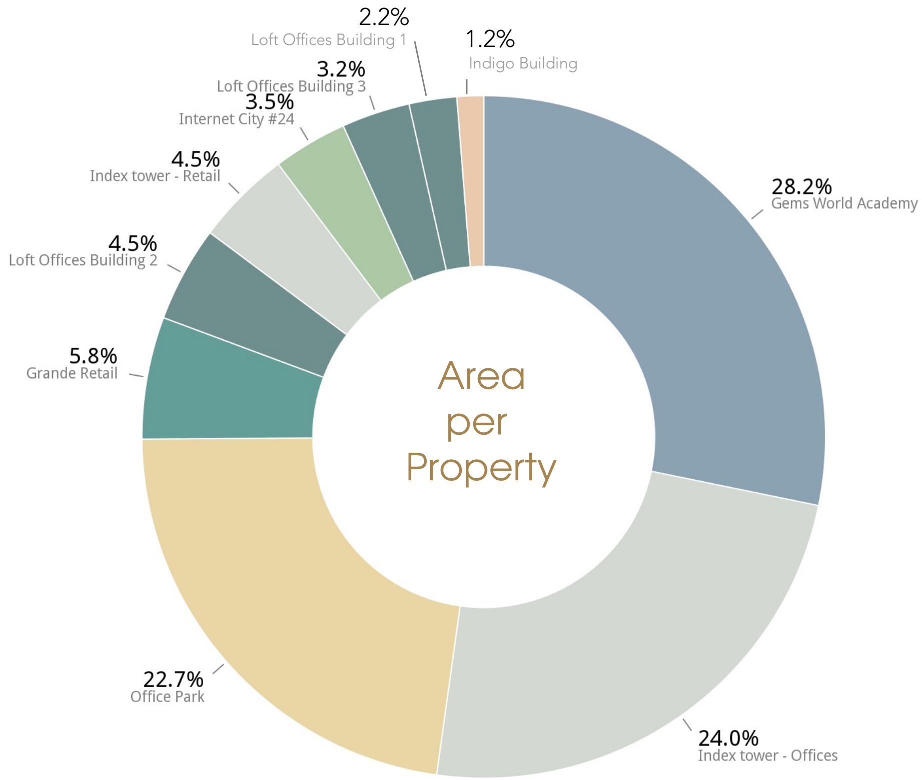
- Building 24;
- Indigo 7;
- The Loft Offices which includes:
    - Loft Offices 1
    - Loft Offices 2
    - Loft Offices 3;
- Office Park;
- GEMS World Academy Dubai (GWAD);
- Index Tower which includes:
    - Index Tower – Retail;
    - Index Tower – Offices;
    - Index Tower – Car Park; and
- Le Grande Community Mall.

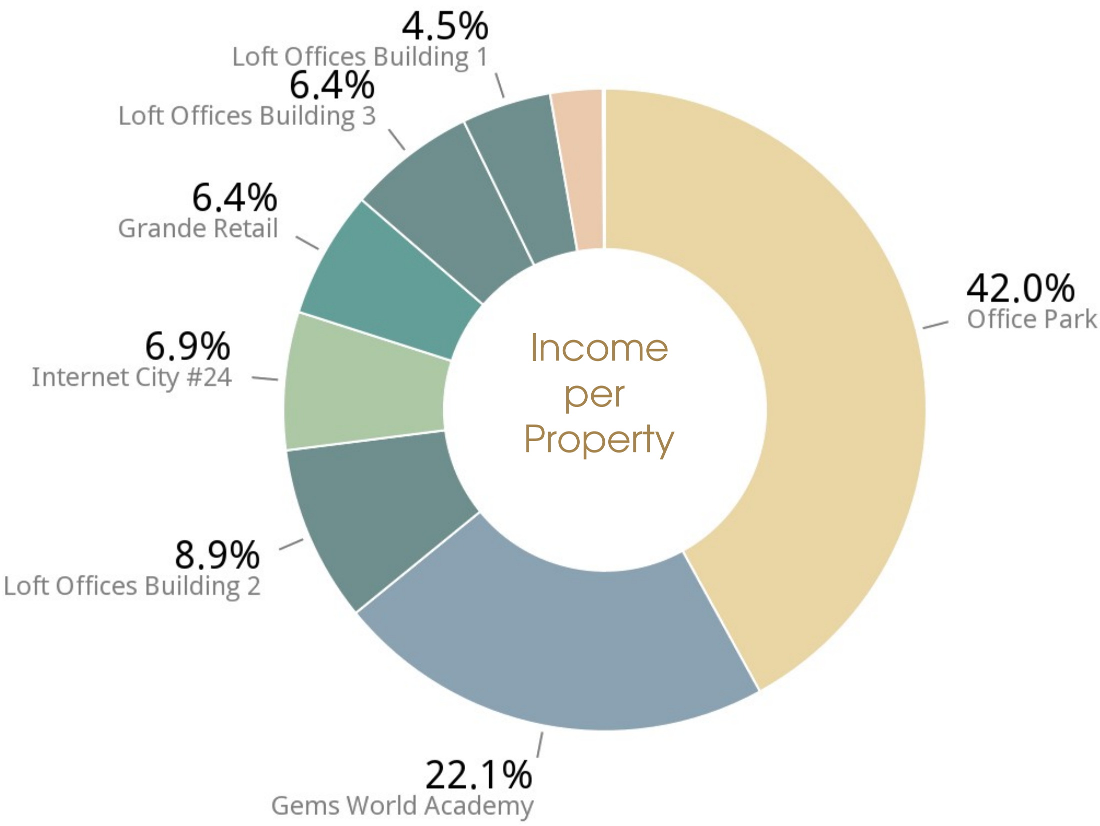



## Post Period Event

On 2 August 2015, Emirates REIT has acquired a freehold land plot and will fund the development of a new school in the Akoya development, Dubailand. For further details, please refer to pages 46 of this report.

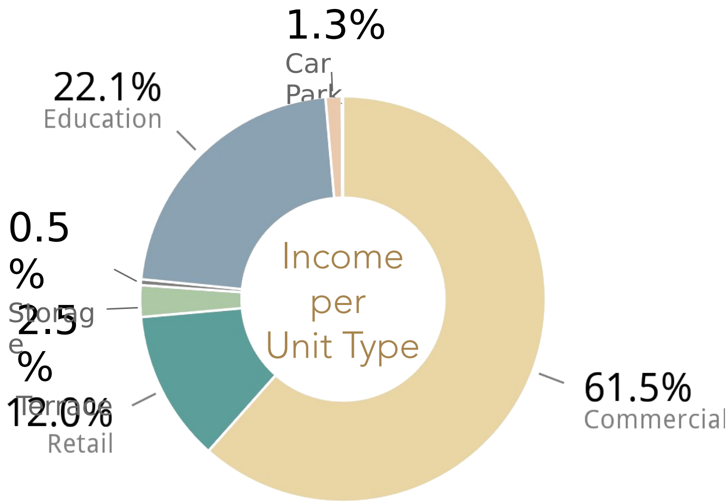

The Loft Offices
Office Park
Indigo 7
Gems World Academy
Index Tower
ARABIAN GULF
Internet City
Sheikh Zayed Road
DIFC
Dubai Creek
SHARJAH
OMAN



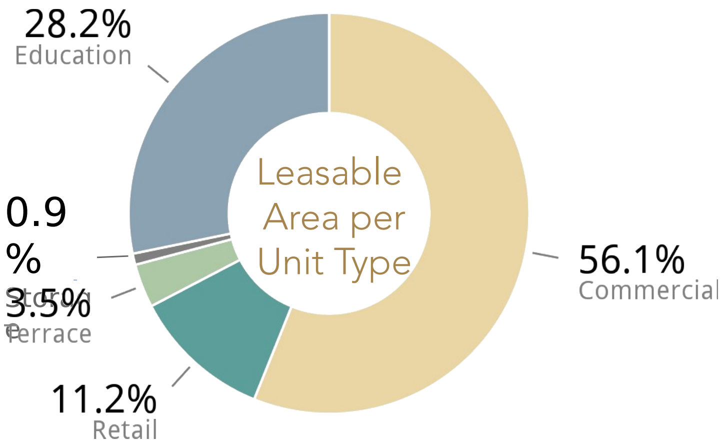


All numbers are as at 30 June 2015, unless otherwise specified

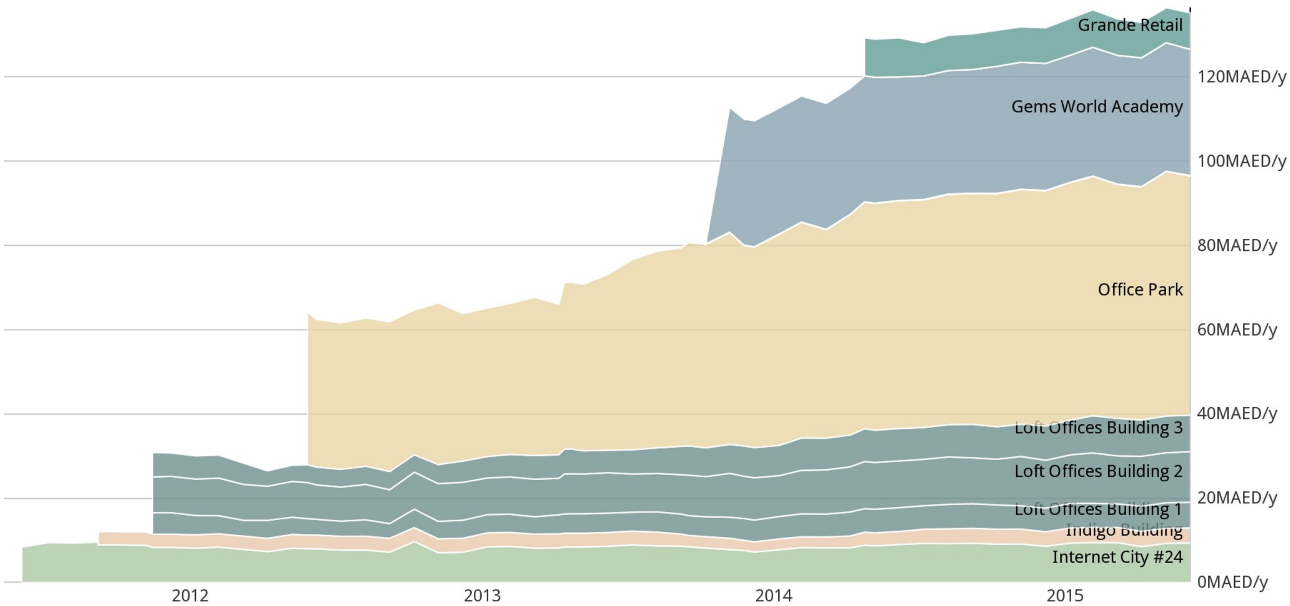



## Total Passing Income
as at 30 June 2015

36,823,214 USD
135,251,667 AED




## Annualized Rent Contribution



# Key Portfolio Statistics

| | 30 June 2015 | 31 Dec 2014 | 30 June 2014 |
|---|---|---|---|
| Number of Properties (consolidated)(1) | 7 | 7 | 7 |
| Portfolio Occupancy | 67.7%* / 94.6%** | 66.6%* / 94.1%** | 68.4%* / 95.9%** |
| Weighted Average Lease Expiry | 7.9 | 8.4 | 8.8 |
| Number of tenants | 203 | 204 | 205 |
| Net Leasable Area (in square feet) | 1.628 million sqft(1) | 1.645 million sqft | 1.633 million sqft |
| Market Value (AED)*** | AED 2.259 billion | AED 2.113 billion | AED 2.056 billion |
| Passing Income (AED) | AED 135.3 million | AED 131.6 million | AED 128.9 million |
| Net Leasable Area (in square meter) | 151,272 $m^2$ (1) | 152,847 $m^2$ | 151,710 $m^2$ |
| Market Value (USD) | USD 614.97 million | USD 575.33 million | USD 559.65 million |
| Passing Income (USD) | USD 36.8 million | USD 35.8 million | USD 35.1 million |

* Including Index Tower / ** Excluding Index Tower

*** Market Value is including Investment Property under re-development and fit-out

[1] The Reduction in the Net Leasable Area is due to the creation of fitted-out floors in Index Tower. The common areas are excluded from the Net Leasable Area.

# Portfolio Tenant Concentration

The profile of the largest tenants within the portfolio has remained consistent.

The 10 largest tenants have remained the same since December 2014 with a slight change, where the Management Consultancy company (tenant 4, previously tenant 5) increased its leased area.

| | Building | Sector | Lease Expiry | Percentage of Portfolio Gross Revenue |
|---|---|---|---|---|
| Tenant 1 | GWAD | Education Provider | 2043 | 22.1% |
| Tenant 2 | Office Park | Health Care Information Systems | 2018 | 6.7% |
| Tenant 3 | Office Park | Telecommunications | 2017 | 3.9% |
| Tenant 4 | Office Park | Management Consultancy | 2017 | 3.7% |
| Tenant 5 | Office Park | Beverage Manufacturer and Retailer | 2017 | 3.4% |
| Tenant 6 | Office Park | Chemical and Pharmaceutical | 2016 / 2017 / 2019 [1] | 3.1% |
| Tenant 7 | Indigo 7 | Restaurants | 2018 | 1.7% |
| Tenant 8 | Office Park | Medical Device Technology | 2018 | 1.5% |
| Tenant 9 | Office Park | Information Provider | 2018 | 1.4% |
| Tenant 10 | Office Park | Computer Security Software | 2020 | 1.4% |
| **10 Largest Tenants** | | | | **48.9%** |
| Other Tenants | | | | 51.1% |

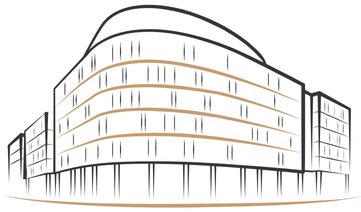
[1] There are three separate lease agreements with staggered expiry dates: 418.61 sqft (38.89 m2), 17,826 sqft (1,656 m2 ) in 2017 and 10,755 ( 999 m2 ) in 2019.

# Office Park

Located within Knowledge Village, a well-established commercial and education district in new Dubai, Office Park is a commercial building catering to office and retail tenants including a supermarket and other F&B tenants. The property comprises an 'L' shaped plot of land on a site area of approximately 128,412 square feet (11,930 $m^2$). The building was constructed in 2008 and is of reinforced concrete frame extending over two basement levels, ground, mezzanine, and seven upper floors. Office Park was acquired in June 2012, and is on freehold ownership.

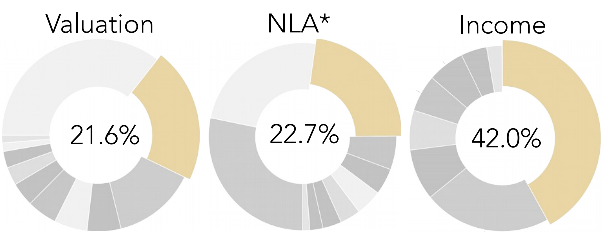


All numbers are as at 30 June 2015, unless otherwise specified



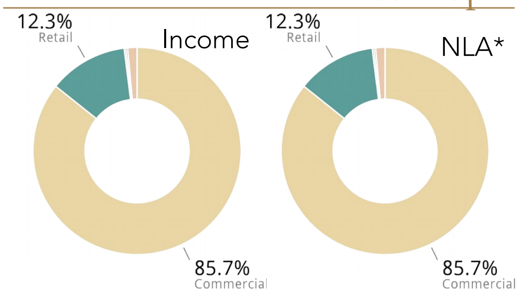
| | 30 June 2015 | 31 December 2014 | 30 June 2014 |
|---|---|---|---|
| Market Value | AED 485.6 million | AED 473.6 million | AED 446.5 million |
| Net Leasable Area | 369,537 sqft (34,331 m²) | 369,537 sqft (34,331 m²) | 369,537 sqft (34,331 m²) |
| No. of Tenants | 52 | 51 | 50 |
| Occupancy Rate | 96.29% | 95.33% | 94.80% |
| Passing Income | AED 56.8 million | AED 55.8 million | AED 54.1 million |
| WA Lease Expiry | 2.4 years | 2.8 years | 3.3 years |

## Share of Total Portfolio




* Net Leasable Area (Car parks are not included)

## Asset Split




# Overview of H1 2015

Office Park performances have slightly improved during the first semester of 2015. This Asset is now "structurally fully occupied" with only one office space and one retail space available.

The retail offers for the building have now stabilised, attracting not only residents of the building but also customers from the neighbouring areas.

Decorative landscaping is now completed, changing positively the aspect of the building.

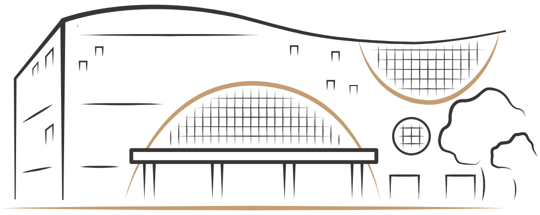
During the next six months, the team plans to focus on improving the energy efficiency of the building, and renovating the car parks.

# GEMS World Academy Dubai


GEMS World Academy Dubai is located within Al Barsha South in Dubai, a developing residential district of new Dubai situated between Jumeirah Village and Dubiotech. The property is a low-rise education complex situated on a plot of land with an approximate area of 459,614 square feet (42,700 m$^2$). The building was constructed in the past five years and is of reinforced concrete frame construction extending over ground and three upper floor levels. GEMS World Academy Dubai is currently on a long-term lease to Premier Schools (operator of GEMS) a Pre-K to Grade 12 international school. GEMS World Academy Dubai was acquired in October 2013, and is on a long leasehold ownership title.

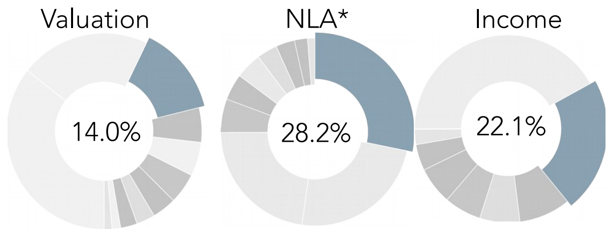


All numbers are as at 30 June 2015, unless otherwise specified

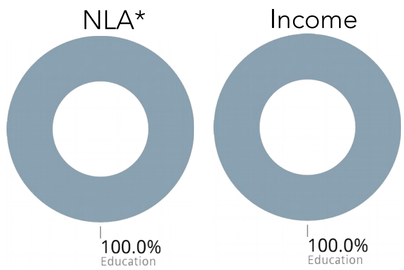


| | 30 June 2015 | 31 December 2014 | 30 June 2014 |
|---|---|---|---|
| Market Value | AED 314.8 million | AED 313.7 million | AED 312.5 million |
| Net Leasable Area | 459,614 sqft (42,700 m²) | 459,614 sqft (42,700 m²) | 459,614 sqft (42,700 m²) |
| No. of Tenants | 1 | 1 | 1 |
| Occupancy Rate | 100% | 100% | 100% |
| Passing Income | AED 29.9 million | AED 30.2 million | AED 29.3 million |
| WA Lease Expiry | 28.3 years | 28.8 years | 29.3 years |

## Share of Total Portfolio




## Asset Split




* Net Leasable Area

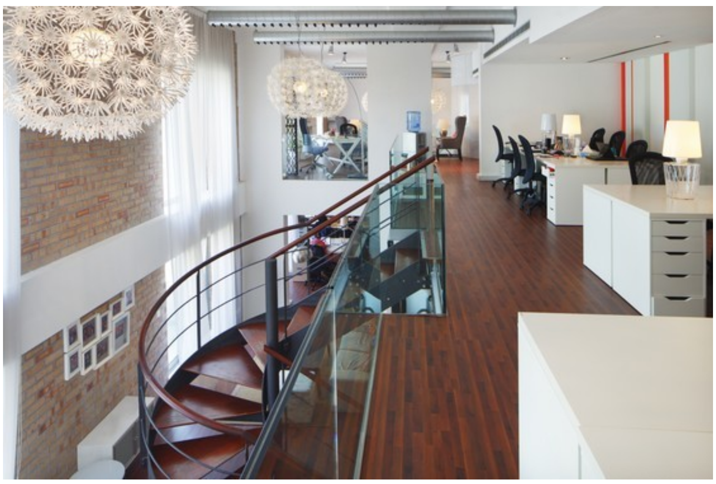
# Overview of H1 2015

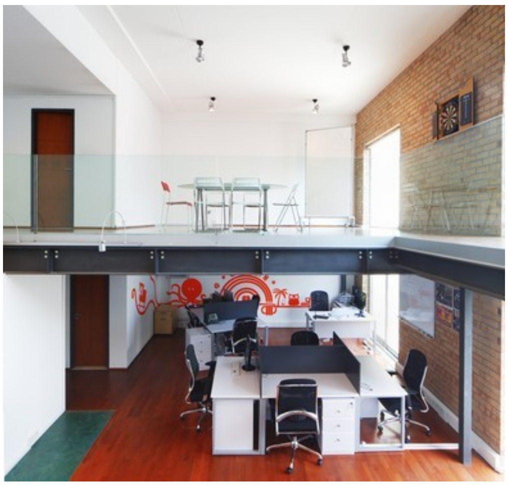
Gems World Academy continues to run smoothly with the tenant paying their rent and service charges in a timely manner.

# The Loft Offices

A cluster of three low-rise commercial buildings in Dubai Media City featuring a central courtyard and retail space. The buildings are multi-let with various types of commercial and retail tenants. The buildings are of reinforced concrete extending over one basement level, ground and five upper floors. The Loft Offices cover a total land plot area of 82,795 square feet (7,692 $m^2$).

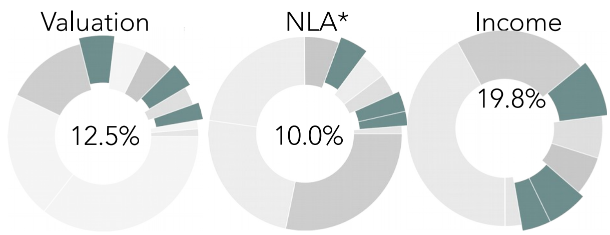
The Loft Offices were acquired in December 2011, and are on a freehold ownership title.





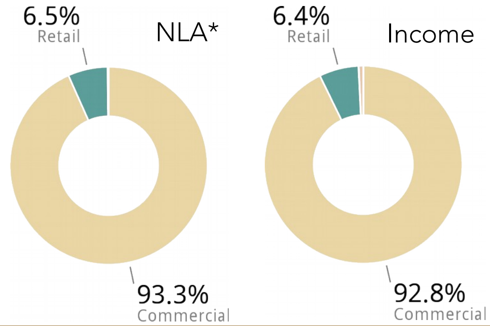
| | 30 June 2015 | 31 December 2014 | 30 June 2014 |
|---|---|---|---|
| Market Value | AED 281.0 million | AED 245.7 million | AED 234.4 million |
| Net Leasable Area | 163,065 sqft (15,149 m$^2$) | 163,065 sqft (15,149 m$^2$) | 163,065 sqft (15,149 m$^2$) |
| No. of Tenants | 107 | 110 | 111 |
| Occupancy Rate | 95.53% | 96.97% | 97.00% |
| Passing Income | AED 26.9 million | AED 25.2 million | AED 24.3 million |
| WA Lease Expiry | 1.1 years | 1.2 years | 1.3 years |

## Share of Total Portfolio




* Net Leasable Area (Car parks are not included)

## Asset Split




# Overview of H1 2015

Throughout the first semester of 2015, the Loft Offices have continued to perform well, concluding to an increase of their value by 14.36% (AED 35.3 million).

Tenant retention has remained steady while the passing income has increase by 6.7% from January to June 2015.

The retail tenant mix has been improved, and the buildings now have a wider range of services to provide to residents and visitors.

The agreements with the Property Manager, Facility Manager and Security Services companies have all been renewed.

All the chillers have been replaced as scheduled and are now operational. The improvement in the energy efficiency shall be expected during the next semester.

The basement (parking) lights have been upgraded and replaced by LED lights, improving both the aspect of the basement and the energy efficiency.

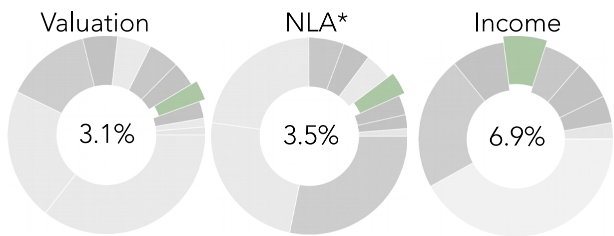
# Building 24


Low-rise building located in a prime area of Dubai Internet City, a well-established commercial district of new Dubai, Building 24 property covers a land area of 41,036 square feet (3,812 $m^2$) and was constructed in 2005. The building is of reinforced concrete frame and extends over basement, ground and three upper floor levels featuring retail and office space.

This building was acquired in June 2011 and is on a freehold ownership title.

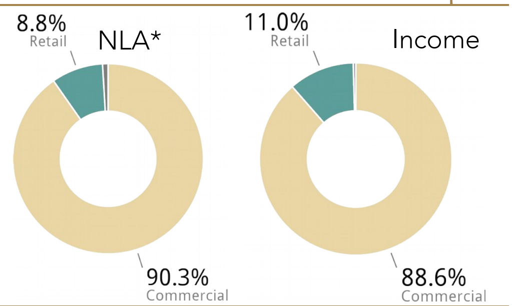
| | 30 June 2015 | 31 December 2014 | 30 June 2014 |
|---|---|---|---|
| Market Value | AED 68.9 million | AED 68.8 million | AED 69.9 million |
| Net Leasable Area | 57,335 sqft (5,327 m²) | 57,335 sqft (5,327 m²) | 57,335 sqft (5,327 m²) |
| No. of Tenants | 26 | 25 | 26 |
| Occupancy Rate | 97.46% | 96.1% | 99.8% |
| Passing Income | AED 9.4 million | AED 8.5 million | AED 9.1 million |
| WA Lease Expiry | 1.6 years | 1.6 years | 1.8 years |

## Share of Total Portfolio




* Net Leasable Area

## Asset Split




# Overview of H1 2015

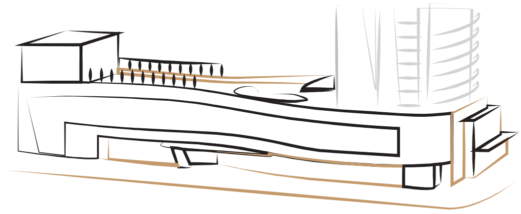
Occupancy levels remain high and stable for this property, with a large majority of the tenants renewing their lease.

Following the Facility Management and Security contract re-tendering at the end of 2014, Transguard was appointed to operate the building.

Since their appointment, Transguard have submitted a building condition survey and several maintenance works were carried out, including the refurbishment of the bathrooms, creation of an ablution area, the maintenance of chillers and upgrade of the interlock flooring at the entrance of the car park.

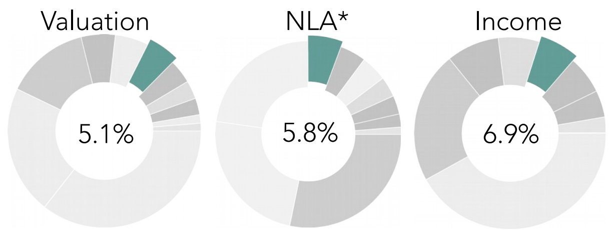
# Le Grande Community Mall


Le Grande Community Mall is the retail component of Trident Grand Residence in Dubai Marina, a mixed-use residential and retail building in an established residential and commercial district of new Dubai. The property itself comprises of the ground and first floor level retail accommodation of the Trident Grand Residence Tower, which extends to a total of 22 individual retail units with additional customer seating areas and basement car parking (161 spaces). This asset was acquired in May 2014 and is on a freehold ownership title.



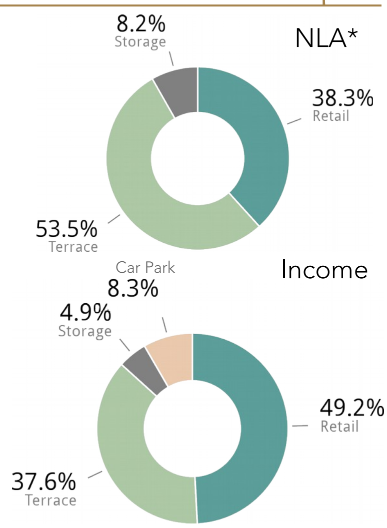
| | 30 June 2015 | 31 December 2014 | 30 June 2014 |
|---|---|---|---|
| Market Value | AED 114.0 million | AED 115.9 million | AED 124.1 million |
| Net Leasable Area | 94,139 sqft* (8,746 m²) | 94,139 sqft* (8,746 m²) | 94,139 sqft* (8,746 m²) |
| No. of Tenants | 12 | 14 | 13 |
| Occupancy Rate | 60.0% | 55.2% | 77.4% |
| Passing Income | AED 8.7 million | AED 8.5 million | AED 8.8 million |
| WA Lease Expiry | 3.0 years | 3.5 years | 4.0 years |

## Share of Total Portfolio




* Net Leasable Area (Car parks are not included)

## Asset Split



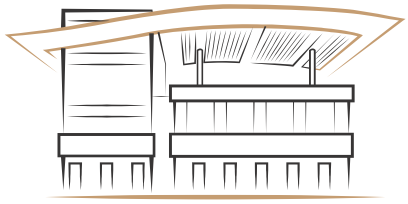

# Overview of H1 2015

Le Grande Community Mall ("Le Grande") is under active asset management program. Lease terminations have been agreed with non-performing tenants and new leases have been agreed, including a five years lease starting on 24 June 2015 with Choithrams Supermarket. The supermarket is expected to start operating during the first quarter of 2016, adding substantial levels of footfall to the mall.

The new Property Management company have improved the operational efficiency as well as tenant relations and rent collections. A new Facility Management company has been appointed and will start operating in September. The study of the viability of extending the leasable area of the retail, through redevelopment is currently under process.

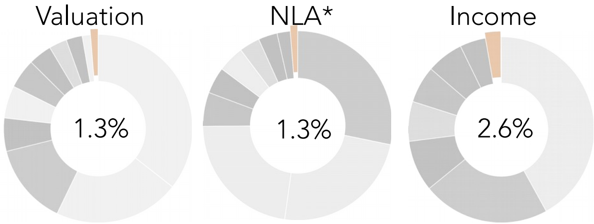
# Indigo 7


Indigo 7 is located along the northern side of Sheikh Zayed Road within the Al Manara district of Dubai, a primarily residential district. The building is a low-rise development constructed in 2009 featuring retail and office components. The building is situated on a land plot that comprises approximately 15,000 square feet (1394 $m^2$). Indigo 7 is currently anchored by one tenant operating two restaurants, Reem Al Bawadi and Crumbs. The building was acquired in September 2011, and its ownership title is a contractual interest similar to tenancy rights.



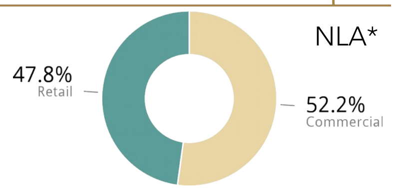
| | 30 June 2015 | 31 December 2014 | 30 June 2014 |
|---|---|---|---|
| Market Value | AED 29.2 million | AED 29.5 million | AED 26.6 million |
| Net Leasable Area | 20,477 sqft (1,902 m²) | 20,477 sqft (1,902 m²) | 20,477 sqft (1,902 m²) |
| No. of Tenants | 5 | 5 | 5 |
| Occupancy Rate | 90.4% | 90.4% | 90.4% |
| Passing Income | AED 3.6 million | AED 3.4 million | AED 3.1 million |
| WA Lease Expiry | 2.8 years | 3.3 years | 3.5 years |

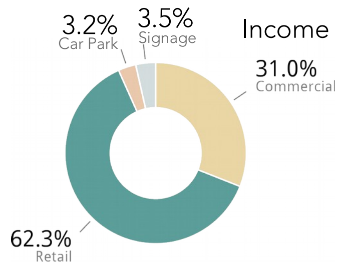
## Share of Total Portfolio




* Net Leasable Area (Car parks and signage are not included)

## Asset Split



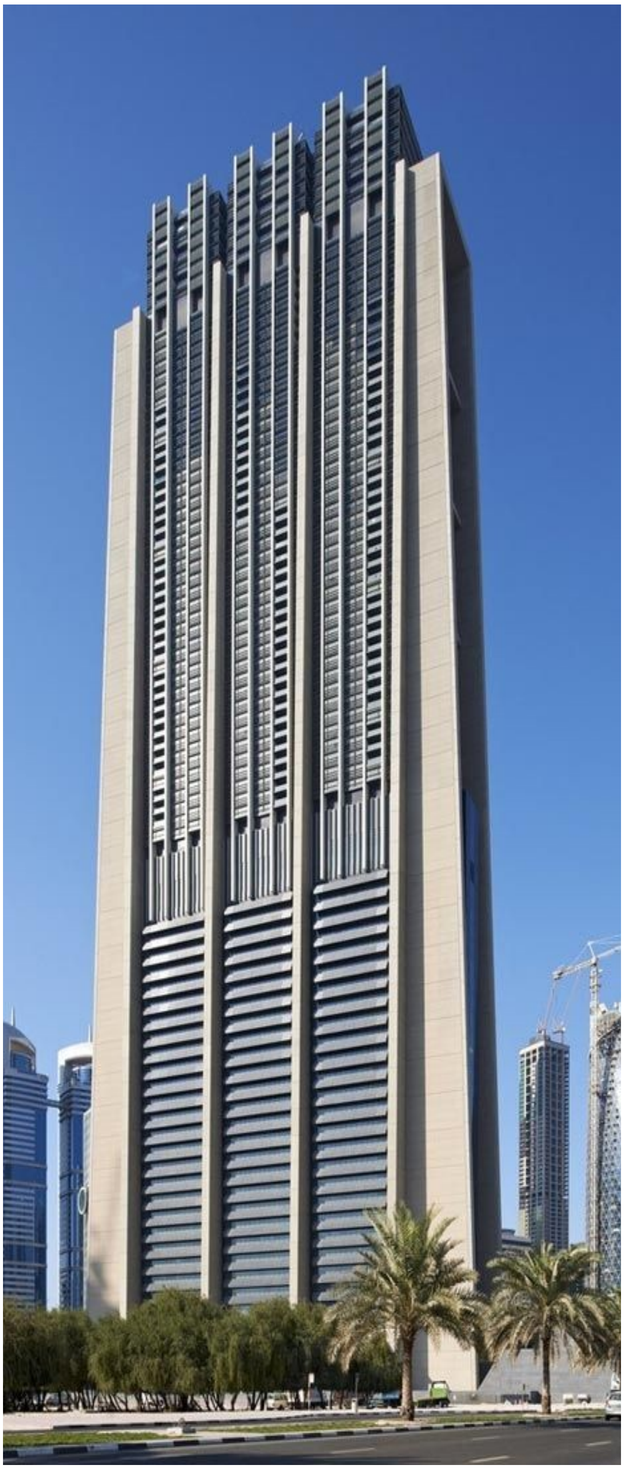




# Overview of H1 2015

During the first semester of 2015, the active maintenance program in place, is improving the fire fighting, health and safety standards of the building.

The program will continue during the second semester of the year.

# Index Tower

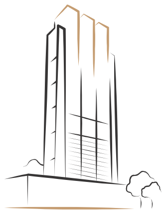


Index Tower is a mixed-use property located in the DIFC, a well-established commercial and retail district in Dubai. Index Tower was completed in 2010 and covers a land area of approximately 215,319 square feet (20,004 $m^2$). The REIT owns 17 out of the 25 office floors, car parking spaces and the whole retail component of Index Tower.

Interests in the building were acquired in May 2013, December 2013, June 2014 and December 2014, and are owned on a Freehold Ownership Title.



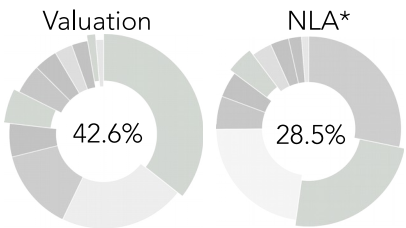
All numbers are as at 30 June 2015, unless otherwise specified



| | 30 June 2015 | 31 December 2014 | 30 June 2014 |
|---|---|---|---|
| Market Value | AED 959.6 million | AED 861.2 million | AED 841.6 million |
| Net Leasable Area | 464,116 sqft* (43,118 $m^2$)* | 481,069 sqft (44,693 $m^2$) | 469,195 sqft (43,590 $m^2$) |
| No. of Tenants | N/A | N/A | N/A |
| Occupancy Rate | 0% | 0% | 0% |
| Passing Income | N/A | N/A | N/A |
| WA Lease Expiry | N/A | N/A | N/A |

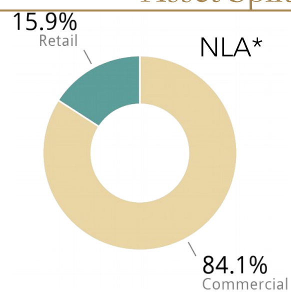
* The Net Leasable Area has decreased due to the completion of fitted-out and furnished office floors, where common areas are excluded from the total area of the floor.

## Share of Total Portfolio




* Net Leasable Area (Car parks are not included)

## Asset Split




# Overview of H1 2015

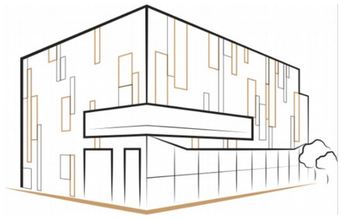
The fit-out of two office floors (Level 5 and 10) has been completed in June and July respectively. The first tenants have signed leases at AED 350 per sqft (net) for the fitted-out and furnished offices, and started to occupy the premises in July. The impact of the first rent income shall be seen during the third quarter 2015. These signed transactions have been the key driver in the increase in the property valuation of 11.43%.

Due to robust demand for the level 10 Units, the fit-out of additional three floors has been instructed. The asking price for new tenants in fitted-out offices now exceed AED 400 per sqft.

The retail development has progressed with a formal submission of the Foster + Partners concept design. Tenders are currently being analysed to appoint a new lead consultant for local delivery of the redevelopment.

# Jebel Ali School (post period acquisition)

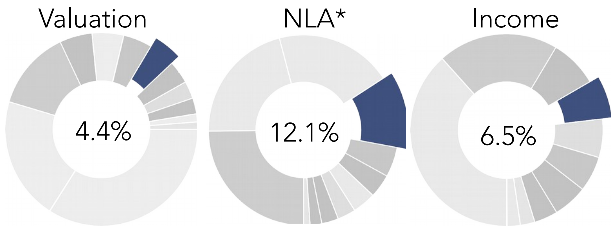
On 2 August 2015 the REIT acquired a 33,301 square meter freehold plot of land from Damac Cresent Properties LLC in the Akoya development, Dubailand at a cost (including transaction costs) of USD 26,806,862. Simultaneously with the acquisition, the REIT entered into various agreements for the construction of a school and agreed a long term lease arrangements with Jebel Ali Primary School as a school operator. The land has been leased from day 1, and on 2 August 2015, the REIT received the payment of the first year of rent of the Land for AED 10 million (USD 2.7 million) The construction of the school is estimated to take approximately fourteen months for a total estimated cost of USD 29.9 million.



| | Post Period |
|---|---|
| Market Value (land only) | AED 104,4 million |
| Net Leasable Area | 223,913 sqft* (20,802 $m^2$)* |
| No. of Tenants | 1 |
| Occupancy Rate | 100% |
| Passing Income | AED 10 million |
| WA Lease Expiry | 27 years |

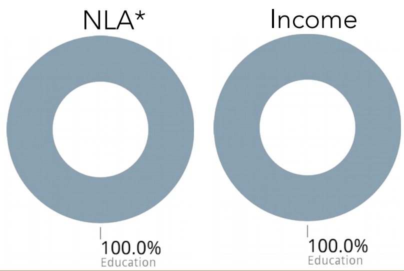
*Net Leasable Area to be confirmed once the building completed

## Share of Total Portfolio**




* Net Leasable Area

## Asset Split**




** Numbers are as at 3 August 2015, within a portfolio as at 3 August 2015.

# Overview of the Asset

Jebel Ali School is currently operating a school in Jebel Ali Village and will relocate to the new premises.

Jebel Ali School appointed Broadway Malyan as architect designer and Al Jaber L.E.G.T. Engineering and Contracting LLC (“ALEC”) as contractor.

The detailed design of the school has now been completed and the transfer of the land has been concluded with the Dubai Land Department. Permit applications are now underway and the contractor is expected to be mobilized by the end of August.

# REPORT OF THE REIT MANAGER

# Interim Regulatory Report of the REIT Manager

for the period ending 30 June 2015

Emirates REIT Management (Private) Limited (the "REIT Manager") is pleased to report the operations for Emirates REIT (CEIC) Limited (the "REIT").

## Investment Objectives of the REIT

The investment objective of the REIT is to develop a diversified portfolio of Shari'a compliant real estate properties and related assets through the acquisition of property assets.

The principal objective of the REIT is to provide shareholders with:

(a) a stable source of income

(b) increasing shareholder's value

# Policy for Achieving Objectives

The REIT has implemented a range of policies for achieving its investment objectives. The REIT employs a disciplined acquisition strategy.

The REIT pursues Shari'a compliant acquisitions with the aim of improving the overall returns and income stability of the REIT.

In accordance with the REIT's Articles of Association and the current CIR, the requirements placed on the REIT with regards to investments include:

## Type of Investment

The type of investments which can be undertaken by the REIT, which currently include 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. Such 40% limit may be exceeded when the REIT receives cash as a result of a disposal of assets or where the REIT receives cash as a result of a subscription for new shares or pursuant to any financing, re-financing or other similar arrangements whatsoever where the intention is to invest/re-invest such cash within six months of receipt or such longer period as is approved by a shareholders' special resolution.

## Potential Investments

After the REIT has assessed and approved a potential investment opportunity, it must prior to actual purchase, first be reviewed by the Investment Board (and the Oversight Board for related party transactions), and then reviewed by the Shari'a Supervisory Board to make sure that the investment is in accordance with Shari'a laws.

The REIT to date, has not invested in any joint ventures and there are currently no proposals to do so but there is no policy against investing in a suitable joint venture within the limits set by the regulations which govern the REIT.

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

## Disciplined acquisition strategy underpinned by an attractive real estate market in the UAE

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

The REIT's acquisition strategy is underpinned by the following key considerations:

- invest in Shari'a compliant property assets;
- focus on quality properties with attractive yields.

## Active Asset Management Strategy

The REIT Manager actively manages the REIT's Portfolio (the "Properties") in order to increase income and market valuations with the aim of further improving property yields and delivering strong returns to the Shareholders. The REIT Manager works closely with its property managers with the aim of ensuring the optimisation of its Portfolio in terms of occupancies and achievable rental income. The REIT Manager applies the following key operating and management principles:

- maintaining the quality of the Portfolio by regularly monitoring the performance of the Properties; optimising the Net Leasable Area of the Properties through reconfigurations;
- establishing close relationships with tenants to increase tenant satisfaction and retention;
- increasing rental rates and property yields through a considered approach to contract terms;
- enhancing the operating efficiency of the Portfolio; and raising the profile of the Portfolio.

## Prudent Capital and Risk Management Strategy

To maintain a strong financial position, the REIT Manager seeks to adopt a prudent capital and financial management strategy, in an attempt to ensure continuous access to funding while maintaining stable dividend distributions and achieving steady growth in Net Asset Value per Share.

The key pillars for the Capital and Risk Management Strategy that the REIT Manager applies include:

- managing the risks associated with the Properties by balancing the Portfolio and focusing on acquiring a broad range of properties and seeking quality tenants with attractive lease terms and covenants;
- using Shari'a compliant debt financing in an attempt to provide additional capital and improve Shareholder returns over the long-term where such Shari'a debt financing is appropriate. However, the REIT Manager is obliged to ensure that the REIT's gearing will not exceed the current limit, which is 50% of the gross asset value;
- continually revisiting lines of credit and assessing a variety of possible financing structures; and
- actively considering opportunities to raise funds by way of the issue of new Shares in the long term.

Index Tower Level 18 – Leasing suite – Example of an office “Manhattan Classic” Style

# Risk Profile

The REIT is a close-ended shari'a compliant investment company incorporated in the DIFC, registered by the DFSA as a Public Fund with reference number C000012.

It operates under the laws and regulations of the DIFC and DFSA, and in accordance with the principles of Shari'a.

The REIT Manager is appointed to manage the REIT and its assets in accordance with the terms set out in the REIT's Articles of Association, the REIT's Investment Policy and the principles of Shari'a.

The REIT Manager is authorised by the DFSA to conduct the following licensed activities:

- Advising on Financial Products or Credit
- Managing a Collective Investment Fund

Accordingly, as at 30 June 2015, the REIT Manager is a Category 3C Firm for prudential reporting purposes.

The REIT Manager also holds 2 endorsements to its DFSA license

- as an Islamic Financial Institution, and
- as an entity permitted to deal with Retail Clients (this endorsement became effective on the listing of Emirates REIT, on 8 April 2014).

In February 2013, the REIT was granted a Ruler's decree which allowed the REIT to invest through its onshore Dubai Branch in properties onshore Dubai. The decree requires that the REIT must comply with Law 7 of 2006 whereby 51% ownership of the REIT must be retained by GCC nationals. The REIT's Articles of Association state that for the shares to be transferable, at least 51% of the REIT's share capital must be owned at all times by GCC nationals, or entities. At 30 June 2015, the GCC vs. Foreign percentage ownership was 60.69% vs. 39.31% respectively. On the 30 June 2014, it was 60.89% vs. 39.11%.

The REIT's continued performance will be subject to, among other things, the conditions of the property market in Dubai, which will affect both the value of any properties that the REIT acquires and the rental income those properties produce. Any deterioration in the Dubai property market, for whatever reason, could result in declines in market rents received by the REIT, in the occupancy rates for the REIT's properties and in the market values of the REIT's real estate assets (and the value at which it could dispose of such assets). A decline in the market value of the REIT's real estate assets may also weaken the REIT's ability to obtain financing for new investments.

Any of the above, amongst others 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 Board and as guided by the shareholders and at all times conforming to the investment policy defined by the REIT.

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.

Index Tower – Level 10 – Furnished Offices

# Investment Activities Review

## for the first semester of 2015

There have been no investments done during the first semester of 2015.

On 2 August 2015, Emirates REIT acquired a 33,301 sqm freehold land plot in Akoya Development, Dubailand. For further details of this transaction, please refer to page 46 of this report.

Jebel Ali School - Rendering

# Corporate Governance Framework

The REIT's corporate governance framework includes the following committees and boards in addition to the Management Board: (i) an Oversight Board; (ii) an Investment Board; (iii) a Shari'a Supervisory Board; and (iv) an Advisory Board.

## Management Board

The Management Board is responsible for guiding the REIT in their day to day operations, expanding and optimizing the Emirates REIT Portfolio.

In January 2015, the Management Board of the REIT comprised of Mr. Abdulla Al Hamli (Chairman), Mr. Sylvain Vieujot (Executive Deputy Chairman), Ms. Magali Mouquet (Executive Director) and Mr. Mark Inch (Non Executive Director).

On 1 March 2015, Mr. Mark Inch retired from the Board.

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

## Oversight Board

The Oversight Board is the committee appointed to oversee and supervise the activities of the REIT. All Members of the Oversight Board are independent of the REIT.

The Oversight Board ensure that the REIT has adequate systems and controls in place, remain in compliance with any requirements of the relevant rules and regulations and report their findings to both the REIT and where necessary to the DFSA.

The Oversight Board of the REIT is comprised of Mr. Suresh Kumar, Mr. Abdul Wahab Al-Halabi and Mr. Nasser Rafi. The Oversight Board was re-appointed on 1 February 2015 for a further year.

## Investment Board

The Investment Board consists of independent qualified experts, who have authority (by profession, expertise or reputation) and are authorised to review and confirm that they have no objection to prospective investment opportunities proposed by the REIT Manager.
The Investment Board is not involved in the day to day management of the REIT.

On 26 January 2015, shareholders approved the reappointment of Mr. Marwan Bin Ghulaita, Mr. David Savy and Mr. Abdulla Al Hashemi to the Investment Board for a period of 12 months until 31 January 2016.

## Shari'a Supervisory Board

The Shari'a Supervisory Board ensure compliance by the REIT with Shari'a principles and where possible, advise, guide and provide 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 practice.

On 26 January 2015, shareholders of the REIT approved the appointment of Dr. Muhiuddin Ghazi, as a replacement for Mr. Moosa Tariq Khoory.

The Shari'a Supervisory Board is therefore constituted of Dr Mohamed Abdul Hakim Zoeir, Mr. Mian Muhammad Nazir and Dr. Muhiuddin Ghazi for a period of 12 months until 31 January 2016.

## Advisory Board

The Advisory Board provide expert strategic advice, 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.
The Advisory Board is not involved in the day to day duties of the REIT.

In February 2015, Mr. Khalid Al Malik (Dubai Properties Group LLC), Mr. Michael Wunderbaldinger (TECOM Investments FZ LLC), Mr. Kunal Bansal (Vintage Bullion DMCC) and Mr. Faisal Mikou (Arabica Investments), were reappointed to the Advisory Board for a further term of 12 months, until 31 January 2016.

Mr. Faisal Mikou resigned from the Advisory Board on 1 June 2015.

# Matters Approved by Shareholders

## Dividend Payment

An Interim Dividend relating to the year ended 31 December 2014 was paid in January 2015 totalling USD 11.98 million (USD 0.04 per share), following approval at the General Meeting of the Shareholders held on 26 January 2015.

A Final Dividend relating to the year ended 31 December 2014 was paid in June 2015 totalling USD 11.98 million (USD 0.04 per share), following approval at the AGM of the Shareholders held on 22 June 2015.

The total dividend relative to the year ended 31 December 2014 paid was of USD 23.97 million (USD 0.08 per share).

## Re-appointment of Existing Members of the Investment Board

On 26 January 2015, the shareholders approved the reappointment of the existing members of the Investment Board, being Mr Marwan bin Ghulaita, Mr. David Savy, and Mr Abdulla Al Hashemi, for a period of 12 months, until 31 January 2016.

## Appointment of a Shari'a Board Member

On 26 January 2015, the shareholders approved the appointment of Dr. Muhiuddin Ghazi as a replacement of Mr. Moosa Tariq Khoory to the Shari'a Supervisory Board, until 31 January 2016.

## Reappointment of Auditors

On 22 June 2015, the shareholders approved the reappointment of PricewaterhouseCoopers (Dubai Branch) as auditors of the REIT.

## Annual Reports and Accounts

On 22 June 2015, the shareholders approved the annual report and the accounts of the REIT for the year ended 31 December 2014 together with the director's report and the auditor's report on those accounts.

## Annual Resolution to provide the required approval of the modification of CIR 8.3.2, CIR 13.4.16, & CIR 13.4.17

At the AGM in June 2015, the Shareholders provided the required annual approval, authorizing the REIT and the REIT Manager on behalf of the REIT, to enter into transactions with Affected Persons, in accordance with the modified version of CIR 8.3.2, CIR 13.4.16 and CIR 13.4.17 set out in the Modification Notice granted by the DFSA on 6 March 2014.

Details of the modification notices can be found on below.

## Modification of CIR 8.3.2, CIR 13.4.16, & CIR 13.4.17

### CIR 8.3.2

The Modification Notice allows the REIT to undertake Affected Person transactions without unit-holders prior approval subject to the following process:

1. If the consideration of the transaction is 5% or more of the most recent NAV, the Investment Board must provide a no objection and the Oversight Board must provide approval confirming that the transaction is conducted on such terms that are at least as favourable to the Fund as if transacted with an independent third party.

2. If the consideration of the transaction is more than 0.25% but less than 5% of the most recent NAV, the DFSA is provided with a written notice, as soon as possible after the relevant transaction, setting out the relevant terms of the transaction and why those terms are considered fair and reasonable by the investment committee or oversight provider of the Fund.

3. A brief summary is included in the following published interim or annual report.

4. The annual report should include the total value, nature and counter-parties of the transaction.

### CIR 13. 4.16

The Modification Notice allows the REIT to undertake Affected Person transactions in the nature of services provided relating to the real property of the REIT in the ordinary and usual course of estate management, including renovation and maintenance work without Oversight Board approval for those transaction where the total consideration is less than 5%.

### CIR 13.4.17

The Modification Notice allows the REIT to engage Affected Persons as property agents including advisory or agency services in property transactions subject to the following conditions;

1. If the consideration of the transaction is 5% or more of the most recent NAV, the Investment Board must provide a no objection and the Oversight Board must provide approval confirming that the transaction is conducted on such terms that are at least as favourable to the Fund as if transacted with an independent third party.

2. If the consideration of the transaction is more than 0.25% but less than 5% of the most recent NAV, the DFSA is provided with a written notice, as soon as possible after the relevant transaction, setting out the relevant terms of the transaction and why those terms are considered fair and reasonable by the investment committee or oversight provider of the Fund.

# Matters to be brought to the Shareholders' Attention

## Islamic Finance Facilities

On 15 January 2015 Emirates REIT increased its financing with Ajman Bank PJSC by drawing down an additional USD 25.93 million (AED 95.25 million) gross, bringing the total borrowing with Ajman Bank PJSC to USD 50.37 million (AED 185 million).

## Change in Ownership of the REIT Manager

On 1 March 2015, Eiffel Management acquired Dubai Islamic Bank's (DIB) 25% stake in the REIT Manager. Following the transaction, Eiffel Management Limited owns 100% of the REIT Manager's total issued share capital.

## Expiry of Lock-up Period

At the time of admission on NASDAQ Dubai, Emirates REIT and the founding shareholders agreed to a lock-in of a maximum of one year. The one year lock-in period has ended, on 8 April 2015.
These locked-up shares represented 42.15% of total outstanding shares.
The earlier locked-up shares were released on 8 October 2014.

## Retirement of a Board Member

On 1 March 2015, Mr. Mark Inch retired from the Board. The Board is now comprised of Mr. Abdulla Al Hamli (Chairman), Mr. Sylvain Vieujot (Executive Deputy Chairman) and Ms. Magali Mouquet (Executive Director).

## Modifications for Borrowing Limits

On 3 May 2015, the DFSA granted a Modification of DFSA Rule CIR 13.5.5 and IFR 6.11.5 such that the REIT Manager could now borrow ( in respect of the REIT) up to 50% of the total gross asset value of the Fund instead of the 70% of the net asset value.

## Custody Arrangements

On 3 May 2015, the DFSA granted a waiver for DFSA Rule CIR 8.2.2 (2), removing the requirement for the REIT Manager to appoint an Eligible Custodian for the safekeeping of Real Property title deeds. This waiver requires the REIT Manager to have the systems and controls in place to ensure the safe custody of these documents, including a dedicated safe and review by the Oversight Board of the adequacy of the systems and controls. The granting of this waiver removes significant future costs of having the custody arrangements in place for the REIT.

## Affected Persons

The on-going affected party transactions during the first semester of 2015, based on existing approved contracts or lease agreements are listed below:

| | |
|---|---|
| Emirates REIT Management (Private) Limited – *management & performance fee* | USD 5,703,790 |
| Dubai Islamic Bank (PJSC) – *rental income* | USD 160,000 |
| Dar Al Sharia Legal & Financial Consultancy LLC – *professional fees* | USD 62,663 |
| Deyaar Facilities Management – *property expenses* | USD (16,342) |
| Dubai Properties Group LLC – *rental income and facility management expense, net* | USD 268,939 |
| SHUAA – *custodian fees* | USD 19,755 |
| Oversight Members – *engagement fee* | USD 29,822 |

# Post Period Events

## Islamic Finance Facilities

On 26 July 2015 the REIT drew down new Ijarah financing with Emirates Islamic Bank of USD 24.50 million (AED 90 million) secured by way of additional mortgage on the Loft Offices on the same terms as existing EIB financing (profit rate of 3 month EIBOR plus 2.5%, no minimum, fully amortizing over 10 years).

New Islamic financing was also agreed with Union National Bank for USD 20.42 million (AED 75 million) secured on two floors in Index Tower. The funds were drawn down on 26 July 2015.

Further details of the Islamic Finance Facilities can be found in the Operating and Financial Review.

Had these additional funds been drawn down at 30 June 2015, debt as a percentage of total assets would have been 32.1%.

The regulatory limit on borrowings for the REIT is set at 50% of gross asset value meaning that the capacity for additional borrowings at 30 June 2015 is in excess of USD 260 million.

## New Acquisition

On 2 August 2015 the REIT acquired a 33,301 square meter freehold plot of land from Damac Cresent Properties LLC in the Akoya development, Dubailand at a cost (including transaction costs) of USD 26,806,862. Simultaneously with the acquisition, the REIT entered into various agreements for the construction of a school and agreed a long term lease arrangements with Jebel Ali Primary School as a school operator. The land has been leased from day 1, and on 2 August 2015, the REIT received the payment of the first year of rent of the Land for AED 10 million (USD 2.7 million) The construction of the school is estimated to take approximately fourteen months for a total estimated cost of USD 29.9 million.

# GOVERNANCE

# Shari'a Compliance Certificate

issued by the Shari'a Supervisory Board
for the period ended 30 June 2015

## Subject of this Certificate

This certificate is being issued by the Shari'a Supervisory Board of the REIT with regard to the Shari'a compliance of the REIT.

## Shari'a summary of the REIT

The REIT is the first Shari'a compliant real estate investment trust incorporated within the DIFC and regulated by the DFSA under the CIR Rules as a public Fund. The REIT's property portfolio currently consists of seven 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 Shari'a Supervisory Board also has oversight on the Shari'a audit of the REIT, which is conducted semi-annually (the "Shari'a Audit"). Pursuant to the Shari'a Audit, the Shari'a 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 Shari'a (as interpreted by the members of the Shari'a Supervisory Board) and the Fatawa of the Shari'a 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 Legal & Financial Consultancy LLC (the "Dar Al Shari'a") on the REIT for the period commencing from 1 January 2015 and ending on 30 June 2015 prepared in accordance with the DFSA Islamic Finance Rules (IFR) 6.4.1. (1) and (2) (the "Shari'a Review Report").

# Shari'a Review of the REIT by Shari'a Supervisory Board

We, the Shari'a Supervisory Board of the REIT hereby provide as follows:

a) We have reviewed the Shari'a Review Report submitted by Dar Al Shari'a 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 Shari'a Review Report in order to express an opinion as to whether the REIT has undertaken its Activities and Transactions in accordance with Principles of Shari'a and the specific Fatawa, resolutions and guidelines issued by us.

# Pronouncement by Shari'a Supervisory Board of the REIT

We, the Shari'a 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 1 January 2015 and ending on 30 June 2015 (as reviewed by Dar Al Shari'a pursuant to the Shari'a Review Report) were carried out in accordance with the rules and principles of Shari'a.

b) The distribution of profits and losses complies with the basis approved by us in accordance with the principles of Shari'a.

c) All income achieved from the Activities and Transactions were in line with principles of Shari'a.

d) All of the tenants of the properties currently owned by the REIT are in line with the principles of Shari'a.

e) All of the REIT's financing is in accordance with the principles of Shari'a.

f) All contracts, including leases are in accordance with the principles of Shari'a.

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.

Dr. Abdul Hakim Zoeir

Mr. Mian Muhammad Nazir

Dr. Muhiuddin Ghazi

30 July 2015

# OPERATING AND FINANCIAL REVIEW

# Summary

The following is a discussion and analysis of the results of operations and financial condition of the REIT as at and for the six month period ended 30 June 2015 ("H1 2015"), and presents the REIT Manager's perspective on the results of operations and financial condition of the REIT as at this date and during this period. This operating and financial review section should be read in conjunction with the REIT's unaudited Condensed Interim Financial Statements for the six months ended 30 June 2015 (the "Condensed Interim Financial Statements") set out in Appendix A to this report.

The discussion and analysis in this section is based on the Condensed Interim Financial Statements, which are prepared in accordance with International Financial Reporting Standards (IFRS). Save as disclosed, all financial information included in this "Operating and Financial Review" section has been extracted from the Condensed Interim Financial Statements or extracted from the underlying accounting records of the REIT.

The functional currency of the REIT is UAE Dirhams, however the financial statements are presented in USD, the REIT's presentational currency translated at a rate of AED 3.673 to 1 USD.

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.

# Overview

The REIT is a closed-ended investment company with unlimited duration and was established in the DIFC by the REIT Manager on 28 November 2010 under the Companies Law with the name "Emirates REIT (CEIC) Limited" and with registration number 0997. The REIT is categorized under the Dubai Financial Services Authority (the "DFSA") Collective Investment Rules as a Domestic Fund, an Islamic Fund, a Property Fund and a Real Estate Investment Trust (REIT). The REIT was admitted to the Official List maintained by the DFSA and also to trading on NASDAQ Dubai on the 8 April 2014.

The REIT is managed by the REIT Manager, which is the sole Director of the REIT.

The REIT does not hold any subsidiary interests as of the date of this report. The REIT has two branches outside of the DIFC registered as branches of a foreign company, being the Onshore Dubai Branch and the Tecom Branch. The Onshore Dubai Branch enables the REIT to hold properties in Onshore Dubai and the Tecom Branch enables the REIT to manage properties in Tecom.

# Financial highlights

## Income and earnings

| In USD'000 | Six months ended 30 June 2015 | 30 June 2014 | Change |
|---|---|---|---|
| Property Income | 19,081 | 17,739 | 7.6% |
| Net rental Income | 13,138 | 13,915 | (5.6)%** |
| Net property Income | 44,668 | 41,999 | 6.4% |
| Operating Profit | 37,976 | 36,679 | 3.5% |
| Finance Cost, net | (2,864) | (2,529) | 13.2% |
| Net Profit | 35,112 | 34,150 | 2.8% |
| Adjusted Net Profit* | 3,582 | 6,813 | (47.4)% |
| EPS (USD) | 0.1172 | 0.1576 | (25.6)% |

* excluding revaluation and IPO costs

** The Net rental income has decreased due to the cost of the Service Charges of the Index Tower Property that was vacant.

## Balance sheet

| In USD'000 | 30 June 2015 | 31 Dec 2014 | Change |
|---|---|---|---|
| Investment Property | 614,967 | 575,332 | 6.9% |
| Total Assets | 625,872 | 594,149 | 5.3% |
| Equity | 443,178 | 432,036 | 2.6% |
| Liabilities | (182,694) | (162,113) | 12.7% |
| NAV per Share in USD | 1.4791 | 1.4419 | 2.6% |
| LTV | 27.2% | 25.8% | 1.4pp |

## The key financial highlights for the REIT for H1 2015 can be summarised as:

• Property income was USD 19.08 million, up 7.6% from USD 17.74 million for the comparable six month period ended 30 June 2014 in the prior year ("H1 2014").

• Net property income (including revaluation gains of USD 31.53 million) was USD 44.67 million representing an increase of USD 2.67 million or 6.4% over prior year comparable of USD 42.00 million (including revaluation gains of USD 28.08 million).

• Net profit for H1 2015 amounted to USD 35.11 million compared to USD 34.15 million for the prior year period, an increase of 2.8%.

• "Cash profit" i.e. net profit excluding revaluation gains and IPO costs decreased 47.4% to USD 3.58 million. This decrease is mainly as a results of a full 6 months service charges for Index Tower Office which has not been matched by revenue in the period . This will reverse as Index assets are leased out.

• Investment property revaluation gain was USD 31.53 million in H1 2015. These valuation uplifts reflect the completion of two fitted out office floors in Index Tower and higher rental values at the Loft Offices and Office Park. Assumed capitalisation yields have remained consistent with those used for the valuations at 31 December 2014.

• NAV per share has increased from USD 1.44 as at 31 December 2014 to USD 1.48 as at 30 June 2015. Excluding the impact of the dividends paid of USD 0.08 per share, this represents an increase of USD 0.12 per share or an annualized percentage return of over 16.4%.

• The portfolio value at 30 June 2015 stood at USD 614.97 million compared to USD 575.33 million at 31 December 2014 reflecting the impact of the valuation gains during the period.

• In January 2015 the REIT increased its Islamic financing with Ajman Bank by USD 25.93 million (gross). The terms of the facility remained at a profit rate of 2.5% over three month EIBOR with no minimum. Ongoing repayment of borrowings over H1 2015 totaled USD 8.87 million (H1 2014: USD 4.51 million). All borrowing rates in H1 2015 were three month EIBOR +2.5% which compares to the 5.5% minimum which was paid in the first four months of H1 2014.

• Borrowings to gross assets at 30 June 2015 stood at 27.2 %, well below the new regulatory maximum for the REIT of 50%. New additional financing was agreed and drawn down in July 2015 after the interim balance sheet date with EIB of USD 24.50 million and UNB of USD 20.42 million in July 2015. Had these amounts been drawn down at 30 June 2015 the borrowings to gross assets percentage would have increased to 32.1%. The REIT has scope for further financing on existing assets, including Index Tower as units are now leased.

• No new shares were issued during H1 2015 compared to a total of 147,977,941 new shares that were issued in H1 2014 relating to the IPO of the REIT giving gross proceeds of USD 201.25 million. IPO costs of USD 0.75 million and USD 7.85 million were taken to the income statement and equity share premium respectively during H1 2014.


All numbers are as at 30 June 2015, unless otherwise specified

• An interim dividend for FY 2014 was paid on 31 January 2015 of USD 0.04 per share (total USD 11.98 million).

A further final dividend for FY 2014 of USD 0.04 per share (total USD 11.98 million) was paid on 30 June 2015 to shareholders. Total dividends paid in the period relating to FY 2014 totaled USD 0.08 per share or USD 23.97 million.

## Reconciliation of movement in NAV

| | Total USD million | Per share USD |
|---|---|---|
| NAV at 31 December 2014 | 432.04 | 1.44 |
| Movement in property values | 31.53 | 0.11 |
| Dividend | (23.97) | (0.08) |
| Net profit for the period(1) | 3.58 | 0.01 |
| NAV as at 30 June 2015 | 443.18 | 1.48 |

(1) Net profit excluding net revaluation gains included in the income statement in H1 2015

# Analysis of Results of Operations

## Summary income statement

| | Six months ended | | | |
|---|---|---|---|---|
| In USD'000 | 30 June 2015 | 30 June 2014 | Absolute Change | Change % |
| Rental income | 16,325 | 15,376 | 949 | 6.2% |
| Service fee income | 2,621 | 2,252 | 369 | 16.4% |
| Other income | 135 | 111 | 24 | 21.6% |
| Property income | 19,081 | 17,739 | 1,342 | 7.6% |
| Property operating expenses | (5,943) | (3,824) | 2,119 | 55.4% |
| Net rental income | 13,138 | 13,915 | (777) | (5.6)% |
| Net rental income margin % | 68.9% | 78.4% | – | – |
| Revaluation gains | 31,530 | 28,084 | 3,446 | 12.3% |
| Net property income | 44,668 | 41,999 | 2,669 | 6.4% |
| Management fees | | | | |
| - management fee | (4,617) | (3,417) | (1,200) | 35.1% |
| - IPO performance fee | – | (617) | – | – |
| - Annual performance fee accrual | (1,087) | – | – | – |
| IPO costs | – | (747) | – | – |
| General and administrative | (810) | (332) | (478) | 144.0% |
| Other expenses | (178) | (207) | 29 | (14.0%) |
| Operating profit | 37,976 | 36,679 | 1,297 | 3.5% |
| Finance cost, net | (2,864) | (2,529) | (335) | 13.2% |
| Net Profit | 35,112 | 34,150 | 962 | 2.8% |
| Net Profit excluding revaluation and IPO costs | 3,582 | 6,813 | (3,231) | (47.4)% |
| EPS (USD) | 0.1172 | 0.1576 | (0.0404) | (25.6)% |
| Adjusted EPS (USD)(1) | 0.0119 | 0.0314 | (0.0195) | (62.1)% |

(1) using net profit adjusted to exclude revaluation gains and IPO costs.


All numbers are as at 30 June 2015, unless otherwise specified

## Rental income by property

| | Six month ended | | | |
|---|---|---|---|---|
| In USD '000 | 30 June 2015 | 30 June 2014 | Absolute Change | Change % |
| **Properties acquired before 2014** | | | | |
| Building 24 | 1,046 | 988 | 58 | 5.9% |
| Indigo 7 | 470 | 417 | 53 | 12.7% |
| Loft Offices | 2,903 | 2,662 | 241 | 9.1% |
| Office Park | 6,669 | 6,611 | 58 | 0.9% |
| GWAD | 4,328 | 4,328 | – | – |
| Sub-total | 15,416 | 15,006 | 410 | 2.7% |
| **Properties acquired during H1 2014** | | | | |
| Index – Car Park | 4 | 4 | – | – |
| Le Grande | 905 | 366 | 539 | 147.3% |
| **Total rental income** | **16,325** | **15,376** | **949** | **6.2%** |

A "like for like" comparison of properties in operation for both periods shows a 2.7% increase in rental income for H1 2015 compared to H1 2014.

The Loft Offices is the biggest contributor to the increase in "like to like" rental income with an increase of over 9%.

Le Grande, the retail mall acquired on 18 May 2014 has contributed a full six months rental income to the total rental revenue recorded in the period (H1 2014: 1.5 months).

# Service fee income by property

| | Six months ended | | | |
|---|---|---|---|---|
| In USD '000 | 30 June 2015 | 30 June 2014 | Absolute Change | Change % |
| **Properties acquired before 2014** | | | | |
| Building 24 | 220 | 197 | 23 | 11.7% |
| Indigo 7 | 16 | 7 | 9 | 128.6% |
| Loft Offices | 758 | 566 | 192 | 33.9% |
| Office Park | 850 | 775 | 75 | 9.7% |
| GWAD | 621 | 660 | (39) | (5.9%) |
| Sub-total | 2,465 | 2,205 | 260 | 11.8% |
| **Properties acquired during H1 2014** | | | | |
| Le Grande | 156 | 46 | 110 | 239.1% |
| **Total service fee income** | **2,621** | **2,251** | **370** | **16.4%** |

Service fee income continues to grow, particularly at the Lofts and Office Park where the policy of moving towards full recovery of operational costs continues to improve the level of service fee income.

Service charges are now audited annually and are set based on full operational cost recovery.

# Property operating expenses

| | Six months ended | | | |
|---|---|---|---|---|
| In USD '000 | 30 June 2015 | 30 June 2014 | Absolute Change | Change % |
| Property management fees | 547 | 383 | 164 | 42.8% |
| Facility management fees - fixed | 829 | 503 | 326 | 64.8% |
| Facility management fees - variable | 647 | 430 | 217 | 50.5% |
| Utilities | 1,174 | 1,036 | 138 | 13.3% |
| Community fees | 192 | 168 | 24 | 14.3% |
| Land rent | 621 | 666 | (45) | (6.8)% |
| Service charges | 1,738 | 453 | 1,285 | 283.7% |
| Other | 195 | 185 | 10 | 5.4% |
| **Total property operating expenses** | **5,943** | **3,824** | **2,119** | **55.4%** |

The big impact on property operating costs in H1 2015 compared to H1 2014 is service charges for Index Tower which increased significantly on the acquisition of the commercial office floors in June 2014. A full six months service charges are reflected in H1 2015 for both Index and Le Grande.

The increase in property management costs in H1 2015 is primarily due to the inclusion of a full six months charge for Le Grande in the period (FY 2014 : 1.5 months) and the cost of a full time Property Manager at Index Tower.

Facility management fixed costs have increased largely due to a decision to re-tender facility management at Office Park and Building 24 to provide a wider scope of higher quality services. For facility management variable costs, a large part of the increase seen is in relation to Le Grande where no costs were recorded in H1 2014.

The effect of the increase in property operating expenses as explained above is to reduce the H1 2015 net rental income margin to 68.9% from 78.4% for H1 2014. This margin should recover as the Index Tower assets become income generating and the benefits of Le Grande turn-around start to come through.

# Gain on revaluation of investment properties

| In USD '000 | Investment Property fair value 31 December 2014 | Adjustments* | Valuation Gain/(Loss) | Investment Property fair value 30 June 2015 |
|---|---|---|---|---|
| Building 24 | 18,739 | – | 33 | 18,772 |
| Indigo 7 | 8,037 | – | (84) | 7,953 |
| Loft Offices | 66,899 | 599 | 9,009 | 76,507 |
| Office Park | 128,927 | – | 3,281 | 132,208 |
| Index Tower – Retail | 34,168 | – | – | 34,168 |
| GWAD | 85,415 | – | 280 | 85,695 |
| Index Tower – Office | 191,574 | 7,549 | 19,254 | 218,377 |
| Index-Tower – Car park | 8,712 | (267) | 267 | 8,712 |
| Le Grande Mall | 31,546 | – | (509) | 31,037 |
| **Total** | **574,019** | **7,881** | **31,531** | **613,429** |

# Investment property under re-development and fit-out

| In USD '000 | 31 Dec 2014 | Work in progress during the period | Transfer to Completed property | 30 June 2015 |
|---|---|---|---|---|
| Investment property under re-development and fit-out | 1,313 | 8,105 | (7,880) | 1,538 |

All the buildings have been professionally revalued at 30 June 2015 by the REIT's external independent property valuers. The main valuation gains during the period relate primarily to Index Tower Office, the Loft offices and Office Park. The uplift in valuation for Index Tower mainly represents the uplift in value on the commercial office floors. The majority of office floors continue to be valued on a comparable method with the exception of two completed fitted out floors, Level 5 and 10 where leasing has commenced and valuation has moved to a discounted cash flow basis.

The adjustment during the period in relation to Index Tower – Office relate to the transfer of capitalised costs from investment property under re-development and fit-out to investment property. Expenditure on the Lofts relates to the replacement of air conditioning chiller units. The Lofts continue to be very popular with high occupancy and the increase in value seen represents an increase in estimated rental values based on the rentals being achieved for this asset.

Assumed capitalisation yields have remained consistent with those used for the valuations at 31 December 2014.

## General and Administrative expenses

| | Six months ended | | | |
|---|---|---|---|---|
| In USD '000 | 30 June 2015 | 30 June 2014 | Absolute Change | Change % |
| Custodian fees | 20 | 26 | (6) | (23.1)% |
| Board fees | 137 | 90 | 47 | 52.2% |
| Valuation fees | 55 | 57 | (2) | (3.5)% |
| Legal expenses | 21 | 36 | (15) | (41.7)% |
| Branding / Marketing | 468 | 42 | 426 | 1014.3% |
| Other | 109 | 81 | 28 | 34.6% |
| **Total** | **810** | **332** | **478** | **144.0%** |

Board fees across all boards increased following the IPO and the full increase is reflected in the H1 2015 costs. Branding and marketing costs have increased from H1 2014 reflecting , among others, increased costs from ongoing PR communications costs as a listed company, increased costs from marketing at a number of Cityscape events and the costs of re-branding and design costs at a number of the REIT's properties.

# Management fees

| | Six months ended | | | |
|---|---|---|---|---|
| In USD '000 | 30 June 2015 | 30 June 2014 | Absolute Change | Change % |
| Management fee | 4,617 | 3,417 | 1,200 | 35.1% |
| IPO performance fee | – | 617 | – | % |
| Annual performance fee | 1,087 | – | – | % |
| **Total** | **5,704** | **4,034** | **1,670** | **41.4%** |

The management fee represents fees payable to the REIT Manager under the terms of the REIT Management agreement. The REIT Manager is entitled to receive a fee equal to 1.5% per annum of the gross asset value of the REIT. The increase in management fees in H1 2015 compared to H1 2014 is consisted with the increase in gross assets from USD 333.21 million at 1 January 2014 to USD 625.87 million at 30 June 2015.

The IPO performance fee was a one off fee payable to the REIT Manager on the IPO of the REIT and was based on 5% of the increase in NAV from the inception of the REIT to the time of the IPO.

The REIT Manager is entitled to receive an annual performance fee equal to 3% of the Increase in Net Asset Value. This fee is paid and calculated annually based on the final audited year end results. The REIT accrues for the performance fee (if any) on an ongoing basis based on NAV movement.

## Net Finance Cost

| In USD '000 | Six months ended 30 June 2015 | Six months ended 30 June 2014 | Absolute Change | Change % |
|---|---|---|---|---|
| Islamic finance expense | 2,864 | 2,594 | 270 | 10.4% |
| Islamic finance income | | | | |
| - Profit on current and savings accounts | – | (7) | (7) | – |
| - Profit on Wakala deposits | – | (58) | (58) | – |
| **Total** | **2,864** | **2,529** | **335** | **13.2%** |

The financing cost has been impacted in H1 2015 compared to H1 2014 by the additional borrowings of USD 29.68 million (AED 109 million), USD 29.14 million (AED 107 million) and USD 25.93 million (AED 95.37 million) which were drawn down on 25 June 2014 , 24 July 2014 and 15 January 2015 respectively.

The increase in finance expense from the higher level of borrowing in the period has been offset by the 40% reduction in finance rates that was achieved in May 2014 when profit rates on the REIT's financing facilities were reduced to EIBOR +2.5% (previously EIBOR +3% with a 5.5% minimum).

# Liquidity and Capital Resources

## Cash Flow

| In USD'000 | Six months ended 30 June 2015 | 30 June 2014 | Absolute Change | Change % |
|---|---|---|---|---|
| Net cash from Operating activities | 8,153 | 5,425 | 2,728 | 50.3% |
| Net Cash used in Investing activities | (6,287) | (208,535) | 202,248 | (96.9)% |
| Net cash from financing activities | (9,821) | 201,439 | (211,260) | (104.9)% |
| Net decrease in cash | (7,955) | (1,671) | (6,284) | (376.1)% |
| Cash at the beginning of the period | 16,629 | 8,145 | 8,484 | 104.2% |
| **Cash at the end of the period** | **8,674** | **6,474** | **2,200** | **33.9%** |

Investing activities relate to expenditure at Index Tower Office on the fit out of commercial office floors and the development of the Retail space.

Expenditure in the comparative period for H1 2014 related to expenditure on the acquisition of Le Grande Community Mall and the 15.64 floors of commercial offices at Index Tower.

Financing cash flows for H1 2015 include a net increase in Islamic financing of USD 16.82 million. This is offset by financing cash outflows relating to and the total dividend payments in the period of USD 23.97 million (H1 2014 USD 14.98 million) representing total dividends of USD 0.08 per share.

Finance expense cash outflow during H1 2015 was USD 2.67 million (H1 2014 USD 2.08 million).

Financing cash flows for H1 2014 included the IPO proceeds net of costs in addition to a net increase in Islamic financing of USD 25.10 million.

At 30 June 2015 the REIT had contractual future minimum rentals receivable as lessor under operating leases within one year of USD 33.21 million, within two to five years of USD 69.78 million, and after more than five years of USD 241.55 million.

# Islamic finance facilities

| In US '000 | 30 June 2015 | 31 December 2014 |
|---|---|---|
| Current portion | 19,417 | 16,486 |
| Long-term portion | 150,653 | 136,697 |
| Total | 170,070 | 153,183 |
| Debt finance as a % of total assets | 27.2% | 25.8% |

On 15 January 2015 Emirates REIT increased its financing with Ajman Bank PJSC by drawing down an additional USD 25.93 million (AED 95.25 million) gross, bring the total borrowing with Ajman Bank PJSC to USD 50.37 (AED 185 million) secured by way of mortgage on the GEMS World Academy. The terms of the Ijarah facility remained at a profit rate of 3 month EIBOR +2.5% (no minimum) with the full amount of the total borrowings being fully amortized over 10 years from the 15 January 2015.

Principal of USD 8.87 million was repaid during H1 2015 on all the REIT's finance facilities (H1 2014 4.52 million).

On 26 July 2015 the REIT drew down new Ijarah financing with Emirates Islamic Bank of USD 24.50 million (AED 90 million) secured by way of additional mortgage on the Loft Offices on the same terms as existing EIB financing (profit rate of 3 month EIBOR plus 2.5%, no minimum, fully amortizing over 10 years).

New Islamic financing was also agreed with Union National Bank for USD 20.42 million (AED 75 million) secured on two floors in Index Tower.

The funds were drawn down on 23 July 2015. The profit rate on these borrowings is at 3 month EIBOR +2.5% (no minimum) with the full amount of the total borrowings being fully amortising over 10 years.

The funds are intended to be used to finance further development at Index Tower and the acquisition of a plot in Akoya development with consequent development of school facilities.

Had these additional funds been drawn down at 30 June 2015, debt as a percentage of total assets would have been 32.1%.

The regulatory limit on borrowings for the REIT is set at 50% of gross asset value meaning that the capacity for additional borrowings at 30 June 2015 is in excess of USD 260 million.

At 30 June 2015 first rank legal mortgages of USD 190.85 million (31 December 2014: USD 170.43 million) had been granted over REIT properties.

All of the REIT's financing facilities are secured by way of legal mortgage over the REIT's properties.


All numbers are as at 30 June 2015, unless otherwise specified

# APPENDIX A

## Condensed Interim Financial Statements for the six months ended 30 June 2015 (unaudited)

# Condensed Interim Financial Statements

for the six months ended 30 June 2015

# Report on review of interim financial information

to the shareholders of Emirates REIT (CEIC) Limited

## Introduction

We have reviewed the accompanying interim balance sheet of Emirates REIT (CEIC) Limited (the "REIT") as of 30 June 2015 and the related interim statements of comprehensive income, changes in equity and cash flows for the half-year period then ended. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34, 'Interim financial reporting' as issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

## Scope of review

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as issued by the IASB.

PricewaterhouseCoopers,
Dubai, United Arab Emirates

Audit Principal – Mohamed ElBorno
4 August 2015

# Condensed Interim Balance Sheet

| ASSETS (USD'000) | Note | As at 30 June 2015 Unaudited | As at 31 Dec. 2014 Audited |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment properties | 6 | 614,967 | 575,332 |
| **Current assets** | | | |
| Receivables, prepayments and other assets | 7 | 2,231 | 2,188 |
| Cash and bank balances | | 8,674 | 16,629 |
| **Total Current Assets** | | **10,905** | **18,817** |
| **Total assets** | | **625,872** | **594,149** |

| EQUITY AND LIABILITIES (USD'000) | Note | As at 30 June 2015 Unaudited | As at 31 Dec. 2014 Audited |
|---|---|---|---|
| **EQUITY** | | | |
| Share capital | 8 | 299,621 | 299,621 |
| Share premium | 9 | 59,393 | 59,393 |
| Retained earnings | | 84,164 | 73,022 |
| **Total equity** | | **443,178** | **432,036** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Islamic financing | 14 | 150,653 | 136,697 |
| **Current liabilities** | | | |
| Islamic financing | 14 | 19,417 | 16,486 |
| Accounts payable and other liabilities | 15 | 12,624 | 8,930 |
| | | 32,041 | 25,416 |
| **Total liabilities** | | **182,694** | **162,113** |
| **Total equity and liabilities** | | 625,872 | 594,149 |

| NET ASSET VALUE | Note | As at 30 June 2015 Unaudited | As at 31 Dec. 2014 Audited |
|---|---|---|---|
| Net asset value (USD) | | 443,177,733 | 432,035,659 |
| Number of shares* | | 299,620,541 | 299,620,541 |
| **Net asset value USD per share** | | **1.48** | **1.44** |

* These condensed interim financial statements were approved by the Board of Directors of Emirates REIT Management (Private) Limited on 4 August 2015 as the sole director of Emirates REIT (CEIC) Limited and signed on their behalf by Sylvain Vieujot (Executive Deputy Chairman) and James Anderson (Chief Financial Officer).

# Condensed Interim Statement of Comprehensive Income

| | | Six months ended 30 June | |
|---|---|---|---|
| In USD'000 | Note | 2015<br>Unaudited | 2014<br>Unaudited |
| Properties Income | | | |
| Rental income | | 16,325 | 15,376 |
| Service fee income | | 2,621 | 2,252 |
| Other property income | | 135 | 111 |
| **Total property income** | | **19,081** | **17,739** |
| Property operating expense | | (5,943) | (3,824) |
| Net unrealised gain on revaluation of investment property | 6 | 31,530 | 28,084 |
| **Net property income** | | **44,668** | **41,999** |
| Expenses | | | |
| Management fee | | (4,617) | (3,417) |
| Performance fee | | (1,087) | (617) |
| General and administrative expenses | | (810) | (332) |
| REIT administration fee | | (120) | (85) |
| Auditor's fees | | (50) | (57) |
| Initial Public Offering ("IPO") costs | | - | (747) |
| Other expenses | | (8) | (65) |
| **Operating profit** | | **37,976** | **36,679** |
| Finance Costs and income | | | |
| Finance income | | - | 65 |
| Finance costs | | (2,864) | (2,594) |
| Finance costs, net | | (2,864) | (2,529) |
| **Profit and total comprehensive income for the period** | | **35,112** | **34,150** |
| Earnings Per Share | | | |
| Basic and diluted earnings per share (USD) | 11 | 0.12 | 0.16 |


The notes form an integral part of the condensed interim financial statements

# Condensed Interim Statement of Changes in Equity

| In USD'000 | Share capital | Share premium | Retained earnings | Total |
|---|---|---|---|---|
| At 1 January 2015 | 299,621 | 59,393 | 73,022 | 432,036 |
| Comprehensive income | | | | |
| Profit for the period | - | - | 35,112 | 35,112 |
| Transactions with shareholders | | | | |
| Dividends (Note 10) | - | - | (23,970) | (23,970) |
| **At 30 June 2015 (unaudited)** | **299,621** | **59,393** | **84,164** | **443,178** |
| At 1 January 2014 | 151,643 | 13,969 | 39,446 | 205,058 |
| Comprehensive income | | | | |
| Profit for the period | - | - | 34,150 | 34,150 |
| Transactions with shareholders | | | | |
| Shares capital issued (Note 8) | 147,978 | 45,423 | - | 193,401 |
| Dividends (Note 10) | - | - | (14,981) | (14,981) |
| **Total transactions with shareholders** | **147,978** | **45,423** | **(14,981)** | **178,420** |
| **At 30 June 2014 (unaudited)** | **299,621** | **59,392** | **58,615** | **417,628** |

# Condensed Interim Statement of Cash Flows

| | | Six months ended 30 June | |
|---|---|---|---|
| | | 2015 | 2014 |
| In USD'000 | Note | Unaudited | Unaudited |
| **Operating activities** | | | |
| Profit for the period | | 35,112 | 34,150 |
| **Adjustments for** | | | |
| Net unrealised gain on revaluation of investment property | 6 | (31,530) | (28,084) |
| Finance cost | | 2,864 | 2,594 |
| Finance income | | - | (65) |
| Provision for doubtful debts, net | | 37 | - |
| **Operating cash flows before changes in working capital** | | **6,483** | **8,595** |
| **Changes in working capital** | | | |
| Receivables, prepayments and other assets (net of provisions) | 7 | (79) | (485) |
| Accounts payable and other liabilities | | 1,749 | (2,685) |
| **Net cash generated from operating activities** | | **8,153** | **5,425** |
| **Investing activities** | | | |
| Purchase/development of investment properties | | - | (208,600) |
| Additions to property under re-development and fit-out | | (6,287) | 0 |
| Finance income received | | - | 65 |
| **Net cash used in investing activities** | | **(6,287)** | **(208,535)** |
| **Financing activities** | | | |
| Proceeds from issue of shares (net of transaction costs) | 8 | - | 193,401 |
| Movement in Islamic financing facilities (net) | | 16,817 | 25,097 |
| Dividend paid | 10 | (23,970) | (14,981) |
| Finance expense paid | | (2,668) | (2,078) |
| **Net cash (in use) / generated from financing activities** | | **(9,821)** | **201,439** |
| Net increase / (decrease) in cash and cash equivalents | | (7,955) | (1,671) |
| Cash and cash equivalents at the beginning of the period | | 16,629 | 8,145 |
| **Cash and cash equivalents at the end of the period** | | **8,674** | **6,474** |



The notes form an integral part of the condensed interim financial statements

# Notes to the Condensed Interim Financial Statements

for the period ending 30 June 2015

## 1 General Information

Emirates REIT (CEIC) Limited (the "REIT") is a close ended domestic, public Islamic fund set up for the purpose of investing in Real Estate Property in a Shari'a compliant manner under the provisions of its Articles of Association and the rules and regulations of the Dubai Financial Services Authority ("DFSA") and the Dubai International Financial Centre ("DIFC"), including the DIFC Law No. 2 of 2010 and the Collective Investment Rules contained within the DFSA Rulebooks and operates as an Islamic fund in accordance with such provisions, laws and rules. The REIT was established on 28 November 2010 by the REIT Manager, Emirates REIT Management (Private) Limited, a company limited by shares, duly registered in the DIFC under commercial registration number CL0997, and having its registered office at Level 5, Gate Village 4, DIFC, P.O. Box 482015, Dubai, UAE.

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

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

These condensed interim financial statements have been approved by Emirates REIT Management (Private) Limited as the sole director of the REIT on 4 August 2015.

# 2 Basis of Preparation

These condensed interim financial statements for the six months ended 30 June 2015 have been prepared in accordance with International Accounting Standard 34 'Interim financial reporting', ("IAS 34"). These standards do not include all the information required for a complete set of financial statements. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The REIT 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. The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the REIT's business activities.

### Operating segments

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

# 3 Accounting Policies

The accounting policies applied in these condensed interim financial statements are consistent with those of the annual financial statements for the year ended 31 December 2014.

There are no other IFRS or IFRIC interpretations that are effective for the first time for the financial period beginning on or after 1 January 2015 that have a material impact on the REIT.

# 4 Critical Accounting Estimates and Judgements

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgement made by management in applying the REIT's accounting policies and the key source of estimation uncertainty for the period ended 30 June 2015 is as follows:

### Revaluation of investment property

The REIT carries its investment properties at fair value, with changes in fair value being recognised in the statement of comprehensive income. The REIT engaged independent valuation specialists who hold recognised and relevant professional qualifications and have relevant experience in the location and type of investment properties held, to determine the fair values of investment properties as at 30 June 2015. For six of the occupied investment properties, a valuation methodology based on the capitalisation method was used 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. Valuation for the remaining properties was based on sales comparison method by which value of each property is derived by comparing it with prices achieved from transactions in similar properties.

The determined fair value of the investment properties is most sensitive to the estimated yield, the stabilised occupancy rate as well as the operating expenses. The key assumptions used to determine the fair value of the investment properties and sensitivity analysis are further explained in Note 6.

# 5 Financial Risk Management

### 5.1 Financial risk factors

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the REIT's annual financial statements as at 31 December 2014.

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

### 5.2 Liquidity risk

Compared to the year end, there was no material change in the liquidity risk profile of the REIT.

### 5.3 Fair value measurement

Fair Value of Financial Instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the REIT include bank balances and cash, receivables and certain other assets. Financial liabilities of the REIT include Islamic financing facilities and accounts payable and certain other liabilities.

The fair values of financial instruments are not materially different from their carrying values as of the period end.

# 6 Investment Property

As at 30 June 2015, the REIT held investment properties amounting to USD 613,429,000 (30 June 2014: USD 559,653,000) and investment properties under re-development and fit-out amounting to USD 1,538,000 (30 June 2014: nil) in the real estate portfolio which comprises of seven properties (2014: seven properties) located in Dubai, UAE.

The movement in investment properties during the period is as follows:

Completed properties

| | USD'000 |
|---|---|
| **Balance at 1 January 2015** | 574,019 |
| Transfers from property under re-development and fit out | 7,880 |
| Net unrealised gain on revaluation of investment properties | 31,530 |
| **Balance at 30 June 2015** | **613,429** |

| | USD'000 |
|---|---|
| **Balance at 1 January 2014** | 323,131 |
| Acquisitions during the period | 208,428 |
| Addition to existing properties | 10 |
| Net unrealised gain on revaluation of investment properties | 28,084 |
| **Balance at 30 June 2014** | **559,653** |

Properties under re-development and fit-out

| | USD'000 |
|---|---|
| **Balance at 1 January 2015** | 1,313 |
| Work in progress during the period | 8,105 |
| Transfer to completed property | (7,880) |
| **Balance at 30 June 2015** | **1,538** |

| | USD'000 |
|---|---|
| **Balance at 1 January 2014** | - |
| Work in progress during the period | - |
| **Balance at 30 June 2014** | **-** |

One of the REIT's investment properties is constructed on a plot in Dubai which is under a concession agreement and another one is constructed on a plot which is under a land lease agreement. These agreements are for a period of 26.9 years and 43 years respectively.

A formal valuation of the REIT's investment property (excluding properties under re-development and fit-out) was performed by independent certified property valuers, on an open market basis as at 30 June 2015. Based on such valuations, the fair value of the investment property at 30 June 2015 was USD 613,429,395 (December 31 2014: USD 574,018,513).

The valuations 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 dates compared with the estimated current market rent, as well as changes in occupancy rates and property costs.

The significant unobservable inputs used in arriving at fair values of investment properties 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 the main assumptions used in arriving at the fair value of investment properties are as follows:

| | 30 June 2015 | 30 June 2014 | 31 Dec. 2014 |
|---|---|---|---|
| Stabilised occupancy rate (%) | 80 – 100 | 80 – 100 | 90 – 100 |
| Equivalent yield (%) | 8.62 – 9.50 | 8.55 – 9.47 | 8.62 – 9.50 |
| Operating expenses (USD/sqft) | 6.75 – 15.44 | 6.09 – 9.53 | 5.77 – 14.42 |

Significant increases / (decreases) in estimated stabilised occupancy rate in isolation would result in a significantly higher / (lower) fair value of the properties. Significant increases / (decreases) in equivalent yield and operating expenses in isolation would result in a significantly lower / (higher) fair value.

Properties with a fair value of USD 344,219,983 (31 December 2014: USD 331,527,361) are mortgaged against Islamic financing facilities (Note 14).

# 7 Receivables, prepayments and other assets

| USD'000 | 30 June 2015 | 31 Dec. 2014 |
|---|---|---|
| Rental and service income receivables | 316 | 368 |
| Less: provision for doubtful debts | (143) | (106) |
| **Sub total** | **173** | **262** |
| | | |
| Prepayments | 1,471 | 1,243 |
| Security deposits | 149 | 113 |
| Other receivables | 438 | 570 |
| **Total** | **2,231** | **2,188** |

# 8 Share Capital

| | Number of ordinary shares | Ordinary Share Capital USD'000 | Share premium USD'000 | Total USD'000 |
|---|---|---|---|---|
| At 1 January 2015 | 299,620,541 | 299,621 | 59,393 | 359,014 |
| **At 30 June 2015** | **299,620,541** | **299,621** | **59,393** | **359,014** |

| | Number of ordinary shares | Ordinary Share Capital USD'000 | Share premium USD'000 | Total USD'000 |
|---|---|---|---|---|
| At 1 January 2014* | 151,642,600 | 151,643 | 13,970 | 165,613 |
| Proceeds from shares issued | 147,977,941 | 147,978 | 45,423 | 193,401 |
| **At 30 June 2014** | **299,620,541** | **299,621** | **59,393** | **359,014** |

* On 26 January 2014, the shareholders approved the sub-division of each issued and un-issued Investor Share of USD 100 each in the capital of the Emirates REIT into 100 Investor Shares with a par value of USD 1 each. Investor Shares were renamed ordinary Shares. The total number of ordinary shares in issue following the share split was 151,642,600. The number of shares at the opening balance as at 1 January 2014 has been adjusted to reflect the share split.

The authorised share capital of the REIT is USD 10,000,000,100 and is divided into:

(i) one Manager Share with a par value of USD 100; and
(ii) 10,000,000,000 ordinary shares with a nominal par value of USD 1 per share.

No new shares have been issued in the period.

# 9 Share Premium

Share premium includes an amount of USD 53,272,059 relating to the issue of new shares in connection with the REIT's Initial Public Offering (IPO) and an amount of USD 7,848,986 relating to IPO costs deducted from share premium.

# 10 Dividends

The REIT's shareholders approved a final dividend of USD 0.04 per ordinary share for the year ended 31 December 2014 at the annual general meeting on 21 June 2015. The total dividend amounted to USD 11,984,821 to shareholders on the register at 16 June 2015.

In January 2015, the REIT paid an interim dividend of USD 0.04 per ordinary share for the year ended 31 December 2014, amounting to a total interim dividend of USD 11,984,821 paid to shareholders on the register as at 21 January 2015.

For the year ended 31 December 2013 , the REIT's shareholders approved a final dividend of USD 0.05 per ordinary share at the annual general meeting on 22 June 2014. The total amounted to USD 14,981,027 which was paid to those shareholders on the shareholder register on 18 June 2014.

# 11 Earnings per share ("EPS")

Basic and diluted 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 period.

The calculation of the weighted average number of shares in the period ended 30 June 2014 has been adjusted to reflect the 100 for 1 share split detailed in Note 8. EPS for the period ended 30 June 2014 has been presented on the basis that the share split took place at the beginning of the reporting period.

| USD | 30 June 2015 | 30 June 2014 |
|---|---|---|
| Profit attributable to ordinary shareholders | 35,111,718 | 34,150,277 |
| Weighted average number of ordinary shares for basic EPS | 299,620,541 | 216,691,755 |

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

# 12 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 REIT is not liable to pay Zakat.

# 13 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.

There have been no changes identified in related parties since the year end.

Related Party transactions

| USD'000 | 30 June 2015 | 30 June 2014 |
|---|---|---|
| **Emirates REIT Management (Private) Limited** | | |
| Management fee | 4,617 | 3,417 |
| Performance fee | 1,087 | 617 |
| **Dubai Islamic Bank (P.J.S.C.)** | | |
| Rental and service income | 160 | 104 |
| **Dar Al Shari'a Legal & Financial Consultancy LLC** | | |
| Professional fees | 63 | 59 |
| **Deyaar Facilities Management LLC** | | |
| Property expenses | (16) | 64 |

Due to related parties comprises

| USD'000 | 30 June 2015 | 31 Dec. 2014 |
|---|---|---|
| Emirates REIT Management (Private) Limited | 1,128 | 314 |
| Dar Al Shari'a Legal & Financial Consultancy LLC | 54 | 72 |
| Deyaar Facilities Management LLC | 1 | 58 |
| **Total** | 1,183 | 444 |

# 14 Islamic Financing

| USD'000 | 30 June 2015 | 31 Dec. 2014 |
|---|---|---|
| Current | 19,417 | 16,486 |
| Non-Current | 150,653 | 136,697 |
| Total | 170,070 | 153,183 |

On 15 January 2015, Emirates REIT increased its financing with Ajman Bank PJSC to USD 50,367,546 (AED 185,000,000) resulting in the receipt of additional gross funds of USD 25,932,232 (AED 95,249,088) secured by the way of mortgage on the GEMS World Academy. The terms of the financing facility remains at a profit rate of 3 month EIBOR + 2.5% (no minimum rate) with the full amount of the total borrowings being fully amortised over 10 years commencing from 15 January 2015.

# 15 Accounts Payables and Other Liabilities

| USD'000 | 30 June 2015 | 31 Dec. 2014 |
|---|---|---|
| Tenant deposits payable | 2,880 | 2,450 |
| Payable against investment property | 2,720 | 900 |
| Accrued expenses | 2,481 | 2,487 |
| Service fee received in advance | 2,136 | 1,796 |
| Rent received in advance | 1,127 | 827 |
| Performance fee accrued | 1,087 | 301 |
| Administration fee payable | 61 | 40 |
| Management fee payable | 41 | 13 |
| Other payables | 91 | 116 |
| | **12,624** | **8,930** |

Included in the above accounts are balances due to related parties amounting to USD 1,183,000 (31 December 2014: USD 444,195) (Note 13)

# 16 Commitments

## Capital commitments

As of 30 June 2015, the REIT had capital commitments of USD 449,225 (2014: none). In addition, on 6 July 2015 the REIT has entered into an agreement for a further USD 2,913,150 relating to fit out of further floors at Index Tower.

## Operating lease commitments – REIT as lessee

The REIT has entered into a land lease on a property. This lease has an unexpired lease term of 41.4 years (31 December 2014: 41.9 years) with mutual renewal option included in some of the contracts. There are no restrictions placed upon the REIT by entering into these leases.

The REIT's commitments under non-cancellable operating leases are:

### Operating lease commitments – REIT as lessee

| USD'000 | 30 June 2015 | 31 Dec. 2014 |
|---|---|---|
| Within one year | 1,251 | 1,251 |
| After one year but not more than five years | 5,005 | 5,005 |
| More than five years | 28,155 | 28,780 |
| | **34,411** | **35,036** |

## Operating lease commitments – REIT as lessor

The REIT has entered into commercial property leases on certain properties. These leases have an average unexpired lease term of 7.9 years (2014: 8.8 years) with mutual renewal option included in some of the contracts. There are no restrictions placed upon the REIT by entering into these leases.

The REIT's future minimum rentals receivables under non-cancellable operating leases as lessor are:

### Operating lease commitments – REIT as lessor

| USD'000 | 30 June 2015 | 31 Dec. 2014 |
|---|---|---|
| Within one year | 33,213 | 31,597 |
| After one year but not more than five years | 69,777 | 74,276 |
| More than five years | 241,548 | 246,863 |
| | **344,538** | **352,736** |

# 17 Subsequent Events

On 23 July 2015 the REIT drew down USD 20.42 million (AED 75 million) under a new Islamic financing with Union National Bank (UNB) secured by way of new mortgage on REIT properties that were previously unsecured. The finance is on a profit rate of 3 month EIBOR + 2.5% with no minimum and the finance amortises fully over 10 years in quarterly instalments.

On 26 July 2015 Emirates REIT drew down USD 24.50 million (AED 90 million) under a new Islamic finance facility with Emirates Islamic Bank PJSC (EIB) secured by way of additional mortgage on properties already mortgaged with EIB. The additional finance is on the same terms as existing finance with EIB being a profit rate of 3 month EIBOR + 2.5% with no minimum and the finance amortising fully over 10 years in quarterly instalments.

On 2 August 2015 the REIT acquired a 33,301 square meter freehold plot of land from Damac Cresent Properties LLC in the Akoya development, Dubailand at a cost (including transaction costs) of USD 26,806,862. Simultaneously with the acquisition, the REIT entered into various agreements for the construction of a school and long term lease arrangements with Jebel Ali Primary School as the school operator. The lease commences on day one, and on 2 August 2015, the REIT received the payment of the first year of rent for the land of AED 10 million (equivalent to USD 2.7 million). The construction of the school is estimated to take approximately fourteen months for a total estimated cost of USD 29.9 million.

# Contact

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