Emirates Reit

H1 2014
INTERIM REPORT

Emirates Reit

Interim Report - H1 2014

Emirates REIT (CEIC) Limited

KEY FIGURES

	Six months ended		
In US$'000	30th June 2014	30th June 2013	Change
Property income	17,739	10,554	68.1%
Net rental income	13,915	8,544	62.9%
Net property income	41,999	15,588	169.4%
Operating profit	36,679	13,131	179.3%
Finance cost, net	(2,529)	(1,523)	66.1%
Net Profit	34,150	11,608	194.2%
Adjusted Net Profit*	6,813	4,564	49.3%
EPS (US$)	0.1576	0.0912	72.8%

* excluding revaluation and IPO costs

Balance sheet

In US$'000	30th Jun. 2014	31st Dec. 2013	Change
Investment property	559,653	323,131	73.2%
Total assets	568,546	333,210	70.6%
Equity	417,628	205,058	103.7%
Liabilities	150,918	128,152	17.8%
NAV per share in US$	1.3939	1.3522	3.1%
LTV	23.0%	31.7%	(8.7pp)
Loan to NAV	31.3%	51.5%	(20.2pp)

CONTENTS

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.

AT A GLANCE


Emirates Reit
IS
PROUD
TO BE
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NASDAQ DUBAI
Emirates Reit
IS
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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 on-shore Dubai through its onshore Dubai branch.

For the six months ended 30th June 2014, Emirates REIT had profit and total comprehensive income of US$ 34.15m, up from US$ 11.61m for the six months ended 30th June 2013.

Emirates REIT's total assets were US$ 568.55m as at 30th June 2014 an increase from US$ 333.21m at the end of 2013.

As at 30th June 2014, Emirates REIT's net asset value per share (as calculated by its REIT Administrator, Maples Fund Services (Middle East) Limited) had risen to US$ 1.3939 from US$ 1.3522 on 31st December 2013.

Emirates REIT is managed by the REIT Manager which is a joint venture between Dubai Islamic Bank PJSC ("DIB") and Eiffel Management Limited ("Eiffel"). Eiffel owns 75% and DIB owns 25% of the REIT Manager's total issued share capital. The REIT Manager was incorporated in the DIFC on 27 October 2010 and is licensed and regulated by the DFSA.

REIT Details (1)

(1) as at 30th June 2014

REIT Name	Emirates REIT (CEIC) Limited
Date of Incorporation	28th November 2010
Share ISIN	AEDFXA1XE5D7
Nasdaq Dubai Ltd Trading Symbol	REIT
REIT Manager	Emirates REIT Management (Private) Limited
Portfolio size	US$ 559.65 million
Gross Asset Value	US$ 568.55 million
Investment Board	Marwan Bin Ghulaita – CEO of RERA (Real Estate Regulatory Agency) 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) Captain David Ralph Savy – Chairman of the Seychelles Civil Aviation Authority
Oversight Board	Suresh Kumar – Chairman of the Values Group Abdul Wahab Al Halabi – Group Chief Investment Officer at Meeras Holdings Obaid Al Zaabi – Director of Reseach & Development at Securities & Commodities Authority
Advisory Board	Khalid Al Malik – Group Chief Executive Officer of Dubai Properties Group Kunal Bansal – Director and Partner at Vintage Bullion DMCC Todd Betts – Group Chief Financial Officer at Tecom Investment Faisal Mikou – Partner of Arabica Investments
Shari'a Supervisory Board	Dr Mohamed Abdul Hakim Zoeir Mian Muhammad Nazir Moosa Tariq Khoory
Auditor	PricewaterhouseCoopers
Valuers	Asteco Property Management LLC CBRE DIFC Limited
Custodian	Shuaa Capital International Limited
Administration	Maples Fund Services (Middle East) Limited
Fee Structure	Management Fee: 1.5% of REIT Gross Asset Value Performance Fee: 3% of increase in NAV per share Administration Fee: Sliding scale dependent on portfolio value (currently 0.05% of NAV) Custodian Fee: Fee dependant on number of documents held and with a minimum of US$ 2,000 / month

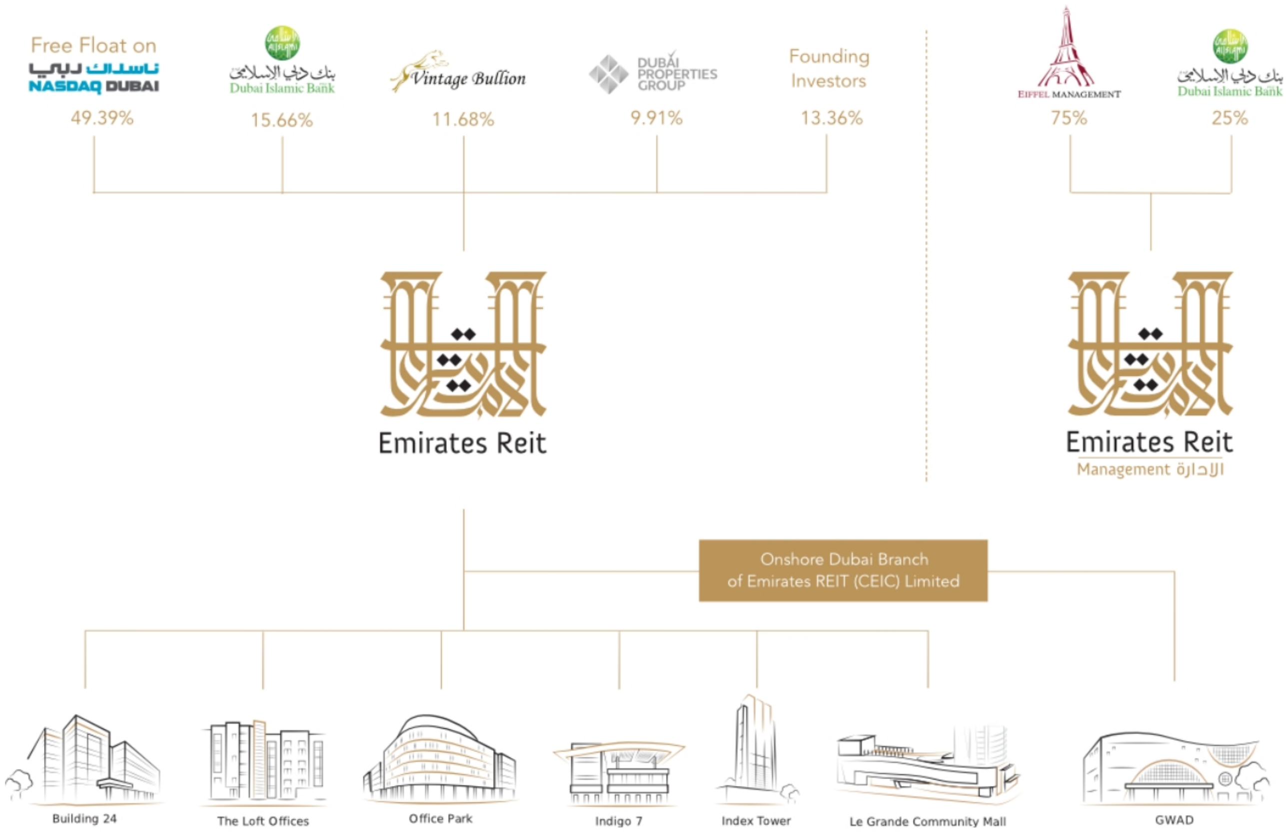
DIFC REIT Regulation highlights

- 80% of the net income distributed
- Majority of the investments must be in real estate related assets
- Limit on borrowing (70% of NAV)
- Invest only in properties under development if it intends to hold the property
- Limited development activity (30% of portfolio)
- Acquisition price cannot exceed independent valuation by more than 5%
- Valuation Reports for acquisitions must be less than 6 months old

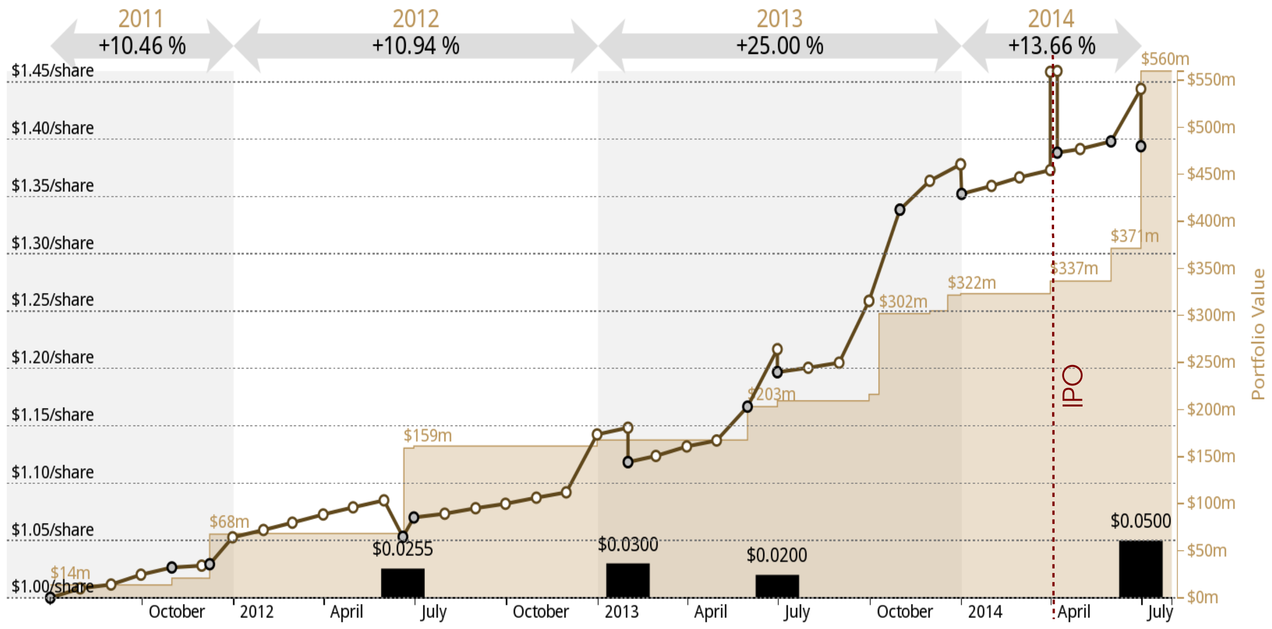
Emirates REIT in brief

- 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
- Growing portfolio comprising interests in eleven properties with c.1.63 million sq ft net leasable area diversified across different market segments
- Good degree of income visibility and embedded organic growth opportunities within existing portfolio
- At least annual dividend distributions and steady increase in NAV per share since incorporation
- Experienced REIT Management with detail 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

Legal & Ownership Structure



Performance



as of 30/Jun/2014

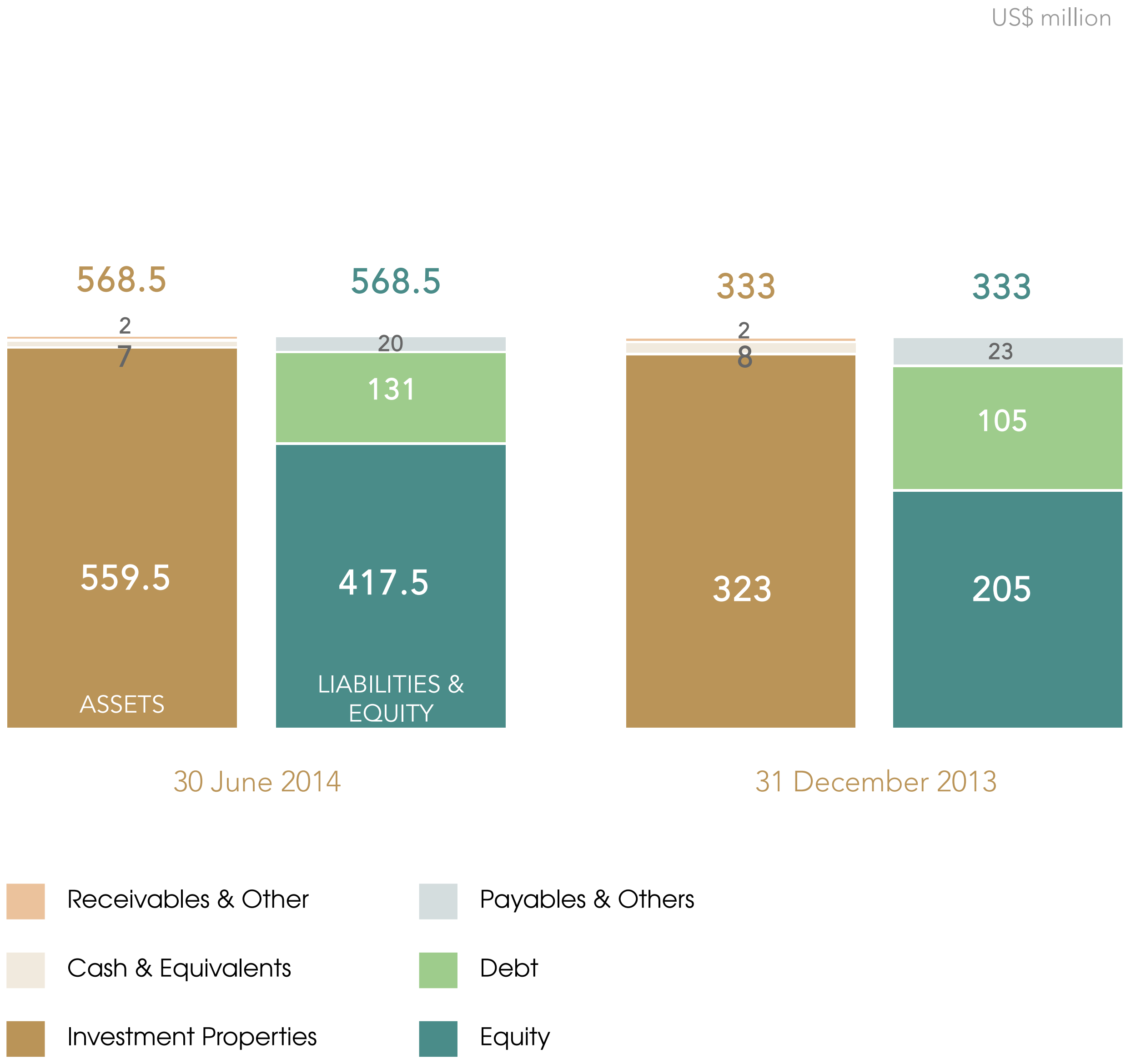
NAV per share is calculated by the REIT administrator. Growth rates are adjusted for dividends and annualized.

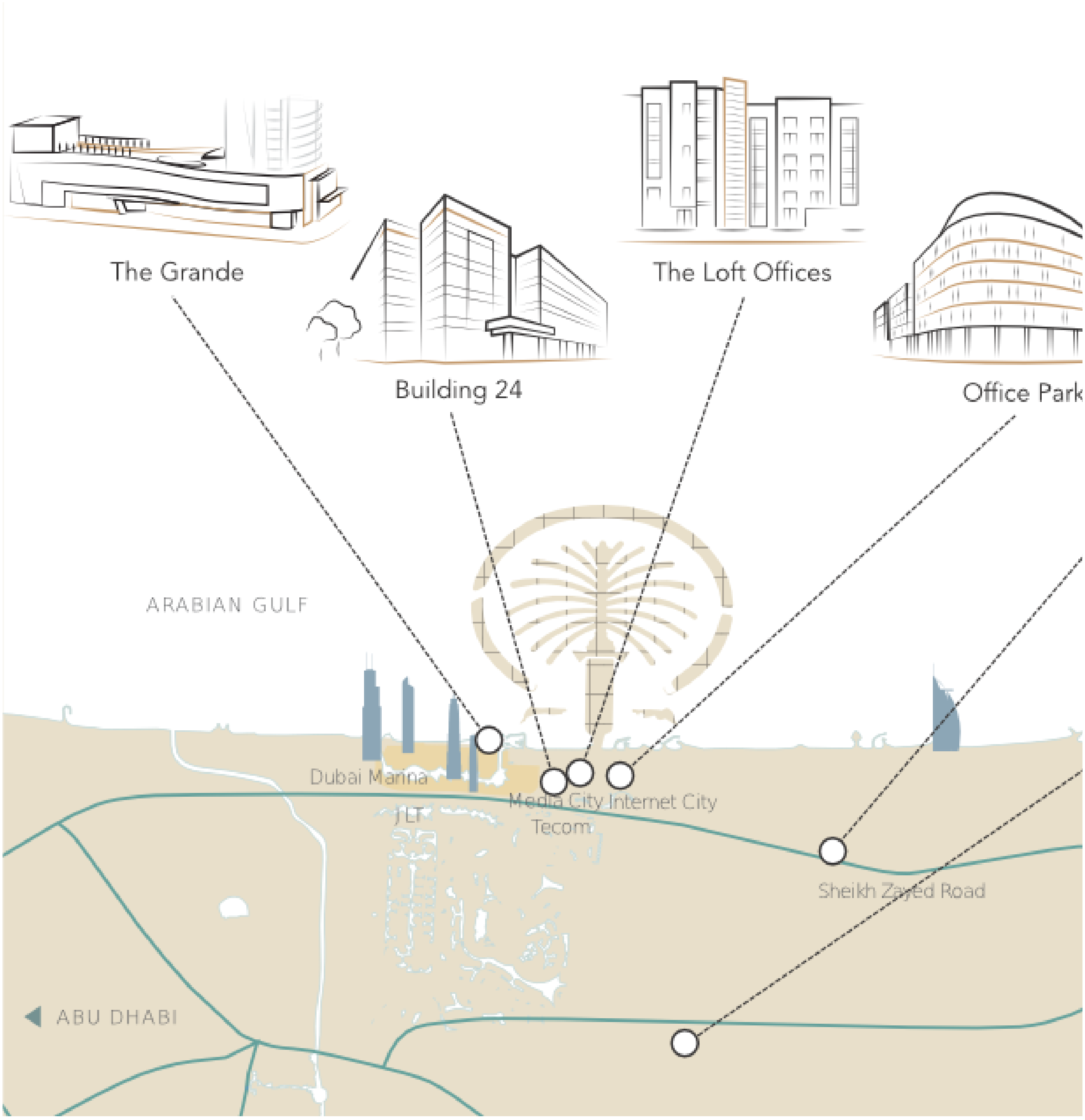
For 2011, 2012 and 2013, the NAV per Share was calculated in accordance with the REIT's Articles of Association not IFRS.

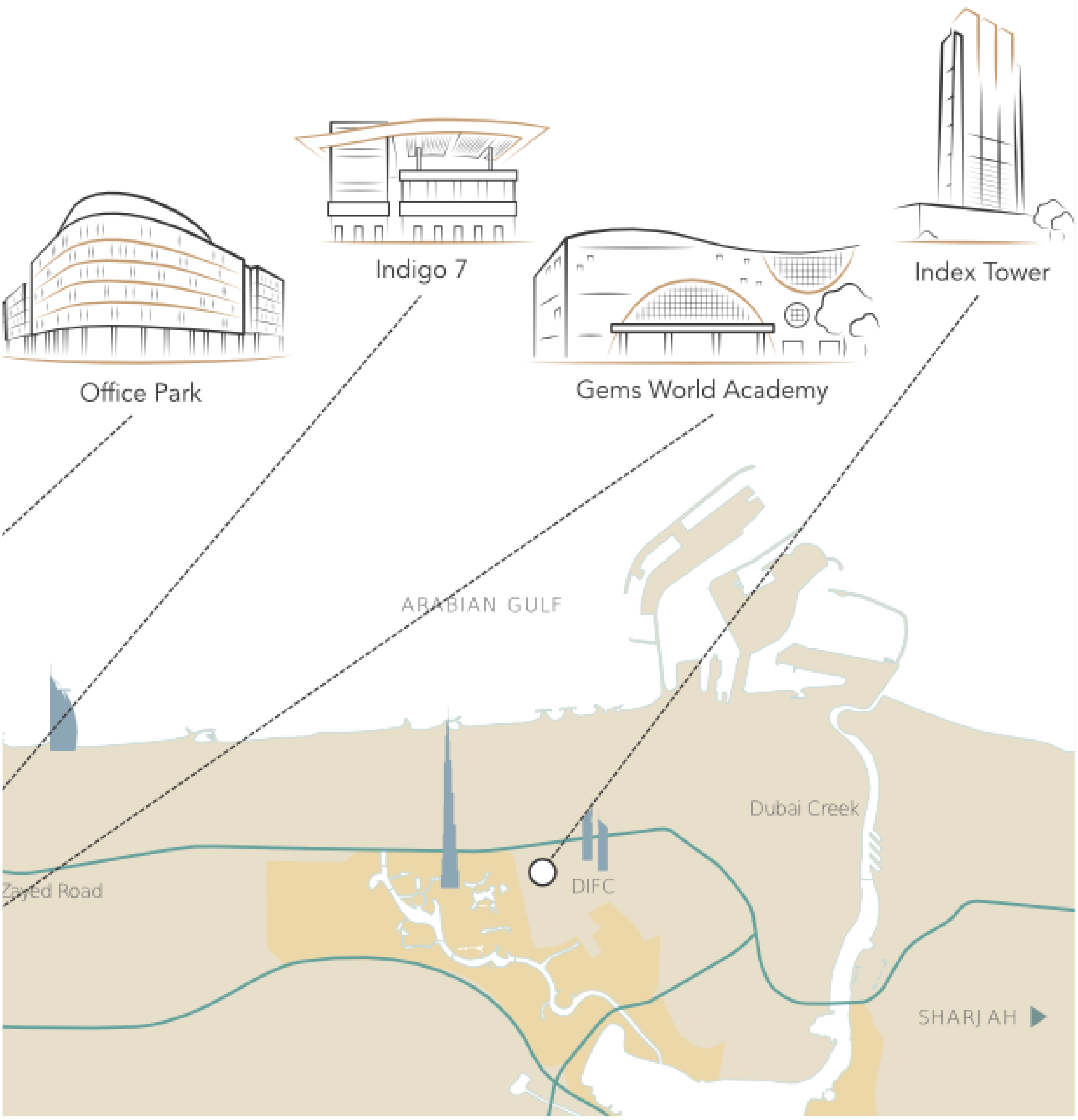
For 2014, the NAV has been calcualted in accordance with IFRS.

The historical NAV per Share data presented in the figure above does not reflect the sub-division of Shares following the reduction in the nominal value of the Shares and an increase in the number of Shares and an increase in the number of Shares by a factor of 100 on 26 January 2014.

Balance Sheet




The Grande
Building 24
The Loft Offices
Office Park
ARABIAN GULF
Dubai Marina
JLT
Media City
Internet City
Tecom
Sheikh Zayed Road
ABU DHABI


Indigo 7
Index Tower
Office Park
Gems World Academy
ARABIAN GULF
Dubai Creek
Zayed Road
DIFC
SHARJAH

LETTER TO SHAREHOLDERS

Dear Shareholders

This is our first letter to shareholders since Emirates REIT became a public listed entity and we are pleased to report strong progress at both a financial and operational level.

We completed our successful IPO in April, raising US$ 201 million with the shares being 3.5 times oversubscribed. Trading on NASDAQ Dubai Ltd. in the first three months since the listing has seen very encouraging levels of activity with the shares closing on 30 June 2014 at US$ 1.41, a 3.67% rise on the day of listing. As of 30 June 2014, we have a diverse shareholder base made up of over 110 shareholders, both institutional and retail, of which approximately 61% are GCC nationals. On the 30 June 2014, we paid a final dividend in relation to the year ended 31 December 2013 of US$ 14.98 million or US$ 0.05 per ordinary share.

For the half year ended 30 June 2014, Emirates REIT had profit and total comprehensive income of US$ 34.15 million, up from US$ 11.61 million in the same period in 2013. This is an extremely pleasing outcome and reflects the growth of the portfolio, strong market momentum and continued enhancement of our assets. Total assets were US$ 568.55 million as at 30 June 2014, up from US$ 333.21 million at the end of 2013 and Net asset value per share rose to US$ 1.3939, excluding dividends paid, representing an annualised increase of 13.6%.

Following the IPO, we successfully completed two major acquisitions. In May, the REIT acquired the Le Grande Community Mall for AED 118.2 million. Le Grande consists of 22 individual retail and food and beverage units on the ground and podium floors, as well as 161 basement car park spaces. Located in one of the most popular areas of new Dubai, in the Marina area, the retail units have good occupancy rates and strong yields, which we believe our asset management team can improve further over time.

In June, the REIT entered into an agreement with Emirates NBD Properties to acquire 15.64 office floors and 706 car parking spaces in the DIFC's Index Tower, for a cash consideration of approximately AED 613.5 million. This is the REIT's largest acquisition to date and it raises its ownership of the office floors in this Grade A building to 67%. The Index Tower has the potential to attract high profile long-term commercial tenants, offering both an iconic address and flexible space options. Emirates REIT is now in a very good strategic position, controlling the offices, the retail and the car park of this prime Dubai landmark. In addition, the REIT already owns the retail mall located over ground and podium levels as well as the sky lobby. Emirates REIT will begin leasing the office floors straight away and is now in a position to move forward with the reconfiguration of the retail space.

These transactions demonstrate that there are still significant opportunities within the Dubai market to invest at attractive prices in prime buildings, which offer significant growth. We will continue to work on our substantial acquisition pipeline, located mainly in Dubai and across all commercial sectors.

Excluding Index Tower assets, overall occupancy by the period end increased from 94.0% in December 2013 to 95.9% in June 2014 and total passing rent increased from AED 109.6 million to AED 120.1 million. The average unexpired lease term across the portfolio remained 9.1 years.

As at 30 June 2014, the portfolio had grown in value to AED 2.06 billion. Over and above the recent acquisitions, the announcement last month of increased rent rates across the buildings located in the Tecom freezones, including; Dubai Internet City, Dubai Media City and Dubai Knowledge Village, was a significant contributing factor.

Since the IPO we have reduced our cost of borrowing and were pleased to secure a significant reduction in rates on both our Ajman Bank and Emirates Islamic Bank Ijarah facilities. The new rate of 3 month EIBOR +2.5%, with no minimum is down from 5.5%. We have also agreed an additional Ijarah of AED 109 million with Commercial Bank of Dubai at this new same rate, drawn down to part-fund the acquisition of the Index Tower Offices. Overall debt levels remain healthy at 23% of Gross Assets, giving us room to utilise further leverage where supported by strong fundamentals.

We remain confident that demand for commercial property in Dubai will remain strong. Our core focus for the next six months will be the leasing of the Index Tower's Office floors and the reconfiguration of the Tower's retail space. On the asset management side we will continue to enhance rental levels across the portfolio and explore opportunities for expansion within existing assets.

Finally, I would like to take this opportunity to thank both our existing and new shareholders for their support and the management and staff for their hard work during what has been an especially important period in the development of the REIT.

Abdulla Al Hamli

Chairman

PORTFOLIO IN DETAIL

Portfolio's overview - H1 2014

Current Portfolio

During the first half of 2014, the REIT has completed two acquisitions, namely Le Grande Community Mall in May and further office floors within Index Tower in June. As at 30th June 2014, the REIT's Portfolio consists of the following eleven properties:

- Building 24;
- Indigo 7;
- the Lofts Offices, Loft 1;
- the Lofts Offices, Loft 2;
- the Lofts Offices, Loft 3;
- Office Park;
- GEMS World Academy Dubai (GWAD);
- Index Tower-Retail;
- Index Tower-Office (includes 1 office floor acquired from EFG Hermes in December 2013 and a further 15.64 office floors acquired from Emirates NBD Properties in June 2014);
- Index Tower-Car Park; and
- Le Grande Community Mall

Key Portfolio Statistics

	30th June 2014	31st December 2013
Number of properties	11	10
Net Leasable Area	1.633 million sq ft	1.155 million sq ft
Market Value	AED 2.056 billion	AED 1.187 billion
Portfolio Occupancy	68.4%* / 95.9%**	86.3%* / 94.0%**
Passing Income	AED 128.9 million	AED 108.5 million
Number of tenants	205	176
Weighted Average Lease Expiry	8.8	9.8

* Including Index Tower ** Excluding Index Tower

Portfolio Tenant Concentration

The portfolio is increasingly diversified, in terms of the number of tenants, asset location, asset type and the sectors in which the tenants operate:

Tenant	Building	Sector	Lease Expiry	NLA (sq ft)	Percentage of Portfolio NLA	Percentage of Portfolio Gross Revenue
Tenant 1	GWAD	Education Provider	2043	459,614	28.14%	22.75%
Tenant 2	Office Park	Health Care Information Systems	2018	41,491	2.54%	6.73%
Tenant 3	Office Park	Telecommunications	2017	30,619	1.87%	4.03%
Tenant 4	Office Park	Beverage Manufacturer and Retailer	2017	35,125	2.15%	3.60%
Tenant 5	Office Park	Management Consultancy	2017	23,644	1.45%	3.26%
Tenant 6	Le Grande	Restaurants	2018[1]	26,411	1.62%	3.14%
Tenant 7	Office Park	Chemical and Pharmaceutical	2015 / 2017 2019[2]	29,000	1.78%	2.90%
Tenant 8	Indigo 7	Restaurants	2018	9,796	0.60%	1.78%
Tenant 9	Office Park	Medical Device Technology	2018	12,117	0.74%	1.49%
Tenant 10	Office Park	Information Provider	2018	10,736	0.66%	1.43%
10 Largest Tenants				***678,553***	***41.54%***	***51.11%***
Other Tenants				438,145		48.89%
Vacant Units				516,668		N/A
Total				***1,633,366***		

As at 30th June 2014

1 Post reporting date, on 16th July 2014, the Tenant exercised a termination clause within their lease documents and surrendered 20,950 sq ft of retail space. The termination was subject to a pre-agreed notice period and compensation penalties.

2 There are 3 separate lease agreements with staggered expiry dates: 419 sq ft expires in 2015, 17,826 sq ft in 2017 and 10,755 in 2019.

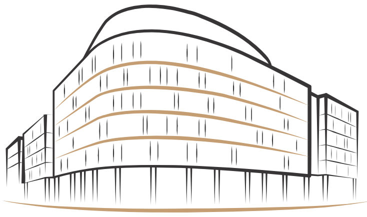
Office Park

Acquisition date 19 June 2012

Ownership Title Freehold

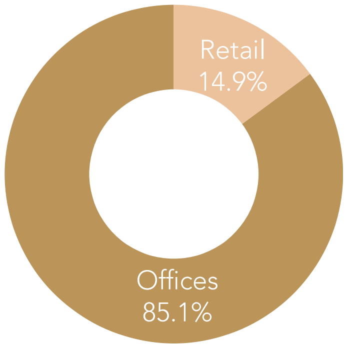
Located within Knowledge Village, a well-established commercial and education district in new Dubai. Commercial building catering to office and retail tenants including a supermarket and other F&B tenants. Property comprises an 'L' shaped plot of land on a site area of approximately 128,412 square feet. The building was constructed in 2008 and is of reinforced concrete frame extending over two basement levels, ground, mezzanine, and seven upper floors.

Share of Total Area	22.62%
Share of Total Value	21.72%
Share of Total Passing Income	41.90%



	30th June 2014	31st December 2013
Market Value	AED 446.5 million	AED 404.7 million
Net Leasable Area	369,537 sq ft	359,804 sq ft
No. of Tenants	50	43
Occupancy Rate	94.80%	89.8%
Passing Income	AED 54.1 million	AED 47.6 million
WA Lease Expiry	3.3 years	3.1 years

Area Breakdown



Overview of H1 2014

Office Park has continued to perform well during the first half of 2014. Works have been undertaken to re-landscape the outdoor terraced areas in front of the ground floor retail units in Block A and B, resulting in an increase in the net leasable area of the property. A number of retail units have now completed their fit-outs and are open for business, increasing the retail offer for the commercial tenants of Office Park and the neighbouring buildings.

Occupancy has increased by 5%, driven by both new tenants and existing tenants expanding their space requirements. Passing income has increased by over 13% driven by increased occupancy levels, expiry of rent free periods and also increases to the rent matrix. The occupancy levels combined with the passing income have contributed to the increase in the property valuation.

The Facility Management contract has been re-tendered and the appointment of the successful company will soon be announced. The re-tendered contract has a wider scope to reflect increased occupancy levels in the building and higher service standards, which will result in an increase in Facility Management Fees for Office Park going forward. This follows the appointment of both a new security company and specialist landscaping company in Q1 2014.

For H2 2014, a number of improvements are planned to be undertaken including improvements to the car park, investigating and implementing energy saving measures, phase two of the landscaping works to improve the retail terraces in front of Blocks C and D, improvements to building signage and way-finding and enhancements and improvements of the lobby interiors.

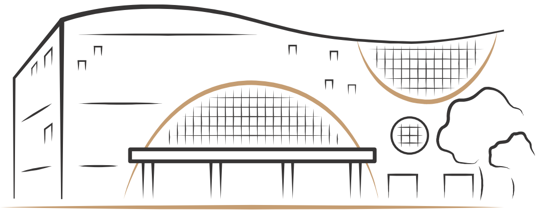
GEMS World Academy Dubai

Acquisition date 10 October 2013

Ownership Title Leasehold

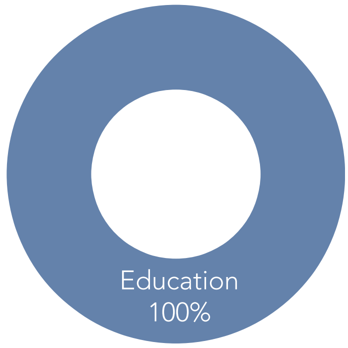
GEMS World Academy Dubai ("GWAD") is located within Al Barsha South in Dubai, a developing residential district of new Dubai situated between Jumeirah Village and Dubiotech. The property is a low-rise education complex situated on a plot of land with an approximate area of 459,61 14 square feet. The building was constructed in the past five years and is of reinforced concrete frame construction and extends over ground and three upper floor levels. GWAD is currently on a long-term lease to Premier Schools (operator of GWAD) a Pre-K to Grade 12 international school.

Share of Total Area	28.14%
Share of Total Value	15.20%
Share of Total Passing Income	22.75%



	30th June 2014	31st December 2013
Market Value	AED 312.5 million	AED 311.2 million
Net Leasable Area	459,614 sq ft	459,614 sq ft
No. of Tenants	1	1
Occupancy Rate	100%	100%
Passing Income	AED 29.3 million	AED 29.0 million
WA Lease Expiry	29.3 years	29.8 years

Area Breakdown



Overview of H1 2014

During the first half of 2014, the outstanding land rent review was settled with the Knowledge Fund Establishment. The land rent has been increased from AED 3.7 million to AED 4.6 million per year.

In accordance with the terms of the lease to Premier Schools, the cost of this increase will be completely covered by Premier Schools.

The Loft Offices

Acquisition date 8 December 2011

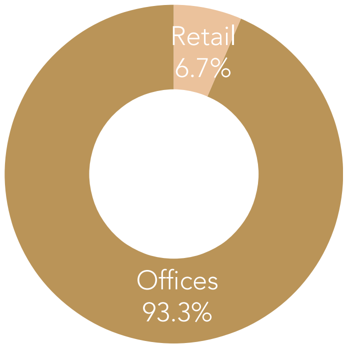
Ownership Title Freehold

A cluster of three low-rise commercial buildings in Dubai Media City featuring a central courtyard and retail space in the central building. 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.

Share of Total Area	9.98%
Share of Total Value	11.40%
Share of Total Passing Income	18.89%

	30th June 2014	31st December 2013
Market Value	AED 234.4 million	AED 201.1 million
Net Leasable Area	163,065 sq ft	163,065 sq ft
No. of Tenants	111	108
Occupancy Rate	97.00%	93.09%
Passing Income	AED 24.3 million	AED 22.4 million
WA Lease Expiry	1.3 years	1.3 years

Area Breakdown



The numbers above are a consolidation Loft Offices buildings. For further details per building, please refer to the following pages.

Overview of H1 2014

Occupancy rates have increased across all 3 Loft Offices buildings along with Passing Income reflecting the continued demand from tenants looking for unique office space within the Dubai Media City freezone. Following the announcement in June from Tecom of increased rents and service charges for Tecom owned and managed properties, Emirates REIT has reviewed and increased rental rates for the Loft Offices. Service charges will as previously, be reviewed and set on an annual basis.

During the first half of 2014, there have been changes to the Security Service Provider and Landscaping companies. The selected companies were appointed following a tender process and were assessed as offering a superior level of service whilst still retaining competitive pricing.

From H2 2014, Beautification works will are planned, including an upgrading of way-finding and signage, landscaping of the central courtyard and improvements and additional access controls to the lobby areas.

Loft Offices 1

The Loft Offices 1 cover a land plot area of 20,777 square feet.

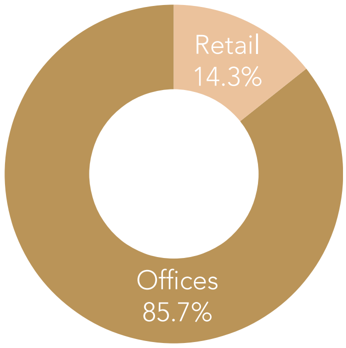
	30th June 2014	31st December 2013
Market Value	AED 51.1 million	AED 44.6 million
Net Leasable Area	36,668 sq ft	36,668 sq ft
No. of Tenants	28	27
Occupancy Rate	100%	97.6%
Passing Income	AED 5.7 million	AED 5.2 million
WA Lease Expiry	1.2 years	1.1 years

Loft Offices 2

The Loft Offices 2 cover a land plot area of 35,339 square feet.

	30th June 2014	31st December 2013
Market Value	AED 108.8 million	AED 93.2 million
Net Leasable Area	73,783 sq ft	73,783 sq ft
No. of Tenants	49	46
Occupancy Rate	96.4%	91.1%
Passing Income	AED 11.0 million	AED 10.0 million
WA Lease Expiry	1.4 years	1.3 years

Area Breakdown



Loft Offices 3

The Loft Offices 3 cover a land plot area of 26,679 square feet.

	30th June 2014	31st December 2013
Market Value	AED 74.5 million	AED 63.3 million
Net Leasable Area	52,615 sq ft	52,615 sq ft
No. of Tenants	35	35
Occupancy Rate	95.7%	92.7%
Passing Income	AED 7.7 million	AED 7.2 million
WA Lease Expiry	1.2 years	1.5 years

Area Breakdown

Building 24

Acquisition date 27 June 2011

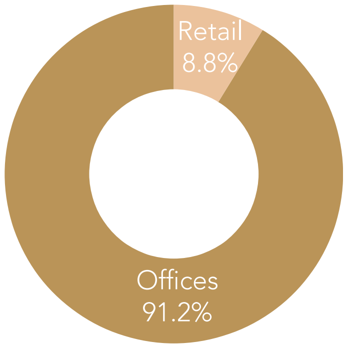
Ownership Title Freehold

Low-rise building located in a prime area of Dubai Internet City – a well-established commercial district of new Dubai. The property covers a land area of 41,036 square feet 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.

Share of Total Area	3.51%
Share of Total Value	3.40%
Share of Total Passing Income	7.08%

	30th June 2014	31st December 2013
Market Value	AED 69.9 million	AED 56.7 million
Net Leasable Area	57,335 sq ft	57,335 sq ft
No. of Tenants	26	23
Occupancy Rate	99.8%	89.5%
Passing Income	AED 9.1 million	AED 7.2 million
WA Lease Expiry	1.8 years	1.8 years

Area Breakdown



Overview of H1 2014

Occupancy levels have increased in Building 24 from 89.5% as at 31st December 2013 to 99.8% as at 30th June 2014. This reflects the continued strong demand from tenants to be located in the prime areas of the Tecom free zones.

In June, Tecom Investments notified Emirates REIT of new increased rent rates and service charge rates across Dubai Internet City, Dubai Media City and Dubai Knowledge Village. These new rates, are charged to Tecom tenants and buildings such as Building 24 which is managed under a Tecom Property Management and Leasing Agreement (PMLA). The rates apply with immediate effect. The previous Tecom rent rate for Building 24 ranged between AED 108 to 135 per sq ft, and service charges were fixed at AED 25 per sq ft. These rates had been in place since 2011.

Going forward the rent rates for new leases at Building 24 is now set at AED 155 per sq ft (+15% to +43% increase), and the rates for renewal leases ranges between AED 121 to 142 per sq ft. The new service charge rate has been set at AED 30 per sq ft (+20% increase).

These uplifts in rental rates have resulted in an increase in the property valuation of approximately 23%, in line with the increase in rents.

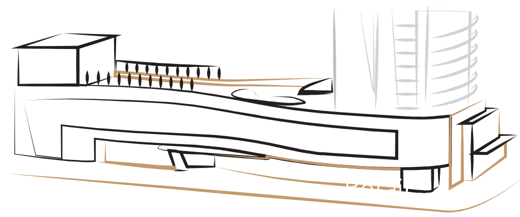
Le Grande Community Mall

Acquisition date 18 May 2014

Ownership Title Freehold

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 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).

Share of Total Area	5.76%
Share of Total Value	6.04%
Share of Total Passing Income	6.86%



	30th June 2014	31st December 2013
Market Value	AED 124.1 million	N/A
Net Leasable Area	94,139 sq ft*	N/A
No. of Tenants	13	N/A
Occupancy Rate	77.4%	N/A
Passing Income	AED 8.8 million	N/A
WA Lease Expiry	4.0 years	N/A

* includes storage and external terrace areas.

Area Breakdown

Overview of H1 2014

Le Grande Community Mall ("Le Grande") was acquired in May 2014. The REIT acquired all 22 retail units, therefore the units fall under the same ownership control and can be re-configured or merged as per the requirements of the tenants and leased as such.

Since acquisition, the REIT Manager has focused on putting in place a strong team of Service Providers to ensure that outstanding issues in relation to snagging works for the development and tenant fit-out coordination are completed. Colliers International has been appointed as property and leasing manager. During Q3 2014, efforts will be focused on re-tendering facility management, security and cleaning contracts.

A car parking operator has been appointed for Le Grande and the car park will operate as a paid car park going forward. An architect has also been appointed to assess the viability of being able to extend the leasable area of the retail area.

On 17th July, a termination agreement was entered into with the largest tenant of Le Grande. The tenant had leased 5 of the 22 units during 2013, but had only undertaken fit-out works on one of the units. The business concept proposed for the remaining 4 units was considered non-viable by the tenant and as such, in accordance with clauses negotiated with the previous owner, the tenant has terminated their lease. The termination is subject to a previously agreed notice period and compensation penalty. The units will be marketed for lease with immediate effect and the REIT Manager is confident of attracting new tenants in the coming months at attractive pricing.

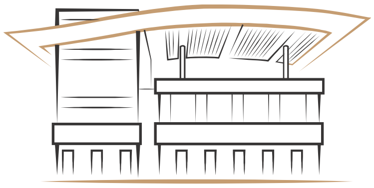
Indigo 7

Acquisition date 25 September 2011

Ownership Title Contractual Interest similar to tenancy rights

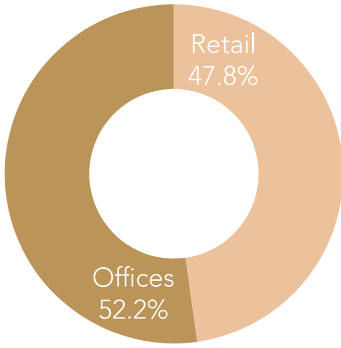
Indigo 7 is located along the northern side of Sheikh Zayed Road within the Al Manara district of Dubai, a primarily residential district. The building is a low-rise development constructed in 2009 featuring retail and office components. The building is situated on a land plot that comprises approximately 15,000 square feet. Indigo 7 is currently anchored by one tenant operating two restaurants, Reem Al Bawadi and Crumbs.

Share of Total Area	1.25%
Share of Total Value	1.29%
Share of Total Passing Income	2.41%



	30th June 2014	31st December 2013
Market Value	AED 26.6 million	AED 23.9 million
Net Leasable Area	20,477 sq ft	20,477 sq ft
No. of Tenants	5	2
Occupancy Rate	90.4%	55.0%
Passing Income	AED 3.1 million	AED 2.3 million
WA Lease Expiry	3.5 years	4.1 years

Area Breakdown



Overview of H1 2014

During the first half of 2014, the focus for Indigo 7 was to improve occupancy levels. Two new tenants have signed leases for the buildings, and an outstanding lease renewal has now been concluded with an existing tenant bringing occupancy levels to 90.4% as at 30th June 2014.

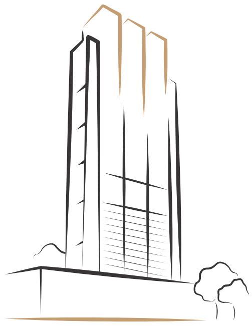
These increased occupancy levels have driven up passing income by approximately 35%. The new leases signed all include service charge components that will be reviewed on an annual basis. Extra income has also been generated through the leasing of the signage on the building façade which benefits from a prime frontage on Sheikh Zayed Road.

Index Tower

Acquisition date May 2013, Dec. 2013 and Jun. 2014* Ownership Title Freehold*

Index Tower is a mixed-use property located in the DIFC, a well-established commercial and retail district in Dubai. Index Tower-Retail comprises 19 individual retail units located over ground, podium, and sky lobby levels. Index Tower was newly completed in 2010 and covers a land area of approximately 215,319 square feet.

* more details are presented on page 41, 44, and 46



	30th June 2014	31st December 2013
Market Value	AED 841.6 million	AED 157.3 million
Net Leasable Area	469,195 sq ft	94,402 sq ft
No. of Tenants	N/A	N/A
Occupancy Rate	0%	0%
Passing Income	N/A	N/A
WA Lease Expiry	N/A	N/A

Overview of H1 2014

The REIT now owns the entire retail area, 395,545 sq ft of office space (which is 67% of all the office floors), and 1,404 car parking spaces.

Following the last acquisition, the REIT is now in a position to move forward with appointing an architect in relation to the reconfiguration an refurbishment of the retail space.

The REIT is also reviewing proposals from both interior architects and design and build firms to undertake fit-out work within the office floors in order to maximize it's revenue. It is proposed that there will be different offerings of fitted-out offices to cater to small (500 to 1,500 sq ft) and mid-size (c. 3,000 to 4,000 sq ft) companies. Full floors of c. 20,000 sq ft will be available both as shell and code and a Category A finish.

Works are expected to start during Q3 2014 and will be phased as the building leases up.

Index Tower - Retail

Acquisition date 7 & 30 May 2013* Ownership Title Freehold**

* Units RT 201 to 211 were acquired on 7 May 2013. Units RT301, C1, C2,and C3 were acquired on 30 May 2014.
** Contracts 1 and 2 are fully completed therefore freehold. Contract 3 is pending legal comlpetion of sale and purchase agreement and registration of freehold interest.

Share per Total Area	4.51%
Share per Total Value	6.11%
Share per Total Passing Income	0.00%

	30th June 2014	31st December 2013
Market Value	AED 125.5 million	AED 123.0 million
Net Leasable Area	73,650 sq ft	73,650 sq ft
No. of Tenants	N/A	N/A

Index Tower - Office

Acquisition date 18 Dec. 2013 & 23 Jun. 2014* Ownership Title Freehold

* First floor was acquired on 18 December 2013 and 15.64 floors were acquired on 23 June 2014.

Share of Total Area	24.22%
Share of Total Value	38.28%
Share of Total Passing Income	0.00%

	30th June 2014	31st December 2013*
Market Value	AED 684.1 million	AED 34.3 million
Net Leasable Area	395,545 sq ft	20,752 sq ft

* only reflects acquisition of one floor (unit 701).

Index Tower – Car Park

Acquisition date 18 Dec. 2013

Ownership Title Freehold*

*Pending on legal completion of sale and purchase agreement and registration of freehold interest.

Share per Total Area	N/A
Share per Total Value	1.56%
Share per Total Passing Income	N/A

	30th June 2014	31st December 2013
Market Value	AED 32.0 million	AED 32.0 million
Net Leasable Area	N/A	N/A

REIT MANAGER'S REPORT

Investment Objectives

The investment objectives of the REIT remained unchanged during the interim period up to 30th June 2014 and remains the same going forward into 2015. The REIT aims to develop a diversified portfolio of Shari'a compliant real estate properties and related assets through the acquisition of property assets with an initial focus on Dubai, but with subsequent exploration of other opportunities in other Emirates and other assets in the MENA Region in order to spread investment risk.

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

(i) a stable source of income through the consistent distribution of at least 80% of its audited annual net income

(ii) increased shareholder value through:

(a) the potential capital appreciation of the properties within the portfolio; and

(b) investment in property-related assets consisting of shares, debentures and warrants which are issued by companies whose substantial activities are investing in, developing or re-developing Real Property including, without limitation, other property funds and other real estate investment trusts and funds.

Development, Re-development, Refurbishment and Reconfiguration of Assets – The REIT may undertake the re-development of additional properties in the future as and when appropriate opportunities arise. The REIT is only permitted, pursuant to the CIR Rules, to invest in property under development where the REIT intends to retain the developed property upon completion. The REIT is currently considering proposals to extend and reconfigure the retail space at Index Tower-Retail to increase the rental returns.

Leverage – The REIT may, where appropriate, seek to use Shari'a compliant sources of financing with long-term repayment schedules which the REIT Manager believes offers stability and predictability towards future cash flow management and provides additional capital which will ultimately improve shareholder returns over the long-term. However, the REIT will ensure that its total leverage, whether directly or through special purpose vehicles, complies with the limits under the CIR Rules for REITs which currently stands at 70% of the net asset value.

Policy for Achieving Objectives

The REIT has implemented a range of policies for achieving it's Investment objectives. The REIT employs a disciplined acquisition strategy. The REIT will pursue Shari'a compliant acquisitions with the aim of enhancing the diversity of the REIT's asset base (geographically and by asset type) and improving the overall returns and income stability of the REIT. For both acquisitions and disposals of assets the REIT follows a multiple approval stage process, with the Investment Board, the Oversight Board and the Shari'a Supervisory Board approval being required.

To date, the REIT 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.

The REIT employs an active asset management strategy. The REIT's policy is to manage the properties in order to increase income and market valuations. The REIT works closely with its property managers with the aim of ensuring the optimisation of its portfolio in terms of occupancies and achievable rental income. This is achieved through a policy of regular monitoring of the performance of the properties, optimising the net leasable area of the properties through reconfigurations and employing a considered approach when reviewing contract terms for rental rates and property yields.

In order to maintain a strong financial position, the REIT seeks to adopt a prudent capital and financial management strategy in order to ensure access to funding while maintaining stable dividend distributions and achieving steady growth in net asset value per share.

The REIT also intends to maintain a strong capital structure with the aim of maintaining prudent balance sheet gearing levels to provide the REIT with the ability to finance future acquisitions. The REIT Manager will continue to consider a range of funding sources in an attempt to ensure diversity of its funding sources and the availability of funds to meet future capital requirements for property acquisitions.

Investment Activities Review

On 18 May 2014, the REIT acquired the community mall which forms past of Trident Grand Residence Tower, Dubai Marina, for AED 118.2 million (US$ 32.2 million) in cash. The retail space extends to over 94,139 sq. ft. with a weighted average unexpired lease term of 4 years. The Occupancy is 77% with 19 of the 22 units let. The current contracted gross rent based on the existing occupancy is AED 11 million per year on a stabilized basis after expiry of the rent free periods in August 2014.

On 23 June 2014, the REIT entered into an agreement with Emirates NBD Properties to acquire 15.64 office floors and 706 car parking spaces in the DIFC's Index Tower, for a cash consideration of approximately AED 613.4 million (US$ 167 million). Following this transaction, Emirates REIT owns 16.64 office floors in Index Tower or two thirds of the building's office floor space, 1,404 car parking spaces, the retail mall located over ground and podium levels as well as the sky lobby.

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 2014, the REIT Manager is a Category 3C Firm for prudential reporting purposes. The REIT Manager also holds 2 endorsements to its DFSA license (i) that it is an Islamic Financial Institution and (ii) permitting it to deal with Retail Clients.

The REIT Manager's retail endorsement became effective once the REIT listed on NASDAQ Dubai Ltd on 8th April 2014.

The initial public offering (the "Offer") was 3.5 times over subscribed and REIT shares have been placed with a broad base of institutional investors in the UAE, the wider GCC and the UK. Following the listing and admission to trading on NASDAQ Dubai Ltd, investors in the REIT comprise both institutional, corporate and private investors who have subscribed to the REIT through both cash and asset contributions.

The REIT initially priced 128,676,471 new ordinary shares at US$1.36 per share raising gross proceeds of approximately US$ 175 million. On 11 May 2014, the over allotment option was exercised in full, bringing the total gross proceeds of the IPO to US$ 201,250,000, and the total number of shares issued to 147,977,941.

Based on the offer price and the total number of shares in issue, Emirates REIT has a market capitalisation of approximately US$ 381.2 million and a free float of 49.39%.

In February 2013, the REIT was granted a Rulers decree which allowed the REIT to invest through its on-shore Dubai Branch in properties on-shore 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 listing, the GCC vs. Foreign percentage ownership was 66.45% vs. 33.55% respectively and on the 30 June 2014, 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 may have a material adverse effect on the REIT's financial condition, business, prospects and results of operations.

The REIT will strictly 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.

Notification to Shareholders

Amendment to Articles

26th January 2014

A new set of Articles of Association ("Articles") were proposed and adopted at the General Meeting held on 26th of January 2014. The new Articles were more suitable for a Public Fund in preparation for the IPO. The principle changes introduced in the new Articles are summarized below.

• Deletion of references to the Prospectus in order to enable that the Articles can be read as a stand alone document rather than referring to and/or incorporating information or matters contained in the Prospectus.

• Deletion of matters not required to be in the Articles in order to remove any uncertainty and lack of clarity.

• Reduction in minimum number of Directors from four to one for increased operational efficiency.

• Removal of requirement for Oversight Board Members to also be Directors in order to ensure flexibility in recruiting and retaining members of the Oversight Board.

More detailed provisions included in preparation for an IPO. These included the following amendments.

Share Rights

• It was included that the A shares (renamed as "Manager Shares") could only be held by the REIT Manager of the REIT and that this Manager Share would no longer confer the right to receive dividends or to vote at general meetings.

• B shares were renamed as Investor Shares and clarification was included that all these Investor Shares could vote on all matters that require shareholder approval under the Companies Law and relevant Regulations.

• REIT's share capital could only be effected by way of a Special resolution (requiring 75% shareholder approval) affording the Investor Shareholders with much greater protection.

• no variation could be made to the rights attaching to the Investor Shares without the passing of a Special resolution.

General Meetings

The Articles were amended so that the convening, notice requirement, quorum and procedures were explicitly in line with Companies Law and the relevant Regulations.

Board proceedings and director's interests

New provisions were included in relation to director's interests. In accordance with current best practice in this area a director who has a direct or indirect conflict with the interests of the REIT would now be required to declare it and any such conflict must be authorized by the Board.

Investment Board

New provisions were included to clarify the position with regards to the election of the Investment Board, such that the Investment Board must be elected by Shareholders every 12 months and be nominated by the REIT Manager.

Appointments and service fees

Terms of appointment of the REIT Manager, Custodian and the REIT Administrator and the level of fees payable to them and other persons carrying on functions on behalf of the REIT were removed to allow the Company greater flexibility.

Dividends

Additional standard provisions providing detail on the manner of payment of a dividend, and relating to un- cashed dividends, unclaimed dividends and the waiver of dividends were provide clarity and certainty.

Winding Up

The Articles included clauses whereby the winding up of the REIT could only be done by the passing of a Special Resolution.

Amendment to Articles

22nd June 2014

The REIT's Articles of Association were amended to better reflect the administrative and operational processes of the REIT following its listing on NASDAQ Dubai Ltd.. A summary of the main changes are below:

Notice of Meeting

The Articles were amended to allow more flexibility when calling a shareholding meeting, as post listing, 48 hour notice was not practical for calling an general meeting. The means of sending the Notice for a shareholders meeting was also amended to be more flexible and reflect post listing technological infrastructure.

Investment Board

The Articles were amended to clarify that a shareholder would still be eligible for membership of the Investment Board only if such shareholder was owner of less than 5% of the issued share capital of the company. Further in order to align the provisions of the Articles, an amendment was approved such that a casual vacancy on the Investment Board could be filled by an appointment by the Board.

Shareholders Approval

General Meeting

26th January 2014

On 26th January 2014, the Shareholders of the REIT resolved:

• Approval of the sub-division of each issued and unissued Investor Share of US$ 100 into one hundred Investor Shares with a par value of US$ 1 and the re-designation of Investor Shares to Ordinary Shares.

• Approval for the application for admission of shares to NASDAQ Dubai Ltd and the Official List of Securities of the DFSA ("Admission").

• Approval of the near final prospectus for the purposes of Admission

• Approval of the delegation to the REIT Manager the full power and authority to resolve, approve, determine, undertake, execute and/or finalise all matters and/or documentation in connection with admission to Admission.

• Ratification and approval of the terms, entry into and execution by the REIT Manager on behalf of the REIT of the REIT Management Agreement

• Approval of the appointment of Shuaa Capital psc as the sponsor for the Admission and the offer.

• Approval of revised Articles in preparation of listing on NASDAQ Dubai Ltd.

• Re-appointment of the members of the Investment Board of the REIT.

• Re-appointment by the REIT Manager of the members of the Oversight Board of the REIT.

• Re-appointment by the REIT Manager of the members of the Sharia' Supervisory Board of the REIT.

Annual General Meeting

22nd June 2014

On 22nd June 2014, the Shareholders of the REIT resolved:

- Approval of revised Articles, adjusted for amendments required after the listing on NASDAQ Dubai Ltd.

- Approval of a final dividend of US$ 0.05 per ordinary share for the financial year ended 31 December 2013 and that such dividend to be paid on or before 30th June 2014 to shareholders on the register on 18th June 2014.

- Approval of the annual report and the accounts of the REIT for the year ended 31 December 2013 together with the director's report and auditor's report on those accounts.

- Approval of the appointment of PricewaterhouseCoopers (Dubai Branch) as auditors of the REIT and that the directors be authorised to fix their remuneration.

- Appointment of Mr Abdulla Al Hashemi to the Investment Board of the REIT, with such appointment to terminate on 31st January 2015.

- Approval of authorizing the REIT and the REIT Manager on behalf of the REIT to enter into transactions with Affected Persons (as defined in the CIR) in accordance with the modified version of the CIR Rules 8.3.2, 13.4.16 and 13.4.17 set out in the DFSA Modification Notice issued on 6th March 2014.

Related Party Authorisation Resolution

DFSA CIR Rules sets out various requirements as regards transactions with Affected Persons (as defined in the CIR) which includes a requirement for approval by a Special Resolution of a proposed transaction with an Affected Person when the total consideration or value of the investment opportunity is five per cent (5%) or more of the most recent net asset value ("NAV") as disclosed in the latest published audited accounts of the REIT ("Latest NAV").

The REIT Manager believes that any such requirement for such approval by Special Resolution would be seriously detrimental to the ability of the REIT to conduct its business as convening a general meeting of Shareholders would:

a. take a minimum of 21 days;

b. require the REIT to enter into a conditional acquisition contract; and

c. make details of the proposed transaction publicly available before it is completed.

The characteristics of the market in the UAE and Dubai in particular are such that conditional acquisition contracts are not common and the REIT Manager believes that this, coupled with the potential loss of confidentiality leading to competing bids for transactions, would result in the REIT missing out on a significant number of acquisition opportunities. As a result of these significant issues the REIT Manager requested of the DFSA, and was granted, a modification of CIR Rule 8.3.2, 13.4.16 and 13.4.17. The continued applicability of the modification is conditional upon shareholder approval at every AGM of the REIT.

Accordingly, the shareholders approved the three resolutions to effect the modification granted above at the Annual General Meeting on 22nd June 2014.

Total Expense Ratio at the end of the period

As at 30th June 2014, the total expense ratio for H1 2014, being non property related expenses as a percentage of average gross assets, is 1.21%, which annualized represents 2.42%. Excluding the IPO costs, reduces these percentages to 1.04% and 2.08% respectively.

Other Information

• Appointment of Tiruselvi Krishnan as Company Secretary on 9th March 2014.

• The Annual DFSA Report was approved and submitted

• Reduction in borrowing costs, with new profit rate of EIBOR 2.5% being agreed with Ajman Bank PJSC and Emirates Islamic Bank, reducing the current costs of all its outstanding debt facilities by 41%.

• On June 25th the REIT agreed a new co-ownership and Service Agency agreement with the Commercial Bank of Dubai (Attijari Al Islami) to provide US$ 29.68 million (AED 109 million) of financing that was utilized in connection with the acquisition of the 15.64 additional commercial office floors at Index Tower.

• On 21st July 2014 the REIT announced a new Ijarah facility agreement with Emirates Islamic Bank for additional Funds of US$ 29.13 million (AED 107 million) on the same terms as existing EIB financing.

SHARI'A SUPERVISORY BOARD'S REPORT

Shari'a Compliance Certificate

ISSUED BY THE SHARIA SUPERVISORY BOARD OF EMIRATES REIT (CEIC) LIMITED (the "REIT")

As At 30th June 2014

1. Subject of this Certificate

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

2. Sharia summary of the REIT

The REIT is the first Sharia 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 ten properties, all of which are located in the Emirate of Dubai, consisting of a mixture of office, retail, educational and car parking properties.

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

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

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

3. Reference for this Certificate

The Sharia Supervisory Board of the REIT has examined the Half-Yearly Report of Sharia Review conducted by Dar Al Sharia Legal & Financial Consultancy LLC (the "Dar Al Sharia") on the REIT for the period commencing from 1 January 2014 and ending on 30 June 2014 prepared in accordance with the DFSA Islamic Finance Rules (IFR) 6.4.1. (1) and (2) (the "Sharia Review Report").

4. Sharia Review of the REIT by Sharia Supervisory Board

We, the Sharia Supervisory Board of the REIT hereby provide as follows:

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

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

5. Pronouncement by Sharia Supervisory Board of the REIT

We, the Sharia Supervisory Board of the REIT hereby pronounce our opinion as follows:

a) The Activities and Transactions executed by the REIT during the period commencing from 1 January 2014 and ending on 30 June 2014 (as reviewed by Dar Al Sharia pursuant to the Sharia Review Report) were carried out in accordance with the rules and principles of Sharia.

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

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

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

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

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

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

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

The Shari'a Supervisory Board
22nd July 2014

GOVERNANCE

Emirates Reit

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

Emirates REIT operates under the DFSA rules and is the first Shari'a compliant real estate investment trust incorporated in the DIFC.

The REIT's corporate governance framework includes the Management Board, the Investment Board, the Oversight Board, the Shari'a Supervisory Board and the Advisory Board.

Management Board

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

Abdulla Al Hamli

Chairman of Emirates REIT Management & Managing Director of Dubai Islamic Bank PJSC

Sylvain Vieujot

Executive Deputy Chairman of Emirates REIT Management & CEO of Eiffel Management Limited.

Mark Inch

Director of Emirates REIT Management & Chairman of Société de la Tour Eiffel

Magali Mouquet

Executive Director of Emirates REIT Management & Director of Eiffel Management Limited.

Investment Board

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

Marwan Bin Ghulaita

CEO of RERA (Real Estate Regulatory Agency, Dubai)

Captain David Ralph Savy

Chairman of the Seychelles Civil Aviation Authority

Abdullah Al Hashemi

Director and Owner – Al Hashemi, a planning, architectural and engineering company
Director and Board Member – Dubai Electricity and Water Authority (DEWA)

Mr Al Hashemi was appointed to the Investment Board on the 22nd June 2014 as approved by the shareholders of the REIT. Mr Al Hashemi replaces Mr Hamad Buamim. Mr Buamim was appointed to the Investment Board on 1st February 2014 but was subsequently appointed as a Director of DIB, the owner of 25% of the issued share capital of the REIT Manager, on 2nd March 2014. Accordingly, Mr Buamim stepped down from the REIT's Investment Board and was replaced by Mr Al Hashemi.

The Investment Board members are appointed by the shareholders until 31st January 2015.

Oversight Board

Oversight Board are the independent Board appointed to oversee and supervise the activities 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.

Abdul Wahab Al Halabi

Group Chief Investment Officer of Meraas Holdings

Obaid Al Zaabi

Director of Research of the Securities & Commodities Authority, Dubai

Suresh Kumar

Chairman of Values Group

The Oversight Board members are appointed until 31st January 2015.

Shari'a Supervisory Board

Shari'a Supervisory Board ensures 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 Shari'a best practice.

Dr Mohamed Abdul Hakim Zoeir

Mian Muhammad Nazir

Moosa Tariq Khoory

The Shari'a Supervisory Board members are appointed until 31st January 2015.

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 and can also can also provide specific ad-hoc advice in relation to various projects as needed.

Khalid Al Malik

Group CEO of Dubai Properties Group

Kunal Bansal

Director and Partner of Vintage Bullion DMCC

Todd Betts

Former Group CFO, Tecom Investments

Faisal Mikou

Partner of GMP Capital

The Advisory Board members are appointed until 31st January 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 2014 ("H1 2014"), 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 interim condensed financial statements for the six months ended 30 June 2014 (the "Interim Financial Statements") set out in Appendix A to this report.

The discussion and analysis in this section is based on the 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 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 US$, the REIT's presentational currency translated at a rate of AED 3.673 to US$.

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 28th 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 8th 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 US$'000	Six months ended 30th June 2014	Six months ended 30th June 2013	Change
Property income	17,739	10,554	68.1%
Net rental income	13,915	8,544	62.9%
Net property income	41,999	15,588	169.4%
Operating profit	36,679	13,131	179.3%
Finance cost, net	(2,529)	(1,523)	66.1%
Net Profit	34,150	11,608	194.2%
Adjusted Net Profit*	6,813	4,564	49.3%
EPS (US$)	0.1576	0.0912	72.8%

* excluding revaluation and IPO costs

Balance sheet

In US$'000	30th Jun. 2014	31st Dec. 2013	Change
Investment property	559,653	323,131	73.2%
Total assets	568,546	333,210	70.6%
Equity	417,628	205,058	103.7%
Liabilities	150,918	128,152	17.8%
NAV per share in US$	1.3939	1.3522	3.1%
LTV	23.0%	31.7%	(8.7pp)
Loan to NAV	31.3%	51.5%	(20.2pp)

The key financial highlights for the REIT for H1 2014 can be summarised as:

- Property income was US$ 17.74 million, up 68.1% from US$ 10.55 million for the comparable six month period ended 30th June 2013 in the prior year ("H1 2013").

- Net property income (including revaluation gains of US$ 28.08 million) was US$ 42.00 million representing an increase of US$ 26.41 million or 169.4% over prior year comparable of US$ 15.59 million (including revaluation gains of US$ 7.04 million).

- Net profit for H1 2014 amounted to US$ 34.15 million compared to US$ 11.61 for the prior year period, an increase of 194.1%.

- "Cash profit" i.e. net profit excluding revaluation gains and IPO costs was up 49.3% to US$ 6.81 million.

- Investment property revaluation gain were of US$ 28.08 million in H1 2014. These valuations reflect both increases in rental income during the period and also the uplift expected in future rental income following the notification by Tecom Investments ("Tecom") of new increased rent rates and service charge rates across Dubai Internet City, Dubai Media City and Dubai Knowledge Village (as announced on 17 June 2014). Assumed capitalisation yields have remained consistent with those used for the valuations at 31 December 2013.

- NAV has increased from US$ 1.35 as at 31st December 2013 to US$1.39 as at 30th June 2014. Excluding the impact of the dividend paid of US$ 0.05 per share, this represents an increase of US$ 0.09 per share or an annualized percentage return of over 13%.

- The portfolio value at 30 June 2014 stood at US$ 559.65 million compared to US$ 323.13 million at 31 December 2013 reflecting the impact of acquisitions during the period of US$ 208.44 million and valuation gains of US$ 28.08 million.

- New Islamic financing of US$ 29.68 million was utilized in June 2014 to part fund the acquisition of the 15.64 commercial office floors at the Index building. Ongoing repayment of borrowings over H1 2014 totaled US$ 4.51 million (H1 2013: US$ 2.48 million). All borrowing rates reduced in April/May 2014 to EIBOR +2.5% from EIBOR +3% with a 5.5% minimum.

- Borrowings to net assets at 30th June 2014 stood at 31.3%, well below the regulatory maximum of 70%. New additional financing agreed with EIB of US$ 29.13 million in July 2014 has subsequently increased the borrowings to net assets percentage to 38.6%. The REIT has scope for further financing on existing assets, including Index Tower as units are leased.

- A total of 147,977,941 new shares relating to the IPO of the REIT were issued at US$ 1.36 per share during the period giving gross proceeds of US$ 201.25 million. IPO costs of US$ 0.75 million and US$ 7.85 million were taken to the income statement and equity share premium respectively during the period. US$ 0.7 million of the total IPO costs were recorded in H2 2013.

• As at 30th June 2014 all the net IPO proceeds had been deployed with the acquisitions of Le Grande Community Mall and 15.64 office floors at Index Tower.

• A dividend of US$ 0.05 per share (total US$ 14.98 million) was paid on 30th June 2014 to shareholders on the share register on 18th June 2014.

Reconciliation of movement in NAV

	Total US$ million	Per share US$
NAV at 31st December 2013	205.06	1.35
Movement in property values	28.08	0.09
New IPO shares issued	201.25	0.01
IPO costs(1)	(8.60)	(0.03)
Dividend	(14.98)	(0.05)
Net profit for the period(2)	6.81	0.02
NAV as at 30th June 2014	417.63	1.39

(1) IPO costs charged charged in the income statement during H1 2014 and IPO costs off-set against share premium in the period.

(2) Net profit excluding net revaluation gains and IPO costs included in the income statement in H1 2014

Analysis of results of operations

Summary income statement

	Six months ended			
In US$'000	30th June 2014	30th June 2013	Absolute Change	Change %
Rental income	15,376	9,770	5,606	57.4%
Service fee income	2,252	748	1,504	201.1%
Other income	111	36	75	208.3%
Property income	17,739	10,554	7,185	68.1%
Property operating expenses	(3,824)	(2,010)	(1,814)	90.2%
Net rental income	13,915	8,544	5,371	62.9%
Net rental income margin %	78.4%	80.9%	(2.5pp)	–
Revaluation gains	28,084	7,044	21,040	298.7%
Net property income	41,999	15,588	26,411	169.4%
Management fees				
- management fee	(3,417)	(1,718)	(1,699)	98.9%
- IPO performance fee	(617)	(406)	(211)	52.2%
IPO costs	(747)	–	–	–
General and administrative	(332)	(270)	(62)	22.9%
Other expenses	(207)	(63)	(144)	228.6%
Operating profit	36,679	13,131	23,548	179.3%
Finance cost, net	(2,529)	(1,523)	(1,006)	66.1%
Net Profit	34,150	11,608	22,542	194.2%
Net Profit excluding revaluation and IPO costs	6,813	4,564	2,249	49.3%
EPS (US$)	0.1576	0.0912	0.0664	72.8%
Adjusted EPS (US$)(1)	0.0314	0.0358	0.0044	(12.3%)

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

Excluding revaluation gains and adjusting for the impact of IPO costs, there has been a slight reduction in earnings per share which is largely due to the dilutive effect of the IPO fund raising on shareholder returns. This will continue to be the case (in relation to adjusted profits excluding revaluation gains) until such time as the assets in which the IPO funds are now fully invested, are fully income producing.

Rental income by property

	Six month ended			
In US$ '000	30th June 2014	30th June 2013	Absolute Change	Change %
Building 24	988	984	4	-
Indigo 7	417	461	(44)	(9.5)%
Loft Offices	2,662	2,301	361	15.7%
Office Park	6,611	6,024	587	9.7%
Sub-total	10,678	9,770	908	9.3%
Index – Car Park	4	-	4	-
GWAD	4,328	-	4,328	-
Le Grande	366	-	366	-
Total rental income	**15,376**	**9,770**	**5,606**	**57.4%**

A "like for like" comparison of properties in operation for both periods shows a 9.3% increase in rental income for H1 2014 compared to H1 2013.

The Loft Offices and Office Park are the biggest contributors to the increase in "like to like" rental income.

This income reflects a combination of higher rental rates and higher occupancy. GWAD which was acquired in October 2013 has contributed a full six months income to the total rentals recorded in the period (H1 2013: nil).

Le Grande, the retail mall acquired on the 18th May 2014 has contributed approximately 1.5 months rental income to the total rental revenue recorded in the period (H1 2013: nil)

Service fee income by property

In US$ '000	Six months ended 30th June 2014	Six months ended 30th June 2013	Absolute Change	Change %
Building 24	197	219	(22)	10.0%
Indigo 7	7	-	7	-
Loft Offices	566	434	132	30.4%
Office Park	775	95	680	715.8%
Sub-total	1,545	748	797	106.6%
GWAD	660	-		-
Le Grande	46	-		-
Total service fee income	**2,251**	**748**	**1,503**	**201.0%**

Growing service fee income, particularly at Office Park (where nearly all leases on the acquisition of the property in June 2012 contained no service fee charges), is due to the policy of introducing service charges on the renewal of leases and on all new leases.

This is shown in the ramp-up of service fee income when comparing H1 2014 to H1 2013. Service charges are now audited annually and based on full operational cost recovery.

Property operating expenses

	Six months ended			
In US$ '000	30th June 2014	30th June 2013	Absolute Change	Change %
Property management fees	383	343	40	11.7%
Facility management fees - fixed	503	471	32	6.8%
Facility management fees - variable	430	137	293	213.7%
Utilities	1,036	719	317	44.1%
Community fees	168	162	6	3.7%
Land rent	666	-	666	-
Service charges	453	67	386	576.1%
Other	185	111	74	66.7.%
Total property operating expenses	**3,824**	**2,010**	**1,814**	**90.2%**

The increase in facility management variable costs reflects a targeted increase in expenditure on properties, and in particular the Office Park property during the period, aimed at enhancing the look and feel of the assets. The higher utilities cost reflect a combination of higher occupancy and also the arrival of warmer weather slightly earlier this year. Service charges during the period relate primarily to Index Tower and include a full six months of cost compared to one month in the comparative period for Index Tower – Retail.

The service charge for H1 2014 also includes a full six months service charge for the Level 7 commercial office floor (2013: nil). The effect of the increase in property operating expenses as explained above is to reduce the H1 2014 net rental income margin to 78.4% from 80.9% for H1 2013. This margin would be expected to increase as the Index assets become income generating.

Gain on revaluation of investment properties

In US$ '000	Investment Property fair value 31st December 2013	Additions	Valuation Gain/(Loss)	Investment Property fair value 30th June 2014
Building 24	15,434	-	3,607	19,042
Indigo 7	6,518	-	730	7,248
Loft Offices	54,759	-	9,055	63,814
Office Park	110,172	-	11,394	121,565
Index Tower – Retail	33,474	2	691	34,168
GWAD	84,737	8	322	85,067
Index Tower – Office	9,325	175,513	1,401	186,239
Index-Tower – Car park	8,712	-	-	8,712
Le Grande Mall	-	32,914	884	33,798
Total	**323,131**	**208,437**	**28,084**	**559,653**

All the buildings have been professionally revalued at 30 June 2014 by the REIT's external independent property valuers. The main valuation gains during the period relate to Building 24, the Loft offices and Office Park.

The uplift in valuations for these properties reflects both increases in rental income during the period and also the uplift expected in future rental income following the notification by Tecom of new increased rent rates and service charge rates across Dubai Internet City, Dubai Media City and Dubai Knowledge Village (as announced on 17 June 2014).

Assumed capitalisation yields have remained consistent with those used for the valuations at 31 December 2013.

General and Administrative expenses

	Six months ended			
In US$ '000	30th June 2014	30th June 2013	Absolute Change	Change %
Custodian fees	26	12	14	116.7%
Board fees	90	80	10	12.5%
Valuation fees	57	11	46	418.8%
Legal expenses	36	79	(43)	(54.4)%
Branding / marketing	42	40	2	5.0%
Other	81	48	33	68.8%
Total	**332**	**270**	**61**	**23.0%**

General and Administrative expenses for H1 2014 have generally remained consistent with those for H1 2013. The increase in custodian fees is due to the greater number of documents held by the Custodian.

The increase in valuation fees reflects moving from half yearly to quarterly valuations as well as the increase in number of assets to be valued.

Other costs have increased as a result of the REIT becoming a listed company and include a number of listed issuer related fees such as CANDI fees, registrar fees, AGM costs etc.

Management fees

	Six months ended			
In US$ '000	30th June 2014	30th June 2013	Absolute Change	Change %
Management fee	3,417	1,718	1,699	98.9%
IPO performance fee	617	406	211	52.0%
Total	**4,034**	**2,124**	**1,910**	**89.9%**

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 2014 compared to H1 2013 is consisted with the increase in gross assets from US$ 212.57 million at 1 January 2013 to US$ 568.55 million at 30 June 2014.

The IPO performance fee is a one off fee payable to the REIT Manager on the IPO of the REIT and is based on 5% of the increase in NAV from the inception of the REIT to the time of the IPO. US$ 2.87 million had been provided at 31 December 2013 and the charge of US$ 0.6 million in H1 2014 is based on the increase in NAV from 31 December 2013 to 8 April 2014 when the REIT listed on NASDAQ Dubai Ltd. The fee was paid in May 2014.

IPO Costs

IPO costs charged in the income statement in H1 2014 amounted to US$ 0.75 million (H1 2013: nil).

Total IPO costs amounted to US$ 9.3 million. In H2 2013, US$ 0.7 million was charged.

In H1 2014, US$ 0.75 million was charged and US$ 7.85 million was charged to equity against the share premium account.

Total IPO costs as a percentage of the gross IPO proceeds were 4.6%.

Net Finance Cost

	Six months ended			
In US$ '000	30th June 2014	30th June 2013	Absolute Change	Change %
Islamic finance expense	2,594	1,723	871	50.6%
Islamic finance income				
- Profit on current and savings accounts	(7)	(11)	4	(36.4%)
- Profit on Wakala deposits	(58)	(189)	131	(69.3%)
Total	**2,529**	**1,523**	**1,006**	**66.1%**

Additional ijarah facilities of US$ 49.23 million were drawn down in October 2013 to part fund the acquisition of GWAD.

These additional borrowings are the primary reason for the increased finance cost in H1 2014 compared to H1 2013.

The profit rates on the REIT's financing facilities with Ajman Bank and Emirates Islamic Bank were reduced to EIBOR +2.5% (previously EIBOR +3% with a 5.5% minimum) effective from the beginning of May 2014.

These reduced rates have only impacted the last two months of H1 2014.

Additional financing of US$ 29.68 (AED 109 million) (see Islamic Finance Facilities Section) was drawn on 25th June 2014 and therefore had a minimal effect on the financing charges for H1 2014.

Liquidity and capital resources

Cash Flow

	Six months ended			
In US$'000	30th June 2014	30th June 2013	Absolute Change	Change %
Net cash from Operating activities	5,425	5,823	(398)	(6.8%)
Net Cash used Investing activities	(208,535)	(20,833)	(187,702)	901%
Net cash from financing activities	201,439	(1,897)	203,336	-
Net decrease in cash	(1,671)	(16,097)	(14,426)	89.6%
Cash at the beginning of the period	8,145	43,594	(35,449)	(81.3%)
Cash at the end of the period	**6,474**	**8,145**	**(1,671)**	**(20.5%)**

The main reason for the reduction in net operating cash flow during H1 2014 compared to H1 2013 relates to the one off IPO performance fee of US$ 3.48 million which was paid in May 2014. Of the amount paid, US$ 2.87 million was accrued at the 31 December 2013 and therefore represents a working capital movement cash outflow in H1 2014.

At 30 June 2014 the REIT had contractual future minimum rentals receivable as lessor under operating leases within one year of US$ 32.93 million, within two to five years of US$ 84.87 million, and after more that five years of US$ 251.23 million.

Investing cash out flows relate to the acquisition of Le Grande Community Mall and the 15.64 floors of commercial offices at Index Tower which is offset by US$ 0.06 million of finance income. Expenditure in the comparative period for H1 2013 related to expenditure on Index Tower Retail offset by finance income of US$ 0.2 million.

Financing cash flows for H1 2014 include the IPO proceeds net of costs in addition to a net increase in Islamic financing of US$ 25.10 million. This is offset by financing cash outflows relating to and the dividend of US$ 14.98 million that was paid on 30th June 2014 representing US$ 0.05 per share and finance expenses of US$ 2.08 million.

Islamic finance facilities

In US '000	30th June 2014	31st December 2013
Current portion	12,450	9,173
Long-term portion	118,261	96,390
Total	130,711	105,563
Debt finance as % of NAV	31.3%	51.5%
Debt finance as a % of total assets	23.0%	31.7%

On June 25th the REIT agreed a new co-ownership (Sharikatul Milk) and Service Agency agreement with the Commercial Bank of Dubai (Attijari Al Islami) to provide US$ 29.68 million (AED 109 million) of financing that was utilized in connection with the acquisition of the 15.64 additional commercial office floors at Index Tower. The profit rate applicable to this facility is three month EIBOR +2.5% (no minimum). The facility is repayable over eight years in fully amortizing quarterly installments.

Principal of US$ 4.52 million was repaid during H1 2014 on all the REIT's finance facilities.

In July 2014 the REIT signed a new Ijarah facility letter with Emirates Islamic Bank for additional Funds of US$ 29.13 million (AED 107 million) on the same terms as existing EIB financing.

These funds are expected to be drawn upon completion of the registration of additional mortgage.

The funds are intended to be used to finance remaining payments due on Index Tower – Car Parks and Index Tower – Retail, for existing asset enhancements and for potential future acquisitions. Had the additional funds been drawn down at 30th June 2014, debt as a % of net assets and as a % of total assets would have been 38.6% and 27.0% respectively.

The following table presents a breakdown of the REIT's Islamic finance facilities at 30 June 2014

Facility draw down	Bank	Facility taken	Tenor (years)	Current Rate
08/12/2011	Emirates Islamic Bank	US$ 21.78 million (AED 80 million)	10	EIBOR* + 2.5%
25/06/2012	Emirates Islamic Bank	US$ 43.56 million (AED 160 million)	10	EIBOR* + 2.5%
09/10/2013	Emirates Islamic Bank	US$ 22 million (AED 80.82 million)	10	EIBOR* + 2.5%
10/10/2013	Ajman	US$ 27.3 million (AED 100 million)	10	EIBOR* + 2.5%
25/06/2014	Commercial Bank of Dubai	US$ 29.68 million (AED 109 million)	8	EIBOR* + 2.5%

* three month EIBOR.

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

At 30 June 2014 first rank legal mortgages of US$ 141.30 million (31 December 2013: US$ 108.90 million) had been granted over REIT properties.

APPENDIX A

Condensed Interim Financial Statements

EMIRATES REIT (CEIC) LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014 (UNAUDITED)

CONDENSED INTERIM FINANCIAL STATEMENTS
for the six months ended 30 June 2014

Report on review of interim financial information

To the Directors 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 2014 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
22 July 2014
Dubai, United Arab Emirates

CONDENSED INTERIM BALANCE SHEET

	Notes	As at 30 June 2014 USD'000 Unaudited	As at 31December 2013 USD'000
ASSETS			
Non-current assets			
Investment Properties	6	559,653	323,131
		559,653	323,131
Current assets			
Receivables, prepayments and other assets	7	2,419	1,934
Cash and bank balances	8	6,474	8,145
		8,893	10,079
Total assets		568,546	333,210
EQUITY			
Share capital	9	299,621	151,642
Share premium	9, 10	59,392	13,970
Retained earnings		58,615	39,446
Total equity		417,628	205,058
LIABILITIES			
Non-current liabilities			
Islamic financing	15	118,261	96,390
		118,261	96,390
Current liabilities			
Islamic financing	15	12,450	9,173
Accounts payable and other liabilities	16	20,207	22,589
		32,657	31,762
Total liabilities		150,918	128,152
Total equity and liabilities		568,546	333,210
Net Asset Value (USD)		417,628,453	205,058,188
Number of shares*		299,620,541	151,642,700
Net Asset Value USD per share		1.39	1.35

* The number of shares as of 31 December 2013 have been adjusted for the 100 for 1 share split as disclosed in note 9.

These condensed interim financial statements were approved by the Board of Directors of Emirates REIT Management (Private) Limited on 22 July 2014 as sole directors of Emirates REIT (CEIC) Limited and signed on their behalf by:

……………………………….………..
Hannah Jeffery
Senior Executive Officer

……………………………………...........
James Anderson
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June 2014 USD'000 Unaudited	2013 USD'000 Unaudited
Rental income		15,376	9,770
Service fee income		2,252	748
Other property income		111	36
		17,739	10,554
Property expenses		(3,824)	(2,010)
		13,915	8,544
Net unrealised gain on revaluation of investment properties		28,084	7,044
Net property income		**41,999**	**15,588**
Expenses			
Management fee		(3,417)	(1,718)
Performance fee		(617)	(406)
REIT administration fee		(85)	(44)
Auditors' fees		(57)	(14)
General and administrative	17	(332)	(270)
Initial Public Offering ("IPO") costs		(747)	-
Other expenses		(65)	(5)
Operating profit		**36,679**	**13,131**
Finance costs		(2,594)	(1,723)
Finance income		65	200
Finance costs – net		(2,529)	(1,523)
Profit for the period		**34,150**	**11,608**
Total comprehensive income for the period		**34,150**	**11,608**
Earnings Per Share			
Basic and diluted earnings per share (USD)	12	0.16	0.09

The notes on pages 6 to 16 form an integral part of the condensed interim financial statements.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2014

	Note	Share capital	Share premium	Retained earnings	Total
		USD'000	USD'000	USD'000	USD'000
Balance 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					
Share capital issued	9	147,978	45,423	-	193,401
Cash dividends	11	-	-	(14,981)	(14,981)
Total transactions with shareholders		**147,978**	**45,423**	**(14,981)**	**178,420**
Balance at 30 June 2014 (unaudited)		**299,621**	**59,392**	**58,615**	**417,628**
Balance at 1 January 2013		126,293	6,531	10,939	143,763
Comprehensive income					
Profit for the period		-	-	11,607	11,607
Transactions with shareholders					
Share capital issued		4,550	895	-	5,445
Cash dividends	11	-	-	(4,159)	(4,159)
Share dividends	11	1,902	278	(2,180)	-
Total transactions with shareholders		**6,452**	**1,173**	**(6,339)**	**1,286**
Balance at 30 June 2013 (unaudited)		**132,745**	**7,704**	**16,207**	**156,656**

CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Note	Six months ended 30 June 2014 USD'000 Unaudited	2013 USD'000 Unaudited
Cash flows from operating activities			
Profit for the period		34,150	11,606
Adjustments for:			
Net unrealised gain on revaluation of investment properties	6	(28,084)	(7,044)
Finance cost		2,594	1,723
Finance income		(65)	(200)
Provision for doubtful debts	7	-	(1)
Operating cash flows before changes in working capital		**8,595**	**6,084**
Changes in working capital:			
Receivables, prepayments and other assets	7	(485)	134
Accounts payable and other liabilities		(2,685)	(395)
Net cash generated from operating activities		**5,425**	**5,823**
Cash flows from investing activities			
Purchase of investment properties		(208,600)	(21,033)
Finance income received		65	200
Net cash used in investing activities		**(208,535)**	**(20,833)**
Cash flows from financing activities			
Proceeds from issue of shares (net)	9	193,401	5,445
Movement in Islamic financing facilities (net)		25,097	(2,479)
Dividend paid	11	(14,981)	(3,221)
Finance expense paid		(2,078)	(1,642)
Net cash generated from/ (used in) financing activities		**201,439**	**(1,897)**
Net decrease in cash and cash equivalents		**(1,671)**	**(16,907)**
Cash and cash equivalents, beginning of the period	8	8,145	43,594
Cash and cash equivalents, end of the period	8	**6,474**	**26,687**

1. LEGAL STATUS AND ACTIVITIES

Emirates REIT (CEIC) Limited (the "REIT") is a close ended domestic, public Islamic fund set up for the purpose of investing in real estate 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 financial statements have been approved by Emirates REIT Management (Private) Limited as sole director of the REIT on 22 July 2014.

2. BASIS OF PREPARATION

These condensed interim financial statements for the six months ended 30 June 2014 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 2013, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

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 2013.

There are no other IFRSs or IFRIC interpretations that are effective for the first time for the financial period beginning on or after 1 January 2014 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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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 2014 is as follows:

Revaluation of investment properties

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 2014. For eight of the occupied investment properties, a valuation methodology based on a discounted cash flow (DCF) model was used. However, for three of the vacant investment properties, 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.

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 5.

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 2013.

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 contractual undiscounted cash out flows for financial liabilities.

5.3 Fair value measurement

There are no financial instruments carried at fair value.

The table below analyses investment properties carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1 USD'000	**Level 2 USD'000**	**Level 3 USD'000**	**Total USD'000**
Investment Properties				
At 30 June 2014	-	229,120	330,533	**559,653**
At 31 December 2013	-	18,037	305,094	**323,131**

5. FINANCIAL RISK MANAGEMENT (continued)

5.3 Fair value measurement (continued)

The following table shows the movement in investment properties with Level 3 fair values for the period:

	USD'000
Balance at 1 January 2014	**305,094**
Transfer from Level 3 to Level 2	(33,474)
Acquisitions during the period	32,922
Net unrealised gain on revaluation of investment properties	25,991
Balance at 30 June 2014	**330,533**
Opening balance at 1 January 2013	**167,601**
Acquisitions during the period	-
Net unrealised gain on revaluation of investment properties	6,017
Balance at 30 June 2013	**173,618**

Investment properties categorised under Level 3 fair value hierarchy are valued based on the Discounted Cash Flow (DCF) model. The valuation model considers the present value of net cash flows to be generated from the property taking into account expected rental growth rate, occupancy rate, void periods and other costs not paid by tenants. The expected net cash flows are discounted using risk adjusted discount rates.

Investment properties categorised under Level 2 fair value hierarchy are valued based on the Sales Comparison method which works on the principle that the value of one property may be derived by comparing it with prices achieved from transactions in similar properties taking into account a number of value sensitive factors, including location, size, quality of finish, age and condition.

6. INVESTMENT PROPERTY

As at the reporting date, the REIT held investment properties amounting to USD 559,653,376 (31 December 2013: USD 323,130,956) in a real estate portfolio which comprises of eleven properties (31 December 2013: ten properties) located in Dubai, UAE. The movement in investment properties during the period is as follows:

	USD'000
Balance at 1 January 2014	**323,131**
Acquisitions during the period	208,428
Additions to existing properties	10
Net unrealised gain on revaluation of investment properties	28,084
Balance at 30 June 2014	**559,653**
Opening balance at 1 January 2013	**167,601**
Acquisitions during the period	34,693
Net unrealised gain on revaluation of investment properties	7,044
Balance at 30 June 2013	**209,338**

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.

6. INVESTMENT PROPERTY (continued)

Acquisition of Le Grande

On 18 May 2014 the REIT acquired the community mall which forms part of the Trident Grand Residence Tower, Dubai Marina ("Le Grande"). The consideration payable under the terms of the sale and purchase agreement was USD 32,186,224 (AED 118,220,000). Total acquisition costs including valuation fees, land registry fees and legal fees amounted to USD 728,187 (AED 2,674,634) giving a total acquisition cost of USD 32,914,411 (AED 120,894,634).

Acquisition of commercial office floors at Index Tower

On 23 June 2014 the REIT entered into a sale and purchase agreement for the acquisition of 15.64 office floors and 706 car parking spaces in the DIFC Index Tower from Emirates NBD Properties LLC for a cash consideration of USD 167,006,234 (AED 613,413,900). Total acquisition costs including valuation fees, DIFC transfer fees and legal fees amounted to USD 8,507,117 (AED 31,246,640) giving a total acquisition cost of USD 175,513,352 (AED 644,660,540).

Acquisition of Index Tower-Retail (2013)

On 7 May 2013 the REIT entered into a sale and purchase agreement with Emirates NBD Properties LLC relating to the Retail Units at the Index Tower in the DIFC. Under the terms of the agreement the REIT acquired eleven retail units (RT-201 to RT-211) and associated car parking ("Contract 1").

On 30 May 2013 the REIT entered into two additional contracts with Emirates NBD Properties LLC for the purchase of the remaining retail units at the property being seven retail units (RT-301 to RT-304, and C1 to C3) ("Contract 2") and unit RT-305 ("Contract 3").

At 30 June 2014, deferred consideration payable by the REIT in respect of Contract 3 amounted to USD 2,696,161 (31 December 2013: USD 2,696,161). The amount is payable by the REIT to Emirates NBD Properties on satisfaction of certain conditions to be performed by Emirates NBD Properties under the terms of Contract 3. As at 30 June 2014, the completion of the outstanding administrative conditions is on-going and is being actively managed by the REIT.

Contracts 1, 2 and 3 are recognised as part of the REIT's investment property portfolio at fair value as at 30 June 2014.

Acquisition of Index Tower – Car Parks (2013)

On 18 December 2013 the REIT entered into a purchase and sale agreement with Emirates NBD Properties LLC for the acquisition of 491 car parking spaces at Index Tower, DIFC. USD 789,718 (AED 2,900,635) being 10% of the total acquisition price of USD 7,897,182 (AED 29,006,352), was paid on the sale date with the remaining 90% balance of USD 7,107,464 (AED 26,105,716) being due within 7 days of receipt by the REIT of all Non-objection Letters to be issued by the DIFC Registrar of Real Property in respect of each car parking space. DIFC transfer fees, developer fees and legal fees which form part of the cost of acquisition amount to USD 648,667 (AED 2,382,554).

As at 30 June 2014, the completion of the outstanding conditions of the car park contract were ongoing and are being furthered by the REIT.

A formal valuation of the REIT's investment property was performed by independent certified property valuers, on an open market basis, as at 30 June 2014. Based on such valuations, the fair value of the investment property at 30 June 2014 was USD 559,653,376 (31 December 2013: USD 323,130,956).

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 date compared with the estimated current market rent, as well as changes in occupancy rates and property costs. Fair value hierarchy disclosures for investment properties have been provided in Note 5.

6. INVESTMENT PROPERTY (continued)

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 2014	**30 June 2013**	**31 December 2013**
Stabilised occupancy rate (%)	80 – 100	90 – 95	87.5 – 100
Equivalent yield (%)	8.55 – 9.47	9– 9.50	8.62 – 9.47
Operating expenses (USD/sq ft)	6.09 – 9.53	5.77 – 14.41	6.09 – 9.53

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 323,286,742 (31 December 2013: USD 249,667,846) are mortgaged against Islamic financing facilities (Note 15).

7. RECEIVABLES, PREPAYMENTS AND OTHER ASSETS

	30 June 2014 USD'000	**31 December 2013 USD'000**
Rental and service income receivables	243	242
Less: provision for impairment of receivables	(29)	(29)
	214	213
Security deposits	268	426
Prepayments	1,412	459
Deferred IPO costs	-	395
Other receivables	525	441
	2,419	1,934

Included in rental and service income receivable are balances due from related parties amounting to USD nil (31 December 2013: USD 28,124) (note 14).

8. CASH AND BANK BALANCES

	30 June 2014 USD'000	**31 December 2013 USD'000**
Cash at banks	6,474	8,145

9. SHARE CAPITAL

	Number of ordinary shares	Ordinary shares USD'000	Share premium USD'000	Total USD'000
Opening balance as at 1 January 2014	151,642,600	151,643	13,969	165,612
Proceeds from shares issued	147,977,941	147,978	45,423	193,401
At 30 June 2014	**299,620,541**	**299,621**	**59,392**	**359,013**
Opening balance as at 1 January 2013*	126,292,600	126,293	6,531	132,824
Share capital issued	4,549,700	4,550	895	5,445
Share dividends	1,901,800	1,901	279	2,180
At 30 June 2013	**132,744,100**	**132,744**	**7,705**	**140,449**

* On 26 January 2014, the shareholders approved the sub-division of each issued and unissued Investor Share of USD100 each in the capital of the Emirates REIT into 100 Investor Shares with a par value of USD1 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 2013 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 USD100; and
(ii) 10,000,000,000 ordinary shares with a nominal par value of USD 1 per share.

On 8 April 2014, the REIT issued 128,676,471 Ordinary shares through an Initial Public Offering. A further 19,301,470 shares were issued on 11 May 2014 in relation with the exercise of the IPO over-allotment option. The IPO was priced at USD 1.36 per share and the over-allotment shares were issued at the same price. Gross proceeds amounted to USD 201,250,000.

10. 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.

11. DIVIDENDS

The REIT's shareholders approved a final dividend at the annual general meeting on 22 June 2014 in relation to the year ended 31 December 2013 of USD 0.05 per Ordinary share amounting to a total dividend of USD 14,981,027 payable to those shareholders on the shareholder register on 18 June 2014.

On 27 January 2013 and 25 June 2013, the Board of Directors of the REIT declared a dividend of USD 3 per Investor Share and USD 2 per Investor Share, respectively, for the year ended 31 December 2012. Dividends amounting to USD 4,159,341 were paid in cash to the shareholders while dividends amounting to USD 2,179,798 were settled by the issue of new Investor shares to the shareholders who elected to receive the dividend in the form of new shares.

12. EARNINGS PER SHARE

Basic and diluted earnings per share 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.

12. EARNINGS PER SHARE (continued)

The calculation of the weighted average number of shares has been adjusted to reflect the 100 for 1 share split detailed in note 9. Earnings Per Share have been presented on the basis that the share split took place at the beginning of each respective reporting period.

	2014 USD	**2013 USD**
Profit attributable to Ordinary shareholders	34,150,277	11,582,498

	Number of shares	**Number of shares**
Weighted average number of Ordinary shares for basic Earnings Per Share	216,691,755	127,315,145

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

13. 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.

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's manager.

Dubai Islamic Bank PJSC ("DIB") holds 15.7% of the issued share capital of the REIT at 30 June 2014 (31 December 2013: 30.9%). DIB also owns 25% of the issued share capital of the REIT Manager. DIB is also a tenant of the REIT, renting retail branch space within one of the REIT's properties pursuant to a 15 year lease entered into on the acquisition of the Property by the REIT on 27 June 2011.

Dar Al Shariah Legal & Financial Consultancy LLC ("Dar Al Shariah") is a subsidiary of Dubai Islamic Bank ("DIB") which owns a 60% interest in the Company. Dar Al Shariah acts as an advisor to the REIT and REIT Manager on matters of Sharia.

Deyaar Development PJSC ("Deyaar") holds 1.7% of the total issued share capital of the REIT as at 30 June 2014 (31 December 2013: 3.4%). Dubai Islamic Bank ("DIB") is a major shareholder of Deyaar. A group company of Deyaar, Deyaar Facilities Management LLC, provides facility management services in respect of one of the properties held by the REIT under a facility management services agreement.

Emirates REIT Management (Private) Limited, a company limited by shares, is the REIT Manager of the REIT.

14. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Related party transactions

During the period, the REIT entered into the following significant transactions with related parties:

	30 June 2014 USD'000	30 June 2013 USD'000
Emirates REIT Management (Private) Ltd		
Management fee	3,417	1,710
Performance fee	617	-
Dubai Islamic Bank (P.J.S.C.)		
Rental and Service income	104	101
Deyaar Facilities Management LLC		
Property expenses	64	71
Dar Al Sharia Legal & Financial Consultancy LLC		
Professional fees	59	43
TECOM Investments LLC*		
Property expenses	-	377,705
Arkan Security Management Solutions LLC*		
Property expenses	-	115,137
Idama Facility Management LLC*		
Property expenses	-	211,497
Ejadah Asset Management Group LLC*		
Rental income	-	161,616
Salwan LLC*		
Rental income	-	141,085

(b) Due from related parties comprises:

	30 June 2014 USD'000	31 December 2013 USD'000
Ejadah Asset Management Group LLC*	-	28,124

(c) Due to related parties comprises:

Emirates REIT Management (Private) Ltd	821	3,426
Dubai Islamic Bank (P.J.S.C.)	203	80
Dar Al Sharia Legal & Financial Consultancy LLC	55	32
Deyaar Facilities Management LLC	48	59
Arkan Security Management Solutions LLC*	-	32
Idama Facility Management LLC*	-	151
Salwan LLC*	-	161
TECOM Investments LLC*	-	146
	1,127	4,087

* TECOM Investments LLC and Dubai Properties Group LLC (including its subsidiaries Arkan Security Management Solutions LLC, Idama Facility Management LLC, Ejadah Asset Management Group LLC, and Salwan) were classified as related parties in the financial statements for the year ended 31 December 2013. Based on an assessment performed by management of the REIT in 2014, these entities are no longer classified as related parties.

15. ISLAMIC FINANCING

	30 June 2014 USD'000	31 December 2013 USD'000
Current	12,450	9,173
Non-current	118,261	96,390
	130,701	105,563

The Islamic financing facilities were obtained by the REIT to finance the acquisitions of investment properties.

Until the introduction of revised profit rates described below, the financing facilities during the periods under review had a profit rate of 3 month EIBOR + 3% (subject to a minimum of 5.5% per annum) payable in quarterly instalments.

On 28th April 2014 and 13th May 2014 Emirates REIT announced the agreement of a new profit rate of 3 month EIBOR + 2.5% (with no minimum rate) with Ajman Bank PSJC and Emirates Islamic Bank ("EIB") respectively. These rate changes were effective immediately for the Ajman bank financing and with effect from the 1 May 2014 for the EIB financing.

On 22 June 2014 Emirates REIT entered into a purchase and service agreement with the Commercial Bank of Dubai (Attijari Al Islami) secured using existing properties in order to effect financing of USD 29,676,014 (AED 109,000,000). The profit rate under this agreement is 3 month EIBOR +2.5%. The financing is fully amortised over eight years.

The facilities are secured by the following:

•First Rank Legal Mortgages over financed properties in favour of the banks for USD 141,301,388 (31 December 2013: USD 108,902,804).

•Assignment of comprehensive insurance over financed properties in favour of the bank.

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

16. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	30 June 2014 USD'000	31 December 2013 USD'000
Payable against investment property	10,305	10,468
Rent received in advance	2,474	2,217
Service fee received in advance	1,949	1,299
Accrued expenses	1,865	2,445
Tenant deposits payable	2,612	2,670
Management fee payable	821	560
Performance fee payable	-	2,866
Administration fee payable	39	22
Other payables	142	42
	20,207	22,589

Included in the above accounts are balances due to related parties amounting to USD 1,127,119 (31 December 2013: USD 4,086,747) (note 14).

17. GENERAL AND ADMINISTRATIVE EXPENSES

	2014 USD'000	2013 USD'000
Custodian fees	26	12
Board fees	90	81
Valuation fees	57	11
Legal fees	36	79
Branding and marketing fees	42	40
Other expenses	81	47
	332	270

18. COMMITMENTS

(a) Capital commitments

As of 30 June 2014, the REIT had no capital commitments.

(b) Operating lease commitments – REIT as lessee

The REIT has entered into a land lease on a property. This lease has an average unexpired lease term of 29.3 years (31 December 2013: 29.8years) 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:

	30 June 2014 USD'000	31 December 2013 USD'000
Within 1 year	1,251	1,001
After one year but not more than five years	5,005	4,004
More than five years	28,780	24,025
	35,036	29,030

(c) 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 8.8 years (2013: 9.8 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:

	30 June 2014 USD'000	31 December 2013 USD'000
Within 1 year	32,928	28,866
After one year but not more than five years	84,869	76,352
More than five years	251,233	250,752
	369,030	355,970

19. SUBSEQUENT EVENTS

On 21 July 2014 the REIT announced the agreement of a new Ijarah financing facility with Emirates Islamic Bank (EIB) for USD 29,131,500 (AED 107,000,000) to be secured by way of additional mortgage for the financed amount. The new Ijarah has a profit rate of 3 month EIBOR + 2.5% with no minimum. The finance is fully amortised over 10 years in quarterly instalments in line with existing financing arrangements with EIB.

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