2018

H1 REPORT

Emirates REIT

Emirates REIT

H1 2018 IN BRIEF

PORTFOLIO

REPORT OF THE REIT MANAGER

FINANCIAL STATEMENTS

H1 2018 IN BRIEF

Q2 2018

30 June
Dividend Distribution
USD 0.04 per share

13 May
Acquisition of the
Lycée Français Jean Mermoz
in Al Quoz

Q1 2018

31 January
Dividend Distribution
USD 0.04 per share

Q4 2017

12 December
Issuance of USD 400 million
5-year Sukuk with a profit rate
of 5.125% per annum

23 November
Shareholders approve
Sukuk issuance

Q3 2017

12 September
Completion of
British Columbia Canadian School

22 August
Acquisition of the
European Business Center
in Dubai Investments Park

PORTFOLIO VALUE

914m USD

AED 3.4bn

NET LEASABLE AREA

218,076 m^2

2.3m sq. ft.

WEIGHTED AVERAGE LEASE EXPIRY

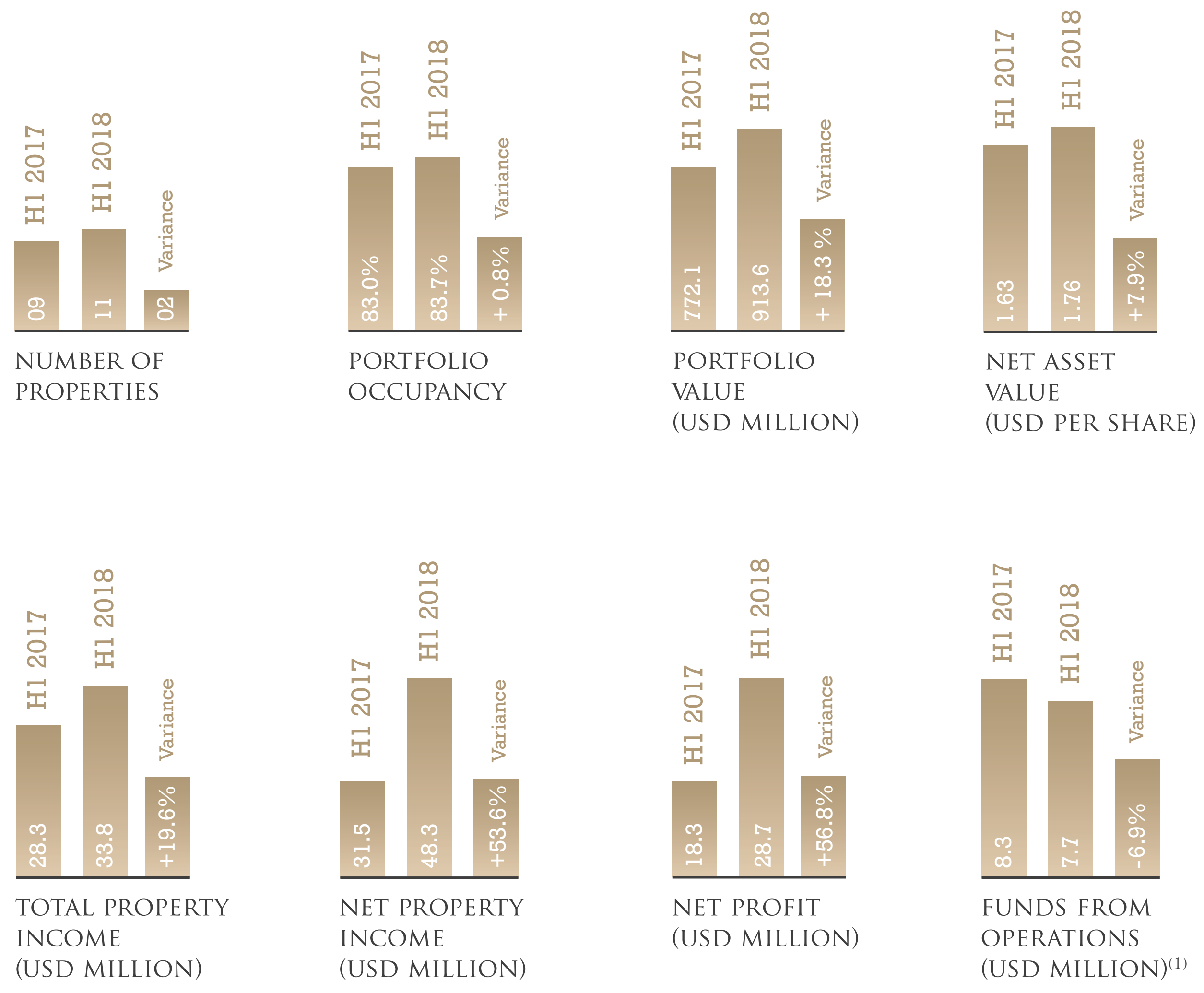
8.4 YEARS

NET ASSET VALUE

526m USD

AED 1.9bn

KEY PORTFOLIO STATISTICS



[1] FFO comprises net profit excluding revaluation gains, amortisation and Sukuk costs.

CHAIRMAN'S MESSAGE

Dear Shareholders,

We are pleased to report that Emirates REIT's half-year results have demonstrated substantial organic growth once again and it has, in Q2 achieved the quarterly highest EBITDA on record with an increase of 27% compared to the same period last year.

Key Highlights

- The REIT paid a total annual dividend of USD 0.08 per share and achieved a total annualised return of 11%.
- Property income grew by 20% to a total of USD 33.8m for the six months period (H1 2017: USD 28.3m)
- The robust property operating income conversion to bottom-line lead to a 27% growth in EBITDA to USD 17.8m (H1 2017: USD 14.0m) reflecting the highest level on record for a quarter in Q2 at USD 9.3m (Q1 2018: USD 8.5m).
- The recovery of FFO with 20% growth quarter-on-quarter to USD 4.2m in Q2 (Q1 2018: USD 3.5m) reducing the H1 2018 variance to 7% (H1 2018: USD 7.7m versus H1 2017: USD 8.3m).
- The acquisition of the Lycée Français Jean Mermoz, a school operating a French curriculum, at an attractive yield.
- Index Mall's tenants have started the fit out process for the retail and F&B outlets ahead of the upcoming opening.
- The modification of DFSA Rule CIR 13.4.5 (1) and IFR 6.11.5 by the DFSA increased the regulatory leverage cap from 50% to 65%.

Financial Achievements

Emirates REIT's portfolio value reached USD 913.6 million, a year-on-year increase of 18.3% (H1 2017: USD 772.1 million). The net asset value was at USD 1.76 per share, or USD 526.4 million (H1 2017: USD 1.63 per share or USD 487.8 million) with a total year-on-year return of 12.8% including the two dividend distributions totalling 8 cents per share (USD 24.0m), paid in January and June 2018. The gearing ratio stood at 42%.

During the period, rental income continued to rise by 14.7% to USD 29.2 million in H1 2018 (H1 2017: USD 25.4 million) primarily driven by the acquisition of the Lycée Français Jean Mermoz, the increase in the leasing of office units at Index Tower and retail outlets at Le Grande Mall.

The REIT continued to grow its occupancy levels to 84% and the weighted average unexpired lease term to 8.4 years as at 30 June 2018.

On 27 June 2018, the DFSA granted a Modification of DFSA Rule CIR 13.4.5 (1) and IFR 6.11.5 which will now allow the REIT to borrow up to 65% of the total gross asset value instead of 50%.

Operations Updates

We have expanded Emirates REIT's educational portfolio by acquiring the Lycée Français Jean Mermoz in May for USD 20.5 million (AED 75 million). The school has been leased back immediately for a period of 27 years. The transaction is set to generate an estimated Internal Rate of Return (IRR) of over 12%.

Index Mall is reaching completion and is set to open ahead of the Gate Avenue.

We have continued our consistent investments in enhancing our assets to optimise their market position and value.

"We are confident that Emirates REIT's portfolio is well-placed to continue to deliver strong, sustainable long-term returns for shareholders.

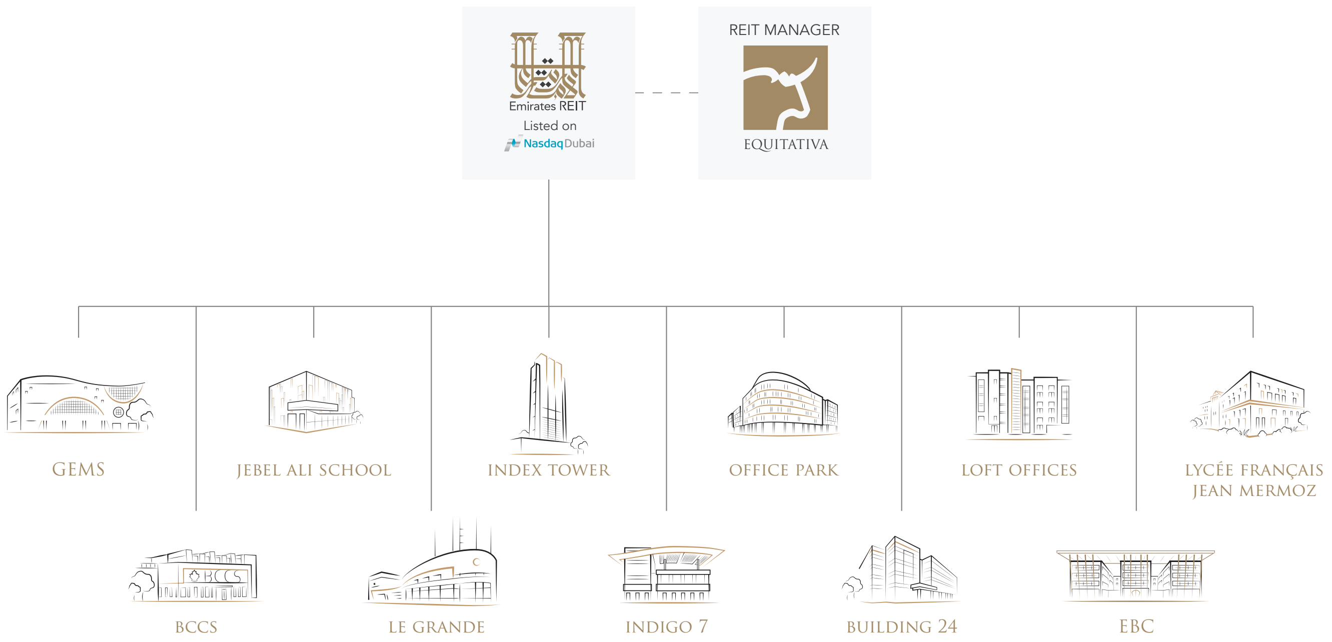
Emirates REIT is excited about the upcoming new investment opportunities and value enhancing schemes in the UAE Real Estate market today.

We look forward to the REIT's continued success in the second half of 2018."

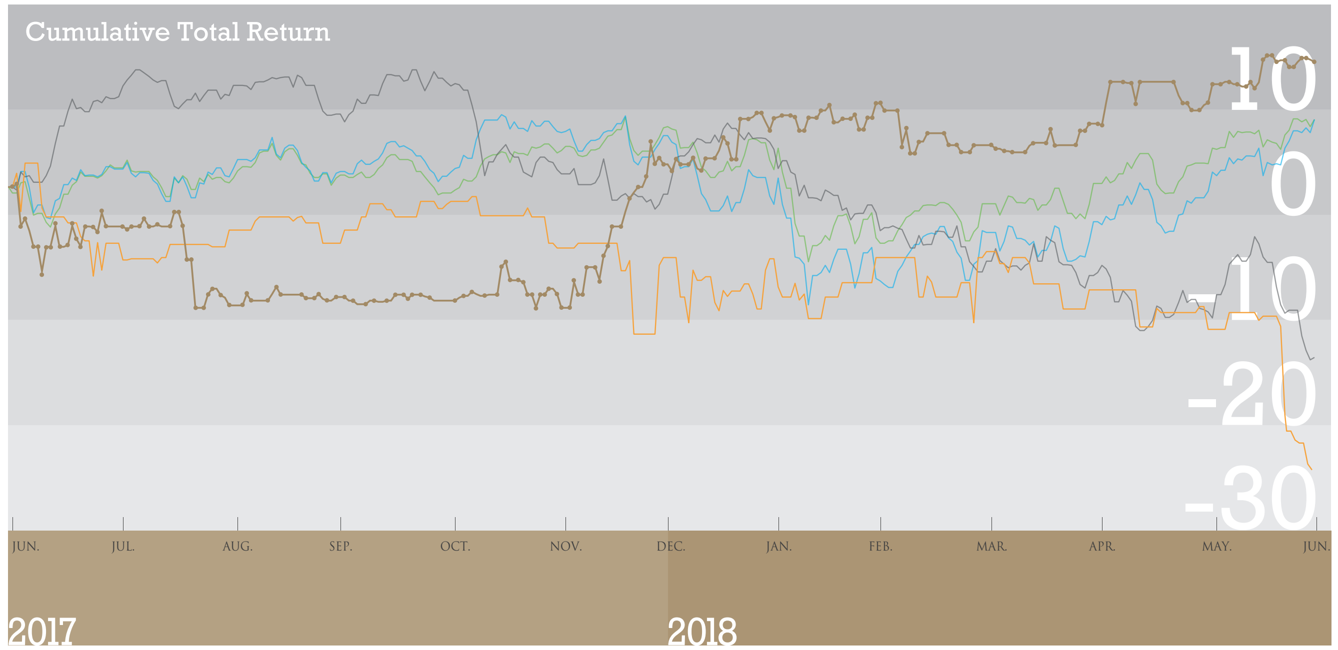
Abdulla Al Hamli
Chairman

REIT IN BRIEF

- First Listed Shari'a compliant REIT in the UAE and world's largest Shari'a compliant REIT
- Focus on income-producing assets with attractive investment fundamentals
- Bi-annual dividend distributions and steady increase in NAV per share since incorporation
- Experienced REIT Manager with detailed knowledge of the UAE Real Estate sector
- Active management and enhancement of the income profile of the properties
- Regulated REIT Manager with established corporate governance framework
- Regulations highlights: minimum of 80% of the net income distributed, gearing limit of 65% of gross asset value, development activities limited to 30% of portfolio

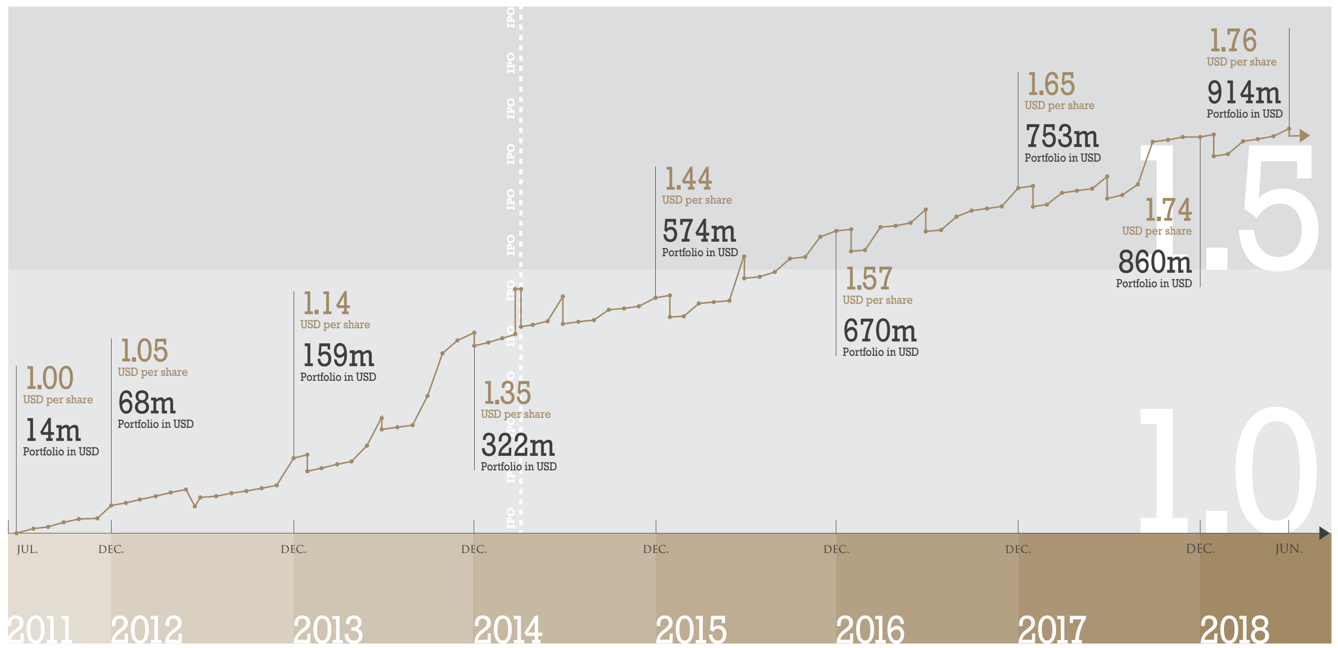


MARKET RETURN



REIT DU +7.98% ENXG +4.78% FNERTR +4.73% DFMGI -12.20% ENBDREIT DU -21.71%

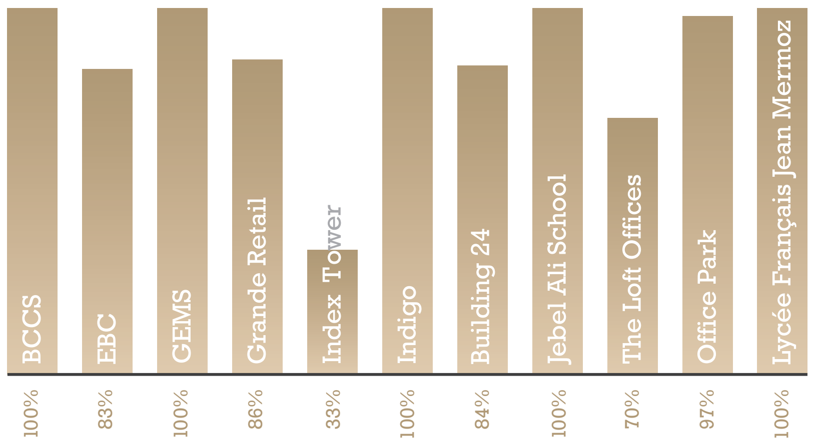
PERFORMANCE



PORTFOLIO OCCUPANCY

84%

TOTAL OCCUPANCY



KEY PORTFOLIO STATISTICS

	30 Jun 2018	30 Jun 2017	Variance	% Variance
Number of properties	11	9	2	-
Portfolio occupancy (incl. Index Tower)	83.7%	83.0%	0.7%	-
Portfolio occupancy (excl. Index Tower)	93.1%	96.9%	(3.8%)	-
Number of tenants	357	256	101	39.5%
Net leasable area (m^2)	218,076	182,965	35,111	19.2%
Portfolio value (USD million)(1)	913.6	772.1	141.6	18.3%
Passing income (USD million)(2)	31.5	25.4	6.1	24.0%

(1) Portfolio value includes investment property and capital expenditure.
(2) Passing income represents the annualised value of contractual rentals at the end of the relevant period

INCOME AND EARNINGS

USD '000	30 Jun 2018	30 Jun 2017	Variance	% Variance
Total property income	33,845	28,292	5,553	19.6%
Net property income	48,330	31,469	16,861	53.6%
Operating profit	39,034	24,039	14,995	62.4%
Net finance cost	(10,315)	(5,723)	(4,592)	80.2%
Net profit	28,719	18,316	10,403	56.8%
Funds from operations (FFO)[1]	7,746	8,317	(571)	(6.9%)
EPS (USD)	0.10	0.06	0.04	57.2%
FFO per share	0.026	0.028	(0.002)	(6.9%)
Portfolio return [2]	11.0%	7.5%	3.5%	-

(1) FFO comprises of net profit excluding revaluation gains, amortisation and Sukuk costs.
(2) Portfolio return comprises annual growth in NAV per share, including the dividend paid to shareholders

BALANCE SHEET

USD '000	30 Jun 2018	30 Jun 2017	Variance	% Variance
Investment property	913,588	772,091	141,497	18.3%
Total assets	951,263	815,428	135,835	16.7%
Equity	526,397	487,765	38,632	7.9%
Liabilities	424,866	327,663	97,203	29.7%
NAV per share (USD)	1.76	1.63	0.13	7.8%
LTV	41.8%	36.8%	5.0%	-
Net cash from operating activities	11,417	13,719	(2,302)	(16.8%)

INTERNATIONAL RECOGNITION

- Best Real Estate Deal of the Year
  Award for the issuance of Emirates REIT's five-year sukuk 2018
  Islamic Finance News by RedMoney Group
- Best REIT GCC 2018
  Arabian Business Magazine
- Best REIT Manager MENA 2018
  Bankers Middle East CPI Finance
- Sukuk of the Year – Bankers Middle East CPI Finance 2018
  Bankers Middle East CPI Finance
- TOP 100 Real Estate Companies in the Arab World
  Forbes
- Real Estate Deal of the Year 2017
  Islamic Finance News by RedMoney Group
- Best Real Estate Finance Company 2016 & 2017
  Islamic Business & Finance CPI Finance
- Best Real Estate Investment Fund 2017
  Bankers Middle East CPI Finance
- Best Real Estate Investment Trust ME 2017
  Acquisition International
- Deal of the Year 2017
  Acquisition International
- Best Shari'a Compliant REIT 2017
  Acquisition International
- Shari'a compliant Fund of the Year MENA 2016 & 2017
  The European
- Best Sharia Compliant Fund of the Year Middle East 2017
  MEA Markets Magazine
- Best Real Estate Investment Company MENA 2016 & 2017
  Global Banking & Finance
- Best Diversified REIT Global 2015, 2016, 2017
  CFI - Capital Finance International

PORTFOLIO

COMMERCIAL

Emirates REIT's commercial portfolio comprises six mixed-use (office and retail) properties located in prominent locations: Index Tower Offices, Office Park, Loft Offices, Building 24, Indigo 7 and European Business Center (EBC).

As at 30 June 2018, the market value of the commercial portfolio totaled USD 587.6m.

While conditions remained challenging in Dubai commercial real estate market, occupancy and rental rates have shown a commendable performance.

The increase of occupancy in Index Tower's office space, which raised by 22% on a year-to-year basis, has driven the organic growth of the commercial portfolio.

Refurbishment and renovations have continued throughout the first half of the year to improve the visual appeal of the assets and facilities (interiors, common areas, car parks, etc). They included painting, tiling, installation of new CCTV systems as well as LED lights to achieve energy savings.

Emirates REIT commercial portfolio has seen significant improvement and is set to achieve further potential.

VALUATION	NLA	INCOME
64%	51%	66%
SHARE OF PORTFOLIO	SHARE OF PORTFOLIO	SHARE OF PORTFOLIO

RETAIL

Emirates REIT's retail portfolio includes Trident Grande Mall and Index Mall.

Located in prominent locations adjacent to vibrant communities composed of residential and commercial developments, the Malls have shown further growth in the first half of 2018.

As at 30 June 2018, the market value of the commercial portfolio totaled USD 81.3m.

Occupancy at Trident remained relatively stable and stands at 86% as at 30 June 2018.

Index Mall is yet to open in the Dubai International Finance Center which currently undergoes several infrastructure improvements including the Gate Avenue.

VALUATION	NLA	INCOME
09%	07%	05%
SHARE OF PORTFOLIO	SHARE OF PORTFOLIO	SHARE OF PORTFOLIO

EDUCATION

Emirates REIT's education portfolio comprises four education complexes: GEMS World Academy ("GEMS"), Jebel Ali School ("JAS"), British Columbia Canadian School ("BCCS") and The Lycée Français Jean Mermoz ("LFJM").

As at 30 June 2018, the market value of the education portfolio totaled USD 244.8m.

All contracts are triple-net leases. School operators have full control of their premises and are responsible for the maintenance and insurance of the buildings.

VALUATION	NLA	INCOME
27%	42%	29%
SHARE OF PORTFOLIO	SHARE OF PORTFOLIO	SHARE OF PORTFOLIO

NEW ACQUISITION

In May, Emirates REIT acquired LFJM for a total of AED 75 million (USD 20.5m) which has immediately been leased back for a period of 27 years.

The Lycée Français Jean Mermoz is located in the heart of the residential area of Al Quoz, between Business Bay and Al Barsha neighbourhoods. It was inaugurated in September 2017 and currently provides French curriculum education. After completion of the two extensions, the facilities comprising a large gym, an auditorium and two indoor pools alongside the classrooms will be able to accommodate up to 1,500 students.

The Lycée Français Jean Mermoz assigned the interest on the land leasehold plot to Emirates REIT and entered into an Istisna agreement to fund the construction of facilities' extension in two phases. The construction of the first extension has started immediately.

The entire investment including the development of the two extensions is estimated to be approximately AED 138 million (USD 37.6 million) and the facilities, constructed to the school operator's specifications, will propose a final build-up area over 21,000 m^2.

The Lycée Français Jean Mermoz is expected to generate an IRR in excess of 12% and provide an initial income of 9.75% over the total investment costs during the first year.

As at 30 June 2018, Emirates REIT's educational sector portfolio has increased to AED 899m (USD 245m), representing 27% of the total portfolio. The acquisition took place in May 2018.

GOVERNANCE

EQUITATIVA'S REPORT

The Directors present their report for the six months ended 30 June 2018.

SHARE CAPITAL

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

At 30 June 2018, the Company's issued share capital comprised a total of 299,620,541 ordinary shares of USD 1.03 each.

The REIT has one class of ordinary shares. All shares rank equally and are fully paid. No person holds shares carrying special rights with regards to control of the company. There are no restrictions on the size of a holding.

REIT MANAGER

Emirates REIT is managed by Equitativa (Dubai) Limited ("Equitativa", the "REIT Manager"), a limited company incorporated in DIFC and regulated by the DFSA since 2010.

Equitativa is part of a group of companies that specializes in creating and managing innovative financial products in Emerging Markets.

INVESTMENT OBJECTIVE

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

INVESTMENT POLICY

The type of investments which can be undertaken by the REIT 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.

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

SPECIAL DECREES

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

MANAGEMENT STRATEGY

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

Disciplined Acquisition Strategy

The REIT will continue to pursue acquisitions with the aim of improving income stability and overall returns. Since the incorporation of the REIT, Equitativa's team has evaluated around 1000 investment opportunities thereby ensuring their knowledge of the market is comprehensive and allows timely reactions to changes in market conditions.

Active Asset Management Strategy

The Portfolio of the REIT is actively managed, with the aim of delivering regular returns to the Shareholders. Active management is focused on enhancing rental revenues and improving operational efficiencies which in turn may contribute to enhanced market valuations. Equitativa works closely with the property managers appointed to the buildings to optimise the REIT's portfolio.

Equitativa applies the following key operating and management principles:

- Monitor the performance of the properties
- Optimise the net leasable area of the properties where possible
- Establishing close relationships and proactively manage leases
- Increase rental rates and property yields
- Enhance the overall operating efficiency of the Portfolio

RISK PROFILE

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

The Portfolio has a relatively low and well balanced risk profile benefiting from diversification across asset classes and long-term leases with a weighted average lease term of 8.4 years as at 30 June 2018. Notably, 16% of the leases are expiring by end 2020, with a turn-over of 3% in the next six months.

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

The REIT's continued performance is subject to, amongst other things, the conditions of the property market in the UAE, which can affect both the value and the rental income of properties in the portfolio. Any deterioration in the property market could result in declines in rental incomes, occupancy and value of the properties. It may also weaken the REIT's ability to obtain financing for new investments.

These factors may have a material adverse effect on the REIT's financial condition, business, prospects and results of operations. The REIT will operate within the parameters defined by its Boards and as guided by the Shareholders, at all times conforming to the investment policy.

RISK MANAGEMENT STRATEGY

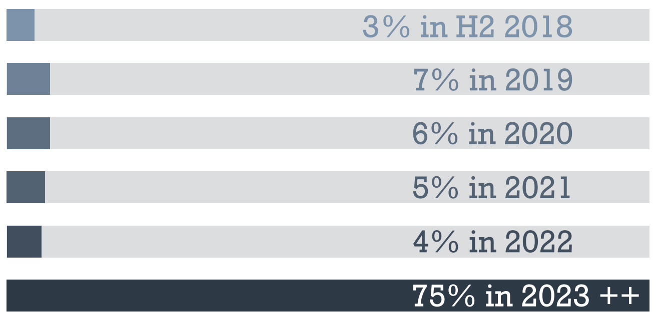
The key pillars for the Capital and Risk Management Strategy include:

- managing the risks associated with the properties by balancing the Portfolio and focusing on acquiring properties of best fit with attractive lease terms and strong covenants;
- using Shari'a compliant debt financing as an attempt to provide additional capital, improving Shareholder returns over the long term (where such Shari'a debt financing is appropriate) and ensuring that the gearing does not exceed 65%* of the Gross Asset Value;
- actively considering opportunities to raise funds through various means, including but not limited to, the issue of new Shares.

PORTFOLIO RISK

The portfolio has a well-balanced risk profile. Asset classes are diversified and leased over long periods.

As of 30 June 2018, the weighted average lease expiry is 8.4 years, with 16% of the leases expiring by end 2020 and 3% within the next six months.



Note:
* Modification notice W570/2018

SHAREHOLDING

The maximum limit of 49% of non-GCC ownership is monitored both Equitativa and Nasdaq Dubai. Public notification via the regulatory announcement platform will be made if the non-GCC shareholding nears 49%. At 30 June 2018, the non-GCC shareholding was at 33%.

As at 30 June 2018, the following shareholders held 5% or more of the REIT's issued share capital:

	Issued Share Capital (%)
Dubai Islamic Bank PJSC	15.70%
Vintage Bullion	11.70%
Dubai Properties Group LLC	9.90%

REAPPOINTMENT OF VALUERS

At the beginning of May 2018, the REIT Manager put out to tender the appointment of a valuer on the REIT's valuation panel. The received proposals were evaluated on the basis of five criteria; valuation time-frame, level of insurance coverage, methodology employed, relevant skills & experience, and schedule of pricing. Upon evaluation of the received proposals, the proposal submitted by CBRE was determined to have best satisfied the evaluation criteria.

On 2 July 2018, Equitativa reappointed CBRE for further period of 5 years.

MODIFICATION NOTICE

On 27 June 2018, the DFSA granted a Modification of DFSA Rule CIR 13.4.5 (1) and IFR 6.11.5 such that Equitativa could now borrow (in respect of the REIT) up to 65% of the total gross asset value. The increase of the borrowing limit of 15% would be used to acquire new Fund Property.

2018 ANNUAL GENERAL MEETING

The 2018 Annual General Meeting ("AGM") was held on Thursday 21 June 2018. The following is a summary of the matters that were approved during the AGM.

For further information, please refer to the 2018 AGM pack, available on our website.

Related Party Transactions

The shareholders authorized the REIT (and the REIT Manager on behalf of the REIT) to enter into transactions with Related Parties regarding the Sale & Purchase of Real Estate in the UAE, in accordance with DFSA Rules.

Annual Report and Accounts for 2017

The shareholders received and approved the 2017 Annual Report and the accounts for the REIT for the year ended 31 December 2017, together with the director's report and auditor's report on those accounts.

Purchase of Own Shares

The REIT was granted authority to make one or more market purchases of its own ordinary shares, subject to satisfaction of the following conditions:

i. any purchase of ordinary shares must be in accordance with the rules and regulations of the DFSA and Nasdaq Dubai; and

ii. the ordinary shares must be purchased prior to the 2019 AGM, unless a contract to purchase any such ordinary shares was completed before the commencement of the 2019 AGM.

The REIT's authority in this respect will expire at the conclusion of the 2019 AGM and a resolution will be proposed to seek further authority until the closure of the next AGM.

Reappointment of the Investment Board

In accordance with the REIT's constitution and pursuant to DFSA regulations, the appointment of: Mr Abdulla Al Hashemi; Captain David Savy; and Mr Marwan Bin Ghulaita, each an existing member of the REIT's Investment Board, was extended, until the conclusion of the 2019 AGM.

Auditors

PricewaterhouseCoopers Limited (Dubai Branch) were reappointed as auditor, until closing of the 2018 AGM.

Interim Dividend

The shareholders approved that the Board may, at its discretion, pay an interim dividend to the shareholders of the REIT, if the REIT has sufficient retained earnings relating to the financial year in question, and is able to pay its debt as they become due immediately after the dividend is paid.

Final Dividend

The Board of the REIT had recommended that a final dividend of USD 0.04 per ordinary share, for the financial year ending 31 December 2017, be paid to the shareholders of the REIT. The shareholders of the REIT, having reviewed the recommendation of the Board and assessed that the REIT had sufficient retained earnings relating to the 2017 financial year and was able to pay its debts as they become due immediately after the dividend is paid, approved the payment of the final dividend.

CORPORATE GOVERNANCE

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

MANAGEMENT BOARD

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

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

INVESTMENT BOARD

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

It is comprised of Mr. Marwan Bin Ghulaita, Mr. David Savy and Mr. Abdulla Al Hashemi who were all re-appointed for another year at the REIT's 2018 AGM.

OVERSIGHT BOARD

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

The Oversight Board is comprised of Mr. Suresh Kumar, Mr. Fahad Kazim and Mr. Mustafa Al Hashimi.

ADVISORY BOARD

The Advisory Board provides expert strategic advice and assistance to the REIT on the current state of the real estate market, together with opinions and views on recent trends and developments.
The Advisory Board members may additionally also provide specific ad-hoc advice in relation to various projects, as required.

The Advisory Board members are Mr. Khalid Al Malik, Mr. Michael Wunderbaldinger and Mr. Kunal Bansal.

SHARI'A BOARD

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

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

SHARI'A COMPLIANCE CERTIFICATE

Issued by the Shari'a Supervisory Board of Emirates Reit (CEIC) Limited (The "REIT") as at 30th June 2018

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 Eleven properties, all of which are located in the Emirate of Dubai, consisting of a mixture of office, retail, educational and car parking properties.

The REIT has a 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 is also responsible to oversee 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 review the REIT's financials during the year to ascertain compliance 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 Audit conducted by Dar Al Shari'a Limited (the "Dar Al Shari'a") on the REIT for the period commencing from 1 January 2018 and ending on 30 June 2018 prepared in accordance with the DFSA Islamic Finance Rules (IFR) 6.4.1. (1) and (2) (the "Shari'a Review Report").

SHARIA REVIEW OF THE REIT BY THE SHARIA SUPERVISORY BOARD

We, the Shari'a Supervisory Board, as of 30 June 2018, 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, as of 30 June 2018, hereby pronounce our opinion as follows:

a) The Activities and Transactions executed by the REIT during the period commencing from 1 January 2018 and ending on 30 June 2018 (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.

FINANCIAL STATEMENTS

for the six months ended 30 June 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE SHAREHOLDERS OF EMIRATES REIT (CEIC) LIMITED

Introduction

We have reviewed the accompanying condensed interim consolidated balance sheet of Emirates REIT (CEIC) Limited (the "REIT") and its subsidiary (together, the "Group") as at 30 June 2018 and the related condensed interim consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and other explanatory notes. Equitativa (Dubai) Limited (the "REIT Manager") is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this condensed interim consolidated financial information 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 consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PriceWaterhouseCoopers
Dubai, United Arab Emirates

Audit Principal - Mohamed El Borno
27 August 2018

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

	Note	AS AT 30 JUN 2018 USD' 000 Unaudited	AS AT 31 DEC 2017 USD' 000 Audited
ASSETS			
Non-current assets			
Investment properties	6	913,588	859,573
Trade and other receivables	7	16,177	13,404
		929,765	872,977
Current assets			
Trade and other receivables	7	14,550	7,894
Cash and cash equivalents	8	6,948	67,861
		21,498	75,755
TOTAL ASSETS		951,263	948,732
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	299,621	299,621
Share premium	9	59,393	59,393
Retained earnings		167,383	162,634
Total equity		526,397	521,648
LIABILITIES			
Non-current liabilities			
Sukuk financing instrument	10	397,479	397,344
Current liabilities			
Trade and other payables	11	27,387	29,740
Total liabilities		424,866	427,084
TOTAL EQUITY AND LIABILITIES		951,263	948,732
Net asset value (USD)		526,397,480	521,647,513
Number of shares		299,620,541	299,620,541
Net asset value per share		1.76	1.74

This condensed interim consolidated financial information was approved by the Board of Directors of Equitativa (Dubai) Limited as the sole director of the Group on 27 August 2018 and signed on their behalf by:

Sylvain Vieujot
Executive Deputy Chairman

Remi Ishak
Chief Financial Officer

The notes on pages 41 to 57 form an integral part of the condensed interim financial information.

The notes on pages 41 to 57 form an integral part of the condensed interim financial information.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2018 USD' 000 Unaudited	2017 USD' 000 Unaudited
		FOR THE SIX MONTHS ENDED 30 JUN	
Rental income		29,198	25,447
Service fee income		4,408	2,746
Other property income		239	99
		33,845	28,292
Property operating expenses		(6,770)	(6,822)
		27,075	21,470
Net unrealised gain on revaluation of investment property	6	21,255	9,999
Net property income		48,330	31,469
Expenses			
Management fee		(7,042)	(6,040)
Performance fee		(891)	(567)
Board fees		(169)	(164)
Other expenses		(1,194)	(659)
Operating profit		39,034	24,039
Finance costs	15	(10,532)	(5,803)
Finance income	15	217	80
Finance costs, net		(10,315)	(5,723)
Profit and total comprehensive income for the period		28,719	18,316
Earnings Per Share			
Basic and diluted Earnings Per Share (USD)	16	0.10	0.06

The notes on pages 41 to 57 form an integral part of the condensed interim financial information.

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Share premium	Retained earnings	Total
		USD' 000	USD' 000	USD' 000	USD' 000
At 1 January 2017		299,621	59,393	134,405	493,419
Comprehensive income					
Profit for the period		-	-	18,316	18,316
Transactions with shareholders					
Cash dividends		-	-	(23,970)	(23,970)
At 30 June 2017 (Unaudited)		299,621	59,393	128,751	487,765
At 1 January 2018		299,621	59,393	162,634	521,648
Comprehensive income					
Profit for the period		-	-	28,719	28,719
Transactions with shareholders					
Cash dividends	13	-	-	(23,970)	(23,970)
At 30 June 2018 (Unaudited)		299,621	59,393	167,383	526,397

The notes on pages 41 to 57 form an integral part of the condensed interim financial information.

The notes on pages 41 to 57 form an integral part of the condensed interim financial information.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUN

	Note	2018	2017
		USD' 000 Unaudited	USD' 000 Unaudited
Operating activities			
Profit for the period		28,719	18,316
Adjustments for:			
Net unrealised gain on revaluation of investment property	6	(21,255)	(9,999)
Finance cost		10,532	5,803
Finance income		(217)	(80)
Operating cash flows before changes in working capital		17,779	14,040
Changes in working capital			
Trade and other receivables	6	(9,429)	(2,429)
Trade and other payables		3,067	2,108
Net cash generated from operating activities		11,417	13,719
Investing activities			
Additions to investment property		(38,180)	(9,625)
Finance income received		217	80
Net cash used in investing activities		(37,963)	(9,545)
Financing activities			
Movement in Islamic financing facilities (net)		-	(13,660)
Dividends paid	13	(23,970)	(23,970)
Finance costs paid		(10,397)	(5,401)
Net cash used in financing activities		(34,367)	(43,031)
Net decrease in cash and cash equivalents		(60,913)	(38,857)
Cash and cash equivalents at the beginning of the period		67,861	64,573
Cash and cash equivalents at the end of the period		6,948	25,716

The notes on pages 41 to 57 form an integral part of the condensed interim financial information.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2018

1 GENERAL INFORMATION

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

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

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

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

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

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

Ownership of SE

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

The condensed interim consolidated financial information for the six months ended 30 June 2018 comprise the REIT and its SE (together referred to as "the Group"). Considering the purpose and design of the SE, the financial information of the REIT consolidate the SE in accordance with IFRS 10.

This condensed interim consolidated financial information has been approved by the REIT Manager as the sole director of the Group on 27 August 2018.

2 BASIS OF PREPARATION

This condensed interim consolidated financial information for the six months ended 30 June 2018 has been prepared in accordance with International Accounting Standard 34 'Interim financial reporting', ("IAS 34"). This condensed interim consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, the condensed interim consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

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

The REIT Manager, as sole director of the REIT, has made an assessment of the REIT's ability to continue as a going concern. The REIT Manager is not aware of any material uncertainties that may cast significant doubt upon the REIT's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Operating segments

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting policies

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

3.2 New standards, amendments and interpretations

a. New standards, amendments and interpretations adopted by the Group

- IFRS 9, 'Financial instruments' (effective 1 January 2018); and
- IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018).

The impact of the adoption of these standards and the new accounting policies are immaterial to condensed interim consolidated financial information. The impact of the adoption of these standards and the new accounting policies are analysed and disclosed below in note 3.3.

There are no other IFRSs or IFRS IC interpretations that are effective and would be expected to have a material impact on the Group.

b. New and amended standards issued but not effective for the financial year beginning 1 January 2018 and not early adopted:

- IFRS 16, 'Leases'

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments (Note 17). However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group does not intend to adopt the standard before its effective date.

The REIT Manager is currently assessing the impact of the above standard and intends to adopt it, if applicable, when it becomes effective. There are no other standards or IFRS IC interpretations that are not yet effective and that would be expected to have material impact on the Group.

3.3 Changes in accounting policies

This note explains the impact of the adoption of IFRS 9 Financial Instruments on the Group's condensed interim consolidated financial information and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

a. Impact on the financial statements

i. IFRS 9 Financial instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting.

The Group has adopted IFRS 9 retrospectively, with the practical expedients permitted under the standards. The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies.

The new accounting policies are set out in sub note A) below.

The adoption of IFRS 9 has not had a significant impact on the Group's accounting policies related to financial assets and financial liabilities.

REIT Manager has assessed which business models apply to the financial assets held by the Group into the appropriate IFRS 9 categories. The main effects resulting from this reclassification is the classification of 'trade and other receivables' and 'cash and cash equivalents' as financial assets measured at amortised cost.

The Group's financial assets that are subject to IFRS 9's new expected credit loss model include trade and other receivables, trade and other payables and cash and cash equivalents.

The Group was required to revise its impairment methodology under IFRS 9. There is no impact of the change in impairment methodology on the Group's retained earnings and equity as at 1 January 2018.

While cash equivalents are also subject to the impairment requirements of IFRS 9, there was no impairment loss identified.

A) IFRS 9 Financial Instruments – Accounting policies applied from 1 January 2018

Financial assets
Measurement

Rental and service income receivables

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

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

Impairment

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

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

ii) IFRS 15 Revenue from contracts with the customers

IFRS 15 replaces IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new accounting policies are set out in sub notes below.

The Group has adopted IFRS 15 using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that the comparatives will not be restated.

There is no impact on Group's condensed interim consolidated financial information due to the application of IFRS 15, as the Group's main source of revenue is rental income earned from its investment properties, which is excluded from the scope of IFRS 15.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The condensed interim consolidated financial information does 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 consolidated financial statements as at 31 December 2017.

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

4.2 Liquidity risk

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

4.3 Fairvalue of financial instruments

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

Assets measured at fair value

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

	Date of valuation	Quoted prices in active Markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
		USD' 000	USD' 000	USD' 000	USD' 000
Investment property	30 June 2018	-	134,827	771,008	905,835
Investment property	30 June 2017	-	158,570	613,521	772,091

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim consolidated financial information requires the REIT Manager 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 this condensed interim consolidated financial information, the significant judgement made by the REIT Manager in applying the Group's accounting policies and the key source of estimation uncertainty for the period ended 30 June 2018 is as follows:

a. Revaluation of investment property

The Group carries its investment property at fair value, with changes in fair value being recognised in the condensed interim consolidated statement of comprehensive income. The Group engaged independent valuation specialists who hold recognised and relevant professional qualifications and have relevant experience in the location and type of investment property held, to determine the fair values of investment property as at 30 June 2018. For income producing investment property, a valuation methodology based on the capitalisation rate method was used, as it represents a method of determining the value of the investment property by calculating the net present value of expected future earnings.

The valuation method adopted for these properties is based on inputs that are not based on observable market data (that is, unobservable inputs - Level 3). However, for vacant investment property and properties under re-development, valuation 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 (that is, significant observable input – Level 2).

The fair value measurement is then reclassified from Level 2 to Level 3, when vacant investment property shifts to income producing investment property.

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

b. Operating lease commitments - REIT as lessor

The REIT has entered into commercial property leases on its investment property portfolio. The REIT has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

6 INVESTMENT PROPERTY

	Completed properties	Properties under construction	Total
	USD' 000	USD' 000	USD' 000
At 1 January 2018	825,113	34,460	859,573
Acquisitions during the period	21,339	-	21,339
Work in progress during the period	-	4,422	4,422
Ongoing fitout projects on completed properties	6,999	-	6,999
Net unrealised gain on revaluation of investment property	19,107	2,148	21,255
At 30 June 2018 (Unaudited)	872,558	41,030	913,588
At 1 January 2017	747,886	4,817	752,703
Work in progress during the period	-	7,484	7,484
Ongoing fitout projects on completed properties	1,905	-	1,905
Net unrealised gain on revaluation of investment property	6,386	3,613	9,999
At 30 June 2017 (Unaudited)	756,177	15,914	772,091
Fair value reconciliation			
Market value per external valuation report as at 30 June 2018	864,886	41,030	905,916
Ongoing fitout projects on completed properties	19,323	-	19,323
Accrued income (Note 7)	(19,040)	-	(19,040)
Deferred income (Note 11)	7,471	-	7,471
Fair value as at 30 June 2018	872,558	41,030	913,588

Ongoing fitout projects include certain floors within an office building which are being furnished and fitted out.

As at the reporting date, the Group held total investment property amounting to USD 913,588 thousand (30 June 2017: USD 772,091 thousand) in a real estate portfolio of eleven properties (30 June 2017: nine properties) located in Dubai, UAE.

Properties under land lease agreements

Four of the REIT's properties are constructed/under construction on plots in Dubai which are under land lease agreements as follows:

- Remaining lease term of 21.2 years with fair value of USD 6,970 thousand;
- Remaining lease term of 38.4 years with fair value of USD 89,328 thousand;
- Remaining lease term of 25.7 years renewable for another term of 30 years with fair value of USD 41,029 thousand; and
- Remaining lease term of 11.9 years renewable for two additional terms of 30 years each with fair value of USD 40,485 thousand.
- Remaining lease term of 26.8 with fair value of USD 34,413 thousand.

British Columbian Canadian School

On 28 September 2016, the REIT acquired the leasehold interest in a 25,000 square meter plot of land and subsequently commenced construction of a school building on the plot. Simultaneously, the REIT entered into a lease agreement with BCCS for the lease of the school building for a period of 28 years. The fair value of this property amounted to USD 41,029 thousand as at 30 June 2018. On 19 September 2017, a portion of the building structure was completed and certain grades opened for the academic year. The construction works on the remainder of the building structure was in progress as of 30 June 2018, including the common areas and the property continues to be classified as under construction or re-development. The property will be classified as completed property upon completion of the entire building structure.

European Business Center

On 22 August 2017, the REIT acquired a commercial office building with an aggregate leasable area of 25,392 square meters on a 11.9 year lease term renewable for two additional terms of 30 years each. As of 30 June 2018, the fair value of this property amounted to USD 40,485 thousand.

Lycée Français Jean Mermoz

On 15 May 2018, the REIT acquired the leasehold interest in 124,076 square meters plot of land in Al Quoz, Dubai, with an existing school on a 26.8 year lease term. As of 30 June 2018, the fair value of this property amounted to USD 34,413 thousand.

Fair valuation

The fair valuations of investment property were based on an individual assessment, for each property type, of both the future earnings and the required yield. In assessing the future earnings of the properties, the REIT Manager took into account potential changes in rental levels from each contract's rent and expiry date compared with the estimated current market rent, as well as changes in occupancy rates and property costs. Fair value hierarchy disclosures for investment property has been provided in Note 4.3.

As at 30 June 2018, the fair value of the investment property was adjusted for the accrued income (Note 7) and deferred income (Note 11) in accordance with IAS 40. The amount of adjustment is USD 11,570 thousand.

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

	30 June 2018 Unaudited	30 June 2017 Unaudited
	USD' 000	USD' 000
Balance at the beginning of the period	687,950	591,996
Transfer from Level 2 to Level 3	40,464	11,526
Additions of new investment property during the period	21,339	-
Net unrealised gain on revaluation of investments properties	21,255	9,999
Balance at the end of the period	**771,008**	**613,521**

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

For investment property categorised under Level 2 fair value hierarchy, a valuation methodology based on the sales comparison method was used by comparing it with prices achieved from transactions in similar properties.

Properties for which rental cash flows can be realistically predicted are transferred to Level 3, properties where cash flows are dependent on re-development and fitout, in addition to properties that do not have an existing lease or promise to lease are kept as Level 2.

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

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

	30 Jun 2018	30 Jun 2017
Stabilised occupancy rate (%)	90 – 100	90 – 100
Equivalent yield (%)	8.00– 9.50	8.45– 9.52
Operating Expenses (USD/sq. ft.)	7.88-18.35	7.88 – 17.78

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.

7 TRADE AND OTHER RECEIVABLES

	30 Jun 2018 Unaudited	31 Dec 2017 Audited
	USD' 000	USD' 000
Rental and service income receivable	8,584	3,605
Less: provision for doubtful debts	(487)	(487)
	8,097	3,118
Accrued income	19,040	15,838
Prepayments	986	1,294
Other receivables	2,604	1,048
	30,727	21,298
Less: non-current portion – accrued income	(16,177)	(13,404)
Current portion	**14,550**	**7,894**

Accrued income relates to rents recognised in advance as a result of spreading the effect of rent free and reduced rent periods and rent uplifts, over the expected terms of their respective leases in accordance with IAS 17. Together with USD 16,177 (31 December 2017: 13,404 thousand), which was included as a non-current asset, these amounts totaled USD 19,040 thousand as at 30 June 2018 (31 December 2017: USD 15,838 thousand).

As at 30 June 2018, trade accounts receivable of USD 487 thousand (31 December 2017: USD 487 thousand) were impaired and fully provided for.

8 CASH AND CASH EQUIVALENTS

	30 Jun 2018 Unaudited	31 Dec 2017 Audited
	USD' 000	USD' 000
Current and savings accounts	6,948	67,861

Balances with banks are placed with local Islamic banks.

9 SHARE CAPITAL

	Number of ordinary shares	Ordinary shares	Share premium	Total
		USD' 000	USD' 000	USD' 000
At 30 June 2018 (Unaudited)	299,620,541	299,621	59,393	359,014
At 31 December 2017 (Audited)	299,620,541	299,621	59,393	359,014

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

10 SUKUK FINANCING INSTRUMENT

On 12 December 2017, the REIT issued five year trust certificates ("Sukuk") of USD 400 million through Emirates REIT Sukuk Limited (the "Trustee" or "SE"), a structured entity formed for the issuance of the Sukuk. The Sukuk were listed on the Main Securities Market (MSM) of the Irish Stock Exchange (ISE) with a Fitch rating of BB+. The Sukuk have a maturity date of December 2022 and pay a profit rate of 5.125% per annum payable semi-annually on 12 June and 12 December in each year, commencing on 12 June 2018.

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

The Sukuk are recorded at USD 397,479 thousand net of transaction costs of USD 2,521 thousand. Amortisation of transaction costs for the six months ended 30 June 2018 amounted to USD 282 thousand (Note 16).

11 TRADE AND OTHER PAYABLES

	30 Jun 2018 Unaudited	31 Dec 2017 Audited
	USD' 000	USD' 000
Deferred income	7,471	7,641
Tenant deposits	6,446	6,168
Payable against investment property under construction or re-development	3,366	8,786
Accrued expenses	3,195	2,585
Service fee received in advance	3,148	1,627
Other payables	1,707	
Accrued profit expense	1,025	1,025
Performance fee payable	891	1,615
Administration fee payable	129	32
Management fee payable	8	261
	27,387	29,740

Included in the above accounts are balances due to related parties amounting to USD 898 thousand (31 December 2017: USD 1,876 thousand) (Note 14)

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 Group is not liable to pay Zakat.

13 DIVIDENDS

In January 2018, the REIT paid an interim dividend in respect of the year ended 31 December 2017 of USD 0.04 per ordinary share amounting to a total interim dividend of USD 11,984,821 to shareholders on the register as at 10 January 2018.

In June 2018, the REIT paid a final dividend in respect of the year ended 31 December 2017 of USD 0.04 per ordinary share amounting to a total final dividend of USD 11,984,821 to shareholders on the register as at 14 June 2018.

14 RELATED PARTY TRANSACTIONS AND BALANCES

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

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

a. Related party transactions

The Group entered into the following significant transactions with related parties during the period:

	FOR THE SIX MONTHS ENDED 30 JUN	
	2018 Unaudited	2017 Audited
	USD' 000	USD' 000
Equitativa (Dubai) Limited		
Management fee	(7,042)	(6,040)
Performance fee	(891)	(567)
Rental and service income	29	-
	(7,904)	(6,607)

b. Due to related parties comprises:

	30 Jun 2018 Unaudited	31 Dec 2017 Audited
	USD' 000	USD' 000
Equitativa (Dubai) Limited	899	1,876

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

The Performance fee is payable to the REIT Manager annually in arrears, at a rate of 3% of the increase in net asset value per share by reference to the highest net asset value per share previously used in calculating the fee.

All transactions with related parties are approved by the REIT Manager. Outstanding balances at the period-end are unsecured and profit free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 30 June 2018, the REIT has not recorded any impairment of receivables relating to amounts owed by related parties (period ended 30 June 2017: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Transactions with key management personnel

During the periods ended 30 June 2018 and 30 June 2017, the role of the key management personnel in accordance with IAS 24 was performed by the REIT Manager, for which the REIT Manager receives remuneration in the form of a management fee and performance fee.

15 FINANCE COSTS

	FOR THE SIX MONTHS ENDED 30 JUN	
	2018 Unaudited	2017 Unaudited
	USD' 000	USD' 000
Sukuk profit expense	(10,250)	-
Sukuk issuance amortised expenses	(282)	-
Ijarah Islamic financing profit expense	-	(5,602)
Ijarah processing fee	-	(201)
Finance costs	(10,532)	(5,803)
Profit income on saving accounts	217	80
Finance income	217	80
Finance costs, net	(10,315)	(5,723)

16 EARNINGS PER SHARE

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

	30 Jun 2018 Unaudited	31 Jun 2017 Unaudited
	USD' 000	USD' 000
Profit attributable to ordinary shareholders	28,719,607	18,316,344
Weighted average number of ordinary shares for basic EPS	299,620,541	299,620,541
Basic and diluted earnings per share (USD)	0.10	0.06

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

17 COMMITMENTS AND CONTINGENCIES

a. Capital commitments

As of 30 June 2018, the REIT had capital commitments of USD 8,227 thousand (31 December 2017: USD 19,600 thousand) out of which USD 1,906 thousand (31 December 2017: USD 7,007 thousand pertains to the construction of British Columbia Canadian School and USD 6,321 thousand (31 December 2017: 12,593 thousand) pertains to fit-out and re-development work at Index Tower office and retail.).

b. Contingencies

At 30 June 2018, the REIT had no contingent liabilities (30 June 2017: Nil).

c. Operating lease commitments — Group as lessee

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

	30 Jun 2018 Unaudited	31 Dec 2017 Unaudited
	USD '000	USD' 000
Within one year	1,251	1,931
After one year but not more than five years	11,567	7,691
More than five years	60,903	27,069
	73,721	36,691

d. Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on certain properties. Future minimum rentals receivables under non-cancellable operating leases as at 30 June 2018 and 31 December 2017 are as follows:

	30 Jun 2018 Unaudited	31 Dec 2017 Unaudited
	USD '000	USD' 000
Within one year	48,667	47,769
After one year but not more than five years	141,541	131,355
More than five years	573,903	486,323
	764,111	665,447

OUR DETAILS

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Emirates REIT


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FLOOR - 4
FLOOR - 5
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UNITED